

Artificial Solutions agrees a flexible convertible notes funding program providing up to SEK 60 million to support accelerated growth

October 4 2020, Artificial Solutions® International AB (publ) (“Artificial Solutions”) (SSME:ASAI) the leading specialist in enterprise-strength conversational AI, has entered into a convertible note agreement with Nice & Green S.A. (“N&G”) whereby convertible notes of up to SEK 60 million will be issued over a 14 month period which can be extended by Artificial Solutions. The convertible notes can be converted to shares at a 7 percent discount to the market price. The purpose is to underpin the company’s commitment to accelerate global sales growth of its conversational AI solutions. Following the recent appointment of Per Ottosson as new CEO, the additional funding will allow the new management to ramp up market penetration and growth pace.

”The Board has recognized that we have an excellent window of opportunity to strengthen our market position considerably. By the recent announcement of Per Ottosson as new CEO and the convertible notes funding announced today, we believe we are ready to take the company to a new level. This gives the new management a clear mandate to increase sales and marketing efforts to accelerate growth”, commented Åsa Hedin, Chair of the Board of Artificial Solutions.

The funding is provided by N&G, a Swiss company specialized in financing solutions tailored for listed growth companies. According to the convertible note agreement, N&G undertakes to subscribe for convertible notes with an aggregate nominal value of up to SEK 60 million, in tranches of up to SEK 10 million per month for the two initial months and thereafter in tranches of a maximum SEK 5 million per month. Artificial Solutions has committed to utilize SEK 20 million of the commitment, with the option to utilize up to an additional SEK 40 million. N&G will obtain a commitment fee for each tranche utilized by Artificial Solutions. The board of directors of Artificial Solutions has today resolved to utilize the first tranche of SEK 10 million.

Each tranche of convertible notes will have a maturity of 12 months, zero interest and be unsecured and non-transferable. The convertible notes can be converted into shares with a 7 percent discount in relation to the market price of Artificial Solutions’ share price at the time of conversion, according to a defined schedule. Artificial Solutions has the right to instead redeem the convertibles in cash upon payment of a fee corresponding to 3 percent of the nominal amount. The amounts that N&G is entitled to convert to shares during any given month is restricted in order to restrict dilution and avoid the creation of an over-supply of shares.

The amount of SEK 20 million that Artificial Solutions has committed to utilize will lead to a dilution of around 3.9 % based on the share’s closing price on the trading day prior to the date of this announcement (SEK 11.15). A higher share price will lead to lower dilution, and vice versa.

The agreement with N&G also includes a profit-sharing program, granting a cash compensation to Artificial Solutions in the form of a percentage of realized net profits from N&G's sale of shares issued after conversion of convertibles, which may reduce Artificial Solutions' total cost of financing.

New shares issued upon conversion will have the same rights as other ordinary shares and will be admitted to trading on Nasdaq First North Growth Market. The company maintains flexibility to use other forms of financing.

To facilitate the financing agreement, one of the company's largest shareholder, has entered into an agreement to lend N&G shares in Artificial Solutions. The share loan is collateralized by the convertible notes. Artificial Solutions will pay a market-based fee to the share lender for providing the share loan. In order to be compliant with financial regulatory rules, N&G will declare short positions corresponding to the amount of shares they have converted but not yet delivered and sold in the market.

The number of new shares issued in connection with the conversion of convertible notes will be announced by Artificial Solution on the company's webpage in the Investors section. In case a significant conversion of convertible notes would occur, which could possibly affect the share price, Artificial Solutions will issue a separate press release informing the market of such conversion.

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This information is such that Artificial Solutions International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, at 10:00 p.m. CET on 4 October, 2020.

Artificial Solutions International AB (publ) is listed on Nasdaq First North Growth Market in Stockholm with short name ASAI. Erik Penser Bank is the Company's Certified Adviser (www.penser.se, tel: +46 (0) 8-463 83 00, e-mail certifiedadviser@penser.se).