

Artificial Solutions and Indentive announce reverse takeover of Indentive for listing on Nasdaq First North

Linköping and Stockholm, Sweden, 28 January 2019 – Artificial Solutions Holding ASH AB (“Artificial Solutions”) and Indentive AB (Nasdaq First North: INDEN B) (“Indentive”) today jointly announced that Indentive has entered into an agreement to acquire the shares in Artificial Solutions by an issue in kind (the “Transaction”), resulting in a new entity, Artificial Solutions International AB, with first day of trading on Nasdaq First North to be expected on 12 March 2019.

The Transaction in short:

- The Transaction is subject to approval by the Indentive annual general meeting to be held on 28 February 2019.
- Following completion of the Transaction, the shareholders of Artificial Solutions will hold approximately 97.75 per cent of the shares and votes in Indentive and the current shareholders of Indentive will hold approximately 2.25 per cent of the shares and votes in Indentive.
- Artificial Solutions – the largest European vendor offering a proven and patented platform solution for enterprise conversational AI – will be acquired and paid by the issue of new Indentive shares. Based on the closing price of the Indentive share on 25 January 2019 of SEK 1.238 per share, the Indentive shares to be issued are valued at approximately SEK 798,995,321.
- Due to the Transaction, a new listing process for the new entity on Nasdaq First North is necessary and the Indentive share will be listed on the observation list until Nasdaq has approved the listing of the new entity on Nasdaq First North.
- The board of directors of Indentive (the “**Indentive Board**”) proposes that Indentive Värdepapper AB, a wholly-owned subsidiary to which Indentive’s operations have been transferred, shall be distributed to the current shareholders of Indentive.
- The Indentive nomination committee has proposed Åsa Hedin, Johan Ekessiö, Bodil Eriksson, Johan Gustavsson, Fredrik Oweson and Jan Uddenfeldt to be elected as new members of the Indentive Board.
- Artificial Solutions’ current senior management team consisting of Lawrence Flynn as CEO, Chris Bushnell as CFO, Andreas Wieweg as CTO, and Andy Peart, Peter Roost, Dave Parsin, Gareth Walters, Russell Tarr and Darren Ford will continue their roles in the new entity.
- The Indentive Board also proposes that the annual general meeting resolves on reduction of the share capital without cancellation of shares, consolidation of shares, and other resolutions related to the Transaction.
- First day of trading on Nasdaq First North is expected to 12 March 2019.

“Artificial Solutions is at a very exciting stage where we see huge growth opportunities ahead,” comments Lawrence Flynn, CEO of Artificial Solutions. “Our unique conversational AI platform, Teneo, is used by world leading brands to successfully implement complex applications over multiple channels, in multiple languages across multiple use-cases. Aided by strong partnerships with leading consulting and integration firms, we’re able to scale our operations quickly to keep up with the growing demand for advanced conversational AI.”

“Having invested in Artificial Solutions for the last decade we look forward to broadening the investor base while remaining a large and engaged shareholder,” says Fredrik Oweson, partner at Scope. “The company’s maturity positions it perfectly to take advantage of the fast-growing market for conversational AI platforms for enterprises.”

In conjunction with the Transaction, Indentive will change its name to Artificial Solutions International AB.

Background and reasons for the Transaction

Artificial Solutions

Artificial Solutions was founded in Stockholm, offering natural language solutions for web-based customer service optimization across Europe, North America and Asia. In 2008, Artificial Solutions secured initial growth funding from Scope Growth II L.P. and, subsequently, also from Scope Growth III L.P. (together referred to as “**Scope**”). Lawrence Flynn was appointed as CEO in 2010 and began the transformation of Artificial Solutions into a highly scalable product-led software business providing unique conversational AI solutions on its platform Teneo.

For over a decade, Artificial Solutions has been pioneering Conversational AI. Today, Artificial Solutions’ flagship product Teneo® delivers all the tools large global enterprises need to develop sophisticated conversational AI applications, enabling them to enhance their customer relationships, while maintaining control of their own data. Since 2008, approximately SEK 700 million have been invested in the development of Artificial Solutions, which today has 104 employees in seven countries, growing established relationships with global enterprises in multiple industrial verticals. While the net turnover of Artificial Solutions totalled EUR 4,950,518 and the operating loss totalled EUR – 9,435,360 in 2017, Artificial Solutions’ business model is geared for rapid scalable growth with future high profitability and strong cash generation.

Already the standard platform of choice for a number of major multinational enterprises, Teneo allows business users and developers to collaborate on creating sophisticated, highly intelligent conversational AI applications that can run across 35 languages, multiple platforms and channels in record time. The ability to analyze and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of insight that reveal what customers are truly thinking.

Artificial Solutions believes that the Transaction will promote Artificial Solutions’ continued growth and development, for instance by expanding Artificial Solutions’ financing options and providing access to Swedish and international capital markets. The Transaction also enables Artificial Solutions to achieve a broadened shareholder base, which can further increase awareness of Artificial Solutions’ business and activities, strengthen Artificial Solutions’ profile with investors, customers and business partners, and increase the ability to attract and retain qualified employees and key management.

Indentive

For Indentive, the Transaction is motivated by several factors. Among other things, trading in the Indentive share on Nasdaq First North has been limited and volatile. Consequently, the listing of Indentive’s shares has not resulted in the liquidity that the shareholders could have expected.

Overall, the Transaction gives the existing shareholders of Indentive a more stable asset, which has the potential to develop favourably. Indentive will now have the opportunity to continue its work with seeking one or more strong owners. Indentive views the Transaction

as a fresh start and will continue its efforts as before, focusing on Connective IoT for operators and with partners within other segments, including eHealth and smart cities.

The Transaction

To create value for the shareholders, Indentive has entered into an asset contribution agreement with Scope and the major part of the other shareholders of Artificial Solutions (the “**Asset Contribution Agreement**”), representing more than 95 per cent of the shares and votes in Artificial Solutions, under which Indentive shall acquire all the shares and warrants (the “**Securities**”) in Artificial Solutions. By reason of this, the Indentive Board proposes that the Indentive annual general meeting to be held on 28 February 2019 resolves on, among other things, the acquisition of Artificial Solutions and a share issue in kind of not more than 645,392,020 shares as consideration for the Securities in Artificial Solutions (the “**Consideration Shares**”), each with a quota value of SEK 0.20.

Following such resolution, the shareholders of Artificial Solutions will hold approximately 97.75 per cent of the votes and the shares in Indentive and the current shareholders of Indentive will hold approximately 2.25 per cent of the votes and the shares in Indentive.

Artificial Solutions will be acquired and paid by the issue of new Indentive shares. Based on the closing price on 25 January 2019 of SEK 1.238 per share, the Indentive shares to be issued are valued at approximately SEK 798,995,321. As a result, Indentive's share capital is increased by not more than SEK 129,078,404 and the number of shares increases to not more than 645,392,020 shares. Scope will, under a shareholders' agreement between the owners of Artificial Solutions, including a drag-along right, call that the remaining shareholders of Artificial Solutions shall transfer their securities to Indentive under the same terms and conditions as in the Transaction. Thus, Indentive plans for holding all shares in Artificial Solutions shortly following the annual general meeting of Indentive.

Indentive's operations has been transferred to the subsidiary Indentive Operations AB, which is a wholly-owned subsidiary to Indentive Värdepapper AB. In connection with this, Indentive Värdepapper AB has granted loans of approximately SEK 1.8 million, of which approximately SEK 850,000 is granted from the senior management of Indentive, which is part of the senior management's belief in Indentive's future, SEK 750,000 from other shareholders and SEK 200,000 from members of the Indentive Board. The Indentive Board proposes the annual general meeting of Indentive that Indentive Värdepapper AB shall be distributed to the current shareholders of Indentive in accordance with the rules of lex Asea.¹ The distribution of the shares in Indentive Värdepapper AB is proposed to be made to shareholders in proportion to their holdings of Indentive shares per the record date for the distribution being on 4 March 2019, i.e., the day prior to the issue in kind is registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) and Euroclear Sweden AB, and Artificial Solutions' shareholders are recorded in the share register of Indentive. If the Indentive annual general meeting resolves in accordance with the proposal, the shares in Indentive Värdepapper AB will be distributed to Indentive's shareholders on 6 March 2019. If the resolution is not supported by all the shareholders present at the annual general meeting and/or these shareholders do not represent at least

¹ Lex Asea is a tax regulation in Sweden. This provision means that if a parent company distributes shares in a wholly-owned subsidiary to its shareholders, the taxation of the capital gains that the shareholders may enjoy in connection with the distribution may under certain circumstances be postponed until the time when the shareholder in turn sells the received share.

nine-tenths of all the shares in Indentive, the intention is to list Indentive Värdepapper AB on a trading facility, in accordance with good practice on the Swedish stock market.

The Transaction is subject to the annual general meeting of Indentive resolving on the issue of the Consideration Shares, the distribution of the shares in Indentive Värdepapper AB to the shareholders of Indentive and other resolutions related to the Transaction.

The Indentive Board further proposes the annual general meeting of Indentive to reduce the share capital of Indentive, which means that Indentive's share capital decreases no more than SEK 92,434,662.88, without cancellation of shares, for disposal to the non-restricted equity. As a result, Indentive's share capital will be reduced to at least SEK 39,614,855.52 (following the issue in kind), each share with a quota value of SEK 0.06. However, the reduction of the share capital will be restored through the issue in kind, i.e., the reduction of share capital does not require permission from the Swedish Companies Registration Office.

To achieve an appropriate number of shares, the Indentive Board also proposes that the Indentive annual general meeting resolves on a consolidation of shares by which 30 shares in Indentive are consolidated into one share (1:30). If a shareholder owns a number of shares which does not correspond to one full consolidated share, the number of shares missing (1–29 shares) will be received from Scope (the “**Guarantor**”) without consideration. After the addition of the shares received from the Guarantor, all shareholders will hold shares evenly divisible with 30, a so-called rounding up. Shareholders do not need to take any measures to participate in the consolidation of shares. The Indentive Board is proposed to be authorized to decide upon the record date for the consolidation of shares. If the Indentive annual general meeting resolves in accordance with the Indentive Board's proposal for consolidation of shares, the record date for the consolidation of shares, the new ISIN code for Indentive's share and further information about the consolidation of shares will be announced through a separate press release after the annual general meeting.

Following the completion of the issue in kind, the reduction of the share capital and the consolidation of shares, the shares in Indentive will total no more than 22,008,253 shares, each with a quota value of approximately SEK 1.80.

By participating in the issue in kind, as described above, Scope's shareholdings in Indentive will total approximately 49 per cent of the shares in Indentive, corresponding to approximately 49 per cent of the total votes in Indentive, which means that Scope's total holding will exceed 30 per cent of the votes in Indentive, and a mandatory bid obligation will arise in accordance with the Swedish Corporate Governance Board takeover rules for certain trading platforms. By reason of this, Scope has applied for and been granted an exemption from the mandatory bid obligation by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*). The exception is conditional upon the shareholders of Indentive being informed of the size of Scope's ownership of the shares and votes in Indentive, and that the issue in kind is resolved upon by at least two thirds of both the votes cast and the shares represented at the annual general meeting. Currently, Scope holds no shares in Indentive.

Indentive has obtained voting undertakings from key shareholders of Indentive representing approximately 31.25 per cent of the shares and votes in Indentive to vote in favor of the resolutions to be taken at the annual general meeting.

Changes to the Indentive Board

The Indentive nomination committee has, provided that the annual general meeting approves the issue of the Consideration Shares, proposed Åsa Hedin, Johan Ekesiö, Bodil Eriksson, Johan Gustavsson, Fredrik Oweson and Jan Uddenfeldt to be elected as new board members of Indentive, until the end of the next annual general meeting. Furthermore, the nomination committee propose Åsa Hedin to be elected as chairman of the Indentive Board. This proposal is conditional upon that the Indentive annual general meeting resolves upon the Transaction. Further information on the proposed members of the Indentive Board will be included in the notice of the Indentive annual general meeting, which will be published separately.

The senior management of the new entity will consist of Lawrence Flynn as CEO, Chris Bushnell as CFO, Andreas Wieweg as CTO and Andy Peart, Peter Roost, Dave Parsin, Gareth Walters, Russell Tarr and Darren Ford. For information regarding the senior management, please refer to www.artificial-solutions.com/leadership-team.

Incentive programs

The Indentive Board has also resolved to propose an incentive program for senior management and other key employees of Indentive through issuance of 978,135 warrants of series 2019/2024. The subscription price of shares shall correspond to 100 per cent of the volume weighted average price of Indentive's share on Nasdaq First North during the period from 11 March 2019 to 22 March 2019 ("VWAP"). Furthermore, major shareholders representing shares corresponding to approximately 14.1 per cent of the total number of shares and votes in Indentive, has proposed an incentive program for the Indentive Board. It is proposed to issue 195,628 warrants of series 2019/2022 with a subscription price corresponding to 150 per cent of VWAP. During the period from 1 February 2021 up to and including 15 June 2024 and 2022 respectively, for each warrant the holders may request subscription for one new share in the Indentive. The resolutions on the incentive programs are subject to the annual general meeting's approval of the issue of the Consideration Shares. A complete description of the programs will be available in the notice of the Indentive annual general meeting published separately.

Annual general meeting

The annual general meeting of Indentive will be held 28 February 2019. Notice of the annual general meeting will be announced separately.

Listing on Nasdaq First North

Due to the Transaction, a new listing process of the new entity on Nasdaq First North is necessary. Indentive's share will be listed on the observation list until Nasdaq approves the company description and the listing of the new entity on Nasdaq First North. For the means of this, and if Nasdaq approves the listing of the new entity, a company description will be published after the annual general meeting. First day of trading of the new entity on Nasdaq First North is expected to 12 March 2019.

Preliminary timetable

26 February 2019	Conditional listing approval of the new entity on Nasdaq First North.
28 February 2019	Indentive annual general meeting resolving on the Transaction and related resolutions.
4 March 2019	Record date for the lex Asea dividend.

5 March 2019	The issue in kind is registered with the Swedish Companies Registration office and Euroclear Sweden AB. Company description made public.
6 March 2019	Distribution of the shares in Indentive Värdepapper AB to Indentive's shareholders.
12 March 2019	First day of trading on Nasdaq First North in the new entity.

Advisers

ABG Sundal Collier is acting as financial adviser to Artificial Solutions and Indentive in connection with the Transaction. Cirio Advokatbyrå is Artificial Solutions' legal adviser in connection with the Transaction. Erik Penser Bank remains appointed as Certified Adviser of the new entity.

About Artificial Solutions

Artificial Solutions® is the leading specialist in enterprise-strength Conversational AI, a form of Artificial Intelligence that allows people to communicate with applications, websites and devices in everyday, humanlike natural language via voice, text, touch or gesture input.

Designed for the global enterprise, the company's advanced conversational AI platform, Teneo®, allows business users and developers to collaborate on creating sophisticated, highly intelligent applications that can run across 35 languages, multiple platforms and channels in record time. The ability to analyze and make use of the enormous quantities of conversational data is fully integrated within Teneo, delivering unprecedented levels of insight that reveal what customers are truly thinking.

Artificial Solutions' conversational AI technology makes it easy to implement a wide range of natural language applications such as virtual assistants, chatbots, speech-based conversational UIs for smart devices and more. It is already used daily by millions of people across hundreds of private and public sector deployments worldwide. For more information, please visit www.artificial-solutions.com.

About Indentive

Indentive develops, sells and run the proprietary IoT platform Connective. Connective connects the end-user (consumer) with the service provider and offers the operator an opportunity to deliver additional digital services to its existing customers. The platform gives the end-user an opportunity to select and utilize the IoT services offered through the platform via a single application.

Indentive also develops, sells and operates television systems for television services distributed through the internet and to mobile devices. The systems, as with Connective, are aimed at the operator market and complement the company's existing Connective offer.

For more information, please visit www.indentive.se.

Indentive is listed on Nasdaq First North in Stockholm with short name INDEN B. Erik Penser Bank AB is appointed as Certified Adviser (www.penser.se, tel +46 8 463 83 00, certifiedadviser@penser.se).

This information is information that Indentive AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of Anders Visell, at 08:15 (CET) on 28 January 2019.