

## iZafe acquires Pilloxa, carries out a directed issue of shares and warrants to qualified investors and issues warrants free of charge to existing shareholders

**iZafe Group AB (publ) ("iZafe" or the "Company") has today entered into a share purchase agreement with the owners of Pilloxa AB ("Pilloxa") regarding the acquisition of all outstanding shares of Pilloxa in accordance with the letter of intent communicated by press release on August 18, 2022. Access to the shares in Pilloxa was completed today. iZafe has also successfully completed a directed issue of 20,833,334 units, each unit consisting of one (1) share and two (2) warrants of series TO13B. The subscription price per unit amounts to SEK 0.24, corresponding to a price per share of SEK 0.24 as the warrants are issued free of charge and the Company is thereby provided with approximately SEK 5 million before transaction costs (the "Directed Issue"). Qualified investors such as Jan Hardenborg, Eva Redhe, Fredrik Sjödin, Filippa Lindström, Karin Forseke, Peter Jörgensen, Lars Wedenborn and Mangold Fondkommission have through subscription commitments undertaken to participate in the Directed Issue. The Company has also decided to distribute 76,890,165 warrants of series TO13B to all shareholders in the Company after the acquisition of Pilloxa to capitalize the Company and to compensate for the dilution from the Directed Issue.**

### **The Directed Issue**

The Board of Directors of iZafe has, with the support of the authorization received at the Extraordinary General Meeting on September 28, 2022, today decided to carry out a directed issue of 20,833,334 units with deviation from existing owners' preferential rights, each unit consists of one (1) share and two (2) warrants of series TO13B. The subscription price per unit amounts to SEK 0.24, corresponding to a price per share of SEK 0.24, the warrants are issued free of charge. The Company receives approximately SEK 5 million before deductions for transaction costs. The subscription price for the Directed Issue has been determined through arm's length negotiations with several strategic and long-term investors over a period of time. The subscription price corresponds to a discount of 10 percent in relation to the volume weighted average price of the Company's share on the Nasdaq First North Premier Growth Market during the last five (5) trading days, from and including November 22, 2022, to and including November 28, 2022, which amounted to approximately 0.262 SEK. The Board of Directors thus assesses the subscription price to be at market terms.

Each warrant of series TO13B gives the right to subscribe for one (1) new share in the Company during the period from and including February 23, 2023, to and including March 8, 2023. The subscription price for shares of series B supported by warrants of series TO13B amounts to 70 percent of the volume weighted average price of the Company's share on the Nasdaq First North Premier Growth Market during the period from and including February 9, 2023, to and including February 22, 2023, however, the share's minimum quota value (currently SEK 0.20) and a maximum of SEK 0.30.

## Background and motive for the Directed Issue

In order to satisfy the demand from existing customers, as well as meet the demand from new customers, iZafe deems it necessary to raise additional capital. iZafe intends to use the issue proceeds from the Directed Issue to increase sales of Dosell and Pilloxa's solutions.

More specifically, the Company intends to use the issue proceeds for:

- Sales efforts of Dosell against Pilloxa's established customers and network.
- Sales efforts of Pilloxa's solutions towards iZafe's partner network.
- Integration between Dosell and Pilloxa's system and product.

The reason for that, and for the deviation from the shareholders' preferential rights, is to strengthen the Company's shareholder base with long-term strategic and qualified investors and at the same time in a quick and cost-effective way finance the Company's need for working capital, which has been slightly increased with the acquisition of Pilloxa. Also, the Board of Directors considers implementing a rights issue in current market conditions would entail a risk that the Company fail to meet its capital needs and by so fail to maintain an optimal capital structure. The Company's Board of Directors has made an overall assessment and carefully considered the possibility of raising capital through a rights issue. The Board of Directors has taken into account, among other things the high number of recent rights issues on the Nasdaq First North Premier Growth Market, and that the additional cost of a rights issue, such as advisory fees and underwriting compensation, would be unproportional to the limited size of the short term required capital. The conclusion of the Board of Directors' assessment is that the Directed Issue is objectively the best alternative for the Company and its shareholders.

## The acquisition of Pilloxa

Pilloxa has developed a technology platform to support better medication adherence that pharmaceutical and healthcare companies use to design digital patient supports. The acquisition creates a new company in digital health that is well positioned to become a leading player in better and safer drug use. The purchase price amounts to approximately SEK 13.75 million and is paid through a directed offsetting issue of a total of 50,000,000 shares in iZafe ("**Compensation Shares**"). The subscription price for the Compensation Shares amounts to SEK 0.275. The basis for the subscription price is the share's market value based on the closing price for the Company's share of series B on the Nasdaq First North Premier Growth Market on Friday November 25, 2022.

- Through the acquisition of Pilloxa, we are taking an important step towards our vision of improved health with better adherence. This creates an attractive and complete offer, access to a larger customer base and more sales channels. Through the Directed Issue, we are bringing in more strong owners to iZafe, and the warrants awarded to all shareholders are expected to provide a capital injection at the beginning of 2023. We will now increase the pace of sales of the joint company's products and services towards all our different customer categories. Together, we are creating a very strong offer within the framework of digital health, says Anders Segerström, CEO of iZafe.

- With Pilloxa's digital offering and long-term collaboration with the pharmaceutical industry, we can together offer a comprehensive solution for patients, healthcare staff and the pharmaceutical industry. Pilloxa's promise to our customers, SME pharmaceutical companies, is a complete digital solution for patient support within one month of the first customer meeting. We are therefore used to rapid integrations and will immediately begin work on offering a joint digital solution, says Helena Rönqvist, CEO at Pilloxa.

Incorrect or deficient medication is a major and costly problem for the individual, healthcare and for pharmaceutical companies, and costs society significant sums. Offering patients support to take their medication correctly has been shown to be an effective way to achieve better medical outcomes. Both iZafe and Pilloxa today offer solutions that support patients in safe medical treatment. The merger means a broader and more attractive offer to healthcare providers, patients, the pharmaceutical industry, and consumers, broadens the customer base and is expected to contribute to accelerated market penetration through clear sales and margin synergies.

### **Warrants to existing shareholders of iZafe**

The Company has decided to distribute 76,890,165 warrants of series T013B to all shareholders in the Company after the acquisition of Pilloxa in order to capitalize the Company and to compensate for the dilution from the Directed Issue. The warrants are subscribed by the Company and will be distributed free of charge to existing shareholders in the Company, where the Company's existing shareholders will receive one (1) free warrant of series T013B for every two (2) shares held in the Company on the record date. The Board of Directors has been authorized to determine the record date, thus information about the record date for the allotment of warrants of series T013B will be communicated via a separate press release.

Each warrant of series T013B gives the right to subscribe for one (1) new share in the Company during the period from and including February 23, 2023, to and including March 8, 2023. The subscription price for shares of series B supported by warrants of series T013B amounts to 70 percent of the volume weighted average price of the Company's share on the Nasdaq First North Premier Growth Market during the period from and including February 9, 2023 to and including February 22, 2023, however, the share's minimum quota value (currently SEK 0.20) and a maximum of SEK 0.30.

### **Terms, number of shares, share capital and dilution**

Through the acquisition of Pilloxa, the number of shares in the Company increases by 50,000,000 B shares, from 82,946,996 shares (600,000 A shares and 82,346,996 B shares) to 132,946,996 shares, and the share capital will increase by SEK 10,000,000.00, from SEK 16,589,399.20 to SEK 26,589,399.20. The issue of shares as a result of the acquisition of Pilloxa entails a dilution for the Company's existing shareholders of approximately 37.61 percent.

The Directed Issue comprises 20,833,334 units, each unit consisting of one (1) share and two (2) warrants of series T013B. The Directed Issue will increase the number of shares in the Company by 20,833,334 shares, from 132,946,996 shares to 153,780,330 shares, and the share capital will increase by SEK 4,166,667.80, from SEK 26,589,399.20 to SEK 30,756,066.00. The Directed Issue entails a dilution for the Company's existing shareholders of approximately 13.55 percent.

As a result of the acquisition and the Directed Issue, the total number of shares in the Company will increase by 70,833,334 shares, from 82,946,996 shares to 153,780,330 shares, and the share capital will increase by SEK 14,166,666.80, from SEK 16,589,399.20 to 30,756,066.00 SEK. Which entails a total dilution for the Company's existing shareholders of approximately 46.06 percent.

41,666,668 warrants of series TO13B are allotted to the investors in the Directed Issue and 76,890,165 warrants of series TO13B are allotted to the shareholders of the Company after the completion of the acquisition and the Directed Issue. In the event of full utilization of warrants of series TO13B, the Company can receive an additional maximum of approximately SEK 35.6 million, depending on the subscription price. If all of the Company's 118,556,833 issued warrants of series TO13B are exercised, the number of shares in the Company will increase by 118,556,833 shares, from 153,780,330 shares to 272,337,163 shares, and the share capital will increase by SEK 23,711,366.60, from SEK 30,756,066.00 to SEK 54,467,432.60. Which entails a total dilution for the Company's existing shareholders of approximately 43.53 percent.

#### **Advisors**

Mangold Fondkommission AB is the financial advisor to iZafe in connection with the acquisition of Pilloxa and the Directed Issue.

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## About Us

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iZafe Group is a Swedish Life-Science company that develops and markets medical and digital security solutions to create safer drug handling at home. The company's digital medication dispenser Dosell reduces the risk of incorrect medication, increases security for family and relatives and relieves public care personnel. The products form a holistic concept that facilitates patient medication and gives those who are treated at home better conditions for a happy and safe life. Customers today consist of public and private care providers in Sweden, the Nordic countries and globally. iZafe Group sells primarily through well-established partners who already have long and deep customer relationships with the priority customer groups. The head office is located in Stockholm.

The company is listed on the NASDAQ First North Premier Growth Market. FNCA Sweden AB is the company's Certified Adviser. Phone: +46 (0) 8 528 00 399. E-mail: [info@fnca.se](mailto:info@fnca.se). Further information is available at [www.izafe.se/investor-relations/](http://www.izafe.se/investor-relations/).

*This information is information that iZafe Group is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2022-11-28 19:30 CET.*

## Attachments

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