



Q2 Interim Report

Second Quarter 2023

About iZafe Group

iZafe Group is a Life-Science company that conducts research, development and marketing of digital medical solutions and services for safer medication management in the home.

The company leads the development of digital drug dispensing through the pharmaceutical robot Dosell and the digital dosett device Pilloxa. The company's solutions reduce the risk of incorrect medication in the home, relieve the burden on public healthcare, increase the quality of life and create a safer environment for relatives.



Financial Performance in Summary

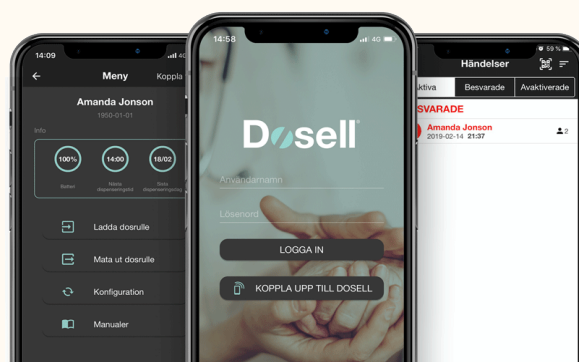
- ✓ Net sales for the quarter amounted to SEK 403 (84) thousand, a growth of 380% compared to the corresponding quarter last year. The increase in turnover can partly be attributed to organic growth, partly to growth through acquisition, when Pilloxa was acquired in December 2022. Excluding the turnover from the acquired company, the growth amounted to 198%. The quarter's turnover consists of income attributable to the sale of the digital pharmaceutical robot Dosell and the sale of the medical device Pilloxa. Pilloxa AB was acquired on 28 November 2022 and is therefore not included in the quarter's turnover for the previous year.
- ✓ Operating profit for the quarter amounted to SEK -5,097 (-5,184) thousand.
- ✓ Profit after financial items for the quarter amounted to -5,136 (-5,233) TSEK.
- ✓ Cash flow for the period amounted to SEK -3,496 (-7,155) thousand.
- ✓ Earnings per share for the quarter before / after dilution amounted to SEK 0.0 (-0.1).
- ✓ Equity per share amounted to SEK 0.2 (0.4) at the end of the period.
- ✓ The equity ratio at the end of the period amounted to 82.4 (81.8) percent.

Significant events during the quarter

- ✓ iZafe has signed a cooperation agreement with Spanish Ti-Medi for the rights to sell and market the medication robot Dosell. Ti-Medi's minimum commitment over a four-year period is worth at least SEK 12 million.
- ✓ iZafe has signed a cooperation agreement with MDM Pulse for the right to sell and market the medicine robot Dosell in Portugal. MDM Pulse's minimum commitment over a five-year period amounts to SEK 12.2 million to subsequently generate a recurring license income of at least SEK 4.2 million annually.

Significant events after the end of the quarter

- ✓ iZafe successfully completed all necessary technical integrations and adaptations to launch Dosell on the Dutch market. The company will now deliver 50 units for testing. After successful testing, the remaining 1,000 units will be delivered successively during the year.



Comments from CEO



I am pleased to share with you the latest progress and developments in our company during the past quarter. Despite an initially low turnover, our focus on the right strategies and measures has resulted in a positive increase in our turnover. This increase, although it may be modest, marks a turning point in the right direction. Together with our continuous effort to streamline and reduce costs, we now stand on a stable foundation.

I feel confident that the liquidity we obtained in March will be sufficient to bring us to a cash flow positive position. Our determination to optimize our finances and capital utilization has set us on this promising path forward. I would like to express my heartfelt thanks to you for your continued trust and investment in our company. Your faith in us has been a decisive factor in our success.

During the first half of the year, we communicated about several significant orders that lie ahead. Now our top priority is to ensure that the deliveries of these orders are carried out smoothly. One of our most challenging tasks is to deliver 1,000 units to the Netherlands before the end of this year. The first 50 units will be used to guarantee a seamless customer experience with our innovative solution, uniquely tailored to the needs of the Dutch market. The setup is a result of our joint work with investments from both the partner, Dutch IVE Ventures, and us, where IVE Ventures invested in a comprehensive system where Dosell has a key function. Tests are currently underway and are expected to be completed shortly. When potentially needed fine adjustments in the customized system solution are in place after feedback from the tests, we will gradually deliver the remaining units according to plan.

We also see positive progress in Spain, where plans are progressing as previously communicated. During Q2, an agreement worth minimum SEK 12 million over four years was secured, including 1,800 Dosell units. The Spanish partner Ti-Medi delivers today solutions to facilitate correct medication to over 650 pharmacies in Spain and Portugal. During the autumn, we are working intensively to adapt Dosell and the customer journey for the Spanish market, which will hopefully lead to an extensive launch during the first quarter of 2024.

Also in Italy we have worked further to develop our collaborations. Our partner has been working for some time to achieve a wider acceptance of sachets in the Italian market. They are currently conducting a funding round to secure the necessary capital to accelerate sales of our pharmaceutical robots along with their innovative sachets on a larger scale.

In the UK, we are on the verge of completing our first pilot, which is a milestone for us. This marks the start of gradually increasing sales that are expected to pick up from the turn of the year. The UK is a market with huge potential, and we foresee steady growth as the market matures.

In our home region, the Nordics, our work with municipalities in Sweden and Norway has yielded results. The decision to expand the use of Dosell within these municipalities is a clear indication that our product is appreciated for its simplicity, functionality and its ability to relieve care by ensuring correct medication at the right time. I am optimistic that we will see increasing demand also here in the Nordics during the autumn, and a positive trend that is expected to grow significantly in the coming year.

Our latest acquisition, Pilloxa, has added additional value to our portfolio. Our focus now is on ensuring customer satisfaction through smooth deliveries and maximizing the potential of our new customers. Going forward, we aim to merge our concepts into a world-unique concept that can help the patient at all stages; regardless of how they manage their medication, but right now our primary focus is on ensuring that Dosell deliveries to our partners around Europe.

In summary, we are stronger and more well prepared than ever. With a stable liquidity that is expected to bring us to a cash flow positive position, together with the majority of orders received and a growing demand, we are enthusiastically looking forward to the upcoming autumn. I am convinced that, together with my amazing team, we will be able to achieve outstanding results.

Again, many thanks for your invaluable trust as a shareholder.

Stockholm in August 2023
Anders Segerström
Chief Executive Officer, iZafe Group

Company overview

The Right Medication Improves Patients' Health

A rapidly aging population and an increase in chronic medical conditions increase the risk of medication errors. A growing number of people are being prescribed medication and up to 70 percent of all over 60s are taking three or more medications in Europe alone. Within the EU, poor adherence to medication results in 200,000 deaths each year, which costs society 125 billion euros. iZafe Group develops and commercializes digital products and services that ensure people take the right medicine at the right time. iZafe Group's patented product Dosell is a digital medicine dispensing robot that is specially designed to ensure adherence to medication. With Dosell, good conditions are created for more people to have a healthier and more independent life. iZafe Group also markets and sells the connected dose bag Pilloxa with associated application with the same purpose as Dosell but for a different target group which is primarily aimed at pharmaceutical companies

Digitization Ensures Efficient and Safe Healthcare

Digital platforms mean that people can receive care where and when needed, reduce the risks of incorrect medication and enable more need-based care. iZafe's product Dosell enables scarce welfare and healthcare resources to be used more efficiently, by automating the processes that would otherwise have been subject to human error. Dosell is adapted to be used by the patient at home, in healthcare or in care. Dosell dispenses sachets to the patient at the specified time. At the same time, a caregiver, relative or friend can be connected to the Dosell unit via a mobile app to check compliance and whether the patient has taken their medicine at the specified time. If the medicine has not been taken, an alarm is sent to the care provider or next of kin. This results in increased patient safety and greater independence for the patient. In Sweden today over 200,000 people use sachets and the number is expected to grow in the future as the population gets older. The smart Pillbox that Pilloxa has developed also ensures compliance and data for patients who do not receive their medication in sachets but still need an aid to ensure the right medication at the right time. Together with Dosell, Pillbox and apps, iZafe can ensure compliance throughout the entire patient journey.

An important driving force for iZafe Group's operations is the growth in the market for digital welfare and healthcare platforms. The global digital healthcare market is expected to grow to roughly USD 400 billion by the end of 2025. The digitization of the healthcare market has also created a global market for automated medicine dispensing robots, which is expected to grow at an average annual growth rate of 9.5 percent to over USD 2 billion by the end of 2027.

Business model

iZafe Group develops and sells the automated pharmaceutical robot Dosell and the connected pillbox Pilloxa. Sales take place via selected business partners with local market knowledge. iZafe Group receives recurring revenue in the form of license fees for sales to public and private welfare and health care partners as well as subscription fees for sales to consumers. In addition to recurring revenue, a hardware cost is charged for each Dosell and Pillbox. B2B sales are aimed at partners who develop and sell digital welfare and healthcare platforms. This means that iZafe Group does not need to build a large sales organization, but can benefit from the expertise of its partners. B2C sales are through direct-to-consumer partners or partners that offer integrated wellness and healthcare solutions directly to the consumer.

Several new partnerships have been established

iZafe Group has new partners with commitment in Holland, Great Britain, Spain and Portugal. The growing interest in the pharmaceutical robot Dosell has spread well and many are interested in getting the opportunity to sell Dosell. The focus for the coming period will be to ensure good implementation, training, support and delivery in these new markets while we develop B2B operations in Sweden, Norway and Finland. Within B2C, iZafe Group has only sold Dosell in Sweden through Apoteket AB, the country's largest pharmaceutical chain, to meet the needs of customers and their relatives. The exclusivity has now ended to enable more players to market Dosell to consumers in Sweden and other countries.

Dosell continues to lead the market

One of iZafe Group's central focus areas has been to ensure that Dosell meets the needs of partners and patients. Going forward, the work will primarily focus on consolidating Dosell's position as a leader in the digital medicine dispensing market. iZafe Group will identify growth opportunities through acquisitions, new partnerships and continue the development and commercialization of products and services with existing partners to facilitate more people to get medicine at the right time.



Key figures

THE GROUP

	2023	2022	2023	2022	2022
TSEK	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Net sales	403	84	631	460	729
Operating result (EBIT)	-5,097	-5,184	-10,148	-12,168	-23,404
Profit after financial items (EBT)	-5,136	-5,233	-10,323	-12,265	-23,586
Earnings per share before/after dilution, SEK	-0.02	-0.07	-0.05	-0.17	-0.30
Equity per share, SEK	0.2	0.4	0.2	0.4	0.3
Equity ratio, %	82.4%	81.8%	82.4%	81.8%	76.8%
Share price at the end of the period, SEK	0.2	0.5	0.2	0.5	0.3
Number of shares at the end of the period	250,586,171	70,874,308	250,586,171	70,874,308	153,780,330
Average number of outstanding shares	250,586,171	70,874,308	212,612,609	70,874,308	79,953,171
Average number of employees	7	8	7	9	12
Number of employees at the end of the period	7	8	7	8	11

Definitions

Operating profit (EBIT)

Profit before financial items.

Earnings per share before dilution

Earnings per share before dilution is calculated by dividing profit attributable to the parent company's shareholders by the weighted average number of outstanding common shares during the period.

Equity per share

Equity at the end of the period divided by the number of shares outstanding at the end of the period.

Equity ratio

Equity as a percentage of total assets.

Average number of employees

Average number of employees during the period converted to full-time positions.

Financial overview

THE GROUP

TURNOVER AND RESULTS, APRIL-JUNE 2023

Net sales for the quarter amounted to SEK 403 thousand (84), a growth of 380% compared to the corresponding quarter last year. The increase in turnover can partly be attributed to organic growth, partly to growth through acquisition, when Pilloxa was acquired in December 2022. Excluding the turnover from the acquired company, the growth amounted to 198%. The quarter's revenue is attributed to the sale of the digital pharmaceutical robot Dosell, which partly generates revenue through the sale of hardware, partly through a recurring subscription fee and revenue through the sale of the medical device Pilloxa.

Other operating income SEK 392 thousand (0) is attributable to the subletting of part of the company's premises.

Merchandise for the quarter amounted to SEK 260,000 (26) and is attributable in its entirety to costs relating to sold and delivered Doseller and the medical device Pilloxa. The gross profit amounts to 35% (69) and varies between quarters as a result of how much of the sales relate to subscription revenue versus hardware sales.

Other external costs for the quarter amounted to SEK 1,656 thousand (1,802). The item includes ongoing costs for commercialization and ongoing modifications of Dosell. The company works continuously to review the cost structure and streamline purchases to reduce total costs.

Personnel costs for the quarter amounted to SEK 2,009 thousand (2,347). The number of employees at the end of the period amounts to 7 people in relation to 8 people for the corresponding period last year.

Depreciation of intangible assets for the quarter amounted to SEK 1,719 thousand (753) and is partly attributable to balanced development expenses regarding Dosell, and partly attributable to the excess values that arose in the acquisition of Pilloxa. Depreciation of tangible assets for the quarter amounted to SEK 243 thousand (332) and is attributable to depreciation of rights of use and inventories.

The financial net for the quarter amounted to SEK -39 thousand (-49) and is attributed to interest on leasing debt and loans to credit institutions.

Tax on the period's result amounted to SEK 180 thousand (0) and refers to the dissolution of deferred tax regarding surplus values that arose during the acquisition of Pilloxa.

The result for the period amounted to SEK -4,956 thousand (-5,233). Earnings per share amounted to SEK -0.02 (-0.07).

TURNOVER AND RESULTS, JANUARY-JUNE 2023

Net sales for the period amounted to SEK 631 thousand (460), a growth of 37% compared to the corresponding period last year. The revenue increase is attributed to Pilloxa, which was acquired in December 2022. The period's revenue is attributed to the sale of the digital pharmaceutical robot Dosell, which partly generates revenue through the sale of hardware, partly through a recurring subscription fee and revenue through the sale of the medical device Pilloxa.

Other operating income SEK 785 thousand (4) is attributed for the current year to the subletting of part of the company's premises.

Merchandise for the period amounted to SEK 277 thousand (274) and is attributable in its entirety to costs relating to sold and delivered Doseller and the medical device Pilloxa. The gross profit has increased from 40 percent to 56 percent as a result of the fact that sales largely refer to subscription revenue and not hardware sales.

Other external costs for the period amounted to SEK 3,545 thousand (5,744). The item includes ongoing costs for commercialization and ongoing modifications of Dosell. The company works continuously to review the cost structure and streamline purchases to reduce total costs.

Personnel costs for the period amounted to SEK 3,693 thousand (4,469). The number of employees at the end of the period amounts to 7 people in relation to 8 people for the corresponding period last year.

Depreciation of intangible assets for the period amounted to SEK 3,475 thousand (1,506) and is partly attributable to balanced development expenses regarding Dosell, and partly attributable to the surplus values that arose during the acquisition of Pilloxa. Depreciation of tangible assets for the period amounted to SEK 569 thousand (631) and is attributable to depreciation of rights of use and inventories.



The financial net for the period amounted to SEK -175 thousand (-97) and is attributable to interest on bridging loans received from the board as well as interest on leasing debt and loans to credit institutions. The previous year's amount mainly refers to interest on the leasing debt.

Tax on the period's result amounted to SEK 360 thousand (0) and refers to the dissolution of deferred tax regarding surplus values that arose during the acquisition of Pilloxa.

The result for the period amounted to SEK -9,963 thousand (-12,265). Earnings per share amounted to -0.05 SEK (-0.17).

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the quarter amounted to SEK -2,253 thousand (-5,708) as a result of adaptation of Dosell for foreign markets and commercialization of the products in combination with continued limited revenues. Cash flow from working capital amounted to SEK 921 thousand (-1,560). Cash flow from operating activities for the period January-June amounted to SEK -6,456 thousand (-11,749) and follows the same pattern as for the quarter.

The cash flow from investment activities for the quarter amounted to SEK -574 thousand (-1,127), which is mainly attributable to intangible assets. The company is further developing Dosell and that work will enable Dosell to be compatible with more modern technology. All investments attributable to this development are capitalized. The cash flow from investment activities for the period January-June amounted to SEK -810 thousand (-1,805) and follows the same pattern as for the quarter.

The cash flow from financing activities for the quarter amounted to SEK -669 thousand (-320) and refers to amortization of the leasing debt and repayment of loans to credit institutions. The cash flow from the financing activities for the period January-June amounted to SEK 17,597 thousand (-588) and refers to cash flow from the issue of shares with the support of subscription rights. The issue brought the company SEK 18,567 thousand after issue costs. Financing operations are also affected by amortization of leasing debt and repayment of loans to credit institutions. The previous year's amount refers only to amortization of the leasing debt.

Cash and cash equivalents at the end of the period amounted to SEK 12,032 thousand (4,584) and the issue in quarter 1 2023 has increased as a result.

The balance sheet total at the end of the quarter amounted to SEK 57,723 thousand (34,817). Intangible assets are the most significant item in the balance sheet, which amounts to SEK 36,025 thousand (20,398). The increase in the item can be attributed to the acquisition of Pilloxa, which added surplus value in the form of brand, customer agreements and IT platform/hardware. The item also includes development costs relating to Dosell.

INVESTMENTS AND DEVELOPMENT EXPENDITURE

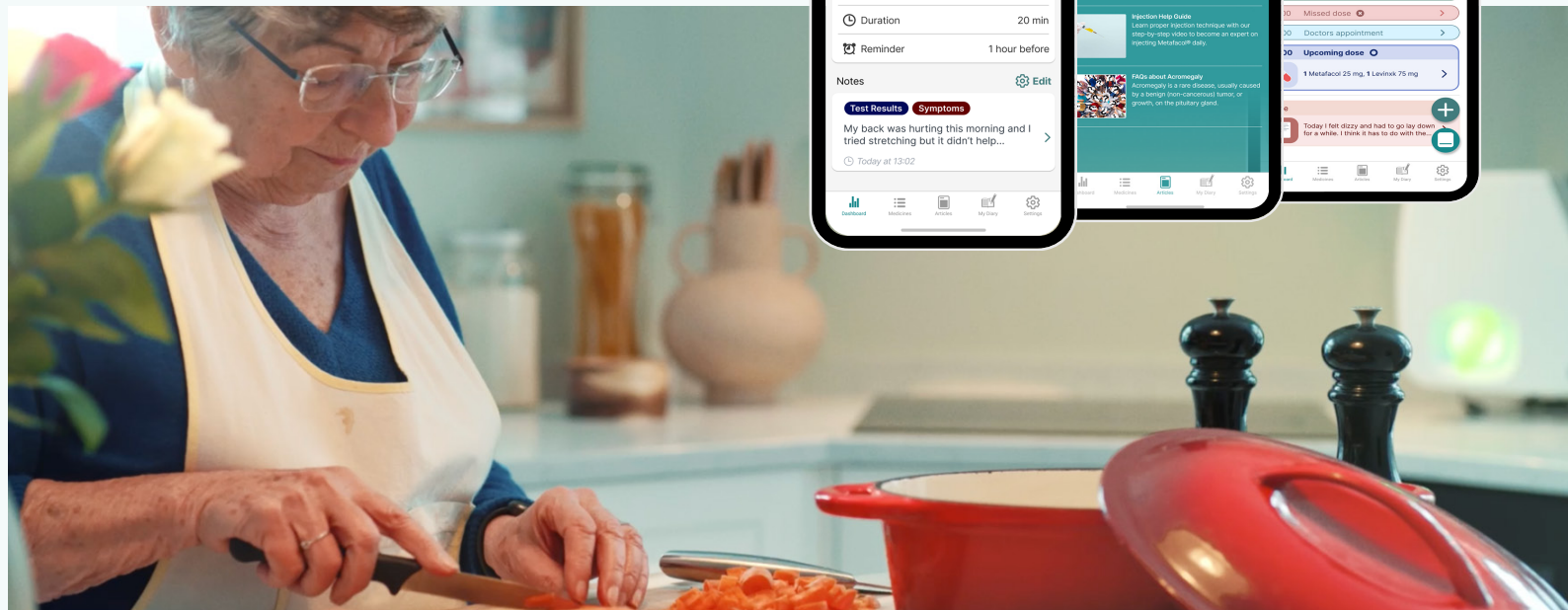
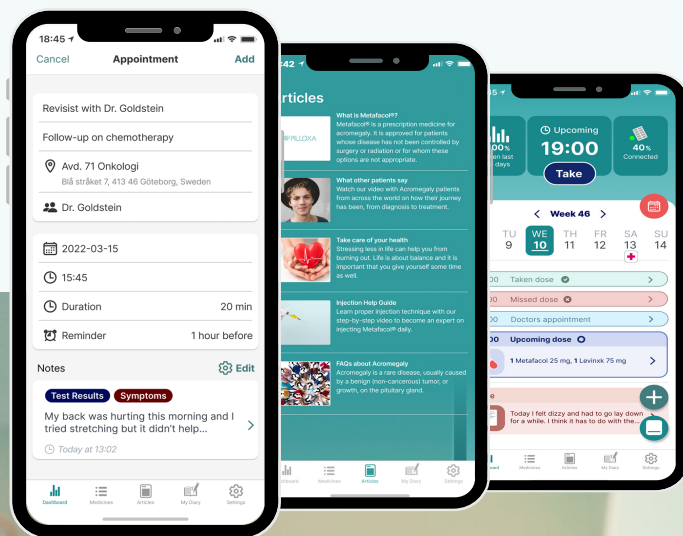
Investments in the quarter amounted to SEK 574 thousand (1,127) and refer to balanced development costs regarding the further development of Dosell.

CONTINUING OPERATIONS

The company's ability to meet future liquidity needs is highly dependent on sales success and profitability. There is no guarantee that the company will be able to obtain the necessary liquidity if necessary. Inflow issue during quarter 1 in connection with cost savings ensures the company's liquidity for the next 12 months. The board's assessment is therefore that at the time of issuing this report, there is no uncertainty regarding the company's ability to operate in the future.

PARENT COMPANY

The parent company carries out group-wide functions, and the CEO and parts of the management team are employed in this company. The parent company has invoiced the subsidiary companies for management fees, which are eliminated at the group level.



Condensed income statement

GROUP

TSEK	2023	2022	2023	2022	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Operating income					
Net sales	403	84	631	460	729
Other operating income	392	0	785	4	123
Total revenue	795	84	1 416	464	852
Operating costs					
Goods for resale	-260	-26	-277	-274	-606
Other external expenses	-1 656	-1 802	-3 545	-5 744	-11 026
Personell costs	-2 009	-2 347	-3 693	-4 469	-8 240
Depreciation of tangible and intangible assets	-1 962	-1 085	-4 044	-2 137	-4 365
Other operating expenses	-5	-8	-5	-8	-19
Other costs	-5 892	-5 268	-11 564	-12 632	-24 256
Operating profit/loss	-5 097	-5 184	-10 148	-12 168	-23 404
Net financial items	-39	-49	-175	-97	-182
Profit/loss after financial items	-5 136	-5 233	-10 323	-12 265	-23 586
Tax on profit for the period	180	0	360	0	60
PROFIT/LOSS FOR THE PERIOD	-4 956	-5 233	-9 963	-12 265	-23 526
Basic earnings per share (SEK)	0,0	-0,1	0,0	-0,2	-0,3

Condensed statement of financial position

GROUP

TSEK	2023 30-Jun	2022 30-Jun	2022 31-Dec
ASSETS			
Non-current assets			
Balanced development expenditure	18 978	0	15 681
Goodwill	1 542	0	1 542
Other intangible assets	15 505	20 398	21 467
Tangible fixed assets	147	168	214
Right-of-use assets	2 913	3 960	3 416
Current assets			
Inventories	5 106	4 305	5 211
Accounts receivable	675	201	524
Current receivable	825	1 201	945
Cash and cash equivalents	12 032	4 584	1 701
Total assets	57 723	34 817	50 701
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	50 117	70 874	30 756
Other capital contributions	130 983	69 905	131 777
Retained earnings including profit/loss for the period	-133 535	-112 311	-123 572
Total shareholders' equity	47 565	28 468	38 961
Non-current liabilities			
Deferred tax liability	3 181	0	3 541
Interest-bearing liabilities	0	0	333
Lease liabilities	2 012	3 017	2 527
Current liabilities			
Interest-bearing liabilities	0	0	144
Lease liabilities	1 017	1 035	995
Accounts payable	1 370	898	964
Other current liabilities	2 578	1 399	3 236
Total liabilities	6 977	6 349	8 199
Total equity and liabilities	57 723	34 817	50 701

Condensed statement of changes in equity

GROUP

TSEK	2023	2022	2023	2022	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Equity, opening balane	52 521	33 701	38 961	40 733	40 733
Total result					
	-4 956	-5 233	-9 963	-12 265	-23 526
The result of the period					
Transactions with owners					
	0	0	0	0	13 750
Set-off issue					
New share issue	0	0	0	0	5 000
Issue with warrent rights	0	0	19 361	0	3 139
Share issue expenses	0	0	-794	0	-431
Warrent rights, paid premium	0	0	0	0	296
Equity, closing balance	47 565	28 468	47 565	28 468	38 961

Condensed statement of cash flows

GROUP

TSEK	2023	2022	2023	2022	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Operating profit/loss	-5 097	-5 184	-10 148	-12 168	-23 404
Adjustments for non-cash items	1 962	1 085	4 044	2 137	4 265
Interest received, etc.	0	0	0	0	0
Interest paid, etc.	-39	-49	-175	-97	-182
Tax paid	0	0	0	0	0
Cash flow from operating activities before change in working capital	-3 174	-4 148	-6 279	-10 128	-19 321
Cash flow from changes in working capital	921	-1 560	-177	-1 621	-2 136
Cash flow from operating activities	-2 253	-5 708	-6 456	-11 749	-21 457
Cash flow from investment activities	-574	-1 127	-810	-1 805	-2 510
Cash flow from financing activities	-669	-320	17 597	-588	6 942
Cash flow for the period	-3 496	-7 155	10 331	-14 142	-17 025
Cash and cash equivalents at the beginning of the period	15 528	11 739	1 701	18 726	18 726
Cash and cash equivalents at close of period	12 032	4 584	12 032	4 584	1 701

Condensed income statement

PARENT COMPANY

TSEK	2023	2022	2023	2022	2022
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Operating income					
Net sales	450	503	900	1 003	2 003
Other operating income	390	0	780	0	121
Total revenue	840	503	1 680	1 003	2 124
Operating costs					
Other external expenses	-1 144	-1 432	-2 653	-2 634	-5 337
Personnel costs	-943	-1 146	-1 743	-2 150	-4 166
Depreciation and amortization of property, plant and equipment, and intangible assets	-12	-12	-25	-25	-50
Total costs	-2 099	-2 590	-4 421	-4 809	-9 553
Operating profit/loss	-1 259	-2 087	-2 741	-3 806	-7 429
Net financial items	-1	-1	-91	-1	-20 094
Profit/loss after financial items	-1 260	-2 088	-2 832	-3 807	-27 523
Tax on profit for the period	0	0	0	0	0
PROFIT/LOSS FOR THE PERIOD	-1 260	-2 088	-2 832	-3 807	-27 523

Condensed balance sheet

PARENT COMPANY

TSEK	2023	2022	2022
	30-Jun	30-Jun	31-Dec
ASSETS			
Non-current assets			
Property, plant and equipment	117	168	142
Non-current financial assets	35 112	23 000	35 112
Current assets			
Current receivables	8 274	13 933	4 363
Cash and bank balances	11 571	3 488	1 379
Total assets	55 074	40 589	40 996
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	50 117	70 874	30 756
Unrestricted equity			
Share premium reserve	130 628	69 845	131 422
Retained earnings including profit/loss for the period	-127 491	-101 239	-124 659
Total shareholders' equity	53 254	39 480	37 519
Current liabilities			
Accounts payable	142	462	479
Other current liabilities	1 678	647	2 998
Total liabilities	1 820	1 109	3 477
Total equity and liabilities	55 074	40 589	40 996

Accounting principles, risks, and other information.

NOTE 1. COMPANY INFORMATION

The Group's business includes the development and marketing of products that contribute to a more qualitative and secure home healthcare on both the Swedish and international market. The Group develops and sells the product Dosell, with the aim of promoting reliable and safe medication, and engages in the development and sales of medical aid the digital dosett box Pilloxa to improve medication adherence.

The Group's parent company, iZafe Group AB (reg. no. 556762-3391), is a public limited company based in Stockholm, Sweden. The company's Class B shares are listed on Nasdaq First North Premier. iZafe Group AB has two wholly owned subsidiaries, the subsidiary Dosell AB (reg. no. 556898-3018) and the subsidiary Pilloxa AB (reg. no. 559019-3354).

In this report, iZafe Group AB (publ) is referred to either by its full name or as the parent company, and the iZafe group is referred to as iZafe or the Group. All amounts are expressed in thousands of Swedish kronor (TSEK) unless otherwise stated.

NOTE 2. PRINCIPLES FOR PREPARING THE INTERIM REPORT

The Group applies the Swedish Annual Accounts Act and the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as RFR 1 Supplementary Accounting Rules for Groups when preparing financial reports. The parent company applies the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities when preparing financial reports. This quarterly report has been prepared in accordance with IAS 34 Interim Financial Reporting. For detailed information on the company's accounting policies, please refer to the latest published annual report.

Changes to significant accounting policies

Several new standards and changes to standards will come into effect for financial years beginning on 1 January 2023. None of these are expected to have an impact on the Group's financial reports.

NOTE 3. TRANSACTIONS WITH RELATED PARTIES

The company's board has invoiced consultancy services from its own companies amounting to SEK 0 thousand (0) for the quarter. In addition to this, the group has not done any business with related parties during the reporting period beyond customary salaries and compensation for the company management.



NOTE 4. FINANCIAL RISKS

Through its operations, iZafe is exposed to various financial risks, such as market risk, credit risk, currency risk, and liquidity risk. The Group's management and board actively work to minimize these risks. A detailed account of risks can be found in the latest published annual report.

NOTE 5. SIGNIFICANT RISKS AND UNCERTAINTIES

The company's operations consist of the sale of the patented medication robot Dosell and associated subscription fees. Dosell was recently launched on the market. Therefore, no far-reaching conclusions can be drawn about the market's acceptance of the product or any trends in sales and performance development. The company is also dependent on intellectual property rights that are difficult to protect through registration. The same risk pattern applies to Pilloxa's developed technical platform as for Dosell since the company is relatively young.

The company's ability to meet future liquidity needs is highly dependent on sales success and profitability. There is no guarantee that the company will be able to obtain the necessary liquidity if needed. Inflow issue during the quarter in connection with cost savings ensures the company's liquidity for the next 12 month period. The board's assessment is therefore that at the time of issuing this report, there is no uncertainty regarding the company's ability to operate in the future.

NOTE 6. iZAFE SHARES

iZafe has issued shares in two share classes, A shares and B shares. The B share has been traded since January 2, 2018 on NASDAQ First North. A share carries ten votes per share and B share carries one vote per share. As of June 30, 2023, the share capital amounted to SEK 50,117,234 divided into 600,000 A shares and 249,986,171 B shares, with a quota value of SEK 0.2 per share.

NOTE 7. OPTIONS

The company has two outstanding options programs, TO11 and TO12, which were decided at an extraordinary general meeting on October 5, 2022.

TO11 - Incentive program for certain employees

Each TO11 option entitles the holder to subscribe for one (1) new Series B share in the Company against cash payment equivalent to 200 percent of the volume-weighted average price according to Nasdaq's official stock exchange list for shares during the 10 trading days immediately preceding the extraordinary general meeting. The subscription price is therefore SEK 0.88. Subscription for the shares under the option terms shall be made during the period from November 1, 2025 to November 30, 2025. The total number of options in TO11 is 1,700,000.

Upon full exercise, the share capital will increase by SEK 340,000. The options are subject to customary adjustment conditions in connection with issuances, etc.

TO12 - Incentive program for the board members

Each TO12 option entitles the holder to subscribe for one (1) new Series B share in the Company against cash payment equivalent to 200 percent of the volume-weighted average price according to Nasdaq's official stock exchange list for shares during the 10 trading days immediately preceding the extraordinary general meeting. The subscription price is therefore SEK 0.88. Subscription for the shares under the option terms shall be made during the period from November 1, 2025 to November 30, 2025. The total number of options in TO12 is 2,900,000.

Upon full exercise, the share capital will increase by SEK 580,000. The options are subject to customary adjustment conditions in connection with issuances, etc.

In addition to the above-mentioned stock option programs, there are currently no other outstanding warrants, convertibles, or similar financial instruments that can entitle the subscription of new shares or otherwise affect the share capital of the company.



AUDIT REVIEW

This report has not been subject to review by the auditor of iZafe Group.

CERTIFIED ADVISER

Mangold Fondkommission.

UPCOMING FINANCIAL REPORTS

2023-11-17 Quarterly report Q3 2023

Financial reports are available on the company's website, www.izafegroup.com, the same day as they are published.

DECLARATION

The Board of Directors and the CEO confirm that the interim report provides a true and fair overview of the parent company's and the Group's operations, position, and results, as well as describes the significant risks and uncertainties facing the parent company and the companies included in the Group.

Stockholm, August 25, 2023.

iZafe Group AB (publ.)

Anders Segerström	CEO
Björn Rosengren	Chairman of the Board
Göran Hermansson	Vice Chairman of the Board
Bo Johansson	Board Member
Richard Wolff	Board Member
Magnus Engman	Board Member

CONTACT



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