

Coala-Life Group AB (publ) proposes upcoming extraordinary general meeting to resolve on a rights issue of approximately SEK 75.4 million and has secured bridge financing

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The Board of Directors of Coala-Life Group AB (publ) ("Coala Life" or the "Company") proposes an upcoming extraordinary general meeting to resolve on a rights issue of units (consisting of shares and warrants) of maximum approximately SEK 75.4 million with preferential rights for existing shareholders (the "Rights Issue"). The Rights Issue is covered by subscription commitments, subscription intention and guarantee commitments of approximately SEK 55 million, corresponding to approximately 73 percent. Each unit in the Rights Issue ("Unit") consists of four (4) newly issued shares in the Company and one (1) free warrant of series TO3 (the "Warrant"). The subscription price per Unit amounts to SEK 0.24, corresponding to SEK 0.06 per new share (the Warrants are issued free of charge). The Board of Directors intends to convene an extraordinary general meeting to resolve on the execution of the Rights Issue, which is planned to be held around December 22, 2023. The notice of the extraordinary general meeting will be published through a separate press release. The Company has also secured new bridging loans totalling SEK 20 million which, together with SEK 5 million in existing bridging loans, will be repaid in connection with the completion of the Rights Issue.

Summary of the Rights Issue

- One (1) existing share in the Company entitles to one (1) unit right. One (1) unit right entitles to subscribe for one (1) Unit, consisting of four (4) newly issued shares and one (1) free Warrant. The Rights Issue comprises of a total of no more than 314,132,800 Units, consisting of a total of 1,256,531,200 new shares and 314,132,800 Warrants.

- The subscription price has been set at SEK 0.24 per Unit, corresponding to SEK 0.06 per share. The Warrants are issued free of charge. No commission is payable.
- Through the Rights Issue, Coala Life can initially receive proceeds of approximately SEK 75.4 million before deductions for costs attributable to the Rights Issue. The transaction costs are estimated to amount to approximately SEK 8.6 million, of which approximately SEK 3.7 million is commitment consideration to guarantors (if all guarantors choose to receive consideration in cash instead of in the form of newly issued shares in the Company). If the Rights Issue is fully subscribed and all Warrants are exercised for subscription of new shares, the Company will receive proceeds of at least an additional SEK 18.8 million (depending on the exercise price when the Warrants are exercised) before deductions for costs associated with the exercise of the Warrants.
- The subscription period in the Rights Issue is planned to run from and including January 8, 2024 to and including January 22, 2024.
- Unit rights that are not exercised during the subscription period become invalid and lose their value. Trading of unit rights is planned to take place on Nasdaq First North Growth Market from and including January 8, 2024 to and including January 17, 2024.
- Through the Rights Issue the number of shares in the Company can increase by a maximum of 1,570,664,000, of which a maximum of 1,256,531,200 directly as a result of the issuing of shares within the Rights Issue and a maximum of 314,132,800 as a result of subsequent exercise of the Warrants for the subscription of new shares. This means a maximum initial dilution of 80 percent as a result of the issuing of the new shares within the Rights Issue. In the event that the Rights Issue is fully subscribed and all Warrants are exercised for subscription of new shares, an additional dilution effect occurs, corresponding to approximately 16.7 percent in relation to the maximum number of shares after the Rights Issue, which corresponds to a total dilution effect of a maximum of approximately 83.3 percent in relation to the currently existing number of shares.
- One (1) Warrant entitles to subscribe for one (1) new share in the Company at an exercise price corresponding to the higher of (i) 70 percent of the volume-weighted average price paid for the Company's share on Nasdaq First North Growth Market during a period of 10 trading days immediately preceding May 24, 2024 (May 24, 2024 included), however at least 6 öre (SEK 0.06) and (ii) the quota value of the share at the time of exercise of the Warrants. The Warrants can be exercised for subscription of new shares in Coala Life during the period from and including May 30, 2024 to and including June 12, 2024.
- The Board of Directors plan to convene an extraordinary general meeting to resolve on the Rights Issue, which is intended to be held around December 22, 2023. Since it is not possible to subscribe for new shares at a subscription price below the quota value, which currently amounts to 25 öre (SEK 0.25) per share, the Board of Directors intend to propose to the extraordinary general meeting to also resolve on measures to lower the quota value of the Company's shares to a value below the subscription price in the Rights Issue. Notice of the extraordinary general meeting will be published through a separate press release.
- The record date in the Rights Issue is planned to be January 4, 2024. The last trading day in Coala Life's share including the right to receive unit rights will then be January 2, 2024. The first trading day in the share without the right to receive unit rights will accordingly be January 3, 2024.

Motive of the Rights Issue

The Company's operations in the American market are growing and the purpose of the Rights Issue is to finance the Company's continued commercial expansion within the Remote Patient Monitoring (RPM) segment of patients with cardiovascular and other chronic diseases. A market consisting of approximately 120 million Americans.

Today, the extended service offer, which was communicated in December 2022, has been fully implemented and all connected patients have been converted, which means that Coala Life today provides a full service offer within RPM. After the initial transition period where the Company's focus was on implementation and establishing new routines, Coala Life is back to focusing on sales efforts. In connection with this, a larger review of the sales operations has been implemented with the result of a reorganization to achieve a more efficient structure regarding capital allocation and target fulfilment based on experience gained from the Company's previous sales activities. The reorganization results in a larger proportion of variable sales costs instead of fixed sales costs through a model of performance-based compensation. The measures taken, which will be fully implemented in January 2024, will achieve cost savings of approximately 30 percent with an estimated improved effect on sales efforts. In addition, additional cost savings measures are planned to be taken with a savings potential of approximately SEK 5 million annually through a reorganization of certain resources, which can take place without impacting the daily operations. The effect from this program is expected to be made visible during the first quarter of 2024.

The American RPM market is experiencing strong growth and according to a report by the global healthcare consulting firm Medi-Tech Insight, the expected growth rate of the American RPM market will increase further. According to the report, the market is estimated to reach over USD 18 billion in 2026 with an annual growth rate of around 25 percent. In order to take advantage of the opportunities Coala Life has identified in the market, the Board of Directors proposes the execution of the Rights Issue.

If fully subscribed, the Rights Issue will initially provide the Company with approximately SEK 75.4 million in proceeds, before deduction of customary transaction costs and repayment of bridging loans. The Rights Issue proceeds will strengthen the Company's financial position and give the Company the opportunity to implement its business plan, develop the platform further and continue market penetration. The net proceeds, which upon full subscription is expected to amount to approximately SEK 66.7 million, is intended to be used for the following areas, in order of priority:

- Repayment of bridge loans taken before the completion of the Rights Issue to finance the development of the American market, approximately SEK 25 million, and
- Financing of ongoing operations, primarily for current operations and sales efforts in the American market, SEK 41.7 million.

If the Rights Issue is fully subscribed and all Warrants are exercised for subscription of new shares, the Company will receive proceeds of at least an additional SEK 18.8 million (depending on the final exercise price for the Warrants) before transaction costs linked to the exercise of the Warrants. The Company intends to use the proceeds from the exercise of the Warrants for continued financing of the Company's American operations.

Terms of the Rights Issue

Anyone who is registered as a shareholder in the share register maintained by Euroclear Sweden AB on the planned record date of January 4, 2024 will have the right to receive unit rights. The last day for trading, including the right to receive unit rights, will therefore be January 2, 2024. Accordingly, the shares will be traded without the right to unit rights from and including January 3, 2024. Application for subscription of Units will also be possible without the support of unit rights.

If all of the Units in the Rights Issue are not subscribed for with the support of unit rights, the Board of Directors will resolve on allotment as follows:

- *firstly* to persons who have applied for subscription without unit rights and who have subscribed for Units with unit rights, regardless of whether or not the subscriber was a shareholder on the record date, and in case of oversubscription, allocation shall be made in relation to the total number of units allotted through exercise of unit rights, and to the extent that this is not possible, by drawing of lots;
- *secondly* allocation shall be made to other persons who have applied for subscription without unit rights and, in the case of oversubscription, pro rata to the number of units subscribed for in the application form, and to the extent that this is not possible, by drawing of lots;
- *finally*, allotment of the remaining units shall be made to the investors who provided guarantees and in accordance with the conditions of their respective guarantee commitment.

The subscription price is SEK 0.24 per Unit, corresponding to SEK 0.06 per new share, which means that the Rights Issue, if it is subscribed and paid in full, will provide the Company with proceeds of approximately SEK 75.4 million before deductions for costs attributable to the Rights Issue. The Warrants are issued free of charge.

The subscription period is planned to run from and including January 8, 2024 to and including January 22, 2024, or the later date decided by the Board of Directors. Trading in unit rights is expected to take place on Nasdaq First North Growth Market during the period from and including January 8, 2024 to and including January 17, 2024 and trading in BTUs (paid subscribed units) during the period from and including January 8, 2024 to and including approximately one week after the Rights Issue has been registered with the Swedish Companies Registration Office.

Subscription commitments, subscription intention and guarantee commitments

The Rights Issue is covered by subscription commitments, subscription intention and guarantee commitments corresponding to a total of approximately SEK 55.0 million. The subscription commitments amount to approximately SEK 20.9 million and the subscription intention to SEK 3.5 million. The guarantee commitments amount to approximately SEK 30.6 million. For guarantee commitments, a cash consideration of twelve (12.0) percent of the guaranteed amount is paid, alternatively fourteen (14.0) percent in the form of newly issued shares in the Company. No consideration is paid for the subscription commitments or the subscription intention, which have been submitted and declared to the Company by existing shareholders. The subscription commitments, the subscription intention and the guarantee commitments are not secured by bank guarantees, blocked accounts, pledges or similar arrangements.

Conditions for the Warrants

One (1) Warrant will entitle the holder to subscribe for one (1) new share in the Company at an exercise price corresponding to the higher of (i) 70 percent of the volume-weighted average price paid for the Company's share on Nasdaq First North Growth Market during a period of 10 trading days immediately preceding May 24, 2024 (May 24, 2024 included), however at least 6 öre (SEK 0.06) and (ii) the quota value of the share at the time of exercise of the Warrants. The Warrants can be exercised for subscription of shares in Coala Life during the period from May 30, 2024 to and including June 12, 2024.

Change in share capital and number of shares and dilution

Through Rights Issue the number of shares in the Company can increase by a maximum of 1,570,664,000, of which a maximum of 1,256,531,200 directly as a result of the issuing of new shares within the Rights Issue and a maximum of 314,132,800 as a result of subsequent exercise of the Warrants for the subscription of new shares.

For existing shareholders who do not participate in the Rights Issue, this corresponds an initial dilution effect of 80 percent if fully subscribed. Upon full subscription in the Rights Issue and full exercise of the Warrants, the number of shares increases by a further 314,132,800 to a maximum of 1,884,796,800 shares, which corresponds to a dilution effect of approximately 16.7 percent in the Company calculated on the number of outstanding shares after the Rights Issue, respectively 50 percent in relation to the current number of shares. The dilution effect in case of full subscription in the Rights Issue and exercise of all Warrants for subscription of new shares amounts to a maximum of 83.3 percent in relation to the current number of shares.

If all guarantors in the Rights Issue also request remuneration in the form of new shares in the Company, this will entail the issuance of a maximum of 71,403,761 new shares, which would mean a total initial maximum dilution as a result of the Rights Issue of up to 80.9 percent and upon exercise of all Warrants for subscription of new shares to a maximum of 83.9 percent in relation to the current number of shares.

Reduction of share capital

As of today's date, the Company's share capital amounts to SEK 78,533,200.00 distributed over 314,132,800 shares, which results in a quota value of SEK 0.25 per share. In order to enable the Rights Issue and the subscription prices stated above, the Board of Directors will propose to the extraordinary general meeting to resolve on measures leading to a reduction of the quota value. The share capital increases as a result of subscription of units and exercise of warrants will depend on the quota value at the respective time of registration.

Extraordinary General Meeting

Resolutions on the execution of the Rights Issue, including resolutions on measures to lower the quota value of the Company's shares to an amount below the subscription price in the Rights Issue and authorization for the Board of Directors to resolve on issuance of new shares as payment of guarantee commitment consideration in the form of shares in the Company, will be proposed to be made by an extraordinary general meeting which is intended to be held around December 22, 2023. Notice of the extraordinary general meeting will be published through a separate press release.

Prospectus

Complete terms and instructions for the Rights Issue as well as other information about the Company and information about subscription commitments and guarantee commitments will be presented in the EU growth prospectus (Sw. EU-Tillväxtprospekt) which will be published at the latest in connection with the start of the subscription period ("Prospectus"). The Prospectus will be available on the Company's website (www.coalalife.com).

Preliminary time table for the Rights Issue

December 22, 2023 Extraordinary General Meeting

January 2, 2024 Last day of trading in the share with the right to receive unit rights

January 3, 2024 First day of trading in the share without the right to receive unit rights

January 4, 2024 Record date for participation in the Rights Issue

January 8 – 17, 2024 Trading in unit rights

January 8 – 22, 2024 Subscription period

January 24, 2024 Expected date for publication of the final outcome in the Rights Issue

Bridge financing

The Company has entered into new bridge loan agreements for a total of SEK 20 million, which together with existing bridge loans of SEK 5 million, of which SEK 4 million through Erik Penser Bank, and accrued interest are planned to be repaid using parts of the issue proceeds. The bridge loans have been entered into on market terms.

Advisors

Coala Life has mandated Erik Penser Bank AB and Setterwalls Advokatbyrå AB as financial and legal advisors respectively in connection with the Rights Issue.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in the Company. No action has been taken and no measures will be taken to permit a public offering in any jurisdictions other than Sweden.

This release is not a prospectus in accordance with the definition in the Prospectus Regulation (EU) 2017/1129 (“Prospectus Regulation”) and has not been approved by any regulatory authority in any jurisdiction. This announcement does not identify, or purport to identify, risks (direct or indirect) that may be associated with an investment in shares or other securities in the Company. A so-called EU Growth Prospectus (the “Prospectus”) will be prepared in connection with the Rights Issue and be reviewed and approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) which is the national competent authority in Sweden under the Prospectus Regulation. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Thus, investors are encouraged to review the Prospectus in its entirety. This press release constitutes an advertisement in accordance with article 2 k of the Prospectus Regulation.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States of America, Australia, Japan, Canada, Hong Kong, New Zealand, Switzerland, Singapore, South Africa or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares or other securities in the Company have been registered, and no shares or other securities will be registered,

under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities legislation of any state or other jurisdiction in the United States of America and no shares or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States of America, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States of America.

Within the European Economic Area ("EEA"), no public offering of shares or other securities ("Securities") is made in other countries than Sweden. In other member states of the EU, such an offering of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this press release relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (ii) high net worth entities etc. falling within Article 49(2)(a) to (d) of the Order; or (iii) such other persons to whom such investment or investment activity may lawfully be made available under the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking Statements

This press release contains forward-looking statements that refer to the Company's intentions, assessments or expectations regarding the Company's future results, financial position, liquidity, development, prospects, expected growth, strategies and opportunities as well as the markets in which the Company operates. Forward-looking statements are statements that do not relate to historical facts and can be identified by the inclusion of expressions such as "believes", "expects", "anticipates", "intends", "estimates", "will", "may", "assumes", "should" "could" and, in each case, negations thereof, or similar expressions. The forward-looking statements in this press release are based on various assumptions, which in several cases are based on additional assumptions. Although the Company believes that the assumptions reflected in these forward-looking statements are reasonable, there can be no assurance that they will occur or that they are accurate. As these assumptions are based on assumptions or estimates and are subject to risks and uncertainties, the actual result or outcome may, for many different reasons, differ materially from what appears in the forward-looking statements.

Such risks, uncertainties, contingencies and other material factors may cause actual events to differ materially from the expectations expressed or implied in this press release through the forward-looking statements. The Company does not warrant that the assumptions underlying the forward-looking statements in this press release are correct and any reader of the press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements expressed or implied herein are provided only as of the date of this press release and are subject to change. Neither the Company nor anyone else undertakes to revise, update, confirm or publicly announce any revision of any forward-looking statement to reflect events occurring or circumstances occurring with respect to the contents of this press release, except as required by law or Nasdaq First North Growth Markets' regulations for issuers.

About us

Coala-Life Group AB ("Coala Life" or the "Company") founded in 2015, is a Cloud Based Software as a Service provider, and medical device developer and reseller, listed on Nasdaq First North Growth Market. The Company focuses on B2B solutions for managed Remote Patient Monitoring ("RPM"), offering medical care providers, primarily in the US, with a highly scalable, cost-efficient platform to remotely and virtually manage large volumes of patients suffering from chronic diseases. The company offers care providers a comprehensive solution and lifts the administrative work from the care providers regarding, amongst other things, follow-up, 24/7 monitoring, as well as the reimbursement process from state and private health insurance companies. Patients are monitored long-term in everyday life and typically have diabetes, obesity, and /or cardiovascular disease.

For more information see www.coalalife.com

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Certified Adviser

The company's Certified Adviser is Erik Penser Bank AB.

This information is information that Coala Life 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 2023-11-21 08:52 CET.

Attachments

[Coala-Life Group AB \(publ\) proposes upcoming extraordinary general meeting to resolve on a rights issue of approximately SEK 75.4 million and has secured bridge financing](#)