

# Q1 Interim Report

First quarter of 2021

## Summary of financial performance

- Net sales for the quarter totaled SEK 172 thousand (4,438). Sales for the quarter comprised revenue related to Dosell sales. In previous years, this item also included revenue attributable to the Security business area, which has been sold.
- Operating income for the quarter totaled SEK -7,219 thousand (-5,139).
- Income after financial items for the quarter was SEK -8,891 thousand (-5,459).
- Cash flow for the period was SEK 10,789 thousand (-7,467).
- Earnings per share for the quarter, basic and diluted, were SEK -0.3 (-0.2).
- Equity per share at the end of the period was SEK 0.6 (1.0).
- The equity ratio at the end of the period was 52.2 percent (58.4).
- During the quarter, the company secured ongoing access to working capital through the agreement of a credit facility corresponding to SEK 14 million.

## Important events in the quarter

- As a result of iZafe Group's successful pilot projects in 2020 together with partners, pre-orders were received for 450 Dosell 2.0 medication-dispensing robots. The 2.0 model was developed in the first quarter and is starting to be produced in the second quarter with ongoing deliveries.
- iZafe Group's Italian partner has begun active marketing and negotiations with a large number of pharmacies in northern Italy. In addition, equipment

that packages medication in sachets has been installed at a number of pharmacies.

- The pilot project with care service provider Attendo has been completed with good results. A phase of developing Dosell is now underway in close dialogue with Attendo to reach more users in the long term.
- The pilot project with care service provider TioHundra has been completed, with promising potential for the future. Overall, the Dosell medication-dispensing robot has been assessed to be a good solution for supporting day-to-day work at TioHundra.
- iZafe Group has conducted a test period with potential Dosell users in order to start supplying a consumer version of the service from spring 2021.
- iZafe Group has decided to expand the distribution of information to shareholders and other stakeholders to supplement the communication of important events and regulatory news in line with applicable regulations. The distribution of information is being expanded via the iZafe website for continual updates that are not subject to disclosure rules.
- In January 2021, iZafe Group raised just over SEK 4 million through the exercise of series TO 8 B share warrants from the rights issue carried out in 2019. The CEO and Board exercised all their share warrants.

## Important events since the end of the quarter

- iZafe Group issued 1,000,000 share warrants (TO9) in connection with the agreement of a credit facility in April 2020. All share warrants were subscribed for, raising SEK 2.6 million for the iZafe Group before issue expenses.

## About iZafe Group

iZafe Group is a life sciences company conducting research, development and marketing of digital medical solutions and services for safer medication management at home.

The company is leading the development of digital dispensing of medication through its medication-dispensing robot Dosell, which reduces the risk of medication errors at home, relieves the burden on healthcare systems, improves quality of life for patients and creates a safer environment for family.

iZafe's customers comprise both consumers and public and private-sector care providers in Sweden, the Nordic region and worldwide. iZafe Group primarily sells through well-established partners that already have close, long-term customer relationships with prioritized customer groups. The Group is headquartered in Stockholm, Sweden.

iZafe Group AB has been listed on Nasdaq First North Premier Growth Market since 2018.



iZafe Group AB (publ.)

Corporate ID number: 556762-3391

www.izafe.se | info@izafe.se | + 46(0)8-21 11 21

# Business overview

## Sale of iZafe Security

Until the end of August of 2020, iZafe Group conducted business relating to personal alarms and security solutions within the Security business area of its subsidiary iZafe AB, the company that until then generated the majority of the Group's revenue. In order to create a pure, strong life sciences company based on iZafe's Dosell medication-dispensing robot, the Group decided to sell iZafe AB and focus on the commercialization of Dosell and the Healthcare business area.

Following the sale of the security business, iZafe Group is well positioned to provide solutions to a number of major challenges facing society, an aging population with more people living longer, and the increasing prescription of medication to people over the age of 65. Over the past year, iZafe Group's market position has been further strengthened as a result of the significant focus on the elderly and other vulnerable groups due to the Covid-19 pandemic. As initiatives are increased to digitalize healthcare and measures are intensified to improve elderly care, iZafe Group and Dosell aim to be the natural choice.

## About Dosell

Dosell is a digital medication-dispensing robot for safer dispensing of medication at home. Dosell reduces the risk of medication errors and creates a safer environment for family, while relieving the burden on all participants in elderly care. iZafe Group's products and services form the hub of a digital system that simplifies patient medication, enabling individuals being treated in their home to remain at home longer while maintaining a safe and dignified life.

By introducing Dosell into the care chain, providers and recipients can ensure that patients receive their medication at the right time, while minimizing the need for physical contact in the process, regardless of whether the user is a care home resident or lives at home.

Along with the Dosell app, our Dosell product forms the hub of the home digital health system. Dosell's technology is open and its flexibility creates opportunities to integrate Dosell with existing digital systems and products used in health care by our partners. Openness and the potential to integrate Dosell strengthen iZafe Group's competitive edge in the market for medication-dispensing robots and associated digital welfare solutions.

## Dosell 2.0

Interest and belief in Dosell as a key function in a digital healthcare system remain significant and are growing. Our partners are confident in Dosell as a product, and by year-end 2020 we had approximately 450 pre-orders for Dosell 2.0. We have developed an updated version of Dosell as a result of our close cooperation with partners and pilot projects. Dosell 2.0 features a range of improvements that make the product even better and much more competitive, including a new integrated rechargeable battery with a battery time of more than 48 hours and an enhanced app.

## Dosell Consumer

iZafe Group will launch a consumer version of Dosell in 2021. The launch will create an entirely new private-sector market consisting of the approximately 220,000 people who already take medication using medication sachets and those who medicate manually using, for example, Dosett containers. The consumer version of Dosell is a subscription service that offers the opportunity to subscribe to a medication-dispensing robot without being dependent on the healthcare system or home-help services providing the equipment.

The consumer version of Dosell will strengthen iZafe Group's position as a leading developer of digital medication dispensing at home by offering hundreds of thousands of patients, relatives and healthcare workers the Nordic region's first consumer version and the market's safest, most user-friendly and cost-effective medication-dispensing robot.

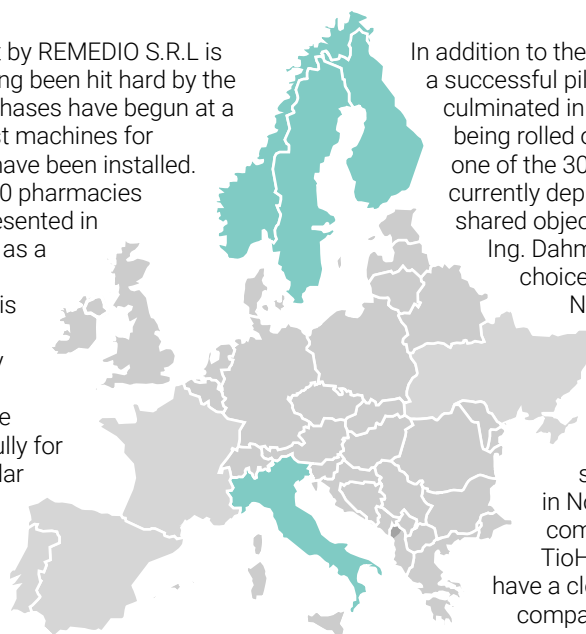


# Market overview

## Italy

The ongoing Semplici Farma project by REMEDIO S.R.L is progressing well, despite Italy having been hit hard by the pandemic. The initial operational phases have begun at a number of pharmacies and the first machines for packaging medication in sachets have been installed. Active marketing and sales to 2,000 pharmacies have begun and Dosell is being presented in the media and on social platforms as a highly strategic component of the unique new medication chain that is being created. Semplici Farma is a consumer solution aimed primarily at users who pay for the cost of renting Dosell themselves. We have studied this business model carefully for potential implementation of a similar model in Sweden to start with and, in future, other markets in which we already have a presence or plan to establish one.

The Italian market has substantial potential, with 8.8 million residents over the age of 65 who currently take more than five medications daily. Italy is an extremely important piece of the puzzle for our global roll-out in 2021 and the next few years.



In addition to the contract with Hepro, we conducted a successful pilot project with Doro Care AS, which culminated in Doro ordering 50 robots that are being rolled out on an ongoing basis to users in one of the 30 municipalities in which Doro has currently deployed its welfare platform. Our shared objective together with Hepro, Doro and Ing. Dahm & Bagle is for us to be the first choice of medication-dispensing robot in Norway.

## Sweden

Partner agreements have also been signed with Doro AB in Sweden as a result of the successful collaboration with Doro in Norway. Pilot projects have also been completed with care service providers TioHundra and Attendo. We continue to have a close relationship with both companies to increase the possibility of an extensive introduction in Sweden. We continue to train and support our partners for the successful implementation of Dosell.

In the autumn our two Swedish partners, Zafe Care Systems AB and Viser AB worked on assuming the agreements and operations with our existing municipal customers. This is leading us to gradually streamline the organization to support our partners, while scaling up operations at a faster pace in more markets.

## Finland

We successfully completed verification of the Finnish medication sachets that form the basis of our collaboration with our Finnish partner Vivago. In autumn 2020, major training initiatives were carried out prior to the three pilot projects in Finland that were launched at the start of 2021. In addition to these pilot projects, Dosell will be included in a number of tenders in Finland during the year. The results of the pilot projects will form the basis for a decision on a future commercial approach founded on an integrated automated dispensing solution using sachets and medication-dispensing robots. The goal is to create a complete solution for users, while reducing the need for home visits when taking medication.

## Other markets

We are noticing that other countries, such as the UK and Germany, are showing great interest in Dosell. The UK is studying the models of Scandinavian countries and their use of welfare technology carefully, and several of our current partners are established in Britain. In Germany, we are engaged in discussions to find the right partners. Both the UK and Germany are major markets and exciting prospects in 2021. We had a highly rewarding year during which we accumulated experience and insights that have helped us gain new partners, enabling the integration of different versions of Dosell adapted to users, regardless of whether the end customers are consumers or public healthcare systems.

## United States

A partner agreement has been signed with US-based healthcare company Hippo

Technologies to develop an end-to-end medication-dispensing service based around the Dosell medication-dispensing robot. The partnership will be expanded in the long term to include

an OEM version of Dosell, enabling us to access Hippo's global network of dedicated healthcare personnel, technicians, experienced designers and innovators in a new way. The US and Canada are huge markets in themselves, but Hippo also has a large market in Europe. Hippo's business concept is to help patients and relatives by managing the transition to virtual care by providers and trainers and to increase access to clinical expertise and technology to improve the quality of care.

## Norway

In 2020 we successfully integrated Dosell into our partners' technological welfare platforms. Together with our partner Hepro we won the largest ever national tender for digital assistive technology in Norway. The tender covered the purchase of about 1,800 medicine dispensers for 62 Norwegian municipalities. The municipalities' ordering procedures have been somewhat delayed because of the coronavirus pandemic and will therefore be completed later than expected. In the first quarter of 2021 this situation eased and we started holding seminars for those municipalities that are involved and want to get started.

# Comments by the CEO



The ongoing pandemic has continued unabated in Sweden, which in the short term has posed challenges for us, as it has been difficult for our customers to prioritize the practical introduction of Dosell in organizations that support the elderly. Confidence in Dosell as an important building block in a future digitalized healthcare system, in which the dispensing of medication using a dispensing robot is key in a healthcare system, is greater than ever. The pandemic continues to highlight the importance of introducing new technology that not only makes things easier for care providers but also improves safety for users.

*“We have all the necessary factors in place in terms of personnel, processes, partners and a competitive product that is ready to capitalize on the market potential ahead of us.”*

Interest and belief in Dosell as a key function in this system remain significant and are growing. Our partners have confidence in Dosell as a product and by year-end 2020 we had approximately 450 pre-orders for Dosell 2.0, which was developed in the first quarter and is starting to be produced in the second quarter, with ongoing deliveries. The updated version of Dosell has a range of improvements and new features that make it even better and much more competitive, including a new integrated rechargeable battery with a battery time of more than 48 hours and an enhanced app.

During the first quarter we intensified development and training efforts together with our partners to prepare the roll-out of Dosell 2.0. Development is based on close cooperation with our partners, as well as with a number of operators in Sweden and Finland with which we have conducted successful pilot studies. Commercial production of Dosell 2.0 is planned for the end of May for subsequent delivery to our partners and customers based on the pre-orders we have received.

As part of our long-term strategy to position iZafe Group as a leading player in the digitalization of medication management, we are also launching a consumer version of Dosell in spring/summer 2021. The launch will create an entirely new private-sector market consisting of the approximately 220,000 people who already take medication using medication sachets and the 500,000 people who medicate manually using, for example, Dosett containers.

In the first quarter we focused significantly on our products, with major investments and development costs having a negative impact on income and cash flow. But like all product and development companies, we assume these costs in order to build our long-term competitiveness. We have secured financing to implement the production of Dosell 2.0, the launch of a consumer version and for the marketing of Dosell. Over the next few quarters we will gradually switch our focus from product development to

marketing and sales efforts and the launch of Dosell Consumer, with a significant campaign through relevant channels. Expanding our recognition through our own marketing and through partners in the Nordic region and Italy will increasingly mean pitching ourselves as the leader in the medication-dispensing robot market.

Both Apoteket AB and Kronans Apotek offer medication sachets and are continuing to establish the concept, for both private and public health care. Growing awareness of the health risks relating to incorrect courses of treatment or failure to comply with treatment is beneficial for our company. Together with pharmacies, we want to boost medication health and safety for the elderly. Dosell is a safe solution, both for those who want to ensure compliance with treatment and to be certain that combinations of medications work, but also for those who need reminding and want relatives to be involved so they can take action if medication is missed.

Our shareholders have requested more company communication, so we have created a dedicated web page for company updates. I would also remind you to follow our social-media channels for information in addition to what is provided in our press releases.

Early in the year, we performed a market survey through the public opinion and research data firm YouGov. A total of 2,063 men and women aged 18+ in Sweden were surveyed via online interviews during the period of 26 February – 3 March 2021. The survey is representative of the Swedish population and gave us valuable insights into the market.

- Of the 60-year-olds who take medicine daily and use a technical solution, 70 percent use dosette boxes. We see that these users can be transitioned immediately to dose-packed sachets so that they will no longer have to sort and keep track of their medicines.
- 43 percent of all respondents aged 60+ who take medicines daily have a positive attitude towards technical solutions that will enable them to independently take the right medicines at the right time.
- 82 percent of all respondents aged 60+ who take medicines daily think it is very important to take their medicines safely, meaning in the right dosage and at the right time.
- Of all respondents aged 60+ who take one or more medicines more than once a day, 87 percent say that safety of medication administration is very important.

To sum up, I am really pleased with everything we have achieved with the development of Dosell 2.0 in the first quarter and am confident about 2021 and the gradual return of normality thanks to the vaccination program. I believe the launch of Dosell 2.0 will allow us to achieve the breakthrough we want after the summer, providing many people and their relatives with greater freedom and safety.

We have all the necessary factors in place in terms of personnel, processes, partners and a competitive product that is ready to capitalize on the market potential ahead of us. We are more excited than ever about our future growth opportunities. We expect the business climate to improve in 2021 as the ongoing vaccination program allows health care to gradually take the step from pilot projects to full-scale introduction.

Stockholm, April 2021  
Anders Segerström  
CEO of iZafe Group

# Key figures

## GROUP

SEK 000s	2021	2020	2020
	jan-mars	jan-mars	jan-dec
Net sales	172	4,438	8,904
Operating profit/loss (EBIT)	-7,219	-5,139	-12,112
Profit/loss after financial items (EBT)	-8,891	-5,459	-12,842
Basic/diluted earnings per share, SEK	-0.3	-0.2	-0.4
Equity per share, SEK	0.6	1.0	0.9
Equity ratio, %	52.2%	58.4%	84.0%
Share price at balance sheet date, SEK	2.4	1.7	3.0
Number of shares at end of period	34,427,700	32,113,715	32,862,081
Average number of shares outstanding	33,924,589	32,113,715	32,292,847
Average number of employees	9	17	13
Number of employees at end of period	9	18	9

## Definitions

**Operating profit/loss**  
Profit/loss before net financial items.

**Basic earnings per share**  
Basic earnings per share is calculated by dividing income attributable to Parent Company shareholders by the weighted average number of common shares outstanding during the period.

**Equity per share**  
Equity at the end of the period divided by the number of shares 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 equivalents.

# Financial overview

## GROUP

### SALES AND EARNINGS, JANUARY–MARCH 2021

Net sales for the quarter totaled SEK 172 thousand (4,438). The significant change between the quarters is attributable to the sale of the subsidiary iZafe AB in July 2020. Previously, revenue was primarily attributable to the sale of personal alarms and security products through iZafe AB. Revenue for the quarter is exclusively attributable to sales of the Dosell digital medication-dispensing robot, which generates revenue through both hardware sales and recurring subscription fees.

Other operating income for the period was SEK 23 thousand (0) and relates to government funds received for furloughing.

Other operating income for the full year 2020 amounting to SEK 14,598 thousand mainly relates to the capital gain generated from the sale of iZafe AB.

Goods for resale for the quarter totaled SEK 219 thousand (0) and are attributable in their entirety to expenses relating to Dosell robots sold. Other external costs for the quarter totaled SEK 4,132 thousand (4,527). External costs decreased in conjunction with the divestment of iZafe AB, but costs for the commercialization and development of Dosell simultaneously increased in conjunction with adaptation of the product to sell it in other countries. The amount is expensed in full since it relates to a modification of the product, which is why the cost of goods appears to be higher than income. Personnel costs for the quarter totaled SEK 1,981 thousand (3,498). The reduction is directly related to the sale of iZafe AB. The average number of employees for the quarter was 9, compared with 17 employees for the corresponding period the previous year.

Amortization of intangible assets for the quarter totaled SEK 987 thousand (1,192) and is mainly attributable to capitalized development expenditure relating to Dosell. Depreciation of property, plant and equipment for the quarter totaled SEK 95 thousand (359) and is attributable to the amortization of right-of-use assets. The comparative year also includes depreciation of personal alarms attributable to the divested company iZafe AB.

Financial items for the quarter were SEK -1,672 thousand (-320) and were mainly attributable to borrowing costs for the establishment of a SEK 14,000 thousand credit facility, interest on loans to related parties and interest on lease liabilities.

Income before taxes for the quarter totaled SEK -8,891 thousand (-5,459). Earnings per share were SEK -0.3 SEK (-0.2).

### FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the fourth quarter amounted to SEK -7,425 thousand (-8,332) as a result of the adaptation of Dosell for foreign markets, as well as commercialization of the product in combination with continued limited revenue. Cash flow from working capital was SEK 384 thousand (-4,424).

Cash flow from investing activities for the quarter totaled SEK 0 thousand (-442). Investment in the same quarter last year mainly related to the acquisition of alarm products. Investing activities for the full year 2020 were impacted by the inflow of net proceeds from the sale of iZafe AB amounting to SEK 20,397 thousand after adjustment for the Group's internal receivables, repayment of loans and after transaction costs.

Cash flow from financing activities for the quarter totaled SEK 18,214 thousand (1,307). Financing activities were positively affected by capital from the agreed SEK 14,000 thousand credit facility, the exercise of share warrants under the TO6 program and a set-off issue but were positively affected by issue costs and negatively affected by the amortization of lease liabilities. For the same period last year the change was primarily attributable to the repayment of a credit facility and the proceeds raised from a rights issue.

Cash and cash equivalents at the end of the period were SEK 13,337 thousand (0).

Total assets at the end of the quarter were SEK 41,387 thousand (53,856). Total assets decreased as a result of the sale of the subsidiary iZafe AB. The most significant item on the balance sheet at the end of the quarter was non-current intangible assets, largely attributable to development costs related to Dosell totaling SEK 23,047 thousand (34,587).

#### **INVESTMENTS AND DEVELOPMENT EXPENDITURE**

Investments in the quarter totaled SEK 0 thousand (442), with the figure in the same quarter of last year relating to investments in alarm products. No development expenditure was capitalized relating to Dosell since the product is fully developed and has been launched on the market. The product modifications made on an ongoing basis are expensed as they arise.

#### **GOING CONCERN**

The company's ability to meet future liquidity needs is largely dependent on successful sales and profitability. There is no guarantee that the company will be able to acquire necessary liquidity as needed, although general market conditions for accessing liquidity are positive. The Board is continually endeavoring to assess various financing options to ensure continued operation as the company has additional financing requirements within the next 12 months that have not yet been secured. It is the Board's assessment that the company has good opportunities for securing future financing. The absence of secured funding at the time of the publication of this report means there is an element of uncertainty over the company's ability to continue as a going concern.

#### **PARENT COMPANY**

Group-wide functions are conducted within the Parent Company, which also employs the CEO and some of executive management. The Parent Company has invoiced the subsidiaries for management fees, which are eliminated at the Group level. Net financial items for the period amounted to SEK -1,665 thousand (-237) and were mainly attributable to borrowing costs for the establishment of a SEK 14,000 short-term credit facility. Net financial items for the full year 2020 were mainly attributable to the impairment of the book value of the shares in the Dosell subsidiary by SEK -14 million, which corresponds to the value that the subsidiary received as a shareholder's contribution during the year and the capital gain from the divestment of shares in the subsidiary iZafe AB amounting to SEK +4.6 million.

# Condensed income statement

## GROUP

SEK 000s	2021 Jan–March	2020 Jan–March	2020 Jan–Dec
<b>Operating income</b>			
Net sales	172	4,438	8,904
Other operating income	23	0	14,598
<b>Total revenue</b>	<b>195</b>	<b>4,438</b>	<b>23,502</b>
<b>Operating costs</b>			
Goods for resale	-219	0	-1,259
Other external expenses	-4,132	-4,527	-17,733
Personnel costs	-1,981	-3,498	-11,233
Depreciation and amortization of property, plant and equipment, and intangible assets	-1,082	-1,551	-5,365
Other operating expenses	0	-1	-24
<b>Other costs</b>	<b>-7,414</b>	<b>-9,577</b>	<b>-35,614</b>
<b>Operating profit/loss</b>	<b>-7,219</b>	<b>-5,139</b>	<b>-12,112</b>
Net financial items	-1,672	-320	-730
<b>Profit/loss after financial items</b>	<b>-8,891</b>	<b>-5,459</b>	<b>-12,842</b>
Tax on profit for the period	0	44	88
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-8,891</b>	<b>-5,415</b>	<b>-12,754</b>
<b>Basic earnings per share (SEK)</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.4</b>

*Profit/loss for the period corresponds to total comprehensive income*



# Condensed statement of financial position

## GROUP

	2021	2020	2020
	SEK 000s	March 31	March 31
			Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	0	13,387	0
Other intangible assets	23,047	34,587	24,035
Property, plant and equipment	0	2,442	0
Right-of-use assets	1,584	503	0
Financial assets	0	225	0
<b>Current assets</b>			
Inventories	2,201	511	2,303
Accounts receivable	133	1,264	21
Current receivables	1,085	937	6,173
Cash and cash equivalents	13,337	0	2,548
<b>Total assets</b>	<b>41,387</b>	<b>53,856</b>	<b>35,080</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	34,428	32,114	32,862
Unregistered share capital	0	0	1,216
Other capital contributions	59,845	55,796	59,151
Retained earnings including profit/loss for the period	-72,662	-56,432	-63,771
<b>Total shareholders' equity</b>	<b>21,611</b>	<b>31,478</b>	<b>29,458</b>
<b>Provisions</b>			
Deferred tax liabilities	0	1,624	0
<b>Total provisions</b>	<b>0</b>	<b>1,624</b>	<b>0</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	0	6,042	0
Lease liabilities	1,331	0	0
<b>Current liabilities</b>			
Interest-bearing liabilities	14,000	1,050	750
Lease liabilities	254	519	0
Accounts payable	2,375	2,638	2,237
Other current liabilities	1,816	10,505	2,635
<b>Total liabilities</b>	<b>19,776</b>	<b>20,754</b>	<b>5,622</b>
<b>Total equity and liabilities</b>	<b>41,387</b>	<b>53,856</b>	<b>35,080</b>

# Condensed statement of changes in equity

GROUP

SEK 000s	2021	2020	2020
	Jan–March	Jan–March	Jan–Dec
<b>Equity, opening balance</b>	<b>29,458</b>	<b>36,893</b>	<b>36,893</b>
<b>Comprehensive income</b>			
Profit/loss for the period	-8,891	-5,415	-12,754
<b>Transactions with owners</b>			
Set-off issue	862	0	0
Issue supported by subscription rights	0	0	5,661
Share issue expenses	182	0	-342
<b>Equity, closing balance</b>	<b>21,611</b>	<b>31,478</b>	<b>29,458</b>

# Condensed statement of cash flows

## GROUP

	2021	2020	2020
SEK 000s	Jan–March	Jan–March	Jan–Dec
<b>Operating profit/loss</b>	<b>-7,219</b>	<b>-5,139</b>	<b>-12,112</b>
Adjustments for non-cash items	1,082	1,551	-8,635
Interest received, etc.	0	0	1
Interest paid, etc.	-1,672	-320	-731
Tax paid	0	0	0
Cash flow from operating activities before changes in working capital	-7,809	-3,908	-21,477
Cash flow from changes in working capital	384	-4,424	-3,090
Cash flow from operating activities	-7,425	-8,332	-24,567
Cash flow from investing activities	0	-442	19,044
Cash flow from financing activities	18,214	1,307	604
Cash flow for the period	10,789	-7,467	-4,919
Cash and cash equivalents at start of period	2,548	7,467	7,467
<b>Cash and cash equivalents at close of period</b>	<b>13,337</b>	<b>0</b>	<b>2,548</b>

# Condensed income statement

## PARENT COMPANY

SEK 000s	2021	2020	2020
	Jan–March	Jan–March	Jan–Dec
<b>Operating income</b>			
Net sales	483	210	1,971
Other operating income	23	0	0
<b>Total revenue</b>	<b>506</b>	<b>210</b>	<b>1,971</b>
<b>Operating costs</b>			
Other external expenses	-1,561	-651	-4,736
Personnel costs	-966	-625	-5,314
Depreciation and amortization of property, plant and equipment, and intangible assets	0	-1	0
<b>Other costs</b>	<b>-2,527</b>	<b>-1,277</b>	<b>-10,050</b>
<b>Operating profit/loss</b>	<b>-2,021</b>	<b>-1,067</b>	<b>-8,079</b>
Net financial items	-1,665	-237	-9,953
<b>Profit/loss after financial items</b>	<b>-3,686</b>	<b>-1,304</b>	<b>-18,032</b>
Tax on profit for the period	0	0	0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-3,686</b>	<b>-1,304</b>	<b>-18,032</b>

# Condensed balance sheet

## PARENT COMPANY

SEK 000s	2021 March 31	2020 March 31	2020 Dec 31
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	0	17	0
Non-current financial assets	30,000	58,000	30,000
<b>Current assets</b>			
Current receivables	3,546	450	4,662
Cash and bank balances	12,536	0	2,331
<b>Total assets</b>	<b>46,082</b>	<b>58,467</b>	<b>36,993</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	34,428	32,114	32,862
Unregistered share capital	0	0	1,216
<b>Unrestricted equity</b>			
Share premium reserve	59,785	55,736	59,091
Retained earnings including profit/loss for the period	-63,759	-43,352	-60,376
<b>Total shareholders' equity</b>	<b>30,454</b>	<b>44,498</b>	<b>32,793</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	14,000	0	0
Accounts payable	447	268	749
Other current liabilities	1,181	13,701	3,451
<b>Total liabilities</b>	<b>15,628</b>	<b>13,969</b>	<b>4,200</b>
<b>Total equity and liabilities</b>	<b>46,082</b>	<b>58,467</b>	<b>36,993</b>

# Accounting policies, risks and supplementary information

## NOTE 1. COMPANY INFORMATION

The Group's business includes development and marketing of products that contribute to safer, higher-quality health care in the home for both the Swedish and the international markets. The Group develops and sells the Dosell product, with the purpose of promoting reliable and safe dispensing of medications.

The Group's Parent Company, iZafe Group AB (corporate ID no 556762-3391), is a public limited-liability company with its registered office in Stockholm, Sweden. The company's Class B shares are listed on Nasdaq First North Premier. The subsidiary Dosell AB (corporate ID no 556898-3018), develops and produces medical device products.

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 SEK thousand unless otherwise stated.

## NOTE 2. PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT

The Group applies the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as well as the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Groups, when preparing financial statements. The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities, when preparing financial statements. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For detailed information about the company's accounting policies please refer to the most recently published annual report.

### Changes to significant accounting policies

A number of new standards and amendments of standards came into effect for the financial year starting January 1, 2021. None are deemed to have any effect on the consolidated financial statements.

## NOTE 3. RELATED-PARTY TRANSACTIONS

At the end of the period interest-bearing liabilities to related parties totaled SEK 0 thousand (750). During the quarter, the loan was offset against iZafe shares. The company's Board invoiced consulting services from their own companies amounting to SEK 325 thousand (60) for the quarter. Besides these, the Group had no related-party transactions during the reporting period other than customary wages and remuneration to the Board and executive management.

## NOTE 4. FINANCIAL RISKS

Through its operations, iZafe is exposed to various financial risks, such as market risk, credit risk, exchange rate risk and liquidity risk. The Group's management and Board of Directors actively work to minimize these risks. A detailed description of risks can be found in the most recently published annual report.

## NOTE 5. MATERIAL RISKS AND UNCERTAINTIES

The Group's operations consist of sales of the patented Dosell medication-dispensing robot and associated subscription fees. Dosell was launched on the market relatively recently. Consequently, as yet it is not possible to draw any far-reaching conclusions regarding market acceptance of the product, or to identify sales and earnings trends. Moreover, the company is largely dependent on intellectual property that is difficult to protect through registration.

The company's ability to meet future liquidity needs is largely dependent on successful sales and profitability. There is no guarantee that the company will be able to acquire necessary liquidity as needed, although general market conditions for accessing liquidity are positive. The Board continually endeavors to assess various financing options to ensure continued operation as the company has additional financing requirements within the next 12 months that have not yet been secured. The Board believes that the significant uncertainties associated with the Covid-19 pandemic are not of such character and scope that the Company's ability to continue its operations will be affected in the foreseeable future.

## **NOTE 6. iZAFE SHARES**

iZafe has issued two classes of shares, Class A shares and Class B shares. Class B shares have been traded since January 2, 2018, on NASDAQ First North Premier. Class A shares carry ten votes per share and Class B shares carry one vote per share. As of March 31, 2021, share capital stood at SEK 34,427,700, distributed over 600,000 Class A shares and 33,827,000 Class B shares, with a quotient value of SEK 1 per share.

## **NOTE 7. SHARE WARRANTS**

As of March 31, 2021, the Group had three outstanding share warrant programs.

### **T09 series share warrants**

The maximum number of share warrants is 1,000,000. They are aimed at the lenders who contributed to a credit facility in the second quarter of 2020. For each share warrant, holders are entitled to subscribe for one Class B share in the company at a subscription price corresponding to 85 percent of the volume-weighted average price of the company's Class B share from April 5, 2021 through April 9, 2021, but at a minimum of SEK 2.20 and a maximum of SEK 2.60. Subscription for shares in the company on the basis of share warrants took place during the period from April 12, 2021 through April 16, 2021. At the end of the quarter, 1,000,000 warrants had been subscribed for.

Upon full exercise, share capital will increase by SEK 1,000,000. The share warrants are subject to customary conversion terms in connection with issues, etc. The maximum dilutive effect of the warrant program is about 3 percent of the total number of shares and votes in the company.

### **T07 series share warrants**

The 2019 Annual General Meeting resolved to issue (i) 1,800,000 warrants of series T07 aimed at the Board of Directors and (ii) 1,000,000 warrants of series T07 with deviation from shareholders' preferential rights, to the subsidiary iZafe AB. The AGM also resolved to approve the transfer of these share warrants to employees.

Regarding the share warrants that were aimed at the Board of Directors, neither subscription nor payment has been made in accordance with the terms and conditions and on November 2, 2020, the Board decided to cancel all 1,800,000 warrants in this part.

Regarding the other 1,000,000 warrants, these have been transferred at market price according to an independently established valuation (Black & Scholes valuation model). All class T07 share warrants entitled holders to subscribe for 1.06 Class B shares in the company at a subscription price of SEK 10.30. At the end of the quarter, 1,000,000 warrants were allocated, of which 0 warrants were subscribed. Upon full exercise, share capital will increase by SEK 1,060,000. The number of shares that each warrant entitles the holder to subscribe for and the subscription price will be adjusted in accordance with the full terms and conditions of the warrants. The warrants were subject to customary conversion terms in connection with issues, etc. T07 warrants could be exercised through April 10, 2021. The maximum dilutive effect of the warrant program was about 3 percent of the total number of shares and votes in the company. These warrants were not exercised.

### **T06 series share warrants**

The maximum number of remaining warrants is 340,603. They are aimed at all shareholders. Holders are entitled, for each warrant, to subscribe for one Class B share in the company at an initial subscription price of SEK 2.60. The subscription period shall be three years from registration of the first issuance of warrants with the Swedish Companies Registration Office, which took place on November 29, 2018.

At the end of the quarter, 1,176,035 warrants were allocated, of which 835,372 warrants were subscribed during earlier subscription periods.

### **Future subscription periods for warrants are as follows:**

May 14–28, 2021

November 14–28, 2021

Upon full exercise, share capital will increase by SEK 340,603. The warrants are subject to customary conversion terms in connection with issues, etc. The maximum dilutive effect of the warrant program is about 1 percent of the total number of shares and votes in the company.

Besides the warrant programs referred to above, there are no other outstanding warrants, convertible instruments or similar financial instruments at this time that may entitle holders to subscribe for new shares or otherwise impact share capital in the company.

#### NOTE 8. PLEDGED ASSETS AND CONTINGENT LIABILITIES

	<b>Group</b>		
	<b>2021</b>	<b>2020</b>	<b>2020</b>
<b>SEK 000s</b>	<b>March 31</b>	<b>March 31</b>	<b>Dec 31</b>
Pledged assets	None	6,600	None
Contingent liabilities	None	None	None

	<b>Parent Company</b>		
	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>March 31</b>	<b>March 31</b>	<b>Dec 31</b>
Pledged assets	None	None	None
Contingent liabilities	None	6,450	None



## REVIEW

This report has not been subject to review by iZafe's auditor.

## CERTIFIED ADVISER

FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se

## FINANCIAL CALENDAR

May 6, 2021          Annual report  
August 4, 2021      Q2 2021 report  
October 28, 2021    Q3 2021 report

Financial reports are available on the company's website, [www.izafe.se](http://www.izafe.se), on the same day that they are published.

## DECLARATION

The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the development of the Parent Company's and the Group's business activities, financial position and results as well as the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

## Stockholm, April 29, 2021

### iZafe Group AB (publ)

Anders Segerström    CEO  
Thomas Ahlerup        Chairman of the Board  
Göran Sjönell          Board member  
Ludvig Arbin           Board member  
Göran Hermansson    Board member

## CONTACT

iZafe Group AB  
Grev Turegatan 11 A  
114 46 Stockholm  
[info@izafe.se](mailto:info@izafe.se)  
+46 (0)8-21 11 21  
[www.izafe.se](http://www.izafe.se)