

Q4 Interim Report

Fourth quarter 2021

Summary of financial performance

- Net sales for the quarter amounted to SEK 220 (84) thousand. The quarter's sales consist of revenues attributable to the sale of the digital medication robot Dosell.
- Operating profit for the quarter amounted to SEK -12,750 (-9,128) thousand.
- Profit after financial items for the quarter amounted to -12 943 (-9 127) TSEK.
- Cash flow for the period amounted to SEK 17,264 (-6,270) thousand. The positive cash flow for the comparison period is a result of the rights issue that has been carried out.
- Earnings per share for the quarter before / after dilution amounted to SEK -0.2 (-0.3).
- Equity per share at the end of the period amounted to SEK 0.6 (0.9).
- The equity / assets ratio at the end of the period was 84.1 (84.0) percent.
- The final outcome of the rights issue of units, consisting of shares and warrants of series TO10 B has been announced. The rights issue has been subscribed for to a total of 100 per cent, where approximately 43.6 per cent were subscribed for with the support of unit rights, approximately 4.1 per cent were subscribed for without the support of unit rights and approximately 52.3 per cent were subscribed for by issue guarantors.
- iZafe has filed several completions of its PCT patent application. In this way, the Company enabled a geographically broader patent protection, which is part of iZafe's strategy to strengthen and further develop its intangible assets internationally.
- Launch of Dosell Consumer as an end product of the Italian healthcare service Sempli Farma began.
- iZafe communicated that the price for the consumer version of Dosell is SEK 299 per month. This after the customer has bought the hardware for SEK 499 at apoteket.se
- Commercial new launch of Dosell together with Hepro AS in Norway.

Important events in the quarter

- The first delivery of Dosell Consumer was sent to Apoteket AB on October 4 before the start of sales.
- Deputy Chairman of the Board Göran Hermansson and CEO Anders Segerström together subscribe for an additional 458,000 units in the rights issue.
- iZafe uses Mangold Fondkommission AB as a liquidity guarantor.
- The first medical robots adapted for the Italian consumer market were sent to Sempli Farma in Italy for the pilot project.

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.



Business overview

iZafe Group is a Life-Science company that delivers solutions for several major challenges that society today faces; an aging population where more people are living longer, an increasing prescription of medicines for people over the age of 65 and high societal costs that arise as a result of incorrect medication. The company conducts research, development and marketing of digital medical solutions and services for safer medication management at home. iZafe Group's medication robot Dosell is used to reduce the risk of incorrect medication at home, relieve public health care, increase the quality of life for the patient and create a safer environment for relatives. The customers today consist of public and private care providers in Sweden, the Nordic countries and globally. iZafe Group sells primarily through well-established partners who already have long and deep customer relationships with the priority customer groups. During the year, iZafe Group further strengthened its position in the market when the Company launched Europe's first medication robot for consumers in Sweden exclusively via Apoteket. In 2022, the consumer version will also be launched in Italy via the care concept Semplici Farma. At the same time, the Italian government is making increased efforts to digitize care and measures to strengthen care for the elderly are being intensified. There, Dosell will be the obvious choice for safe medication handling.

About Dosell

Dosell is a digital medication robot for safer medication management at home. Dosell reduces the risk of incorrect medication, increases security for relatives and relieves all actors in elderly care. iZafe Group's products and services are the hub of a digital system that facilitates all patient medication and that gives those treated at home better conditions to live at home longer and live a full and safe life. By introducing Dosell into the care chain, caregivers and care recipients can ensure that the right medication is given at the right time.

Together with the Dosell app, Dosell is the hub of the home's digital health system. Dosell's technology is open, and its flexibility creates opportunities to integrate Dosell with existing digital systems and products used in the care of our partners. The openness and ability to integrate Dosell strengthens iZafe Group's competitiveness in the market for medication robots and complementary digital welfare solutions.

Dosell 2.0

Dosell is a medical device that requires high safety and functionality. All of our partners have wanted to carry out their own internal controls of hardware and software and ensure all integrations and alarm handling. Following the implementation of the first version of Dosell, some

technical challenges arose. The problems caused by the challenges have meant that the requirements for testing and quality assurance have become very high in order for the product to be approved. Dosell has now received this quality stamp and now Dosell is fully approved for the Scandinavian market. The interest and conviction about Dosell as a key function in a digital healthcare system remains large and growing.

Dosell is a result of our close collaborations with partners and of our pilot projects. The product contains a number of improvements that make it even better and significantly more competitive, including a new built-in and rechargeable battery with a battery life of over 48 hours and an improved app.

Dosell Consumer

In 2021, iZafe Group has launched a consumer version of Dosell in Sweden in a unique subscription service that increases patient safety and compliance with medication. With the launch, a completely new private market is created which consists of the approximately 200,000+ people who already medicate via sachets and the 500,000+ who medicate manually via, for example, Dosetts. The consumer version of Dosell offers the possibility to subscribe privately to a medication robot without being dependent on the healthcare or home care service providing the equipment. Dosell's consumer product is unique and fills a void in the market. The launch of the consumer version therefore takes place intentionally in a first step via Apoteket AB's online store on the Swedish market, followed by a launch in Italian via Semplici Farma. In Italy, there is an accelerating need to automate medication management and Dosell will be the obvious alternative.

Through the consumer version of Dosell, iZafe Group strengthens its position as a leading developer of digital pharmaceutical dispensing at home by offering hundreds of thousands of patients, relatives and employees in home care the first consumer version and the market's most easy-to-use, safe medication robot.

Market overview

All partners in Sweden, Norway and Finland approved the latest version of Dosell in its entirety after long and thorough tests during the last quarter of 2021. This step has taken longer than we could anticipate, but at the same time we had the opportunity to correct and test Dosell in many different environments. At the same time, we received important views with many different perspectives, for which we are very grateful. Launch, forecasts, and goals were then in focus, with Dosell being a key product for all partners before 2022. This has especially been shown in new hires and allocated resources with a focus on Dosell in particular, and we are now seeing results in investing partners with great faith in Dosell.

We also launched the Dosell consumer version via Apoteket AB. We have since accumulated knowledge about the buying logic for Dosell through interviews, surveys and through responses to smaller campaigns. As a result, we have slowly gathered insights, facts and built a more accurate launch and marketing plan on a larger scale that began during the first quarter of 2022.

Italy

With the Dosell consumer launch in Sweden, we have also released the same version for the Italian market via our partner Remedios and their concept Sempli Farma. We are still in the test phase with them, but with good intuitions to take us into a sales phase during the first quarter of 2022.

The Italian market has considerable potential with the equivalent of 8.8 million inhabitants over the age of 65 consuming more than five medications per day. In Italy, there is an accelerating need to automate the medication management, and there Dosell will be the obvious alternative. With both subsidies from the Italian state and a culture where relatives are significantly more involved in the health of their elderly, we will in 2022 receive an exciting receipt of how Dosell can be received here.

Remedio plans a major overhaul of the pharmacies starting in the second quarter of 2022.

Norway B2B

As previously stated, Hepro AS was the last to issue a final approval of the new version of Dosell and has thus officially approved the product in its entirety for the Norwegian market. The sales process has started, and we will be a top-priority product before 2022. We also have high hopes that we will achieve a major breakthrough in the near future as interest has been great during the Trade Days in Norway. Careium AS has separated from Doro AS during the quarter and been listed on the stock exchange, this has entailed organizational changes and they can now focus entirely on welfare technology with a strong focus on Dosell, among other things.

Sweden B2B

Our Swedish partners Careium AB (they have also separated from Doro AB), Zafe Care Systems AB and Viser AB continue the work and have ongoing implementations of Dosell in several municipalities. We have now seen that more resources have been added for the sales work of Dosell.

Sweden B2C

Apoteket AB's collaboration is now underway regarding sales and distribution of Dosell Consumer. After the end of last quarter, Dosell was launched for consumers in a first step online via apoteket.se. In a second phase, we will carry out several extensive marketing activities together with Apoteket AB. We have initially conducted surveys, interviews and built a major launch campaign that will run throughout 2022. We have high expectations of the outcome and feel confident that in the future we have the right strategies to reach our target group and gain knowledge about Dosell in Sweden.

Finland

The collaboration with Vivago continues as planned and we are still looking for a major breakthrough with a municipality. The Finnish market also received a lag from Dosell 1.0 while waiting to receive Dosell 2.0. This process has meant a delay, but we are positive about the tests that have been done and we see that our cooperation and plans for the future are intensified and a deeper cooperation before 2022 is to be expected.

International

We continue to have great demand for Dosell internationally, where many are curious about the product's unique position in the market with a price level that attracts more countries than the Scandinavian ones. Interest has also increased significantly in the consumer version, which offers a clearer and faster path to the end user. We have gathered experience and insights that facilitate the acquisition of new partners and that enable the integration of Dosell in different versions that are adapted to the user, regardless of whether the buyer is the consumer or from the public healthcare. The combination of both will give us stability in our growth journey that has now begun.

Comments from the CEO



We have now raised enough capital to, for the first time ever, have enough liquidity to set a long-term and sustainable plan for the company. With all the new changes to the medication robot, we have now also got all of our partners to approve the new Dosell.

This has meant that during the fourth quarter we increased production significantly and produced at a higher rate than ever to meet market demand. We end the year with an increase in sales compared to the previous quarter, a clear indication that we have now started selling and that the market sees the value in our product. The difference from before is that we have done the preparatory work that was required, and we have thus created the conditions for us to now really enter an active sales phase.

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I'm enthusiastic over the progress we have made during the year....

We have now launched Europe's first consumer version of a medication robot. We have also been able to deliver the right medicine at the right time over 3,000 times to consumers in Sweden and have established ourselves in a country outside the Nordic region.

Our major marketing investment on the consumer side will begin at the end of February and the beginning of March with TV advertising in a number of channels and a number of other marketing activities and exciting collaborations. We are now working intensively to support our partners by increasing the sales rate and that everyone keeps a high focus on Dosell.

A sub-strategy so far has been to wait to enter new markets until existing partners are up and running and have fully approved our product. As this has now been achieved, we will shortly begin the work of prioritizing in a well-balanced way which new markets the company will begin to enter, with both existing partners and new ones. We already have several interesting tracks in new partners and markets, and we look forward to starting sales work there as well. Dosell is the basis of our strategy where we must ensure "the right medication at the right time" and with the help of this also be able to demonstrate the health effects in order to create a healthier, safer and more sustainable way for everyone to medicate.

In conclusion, it is positive to note that the pandemic is increasingly releasing its grip on society and business. For the company, this meant that more meetings could take place between colleagues, customers and partners during the quarter. We are now also working more proactively to have more digital meetings and digital e-training. I am enthusiastic about the progress we have made during the year and now we have initiated sales and marketing activities according to the plan we set. We still have a lot to do, and thanks to what we achieved in the last quarter of 2021, we now have the opportunity to accelerate significantly. We have now laid the basic conditions for becoming the obvious choice of digital aid to enable a healthier, safer and more independent life for the millions of people who multi-medicate in Sweden and the world.

Stockholm in February 2022
Anders Segerström
CEO, iZafe Group

Key figures

GROUP

| TSEK | 2021 | 2020 | 2021 | 2020 |
|---|------------|------------|------------|------------|
| | Okt-Dec | Okt-Dec | Jan-Dec | Jan-Dec |
| Net sales | 220 | 84 | 442 | 8 904 |
| Operating profit/loss (EBIT) | -12 750 | -9 128 | -33 273 | -12 112 |
| Profit/loss after financial items (EBT) | -12 943 | -9 127 | -36 275 | -12 842 |
| Basic/diluted earnings per share, SEK | -0,2 | -0,3 | -0,8 | -0,4 |
| Equity per share, SEK | 0,6 | 0,9 | 0,6 | 0,9 |
| Equity ratio, % | 84,1% | 84,0% | 84,1% | 84,0% |
| Share price at balance sheet date, SEK | 0,8 | 3,0 | 0,8 | 3,0 |
| Number of shares at end of period | 70 874 308 | 32 862 081 | 70 874 308 | 32 862 081 |
| Average number of shares outstanding | 70 871 702 | 32 768 510 | 46 249 414 | 32 292 847 |
| Average number of employees | 8 | 10 | 9 | 13 |
| Number of employees at end of period | 8 | 9 | 8 | 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, OCTOBER-DECEMBER 2021

Net sales for the quarter amounted to SEK 220 thousand (84). Revenue for the quarter is attributable to the sale of the digital medication robot Dosell, which generates revenue through the sale of hardware and through a recurring subscription fee.

Other operating income for the period amounted to SEK 0 thousand (101). The amount of the comparison year mainly refers to government funds received.

Merchandise for the quarter amounted to SEK 1,165 thousand (753) and is attributable in its entirety to costs relating to sold and delivered Dosells. There is a main reason why the cost of goods has increased at a higher rate than the revenue. In a phase to update previously released Dosells in version 1.0 to optimize security thinking and functionality, these have been gradually replaced. During the quarter, all of the prepaid Dosells were replaced by Dosell 2.0, which entailed a large cost for the Company. Other external costs for the quarter amounted to SEK 8,330 thousand (4,475). The item includes ongoing costs for the commercialization and development of Dosell. As it is a modification of the product that takes place, the amounts are expensed in full. During the period, the company had an extraordinary non-recurring cost of SEK 3 million. The cost is attributable to remuneration regulated in agreements previously agreed by the Board of Directors with a company close to a former CEO, Chairman of the Board and significant shareholders. Some differences arose between the parties regarding the agreed remuneration for the work performed and other balances between the parties. The discussions ended in a settlement in good faith, which regulated all the parties' claims against each other, which is reflected in the amount in question. The amount in its entirety was reinvested in newly issued shares in the 2021 rights issue, of course at the same price as for all other shares in it.

Personnel costs for the quarter amounted to SEK 2,191 thousand (3,031). The average number of employees for the quarter was 8 people in relation to 10 people for the corresponding period last year.

Amortization of intangible assets for the quarter amounted to SEK 987 thousand (987) and is primarily attributable to capitalized development expenses relating to Dosell. Depreciation of tangible assets for the quarter amounted to SEK 297 thousand (66) and is attributable to amortization of usufruct rights and equipment.

Net financial items for the quarter amounted to SEK -193 thousand (1) and are mainly attributable to interest on lease liabilities.

Profit before tax for the quarter amounted to SEK -12,943 thousand (-9,127). Earnings per share amounted to SEK -0.2 (-0.3).

SALES AND EARNINGS, JANUARY-DECEMBER 2021

Net sales for the period amounted to SEK 442 thousand (8,904). The major change between the periods can be attributed to the sale of the subsidiary iZafe AB in July 2020. Previously, revenues were mainly attributable to the sale of alarm and security products through iZafe AB. Revenue for the period is exclusively attributable to the sale of the digital medicinal robot Dosell, which generates revenue through the sale of hardware and through a recurring subscription fee.

Other operating income for the period amounted to SEK -66 thousand (14,598) and pertains to repayment of previously received government funds for short-term layoffs. Other operating income for the comparison period is primarily attributable to the capital gain that arose from the sale of iZafe AB.

Merchandise for the period amounted to SEK 1,580 thousand (1,259) and is attributable in its entirety to costs relating to sold Dosells for the year 2021. For the comparison year, costs for sales of iZafe products up to the time of divestment are also included. Other external costs for the period amounted to SEK 19,173 thousand (17,733). In connection with the divestment of iZafe AB, external costs have decreased, however, at the same time the costs for commercialization and development of Dosell have increased in connection with the product being adapted to be sold in other countries. As it is a modification of the product that takes place, the amounts are expensed in full. Personnel costs for the period amounted to SEK 8,049 thousand (11,233).

The reduction has a direct connection to the sale of iZafe AB. The average number of employees for the period was 9 people in relation to 13 people for the corresponding period last year.

Amortization of intangible assets for the period amounted to SEK 3,949 thousand (4,359) and is primarily attributable to capitalized development expenses relating to Dosell. Depreciation of tangible assets for the period amounted to SEK 898 thousand (1,006) and is attributable to amortization of usufruct rights and equipment. The comparison year also includes amortization of personal alarms, attributable to the divested company iZafe AB.

Net financial items for the period amounted to SEK -3,002 thousand (-730) and are mainly attributable to borrowing costs for raising a credit facility of SEK 14,000 thousand, interest on loans and interest on leasing debt.

Profit before tax for the period amounted to SEK -36,275 thousand (-12,754). SEK 14,000 thousand of the previous year's profit is attributed to the capital gain that arose from the sale of the shares in iZafe AB. Earnings per share amounted to SEK -0.8 (-0.4).

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the quarter amounted to SEK -12,600 thousand (-6,371) as a result of the adaptation of Dosell for foreign markets and the commercialization of the product in combination with continued limited revenues. Cash flow from working capital amounted to SEK -941 thousand (1,703). For the period January-December, cash flow from operating activities amounted to SEK -33,493 thousand (-24,567) and follows the same pattern as for the quarter.

Cash flow from investing activities for the quarter amounted to SEK -57 thousand (312). The investment for the period is attributable to the acquisition of equipment. Cash flow from investing activities for the period January-December amounted to SEK -214 thousand (19,044). Investment operations for the comparison period are affected by inflows and net proceeds from the sale of iZafe AB amounting to SEK 20,397 thousand after adjustment for the Group's internal receivables, redemption of credits and transaction costs.

Cash flow from financing activities for the quarter amounted to SEK 29,921 thousand (-211). Financing activities are affected by the inflow of proceeds in connection with the rights issue, redemption of warrants, repayment of debt to credit institutions and by amortization of the leasing debt. Cash flow from financing activities for the period January-December amounted to SEK 49,885 thousand (604) and follows the same pattern as for the quarter, except that the period was also affected by deposits from credit institutions.

Cash equivalents at the end of the period amounted to SEK 18,726 thousand (2,548) and have increased as a result of the rights issue carried out during the fourth quarter.

Total assets at the end of the quarter amounted to SEK 48,429 thousand (35,080). The balance sheet total has increased significantly as a result of the completed issue. In addition, intangible assets are a significant item in the balance sheet, which are largely attributable to development costs for Dosell amounting to SEK 20,085 thousand (24,035).

INVESTMENTS AND DEVELOPMENT EXPENDITURE

Investments in the quarter amounted to SEK 57 thousand (0) and pertain to the purchase of equipment. No activations have been made regarding Dosell development as the product is fully developed and has been launched on the market. The modifications that are made to the product are expensed on an ongoing basis.

GOING CONCERN

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 acquire the necessary liquidity, if necessary, even if the general market situation for the supply of liquidity is in itself positive. The board works continuously to evaluate different financing options to ensure continued operation, then the company within the next 12 months has additional financing needs that have not yet been secured. It is the Board's assessment that the company has good conditions to secure future financing through, for example, a new issue of shares. The absence of securing at the time of submission of this report means that there is an uncertainty factor regarding the company's ability to continue operations.

PARENT COMPANY

The parent company conducts group-wide functions, and the CEO and parts of the management team are employed in this company. The parent company has invoiced the subsidiaries for management fees, which are eliminated at group level. Net financial items for the full year 2021 can primarily be attributed to a devaluation of the book value of the shares in the subsidiary Dosell as well as borrowing costs for raising a credit facility and interest on loans. The corresponding amount for the comparison year can be attributed to a devaluation of the shares in the subsidiary Dosell and a capital gain on the sale of the shares in the subsidiary iZafe AB.

Condensed income statement

GROUP

| TSEK | 2021 Oct-Dec | 2020 Oct-Dec | 2021 Jan-Dec | 2020 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Operating income | | | | |
| Net sales | 220 | 84 | 442 | 8 904 |
| Other operating income | 0 | 101 | -66 | 14 598 |
| Total revenue | 220 | 185 | 376 | 23 502 |
| Operating costs | | | | |
| Goods for resale | -1 165 | -753 | -1 580 | -1 259 |
| Other external expenses | -8 330 | -4 475 | -19 173 | -17 733 |
| Personnel costs | -2 191 | -3 031 | -8 049 | -11 233 |
| Depreciation and amortization of property, plant and equipment, and intangible assets | -1 284 | -1 053 | -4 847 | -5 365 |
| Other operating expenses | 0 | -1 | 0 | -24 |
| Other costs | -12 970 | -9 313 | -33 649 | -35 614 |
| Operating profit/loss | -12 750 | -9 128 | -33 273 | -12 112 |
| Net financial items | -193 | 1 | -3 002 | -730 |
| Profit/loss after financial items | -12 943 | -9 127 | -36 275 | -12 842 |
| Tax on profit for the period | 0 | 0 | 0 | 88 |
| PROFIT/LOSS FOR THE PERIOD | -12 943 | -9 127 | -36 275 | -12 754 |
| Basic earnings per share (SEK) | -0,2 | -0,3 | -0,8 | -0,4 |

Profit/loss for the period corresponds to total comprehensive income

Condensed statement of financial position

GROUP

| TSEK | 2021 | 2020 |
|--|---------------|---------------|
| | 31-Dec | 31-Dec |
| ASSETS | | |
| Non-current assets | | |
| Other intangible assets | 20 085 | 24 035 |
| Property, plant and equipment | 193 | 0 |
| Right-of-use assets | 4 924 | 0 |
| Financial assets | | |
| Current assets | 2 571 | 2 303 |
| Inventories | 222 | 21 |
| Accounts receivable | 1 708 | 6 173 |
| Current receivables | 18 726 | 2 548 |
| Total assets | 48 429 | 35 080 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Shareholders' equity | | |
| Share capital | 70 874 | 32 862 |
| Ongoing new share issue | 0 | 1 216 |
| Other capital contributions | 69 905 | 59 151 |
| Retained earnings including profit/loss for the period | -100 046 | -63 771 |
| Total shareholders' equity | 40 733 | 29 458 |
| Non-current liabilities | | |
| Lease liabilities | 3 894 | 0 |
| Current liabilities | | |
| Interest-bearing liabilities | 0 | 750 |
| Lease liabilities | 1 090 | 0 |
| Accounts payable | 1 340 | 2 237 |
| Other current liabilities | 1 372 | 2 635 |
| Total liabilities | 7 696 | 5 622 |
| Total equity and liabilities | 48 429 | 35 080 |

Condensed statement of changes in equity

GROUP

| TSEK | 2021 | 2020 | 2021 | 2020 |
|--|---------------|---------------|---------------|---------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Equity, opening balance | 53 008 | 34 707 | 29 458 | 36 893 |
| Comprehensive income | | | | |
| Profit/loss for the period | -12 943 | -9 127 | -36 275 | -12 754 |
| Transactions with owners | | | | |
| Set-off issue | 0 | 0 | 862 | 0 |
| New share issue | 0 | 0 | 53 154 | 0 |
| Issue supported by subscription rights | 4 | 4 220 | 2 625 | 5 661 |
| Share issue expenses | 664 | -342 | -9 091 | -342 |
| Equity, closing balance | 40 733 | 29 458 | 40 733 | 29 458 |

Condensed statement of cash flows

GROUP

| TSEK | 2021 | 2020 | 2021 | 2020 |
|---|---------------|--------------|---------------|--------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Operating profit/loss | -12 750 | -9 128 | -33 273 | -12 112 |
| Adjustments for non-cash items | 1 284 | 1 053 | 4 847 | -8 635 |
| Interest received, etc. | 0 | 1 | 0 | 1 |
| Interest paid, etc. | -193 | 0 | -3 002 | -731 |
| Tax paid | 0 | 0 | 0 | 0 |
| Cash flow from operating activities before changes in working capital | -11 659 | -8 074 | -31 428 | -21 477 |
| Cash flow from changes in working capital | -941 | 1 703 | -2 065 | -3 090 |
| Cash flow from operating activities | -12 600 | -6 371 | -33 493 | -24 567 |
| Cash flow from investing activities | -57 | 312 | -214 | 19 044 |
| Cash flow from financing activities | 29 921 | -211 | 49 885 | 604 |
| Cash flow for the period | 17 264 | -6 270 | 16 178 | -4 919 |
| Cash and cash equivalents at start of period | 1 462 | 8 818 | 2 548 | 7 467 |
| Cash and cash equivalents at close of period | 18 726 | 2 548 | 18 726 | 2 548 |

Condensed income statement

PARENT COMPANY

| TSEK | 2021 Oct-Dec | 2020 Oct-Dec | 2021 Jan-Dec | 2020 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|
| Operating income | | | | |
| Net sales | 365 | 609 | 2 119 | 1 971 |
| Other operating income | 0 | 0 | -67 | 0 |
| Total revenue | 365 | 609 | 2 052 | 1 971 |
| Operating costs | | | | |
| Other external expenses | -5 367 | -1 655 | -10 025 | -4 736 |
| Personnel costs | -1 127 | -2 595 | -3 514 | -5 314 |
| Depreciation and amortization of property, plant and equipment, and intangible assets | -12 | 0 | -21 | 0 |
| Other costs | -6 506 | -4 250 | -13 560 | -10 050 |
| Operating profit/loss | -6 141 | -3 641 | -11 508 | -8 079 |
| Net financial items | -23 140 | -14 110 | -25 851 | -9 953 |
| Profit/loss after financial items | -29 281 | -17 751 | -37 359 | -18 032 |
| Tax on profit for the period | 0 | 0 | 0 | 0 |
| PROFIT/LOSS FOR THE PERIOD | -29 281 | -17 751 | -37 359 | -18 032 |

Condensed balance sheet

PARENT COMPANY

| TSEK | 2021 31-Dec | 2020 31-Dec |
|--|----------------|----------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 193 | 0 |
| Non-current financial assets | 23 000 | 30 000 |
| Current assets | | |
| Current receivables | 3 658 | 4 662 |
| Cash and bank balances | 17 529 | 2 331 |
| Total assets | 44 380 | 36 993 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Restricted equity | | |
| Share capital | 70 874 | 32 862 |
| Ongoing new share issue | 0 | 1 216 |
| Unrestricted equity | | |
| Share premium reserve | 69 845 | 59 091 |
| Retained earnings including profit/loss for the period | -97 432 | -60 073 |
| Total shareholders' equity | 43 287 | 33 096 |
| Current liabilities | | |
| Liabilities to credit institutions | 371 | 749 |
| Accounts payable | 722 | 3 148 |
| Other current liabilities | 1 093 | 3 897 |
| Total liabilities | 44 380 | 36 993 |

Accounting policies, risks and supplementary information

NOTE 1. COMPANY INFORMATION

The Group's operations include the development and marketing of products that contribute to a more qualitative and safe healthcare at home in both the Swedish and the international market. The Group develops and sells the Dosell product, with the aim of offering reliable and safe medication.

The Group's parent company, iZafe Group AB (corporate identity number 556762-3391), is a public limited company with its registered office in Stockholm, Sweden. The company's B shares are listed on Nasdaq First North Premier. The subsidiary Dosell AB (corporate identity number 556898-3018), develops and produces medical devices.

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 TSEK unless otherwise stated.

NOTE 2. PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT

The Group applies the Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the EU and RFR 1 Supplementary Accounting Rules for Groups when preparing financial reports. The Parent Company applies the 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 principles, please refer to the most recently published annual report.

Changes to significant accounting policies

A number of new standards and amendments to the standards will enter into force for financial years beginning on 1 January 2021. None of these are deemed to have any impact on the Group's financial reports.

NOTE 3. RELATED-PARTY TRANSACTIONS

The company's board has invoiced consulting services from own companies amounting to SEK 5 thousand (0) for the quarter. In addition to this, the Group has not done any business with related parties during the reporting period in addition to the usual salaries and remuneration to the Board and company management.

NOTE 4. FINANCIAL RISKS

Through its operations, iZafe is exposed to a number of different financial risks, such as market risk, credit risk, currency risk and liquidity risk. The Group's management and board work actively to minimize these risks. A detailed account of risks appears in the most recently published annual report.

NOTE 5. MATERIAL RISKS AND UNCERTAINTIES

The Group's operations consist of the sale of the patented medicinal robot Dosell and associated subscription fees. Dosell has been launched on the market relatively recently. It is thus not yet possible to draw any far-reaching conclusions about the market's acceptance of the product or see any trends for sales and earnings development. The company is also dependent on intellectual property rights that are difficult to protect through registration.

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 acquire the necessary liquidity, if necessary, even if the general market situation for the supply of liquidity is in itself positive. It is the Board's assessment that the significant uncertainties associated with the Covid-19 pandemic are not considered to be of such a nature and extent that the company's ability to continue its operations will be affected within the foreseeable future.

NOTE 6. iZAFE SHARES

iZafe has issued shares in two types of shares, A shares and B shares. The B share has been traded on NASDAQ First North Premier since January 2, 2018. Class A shares carry ten votes per share and Class B shares carry one vote per share. As of December 31, 2021, the share capital amounted to SEK 70,874,308 divided into 600,000 Class A shares and 70,274,308 Class B shares, with a quotient value of SEK 1 per share.

NOT 7. SHARE WARRANTS

TO 6

The sixth and final subscription period for TO 6 began on 14 November 2021 and continued until 28 November 2021. The holder had the right to subscribe for one B share in the company for each warrant at a subscription price of SEK 1.50.

A total of 2,960 new B shares were subscribed for.

As of December 31, the Group has one outstanding warrant program

TO 10 B

Each TO10 B Series warrant entitles the holder to subscribe for one (1) new Series B share in the Company against cash payment corresponding to 70 percent of the volume-weighted average price of the Company's share on the Nasdaq First North Premier Growth Market during the period September 12 2022 to September 23 2022, however, a minimum of SEK 1.00 and a maximum of SEK 2.25 per share. Subscription of deeds with the support of the warrants shall take place in accordance with the terms of the warrants during the period 27 September 2022 to 11 October 2022.

In addition to the above-mentioned share warrant, there are currently no other outstanding warrants, convertibles or similar financial instruments that can entitle to subscribe for new shares or otherwise affect the share capital in the company.

REVIEW

This report has been subject to review by iZafe Group's auditor.

CERTIFIED ADVISER

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FINANCIAL CALENDAR

| | |
|------------|------------------------|
| 08/04/2022 | Annual report 2021 |
| 29/04/2022 | Interim report Q1 2022 |
| 26/08/2022 | Interim report Q2 2022 |
| 28/10/2022 | Interim report Q3 2022 |

Financial reports are available on the company's website, www.izafe.se, on the same day that they are published.

ANNUAL GENERAL MEETING

This year's Annual General Meeting will be held on June 14, 2022. Invitation with more information will be sent out no later than four weeks before meeting is held.

DIVIDEND

No dividend is proposed to the shareholders. Only when the company reaches stable profitability will there be a proposal for a dividend shareholders take place.

DECLARATION

The Board of Directors and the CEO assure that the interim report provides a fair overview of the Parent Company's and the Group's operations, position and results and describes significant risks and uncertainties that the Parent Company and the companies included in the Group face.

Stockholm, 18 February 2022

iZafe Group AB (publ.)

| | |
|--------------------|-----------------|
| Anders Segerström | CEO |
| Joachim Källsholm | Chairman |
| Göran Hermansson | Deputy Chairman |
| Dr. B.-O. Ahrstrom | Board member |
| Richard Wolff | Board member |

CONTACT

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