

Webrock Ventures AB Announces Strategic Transaction regarding Equity in Vivabem Brasil AB

Webrock Ventures AB (“Webrock”) has today signed an offer letter to take part in a share exchange whereby Webrock may redeem all or part of its shares in its portfolio company Cardo Health AB (“Cardo”) in exchange for shares in the AI-powered digital health company Vivabem Brasil AB (“Vibe”) (a partner company to Cardo) (the “Transaction”). Through the Transaction, Webrock will, provided that no other shareholder in Cardo participates in the exchange of shares, obtain a significant and direct ownership stake (~44.5 percent) in Vibe, allowing Webrock to leverage its extensive experience, proven track record, and active local support in the Brazilian market to ensure Vibe’s success.

“We are thrilled to deepen our commitment to Vivabem Brasil AB through this strategic transaction. Vibe’s growth, robust user base, and talented leadership team align perfectly with our strategic focus on the Brazilian market. This transaction not only underscores our confidence in Vibe’s potential but also enables us to bring our extensive experience and local expertise to further accelerate its success. By fully integrating Vibe into our portfolio, we are positioned to drive value and support its mission to revolutionize digital health in Brazil”, says Joakim Pops, CEO, Webrock.

Today, the Board of Directors in Webrock signed an offer letter to obtain up to 44.5 percent of all outstanding shares in Vibe from Cardo. Payment will be made by redeeming Webrock’s shares in Cardo. The Board of Directors in Cardo will offer the same opportunity to all its shareholders on a pro-rata basis. Webrock has committed to maximizing its exchange of Cardo shares to Vibe shares in the Transaction, should other shareholders choose not to participate.

Background

Cardo is currently experiencing liquidity challenges on both group and portfolio company level. Consequently, Cardo’s Board of Directors has decided to significantly reduce its overall cost structure and to start divesting selected assets, including Vibe. To ensure long-term profitable growth for both Cardo and Vibe, Cardo and Webrock have agreed on payment through redeeming Cardo shares.

Strategic rationale for the Transaction

- Webrock will, provided that no other shareholder in Cardo participate in the exchange of shares, get significant and direct ownership (~44.5 percent) in Vibe, allowing Vibe to leverage its extensive experience, proven track record, and active local support in the Brazilian market to ensure Vibe’s success. [1]
- Vibe will obtain ownership rights to the AI-enabled technology developed by Cardo, which Vibe is currently using for its operations in Brazil.
- Among the four partner companies in Cardo’s portfolio, Vibe has received the highest investment of money and resources. Vibe has invested USD 7 million in brand building over the years, has 2 million registered users, and boasts a senior leadership team with notable experience.

- As part of the divestment, Cardo has agreed to eliminate its tech licensing and termination fees for Vibe. This will significantly extend Vibe's runway and allow them to fully own a copy of the tech platform in Brazil with complete customization rights.

Financial terms

All shareholders in Cardo will have the opportunity to participate in the offer on equal terms, and Webrock has committed to maximize its exchange of Cardo shares to Vibe shares in the Transaction, should other shareholders choose not to participate.

More specifically:

- Vibe is valued at SEK 316.0 million in the Transaction.
- Webrock has committed to exchange Webrock's entire ownership of shares in Cardo for Vibe shares worth up to SEK 140.6 million.

Financial impact

In Webrock's accounts, the Transaction, provided that no other shareholder in Cardo participates in the exchange of shares, results in Webrock's 70.4 percent direct ownership stake in Cardo, valued at SEK 289.6 million in Webrock's Interim Report – Q1 2024, being exchanged for approximately a 44.5 percent direct ownership stake in Vibe, valued at SEK 140.6 million in the Transaction. Consequently, the Transaction will impact Webrock's financial results by SEK -149.0 million for the period, but it will not affect the cashflow.

An updated NAV encompassing Webrock's entire investment portfolio will be disclosed in Webrock's forthcoming *Interim Report – First Half of 2024*, scheduled for release on July 16, 2024.

Indicative timetable

Provided that the Annual General Meeting in Cardo resolves on the Transaction end of June 2024, the Transaction is expected to be completed end of July 2024.

Complete information and associated materials are available at Webrock's website, www.webrockventures.com.

[1] Based on Webrock's current direct ownership of shares in Cardo (~70.4 percent), Webrock will receive no less than 31.28 percent of the shares in Vibe provided that all other shareholders in Cardo accept to redeem their shares in Cardo.

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About us

Founded in 2018, Webrock Ventures is a venture studio that starts and builds companies in Brazil in partnership with successful Swedish tech companies. Brazil has over 215 million people and is one of the world's largest economies and the population is among the most digitally engaged in the world. Webrock leverages established Swedish companies' proven business models and technology to gain a head start in Brazil's fast-growing digital industry that matures later than in Sweden. By bringing together ideas, capital, resources, and talent, Webrock acts as a co-founder, building growth companies from the ground up. With a 35-60 percent ownership stake in its portfolio companies, Webrock ensures substantial value for a limited initial investment. The company's share WRV is traded on Nasdaq First North Growth Market with Redeye AB as Certified Adviser.

For more information, please visit: <https://webrockventures.com/>

This information is information that Webrock Ventures 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 2024-06-12 20:59 CEST.