



Quarterly Report

Second Quarter 2024

About iZafe Group

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

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



Financial Performance in Summary

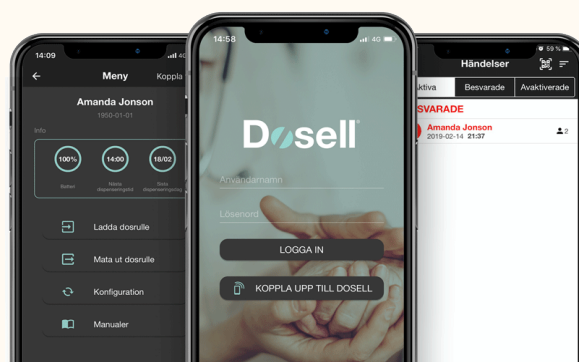
- Net sales for the quarter amounted to SEK 168 thousand (SEK 403 thousand). The decrease in sales during the quarter is primarily attributable to an adjustment of previously invoiced amounts from Q1. Approximately 5% of the units produced did not meet quality standards and have therefore been adjusted in this quarter, with invoicing planned for a later date. The quarter's sales reflect revenue from the sale of the digital medication robot Dosell and the medical device Pilloxa.
- The operating result (EBIT) for the quarter amounted to SEK -4,011 thousand (SEK -5,097 thousand).
- The operating profit before depreciation (EBITDA) for the quarter amounted to -3,027 (-3,135) TSEK.
- The result after financial items for the quarter amounted to -4,037 (-5,136) TSEK.
- The period's cash flow from operating activities amounted to -4,155 (-2,253) TSEK.
- Earnings per share for the quarter before / after dilution amounted to -0.02 (-0.02) SEK.
- Equity per share at the end of the period amounted to 0.1 (0.2) SEK.
- The solidity at the end of the period amounted to 73,3 (82.4) percent.

Significant events during the quarter

- The Board of Directors of iZafe Group has resolved on a directed issue of 25 million B shares, raising SEK 5 million for the company before transaction costs. Simultaneously, 25,053,288 warrants of series TO14B are being issued, which could raise an additional SEK 7.5 million upon full subscription. The funds will be used to expand the workforce, increase production volumes, and intensify sales and marketing efforts in existing and new markets.
- iZafe Group's partner, Zafe Care Systems AB, has won a contract with Kristianstad Municipality for the delivery of 150-190 Dosell units, with a total order value of approximately SEK 3.7-4.3 million. The agreement spans four years, from 2024 to 2028.

Significant events after the end of the quarter

- iZafe Group AB has received a confirmed order for 500 Dosell units from its partner Ti medi, with planned delivery to Spain in August 2024. The Dosell units will be integrated into Ti medi's new concept, which combines their pouch packaging machines with the Dosell medication robot to enhance patient medication adherence through pharmacies in Spain.
- iZafe Group AB has decided to enter into a loan agreement of SEK 5.5 million with Exelity AB instead of proceeding with the previously planned warrant exercise, TO14B, due to high costs and financial uncertainty. The issued warrants will therefore be canceled. The loan will be used to increase production volumes and strengthen sales and marketing activities to drive sales in both existing and new markets.



Comments from CEO



Dear shareholders, customers, and employees,

Our journey to revolutionize healthcare through innovation and digitalization continues to yield concrete progress and positive results. During the second quarter, we have experienced the most accelerated demand for our products to date, further strengthening our market position.

We have recently produced 500 Dosell units, which have been invoiced to our partner in Spain. The delivery will take place at the end of August, and the revenue from this order will be recognized upon delivery. Our partner, Ti-Medi, plans to launch Dosell in Spain according to the previously communicated customer journey at the end of the third quarter, which means that we expect to see the first active Dosell units in the Spanish market and the associated revenues starting from the fourth quarter.

In the Swedish market, we are now witnessing a clear upswing during Q2. The demand for our solutions is increasing significantly, and we have already won a tender for 150 units in Kristianstad. Together with our existing projects with the Västra Götaland Region and other municipalities, we plan to begin the implementation of Dosell in 25 municipalities across Sweden in the coming quarter. This means that more organizations will benefit from our solution to ensure the right medication is administered at the right time.

Our expansion in the Netherlands continues to progress despite previous challenges. We experienced disruptions in our supplier's network connectivity during the quarter, which affected the operation of the Dosell units. Our network provider has now resolved these issues, but we are working in parallel to switch to a new provider to ensure maximum operational reliability going forward. TCCN, our new dedicated partner in the Netherlands, has taken over the market's previous contracts and is making a significant investment in Dosell by opening a dedicated office and developing a platform that integrates with Dosell for a unique packaging solution that has been very well received by customers. We have so far delivered over 1,000 units to the Netherlands and look

forward to increasing our presence with more units this fall.

The new Dosell 3.0, which has now been produced and delivered in collaboration with our new production partner, marks an important milestone for us and future-proofs the market. During Q2, we secured the production of an additional 1,500 units, of which 500 are destined for Spain and 150 for Kristianstad. This enables us to quickly meet the growing demand in both the Dutch and Nordic markets.

To ensure that we can meet the increasing demand and continue our growth journey, we have also secured a loan of SEK 5.5 million. The decision to replace a planned warrant exercise with this loan ensures that we can focus on scaling up production and strengthening our recurring revenue, which is central to our long-term success.

We also look forward to launching the markets in Norway and Finland this fall, in collaboration with our partners there, who have now further dedicated their commitment to Dosell. This, together with our strong position in Sweden and the Netherlands, positions us for an exciting period with many new opportunities and expansions.

On October 1st, we welcome our new CFO, who will be a key player in our swift pursuit of profitability. With the increased sales we are now seeing, our goal is to achieve cash flow positivity as soon as possible.

I would like to conclude by thanking all our employees, partners, and shareholders for your continued support and commitment. Together, we are heading towards a bright future with continued strong growth and innovation in sight.

Thank you for being part of our journey.

A handwritten signature in black ink, appearing to be 'AS', written in a cursive style.

Stockholm in August 2024

Anders Segerström

Chief Executive Officer, iZafe Group

Company overview

Addressing an Aging Population

An rapidly aging population and a significant increase in chronic health conditions are increasing the risk of medication errors. A growing number of people are being prescribed medications, and up to 70 percent of those over 60 years old take three or more medications, just in Europe alone. Demographically, there are clear changes occurring where the population over 65 years old is projected to increase from around 21 percent of the total population in 2022 to over 24 percent by 2030. This is happening alongside the growing challenge of ensuring an adequate quantity and quality of workforce in home healthcare. Studies indicate that it will be necessary to introduce digital aids to manage the changing conditions that healthcare is facing.

Improving Health Through Correct Medication

Within the EU, poor medication adherence results in 200,000 deaths annually, costing society 125 billion Euros. iZafe Group develops and commercializes digital products and services that ensure people take the right medication at the right time. iZafe Group's patented product, Dosell, is a digital medication dispensing robot specially designed to ensure medication adherence. With Dosell, conditions are created for more individuals to lead healthier and more independent lives. iZafe Group also markets and sells the connected pillbox, Pilloxa, along with its accompanying mobile application, which serves the same purpose as Dosell by ensuring medication adherence. Pilloxa currently targets a different demographic primarily comprised of pharmaceutical companies.

A Growing Market

Digital platforms enable people to receive care where and when it's needed, reducing the risks of medication errors and enabling more personalized care. By the end of 2022, globally, 4.4 million connected devices were being used to ensure medication adherence. This market is expected to grow at an annual growth rate of 13.2 percent over the coming years, reaching 8.2 million units by 2027. According to a recent report from 2023 conducted by Berg Insight, the market for connected medication management solutions offers growth opportunities for companies in the industry. The industry is expected to grow from a value of USD 4.6 billion to USD 8.4 billion by 2027. By deploying the right welfare technology, patients can live more independently in their own homes, while healthcare resources can be allocated more favorably. A medication robot can thus ensure that the user receives the right medication at the right time, allowing caregivers or home service visits to focus on tasks other than medication management.

Digitalization Ensures Efficient and Patient-Safe Care

iZafe's product Dosell enables welfare and healthcare resources to be used more efficiently by automating processes that would otherwise consume time; time that could be better spent on other forms of care than medication management. Dosell is designed to be used by the patient at home, in healthcare settings, or in elderly care. Dosell dispenses medication pouches to the patient at specified times indicated on the pouch. At the same time, a caregiver, relative, or friend can be connected to the Dosell unit via a mobile app or alarm platform to monitor adherence and whether the patient has taken their medication at the specified time. If, for example, a medication has not been taken, an alert is sent to the caregiver or a relative. This results in increased patient safety and greater independence for the patient. In Sweden, over 280,000 people currently use medication pouches according

to the eHealth Authority, and this number is expected to grow as the population ages. The smart pillbox developed by Pilloxa also ensures adherence and provides data for patients who do not receive their medications in pouches but still need a tool to ensure the right medication at the right time. Together with Dosell, Pillbox, and mobile applications, iZafe can ensure adherence throughout the patient journey.

Business model

iZafe Group's products and services are sold through selected corporate partners with local market knowledge. iZafe Group receives recurring revenue in the form of license fees from sales to public and private welfare and healthcare partners, as well as subscription fees from sales to consumers. In addition to recurring revenue, a hardware cost is charged for each Dosell and Pillbox. B2B sales target partners who develop and sell digital welfare and healthcare platforms. This means that iZafe Group does not need to build a large sales organization but can leverage the expertise of its respective partners. B2C sales currently take place on Dosell's own website for the Swedish consumer market. In markets outside of Sweden, B2C sales are to be conducted through partners offering integrated welfare and healthcare solutions directly to consumers.

Increasing Partnership Distribution and Rising B2C Interest

iZafe Group currently has partners committed in eight countries in Europe. The growing interest in the Dosell medication robot is evident, and several additional entities are interested in the opportunity to sell Dosell. The focus will continue to be on ensuring quality-assured implementation, training, support, and delivery in line with increased volumes. The company sees an increased interest in being able to ensure medication adherence independently and safely.

Dosell consolidates its position in the European market.

One of iZafe Group's central focus areas has been to ensure that Dosell meets the needs of both partners and patients. The primary focus for the upcoming period will be to ensure high-quality delivery and implementation in line with the commitments of our partners as previously communicated. Furthermore, iZafe will continue to work on identifying growth opportunities through acquisitions, new partnerships, and further development and commercialization of products and services with partners to facilitate more patients in getting the right medication at the right time.



Key figures

THE GROUP

| | 2024 | 2023 | 2024 | 2023 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|
| TSEK | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Net sales | 168 | 403 | 3,578 | 631 | 1,822 |
| Operating result (EBIT) | -4,011 | -5,097 | -9,580 | -10,148 | -35,635 |
| Operating result before depreciation and amortization (EBITDA) | -3,027 | -3,135 | -7,615 | -6,104 | -12,649 |
| Profit after financial items (EBT) | -4,037 | -5,136 | -9,646 | -10,323 | -35,716 |
| Earnings per share before/after dilution, SEK | -0.02 | -0.02 | -0.04 | -0.05 | -0.04 |
| Equity per share, SEK | 0.1 | 0.2 | 0.1 | 0.2 | 0.1 |
| Equity ratio, % | 73.3% | 82.4% | 73.3% | 82.4% | 73.2% |
| Share price at the end of the period, SEK | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 |
| Number of shares at the end of the period | 275,586,171 | 250,586,171 | 275,586,171 | 250,586,171 | 250,586,171 |
| Average number of outstanding shares | 262,278,479 | 250,586,171 | 256,464,624 | 212,612,609 | 231,755,446 |
| Average number of employees | 8 | 7 | 8 | 7 | 7 |
| Number of employees at the end of the period | 8 | 7 | 8 | 7 | 7 |

Definitions

Operating profit (EBIT)

Profit before financial items.

Earnings per share before dilution

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

Equity per share

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

Equity ratio

Equity as a percentage of total assets.

Average number of employees

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

Financial overview

THE GROUP

TURNOVER AND RESULTS, APRIL-JUNE 2024

Net sales for the quarter amounted to SEK 168 thousand (SEK 403 thousand). The quarter's revenue was affected by credits issued for units delivered in Q1, where approximately 5% of the produced units did not meet quality standards and have therefore been adjusted this quarter, with invoicing planned for a later date. The quarter's revenue consists of income attributable to the sale of the digital medication robot Dosell, which generates revenue through both hardware sales and a recurring subscription fee, as well as income from the sale of the medical device Pilloxa.

Other operating income for the quarter amounted to SEK 397 thousand (SEK 392 thousand) and is attributable to the sublease of part of the company's premises.

Goods for resale for the quarter amounted to SEK 193 thousand (-SEK 260 thousand) and are entirely related to costs associated with the sold and delivered Dosell units and the medical device Pilloxa. The cost of goods for resale during the quarter was affected by the credit issued concerning the delivery of units in Q1.

Other external costs for the quarter amounted to SEK -1,531 thousand (SEK -1,656 thousand). This item includes ongoing costs for the commercialization and continuous modifications of Dosell. The company continuously works to review the cost structure and streamline procurement to reduce overall costs.

Personnel costs for the quarter amounted to SEK -2,136 thousand (SEK -2,009 thousand). The number of employees at the end of the period was 8, compared to 7 for the same period last year.

Depreciation of intangible assets for the quarter amounted to SEK -715 thousand (SEK -1,719 thousand) and is related to capitalized development expenses for Dosell. The previous year's quarter also includes depreciation of the excess values that arose from the acquisition of Pilloxa. During the fourth quarter of 2023, a one-time impairment of SEK 15,234 thousand was carried out concerning the excess values and goodwill that arose from the acquisition of Pilloxa. This impairment does not impact cash flow. Depreciation of tangible assets for the quarter amounted to SEK -269 thousand (SEK -243 thousand) and relates to the depreciation of right-of-use assets and equipment.

The financial net for the quarter amounted to SEK -26 thousand (SEK -39 thousand) and relates to interest on lease liabilities and deferred tax payments to the Swedish Tax Agency. The previous year's quarter also included interest on liabilities to credit institutions.

Tax on the period's result amounted to SEK 0 thousand (SEK 180 thousand) and refers to the dissolution of deferred tax related to the excess values arising from the acquisition of Pilloxa in the comparative year.

The result for the period amounted to SEK -4,037 thousand (SEK -4,956 thousand). Earnings per share amounted to SEK -0.02 (SEK -0.02).



TURNOVER AND RESULTS, JANUARY-JUNE 2024

Net sales for the period amounted to SEK 3,578 thousand (SEK 631 thousand), representing an organic growth of approximately five times higher than the corresponding period last year. The period's revenue consists of income attributable to the sale of the digital medication robot Dosell, which generates revenue through both hardware sales and a recurring subscription fee, as well as income from the sale of the medical device Pilloxa. A significant portion of the growth is attributed to sales to iZafe's Dutch customer, IVE Ventures.

Other operating income for the period amounted to SEK 793 thousand (SEK 785 thousand) and is attributable to the sublease of part of the company's premises.

Goods for resale for the period amounted to SEK -3,849 thousand (-SEK 277 thousand) and are entirely related to costs associated with the sold and delivered Dosell units and the medical device Pilloxa. The gross profit for the period is negative due to the introduction discount provided to the customer, IVE Ventures, for its initial large hardware order, as well as increased costs resulting from implementation adjustments.

Other external costs for the period amounted to SEK -3,642 thousand (SEK -3,545 thousand). This item includes ongoing costs for the commercialization and continuous modifications of Dosell. The company continuously works to review the cost structure and streamline procurement to reduce overall costs.

Personnel costs for the period amounted to SEK -4,374 thousand (SEK -3,693 thousand). The increase in personnel costs is mainly attributable to a one-time bonus granted to employees following a resolution by the annual general meeting in Q1, enabling them to participate in the company's incentive program concerning options. The number of employees at the end of the period was 8, compared to 7 for the same period last year.

Depreciation of intangible assets for the period amounted to SEK -1,429 thousand (SEK -3,475 thousand) and is related to capitalized development expenses for Dosell. The previous year's quarter also includes depreciation of the excess values that arose from the acquisition of Pilloxa. During the fourth quarter of 2023, a one-time impairment of SEK 15,234 thousand was carried out concerning the excess values and goodwill that arose from the acquisition of Pilloxa. This impairment does not impact cash flow. Depreciation of tangible assets for the quarter amounted to SEK -536 thousand (SEK -569 thousand) and relates to the depreciation of right-of-use assets and equipment.

The financial net for the period amounted to SEK -66 thousand (SEK -175 thousand) and relates to interest on lease liabilities and deferred tax payments to the Swedish Tax Agency. The previous year's quarter also included interest on liabilities to credit institutions.

Tax on the period's result amounted to SEK 0 thousand (SEK 360 thousand) and refers to the dissolution of deferred tax related to the excess values arising from the acquisition of Pilloxa in the comparative year.

The result for the period amounted to SEK -9,646 thousand (SEK -9,963 thousand). Earnings per share amounted to SEK -0.04 (SEK -0.05).

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

The cash flow from operating activities for the quarter amounted to SEK -4,155 thousand (SEK -2,253 thousand) as a result of the adaptation of Dosell for foreign markets and the commercialization of the products, combined with continued limited revenue. The cash flow from operating activities for the period January to June amounted to SEK -8,264 thousand (SEK -6,456 thousand), following the same pattern as for the quarter.

The cash flow from investing activities for the quarter amounted to SEK -222 thousand (SEK -574 thousand), which is mainly attributable to intangible assets. The company is further developing Dosell, and this work will enable Dosell to be compatible with more modern technology. All investments related to this development are capitalized. The cash flow from investing activities for the period January to June amounted to SEK -568 thousand (SEK -810 thousand), following the same pattern as for the quarter.

The cash flow from financing activities for the quarter amounted to SEK 4,510 thousand (SEK -669 thousand) and relates to the amortization of lease liabilities and deferred tax payments to the Swedish Tax Agency. This year's quarter is also affected by the inflow of funds from a new share issue and option subscription. The cash flow from financing activities for the period January to June amounted to SEK 4,215 thousand (SEK 17,597 thousand), following the same pattern as for the quarter. The previous year's quarter was influenced by funds received from the issuance of shares with the support of subscription rights.

Cash and cash equivalents at the end of the period amounted to SEK 1,217 thousand, compared to SEK 5,834 thousand as of December 31, 2023. The decrease in cash and cash equivalents is a result of the company's reported losses.

The balance sheet total at the end of the quarter amounted to SEK 28,110 thousand (SEK 57,723 thousand). The balance sheet total has mainly decreased due to the impairment of excess values and goodwill that arose from the acquisition of Pilloxa, which was written down during the fourth quarter of 2023.

INVESTMENTS AND DEVELOPMENT EXPENDITURE

Investments in the quarter amounted to SEK 568 thousand (SEK 574 thousand) and primarily relate to capitalized development costs associated with the further development of Dosell. The development work for Dosell 3.0 is mainly capitalized.

CONTINUING OPERATIONS

The company's ability to meet future liquidity needs is largely dependent on its sales performance and profitability. With the current liquid assets, implemented cost savings, and revenues from future agreements, the company's liquidity for the next 12 months is secured. The Board therefore assesses that, at the time of this report, there is no uncertainty regarding the company's continued operations. However, it should be noted that there are no guarantees that the company will be able to secure additional necessary liquidity if required.

PARENT COMPANY

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



Condensed income statement

GROUP

| TSEK | 2024 | 2023 | 2024 | 2023 | 2023 |
|--|---------------|---------------|----------------|----------------|----------------|
| | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Operating income | | | | | |
| Net sales | 168 | 403 | 3 578 | 631 | 1 822 |
| Other operating income | 397 | 392 | 793 | 785 | 1 573 |
| Total revenue | 565 | 795 | 4 371 | 1 416 | 3 395 |
| Operating costs | | | | | |
| Goods for resale | 193 | -260 | -3 849 | -277 | -1 529 |
| Other external expenses | -1 531 | -1 656 | -3 642 | -3 545 | -7 574 |
| Personell costs | -2 136 | -2 009 | -4 374 | -3 693 | -6 925 |
| Depreciation of tangible and intangible assets | -984 | -1 962 | -1 965 | -4 044 | -22 986 |
| Other operating expenses | -118 | -5 | -121 | -5 | -16 |
| Other costs | -4 576 | -5 892 | -13 951 | -11 564 | -39 030 |
| Operating profit/loss | -4 011 | -5 097 | -9 580 | -10 148 | -35 635 |
| Net financial items | -26 | -39 | -66 | -175 | -81 |
| Profit/loss after financial items | -4 037 | -5 136 | -9 646 | -10 323 | -35 716 |
| Tax on profit for the period | 0 | 180 | 0 | 360 | 3 541 |
| PROFIT/LOSS FOR THE PERIOD | -4 037 | -4 956 | -9 646 | -9 963 | -32 175 |
| Basic earnings per share (SEK) | -0,02 | -0,02 | -0,04 | -0,05 | -0,04 |

Condensed statement of financial position

GROUP

| TSEK | 2024 30-Jun | 2023 30-Jun | 2023 31-Dec |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Balanced development expenditure | 17 367 | 18 978 | 18 216 |
| Goodwill | 0 | 1 542 | 0 |
| Other intangible assets | 39 | 15 505 | 51 |
| Tangible fixed assets | 81 | 147 | 114 |
| Right-of-use assets | 1 907 | 2 913 | 2 410 |
| Current assets | | | |
| Inventories | 4 462 | 5 106 | 4 052 |
| Accounts receivable | 2 124 | 675 | 3 223 |
| Current receivable | 913 | 825 | 714 |
| Cash and cash equivalents | 1 217 | 12 032 | 5 834 |
| Total assets | 28 110 | 57 723 | 34 614 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | 55 117 | 50 117 | 50 117 |
| Other capital contributions | 130 867 | 130 983 | 130 983 |
| Retained earnings including profit/loss for the period | -165 393 | -133 535 | -155 747 |
| Total shareholders' equity | 20 591 | 47 565 | 25 353 |
| Non-current liabilities | | | |
| Deferred tax liability | 0 | 3 181 | 0 |
| Interest-bearing liabilities | 218 | 208 | 372 |
| Lease liabilities | 610 | 2 012 | 1 487 |
| Current liabilities | | | |
| Interest-bearing liabilities | 279 | 279 | 279 |
| Lease liabilities | 1 399 | 1 017 | 1 037 |
| Accounts payable | 1 314 | 1 370 | 1 224 |
| Other current liabilities | 3 699 | 2 091 | 4 862 |
| Total liabilities | 7 519 | 6 977 | 9 261 |
| Total equity and liabilities | 28 110 | 57 723 | 34 614 |

Condensed statement of changes in equity

GROUP

| TSEK | 2024 | 2023 | 2024 | 2023 | 2023 |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Equity, opening balane | 19 832 | 52 521 | 25 353 | 38 961 | 38 961 |
| Total result | | | | | |
| The result of the period | -4 037 | -4 956 | -9 646 | -9 963 | -32 175 |
| Transactions with owners | | | | | |
| New share issue | 5 000 | 0 | 5 000 | 0 | 0 |
| Issue with warrent rights | 0 | 0 | 0 | 19 361 | 19 361 |
| Share issue expenses | -204 | 0 | -204 | -794 | -794 |
| Warrent rights, paid premium | 0 | 0 | 88 | 0 | 0 |
| Equity, closing balance | 20 591 | 47 565 | 20 591 | 47 565 | 25 353 |

Condensed statement of cash flows

GROUP

| TSEK | 2024 | 2023 | 2024 | 2023 | 2023 |
|--|---------------|---------------|---------------|----------------|----------------|
| | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Operating profit/loss | -4 011 | -5 097 | -9 580 | -10 148 | -35 635 |
| Adjustments for non-cash items | 984 | 1 962 | 1 965 | 4 044 | 22 986 |
| Interest received, etc. | 0 | 0 | 0 | 0 | 159 |
| Interest paid, etc. | -26 | -39 | -66 | -175 | -240 |
| Tax paid | 0 | 0 | 0 | 0 | 0 |
| Cash flow from operating activities before change in working capital | -3 053 | -3 174 | -7 681 | -6 279 | -12 730 |
| Cash flow form changes in working capital | -1 102 | 921 | -583 | -177 | 1 474 |
| Cash flow from operating activities | -4 155 | -2 253 | -8 264 | -6 456 | -11 256 |
| Cash flow from investment activities | -222 | -574 | -568 | -810 | -1 457 |
| Cash flow from financing activities | 4 510 | -669 | 4 215 | 17 597 | 16 846 |
| Cash flow for the period | 133 | -3 496 | -4 617 | 10 331 | 4 133 |
| Cash and cash equivalents at the beginning of the period | 1 084 | 15 528 | 5 834 | 1 701 | 1 701 |
| Cash and cash equivalents at close of period | 1 217 | 12 032 | 1 217 | 12 032 | 5 834 |

Distribution of revenues

| TSEK | 2024 | 2023 | 2024 | 2023 | 2023 |
|--------------|------------|------------|--------------|------------|--------------|
| | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Dosell | 75 | 250 | 3 384 | 403 | 1 244 |
| Pilloxa | 93 | 153 | 194 | 228 | 578 |
| Total | 168 | 403 | 3 578 | 631 | 1 822 |

Reporting by business segment

| TSEK | 2024 Apr-Jun | 2023 Apr-Jun | 2024 Jan-Jun | 2023 Jan-Jun | 2023 Jan-Dec |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| External revenue | | | | | |
| Dosell | 75 | 250 | 3 384 | 403 | 1 244 |
| Pilloxa | 93 | 153 | 194 | 228 | 578 |
| | 168 | 403 | 3 578 | 631 | 1 822 |
| Direct costs | | | | | |
| Dosell | 193 | -260 | -3 849 | -269 | -1 521 |
| Pilloxa | 0 | 0 | 0 | -8 | -8 |
| | 193 | -260 | -3 849 | -277 | -1 529 |
| Contribution margin | | | | | |
| Dosell | 268 | -10 | -465 | 134 | -277 |
| Pilloxa | 93 | 153 | 194 | 220 | 570 |
| | 361 | 143 | -271 | 354 | 293 |
| Other items | | | | | |
| Other operating income | 397 | 392 | 793 | 785 | 1 573 |
| Other external costs | -1 649 | -1 661 | -3 763 | -3 550 | -7 590 |
| Personnel costs | -2 136 | -2 009 | -4 374 | -3 693 | -6 925 |
| | -3 388 | -3 278 | -7 344 | -6 458 | -12 942 |
| Operating profit before depreciation | -3 027 | -3 135 | -7 615 | -6 104 | -12 649 |

Condensed income statement

PARENT COMPANY

| TSEK | 2024 | 2023 | 2024 | 2023 | 2023 |
|---|---------------|---------------|---------------|---------------|----------------|
| | Apr-Jun | Apr-Jun | Jan-Jun | Jan-Jun | Jan-Dec |
| Operating income | | | | | |
| Net sales | 457 | 450 | 907 | 900 | 1 800 |
| Other operating income | 397 | 390 | 793 | 780 | 1 571 |
| Total revenue | 854 | 840 | 1 700 | 1 680 | 3 371 |
| Operating costs | | | | | |
| Other external expenses | -977 | -1 144 | -2 218 | -2 653 | -5 310 |
| Personnel costs | -620 | -943 | -1 554 | -1 743 | -3 019 |
| Depreciation and amortization of property, plant and equipment, and intangible assets | -13 | -12 | -25 | -25 | -51 |
| Total costs | -1 610 | -2 099 | -3 797 | -4 421 | -8 380 |
| Operating profit/loss | -756 | -1 259 | -2 097 | -2 741 | -5 009 |
| Net financial items | -551 | -1 | -551 | -91 | -13 545 |
| Profit/loss after financial items | -1 307 | -1 260 | -2 648 | -2 832 | -18 554 |
| Tax on profit for the period | 0 | 0 | 0 | 0 | 0 |
| PROFIT/LOSS FOR THE PERIOD | -1 307 | -1 260 | -2 648 | -2 832 | -18 554 |

Condensed balance sheet

PARENT COMPANY

| TSEK | 2024 | 2023 | 2023 |
|--|---------------|---------------|---------------|
| | 30-Jun | 30-Jun | 31-Dec |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 67 | 117 | 92 |
| Non-current financial assets | 32 000 | 35 112 | 32 000 |
| Current assets | | | |
| Current receivables | 8 302 | 8 274 | 2 207 |
| Cash and bank balances | 1 120 | 11 571 | 5 311 |
| Total assets | 41 489 | 55 074 | 39 610 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Restricted equity | | | |
| Share capital | 55 117 | 50 117 | 50 117 |
| Unrestricted equity | | | |
| Share premium reserve | 130 425 | 130 628 | 130 628 |
| Retained earnings including profit/loss for the period | -145 775 | -127 491 | -143 213 |
| Total shareholders' equity | 39 767 | 53 254 | 37 532 |
| Current liabilities | | | |
| Accounts payable | 432 | 142 | 580 |
| Other current liabilities | 1 290 | 1 678 | 1 498 |
| Total liabilities | 1 722 | 1 820 | 2 078 |
| Total equity and liabilities | 41 489 | 55 074 | 39 610 |

Accounting principles, risks, and other information.

NOTE 1. COMPANY INFORMATION

The group's operations include the development and marketing of products that contribute to a more qualitative and secure healthcare at home, both in the Swedish and international markets. The group develops and sells the product Dosell, with the aim of promoting reliable and safe medication management, and engages in the development and sales of the medical device, the connected pillbox Pilloxa, to improve medication adherence.

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

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

NOTE 2. PRINCIPLES FOR PREPARING THE INTERIM REPORT

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

Changes to significant accounting policies

Several new standards and changes to standards will come into effect for financial years beginning on 1 January 2024. None of these are expected to have an impact on the Group's financial reports.

NOTE 3. TRANSACTIONS WITH RELATED PARTIES

The company's board has invoiced consulting services from related companies amounting to 0 TSEK (0) for the quarter. In addition to this, the group has not conducted any transactions with related parties during the reporting period other than customary salaries and compensations to the corporate management.

NOTE 4. FINANCIAL RISKS

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



NOTE 5. SIGNIFICANT RISKS AND UNCERTAINTIES

The group's operations consist of selling the patented medication robot Dosell along with associated subscription fees. Dosell has recently been launched on the market. Therefore, it is not yet possible to draw far-reaching conclusions about the market's acceptance of the product or observe any trends in sales and profitability. Furthermore, the company relies on intellectual property rights that are difficult to protect through registration. The developed technical platform for Pilloxa follows the same risk pattern as Dosell, given that the company is relatively young.

The company's ability to cover future liquidity needs largely depends on its sales results and profitability. With current liquid assets, cost savings, and revenues from future contracts, the company's liquidity for the next 12 months is secured. Therefore, the board assesses that, at the time of this report, there is no uncertainty regarding the company's ongoing operations. However, it should be noted that there are no guarantees that the company can secure additional necessary liquidity if needed.

NOTE 6. SEGMENTS

The Group operates in two segments: Dosell and Pilloxa.

NOTE 7. IZAFE SHARES

iZafe has issued two classes of shares, A-shares and B-shares. The B-share is traded on the Nasdaq First North Growth Market.

Each A-share carries ten votes per share, while each B-share carries one vote per share. As of June 30, 2024, the share capital amounted to 55,117,234 SEK, divided into 600,000 A-shares and 274,986,171 B-shares, with a nominal value of 0.2 SEK per share.

NOTE 8. OPTIONS

The group has three outstanding stock option programs.

TO11 - Incentive program for certain employees

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

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

TO12 - Incentive Program for Board Members

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

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

LTIP 2023 - Incentive Program for CEO, Executives, and Other Employees

LTIP 2023 comprises three series of options for the Company's CEO, executives, and other employees. Participants are offered to acquire an equal number of options of each series. LTIP 2023 comprises a total of approximately 7,900,000 options, which together entitle the holder to subscribe for a maximum of approximately 13,180,000 B-shares.

Each series of options entitles the holder to subscribe for B-shares in the Company at the par value of the B-share of 0.20 SEK per B-share, subject to a certain share price for the Company's B-share on Nasdaq First North Growth Market (or another trading venue in the event of a listing change) has been achieved as the average closing price for the ten trading days preceding the first day of exercise of the options. Upon full exercise, the share capital will increase by approximately 2,636,000 SEK. The options are subject to customary adjustment conditions in connection with share issues, etc. The number of B-shares that each series entitles to subscribe for, the subscription period, and the Share Price Target for each series are specified below.

| Series | Total number of options per series | B shares per option upon exercise | Share price target | Exercise price per B share at the achievement of the Share Price Target | Exercise period |
|--------|------------------------------------|-----------------------------------|--------------------|---|--------------------|
| A | 2,635,959 | 2 | 250% | Par value (0.20 kr) | 1-31 December 2025 |
| B | 2,635,959 | 2 | 375% | Par value (0.20 kr) | 1-31 December 2025 |
| C | 2,635,959 | 1 | 500% | Par value (0.20 kr) | 1-31 December 2025 |

In addition to the aforementioned option program, there are currently no other outstanding warrants, convertibles, or similar financial instruments that may entitle the subscription of new shares or otherwise affect the share capital of the company.

The maximum dilution effect of the option programs amounts to approximately 6% of the total number of shares and votes in the company.

AUDIT REVIEW

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

CERTIFIED ADVISER

Mangold Fondkommission.

UPCOMING FINANCIAL REPORTS

2024-11-01 Q3 2024 Interim Report
2025-02-14 2024 Year-End Report

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

DECLARATION

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

Stockholm, August 30, 2024.

iZafe Group AB (publ.)

| | |
|-------------------|----------------------------|
| Anders Segerström | CEO |
| Richard Wolff | Chairman of the Board |
| Göran Hermansson | Vice Chairman of the Board |
| Magnus Engman | Board Member |
| Jenny Styren | Board Member |

CONTACT



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