

Q4 year-end report

Fourth quarter 2020

Condensed statement of financial performance

- Net sales for the quarter totaled SEK 84 thousand (4,471). 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 -9,128 thousand (-7,173).
 - Income after financial items for the quarter was SEK -9,127 thousand (-7,514).
 - Cash flow for the period was SEK -6,270 thousand (7,462).
 - Earnings per share for the quarter, basic and diluted, were SEK -0.3 (-0.3).
 - Equity per share at the end of the period was SEK 0.9 (1.3).
 - The equity ratio at the end of the period was 84.0 percent (51.4).
- The results will help identify areas where welfare technology can contribute to more efficient and safer operations at TioHundra in Norrtälje Municipality, Sweden.
 - iZafe Group published a patent application that the company submitted relating to the further development of the Dosell medication-dispensing robot. The application is international and will enable iZafe Group to have patents approved in over 150 countries.
 - Two pilot projects were initiated in two Finnish municipalities together with partner Vivago. In addition to these initial pilot projects, Dosell will be included in a number of tenders in Finland in 2021.
 - Cooperation has begun with Doro in Sweden as a direct result of successful collaboration with Doro in Norway.
 - A partner agreement has been signed with US-based international healthcare company Hippo Technologies to develop an end-to-end medication-dispensing service based around the Dosell medication-dispensing robot.
 - iZafe Group announced that the company will start delivering a consumer version of Dosell in spring 2021. This strengthens 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.

Significant events during the year

- iZafe Group sold the Security business area, thereby becoming a pure, financially strong life sciences company focused on the Healthcare business area and the medication-dispensing robot Dosell.
- As a result of successful pilot projects during the year, iZafe Group's partners have placed initial orders for 450 medication-dispensing robots for 2021.
- iZafe Group's Italian partner has begun active marketing and negotiations with 2,000 pharmacies in Italy. Equipment that packages medication in sachets has been installed at a number of pharmacies.
- A pilot project was initiated with the care service provider Attendo. The goal of the project is to obtain data to make a decision on the potential implementation of the Dosell medication-dispensing robot for use in Attendo's home services business.
- A pilot project was initiated with care service provider TioHundra AB involving 30 medication-dispensing robots.

Significant events after year-end

- 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.
- The pilot project with care provider Attendo has been completed with good results. A phase of developing Dosell is now underway in close dialogue with Attendo to reach even more users.

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.)

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Business overview

Sale of iZafe Security

Until the third quarter 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 has to date generated the majority of the Group's revenue. In order to create a pure, financially 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. The sale price was SEK 40 million on a debt-free basis.

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. During the year, iZafe Group's market position was 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'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's competitive edge in the market for medication-dispensing robots and associated digital welfare solutions.

Dosell Consumer

iZafe Group will launch a consumer version of Dosell in spring 2021. The launch will create an entirely new private-sector market consisting of the approximately 200,000 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.

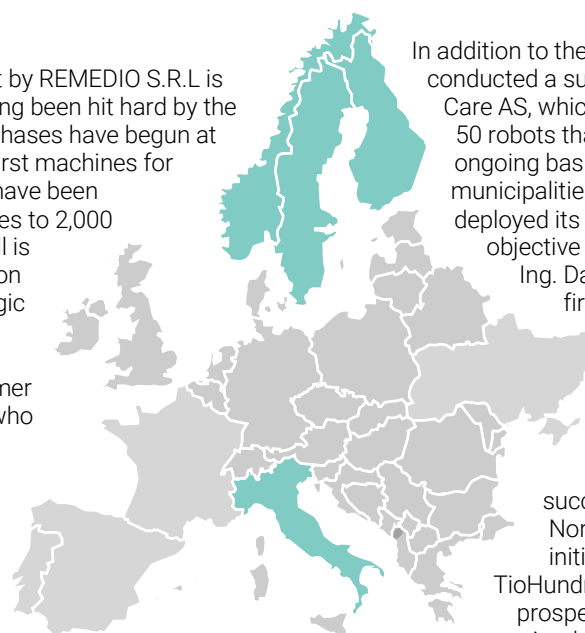


Market overview

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 remains 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 in Sweden as a result of the successful collaboration with Doro in Norway. Pilot projects have also been initiated with care service providers TioHundra and Attendo. To increase the prospects for broad-based implementation in Sweden, we are

carefully monitoring the projects and continually training and supporting our partners to ensure the successful deployment 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.

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

During the year we successfully integrated Dosell into our partners' technological welfare platforms. Together with our partner Hepro we won the largest 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.

Finland

We successfully completed verification of the Finnish medication sachets that form the basis of our collaboration with our Finnish partner Vivago. During the autumn, major training initiatives were carried out prior to the three pilot projects in Finland that are being launched in early 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.

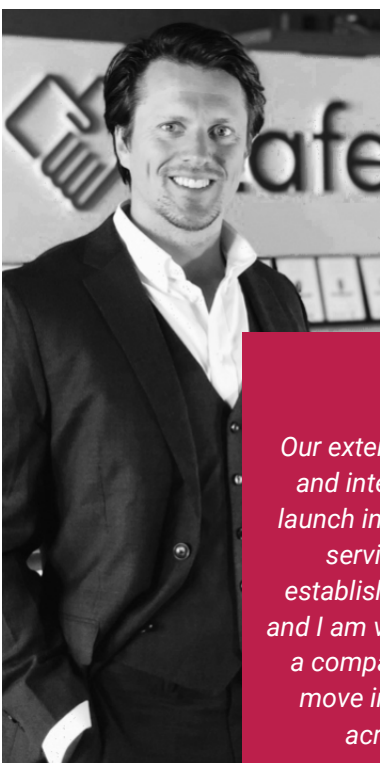
Other markets

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 for 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.

Comments by the CEO

The year 2020 was an eventful and exciting year for iZafe Group that was marked by four main issues;

- 1) creating the structure and foundations for future financing of the business by raising capital at the start of the year and selling the iZafe Security business area;
- 2) investment in expanding our partner network and collaborating on pilot projects;
- 3) continuing to develop and adapt Dosell technically and making adjustments for new markets such as Italy and Finland; and
- 4) managing the effect of the coronavirus pandemic on our market and business.



Despite the significant negative impact, it is encouraging to see that the pandemic has boosted interest in greater patient safety and, for us, the Dosell medication-dispensing robot. Decision-makers and opinion leaders have realized the importance of digitalization in healthcare to provide safer elderly care.



Our extensive partner network in Sweden and internationally, combined with our launch in the spring of a simplified Dosell service for the consumer market, establishes firm foundations for growth, and I am very confident that iZafe Group as a company and Dosell as a product will move into a commercialization phase across a number of markets."

iZafe Security was successfully sold in the middle of the year to free up resources to accelerate the commercialization and internationalization of the Dosell medication-dispensing robot. The sale resulted in iZafe Group becoming a debt-free company with an effective capital structure, paving the way for faster growth both organically and through acquisitions. Following the sale we started working on becoming a leading pure life sciences company within healthcare digitalization in Sweden and worldwide. In January 2021, we raised approximately SEK 4 million from a subscription program in conjunction with the rights issue that we carried out at the end of 2019.

Covid-19

The ongoing global pandemic has had a major impact on public health and the global economy, and there is still uncertainty over when to move from pilot projects to full-scale introduction. Local restrictions on certain markets have affected our ability to interact with customers and a number of pilot projects have experienced delays. iZafe Group adapted quickly to the changes in the market by putting in place digital management lines and methods, including for training of new and existing partners. I'm pleased with how effectively we have maintained contact with our customers and partners, and that together we have

successfully conducted extensive testing and pilot activities. We are seeing increasing demand for digital solutions to ensure the health and safety of the elderly. We are continuing ongoing efforts in product development and improvements to provide even better solutions, while remaining focused on constantly adding new benefits for existing customers and partners.

Dosell launching as a consumer product

As we announced at the end of the year, spring 2021 will see us launch a pure consumer version of Dosell. The very limited test launch carried out over five working days in December showed very significant interest, particularly through the considerable response we saw in the communication channels we used. We are extremely confident about the launch of Dosell Consumer and are developing a new, simplified Dosell service tailored to the private-sector market. The main investments have now been made and development costs will consequently decrease over the current and future financial years. The launch of Dosell Consumer will initially take place through our own e-commerce solution combined with selected partners, primarily pharmacies. At a later stage we will also offer consumer versions in Norway and Finland through our partners.

Partners

Norway

Together with our partner Hepro in Norway we won the largest ever national tender for digital assistive technology. Meanwhile, the deployment of Dosell at around 50 care service providers has started in the first of 30 municipalities in which our partner Doro has already implemented its welfare platform.

Finland

We have initiated three pilot projects in Finland with our partner Vivago, in addition to which Vivago is to include Dosell in a number of tenders during the year. Some 60,000 people in Finland already receive their medication in the form of medication sachets and these are a key target group for Dosell. The number of people in Finland who take medication using sachets is expected to grow sharply over the coming years.

United States

It is especially heartening to have signed an agreement with our first really big international partner, US-based digital health company MyHippo. Together with MyHippo we will develop a service based on the Dosell medication-dispensing robot for customers around the world who use Hippo's products and platform. We plan to expand the partnership to also include an OEM version of Dosell.

Italy

We are excited about the launch as part of SEMPLI Farma, a pharmacy-based service that connects attending

physicians with users and their relatives through a closed medication-dispensing system. The Italian medication sachets have been validated with Dosell and intensive advanced business discussions are underway with wholesalers and pharmacy chains in northern Italy, representing around 2,000 pharmacies. We can expect to see Dosell in Italian homes in 2021.

Organization

Our employees have adapted quickly to the new reality of working from home and have focused firmly on our objectives, despite the challenges faced. We have invested in bringing in new skills, and welcomed two new colleagues in the autumn who have extensive experience from care service providers TioHundra and Attendo. They have already helped us improve processes to put in place the right conditions to ensure we can provide the support our partners expect.

Summary

We are concluding a phase in which we have gone from product development, identifying sales channels and streamlining the company, to starting 2021 with a strong emphasis on sales through our growing network of partners and other channels.

A number of partners have confirmed their confidence in Dosell by making pre-orders corresponding to 450

Dosells with integrated battery, which will be produced on an ongoing basis from the end of Q1. As we begin 2021, we have new, trained partners not only in Sweden and Norway, but also in the US, Finland and Italy. Our partnership strategy will prove its worth in 2021, and we will continue to invest in our business model of selling through partners. iZafe Group's Dosell Consumer and future patents could revolutionize health care at home, especially for users who want to live safe, independent lives at home for longer.

Our extensive partner network in Sweden and internationally, combined with our launch in the spring of a simplified Dosell service for the consumer market, establishes firm foundations for growth and I am very confident that iZafe Group as a company and Dosell as a product will move into a commercialization phase across a number of markets.



Stockholm February 2021

Anders Segerström
CEO of iZafe Group

Key figures

GROUP

	2020	2019	2020	2019
SEK 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	84	4,471	8,904	14,328
Operating profit/loss (EBIT)	-9,128	-7,173	-12,112	-22,565
Profit/loss after financial items (EBT)	-9,127	-7,514	-12,842	-23,204
Basic/diluted earnings per share, SEK	-0.3	-0.3	-0.4	-1.2
Equity per share, SEK	0.9	1.3	0.9	1.3
Equity ratio %	84.0%	51.4%	84.0%	51.4%
Share price at balance sheet date, SEK	3.0	2.3	3.0	2.3
Number of shares at end of period	32,862,081	28,928,187	32,862,081	28,928,187
Average number of shares outstanding	32,784,783	28,875,779	32,292,847	19,862,106
Average number of employees	10	13	13	13
Number of employees at end of period	9	14	9	14

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 2020

Net sales for the quarter totaled SEK 84 thousand (4,471). The significant change between the quarters is attributable to the sale of the subsidiary iZafe AB in July. 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.

Goods for resale for the quarter totaled SEK 753 thousand (0) and are attributable in their entirety to expenses relating to Dosell robots sold. Other external costs for the quarter totaled SEK 4,475 thousand (5,799). 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. Personnel costs for the quarter totaled SEK 3,031 thousand (3,541). The reduction is directly related to the sale of iZafe AB. The average number of employees for the quarter was 10, compared with 13 employees for the corresponding period the previous year.

Amortization of intangible assets for the quarter totaled SEK 987 thousand (1,404) and is mainly attributable to capitalized development expenditure relating to Dosell. Depreciation of property, plant and equipment for the quarter totaled SEK 66 thousand (361) and is attributable to the depreciation and amortization of equipment and right-of-use assets. The comparative year also includes depreciation of personal alarms attributable to the divested company iZafe AB.

Net financial items for the quarter totaled SEK 1 thousand (-341) and are mainly attributable to interest on external borrowing from credit institutions, other current financial borrowings, bank overdraft facilities and interest on lease liabilities. All loans to credit institutions were settled in conjunction with the sale of iZafe AB.

Income before taxes for the quarter totaled SEK -9,127 thousand (-7,514). Earnings per share were SEK -0.3 SEK (-0.3).

SALES AND EARNINGS, JANUARY–DECEMBER 2020

Net sales for the period totaled SEK 8,904 thousand (14,328). Revenue was primarily attributable to sales of personal alarms and security products, but also to sales attributable to the Dosell digital medication-dispensing robot. Net sales have decreased as a natural consequence of the sale of the shares in iZafe AB during the period, and the third and fourth quarters consequently only include Dosell revenue.

Other operating income for the period was SEK 14,598 thousand (0). SEK 14,000 thousand relates to a capital gain from the divestment of shares in iZafe AB and SEK 598 thousand relates to government furlough support received.

Goods for resale for the period totaled SEK 1,259 thousand (0) and are attributable in their entirety to expenses relating to Dosell robots sold. Other external costs for the period totaled SEK 17,733 thousand (17,723). The increase between the years is mainly attributable to the commercialization and development of the Dosell medication-dispensing robot.

Personnel costs for the period totaled SEK 11,233 thousand (12,874). The reduction is directly related to the sale of iZafe AB at the beginning of the third quarter. The average number of employees for the quarter was 13, compared with 13 employees for the corresponding period the previous year. Some personnel were furloughed for part of the first six months of the year. The government furlough grant has been recognized as other operating income totaling SEK 598 thousand. iZafe has also benefited from the reduced employer contributions that the government approved for the period April–June, which means lower social security costs, contributing to lower personnel costs.

Amortization of intangible assets for the period totaled SEK 4,359 thousand (4,359) and is mainly attributable to capitalized development expenditure relating to Dosell. Depreciation of property, plant and equipment for the period totaled SEK 1,006 thousand (1,398) and is attributable to depreciation and amortization of personal alarms, equipment and right-of-use assets.

Net financial items for the period totaled SEK -730 thousand (-639) and are mainly attributable to interest on external borrowing from credit institutions, other current financial borrowings, bank overdraft facilities and interest on lease liabilities. During the period, the company raised short-term credits which were repaid at the end of the period.

Income before taxes for the period totaled SEK -12,842 thousand (-23,204), of which SEK 14,000 thousand of income for the year relates to the capital gain arising from the sale of shares in iZafe AB. Tax on earnings for the period totaled SEK 88 thousand (88) and was attributable to the change in deferred tax. Earnings per share were SEK -0.4 SEK (-1.2)

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the fourth quarter amounted to SEK -6,371 thousand (-1,188) 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 1,703 thousand (3,395). Cash flow from operating activities for the period January–December amounted to SEK -24,567 thousand (-15,319) 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 -3,090 thousand (1,562).

Cash flow from investing activities for the fourth quarter totaled SEK 312 thousand (-537). The increase in the quarter was mainly due to the repayment of a deposit upon expiry of the company's rental agreement. A new rental agreement has been signed from April 1, 2021. Cash flow from investing activities for the period January–December totaled SEK 19,044 thousand (-5,570) and follows the same pattern as the change in the quarter. The period was 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 -211 thousand (9,187). Financing activities were affected positively by the net amount of the exercise of share warrants under the TO6 program and issue costs, as well as the amortization of lease liabilities. For the corresponding period of the previous year, the change was mainly attributable to a rights issue, as well as the change in overdraft facilities and the repayment of loans to credit institutions and lease liabilities.

Cash flow from financing activities for the period January–December totaled SEK 604 thousand (27,149). Over the period all loans to credit institutions and related interest were settled. In addition, SEK 5,938 thousand was received from share warrants and the final payment of a new share issue that was conducted at the end of 2019. For the corresponding period of the previous year, the change is mainly attributable to proceeds raised from a private placement, borrowings from Board members/the CEO, a change in overdraft facilities and repayment of loans and lease liabilities.

Cash and cash equivalents at the end of the period was SEK 2,548 thousand (7,467). In January 2021, approximately SEK 4 million was received relating to the TO8 share warrant program.

Total assets at the end of the quarter were SEK 35,080 thousand (71,752). 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 is non-current intangible assets, largely attributable to development costs related to Dosell totaling SEK 24,035 thousand (35,779).

INVESTMENTS AND DEVELOPMENT EXPENDITURE

Investments for the quarter totaled SEK 0 thousand (537) and relate to the acquisition of equipment. 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, such as through a new share issue. 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 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 were SEK -9,953 thousand and were mainly attributable to 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.

Registered share capital as of the balance sheet date totaled SEK 32,862,081. The number of shares in the Parent Company was 32,862,081 and the quotient value per share was SEK 1. As of the balance sheet date, there was an unregistered new share issue, which will increase the number of shares and the share capital to 34,075,510.

Condensed income statement

GROUP

	2020	2019	2020	2019
SEK 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating income				
Net sales	84	4,471	8,904	14,328
Other operating income	101	0	14,598	0
Total revenue	185	4,471	23,502	14,328
Operating costs				
Goods for resale	-753	0	-1,259	0
Other external expenses	-4,475	-5,799	-17,733	-17,723
Personnel costs	-3,031	-3,541	-11,233	-12,874
Depreciation and amortization of property, plant and equipment, and intangible assets	-1,053	-1,765	-5,365	-5,757
Other operating expenses	-1	-539	-24	-539
Other costs	-9,313	-11,644	-35,614	-36,893
Operating profit/loss	-9,128	-7,173	-12,112	-22,565
Net financial items	1	-341	-730	-639
Profit/loss after financial items	-9,127	-7,514	-12,842	-23,204
Tax on profit for the period	0	88	88	88
PROFIT/LOSS FOR THE PERIOD	-9,127	-7,426	-12,754	-23,116
Basic earnings per share (SEK)	-0.3	-0.3	-0.4	-1.2

Profit/loss for the period corresponds to total comprehensive income

Condensed statement of financial position

GROUP

	2020	2019
SEK 000s	Dec 31	Dec 31
ASSETS		
Non-current assets		
Goodwill	0	13,387
Other intangible assets	24,035	35,779
Property, plant and equipment	0	2,143
Right-of-use assets	0	719
Financial assets	0	225
Current assets		
Inventories	2,303	503
Accounts receivable	21	3,091
Current receivables	6,173	8,438
Cash and cash equivalents	2,548	7,467
Total assets	35,080	71,752
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	32,862	28,928
Unregistered share capital	1,216	3,186
Other capital contributions	59,151	55,796
Retained earnings including profit/loss for the period	-63,771	-51,017
Total shareholders' equity	29,458	36,893
Provisions		
Deferred tax liabilities	0	1,668
Total provisions	0	1,668
Non-current liabilities		
Interest-bearing liabilities	0	4,150
Current liabilities		
Interest-bearing liabilities	750	6,050
Lease liabilities	0	737
Accounts payable	2,237	6,877
Other current liabilities	2,635	15,377
Total liabilities	5,622	33,191
Total equity and liabilities	35,080	71,752

Condensed statement of changes in equity

GROUP

	2020	2019	2020	2019
SEK 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Equity, opening balance	34,707	28,103	36,893	10,117
Comprehensive income				
Profit/loss for the period	-9,127	-7,426	-12,754	-23,116
Transactions with owners				
Ongoing new share issue	0	501	0	7,009
New share issue	0	19,649	0	38,736
Issue supported by convertible instruments	0	0	0	8,100
Issue supported by subscription rights	4,220	126	5,661	263
Share issue expenses	-342	-4,120	-342	-4,276
Share warrants, premiums paid	0	60	0	60
Equity, closing balance	29,458	36,893	29,458	36,893

Condensed statement of cash flows

GROUP

	2020	2019	2020	2019
SEK 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit/loss	-9,128	-7,173	-12,112	-22,565
Adjustments for non-cash items	1,053	2,331	-8,635	6,323
Interest received, etc.	0	1	1	3
Interest paid, etc.	1	-342	-731	-642
Tax paid	0	0	0	0
Cash flow from operating activities before changes in working capital	-8,074	-5,183	-21,477	-16,881
Cash flow from changes in working capital	1,703	3,995	-3,090	1,562
Cash flow from operating activities	-6,371	-1,188	-24,567	-15,319
Cash flow from investing activities	312	-537	19,044	-5,570
Cash flow from financing activities	-211	9,187	604	27,149
Cash flow for the period	-6,270	7,462	-4,919	6,260
Cash and cash equivalents at start of period	8,818	5	7,467	1,207
Cash and cash equivalents at close of period	2,548	7,467	2,548	7,467

Net sales and earnings by operating segment

	2020	2019	2020	2019
SEK 000s	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
External sales Health	84	305	1,414	1,080
External sales Security	0	4,166	7,395	13,248
Other external	0	0	95	0
Internal sales Health	0	0	0	0
Internal sales Security	0	0	109	917
Internal sales Other	609	364	1,876	364
Eliminations	-609	-364	-1,985	-1,281
Net sales	84	4,471	8,904	14,328
Other operating income	101	0	14,598	0
Direct expenses Health	-537	-102	-1,259	-385
Direct expenses Security	0	-1,402	-2,539	-4,717
Contribution margin Health	-453	203	155	695
Contribution margin Security	0	2,764	4,856	8,531
Other external expenses	-4,692	-4,834	-15,218	-13,160
Personnel costs	-3,031	-3,541	-11,233	-12,874
Depreciation/amortization	-1,053	-1,765	-5,365	-5,757
Operating profit/loss	-9,128	-7,173	-12,112	-22,565
Net financial items	1	-341	-730	-639
Profit before tax	-9,127	-7,514	-12,842	-23,204

Condensed income statement

PARENT COMPANY

SEK 000s	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating income				
Net sales	609	364	1,971	364
Other operating income	0	0	0	0
Total revenue	609	364	1,971	364
Operating costs				
Other external expenses	-1,655	-3,064	-4,736	-7,663
Personnel costs	-2,595	-817	-5,314	-2,838
Depreciation and amortization of property, plant and equipment, and intangible assets	0	-952	0	-3,781
Other costs	-4,250	-4,833	-10,050	-14,282
Operating profit/loss	-3,641	-4,469	-8,079	-13,918
Net financial items	-14,110	-206	-9,953	-276
Profit/loss after financial items	-17,751	-4,675	-18,032	-14,194
Tax on profit for the period	0	0	0	0
PROFIT/LOSS FOR THE PERIOD	-17,751	-4,675	-18,032	-14,194

Condensed balance sheet

PARENT COMPANY

	2020	2019
SEK 000s	Dec 31	Dec 31
ASSETS		
Non-current assets		
Non-current financial assets	30,000	58,000
Current assets		
Current receivables	4,662	8,583
Cash and bank balances	2,331	4,202
Total assets	36,993	70,785
SHAREHOLDERS' EQUITY AND LIABILITIES		
Restricted equity		
Share capital	32,862	28,928
Unregistered share capital	1,216	3,186
Unrestricted equity		
Share premium reserve	59,091	55,736
Retained earnings including profit/loss for the period	-60,376	-42,042
Total shareholders' equity	32,793	45,808
Current liabilities		
Accounts payable	749	4,934
Other current liabilities	3,451	20,043
Total liabilities	4,200	24,977
Total equity and liabilities	36,993	70,785

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, 2020. 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 750 thousand. The loans carry an interest rate of 5 percent and are to be repaid on request or may be set off against shares in iZafe. The Board of Directors of the company has also invoiced for consulting services from its own companies totaling SEK 0 thousand for the quarter and SEK 767 thousand for the period January–December. 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 December 31, 2020, share capital stood at SEK 32,862,081, distributed over 600,000 Class A shares and 32,262,081 Class B shares, with a quotient value of SEK 1 per share.

NOTE 7. SHARE WARRANTS

As of December 31, 2020, 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 shall take place during the period from April 12, 2021 through April 16, 2021. At the end of the quarter, 1,000,000 warrants had been allocated.

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 entitle 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 are subject to customary conversion terms in connection with issues, etc. T07 warrants may be exercised through April 10, 2021. The maximum dilutive effect of the warrant program is about 3 percent of the total number of shares and votes in the company.

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 2.20. 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

	Group	
	2020	2019
SEK 000s	Dec 31	Dec 31
Pledged assets	None	6,600
Contingent liabilities	None	None

	Parent company	
	2020	2019
	31-dec	31-dec
Pledged assets	None	None
Contingent liabilities	None	6,450

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
April 29, 2021	Q1 2021 report
August 30, 2021	Q2 2021 report
October 28, 2021	Q3 2021 report

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

ANNUAL GENERAL MEETING

The company's AGM will be held on June 14, 2021. Notice with further information will be sent no later than four weeks before the date of the AGM.

DIVIDEND

No shareholder dividend is proposed. A shareholder dividend will only be proposed once the company achieves stable profitability.

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, February 19, 2021

iZafe Group AB (publ)

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

CONTACT

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