

# Q1 Interim report

First quarter 2022

## Summary of financial performance

- Net sales for the quarter amounted to SEK 376 (172) thousand. Sales for the quarter consist of revenues attributable to the sale of the digital medication robot Dosell.
- Operating profit for the quarter amounted to SEK -6,984 (-7,219) thousand.
- Profit after financial items for the quarter amounted to -7,032 (-8,891) TSEK.
- Cash flow for the period amounted to SEK -6,987 (10,789) thousand. The positive cash flow for the comparison period is primarily a result of a short-term loan that was taken up.
- Earnings per share for the quarter before / after dilution amounted to SEK -0.1 (-0.3).
- Equity per share at the end of the period amounted to SEK 0.5 (0.6).
- The equity/assets ratio at the end of the period was 80.8 (52.2) percent.

## Important events in the quarter

- The company produces and delivers 450 Dosell units to partners.
- Dosell Consumer is marketed in campaigns in Sweden's largest TV channels.
- The company's Italian partner Sempli Farma starts the commercial phase.
- 14 new municipalities start the implementation of Dosell with the ambition to increase the number after evaluation and planning.

## 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 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 public healthcare systems, improves quality of life for patients and creates a safer environment for relatives.

iZafe's consumers comprise both consumers and public and private healthcare 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 head office is located in Stockholm, Sweden.

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



iZafe Group AB (publ.)

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# Business overview

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

## About Dosell

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

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

## Dosell 2.0

Dosell is a medical device that requires high safety and functionality. All of our partners have wanted to carry out their own internal controls of hardware and software and ensure all integrations and alarm handling. Following the implementation of the first version of Dosell some technical challenges arose. The problems caused by the challenges have meant that the requirements for testing and quality assurance have become very high in order for the product to be approved. Dosell has now received this quality stamp and now Dosell is fully approved for the Scandinavian market. The interest and conviction about Dosell as a key function in a digital healthcare system remains large and growing. Dosell is a result of our close collaborations with partners and of our pilot projects. The product contains a number of improvements that make it even better and significantly more competitive, including a new built-in and rechargeable battery with a battery life of over 48 hours and an improved app.

## Dosell Consumer

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

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

# Market overview

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

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

## Italy

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

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

## Norway B2B

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

## Sweden B2B

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

## Sweden B2C

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

## Finland

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

## International

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

# COMMENTS FROM THE CEO



Our vision is to make it easier for people to take the right medicine at the right time, and therefore our business model is based on integrating our products and services with so-called welfare platforms. The purpose of integrating into welfare platforms is that our data should be combined with data from other sensors to demonstrate the health effects of the right use of medicine. We also want to simplify the introduction and use of digital aids to minimize the number of systems to work with.

I've been talking about entering the exciting part where the company has become ripe for a commercial phase with a substantial sale for a long time. During the first

in the quarter of 2022, this has finally happened, and it is with pleasure that we are well on our way to achieve more extensive sales in all our markets and in both B2B and B2C channels.

## **B2B – from ensuring routines to broader sales in the Nordic region**

From the time we finished Dosell 2.0 and our partners in the Nordic markets had time to undergo extensive testing to finally give their approval in the fourth quarter of last year, it is gratifying that the commercial phase has now begun. Together with our partners in Sweden and Norway in particular, we've now started to introduce our medication-dispensing robot in the municipalities that want to digitize and modernize healthcare with the help of a digital welfare platform and our Dosell.

This also takes time, but it is gratifying that we have now started the implementation with such a large number of municipalities as 14. The process is designed so that the municipality brings in a smaller number of Dosells to begin with to ensure all new processes and routines. During the implementation, we go through a checklist together to ensure that after one to three months all parts from the checklist are put in place. Once this is done and approved, the municipality can then introduce Dosell on a broader front with a larger number.

## **B2C – good results from TV advertising in Sweden and commercialization in Italy**

To compensate for the lengthy processes for introducing Dosell in municipalities, we have launched our consumer version of Dosell in Sweden, which enables safe medical use for anyone who multi-medicates. It is clear that Dosell helps people of all ages and life situations, gives the relatives calmness and improves compliance. In order to spread the awareness of Dosell, we've invested heavily in TV advertising in Sweden to reach out widely to the target group. The TV campaign has been a success since it has increased the awareness for medicinal robots as a concept

and increased the brand awareness for Dosell, and we have also seen that our business-to-business sales have profited from the marketing campaign.

In our second consumer market, Italy, our partner has created a team that actively works with sales to 20,000 pharmacies in Italy where Dosell is the final component of the overall Sempli Farma concept. In this concept, the user receives their medications packed in sachets directly in their local pharmacy, while compliance with the medication can be checked and statistics obtained.

## **Increased understanding of medication errors and future possibilities**

In the beginning of April, our founder and Dosell's inventor Göran Sjönell visited TV4's morning program Malou Efter Tio, where Göran highlighted the problems of medication errors. In Europe, 200,000 people die annually as a result of poor compliance, which entails costs of €128 billion and, of course, great suffering for users and their relatives. It's becoming obvious that in order to ensure quality healthcare and keep the citizens healthy for as long as possible at home, we need a society that digital aids are put in place.

In the future, we will also look at further solutions of how we can ensure safe medical use in other ways than just patients who have their medicine packaged on sachets. We still believe that sachets are the safest way to get their medications delivered, but we need to broaden our range to be able to help everyone who multi-medicates. In Europe, there are about 179 million people that takes minimum five prescription medications per year.

## **Reduced costs and increased sales**

During the quarter, we reduced our costs while increasing sales compared to the previous quarter. We increased the number of customers with active subscriptions with 37 percent and we cut costs despite investments in TV campaigns and social media campaigns. During the quarter, we've further developed our product and we plan to develop our product offering continuously to ensure that we are at the forefront of the digitalization of medication. It's in our strategy to first get proof of the concept in our home market and in the markets where we already have established partners, before expanding our business to further markets focusing on Europe. We see that the expansion is in relative proximity as we have started dialogues with interested partners in new markets. In the first quarter of 2022, iZafe has continued to take important steps to realize our vision. In our B2B channel, we continued to build on the Nordic markets and our B2C sales are now available in both Sweden and Italy. With this strong base, we look forward to an exciting continued 2022.

A handwritten signature in black ink, appearing to read 'AS', written over a light-colored background.

Stockholm in April 2022

Anders Segerstrom  
CEO, iZafe Group

# Key figures

## GROUP

TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-dec
Net sales	376	172	442
Operating profit/loss (EBIT)	-6 984	-7 219	-33 273
Profit/loss after financial items (EBT)	-7 032	-8 891	-36 275
Basic/diluted earnings per share, SEK	-0,1	-0,3	-0,8
Equity per share, SEK	0,5	0,6	0,5
Equity ratio, %	80.8%	52.2%	80.8%
Share price at balance sheet date, SEK	0,7	2,4	0,8
Number of shares at the end of the period	70 874 308	34 427 700	70 874 308
Average number of shares outstanding	70 874 308	33 924 589	46 249 414
Average number of employees	8	9	9
Number of employees at the end of the period	8	9	8

## Definitions

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

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

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

Equity ratio  
Equity as a percentage of total assets.

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

# Financial overview

## GROUP

### SALES AND EARNINGS, JANUARY-MARCH 2022

Net sales for the quarter amounted to SEK 376 thousand (172). Revenue for the quarter is attributable to the sale of the digital medication robot Dosell, which generates revenue through the sale of hardware and through a recurring subscription fee. Approximately 50% of the company's turnover relates to sales outside Sweden.

Merchandise for the quarter amounted to SEK 248 (219) thousand and is attributable in its entirety to the sale and delivery of Dosell. Other external costs for the quarter amounted to SEK 3,942 thousand (4,132). This includes ongoing costs for commercialization and ongoing modifications of Dosell.

Personnel costs for the quarter amounted to SEK 2,122 thousand (1,981). The average number of employees for the quarter was 8 people in relation to 9 people for the corresponding period last year.

Amortization of intangible assets for the quarter amounted to SEK 754 thousand (987) and is mainly attributable to balanced development expenses related to Dosell. Depreciation of tangible assets for the quarter amounted to SEK 298 thousand (95) and is attributable to amortization of usufruct rights and equipment.

Net financial items for the quarter amounted to SEK -48 thousand (-1,672) and are mainly attributable to interest on lease liabilities. The figures for the comparison year also include leasing costs for the admission of a credit facility of SEK 14,000 thousand.

Profit before tax for the quarter amounted to SEK -7,032 thousand (-8,891). Earnings per share amounted to SEK -0.1 (-0.3).

### FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the quarter amounted to SEK -6,041 thousand (-7,425) as a result of the adaptation of Dosell for foreign markets and commercialization of the product in combination with continued limited revenues. Cash flow from working capital amounted to -61 SEK thousand (384).

Cash flow from investment activities for the quarter amounted to SEK -678 thousand (0), which is attributable to intangible assets. The company is further developing Dosell and this work will enable Dosell to be compatible with more modern technology. Significant initiatives related to this development will be activated. Cash flow from financing activities for the quarter amounted to SEK 268 thousand (18,214) and relates to amortization of leasing debt. The comparison year is also positively affected by capital from the occupied credit facility of SEK 14,000 thousand, redemption of warrants and funds raised in a legal issue.

Cash equivalents at the end of the period amounted to SEK 11,739 thousand (13,337).

Total assets at the end of the quarter amounted to SEK 41,691 thousand (41,387). In addition, intangible assets are a significant item in the balance sheet, which are largely attributable to development costs for Dosell amounting SEK 20,009 thousand (23,047).

## **INVESTMENTS AND DEVELOPMENT EXPENDITURE**

Investments in the quarter amounted to SEK 678 thousand (0) and relate to balanced development costs related to the further development of Dosell.

## **GOING CONCERN**

The company's ability to meet future liquidity needs is highly dependent on sales success and profitability. There is no guarantee that the company will be able to acquire the necessary liquidity, if necessary, even if the general market situation for the supply of liquidity is in itself positive. The board works continuously to evaluate different financing options to ensure continued operation, then the company within the next 12 months has additional financing needs that have not yet been secured. The Board and the Management work continuously to create the best possible conditions for the redemption of the warrant program T010 B, which at full subscription would provide the company between SEK 35,435,674 and SEK 79,730,266 in the third quarter, depending on the subscription price. The absence of assurance at the time of the release of this report means that there is a uncertainty factor regarding the company's ability to continue operations.

## **PARENT COMPANY**

The parent company conducts group-wide functions, and the CEO and parts of the management team are employed in this company. The parent company has invoiced the subsidiaries for management fees, which are eliminated at group level.

# Condensed income statement

## GROUP

TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-Dec
<b>Operating income</b>			
Net sales	376	172	442
Other operating income	4	23	-66
<b>Total revenue</b>	<b>380</b>	<b>195</b>	<b>376</b>
<b>Operating expenses</b>			
Goods for resale	-248	-219	-1 580
Other external expenses	-3 942	-4 132	-19 173
Personnel costs	-2 122	-1 981	-8 049
Depreciation of tangible and intangible assets	-1 052	-1 082	-4 847
Other operating expenses	0	0	0
<b>Total costs</b>	<b>-7 364</b>	<b>-7 414</b>	<b>-33 649</b>
<b>Operating profit/loss</b>	<b>-6 984</b>	<b>-7 219</b>	<b>-33 273</b>
Net financial items	-48	-1 672	-3 002
<b>Profit/loss after financial items</b>	<b>-7 032</b>	<b>-8 891</b>	<b>-36 275</b>
Tax on profit for the period	0	0	88
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-7 032</b>	<b>-8 891</b>	<b>-36 275</b>
<b>Basic earnings per share (SEK)</b>	<b>-0.1</b>	<b>-0.3</b>	<b>-0.8</b>

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



# Condensed statement of financial position

## GROUP

SEK	2022 31-March	2021 31-March	2021 31-Dec
<b>ASSETS</b>			
Non-current assets			
Other intangible assets	20 009	23 047	20 085
Property, plant and equipment	180	0	193
Right-of-use assets	4 639	1 584	4 924
<b>Current assets</b>	0	0	0
Inventories	3 311	2 201	2 571
Accounts receivable	351	133	222
Current receivable	1 462	1 085	1 708
Cash and cash equivalents	11 739	13 337	18 726
<b>Total assets</b>	<b>41 691</b>	<b>41 387</b>	<b>48 429</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
Shareholders' equity			
Share capital	70 874	34 428	70 874
Ongoing new share issue	0	0	0
Other contributed capital	69 905	59 845	69 905
Retained earnings including profit/loss for the period	-107 078	-72 662	-100 046
<b>Total shareholders' equity</b>	<b>33 701</b>	<b>21 611</b>	<b>40 733</b>
<b>Non-current liabilities</b>			
Lease liabilities	3 615	1 331	3 894
<b>Current liabilities</b>			
Interest-bearing liabilities	0	14 000	0
Lease liability	1 101	254	1 090
Accounts payable	1 426	2 375	1 340
Other current liabilities	1 848	1 816	1 372
<b>Total liabilities</b>	<b>7 990</b>	<b>19 776</b>	<b>7 696</b>
<b>Total equity and liabilities</b>	<b>41 691</b>	<b>41 387</b>	<b>48 429</b>

# Condensed statement of changes in equity

## GROUP

TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-Dec
<b>Equity, Opening balance</b>	40 733	29 458	29 458
Comprehensive income			
Profit/loss for the period	-7 032	-8 891	-36 275
<b>Transactions with owners</b>			
Set-off issues	0	862	862
New share issue	0	0	53 154
Issue with subscription rights	0	0	2 625
Share issue expenses	0	0	-9 091
<b>Equity, closing balance</b>	<b>33 701</b>	<b>21 611</b>	<b>40 733</b>

# Condensed statement of cash flows

## GROUP

TSEK	2022	2021	2021
	Jan-March	Jan-March	Jan-Dec
Operating profit/loss	-6 984	-7 219	-33 273
Adjustments for non-cash items	1 052	1 082	4 847
Interest received, etc.	0	0	0
Interest paid, etc.	-48	-1 672	-3 002
Tax paid	0	0	0
Cash flow from operating activities before change in working capital	-5 980	-7 809	-31 428
Cash flow from changes in working capital	-61	384	-2 065
Cash flow from operating activities	-6 041	-7 425	-33 493
Cash flow from investment activities	-678	0	-214
Cash flow from financing activities	-268	18 214	49 885
Cash flow for the period	-6 987	10 789	16 178
Cash and cash equivalents at the beginning of the period	18 726	2 548	2 548
<b>Cash and cash equivalents at the end of the period</b>	<b>11 739</b>	<b>13 337</b>	<b>18 726</b>

# Condensed income statement

## PARENT COMPANY

TSEK	2022 Jan- March	2021 Jan- March	2021 Jan-Dec
<b>Operating income</b>			
Net sales	500	483	2 119
Other operating income	0	23	-67
<b>Total revenue</b>	<b>500</b>	<b>506</b>	<b>2 052</b>
<b>Operating expenses</b>			
Other external costs	-1 202	-1 561	-10 025
Personnel costs	-1 004	-966	-3 514
Depreciation and amortization of property, plant and equipment, and intangible assets	-13	0	-21
<b>Total costs</b>	<b>-2 219</b>	<b>-2 527</b>	<b>-13 560</b>
<b>Operating profit/loss</b>	<b>-1 719</b>	<b>-2 021</b>	<b>-11 508</b>
Net financial items	0	-1 665	-25 851
<b>Profit/loss after financial items</b>	<b>-1 719</b>	<b>-3 686</b>	<b>-37 359</b>
Tax on profit for the period	0	0	0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-1 719</b>	<b>-3 686</b>	<b>-37 359</b>

# Condensed balance sheet

## PARENT COMPANY

TSEK	2022 31-March	2021 31-March	2021 31-Dec
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	180	0	193
Non-current financial assets	23 000	30 000	23 000
Current assets			
Current receivables	8 253	3 546	3 658
Cash and bank balances	11 048	12 536	17 529
<b>Total assets</b>	<b>42 481</b>	<b>46 082</b>	<b>44 380</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	70 874	34 428	70 874
Ongoing new share capital			
Share premium reserve	69 845	59 785	69 845
Retained earnings including profit/loss for the period	-99 151	-63 759	-97 432
<b>Total shareholders' equity</b>	<b>41 568</b>	<b>30 454</b>	<b>43 287</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	0	14 000	0
Accounts payable	214	447	371
Other current liabilities	699	1 181	722
<b>Total liabilities</b>	<b>913</b>	<b>15 628</b>	<b>1 093</b>
<b>Total equity and liabilities</b>	<b>42 481</b>	<b>46 082</b>	<b>44 380</b>

# Accounting policies, risks and supplementary information

## NOTE 1. COMPANY INFORMATION

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

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

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

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

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

### Changes to significant accounting policies

A number of new standards and amendments to the standards will enter into force for financial years beginning on 1 January 2022. None of these are deemed to have any impact on the Group's financial reports.

## NOTE 3. RELATED-PARTY TRANSACTIONS

The company's board has invoiced consulting services from own companies amounting to SEK 0 thousand (325) for the quarter. In addition to this, the Group has not done any business with related parties during the reporting period in addition to the usual salaries and remuneration to the Board and company management.

## NOTE 4. FINANCIAL RISKS

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

## NOTE 5. MATERIAL RISKS AND UNCERTAINTIES

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

The company's ability to meet future liquidity needs is highly dependent on sales success and profitability. There is no guarantee that the company will be able to acquire the necessary liquidity, if necessary, even if the general market situation for the supply of liquidity is in itself positive. The board works continuously to evaluate different financing options to ensure continued operation, since the company within the next 12 months has additional financing needs that have not yet been secured. The Board and the Management work continuously to create the best possible conditions for the redemption of the warrant program TO10 B, which at full subscription would provide the company between SEK 35,435,674 and SEK 79,730,266 in the third quarter, depending on the subscription price. The absence of assurance at the time of the release of this report means that there is an uncertainty factor regarding the company's ability to continue operations.

## **NOTE 6. iZAFE SHARES**

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

## **NOT 7. SHARE WARRANTS**

As of March 31, the Group has one outstanding warrant program.

### **TO 10 B**

Each TO10 B Series warrant entitles the holder to subscribe for one (1) new Series B share in the Company against cash payment corresponding to 70 percent of the volume-weighted average price of the Company's share on the Nasdaq First North Premier Growth Market during the period September 12, 2022, to September 23, 2022, however, a minimum of SEK 1.00 and a maximum of SEK 2.25 per share. Subscription of deeds with the support of the warrants shall take place in accordance with the terms of the warrants during the period 27 September 2022 to 11 October 2022. The total number of warrents in TO 10 B is 35 435 674.

Upon full exercise, the share capital increases by SEK 35,435,647. The warrants are subject to customary conversion terms in connection with the issue, etc. The maximum dilution effect of the option program amounts to approximately 50 percent of the total number of shares and votes in the company.

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

## Review

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

## CERTIFIED ADVISER

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## UPCOMING FINANCIAL STATEMENTS

2022-08-26                      Quarterly report Q2 2022

2022-10-28                     Quarterly report Q3 2022

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

## DECLARATION

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

**Stockholm, 29 April 2022**

iZafe Group AB (publ. )

Anders Segerstrom	CEO
Joachim Källsholm	Chairperson
Göran Hermansson	Vice President of the Board
Dr. B-O. Ahrstrom	Board member
Richard Wolff	Board member

## CONTACT

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