

April 9, 2024
PRESS RELEASE

SOZAP DECIDES ON A RIGHTS ISSUE OF APPROXIMATELY SEK 11.4 MILLION, WHICH IS COVERED BY SUBSCRIPTION COMMITMENTS OF APPROXIMATELY SEK 5.1 MILLION

The Board of Directors of SOZAP AB (publ) ("SOZAP" or the "Company") has today, subject to the subsequent approval by the Annual General Meeting, decided to carry out a new issue of shares with preferential rights for the Company's existing shareholders of approximately SEK 11.4 million (the "Rights Issue"). Representatives from the Company's board and management have entered subscription commitments corresponding to approximately 35.5 percent of the Rights Issue, with CEO Rade Prokopovic undertaking to subscribe for shares corresponding to approximately SEK 2.7 million. Additionally, certain other shareholders have submitted subscription commitments corresponding to approximately 9.6 percent of the Rights Issue. In total, the Rights Issue is covered to 45.1 percent by subscription commitments. Through the Rights Issue, the Company aims to achieve the following two main objectives: a) complete and launch Fishing Tour, and b) achieve positive operating cash flow. Notice to the Annual General Meeting will be published through a separate press release.

The Rights Issue in brief

- The Rights Issue will, upon full subscription, provide SOZAP with gross proceeds of approximately SEK 11.4 million before issue costs, which are estimated to amount to a maximum of approximately SEK 0.8 million.
- The subscription price in the Rights Issue is SEK 0.75 per share.
- For each (1) existing share held on the record date 21 May 2024, one (1) subscription right is received. Three (3) subscription rights entitle the holder to subscribe for four (4) new shares.
- The last day of trading in the Company's share including the right to participate in the Rights Issue is 17 May 2024, and the first day of trading excluding the right to participate in the Rights Issue is 20 May 2024.
- The subscription period in the Rights Issue starts on 23 May 2024 and ends on 7 June 2024. Trading in subscription rights will take place between 23 May 2024 and 3 June 2024.

Background and motives

SOZAP was founded as a digital entertainment company with the vision of developing a diverse portfolio of mobile games, aiming to entertain one million daily active users. This strategy has been executed by a central leadership team, utilizing multiple development teams to market test and evaluate the Company's game concepts, and further develop those with the highest potential. Central to the Company's strategy is the free-to-play business model, meaning that revenues are generated through the sale of virtual goods (IAP) and advertising revenues (IAA). The Company's success depends on the games' ability to maintain user engagement over time and convert players into paying users. Achieving competitive user retention and conversion rates is therefore key to exponential growth.

The Company's first success came with ARMED HEIST, developed by the leadership team and marked SOZAP's breakthrough in the gaming industry and the expansive mobile shooter genre. Over the past year, the strategy has resulted in two new game titles, Questopia, which began its global launch during Q4 2023, and Fishing Tour, which soft-launched during the same period.

Fishing Tour showed during the soft launch levels of user engagement that exceeded the Company's internal target and previously developed games, which has led to a strategic adjustment of the organization to focus most of the resources on Fishing Tour. This underpins the Company's confidence in the game's potential to exceed industry benchmarks and achieve global scalability on a market where the biggest sports fishing games have been downloaded over 265 million times and the leading competitor game generated revenues corresponding to over SEK 700 million during 2023.

In line with the Company's strategic focus on Fishing Tour, a cost-saving program was initiated during Q4 2023, reducing fixed costs by at least SEK 8 million annually, taking full effect from the current quarter. Through upcoming updates to the game portfolio, utilizing systems and features from Fishing Tour, along with diligent cost control, the Company's primary objectives with the Rights Issue are a) complete and launch Fishing Tour, and b) achieve positive operating cash flow. The entire net proceeds from the Rights Issue will be allocated to working capital to achieve these objectives.

Roadmap

Q2 2024: The latest update for ARMED HEIST, incorporating the innovative system for the sale of virtual goods (IAP) developed for Fishing Tour. Given ARMED HEIST's continued strong organic presence on both the Appstore and Google Play, this update is expected to significantly improve the sale of virtual goods (IAP) and increase the average revenue per daily active user (ARPDau).

Q2 2024: Update Questopia with additional playable content and live-ops functionality. After this update, the Company will optimize user acquisition campaigns to maximize profits, contributing to the goal of achieving positive operating cash flow.

Q2 2024: Update Fishing Tour with a further developed user interface and launch already developed game content. This will expand the game's content from 6 locations to over 20 locations and increase the number of fish species from 72 to almost 200 species, ensuring a continuous stream of engaging gameplay activities, monthly updates and live-ops.

Q3 2024: Complete and launch key features in Fishing Tour: multiplayer mode, and live-ops event system. With these features in place, SOZAP will commence the global launch of Fishing Tour and begin investments in user acquisition. Following this, the organization will fully concentrate on live-ops of Fishing Tour.

Terms of the Rights Issue

The Board of Directors of SOZAP has today, on 9 April 2024, subject to the subsequent approval by the Annual General Meeting on 14 May 2024, decided to carry out a Rights Issue of a maximum of 15,148,160 shares with preferential rights for existing shareholders. The main terms of the Rights Issue are presented below:

- Anyone who is registered as a shareholder in SOZAP on the record date, 21 May 2024, will receive one (1) subscription right for every (1) existing share. Three (3) subscription rights entitle the holder to subscribe for four (4) new shares.
- The last day of trading in the Company's share including the right to participate in the Rights Issue is 17 May 2024, and the first day of trading in the Company's share excluding the right to participate in the Rights Issue is 20 May 2024.

- The subscription rights will be traded on Nasdaq First North Growth Market from 23 May 2024 to 3 June 2024.
- The subscription price has been set at SEK 0.75 per share. The subscription price represents a discount of approximately 56.4 percent to the closing price of the Company's share on Nasdaq First North Growth Market on 9 April 2024 (SEK 1.72), and a discount of approximately 35.7 percent to the corresponding theoretical ex-rights price (TERP) assuming full subscription in the Rights Issue.
- The subscription period commences on 23 May and ends on 7 June 2024.
- The Rights Issue comprises an issue of a maximum of 15,148,160 shares in the Company, implying gross proceeds of approximately SEK 11.4 million upon full subscription. Issue costs are estimated to amount to a maximum of approximately SEK 0.8 million.
- Upon full subscription in the Rights Issue, the Company's share capital will increase by SEK 1,514,816.00, from SEK 1,136,112.00 to SEK 2,650,928.00, and the number of shares by 15,148,160, from 11,361,120 shares to 26,509,280 shares. For existing shareholders who do not participate in the Rights Issue, the dilution will be 57.1 percent in the case of full subscription in the Rights Issue.

Subscription commitments

The Company's Chairman Claes Wenthzel, board members Daniel Somos, Annette Colin, along with CEO Rade Prokopovic, CFO Daniel Ekstrand, and other senior executives have provided subscription commitments of approximately SEK 4.0 million, corresponding to approximately 35.5 percent of the Rights Issue. Other shareholders have submitted subscription commitments totalling approximately SEK 1.1 million, corresponding to approximately 9.6 percent of the Rights Issue. In total, the Rights Issue is covered by subscription commitments of approximately SEK 5.1 million, corresponding to approximately 45.1 percent of the Rights Issue. Certain parties have made subscription commitments exceeding their pro rata share. These subscription commitments will be fulfilled through the subscription of shares without preferential rights and/or through the acquisition of subscription rights. The subscription commitments do not entitle to any compensation.

Indicative timetable for the Rights Issue

14 May 2024	Annual General Meeting
17 May 2024	Estimated date for publication of the memorandum
17 May 2024	Last day of trading including subscription rights
20 May 2024	First day of trading excluding subscription rights
21 May 2024	Record date for the Rights Issue
23 May – 3 June 2024	Trading in subscription rights on Nasdaq First North Growth Market
23 May – 7 June 2024	Subscription period
23 May 2024 until registration with the Swedish Companies Registration Office	Trading in paid subscribed shares (BTA)
12 June 2024	Expected date for the announcement of the outcome of the Rights Issue

Memorandum

The terms and conditions of the Rights Issue will be included in the Company's information memorandum, which is expected to be published on 17 May 2024. The memorandum and subscription form will be available on the Company's website, www.sozap.com/ir, Augment Partners AB's offerings page, www.augment.se/offerings/ and Aqurat Fondkommission AB's website, aqurat.se/aktuella-erbjudanden/.

Advisers

[Augment Partners AB](#) is acting as the financial advisor and Eversheds Sutherland Advokatbyrå AB is acting as the legal advisor to the Company in connection with the transaction.

IMPORTANT INFORMATION

Publication or distribution of this press release may in some jurisdictions be subject to statutory and legal restrictions and persons in those jurisdictions where this press release has been published or distributed should inform themselves about and observe such restrictions. The information in this press release does not constitute an offer to acquire, subscribe or otherwise trade in shares or other securities in SOZAP.

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FOR ADDITIONAL INFORMATION, PLEASE CONTACT:

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CERTIFIED ADVISER

As a publicly traded company at Nasdaq First North Growth Market Stockholm, the company must have a certified adviser. SOZAP has chosen Augment Partners AB as Certified Adviser (www.augment.se).

IMPORTANT INFORMATION

This press release may contain forward looking statements reflecting the Company's current view on future events, as well as financial and operational development. Expressions like "intends", "aims", "expects", "may", "estimates", "plans" and other expressions that indicate or predict future development or trends, and which are not based on historical facts, are forward-looking statements. Such forward-looking statements are based on assumptions or estimates and the Company makes no assurance that such statements will be fulfilled or prove to be correct. The Company also does not assume responsibility for the future accuracy of the information.

ABOUT SOZAP

SOZAP is a Swedish digital entertainment company that develops qualitative and innovative games with the ambition of building a product portfolio which appeals to a broad target group. SOZAP was founded in 2014 and shortly after established its first development team, focusing on games in the shooter genre. Today SOZAP has several independent development teams that work at SOZAP's offices in Nyköping (Sweden) and Niš (Serbia).

This information is information that SOZAP AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-04-09 22:39 CEST.

ATTACHMENTS

[SOZAP decides on a rights issue of approximately SEK 11.4 million, which is covered by subscription commitments of approximately SEK 5.1 million](#)