Isofol's Board of Directors resolves on a fully guaranteed preferential rights issue of approximately SEK 400 million

GOTHENBURG, Sweden, May 18, 2021 - Isofol Medical AB's (publ), (Nasdaq First North Premier Growth Market: ISOFOL), ("Isofol or the "Company") Board of Directors has today, pursuant to the authorization granted by the extraordinary general meeting held on May 14, 2021 ("the EGM"), resolved on an issue of shares of a maximum of 62,524,474 shares with preferential rights for the Company's existing shareholders (the "Rights Issue"). The subscription price in the Rights Issue is SEK 6.40 per share. If the Rights Issue is fully subscribed, the Company will receive approximately SEK 400 million before transaction costs related to the Rights Issue. In addition to the Rights Issue, and provided the Rights issue is oversubscribed, the Board of Directors is authorized to carry out a directed share issue with deviation from the shareholders' preferential rights of up to SEK 100 million (the "Over-Allotment Option").

Summary

- The net proceeds from the Rights Issue and the potential Over-Allotment Option will be used for i) funding the ongoing AGENT study beyond top-line and final results and activities for finalization of the NDA application, (ii) finalizing the development and validation of CMC, iii) global preparedness activities including the development of medical affairs and commercial launch packages, as well as continued partnering activities, iv) clinical development activities, including gene expression analysis and initiation of studies in potentially additional indications and (v) general corporate purposes.
- Existing shareholders in the Company will receive 1 (one) subscription right for each share held as of the record date. 4 (four) subscription rights entitle the holder to subscribe for 3 (three) new shares in the Rights Issue.
- The record date for participation in the Rights Issue is May 25, 2021.
- Subscription period of the Rights Issue is May 27 – June 10, 2021.
- If the Rights Issue is fully subscribed, the Company will receive approximately SEK 400 million before deduction of transaction costs related to the Rights Issue.
- The subscription price in the Rights Issue is SEK 6.40 per share, which corresponds to a discount of approximately 32.2 percent compared with the theoretical price after separation of subscription rights, based on the closing price of the Isofol share on Nasdaq First North Premier Growth Market on May 18, 2021.
- For existing shareholders not participating in the Rights Issue, a dilution effect corresponding to 42.9 percent of the total number of shares and votes in the Company following the Rights Issue will arise.
- The Rights Issue is fully guaranteed, including commitments from members of the Board of Directors and Management to subscribe for their pro rata shares amounting

to SEK 1.8 million, as well as several existing shareholders, including The Fourth Swedish National Pension Fund ("AP4").
- In addition to the Rights Issue, and provided the Rights Issue is oversubscribed, the Board of Directors is authorized to exercise the potential Over-Allotment Option, which would provide Isofol with a maximum of SEK 100 million before transaction costs.
- The Over-Allotment Option can be exercised to meet potential additional demand from strategic investors, thereby broadening Isofol's shareholder base and is conditional upon the Rights Issue being oversubscribed.

Background and intention

Isofol is a clinical stage biotech company developing arfolitixorin to improve the efficacy of standard of care chemotherapy for advanced colorectal cancer by increasing tumor response and progression free survival.

Arfolitixorin – the key active metabolite of widely used folate-based drugs – can potentially benefit more patients with advanced colorectal cancer as it does not require complicated metabolic activation to become effective. Arfolitixorin is currently being studied in the global Phase III AGENT study.

The AGENT study is a randomized, controlled, multi-centre study assessing the efficacy and safety of arfolitixorin, [6R]-5,10-methylene-THF acid (MTHF), compared to leucovorin, both used in combination with 5-FU, oxaliplatin, and bevacizumab, in first line metastatic colorectal cancer patients. Patients are randomized in a 1:1 ratio and the primary endpoint is overall response rate (ORR). The key secondary endpoints are progression free survival (PFS) and duration of response (DOR). Other secondary endpoints include overall survival (OS), number of curative metastasis resections, safety, and patient reported outcomes such as quality of life (QoL). Exploratory endpoints include pharmacokinetic (PK) measurements and level of gene expression of folate relevant genes in tumor cells. The study is designed to show superiority for arfolitixorin over leucovorin.

The AGENT study is fully recruited and is ongoing at approximately 90 sites in the U.S., Canada, Europe, Australia and Japan, where Isofol currently has 15 active sites.

Isofol raised approximately SEK 180 million in June 2020 through a rights issue and an over-allotment option. Since the June 2020 capital raise, Isofol has reached the mentioned and critical milestones for that capital raise, such as; the study is fully recruited, the interim result has been presented and the Company has signed licensing agreements with Solasia in Japan and Endo/Paladin in Canada. These licensing agreements are expected to positively affect Isofol's financial position over time.

In March 2021 the independent Data Safety and Monitoring Board ("iDSMB") recommended continuation of the AGENT study with 440 patients, in accordance with the study design for arfolitixorin. The interim analysis was the fifth time the iDSMB has assessed safety data. Isofol views the iDSMB's recommendation to continue the study without any amendments to the study protocols as an important signal that the treatment is safe. The treatment of enrolled patients will continue with follow-ups and repeated tumor measurements according to the study's protocol. After 300 PFS events have taken place, either with tumor growth or that the patient has passed away, a data read out is initiated, with compilation and statistical analysis to present top line results. The Company expects these events to occur during the first and second halves of 2022.

Use of Proceeds

The Board of Directors intends to carry out the Rights Issue and the potential Over-Allotment Option to ensure the continued and successful development of the Company, in accordance with its business plan and strategy. The intention of the Rights Issue and the potential Over-Allotment Option is primarily for i) funding the ongoing AGENT study beyond top-line and final results and activities for finalization of the NDA application, (ii) finalizing the development and validation of CMC, iii) global preparedness activities including the development of medical affairs and commercial launch packages, as well as continued partnering activities, iv) clinical development activities, including gene expression analysis and initiation of studies in potentially additional indications and (v) general corporate purposes.

Through the potential Over-Allotment Option, if exercised in full, the Company will receive an additional financing of approximately SEK 100 million before transaction costs. The potential Over-Allotment Option is conditional upon the Rights Issue being oversubscribed. The reason to deviate from the shareholders' preferential rights is that the Board of Directors, in the event of strong interest from investors, wishes to further strengthen the Company's capital as well as broaden the Company's shareholder base with new strategic investors.

The Rights Issue

The Board of Directors of the Company has today, pursuant to the authorization granted by the extraordinary general meeting held on May 14, 2021, resolved on a new share issue of up to a maximum of SEK 400,156,634 with preferential rights for the Company's existing shareholders in proportion to their shareholdings as of the record date May 25, 2021.

Shareholders will receive 1 (one) subscription right for each share held on the record date. 4 (four) subscription rights entitle to subscription of 3 (three) shares in the Rights Issue, at a subscription price of SEK 6.40 per share. The subscription price corresponds to a discount of approximately 32.2 percent compared to the theoretical price after the separation of subscription rights, based on the closing price of the Isofol share on May 18, 2021 on Nasdaq First North Premier Growth Market. The Rights Issue will provide Isofol with a maximum of SEK 400,156,634, before transaction costs, by issuing a maximum of 62,524,474 shares.

The Rights Issue will result in an increase of the share capital of a maximum of SEK 1,914,363.6. Upon full subscription, the number of shares in Isofol, after the Rights Issue, will amount to a maximum of 145,890,440 shares and the share capital will amount to a maximum of SEK 4,466,848.5. For existing shareholders not participating in the Rights Issue, a dilution effect corresponding to approximately 42.9 percent of the total number of shares and votes in the Company following the Rights Issue will arise. Shareholders who choose not to participate in the Rights Issue have the opportunity to compensate for the economic dilution effect by selling their subscription rights.

The last day of trading in Isofol's shares, including the right to receive subscription rights in the Rights Issue, is May 21, 2021. Subscription of shares with subscription rights shall be made by cash payment during the period from May 27 – June 10, 2021. Subscription of shares without subscription rights shall be made on a special subscription list during the period from May 27 – June 10, 2021. Payment for shares subscribed without subscription rights shall be made in cash no later than two banking days following the issue of the settlement note, which indicates notification of allocation. The Board of Directors is entitled to extend the subscription period and the last day for payment.

If all of the new shares are not subscribed for with subscription rights, allotment of new shares shall be made as follows:

- Shares not subscribed for with pre-emption rights shall firstly be allocated to those who have applied for subscription and subscribed for new shares by virtue of subscription rights (regardless of whether the subscriber was a shareholder on the record date or not), and, in case of over subscription, pro rata in relation to the number of subscription rights used by such persons for subscription of new shares, and where this is not possible, by drawing of lots.
- Thereafter, allocation shall be made to others who have applied for subscription without subscription rights (it being understood that this shall not include the investor commitments) and, in case of over subscription, allocation shall be made following the number of shares applied for in each subscription form, and, where this is not possible, by drawing of lots.
- Any remaining shares shall be allocated to investors who has entered into guarantee commitments and thus have undertaken to subscribe for new shares in the issue, with allocation to be made in proportion to the guarantee commitments.

In connection with the Rights Issue, the Company, the Board of Directors and members of Company's management have entered into customary lock-up agreements for a period ending on the date falling 180 days after the announcement of the outcome in the Rights Issue.

The full terms and conditions of the Rights Issue and information about the Company will be included in a prospectus expected to be published on the Company's website on or around May 25, 2021.

Subscription undertakings and guarantee commitments

The Rights Issue is fully guaranteed through subscription undertakings and guarantee commitments.

A number of investors have provided guarantee commitments, which together with subscription undertakings from several existing shareholders, including The Fourth Swedish National Pension Fund ("AP4"), in total represent SEK 400 million. In addition, certain shareholders including Handelsbanken Fonder and Swedbank Robur have expressed that they support the Rights Issue and that they intend to subscribe for their respective pro rata shares.

Members of the Board of Directors and Management, comprising Ulf Jungnelius, Pär-Ola Mannefred, Gustaf Albèrt and Anna Belfrage, who jointly hold approximately 0.4 percent of the Company's outstanding shares have committed to subscribe their respective pro rata shares in the Rights Issue amounting to approximately SEK 1.8 million.

Timetable for the Rights Issue

Last day of trading in shares including right to receive subscription rights	May 21, 2021
First day of trading in shares excluding right to receive subscription rights	May 24, 2021
Prospectus published on the Company's webpage	May 25, 2021
Record date for participation in the Rights Issue	May 25, 2021
Subscription period	May 27 – June 10, 2021
Trading in subscription rights	May 27 – June 7, 2021
Trading in BTAs	May 27 – June 14, 2021
Announcement of final outcome in the Rights Issue	Around June 14, 2021
Delivery of and trading in new shares subscribed with subscription rights	Around June 18, 2021
Delivery of and trading in new shares subscribed without subscription rights	Around June 30, 2021

The Over-Allotment Option

The Board of Directors is also authorized to decide upon a directed issue with deviation from the shareholders' preferential rights whereby the Company will receive a maximum of SEK 100,000,000 before transaction costs. The Over-Allotment Option can only be exercised if the Rights Issue is oversubscribed and to meet the interest from strategic investors.

Upon the potential exercising of the Over-Allotment Option, the subscription price will equal that of the subscription price in the Rights Issue. Exercising the Over-Allotment Option would provide Isofol a maximum of SEK 100,000,000, before transaction costs, by issuing a maximum of 15,625,000 shares.

The Rights Issue and the Over-Allotment Option would result in an increase of the share capital of a maximum of approximately SEK 2,392,767.2. Upon exercising the Over-Allotment Option, the number of shares in Isofol, after the Rights Issue and the Over-Allotment Option, will amount to a maximum of 161,515,440 shares and the share capital will amount to a maximum of approximately SEK 4,945,252.1. For existing shareholders not participating in the Rights Issue and Over-Allotment Option, a dilution effect corresponding to approximately 48.4 percent of the total number of shares and votes in the Company following the Rights Issue and Over-Allotment Option will arise.

The reason to deviate from the shareholders' preferential rights is that the Board of Directors, in the event of strong interest from investors, wishes to further strengthen the Company's capital as well as broaden the Company's shareholder base with strategic investors.

Advisors

Carnegie Investment Bank AB (publ) and Pareto Securities AB act as Joint Bookrunners in connection with the Rights Issue and the potential Over-Allotment Option. Vinge law firm acts as legal adviser to Isofol, and Schjødt law firm acts as legal adviser to the Joint Bookrunners. Ashurst LLP acts as legal adviser to the Joint Bookrunners as to US securities law.

For further information, please contact

Isofol Medical AB (publ)
Jarl Ulf Jungnelius, M.D., Chief Executive Officer
E-mail: jungnelius@isofolmedical.com
Mobil: +46 (0) 709 16 89 55

Certified Adviser
FNCA Sweden AB
E-mail: info@fnca.se
Phone: +46 (0)8 528 003 99

This is information that Isofol Medical 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 person set out above, at 21:10 CEST on May 18, 2021.

About arfolitixorin

Arfolitixorin is Isofol’s proprietary drug candidate being developed to increase the efficacy of standard of care chemotherapy for advanced colorectal cancer. The drug candidate is currently being studied in a global Phase III study, AGENT. As the key active metabolite of the widely used folate-based drugs, arfolitixorin can potentially benefit more patients with advanced colorectal cancer, as it does not require complicated metabolic activation to become effective.

About Isofol Medical AB (publ)

Isofol Medical AB (publ) is a clinical stage biotech company developing arfolitixorin to improve the efficacy of standard of care chemotherapy for advanced colorectal cancer by increasing tumor response and progression free survival. Isofol holds a worldwide exclusive license agreement with Merck KGaA, Darmstadt, Germany to develop and commercialize arfolitixorin for oncology indications. Isofol Medical AB (publ) is traded on the Nasdaq First North Premier Growth Market. Certified Adviser is FNCA Sweden AB.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company’s intentions, beliefs, or current expectations about and targets for the Company’s future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “may”, “plan”, “estimate”, “will”, “should”, “could”, “aim” or “might”, or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Undue reliance should not be placed on the forward-looking statements in this press release. The information, opinions and forward-looking statements contained in this press release speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

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