

The board of directors of Emplicure requests conversion of loans of approx. 9.8 MSEK and proposes an extended authorisation to issue shares for the Company's continued capital need

The board of directors of Emplicure AB publ ("Emplicure" or the "Company") has today resolved to request conversion of the entire outstanding loan amount (including accrued interest) of approximately 9.8 MSEK to new shares in the Company in accordance with the terms of the loan agreement which was entered into between the Company and a consortium of creditors on 4 November 2022. The reason for the **board of directors' resolution is that a repayment of the Loan amount to the creditors is not deemed to be possible due to the Company's financial situation and liquidity** and that it has not been possible to carry out or secure such alternative financing on acceptable terms before the due date for the repayment of the loan amount. The conversion of the loan amount requires an issue of new shares to the creditors, and the board of directors therefore proposes that the general meeting resolves on a **directed issue of a total of 22,402,744 shares to the creditors (the "Set-off issue")**. The subscription price in the Set-off issue, which has been determined in accordance with the loan agreement, amounts to 0.4374 SEK per share and must be paid through set-off of claims that the creditors have against the Company under the loan agreement. The Set-off issue requires an amendment of the limits of the share capital and the **number of shares in the articles of association. The board of directors' assessment is** that the Company, also after the conversion of the loan amount, will need additional financing to implement the activities **that are included in the Company's business plan in the following twelve months. The board of directors' assessment is, considering the Company's financial situation and the current conditions on the capital market, that it** is of great importance that the board of directors has an extensive mandate in order to be able to act in a time and cost-efficient way to pursue the financing alternatives that become available as well as the mandate and relevant prerequisites to negotiate with potential investors and financiers. The board of directors therefore proposes that the general meeting resolves to extend the board of directors' authorisation to adopt resolutions on issues of new shares within the limits set out in the Company's articles of association. The board of directors has therefore decided to call an extraordinary general meeting on May 2, 2023. The notice for the general meeting will be published separately.

Conversion of the loan amount

Background and motive

On 4 November 2022, the Company entered into a loan agreement with a consortium of creditors where the Company took up a loan of approximately 9 million SEK (the "Loan Agreement"). The loan consortium includes certain existing shareholders, including the board member Johan Wieslander. Pursuant to the Loan Agreement, the Company has, until 31 March 2023, a right to request that all or part of the outstanding loan amount (included accrued interest) be converted into to new shares in the Company. The due date of the loan is 31 March 2023 to the extent conversion has not been requested on such date, at latest.



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On 29 March 2023, the board of directors resolved to request conversion of the whole outstanding loan amount (including accrued interest) of approximately 9.8 million SEK (the "Loan Amount") to new shares in the Company. The reason for the board of directors' resolution is that a repayment of the Loan Amount to the creditors is not deemed to be possible due to the Company's financial situation and liquidity. The board of directors has carefully evaluated alternative financing options for the purpose of finance the repayment of the Loan Amount, such as a share issue or loan financing. However, it has not been possible to carry out or secure such alternative financing on acceptable terms and at reasonable cost before the due date for the repayment of the Loan Amount. Further it has not been possible to agree on an extension of the Loan Agreement with the loan consortium.

If the Loan Amount is not converted into new shares, the board of directors' assessment is that there is a risk that the Company will not be able to fulfil its payment obligations as they become due and consequently that there is a risk that the Company must enter into bankruptcy. Considering the above, the board of directors' assessment is that a conversion of the Loan Amount to new shares in the Company is the best alternative for the Company and its shareholders.

The board of directors' proposal

Considering the above, the board of directors proposes that the general meeting resolves to increase the Company's share capital with not more than 1,120,137.20 SEK by an issue of not more than 22,402,744 new shares on the following terms and conditions.

The right to subscribe for new shares shall, with deviation from the shareholders pre-emption rights, belong to the creditors in relation to the creditors' respective portion of the total Loan Amount.

The reason for the deviation from the shareholders pre-emption rights is to carry-out the conversion of the Loan Amount to new shares in the Company in accordance with Loan Agreement. The board of directors' assessment is that a conversion of the Loan Amount to new shares in the Company is the best alternative for the Company and its shareholders. The reason for the board of directors' resolution to request the conversion of the Loan Amount and the motivation for the board of directors' assessment is described under the heading Background and motive above.

The new shares are issued at a subscription price of 0.4374 SEK per share. The subscription price corresponds to 85 % of the volume weighted average price of the share on Nasdaq First North Growth Market during a period of ten trading days before the Company's request regarding conversion, i.e. the period 15–28 March 2023, and it has been determined in accordance with the terms of the Loan Agreement. The terms of the Loan Agreement have been determined after negotiations with the creditors at arm's length, and the board of directors' assessment is therefore that the subscription price has been set on market conditions. Payment for new shares must be made through set-off of claims against the Company in connection with subscription.

Dilution

Through the share issue, the numbers of outstanding shares and votes will increase with 22,402,744, from 26,460,512 to 48,863,256. The share capital will increase with 1,120,137.20 SEK, from 1,323,025.60 SEK to 2,443,162.80 SEK. The set-off issue will result in a dilution for existing shareholders of approximately 45.85 percent of the number of shares and votes in the Company.

Future financing needs and extended authorization to issue shares

The assessment of the board of directors is that the Company, also after the Set-off issue, will need additional financing to implement the activities that are included in the Company's business plan in the following twelve months. The Company's capital need is estimated to approximately 15–25 million SEK. Therefore, the board of directors intends to continue to evaluate possible alternatives to secure



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financing to meet the Company's financial needs, such as a capital contribution (such as an issue of new shares with or without deviation from the shareholders pre-emption rights) or a loan financing.

The board of directors' assessment is, considering the Company's financial situation and the current conditions on the capital market, that it is of great importance that the board of directors has an extensive mandate in order to be able to act in a time and cost-efficient way to pursue the financing alternatives that become available as well as the mandate and relevant prerequisites to negotiate with potential investors and financiers. Therefore, the mandate provided to the board of directors should include to resolve on share issues with deviation from the shareholders pre-emption rights. The current authorisation which was resolved on the annual general meeting on 6 April 2022 is not deemed to be sufficient.

Therefore, the board of directors proposes that the general meeting authorises the board of directors to resolve, whether on one or several occasions during the period up to the next annual general meeting, to increase the Company's share capital by issue of new shares. The board of directors shall be authorised to adopt resolutions on issues of shares with or without deviation from the shareholders' pre-emption rights.

An issue in accordance with the authorisation shall be on market conditions. The board of directors shall be authorised to decide the terms in general for share issues resolved in accordance with this authorisation and who should be entitled to subscribe for the shares. The reason for that the board of directors should be able to resolve on issues of new shares with deviation from the shareholders pre-emption rights is to give the board of directors the possibility to resolve on directed issues if the board of directors deems that it is the best alternative to secure financing to meet the Company's financial needs.

The board of directors' proposal for a decision to amend the articles of association

The Set-off issue requires that the limits for the share capital and the number of shares in the Company's articles of association are changed. If the Set-off issue is carried out, the board of directors deems that there is a need to increase the limits for the share capital and the number of shares further to give the board of directors room to decide on a potential share issue in accordance with the proposed authorisation.

The board of directors therefore proposes that the general meeting resolves to adopt new articles of association in two steps, entailing that the limits for the share capital and the number of shares are changed. If the general meeting decides to carry out the Set-off issue and to change the articles of association in accordance with the board of directors' proposal, the limits of the articles of association for the share capital will be a minimum of 2,400,000 SEK and a maximum of 9,600,000 SEK, and the limit for the number of shares will be a minimum of 48,000,000 and a maximum of 192,000,000.

This information is information that Emplicure AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on March 29, 2023 at 15:20 CET

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