



Pressrelease 2017-12-19

Insplorion secures external financing of up to SEK 60 million for accelerated commercialization of the battery sensor

Insplorion AB (publ) ("Insplorion") has signed an agreement relating to an investment of up to SEK 60 million. The capital will be used for accelerated commercialization of the company's battery sensor. The transaction is carried out through a private placement of convertible notes (the "Notes") with warrants attached (the "Warrants") in several tranches spread over 36 months (each a "Tranche"). Insplorion will receive SEK 10 million through the first Tranche. Existing shareholders will receive free warrants to protect them against dilution. The financing is conditioned upon the shareholders' meeting resolving on a new authorization for issuance for the board of directors and a notice convening an extraordinary shareholders' meeting will be published within short.

"Our battery sensor project has made great progress in the last six months. The dialogue with industrial players has been intensified and we see that we have a solution that has a great value on the market. In order to ensure that the project continues to develop towards its full potential, we have now found a financing solution that provides a flexible scaling capability. We are likewise with this solution financially strong in the ongoing dialogues with major players, and we can invest more of our own resources and thereby become a stronger player in future partnerships." comments Patrik Dahlqvist, CEO of Insplorion.

The Tranches will be subscribed by European Select Growth Opportunities Fund (the "Investor") focusing on technology and healthcare smallcap companies presenting a strong growth potential.

The financing relates to an issuance agreement entered into by Insplorion with the Investor signed on the evening of 18 December 2017 (the "Agreement"). In accordance with the Agreement the first Tranche will amount to SEK 10 million.

In connection with the issue of the first Tranche of Notes and Warrants being carried out, Insplorion will also issue free warrants to existing shareholders, to protect them against dilution (the "Shareholders Warrants"). The Shareholders Warrants will be issued to Insplorion's subsidiary Insplorion Sensor Systems AB and thereafter transferred to Insplorion's shareholders. Notice regarding the record date and the pro rata allocation for Shareholders Warrants will be announced at a later stage. The Shareholders Warrants will have the same characteristics as those of the Investor.

This information is insider information that Insplorion AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through AktieTorget, on December 19, 2017.

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Highlights about the transaction:

- The first Tranche will be a private placement of SEK 10 million launched through the issuance of Notes with Warrants attached to the Investor.
- Upon the full exercise of the Warrants and the Shareholders Warrants of the first Tranche the investment may provide Insplorion with an additional SEK 12.5 million.
- Maximum additional potential financing of up to SEK 50 million (plus up to SEK 75 million upon exercise of all the Warrants and the Shareholders Warrants) through further Tranches of Notes with Warrants attached over the next 36 months, subject to fulfilment of certain conditions.
- As a technical measure in order to meet the Investor's demand for immediate access to its shares, Insplorion's founders group will, during a transitional period, lend shares to the share agent engaged for this Agreement.
- Insplorion's board of directors will shortly give notice of an extraordinary shareholders' meeting and to propose to the extraordinary shareholders' meeting to resolve a new authorization for the board of directors so that the board of directors may be able to issue notes and warrants. Provided that the shareholders' meeting resolves on a new authorization, the board of directors will approve the issuance of the first Tranche under the Agreement as it is within the limitations of the company's articles of association.
- At the annual general shareholders' meeting 2018, the board of directors will propose to increase the maximum number of shares that can be issued. The purpose is to be able to issue additional Notes with Warrants attached within the framework of further Tranches in accordance with the Agreement.

Main characteristics of the Notes, the Warrants and the Shareholders Warrants:

- The Notes have a principal amount of SEK 100,000 each. They bear no interest and have a maturity of 12 months from the date of the registration of their issuance with the Swedish Companies Registration Office. During their term, the Investor may request to convert any or all of the Notes at a variable conversion price representing a 9% discount to the lowest daily volume weighted average price over the 15 trading days (the "Reference Price") preceding the conversion date.
- Upon such conversion request, Insplorion has the option to remit, at its discretion, cash, shares in Insplorion or a combination of both. This characteristic will enable Insplorion to manage the potential dilution resulting from the Notes.
- The Warrants have a maturity of five (5) years from the date of the registration of their issuance with the Swedish Companies Registration Office and will immediately be detached from the Notes. Each Warrant gives right to subscribe for one (1) new share (subject to standard adjustments in accordance with the terms and conditions of the Warrants) in Insplorion at a fixed strike price representing a 30 % premium to the Reference Price on the date of the request from Insplorion to issue a new Tranche.
- The strike price for Warrants under the first Tranche will be set to the lower of (i) the reference price on the day of issuance of the first Tranche and (ii) the reference price on the date of signature of the term sheet between Insplorion and the Investor. Insplorion will publicly announce the strike price of the Warrants in connection with the issuance of the first Tranche.

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- The Shareholders Warrants will have the same characteristics as the Warrants and will be admitted together to trading on AktieTorget.

Issuance of the subsequent Tranches

- As mentioned above, Insplorion's board of directors has committed to the Investor that it will, at the annual general shareholders' meeting, propose to increase the maximum number of shares that can be issued and to delegate the authority to the board of directors to approve the issuance of further Tranches of Notes with Warrants attached.
- Each subsequent Tranche will amount to SEK 6 million (such amount may be increased upon mutual consent of the Investor and Insplorion). Insplorion will also issue Shareholders Warrants upon each subsequent Tranche.
- Insplorion can request the Investor to subscribe a subsequent Tranche 8 months after the registration of the Notes from the previous Tranche with the Swedish Companies Registration Office (or, in each case, earlier to the extent all outstanding Notes have been converted or redeemed) and subject to the fulfillment of the following conditions on the date of the request and the date of funding of the requested Tranche:
 - no material adverse change has occurred;
 - no event of default is in existence;
 - no impossibility for the conversion of the Notes has occurred over the 90 preceding calendar days;
 - no suspension of trading of the shares has occurred over the 90 preceding calendar days;
 - Insplorion has a sufficient number of shares authorized for issuance by the board of directors upon conversion of the Notes into shares and upon exercise of the Warrants;
 - the closing price and the daily volume weighted average price of the shares on each of the 10 preceding trading days is at least equal to SEK 20;
 - the average daily value traded of the shares over the 10 preceding trading days is at least equal to SEK 300,000;
 - post-subscription of the requested Tranche, the Investor does not hold more than SEK 8 million of aggregate principal amount of Notes (such condition not applying for the first Tranche).

The full terms and conditions of the Notes, the Warrants and the Shareholders' Warrants will be published on Insplorion's website.

Example based on one Tranche:

- Issuance of Tranche:
 - Tranche amount: SEK 10,000,000
 - Tranche issuance Reference Price: SEK 26
 - Strike price of Warrants: $\text{SEK } 26 * 130\% \approx \text{SEK } 33.80$
 - Number of Notes: $10,000,000 / 100,000 = 100$ Notes
 - Number of Warrants: $10,000,000 * 50\% / 33.80 = 147,928$

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- Number of additional Shareholders' Warrants: 221,892 (approx. 150% of number of Warrants to the Investor)
- Conversion of Notes:
 - Conversion Price: $\text{SEK } 26 * 91\% \approx \text{SEK } 23.60$
 - Number of shares: $\text{SEK } 10,000,000 / \text{SEK } 23.60 = 423,728$ shares
- Full exercise of warrants:
 - Investment from Investor's Warrants at exercise: $\text{SEK } 33.80 * 147,928 \approx \text{SEK } 5,000,000$
 - Investment from Shareholders' Warrants at exercise: $\text{SEK } 33.80 * 221,892 \approx \text{SEK } 7,500,000$
 - Total number of shares from warrants: 369,820
 - Total additional investment from warrants: SEK 12,500,000
- Dilution of shareholders per current number of shares from Notes and at full exercise of all warrants (the Investor's and the shareholders'): ~8.14%

Questions are answered by:

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