

Q3 Interim Report

Third quarter of 2021

Summary of financial performance

- Net sales for the quarter totaled SEK 38 thousand (701). Sales for the quarter comprised revenue related to Dosell sales.
- Operating income for the quarter totaled SEK -5,342 thousand (7,255). The comparative period included the non-recurring effect from the sale of iZafe AB. Excluding the sale of iZafe, operating profit for the comparative period amounted to SEK -6,745 thousand.
- Income after financial items for the quarter was SEK -6,183 thousand (7,103). Excluding the sale of iZafe, income after financial items for the comparative period amounted to SEK -6,897 thousand.
- Cash flow for the period was SEK -6,475 thousand (8,818). The positive cash flow for the comparative period was due to the proceeds received from the divestment of iZafe AB.
- Earnings per share for the quarter, basic and diluted, were SEK -0.2 (0.2).
- Equity per share at the end of the period was SEK 1.5 (1.1).
- The equity ratio at the end of the period was 62.3 percent (87.4).

Important events in the quarter

- iZafe decided to carry out a fully guaranteed rights issue of units amounting to approximately SEK 53 million. The rights issue is fully guaranteed.
- iZafe Group held a general meeting of the shareholders, resulting in a supplementary general meeting at which a majority of shareholders requested an alternative Board of Directors, which was voted through.
- The consumer pilot project has been successfully completed, with the consumer version of the Dosell medication-dispensing robot found to be safe and easy to use. Following the development of the consumer version of Dosell in Sweden, this version will also be launched in Italy in 2021.

- iZafe Group has signed an agreement with Apoteket AB to introduce Dosell on the Swedish consumer market, exclusively through Apoteket AB's channels. The agreement with Apoteket, and its unique market position as one of the leading suppliers of medication sachets on the Swedish market, creates a direct market of the more than 200,000 people who currently take medication using medication sachets from suppliers such as Apoteket.

Important events since the end of the quarter

- The consumer version of Dosell is being launched in Sweden on apoteket.se. Dosell is now available for everyone who regularly takes medication and wants to avoid medication errors through better medication management and treatment compliance to prevent harm.
- The final outcome of the rights issue of units, consisting of shares and series TO10 B share warrants, has been published. The rights issue has been fully subscribed, with approximately 43.6 percent subscribed for using unit rights, around 4.1 percent without the use of unit rights and approximately 52.3 percent subscribed for by issue guarantors.
- Deputy Chairman Göran Hermansson and CEO Anders Segerström together subscribed for a further 458,000 units in the ongoing rights issue of units, in addition to the initial subscription.
- iZafe Group has finalized most of its PCT patent application for the Dosell medication-dispensing robot in order to prepare for the international expansion, planned to be carried out after the ongoing rights issue. Patent applications have been made in those key markets where iZafe has identified significant demand for Dosell.
- Hepro AS has last issued a final approval of the new version of Dosell and has officially approved the pharmaceutical robot in its entirety for the Norwegian market.

About iZafe Group

iZafe Group is a life sciences company conducting 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 healthcare systems, improves quality of life for patients and creates a safer environment for family.

iZafe's customers comprise both consumers and public and private-sector care 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 Group is headquartered in Stockholm, Sweden.

iZafe Group AB has been 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 related to several major challenges that society today faces; an aging population with an increasing lifetime expectancy and prescription of medicines for people over the age of 65 increasing as well as 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 drug management at home. iZafe Group's pharmaceutical robot Dosell is used to reduce the risk of incorrect medication at home, relieve public care, increase the quality of life for users 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 on the market when the Company launched Europe's first pharmaceutical robot for consumers in Sweden exclusively via Apoteket. Next year, it is this consumer version that will also be launched in Italy via the care concept Semplici Farma. At the same time, the government is implementing increased initiatives to digitize care and measures to strengthen care for the elderly are being intensified, where Dosell will be the obvious choice for safe drug management.

About Dosell

Dosell is a digital drug robot for safer drug management at home. Dosell reduces the risk of incorrect medication, increases security for relatives and supports all actors in elderly care. iZafe Group's products and services are the hub of a digital system that facilitates all patient medication. This with the aim to improve living conditions at home and the ability to 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 pharmaceutical robots and complementary digital welfare solutions.

Dosell 2.0

Dosell is a medical device that requires high safety and functionality. All of our partners carried their own internal controls of hardware and software and ensure all integrations and alarm handling. Following the

implementation of the first version of Dosell 2.0, 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 is now 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. Our partners have confidence in Dosell as a product and at the end of 2020 we were able to note a total of approximately 450 pre-orders of Dosell 2.0 which in 2022 will be produced and delivered gradually. Following the implementation of the original 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 is thus ready for the Scandinavian market.

Dosell 2.0 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 in a unique 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, doses. The consumer version of Dosell offers the possibility to subscribe privately to a pharmaceutical robot without being dependent on the healthcare or home care service providing the equipment. Dosell's consumer product is unique and fills a void in the market. The launch of the consumer version therefore takes place intentionally in a first step via Apoteket's online store on the Swedish market, followed by a launch in Italian via Semplici Farma.

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 pharmaceutical robot.

Market overview

In parallel with the launch of the consumer version in Sweden, iZafe Group is establishing a consumer version of Dosell in Italy together with the care service Semplici Farma, where the concept of sachets has been developed and spread more widely. Semplici Farma is based on a consumer solution and is primarily aimed at users who bear the cost of Dosell. iZafe Group will be able to benefit from tax reliefs when purchasing digital systems in Italy, which paves the way for rapid and scalable commercialization in Italy.

The Italian market has great potential with the equivalent of 8.8 million inhabitants over the age of 65 consuming more than five drugs per day. In Italy, there is an accelerating need to automate medication management, and there Dosell will be the natural alternative.

Active marketing and sales to 2,000 pharmacies in Italy has started and Dosell is presented in the media as a significant component in the unique drug chain that is being created. The Italian sachets have been validated with Dosell and during the first quarter of 2022, Semplici Farma will start with integrated sales and commercialization of Dosell. In connection with this, the product will be offered to patients who already subscribe to Semplici Farma through the 25 already affiliated pharmacies. With the estimated 150 pharmacies to be involved, a good foundation will be laid for launch in Italy. A successful start of sales would mean that iZafe Group can look forward to further international expansion, where Spain and Portugal are closest in time. There is currently no direct competitor to Dosell in either Italy, Spain or Portugal.

Italy is a very important piece of the puzzle for our global rollout, and we studied this business model carefully before the launch of Dosell on the consumer market in Sweden. We will be able to use the same consumer strategy in the future in other markets where we are established or plan to establish ourselves.

USA

Our American partner Hippo Technologies intends to develop a global comprehensive service for drug dispensing based on the medication dispenser Dosell. The partnership will eventually be expanded to include an OEM version of Dosell through which we can take part in Hippo's global network of dedicated healthcare staff, technicians, experienced designers and innovators in a new way. Hippo's business concept is to serve patients and relatives by leading the transition to virtual care of providers and educators and expanding the availability of clinical expertise and technology to improve the quality of care. USA and Canada are huge markets, but Hippo also has a large network in Europe.

Norway

Dosell has now been tested and approved by all partners in the Norwegian market. These tests have taken longer than predicted. Hepro AS was last to a final approval of the new version of Dosell and has thus officially approved the product in its entirety for the Norwegian market. Our partners in Norway all see the potential in Dosell and that the timing is now right to invest with increased resources. We will be a

top-priority product for 2022 and have high hopes that we will achieve a major breakthrough in the near future.

Sweden B2B

Our Swedish partners Doro AB, Zafe Care Systems AB and Viser AB have ongoing implementations of Dosell 2.0 in several municipalities. We see that more resources are being added for the sales of Dosell, where our partners present Dosell as a simple product with unique conditions to fit into a hub of other smart products in a unified welfare platform. This creates simplicity for the end user.

We saw before the summer how several municipalities patiently waited for Dosell 2.0 and during the fall, inquiries and interest in Dosell have increased significantly. Although changes in day to day work and implementation in municipalities takes time, today we have well established discussions with about 10% of Sweden's municipalities. We are still at an early stage in the rollout of welfare technology products in the Swedish market and we consider ourselves to have a good positioning and will pick up market shares in 2022.

Sweden B2C

During the third quarter, we signed an agreement with Sweden's largest pharmacy chain Apoteket AB regarding sales and distribution of Dosell Consumer. After the end of the quarter, Dosell was launched for consumers in a first step online via apoteket.se. In a second phase, we are investigating the possibility of introducing Dosell in physical pharmacies as a shelf product. 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 spread 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 delay from Dosell 1.0 while waiting to receive Dosell 2.0. This process has meant a delay, but we are optimistic 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.

Other markets

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 experiences 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 care. The combination of both will give us stability in our growth journey that has now begun.

Comment by the CEO



With several milestones achieved, we are now letting the medical dispenser Dosell capitalize through several different sales channels, on the established market potential that the digitalization of healthcare and the increased drug consumption costs.

The rights issue that we have now carried out has given us resources to enable the upscaling and globalization of iZafe Group AB. It will also enable

future acquisitions and broadening of the service and product portfolio.

With a strong liquidity, we can now also work more strategically and long-term in all our decisions.

During the third quarter, we focused on completing Dosell for the consumer market, which resulted in us being approved by

Apoteket AB to jointly launch Europe's first medical dispenser for the consumer market in mid-October. It also became clear that we are joining Dutch Adyen with its reliable payment solutions in the Dosell app. We see this as an obvious seal of quality, and we are happy for the collaboration. Their customers include companies such as H&M, Spotify and Telia.

During the quarter, we also worked to ensure the software and Dosell's quality in more markets. The continuous work to comply with MDR (Medical Device Regulation) continues according to plan, which is a requirement to have the classification Dosell has in the form of medical device product class 1.

The consumer product platform is secured in several countries, where we now see great potential. We have begun to approach solutions to the challenges we have had, including the complexity of the sales process and the dependence on other players in product development. Dosell is a unique product that is the first of its kind on a completely new market. This means that we need to raise the awareness towards our target groups, which is one of our highest priorities during the last quarter of the year. In November, we decided to accelerate our marketing efforts with the guidance of our new CMO and expect that this will have a major effect on sales figures during the last quarter of this year, but especially during the first quarter of 2022. On the B2B side, several of our partners have chosen to test and secure Dosell 2.0 to ensure quality for their customers, which we view positively. However, this has led to longer lead times than we initially expected, which also had consequences for sales, which we can now begin. The tests have led to good response, results and market

demand. The tests have also given us extremely important insights about our users, which further helped us to optimize the customer experience. In connection with Hepro now giving its approval for the new Dosellen, sales will also begin properly in the large Norwegian procurement that we won together last year. The collection of that data, both historically and in the future, will be important for us to provide the best and simplest support to ensure that the right medicine is taken at the right time. It is of the utmost importance that we have achieved approval and then "proof of concept" in our domestic market in order to be able to scale up in other markets in large volumes.

We focus on the future and are constantly exploring new expansion opportunities, both geographical and product-related, and see good potential in both areas.

We have also begun work on initiating several different future acquisitions, both on the product and company side, and we will focus on selected areas where we see a clear business potential with favorable synergy effects. We continue to work towards becoming the obvious choice when it comes to safe intake of the right medicine at the right time. Dosell that delivers medicine via sachet will be part of the customer offering where we will in future be able to supplement so we can ensure that the right medicine is taken at the right time also to users who take their medicine in other ways. In this sense, we believe that there are companies which can complement iZafe Group's portfolio in an advantageous way.

Basis for further growth

iZafe Group is a well-capitalized company operating in a rapidly growing market. Through the rights issue, we have created opportunities we have not had before. This is a crucial point to enable sales and the obvious choice in ensuring the right medicine at the right time.

We continue to work purposefully to strengthen our team, also at management level. Our latest addition is Carl-Fredrik Bothén, who has held senior positions in the market at several international companies. As marketing manager, Carl-Fredrik will be responsible for IR (Investor Relations) and for improving communication and driving and developing our marketing with a special focus initially on the Scandinavian market.

iZafe Group is well equipped to advance its positions during 2022. We are leaving behind an important quarter where many milestones have been achieved and with a market that shows great confidence in our product. I look forward to a strong end to 2021 and an even stronger 2022.

Stockholm in November 2021

Anders Segerström
CEO, iZafe Group

Key figures

GROUP

	2021	2020	2021	2020	2020
SEK 000	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	38	701	222	8,820	8,904
Operating profit/loss (EBIT)	-5,342	7,255	-20,523	-2,984	-12,112
Profit/loss after financial items (EBT)	-6,183	7,103	-23,332	-3,715	-12,842
Basic/diluted earnings per share, SEK	-0.2	0.2	-0.7	-0.1	-0.4
Equity per share, SEK	1.5	1.1	1.5	1.1	0.9
Equity ratio, %	62.3%	87.4%	62.3%	87.4%	84.0%
Share price at balance sheet date, SEK	1.6	4.0	1.6	4.0	3.0
Number of shares at end of period	35,435,674	32,768,510	35,435,674	32,768,510	32,862,081
Average number of shares outstanding	35,435,674	32,768,510	34,834,395	32,127,066	32,292,847
Average number of employees	9	8	8	14	13
Number of employees at end of period	8	8	8	8	9

Definitions

Operating profit/loss

Profit/loss before net financial items.

Basic earnings per share

Basic earnings per share is calculated by dividing income 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, JULY–SEPTEMBER 2021

Net sales for the quarter totaled SEK 38 thousand (701). Revenue for the quarter was exclusively attributable to sales of the Dosell digital medication-dispensing robot, which generates revenue through both hardware sales and recurring subscription fees.

Other operating income for the period totaled SEK 1 thousand (13,682). The amount for the comparative year mainly related to a capital gain from the divestment of the shares in iZafe AB.

Goods for resale for the quarter totaled SEK 119 thousand (280) and were attributable in their entirety to expenses relating to Dosell robots sold. Other external costs for the quarter totaled SEK 2,352 thousand (3,609). Costs decreased compared with the previous year as a result of the development of Dosell 2.0 and the consumer version being completed in Q2. This item included ongoing costs for the commercialization and development of Dosell. The amount was expensed in full since it relates to a modification of the product.

Personnel costs for the quarter totaled SEK 1,863 thousand (2,019). The average number of employees for the quarter was 9, compared with 8 employees for the corresponding period the previous year.

Amortization of intangible assets for the quarter totaled SEK 987 thousand (988) and was mainly attributable to capitalized development expenditure relating to Dosell. Depreciation of property, plant and equipment for the quarter totaled SEK 60 thousand (222) and was attributable to the amortization and depreciation of right-of-use assets and equipment.

Financial items for the quarter were SEK -841 thousand (-152) and were mainly attributable to interest on a SEK 14,000 thousand credit facility and interest on lease liabilities.

Income before taxes for the quarter totaled SEK -6,183 thousand (7,103). SEK 14,000 thousand of last year's income was attributable to the capital gain that arose from the sale of shares in iZafe AB. Earnings per share were SEK -0.2 SEK (0.2).

SALES AND EARNINGS, JANUARY–SEPTEMBER 2021

Net sales for the period totaled SEK 222 thousand (8,820). The significant change between the periods is attributable to the sale of the subsidiary iZafe AB in July 2020. Previously, revenue was primarily attributable to the sale of personal alarms and security products through iZafe AB. Revenue for the period was exclusively attributable to sales of the Dosell digital medication-dispensing robot, which generates revenue through both hardware sales and recurring subscription fees.

Other operating income for the period was SEK -66 thousand (14,497) and related to the repayment of previously received government furlough funds. Other operating income for the comparative period mainly related to the capital gain generated from the sale of iZafe AB.

Goods for resale for the period totaled SEK 415 thousand (506) and were attributable in their entirety to expenses relating to Dosell robots sold. Other external costs for the period totaled SEK 10,843 thousand (13,258). External costs decreased in conjunction with the divestment of iZafe AB, but costs for the commercialization and development of Dosell increased in conjunction with adaptation of the product to sell it in other countries. The amount was expensed in full since it related to a modification of the product. Personnel costs for the period totaled SEK 5,858 thousand (8,202). The decrease was directly related to the sale of iZafe AB. The average number of employees for the quarter was 8, compared with 14 employees for the corresponding period of the previous year.

Amortization of intangible assets for the period totaled SEK 2,962 thousand (3,372) and was mainly attributable to capitalized development expenditure relating to Dosell. Depreciation of property, plant and equipment for the period totaled SEK 601 thousand (940) and was attributable to the amortization and depreciation of right-of-use assets and

equipment. The comparative year also included depreciation of personal alarms attributable to the divested company iZafe AB.

Financial items for the period were SEK -2,809 thousand (-731) and were mainly attributable to borrowing costs for the establishment of a SEK 14,000 thousand credit facility, interest on loans and interest on lease liabilities.

Income before taxes for the period totaled SEK -23,332 thousand (-3,627). SEK 14,000 thousand of last year's income was attributable to the capital gain that arose from the sale of shares in iZafe AB. Earnings per share were SEK -0.7 (-0.1).

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Cash flow from operating activities for the fourth quarter amounted to SEK -6,328 thousand (-7,271) as a result of the adaptation of Dosell for foreign markets, as well as commercialization of the product in combination with continued limited revenue. Cash flow from working capital was SEK -1,479 thousand (-1,584). Cash flow from operating activities for January–September totaled SEK -20,893 thousand (-18,196) and followed the same pattern as for the quarter.

Cash flow from investing activities for the quarter totaled SEK -83 thousand (20,311). Investment in the period related to the acquisition of equipment. Investing activities for the comparative period were impacted by the inflow of net proceeds from the sale of iZafe AB amounting to SEK 20,397 thousand after adjustment for the Group's internal receivables, repayment of loans and after transaction costs. Cash flow from investing activities for the January–September period totaled SEK -157 thousand (18,732) and followed the same pattern as for the quarter.

Cash flow from financing activities for the quarter totaled SEK -64 thousand (-4,222). Financing activities were impacted by the repayment of lease liabilities. The comparative period also included the repayment of a short-term loan of SEK 4,000 thousand. Cash flow from financing activities for the January–September period totaled SEK 19,964 thousand (815). Financing activities were positively affected by the agreed SEK 14,000 thousand credit facility, the exercise of share warrants and the inflow of funds from the set-off issue, but were negatively affected by the repayment of lease liabilities.

Cash and cash equivalents at the end of the period were SEK 1,462 thousand (8,818).

Total assets at the end of the quarter were SEK 85,091 thousand (39,691). Total assets increased as a result of the ongoing new rights issue, SEK 53,154 thousand of which is recognized in equity as an ongoing new rights issue and a current receivable, as the proceeds will be received in the fourth quarter. In addition, intangible assets is a significant item on the balance sheet, largely attributable to development costs related to Dosell totaling SEK 21,073 thousand (25,022).

INVESTMENTS AND DEVELOPMENT EXPENDITURE

Investments for the quarter totaled SEK 157 thousand (87) and related to the purchase of equipment. No development expenditure was capitalized relating to Dosell development since the product is fully developed and has been launched on the market. The product modifications made on an ongoing basis are expensed as they arise.

GOING CONCERN

The company's ability to meet future liquidity needs is largely dependent on successful sales and profitability. There is no guarantee that the company will be able to acquire necessary liquidity as needed, although general market conditions for accessing liquidity are positive. The Board works continually to assess various financing alternatives to ensure the company can continue as a going concern. In the fourth quarter, approximately SEK 29 million will be received from the completion of a new rights issue following payment of the proceeds from the issue, a short-term credit facility and accrued interest.

PARENT COMPANY

Group-wide functions are conducted within the Parent Company, which also employs the CEO and some of executive management. The Parent Company has invoiced the subsidiaries for management fees, which are eliminated at the Group level. Net financial items for the full year 2020 were mainly attributable to the impairment of the book value of the shares in the Dosell subsidiary by SEK -14 million, which corresponds to the value that the

subsidiary received as a shareholder's contribution during the year and the capital gain from the divestment of shares in the subsidiary iZafe AB, amounting to SEK +4.6 million.

Condensed income statement

GROUP

SEK 000	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operating income					
Net sales	38	701	222	8,820	8,904
Other operating income	1	13,682	-66	14,497	14,598
Total revenue	39	14,383	156	23,317	23,502
Operating costs					
Goods for resale	-119	-280	-415	-506	-1,259
Other external expenses	-2,352	-3,609	-10,843	-13,258	-17,733
Personnel costs	-1,863	-2,019	-5,858	-8,202	-11,233
Depreciation and amortization of property, plant and equipment, and intangible assets	-1,047	-1,210	-3,563	-4,312	-5,365
Other operating expenses	0	-10	0	-23	-24
Other costs	-5,381	-7,128	-20,679	-26,301	-35,614
Operating profit/loss	-5,342	7,255	-20,679	-2,984	-12,112
Net financial items	-841	-152	-2,809	-731	-730
Profit/loss after financial items	-6,183	7,103	-23,332	-3,715	-12,842
Tax on profit for the period	0	0	0	88	88
PROFIT/LOSS FOR THE PERIOD	-6,183	7,103	-23,332	-3,627	-12,754
Basic earnings per share (SEK)	-0.2	0.2	-0.7	-0.1	-0.4

Profit/loss for the period corresponds to total comprehensive income

Condensed statement of financial position

GROUP

SEK 000	2021 Sep 30	2020 Sep 30	2020 Dec 31
ASSETS			
Non-current assets			
Other intangible assets	21,073	25,022	24,035
Property, plant and equipment	148	81	0
Right-of-use assets	5,209	72	0
Financial assets	0	225	0
Current assets			
Inventories	2,748	2,854	2,303
Accounts receivable	25	669	21
Current receivables	54,426	1,950	6,173
Cash and cash equivalents	1,462	8,818	2,548
Total assets	85,091	39,691	35,080
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	35,436	32,769	32,862
Ongoing new share issue	53,154	0	1,216
Other capital contributions	51,521	56,582	59,151
Retained earnings including profit/loss for the period	-87,103	-54,644	-63,771
Total shareholders' equity	53,008	34,707	29,458
Non-current liabilities			
Lease liabilities	3,958	0	0
Current liabilities			
Interest-bearing liabilities	14,000	750	750
Lease liabilities	1,291	75	0
Accounts payable	2,726	1,741	2,237
Other current liabilities	10,108	2,418	2,635
Total liabilities	32,083	4,984	5,622
Total equity and liabilities	85,091	39,691	35,080

Condensed statement of changes in equity

GROUP

	2021	2020	2021	2020	2020
SEK 000	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Equity, opening balance	15,673	27,604	29,458	36,893	36,893
Comprehensive income					
Profit/loss for the period	-6,183	7,103	-23,332	-3,627	-12,754
Transactions with owners					
Set-off issue	0	0	862	0	0
New share issue	53,154	0	53,154	0	0
Issue supported by subscription rights	0	0	2,621	1,441	5,661
Share issue expenses	-9,636	0	-9,755	0	-342
Equity, closing balance	53,008	34,707	53,008	34,707	29,458

Condensed statement of cash flows

GROUP

	2021	2020	2021	2020	2020
SEK 000	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating profit/loss	-5,342	7,255	-20,523	-2,984	-12,112
Adjustments for non-cash items	1,047	-12,790	3,563	-9,688	-8,635
Interest received, etc.	0	1	0	1	1
Interest paid, etc.	-841	-153	-2,809	-732	-731
Tax paid	0	0	0	0	0
Cash flow from operating activities before changes in working capital	-5,136	-5,687	-19,769	-13,403	-21,477
Cash flow from changes in working capital	-1,192	-1,584	-1,124	-4,793	-3,090
Cash flow from operating activities	-6,328	-7,271	-20,893	-18,196	-24,567
Cash flow from investing activities	-83	20,311	-157	18,732	19,044
Cash flow from financing activities	-64	-4,222	19,964	815	604
Cash flow for the period	-6 475	8,818	-1,086	-1,351	-4,919
Cash and cash equivalents at start of period	7,937	0	2,548	7,467	7,467
Cash and cash equivalents at close of period	1,462	8,818	1,462	8,818	2,548

Condensed income statement

PARENT COMPANY

	2021	2020	2021	2020	2020
SEK 000	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating income					
Net sales	636	806	1,754	1,362	1,971
Other operating income	1	-107	-67	0	0
Total revenue	637	699	1,687	1,362	1,971
Operating costs					
Other external expenses	-909	-3,637	-4,658	-5,685	-4,736
Personnel costs	-699	-1,667	-2,387	-2,719	-5,314
Depreciation and amortization of property, plant and equipment, and intangible assets	7	-6	-9	-6	0
Other costs	-1,601	-5,310	-7,054	-8,410	-10,050
Operating profit/loss	-964	-4,611	-5,367	-7,048	-8,079
Net financial items	-841	7,177	-2,711	6,767	-9,953
Profit/loss after financial items	-1,805	2,566	-8,078	-281	-18,032
Tax on profit for the period	0	0	0	0	0
PROFIT/LOSS FOR THE PERIOD	-1,805	2,566	-8,078	-281	-18,032

Condensed balance sheet

PARENT COMPANY

SEK 000	2021 Sep 30	2020 Sep 30	2020 Dec 31
ASSETS			
Non-current assets			
Property, plant and equipment	148	81	0
Non-current financial assets	30,000	30,225	30,000
Current assets			
Current receivables	66,053	11,338	4,662
Cash and bank balances	1,010	7,669	2,331
Total assets	97,211	49,313	36,993
SHAREHOLDERS' EQUITY AND LIABILITIES			
Restricted equity			
Share capital	35,436	32,769	32,862
Ongoing new share issue	53,154	0	1,216
Unrestricted equity			
Share premium reserve	51,461	56,522	59,091
Retained earnings including profit/loss for the period	-68,151	-42,323	-60,073
Total shareholders' equity	71,900	46,968	33,096
Current liabilities			
Liabilities to credit institutions	14,000	0	0
Accounts payable	1,758	376	749
Other current liabilities	9,553	1,969	3,148
Total liabilities	25,311	2,345	3,897
Total equity and liabilities	97,211	49,313	36,993

Accounting policies, risks and supplementary information

NOTE 1. COMPANY INFORMATION

The Group's business includes development and marketing of products that contribute to safer, higher-quality health care in the home for both the Swedish and the international markets. The Group develops and sells the Dosell product, with the purpose of promoting reliable and safe dispensing of medications.

The Group's Parent Company, iZafe Group AB (corporate ID no 556762–3391), is a public limited-liability company with its registered office in Stockholm, Sweden. The company's Class B shares are listed on Nasdaq First North Premier. The subsidiary Dosell AB (corporate ID no 556898–3018), develops and produces medical device products.

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 SEK thousand unless otherwise stated.

NOTE 2. PRINCIPLES FOR PREPARATION OF THE INTERIM REPORT

The Group applies the Swedish Annual Accounts Act and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), as well as the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Groups, when preparing financial statements. The Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2, Accounting for Legal Entities, when preparing financial statements. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For detailed information about the company's accounting policies please refer to the most recently published annual report.

Changes to significant accounting policies

A number of new standards and amendments of standards came into effect for the financial year starting January 1, 2021. None are deemed to have any effect on the consolidated financial statements.

NOTE 3. RELATED-PARTY TRANSACTIONS

The company's Board invoiced consulting services from their own companies amounting to SEK 108 thousand (120) for the quarter. Besides these, the Group had no related-party transactions during the reporting period other than customary wages and remuneration to the Board and executive management.

NOTE 4. FINANCIAL RISKS

Through its operations, iZafe is exposed to various financial risks, such as market risk, credit risk, exchange rate risk and liquidity risk. The Group's management and Board of Directors actively work to minimize these risks. A detailed description of risks can be found in the most recently published annual report.

NOTE 5. MATERIAL RISKS AND UNCERTAINTIES

The Group's operations consist of sales of the patented Dosell medication-dispensing robot and associated subscription fees. Dosell was launched on the market relatively recently. Consequently, as yet it is not possible to draw any far-reaching conclusions regarding market acceptance of the product, or to identify sales and earnings trends. Moreover, the company is largely dependent on intellectual property that is difficult to protect through registration.

The company's ability to meet future liquidity needs is largely dependent on successful sales and profitability. There is no guarantee that the company will be able to acquire necessary liquidity as needed, although general market conditions for accessing liquidity are positive. The Board believes that the significant uncertainties associated with the Covid-19 pandemic are not of such character and scope that the Company's ability to continue its operations will be affected in the foreseeable future.

NOTE 6. iZAFE SHARES

iZafe has issued two classes of shares, Class A shares and Class B shares. Class B shares have been traded since January 2, 2018, on NASDAQ First North Premier. Class A shares carry ten votes per share and Class B shares carry one vote per share. As of September 30, 2021, share capital stood at SEK 35,435,674, distributed over 600,000 Class A shares and 34,835,674 Class B shares, with a quotient value of SEK 1 per share.

NOTE 7. SHARE WARRANTS

As of September 30, 2021, the Group had two outstanding share warrant programs.

T06 series share warrants

The maximum number of remaining warrants is 332,629. They are aimed at all shareholders. Holders are entitled, for each warrant, to subscribe for one Class B share in the company at an initial subscription price of SEK 2.60. The subscription period shall be three years from registration of the first issuance of warrants with the Swedish Companies Registration Office, which took place on November 29, 2018.

At the end of the quarter, 1,176,035 warrants were allocated, of which 843,346 warrants were subscribed during earlier subscription periods.

Future subscription periods for warrants are as follows:

November 14–28, 2021

Upon full exercise, share capital will increase by SEK 332,629. Share warrants are subject to customary conversion terms in connection with issues, etc. The maximum dilutive effect of the warrant program is about 1 percent of the total number of shares and votes in the company.

TO10 B series share warrants

The number of share warrants amounts to a maximum of 35,435,674, aimed at all shareholders that participated in the 2021 rights issue.

Each TO10 B series share warrant entitles the holder to subscribe for one (1) new Class B share in the company in exchange for a cash payment corresponding to 70 percent of the volume-weighted average price of one of the company's shares on Nasdaq First North Premier Growth Market from September 12, 2022 through September 23, 2022, although for no less than SEK 1.00 and no more than SEK 2.25 per share. Subscribing for shares using share warrants must take place in accordance with the terms and conditions for the share warrants from September 27, 2022 through October 11, 2022.

Upon full exercise, share capital will increase by SEK 35,435,674. Share warrants are subject to customary conversion terms in connection with issues, etc. The maximum dilutive effect of the warrant program is about 50 percent of the total number of shares and votes in the company.

Besides the warrant programs referred to above, there are no other outstanding warrants, convertible instruments or similar financial instruments at this time that may entitle holders to subscribe for new shares or otherwise impact share capital in the company.

REVIEW

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

CERTIFIED ADVISER

FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se

FINANCIAL CALENDAR

18/02/2022	Year-end report 2021
08/04/2022	Annual report
29/04/2022	Q1 2022 interim report
26/08/2022	Q2 2022 interim report
28/10/2022	Q3 2022 interim report

Financial reports are available on the company's website, www.izafe.se, on the same day that they are published.

DECLARATION

The Board of Directors and the Chief Executive Officer certify that this interim report provides a true and fair overview of the development of the Parent Company's and the Group's business activities, financial position and results as well as the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm, November 29, 2021

iZafe Group AB (publ.)

Anders Segerström	CEO
Joachim Källsholm	Chairman
Göran Hermansson	Deputy Chairman
Dr B.-O. Ahrstrom	Board member
Richard Wolff	Board member

CONTACT

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