

Inhalation Sciences



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The Board of Directors of Inhalation Sciences resolves on a rights issue of approximately MSEK 17.1

The Board of Directors of Inhalation Sciences Sweden AB (publ) ("ISAB" or the "Company") has with the support of the authorization from the Annual General Meeting on May 6, 2022, resolved on a new issue of shares of approximately MSEK 17.1 with preferential rights for ISAB:s shareholders (the "Rights Issue"). The Company has received subscription- and guarantee commitments of approximately MSEK 13.7, which corresponds to approximately 80 percent of the Rights Issue. The purpose of the Rights Issue is to intensify the development of the Company's contract research services. Furthermore, the Company announces that the publication of the interim report for the first quarter will be postponed.

The Rights Issue in brief

- The purpose of the Right Issue is primarily to support and obtain working capital for planned growth in the operational activities related to the Company's contract research services (IRS).
- All existing shareholders will receive five (5) subscription rights for each one (1) share held on the record date of April 20, 2023, and twelve (12) subscription rights entitle the holder to subscribe for one (1) newly issued share.
- The subscription price is SEK 3.60 per share.
- The subscription period in the Rights Issue is expected to run from and including April 24, 2023, up to and including May 9, 2023.
- Trading in subscription rights is expected to take place on Spotlight Stock Market during the period from and including April 24, 2023, up to and including May 4, 2023.
- The last day of trading the ISAB share, including the right to participate in the Rights Issue, is April 18, 2023.
- The Rights Issue is guaranteed to 80 percent through subscription- and guarantee commitments.

Background and motive

ISAB is a Swedish contract research oriented Medtech company that develops and manufactures innovative solutions for inhalation research. The Company's business is based on a unique technology platform called PreciseInhale, which enables accurate and reproducible dosing of particles in inhalable drugs. This technology is designed to facilitate research and development of inhalation products, including drugs and aerosols for medical purposes, air pollution research, and evaluation of industrial chemicals.

Since about a year ago, the Company is in a transformative phase where the focus has shifted towards the sale of advanced contract research services rather than the sale of the technology platform itself. This transition has already proven to substantially benefit the Company's development and the forthcoming Rights Issue intends to support the path to cash flow positivity and continued growth. ISAB intends to further strengthen its service offering within inhalation according to the established business plan. The purpose of the forthcoming Rights Issue is thus to ensure sufficient resources to implement the Company's business plan and to meet an increased customer need for inhalation research services.

Upon full subscription of the Rights Issue, the Company will receive approximately MSEK 17.1 before issuing costs amounting to approximately MSEK 3.5 (of which costs for guarantee commitments amount to approximately MSEK 1.8). The Company has received subscription commitments and guarantee commitments in the Rights Issue of approximately MSEK 13.7, which corresponds to approximately 80 percent of the total volume of the Rights Issue. However, these measures have not been secured through advance transactions, bank guarantees or similar arrangements.

The net proceeds of approximately MSEK 13.6 are intended to finance the following activities, listed in order of priority:

- Expansion of existing services and relevant organization – approximately 65 percent
- Research and development costs – approximately 20 percent
- Repayment of loan credit – approximately 15 percent

The Rights Issue

On April 6, 2023, the Board of Directors of ISAB resolved on the Rights Issue. Through the Rights Issue, a maximum of 4,739,889 shares will be issued at a subscription price amounting to SEK 3.60 per share.

The record date for the right to participate in the Rights Issue is April 20, 2023, and the subscription period for the Rights issue runs from and including April 24, 2023, up to and including May 9, 2023. The last day of trading in the ISAB share including the right to participate in the Rights Issue is April 18, 2023.

Shareholders who on the record date, April 20, 2023, are registered as shareholders in the Company have preferential rights to subscribe for shares in proportion to the number of shares held on the record date. Shareholders will receive five (5) subscription rights for each one (1) share held. Twelve (12) subscription rights entitle the holder to subscribe for one (1) new share. In addition, investors are offered the opportunity to apply for subscription of shares without subscription rights.

Through the Rights Issue the number of shares can increase with not more than 4,739,889 shares, from 11,375,734 shares to 16,115,623 shares and the share capital can increase with not more than SEK 1,895,955.60, from SEK 4,550,293.60 to SEK 6,446,249.20. The dilution effect for shareholders who choose not to participate in the Rights Issue amounts to approximately 29.4 percent of the capital and votes (calculated as the number of new shares as a result of the Rights Issue divided by the total number of shares in the Company after a fully subscribed Rights Issue).

An information memorandum regarding the Rights Issue will be published before the start of the subscription period.

Subscription commitments and guarantee commitments

The Rights Issue is covered by subscription commitments of approximately MSEK 1.8, corresponding to approximately 10.4 percent of the Rights Issue, and guarantee commitments of approximately MSEK 11.9, corresponding to approximately 69.6 percent of the Rights Issue. Thus, the Rights Issue is covered to approximately 80 percent. However, these measures have not been secured through advance transactions, bank guarantees or similar arrangements. For the guarantee commitments, the underwriters receive a guarantee compensation of fifteen (15) percent of the guaranteed amount in cash or eighteen (18) percent of the guaranteed amount in the form of newly issued shares in the Company at a subscription price corresponding to the subscription price in the Rights Issue. Each person who has given a guarantee commitment has the right to choose whether the compensation shall be paid in cash or through an issue of

new shares. However, compensation through an issue of new shares is conditional upon the Annual General Meeting of the Company authorizing the Board of Directors to resolve on issues of shares with deviation from the shareholders' pre-emption rights. Furthermore, the compensation through issue of shares is limited by the maximum number of shares and share capital set out in the Articles of Association. In the event that underwriters choose to receive guarantee compensation through subscription of shares and the number of shares needed to be issued would cause the limits in the Articles of Association to be exceeded, a pro rata allotment of shares will be made in relation to each underwriter's claim on guarantee compensation against the Company. In the event that the underwriter cannot receive the entire guarantee compensation in the form of shares, the remaining part of the guarantee compensation will be paid through cash payment.

Preliminary timetable for the Rights Issue:

A preliminary timetable for the Rights Issue follows below (all dates refer to 2023):

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| April 18 | Last day of trading in shares including the right to participate in the Rights Issue with preferential right. |
| April 19 | First day of trading in shares without the right to participate in the Rights Issue with preferential rights. |
| April 20 | The record date for participation in the Rights Issue, i.e., shareholders who are registered in the share register maintained by Euroclear Sweden AB on this day will receive subscription rights that entitle them to participate in the Rights Issue. |
| April 21 | The information memorandum regarding the Rights Issue is expected to be published. |
| April 24 – May 4 | Trading in subscription rights on Spotlight Stock Market. |
| April 24 – May 9 | Subscription period in the Rights Issue. |
| April 24 | Trading with BTA (paid subscribed share) begins. Trading continues until the Rights Issue has been registered with the Swedish Companies Registration Office. |
| Around May 12 | Announcement of the outcome of the Rights Issue. |

New date for publication of the interim report for the first quarter of 2023

ISAB will publish the interim report for the first quarter, January 1, 2023 – March 31, 2023, on May 31, 2023, instead of May 23, 2023, as previously communicated.

Advisors

ISAB has appointed Stockholm Corporate Finance AB as financial advisor and Fredersen Advokatbyrå AB as legal advisor. Hagberg & Aneborg Fondkommission AB is the issuing agent in connection with the Rights Issue.

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This disclosure contains information that Inhalation Sciences Sweden AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person on April 6, 2023, at 8:45 CEST.

About Inhalation Sciences Sweden AB (publ)

Inhalation Sciences Sweden AB (publ) develops and commercializes world-leading instruments for inhalation research. The Company's patented laboratory instrument, PreciseInhale®, offers researchers the opportunity to characterize, with very high precision, how aerosols and small particles affect our lungs and thus our health when inhaled.

About Stockholm Corporate Finance AB

Stockholm Corporate Finance is an independent privately owned financial advisor offering services within qualified advice on capital raising, ownership changes, mergers and acquisitions (M&A) to listed and private companies and their owners. Stockholm Corporate Finance is a securities company under the supervision of the Swedish Financial Supervisory Authority and is a member of the industry organization SwedSec Licensiering AB. For more information see: www.stockholmcorp.se

Important information

This press release does not constitute an offer to subscribe for, acquire or otherwise trade in shares, subscription rights, BTAs or other securities in the Company and investors should not subscribe for or acquire any securities other than on the basis of the information contained in the information memorandum that will be published prior to the commencement of the subscription period in the Rights Issue on or about 21 April 2023. No action has been taken and no action will be taken to permit an offer to the public in jurisdictions other than Sweden.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs or current expectations and goals regarding the Company's future operations, financial condition, liquidity, results of operations, 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 can 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 on various assumptions, many of which are in turn based on additional assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance 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, actual results or performance could differ materially from those reflected 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 error and does not accept any responsibility for the future accuracy of the views 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 of the date hereof and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or release 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.