

Coala-Life Group AB secures liquidity of approx SEK 27,3 M through conversion and partial extension of bridge loans as well as new loan financing with set-off commitments. The company also provides an update

Coala-Life Group AB ("Coala Life" or the "Company") today announces that the Company has secured liquidity through an agreement with parties that provided the Company with bridge financing in the rights issue carried out in January 2024 and service providers to the Company as well as existing shareholders through partial extension and conversion of outstanding bridge loans, new shareholder loans intended to be set off against new shares in the Company and agreements with service providers on deferred payments of receivables. The agreement has been reached to provide the Company with improved financial operational flexibility and delivery capacity in the business. The settlement initially secures liquidity for the Company amounting to approximately SEK 27.3 million, which the Company deems sufficient for the Company's operations until the exercise period of the warrant of series 3 ("TO3") in June 2024. The Company also provides an update on cost-saving measures, focus and future prospects.

Coala Life's solution for factoring has not worked in an appropriate way and has thus been terminated, which has meant extended payment periods for the Company and over time a total liquidity impact of approximately SEK 15 million and a liquidity impact of approximately SEK 7 million through customers with whom the business relationship has been terminated due to lack of profitability and poor payment compliance. In connection with this, Coala Life has decided to focus its customer work on managing and further developing a limited number of customers, including the company Coala Life recently signed a cooperation agreement with, which accounts for the majority of the Company's recurring revenues. The Company's negotiations with a new supplier of factoring have been ongoing and have now been discontinued since the model, including offered terms in terms of cost and volume, is not appropriate for the Company.

Coala Life has today reached an agreement with a number of parties on a financing solution that initially secures liquidity for the Company amounting to approximately SEK 27.3 million. These parties include companies that have provided the Company with bridge financing in connection with the rights issue carried out in January 2024, a group of existing shareholders (the "**Owner Consortium**") and three service providers to the Company. The settlement means that bridge financiers have agreed with the Company on a conversion (through set-off in an issue of new shares) of outstanding bridge loans of approximately SEK 5.3 million at a subscription price of SEK 0.063, whereby 84,285,714 new shares are issued. The subscription price corresponds to the subscription price in the rights issue carried out in January 2024, adjusted upwards so as not to fall below the quota value of the shares at the intended registration date and is deemed by the Company's board of directors to be in accordance with market conditions. In addition, the remaining outstanding bridge loan of approximately SEK 2.0 million will be partially extended until 30 June 2025, when amortization will take place. In total, approximately SEK 11.3 million of the bridge loans will be repaid in cash. The Owner Consortium will provide the Company with new and extended loans totaling approximately SEK 11.5 million, which the lenders have contractually committed to offset against the issuance of new shares in the Company at a subscription price of SEK 0.063 per new share (if requested by the Company). In addition, three service providers have agreed with the Company to defer payment of approximately SEK 8.4 million. With the liquidity from the settlement, the Company will settle current debts to suppliers of approximately SEK 17.0 million and in addition run the Company's business in the US with the remaining amount. The Company assesses that the amount is sufficient for the Company's operations until the exercise period of TO3 in June 2024.

Cost savings, strategic focus, and future prospects

The cost savings announced by the Company in September and December 2023, respectively, mean that the Company will reach an operational cost base of approximately SEK 6.5 million per month during the first quarter of 2024. In combination with a strategic decision which means that Coala Life will focus on a dozen larger, more cost-effective key customers going forward, including the customer contract that the Company announced through a press release on January 10, 2024, the Company sees gradually increasing margins and revenues during the first half of 2024 and an opportunity to achieve a positive operating profit at EBITDA level on a monthly basis by the end of the year.

Directed share issue and request for set-off

To enable repayment to bridge financiers in the form of new shares, the Board of Directors intends to utilize the set-off undertakings received and resolve on a new issue of shares against payment by set-off based with the support of an authorization granted by the Extraordinary General Meeting on 22 December 2023.

The reason for the deviation from the shareholders' preferential rights is to enable set-off of existing debts to meet the Company's immediate liquidity needs and secure a more favorable capital structure for the Company. The new shares will be issued at a price of SEK 0.063 per share, which has been determined through an arm's length negotiation and corresponds to the subscription price per new share in the rights issue carried out in January 2024 (where the subscription price per unit, consisting of four new shares and one warrant, free of charge, amounted to SEK 0.24) adjusted upwards so as not to fall below the quota value of the shares at the intended registration date. Considering the outcome of the rights issue, the subscription price is deemed to be in accordance with market conditions.

If the set-off undertakings are exercised by the Company in their entirety and the planned directed share issue is carried out, the Owner Consortium together with the bridge financiers is expected to subscribe for a total of approximately 267,000,000 new shares in the Company against payment by set-off, which would correspond to a dilution effect of approximately 17.4 percent in relation to the number of shares in the Company after the rights issue and the issuance for payment of consideration to guarantors in the form of new shares in the Company. The completion of the contemplated directed share issue will be announced through a separate press release.

About us

Coala-Life Group AB ("Coala Life" or the "Company") founded in 2015, is a Cloud Based Software as a Service provider, and medical device developer and reseller, listed on Nasdaq First North Growth Market. The Company focuses on B2B solutions for managed Remote Patient Monitoring ("RPM"), offering medical care providers, primarily in the US, with a highly scalable, cost-efficient platform to remotely and virtually manage large volumes of patients suffering from chronic diseases. The company offers care providers a comprehensive solution and lifts the administrative work from the care providers regarding, amongst other things, follow-up, 24/7 monitoring, as well as the reimbursement process from state and private health insurance companies. Patients are monitored long-term in everyday life and typically have diabetes, obesity, and /or cardiovascular disease.

For more information see www.coalalife.com

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Certified Adviser

The Company's Certified Adviser is Carnegie Investment Bank AB (publ).

This information is information that Coala Life is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-02-01 14:42 CET.

Attachments

Coala-Life Group AB secures liquidity of approx SEK 27,3 M through conversion and partial extension of bridge loans as well as new loan financing with set-off commitments. The company also provides an update