



## **Correction: Wrong MAR reference in previous press release. The MAR reference can be read further down in the press release**

**Kiliaro acquires Sosyopix A.Ş. and the board of Kiliaro resolves on rights issue of approximately 20.5 MSEK subject to the subsequent approval of the extraordinary general meeting**

Kiliaro AB (publ) (“Kiliaro” or the “Company”) expands its business by acquiring Sosyopix İnternet Hizmetleri A.Ş (“Sosyopix”), the leading operator in online photo printing in Turkey (the “Acquisition”). Sosyopix has sales of approximately SEK 30.5 million and approximately 40 employees. The purchase price totals EUR 5,225,178. 81 percent of the purchase price will be paid in cash financed through a mix of existing funds and a partially guaranteed rights issue resolved by the board of directors today subject to the subsequent approval of the extraordinary general meeting (the “Rights Issue”) and approximately 19 percent will be paid using 6,200,446 newly issued shares in Kiliaro (the “Issue in kind”). An additional earn out consideration based on Sosyopix EBITA for 2023, 2024 and 2025 with a maximum amount of EUR 2,125,000 may also become payable in parts in connection to the EBITA for each period being established. The agreement for the Acquisition has been signed today on March 13, 2023 and closing of the Acquisition is expected to take place on or about May 12, 2023. Closing is conditioned upon that the Company’s shareholders approve the board of directors’ decision to issue the consideration shares and that the Company has secured the financing of the cash consideration.

The Acquisition is a strategic milestone to become the super app for personal photo management and establishes Kiliaro in Turkey and is in line with Kiliaro’s long-term business strategy and vision regarding the product offering. Sosyopix was founded in 2014 by the two brothers Sezig and Emre Abat. The company is active in digital photo printing, by offering customers the ability to print digital photos at home via the Sosyopix app, which can be downloaded for free from Google Play or App Store. Examples of products offered are polaroid pictures, polaroid magnets, photo books, calendars and canvas.

Since 2018, Sosyopix has increased its turnover from approximately SEK 10 million to approximately SEK 30.5 million in 2022 with an EBITDA of approximately SEK 5.5 million. The turnover has been generated exclusively on the Turkish market. Sosyopix owns its own machine park in Istanbul and delivers around 1,500 orders per day to customers all over Turkey. Kiliaro launched its offering on the Turkish market a year ago and the acquisition simplifies the Company’s market access in the country that offers favorable cost advantages in terms of pricing to end customers.

Kiliaro further assesses that Sosyopix’s product line in combination with their geographic presence is well in line with the Company’s overall business plan and strategy to offer a scalable and comprehensive solution. The combination of Kiliaro’s solution for storage, sharing and socialization and Sosyopix’s solution for digital photo printing will create a competitive player with compelling growth opportunities as it opens up for new commercial opportunities

and innovations. Kiliaro further expects the Acquisition to come with cost synergies primarily related to consolidation of the two organizations and their respective sales, marketing and product development teams.

The acquisition of Sositypix will transform Kiliaro's identity on the digital photo market. By completing the Acquisition, Kiliaro will possess the capability to offer innovative and scalable solutions to its customers on an international level. The addition of Sositypix's assets will further significantly increase Kiliaro's revenue streams, resulting in a stronger financial position for the Company to pursue its M&A strategy with full vigor as a profitable organization with positive cash flow.

By acquiring Sositypix, Kiliaro will also gain access to a large customer base, which is expected to result in tangible commercial synergies. The joint group's combined customer base of approximately 2 million users will have access to a wider range of products and services, creating excellent opportunities for additional sales and cross-selling. Kiliaro's acquisition of Sositypix will further strengthen its international presence, which is a significant step in the Company's global expansion. The Acquisition will also bring new features to Kiliaro's app, with the addition of printing service, which is expected to result in increased user engagement.

*"We are thrilled to announce that we are making great strides towards creating the ultimate super app that we've been dreaming of. It will be a comprehensive presence in the photo sector that will cater to all needs in personal photo management, from storage and sharing to editing and printing, and much more. Our vision is to provide all of these features within one single, user friendly application, and this acquisition is a major milestone in our long-term M&A strategy. With these added resources and expertise, we are confident that we can continue to drive innovation in the industry and deliver an application with high user experience."* says Elie Komo, CEO of Kiliaro.

*"As the number one player in Turkey for online photo printing, we at Sositypix are proud of what we have accomplished. However, we believe that our partnership with Kiliaro will take us to a whole new level, and allow us to achieve something truly remarkable. We were immediately drawn to Kiliaro's compelling vision and mission, and we are thrilled to be a part of this global movement. With the resources and expertise available to us under the Kiliaro umbrella, we are confident that we can expand our reach and make a significant impact in the worldwide online photo printing market. We are eager to start contributing our part towards building something truly unique and game-changing in this industry."* says Emre Abat, CEO of Sositypix.

## **Financials Sositypix**

In the twelve months ending December 31, 2022, Sositypix is expected to record revenues of 30.5 MSEK, Gross Profit of 10.6 MSEK, and Adjusted EBITDA of 5.5 MSEK. This corresponds to a gross margin of 35 percent and an adjusted EBITDA margin of 18 percent. The business employs around 40 employees and is headquartered in Istanbul, Turkey.

As of 2022, Sositypix has sold to over 500,000 customers. In order to manage inflation in the Turkish market, Kiliaro estimates that it needs to implement a global payment solution that converts purchases from end customer to the desired currency, which is expected to reduce the risk of currency losses. Furthermore, inflation in the Turkish market partly benefits the Company as it can keep manufacturing costs low while selling on other markets, such as Europe and the Nordics, at competitive prices.

## **Financials Kiliaro**

In the twelve months ending December 31, 2022, Kiliaro recorded revenues of 96 TSEK, an EBIT of -11.7 MSEK, and Adjusted EBITDA of -10 MSEK. Earnings per share is -1.34 SEK. In 2022, Kiliaro's user base increased by 218 percent over the year. In total, Kiliaro has 6 business employees and 12 consultants working for the Company full time. Kiliaro's headquarters is located in Stockholm, Sweden.

## Financing

The purchase price is EUR 5,225,178, of which approximately (i) 81 percent will be paid in cash financed through a mix of existing cash balance / existing credit facilities and expanded credit facilities and the Rights Issue (the “**Cash Consideration**”) and (ii) approximately 19 percent will be paid through the Issue in kind. The Cash Consideration will be paid to the sellers of Sosyopix over a period of 24 months from closing of the Acquisition.

The board of directors of Kiliaro intends to call for an extraordinary general meeting (the “**Extraordinary General Meeting**”) to resolve on approval of the Rights Issue and to resolve on the Issue in kind on essentially the following conditions:

### The Issue in kind in brief

- The total subscription price amounts to EUR 990,417.
- The value of the contribution in kind has been determined by the board of Kiliaro based on future discounted cash flows, turnover and growth compared to other participants on the market.
- For existing shareholders, the Issue in kind results in a dilution effect of approximately 41 percent of the capital and votes of the Company.
- The Issue in kind increases the number of outstanding shares with 6,200,446 shares from 8,855,308 shares to 15,055,754 shares and increases the number of votes with 6,200,446 votes from 8,855,308 votes to 15,055,754 votes.
- The Issue in kind will increase the share capital by SEK 620,044.6, from SEK 885,530.8 to SEK 1,505,575.4.

### The Rights Issue in brief

- Kiliaro intends to use the net proceeds of the Rights Issue to part-finance the Acquisition.
- The Rights Issue comprises a maximum of 15,180,528 shares. If fully subscribed, the Rights Issue will provide the Company with issue proceeds of approximately SEK 20.5 million before issue costs.
- Existing shareholders in the Company as of the record date of April 3, 2023 will receive one (1) subscription right for each share held on the record date. Seven (7) subscription rights entitle the holder to subscribe for twelve (12) shares in the Rights Issue.
- The subscription price in the Rights Issue is set at SEK 1.35 per share.
- Subscription in the Rights Issue can take place during the period April 5, 2023 – April 19, 2023.
- Trading in subscription rights is expected to take place on Nasdaq First North Growth Market during the period April 5, 2023 – April 14, 2023 and trading in BTA (paid subscribed shares) is expected to take place on Nasdaq First North Growth Market from April 5, 2023 until the Rights Issue is registered with the Swedish Companies Registration Office.
- First Venture Sweden AB, the Company's largest shareholder, who holds approximately 37 percent of the total number of shares and votes in the Company, has undertaken to subscribe for new shares corresponding to their pro-rata share of the Rights Issue.
- In addition to the aforementioned subscription undertaking, external guarantors have provided guarantee undertakings subject to customary conditions of SEK 10.8 million, which corresponds to approximately 53 percent of the Rights Issue. The Rights Issue is thus underwritten to approximately 90 percent by subscription and guarantee undertakings. Neither the subscription undertaking nor the guarantee undertakings are secured through bank guarantee, restricted funds, pledged assets or similar arrangements.
- The Rights Issue, after taking into account the effects of the Issue in kind, increases the number of outstanding shares with 15,180,528 shares from 15,055,754 shares to 30,236,282 shares and increases the number of votes with 15,180,528 votes from 15,055,754 votes to 30,236,282 votes, if fully subscribed.

- The Rights Issue, after taking into account the effects of the Issue in kind, will increase the share capital by SEK 1,518,052.8 from SEK 1,505,575.4 to SEK 3,023,628.2 if fully subscribed.
- For existing shareholders, after taking into account the effects of the Issue in kind, the Rights Issue results in a dilution effect of approximately 71 percent of the capital and votes of the Company if fully subscribed. Shareholders who choose not to subscribe in the Rights Issue have the opportunity to financially compensate for this dilution effect by selling their received subscription rights.
- Additional shares may be issued as part of the payment of the guarantee fee which will have additional minor effects on the dilution.
- The complete terms and conditions of the Rights Issue, including additional information about the Company, will be made available in an investment memorandum that is expected to be published around April 4, 2023 (the “**Memorandum**”).

The complete terms and conditions of the Rights Issue and the Issue in kind respectively will be announced separately in the notice for the Extraordinary General Meeting.

### **Conditions for the Acquisition**

The Acquisition is conditioned upon that (i) the Extraordinary General Meeting has voted in favor of the Issue in kind with the majority vote required under Swedish law and (ii) that Kiliaro has secured its full financing for payment of the cash consideration. Closing of the Acquisition is expected to take place on or about May 12, 2023.

### **Preliminary timeline**

The timeline below is indicative and may be subject to change.

Extraordinary General Meeting to approve the Rights Issue and Issue in kind	March 30, 2023
Last day for trading in the Company's shares including the right to receive subscription rights	March 30, 2023
First day of trading in the Company's shares excluding the right to receive subscription rights	March 31, 2023
Record date for participation in the Rights Issue, i.e., ordinary shareholders who are registered in the share register maintained by Euroclear Sweden AB on this date will receive subscription rights entitling them to participate in the Rights Issue	April 3, 2023
Publication of the Memorandum	April 4, 2023
Trading in subscription rights	April 5, 2023 - April 14, 2023
Subscription period	April 5, 2023 - April 19, 2023
Trading in BTA's (paid subscribed shares)	April 5, 2023 until the Rights Issue is registered with the Swedish Companies Registration Office
Announcement of the final outcome of the Rights Issue	April 21, 2023
Expected closing of the Acquisition	May 12, 2023

### **Subscription and guarantee undertakings**

The Company's largest shareholder, First Venture Sweden AB, has undertaken to subscribe for shares in the Rights Issue corresponding to their pro rata share equaling approximately SEK 7.6 million and approximately 37 percent of the Rights Issue.

In addition to the subscription undertaking, a guarantee syndicate, syndicated by G&W Fondkommission, has provided guarantee undertakings subject to customary conditions which,

in aggregate, amount to SEK 10.8 million corresponding to approximately 53 percent of the Rights Issue. Consequently, the Rights Issue is secured to approximately 90 percent through the aforementioned subscription and guarantee undertakings.

A guarantee fee will be paid to the guarantors, based on current market conditions, of sixteen (16) percent of the guaranteed and allotted amount. Eight (8) percent of the fee will be paid in cash and eight (8) percent will be paid by set-off against shares to the same terms as in the Rights Issue. No fee is to be paid for the subscription undertaking that has been entered into by First Venture Sweden AB. Neither the subscription undertaking nor the guarantee undertakings are secured through bank guarantees, restricted funds, pledged assets or similar arrangements.

Further information regarding the parties who have entered into subscription and guarantee undertakings will be presented in the Memorandum.

### **Lock-up arrangements**

Sosyopix is being acquired from the two founders of Sosyopix (the “**Founders**”). The Founders have undertaken towards the Company not to divest the shares received in the Issue in kind during a lock-up period of 36 months from the closing. In addition, the CEO of Kiliaro has undertaken towards the Founders not to divest his shareholding in the Company for a lock-up period of 36 months from the closing.

### **Due Diligence**

Prior to the signing of the purchase agreement, Kiliaro together with its Turkish advisers, BDO Turkey and Boden Law, performed a so-called due diligence of certain business, financial and legal information regarding Sosyopix.

### **Advisors**

G&W Fondkommission is acting as financial advisor to the Company in the Rights Issue. Advokatfirman Delphi is acting as legal advisor to Kiliaro in the Acquisition, including the Rights Issue and Issue in kind with regards to matters of Swedish law. Boden Law is acting as legal advisor to Kiliaro in the Acquisition with regards to matters of Turkish law.

### **For further information, please contact:**

Elie Komo, CEO Kiliaro AB

Tel: +46 72 33 33 026

E-mail: [elie@kiliaro.com](mailto:elie@kiliaro.com)

### **Certified adviser**

Svensk Kapitalmarknadsgranskning AB

*The information in this press release is of the nature that Kiliaro AB (publ) is obliged to make it public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, on March 13, 2023 at 6 pm (CET).*

*Kiliaro is a social photo gallery app for individuals looking for the most convenient way to store and share memories. With Kiliaro's social platform, you get innovative features for sharing photos and videos - directly from your photo gallery to the recipient's gallery where you can then interact around the content. Together with unlimited space and high standards of privacy and security, your most precious digital memories are stored without you losing control of them. Kiliaro is listed on Nasdaq First North Growth Market, with the ticker symbol KILI. Read more at [kiliaro.com](https://kiliaro.com)*

## Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Kiliaro. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement is not a prospectus for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the “**Prospectus Regulation**”). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the Memorandum. Any invitation to those entitled to subscribe for shares in Kiliaro is made solely through the Memorandum which Kiliaro estimates to publish on or about April 4, 2023.

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the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This announcement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

### **Forward-looking statements**

This announcement contains certain forward-looking statements that are based on uncertainty, as they relate to events and depend on circumstances that will occur in the future and which, by their nature, may have an impact on results of operations and the financial condition of Kiliaro. Such forward-looking statements reflect Kiliaro’s current expectations and are based on the information currently available. Kiliaro cannot give any assurance as to whether such forward-looking statements will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

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