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## **InCoax carries out a rights issue of approximately SEK 50.1 million and proposes an authorization for an over-allotment issue of an additional approximately SEK 15.0 million**

The board of directors of InCoax Networks AB ("InCoax" or the "Company") has today, subject to subsequent approval by the extraordinary general meeting in the Company on 19 October 2022, resolved to carry out a rights issue of shares with preferential rights for the Company's existing shareholders of approximately SEK 50.1 million before issue costs (the "Rights Issue"). The Rights Issue is mainly intended to finance working capital for the operating business, continued growth as well as potential M&A investments within technology. In connection with the Rights Issue, the Company has received subscription undertakings of approximately SEK 41.5 million, corresponding to approximately 82.9 per cent of the Rights Issue. Furthermore, the Company has entered into an agreement with Saugatuck Invest AB regarding a guarantee commitment without remuneration of approximately SEK 8.1 million, which together with the subscription undertakings secure the Rights Issue to approximately 99,1 per cent. The board of directors has also resolved to propose that the extraordinary general meeting on 19 October 2022 authorizes the board of directors to resolve on an over-allotment issue of approximately SEK 15.0 million in order to satisfy Svenska Defence AB's interest to, in the event of an oversubscription in the Rights Issue, fulfil its undertaking to subscribe for shares in the Rights Issue in accordance with submitted subscription undertaking (the "Over-allotment Issue"). The Rights Issue and the Over-allotment Issue are subject to approval by the extraordinary general meeting on 19 October 2022. Notice to the extraordinary general meeting will be published through a separate press release.

### **Background and reason**

InCoax is a public limited company developing innovative solutions for broadband access, so-called "Fiber Access Extension" solutions, with gigabit speed and provides next-generation sustainable network products and system solutions to the world's leading telecom and broadband service operators.

During 2020, InCoax underwent a strategy change to position the Company more clearly towards system design and solutions for bigger Tier 1 operators. This has resulted in a Master Purchase Agreement (MPA) with Google Fiber Inc., an American national fiber/LAN operator operating in 19 American metropolitan areas.

In addition to the agreement with Google Fiber Inc., InCoax has after successful field tests received an initial order of SEK 3.5 million in September 2022, on products relating to private single-family homes from an American Tier 1 operator. The Tier 1 operator has a need in the segments of private single-family homes and apartment buildings to connect four million households and 1.6 million households respectively to fiber within the next three to five years. In parallel, InCoax continues discussions with the American Tier 1 operator regarding the last step, productization and commercialization of InCoax' multigigabit solution for fiber extension in multi-family homes – InCoax MoCA Access™ 2.5.

Furthermore, InCoax broadened its offering in September 2021 by launch of Distribution Point Unit D2501, targeting smaller multi-family homes, which increases InCoax' addressable market. Distribution Point Unit D2501 is currently undergoing field tests at two American operators, in Europe one operator has initiated tests and another has ongoing field tests in four buildings. There are also other operators who have shown interest in this solution, where tests are expected to start in the second half of 2022. The expanded operations will, according to the Company, initially increase the Company's working capital needs.

To secure the Company's working capital and development needs and to be able to carry out the Company's business plan and strategy, the board of directors has resolved to carry out the Rights Issue. The Rights Issue is estimated to provide InCoax with approximately SEK 50.1 million before issue costs, which are expected to amount to approximately SEK 2.0 million. The net proceeds from the Rights Issue are planned to be used as working capital for the operating activities, to finance continued growth as well as M&A investments within technology. In addition, the board of directors may, in the event of an oversubscription in the Rights Issue, resolve on an Over-allotment Issue in the form of a directed issue of not more than SEK 15.0 million to the investor Svenska Defence AB. The net proceeds from the Over-allotment Issue are planned to be used to accelerate the Company's expansion and further development of the Company's software to further broaden the customer base of operators.

Provided that the Rights Issue is fully subscribed and the Over-allotment Issue is exercised in full, the Company will receive approximately SEK 65.1 million before issue costs.

*"InCoax is facing a major expansion and through this financing we are establishing a solid foundation to stand on for further penetration of the US market and the growth journey we see ahead of us. As previously announced, we have, over time, deepened our collaboration with Google Fiber and we see clear indications of continued growth in this business. We have also won a first order from a very large US-based Tier 1 operator with whom we also see great growth potential. In addition to financing an increased working capital due to this expansion, we also intend to accelerate our software development to implement more functionality and thereby broaden the number of use cases of our system with operators. In addition to the high level of trust shown by existing major owners, it is also very encouraging that through this financing we strengthen our owner base with another major and long-term owner. All in all, these commitments indicate a very strong confidence in our future growth plan", comments Jörgen Ekengren, CEO.*

#### **Terms and conditions of the Rights Issue and the Over-allotment Issue**

The board of directors has today, subject to approval by the extraordinary general meeting on 19 October 2022, resolved to carry out the Rights Issue by issuing a maximum of 25,695,885 shares. The right to subscribe for shares with preferential rights shall vest in those who are registered as shareholders in the Company on the record date, 25 October 2022, whereby one (1) existing shares entitles to one (1) subscription right and eight (8) subscription rights entitles to subscription of five (5) shares. The subscription price is SEK 1.95 per share, which means that InCoax, provided that the Rights Issue is fully subscribed, will receive approximately SEK 50.1 million before issue costs. The subscription period runs during the period 27 October – 10 November 2022. Subscription rights that are not utilized during the subscription period will become invalid and lose their value. Trading in subscription rights is expected to take place on Nasdaq First North Growth Market during the period 27 October – 7 November 2022.

If not all shares are subscribed for by exercise of subscription rights, allotment of the remaining shares shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for shares by exercise of subscription rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each and every one of those, who have applied for subscription of shares without exercise of subscription rights, have exercised for subscription of shares; secondly, to those who have applied for subscription of shares without exercise of subscription rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of shares the subscriber in total has applied for subscription of shares; and thirdly, to those who have provided underwriting commitments with regard to subscription of shares, in proportion to such underwriting commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.

In connection with the Rights Issue, Svenska Defence AB has undertaken to, without compensation, subscribe for shares with preferential right in the Rights Issue to an amount of SEK 1.7 million. In addition, Svenska Defence AB has undertaken to subscribe for shares without preferential rights in the Rights Issue for an amount of approximately SEK 15.0 million. In order to satisfy Svenska Defence AB's

interest to, in the event of an oversubscription in the Rights Issue, fulfil its undertaking to subscribe for shares in the Rights Issue in accordance with the submitted subscription undertaking as well as the possibility of raising additional proceeds to the Company, the board of director proposes that the extraordinary general meeting on 19 October 2022 resolves to authorize the board of directors to, with deviation from the shareholders' preferential rights, resolve on a new issue of shares in the form of a so-called Over-allotment Issue of a maximum of approximately SEK 15.0 million. The right to subscribe for shares in the Over-allotment Issue shall only vest in Svenska Defence AB that has submitted a subscription undertaking in the Rights Issue. Svenska Defence AB's subscription in the Over-allotment Issue will thus amount to the difference between Svenska Defence AB's total subscription undertaking of approximately SEK 16.7 million and its actual subscription within the Rights Issue, meaning that Svenska Defence AB's total undertaking within the Rights Issue and the Over-allotment Issue amounts to approximately SEK 16.7 million.

The board of directors may resolve to exercise the Over-allotment Issue, in whole or in part, in the event the Rights Issue is oversubscribed. The subscription price in the Over-allotment Issue will amount to SEK 1.95 per share, corresponding to the subscription price in the Rights Issue. Upon full exercise of the Over-allotment Issue, the Company will receive an additional approximately SEK 15.0 million through the issue of a maximum of 7,692,307 shares.

#### **Change of share capital and number of shares as well as dilution**

Through the Rights Issue, the number of shares in InCoax will increase by a maximum of 25,695,885 shares, from 41,113,418 shares to 66,809,303 shares and the share capital will increase by a maximum of SEK 6,423,971.25 from SEK 10,278,354.50 to SEK 16,702,325.75. This means that existing shareholders who choose not to participate in the Rights Issue will, if fully subscribed, experience a dilution of approximately 38.5 per cent of their votes and capital in the Company.

In the event the Over-allotment Issue is exercised in full, the Company's share capital will increase by an additional SEK 1,923,076.75 to SEK 18,625,402.50 and the number of shares with 7,692,307 shares to a total of 74,501,610 shares. The dilution from the Over-allotment Issue alone amounts to 10.3 per cent. In total, if the Rights Issue is fully subscribed and the Over-allotment Issue is exercised in full, the dilution will amount to 44.8 per cent.

#### **Subscription undertakings and guarantee commitments**

InCoax has received subscription undertakings from five of the Company's existing shareholders, amounting to a total of approximately SEK 26.5 million, corresponding to approximately 53.0 per cent of the Rights Issue. In addition, Svenska Defence AB has also undertaken to subscribe for shares without subscription rights in the Rights Issue as well as in a potential Over-allotment Issue of an amount corresponding to a total of SEK 15.0 million. In aggregate, the Rights Issue is thereby covered by subscription undertakings amounting to approximately SEK 41.5 million, corresponding to approximately 82.9 per cent of the Rights Issue. No remuneration is paid for submitted subscription undertakings.

Furthermore, the Company has entered into an agreement regarding a guarantee commitment where Saugatuck Invest AB, controlled by the chairman of the board of directors Peter Agardh, has undertaken to subscribe for shares in the Rights Issue up to an amount of approximately SEK 8.1 million, corresponding to approximately 16.2 per cent of the Rights Issue. No remuneration is paid for the submitted guarantee commitment.

In aggregate, the Rights Issue is covered by subscription undertakings and guarantee commitments of approximately SEK 49.6 million, corresponding to approximately 99.1 per cent of the Rights Issue.

#### **Lock-up undertakings**

In connection with the Rights Issue, all members of the board of directors and senior management with shareholdings in InCoax have undertaken towards Vator Securities AB, subject to customary exceptions, not to sell or otherwise transfer their shares without first, in each separate case, ascertain a written approval from Vator Securities AB. The decision to leave such written approval is decided by

Vator Securities AB and the decision is made in each separate case. Agreed approval can depend on both individual and business-related situations. The lock-up undertakings only cover the shares that are held before the Offering and the lock-up period lasts for a period of 90 days from the date of expiration of the subscription period in the Rights Issue.

#### **Preliminary timetable for the Rights Issue**

25 October 2022	Estimated date for publication of prospectus
21 October 2022	Last day of trading including the right to receive subscription rights
24 October 2022	First day of trading excluding the right to receive subscription rights
25 October 2022	Record date for participation in the Rights Issue
27 October – 7 November 2022	Trading in subscription rights on Nasdaq First North Growth Market
27 October – 10 November 2022	Subscription period
27 October 2022 – Until the Rights Issue is registered by the Swedish Companies Registration Office	Trading in paid subscription shares (Sw. "BTA")
Around 14 November 2022	Publication of outcome in the Rights Issue

#### **Extraordinary general meeting**

The board of directors' resolution on the Rights Issue and proposal on authorization on Over-allotment Issue are subject to approval and resolution by the extraordinary general meeting on 19 October 2022. The resolution on the Rights Issue is subject to and conditional upon the limits of the share capital and the number of shares in the Articles of Association being changed in accordance with the board of directors' proposal to the extraordinary general meeting. Notice to the extraordinary general meeting will be published through a separate press release.

#### **Prospectus**

Full terms and conditions and instructions for the Rights Issue and the Over-allotment Issue, as well as other information about the Company and information about subscription undertakings, guarantee commitments and lock-up undertakings will be presented in the prospectus that the Company is expected to publish around 25 October 2022 (the "Prospectus").

#### **Advisers**

Vator Securities AB acts as financial adviser and Setterwalls Advokatbyrå AB acts as legal adviser to the Company in connection with the Rights Issue. Vator Securities AB also acts as issuer agent in connection with the Rights Issue.

#### **For further information:**

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*This information is such information as InCoax Networks AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:30 a.m. CEST on 13 September 2022.*

#### **About InCoax Networks AB**

InCoax Networks AB (publ) is innovating the reuse of existing in-building infrastructure for broadband access. We provide the next-generation MultiGigabit networking solutions to the world's leading telecom and broadband service operators. To keep updated on corporate information, visit [incoax.com](http://incoax.com). Augment Partners AB, tel. +46 8-604 22 55 [info@augment.se](mailto:info@augment.se), is acting as the company's Certified Adviser.

## IMPORTANT INFORMATION

The information in this press release does not contain or constitute an offer to acquire, subscribe or otherwise trade in shares, subscription rights or other securities in InCoax. No action has been taken and measures will not be taken to permit a public offering in any jurisdictions other than Sweden. Any invitation to the persons concerned to subscribe for shares in InCoax will only be made through the Prospectus that InCoax estimates to publish on or around 25 October 2022 on InCoax' website, [www.incoax.com](http://www.incoax.com). The upcoming approval of the Prospectus by the Swedish Financial Supervisory Authority shall not be regarded as an approval of the Company's shares or any other securities. This release is not a prospectus in accordance with the definition in the Prospectus Regulation (EU) 2017/1129 ("**Prospectus Regulation**") and has not need approved by any regulatory authority in any jurisdiction. This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in shares or other securities in InCoax. In order for investors to fully understand the potential risks and benefits associated with a decision to participate in the Rights Issue, any investment decision should only be made based on the information in the Prospectus. Thus, investors are encouraged to review the Prospectus in its entirety. In accordance with article 2 k of the Prospectus Regulation this press release constitutes an **advertisement**.

The information in this press release may not be released, distributed or published, directly or indirectly, in or into the United States of America, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa, South Korea, Switzerland or any other jurisdiction in which such action would be unlawful or would require registration or any other measures than those required by Swedish law. Actions in violation of these restrictions may constitute a violation of applicable securities laws. No shares or other securities in InCoax have been registered, and no shares or other securities will be registered, under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities legislation of any state or other jurisdiction in the United States of America and no shares or other securities may be offered, sold or otherwise transferred, directly or indirectly, in or into the United States of America, except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States of America.

Within the European Economic Area ("**EEA**"), no public offering of shares or other securities ("**Securities**") is made in other countries than Sweden. In other member states of the EU, such an offering of Securities may only be made in accordance with the Prospectus Regulation. In other member states of the EEA which have implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption in the Prospectus Regulation and/or in accordance with an applicable exemption under a relevant national implementation measure. In other member states of the EEA which have not implemented the Prospectus Regulation in its national legislation, any offer of Securities may only be made in accordance with an applicable exemption under national law.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/ EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) high net worth entities etc. falling within Article 49(2)(a) to (d) of the Order; or (iii) such other persons to whom such investment or investment activity may lawfully be made available under the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

This press release may contain forward-looking statements which reflect the Company's current view on future events and financial and operational development. Words such as "*intend*", "*will*", "*expect*", "*anticipate*", "*may*", "*believe*", "*plan*", "*estimate*" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

This information, the opinions and the forward-looking statements included in this press release are only applicable as of this date and may change without any notice thereof. InCoax does not undertake to publish any updates or amendments of forward-looking statements, future events or similar circumstances other than what is required by applicable legislation.