

EC European Capital RTO 1 signs Letter of Intent for reverse takeover of ION-GAS GmbH – EC RTO valued at SEK 45.2 million, equivalent to SEK 4.52 per existing share

EC European Capital RTO 1 AB (publ) (“EC RTO” or the “Company”) has entered into a non-binding Letter of Intent (“LoI”) regarding the intended acquisition of 100 percent of the shares in ION-GAS GmbH (“ION-GAS”), a German analytical technology company developing advanced systems for the rapid detection of trace substances in breath and other gases. The proposed transaction will be structured as a reverse takeover (the “Transaction”) and combined with a cash capital increase of EUR 2.5 million.

Under the agreed transaction principles, the existing listed structure of EC RTO is valued at **EUR 4.0 million**, corresponding to approximately **SEK 45.2 million and SEK 4.52 per existing EC RTO share** based on the agreed reference exchange rate of EUR 1.00 = SEK 11.29.

The agreed transaction value for 100 percent of ION-GAS amounts to **EUR 8.5 million**, corresponding to approximately **SEK 96.0 million**. In addition, EC RTO intends to raise **EUR 2.5 million**, corresponding to approximately **SEK 28.2 million**, through a cash issue in connection with the Transaction.

The resulting indicative post-transaction equity value of the combined company, after the cash issue, amounts to **EUR 15.0 million, corresponding to approximately SEK 169.4 million**.

Based on the current transaction structure and under the assumption that the cash issue will be conducted at a subscription price corresponding to the indicative pre-transaction valuation of EC RTO, EC RTO’s existing shareholders are expected to retain approximately **26.67 percent** of the combined company following completion of the Transaction and the financing. The current shareholders of ION-GAS are expected to hold approximately 56.67 percent and investors participating in the cash issue approximately 16.67 percent.

The Transaction remains subject to, among other things, satisfactory due diligence, definitive agreements, financing, corporate approvals and Spotlight Stock Market’s approval of ION-GAS and the combined company through a new listing review.

ION-GAS – advanced breath and gas analysis technology

ION-GAS GmbH was established in 2014 as a spin-off from TU Dortmund University and the Leibniz Institute for Analytical Sciences (ISAS).

The company develops analytical instruments and software for the rapid detection of trace substances in breath and other gases using gas chromatography coupled with ion mobility spectrometry (“GC-IMS”).

Its lead commercial product, IONdrug, is a mobile cannabis breath test designed for use on site. According to the company, it delivers a result approximately 90 seconds after sampling. More than 4,000 tests have been conducted, with devices used at music festivals and by police in Hamburg and North Rhine-Westphalia.

ION-GAS reports that it has sold seven devices with a combined value of approximately EUR 500,000: two to universities in the United States, one to Saarland University, two to clinics in Spain and two for the AMMOD project at the University of Bonn. The company currently has six employees and plans to expand its core team to ten following the proposed capital raise, using external specialists for additional capacity.

The platform extends beyond cannabis testing. H₂IMS addresses continuous hydrogen quality monitoring, while research projects including MiKI and ViBa-IMS explore bioprocess control and non-invasive infection diagnostics. ION-GAS was named "Best Medical Diagnostics Analytical Devices Manufacturer – Europe" at the 2022 GHP Technology Awards.

According to the company, ION-GAS has received EUR 2.15 million in research funding to date.

The technology addresses a significant challenge for law enforcement, workplace safety and other applications: conventional cannabis tests can detect previous consumption long after the relevant period, creating demand for technologies capable of identifying recent cannabis use through breath analysis.

International investor interest in cannabis breath testing

The potential of cannabis breath testing has previously attracted substantial international investor interest.

In 2022, Forbes reported that US-based Hound Labs, another company developing cannabis breath-testing technology, had raised approximately **USD 100 million** and had an **estimated valuation of approximately USD 400 million**.

The reference to Hound Labs is provided solely as an illustration of historical investor interest in the international cannabis breath-testing market. The Forbes estimate relates exclusively to Hound Labs and **does not constitute a valuation, comparable-company valuation or indication of the present or future value of ION-GAS or EC RTO**.

ION-GAS' agreed transaction value under the Lol is **EUR 8.5 million**.

Purchase price and transaction structure

EC RTO intends to acquire **100 percent of the shares in ION-GAS**.

The agreed transaction basis values ION-GAS at EUR 8.5 million. The purchase price is intended to be paid entirely through newly issued EC RTO shares.

Based on the agreed transaction price of **EUR 0.40 per EC RTO share**, EC RTO intends to issue **21,250,000 new shares** to the sellers of ION-GAS against contribution in kind of all shares in ION-GAS.

Following completion, ION-GAS would become a wholly owned subsidiary of EC RTO.

The Transaction does not include any cash purchase price or earn-out.

EC RTO currently has **10,000,000 shares outstanding**. The agreed pre-transaction value of EUR 4.0 million therefore corresponds to EUR 0.40 per existing share or, based on the agreed reference exchange rate, **SEK 4.516 per share, approximately SEK 4.52**.

This represents a negotiated transaction reference value and is not a statement or forecast of EC RTO's current or future stock market value.

Mandatory EUR 2.5 million capital raise

The completion of the acquisition of ION-GAS is conditional upon that EC RTO receives subscription commitments in a cash capital increase in EC RTO to an amount of **EUR 2.5 million gross**, either as a directed share issue or as a rights issue in EC RTO.

Based on the indicative pre-transaction valuation of EC RTO in the Transaction, EC RTO intends to issue **6,250,000 new shares at EUR 0.40 per share**, corresponding to approximately SEK 4.52 per share based on the agreed reference exchange rate.

The acquisition and the cash issue form one transaction and EC RTO will not complete the acquisition of ION-GAS unless valid subscription commitments for the full EUR 2.5 million have been secured before completion of the Transaction.

The final implementation of the cash issue remains subject to applicable securities laws and any required approval from Spotlight and the general meeting of EC RTO. The final terms for such cash issue, including subscription price, subscription commitments and settlement mechanics will be announced in connection with the disclosure of relevant board resolution or notice convening an extraordinary general meeting to resolve on the cash issue.

It is intended that the capital raising is to be conducted on market terms at the time of resolution on the capital raising. Based on the indicative pre-transaction valuation of EC RTO in the Transaction, and following completion of both share issues, EC RTO is expected to have approximately **37,500,000 shares outstanding**, of which:

- existing EC RTO shareholders would hold 10,000,000 shares, corresponding to approximately **26.67 percent**;
- the sellers of ION-GAS would hold 21,250,000 shares, corresponding to approximately **56.67 percent**; and
- investors in the cash issue would indicatively hold 6,250,000 shares, corresponding to approximately **16.67 percent**.

The final issue and settlement terms will be specified in the definitive transaction documentation and applicable corporate resolutions.

Use of proceeds

The EUR 2.5 million gross proceeds are currently intended to be allocated approximately as follows:

- **EUR 1.0 million** for the production of 100 devices based on an assumed production cost of EUR 10,000 per device;
- **EUR 1.2 million** for additional laboratory equipment and space, recruitment, studies and certifications, commercial rollout and demonstrations, preparation for mass production, marketing and internationalisation;
- **EUR 200,000** for transaction costs; and
- **EUR 100,000** for capital-market, reporting, investor relations, Spotlight and audit costs during the first 18 months following completion.

The investment programme is intended to move ION-GAS from its current technology and validation base towards broader commercialisation and international market penetration.

Actual costs and allocations remain subject to due diligence, supplier quotations, the updated operating budget and approval by the competent corporate bodies.

Strategic rationale and impact on EC RTO

EC RTO was established specifically to identify an attractive privately held operating company and provide it with access to the public capital markets through a reverse takeover.

The proposed acquisition of ION-GAS would fundamentally transform EC RTO from an RTO company into a listed technology group whose principal operating business would be ION-GAS.

For ION-GAS, the Transaction is intended to provide access to growth capital and the public capital markets to finance industrialisation, commercial rollout and international expansion of its technology portfolio.

For existing EC RTO shareholders, based on the indicative pre-transaction valuation of EC RTO in the Transaction, the proposed Transaction would provide an ownership interest of approximately 26.67 percent in the combined company, after the capital raising in EC RTO, and exposure to ION-GAS' technology portfolio and future commercial development.

ION-GAS also currently owns **50 percent of Air Test Diagnostics GmbH**, a separate company focused on the sale and servicing of breath-based drug detection systems. This existing 50 percent economic interest forms part of ION-GAS and would therefore indirectly become part of the listed group following completion of the Transaction. Any potential increase of ION-GAS' interest in Air Test Diagnostics is a separate transaction and is not included in the agreed transaction values.

Transaction highlights

- Agreed transaction value of EC RTO: **EUR 4.0 million / approximately SEK 45.2 million**
- Agreed transaction value per existing EC RTO share: **EUR 0.40 / approximately SEK 4.52**
- Agreed transaction value of ION-GAS: **EUR 8.5 million / approximately SEK 96.0 million**
- Mandatory capital raise in EC RTO: **EUR 2.5 million / approximately SEK 28.2 million**
- Indicative post-transaction equity value: **EUR 15.0 million / approximately SEK 169.4 million**
- Existing EC RTO shareholders expected to retain approximately **26.67 percent**, after the capital raising in EC RTO
- **EUR 1.0 million** of the financing earmarked for an initial production programme of 100 devices
- ION-GAS develops the mobile **IONdrug cannabis breath screening system**, based on GC-IMS technology
- ION-GAS also develops technology for hydrogen quality monitoring and participates in research activities in additional analytical and diagnostic applications
- Completion remains subject to due diligence, full financing, definitive agreements, corporate approvals and Spotlight's new listing review

Alexander Coenen, CEO of EC European Capital RTO 1 AB, comments:

"The proposed transaction with ION-GAS is very much aligned with what EC European Capital RTO 1 was established to achieve: identifying European technology with a strong scientific foundation and providing the capital and public-market infrastructure required for the next stage of commercial development.

ION-GAS particularly attracted our attention because its technology addresses a problem with potentially significant international relevance. The ability to rapidly detect recent cannabis consumption through a mobile, non-invasive breath-based system could become increasingly important for law enforcement, workplace safety and other applications as cannabis regulation continues to evolve internationally.

The level of investor interest that this field has already attracted is noteworthy. In 2022, Forbes reported that US-based Hound Labs had raised approximately USD 100 million at an estimated valuation of approximately USD 400 million. This is, of course, not a valuation benchmark for ION-GAS, and the companies and technologies are not directly comparable. However, it demonstrates that international investors have previously attributed substantial strategic value to the challenge of reliable cannabis breath testing.

Against this background, we consider the agreed EUR 8.5 million transaction value for ION-GAS an interesting starting point for its next stage of development. The planned EUR 2.5 million financing is intended to provide tangible resources for industrialisation, including EUR 1.0 million earmarked for an initial production programme of 100 devices.

For our existing shareholders, I also consider the structure of the proposed Transaction important. EC European Capital RTO 1 has been assigned a negotiated transaction value of EUR 4.0 million, corresponding to approximately SEK 45.2 million or SEK 4.52 per existing share, and our existing shareholders are expected to retain approximately 26.67 percent of the combined company following the Transaction and financing.

We believe this structure recognises the value of our listed platform and shareholder base while at the same time providing ION-GAS with the capital-market access and financing required to pursue its commercial potential.”

Dr. Chandrasekhara Hariharan, Managing Director of ION-GAS GmbH, comments:

“The proposed combination with EC European Capital RTO 1 represents an opportunity to accelerate the transition of ION-GAS from many years of technology development and research towards broader commercialisation.

ION-GAS originated from scientific research at TU Dortmund University and the Leibniz Institute for Analytical Sciences, and our team has built extensive expertise in highly sensitive gas analysis using GC-IMS technology.

The planned financing would enable us to invest in production, laboratory infrastructure, certification, personnel and international market development. In particular, we see significant potential for IONdrug and believe that access to the public capital markets could provide an important platform for bringing our technology to a broader international market.”

Conditions and timetable

The LoI is non-binding with respect to completion of the Transaction except for certain expressly binding provisions, including exclusivity, confidentiality and other specified provisions.

Completion of the Transaction is subject to, among other things:

- satisfactory reciprocal financial, legal, tax, technical, commercial, regulatory and corporate due diligence;
- final agreement on consideration shares, issue terms and governance;

- valid subscription commitments for the full EUR 2.5 million cash issue before completion of the Transaction;
- execution of definitive transaction agreements and the legally required German notarial documentation;
- verification of title and transferability of 100 percent of the ION-GAS shares;
- acceptable financial statements, auditor reports and disclosure documentation;
- all required corporate and third-party approvals;
- Spotlight's approval of ION-GAS and the combined company through the new listing review and any approval required in relation to the cash issue;
- registration and settlement of the relevant share issues; and
- no material adverse change.

The parties have agreed a **five-month exclusivity period** and aim to conduct due diligence, negotiate definitive agreements and prepare Spotlight's new listing review as promptly as practicable.

The current non-binding target is to complete the Transaction **within five months following the Lol**. The actual timetable will depend on, among other things, the financing structure, financial reporting, corporate decisions and Spotlight's review.

EC RTO will provide further information as the Transaction progresses in accordance with applicable disclosure requirements.

About ION-GAS GmbH

ION-GAS GmbH is a German analytical technology company headquartered in Dortmund. The company was established in 2014 as a spin-off from TU Dortmund University and the Leibniz Institute for Analytical Sciences (ISAS).

ION-GAS develops instruments and software for highly sensitive trace-gas analysis using gas chromatography and ion mobility spectrometry. Its activities include technologies for cannabis breath screening, hydrogen quality monitoring, medical and infection diagnostics, bioprocess monitoring and other analytical applications.

About EC European Capital RTO 1 AB (publ)

EC European Capital RTO 1 AB (publ) is a Swedish reverse takeover company headquartered in Stockholm. The Company was established to identify an attractive privately held operating company and provide it with access to the public capital markets through a reverse takeover.

The Company's shares have been traded on Spotlight Stock Market since 10 September 2026 under the ticker **ECRTO1**.

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MAR disclosure

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