

## Crunchfish carries out a fully guaranteed rights issue of units of approximately SEK 64 million

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**Crunchfish AB (publ) ("Crunchfish" or the "Company"), which is listed on Nasdaq First North Growth Market ("Nasdaq First North"), has today, August 27, 2021, subject to approval by the Extraordinary General Meeting on September 16, 2021, resolved to carry out an issue of shares and warrants ("Units") with preferential rights for existing shareholders of approximately SEK 64 million before issue costs (the "Rights Issue"). Upon full exercise of all warrants, Crunchfish may receive additional issue proceeds of maximum approximately SEK 64 million before issue costs. The Rights Issue is 100 percent covered by subscription commitments and guarantee commitments from Midroc Invest AB, Wilhelm Risberg and Fredrik Lundgren. The Rights Issue requires approval at the Extraordinary General Meeting on September 16, 2021. Notice of the Extraordinary General Meeting will be published in a separate press release.**

### **Background and reason for the rights issue**

Crunchfish is a technical pioneer in Digital Cash payments, with a two-step payment process, first clearing offline followed by online settlement. Crunchfish also has businesses in Food Waste and Gesture Interaction.

Cash goes digital around the world. Card, instant and crypto are the three digital payment schemes of today. In addition, central banks around the world are planning to digitize cash as Central Bank Digital Currency (CBDC). Crunchfish Digital Cash Wallet xoxo.cash compliments these schemes with a robust, interoperable and exceptionally flexible payment service, replicating the properties of paying with physical cash.

Recently, Digital Cash reached an important milestone by integrating the Company's solution with V-OS Virtual Secure Element. This means that the Digital Cash Wallet runs as a trusted application within V-OS, in isolation from the unsecure environment of the mobile phone. With this release Crunchfish has begun providing the Company's Digital Cash solution to payment services, moving focus from development to integrations and pilots.

Crunchfish has started an integration with a major payment player in India. In Southeast Asia, an integration with a leading mobile operator that offers mobile payment services has been initiated. In Sweden, there are current discussions with Swish to develop a solution attractive to their member banks. In addition, Crunchfish has also been invited to opportunities by partners on other markets. As the Company sees the greatest market potential within Digital Cash, Crunchfish is undergoing a reorientation with increased focus on this market segment.

The Food Waste business area is built on a granted Swedish patent. The patent has been challenged and we are in the process of investigating its merit. We have been given until December to respond by the Swedish Patent Office, but we have concluded that it is likely that we must modify the patent and potentially reconsider the commercial viability of this business area.

Crunchfish has a world-class solution within gesture interaction. Gestures recently took a major leap by extending our XR Skeleton product to include full body tracking. This enables additional use cases, such as TV interaction with hands and body as a replacement of the remote control and full body interaction with large digital signage screens. What impresses is the speed of development as we went from hand to full body interaction in a very short time. This clearly demonstrates our technical prowess and the versatility of our skeleton gesture control system.

Crunchfish further develops the gesture control products where support for several simultaneous camera sensors and simultaneous two-hand gestures will be important areas to meet all types of hardware configurations. By also combining the next generation of neural networks with huge amounts of data, simulated backgrounds, and different lighting conditions, the XR Skeleton will continue to excel as one of the leading products for gesture control on the market.

To ensure the Company's working capital needs, development of Digital Cash and Gesture Interaction and to execute on the market potential of Digital Cash via accelerating current integration projects and thereby focusing on building long-term shareholder value, as well as restructure the Company's financial position by repaying the current loans from the Company's major shareholders, the Board has resolved to carry out the Rights Issue. Upon full subscription, the Rights Issue is estimated to contribute approximately SEK 64 million to Crunchfish, before deduction of issue costs of approximately SEK 5 million. The net proceeds are intended to be used in the order of priority below:

SEK 25 million: repay loan; and  
SEK 24 million: development, marketing and sales efforts; and  
SEK 10.4 working capital.

If all warrants in the Rights Issue are exercised, the Company will receive an additional maximum of approximately SEK 64.4 million before deduction of issue costs of approximately maximum SEK 1.5 million. The additional net proceeds are intended to be distributed as follows and if not, all measures can be implemented, according to the priorities below.

34%: development; and  
33%: sales and marketing; and  
33%: working capital.

### Terms and Conditions for the Rights Issue

On August 27, 2021, the Board of Crunchfish, subject to approval by the Extraordinary General Meeting on September 16, 2021, resolved to carry out the Rights Issue in accordance with the following main terms:

- Those who are registered as shareholders in Crunchfish on the record date have a preferential right to subscribe for Units in the Company in relation to the existing shareholding in the Company. Shareholders in the Company receive one (1) unit right for each one (1) share held on the record date.
- Thirty-three (33) unit rights entitle to subscription of one (1) Unit in the Company. Each Unit contains three (3) newly issued shares and two (2) warrant of series 2021 issued free of charge.
- The Rights Issue comprise a maximum of 859,036 Units. The Rights Issue thus entails an issue of a maximum of 2,577,108 shares and a maximum of 1,718,072 warrants of series 2021.
- The subscription price is SEK 75 per Unit, which corresponds to a subscription price of SEK 25 per share. The warrants are issued free of charge.
- The subscription period for subscription of Units runs from and including October 11, 2021 to and including October 25, 2021.
- If not all Units are subscribed for by exercise of unit rights, allotment of the remaining Units shall be made within the highest amount of the Rights Issue: firstly, to those who have subscribed for Units by exercise of unit rights (regardless of whether they were shareholders on the record date or not) and who have applied for subscription of Units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of unit rights that each and every one of those, who have applied for subscription of Units without exercise of unit rights, have exercised for subscription of Units; secondly, to those who have applied for subscription of Units without exercise of unit rights and if allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of Units the subscriber in total has applied for subscription of Units; and thirdly, to those who have provided guarantee commitments regarding subscription of Units, in proportion to such guarantee commitments. To the extent that allotment in any section above cannot be done pro rata, allotment shall be determined by drawing of lots.
- Through the Rights Issue, the number of shares in Crunchfish will increase by a maximum of 2,577,108 shares, from 28,348,190 shares to 30,925,298 shares, and the share capital will increase by a maximum of SEK 118,546.968, from SEK 1,304,016,740 to SEK 1,422,563.708. Upon full subscription in the Rights Issue, the Company receives initial issue proceeds of approximately SEK 64.4 million before issue costs and excluding the additional capital contribution that may be added when exercising the warrants.
- The Rights Issue entails a dilution of approximately 8.3 percent for the shareholders who do not participate in the rights issue. In the event that all warrants are also fully exercised for subscription of new shares in the Company, the number of shares will increase by an additional 1,718,072 shares to a total of 32,643,370 shares and the share capital will increase by an additional SEK 79,031,312 to SEK 1,501,595.020. This corresponds to a further dilution from the warrants of approximately 5.3 percent. Upon a fully subscribed Rights Issue and full exercise of the warrants, the total dilution can amount to a maximum of approximately 13.2 percent.
- Trading in Paid Subscribed Units (Sw. "BTU") is expected to take place on Nasdaq First North from October 11, 2021 until conversion to shares and warrants takes place after the Rights Issue has been registered with the Swedish Companies Registration Office (Sw. Bolagsverket). Registration with the Swedish Companies Registration Office is expected to take place around week 46, 2021.

### Terms and Conditions for warrants series 2021

- One (1) warrant of series 2021 entitle the right to subscribe for one (1) new share in the Company, during the period from and including December 5, 2022 to and including December 19, 2022 against cash payment where the subscription price is set at 70 percent of the volume-weighted average price for the Company's share on the Nasdaq First North Growth Market during the period from and including November 16 to and including November 30, 2022, however, not more than SEK 37.50 and not less than the quota value of SEK 0.046.
- The warrants are intended to be admitted to trading on Nasdaq First North after final registration of the Rights Issue with the Swedish Companies Registration Office.

### Subscription and guarantee commitments

The Company's second largest shareholder Midroc Invest AB, (represented by Chairman of the Board Göran Linder), which holds 17.6 percent of the share capital, has committed to subscribe for shares for its share of the Rights Issue, approximately SEK 11.4 million. In addition, Wilhelm Risberg and Fredrik Lundgren will receive all of Femari Invest AB's (owned by CEO Joachim Samuelsson) Unit rights, and have undertaken to subscribe for shares in the Rights Issue for the full number of Unit rights, corresponding to an amount of approximately SEK 28.4 million. No compensation is paid for the subscription commitments. Wilhelm Risberg and Fredrik Lundgren have also undertaken to guarantee the remaining 55 percent of the Rights Issue, corresponding to an amount of approximately SEK 36 million. For the guarantee undertakings the guarantors will receive cash payment of 5 percent of the committed capital, corresponding to SEK 1.8 million. The Rights Issue is thus 100 percent covered by subscription commitments and guarantee commitments. Subscription commitments and guarantee commitments have not been secured via a prior transaction, bank guarantee or similar transactions.

### Lock-up

The Company's largest shareholders, CEO Joachim Samuelsson and Midroc Invest AB (represented by Chairman of the Board Göran Linder), have entered into lock-up agreements covering their entire current shareholding, as well as the shares and warrants subscribed for in the Rights Issue through subscription commitment. The lock-up agreement applies from today's date until the date that falls 6 months after the last day of the subscription period.

### Preliminary timetable for the Rights Issue

September 16, 2021	Extraordinary General Meeting
October 5, 2021	Last day of trading in the share with the right to participate in the Rights Issue
October 6, 2021	Publication of the prospectus (expected)
October 7, 2021	Record date for participation in the Rights Issue
October 11 – October 25, 2021	Subscription period
October 11 – October 20, 2021	Trading in unit rights
October 11, 2021 – Until the Rights Issue is registered at the Swedish Companies Registration Office	Trading in paid subscription units (Sw. "BTU")
October 28, 2021	Estimated date for publication of the outcome of the Rights Issue

### Extraordinary General Meeting

The Board's resolution on the Rights Issue is subject to approval by the Extraordinary General Meeting on September 16, 2021. Notice of the Extraordinary General Meeting will be announced in a separate press release. In light of the ongoing Covid-19 pandemic and in order to reduce the risk of infection spreading, the Board has resolved that the Extraordinary General Meeting will be held only by advance voting (postal vote) in accordance with temporary legislation.

### Prospectus

Complete terms and conditions for the Rights Issue and other information about the Company will appear in the prospectus (the "**Prospectus**") which is expected to be published by the Company around October 6, 2021.

Press release  
2021-08-27



**Financial and legal advisors**

Västra Hamnen Corporate Finance AB is financial advisor and Setterwalls Advokatbyrå AB is legal advisor to Crunchfish in connection with the Rights Issue.

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*This information is such information that Crunchfish AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the above contact person, for publication on August 27, 2021.*

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**About Crunchfish – [crunchfish.com/digitalcash](https://crunchfish.com/digitalcash)**

Crunchfish is a technical pioneer in Digital Cash payments, with a two-step payment process, first clearing offline followed by online settlement. Crunchfish also has businesses in Food Waste and Gesture Interaction. Crunchfish is listed on Nasdaq First North Growth Market since 2016, with headquarters in Malmö, Sweden and with representation in India.