

# INVITATION TO SUBSCRIBE FOR SHARES IN **CRUNCHFISH AB (PUBL)**

*The Financial Supervisory Authority approved this prospectus on 16 October 2023. The prospectus is valid for a maximum of twelve months after this date on the condition that Crunchfish AB (publ) fulfills the obligation to, according to the Prospectus Regulation (EU) 2017/1129, if applicable, provide supplements to the prospectus in the event new circumstances of importance, factual errors or material inaccuracies occur which may affect the assessment of the securities in the Company. The obligation to draw up supplements to the prospectus applies from the time of approval of the prospectus to the end of the subscription period. The company has no obligation to draw up additions to the prospectus after the end of the subscription period.*



# Important information to shareholders

## Certain definitions

"Crunchfish", "the Company" or "the Group" refers to Crunchfish AB (publ), org. No. 556804-6493. The "Prospectus" refers to the current EU growth prospectus. The "Rights Issue" or the "Offer" refers to the offer to subscribe for new shares according to the terms of the Prospectus. "Euroclear" refers to Euroclear Sweden AB, org. No. 556112-8074. "Västra Hamnen" refers to Västra Hamnen Corporate Finance AB, org. No. 556660-1182. Issuing agent regarding the Offer is Nordic Issuing AB, org. no. 559338-2509 ("Nordic Issuing"). References to "SEK" refer to Swedish kronor, references to "EUR" refer to euros and references to "USD" refer to US dollars. "K" means thousand and "M" means million.

## Creation and registration of the Prospectus

The prospectus has been prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/980 and Regulation (EU) 2017/1129 of the European Parliament and of the Council. The prospectus has been approved and registered by the Financial Supervisory Authority in accordance with Regulation (EU) 2017/1129. The Financial Supervisory Authority has approved this Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. The approval of the Prospectus should not be regarded as any endorsement of the issuer referred to in this Prospectus. The prospectus has been drawn up as an EU growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129. The approval and registration does not mean that the Financial Supervisory Authority guarantees that various factual information in the Prospectus is correct or complete.

## Important information for investors

The offer is not directed, directly or indirectly, to persons whose participation presupposes that additional prospectuses are drawn up or registered or that any other action is taken beyond what is required under Swedish law. The Prospectus will not be distributed and may not be posted or otherwise distributed or sent to or in any country where doing so would require any such further action to be taken or where doing so would be contrary to the laws or regulations of that country. Neither the subscription rights, paid subscribed shares ("BTA") nor the issued shares covered by the Offer pursuant to this Prospectus have been registered or will be registered under the United States Securities Act of 1933 ("Securities Act") as currently amended, or any equivalent law in any state in the United States. The Offer does not cover persons who reside in or have a registered address in the United States, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or in any other country where the Offer or distribution of the Prospectus contravenes applicable laws or regulations

or presupposes that additional prospectuses are drawn up, registered or that some other measure is taken in addition to what is required under Swedish law. Consequently, subscription rights, BTA or issued shares may not be directly or indirectly, offered, resold or delivered in or to countries where action as above is required or to shareholders with domicile as above.

An investment in securities is associated with certain risks and investors are advised to read the "Risk Factors" section in particular. When making an investment decision, investors must rely on their own assessment of the Company and the Offering, including the facts and risks involved. Before making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information in this Prospectus and any supplements to this Prospectus. No person is authorized to provide any other information or make any statements other than those contained in this Prospectus. If this should still happen, such information or such statements shall not be considered to have been approved by the Company or by Västra Hamnen and neither of these is responsible for such information or such statements.

## Dispute and applicable law

Disputes related to the Offer, the content of the Prospectus and related legal matters must be settled by a Swedish court. Swedish substantive law is exclusively applicable to the Prospectus and the Offer.

## Market information and certain forward-looking information

The prospectus contains information from third parties. The Company confirms that information from third parties has been reproduced correctly and that, as far as the Company knows and can ascertain from information published by third parties, no facts have been omitted that would make the reproduced information incorrect or misleading.

Information in the Prospectus relating to future conditions, such as statements and assumptions regarding the Company's future development and market conditions, is based on current conditions at the time of publication of the Prospectus. Forward-looking information is always associated with uncertainty because it refers to and is dependent on circumstances beyond the Company's control. Any assurance that assessments made in the Prospectus regarding future conditions will be realized is therefore not given, either explicitly or implicitly. The company also does not undertake to publish updates or revisions of statements regarding future conditions as a result of new information or similar that emerges after the time of publication of the Prospectus, in addition to what follows from applicable legislation.

## Important information about Nasdaq First North Growth Market

Nasdaq First North Growth Market ("First North") is a registered growth market for SMEs in accordance with European Parliament and Council Directive 2014/65/EU on markets for financial instruments as implemented in national legislation in Denmark, Finland and Sweden, and is operated by a stock exchange within the Nasdaq group. Companies on First North are not subject to the same rules as companies on the regulated main market. Instead, they are subject to a less far-reaching regulatory framework adapted to small growth companies. The risk of an investment in a company on First North can therefore be higher than an investment in a company whose shares are admitted to trading on a regulated market. All companies with shares traded on First North have a Certified Adviser who monitors compliance with the rules. Västra Hamnen Corporate Finance AB is the Company's Certified Adviser. It is Nasdaq Stockholm AB that approves the application for admission to trading on First North.

## The subscription rights can have an economic value

In order for the value of the subscription rights not to be lost, the holder must either use the received subscription rights and subscribe for shares no later than November 1, 2023, or no later than October 27, 2023, sell the received subscription rights that are not intended to be used for subscription of shares. Please note that it is also possible to register for subscription of shares without the support of the subscription rights and that shareholders with trustee-registered holdings with a deposit at a bank or other trustee must contact their bank or trustee for instructions on how subscription and payment should take place.

## Presentation of financial information

Certain financial and other information presented in the Prospectus has been rounded to make the information easily accessible to the reader. Consequently, the figures in some columns do not correspond exactly to the stated total. This is the case when amounts are stated in thousands, millions or billions and appear in particular in the section "Financial information and key figures" as well as in the annual reports incorporated by reference. Except when expressly stated, no information in the Prospectus has been reviewed or revised by the Company's auditor.

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# Documents incorporated by reference

Investors should take note of all the information that is incorporated into the Prospectus by reference and the information to which reference is made must be read as part of the Prospectus. Information set out below as part of the following documents shall be deemed incorporated into the Prospectus by reference. Copies of the Prospectus and the documents incorporated by reference can be obtained from Crunchfish electronically via the Company's website, [www.crunchfish.com](http://www.crunchfish.com), or obtained from the Company in paper format at the Company's head office at the address Stora Varvsgatan 6A 4TR, 211 19 Malmö. The parts of the documents that are not incorporated into the Prospectus are either not relevant to investors or the corresponding information is reproduced in another place in the Prospectus.

Please note that information on Crunchfish's or third party websites is not included in the Prospectus unless this information is incorporated into the Prospectus by reference. Information on Crunchfish's or third party's website has not been reviewed and approved by the Financial Supervisory Authority.

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Crunchfish's annual report for the financial year 2022 is available on the following [link](#).

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Crunchfish's annual report for the financial year 2021 is available on the following [link](#).

# Summary

## SECTION 1 - INTRODUCTION

The securities' name and ISIN number	The name of the security is Crunchfish. The company's ISIN number is SE0009190192.
The Issuer's name, contact details and LEI code	The company's company name is Crunchfish AB (publ), org. no. 556804-6493 and LEI number (legal entity identification number) 549300SCGCKME2FXVY03. Representatives of the Company can be reached by telephone, +46 706 351 609, by e-mail, <a href="mailto:info@crunchfish.com">info@crunchfish.com</a> and at the visiting address, Stora Varvsgatan 6A 4TR, 211 19 Malmö. The company's website is <a href="http://www.crunchfish.com">www.crunchfish.com</a> .
Information of the competent authority that approved the Prospectus	The prospectus has been reviewed and approved by the competent authority Finansinspektionen, which can be reached by telephone, +46 (0)8 408 980 00, by e-mail, <a href="mailto:finansinspektionen@fi.se">finansinspektionen@fi.se</a> , by postal address Box 7821, 103 97 Stockholm, and at visiting address Brunngatan 3, 111 38 Stockholm. The competent authority's website is <a href="http://www.fi.se">www.fi.se</a> .
Date of approval for the prospectus	The prospectus was approved by Finansinspektionen on 16 October 2023.
Warnings	This summary should be read as an introduction to the EU Growth Prospectus and any decision to invest in the securities offered should be based on the investor's study of the entire EU Growth Prospectus. Investors may lose all or part of the invested capital. When a claim related to information in the EU Growth Prospectus is brought to court, the investor who is claiming under the national law of the Member States may have to pay the cost of translating the EU Growth Prospectus before the legal proceedings are initiated. Civil liability covers only the persons who have presented the summary, including translations thereof, but only if the summary is misleading, incorrect or inconsistent with the other parts of the EU Growth Prospectus or if, together with other parts of the EU Growth Prospectus, it does not provide the key information that investors need when deciding whether to invest in the securities concerned.

## SECTION 2 – KEY INFORMATION ABOUT THE ISSUER

Information about the issuer	The company's company name (and also commercial name) is Crunchfish AB (publ). The company's registration number is 556804-6493. The company is a Swedish public limited liability company that was founded in 2010. The company is regulated by, and the business is conducted in accordance with, the Companies Act (sw. aktiebolagslagen) (2005:551). Joachim Samuelsson is CEO of the Company.
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Crunchfish is active in digital payments with a patent-pending solution that makes digital payments robust and independent of the internet. Crunchfish Digital Cash offers offline payment that can be integrated with all types of payment services. The company also develops interaction solutions based on gesture control and has integrated that technology into millions of smart mobile phones on the market. Today, that development is mainly focused on smart AR glasses.

Crunchfish has its seat and headquarters in Malmö. The company conducts its business from two wholly owned subsidiaries, Crunchfish Digital Cash AB for offline payment and Crunchfish Gesture Interaction AB for gesture control. The company also has an office in Stockholm and a subsidiary in India. Crunchfish went public in 2016 and has 22 employees as of June 30, 2023.

Listed below are all owners with holdings exceeding five percent of the number of shares or votes in the Company as of September 30 2023, including subsequently known changes. There is no controlling shareholder and the Company is not directly nor indirectly controlled by any single party or several parties in alliance. The company has only issued one class of shares and all shares have equal voting value.

<b>Aktieägare</b>	<b>Number of shares</b>	<b>Share of capital and votes (%)</b>
<i>Shareholders whose holding exceeds 5 percent of the shares</i>		
Femari Invest AB <sup>1)</sup>	7,500,000	22.70
Corespring Invest AB <sup>2)</sup>	5,985,441	18.12
<b>Total shareholders with holdings exceeding five percent</b>	<b>13,485,441</b>	<b>40.82</b>
Other shareholders	19,553,726	59.18
<b>Total</b>	<b>33,039,167</b>	<b>100.00%</b>

<sup>1)</sup> Femari Invest AB is partly controlled by the Company's CEO and board member Joachim Samuelsson.

<sup>2)</sup> The company's chairman of the board, Göran Linder, is CEO and board member of Corespring Invest AB. Corespring Invest AB is ultimately controlled by Mohammed Al-Amoudi.

**Key financial information about the issuer**

Key financial information for the Group obtained from Crunchfish's audited annual reports for 2021 and 2022 as well as the Company's unaudited interim report for the period January 1 – June 30, 2023, is presented below.

	2023-01-01 – 2023-06-30	2022-01-01 – 2022-06-30	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
(SEK)	unaudited	unaudited	audited	audited
<b>Revenue and profitability</b>				
Total revenue	9,712,262	8,335,081	21,717,865	20,343,797
EBIT	-15,666,072	-13,584,552	-24,255,241	-36,868,530
Earnings for the period	-15,467,604	-13,481,376	-24,030,532	-38,468,158
<b>Assets and capital structure</b>				
Assets	52,659,457	54,568,752	66,492,600	64,192,135
Equity	43,431,074	46,961,123	58,771,444	55,843,499
Debt	9,228,383	7,607,629	7,721,156	8,348,636
<b>Cash flows</b>				
Cash flow from operating activities	-8,525,278	-7,032,294	-12,944,825	-17,301,180
Cash flow from investment activities	-8,794,018	-6,375,146	-15,149,898	-11,596,691
Cash flow from financing activities	9,996,696	23,744,846	23,641,823	20,742,579
Cash flow for the period	-7,322,600	10,337,406	-4,452,900	-8,155,292
<b>Key figures (unaudited)</b>				
Net sales	465,303	350,786	6,186,821	3,956,665
EBITDA	-13,352,420	-10,471,323	-18,116,454	-29,207,031
Earnings after financial items	-15,467,604	-13,481,376	-24,030,532	-38,468,158
Earnings per share	-0.47	-0.44	-0.77	-1.34
Number of shares, average	33,039,167	30,925,298	31,313,537	28,777,708
Number of shares, end of period	33,039,167	30,925,298	33,039,167	30,925,298
Earnings per share after full dilution	-0.47	-0.44	-0.77	-1.27
Number of shares after full dilution, average	34,672,967	32,338,098	32,527,045	30,176,883
Number of shares after full dilution at the end of the period	34,672,967	32,338,098	34,615,467	32,338,098
Total assets	52,659,457	54,568,752	66,492,600	64,192,135
Equity ratio (%)	83%	86%	88%	87%
Average number of employees	22	20	18	21

**Main risks that are specific to the company**

**Crunchfish's industries are characterized by strong competition, high rates of change and rapid development**

As a result of the above, Crunchfish's opportunities for success and growth are largely dependent on the Group's ability to lead, stay up-to-date on and adapt to technology and market developments. As the speed of development is high and the direction of development is not given, this poses a risk to the Group's future earning capacity. There is thus a risk that the Group misjudges the technological development and/or the development of the market and that new technical solutions, products and services are developed, which may result in the Group's technologies, products and services becoming obsolete. If Crunchfish cannot quickly and cost-effectively adapt to technological developments, the Company may lose competitiveness, growth opportunities and opportunities to gain market share. Furthermore, several of Crunchfish's current and potential future competitors may have competitive advantages in the form of, for example, a longer history, a more established brand, more established relationships with customers and other market participants as well as greater financial, technical and marketing management resources. Competitors may pursue development projects that are not communicated to the market and their products, technologies, development projects and ancillary services may be in phases that mean that competitors may in the foreseeable future launch technologies, products or services that are similar to or coincide with, or are or are perceived to be better than, Crunchfish's offering.

**Crunchfish is dependent on its technologies achieving broad market adoption and commercial success**

The areas of use for the Group's technologies are to some extent undeveloped and untested, and there is therefore a risk that the Group's technologies and services will not reach a wider market use. This may be due to several factors, for example that the Group's offer does not meet customer expectations, that competing technologies are or are perceived to be better, that the Group's marketing efforts fail, that regulatory conditions and market conditions change and make successful launch and use more difficult, or that the outcome of existing and future collaborations do not meet expectations and assumptions. Although the Company has entered into an important business agreement with IDFC FIRST Bank in India, it has not yet had a major breakthrough in the Digital Cash market and there is no guarantee that the collaboration will lead to commercial success.

**Main risks that are specific to the company, cont.**

**Crunchfish's Digital Cash business area is relatively new and is therefore associated with a generally higher level of uncertainty regarding development opportunities and needs**

Digital Cash is a relatively new business area and is therefore generally subject to more uncertainty regarding financial and personnel needs, product and technology development, market opportunities, external factors, regulatory requirements and conditions, customer needs, sales, growth, profitability and strategy. As the business is also in a growth phase, this places special demands on the company's management as well as the operational and financial infrastructure. If Crunchfish cannot maintain effective planning and management processes, it may hinder the possibility of continued development of the business area.

There is a risk that the Group's assessments and assumptions regarding the above factors are incorrect or for other reasons may need to be reassessed as the business develops. Crunchfish may therefore need to allocate more resources than expected, change or discontinue collaborations or reevaluate and rework development and sales strategies. If this happens, it could lead to delays and increased costs and negatively affect Crunchfish's growth plans, development and opportunities to achieve commercial success.

**Crunchfish currently has a limited number of customer collaborations within the Gesture Interaction business area**

Crunchfish's Gesture Interaction business area has a longer history than the Digital Cash business area, but so far has a limited number of customers consisting of, among other things, manufacturers of mobile phones, AR and VR technologies and other electronics for industrial use or for the consumer market that can implement Crunchfish's software platforms in their products in the offer to end customers. These customer collaborations are essentially designed according to a license-based royalty model according to which Crunchfish receives revenue when the customers manufacture a product that uses the Group's technology or when a product that uses the Group's technology is sold to an end customer. There is a risk that Crunchfish may experience reduced revenue streams from one or more existing customers within the Gesture Interaction business area, for example as a result of reduced sales or production at customers, that customers report incorrect sales figures intentionally, due to calculation errors or internal deficiencies, or if a or several customers cancel or seek to renegotiate the agreements to worse terms for the Group. Furthermore, in the future, Crunchfish may fail to enter into new customer and cooperation agreements on favorable terms for the Company.

**Risks associated with IT security and IT infrastructure**

Crunchfish is dependent on a well-functioning IT system that the Company or its partners use in their daily operations. Errors, interruptions or breaches in the Company's IT security, including any errors in back-up systems or errors in the management of security regarding the Company's confidential information may also damage the Company's reputation, business relationships and trust, which may lead to loss of business partners, increased scrutiny from regulators and a greater risk of legal action and financial liability. In addition to the risk of external disturbances and intrusions into the Company's IT infrastructure, the Company is also subject to internal risks and system errors. In addition, there is a risk that the partners with whom the Company shares confidential or sensitive information lack sufficient IT security or security procedures in place to protect the information that the Company shares with them or that such partners misuse the shared information.

**The Group is dependent on obtaining and maintaining intellectual property protection for its technologies**

Crunchfish's continued operations are to some extent dependent on the Group protecting its technology through patents or other intellectual property rights. The group therefore has a patent strategy that aims to protect the most important parts of the technology. There is a risk that the Group's patent strategy is not sufficient and that its patents and other intellectual property rights thus do not provide sufficient protection against infringement and competition. Patents owned by others than Crunchfish may also impair the Group's ability to obtain patent protection or to freely use its own technologies. There is also a risk that the protection obtained may prove insufficient and other actors may attempt to plagiarize or use the Group's technology without authorization. Applying for and maintaining intellectual property protection as well as monitoring unauthorized use is complicated and costly, and there is a risk that Crunchfish will need to spend additional resources on this in the future.

**Crunchfish has historically reported losses and there is a risk that the Group will remain unprofitable in the future and need to seek additional financing**

Since its inception, Crunchfish has reported limited revenue and thus a loss. There is a risk that in the future the Group will not generate enough revenue to finance its operations. This may be due to several circumstances, some of which are beyond the Group's control. If the Group does not report a profit in the future, additional external financing may be sought from existing shareholders, third parties and/or other alternatives. There is a risk that new capital cannot be raised when needed or that capital can only be raised on terms that are not commercially acceptable to Crunchfish. There is also a risk that any debt financing may contain conditions that limit the Group's flexibility and that the Group's future capital needs may turn out to deviate from management's calculations. Furthermore, market conditions, the general availability of credit, the Group's credit rating and uncertainty or disturbances in the capital and credit markets may affect the possibility of financing. The conditions for available financing can also have a negative impact on the Group's operations. If Crunchfish chooses to raise additional financing by issuing shares or equity-related securities, it may take place with or without preferential rights for existing shareholders. Furthermore, future new issues may have a negative impact on the market price of the Company's share and lead to the shareholders who do not participate in future new issues having their ownership stake diluted.

### SECTION 3 - KEY INFORMATION ABOUT THE SECURITIES

Information about the securities, rights associated with the securities and dividend policy	<p>The shares are denominated in SEK. The share capital amounts to SEK 1,519,801.682 and the number of shares in Crunchfish before the Rights Issue amounts to 33,039,167. All shares are issued and fully paid. The quota value amounts to SEK 0.046.</p> <p>The company has only one class of shares. Each share gives an equal right to a share of the Company's assets and profits. In the event of a possible liquidation of the Company, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder. Crunchfish's shares are such that they bear the Company's losses first and creditors bear losses first after the shareholders. The shareholders' loss is limited to the capital initially invested, given that no derivatives were entered into with Crunchfish's shares as the underlying asset. There are no restrictions on the right to freely transfer shares in the Company.</p> <p>The company has not paid any dividends in previous financial years. There are no guarantees that a dividend will be proposed or decided in the Company for a given year. The intention is that the board will annually test the possibility of a dividend. In considering future dividends, the board will consider several factors, including the Company's operations, operating results and financial position, current and expected liquidity needs, expansion plans, contractual restrictions and other material factors. Crunchfish's board has decided to prioritize the company's development and expansion plans over dividends to shareholders in the coming years.</p>
Market place for the securities	Crunchfish's shares are subject to trading on the Nasdaq First North Growth Market.
Guarantees that the securities are covered by	Not applicable. The securities are not covered by guarantees.
Main risks that are specific to the securities	<p><b>Risks associated with shareholders with significant influence and future sales of shares</b></p> <p>A limited number of shareholders own a significant proportion of outstanding shares and votes in the Company. These owners will also hold significant shares in the Company after the Rights Issue and can therefore, if they act in concert, exercise significant influence in matters subject to approval by the shareholders in the Company. The interests of these shareholders may completely or partially differ from the interests of other shareholders. The price of the Company's share may fall if there is an extensive sale of shares in the Company, especially sales made by the Company's board members, senior executives and major shareholders or when a larger number of shares are sold, regardless of the underlying owner. Sales of large amounts of shares in Crunchfish, or the perception that such sales may take place, may cause the price of the shares in the Company to fall.</p> <p><b>Risks associated with submitted subscription commitments and guarantee commitments</b></p> <p>Crunchfish has received subscription obligations and underwriting guarantees, so-called "bottom underwriting", in connection with the Rights Issue. Apart from the subscription commitment from Corespring Invest AB of SEK 7.5 million, which is to be fulfilled by offsetting loans, the subscription commitments provided and the guarantee commitments entered into are not secured by bank guarantee, blocking funds, pledging or similar arrangements, which is why there is a risk that one or more of the parties concerned parties, in whole or in part, will not fulfill their respective obligations. If these commitments, in whole or in part, were not fulfilled, the Company may be forced to seek alternative financing options such as additional capital acquisition or loan financing, alternatively implement cost reductions or be forced to operate at a lower rate than estimated until additional capital can be acquired, and there is a risk that non-availability of financing or unsuccessful measures will result in the Company being put into restructuring, or in the worst case, bankruptcy.</p>

### SECTION 4 - KEY INFORMATION ABOUT THE OFFERING OF SECURITIES TO THE PUBLIC

Terms and timetable for the Offer	<p><b>Preemptive right to subscription</b></p> <p>Those who, on the record date for the Rights Issue, are registered in the share register maintained by Euroclear, for Crunchfish, have preferential rights to subscribe for shares in relation to the number of shares held on the record date. In addition, shareholders and the public are offered to register an interest in subscribing for shares without pre-emptive rights.</p> <p><b>Subscription rights</b></p> <p>For each share in Crunchfish held on the record date, one (1) subscription right is obtained. Three (3) subscription rights entitle the holder to subscribe for one (1) new share.</p> <p><b>Record date</b></p> <p>The record date at Euroclear for determining who is entitled to receive subscription rights is October 16, 2023. The last day for trading in Crunchfish's share with the right to receive subscription rights was October 12, 2023. The share is traded excluding the right to receive subscription rights from October 13 2023.</p> <p><b>Subscription course</b></p> <p>The subscription price is SEK 7.75 per share. Brokerage is not charged.</p> <p><b>Subscription period</b></p> <p>Registration for the subscription of shares through the use of subscription rights must be made by simultaneous cash payment during the period 18 October - 1 November 2023.</p> <p><b>Trading in subscription rights</b></p> <p>Trading in subscription rights will take place on First North during the period 18 October - 27 October 2023.</p> <p><b>Trade with BTA</b></p> <p>Trading of BTA will take place on First North from and including October 18, 2023 until the conversion of BTA into shares, which is estimated to take place around week 46, 2023.</p> <p><b>Subscription and payment without preferential rights</b></p> <p>The notification of subscription of shares without the support of subscription rights must be made during the same period as the notification of subscription of shares with the support of subscription rights. In the event that not all shares have been subscribed with the support of subscription rights, the board must, within the framework of the rights issue's maximum amount, decide on the allocation of shares subscribed without the support of subscription rights.</p>
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Terms and timetable for the Offer, cont.	<p><b>Allocation principles</b></p> <p>If not all shares are subscribed with the support of subscription rights, allocation of the remaining shares within the scope of the issue's maximum amount shall take place:</p> <p>(i) primarily to those who have subscribed for shares with the support of subscription rights (regardless of whether they were shareholders on the record date or not) and who have registered an interest in the subscription of shares without the support of subscription rights and in the event that allocation to these cannot take place in full allocation shall take place pro rata in relation to the number of subscription rights that each of those who have registered an interest in subscribing for shares without the support of subscription rights used for subscription of shares;</p> <p>(ii) secondarily to others who have registered for subscription of shares without the support of subscription rights and in the event that allocation to these cannot take place in full, allocation shall be made pro rata in relation to the total number of shares that the subscriber has registered for subscription of ; and</p> <p>(iii) thirdly to those who have provided guarantee commitments regarding the subscription of shares, in proportion to such guarantee commitments. To the extent that allocation in any stage according to above cannot be done pro rata, allocation must be done by lottery.</p> <p><b>Dilution</b></p> <p>The number of shares will, upon full participation in the Offer, increase by 11,013,055 shares from 33,039,167 to 44,052,222 shares, which corresponds to a dilution effect of 25 percent in relation to the number of outstanding shares per day of the Prospectus.</p> <p><b>Estimated costs for the Offer</b></p> <p>The issue costs for the Offer are estimated to amount to approximately SEK 10.2 million. The issue costs mainly consist of costs for guarantee compensation, financial and legal advisers and issuing agent.</p> <p><b>Costs imposed on investors</b></p> <p>No costs are imposed on investors who participate in the Offer. When trading in subscription rights and BTA, however, brokerage is normally charged according to the applicable conditions for securities trading.</p>
Reason for the Offer and use of issue proceeds	<p>The board makes the assessment that existing working capital is not sufficient to execute on the Company's business plan during the next twelve months. In order to meet the Company's working capital needs and to execute Crunchfish Digital Cash's market potential by accelerating ongoing integration projects, and thereby focus on building long-term shareholder value, the board has decided to carry out the Rights Issue.</p> <p>Upon full subscription in the Rights Issue, the Company will receive net proceeds of approximately SEK 75.2 million after deduction for issue costs of approximately SEK 10.2 million. The net proceeds will be used to pay off the convertible loan to Corespring Invest AB through set-off, with an amount of SEK 7.5 million, after which the remaining proceeds are intended to be used for the following purposes in order of priority:</p> <ul style="list-style-type: none"> <li>• <b>About 70 percent</b> will be used for development, marketing and sales efforts. <ul style="list-style-type: none"> <li>- About 50 percent of the net proceeds is distributed to Crunchfish Digital Cash, of which about 20 percent for further development of the Digital Cash solution and about 30 percent to marketing and sales, mainly in India and towards the market for Central Bank Digital Currencies.</li> <li>- About 20 percent of the net proceeds is distributed to Crunchfish Gesture Interaction evenly distributed between product development and marketing and sales, mainly towards AR/VR and the Automotive segment.</li> </ul> </li> <li>• <b>The remaining approximately 30 percent</b> of the net proceeds will be used for working capital.</li> </ul> <p>If the Rights Issue cannot be carried out or subscribed to the required extent or if the cash flow does not develop in accordance with the board's assessments, the Company will have to carry out additional capital acquisitions. These could consist of, for example, a new issue or loan or other contribution from the Company's owners. In the event that all alternative financing options fail and in the event that additional working capital cannot be raised, it could lead to the Company being forced to dismantle parts of its operations or ultimately being forced into reconstruction or filing for bankruptcy.</p> <p><b>Interests and conflicts of interest</b></p> <p>Västra Hamnen has provided, and may in the future provide, various banking, financial, investment, commercial and other services to Crunchfish for which they have received, or may receive, compensation. Västra Hamnen and Nordic Issuing receive a pre-agreed compensation for services rendered in connection with the Rights Issue. Setterwalls Advokatbyrå AB is legal advisor to Crunchfish in connection with the Rights Issue. Setterwalls Advokatbyrå AB receives compensation for services rendered according to current billing.</p> <p>The company's second largest shareholder, Corespring Invest AB (represented by chairman of the board Göran Linder), who holds approximately 18.1 percent of the shares in the company, has provided a subscription bond of SEK 7.5 million, corresponding to approximately 9 percent of the rights issue. According to the subscription agreement, the subscription agreement must be fulfilled by offsetting the outstanding convertible loan that Corespring Invest AB made to the Company in August 2023. No compensation is paid for the subscription agreement. In addition, Nordic Underwriting ApS, Buntel AB and Formue Nord Markedsneutral A/S have undertaken to guarantee a total of approximately SEK 43.7 million, corresponding to approximately 51 percent of the Rights Issue, which means that approximately 60 percent of the Rights Issue is covered by subscription obligations and guarantee commitments. Entered guarantee commitments are so-called "bottom underwritings" and will not be claimed if the subscription rate in the Rights Issue amounts to at least 60 percent. Apart from the subscription commitment from Corespring Invest AB of SEK 7.5 million, which must be fulfilled by offsetting loans, the subscription commitments provided and the guarantee commitments entered into are not secured by bank guarantee, blocking funds, pledging or similar arrangements.</p> <p>In addition to the above parties' interest that the Rights Issue can be carried out successfully, as well as with regard to issue guarantees that the agreed compensation is paid, there are deemed to be no financial or other interests or any conflicts of interest between the parties who, in accordance with the above, have financial or other interests in the Rights Issue.</p>

# Responsible persons, information from third parties and approval by the competent authority

## Responsible persons

The board of Crunchfish is responsible for the content of the Prospectus. To the best of the board's knowledge, the information given in the Prospectus corresponds to the facts and no information that could likely affect these has been omitted. Crunchfish's current board is presented below.

Namn	Befattning
Göran Linder	Chairman of the board
Joachim Samuelsson	Board member and CEO
Joakim Nydemark	Board member
Susanne Hannestad	Board member
Malte Zaunders	Board member
Robert Ekström	Board member

## Preparation and registration of the Prospectus

This Prospectus has been approved by Finansinspektionen, as the competent authority according to Regulation (EU) 2017/1129. Finansinspektionen approves this Prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. This approval should not be regarded as an endorsement of the issuer or of the quality of the securities referred to in the Prospectus. Investors should make their own judgment as to whether it is appropriate to invest in this security. The prospectus has been prepared as an EU growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

## Information from third parties

The information regarding market growth and market size as well as Crunchfish's market position in relation to competitors stated in the Prospectus is Crunchfish's overall assessment, based on both internal and external sources. The sources on which Crunchfish based its assessment are continuously stated in the information. Where information has been obtained from a third party, this information has been accurately reproduced and, to the best of the issuer's knowledge and can be ascertained from information published by such third party, no facts have been omitted which would make the information reproduced incorrect or misleading. The market overview contains hyperlinks to websites. The information on these websites does not form part of the Prospectus and has not been reviewed or approved by the competent authority. Apart from Crunchfish's audited annual reports for the financial years 2021 and 2022, no information in the Prospectus has been reviewed or revised by the Company's auditor.

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- <https://en.wikipedia.org/wiki/Oppo>

# Background and reason

Crunchfish is a deep tech company developing a Digital Cash platform for Banks, Payment Services and Central Bank Digital Currency (CBDC) implementations and Gesture Interaction technology for AR/VR and automotive industry. Crunchfish is listed on Nasdaq First North since 2016, with headquarters in Malmö, Sweden and with a subsidiary in India.

Any public good in the society like the electricity, internet or telecom must be carefully designed to be resilient despite temporary outages. Digital payments are also a public good, but it is not as robust as it should be given its critical role in society. Crunchfish Digital Cash solves that by providing resilience through offline payments so that a payment can take place even if the parties lack internet connections or if the backend services are down. This is as important for private payment services as well as CBDC implementations. Crunchfish signed its breakthrough order at the end of June for its patented Digital Cash solution with IDFC FIRST Bank in India. This has initially been implemented by IDFC FIRST Bank for CBDC in India and was showcased during Global Fintech Fest (GFF) in early September. It was key for Crunchfish to secure a banking partner in India as only the banking apps carries the digital rupee and it is only the banks that may post transactions on the UPI payment rail. Instant payments with UPI dominate the payment landscape in India and reached more than 10 billion transactions in August. National Payments Corporation of India (NPCI) launched UPI Lite X at GFF to facilitate offline payments. Crunchfish welcomes NPCI's focus on offline payments and believes Digital Cash complements UPI Lite X with a more secure and versatile offline payment solution for the Indian payment ecosystem. Outside of India, Crunchfish see great potential for Digital Cash in South-East Asia, Africa and Latin America and in countries with ongoing or planned CBDC implementations.

The most significant and disruptive happening within Gesture Interaction happened in June this year. Apple Vision Pro was announced, sparking a race towards new use cases, experiences, and fortunes. Companies worldwide are scaling up and positioning themselves to ride this wave to success. Crunchfish Gesture Interaction products have been ready for this for some time and now we gear up to meet these demands. Our products are proven in the market with many commercial agreements

and implementations together with partners like Ximmerse, Lenovo and Oppo. Now is the chance for Crunchfish Gesture Interaction's growth to accelerate by starting to scale up and capture the new market opportunities. Our lean and efficient organization combined with our versatile product platform puts us in pole position to leverage these opportunities. We notice the excitement in the market after the Apple Vision Pro launch and Crunchfish is ready to deliver "the pinch" and many more gestures to customers and partners to create intuitive and immersive experiences.

The board makes the assessment that existing working capital is not sufficient to execute on the Company's business plan during the next twelve months. In order to meet the Company's working capital needs and to execute Crunchfish Digital Cash's market potential by accelerating ongoing integration projects, and thereby focus on building long-term shareholder value, the board has decided to carry out the Rights Issue.

## Use of proceeds

Upon full subscription of the Rights Issue, the Company receives net proceeds of approximately SEK 75.2 million after deduction of issue costs of approximately SEK 10.2 million. The net proceeds will then be used to pay off the loan to Corespring Invest AB through set-off, for an amount of SEK 7.5 million, whereafter the remaining proceeds are intended to be used for the following purposes in order of priority:

- **About 70 percent** will be used for development, marketing and sales efforts.
  - About 50 percent of the net proceeds is distributed to Crunchfish Digital Cash, of which about 20 percent for further development of the Digital Cash solution and about 30 percent to marketing and sales, mainly in India and towards the market for Central Bank Digital Currencies.
  - About 20 percent of the net proceeds is distributed to Crunchfish Gesture Interaction evenly distributed between product development and marketing and sales, mainly towards AR/VR and the Automotive segment.
- **The remaining approximately 30 percent** of the net proceeds will be used for working capital.

# Strategy, results and business climate

If the Rights Issue cannot be carried out or subscribed to the required extent or if the cash flow does not develop in accordance with the board's assessments, the Company will have to carry out additional capital acquisitions. These could consist of, for example, a new issue or loan or other contribution from the Company's owners. In the event that all alternative financing options fail and in the event that additional working capital cannot be raised, it could lead to the Company being forced to dismantle parts of its operations or ultimately being forced into reconstruction or filing for bankruptcy.

## Advisors

Västra Hamnen is financial advisor to the Company and has assisted the Company in the preparation of the Prospectus. Västra Hamnen disclaims all responsibility in relation to existing or future shareholders in the Company and regarding other direct or indirect financial consequences as a result of investment or other decisions that are based wholly or partly on information in the Prospectus, as all information in the Prospectus originates from Crunchfish and the board of Crunchfish is responsible for the content of the Prospectus.

## Interests and conflicts of interest

Västra Hamnen has provided, and may in the future provide, various banking, financial, investment, commercial and other services to Crunchfish for which they have received, or may receive, compensation. Västra Hamnen and Nordic Issuing receive a pre-agreed compensation for services rendered in connection with the Rights Issue. Setterwalls Advokatbyrå AB is legal advisor to Crunchfish in connection with the Rights Issue. Setterwalls Advokatbyrå AB receives compensation for services provided according to current billing.

The company's second largest shareholder, Coespring Invest AB (represented by chairman of the board Göran Linder), who holds approximately 18.1 percent of the shares in the company, has provided a subscription commitment of SEK 7.5 million, corresponding to approximately 9 percent of the rights issue. According to the subscription commitment, the subscription commitment will be fulfilled by offsetting the outstanding convertible loan that Coespring Invest AB made to the Company in August 2023. No compensation is paid for the subscription commitment. In addition, Nordic Underwriting ApS, Buntel AB and Formue Nord Markedsneutral A/S have undertaken to guarantee a total of approximately SEK 43.7 million, corresponding to approximately 51 percent of the Rights Issue, which means that approximately 60 percent of the Rights Issue is covered by subscription commitments and guarantee commitments. Entered guarantee commitments are so-called "bottom underwritings" and will not be claimed if the subscription rate in the Rights Issue amounts to at least 60 percent. Apart from the subscription commitment from Coespring Invest AB of SEK 7.5 million, which will be fulfilled by offsetting loans, the subscription commitments provided and the guarantee commitments entered into are not secured by bank guarantee, blocking of funds, pledging or similar arrangements.

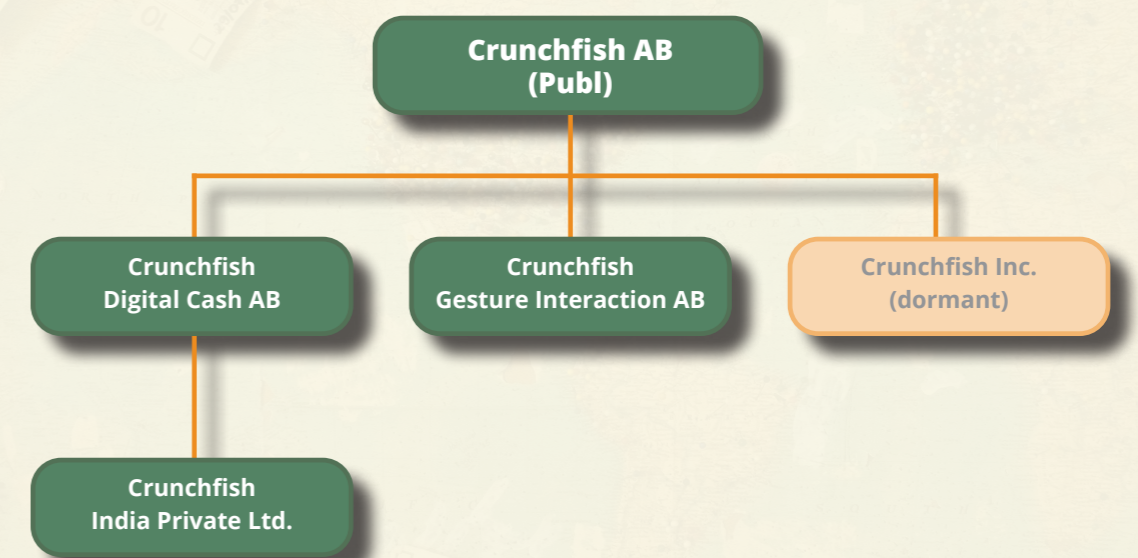
In addition to the above parties' interest that the Rights Issue can be carried out successfully, as well as with regard to issue guarantees that the agreed compensation is paid, there are deemed to be no financial or other interests or any conflicts of interest between the parties who, in accordance with the above, have financial or other interests in the Rights Issue.

Crunchfish is active in digital payments with a patent-pending solution that makes digital payments robust and independent of the internet. Crunchfish Digital Cash offers offline payment that can be integrated with all types of payment services. The Company also develops interaction solutions based on gesture control and has integrated that technology into millions of smart mobile phones on the market. Today, that development is mainly focused on smart AR glasses.

Crunchfish has its headquarters in Malmö. The Company conducts its business from two wholly owned subsidiaries, Crunchfish Digital Cash AB for offline payment and Crunchfish Gesture Interaction AB for gesture control. The company also has an office in Stockholm and a subsidiary in India that conducts marketing and sales of Digital Cash towards the Indian payment market. In addition, there is an American subsidiary Crunchfish, Inc. which is dormant without operations.

Crunchfish was founded in 2010, went public in 2016 and has 22 employees as of June 30, 2023.

## Organizational structure



# Crunchfish Digital Cash AB

## Introduction

Payments were originally made offline only. What is today card payments began with restaurants accepting payment by registering the bill against a Diner's card. Cash issued by central banks is still offline by nature.

With the help of the internet, payments could be made more securely and also more efficiently. With the internet, a fundamental restructuring of digital payments to become online-based instead also began. Card payments today are based on the fact that the payer's ability to pay can be checked against an online bank account. New digital forms of payment have also emerged, made possible by that the legitimacy of a payment could be checked online. 15 years ago, Bitcoin came as a crypto-based system where a payment can be validated online through a consensus algorithm<sup>1</sup>. A few years later came real-time payments, which enable the immediate transfer of money between accounts. There are both real-time systems where debiting takes place directly against the payer's bank account and where debiting takes place against a new account managed by the payment system where the payer has transferred money in advance. Most central banks in the world are now investigating how cash can become digital and be handled online in what is called Central Bank Digital Currency (CBDC).<sup>2</sup>

However, becoming dependent on the internet for payment introduces vulnerability, and the Company therefore believes that today's payment services are not as robust as they should be. They are designed to work, when everything works. If the payer lacks internet access or if any backend server is overloaded or not in operation, the payment will fail. Crunchfish's view is that the world's central banks have realized this and that they believe that the possibility of offline payment is important when cash is digitized. Card payments can still be made offline by the recipient's bank allowing the merchant to accept payments up to a certain amount if the card terminal is offline. In India, the

central bank has opened up offline payments in the real-time systems by allowing payments of smaller amounts offline.<sup>3</sup>

Crunchfish Digital Cash offers today's online-based payment services the possibility of offline payment from mobile phones. This is done by integrating Crunchfish's solution, Digital Cash, by the payment service provider as a component of its payment app so that payment can work during these types of disruptions.

Crunchfish Digital Cash enables offline payment by signing offline payments from a secure environment to different types of recipients. The recipient can be a merchant, another mobile user, a card or wearable, for example a smart watch, or directly to the online ledger of the payment service provider. In the latter case, the offline payment is sent via the telecommunications network if internet is not available. In the other payment streams, the offline payment takes place with proximity-based transfer, via for example Bluetooth, when the payer and recipient are not connected to the internet.

Digital Cash offers a secure environment that is integrated into the payment app. From this secure environment, cryptographic keys, balances, transaction logs and transaction limits are managed, and offline payments are signed using a trusted PKI-based application protocol. It is the payment service provider's responsibility to settle the payment, i.e., move money between the payer's and the recipient's accounts when they are connected again. It is also the payment service provider that defines risk parameters and checks the security of the offline payments. According to the Company, the advantage of Crunchfish Digital Cash is that the solution offers a secure solution, where neither the data nor the execution can be manipulated, as well as scalability, by being a software solution rather than a hardware solution.

<sup>1</sup> <https://academy.binance.com/en/articles/what-is-a-blockchain-consensus-algorithm>  
<sup>2</sup> <https://www.riksbank.se/sv/betalningar-kontanter/krona/digitala-centralbankspengar-internationalt/>

<sup>3</sup> <https://www.thehindubusinessline.com/money-and-banking/rbi-increases-upper-limit-of-offline-payment-transaction-to-500-from-200/article67232009.ece>



Crunchfish Digital Cash product portfolio.

*Digital Cash offline – offline payment between two parties in proximity.*

*Digital Cash consecutive – use of incoming offline payment to pay forward offline to third party.*

*Digital Cash non-mobile – offline payment between two parties where one party does not have a mobile, e.g. a smart card.*

*Digital Cash telecom – offline payment where the payer does not have an internet connection and the payment is sent by SMS.*



Crunchfish Digital Cash enables offline payment by dividing the payment into three payment steps separated over time:

- 1) Reserve an amount for offline payment. Happens when the payer is online.
- 2) Pay offline with an amount that does not exceed the reservation. In this step, the payer and the recipient agree that payment has taken place. This can be done without either party having a connection.
- 3) Settle the payment by moving the paid amount to the recipient's account from the reservation. This happens when the payer or recipient is online again.

For offline payment to be secure, the integrity of the payer and the offline payment itself must be guaranteed. The payment service provider's backend is used to detect potential fraud as well as suspend and set transaction limits for each payer.

According to the Company, double spending, where the same digital value can be used multiple times, is offline payment's most important challenge to counter. It is equivalent to counterfeiting with physical cash. Crunchfish Digital Cash prevents double spending with a variety of security mechanisms, some of which are patent pending by Crunchfish.

#### Digital Cash payment:

#### Digital Cash activities:

#### Digital Cash security:

<b>1</b> <b>Reserve</b> <i>Requires high security of the Digital Cash solution for reservations in the payers device.</i>	<i>Money is reserved in banks or central payment system when the payer is online.</i>	<ol style="list-style-type: none"> <li>a) Tamper resistant</li> <li>b) Logical lock (patent pending)</li> <li>c) Device fingerprinting</li> <li>d) Additional Factor Authorization</li> <li>e) Unauthorized use</li> <li>f) Risk parameters</li> </ol>
<b>2</b> <b>Pay</b> <i>Requires high security of the Digital Cash solution for offline payment.</i>	<i>Digital Cash is used by the payer to pay the payee offline.</i>	<ol style="list-style-type: none"> <li>a) Transaction replay protection</li> <li>b) Payment authenticity</li> <li>c) Payment integrity</li> <li>d) Payment anonymity</li> <li>e) Payment encryption</li> <li>f) Quantum attack protection (patent pending)</li> </ol>
<b>3</b> <b>Settle</b> <i>The payment service provider settles the offline payment and defines risk parameters and checks security.</i>	<i>The payer or the payee initiate settlement that debits the payer's reserved amount and credits the payee's account. This happens when the payer or the payee is online.</i>	<ol style="list-style-type: none"> <li>a) Reconciliation that prevents double spending online</li> <li>b) Reversal of Digital Cash to money</li> <li>c) Fraud resistance</li> <li>d) Certificate revocation</li> <li>e) Certificate expiration</li> </ol>

## Digital Cash market

According to Crunchfish, the market for offline payments is at an early stage. From the fact that digital payment services previously only functioned online, offline payment is starting to come into focus for various reasons. Crunchfish sees that the trend towards offline payment is mainly driven from India and from the world's central banks as cash is digitized.

Offline payment makes the payment services more robust because they work even if a payer temporarily lacks internet connection or if any backend server is overloaded or down. Offline payment increases financial inclusion as mobile payments can be made in areas without internet. The payment services can also be made more scalable because offline payments can take place without burdening the central payment system at the time of payment. There are also increased opportunities to be private because the payment can be made by debiting the payer and crediting the recipient's balance, without the transaction itself being registered centrally.

India's rapidly growing system UPI (Unified Payments Interface) for real-time payments dominates in India over digital wallets where the user has deposited money in advance.<sup>4</sup> Crunchfish

sees that UPI needs to become more robust because the internet connection in the country has shortcomings but also because the banks' systems can become overloaded by the large transaction volume in the country. The Reserve Bank of India (RBI) is pushing towards offline payment and has allowed offline payment for smaller amounts.<sup>5</sup> Offline payment is seen as an opportunity for increased robustness and scalability and the National Payments Corporation of India (NPCI) has recently also launched offline payment where neither payer nor recipient has any connection. According to Crunchfish, offline payments will be widely used in India for UPI, digital wallets as well as the digital rupee once the RBI digitizes the cash.

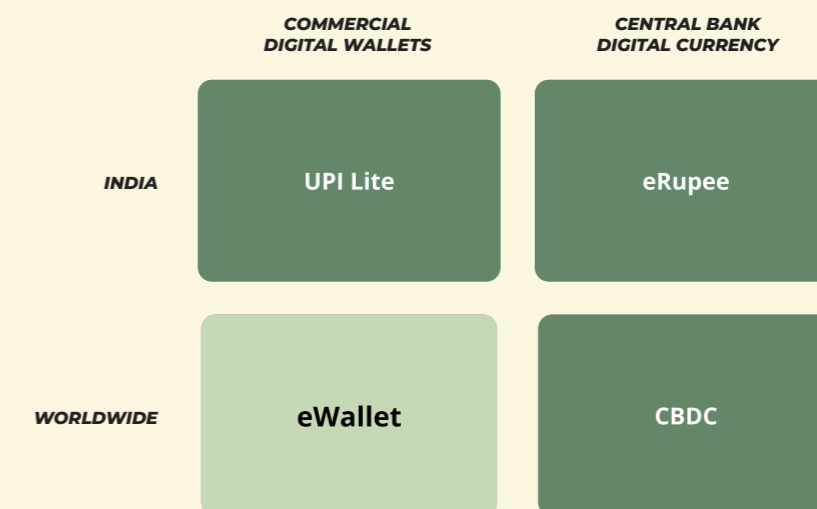
Outside India, the Company believes that offline payments have not developed as much. Here, it is mainly providers of digital wallets in countries with poorer internet connections who strive to be able to offer their customers more robust payments. Otherwise, it is above all the central banks that drive the trend towards offline payment when they digitize cash. However, few countries have launched a CBDC yet, but most are investigating and are in pilot phases.<sup>6</sup>

<sup>5</sup> <https://www.thehindubusinessline.com/money-and-banking/rbi-increases-upper-limit-of-offline-payment-transaction-to-500-from-200/article67232009.ece>

<sup>6</sup> <https://www.riksbank.se/sv/betalningar-kontanter/e-krona/digitala-centralbankspengar-internationalt/>

<sup>4</sup> <https://www.npci.org.in/what-we-do/upi/product-overview>

### India and Central Bank Digital Currencies are focus areas for Crunchfish Digital Cash



Crunchfish Digital Cash offers a secure and scalable offline mobile payment solution. Today's online-based payment services for mobiles are implemented in apps that execute in the operating system's Rich Execution Environment, REE. However, it is not a secure environment for offline payment. It works for online payment because the security of the payment service is guaranteed by the fact that the payment takes place online from a secure backend system.

Many mobile phones have a pre-installed Tamper Resistant Element, TRE, connected to the mobile's operating system that cannot be manipulated. The TRE mainly handle cryptographic keys. However, it does not handle other parameters of offline payment such as offline balance, transaction limits and transaction logs which makes this environment also not sufficient for offline payment.

For offline payment, the payer needs to make the payment from a secure element that cannot be tampered with and also handles all the necessary parameters for offline payment. It can either be implemented as a standalone secure element in hardware or in software integrated into the payment app. The advantage of using an app-integrated secure element in software, compared

to a stand-alone secure element in hardware, is, according to the Company, that the solution is much more scalable because it is easier and cheaper to roll out, can be implemented on all mobile phones and can be upgraded and reconfigured after rollout. A hardware-based solution, however, supplements the mobile solution with more form factors for offline payment, such as cards, smart watches and in feature phones.

Regarding CBDC, the Company sees that there are secure offline solutions that are based on stand-alone secure elements in hardware. However, according to the Company, they are not that scalable. The company believes that Crunchfish Digital Cash offers the market's only offline solution that is both secure and scalable. Here is an opportunity where Crunchfish can offer Crunchfish Digital Cash to central banks and their payment platform providers of systems for CBDC.

According to Crunchfish, the market for digital wallets is fragmented and providers of these rarely offer any option for offline payment. Crunchfish Digital Cash's solution, which can be connected to all payment solutions, can offer these parties secure and scalable offline payment from mobile phones.



## Digital Cash in India

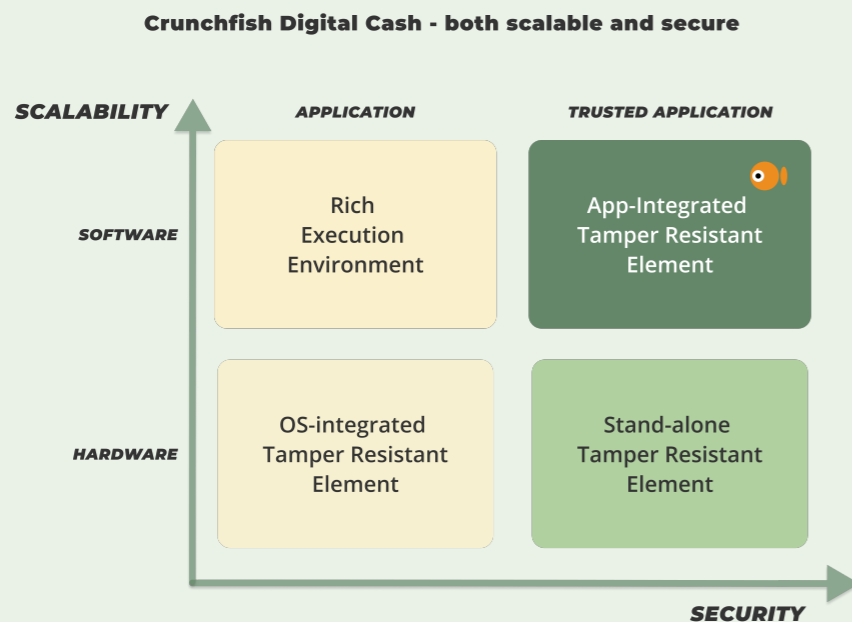
India is the leading market in the world for real-time payments.<sup>7</sup> United Payments Interface (UPI) is India's real-time mobile payments platform, developed by the National Payments Corporation of India (NPCI) and regulated by the Reserve Bank of India (RBI). UPI enables transactions between banks through mobile payment applications. It connects different bank accounts through a common platform, making it possible to transfer money in real time. During August 2023, UPI had 484 banks connected and completed 10.6 billion transactions.<sup>8</sup> Crunchfish identified India as its focus market already in 2019 and the Company is now well established with local representation and subsidiaries. The Crunchfish team in India consists of senior payments experts with a wide network of high-level contacts and relationships within banks and payment service providers.

Crunchfish has worked in collaboration with HDFC Bank and IDFC First Bank to develop an offline payment solution and to conduct a pilot with the RBI in the Regulatory Sandbox program. HDFC Bank is India's leading private bank<sup>9</sup> and was among the first to get approval from RBI to start a private bank in 1994. IDFC First Bank is also one of the leading private banks in India with a strong focus on innovative payment solutions. The pilot started with internal users at the end of 2022, to be

expanded with external customers and merchants in January 2023. The pilot users used real money, under the supervision of the RBI. The customers and merchants were spread over 16 cities across India, both in the major cities as well as smaller towns and rural areas. The pilot was successfully concluded in May 2023 where pre-defined user and transaction targets were all exceeded, and user survey feedback was very positive.

Based on the successful pilot, Crunchfish and IDFC FIRST Bank entered into a commercial license agreement at the end of Q2 2023. IDFC FIRST Bank has licensed both Digital Cash offline, for complete offline transactions, as well as Digital Cash telecom, which enables payments over telecom networks if the payer lacks a data connection. Crunchfish and IDFC FIRST Bank are working closely together on the integration of digital cash into IDFC FIRST Bank's payment applications. The first launch of an application for IDFC FIRST Bank's customers is planned for the second half of 2023.

The license agreement with IDFC FIRST Bank follows Crunchfish's standard business model. The agreement contains an initial fee that came into effect when the agreement was signed. This initial fee covers the use of Digital Cash for two years to a small number of IDFC FIRST Bank's initial users. Support and maintenance on the Digital Cash SDK is also included in this upfront fee. Additional



<sup>7</sup> <https://investor.aciworldwide.com/news-releases/news-release-details/india-surges-ahead-worlds-leader-real-time-payments-boosting>

<sup>8</sup> <https://www.npci.org.in/what-we-do/upi/product-statistics>

<sup>9</sup> [https://en.wikipedia.org/wiki/HDFC\\_Bank](https://en.wikipedia.org/wiki/HDFC_Bank)

user fees according to a volume price list up to 20 million users will subsequently be billed to IDFC FIRST Bank when additional users gain access to Digital Cash functionality.

In India, only the banks are allowed to register transactions on UPI. Most UPI transactions are carried out from third-party apps outside the banks. These third-party apps therefore need a banking partner to be able to make payments over UPI. With IDFC FIRST Bank as a partner and the joint solution based on Digital Cash, Crunchfish plans to offer these app providers the ability to make UPI payments even when their users are offline.

IDFC FIRST Bank is also a key partner of Crunchfish for eRupee, India's CBDC initiative. Currently, only banking apps are allowed to carry the digital rupee. Crunchfish and IDFC FIRST Bank have presented Digital Cash telecom solution for eRupee to RBI.

NPCI launched UPI Lite X during the fintech fair GFF in September 2023 to facilitate offline payments. Crunchfish welcomes NPCI's focus on offline payments and the Company believes that Digital Cash complements UPI Lite X with a more secure and versatile offline payment solution for the Indian payment ecosystem. Like Crunchfish Digital Cash, UPI Lite X is based on that the payer and the recipient can trust each other and the offline payment in a similar way that a card terminal can trust a card. Crunchfish Digital Cash has applied for a patent for the solution and also received positive international reports on patentability that protect how each party can forward the offline payment to the payment system's backend in a secure manner and that increases the reliability of the payment system. UPI Lite X uses the same approach and Crunchfish has brought this to NPCI's attention. However, Crunchfish has no granted patents yet in India as they are pending examination. Discussions are ongoing with NPCI on how Crunchfish Digital Cash can complement and improve UPI Lite X. A collaboration that means that UPI Lite becomes compatible with Digital Cash would significantly increase Crunchfish's market potential in India.

Regarding the license agreement for Digital Cash with HDFC Bank, the discussion is still ongoing. HDFC Bank is yet to decide whether to implement offline functionality in its payment applications with Crunchfish Digital Cash and/or UPI Lite X.



## Digital Cash outside India

Crunchfish sees that the interest in Digital Cash in the rest of the world outside of India has started to gain momentum. Above all, it is in Southeast Asia, Africa and the Caribbean that activities are taking place. Crunchfish mainly works through partners in these regions.

### Southeast Asia

In Southeast Asia, Crunchfish collaborates with V-Key and Sirius on sales and marketing. V-Key is also an important supplier of the virtual secure element in which Digital Cash is executed to guarantee a secure payment solution. Crunchfish's focus in Southeast Asia is primarily Vietnam, Indonesia and the Philippines.

### Africa

Nigeria, Africa's most populous nation, became the first African nation to launch a CBDC – eNaira – on October 25, 2021. To increase financial inclusion and add more uses to eNaira, the Central Bank of Nigeria (CBN) is working on evaluating offline payments. In late 2022, Crunchfish and CBN entered into a development and demonstration agreement for a Proof-of-Concept of Crunchfish Digital Cash for offline payments using eNaira. This evaluation has been completed. Crunchfish continues to work together with the Indian partner Wibmo in this project. Dialogues have also been initiated during 2023 both regarding current commercial payment solutions, as well as other CBDC projects. As a concrete result, an evaluation agreement has recently been signed with a private bank in Nigeria.

### Latin America and the Caribbean

Latin America and the Caribbean are early adopters of CBDC. The Bahamas was the first country in the world to officially roll out CBDC with its Sand Dollar in October 2020. This was followed by DCash in the Eastern Caribbean Currency Union in 2021 and Jamaica's JAM-DEX in 2022. In the fourth quarter of 2022, Crunchfish began a partnership with Money Square in Jamaica to address opportunities in both commercial mobile payment services and CBDC in this region. Money Square is working as an agent to promote Crunchfish Digital Cash, with an initial focus on Jamaica before addressing the rest of the Caribbean and selected countries in Latin America.

## Central Bank Digital Currency (CBDC)

Money is either physical or digital. The central bank is the issuer of physical money in the form of notes and coins. Digital money is held in bank accounts and constitutes a claim on the bank rather than the central bank. A new digital format is cryptocurrency, which is neither guaranteed by central banks nor commercial banks, but its authenticity is demonstrated by a blockchain of transactions. According to the Company, a driving reason why central banks want to digitize the cash - CBDC - is the danger that international cryptocurrencies could undermine the country's currency and the possibilities for the country to conduct monetary policy. When the cash is to be digitized, according to Crunchfish, the central banks must strive to offer

the physical cash's unique properties as means of payment in digital form. They must work offline and be able to be approved immediately as payment completely independent of network connection. The company also believes that citizens must continue to be able to be private with their payments within reasonable limits. The banks do not need to see all transactions just because they are digital. Digital cash must also be flexible, scalable and interoperable with today's payment solutions. Crunchfish's patented Digital Cash platform solves all this.

The majority of the world's central banks are evaluating or preparing to roll out CBDCs.<sup>10</sup> Support for offline payments is on the agenda for most of these projects. Crunchfish has positioned Digital Cash against central banks and the surrounding ecosystem of providers by attending and presenting at CBDC conferences around the world and hosting the webinar series "Enabling offline payments in an online world", where five different reports (white papers) have presented. These reports address topics highly relevant to decision makers in the CBDC market with the goal of describing the need for offline payments and providing an overview of the various design considerations that payment operators, such as central banks, need to make.

Efforts to position Crunchfish in the CBDC market have resulted in signed evaluation agreements with three CBDC platform providers in Q2 2023. These platform providers have direct relationships with central banks around the world, several of them with support for offline payments as a requirement. A joint business proposal has recently been submitted to a central bank by one of these platform partners.

<sup>10</sup> <https://www.niksbank.se/sv/betalningar-kontanter/krona/digitala-centralbankspengar-international/>

# Crunchfish Gesture Interaction AB

## Introduction

Crunchfish develops AI technology that detects and track hands and body via one or more camera sensors. The technology can be used in many areas, but is optimized for AR/VR (Augmented and Virtual Reality) and the automotive industry.

Over the past 15 years, the world has moved from keypads and physical buttons to touch screens and interactive surfaces. Today, touch screens are standard for mobile phones and tablets, and the same applies to larger public screens at train stations, etc. Within the automotive industry, the number of screens in vehicles is increasing with both touch interaction and contactless interaction in the form of gestures. In AR/VR there are no physical screens at all, so how do you interact with devices without a physical screen? The purpose of Crunchfish Gesture Interaction is to enable users to intuitively interact with any screen. Regardless of whether the screen is physical or virtual, or whether the user acts in augmented reality or virtual reality - according to the Company, interaction must always work and be intuitive.

Within the automotive industry there is another, even higher purpose - to save lives. By enabling intuitive screen interaction with gestures, the driver can stay focused on driving. Furthermore, Crunchfish's hand and body detection technology can monitor driver and passenger behavior through a Driver Monitoring System, DMS, and an Occupant Monitoring System, OMS, and warn the driver if safety is compromised. This could be, for example, that the driver is drowsy or has attention on the mobile phone instead of on the road.

## Crunchfish XR Skeleton

Gesture control is about interacting with electronic devices without touching a screen or pressing physical buttons. Using a camera sensor and processor hardware, Crunchfish's gesture control technology makes it possible to interact remotely by detecting hand and body movements and then connecting those movements to various functions in the device.

The XR Skeleton product has a software architecture that creates a skeleton image with 21 points on each hand. Unique combinations of different methods have been used to train neural networks that enable the gesture control. The Company believes that the speed of development of new products by Crunchfish's development team both creates a wide range of new solution areas and demonstrates the technical flexibility of the Company's gesture control software.

The Crunchfish Skeleton platform - which is based on the XR Skeleton product - is the basis for the Company's continued development of existing and new products and has been supplemented during the year with additional functions and adaptations for new areas of use. The platform itself consists of several different components such as self-developed tools, camera rigs, self-designed neural networks and processes for generating synthetic data. XR Skeleton Stereo is the flagship of the Company's hand tracking products and enables detection and tracking with high precision in three dimensions because the product can handle camera configurations with dual camera sensors. The solution also makes it possible to measure the distance between the camera sensors and each of the 42 points (21 points on each hand) with high precision.



With the product XR Skeleton as a base, it is also possible to detect the entire body by initially applying 21 points and in the extension 34 points from head to toe and creating a full body solution - FB Skeleton.

By combining detection of both hands and body, the product Crunchfish PS Skeleton was developed. PS Skeleton can be used for interaction in vehicles, for interaction with smart TVs or public screens. This is because the software can keep track of the number of people in front of a screen, detect hands at lightning speed and provide information about body position and hand movements.

## Gesture Interaction market

According to the Company, the growing VR market is now established, while the market for augmented reality (AR) continues to grow more moderately. In June this year, Apple announced its new product Apple Vision Pro, which is a headset for digital (spatial) 3D experiences. This new product allows the user to fully enter the virtual world for maximum spatial experience or remain in augmented reality with full interaction with their surroundings. The company believes that a new standard for AR experiences is in the offing and sees this as a positive disruptive event for Crunchfish.

Crunchfish sees smart glasses continuing to evolve from devices with a small screen in front of one eye and a camera sensor to more advanced products that project the screen in front of both eyes and have multiple camera sensors. For the consumer market, the Company expects AR glasses with a stereo camera configuration to become standard as it adds a lot to the AR experience. From a gesture control perspective, this provides the conditions for both better precision and interaction with both hands at the same time. Crunchfish XR Skeleton Stereo was upgraded during the year and is deemed to be an important component in the Company's product portfolio going forward.

*Apple Vision Pro was launched in June 2023, which according to the Company will increase the use of gesture control*



One event that Crunchfish expects will drive the use of AR glasses is Apple's launch in June of the Apple Vision Pro, which will hit the market in early 2024. With this launch, the starting point for a new standard has passed and Crunchfish is already seeing increased activity of customers and partners supplying the Android segment. In the same way that Apple made biometrics user-friendly, both with fingerprint recognition and facial recognition, the Company's expectation is that their focus on user-friendliness will also lead to good AR experiences and thus significantly increase the use and demand for this type of product. In addition to Apple Vision Pro, Apple has also included gesture control in the Apple Watch, which shows that gesture control is on the rise.

Within companies and industries there are potential for the use of AR/VR in warehouse/logistics, training and for machine maintenance with remote expert support as a few examples. Which model of AR/VR device is used in different environments depends on the area of use, but according to the Company it is clear that everyone needs gesture control for effective interaction and Crunchfish has several software products that can be used regardless of the type of hardware and area of use.

The automotive industry is a growing market segment where the demand for hand and body detection solutions is starting to pick up. The growth is partly driven by the increase in the number of screens in vehicles, but above all by upcoming legal requirements regarding vehicle safety.<sup>11</sup>

To prevent accidents, car manufacturers develop safety systems that keep an eye on the driver and send warning signals when a person shows signs of abnormal behavior. These advanced systems include camera-based driver monitoring systems (DMS) to detect driver inattention or fatigue and send an alert if the system detects that the driver appears distracted or sleepy. There are also systems for monitoring passengers in the vehicle, OMS, which comes as a next step after DMS. OMS systems will be able to provide additional information about a vehicle's safety through the analysis of occupant behavior.

<sup>11</sup> [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12224-Vehicle-safety-technical-rules-test-procedures-for-advanced-safety-features\\_sv](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12224-Vehicle-safety-technical-rules-test-procedures-for-advanced-safety-features_sv)



*Hand and body tracking can be used to increase safety in vehicles*

## Customers and partners

To meet the requirements of the automotive industry, the Crunchfish PS Skeleton is developed, which offers a solution to the automotive industry. With hand and soon body tracking, solutions are offered for both DMS and OMS.

With PS Skeleton optimized for RGB and IR camera sensors, Crunchfish has an opportunity to take a position in the automotive industry by meeting the legal requirements that will be placed on DMS and vehicle security systems. Using gestures to interact with entertainment systems in the front seat is, according to the Company, another promising area of use in vehicles. As screens become more common even in the back seat, Crunchfish believes that the demand for gesture control will increase in this area to solve problems such as children in car seats not being able to reach the screen.

### Fairs, events and trends

As part of marketing, sales and to create greater awareness of Crunchfish Gesture Interaction's solutions, the Company participates in major fairs, events and conferences. This is to effectively meet business partners and customers when the industry gathers, which makes it easier to make new contacts and research and understand trends in the industry. There are many events to attend and a number that are considered relevant to the business are Viva Technology, Mobile World Congress, Augmented World Expo and the Consumer Electronics Show. These events take place in the markets where the Company operates, i.e. in the EU, Asia and the USA.

Crunchfish Gesture Interaction's main business is developing and selling a software component to hardware manufacturers. These hardware manufacturers sell products to end consumers such as businesses and individuals in the form of augmented reality glasses or virtual reality headsets. Crunchfish's sales success is dependent on partnerships and customer relationships with these hardware manufacturers. The company's business model is volume-based, which means that it is not enough to simply enter into agreements with hardware manufacturers for the company to generate significant revenue. The partner or customer needs to achieve sales success and deliver their products in volume for this to be achieved. The company works intensively to find, evaluate and enter into agreements with as many hardware suppliers as possible that the company believes have good conditions for achieving successful sales. The partners and customers that the Company sees as most relevant for generating volume-based revenue are described below.

### OPPO Telecommunications

At the end of 2022, a new commercial agreement was signed with OPPO Telecommunications, one of the largest mobile phone manufacturers in the world<sup>12</sup>, to provide their mobile phones with Crunchfish's gesture control technology. According to the Company, the signed agreement shows the scalability of the products and the business model when a customer generates volume.

<sup>12</sup> <https://en.wikipedia.org/wiki/Oppo>

### Epson Moverio

Crunchfish is Epson Moverio's hand tracking and gesture control partner for their Moverio BT AR glasses. Epson has focused on developing a hardware for industrial use above all for remote support applications. The new offering is a change from Crunchfish's traditional business model of only targeting hardware vendors and has provided the ability to deliver the XR Skeleton software in a subscription model directly to software developers. The company believes this adds significant value to Moverio app developers using Epson's AR glasses and want gesture control, then they can register for Crunchfish's service and start developing this. This new model makes it easy for developers to access the software and, according to the Company, will simplify the discovery of new application areas for gesture control.

Example of how AR glasses can be used by industrial players



### Ximmerse

Ximmerse (Guangdong Virtual Reality Technology CO LTD) is another player that has licensed Crunchfish's gesture control technology. A commercial license agreement was signed to provide Ximmerse next-generation AR glasses with Crunchfish's latest gesture control technologies - XR Skeleton and XR Skeleton Stereo. Ximmerse has integrated Crunchfish's software into all new models of AR glasses to enable contactless interaction. It's a 3-year deal, with a business model that includes an upfront payment as well as an ongoing royalty per unit produced that includes Crunchfish's software.

The agreement gives Ximmerse the right to use Crunchfish's technologies - XR Skeleton and XR Skeleton Stereo - in AR glasses and other Mixed Reality (MR) products worldwide. Crunchfish XR Skeleton Stereo is the Company's most advanced software to date and provides support for two-handed interaction and the use of two camera sensors at the same time.

Ximmerse was founded in 2014 and has been a supplier of MR products for many years. According to the Company, the company's product - RhinoX - has been successful and next-generation models with more advanced functionality are under development.



AR glasses made by Ximmerse

### SpectreXR

Crunchfish and SpectreXR signed an evaluation agreement for each other's software products to enable a joint offering to the AR/VR market. Crunchfish's XR Skeleton products integrated with OctoXR from SpectreXR enable interaction with virtual objects in any AR/VR device.

XR Skeleton has been successfully integrated into SpectreXR's OctoXR product to demonstrate interaction with virtual objects using hand gestures. At its core is grasping and manipulating virtual objects, which requires both robust gesture control technology as well as software components that add dynamics and physics to the movement and appearance of the virtual objects.

According to the Company, a joint solution from Crunchfish and SpectreXR will significantly reduce the time to develop interactive AR/VR systems and apps. Crunchfish XR Skeleton provides hand tracking to AR/VR devices by analyzing the image stream from the camera sensors and tracking 21 points on each hand with high precision. These total of 42 points or coordinates are then used for the interaction with virtual objects. According to the Company, it is extremely complex to design and develop virtual objects in AR/VR. The objects are displayed in three dimensions and also need to look and feel as realistic as the real thing, which requires advanced software and very specific skills.

### Lenovo

In the spring of 2022, an agreement was signed regarding Lenovo's use of the XR Skeleton Stereo. This commercial license agreement involved equipping Lenovo's new AR glasses with Crunchfish's hand tracking product - XR Skeleton Stereo. Lenovo has integrated the software into its AR glasses to enable gesture interaction in the glasses' menu system. The agreement gives Lenovo the right to use Crunchfish's software in AR glasses and smart glasses worldwide.

### Change2

At the beginning of 2023, Crunchfish entered into a partnership with Italian Change2 to develop solutions for virtual try-ons (VTO) within the framework of a Proof-of-Concept project. Crunchfish XR Skeleton is to be integrated into Change2's 3D environment to create solutions for e-commerce by enabling virtual trials with AR in mobile phones and tablets.

Change2 offers software and services to well-known luxury brands that, with Crunchfish's hand tracking software and Change2's customer network and ability to develop 3D web solutions, make it possible to virtually try on, for example, watches, bracelets and rings. The companies are now entering into a partnership to develop a joint solution aimed at the market for e-commerce solutions. In short, a virtual trial is a way for customers to try out a product via their cell phone or other mobile device equipped with a camera. Thanks to an underlying AR technology, customers will be able to see themselves wearing, for example, a watch via the camera and screen of the mobile phone. According to the Company, a globally growing e-commerce and this way of visualizing products in a realistic way opens up a large and growing market. According to Crunchfish, Change2 works with well-known luxury fashion brands and the company's expertise in 3D modeling and web solutions as well as UX design make Change2 a very capable player in the industry.

Change2 develops solutions for virtual testing using Crunchfish's technology



## Product portfolio

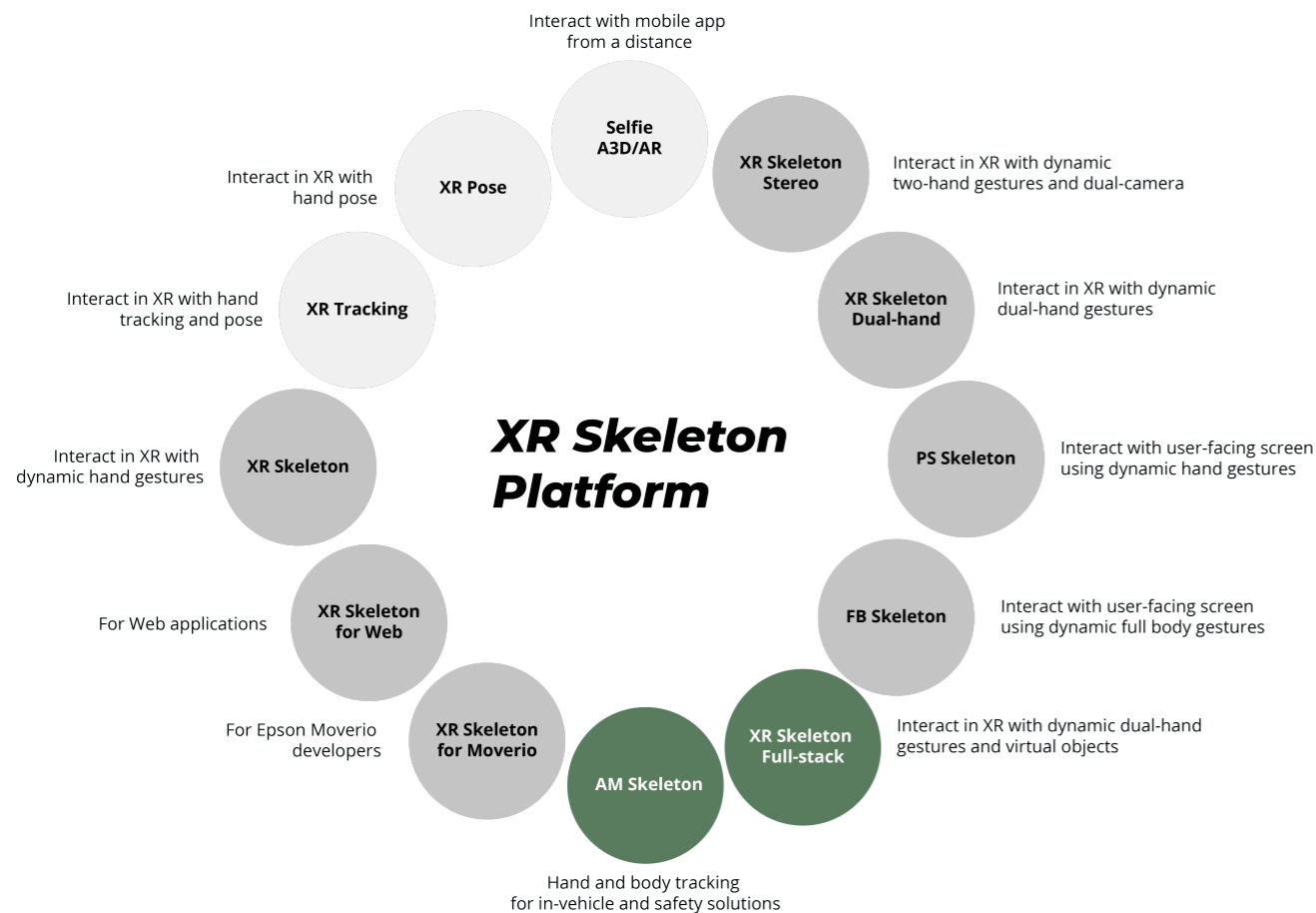
According to the Company, Crunchfish's Skeleton platform and development team pave the way for many new solution areas and demonstrate technical flexibility for the Company's advanced gesture control technology. During the latest year, several new products were launched in parallel with existing products being further improved. The XR Skeleton Stereo was launched on the market and the XR Skeleton Mono was upgraded with support for 2-hand interaction as well as improved performance.

### XR Skeleton

XR Skeleton is Crunchfish's fourth product generation, with each generation still part of Crunchfish's offering and targeting different use cases and types of hardware. The first product – Selfie A3D – is based on traditional image analysis and is adapted for mobile devices and tablets and interaction with

simpler gestures. In 2015, the Company focused on AR/VR devices and the following products (e.g., XR Pose) were developed and optimized for different types of AR/VR devices. With each new product generation, the technology has become increasingly based on neural networks, and XR Skeleton's software architecture is based solely on neural networks. With Crunchfish's proprietary tools and processes for, for example, generating training data, XR Skeleton became the basis for the XR Skeleton platform.

Crunchfish's Skeleton platform, which is the basis for the continued development of existing and new products, has generated new and updated product releases during the year. The platform itself consists of a number of different components including proprietary tools, camera rigs, proprietary neural networks, and processes to generate synthetic data.



### XR Skeleton Stereo

A first commercial product release of XR Skeleton Stereo was released to customers and partners in 2022. With tracking of 42 points simultaneously (21 points on each hand) and high precision in each point - even in depth as the distance between the camera sensors and the hands can be measured with high accuracy - Crunchfish enables realistic interaction with virtual objects in three dimensions.

The development team has also worked on a new detector algorithm that is optimized for a stereo camera configuration and the detection of two hands at the same time. The new detector algorithm is part of the XR Skeleton upgrade released in late 2022.

Uses for XR Skeleton Stereo include interacting with virtual objects in AR/VR as well as new ways to track hands from a distance and control various screen functions and menus. By identifying all moving joints and contours of the hand and then linking these points (coordinates) to a skeletal structure, interaction with virtual objects is enabled that is lifelike for the user.

### Launch of XR Skeleton 2.0 – One camera, two hands, three dimensions

XR Skeleton 2.0 is available to customers and partners. This is the second generation of the flagship product - XR Skeleton - developed for devices with only one camera. In this upgraded version, the performance has increased by 20 percent and it supports two-handed interaction with both hands at the same time.

XR Skeleton 2.0 is an upgraded version of XR Skeleton 1.1 and developed primarily for AR/VR, but the algorithms are also applicable in the automotive industry. As wide-angle cameras begin to be increasingly used on the market, the Company believes that 1-camera solutions also will become more common. The advantages of only one wide-angle sensor are lower cost and less power consumption. With a wide-angle camera, one camera is enough to get a large enough interaction space for gesture control. Interaction with two hands then also becomes natural.

### XR Skeleton for Moverio

In collaboration with Epson Moverio, this version of the XR Skeleton has been developed for app developers for Moverio AR glasses. This version is optimized for and locked to Epson Moverio hardware and launched in September 2023.

### XR Skeleton for Web

In collaboration with Change2, a web-based version of the XR Skeleton has been developed in 2023. A web-based solution can be used directly on many different devices, for example in a browser on a laptop, PC, tablet or smartphone without the need for further integration. The end user also does not need to install special software. To protect the solution, a license management has been developed, which opens up the possibility of using XR Skeleton for Web on a variety of platforms.

## Future development

The hardware in future generations of XR products will be faster, physically smaller and more power efficient. They will also, according to the Company, support more advanced camera configurations, creating additional opportunities for gesture interaction. According to the Company, support for more camera sensors that increase precision in all three dimensions, as well as the ability to follow several hands at the same time, will therefore be important. For optimal performance, Crunchfish's products must also be able to run on custom processors such as Graphics Processing Unit (GPU) and Neural Processing Unit (NPU).

The direction going forward includes work on next-generation neural networks and further optimization of the Company's solutions with large amounts of data, simulated backgrounds, synthetic training data, light and shadow conditions, etc., to enable XR Skeleton to meet the demands of customers and end users. A new commercial product release of XR Skeleton as well as XR Skeleton Stereo was delivered to customers in 2023 and commercial AR products are expected by the Company to increase in volume in 2024.

The development of combined solutions with XR Skeleton, PS Skeleton and the full-body solution FB Skeleton will also continue in order to fully meet the requirements of, for example, the automotive industry. Support for other types of camera sensors will also be important to enable new future uses.

## Crunchfish's patent portfolio

Crunchfish has an aggressive patent strategy and applies for patents in Sweden first and after 12 months submits an international PCT application which can be nationalized in different countries after another 18 months.

The patent portfolio has grown large and contains several inventions that no longer form the basis of the Company's development. In order to lower future annual fees for patents and costs for patent applications, the patent portfolio will therefore be reduced. This applies to applications and patents for the Company's former product areas aBubbl and Blippiit. Likewise, within gesture control, the patent portfolio will be reduced to retain only the patents that are considered most commercially important.

Within Digital Cash, Crunchfish has three patent applications where the Company received positive international preliminary reports on patentability. In addition to these, there are a further eight priority applications for Digital Cash which are in the review phase. See table below for the Digital Cash patent portfolio.

<b>INVENTION</b>	<b>PRIORITY FROM</b>	<b>STATUS</b>	<b>COUNTRIES</b>
Both the payer and the payee register the signed offline transaction and may later send it up to the backend to initiate settlement	2020-01-29	Positive International Preliminary Report on Patentability (IPRP)	Europe, USA, India, China, and Taiwan
Value exchange between a mobile and a card or wearable in offline mode	2021-01-29	Positive International Preliminary Report on Patentability (IPRP)	Europe, USA, India, and Brazil
Interoperable payment services where the signed offline transaction from the payer is verified by both by the payee as well as in the backend	2021-02-12	Positive International Preliminary Report on Patentability (IPRP) and granted patent in Sweden	Sweden, Europe, USA, India, and Brazil
Signed offline transaction that is verified by other party than the payee	2021-11-17	Application	Sweden and internationally
Reservation online for an offline transaction	2021-12-01	Application	Sweden and internationally
Prevent use of cloned applications	2022-03-03	Application	Sweden and internationally
Quantum resistant offline transactions	2022-03-31	Application	Sweden and internationally
Online registration of consecutive offline transactions	2022-05-05	Application	Internationally
Trusted application protocol	2023-02-07	Provisional application	Sweden
Prevent rollback attacks of Digital Cash	2023-03-16	Provisional application	Sweden
Anonymous payment applications for offline transactions	2023-03-29	Provisional application	Sweden

Within the gesture interaction operations, the Company has chosen to retain three inventions that have been granted patents in several markets, presented in the table below.

<b>INVENTION</b>	<b>PRIORITY FROM</b>	<b>STATUS</b>	<b>COUNTRIES</b>
Power on an AR/VR-device by tilting the device	2012-08-03	Granted patents	Sweden, Germany, France, Great Britain, and USA
Random display of numbers in a PIN-code display to unlock or authorization in an AR/VR-device	2012-08-03	Granted patents	Germany, France, and Great Britain
Visual cues to the user of an AR/VR-device of the expected gesture interaction	2017-05-30	Granted patents	Sweden, USA, and China



## Information about the Company

The company's registered company name (as well as trade name) is Crunchfish AB. The Company's current company name was registered with the Swedish Companies Registration Office (sw. Bolagsverket) on April 14, 2010. The company's organization number is 556804-6493, and the board has its seat in Malmö municipality. The company's office address is Stora Varvsgatan 6A 4R, 211 19 Malmö with telephone number +46 706 351 609 and the company's website is www.crunchfish.com, whereby it is noted that the information on the site is not included in the prospectus unless this information is not incorporated into the prospectus through references. The company's identification code (LEI) is 549300SCGCKME2FXVY03. Crunchfish is a Swedish public limited company formed and registered in accordance with Swedish law. The company was registered at the Swedish Companies Registration Office on April 14, 2010. The company's form of association is regulated by, and the business is conducted in accordance with, the Companies Act (2005: 551) and the rights of the shareholders associated with the ownership of the shares can only be changed in accordance with the aforementioned regulations. Crunchfish operations are conducted in two subsidiaries. Crunchfish Digital Cash AB (formerly called Crunchfish Proximity AB) with organization number 559140-2200 and Crunchfish Gesture Interaction AB with organization number 559247-1311. Since the Company's operations are conducted through these subsidiaries, Crunchfish is dependent on its subsidiaries. In May 2022, Crunchfish Digital Cash AB started the wholly owned subsidiary Crunchfish India Private Ltd. Crunchfish is also the parent company of the dormant company Crunchfish Inc.

### Trends

As far as the Company knows, since the end of the last financial year up to the Prospectus's dating, there has been no changes in the development regarding sales, warehouses, costs or sales prices.

### Investments

Since the end of the last reporting period, Crunchfish has had no ongoing or resolved significant investments. However, the company will continue to continuously invest in patents and product development within Crunchfish Digital Cash and Crunchfish Gesture Interaction. Ongoing and committed investments are intended to be financed via existing working capital and through the proceeds from the Rights Issue.

### Financing

Crunchfish is in the commercial phase. Historically, the Company has financed itself through shareholder contributions and the sales of the Company's solutions. Going forward, Crunchfish intends to finance the business, continued development and working capital needs with cash from the Rights Issue as well as income from the sales of Crunchfish's products.

### Significant changes in the Company's financing structure since June 30, 2023

On August 9, 2023, the Company signed a loan agreement with Corespring Invest AB, in which the company's chairman Göran Linder is a board member and the CEO. According to the loan agreement, the Company has accommodated a loan of SEK 7.5 million. The loan must be repaid no later than February 9, 2024 and runs with an annual interest rate of 7 percent from the date of payment of the loan up to the date of repayment.

In connection with the rights issue, Corespring Invest AB has entered into a subscription commitment to subscribe for shares for a total amount of SEK 7.5 million. According to the subscription commitment, it has been agreed that Corespring Invest AB shall have the right and obligation to pay for shares in the rights issue by settling against its claim of the outstanding capital amount. Accrued interest and the excess part of the capital amount that cannot be offset must be paid in cash no later than five banking days after the rights issue is registered at the Swedish Companies Registration Office. With the set-off and payment of the excess amount, outstanding capital amounts according to the loan agreement will be fully regulated.

### Future challenges

Crunchfish's future growth and profitability is primarily dependent on the commercial success of the Company's technical interaction solutions within mobile payment and gesture control. Both areas are characterized by strong competition, rapid technological development and a high rate of change. In particular, this applies to the market for payment solutions where the market has changed drastically in recent years through new technologies, apps and digital solutions that challenge traditional payment methods. Crunchfish's challenge is to lead, stay up-to-date on and constantly adapt to the rapid technological and market development.

The Company's Digital Cash solution enables offline mobile payment. As it is a new way of paying, it may be a challenge to make an impact on the market as a small player. Another future challenge will be to set the price level and the commercial business model, which until now has only been applied by one customer agreement.

Challenges for the gesture control business are largely tied to the success of customers and prospects with its products in areas such as consumer AR glasses and VR devices, as this drives Crunchfish's revenue potential. The performance and form factor of the customer products currently on the market are according to the Company not good enough to meet the demands of the consumer market for daily use or to eventually replace the mobile phone, which is a challenge.

Apple has launched a device, Apple Vision Pro, for spatial experiences that will come to the market during the beginning of 2024, this is considered to set a new standard and is expected to drive the development of capable AR/VR products by other

companies. Apple Vision Pro introduces a new interaction method where eye tracking combined with gesture interaction is the new standard and a challenge for Crunchfish is to be a part of this new type of solution and product offering.

Generative artificial intelligence (GenAI) has been making strong progress in the past year. Although Crunchfish's products are already based on AI technology, it is important and a challenge for the Company to understand generative AI from an efficiency and competition perspective.

User behavior is another challenge where interaction with hand gestures is still unfamiliar to many – compare the transition from mobile phones with buttons to today's interaction with touchscreens. This type of change always takes time, but gradually as interaction with gestures makes its way into other situations such as in front of the TV, in the car or information screens in department stores, it will become the natural way to control and control electronics in everyday life. However, the change process for the end users takes time, which is a challenge.

## Glossary

WORD	DEFINITION
AR	Augmented Reality.
VR	Virtual Reality.
MR	Mixed Reality. Term used to describe the merging of a real-world environment and a computer-generated one. Physical and virtual objects may co-exist in mixed reality environments and interact in real time
XR	Extended Reality. Catch-all term to refer to augmented reality (AR), virtual reality (VR), and mixed reality (MR).
CBDC	Central Bank Digital Currency.
eRupee	Digital version of the Indian Rupee, issued by the Reserve Bank of India as CBDC.
NPCI	National Payments Corporation of India is an umbrella organization for operating retail payments and settlement systems in India
PKI	Public Key Infrastructure.
RBI	Reserve Bank of India, India's central bank.
Real-time payment	Real-time payment, or instant payment, is a method of exchanging money and processing payments, which allows for the near-instant transfer of funds between bank accounts.
REE	Rich Execution Environment.
SDK	Software Development Kit.
TRE	Tamper Resistant Element.
UPI	Unified Payments Interface, an instant payment system developed in India, by NPCI.
Whitepaper	Report that summarizes ideas or ambitions in an area or reports current events in an area.

# Working capital

The board makes the assessment that existing working capital is not sufficient to conduct business for the next twelve-month period counted from the date of this Prospectus. The total deficit is estimated to amount to approximately SEK 30 million during the coming twelve-month period. The deficit is estimated to occur in December 2023. In order to finance the Company's working capital, the board has decided on the Rights issue for a total of approximately SEK 85.4 million before issue costs, which are estimated to amount to approximately SEK 10.2 million.

The Company's second largest shareholder, Coespring Invest AB (represented by chairman of the board Göran Linder), who holds approximately 18.1 percent of the shares in the Company, has provided a subscription commitment of SEK 7.5 million, corresponding to approximately 9 percent of the Rights Issue. According to the subscription commitment, the subscription commitment will be fulfilled by offsetting the outstanding convertible loan that Coespring Invest AB made to the Company in August 2023. No compensation is paid for the subscription agreement. In addition, Nordic Underwriting ApS, Buntel AB and Formue Nord Markedsneutral A/S have undertaken to guarantee a total of approximately SEK 43.7 million, corresponding to

approximately 51 percent of the Rights Issue, which means that approximately 60 percent of the Rights Issue is covered by subscription obligations and guarantee commitments. Entered guarantee commitments are so-called "bottom underwriting" and will not be used if the subscription rate in the Rights Issue amounts to at least 60 percent. Apart from the subscription commitment from Coespring Invest AB of SEK 7.5 million, which will be fulfilled by offsetting loans, the subscription commitments provided and the guarantee commitments entered into are not secured by bank guarantee, blocking of funds, pledging or similar arrangements.

If the Rights Issue cannot be carried out or subscribed to the required extent or if the cash flow does not develop in accordance with the board's assessments, the Company will have to carry out additional capital acquisitions. These could consist of, for example, a new issue or loan or other contribution from the Company's owners. In the event that all alternative financing options fail and in the event that additional working capital cannot be raised, it could lead to the Company being forced to dismantle parts of its operations or ultimately being forced into reconstruction or filing for bankruptcy.

# Risk factors

Below is an account of a number of risk factors that are deemed to have an impact on Crunchfish's future prospects. For each category, the most significant risks are mentioned, according to the Company's assessment, taking into account the probability that the risks will materialize and the expected extent of the risks' negative effects. Each risk is designated by the Company with an estimated risk level (low/medium/high) on a qualitative scale. The risk factors have been divided into the categories "Operation-related risks", "Financial risks" and "Risks related to the Company's securities and the rights issue". The risk factors that are currently deemed most significant are presented first in each category, while the risk factors follow without any particular ranking.

## Business-related risks

### **Crunchfish's industries are characterized by strong competition, high rates of change and rapid development**

Crunchfish develops and markets interaction solutions for mobile payment in a physical environment (Crunchfish Digital Cash AB). The solutions are marketed for payment services in India, as well as selectively in other selected markets. The company also develops interaction solutions based on gesture control and has integrated that technology into millions of smart mobile phones on the market (Crunchfish Gesture Interaction AB). Both industries are characterized by strong competition, rapid technological development and a high rate of change – in particular, this applies to the market for payment solutions where the market has changed drastically in recent years through new technologies, applications (apps) and digital solutions that challenge traditional payment methods. The market for gesture control is also characterized by rapid technological development, not least as a result of Apple's launch of Apple Vision Pro, which could mean that the conditions for the Company's operations change fundamentally, as a well-developed and well-equipped product is thereby released on the market, as various third-party developers encouraged to develop solutions to.

As a result of the above, Crunchfish's opportunities for success and growth are largely dependent on the Group's ability to lead, stay up-to-date on and adapt to technology and market developments. As the speed of development is high and the direction of development is not given, this poses a risk to the Group's future earning capacity. There is thus a risk that the Group misjudges the technological development and/or the development of the market and that new technical solutions,

products and services are developed, which may result in the Group's technologies, products and services becoming obsolete. If Crunchfish cannot quickly and cost-effectively adapt to technological developments, the Company may lose competitiveness, growth opportunities and opportunities to gain market share. Furthermore, several of Crunchfish's current and potential future competitors may have competitive advantages in the form of, for example, a longer history, a more established brand, more established relationships with customers and other market participants as well as greater financial, technical and marketing management resources. Competitors may pursue development projects that are not communicated to the market and their products, technologies, development projects and ancillary services may be in phases that mean that competitors may in the foreseeable future launch technologies, products or services that are similar to or coincide with, or are or are perceived to be better than, Crunchfish's offering.

Crunchfish assesses the probability of the occurrence of the risk as high. The Company assesses that the occurrence of the risk would have a high impact on the Company.

### **Crunchfish is dependent on its technologies achieving broad market adoption and commercial success**

Crunchfish's possible growth and profitability is primarily dependent on the commercial success of the Group's technologies. The Group's solutions within the Digital Cash business area are under continued development, and at the end of June 2023 the Company entered into its first commercial license agreement with IDFC FIRST Bank in India regarding its patented Digital Cash solution. The company and IDFC FIRST Bank are working closely to integrate the Digital Cash solution

into the bank's payment apps and an initial launch is planned for the third quarter of 2023. As offline payment represents a new way of paying, there is a risk that it will take time for potential customers to adapt to the payment system. Within the Gesture Interaction business area, the Group's technology is today used in smart mobile phones and AR glasses. AR glasses are a relatively new innovation that has not achieved wider market adoption, largely due to the market being in an early phase with small volumes and pilot projects.

The areas of use for the Group's technologies are thus to some extent undeveloped and untested, and there is thus a risk that the Group's technologies and services will not reach a wider market use. This may be due to several factors, for example that the Group's offer does not meet customer expectations, that competing technologies are or are perceived to be better, that the Group's marketing efforts fail, that regulatory conditions and market conditions change and make successful launch and use more difficult, or that the outcome of existing and future collaborations do not meet expectations and assumptions. In addition, the Company's price level may be perceived as too expensive and changing user behavior may take time. Although the Company has entered into an important business agreement with IDFC FIRST Bank in India, it has not yet had a major breakthrough in the Digital Cash market and there is no guarantee that the collaboration will lead to commercial success.

Crunchfish assesses the probability of the occurrence of the risk as high. The Company assesses that the occurrence of the risk would have a high impact on the Company.

**Crunchfish's Digital Cash business area is relatively new and is therefore associated with a generally higher level of uncertainty regarding development opportunities and needs**

Digital Cash is a relatively new business area and is therefore generally subject to more uncertainty regarding financial and personnel needs, product and technology development, market opportunities, external factors, regulatory requirements and conditions, customer needs, sales, growth, profitability and strategy. As the business is also in a growth phase, this places special demands on the company's management as well as the operational and financial infrastructure. If Crunchfish cannot maintain effective planning and management processes, it may hinder the possibility of continued development of the business area.

There is a risk that the Group's assessments and assumptions regarding the above factors are incorrect or for other reasons may need to be reassessed as the business develops. Crunchfish may therefore need to allocate more resources than expected, change or discontinue collaborations or reevaluate and rework development and sales strategies. If this happens, it could lead to delays and increased costs and negatively affect Crunchfish's growth plans, development and opportunities to achieve commercial success.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

**Crunchfish currently has a limited number of customer collaborations within the Gesture Interaction business area**

Crunchfish's Gesture Interaction business area has a longer history than the Digital Cash business area, but so far has a limited number of customers consisting of, among other things, manufacturers of mobile phones, AR and VR technologies and other electronics for industrial use or for the consumer market that can implement Crunchfish's software platforms in their products in the offer to end customers. These customer collaborations are essentially designed according to a license-based royalty model according to which Crunchfish receives revenue when the customers manufacture a product that uses the Group's technology or when a product that uses the Group's technology is sold to an end customer. There is a risk that Crunchfish may experience reduced revenue streams from one or more existing customers within the Gesture Interaction business area, for example as a result of reduced sales or production at customers, that customers report incorrect sales figures intentionally, due to calculation errors or internal deficiencies, or if one or several customers cancel or seek to renegotiate the agreements to worse terms for the Group. Furthermore, in the future, Crunchfish may fail to enter into new customer and cooperation agreements on favorable terms for the Company.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

**Crunchfish is dependent on recruiting and retaining key personnel and recruiting qualified employees**

Crunchfish's operations are conducted in relatively new areas of development that demand a high level of technical knowledge from the Company's employees. Within the Group there are a number of key people who are important for the successful development of Crunchfish's operations. The Group's ability to recruit and retain qualified employees is therefore important to ensure the level of competence in the Group. If key people leave the Group, it can therefore have a negative impact on the business in both the short and long term. Furthermore, recruiting employees who can be successfully integrated into the organization is of great importance for Crunchfish's continued development. There is a risk that recruitment cannot take place on satisfactory terms as a result of competition for labor from other companies in the Group's industries, universities and other institutions. There is also a risk that Crunchfish will not be able to retain current staff, which could affect the Group's ability to successfully run and develop the business.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

**Risks associated with the Group's software and hardware development**

Crunchfish's technologies are based on ongoing technical development and improvement. It is of great importance that the Group's software and other technical solutions continue to be developed so that their functionality corresponds to the demands and wishes of customers and markets. Time and cost aspects of software and hardware development can be difficult to determine with precision in advance. There is thus a risk that a planned software or hardware development will be more costly and take longer to adapt to the market's needs than planned. If the Group fails in whole or in part with its planned ongoing technical development, it may negatively affect the Group's opportunities for growth and commercial success. There is a risk that future technology development will not be successful and accepted by customers and/or consumers, and there is a risk that any new technology cannot be put into use without disruption to the business.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

**Risks associated with IT security and IT infrastructure**

Crunchfish is dependent on a well-functioning IT system that the Company or its partners use in their daily operations. Cyber attacks are constantly increasing in frequency and intensity and have become increasingly difficult to detect. A successful cyber attack could result in the theft or destruction of intangible assets and data or otherwise compromise the Company's confidential or proprietary information and disrupt its operations. Errors, interruptions or breaches in the Company's IT security, including any errors in back-up systems or errors in the management of security regarding the Company's confidential information may also damage the Company's reputation, business relationships and trust, which may lead to loss of business partners, increased scrutiny from regulators and a greater risk of legal action and financial liability. Although the Company devotes resources to protecting its information systems, there is no guarantee that such measures will prevent information security breaches that could result in business, legal or financial harm, as well as damage to the Company's reputation, or that could have a material adverse effect on the Company's operating profit and financial position. In addition to the risk of external disturbances and intrusions into the Company's IT infrastructure, the Company is also subject to internal risks and system errors. In addition, there is a risk that the partners with whom the Company shares confidential or sensitive information lack sufficient IT security or security procedures in place to protect the information that the Company shares with them or that such partners misuse the shared information.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

**The Group is dependent on obtaining and maintaining intellectual property protection for its technologies**

Crunchfish's continued operations are to some extent dependent on the Group protecting its technology through patents or other intellectual property rights. The group therefore has a patent strategy that aims to protect the most important parts of the technology. There is a risk that the Group's patent strategy is not sufficient and that its patents and other intellectual property rights therefore do not provide sufficient protection against infringement and competition. This may be due to several reasons, for example that technologies developed by the Group cannot be patented, that the Group cannot renew the protection of its existing

intangible patents or that ongoing and future patent applications may be rejected, that third parties may have patents declared invalid or revoked and that the time it takes to get a patent approved exceeds the life of the product or that new technologies are developed which circumvent the Group's patents.

Patents owned by others than Crunchfish may also impair the Group's ability to obtain patent protection or to freely use its own technologies. There is also a risk that the protection obtained may prove insufficient and other actors may attempt to plagiarize or use the Group's technology without authorization. Applying for and maintaining intellectual property protection as well as guarding against unauthorized use is complicated and costly, and there is a risk that Crunchfish will need to spend additional resources on this in the future.

Crunchfish assesses the probability of the occurrence of the risk as medium. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

#### **Crunchfish may be subject to disputes, claims, investigations and processes**

Crunchfish may from time to time become involved in disputes in the normal course of business and may be subject to claims in legal proceedings relating to contracts, intellectual property rights, product liability, or alleged defects in the delivery of goods and services. Such claims can involve large sums and significant litigation costs. The Group (or the Group's executives, board members, employees or close relatives) may also be subject to criminal investigations and processes. Disputes, claims, investigations and processes of this type can be time-consuming, disrupt normal operations, involve large damages and lead to significant costs that may not be covered by the Group's current insurance cover. For example, the Company's intellectual property rights as of the date of the Prospectus are not covered by the Company's insurance cover. In addition, it may be difficult to predict the outcome of complex disputes, claims, investigations and proceedings, particularly regarding infringement or alleged infringement of intellectual property rights.

Crunchfish assesses the likelihood of the risk occurring as low. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

#### **Risks associated with regulatory compliance and changes in applicable regulations**

Crunchfish needs to conduct its operations in accordance with applicable laws and regulations within the jurisdictions where the Group operates, not least through the Company's subsidiary Crunchfish India Private Limited. in India, for example regulations concerning personal data handling and marketing. There is a risk that the Group fails to comply with these laws and regulations in all parts, for example because the Group's interpretation of the regulations is incorrect or because the Group does not have the opportunity to adapt its operations to new laws or development of practices in time. In addition, the Group may from time to time lack the resources required to comply with applicable laws and regulations in all parts or choose to prioritize other parts of the business over full regulatory compliance.

If the Group violates applicable laws and regulations or if the Group's interpretation of applicable laws and regulations is incorrect, it may result in sanctions from the relevant authorities, which may entail significant costs for the Group and possibly affect the Group's reputation. Furthermore, the Group can be indirectly affected by negative changes in regulations that do not directly affect the Group's operations, but which affect its partners, for example rules regarding mobile and card payments.

Crunchfish assesses the likelihood of the risk occurring as low. The Company assesses that the occurrence of the risk would have a medium impact on the Company.

#### **Financials risks**

##### **Crunchfish has historically reported losses and there is a risk that the Group will remain unprofitable in the future and need to seek additional financing**

The board makes the assessment that existing working capital is not sufficient to conduct the business for the next twelve months from the date of the Prospectus. In order to add working capital and repay loans, the Company carries out the present Rights Issue for a total of approximately SEK 85 million before issue costs, which provides the Company with sufficient funds to have working capital for the next twelve months. Since its inception, Crunchfish has reported limited revenue and thus a loss. There is a risk that in the future the Group will not generate enough revenue to finance its operations. This may be due to several circumstances, some of which are beyond the Group's control.

If the Group does not report a profit in the future, additional external financing may be sought from existing shareholders, third parties and/or through other financing alternatives. There is a risk that new capital cannot be raised when needed or that capital can only be raised on terms that are not commercially acceptable to Crunchfish. There is also a risk that any debt financing may contain conditions that limit the Group's flexibility and that the Group's future capital needs may turn out to deviate from management's calculations. Furthermore, market conditions, the general availability of credit, the Group's credit rating and uncertainty or disturbances in the capital and credit markets may affect the possibility of financing. The conditions for available financing can also have a negative impact on the Group's operations. If Crunchfish chooses to raise additional financing by issuing shares or equity-related securities, it may take place with or without preemptive rights for existing shareholders. Furthermore, future new issues may have a negative impact on the market price of the Company's share and lead to the shareholders who do not participate in future new issues having their ownership stake diluted.

#### **Risks related to tax issues and the possibility of using loss deductions**

Crunchfish is and may in the future be subject to taxation in Sweden and other countries where Crunchfish operates. There is a risk that the Group's interpretation of tax legislation, relevant tax authorities' requirements or administrative practices and/or tax agreements is incorrect, or that such rules are changed with retroactive effect. There is also a risk that tax rates or other rules that affect the Group's operations will change in the future. Such changes risk increasing the Group's tax costs and limiting the possibility of using accumulated tax losses in the future, which could have a negative impact on the Company's financial position.

#### **Risks associated with the need for amortizations of intangible assets**

Crunchfish has intangible fixed assets, which to a large extent consist of capitalized development costs and costs for patents. The Company performs annual tests to assess whether there is any need for amortizations. If, for example, the markets do not develop positively or if the Company's technology in any business area is challenged by new technology, amortizations may arise, which would negatively affect the Company's financial position.

#### **Risks related to the Company's securities and the Rights Issue**

##### **Risks associated with shareholders with significant influence and future sales of shares**

A limited number of shareholders own a significant proportion of outstanding shares and votes in the Company. These owners will also hold significant shares in the Company after the Rights Issue. Consequently, these owners, if they act in concert, can exercise significant influence on matters subject to the approval of the shareholders of the Company. The interests of these shareholders may completely or partially differ from the interests of other shareholders.

The price of the Company's share may fall if there is an extensive sale of shares in the Company, especially sales made by the Company's board members, senior executives and major shareholders or when a larger number of shares are sold, regardless of the underlying owner. Sales of large amounts of shares in Crunchfish, or the perception that such sales may take place, may cause the price of the shares in the Company to fall. If the price of the Company's share falls, it may mean that an investor does not get back the invested capital.

##### **Risks associated with submitted subscription obligations and guarantee commitments**

Crunchfish has received subscription commitments and guarantee commitments, so-called "bottom underwriting", in connection with the Rights Issue. Apart from the subscription commitment from Corespring Invest AB of SEK 7.5 million, which must be fulfilled by offsetting the loan, the subscription commitments provided and the guarantee commitments entered into are not secured by bank guarantees, blocking funds, pledging or similar arrangements, which is why there is a risk that one or more of the parties concerned parties, in whole or in part, will not fulfill their respective commitments. If these commitments, in whole or in part, were not fulfilled, the Company may be forced to seek alternative financing options such as additional capital acquisition or loan financing, alternatively implement cost reductions or be forced to operate at a lower rate than estimated until additional capital can be acquired, and there is a risk that non-availability of financing or unsuccessful measures will result in the Company being put into restructuring, or in the worst case, bankruptcy.

# Terms for the securities

## General information about the securities

Crunchfish shares are denominated in SEK, are of the same type and have been issued in accordance with Swedish law and the provisions of the Swedish Companies Act (2005:551). Rights attached to shares issued by the Company, including the rights that follow from the Company's articles of association, can only be adjusted in accordance with procedures specified in said law.

The Company's shares are issued to holders and the Company's shares are accounted for in a reconciliation register in accordance with the Act (1998:1479) on securities centers and account-keeping of financial instruments. The register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm. No share certificates have been issued for the Company's shares. The share's ISIN code is SE0009190192 and has the short name CFISH.

All rights attached to the share accrue to the person who is registered in the share register maintained by Euroclear. All shares are issued and fully paid. Each share entitles to one (1) vote at the Company's general meeting. Each shareholder entitled to vote may, at the general meeting, vote for the full number of shares owned and represented by him. Shareholders normally have preferential rights to subscribe for new shares, warrants and convertible debentures in accordance with the Companies Act, unless the general meeting or the board, with the support of the general meeting's authorization, decides on a deviation from the shareholders' preferential right.

Each share gives an equal right to a share of the Company's assets and profits. In the event of a possible liquidation of the Company, shareholders are entitled to a share of the surplus in relation to the number of shares held by the shareholder. There are no restrictions regarding the transferability of the shares.

## The Rights Issue

Crunchfish's extraordinary general meeting on 9 October 2023 approved the board's decision of 20 September 2023 to carry out the Rights issue. The Rights issue refers to the subscription of shares with ISIN code SE0009190192. The record date for participation in the Rights issue is 16 October 2023 and the subscription period runs between 18 October – 1 November 2023. The shares in the Rights issue are issued in accordance with Swedish law and the currency of the Rights issue is SEK. The Rights issue is expected to be registered with the Swedish Companies Registration Office during week 46, 2023. The stated time for registration is preliminary and may change.

## Dividend

Decisions on profit distribution are made by the general meeting and payment is handled by Euroclear. Dividends may only be made with such an amount that after the distribution there is full coverage for the Company's restricted equity and only if the dividend appears to be justifiable with regard to (i) the requirements that the nature of the business, scope and risks place on the size of the equity, and (ii) The company's consolidation needs, liquidity and position in general (the so-called precautionary rule). As a general rule, the shareholders may not decide on a distribution of a larger amount than what the board has proposed or approved. The right to a dividend accrues to anyone who is registered as a shareholder in the share register maintained by Euroclear on the dividend record date decided by the general meeting. Dividends are normally paid as a cash amount per share through Euroclear. Dividends can also take place in a form other than cash dividends (so-called dividends in kind). If the shareholder cannot be reached for receipt of dividends, the shareholder's claim on the Company remains and is limited only by general statutes of limitation. As a general rule, the claim falls due after ten years. In case of prescription, the entire amount accrues to the Company. The company does not apply any restrictions or special procedures regarding cash dividends to shareholders residing outside Sweden, with the exception of any restrictions resulting from banking and clearing systems, payment is made in the same way as for shareholders residing in Sweden. The tax legislation in both Sweden and the shareholder's home country can affect the income from any dividend that is paid out, see more under the section "Tax issues in connection with the Rights Issue" below. For shareholders who are not domiciled in Sweden for tax purposes, however, Swedish withholding tax is normally payable.

## Tax issues in connection with the Rights issue

Tax legislation in the investor's home country and Sweden may affect any income received from the securities offered through the Offer. Taxation of any dividend, as well as capital gains taxation and rules on capital losses on disposal of securities, depends on the specific situation of each individual shareholder. Special tax rules apply to certain types of taxpayers, for example investment companies and insurance companies, and certain types of investment forms. Investors should therefore consult a tax advisor to obtain information about the particular consequences that may arise in the individual case, including the applicability and effect of foreign tax rules and tax treaties.

## Authorization

The annual general meeting on 22 May 2023 decided to authorize the board to, on one or more occasions during the period until the next annual general meeting, with or without deviating from the shareholders' pre-emptive rights, decide on a new issue of shares, issue of convertibles and/or issue of warrants. Issuance must be able to take place with or without a provision for in-kind, set-off or other conditions. The number of shares that can be issued (alternatively added through the conversion of convertibles or the exercise of warrants) must in total correspond to a maximum of 10 percent of the Company's share capital on the day of the annual general meeting. To the extent that the authorization is used for an issue with a deviation from the shareholders' preferential right, the issue price must be market-based (subject to a market-based issue discount where applicable). The purpose of the authorization is to enable the board to supply the Company with working capital and/or new owners of strategic importance for the Company and/or acquisition of other companies or operations.

The extraordinary general meeting on October 9, 2023 decided that, in order to enable the issuance of shares as guarantee compensation to those who have entered into guarantee obligations to secure the Rights Issue, the board of directors is authorized, for the time until the next annual general meeting, on one or more occasions, with a deviation from the shareholders' pre-emptive rights and with or without conditions for set-off or other conditions, decide on the issue of shares to the guarantors. When using the authorization, the subscription price for shares must be the same as in the Rights Issue. The purpose of the authorization and the reason for the deviation from the shareholders' preferential right is to be able to issue shares as guarantee compensation to the guarantors. The number of shares that can be issued with the support of the authorization may in total not exceed the total number of shares that corresponds to the agreed guarantee compensation that the Company has to issue to the guarantors.

## Public takeover offers and compulsory redemption

The Company's shares are subject to the rules on public takeover offers issued by the Swedish Corporate Governance Board (Takeover rules for certain trading platforms), which are now managed by the Swedish Securities Regulatory Commission (Aktiemarknadsnämndens Självregleringskommitté, ASK). A public takeover offer can apply to all or part of the shares in a company, and can be either voluntary or mandatory (so-called mandatory bid). A bid obligation arises when a shareholder, alone or together

with related parties, achieves a holding that represents at least three tenths of the number of votes for all shares in a company.

A company may only after a decision by the general meeting take measures that are likely to worsen the conditions for the submission or implementation of an offer, if the board or the managing director of the company has good reason to assume that such an offer is imminent, or if such an offer has been made. In the case of a public takeover offer, a shareholder must take a position on the offer during the acceptance period. A shareholder has the right to either accept or reject the offer. A shareholder who has accepted a public takeover offer is, as a starting point, bound by his acceptance. A shareholder can, however, under certain circumstances revoke his acceptance, e.g. if given acceptance has been conditional on the fulfillment of certain conditions. If a shareholder chooses to reject, or does not respond to, a public takeover offer, the shareholder's shares may be subject to compulsory redemption in the event that the person who submitted the offer achieves a holding representing more than nine tenths of the shares in the limited company through the offer.

Compulsory redemption means that a majority shareholder who holds more than nine-tenths of the shares in a company, regardless of the shares' voting value, has a statutory right to redeem remaining shares not already held by the majority shareholder. Correspondingly, the person whose shares can be redeemed has the right to have his shares redeemed by the majority shareholder. The price of shares redeemed through compulsory redemption can be determined in two ways. If the majority shareholder has submitted a public takeover offer to other shareholders which has been accepted by at least nine tenths of the shareholders, the redemption amount must correspond to the offered consideration for the shares, unless special reasons justify otherwise. In other cases, the redemption amount for the shares must correspond to the price that can be charged for a sale of the shares under normal conditions. This process for determining fair compensation for shares that are redeemed through compulsory redemption forms part of the minority protection under company law, which aims to create fair treatment for all shareholders. Any disputes about redemption must be tried by arbitrators.

Crunchfish's shares are not subject to offers made as a result of a mandatory bid, redemption right or redemption obligation. There have been no public takeover bids for Crunchfish's shares during the current or previous fiscal year.

# Details of the Offer

## Preemptive right to subscription

Those who, on the record date of October 16, 2023, are registered as shareholders in the share register maintained by Euroclear on behalf of the Company have preferential rights to subscribe for new shares in relation to the number of shares held on the record date.

For each existing share held on the record date, one (1) subscription right is obtained. The subscription rights entitle the holder to subscribe for new shares with preferential rights, whereby three (3) subscription rights give the right to subscribe for one (1) new share.

## Size

The Offer comprises a maximum of 11,013,055 shares. The total issue amount amounts to a maximum of approximately SEK 85.4 million before issue costs.

## Subscription price

The subscription price is SEK 7.75 per share. Brokerage commission will not be charged.

## Record date

The record date at Euroclear for the right to participate in the Rights Issue was 16 October 2023. The last day for trading in the Company's share with the right to participate in the Rights Issue was 12 October 2023. The first day for trading in the Company's shares without the right to participate in the Rights Issue was 13 October 2023.

## Subscription period

Subscription of new shares with the support of subscription rights must take place during the period from and including 18 October 2023 to and including 1 November 2023. The Board of Directors of the Company reserves the right to extend the subscription period. Any extension will be announced by the Company through a press release no later than November 1, 2023.

## Subscription rights

For each existing share held on the record date, one (1) subscription right is obtained. The subscription rights entitle the holder to subscribe for new shares with preferential rights, whereby three (3) subscription rights give the right to subscribe for one (1) new share.

## Trading in subscription rights

Trading in subscription rights takes place on First North during the period 18 October 2023 to, and including, 27 October 2023. Shareholders must contact their bank or other trustee with the necessary authorizations directly to carry out the purchase and sale of subscription rights. Subscription rights acquired during the trading period give, during the subscription period, the same right to subscribe for shares as the subscription rights shareholders receive based on their holdings in the Company on the record date.

## Unused subscription rights

Subscription rights which have not been sold no later than 27 October 2023 or used for subscription of shares no later than 1 November 2023 will be booked from all VP accounts without compensation. No special notification takes place when subscription rights are cancelled.

## Issue statement and subscription

### Directly registered shareholders

The shareholders or representatives of shareholders who, on the record date of 16 October 2023, were registered in the share register maintained by Euroclear, will receive a pre-printed issue statement with an attached payment notice. Information will be available on Nordic Issuing's website ([www.nordic-issuing.se](http://www.nordic-issuing.se)) and on the Company's website ([www.crunchfish.com](http://www.crunchfish.com)). Anyone who is included in the list of mortgagees etc. kept separately in connection with the share register does not receive any information but is notified separately. A notice reporting the registration of subscription rights on the shareholder's VP account will not be sent out.

### Subscription with the support of pre-emptive rights

Subscription with the support of pre-emptive rights must take place by simultaneous cash payment no later than November 1, 2023. Subscription by payment must be done either with the pre-printed payment notice attached to the issue report, or by subscription on Nordic Issuing's platform according to the following two options:

### Issue statement (pre-printed payment notice from Euroclear)

If all subscription rights obtained on the record day are to be used for subscription, only the pre-printed payment notice shall be used as a basis for subscription by cash payment.

## Subscription via Nordic Issuing with the support of subscription rights

In the event that a different number of subscription rights than what appears in the preprinted issue statement is used for subscription, e.g. through subscription rights being acquired or sold, subscription with the support of subscription rights must be made on Nordic Issuing's platform <https://minasidor.nordic-issuing.se/> and used as a basis for subscription by cash payment. The shareholder must log in to the platform and state the number of subscription rights they wish to exercise, the number of shares they are subscribing for and the amount to be paid. Please note that registration is binding.

## Information to banks/trustees regarding subscription

On the first day of the subscription period, Nordic Issuing sends out an e-mail containing the Prospectus, a brief summary of the Offer and notification forms that all banks/trustee can use for subscription with the support of subscription rights for their underlying customers.

Nordic Issuing reserves the right to disregard registration forms received by post, as it cannot be guaranteed that they will be received before the last day of the subscription period if they are mailed.

## Trustee-registered shareholders

Shareholders whose holdings of shares in the Company are trustee-registered with a bank or other trustee will not receive an issue statement. Subscription and payment must instead take place in accordance with instructions from the respective bank or administrator. Please note that when subscription rights are exercised via a bank or trustee, this should take place early in the subscription period because the respective bank/trustee can set different time limits for the last day for subscription.

## Subscription without the support of pre-emptive rights

Subscription of shares without pre-emptive rights must take place during the same period as subscription of shares with pre-emptive rights, i.e. from and including 18 October to 1 November 2023. The Board of Directors of the Company reserves the right to extend the subscription period and the time for payment under any circumstances. Such an extension must be announced no later than the last day of the subscription period and published by the Company.

The application to subscribe for shares without preferential rights must be made on Nordic Issuing's platform <https://minasidor.nordic-issuing.se/>.

For trustee-registered shareholders, notification of subscription of shares without pre-emptive rights must be made to the respective trustee and in accordance with instructions from him, or if the holding is registered with several trustees, from each of these. In order to be able to invoke subsidiary pre-emptive rights, it is required that the subscription is carried out via the trustee, as there is otherwise no possibility to identify a certain subscriber who subscribed for shares both with and without the support of subscription rights.

Incomplete or incorrectly completed subscriptions may be disregarded. It is only permitted to report a "Subscription without the support of subscription rights". The subscription must take place no later than November 1, 2023. The registration is binding.

## Subscription from accounts subject to specific rules

Please note that anyone who has an account with specific rules for securities transactions, such as an investment savings account (ISK) or endowment insurance account (KF), must check with the bank or trustee that maintains the account, whether the acquisition of shares within the scope of the Offer is possible. In that case, the notification must be made in agreement with the bank/trustee that maintains the account.

## Subscription over EUR 15,000

If the subscription amounts to or exceeds EUR 15,000, a money laundering form must be completed and submitted to Nordic Issuing in accordance with the Anti-Money Laundering and Countering Terrorism Financing Act (2017:630). Please note that Nordic Issuing cannot deliver securities, even though payment has been received, until the money laundering control is at Nordic Issuing's disposal.

## Shareholders residing abroad

Shareholders residing outside Sweden (however, does not refer to shareholders residing in the USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, South Korea, Russia, Belarus or other countries where participation requires additional prospectus, registration or other measures than those who follow Swedish law) and who have the right to subscribe for shares in the Rights Issue, can contact Nordic Issuing for information about subscription and payment.

Due to restrictions in the securities legislation of the United States, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, South Korea, Russia, Belarus or other countries where participation requires additional prospectus, registration or actions other than those resulting from Swedish law, no subscription rights will be offered to holders with registered addresses in any of these countries. Accordingly, no offer to subscribe for shares in the Company is directed to shareholders in these countries.

#### **Allocation in case of subscription without pre-emptive rights**

If not all shares are subscribed with the support of subscription rights, allocation of the remaining shares within the scope of the issue's maximum amount shall take place:

(i) primarily to those who have subscribed for shares with the support of subscription rights (regardless of whether they were shareholders on the record date or not) and who have registered an interest in the subscription of shares without the support of subscription rights and in the event that allocation to these cannot take place in full allocation shall take place pro rata in relation to the number of subscription rights that each of those who have registered an interest in subscribing for shares without the support of subscription rights used for subscription of shares;

(ii) secondarily to others who have applied for subscription of shares without the support of subscription rights and in the event that allocation to these cannot take place in full, allocation must take place pro rata in relation to the total number of shares that the subscriber has applied for subscription of; and

(iii) thirdly to those who have provided guarantee commitments regarding the subscription of shares, in proportion to such guarantee commitments. To the extent that allocation in any stage according to above cannot be done pro rata, allocation must be done by lottery.

#### **Notice of allocation of shares subscribed without pre-emptive rights**

Notification of any allotment of shares, subscribed without pre-emptive rights, is given by sending an allotment notification in the form of a settlement note via e-mail. Settlement notes are calculated to be sent out as soon as possible after the end of the subscription period, and according to the instructions on the settlement note, liquidation must be paid no later than four (4) banking days thereafter. Note that there is no possibility to

withdraw the amount from the specified deposit. If liquidation is not paid in time, shares may be transferred to someone else. Should the sale price in the event of such a transfer be lower than the price according to the Offer, the person who originally received the allotment of these shares may be liable for all or part of the difference. No notice is given to those who have not received an allotment.

#### **Publication of the outcome of the Rights Issue**

The publication of the outcome of the Rights Issue is planned for November 3, 2023, or as soon as possible after the end of the subscription period. The Company will publish the outcome of the Rights Issue through a press release.

#### **Paid subscribed shares (BTA)**

Subscription by payment is registered at Euroclear as soon as this can take place, which normally means a few banking days after payment. After that, the directly registered subscriber receives a VP notice with confirmation that the booking of paid-up subscribed shares (sw. Betald Tecknad Aktie, "BTA") has taken place on the subscriber's securities account. Subscribed shares are booked as BTA in the VP account until the rights issue has been registered with the Swedish Companies Registration Office. Shareholders who have their holdings on deposit with a bank or administrator receive information from the respective trustee.

#### **Partial registration**

The Rights issue may be partially registered at the Swedish Companies Registration Office. If partial registration is used, several series of BTA will be issued, whereby the first series is called "BTA 1" in the VPC system. BTA will be converted into shares as soon as a first possible partial registration has taken place. A second series of BTA ("BTA 2") will be issued if shares could not be included in the first partial registration and will be converted into shares as soon as the second part of the Rights Issue is registered with the Swedish Companies Registration Office. Only BTA 1 will be admitted to trading on First North.

#### **Trading in BTA**

Trading in BTA takes place on First North from and including 18 October 2023 until the Rights Issue is registered with the Swedish Companies Registration Office. Subscribed shares are booked as BTA in the subscriber's VP account or depository until the rights issue has been registered with the Swedish Companies Registration Office, which is expected to happen around week 46, 2023.

#### **Delivery of shares**

As soon as the rights issue is registered with the Swedish Companies Registration Office, which is expected to happen around week 46, 2023, the BTA will be converted into shares without special notification from Euroclear. For those shareholders who have their shareholdings registered as trustees, information comes from the respective trustees.

#### **Trade in the share**

The shares are traded on First North. The shares are traded under the short name "CFISH" and have ISIN code SE0009190192. The new shares are admitted to trading in connection with the conversion of BTA into shares.

#### **Right to dividend**

The new shares carry the right to a dividend for the first time on the first dividend record date that falls after the new shares have been registered at the Swedish Companies Registration Office. The new shares have the same right to dividends as the existing shares.

#### **Dilution**

With a fully subscribed Offer, the number of shares in the Company increases by 11,013,055 shares from 33,039,167 shares to 44,052,222 shares, which corresponds to a dilution of approximately 25 percent of the total number of shares and votes in the Company.

#### **Information regarding LEI- and NCI-number**

Under the securities trading regulations that came into effect on January 3, 2018, all investors are required to have a global identification code in order to conduct securities transactions. These requirements mean that legal entities need to apply for registration of a so-called Legal Entity Identifier (LEI) and that natural persons find out their National Client Identifier (NCI) in order to be able to subscribe for shares in the Rights Issue. Please note that it is the legal status of the subscriber that determines whether an LEI code or NCI number is required, and that Nordic Issuing may be prevented from executing the transaction for the person concerned if the LEI code or NCI number (as applicable) is not provided. Legal entities that need to obtain an LEI code can turn to one of the providers on the market. Instructions for the global LEI system can be found at [www.gleif.org](http://www.gleif.org). For natural persons who have only Swedish citizenship, the NCI number consists of the designation "SE" followed by the person's social security number. If the person in question has several citizenships or something other than Swedish citizenship, the NCI number can be some other type of number. Those who intend to subscribe for shares in the

Rights Issue are encouraged to apply for the registration of an LEI code (legal entities) or find out their NCI number (natural persons) in good time in order to have the right to participate in the Rights Issue and/or be able to be assigned new shares that are subscribed for without the support of subscription rights.

#### **Other**

The Board of Directors for the Company does not have the right to cancel, revoke or temporarily withdraw the offer to subscribe for new shares in the Company in accordance with the terms of the Prospectus.

In the event that an excessive amount has been paid in by a subscriber for subscribed shares, Nordic Issuing will see to it that the excess amount is refunded. In such a case, Nordic Issuing will contact the subscriber for information about a bank account to which Nordic Issuing can repay the amount. No interest will be paid on excess amounts. Subscription of new shares is irrevocable and the subscriber cannot cancel or modify a subscription of new shares. An incomplete or incorrectly completed registration form/signature may be left without consideration. If the liquid for subscribed shares is paid in late, is insufficient or is paid incorrectly, the notification of subscription may be left without consideration or subscription may take place with a lower amount. Cash paid that has not been used will be refunded. If several registration forms/signatures of the same category are submitted, only the registration form/signature that was last received by Nordic Issuing will be considered. Late payments of amounts less than SEK 100 will only be refunded on request.

#### **Commitment regarding transfers of shares in the Company**

In connection with the Rights Issue, the Company's CEO and board member Joachim Samuelsson has committed to Västra Hamnen not to, directly or indirectly, transfer any shares in the Company through transactions on First North without, in each individual case, having first obtained written approval from Västra Hamnen. Any transfers of shares must therefore take place through so-called "block deals" directly with counterparties outside First North. The decision to provide such written consent is decided by Västra Hamnen and assessment is made in each individual case. The commitment is valid for six months after the last day of the subscription period in the Offer. After the end of the commitment period, the shares may be offered for sale, which, where applicable, may affect the market price of the share.

# Corporate governance

## Subscription commitments and guarantee commitments

In connection with the Rights Issue, the Company has received a subscription commitment from the Company's second largest shareholder, Corespring Invest AB (represented by Chairman of the Board Göran Linder), who holds approximately 18.1 percent of the shares in the Company, for a total of SEK 7.5 million, which corresponds to approximately 9 percent of the Rights Issue. According to the subscription agreement, the subscription agreement must be fulfilled by offsetting the outstanding convertible loan that Corespring Invest AB paid to the Company in August 2023. No compensation is paid for this subscription agreement. In addition, Crunchfish has entered into agreements on guarantee commitments with Nordic Underwriting ApS, Buntel AB and Formue Nord Markedsneutral A/S for a total of approximately SEK 43.7 million, corresponding to approximately 51 percent of the Rights Issue. Through subscription commitments and guarantee commitments of a total of approximately SEK 51.2 million, approximately 60 percent of the issue proceeds in the Rights Issue are covered by subscription commitments and guarantee commitments.

Entered guarantee commitments are so-called "bottom underwriting" and will not be used if the subscription rate in the Rights Issue amounts to at least 60 percent. For issued guarantee commitments, a cash compensation of twelve (12) percent of the guaranteed amount is paid, alternatively twelve (12) percent of the guaranteed amount in the form of newly issued shares in the Company, on the same terms as shares issued in the Rights Issue. All agreements on subscription obligations and guarantee commitments were entered into in September 2023.

Apart from the subscription commitment from Corespring Invest AB of SEK 7.5 million, which must be fulfilled by offsetting the loan, the subscription commitments submitted and the guarantee commitments entered into are not secured by bank guarantee, blocking funds, pledging or similar arrangements to ensure that the liquid covered by the commitment will be supplied. The company, see the section "Risk factors" under the heading "Risks associated with submitted subscription commitments and guarantee commitments" for further information.

The tables below summarize the subscription commitments and guarantee commitments entered into as of the date of the Prospectus.

Subscription commitments	Amount (KSEK)	Share of the Offer
Corespring Invest AB <sup>1</sup>	7,500	8.8%
<b>Total</b>	<b>7,500</b>	<b>8.8%</b>

Guarantee commitments	Amount (KSEK)	Share of the Offer
Nordic Underwriting ApS <sup>2</sup>	25,000	29.3%
Buntel AB <sup>3</sup>	9,355	11.0%
Formue Nord Markedsneutral A/S <sup>4</sup>	9,355	11.0%
<b>Total</b>	<b>43,711</b>	<b>51.2%</b>

<sup>1</sup> P.O. Box 3002, SE-169 03 Solna.

<sup>2</sup> Sundkrogsgade 5, 2100 København Ø, Denmark.

<sup>3</sup> Ingmar Bergmans gata 2, 114 34 Stockholm.

<sup>4</sup> Østre Alle 102, 9000 Aalborg, Denmark.

## The Board

According to the Company's articles of association, the Board must consist of a minimum of three and a maximum of nine ordinary board members. Currently, the Company's board consists of six regular board members, including the chairman of the Board. The current board was appointed at the annual general meeting on May 22, 2023, for the period until the end of the annual general meeting in 2024.

Name	Position	Year of birth	Elected	Holdings*
Göran Linder	Chairman of the Board	1962	2016 <sup>1</sup>	5,985,441 S <sup>2</sup>
Joachim Samuelsson	CEO and Board member	1965	2012 <sup>3</sup>	7,500,000 S, 250,000 W 2020/2024 and 250,000 W 2022/2026
Joakim Nydemark	Board member	1971	2023	70,000 S and 70,000 W 2022/2026
Susanne Hannestad	Board member	1961	2019	5,453 S
Malte Zaunders	Board member	1975	2014	22,440 S
Robert Ekström	Board member	1971	2020	4,363 S

\* Refers to own holdings and related natural and legal persons' holdings of shares ("S"), warrants series 2020/2024 ("W 2020/2024") and warrants series 2022/2026 ("W 2022/2026") in the Company. See also the section "Information about shareholders and security holders" – Share-related incentive programs and convertibles" for further description.

<sup>1</sup> Göran Linder was a board member of Crunchfish during the period 2016–2020 and took over as chairman of the board in March 2020.

<sup>2</sup> Göran Linder is CEO and board member of Corespring Invest AB, which owns 5,985,441 shares in the Company.

<sup>3</sup> Joachim Samuelsson took over as CEO in 2020. Prior to that, he was chairman of the board of Crunchfish during the period 2012–2020.

### Göran Linder

Born 1962. Chairman of the board since 2020 (board member since 2016).

Göran Linder has a civil engineering degree from the Royal Institute of Technology. Göran Linder is CEO of the venture capital company Midroc New Technology AB, as well as of the investment company Midroc Invest AB. Göran is also a board member in several innovative development companies. He has more than 30 years of experience in sales, business development and company management and has extensive knowledge in technology-related areas.

### Other current positions:

Chairman of the board of Checkproof AB and QCG Sweden AB. Board member of Corespring Finance AB, Corespring New Technology AB, Corespring Invest AB, Granitor Growth Management AB, Kärnfull Next AB, Minesto AB, Minesto Warrants One AB, Pergamum AB, Pergasus AB, Powercell Warrants One AB, Promore Pharma AB and the interest association Rättvisa Vindar Northern Östergötland (RVNO). Board deputy in Corpover Ocean AB. Managing director of Corespring Finance AB, Corespring New Technology AB, Corespring Invest AB and Granitor Growth Management AB.

### Share ownership in the Company:

CEO and board member of Corespring Invest AB, which owns 5,985,441 shares.

### Joachim Samuelsson

Born 1965. CEO and board member since 2020 (chairman of the board during the period 2012–2020).

Joachim Samuelsson has a civil engineering degree in industrial economics from the Institute of Technology at Linköping University. Joachim Samuelsson has been a serial entrepreneur since 1996 with successful involvement in ComOpt, Actix and Biomain. Joachim has had non-profit involvement in young entrepreneurship, a large football association and several business networks. He has worked for several years in international technical and marketing roles within Ericsson during 1989–1996 and is a technology pioneer with a large number of patents in digital payment and proximity-based interaction.

### Other current positions:

Board member of Blippit AB, CO Holding in Helsingborg AB, Crunchfish Digital Cash AB, Crunchfish Gesture Interaction AB, Crunchfish India Ltd., Femari Invest AB, Pej AB and Spinrock AB. Deputy board member in Severa Consult AB.

### Share ownership in the Company:

7,500,000 shares, 250,000 warrants series 2020/2024 and 250,000 warrants series 2022/2026.



### Joakim Nydemark

Born 1971. Board member since 2023.

Joakim Nydemark has a civil engineering degree from Lund University. Joakim Nydemark has more than 20 years of experience in organizational development and sales in both CEO roles and executive sales roles. Joakim has several board assignments and has extensive international experience through the establishment of local offices in Beijing, Seoul and San Francisco, among others.

#### Other current positions:

Board member of Visitor System Sweden AB, EastCoast Solutions AB, Nydemark JOIS AB and Precise Biometrics Services Aktiebolag. Deputy board member in Blippit AB and Crunchfish Digital Cash AB. External CEO in Precise Biometrics AB.

#### Share ownership in the Company:

70,000 shares and 70,000 warrants series 2022/2026.

### Susanne Hannestad

Born 1961. Board member since 2019.

Susanne Hannestad has an education in Executive Leadership, INSEAD, a Master of Business Administration (MBA) from Northeastern University and a Master of Business and Marketing (MBM) from Oslo Business School. Susanne Han-nestad has extensive professional experience in helping fintech companies to commercialize their products and grow their business internationally. Susanne is, among other things, CEO of the global fintech accelerator Fintech Mundi and previous experience includes roles as Director/Head of Cards at Nordea, chairman of the board at Payr and Zwipe, and board member at Nordax.

#### Other current positions:

Chairman of the board of Bozan AS, Fintech Mundi AS and Insead Alumni Association Norway. Board member of Monty Mobile Ltd., Triodos Bank NV and Zimpler AB. CEO of Bozan AS and Fintech Mundi AS.

#### Share ownership in the Company:

5,453 shares.

### Malte Zaunders

Born 1975. Board member since 2014.

Malte Zaunders has a civil engineering degree in industrial economics from Chalmers University of Technology. Malte Zaunders is Managing Partner at AZ Growth Capital, which focuses on international M&A in the technology sector. Malte has board assignments in several growth companies and has more than 15 years of international experience in Private Equity and M&A from, among others, JP Morgan, Inquam and Zolfo Cooper.

#### Other current positions:

Chairman of the board of AZ Growth Capital AB, Biovitas 1 AB and Pharmiva AB (publ). Board member of Adrenaline Travel AB, Biovitas Norden AB, Hortus Group AB, Link Group Europe AB, Ventura Holdings AB and Ventura Nordic AB. External CEO of Biovitas Nordic AB.

#### Share ownership in the Company:

22,440 shares.

### Robert Ekström

Born 1971. Board member since 2020.

Robert Ekström is a trained mechanical and construction engineer and has a degree in business administration. Robert Ekström is a very experienced entrepreneur who has created exceptional results and growth in several different companies. Robert has built up, managed and developed companies, both large mature organizations and small start-ups or establishments in new regions. Robert is currently active as Vice President and General Manager EMEA at Workato and has previously been Vice President and GM EMEA for BluePrism, Vice President EMEA North at ServiceNow, CEO of JonDeTech Sensors and Managing Director Nordics at EMC.

#### Other current positions:

Board member of Heliospectra AB (publ).

#### Share ownership in the Company:

4,363 shares.

## Management

Name	Position	Year of birth	Hired since	Holdings*
Joachim Samuelsson	CEO and board member	1965	2012 <sup>1</sup>	7 500 000 S, 250 000 W 2020/2024 and 250 000 W 2022/2026
Paul Cronholm	Founder and CTO	1971	2010	1 100 101 S
Patrik Lindeberg	CEO in Crunchfish Digital Cash AB	1973	2020	50 000 W 2020/2024 and 25 000 W 2022/2026
Rutger Petersson	R&D Director in Crunchfish Digital Cash AB	1975	2022	50 000 W 2022/2026
Magnus Lageson	CPO in Crunchfish Digital Cash AB	1973	2021	50 000 W 2020/2024
Vijay Raghunathan	Crunchfish India Director	1966	2019	50 000 W 2020/2024
Fredrik Clementson	CEO in Crunchfish Gesture Interaction AB	1980	2023	-
Jens-Henrik Lindskov	R&D Director in Crunchfish Gesture Interaction AB	1979	2022	3 125 S and 50 000 W 2022/2026

\* Refers to own holdings and related natural and legal persons' holdings of shares ("S"), warrants series 2020/2024 ("W 2020/2024") and warrants series 2022/2026 ("W 2022/2026") in the Company. See also the section "Information about shareholders and security holders" – Share-related incentive programs and convertibles" for further description.

<sup>1</sup> Joachim Samuelsson took over as CEO in 2020. Prior to that, he was chairman of the board of Crunchfish during the period 2012–2020.

### Joachim Samuelsson

Born 1965. CEO and board member since 2020 (chairman of the board during the period 2012-2020).

For description, see above under the section "Corporate governance - Board".

### Paul Cronholm

Born 1971. Founder and CTO since 2010.

Paul Cronholm has a master's degree in theoretical physics from Lund University. Paul is a theoretical physicist in the field of complex computer simulations and has more than 15 years of experience as a senior software designer and project manager in projects that implemented mobile internet around WAP, 3G and DVB-H. Paul is a technology pioneer with around twenty patents within the Company's solution areas.

#### Other current positions:

Board member of Waterx AB. CEO of Waterx AB.

#### Share ownership in the Company:

1,100,101 shares.

### Patrik Lindeberg

Born 1973. CEO of Crunchfish Digital Cash AB since 2020.

Patrik Lindeberg has a civil engineering degree from Lund University of Technology and the National University of Singapore. Patrik has extensive experience in both commercial and technical areas of responsibility, including as COO and CTO for Precise Biometrics, and as COO for Zaplox.

#### Other current positions:

Deputy board member in Crunchfish Gesture Interaction AB. External CEO of Crunchfish Digital Cash AB.

#### Share ownership in the Company:

50,000 warrants series 2020/2024 and 25,000 warrants series 2022/2026.

### Rutger Petersson

Born 1975. R&D Director in Crunchfish Digital Cash AB since 2022.

Rutger Petersson has a master's degree in computer science from Linnaeus University and the University of Hertfordshire. Rutger has solid experience from the telecom and security industry and most recently came from Verisure Innovation as quality assurance manager for Northern Europe.

#### Other current positions:

-

#### Share ownership in the Company:

50,000 warrants series 2022/2026.

### Magnus Lageson

Born 1973. CPO in Crunchfish Digital Cash AB since 2021.

Magnus Lageson has a master's degree in computer technology from Luleå University of Technology and a Master's and Business Administration (MBA) in business development & IT from Stockholm School of Economics. Magnus has extensive experience from the payment industry and most recently came from GetSwish AB, the company behind the payment service Swish, where he worked for many years as Lead Product, Innovation & Partner Manager and played a central role in the development of the service and its success.

#### Other current positions:

Board member of Lageland Consulting AB.

#### Share ownership in the Company:

50,000 warrants series 2020/2024.

### Vijay Raghunathan

Born 1966. Crunchfish India Director since 2019.

Vijay Raghunathan holds a Master of Business Administration (MBA) from the Indian Institute of Management. Vijay has over 27 years of experience in the payments industry from companies such as American Express and Standard Chartered Bank. Vijay has been an entrepreneur since 2014 and works with gift card solutions for companies such as Google Pay, Uber, Microsoft and more. He has been a member of the Payments Council of India for over ten years and in addition has been involved non-profit in the social sector for the last ten years.

#### Other current positions:

Board member and member of the management team of Crunchfish India Private Limited, Paymentgenie Private Limited and Pgenie India Private Limited.

#### Share ownership in the Company:

50,000 warrants series 2020/2024.

### Fredrik Clementson

Born 1980. CEO of Crunchfish Gesture Interaction AB since 2023.

Fredrik Clementson has a master's degree in telecommunications from the Technical University of Denmark and a bachelor's degree in computer science from Malmö University. Since 2020, Fredrik has held leading roles at Neo4j, a leading company in graph databases. Most recently, Fredrik held the role of Senior Director of Engineering for the SaaS offering Neo4j Aura. Before that, he held leading roles in sales and technology at Precise Biometrics.

#### Other current positions:

Board member of GutIntel Sweden AB and RightLeg AB. Board deputy in Soofwr AB. External CEO of Crunchfish Gesture Interaction AB.

#### Share ownership in the Company:

-

### Jens-Henrik Lindskov

Born 1979. R&D Director at Crunchfish Gesture Interaction AB since 2022.

Jens-Henrik Lindskov has a civil engineering degree from Lund University of Technology. Jens-Henrik has more than 20 years of experience in software development, computer vision and machine learning. He also has experience from Axis Communications, where he worked as a developer and agile team leader for a development team.

#### Other current positions:

Deputy board member at PSBK Konsult AB.

#### Share ownership in the Company:

3,125 shares and 50,000 warrants series 2022/2026.

## Other information regarding the board and senior executives

There are no family ties between any board members and senior executives. During the past five years, none of the Company's board members or senior executives, in addition to what appears below, (i) has been convicted in a fraud-related case, (ii) has been tied to a crime and/or has been subject to sanctions for a crime by a regulatory or supervisory authority (including recognized professional associations), or (iii) prohibited by court from being a member of an issuer's administrative, management or supervisory body or from holding managerial or executive functions with an issuer.

The chairman of the board, Göran Linder, is the managing director and board member of Midroc New Technology AB, which in November 2019 was charged a penalty fee for notifying the Financial Supervisory Authority of a transaction with shares in PowerCell Sweden AB (publ) too late. Midroc New Technology AB was also charged a penalty fee in May 2020 for failure to notify the Financial Supervisory Authority of a transaction with unit rights in Minesto AB within the prescribed time.

All board members and senior executives can be reached via the Company's address, Crunchfish AB, Stora Varvsgatan 6 A, 4tr, 211 19 Malmö.

## Remuneration to board members, CEO and senior executives

Remuneration to board members elected by the Annual General Meeting is decided by the Annual General Meeting. At the Annual General Meeting on 22 May 2023, it was decided that remuneration would be paid with four base price amounts to the chairman of the board and with two base price amounts each to the other board members. No board member has any agreement that entitles him to remuneration upon termination of the assignment.

The table below shows the remuneration that the board members and senior executives received for the financial year 2022. All amounts are stated in SEK. The Company has no allocated or accrued amounts for pensions or similar benefits after a board member's or senior executive's resignation from office or assignment.

Name	Fee	Basic salary/ Consultant fee	Variable remuneration	Pension compensation	Other benefits <sup>1</sup>	Total
<i>The board</i>						
Göran Linder, Chairman of the board	192,035	-	-	-	-	192,035
Joachim Samuelsson, board member	-	-	-	-	-	-
Susanne Hannestad, board member	126,184	-	-	-	-	126,184
Malte Zaunders, board member	96,015	-	-	-	-	96,015
Robert Ekström, board member	96,015	-	-	-	-	96,015
<i>Management</i>						
Joachim Samuelsson, CEO	-	1,617,840	-	429,500	-	2,047,340
Other management <sup>2</sup>	-	2,538,920	-	611,705	77,688	3,228,313
<b>Total</b>	<b>510,249</b>	<b>4,156,760</b>	<b>-</b>	<b>1,041,205</b>	<b>77,688</b>	<b>5,785,902</b>

<sup>1</sup> Other benefits relate to car benefits..

<sup>2</sup> Two persons during the financial year 2022.

# Financial information and key figures

The information in this section should be read together with Crunchfish's audited annual reports for the financial years 2021 and 2022 including the associated notes and audit reports which are incorporated into the Prospectus by reference. Unless otherwise expressly stated, no other information in the Prospectus has been audited or reviewed by Crunchfish's auditor. The accounts for these periods have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general advice BFAR 2012:1 Annual accounts and consolidated accounts, (K3). The fiscal year runs from January 1 to December 31 inclusive. The parts of the financial information that have not been incorporated by reference are either not relevant to an investor or are found elsewhere in the Prospectus.

## Crunchfish's annual report for 2021

The Group's: income statement (page 75), balance sheet (pages 76–77), change in equity (page 77), cash flow analysis (page 78), notes (pages 85–100) and auditor's report (pages 102–105).

## Crunchfish's annual report for 2022

The Group's: income statement (page 64), balance sheet (pages 65–66), change in equity (page 66), cash flow analysis (page 67), notes (pages 74–89) and auditor's report (pages 90–92).

## The Group's income statement

(SEK)	2023-01-01 – 2023-06-30 <i>unaudited</i>	2022-01-01 – 2022-06-30 <i>unaudited</i>	2022-01-01 – 2022-12-31 <i>audited</i>
<b>Operating income</b>			
Net Sales	465,303	350,786	6,186,821
Own work capitalized	8,266,892	6,863,345	13,555,352
Other operating income	980,067	1,120,950	1,975,692
<b>Total operating income</b>	<b>9,712,262</b>	<b>8,335,081</b>	<b>21,717,865</b>
<b>Operating expenses</b>			
Other external expenses	-10,313,967	-8,127,119	-16,174,705
Personnel expenses	-12,748,089	-10,632,686	-21,734,875
Depreciation of tangible and intangible fixed asset	-2,313,652	-3,113,229	-6,138,787
Other operating expenses	-2,286	0	-1,856,868
Loss from participations in associated companies	-340	-46,599	-67,871
<b>Total operating expenses</b>	<b>-25,378,334</b>	<b>-21,919,633</b>	<b>-45,973,106</b>
<b>Operating profit</b>	<b>-15,666,072</b>	<b>-13,584,552</b>	<b>-24,255,241</b>
<b>Financial items</b>			
Profit/loss from participations in group companies	0	0	-9,330
Other interest income and similar profit items	265,833	119,917	254,527
Interest expense and similar loss items	-67,365	-16,741	-20,488
<b>Profit or loss from financial items</b>	<b>198,468</b>	<b>103,176</b>	<b>224,709</b>
<b>Profit or loss after financial items</b>	<b>-15,467,604</b>	<b>-13,481,376</b>	<b>-24,030,532</b>
<b>Profit or loss before tax</b>	<b>-15,467,604</b>	<b>-13,481,376</b>	<b>-24,030,532</b>
<b>Taxes</b>			
Tax on income for the period	0	0	0
<b>Profit or loss for the period/year</b>	<b>-15,467,604</b>	<b>-13,481,376</b>	<b>-24,030,532</b>

## The Group's balance sheet

(SEK)	2023-06-30 <i>unaudited</i>	2022-06-30 <i>unaudited</i>	2022-12-31 <i>audited</i>
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible assets			
Capitalized expenses for development work	39,578,267	31,183,184	33,508,932
<b>Total intangible fixed assets</b>	<b>39,578,267</b>	<b>31,183,184</b>	<b>33,508,932</b>
<b>Tangible fixed assets</b>			
Equipment	1,010,522	645,720	535,164
<b>Total tangible fixed assets</b>	<b>1,010,522</b>	<b>645,720</b>	<b>535,164</b>
<b>Financial assets</b>			
Participation in associated companies	68,313	89,925	68,653
Other long-term receivables	0	0	0
<b>Total financial assets</b>	<b>68,313</b>	<b>89,925</b>	<b>68,653</b>
<b>Total fixed assets</b>	<b>40,657,102</b>	<b>31,918,829</b>	<b>34,112,749</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Account receivables	565,814	542,636	1,547,884
Receivables from associated companies	0	7,500	0
Other receivables	778,079	1,841,705	449,987
Prepayments and accrued income	1,528,593	1,203,376	1,089,417
<b>Total current receivables</b>	<b>2,872,486</b>	<b>3,595,217</b>	<b>3,087,288</b>
<b>Cash and bank balances</b>			
Cash and bank balances	9,129,869	19,054,706	29,292,563
<b>Total cash and bank balances</b>	<b>9,129,869</b>	<b>19,054,706</b>	<b>29,292,563</b>
<b>Total current assets</b>	<b>12,002,355</b>	<b>22,649,923</b>	<b>32,379,851</b>
<b>TOTAL ASSETS</b>	<b>52,659,457</b>	<b>54,568,752</b>	<b>66,492,600</b>

## The Group's balance sheet, cont.

(SEK)	2023-06-30 <i>unaudited</i>	2022-06-30 <i>unaudited</i>	2022-12-31 <i>audited</i>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to parent company shareholders</b>			
Share capital	1,519,802	1,422,564	1,519,802
Unregistered share capital	0	23,506	
Other contributed capital	276,128,560	253,715,581	276,001,326
Other capital including profit or loss for the period	-234,217,288	-208,200,528	-218,749,684
<b>Total equity</b>	<b>43,431,074</b>	<b>46,961,123</b>	<b>58,771,444</b>
<b>Long-term liabilities</b>			
Lease liabilities	486,630	0	0
<b>Total long-term liabilities</b>	<b>486,630</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Lease liabilities	423,964	443,793	383,485
Accounts payable	1,071,446	1,892,640	1,914,397
Other liabilities	1,091,560	488,758	777,788
Accrued expenses and accrued income	6,154,783	4,782,438	4,645,486
<b>Total current liabilities</b>	<b>8,741,753</b>	<b>7,607,629</b>	<b>7,721,156</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>52,659,457</b>	<b>54,568,752</b>	<b>66,492,600</b>

## The Group's change in equity

(SEK)	2023-01-01 – 2023-06-30 <i>unaudited</i>	2022-01-01 – 2022-06-30 <i>unaudited</i>	2022-01-01 – 2022-12-31 <i>audited</i>
Equity at beginning of period/year	58,771,444	55,843,499	55,843,499
Translation difference	-2,780	0	0
Share issues	0	4,599,000	26,077,445
Issue costs	0	0	-589,378
Warrant premiums	130,014	0	1,470,410
<b>Profit or loss for the period/year</b>	<b>-15,467,604</b>	<b>-13,481,376</b>	<b>-24,030,532</b>
<b>Equity at end of period /year</b>	<b>43,431,074</b>	<b>46,961,123</b>	<b>58,771,444</b>

## The Groups cash flow statement

(SEK)	2023-01-01 – 2023-06-30 <i>unaudited</i>	2022-01-01 – 2022-06-30 <i>unaudited</i>	2022-01-01 – 2022-12-31 <i>audited</i>
<b>Operating activities</b>			
Operating profit or loss	-15,666,072	-13,584,552	-24,255,241
Adjustments for non-cash intems	2,313,992	3,155,556	7,618,349
Interest received etc.	38,535	19,471	30,585
Interest paid	-32,253	-16,741	9,748
Income tax paid	0	0	0
<b>Cash flow from operating activities before changes in working capital</b>	<b>-13,345,798</b>	<b>-10,426,266</b>	<b>-16,596,559</b>
<b>Cash flow from changes in working capital</b>			
Decrease(+)/increase(-) in receivables	214,802	48,583	194,235
Decrease(-)/increase(+) in current liabilities	980,118	-619,943	-450,381
<b>Cash flow from operating activities</b>	<b>-12,150,878</b>	<b>-10,997,626</b>	<b>-16,852,705</b>
<b>Investing activities</b>			
Investments in technology development	-8,266,892	-6,863,345	-13,555,352
Investments in equipment	-591,453	-60,202	-60,202
<b>Cash flow from investing activities</b>	<b>-8,858,345</b>	<b>-6,923,547</b>	<b>-13,615,554</b>
<b>Financing activities</b>			
Share issue	0	4,236,723	25,488,067
New financial leasing agreements	591,453	0	0
Amortization of financial leasing agreements	-64,344	-116,791	-177,099
Warrant premiums paid	130,014	0	1,470,410
<b>Cash flow from financing activities</b>	<b>657,123</b>	<b>4,119,932</b>	<b>26,781,378</b>
Change in cash and cash equivalents	-20,352,100	-13,801,241	-3,686,881
Cash and cash equivalents at beginning of period/year	29,292,563	32,755,502	32,755,502
Exchange rate difference in cash and cash equivalents	189,406	100,445	223,942
<b>Cash and cash equivalents at end of period/year</b>	<b>9,129,869</b>	<b>19,054,706</b>	<b>29,292,563</b>

## Key figures

The Company assesses that the key figures presented below provide a better understanding of the Company's financial situation and that they are used to a large extent by the Company's management team, investors, securities analysts and other stakeholders as supplementary measures of earnings development. Some of the key figures presented below are not defined according to BFN applied accounting rules for financial reporting. The key figures should not be compared with other companies' key figures that have the same or similar designation, as such key figures are not always defined in the same way. Definitions and description of the reason for the use of the financial key figures appear in the tables below. The key figures in the table below have not been audited.

### Key figures for the Group

(SEK)	2023-01-01 – 2023-06-30	2022-01-01 – 2022-06-30	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Net sales	465,303	350,786	6,186,821	3,956,665
EBITDA	-13,352,420	-10,471,323	-18,116,454	-29,207,031
Profit or loss after financial items	-15,467,604	-13,481,376	-24,030,532	-38,468,158
Earnings per share	-0.47	-0.44	-0.77	-1.34
Number of shares, average	33,039,167	30,925,298	31,313,537	28,777,708
Number of shares at balance sheet date	33,039,167	30,925,298	33,039,167	30,925,298
Earnings per share after full dilution	-0.47	-0.44	-0.77	-1.27
Number of shares after full dilution, average	34,672,967	32,338,098	32,527,045	30,176,883
Number of shares after full dilution, balance sheet date	34,672,967	32,338,098	34,615,467	32,338,098
Balance sheet total	52,659,457	54,568,752	66,492,600	64,192,135
Equity ratio (%)	83%	86%	88%	87%
Number of employees, average	21	19	18	21

### Definition and purpose

Key figure	Definition	Purpose
Net sales	Net sales for the period.	The Company uses the key figure as a measure of the Company's sales.
EBITDA	Operating profit before depreciation and amortization.	The Company uses the key figure as a measure of the profitability of the ongoing operations.
Profit or loss after financial items	Results for the period after financial items.	The Company uses the key figure as a measure of the Company's profitability.
Earnings per share	Profit for the period divided by the average number of shares.	The Company uses the key figure as a measure of the Company's profitability per share.
Number of shares, average	Average number of shares during the period.	The Company uses the key figure as a measure of the Company's average number of shares during the period to facilitate calculations.
Number of shares at balance sheet date	Number of outstanding shares at the end of the period.	The Company uses the key figure as a measure of the Company's outstanding shares at the end of the period.
Earnings per share after full dilution	The period's result divided by the average number of shares with the addition of the number of shares that would have been issued as an effect of ongoing employee option programs.	The Company uses the key figure as a measure of the Company's profitability per share adjusted for the impact that may occur if outstanding employee options are used to subscribe for shares.
Number of shares after full dilution, average	Average number of shares with the addition of the number of shares that would have been issued as an effect of ongoing employee option programs.	The Company uses the key figure as a measure of the Company's average number of shares after full dilution during the period to facilitate calculations.
Number of shares after full dilution, balance sheet date	Number of shares with the addition of the number of shares that would have been issued as an effect of ongoing employee stock option programs at the end of the period.	The Company uses the key figure as a measure of the Company's number of shares at the end of the period after the dilution that may occur if outstanding employee options are used to subscribe for shares.
Balance sheet total	Total assets at the end of the period alternatively equity + liabilities at the end of the period.	The Company uses the key figure as a measure to monitor the size of the Company's assets and equity + liabilities.
Equity ratio (%)	Equity as a percentage of assets.	The Company uses the key figure as a measure of the Company's financial stability.
Number of employees, average	Average number of employees during the period.	The Company uses the key figure as a measure of the Company's number of employees during the period.

### Derivation of certain alternative key figures

EBITDA	2023-01-01 – 2023-06-30	2022-01-01 – 2022-06-30	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
(SEK)				
Operating results	-15,666,072	-13,584,552	-24,255,241	-36,868,530
- depreciation and amortization	-2,313,652	-3,113,229	-6,138,787	-7,661,499
<b>= EBITDA</b>	<b>-13,352,420</b>	<b>-10,471,323</b>	<b>-18,116,454</b>	<b>-29,207,031</b>

### Earnings per share

(SEK)	2023-01-01 – 2023-06-30	2022-01-01 – 2022-06-30	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Profit for the period	-15,467,604	-13,481,376	-24,030,532	-38,468,158
/number of shares, average	33,039,167	30,925,298	31,313,537	28,777,708
<b>= Earnings per share (SEK)</b>	<b>-0.47</b>	<b>-0.44</b>	<b>-0.77</b>	<b>-1.34</b>

# Information about shareholders and securities holders

## Earnings per share after full dilution

(SEK)	2023-01-01 – 2023-06-30	2022-01-01 – 2022-06-30	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Profit for the period	-15,467,604	-13,481,376	-24,030,532	-38,468,158
/number of shares after full dilution, average	34,672,967	32,338,098	32,527,045	30,176,883
<b>= Earnings per share after full dilution (SEK)</b>	<b>-0.47</b>	<b>-0.44</b>	<b>-0.77</b>	<b>-1.27</b>

## Equity ratio, %

(SEK)	30 jun 2023	30 jun 2022	31 dec 2022	31 dec 2021
Equity	43,431,074	46,961,123	58,771,444	55,843,499
/Assets	52,659,457	54,568,752	66,492,600	64,192,135
<b>= Equity ratio</b>	<b>83%</b>	<b>86%</b>	<b>88%</b>	<b>87%</b>

## Dividend policy

The company has not paid any dividends in previous financial years. There are no guarantees that a dividend will be proposed or decided in the Company for a given year. The intention is that the board will annually test the possibility of a dividend. In considering future dividends, the board will consider several factors, including the Company's operations, operating profit and financial position, current and expected liquidity needs, expansion plans, contractual restrictions and other material factors. Crunchfish's board has decided to prioritize the Company's development and expansion plans over dividends to shareholders in the coming years.

## Significant changes to the Company's financial position since the end of the last accounting period

On 9 August 2023, the Company signed a loan agreement with Corespring Invest AB, in which the Company's chairman of the board Göran Linder is a board member and CEO. According to the loan agreement, the Company has taken out a loan of SEK 7.5 million. The loan must be repaid no later than February 9, 2024 and runs with an annual interest rate of 7 percent from the date of disbursement of the loan until the date of repayment.

In connection with the Rights Issue, Corespring Invest AB has entered into a subscription commitment to subscribe for shares for a total amount of SEK 7.5 million. According to the subscription agreement, it has been agreed that Corespring Invest AB shall have the right and obligation to make payment for shares in the Rights Issue by way of set-off against its claim regarding the outstanding capital amount. Accrued interest along with the excess part of the capital amount that cannot be set off must be paid in cash no later than five banking days after the Rights Issue has been registered with the Swedish Companies Registration Office. With the offset and payment of the excess amount, the outstanding capital amount according to the loan agreement will be settled in full.

## Ownership and larger shareholders

As far as the Board is aware, there are no shareholders' agreements or other agreements between the Company's owners that aim at joint influence over the Company, or that could lead to the control of the Company being changed or prevented. As far as the board is aware, there are also no transfer restrictions for a certain period of time beyond the commitment entered into in connection with the Rights Issue (see above under "Details of the Offer - Commitment regarding transfers of shares in the Company"). Crunchfish has not taken any special measures to ensure that control of the Company is not abused and there are no provisions in the Company's Articles of Association that can delay, postpone or prevent a change in control of the Company. However, the rules for the protection of minority shareholders contained in the Swedish Companies Act (2005:551) constitute protection against a majority shareholder's possible abuse of control over a company.

## Larger shareholders

The table below shows, as far as the Company is aware, all shareholders with holdings exceeding five percent of all shares and votes in Crunchfish as of September 30, 2023, including subsequently known changes up to the date of the Prospectus. The Company has only issued one class of shares and all shares have equal voting value. There is no controlling shareholder and the Company is not directly or indirectly controlled by any single party or several parties in agreement.

## Ownership as of September 30, 2023

Shareholder	Number of shares	Percentage of shares and votes (%)
Femari Invest AB <sup>1)</sup>	7,500,000	22.70
Corespring Invest AB <sup>2)</sup>	5,985,441	18.12
<b>Total shareholders with holdings in excess of five percent</b>	<b>13,485,441</b>	<b>40.82</b>
Other shareholders	19,553,726	59.18
<b>Total</b>	<b>33,039,167</b>	<b>100.00</b>

<sup>1)</sup> Femari Invest AB is partially controlled by the Company's CEO and board member Joachim Samuelsson.

<sup>2)</sup> The Company's chairman of the board Göran Linder is CEO and board member of Corespring Invest AB. Corespring Invest AB is ultimately controlled by Mohammed Al-Amoudi.

## Shares and share capital

As of June 30, 2023, the Company's registered share capital amounted to SEK 1,519,801.682, divided into 33,039,167 shares of the same type, each with a quota value of SEK 0.046. According to the Company's Articles of Association, the share capital may not fall below SEK 1,250,000 and not exceed SEK 5,000,000, distributed among no fewer than 27,500,000 shares and no more than 110,000,000 shares. The shares in the Company are denominated in SEK and have been issued in accordance with the provisions of the Swedish Companies Act (2005:551). All shares are issued and fully paid. The number of outstanding shares at the beginning of the most recently completed financial year amounted to 30,925,298 shares and at the end of the same financial year amounted to 33,039,167 shares.

## Share-based incentive programs and convertibles

### Incentive programs

As of the date of the Prospectus, Crunchfish has four outstanding share-based incentive programs, which are presented below. In addition to the aforementioned incentive program, the Company has no other outstanding share-based incentive programs, warrants or convertibles.

### Warrant program series 2020/2024

At the Annual General Meeting on May 20, 2020, it was decided to establish a warrant program for senior executives and other employees in the Company by issuing a maximum of 700,000 warrants series 2020/2024. A total of 675,000 warrants have been transferred to participants in the program. After recalculation in connection with new issues in 2021 and 2022, each warrant gives the right to subscribe for 1.0145 new shares in the Company against a cash payment amounting to SEK 46.22 per share. The warrants can be exercised during the period from and including June 1, 2024 to and including June 30, 2024. If the warrants transferred are fully exercised, the Company's share capital will increase by SEK 31,500.225 through the issuance of 684,787 shares, corresponding to a dilution of approximately 2.03 percent based on the number of shares in the Company prior to the implementation of the Rights Issue. The warrants are subject to customary conversion conditions in connection with the division and consolidation of shares.

To enable the Company's delivery of shares under the warrant program 2020/2024, the annual general meeting on 20 May 2020 decided on a directed issue of a maximum of 700,000 warrants free of charge to the Company's subsidiary Crunchfish Digital Cash AB. In addition, the meeting decided to approve that Crunchfish Digital Cash AB may transfer warrants to the participants at a premium that corresponds to the market value of the warrants calculated according to the Black & Scholes valuation model.

#### **Warrant program series 2021/2025**

At the annual general meeting on May 19, 2021, it was decided to establish a warrant program for senior executives and other employees in the Company by issuing a maximum of 500,000 warrants series 2021/2025. Up to the date of the Prospectus, no warrants have been transferred to participants in the program. Each warrant gives the right to subscribe for a new share in the Company against a cash payment amounting to SEK 182.40 per share. The warrants can be exercised during the period from and including June 1, 2025 to and including June 30, 2025. The warrants are subject to customary conversion conditions in connection with the division and consolidation of shares.

To enable the Company's delivery of shares under the warrant program 2021/2025, the annual general meeting on 19 May 2021 decided on a directed issue of a maximum of 500,000 warrants free of charge to the Company's subsidiary Crunchfish Digital Cash AB. In addition, the meeting decided to approve that Crunchfish Digital Cash AB may transfer warrants to the participants at a premium that corresponds to the market value of the warrants calculated according to the Black & Scholes valuation model.

#### **Warrant program 2022/2026**

At the annual general meeting on May 18, 2022, it was decided to establish a warrant program for senior executives, employees and consultants in the Company by issuing a maximum of 1,000,000 warrants series 2022/2026. A total of 699,500 warrants have been transferred to participants in the program. Each warrant gives the right to subscribe for a new share in the Company against a cash payment amounting to SEK 35.49 per share. The warrants can be exercised during the period from and including June 1, 2026 to and including June 30, 2026. If the warrants transferred are fully exercised, the Company's share capital will increase by SEK 32,177 through the issuance of 699,500 shares, corresponding to a dilution of approximately 2.07 percent based on the number of shares in the Company prior to the implementation of the Rights Issue. The warrants are subject to customary conversion conditions in connection with the division and consolidation of shares.

To enable the Company's delivery of shares under warrant program 2022/2026, the annual general meeting on 18 May 2022 decided on a directed issue of a maximum of 1,000,000 warrants free of charge to the Company's subsidiary Crunchfish Digital Cash AB. In addition, the meeting decided to approve that Crunchfish Digital Cash AB may transfer warrants to the participants at a premium that corresponds to the market value of the warrants calculated according to the Black & Scholes valuation model.

#### **Warrant program 2023/2027**

At the annual general meeting on May 22, 2023, it was decided to establish a warrant program for senior executives, employees and consultants in the Company by issuing a maximum of 500,000 warrants series 2023/2027. Up to the date of the Prospectus, no warrants have been transferred to participants in the program. Each warrant gives the right to subscribe for a new share in the Company against a cash payment amounting to 200 percent of the volume-weighted average price of the Company's share during ten trading days prior to the annual general meetings decision. The warrants can be exercised during the period from and including June 1, 2027 to and including June 30, 2027. The warrants are subject to customary conversion conditions in connection with the division and consolidation of shares.

To enable the Company's delivery of shares under warrant program 2023/2027, the annual general meeting on 22 May 2023 decided on a directed issue of a maximum of 500,000 warrants free of charge to the Company's subsidiary Crunchfish Digital Cash AB. In addition, the meeting decided to approve that Crunchfish Digital Cash AB may transfer warrants to the participants at a premium that corresponds to the market value of the warrants calculated according to the Black & Scholes valuation model.

#### **Significant agreements**

In addition to the agreements described below, Crunchfish has not, with the exception of agreements entered into in the ordinary course of business, entered into any agreements of material importance during a period of one year immediately prior to the publication of this Prospectus.

#### **Loan agreement with Coespring Invest AB**

On 9 August 2023, the Company signed a loan agreement with Coespring Invest AB, in which the Company's chairman of the board Göran Linder is a board member and CEO. According to the loan agreement, the Company has taken out a loan of SEK 7.5 million. The loan must be repaid no later than February 9, 2024, and runs at a fair interest rate of 7 percent from the day the loan is disbursed until the day of repayment.

In connection with the Rights Issue, Coespring Invest AB has entered into a subscription commitment to subscribe for shares for a total amount of SEK 7,499,992.75. According to the subscription agreement, it has been agreed that Coespring Invest AB shall have the right and obligation to make payment for shares in the Rights Issue by way of set-off against the claim regarding the outstanding capital amount. Accrued interest along with the excess part of the capital amount that cannot be set off must be paid in cash no later than five banking days after the Rights Issue has been registered with the Swedish Companies Registration Office. With the set-off and payment of the excess amount, the outstanding capital amount according to the loan agreement will be settled in full, see more under the section "*Details of the Offer – Subscription commitments and guarantee commitments*".

#### **Authority Proceedings, Legal Proceedings and Arbitration Proceedings**

During the past twelve months, Crunchfish has not been a party to any authority proceedings, legal proceedings or arbitration proceedings (including proceedings which have not yet been decided or which, according to the Company's knowledge, are at risk of being initiated) which during the period have had or could have significant effects on the Company's financial position or profitability.

#### **Conflict of interest**

None of the board members or senior executives have been elected or appointed as a result of a special agreement with major shareholders, customers, suppliers or other parties.

There are no conflicts of interest or potential conflicts of interest between the board members' and senior executives' commitments to the Company and their private interests and/or other commitments. As can be seen from the section "Corporate governance", however, a number of board members and senior executives have financial interests in Crunchfish through the holding of shares and warrants in Crunchfish.

#### **Transactions with related parties**

Since 2019, Crunchfish India Director Vijay Raghunathan has been performing his duties for the Group on a consulting basis. The Company's total cost for consulting services related to Vijay Raghunathan's assignment as Crunchfish India Director amounted to SEK 1,284,000 for the fiscal year 2021, SEK 1,389,000 for the fiscal year 2022 and SEK 460,000 for the period January 1, 2023 until the date of the Prospectus.

In December 2020, the Company entered into a financing agreement of SEK 25 million with the Company's two largest owners, Crunchfish CEO Joachim Samuelsson and Coespring Invest AB, who are represented by the Company's chairman of the board Göran Linder. The financing consisted of a loan promise of SEK 25 million. Promise commission has been issued at 4 percent per year and interest for used credit has been issued at an additional 4 percent per year. During 2021, all SEK 25 million under the financing agreement was utilized. The credits were repaid in November 2021. During the financial year 2021, the Company has paid promise commissions and interest of a total of SEK 1,263,000.

During the period January to June 2021, the group has performed development services for the associated company Blippit AB. In total, invoiced consultancy fees for the development services during the financial year 2021 amount to SEK 2.6 million.

During the year 2021, the Company has provided conditional shareholder contributions to the subsidiaries Crunchfish Digital Cash AB, Crunchfish Gesture Interaction AB and Crunchfish Food Waste AB for a total of SEK 36 million. The grants have been provided with the aim of strengthening equity in the respective subsidiaries.

During November 2022, the Company has provided a conditional shareholder contribution to the subsidiary Crunchfish Digital Cash AB of SEK 2 million. In December 2022, the Company also made conditional shareholder contributions to the subsidiaries Crunchfish Digital Cash AB and Crunchfish Gesture Interaction AB totaling SEK 29.1 million. The grants have been provided with the aim of strengthening equity in the respective subsidiaries.

For continued financing of the Company's ongoing operations, during August 2023 the Company has taken out a bridging loan of a total of SEK 7.5 million from Coespring Invest AB, in which the Company's chairman Göran Linder is a board member and managing director. See more under the section "*Information about shareholders and security holders - Significant agreements - Loan agreement with Coespring Invest AB*".

In addition to what appears in the section "Details of the Offer – Subscription commitments and guarantee commitments", no further transactions between the Company and related parties have occurred during the period from January 1, 2021 up to and including the date of the Prospectus, which individually or together are deemed material for the Company. All transactions with related parties have, according to the board's assessment, taken place on market terms.



# Available documents

Copies of the following documents are available throughout the Prospectus' period of validity on the Company's website, [www.crunchfish.com](http://www.crunchfish.com), and can be inspected during the same period at the Company's office (Stora Varvsgatan 6A, 4tr, 211 19 Malmö) during normal office hours.

- Crunchfish's updated memorandum of association (certificate of registration).
- Crunchfish's Articles of Association.

Please note that the information on the website does not form part of the Prospectus and has not been reviewed or approved by the Financial Supervisory Authority.