

# Invitation to exercise warrants series T010



**Subscription period 14 - 28 February 2025**

*Important notice: Subscription and payment for the new shares should take place well before February 28, 2025, as different nominees have different processing times. Warrants that are not exercised on February 28, 2025, at the latest or sold on February 26, 2025, at the latest will expire without value.*



# Focusing on business

Crunchfish has a unique and patented approach to offline payments that provide a perfect balance between security and scalability. Despite the technical strength of our Digital Cash solution, it has taken longer than expected to get commercial deals. This led to that we required further financing at the end of 2024 and made a decision to close the Gesture Interaction business. In 2025 with a slimmer organization we focus all efforts on securing business for offline payments, especially in India and emerging markets and for Central Bank Digital Currencies (CBDC) projects, where we see a clear demand for our Digital Cash solution.

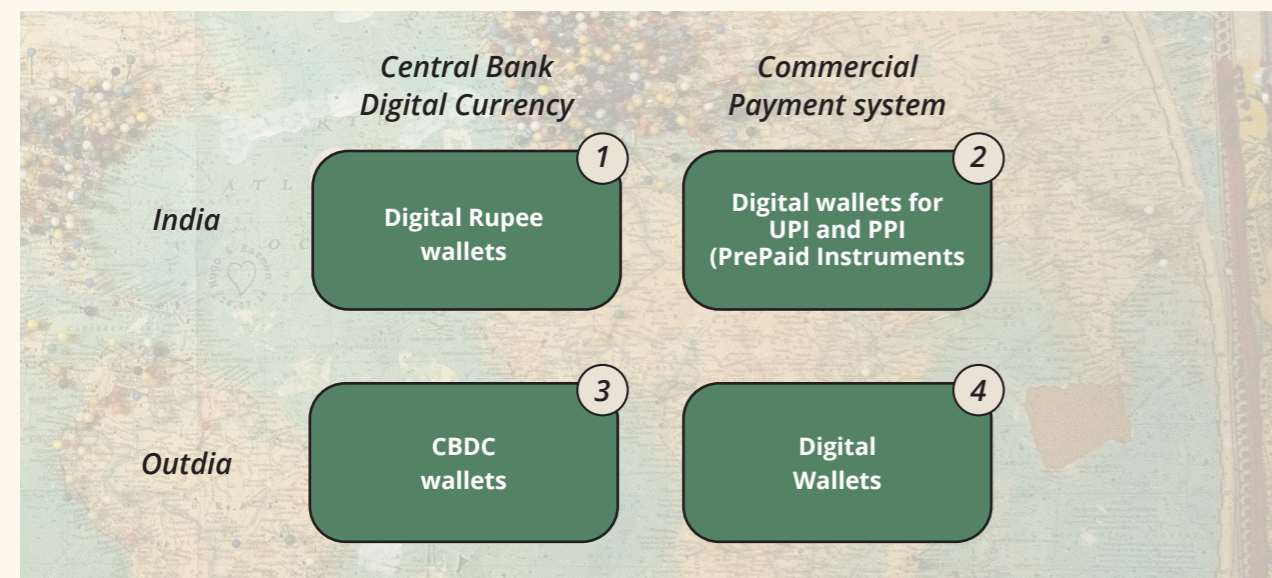
## Focusing on Digital Cash

Crunchfish is a pioneer in offline payment. The key challenge is to enable offline payment with mobiles, regardless of which device the user has. Crunchfish has solved this problem and created an offline payment solution that is secure as well as scalable as it may be deployed to any smartphone. The solution has been pilot tested in India by leading banks and was approved by the Reserve Bank of India for rollout in December 2023.

Crunchfish divides the offline payment market geographically as India and the rest of the world outside India as well as whether it is a commercial payment system or initiated by a central bank as Central Bank Digital Currency (CBDC). Key market segments with demand for offline services are India and emerging markets

as well as CBDC projects where offline is often a required functionality. Crunchfish pursues revenue opportunities in all these four segments.

Crunchfish has pursued both gesture interaction as well as offline payments for many years. This has been costly as neither the Gesture Interaction business nor the Digital Cash business is yet profitable. In 2024 we decided to exit our Gesture Interaction business to reduce our operational cost base by 25% and focus the business solely on Digital Cash and offline payments. Crunchfish has a unique and patented positioning for CBDC projects as well as commercial payment systems by offering device-agnostic trusted applications where the offline transactions may be verified both offline and online to detect and mitigate double spending attacks.



CRUNCHFISH CEO JOACHIM SAMUELSSON IN FRONT OF THE HEADQUARTER IN MALMÖ WITH TURNING TORSO IN THE BACKGROUND



## Financing the business

Entering commercial deals for offline payments is a process that has taken longer than Crunchfish expected. The Board decided to carry out a rights issue to finance the business in 2025. The financing was done with a unit emission in November 2024 where 2 existing shares gave the right to subscribe for 2 new shares at 1.45 SEK each and 1 warrant referred to as TO10 series for subscription in February 2025 and 1 warrant referred to as TO11 series for subscription in May 2025. The subscription price for those warrants are set at 30% discount of the average share price during 2 weeks before the year-end report for TO10 and before the Q1 report for TO11.

The Rights Issue was subscribed for to approximately 45 percent, of which guarantors subscribed to about 16% and Crunchfish thereby received approximately SEK 26 million before issue-related costs and before set-off of the 5 million loan from Corespring Invest AB entered in September 2024. By the exercise of warrants series TO10 and TO11 Crunchfish will receive additional funding at the end of February 2025 and May 2025, respectively.

## Business outlook

It has taken time to succeed with a new product, to new customers in a novel offline payments market. We remain optimistic that our unique approach and patented Digital Cash solution will bring us significant business in 2025. With financing in place, we are on track in relation to the business opportunities presented in the prospectus for the rights issue at the end of 2024. Progress has especially happened in our focus market India with the Reserve Bank of India, National Payments Corporations of India and leading banks as our unique and patented Digital Cash solution fits the market needs. Securing these business opportunities will have a major impact of Crunchfish success in 2025.



# Digital Cash in India

India is the leading market for real-time payments in the world. With 16,7 billion transactions in December 2024, the Unified Payments Interface (UPI) caters for around half of the world's transaction volume. The Digital Rupee is one of the most advanced CBDC implementations in the world. The Reserve Bank of India (RBI) and the National Payment Corporation of India (NPCI) form the hub of the payment market ecosystem in India. Crunchfish has developed the Digital Cash products based on the needs in India.

## 1 Central Bank Digital Currency in India

India's central bank RBI is piloting digital currency (CBDC) with leading Indian banks. In February 2024, RBI announced that offline payments are a priority for the Digital Rupee, both in the form of offline payments in proximity and remotely. Crunchfish has together with IDFC FIRST Bank rolled out a solution for offline payment remotely. Crunchfish is also in discussions with leading Indian banks regarding Offline payment in proximity for the Digital Rupee.

Crunchfish in collaboration with IDFC FIRST Bank was announced as the runner-up for the Digital Cash telecom solution in RBI's second global hackathon HaRBinger 2023. Following the award, the IDFC First Bank Digital Rupee app with Digital Cash support has undergone review and approval by RBI, Apple and Google. The Digital Cash telecom functionality is since mid 2024 available in the IDFC First Bank app via Google Play and the Apple App Store for all Android and iOS devices.

The Digital Rupee will be used in India to pay out grants to the population for various purposes. Crunchfish is very well positioned to support this as the latest version of Crunchfish Digital Cash has implemented support for holding balances for various purposes in a digital wallet.

Currently Crunchfish has ongoing discussions with several major Indian banks on how Digital Cash can add value to their Digital Rupee applications. In parallel, a subsidiary to RBI has also initiated collaboration with Crunchfish for offline payment and another payment area prioritized by RBI. All banks are currently under pressure from RBI to do a system wide upgrade to a new generation of the Digital Rupee system, going from fixed nominated tokens to valuebased tokens. Offline support is highly demanded by RBI, but this upgrade of the online system needs to be completed before support for offline can also be added. Crunchfish expects that the new generation will be in place and ready to be extended with offline support during Q2 2025.

## 2 Commercial Digital Wallets in India

NPCI, which is the product owner of UPI, plans to reach 100 billion transactions per month in the coming years. To achieve this, offline payments are important and NPCI launched UPI Lite X in September 2023 to enable offline payments. One and a half year later, UPI Lite X has yet to be rolled out widely in the Indian market. Crunchfish welcomes NPCI's focus on offline payments and believes that the main reasons for the slow deployment is lack of proximity interaction methods and constraints in the security of UPI Lite X. Digital Cash complements UPI Lite X with a more secure and robust offline payment solution. It is also more versatile as it supports all possible proximity methods, like QR-codes, Bluetooth and Ultrasound, as well as NFC which is the only supported method by UPI Lite X currently. Providing offline support to only NFC enabled devices is limiting the addressable market significantly, as most devices in India are lacking of NFC support and both devices in a transaction need to have the functionality.

UPI Lite X, like Crunchfish Digital Cash, is based on the payer and recipient being able to trust each other and the offline payment. Crunchfish Digital Cash has applied for a patent for a solution that protects how both parties can securely forward the offline payment to the backend of the payment system, in order to increase reliability. The patent has received a positive international report on patentability, is a granted patent in the US and has received a Notice of Allowance from the European Patent Office. UPI Lite X uses the same approach and Crunchfish has brought this to NPCI's attention, although Crunchfish does not yet have any granted patents in India as they are under review. A nondisclosure agreement is in place with NPCI and discussion around co-operation has been ongoing throughout 2024. Currently a proposal has been provided to NPCI for a proof of concept (POC) project on how the Digital Cash solution can complement and improve UPI Lite X and how Crunchfish can help with offline expertise. Feedback on this POC proposal is expected during Q1 2025.

# Digital Cash in Outdia

Most of the world's central banks are evaluating or preparing to launch CBDCs. Support for offline payments is on the agenda for most of these projects. Outside of India and the CBDC market, it is primarily the emerging markets that have potential for offline payment in commercial wallets.

## 3 Central Bank Digital Currency in Outdia

Crunchfish's Digital Cash market strategy for the CBDC market is to partner with CBDC platform providers and other relevant companies in the CBDC ecosystem. Crunchfish enables the platform providers to integrate Digital Cash into their solution to be able to offer offline payments to central banks. One of the partners is Tata Consultancy Services from India, which markets its system Quartz to central banks with Crunchfish Digital Cash as a complementary offline solution. Crunchfish also has some of its own dialogues with central banks that prioritize offline payment in their solution.

The European Central Bank (ECB) early 2024 launched a call for a pilot project in five areas around the Digital Euro, of which offline support is one of the focus areas. The offline part alone is budgeted by ECB at a value of €220 million and up to maximum €662 million. This project attributes a very high value to the offline solution and will most likely also affect other major central banks' view on the need for offline support to CBDC. Crunchfish has together with partners submitted an offer to ECB, but is not allowed to comment further on the process with regard to nondisclosure agreements with ECB. In parallel with this large tender a smaller call for innovation was also raised by ECB. Crunchfish has submitted a proposal for programmable offline payments, which is based on the patent filed by Crunchfish in June.

Crunchfish is in the final stage to start a CBDC pilot with an Asian central bank together with one of the CBDC platform partners. A local System Integrator in the country is leading the project and has just finalized the technical preparations, by setting up the entire environment for the pilot in their own staging environment. Crunchfish has had long interaction with the Central Bank about offline support, which is a key feature for both the pilot and the following roll-out. The pilot is expected to start with real users and merchants second half of Q1 or during Q2 2025.

Crunchfish is also in advanced discussions with an east European central bank for a CBDC pilot that will start mid- 2025. Crunchfish has responded to an RFI (Request for Information) in January specifically dedicated to offline payment support for their CBDC project.

## 4 Commercial Digital Wallets in Outdia

Mobile payments through telecom operators are an integral part of the economy of many developing countries. Many businesses and individuals rely on it for day-to-day transactions. Mobile payment services, which are mainly provided by telecom operators and supported by a network of licensed agents, allow registered users to deposit cash into a digital wallet and use these funds for payments and transactions. However, poor infrastructure and internet connectivity limit the potential and use of these payment services.

With Crunchfish Digital Cash, mobile payments can reach their full potential in developing countries as more people can use these services. To develop these opportunities, a collaboration agreement was entered with SaaS Expand Agency in Q1 2024. The founders of SaaS Expand Agency have extensive experience working with telecom operators in developing countries.

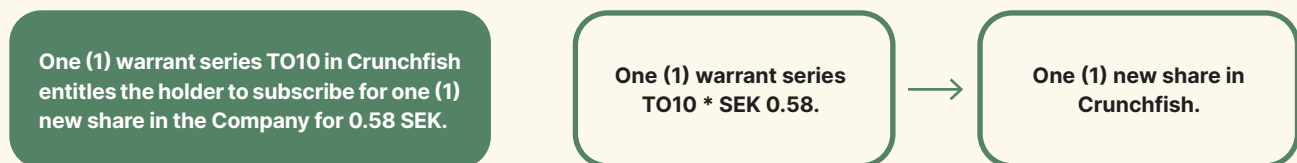
A non-disclosure agreement has been signed with a major group of operators in Africa and some other local operators. With one the local operators a Development and Demonstration Agreement is ready for signing. Once the agreement has been signed, integration of Digital Cash into the operator's digital wallet will start.

Crunchfish is also partnering with payment platform providers that have integrated Digital Cash for offline payment into their systems. These payment platforms providers promote Digital Cash to their existing customers as part of their overall offering. Another important area for Crunchfish is central nodes of commercial payment systems. Several countries have a centralized real-time payment switch, similar to UPI in India, making the payment apps in the country interoperable with each other. Getting an offline solution integrated with the managing entity of the switch would have several benefits when it comes to scalability, as a great part of the integration work would only need to be done once, compared to integration with each of the participating payment providers. Crunchfish is currently in discussions with two such country switches.

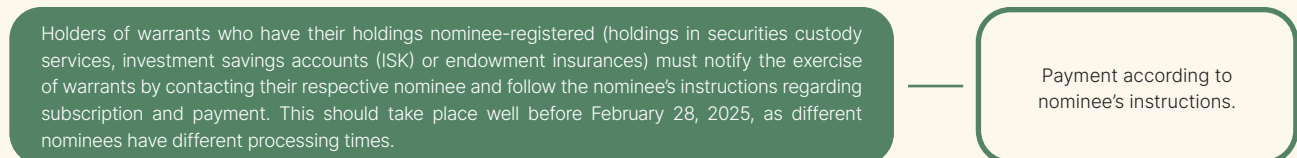
# How to exercise warrants series TO10

Terms	One (1) warrant series TO10 entitles the holder to subscribe for one (1) newly issued share in Crunchfish.
Subscription price	SEK 0.58.
Size	8,931,034 warrants series TO10.
Subscription period	14 - 28 February, 2025.
Last day of trading in TO10	26 February, 2025.
Payment	At time of subscription.

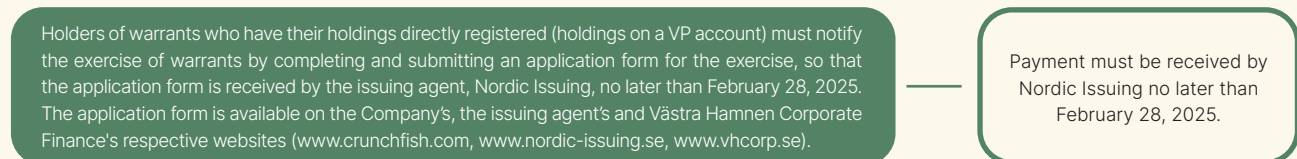
## Redemption of warrants



## Exercise of nominee-registered warrants (e.g. Avanza/Nordnet)



## Exercise of directly registered warrants



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