

Equity Research | CRUNCHFISH: Detailing the eight revenue opportunities ahead

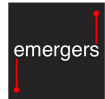
While the Q3'24 report did not contain any particular surprises in terms of financials, it did provide details on the eight revenue opportunities Crunchfish is seeing, including timeline estimates ranging from 3 to 24 months, along with some insights into their revenue potential. While we see a fair chance for a partner-driven deal with a commercial payment system outside India during 2025, it is clear that the three-pronged approach in India involving commercial banks, NPCI, and RBI still holds the most promise. This is also where discussions appear to be most advanced. The imminent rights issue of shares and warrants (units) amounting to SEK 57 million before costs should provide Crunchfish with the runway needed to secure a commercial deal, while the two warrants (TO 10 and TO 11 at SEK 36m and SEK 48m, respectively) could provide additional capital in February and May 2025. The revenue opportunities in India and ongoing partner sales processes continue to support a high revaluation potential (previous fair value was 3x the price before the announcement of the rights issue), though we await the outcome of the rights issue before setting a new target. As noted in our last research report, the share price has gravitated towards the subscription price (at SEK 1.45 per share) and is likely to remain in this region until financing is secured.

Crunchfish's eight revenue opportunities

In the Q3'24 report, Crunchfish provided some color on the key paths they're seeing to revenues ahead, targeting both CBDCs and commercial wallets. The key opportunities are still centred around NPCI, RBI and banks in India, with a potential agreement in 3-12 months, offering substantial commercial value. Globally, Crunchfish partners with CBDC providers, including TCS, to integrate Digital Cash as an offline solution, with possible agreements with major central banks expected in 6-24 months. Through SaaS Expand, Crunchfish is actively pursuing telecom operators in Africa and Latin America, aiming to secure at least one customer in the next 3-6 months. Additionally, Crunchfish's Digital Cash solution is embedded in partners' payment platforms, presenting near-term revenue potential.

SEK 57m if fully subscribed

The forthcoming rights issue consists of a maximum of 19,823,453 Units, where each Unit includes two newly issued shares, one warrant each of series TO 10 and TO 11. The subscription price is SEK 2.90 per Unit, equivalent to SEK 1.45 per share. If fully subscribed, the Rights Issue will raise approximately SEK 57 million before costs, then issuing 39.6m new shares, meaning a 50 dilution for non-participants. This will cover the company's operating expenses for 12 months. Additional proceeds could be raised in February and May 2025 if the warrants are exercised at up to SEK 1.88 and 2.17 respectively. The funds raised will be primarily allocated to marketing, sales, and product development, supporting ongoing projects and potential expansions in other regions like Southeast Asia, Africa, and Latin America.



Read the full report here: <https://www.emergers.se/crunchfish-ab24/>

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