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Flat Capital is carrying out a rights issue of approximately SEK 138 million which is secured to approximately 77% by existing and new long-term investors

The Board of Directors of Flat Capital AB (publ) ("Flat" or the "Company") has today decided to carry out a new issue of a maximum of 15,360,270 B shares with preferential rights for existing owners of B shares, which, upon full subscription, would entail issue proceeds of approximately SEK 138.2 million (the "Rights issue"). The subscription price is set to SEK 9.0 per share. The Company has received subscription commitments free of charge from Dusco AB, which is wholly owned by the Douglas family, and AltoCumulus, the asset management and family office part of the Axel Johnson Group, amounting to a total of SEK 80.0 million (the "Anchor investors"). In addition, certain shareholders and other investors have submitted subscription commitments or announced their intention to subscribe for shares amounting to a total of SEK 26.7 million. In total, the Rights issue is thus secured to 77.2 per cent, corresponding to SEK 106.7 million. The Company has the possibility to increase the issue amount by up to SEK 72.0 million if the Rights issue is oversubscribed.

The Rights issue in brief

- Rights issue of a maximum of 15,360,270 B shares corresponding, in the event of full subscription, to gross proceeds of approximately SEK 138.2 million before issue costs.
- Flat has an exciting pipeline of new opportunities in areas such as artificial intelligence. The motive for the Rights issue is to be able to capitalise on these opportunities. The net proceeds will be used for investments in both new and existing portfolio companies.
- For each existing B share held on the record date, one (1) subscription right is received in the Rights issue. Nine (9) subscription rights entitle the holder to subscribe for five (5) new B shares at a subscription price of SEK 9.0 per share.
- The record date for the Rights issue is on August 10, 2023, with the last day of trading including the right to receive subscription rights on August 8, 2023, and the first day of trading excluding the right to receive subscription rights on August 9, 2023.
- The subscription period in the Rights issue is expected to begin on August 14, 2023, and end on August 29, 2023. Trading in subscription rights is expected to take place on Nasdaq First North Growth Market Stockholm between August 14, 2023, and August 24, 2023.



Sebastian Siemiatkowski, main owner and Chairman of the Board, comments

“I am both excited and proud to welcome new investors such as Dusco and Altocumulus into Flat, for whom I have great respect. At the same time, I hope that as many as possible of the existing shareholders want to participate in the issue and our continued journey where we look forward to continuing to make new exciting investments.”

Hanna Wachtmeister, CEO, comments

“We continue to see exciting investment opportunities and with new capital we look forward to continuing to take advantage of these. I hope that existing shareholders will continue to support us, at the same time as it is great fun to bring in new reputable shareholders for our long-term journey.”

Background and motive

Since the IPO almost two years ago, Flat has kept a fast pace and followed its strategy of investing in attractive but inaccessible global companies. These companies are an asset often reserved for an exclusive group of investors, but the strategy has given Flat’s shareholders the opportunity to invest in companies such as OpenAI, Figma, Discord, DeepL, Getir, and Quartr.

In addition to new investments, it has also been an eventful time for the portfolio companies – Flow Commerce has been acquired by publicly listed Global-e, which has subsequently been divested, resulting in an attractive return of +10x since the IPO of Flat. Figma has received a public takeover bid from the listed competitor Adobe, indicatively returning 2x on invested capital. Budbee has merged with Instabox and formed the combined company Instabee. Getir has acquired their rival Gorillas, becoming one of Europe's leading players in on-demand delivery. The past year has also brought major challenges, but the portfolio companies and their founders have impressed with their ability to quickly transition their business models from growth to profitability. In addition to several new investments, Flat has increased its investments in existing portfolio companies such as Klarna.

Flat has access to a unique global network of world-leading investors and entrepreneurs. This means a continuous and strong flow of investment opportunities in leading unlisted companies with the world's top entrepreneurs. Flat continuously evaluates new investments from this network and has an exciting pipeline of new opportunities in areas such as artificial intelligence.

The motive for the Rights issue is to be able to take advantage of the opportunities that exist in the Company's pipeline. This applies to investments in both new companies and existing holdings. Flat is pleased to offer its shareholders an opportunity to maintain their ownership in the Company and at the same time welcome new long-term and strategically important investors who have submitted subscription commitments.

Preliminary timetable

Publication of EU growth prospectus	Week 32
Last day of trading in the share including the right to receive subscription rights	August 8, 2023



First day of trading in the share excluding the right to receive subscription rights	August 9, 2023
Record date	August 10, 2023
Subscription period	August 14 – August 29, 2023
Trading in subscription rights	August 14 – August 24, 2023
Expected publication of preliminary outcome of the issue	August 30, 2023
Expected date for decision on allocation	September 1, 2023

Subscription commitments and intentions to subscribe

Flat has received subscription commitments free of charge from the Anchor investors amounting to a total of SEK 80.0 million, of which Dusco AB, which is wholly owned by the Douglas family, has provided subscription commitments corresponding to SEK 50.0 million. Furthermore, AltoCumulus, the asset management and family office part of the Axel Johnson Group, has provided subscription commitments corresponding to SEK 30.0 million. In the event of oversubscription, the Anchor investors are guaranteed an allocation of shares corresponding to a minimum of SEK 67.0 million.

In addition, existing shareholders and other investors have provided subscription commitments to subscribe for shares with and without preferential rights corresponding to a total of SEK 22.2 million. Additionally, the existing shareholder Cicero Fonder has declared its intention to subscribe for shares corresponding to its pro rata share of approximately SEK 4.5 million.

In total, the Rights issue is thus covered by subscription commitments and intentions to subscribe for shares amounting to SEK 106.7 million, corresponding to 77.2 per cent. The subscription commitments and intentions to subscribe do not entitle to any compensation. These commitments and intentions are not secured by bank guarantees, escrow funds, pledge or similar arrangements.

The Rights issue

The Board of Directors of Flat has, based on the authorisation from the Annual General Meeting on May 4, 2023, decided to carry out a new issue of shares with preferential rights for existing owners of B shares of up to 15,360,270 B shares. If the Rights issue is fully subscribed, the Company will receive gross proceeds of approximately SEK 138.2 million before issue costs, which are estimated to amount to approximately SEK 3.3 million. If the Rights issue is fully subscribed, the Company's share capital will increase by SEK 768,013.50, from SEK 1,603,885.45 to SEK 2,371,898.95. The dilution for shareholders who do not participate in the Rights issue will amount to a maximum of approximately 32.4 per cent.



The Company's main owners Sebastian Siemiatkowski and Nina Siemiatkowska (the "Main owners") together with the key persons Amaury de Poret, Charlotte Runius and Hanna Wachtmeister (the "Key persons") hold B shares entitling them to subscribe for approximately 50 per cent of the Rights issue. The Main owners and the Key persons have announced their intention to not exercise all subscription rights that they receive for subscription of new shares. As the Rights issue comprises only B shares, no subscription rights will be issued to holders of A shares. A shareholder who subscribes for B shares by utilising its subscription rights in the Rights issue has priority to subscribe for additional B shares without preferential rights.

Overall, this means that an existing owner, by subscribing for additional B shares in excess of their pro rata subscription, has an opportunity (but no guarantee) to maintain or increase their ownership in Flat, even in the event of an oversubscribed issue. In addition, owners of B shares who do not participate have the opportunity to financially compensate themselves for the dilution that the Rights issue entails by selling their subscription rights.

In the event that not all B shares are subscribed for by exercising subscription rights, the Board of Directors shall, within the scope of the maximum amount of the Rights issue, resolve on allotment of B shares subscribed for without subscription rights, whereby allotment shall be made in accordance with the following distribution criteria: (i) firstly, B shares shall be allotted to those who have subscribed for B shares with subscription rights (regardless of whether they were shareholders on the record date or not) and who have expressed interest in subscribing for B shares without subscription rights, and in the event that allotment to these cannot be made in full, allotment shall be made pro rata in relation to the number of subscription rights that each of those who have expressed interest in subscribing for B shares without subscription rights have exercised for subscription of B shares and, to the extent this cannot be done, by drawing lots; (ii) secondly, B shares shall be allotted to those who have subscribed for B shares in the issue without subscription rights, and in the event that allotment to these cannot be made in full, allotment shall be made pro rata in relation to the total number of B shares that the subscriber has applied for subscription and, to the extent this cannot be done, by drawing lots; and (iii) thirdly and finally, any remaining shares shall be allotted to the parties who have entered into an agreement regarding subscription commitments.

For each existing B share, one (1) subscription right is received in the Rights issue. Nine (9) subscription rights entitle the holder to subscribe for five (5) new B shares at a subscription price of SEK 9.0 per share. The subscription period is expected to run from August 14 to and including August 29, 2023.

The full terms and conditions for the Rights issue will be set out in the EU growth prospectus which is planned to be published during week 32.

Reasons for deviation from the shareholders' preferential rights in case of oversubscription

In addition to the Rights issue, and provided that the Rights issue is oversubscribed, the Board of Directors is authorised to carry out an additional issue of maximum SEK 72.0 million, on the same terms and conditions as in the Rights issue of SEK 9.0 per share. The allocation principle in a subsequent issue is to allocate shares to the Anchor investors and other investors who have submitted subscription commitments. The reason for any deviation from the shareholders' preferential rights is primarily to ensure allocation to the Anchor investors, whose subscription commitments and guaranteed allocation have been a prerequisite for being able to decide on the Rights issue on the prevailing terms. The Board of Directors has carefully considered various possibilities to safeguard the interest of the Anchor investors and makes the assessment that it is favourable for the shareholders, who are first given preferential rights to subscribe for new B shares in the Rights issue, that Flat,

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in the event of an oversubscription, raises additional capital through a directed new issue to new long-term and strategically important owners. The Anchor investors, as well as other strategic investors, entail a broadening of the shareholder base, which provides important conditions for creating additional shareholder value over time. It is the Board of Directors' assessment that the subscription price, which has been negotiated at arm's length with the Anchor investors, is on market terms. Flat's net asset value at the end of Q2 2023 amounts to an equivalent of SEK 9.93 per share, whereby the discount in the subscription price in relation to the net asset value amounts to 9.4 per cent.

In the event that the Company increases the issue amount, the number of B shares in Flat may increase by a maximum of an additional 8,000,000 and the share capital increase by a maximum of an additional SEK 400,000.00. The maximum possible dilution for shareholders who do not participate in the Rights issue would then amount to approximately 42.1 per cent.

Advisers

[Augment Partners](#) is acting as the financial advisor and Advokatfirman Vinge KB is acting as the legal advisor in connection with the Rights issue.

For questions, please refer to:

Hanna Wachtmeister, CEO, hw@flatcapital.com, +46 (0) 70 661 60 05.

Certified Adviser

Flat Capital's Certified Adviser is Augment Partners AB, info@augment.se, +46 (0)8 604 22 55.

About Flat Capital

Flat Capital is an investment company that focuses on growth stage companies with prominent entrepreneurs in leading positions and primarily makes investments through its network of world-class investors and entrepreneurs. The company was founded in 2013 by entrepreneurs Nina and Sebastian Siemiatkowski (founders and CEOs of Milkywire and Klarna, respectively) and is led by CEO Hanna Wachtmeister together with an experienced board of directors. Examples of portfolio companies include Klarna, OpenAI, Instabee, Figma and DeepL. The company aims to provide long-term capital and is essentially a passive minority shareholder, while Flat Capital's experience and network are available to the extent the entrepreneur wishes. The aim is to facilitate successful company building and enable exposure to otherwise hard-to-reach and promising companies. More information is available at www.flatcapital.com

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This press release has not been approved by any regulatory authority in any jurisdiction. Any investment decision should, in order for an investor to fully understand the potential risks and rewards associated with the decision to participate in the Rights Issue, be made solely on the basis of the information contained in the EU Growth Prospectus. Accordingly, an investor is advised to read the entire EU Growth Prospectus. This press release does not identify or purport to identify risks (direct or indirect) that may be associated with an investment in shares.

To the extent this press release contains forward-looking statements, such statements do not represent facts and are characterized by words such as "will", "expect", "believe", "estimate", "intend", "should", "assume" and similar expressions. Such statements express the Company's intentions, opinions or current expectations or assumptions. Such forward-looking statements are based on current plans, estimates and projections that the Company has made to the best of its ability but which the Company does not claim will be accurate in the future. Forward-looking statements involve risks and uncertainties that are difficult to predict and generally cannot be influenced by the Company. It should be kept in mind that actual events or outcomes may differ materially from those contemplated or expressed in such forward-looking statements.

Note: This is a non-official translation of the Swedish original text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

This information is information that Flat Capital AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-07-19 08:30 CEST.

Attachments

[Flat Capital is carrying out a rights issue of approximately SEK 138 million which is secured to approximately 77% by existing and new long-term investors](#)