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Flat Capital is carrying out a rights issue of SEK 80 million which is secured to 69 per cent

The Board of Directors of Flat Capital AB (publ) ("Flat" or the "Company") has today, making use of the authorisation granted by the Annual General Meeting on May 6, 2024, resolved on a new share issue with preferential rights for existing holders of B shares which upon full subscription would entail proceeds of approximately SEK 80.0 million (the "Rights issue"). The purpose of the Rights issue is to further strengthen Flat's cash position in order to continue to pursue the investment opportunities offered by Flat's portfolio and network. The Rights issue is secured to approximately 69 per cent, corresponding to approximately SEK 55 million, by subscription undertakings from existing shareholders. The Company has the possibility to increase the issuance amount by up to SEK 60.0 million if the Rights issue is oversubscribed.

Summary

- Rights issue of up to 6,401,101 B shares, corresponding to, at full subscription, proceeds of approximately SEK 80.0 million with a possibility to increase the issue amount by an additional SEK 60.0 million in the event of oversubscription.
- Existing holders of B shares will receive one (1) subscription right for each held B share in Flat. Seven (7) subscription rights entitle the holder to subscribe for one (1) new B share.
- The subscription price has been set at SEK 12.50 per new B share, a premium to Flat's net asset value on 30 June 2024 of approximately 66 per cent, and a discount to the volume-weighted average price during the period from and including September 13, 2024, up to and including September 26, 2024 (approximately SEK 15.06) of approximately 17 per cent.
- The purpose of the Rights issue is to further strengthen Flat's cash position in order to continue to pursue the many investment opportunities that its portfolio and network offers, mainly in terms of existing investments within AI and the strong pipeline of potential investments therein.
- The shareholder Lyckebo Noterat AB (under name change to Frankenius Noterat AB) ("Frankenius Noterat") has undertaken to subscribe for shares for SEK 30.0 million and the shareholder Cicero Fonder has undertaken to subscribe for shares for approximately SEK 6.3 million. Furthermore, several major shareholders have undertaken to subscribe for shares corresponding to their respective pro rata shares in the Rights issue (not including any increase in the event of oversubscription). In total, approximately SEK 55.0 million is secured through subscription undertakings, corresponding to approximately 69 per cent of the Rights issue.
- The record date for the Rights issue is November 5, 2024.



- The subscription period runs from and including November 7, 2024, until and including November 21, 2024.

Hanna Andreen, CEO, comments

“EXCITED to see continued strong interest from our major shareholders, and especially pleased that Paul Frankeniuss is investing SEK 30 million and thus more than doubling his position in Flat. For us, it is important that all shareholders have the opportunity to participate, so we are conducting a rights issue on the same terms. Through the issue, we increase our financial strength and thus enable continued investments through our unique network. We hope you want to join us on the journey!”

Background and motive

Since the IPO three 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 indirectly invest in companies such as OpenAI, SpaceX, DeepL, Perplexity, xAI, Physical Intelligence and Figma.

Like previous years, 2024 has been an eventful time for the portfolio companies – in March, Flat invested SEK 3 million and SEK 10 million in AI companies Perplexity and Harvey, respectively, followed by a SEK 10 million investment in data and AI company Oden Technologies in April. Flat has also invested SEK 11 million in Elon Musk-founded xAI and SEK 11 million in AI and robotics company Physical Intelligence. Finally, in August this year, Flat invested SEK 22 million in the high-profile space company SpaceX. However, the past year has also brought major challenges, and Flat, for example, has been forced to write down the value of its investment in Getir to SEK 1.

Flat has access to a unique global network of world-leading investors and entrepreneurs. This means that Flat has a strong flow of investment opportunities in unlisted companies that are both backed by some of the most prominent investors in the world and run by dedicated entrepreneurs. Flat continuously evaluates new investments from this network and has, at the moment, a strong pipeline of new opportunities in areas such as AI. The Company already has a net cash position, but given that the investment opportunities that Flat evaluates on an ongoing basis are often associated with a tight timeframe and requirements for large allocations, the Company believes that it is in its favour to further strengthen its cash position in order to be ready to act quickly on attractive opportunities when they arise.

The purpose of the Rights issue is to further strengthen Flat’s cash position in order to continue to pursue the many investment opportunities that its portfolio and network offers, mainly in terms of existing investments within AI and the strong pipeline of potential investments that exist there.

Preliminary timetable

The Rights issue is intended to be carried out during the fourth quarter of 2024, following the publication of Flat’s interim report for the period January-September 2024, on 29 October 2024.



Below are certain important dates in connection with the Rights issue:

| | |
|--|-----------------------|
| Publication of EU growth prospectus | November 1, 2024 |
| Last day of trading in the share including the right to receive subscription rights | November 1, 2024 |
| First day of trading in the share excluding the right to receive subscription rights | November 4, 2024 |
| Record date | November 5, 2024 |
| Subscription period | November 7 – 21, 2024 |
| Trading in subscription rights | November 7 – 18, 2024 |
| Expected day of publication of preliminary issue outcome | November 22, 2024 |
| Expected date of decision on allotment | November 26, 2024 |

Undertakings to subscribe for shares in the Rights issue

The shareholders Frankenius Noterat and Cicero Fonder have undertaken to subscribe for shares for SEK 30.0 million and approximately SEK 6.3 million respectively. Furthermore, the shareholders Dusco AB, which is wholly owned by the Douglas family, AltoCumulus, the asset management and family office part of the Axel Johnson Group and Karolina Tham von Heidenstam have undertaken to subscribe for shares corresponding to their respective pro rata shares in the Rights issue of approximately 12 per cent, approximately 9 per cent and approximately 2 per cent, respectively (not including any increase in the event of oversubscription). In total, approximately SEK 55.0 million is secured through subscription undertakings, corresponding to approximately 69 per cent of the Rights issue. No consideration will be paid for the subscription undertakings.

The Rights issue

The Board of Directors of Flat has, making use of the authorisation granted by the Annual General Meeting on May 6, 2024, decided to carry out a new issue of shares with preferential rights for existing holders of B shares of up to 6,401,101 B shares. If the Rights issue is fully subscribed, the Company will receive proceeds of approximately SEK 80.0 million before issue costs, which are estimated to amount to approximately SEK 1.1 million, corresponding to approximately 1.4 per cent of the maximum issue volume. If the Rights issue is fully subscribed, the Company's share capital will increase by SEK 320,055.05, from SEK 2,453,352.05 to SEK 2,773,407.10. The dilution for shareholders who do not participate in the Rights issue will amount to a maximum of approximately 11.5 per cent. Holders of B shares who choose not to participate in the Rights issue have the opportunity to financially compensate for this dilution by selling their subscription rights no later than November 18, 2024.



The Company's main owners Sebastian Siemiatkowski and Nina Siemiatkowska (the "Main owners") together hold B shares entitling them to subscribe for approximately 29 per cent of the Rights issue. The Main owners have declared their intention to not exercise the 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, which are all held by Sebastian Siemiatkowski.

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. Such allotment shall be made in accordance with certain distribution criteria which will be described in detail in the EU growth prospectus that is intended to be published on November 1, 2024.

For each existing B share held on the record day, one (1) subscription right is received in the Rights issue. Seven (7) subscription rights entitle the holder to subscribe for one (1) new B share at a subscription price of SEK 12.50 per share. The subscription period runs from November 7 to and including November 21, 2024.

The full terms and conditions for the Rights issue will be set out in the EU growth prospectus which is intended to be published on November 1, 2024.

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

Flat will increase the issuance amount by up to SEK 60.0 million if the Rights issue is oversubscribed, in order to meet a stronger demand than originally estimated. Any increase in the issuance amount will technically be made through a directed issue in connection with the Rights issue, to the same subscription price as in the Rights issue. The allotment principle in an additional issue is to allot shares to Frankenius Noterat and Cicero Fonder who have made subscription undertakings (in addition to their respective pro rata shares, not including any increase in the event of oversubscription). The reason for any deviation from the shareholders' preferential rights is primarily to ensure allotment to Frankenius Noterat and Cicero Fonder, whose subscription undertakings in advance and assured allotment have been a prerequisite for being able to resolve on the Rights issue, which is deemed to be in the interest of all shareholders, on the current terms which are deemed to be market-based.

In the event that the Company increases the issue amount, the number of B shares in Flat may increase by an additional of 4,800,000 and the share capital increase by an additional of SEK 240,000. The maximum possible dilution for shareholders who do not participate in the Rights issue would then amount to approximately 18.6 per cent. If the Rights issue is oversubscribed and the additional issue is completed with a maximum of 4,800,000 shares, the share capital of the Company would increase by a maximum of SEK 560,055.05, from SEK 2,453,352.05 to SEK 3,013,407.10.

Advisers

Augment Partners is acting as financial advisor and Advokatfirman Cederquist KB is acting as legal advisor in connection with the Rights issue.

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For questions, please refer to:

Hanna Andreen, CEO, hw@flatcapital.com, +46 (0) 73 353 44 66.

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 Andreen together with an experienced board of directors. Examples of portfolio companies include OpenAI, Klarna, SpaceX, Instabee, DeepL and Figma. 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.

Important information

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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 (publ) 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 2024-09-27 08:30 CEST.

Attachments

[Flat Capital is carrying out a rights issue of SEK 80 million which is secured to 69 per cent](#)