

PRESS RELEASE

Lund, 12 January 2024

Terranet's board of directors resolves on directed issues of units and transfer of warrants to all shareholders

Terranet AB ("Terranet" or the "Company") announces that the board of directors has today resolved to carry out a directed issue of units of approximately SEK 10 million, consisting of shares of series B and warrants of series TO8 to a number of pre-approached investors, including existing shareholders. In order to partly compensate the shareholders for the dilution resulting from the issue, the board of directors has also resolved on a directed issue of warrants of series TO8 to the Company, which will be transferred without consideration to all shareholders in the Company.

Directed issues of units

The board of directors of Terranet has today resolved on a directed issue of a total of 71,428,569 units at a subscription price of SEK 0.14 per unit corresponding to SEK 0.07 per share. The issue proceeds amount to a total of approximately SEK 10 million (the "**Directed Issue**"). Each unit in the Directed Issue consists of two (2) shares of series B and one (1) warrant of series TO8. The subscription price in the Directed Issue has been determined after negotiations with the subscribers and corresponds to a discount of approximately 9.23 per cent in relation to the volume-weighted average price of the Company's share on Nasdaq First North Premier Growth Market during the period 27 December 2023 up to and including 10 January 2024 and is considered by the board of directors to be on market terms.

The Directed Issue has been resolved in two tranches. The first tranche has been resolved with the support of the authorisation from the annual general meeting on 10 May 2023, corresponding to approximately SEK 7.75 million (the "**First Issue**"). The right to subscribe for units in the First Issue is, with deviation from the shareholders' preferential rights, granted to Social Assets AB, Oliver Aleksov, Patrick Bergström and Erik Eurenus. The second tranche has been resolved by the board of directors subject to the subsequent approval of the general meeting, corresponding to approximately SEK 2.25 million (the "**Second Issue**"). The right to subscribe for units in the Second Issue is granted to the shareholder Maida Vale Capital AB (a company partly controlled by board member Anders Blom).

Prior to the Directed Issue, the board of directors has considered the possibility of raising capital through a cash rights issue but has concluded that a rights issue, compared to the Directed Issue, (i) would be significantly more time-consuming and entail significantly higher costs and increased exposure to potential market volatility compared to a directed issue, (ii) would probably not be subscribed to the required extent, given the current climate on the stock market, without underwriting commitments being procured in order to ensure that the Company is provided with sufficient capital, which in turn risks incurring additional costs and/or further dilution depending on the type of consideration paid for such underwriting, (iii) would entail an uncertainty in relation to the size of the capital that the Company may receive from the Company's existing shareholders and (iv) would probably need to be made at a lower subscription price in view of the discount levels that have been applied on the stock market recently. Other alternatives, including the raising of a long-term loan, have also been considered but have either been deemed to entail too high costs or not to generate sufficient working capital and thus not to be in the interest of the Company or the shareholders. The directed share issue further entails that i) the Company's shareholder base is broadened with new investors with an interest in the Company and its development and ii) the Company's ownership base is strengthened by a number of existing owners investing further in the Company. In the board's opinion, the above provides a strengthened ownership picture. An increased ownership for certain existing shareholders with great commitment to the Company and its future development creates, in the board's opinion, conditions for stability and security for both the Company and other shareholders. Against this background, the board of directors has made the assessment that a directed new share issue on the proposed terms is the most favourable for the Company and its shareholders, especially since the Company is in need of immediate financing.

Issue and transfer of warrants and terms and conditions for TO8.

In order to partly compensate the shareholders for the dilution resulting from the Directed Issue, the board of directors has, based on the authorisation from the Annual General Meeting on 10 May 2023, resolved on a directed issue of 68,649,624 warrants of series TO8 to the Company. The warrants are issued and subscribed for without consideration, by the Company. The Company will transfer the warrants without consideration to the shareholders of the Company. Upon transfer, the holding of eleven (11) shares (regardless of series) will entitle each shareholder to receive one (1) warrant of series TO8. When determining the number of warrants that each shareholder is entitled to, fractions will be rounded down to the nearest whole number. The board will announce the record date for the transfer, which is expected to occur no later than February 2024.

One (1) warrant of series TO8 entitles the holder to subscribe for one (1) share of series B in the Company at a subscription price of SEK 0.14 (corresponding to 200% of the subscription price per share in the Directed Issue). Application for subscription of shares with the support of warrants of series TO8 will take place during the period from 18 November 2024 up to and including 29 November 2024.

"The completed share issue together with the issuance of warrants of series TO8 provides the company with additional financial stability, which strengthens our opportunities to further accelerate our product and business development of BlincVision. We look forward to communicating our progress in the business to the market in the coming months", says Magnus Andersson, CEO of Terranet.

Extraordinary General Meeting

In accordance with the press release published by Terranet on 10 January 2024, the board of directors will convene an extraordinary general meeting. The general meeting will take place on 31 January 2024 to, among other things, decide on the approval of the board of directors' decision on the directed unit issue to the shareholder Maida Vale Capital AB. The notice will be published during the day through a separate press release.

Number of shares, share capital and dilution

Through the Directed Issue, the share capital will, provided that the extraordinary general meeting resolves to approve the board of directors' resolution on the Second Issue, increase by SEK 1,428,571.38, from SEK 7,551,458.69 to SEK 8,980,030.07 through a new issue of 142,857,138 shares of series B, which means that the total number of shares will increase from 755,145,869 to 898,003,007 shares and entails a dilution of approximately 15.91 per cent for shareholders who did not participate in the issue. Upon subsequent exercise of warrants of series TO8 issued in the Directed Issue, the Company's share capital may increase by an additional SEK 714,285.69 and the number of shares of series B may increase by 71,428,569. Upon full exercise of the warrants of TO8, the Company will receive an additional SEK 10 million.

Through the directed issue of TO8, which will be transferred to the shareholders, the number of shares of series B in the Company may increase by an additional 68,649,624, which may result in an increase of the share capital by SEK 686,496.24. Upon full exercise of the warrants of TO8 that will be transferred to the shareholders, the Company will receive approximately SEK 9.6 million.

Advisors

Eversheds Sutherland Advokatbyrå AB has acted as legal advisor in connection with the Directed Issue. Mangold Fondkommission AB acts as issuing agent.

This information is information that Terranet AB is required to disclose pursuant to the EU Market Abuse Regulation (EU nr 596/2014). The information was submitted for publication, through the agency of the contact person set out above, on 12 January 2024 08.45.

For more information, please contact

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About Terranet AB (publ)

Terranet is on a mission to save lives in urban traffic.

We develop breakthrough tech solutions for Advanced Driver Assistance Systems (ADAS) and Autonomous Vehicles (AV) that protect vulnerable road users.

With a unique and patented vision technology, Terranet's anti-collision system BlincVision scans and detects road objects multiple times faster and with higher accuracy than any other ADAS technology available today.

Terranet is based in Lund, Sweden, and, in the heart of the European automotive industry, Stuttgart, Germany. The company is listed on Nasdaq First North Premier Growth Market since 2017 (Nasdaq: TERRNT-B).

Follow our journey on www.terranet.se

Certified Adviser to Terranet is Mangold Fondkommission AB, 08-503 015 50, ca@mangold.se.