

PRESS RELEASE

Lund, 17 May 2023

Terranet's Board of Directors have decided to carry out a right issue of units of approximately SEK 75 million and refines outstanding loan

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SINGAPORE, SOUTH AFRICA, SOUTH KOREA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES. PLEASE REFER TO IMPORTANT INFORMATION AT THE END OF THE PRESS RELEASE.

The Board of Directors of Terranet AB ("Terranet" or the "Company") has today, with authorization from the general meeting on 10 May 2023, decided to carry out an issue of units consisting of shares and warrants with preferential rights for existing shareholders of approximately SEK 75.4 million (the "Rights Issue"). The Rights Issue is covered to approximately 70 percent through subscription commitments and underwriting commitments, from amongst other the largest shareholder in the Company. The Company has also refinanced its outstanding loan, including interest, of SEK 30.4 million with maturity until 30 June 2024.

Summary

- The Board of Directors of Terranet has, with authorization from the general meeting on 10 May 2023, resolved to carry out the Rights Issue of a maximum 83,736,190 units, corresponding to 418,680,950 B-shares, 251,208,570 warrants of series TO6 and 251,208,570 warrants of series TO7.
- When fully subscribed, the Rights Issue can provide Terranet with approximately SEK 75.4 million before issue costs.
- In the event of full subscription and full exercise of all warrants of series TO6 in conjunction with offered units, the Company may be provided with an additional maximum of approximately SEK 67.8 million.
- In the event of full subscription and full exercise of all warrants of series TO7 in conjunction with offered units, the Company may be provided with an additional maximum of approximately SEK 67.8 million.
- The Rights Issue is covered to approximately 70 percent through subscription commitments and underwriting commitments, including from the Company's largest shareholder that subscribes for their full pro rata of SEK 13 million and underwrites another SEK 8.5 million.
- All existing shareholders will receive one (1) unit right for each one (1) share, regardless of share class, owned on the record date, 25 May 2023. Four (4) unit rights give the right to subscribe for one (1) unit. One (1) unit consists of five (5) newly issued B-shares, three (3) warrants of series TO6 and three (3) warrant of series TO7. The subscription price per unit is SEK 0.90, corresponding to SEK 0.18 per share. The warrants are issued free of charge.

- The subscription period for the Rights Issue will run from 29 May 2023 until 13 June 2023.
- In connection with the Rights Issue the Company has refinanced the outstanding loan of SEK 30.4 million to Formue Nord Fokus A/S. A setup fee of 5.0 percent is payable in connection with receiving the loan that runs with 1.25 percent interest per started 30-day period (the “Loan”).
- The Rights Issue is carried out in order to fund the continued development of the product BlincVision and refinance the Company’s outstanding loans.

Comment from the CEO

“One of the strongest reasons why I have thrived at Terranet during the eight months that have passed since I took over as CEO is the great commitment and drive I see in the company, both from employees and from the board. We are making great progress at a rapid pace, and this capital raising is just the right time to be able to continue to push our development to get a product out on the market. The fact that we have strong support from our main owner with strong engagement in the company is a clear sign of the potential we see and will achieve”, says Magnus Andersson, CEO of the group company Terranet AB

Background and rationale in summary

Terranet is currently in an expansive development phase of BlincVision, where a number of milestones need to be met before the product can be standardized and commercialized. The high demands placed on technology in the automotive industry means that the development phase is capital intensive, mainly when it comes to conducting the internal development of the product's hardware, and to produce prototypes together with external partners as well as to recruit and maintain the right competence within the Company.

In order to be able to carry out the necessary development work required to commercialize BlincVision and refinance the Company's outstanding loan, Terranet's board has perceived a need for capital injection and is therefore carrying out the Rights Issue.

The proceeds from the Rights Issue and warrants of series TO6 and TO7 shall be primarily used for:

- Internal development work as well as marketing and sales activities of BlincVision, approximately 50 percent
- Delivering costs for development and production of prototypes of BlincVision, approximately 30 percent
- Amortization of loan, approximately 20 percent

Terms for the Rights Issue

The Board of Directors of Terranet AB has resolved on the Rights Issue, with authorization from the general meeting on the 10 May 2023, in accordance with the following main terms:

- All existing shareholders will receive one (1) unit right for each one (1) share regardless of shares class owned on the record date, 25 May 2023. Four (4) unit rights give the right to subscribe for one (1) unit. One (1) unit consists of five (5) B-

shares, three (3) warrants of series TO6 and three (3) warrant of series TO7. The subscription price per unit is SEK 0.90, corresponding to SEK 0.18 per share (the warrants are issued free of charge)

- The Rights Issue entails an issue of a maximum of 83,736,190 units, corresponding to 418,680,950 B-shares, 251,208,570 warrants of series TO6 and 251,208,570 warrants of series TO7.
- Upon full subscription in the Rights Issue, the Company receives approximately SEK 75.4 million before issue costs.
- The subscription period for subscription of units will run from 29 May 2023, up to and including 13 June 2023.
- Through the Rights Issue, the share capital may increase by a maximum of SEK 4,186,809.50, from SEK 3,349,447.60 to SEK 7,536,257.10, and the number of shares can increase with maximum of 418,680,950 shares from 334,944,760 shares to 753,625,710 shares.
- Upon full exercise of the warrants of series TO6 covered by the Rights Issue, the share capital may increase by an additional SEK 2,512,085.70 and the number of shares may increase with 251,208,570.
- Upon full exercise of the warrants of series TO7 covered by the Rights Issue, the share capital may increase by an additional SEK 2,512,085.70 and the number of shares may increase with 251,208,570.
- Upon full subscription in the Rights Issue and full subscription of the warrants of series TO6 and TO7 the share capital will amount to SEK 12,708,928.50 and the number of shares will amount to 1,270,892,850.
- Shareholders in the Company that doesn't subscribe for units in the Rights Issue will be diluted to approximately 55.6 percent.

Warrants of series TO6

- Every warrant of series TO6 gives the right to subscribe for one (1) new B-share in the Company. The subscription price for subscription of shares with the support of warrants of series TO6 corresponds to 70 percent of the volume-weighted average price paid for the Company's shares on Nasdaq First North Premier Growth Market during the period from 10 November 2023 up to and including 23 November 2023, but not less than the shares nominal value (currently SEK 0.01) and not more than SEK 0.27.
- The exercise period for subscription of shares with the support of the warrants of series TO6 will run from 27 November 2023, up to and including 11 December 2023.
- In the event of full subscription and full exercise of all warrants of series TO6 in conjunction with offered units, the Company may be provided with an additional maximum of approximately SEK 67.8 million.

- The maximum increase of share in the Company due to subscription in the Rights Issue and full subscription of attached warrants TO6 can mean further dilution of approximately 25.0 percent.
- The warrants of series TO6 are intended to be admitted to trading on the Nasdaq First North Premier Growth Market after final registration with the Swedish Companies Registration Office.

Warrants of series TO7

- Every warrant of series TO7 gives the right to subscribe for one (1) new B-share in the Company. The subscription price for subscription of shares with the support of warrants of series TO6 corresponds to 70 percent of the volume-weighted average price paid for the Company's shares on Nasdaq First North Premier Growth Market during the period from 2 May 2024 up to and including 16 May 2024, but not less than the shares nominal value (currently SEK 0.01) and not more than SEK 0.27.
- The exercise period for subscription of shares with the support of the warrants of series TO7 will run from 20 May 2024, up to and including 3 June 2024.
- In the event of full subscription and full exercise of all warrants of series TO7 in conjunction with offered units, the Company may be provided with an additional maximum of approximately SEK 67.8 million.
- The maximum increase of share in the Company due to subscription in the Rights Issue and full subscription of attached warrants TO7 can mean further dilution of approximately 20.0 percent.
- The warrants of series TO7 are intended to be admitted to trading on the Nasdaq First North Premier Growth Market after final registration with the Swedish Companies Registration Office.

Subscription commitments and underwriting commitments

The Rights Issue is covered to approximately 17.27 percent through subscription commitments from members of the board and current shareholders, and beyond that the Rights Issue is covered up until 70 percent in total through underwriting commitments. The subscription commitments and underwriting commitments are not secured through bank guarantees, pledge or similar arrangements. Subscription commitments have been made by a number of existing shareholders in the Company. The underwriting commitments have been provided by both current shareholders and external investors. For the underwriting commitments, an underwriting commission of 15 percent of the guaranteed amount in cash compensation or 20 percent of the guaranteed amount in the form of units is paid. The underwriters have the right to choose if the compensation shall be paid in cash or in units. The subscription price for any units issued to underwriters shall correspond to the subscription price in the issue if the board assesses the price to be marketwise. If the subscription commitments in the Rights Issue are not fulfilled, the underwriters are not bound to fulfill their commitments. Compensation still applies to 50 percent. No compensation is paid for the subscription commitments.

Prospectus

An EU growth prospectus and application form will be available before the beginning of the subscription period on the Company's website, www.terranel.se

Preliminary timetable

23 May 2023	Last day of trading in Terranet's shares including the right to receive unit rights
24 May 2023	Last day of trading in Terranet's shares excluding the right to receive unit rights
24 May 2023	Publication of the prospectus
25 May 2023	Record date for obtaining unit rights. Shareholders who are registered in the share register kept by Euroclear Sweden AB on this day, receive unit rights for participation in the Rights Issue.
29 May 2023 – 9 June 2023	Trading with unit rights on Nasdaq First North Premier Growth Market
29 May 2023 – 13 June 2023	Subscription period for the Rights Issue
29 May 2023 – week 26, 2023	Trading with BTU on Nasdaq First North Premier Growth Market
15 June 2023	Estimated date for publication of issue results

The Loan

The Company has decided to refinance the outstanding loan of approximately SEK 30.4 million including interest, that was received from Formue North Fokus A/S in order to finance the acquisition of Holoride on 21 April 2021. A setup fee of 5.0 percent is payable in connection with receiving the loan that runs with 1.25 percent interest per started 30-day period. The Loan matures 30 June 2024.

Advisers

Mangold Fondkommission AB is the financial advisor to Terranet in connection with the Rights Issue. Eversheds Sutherland Advokatbyrå AB is the legal advisor to the Company in connection with the Rights Issue.

For more information, please contact

Magnus Andersson CEO

Email: magnus.andersson@terranel.se

This information is such that Terranet AB is required to make public in accordance with the EU's Market Abuse Regulation (MAR). The information was made public by the Company's contact person below on 17 May 2023, at 08.15 CET.

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 patented vision technology, Terranet's anti-collision system BlincVision laser scans and detects road objects up to ten 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 in Stuttgart, Germany. The company is listed on Nasdaq First North Premier Growth Market since 2017(Nasdaq: TERRNT-B).

Follow our journey at www.terranel.se

Certified Adviser to Terranet is Mangold Fondkommission AB.

Important information

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in Terranet in any jurisdiction, neither from Terranet nor anyone else.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, South Africa, the United States or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.