



Flat Capital AB (publ)

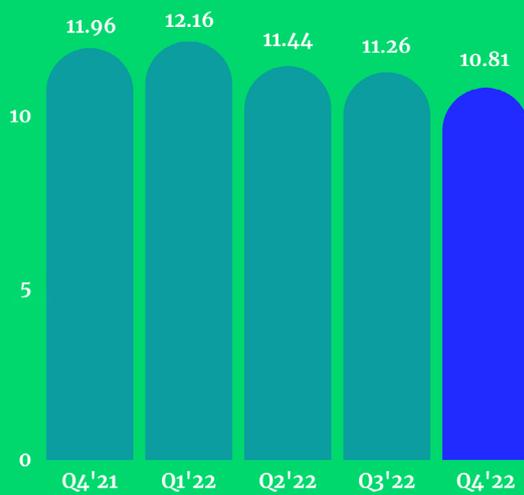
Annual Report

2022

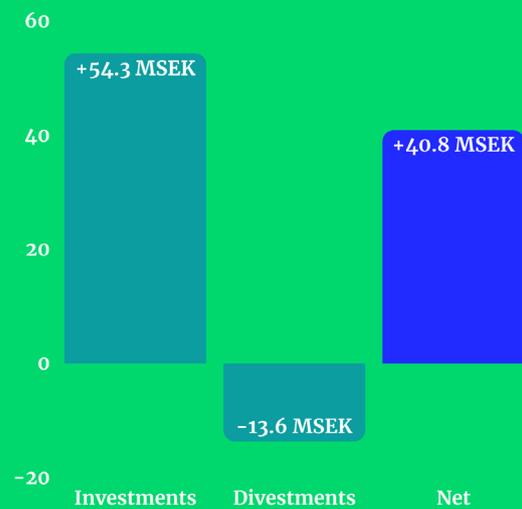


We want to give all **shareholders** **unique access** to a global network of the world's **most prominent investors & entrepreneurs**.

Net Asset Value (NAV), SEK / share



Investment activity in 2022



Year in short

-9.6%

Y/Y change during 2022,
NAV / share

22%

Net cash (2022-12-31),
as a share of NAV

1.6%

Operational costs,
as a share of NAV

Some of our portfolio companies

Instabee Klarna:

PANGAIA



Discord



Figma

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Description of activities

About Flat

Flat Capital ("Flat") is an investment company that stands out in three ways:

- Unique access to proven investment opportunities in prominent companies through our network of world-leading investors and entrepreneurs.
- Focus on genuinely long-term investments.
- Trust in the entrepreneur and our network with whom we co-invest, allowing for passive investments and a low-cost base.

Flat was founded in 2013 by the entrepreneurs Nina and Sebastian Siemiatkowski, Nina with a background as CEO and founder of Milkywire, and Sebastian as co-founder and CEO of Klarna.

The portfolio currently consists of 20 companies, of which the largest holdings are Instabee Holding AB ("Instabee"), True Software Scandinavia AB ("Truecaller") and Klarna Holding AB ("Klarna").

The aim is to simplify and improve the path to successful company building and to give more people the opportunity for maximum return on their investment.

Global network of world-leading investors and entrepreneurs

Through its founders and the Board, Flat has access to a global network of world-leading venture capital investors and entrepreneurs. This means a continuous and strong flow of investment opportunities in unlisted and otherwise difficult-to-access companies with prominent entrepreneurs in leading positions. The network also provides unique access to cross-border knowledge exchange for business enhancing collaboration.

Genuinely long-term investments

Flat provides long-term capital to entrepreneur-led companies that may otherwise rely on investors with a shorter time horizon. Long-term commitment is based on supporting dedicated entrepreneurs in both good and bad times, and is possible by not having a fund structure with a determined life cycle and not using conventional, short-term methods of selling holdings.

Trust in the entrepreneur and our network

In essence, Flat is a passive minority shareholder, a strategy and positioning based on the belief that the dedicated entrepreneur is best positioned to build their own company in the smoothest way possible. In addition, there is strong confidence in Flat's network and their ability and experience to find these future global leaders and entrepreneurs. Despite its essentially passive ownership, Flat's experience and network are available to the extent the entrepreneur wishes. The structure allows for low costs and an efficient organization.

Broad investment mandate

Flat has a broad investment mandate, with each decision made based on an assessment of what maximizes long-term shareholder value. Flat has the opportunity to invest in a variety of ways, ranging from being involved in the creation of new companies to investing in already listed companies. New investment opportunities are analyzed on an ongoing basis and existing portfolio companies can be supported in new financing rounds. Sustainability factors such as the environment, social responsibility and ethics are important criteria for the company when making investment decisions. Flat aims to have a well-balanced portfolio over time.

Investment strategy



Prominent entrepreneurs

Flat invests in prominent entrepreneurs who have a leading position in their companies.



Attractive markets

Flat invests in markets, where company growth is driven by underlying structural trends.



Unlisted growth stage companies

Flat will primarily invest in unlisted companies that are in a growth phase.



Passive minority-owner

Flat is mainly a passive investor and is seeking minority stakes in its portfolio holdings.



Global investments

Flat invests globally.

Financial information

KSEK	Dec 31 2022	Dec 31 2021
Net Asset Value (NAV)	346 774	337 544
- of which Listed holdings	20 871	59 745
- of which Unlisted holdings	250 659	237 270
- of which Net cash	76 159	47 678
- of which Other net assets/-liabilites	-915	-7 148
Net Asset Value (NAV) per share, SEK	10,81	11,96
- of which Net cash per share, SEK	2,37	1,69

KSEK	Full-year 2022	Full-year 2021
Operating expenses	-5 389	-5 436
- of which listing costs	0	-3 212
- of which operational costs	-5 389	-2 224
Profit for the year	-64 648	67 741
Change in value of financial assets	-66 235	79 966
- of which realized	24 160	9 231
Investments	54 347	137 535
Divestments	13 597	11 519
Operating expenses in relation to average NAV	1,57%	1,05%



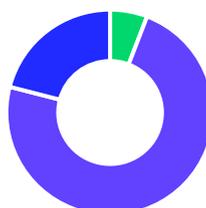
Net Asset Value (NAV)
as of 2022-12-31



- Top 3 holdings¹ 2022-12-31, 57%
- Other holdings, 21%
- Net cash and other net assets/-liabilites, 22%



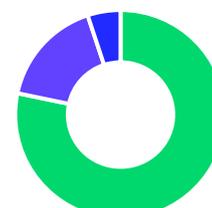
NAV per share
as of 2022-12-31



- Listed holdings, 6%
- Unlisted holdings, 72%
- Net cash and other net assets/-liabilites, 22%



Change in NAV
per share 22/21



- Holdings in SEK, 78%
- Holdings in USD, 17%
- Other currencies, 5%

¹ Top 3 holdings includes; Instabee, Truecaller and Klarna.

Chairman of the Board & CEO on the past year

Sebastian Siemiatkowski, Chairman of the Board:

Trial by fire. This is the expression that comes to my mind when I think of 2022.

When I co-founded Flat almost ten years ago, it was with a dream of creating something that I wished had been by my side as a young and, frankly, rather naive entrepreneur. A genuinely long-term investment partner. A stable presence with trust in the entrepreneur. I also wanted to give more people access to otherwise inaccessible global investments in often unlisted later-stage companies, via the network I'd built through my adventures. Above all, I wanted Flat to be an investor that walks the talk, especially when things get heated.

And in 2022, the world was set ablaze. The macro-environment and playing field were fundamentally redrawn, with everything from AI acceleration to the devastating war in Ukraine as driving factors. On top of this, tech companies were hit hard by rapid market changes, putting even more pressure on entrepreneurs and founders everywhere. In other words, company building was truly put to the test. The trial by fire was here.

I'm really proud to say that Flat all in all lived up to our reason-to-be during 2022. In spite of a market seemingly in flames, we kept thinking long-term and continued investing with a steady deal flow through our unique global network. We kept supporting our portfolio companies and continued trusting the entrepreneurs and founders who run them. We kept funding outstanding companies alongside world-leading investors, and our drive to see opportunities never faded.

I look forward to sharing these investments with our shareholders. With the brightest entrepreneurs and investors of today and tomorrow attached to us, the Flat spirit shines brighter than the still raging fires of 2023. For who is best suited for trial by fire if not those burning with dedicated, entrepreneurial passion?

Hanna Wachtmeister, CEO:

I have been around horses a lot in my life. A vital part of the symbiotic human-horse relationship is the ability to remain calm in any situation. Last year, lessons learned during my time on horseback made themselves reminded. There are, as many say, quite a few similarities between equestrianism and entrepreneurship. Let's take a retrospective ride through the challenges of 2022.

Stormy, uncharted territory

2022 can be described as uncharted territory that we rode through in stormy conditions. The geopolitical situation resulted in a major shift and made tough, unprecedented demands. The nervous market brought valuations of growth companies into question, entailing a brisk transition from growth to profitability. Our portfolio companies were affected accordingly. This rapid transition, in tandem with the sudden changes in market conditions, was reflected in a market adjustment of our portfolio holdings throughout the year. Therefore, we subsequently wrote down our holdings by a total market adjustment of approximately SEK -68 million. The adjustment does not include company-specific changes in value due to capital rounds, such as Klarna's downward valuation in connection with their round of approximately SEK -80 million. As described in our year-end report, the performance should be viewed in the light of the significant movements in our portfolio holdings, where the change in net asset value (NAV) during the year amounted to approximately -9.6% per share.

Novel ways of navigating

On these turbulent markets, our portfolio companies and their founder-led teams found novel ways of navigating. They have maintained a genuine dedication to their core ideas, while simultaneously showing the ability and groundedness to quickly shift business plans from growth to profitability. At Flat, we were presented with the opportunity to demonstrate our core values - such as our hands-off approach and long-term commitment - by supporting several of our portfolio companies with additional investments during the year, including Budbee (now Instabee), CDLP and Klarna.

Joining pioneers on the journey

During the wild year that was 2022, the pioneering people in our unique global network proved to be the best companions. Our strategy of making long-term investments in unlisted growth-stage companies through this network, alongside world-leading investors such as Sequoia, Kleiner Perkins and Atomico, has led to a number of exciting investments. The game-changing community platform Discord, the leading European tech- and logistical company Getir and the HR industry challenger Remote are some of the companies whose innovative journeys we are now part of.

Gathering strength around campfires

Every journey needs a campfire to gather strength and unwind around. For us, there were several campfires along the tortuous road. When we celebrated our one-year anniversary as a listed company, Sebastian, myself and the rest of the team hosted a simple gathering at a restaurant just around the corner from our office. Over freshly baked pizza, we held a Q&A which led to fruitful conversations with shareholders and curious guests. We also organized several shareholder meetings, were guest speakers at seminars and participated in various podcasts and interviews. What has been particularly heartwarming in these encounters is the growing interest in our strategy and view of long-term value creation for shareholders.

Full speed ahead

As we ride into 2023, we do so with renewed courage, as well as a solid cash position equivalent to approx. 22% of our NAV. This means we can continue to seek and seize exciting opportunities that arise through our network. I hope you'll join us in our ride into the sunrise. Full speed ahead.

Hanna Wachtmeister
CEO



Sebastian Siemiatkowski
Chairman of the Board



Our holdings

Company name	Short description of the company	Initial investment (yr)	Webpage
Instabee	Technology company with logistics solution	2013	
truecaller	Platform for telephony services	2013	
Klarna.	Global bank, payment and shopping solutions	2021	
CDLP	Fashion house based on innovative materials	2018	
Discord	VoIP and instant messaging social platform	2022	
Figma	Interactive design platform	2021	
Global e	Cross border e-commerce solutions	2015	
getir	Tech and hyper-fast delivery company	2022	
kry	Physical and digital healthcare provider	2021	
LoveLocal	Digital grocery shopping in India	2021	
LYST	Global fashion search platform	2021	
Nylas	Software for productivity infrastructure	2021	
omio	Travel planning platform	2015	
PANGAIA	Material science fashion company	2021	
Prion	Platform for preschool activities	2016	Prionapp.com
Quartr	Digital platform for IR-solutions	2022	Quartr.com
remote	Global payroll, HR and compliance solution	2022	
steven	Shared economy platform	2017	
TrueAccord	Debt management platform for consumers	2019	
uniplaces	Platform for booking accommodation	2015	

Brief description of our holdings (1/5)

Instabee

Instabee was founded in 2022 after combining Budbee and Instabox - two leading last-mile delivery companies. Instabee is present in seven countries, serving thousands of online merchants, including ASOS, Zalando, Inditex and H&M. Instabee is on track to become the most admired European e-commerce enabler.

Since the start, Instabee has focused on consumer-centric and sustainable solutions, offering deliveries to boxes and homes using muscle power, electricity, renewable diesel and biofuels. Through bespoke technical solutions, Instabee can guarantee optimal fill-rates and routing, minimizing any unnecessary transports. Instabee is backed by Kinnevik, Creades and EQT among others.

CEO & Co-founder: Fredrik Hamilton

Headquarters: Stockholm, Sweden

Läs mer: www.instabee.com

truecaller

Truecaller is the leading global platform for verifying contacts and blocking unwanted communications. The app helps the user categorize the caller and warns the user of fraud attempts, spam or sales pushes, both through calls and text.

The platform now has over 330 million active users, helping to make their communication experience safer and more efficient. Users can also use the app to look up numbers in Truecaller's vast identity database with half a billion downloads since launch and around 38 billion unwanted calls identified and blocked in 2021. Since 2021, the company is listed on Nasdaq Stockholm with Sequoia Capital as the largest investor, which like Flat invested early in the company.

CEO & Co-founder: Alan Mamedi

Headquarters: Stockholm, Sweden

More info: www.truecaller.com

Klarna.

Since 2005, Klarna has been working to revolutionize the banking industry. With more than 150 million active users globally and 2 million daily transactions, Klarna meets the rapidly changing needs of consumers by helping them save time and money while making informed decisions and taking control of their finances.

More than 450,000 global retail partners, including H&M, Saks, Sephora, Macy's, IKEA, Expedia Group and Nike, have integrated Klarna's innovative technology to deliver a seamless shopping experience both online and in-store.

CEO & Co-founder: Sebastian Siemiatkowski

Headquarters: Stockholm, Sweden

More info: www.klarna.com

CDLP

Un Cadeau de la Providence (CDLP) is a Swedish manufacturer of underwear, swimwear and basic garments in innovative and sustainable materials.

Designed and developed in Sweden, the collections are produced by small-scale European manufacturers, with a special focus on craftsmanship and quality.

CEO & Co-founder: Andreas Palm

Headquarters: Stockholm, Sverige

More info: www.cdlp.com

Brief description of our holdings (2/5)



Discord is a voice, video and text communication service used by more than a hundred million people who want to hang out and talk with their friends and community.

The platform was originally aimed at users with an interest in gaming, but over time it has grown significantly among other audiences as well. Today, Discord is used by anything from local outdoor clubs to study groups, and the platform has over 150 million monthly users and 19 million active servers each week. The company's list of owners includes Dragoneer Investment Group.

CEO och Co-founder: Jason Citron

Headquarters: San Fransisco, U.S.

More info: www.discord.com



Figma offers an outstanding design tool that allows users to work interactively and simultaneously.

The tool makes the design process faster and more efficient, while allowing users to see each other's contributions in real time. Through its licensing model, which works on various operating systems, the company has customers in prominent global companies such as Microsoft, Google, Oracle, Slack and Spotify and a large number of smaller entrepreneurial companies. The company's ownership list includes many prominent investors, such as Sequoia Capital and Andreessen Horowitz.

Note: US-listed Adobe announced a bid for Figma in 2022 at a valuation of around USD 20 bn (Flat invested earlier that year at a USD 10 bn valuation). Subject to regulatory approval, the acquisition is planned to be completed in 2023.

CEO & Co-founder: Dylan Field

Headquarters: San Fransisco, U.S.

More info: www.figma.com



Global-e envisions a world where international e-commerce growth is both simple and profitable for retailers. By making selling globally as simple as selling locally, Global-e seeks to create a borderless e-commerce world, connecting shoppers and brands all over the world.

Note: In November 2021, Flow announced a takeover bid from the listed company Global-e. The acquisition was paid partly in cash and partly in Global-e shares. Flat received approx. SEK 12.8 million in cash and sold all its shares in Global-e in February 2023, resulting in the holding in Flow has been divested for a total consideration of approx. SEK 176 million.

CEO & Co-founder: Amir Schlachet

Headquarters: London, England

More info: www.global-e.com



Getir offers hyper-fast grocery delivery, with the vision to build the world's fastest on-demand delivery ecosystem.

Consumers can order everything from transport to food, and the aim is for goods to be delivered to their door within 10 minutes of ordering. Through its platform, the company collects data and insights that are used to streamline and optimize all flows. Getir has quickly become one of Europe's leading delivery platforms and has recently been launched in the U.S. In 2022, Getir acquired the European competitor Gorillas. Getir was co-founded and is run by Nazim Salur, and its ownership list includes prominent investors such as Silicon Valley-based Sequoia Capital, New York-based Tiger Global and Michael Moritz, who is Chairman of Klarna, among others.

CEO & Co-founder Nazim Salur

Headquarters: Istanbul, Turkiet

More info: www.getir.com

Brief description of our holdings (3/5)



Kry is Europe's largest digital healthcare provider, with the vision to contribute to more equal and accessible healthcare for all.

Since its launch in 2015, Kry's doctors, nurses and psychologists have helped over 7 million patients across Europe. In addition to digital care meetings, Kry also has over 28 physical care centers in Sweden, and is currently also present in the UK, Norway and France.

CEO & Co-founder: Johannes Schildt

Headquarters: Stockholm, Sverige

More info: www.kry.se



Lyst was founded on the concept that consumers should be able to efficiently find the fashion they are looking for.

The platform allows you to search through thousands of fashion stores at once, bringing together over eight million products from over 17,000 leading brands and retailers in one place. Lyst is now the largest fashion search platform with over 160 million shoppers per year. The business model is based on a commission on the sales made through the platform. The company's list of owners includes the world's leading luxury brand company LVMH and Balderton Capital.

Co-founder: Chris Morton

Headquarters: London, Storbritannien

More info: www.lyst.com



LoveLocal

LoveLocal aims to digitize the USD 1.1 trillion local retail industry in India through its platform that enables local retailers to digitize their stores and thereby streamline their operations through increased insights and better customer relationships.

For customers, the platform means, among other things, that they get an overview of their local supply and can shop more efficiently, whether in person or online. The company's list of owners includes Vulcan Capital and Alumni Ventures Group.

CEO & Founder: Akanksha Hazari

Headquarters: Mumbai, Indien

More info: www.lovelocal.in



Nylas

Nylas has a strong vision to make the world more productive through smarter and better software solutions.

Through the company's various programming interfaces, customers can build integrations with different functions, for smarter and automated workflows. Since its inception, the company has distinguished itself on various prominent lists in the US, including as one of the fastest-growing unlisted companies and as one of the most attractive employers.

CEO & Co-founder: Gleb Polyakov

Headquarters: San Fransisco, USA

More info: www.nylas.com

Brief description of our holdings (4/5)



With world-leading travel planning company Omio, it facilitates travel planning through its platform, which brings together more than 1,000 travel providers for train, bus, ferry, air and car rental in one place.

The technology has a large amount of data and can present the best travel option according to the customer's search, collecting the tickets on the same platform, and is available in several countries worldwide. The list of owners includes Kinnevik, Temasek and Kleiner Perkins.

CEO & Co-founder: Naren Shaam

Headquarters: Berlin, Tyskland

More info: www.omio.com



Prion offers a holistic platform for preschool activities.

The platform can be used to efficiently send information to caregivers and document the child's development, and the company supports the preschool curriculum, which means that documentation can be linked to the curriculum objectives. The platform also offers a web-based service through which educators and managers can access statistics, which facilitates monitoring of activities and future planning.

CEO & Co-founder: Fredrika Bernadotte

Headquarters: Stockholm, Sverige

More info: prionapp.com



Pangaia designs and produces fashion and accessories through the use of innovative technical and biotechnological materials.

The company aims to work sustainably throughout the product life-cycle, including through the use of responsibly produced fabrics and packaging. For example, the company creates vegan leather from grapes, down jackets filled with wildflowers or ink for garment printing from air pollution. Pangaia's goal is to operate a climate-neutral business by 2025, part of its strategy to achieve a fully climate-positive business model.

CEO: Krishna Nikhil

Headquarters: London, Storbritannien

More info: www.pangaia.com



Quartr is a software company that provides a range of financial services. Millions of private investors, journalists, analysts and fund managers are reached daily with first-hand information on listed companies via Quartr's distribution network.

Quartr provides seamless and easy access to earnings calls, company presentations, searchable transcripts with smooth text-to-audio transitions, reports and financial data.

CEO & Co-founder: Sami Osman

Headquarters: Stockholm, Sverige

More info: www.quartr.com

Brief description of our holdings (5/5)



Remote Technology, Inc. has the vision to simplify the way companies hire and manage global talent. The company's platform provides HR services including payroll systems and ensures compliance with local laws, benefits, taxes and more.

Remote enables companies of all sizes to pay and manage full-time and contract employees around the world. Remote makes it easy to manage international payroll, benefits, taxes, stock options and compliance in over 50 countries.

CEO & Co-founder: Job van der Voort

Headquarters: London, Storbritannien

More info: www.remote.com



Steven is a financial services platform focusing on joint expenditure management. In the Steven app, users create groups where they enter expenses to be shared, for example for a household or a trip with friends.

Debt payments are made through the app, which also keeps track of who has and has not paid. The business model is based on a freemium model where revenues are generated from premium subscriptions, among other things. Steven is growing mainly organically with thousands of new users a month.

Co-founder: Jens Saltin

Headquarters: Stockholm, Sverige

More info: www.getsteven.com



TrueAccord provides a service that enables the efficient collection of debt digitally with the vision of restoring hope and financial stability to those who have lost it.

The service is based on machine learning and has a patented algorithm. Through the platform, debt repayment can be carried out automatically, and over 90 percent of fundraising is done without human interaction.

CEO & Co-founder: Ohad Samet

Huvudkontor: San Fransisco, USA

More info: www.trueaccord.com



Uniplaces is an online marketplace for booking accommodation for longer periods.

The platform thus acts as an intermediary for tenants and landlords. Uniplaces has offices in London, Lisbon, Berlin, Barcelona, Madrid and Milan. The business model is based on a commission fixed from the rent due to the landlord.

CEO: Cyril Jessua

Huvudkontor: London, Storbritannien

More info: www.uniplaces.com

Corporate governance

Flat is a Stockholm-based investment company, whose Class B shares have been listed on Nasdaq First North Growth Market in Stockholm since October 2021. The external framework for corporate governance is the Swedish Companies Act, the Articles of Association and Nasdaq's rules for issuers on the First North Growth Market. The company complies with internal regulations issued by the Board, the most important of which are the Rules of Procedure of the Board, the instructions for the CEO and the company's information and insider policy. The company is not obliged to apply the Swedish Code of Corporate Governance, but does so to the extent that it is economically justifiable given the scope and nature of its operations.

Basics of corporate governance

Flat's corporate governance aims to support the Board and management to ensure that all activities create long-term value for shareholders and other stakeholders. Governance includes the maintenance of:

- An effective organizational structure.
- Risk management and internal control systems
- Transparent internal and external reporting.

Sustainability and ESG

Sustainability is intended to be a significant factor going forward, both in investment decisions and in Flat's internal operations. As the company is generally a passive investor with minority stakes, there is limited opportunity to influence the portfolio companies' work on sustainability factors. Thus, ESG screening will constitute an important component of the investment process, where Flat has the opportunity to be selective and distance itself from investments in companies or industries that do not align with the company's view on sustainability.

Core values and principles

To facilitate decision-making, the company has a set of core values that the Board, management and employees can base their decisions on:

- Investment decisions should maximize long-term returns, but not at the expense of sustainability factors.
- A well-diversified team with different cultures and gender diversity promotes new perspectives and can in turn lead to better profitability, which is also sustainable in the long run.
- Flat works internally on sustainability and seeks portfolio companies that share the same values.

ESG

ESG is an acronym for Environmental, Social and Governance, i.e., issues related to the environment, social responsibility and corporate governance. Flat strongly believes that companies that successfully integrate ESG into their operations can outperform similar companies that operate without ESG, in both the short and long term. By incorporating ESG into their operations, companies can increase the value they create, for example, by reducing costs and improving efficiency. In addition, as the outside world places greater demands on sustainability, it is, in principle, a prerequisite for long-term profitability. To this end, the company has developed a framework for its decision making, based on international ESG standards and guidelines, as well as the company's own positions.

Shareholders and the General Meeting

Shareholders' influence in the company is exercised at the General Meeting, which is the company's highest decision-making body. At a General Meeting, each shareholder has the number of votes attached to the class of shares held by him/her.

Flat has two classes of shares; A shares and B shares. Class A shares have a voting value of 10 times the voting value of Class B shares. At the date of the publication of the Annual Report, the company had 4 429 222 Class A shares and 27 648 487 Class B shares. That is a total of 32 077 709 shares in the company.

The Board

According to Flat's Articles of Association, the Board shall consist of a minimum of three and a maximum of ten members, including the Chairman of the Board. The Board currently consists of four ordinary members (since 2022-12-31), three of whom are independent both from the company and its management and from the company's major shareholders. The company's Board is elected at the Annual General Meeting. The elected Board serves until the next Annual General Meeting. The company does not appoint special committees or committees for audit or remuneration matters; instead, the entire Board is involved in these matters.

The Board shall monitor the activities and actively support the company's development. The Board is composed of individuals with expertise and experience in business development, marketing, investments, finance and capital markets, among others.

The Chairman of the Board ensures that the Board carries out its duties. The Chairman also monitors the activities in dialogue with the CEO and is responsible for ensuring that the other members receive the information necessary for high-quality discussions and decisions. The Chairman is also responsible for evaluating the work of both the Board and the CEO.

Composition of the Board

Name	Role	Independence from largest owner	Independence from management
Sebastian Siemiatkowski	Chairman	No	Yes
Amaury de Poret	Member	Yes	Yes
Dr. Marcelo Carvalho de Andrade	Member	Yes	Yes
Charlotte Runius	Member	Yes	Yes
Nina Siemiatkowski ¹	Member	No	Yes

¹ Nina resigned as a Board member at her own request as of 2022-12-31.

Proposals for the Board and auditors for the 2023 AGM

The proposed candidates for re-election are; Sebastian Siemiatkowski, Amaury de Poret, Charlotte Runius and Dr. Marcelo Carvalho de Andrade. It is proposed that Sebastian Siemiatkowski continue as Chairman of the Board.

Information on the Board members proposed for re-election is available on the company's website: www.flatcapital.com.

The Board has proposed the re-election of the registered audit firm Grant Thornton for the period ending after the next Annual General Meeting. If Grant Thornton is elected as auditor, Carl-Johan Regell, Certified Public Accountant, will be the auditor in charge.

Proposal for fees for the Board and auditors

It is proposed that the Board fee remain unchanged at SEK 75,000 for the Chairman of the Board and per Board member per year.

It is proposed that the auditor's fee be paid on an ongoing basis according to the company-approved invoice.

Internal control

Based on governance documents decided by the Board, the CEO and management are responsible for designing, documenting, maintaining and testing the systems and processes needed to minimize risks in day-to-day operations and financial reporting.

In addition to policy documents, there are also delegation orders, process descriptions, checklists and employee mission statements containing the employee's responsibilities and authorities, as well as standardized reporting procedures.

Information and communication

The Annual Report, financial statements, interim reports and other current information are prepared in accordance with Swedish law and practice.

Information must be transparent and reliable. In order to ensure that the external information to the stock market is correct, and information and insider policy is in place, which regulates how the information is to be provided. The ambition is to create understanding and confidence in the business among owners, investors, analysts and other stakeholders.

Flat provides information to shareholders and other stakeholders through public press releases, year-end and interim reports, the Annual Report and the company's website. To enable Flat's shareholders and stakeholders to follow the business and its development, up-to-date information is published on the company's website on an ongoing basis. Events deemed to have an impact on the share price are announced in press releases.

The stock

At the end of the fiscal year, the share capital amounted to 1 604 KSEK (1 411).

The company's Class B share has been listed on the Nasdaq First North Growth Market since October 20, 2021. The issue price was SEK 10 per Class B share. The share price as of December 30, 2022, was 9.4 SEK.

Incentive program

The company has issued a total of 637,426 warrants under two incentive programs. One is for the benefit of the Board members Amaury de Poret, Marcelo Carvalho de Andrade and Charlotte Runius and comprises a total of 273,183 warrants. After recalculation following the rights issue in March 2022, each warrant entitles the holder to subscribe for 1.02 new Class B shares in the company at a subscription price of SEK 24.40 during the period from 20 October 2026, to 3 November 2026.

The second incentive program is aimed at the CEO of the company and comprises 364,243 warrants. After recalculation following the rights issue in March 2022, each warrant entitles the holder to subscribe for 1.02 new Class B shares in the company at a subscription price of SEK 24.40 during the period from 20 October 2025, to 3 November 2025.

The company has the right, with certain exceptions, to repurchase warrants if the participant's assignment to the company is terminated or if the participant wishes to transfer the warrants before four years have elapsed since the participant received the warrants. The company's repurchase right expires in respect of one quarter of the warrants each year during the four-year vesting period. The price for repurchased warrants shall be the market value calculated according to the Black & Scholes model.

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The Board's report

The Board and the CEO of Flat Capital AB (publ) 556941-0110 ("Flat") are hereby authorized to present the Annual Report for fiscal year 2022.

The business in general

Flat is an investment company that focuses on companies with prominent entrepreneurs in leading positions. The company was founded in 2013 by Nina and Sebastian Siemiakowski, where Sebastian is the co-founder and CEO of Klarna Holding AB.

Flat's aim is to simplify and improve the path to successful company building and give more people the opportunity to benefit from shared maximum returns.

Flat stands out in three ways:

- Unique access to proven investment opportunities in prominent companies through our network of world-leading investors and entrepreneurs.
- Focus on genuinely long-term investments.
- Trust in the entrepreneur and our network with whom we co-invest alongside, allowing for passive investments and a low-cost base.

Flat's objective is to maximize long-term returns for its shareholders through growth of the portfolio's net asset value. The companies Flat invests in are generally characterized by relatively high risk.

As of December 31, 2022, the portfolio consists of 20 companies, of which the largest holdings are Instabee Holding AB ("Instabee"), True Software Scandinavia AB ("Truecaller") and Klarna Holding AB ("Klarna").

Business model & strategy

Flat is an investment company that focuses on growth-stage companies with prominent entrepreneurs in leading positions. The company provides long-term capital to entrepreneur-led companies that may otherwise rely on investors with a shorter time horizon. Flat is essentially a passive minority shareholder, while the company's experience and network are available to the extent the entrepreneur wishes. Investments are made through a global network of world-leading investors and entrepreneurs.

Flat aims to have a well-balanced portfolio over time. New investment opportunities are analyzed on an ongoing basis, and existing portfolio companies can be supported in new financing rounds. Holdings may also be sold if, for example, a market listing is carried out. Flat has the opportunity to invest in a variety of ways, ranging from being involved in creating new companies to investing in already listed companies. Each decision is made based on the assessment of what maximizes long-term shareholder value.

In future investment decisions, sustainability factors such as the environment, social responsibility and ethics will be important to the company.

Significant events in 2022

In 2022, the company's investment portfolio was affected by the market turmoil in the global economy and the changing investment climate. This has led to applied market adjustments for several of the portfolio companies, but is not expected to have an impact on the company's long-term value creation.

Total market adjustments during the full year 2022 imply a downward valuation adjustment of approx. -68 MSEK, corresponding to approx. -21% of Flat's unlisted portfolio. This does not include company-specific changes in valuations, and if including Klarna's downward valuation of approximately -80 MSEK in connection with their capital round that was announced in July 2022, it implies a total downward market adjustment of approx. -148 MSEK, corresponding to approx. 37% of Flat's unlisted portfolio.

In March, a rights issue was completed that provided the company with a total of approx. 77 MSEK before issuing costs. A total of 3,860,588 new Class B shares were issued, corresponding to a dilution of approx. 12%.

During the year, the company made a total of four new investments with a total value of 45,225 KSEK (54,179). In addition, Flat participated in four new capital rounds in existing portfolio companies to a value of 9,122 KSEK.

During the year, the holding in Flow Commerce was divested, to a value of 24,160 KSEK, of which 50% was received in cash and 50% in the form of shares in the acquiring company Global-e. The shares in Global-e were later sold for approx. 4.8 MSEK in February 2023.

In October, the portfolio company Budbee announced a merger with Instabox, under the joint name Instabee.

Significant events after the reporting period

- In February, Flat invested approx. 5.4 MSEK in the AI company DeepL.
- In February, Flat divested all its shares in Global-e, which were received as partial payment for the sale of the holding in Flow Commerce.

Results

Changes in the value of holdings during the year amounted to -66 235 KSEK (79 966), and including unrealized changes in value amounted to -90 395 KSEK (70 735). Operating profit amounted to -71 624 KSEK (74 530). Profit for the year amounted to -64 648 KSEK (67 741).

Cash flow and investments

Cash flow from operating activities during the year amounted to -4 628 KSEK (-4 499).

Cash flow from investing activities amounted to -40 769 KSEK (-42 826).

Cash flow from financing activities amounted to 73 878 KSEK (93 524) and consisted of cash flow from the new share issue of 77,212 KSEK, less issuing costs.

Liquidity and financing

As of December 31, 2022, the company's net cash amounted to 76 159 KSEK (47 678), of which interest-bearing liabilities amounted to 0 KSEK (0).

Important risks and uncertainties

Several factors may have a direct or indirect impact on Flat's operations. Risks and uncertainties that are deemed to be significant to the business and its future development are described below, without any particular order of priority or claim to completeness.

Market and valuation risk

Estimates of the fair value of unlisted portfolio companies are complex and are based on observable market data or, in the absence of such data, other valuation techniques at the time of valuation and assumptions about future developments, which may be incorrect and not materialize as expected. There is a risk that fair value estimates are inaccurate and that these values may change materially, which in turn would have a significant impact on Flat's valuations and financial position. The conditions for making accurate assessments may be adversely affected by various external events such as pandemics, wars and general turmoil in the world economy, which may lead to significant changes in interest rates and disruptions to the financial system. These factors may hamper the ability to make accurate assessments and take into account all factors affecting the economy and investments. This may also result in significant changes in valuations and therefore in Flat's results. In addition, the realized gain on an investment may differ materially from the latest estimate of fair value.

Changes in fair value could result in significant changes in the value of Flat's financial assets and income in the form of changes in the value of its securities holdings and Flat's results of operations over different reporting periods, which in turn could have a material adverse effect on Flat's business, financial position and future outlook. Significant changes in the value of individual unlisted holdings can result in significant fluctuations in Flat's total portfolio composition and thus entail a certain concentration risk. Flat intends to have a balanced portfolio over time.

In 2022, the market turmoil in the global economy made valuations of unlisted holdings more difficult and increased its uncertainty. To reflect this uncertainty, market-related adjustments have been made to several of the portfolio companies.

Liquidity and financing risk

Liquidity risk refers to the risk that a company will not be able to meet its payment obligations. In the event that existing resources do not meet Flat's requirements, Flat may need to seek additional funding. The availability of additional funding depends on a number of factors, such as market conditions, the general availability of credit, the volume of business, the overall availability of credit to the financial services sector, and Flat's creditworthiness and credit capacity.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit Flat's access to the capital necessary to conduct its business. Such market conditions may limit Flat's ability to pay maturing debt in a timely manner, to generate fee income and market-related revenues to meet liquidity needs and to access the capital necessary to grow its business or to fund the operations of Flat's portfolio companies, such as by participating in the raising of capital. As a result, Flat may be forced to defer raising of capital or be forced to bear an unattractive cost of capital, which may

reduce Flat's profitability and significantly reduce its financial flexibility. Furthermore, if Flat is unable to participate in the capital raising of its portfolio companies, this may result in dilution, which in turn may have a negative impact on the value of Flat's financial assets and income in the form of changes in the value of the company's securities holdings.

In addition to the above-mentioned aspects regarding liquidity risk, Flat has significant exposure to financial instruments that are not listed on a regulated or active trading platform, i.e. unlisted holdings. Should Flat decide to divest these, considerable additional costs may arise.

If any of the above risks materialize, it could have a substantial adverse effect on Flat's liquidity, business and financial position.

Credit risk

Credit risk is the risk that a counterparty to a transaction will cause a loss to the company by failing to fulfill its contractual obligations. Within Flat's portfolio, credit risk may arise from long-term or short-term borrowings. As of December 31, 2022, Flat had no outstanding loan receivables. For investments in loan receivables, there are no formal restrictions in relation to the creditworthiness of the counterparty. Flat is also exposed to counterparty credit risk on cash and cash equivalents and deposits with banks and financial institutions. For investments in bank accounts, the company primarily uses major credit institutions for which there is relatively low credit risk. In addition, Flat continuously monitors banks' credit ratings. If a counterparty is unable or unwilling to meet its obligations to Flat, this could have a material adverse effect on Flat's business, results of operations and financial position.

Currency risk

Flat has a global investment mandate and is therefore exposed to currency risk arising from various currency exposures, primarily in SEK and USD, but also INR, EUR and GBP. The exchange rates of these and other operating currencies therefore affect, directly or indirectly, the value of investments and any profit distributions. Flat's accounts are prepared in SEK, as this is the accounting currency.

In 2022, exchange rate fluctuations, mainly regarding USD, affected the value of the portfolio by +5,253 KSEK. Overall, this means that fluctuations in exchange rates can affect the net holding of the portfolio in various ways that do not necessarily reflect real economic changes in the underlying assets. Changes in exchange rates may therefore have a material adverse effect on Flat's foreign exchange differences, operations, financial position and results.

Dependence on key personnel

Both Flat and its portfolio companies are partly dependent on their key personnel for their success. Flat's management team consists of two people, and there is consequently a risk that Flat will be significantly affected if one of them leaves the company and the business cannot be conducted as planned. If any of these risks were to materialize, it could have a negative impact on Flat's operations and results.

Future development

Flat's future development depends on the performance of the portfolio companies. The year's negative result is largely due to general market development and valuations of shares in unlisted companies. Flat has the advantage of being long-term in its ownership and sees good opportunities for value creation in both the existing portfolio and in the investment opportunities that arise in a turbulent market.

Group structure

Flat has no subsidiaries or associated companies.

Staff

As of December 31, 2022, the company had one salaried CEO and one salaried CFO. The company has no other employees.

Five-year overview

KSEK	2022	2021	2020	2019	2018
Change in value of holdings	-66 235	79 966	34 115	22 317	0
Results after financial items	-71 332	74 424	33 764	22 041	-937
Equity ratio (%)	99,7%	97,9%	91,3%	88,0%	60,9%

Proposal for profit appropriation

The following retained earnings will be appropriated by the Annual General Meeting:

Retained earnings	160 581 915
Share premium reserve	249 235 855
Result for the year	-64 648 099
Total	345 169 671

The Board and the CEO propose that the retained earnings of SEK 345 169 671 be carried forward.

2023 Annual General Meeting

The 2023 Annual General Meeting will be held on May 4, 2023, at 16:00 at Alma, Nybrogatan 8, 114 36, Stockholm. Shareholders may also exercise their voting rights at the Annual General Meeting by postal voting in advance in accordance with the provisions of the Articles of Association.

Shareholders as of 2022-12-31

Shareholders	No. of A-shares	No. of B-shares	Capital (%)	Votes (%)
Sebastian Siemiatkowski	4 429 222	-	13,8	61,6
Double Sunday IV AB ¹	-	8 212 121	25,6	11,4
Nina Siemiatkowski	-	4 750 000	14,8	6,6
Försäkringsaktiebolaget Avanza Pension	-	1 295 496	4,0	1,8
Cicero Fonder AB	-	895 304	2,8	1,2
Nordnet Pensionsförsäkring	-	877 038	2,7	1,2
Amaury de Poret	-	650 000	2,0	0,9
Lyckebo Noterat AB	-	640 000	2,0	0,9
Stiftelsen WRLD Foundation	-	320 778	1,0	0,4
Henrik Hobik	-	225 000	0,7	0,3
Other shareholders	-	9 782 750	30,5	13,6
Total	4 429 222	27 648 487	100,0	100,0

¹ Double Sunday IV AB is owned by Sebastian Siemiatkowski, Chairman of the Board.

Income statement

KSEK	Note	Full-year 2022	Full-year 2021
Operating income			
Change in value of financial assets	1-2	-66 235	79 966
Operating expenses			
Personnel costs	3	-2 162	-561
Other external costs	4	-3 225	-4 875
Depreciation		-2	0
Total operating expenses		-5 389	-5 436
Operating profit		-71 624	74 530
Profit from financial items			
Exchange rate gains on short-term receivables and investments		264	0
Interest income on short-term receivables and investments		28	0
Interest expense on long-term liabilities		0	-106
Total profit from financial items		292	-106
Profit after financial items		-71 332	74 424
Taxes	5	6 684	-6 684
Profit for the year		-64 648	67 741
Earnings per share before dilution, SEK	6	-2,08	4,35
Earnings per share after dilution, SEK	6	-2,08	4,35
Number of shares outstanding at the end of the period		32 077 709	28 217 121
Average number of shares before dilution		31 125 930	15 556 136
Average number of shares after dilution		31 125 930	15 578 994

Balance sheet

KSEK	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Inventory and tools	7	18	0
Financial fixed assets			
Shares in listed companies	8	20 871	59 745
Shares in unlisted companies	9	250 659	237 270
Other long-term receivables		0	58
Total fixed assets		271 548	297 073
Current assets			
Short-term receivables			
Prepaid expenses and accrued incomer		111	2
Total short-term receivables		111	2
Cash and cash equivalents		76 159	47 678
Total current assets		76 270	47 680
TOTAL ASSETS		347 818	344 753
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1 604	1 411
Total restricted equity		1 604	1 411
Non-restricted equity			
Share premium reserve		249 236	175 551
Accumulated profit		160 582	92 841
Profit for the year		-64 648	67 741
Total non-restricted equity		345 170	336 133
Total equity		346 774	337 544
Provisions			
Deferred tax liabilities	5	0	6 684
Current liabilities			
Trade payables		66	81
Other liabilities		93	42
Accrued expenses and deferred income		886	402
Total current liabilities		1 044	525
TOTAL EQUITY AND LIABILITIES		347 818	344 753

Change in company equity

KSEK	Share capital	Share premium reserve	Accumulated profit/loss	Profit/loss for the year	Total equity
Opening equity	50	0	51 127	33 764	84 941
Results					
Carry-over of previous year's profit/loss			33 764	-33 764	0
Profit for the year				67 741	67 741
Transactions with shareholders					
Unconditional shareholder contributions			7 983		7 983
Fund issue	450		-450		0
Non-cash issue	411	82 945			83 356
Cash warrants			417		417
New share issue	500	99 550			100 050
Issuing costs		-6 944			-6 944
Closing equity 2021-12-31	1 411	175 551	92 841	67 741	337 544
Opening equity 2022-01-01	1 411	175 551	92 841	67 741	337 544
Results					
Carryover of previous year's profit/loss			67 741	-67 741	0
Profit for the year				-64 648	-64 648
Transactions with shareholders					
New share issue	193	77 019			77 212
Issuing costs		-3 334			-3 334
Closing equity 2022-12-31	1 604	249 236	160 582	-64 648	346 774

Cash flow statement

KSEK	Note	Full-year 2022	Full-year 2021
Profit after financial items		-71 332	74 424
Adjustments for items not included in cash flow	10	66 233	-79 861
Cash flow from changes in working capital		470	938
Cash flow from operating activities		-4 628	-4 499
Investments in financial assets		-54 347	-54 345
Divestments of financial assets		13 597	11 519
Investments in tangible assets		-19	0
Cash flow from investing activities		-40 769	-42 826
New share issue		77 212	100 468
Issuing costs		-3 334	-6 944
Cash flow from financing activities		73 878	93 524
Cash flow for the year		28 481	46 199
Cash and cash equivalents at the beginning of the year		47 678	1 479
Cash and cash equivalents at the end of the year		76 159	47 678

Accounting policies and notes

Note 1 Accounting and valuation principles

General information

The Annual Report has been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Standards Council's general guidance BFNAR 2012:1 Annual accounts and consolidated accounts (K3).

Financial instruments

Shares in listed and unlisted companies

The company measures its holdings at fair value on an ongoing basis in accordance with Chapter 12, K3 accounting standards. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Changes in fair value are recognized in the income statement under the heading "Change in value of investments". The holdings referred to are available for sale.

Preferably, the value of the investments is determined according to the market value in terms of quoted prices in an active market. An active market exists when trade is in similar instruments, there are interested buyers and sellers, and price information is widely available. As the company invests mainly in private, unlisted companies, this method is not normally applicable to the unlisted portfolio companies, which means that additional valuation methods need to be used.

If there are no quoted prices in an active market, the fair value is primarily based on recent transactions. If the fair value is based on recent transactions, the valuation is usually retained for 12 months, after which time the company switches to one of the other valuation methods. However, transaction based values are adjusted at each reporting date if the company determines that the fair value has changed.

If the company considers that there have been significant changes since the transaction was carried out, the company estimates fair value using another valuation method instead. These are based primarily on the use of market information, and if this is not feasible, the value is based on company-specific information. The company uses commonly used valuation methods that have been proven in the past to provide reliable estimates of prices.

In shorter periods of time, during significant market movements, the reliability of both quoted and unquoted valuations decreases. For such individual extreme events, adjusting the valuations for general stock market movements may be a more accurate valuation method. Similarly, such significant market movements may in some cases justify a value adjustment for holdings valued under the "Recent valuation" method as a means of reflecting significant changes in the liquid quoted market also in the more illiquid unquoted market.

In 2022, the company's investment portfolio has been affected by the turmoil in the global economy and the changing investment climate. This has led to market-related adjustments of several of the portfolio companies. To estimate fair value, a number of factors have been analyzed, of which weighted price development for comparable listed companies and relevant indices have been the main basis for the adjustment.

The fair value of assets is restated at each reporting date. If the range of reasonable fair value estimates is significant, or the probabilities of the estimates are not reasonably estimable, the assets are measured at their most recently reported fair value.

Flat's portfolio companies are typically early stage growth companies. Against this background, it is natural that there are significant variations in the fair value of the portfolio between reporting dates. The company will only report the aggregate value of the holdings, and thus no individual valuation of each holding will be disclosed.

Short-term receivables

Current receivables are recorded as current assets at the amount expected to be collected, less individually assessed doubtful debts.

Loans and trade payables

Loans and trade payables are initially recognized at cost less transaction costs. If the amount recognized differs from the amount to be repaid at maturity, the difference is amortized as an interest expense over the life of the loan using the effective interest rate of the instrument. As a result, at maturity, the amount recognized and the amount to be repaid are the same.

Long-term incentive programmes

Since 2021, there are long-term incentive programmes in the form of warrants. The warrants have been offered in two different programmes, partly to the CEO and partly to Board members. The warrants have been subscribed for at fair value and cash payment of the warrants has been made. In the case of acquisition of warrants by the employee, the payment received is entered against other contributed capital. Upon exercise of the warrants, the share capital is increased by the quota value of each newly issued share and the associated premium is added to other contributed capital.

The company is entitled, with certain exceptions, to repurchase warrants if the participant's assignment in the company is terminated or if the participant wishes to transfer warrants before four years have elapsed since the participant received the warrants. The company's repurchase right expires with respect to one quarter of the warrants each year during the four-year vesting period.

See also note 3 Staff costs for information on the number of options issued, subscription price and term.

Employee benefits

Short-term remuneration in the company consists of salary, social security contributions and paid holidays. Short-term remuneration is recognised as an expense and a liability when there is a legal or informal obligation to pay remuneration. There are no long-term benefits.

Pension plans are defined as contribution plans.

Tangible fixed assets

Tangible fixed assets are recognised at cost less depreciation. Depreciation takes place over five years.

Corporate income taxes

The company invests mainly in conditional shares. Profits and losses on conditional shares are not taxable. When a holding goes from being unlisted to listed, gains are taxable. A deferred tax is therefore calculated on unrealized changes in value only for quoted holdings. Current expenses are tax deductible, but since the utilization of tax losses is uncertain, no deferred tax asset is recognized on tax loss carryforwards.

Cash flow analysis

The cash flow analysis is prepared using the indirect method. The reported cash flow includes only transactions involving receipts or payments. Cash and cash equivalents include, in addition to cash on hand, available deposits with banks and other credit institutions and short-term liquid investments that are quoted on a marketplace and have a maturity of less than three months from the date of acquisition.

FX-conversion

The company reports in Swedish kronor (SEK). The company values its holdings to their respective functional currency, which is translated quarterly into the company's reporting currency (SEK). Conversions are made at the Riksbank's exchange rates on the last business day of each reporting period.

Key ratio definitions and alternative key ratios

Alternative key ratios are financial measures that are not defined or disclosed in the applicable financial reporting framework. The starting point for the selection of alternative key ratios is that they are used by management and are therefore considered to provide valuable information to shareholders and other stakeholders.

Net asset value (NAV)

The net value of all assets less liabilities, corresponding to the company's equity. Shareholdings are valued at fair value and other assets at cost.

Net Asset Value per share, SEK

Net Asset Value divided by number of shares.

Net cash

Interest-bearing assets and cash and cash equivalents minus interest-bearing liabilities.

Net cash per share

Net cash divided by number of shares.

Operational costs

Operating expenses minus non-recurring expenses.

Average Net Asset Value

Net Asset Value at the beginning of the period plus Net Asset Value at the end of the period divided by two.

Operating expenses as a percentage of average Net Asset Value

Operating costs divided by average Net Asset Value.

Note 2 Change in value of financial assets

KSEK	Full-year 2022	Full-year 2021
Unrealized changes in value		
Change in value Instabee (Budbee) incl. market adjustment	91 669	-6
- of which change in value excl. market adjustment	+132 582	-6
- of value change from market adjustment	-40 913	0
Change in value Klarna	-80 046	2 891
Change in value Truecaller	-42 545	48 249
Change in value from market adjustment, Other holdings	-27 096	0
Change in value Other holdings, incl. FX	-32 377	19 599
	-90 395	70 735
Realized changes in value		
Flow Commerce	24 160	0
Depop Limited	0	9 232
Total	-66 235	79 966

Market adjustment

Considering the market turmoil that has characterized the world economy, an adjustment based on the general stock market development has been made as of 31 December 2022. A market adjustment has been applied to the unlisted holdings that have not raised capital. To estimate fair value, a number of factors have been analyzed, of which weighted price development for comparable listed companies and relevant indices have been the main basis for the adjustment. As a passive investor, transparency in our portfolio companies is limited and therefore these assumptions are considered reasonable.

Note 3 Personnel costs

As of the closing date, the company had 2 employees, a CEO, employed throughout the year, and a CFO, employed in July 2022. The average number of employees in 2022 was 1.

Salaries, other remuneration and social costs:

KSEK	Full-year 2022	Full-year 2021
Salaries and other remuneration to the CEO	886	249
Board fees	469	200
Salaries and other remuneration to other employees	260	0
Social security costs	452	78
Total	2 067	527

Remuneration to the CEO in 2022 has been paid with a fixed salary of 65 KSEK per month during January to February, and 75 KSEK per month during March to December. No variable remuneration has been agreed. In addition, payments to pension insurance have been made in the amount of 37.5 KSEK.

Board fees are paid in the amount of 75 KSEK per member.

Incentive programs

The company has issued a total of 637,426 warrants under two incentive schemes. One is for the benefit of the Board Amaury de Poret, Marcelo Carvalho de Andrade and Charlotte Runius and comprises a total of 273,183 warrants. After recalculation following the rights issue in March 2022, each warrant entitles the holder to subscribe for 1.02 new Class B shares in the company at a subscription price of SEK 24.40 during the period from 20 October 2026, to 3 November 2026.

The second incentive program is aimed at the CEO of the company and comprises 364,243 warrants. After recalculation following the rights issue in March 2022, each warrant entitles the holder to subscribe for 1.02 new Class B shares in the company at a subscription price of SEK 24.40 during the period from 20 October 2025, to 3 November 2025.

The company has the right, with certain exceptions, to repurchase warrants if the participant's assignment to the company is terminated or if the participant wishes to transfer the warrants before four years have elapsed since the participant received the warrants. The company's repurchase right expires in respect of one quarter of the warrants each year during the four-year vesting period. The price for repurchased warrants shall be the market value calculated according to the Black & Scholes model.

Note 4 Other external costs

KSEK	Full-year 2022	Full-year 2021
Operating expenses	3 225	1 663
Costs related to the listing of the company's share	0	3 212
Total	3 225	4 875

Elected auditor fees

The audit assignment refers to the examination of the Annual Report and accounting records as well as the Board's and the CEO's administration. The fees relate entirely to Grant Thornton.

KSEK	Full-year 2022	Full-year 2021
Audit assignment	214	223
Other services	57	478
Total	271	701

Note 5 Taxes

KSEK	Full-year 2022	Full-year 2021*
Profit before tax	-71 332	74 424
Tax at current rate (20.6%)	14 694	-15 331
Non-taxable income	4 977	9 769
Non-deductible expenses	-1	0
Use of previous years' tax losses not previously recognized as an asset	0	5 563
Uncapitalized loss carry-forwards	-19 671	0
Change in deferred tax liability	6 684	-6 684
Taxes recognized in the income statement	6 684	-6 684

The negative tax expense relates to reversed deferred tax on unrealized changes in the value of listed holdings.

*: Figures for the comparative year 2021 have been adjusted against the previous year's Annual Report to recognize the tax effect of the respective component.

Note 6 Earnings per share

Earnings per share are calculated by dividing the net profit for the year by a weighted average number of shares outstanding. Diluted earnings per share are calculated by dividing the net profit for the year by the average of the number of shares outstanding during the year, adjusted for the dilutive effect of potential shares from outstanding warrants.

KSEK	Full-year 2022	Full-year 2021
Profit for the year	-64 648	67 741
Weighted average number of shares outstanding	31 125 930	15 556 136
Earnings per share before dilution	-2,08	4,35
Weighted average number of shares after dilution	31 125 930	15 578 994
Diluted earnings per share	-2,08	4,35

Note 7 Tangible fixed assets

KSEK	2022-12-31	2021-12-31
Opening acquisition values	0	0
Purchases of the year	20	0
Closing accumulated acquisition values	20	0
Opening depreciation	0	0
Depreciation for the year	-2	0
Closing accumulated depreciation	-2	0
Closing carrying values	18	0

Note 8 Shares in listed companies

Shares in listed companies refer to True Software Scandinavia (Truecaller) and Global-e. The shares in Global-e have been divested after the end of the financial year.

KSEK	2022-12-31	2021-12-31
Opening carrying amounts	59 745	0
Reclassification	0	11 496
Revaluation for the year	-50 954	48 249
Investments	12 080	0
Closing carrying values	20 871	59 745
Accumulated changes in value recognized in the income statement	-2 705	59 144

Note 9 Shares in unlisted companies

KSEK	2022-12-31	2021-12-31
Opening carrying values	237 270	90 800
Reclassification	0	-11 496
Revaluation for the year	-18 751	22 717
Investments	42 265	137 535
Divestments	-10 125	-2 287
Closing carrying values	250 659	237 270
Accumulated changes in value recognized in the income statement	73 177	98 302

Note 10 Adjustments for items not included in cash flow

KSEK	2022-12-31	2021-12-31
Unrealized changes in value	-90 395	70 734
Unpaid interest expense	0	-105
Depreciation	2	0
Gain on sale of fixed assets	24 160	9 232
Total	-66 233	79 861

Note 11 Contingent liabilities

The Board has not identified any contingent liabilities.

Note 12 Collateral provided

The company has no collateral.

Note 13 Related party transactions

There were no significant related party transactions during the period, except for salaries and remuneration to the management and the Board, which are disclosed in note 3.

Note 14 Significant events after the balance sheet date

On 3 February, 2023, Flat announced an investment of approx. 5.4 MSEK in DeepL, a German-based AI company that aims to eliminate language barriers worldwide through the use of artificial intelligence. The transaction is not expected to have a significant direct effect on Flat's Net Asset Value ("NAV") compared to the reported NAV as of 31 December 2022.

On February 24, 2023, Flat divested all its shares in Global-e. The divestment resulted in a capital gain of approx 1.1 MSEK, compared to the book value as of 2022-12-31.

Disclaimer

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.

Stockholm 2023-03-30

Sebastian Siemiatkowski
Chairman of the Board

Amaury de Poret
Board member

Charlotte Runius
Board member

Dr. Marcelo Carvalho de Andrade
Board member

Hanna Wachtmeister
CEO

Our audit report was submitted 2023-03-30
Grant Thornton Sweden AB

Carl-Johan Regell
Certified Public Accountant





Auditor's report

N.B. The English text is a translation of the official version in Swedish. In the event of any conflict between the Swedish and English version, the Swedish shall prevail.

To the general meeting of the shareholders of Flat Capital AB (publ)

Corporate identity number 556941 - 0110

Report on the annual accounts

Opinions

We have audited the annual accounts of Flat Capital AB (publ) for the year 2022.

The annual accounts of the company are included on pages 15 - 27 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Flat Capital AB (publ) as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Flat Capital AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1 - 14 and 30 - . The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they

determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts



represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Flat Capital AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of Flat Capital AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are

controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm the 31 March 2023,
Grant Thornton Sweden AB

Carl-Johan Regell
Authorised Public Accountant

FLAT

Contact details:

Box 5855, 102 45 Stockholm
Nybrogatan 6, Stockholm
+46 (0) 8 650 17 77
hello@flatcapital.com

