

MapsPeople A/S announcement regarding the offering of new shares with pre-emptive rights

MapsPeople A/S | Inside Information

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Announcement regarding the offering of new shares with pre-emptive rights

Today, MapsPeople announces that the Board of Directors has decided to call for an Extraordinary General Meeting ("EGM") with the main purpose of initiating an offering of new shares with pre-emptive rights. Subject to approval at the EGM, the offering aims to raise gross mDKK 30-36 in new capital from existing and new shareholders. The offer will be structured as a rights issue, meaning that the offer of new shares (the "**New Shares**") will be a public offer with pre-emptive rights (the "**Pre-emptive Rights**") for the existing shareholders (the "**Existing Shareholders**") for a subscription price of DKK 2.00 per 1 New Share (the "**Subscription Price**").

As of this announcement, the Offer has been partly secured through irrevocable subscription undertakings from Existing Shareholders and guarantee commitments from certain new investors to subscribe for approximately 82% of the total Offer (mDKK 36) and will result in MapsPeople receiving at least gross proceeds of mDKK 30. Full subscription of the offer will result in MapsPeople receiving approximately gross proceeds of mDKK 36.

In addition, the board has approved that the Management Team complete negotiations to improve terms on approximately 50% of the company's current long-term debt to increase the duration of the loans and specifically ensure interest-only payment through the remainder of 2024 and 2025. This will result in a working capital improvement of mDKK 6.5 in 2025 and an increase of the current debt with mDKK 7.5 from new loans in 2024.

Background for the Offer and the application of the gross results of the Offer

The Smart Building market that MapsPeople serves with their Indoor Mapping platform is experiencing very high growth rates of 45% annually through 2023, according to Gartner, and is undergoing rapid changes with

new applications and partners arising at a very high rate. To secure MapsPeople's international leadership position for the future, it is important to ensure growth higher than the market pace and participate actively in the predicted market consolidation. Hence, the board of Directors has decided on the above for two main reasons.

Firstly, these initiatives are intended to provide additional headroom to execute the operational plan and maintain the planned high growth rates for the business in 2024 and 2025. Over the past 12 months, the company has significantly reduced its cost base, including reducing staff and spending in sales and marketing by almost 50%. It has, however, proven a challenge to maintain the high growth rates with this significantly decreased sales and marketing spend, so to utilize the growth potential of the main product MapsIndoors fully, the company has concluded that it must selectively invest in more lead generation and sales capacity in a controlled and capital efficient manner, while keeping MapsPeoples targeted Customer Acquisition Cost ("CAC") ratio between 12-18 months. This will assist the company's organic growth in the second half of 2024 and, equally important, support continued high growth rates in 2025 by generating a strong pipeline for next year.

Secondly, MapsPeople has, in the past quarters, been presented with multiple smaller M&A opportunities of companies with a similar product and customers that would pose solid opportunities to accelerate growth with highly synergetic "tuck-in acquisitions". Beyond accelerating the growth of ARR and revenue, such opportunities will strengthen market presence and access to key growth markets. The company also foresees sizable joint operational cost synergies post-integrations, which will positively impact EBITDA and cash generation within 6-12 months. MapsPeople has evaluated that the current market conditions allow such smaller market consolidation initiatives at financially sound terms in the coming 6-18 months and wants to be in a position to actively pursue healthy and accretive acquisitions.

Such acquisitions are expected to be financed partly by issuing new MapsPeople shares and partly by cash from this capital raise, as the ability to move fast on these opportunities is estimated to become a critical parameter to secure market leadership. The company expects that mDKK 20-25 of the gross proceeds will be used for this acquisitive growth purpose.

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