

News commentary

2024-02-08

Crunchfish: Intention to divest Gesture Interaction

- Announcing strategic move in intention to divest the gesture business
- Focus on Digital Cash
- We await the year-end report before adjusting fair value

Analysts	Martin Dominique 073-360 7085 martin.dominique@vhcorp.se
Ticker:	CFISH
Industry:	Technology
Listed on:	Nasdaq First North
Latest share price (SEK):	5,52
Market cap (MSEK):	219
Enterprise Value (MSEK):	200
Total number of shares (M):	39,65
- of which free float (M):	17,80
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VHCF fair value per share	
DCF model	Being revised
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Address:	Crunchfish AB Stora Varvsgatan 6A 211 19 Malmö
Webpage:	crunchfish.com
CEO:	Joachim Samuelsson
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Main owners (31 Dec 2023)	Capital (%)
Femari Invest AB	18,9
Corespring Invest AB	17,5
Nordic Underwriting Aps	5,9
Paul Cronholm	2,8
Carlquist Holding	2,5
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Share price history (SEK)	
	
— Crunchfish — OMXSPI	
— -1m — -3m — -12m	
Change (%)	-18,8
52 wk range (Low/Hi) - SEK	4,03 / 40,60
<hr/> Source: Västra Hamnen Corporate Finance	

Crunchfish recently announced the intention to divest its Gesture Interaction business. After a strategic review, the company decided that the gesture business has better prospects in a different strategic setting. The company has engaged EY Corporate Finance to find a partner for the business area.

We see several possible advantages if the company will be able to reach a deal. In our model, Gesture Interaction accounts for only five per cent of total sales by 2033. A divestment would reduce current operational costs by 25 per cent when completed according to Crunchfish.

The divestment of the gesture business unit releases resources and alleviates the cash flow, positively impacting the company's financial health.

Crunchfish can direct its full attention towards the digital cash business, which holds most of the value in our fair value model.

We are holding off on implementing changes to our underlying model until we have revised the upcoming year-end report, which will be published on February 15, 2024.

Gesture Interaction includes several technologies**What is Gesture Interaction?**

Gesture Interaction includes several technological initiatives and is the result of over ten years of research in artificial intelligence, machine learning and computer vision.

Consumer AR & VR is based on a product category that, in the future, aims to replace smartphones. It is used for easy access to mobile content and enhancing virtual objects, particularly in training and education.

Automotive technology is designed for tracking hands and body becomes in the automotive sector, including driver monitoring systems and touchless interaction with car infotainment. This initiative is partly driven by EU regulations mandating compulsory systems in new vehicles, to be gradually implemented by 2026.

Enterprise AR involves interaction with smart glasses

Enterprise AR involves interaction with AR smart glasses in corporate environments, such as remote support and managing picking lists in warehouses.

Gesture Control faces higher risks due to market immaturity and uncertain mass adoption of AR. Emerging alternative technologies add further uncertainty and the VR market's uncertain global adoption limit near-term monetization potential. Additionally, competition from tech giants like Microsoft and Apple intensifies challenges further.

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Västra Hamnen has a separate agreement with Crunchfish to act as its Certified Adviser on Nasdaq First North Growth Market Stockholm.

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