


Q2

Irisity AB (publ)
INTERIM REPORT
April – June 2021





IRISITY

The Group's summary of the period

1 April – 30 June 2021

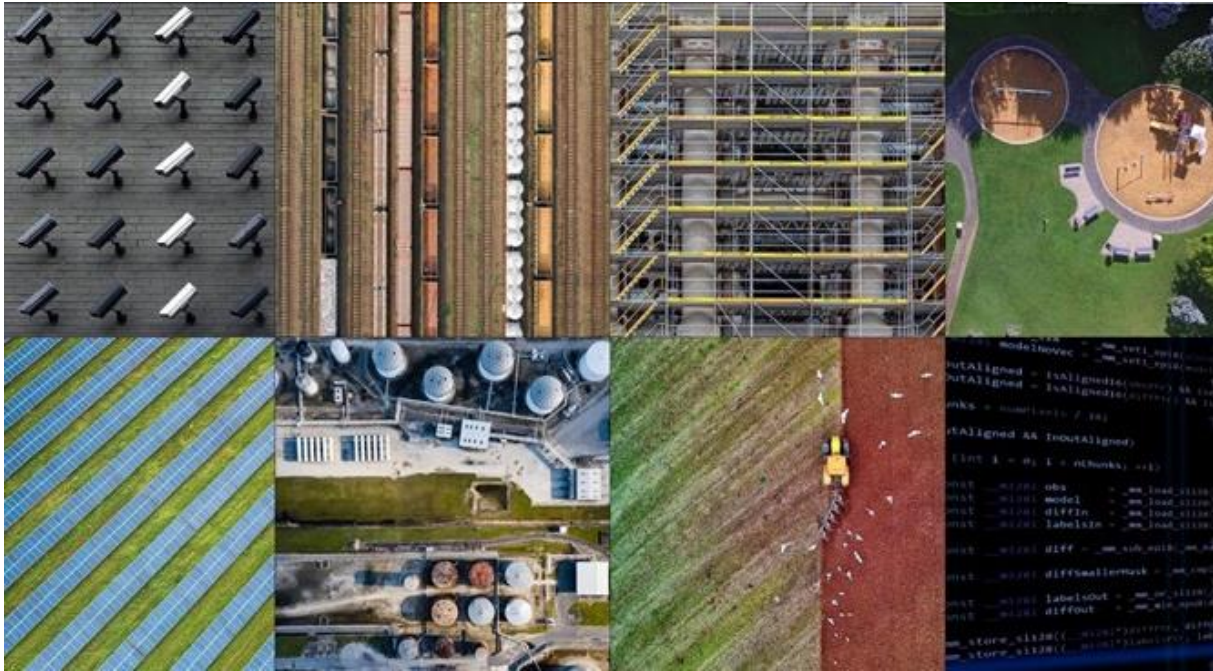
- Net sales amounted to MSEK 13.1 (9.6).
- Work performed for own account amounted to MSEK 2.8 (1.0).
- Gross margin amounted to 58.2 percent (67.6).
- EBITDA amounted to MSEK -2.6 (-0.1).
- Loss after tax amounted to MSEK -6.0 (-3.5).
- Cash liquidity at the end of the period was MSEK 47.5 (30.6).
- MRR at the end of the quarter amounted to MSEK 3.0 (1.9) Q/Q.

1 January – 30 June 2021

- Net sales amounted to MSEK 24.3 (19.4).
- Work performed for own account amounted to MSEK 6.8 (4.1).
- Gross margin amounted to 64.8 percent (67.6).
- EBITDA amounted to MSEK -3.1 (-0.9).
- Loss after tax amounted to MSEK -9.8 (-7.7).

Sales and results

Sales and results, Group (kSEK)	April - June 2021	April - June 2020	January - June 2021	January - June 2020	January - December 2020
Net sales	13,078	9,616	24,347	19,408	36,767
Work performed for own account	2,808	1,023	6,773	4,087	10,004
Other operating income	-91	2,029	17	2,033	2,741
EBITDA	-2,641	-102	-3,140	-912	-5,944
EBIT	-6,129	-3,530	-9,988	-7,766	-19,276
Operating margin %	neg	neg	neg	neg	neg
Result after financial items	-6,168	-3,613	-10,072	-7,951	-19,597
Result for the period	-6,030	-3 530	-9,796	-7,738	-19,609



Irisity in brief

Irisity AB (publ) is a leader in intelligent camera surveillance. We are developing algorithms based on deep learning that can upgrade both new and existing surveillance cameras and security systems to proactive, intelligent units. IRIS™, our fully cloud-based SaaS solution, detects undesirable activity and behavior at long distances and with high precision.

IRIS™ is part of a wide range of security applications that protect assets for customers in the Nordic countries and internationally.

Products and services

IRIS™ is a complete cloud-based analysis platform with several state-of-the-art algorithms trained with deep learning to handle specific tasks.

A word from the CEO

We finished the second quarter strong with net sales of MSEK 13.1, which is an increase of 36 percent compared with the second quarter of 2020. At the same time, we have achieved strong growth in the monthly recurring revenue (MRR), corresponding to 58 percent on a quarterly basis. During the period, gross margin and EBITDA were burdened by new recruitments and many completed pilots, which is expected in our growth phase; both indicators follow the plan, as does cash liquidity.

All customer segments – security companies, camera manufacturers and enterprises – are developing well. This includes both national and international partnerships and customer collaborations. We continue to see a strong interest to partner with Irisity from international security companies and camera manufacturers. Over the period, extensive piloting was carried out across all customer segments, laying the foundation for continued growth.

To deliver on a growing market need, we are expanding capacity through continued recruitment, primarily within R&D and the sales organization. Algorithm development is maintaining a good pace, and is expected to deliver new deeply trained, cutting-edge algorithms.



Gothenburg, 2021-08-06

A handwritten signature in blue ink, appearing to read 'M. Bäcklund', written over a light blue horizontal line.

Marcus Bäcklund

Share and ownership

The ten major owners, 2021-06-30:

Shareholders	Number of shares	Ownership interest
Aktiebolaget Westergyllen	2,620,000	10,1%
Försäkringsaktiebolaget Avanza Pension	2,459,582	9,5%
Chalmers Innovation Seed Fund AB	2,454,634	9,5%
Tin ny teknik	1,477,832	5,7%
Goldman Sachs & co. LLC, W9	800,000	3,1%
Runmarker, Ulf	696,000	2,7%
Pixelwise Holding AB	566,895	2,2%
Handelsbanken Microcap Sverige	550,000	2,1%
Bergvall, Leif Harald	507,815	2,0%
Hans Andersson Holding AB	500,000	1,9%
The ten major shareholders in total	12,632,758	48,8%
Others	13,208,146	51,2%
Total	25,840,904	100,0%

Number of shares

Irisity AB (publ) has 25,840,904 shares outstanding as of June 30, 2021.

Ownership

Irisity AB (publ), org. nr./Reg. No. 556705-4571 is a public company listed on Nasdaq First North Growth Market under the ticker IRIS. The shareholder overview describes the situation as of June 30, 2021, when 7,051 shareholders were registered.

Risk factors

The Company's key risks and uncertainty factors include operational risks as well as risks that relate to market and technology development, patents, competitors and future funding (such as risks related to securities, for example share price development, volatility and liquidity). Investors are urged to make their own assessments of each risk factor and their respective impact on the group's future potential. The above-mentioned risk factors are presented in no particular order and the list should not be regarded as exhaustive.

Incentive scheme

There are no active incentive schemes in the company as of June 30, 2021.

Disclosure of significant events after the end of the period

No significant events after the end of the period.

Accounting policies

The interim financial report is prepared in accordance with the recommendations and statements from the Swedish Accounting Standards Board, as well as the Swedish Annual Accounts Act. The accounting policies applied in this interim report are the same as those used in the most recent annual report. The accounting policies applied are the same for the Group and for the Parent Company. Goodwill arising on the acquisition of Visionists AB is depreciated over five years.

The financial result and position of the Group and the Parent Company

The financial result and position of the Group and the Parent Company in general is set out in the income statement and balance sheet below.

Related party transactions

No transaction with related parties which significantly affected the result or financial position of the Company took place during the period. The related party transactions that took place in the Group and the Company during 2020 are provided in the last annual report (note number 5).

True and fair view

The Managing Board has mandated the CEO to publish the report. The Managing Board and the CEO confirm that this report provides a true and fair view of the Group's operations, position and performance, and describes material risks and uncertainties faced by the Group.

This report has not been reviewed by the company's auditors.



Financial overview

Net sales and result

The Group's net sales during the quarter amounted to MSEK 13.1 (9.6), and the work performed for own account amounted to MSEK 2.8 (1).

EBITDA amounted to MSEK -2.6 (-0.1) and the result after tax amounted to MSEK -6 (-3,5). Depreciation charges of MSEK -3.5 (-2,7) are for the most part related to goodwill arising on the acquisition of Visionists AB 2019, and to amortizations attributable to capitalized development work.

During the quarter, the Group has continued to make investments of MSEK 2.8 in software development. Meanwhile, geographical expansion and supportive sales efforts still impose significant costs for the Group. The development effort has focused on developing the next version of the system, new dedicated algorithms, development associated with specific pilot projects, and a rollout of licenses on the international market.

Investments and financial position

The Group's cash flow from operating activities before changes in working capital amounted to MSEK -2.7 (-0.3) during the quarter. The cash flow from operating activities was MSEK -5.5 (-1.9).

During the same period, the cash flow from investing activities amounted to MSEK -2.8 (-1). For the quarter, this can mostly be attributed to investments in newly developed software. From financing activities, the cash flow was MSEK -0.3 (-1.0).

The cash flow for the period amounted to MSEK -8.6 (-4).

The balance sheet total amounted to MSEK 127.4 (99.9) on June 30, 2021, with an 84.9 percent (79.7) solidity. The Group's net debt amounted to MSEK -49.3 (-26,7), thus a positive net debt. The Parent Company has an overdraft facility up to MSEK 10 in total, which on the balance sheet date remained unused.

Staff and organization

At the end of the period, the company had 49 (36) full-time equivalent employees, 8 (5) of whom were women.

	April - June 2021	April - June 2020	January - June 2021	January - June 2020	January - December 2020
THE GROUP'S INCOME STATEMENT (kSEK)					
Net sales	13,078	9,616	24,347	19,408	36,767
Work performed for own account	2,808	1,023	6,773	4,087	10,004
Other operating income	-91	2,029	17	2,033	2,741
Cost of sales	-5,471	-3,112	-8,571	-6,607	-14,768
Gross result	10,324	9,556	22,567	18,921	34,745
Other external charges	-2,633	-2,029	-5,834	-4,357	-9,072
Personnel costs	-10,332	-7,629	-19,873	-15,476	-31,616
Depreciation of tangible and intangible assets	-3,488	-3,427	-6,849	-6,854	-13,332
Operating results	-6,129	-3,530	-9,988	-7,766	-19,276
Interest income	0	6	0	9	15
Interest costs	-39	-89	-83	-194	-335
Result after financial items	-6,168	-3,613	-10,072	-7,951	-19,597
Income taxes	137	84	276	214	-11
Net profit or loss for the period	-6,030	-3,530	-9,796	7,738	-19,609
Basic earnings per share (SEK)	-0.23	-0.10	-0.38	-0.24	-0.55
Diluted earnings per share (SEK)	-0.23	-0.10	-0.38	-0.24	-0.55
Number of shares at the end of the period	25,840,904	23,163,351	25,840,904	23,163,351	23,840,904
Fully diluted shares outstanding	25,840,904	23,438,351	25,840,904	23,438,351	23,840,904
Weighted average number of shares	25,840,904	19,286,017	25,840,904	19,286,017	23,591,735



THE GROUP'S BALANCE SHEET (kSEK)	June 2021	June 2020	December 2020
Assets			
Intangible fixed assets	45,922	39,558	42,692
Goodwill	13,343	18,508	15,925
Tangible fixed assets	1,646	3,326	2,243
Financial fixed assets	0	0	0
Deferred tax assets	285	141	83
Total fixed assets	61,196	61,533	60,943
Accounts receivable	7,707	5,500	8,250
Other current assets	10,960	2,212	3,520
Cash and bank balances	47,527	30,605	65,153
Total current assets	66,194	38,317	76,923
Total assets	127,390	99,850	137,866
Equity and liabilities			
Share capital	2,326	2,085	2,326
Other contributed capital	220,058	170,293	220,058
Other equity including result for the period	-114,419	-92,752	-104,623
Total equity	107,965	79,626	117,761
Long-term liabilities	553	1,796	1,182
Deferred tax liabilities	0	263	74
Short-term financial liabilities	1,218	2,065	1,163
Accounts payable	3,035	3,424	3,503
Other short-term liabilities	14,619	12,676	14,183
Total short-term liabilities	18,872	18,166	18,849
Total equity and liabilities	127,390	99,850	137,866
Pledged assets			
Business mortgages	13 000	13 000	13 000
Pledged account	1 500	1 500	1 500
Total	14 500	14 500	14 500
Contingent liabilities			
	None	None	None

THE GROUP'S
CHANGES IN EQUITY (kSEK)

	Share capital	Other contributed capital	Other equity including result for the period	Total
Opening balance equity 2020-01-01	2,085	170,293	-85,014	87,363
<i>Transactions with owners:</i>				
New share issue	222	47,120		47,342
Subscription warrants	19	2,645		2,664
Result for the period			-19,609	-19,609
Closing balance equity 2020-12-31	2,326	220,058	-104,623	117,760
Opening balance equity 2020-01-01	2,085	170,293	-85,014	87,364
<i>Transactions with owners:</i>				
New share issue				0
Subscription warrants				0
Result for the period			-7,738	-7,738
Closing balance equity 2020-06-30	2,085	170,293	-92,752	79,626
Opening balance equity 2021-01-01	2,326	220,058	-104,623	117,760
<i>Transactions with owners:</i>				
New share issue				0
Subscription warrants				0
Result for the period			-9,796	-9,796
Closing balance equity 2021-06-30	2,326	220,058	-114,419	107,964

THE GROUP'S CASH FLOW STATEMENT (kSEK)	April - June 2021	April - June 2020	January - June 2021	January - June 2020	January - December 2020
Cash flow from operating activities before change in working capital	-2,667	-291	-3,544	-1,467	-6,959
Cash flow from operating activities	-5,498	-1,923	-10,153	-3,148	-11,143
Cash flow from investing activities	-2,808	-1,023	-6,900	-4,094	-10,040
Cash flow from financing activities	-290	-1,028	-574	-1,958	46,532
Cash flow for the period	-8,596	-3,974	-17,626	-9,199	25,348
Cash and cash equivalents at the beginning of the period	56,122	34,579	65,153	39,804	39,804
Cash and cash equivalents at the end of the period	47,527	30,605	47,527	30,605	65,153

THE PARENT COMPANY'S INCOME STATEMENT (kSEK)	April - June 2021	April - June 2020	January - June 2021	January - June 2020	January - December 2020
Net sales	13,237	9,963	24,712	20,063	38,111
Work performed for own account	3,519	1,385	8,199	5,027	12,302
Other operating income	3	1,661	112	1,664	2,342
Cost of sales	-5,971	-4,226	-9,734	-9,042	-18,537
Gross profit	10,788	8,783	23,288	17,713	34,217
Other external charges	-4,403	-2,465	-9,145	-6,180	-13,602
Personnel costs	-8,736	-6,342	-16,911	-12,669	-26,448
Depreciation of intangible assets	-2,239	-2,107	-4,351	-4,213	-8,050
Operating result	-4,590	-2,130	-7,119	-5,350	-13,882
Interest income	0	6	0	9	15
Interest costs	-35	-86	-79	-190	-331
Profit after financial items	-4,625	-2,210	-7,198	-5,531	-14,199
Income taxes	0	0	0	0	-59
Net profit or loss for the period	-4,625	-2,210	-7,198	-5,531	-14,258

THE PARENT COMPANY'S BALANCE SHEET (kSEK)	June 2021	June 2020	December 2020
Assets			
Intangible fixed assets	48,910	39,789	44,340
Tangible fixed assets	1,646	3,326	2,243
Financial fixed assets	29,494	29,495	29,494
Deferred tax assets	83	141	83
Total fixed assets	80,134	72,751	76,159
Accounts receivable	7,689	5,482	8,232
Receivables from Group companies	198	435	415
Other current assets	10,592	2,210	3,479
Cash and bank balances	46,018	30,052	64,408
Total current assets	64,497	38,179	76,534
Total assets	144,631	110,929	152,693
Equity and liabilities			
Restricted equity	50,748	41,090	46,029
Non-restricted equity	68,206	43,783	80,123
Total equity	118,955	84,873	126,153
Long-term liabilities	553	1,796	1,182
Short-term financial liabilities	1,218	2,065	1,163
Accounts payable	2,996	3,392	3,430
Liabilities to group companies	7,941	7,429	7,994
Other short-term liabilities	12,968	11,374	12,771
Total current liabilities	25,123	24,260	25,359
Total equity and liabilities	144,631	110,929	152,693
Pledged assets			
Business mortgages	13,000	13,000	13,000
Pledged account	1,500	1,500	1,500
Total	14,500	14,500	14,500
Contingent liabilities	None	None	None

THE PARENT COMPANY'S
CHANGES IN EQUITY (kSEK)

	Share capital	Fund for development costs	Share premium reserve	Retained earnings	Result for the period	Total
Opening balance equity 2020-01-01	2,085	36,553	170,293	-103,896	-14,630	90,405
Change in fund for development costs		7,151		-7,151		0
New share issue	222		49,778			50,000
Share premium reserve						0
New issue costs			-2,658			-2,658
Transfer of previous year's result				-14,630	14,630	0
Subscription warrants	19		2,645			2,664
Result for the period					-14,258	-14,258
Closing balance equity 2020-12-31	2,326	43,704	220,058	-125,677	-14,258	126,153
Opening balance equity 2020-01-01	2,085	36,553	170,293	-103,896	-14,630	90,405
Change in fund for development costs		2,452		-2,452		0
New share issue						0
Share premium reserve						0
Transfer of previous year's result				-14,630	14,630	0
Result for the period					-5,531	-5,531
Closing balance equity 2020-06-30	2,085	39,005	170,293	-120,978	-5,531	84,874
Opening balance equity 2021-01-01	2,326	43,704	220,058	-125,677	-14,258	126,153
Change in fund for development costs		4,718				4,718
Transfer of previous years's result				-14,258	14,258	0
Result for the period					-7,198	-7,198
Closing balance equity 2021-06-30	2,326	48,422	220,058	-139,935	-7,198	123,673

The share capital consists of 25,840,904 shares, each with a quota value of SEK 0.09.

THE PARENT COMPANY'S CASH FLOW STATEMENT (kSEK)	April - June 2021	April - June 2020	January - June 2021	January - June 2020	January - December 2020
Cash flow from operating activities before change in working capital	-2,449	-146	-2,793	-1,302	-6,007
Cash flow from operating activities	-5,104	-1,017	-9,491	-2,204	-9,034
Cash flow from investing activities	-3,518	-1,385	-8,325	-5,033	-12,338
Cash flow from financing activities	-290	-1,028	-574	-1,958	46,532
Cash flow for the period	-8,912	-3,430	-18,390	-9,195	25,160
Cash and cash equivalents at the beginning of the period	54,930	33,482	64,408	39,248	39,248
Cash and cash equivalents at the end of the period	46,018	30,052	46,018	30,052	64,408

Definitions

OPERATING RESULTS

Profit or loss before financial items.

OPERATING MARGIN (PERCENT)

Operating result divided by net turnover (since the operating margin is calculated in accordance with the definition of net turnover in the Annual Accounts Act, work performed for own account is not included in the margin calculation).

SOLIDITY (PERCENT)

Adjusted equity capital in relation to the balance sheet total, expressed in percent.

BALANCE SHEET TOTAL

The total of assets or the total of debts and equity.

NET DEBT

Interest-bearing liabilities less interest-bearing assets and liquid assets.

NUMBER OF SHARES

The number of outstanding shares at the end of the period.

RESULT PER SHARE (SEK)

The result after taxes for the period divided by the number of shares.

THE OBJECT

The object refers to the physical location where a client has installed Irisity's surveillance solution. A municipality may for instance use the system in a number of schools. Each school would then be considered a separate object.

MRR

Monthly recurring revenue.

R&D

Research and Development.

PAYMENT MODEL

Depending on their needs, the company's customers can choose between the following payment models:

- IRIS Licensing – the customer pays a continuous fee for the IRIS service.
- One-time IRIS purchase – the customer purchases a version of a specific algorithm of the IRIS software.
- Support subscription – the customer pays a continuous support fee in respect of the IRIS service.

Financial calendar

Publication dates for interim reports

2021-11-10 Interim report 3



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This information is information that Irisity AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on August 6, 2021.





IRISITY

SECURITY BEYOND HUMAN
INTELLIGENCE

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