

Q3

Irisity AB (publ)

INTERIM REPORT

July – September 2021



IRISITY

The Group's summary of the period

1 July – 30 September 2021

- Net sales amounted to MSEK 17.2 (7.0).
- Work performed for own account amounted to MSEK 3.5 (2.5).
- Gross margin amounted to 58.7 percent (48.4).
- EBITDA amounted to MSEK 0.9 (-3.2).
- Loss after tax amounted to MSEK -2.5 (-6.5).
- Cash liquidity at the end of the period was MSEK 163.4 (25.8).
- MRR at the end of the quarter amounted to MSEK 4.2 (3.0) Q/Q.

1 January – 30 September 2021

- Net sales amounted to MSEK 41.5 (26.4).
- Work performed for own account amounted to MSEK 10.3 (6.6).
- Gross margin amounted to 62.3 percent (61.3).
- EBITDA amounted to MSEK -2.2 (-4.1).
- Loss after tax amounted to MSEK -12.3 (-14.2).

Sales and results

Sales and results, Group (kSEK)	July - September 2021	July - September 2020	January - September 2021	January - September 2020	January - December 2020
Net sales	17,174	7,006	41,521	26,415	36,767
Work performed for own account	3,546	2,515	10,319	6,602	10,004
Other operating income	46	473	64	2,505	2,741
EBITDA	916	-3,152	-2,224	-4,064	-5,944
EBIT	-2,605	-6,574	-12,593	-14,340	-19,276
Operating margin %	neg	neg	neg	neg	neg
Result after financial items	-2,636	-6,641	-12,707	-14,592	-19,597
Result for the period	-2,541	-6,507	-12,337	-14,244	-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 report the last quarter before the acquisition of Agent Vi with a strong sales development within all customer segments. Net sales increased by 146 percent and monthly recurring revenue (MRR) by 40 percent on a quarterly basis. Gross margin, EBITDA and cash position are following plan during our strong growth phase.

The roll-out pace together with our partners, including security- and camera companies, has significantly increased and is expected to further accelerate in the coming periods.

Delivering cutting edge algorithms on an ever-growing market, we continue building our capacity within all business functions. From the acquisition we strengthen our sales force, CS, product, and R&D teams, we will also do further recruiting. In addition to the elderly care and railway segments, both of which have been well received in the market, we also target several new customer verticals.

On October 13th the acquisition of Agent Vi was formally closed, we are now one company with a powerful springboard to continued growth.



Gothenburg, 2021-11-10

A handwritten signature in blue ink, appearing to read 'M. Bäcklund', written over a white background.

Marcus Bäcklund

Share and ownership

The ten major owners, 2021-09-30:

Shareholders	Number of shares	Ownership interest
Aktiebolaget Westergyllen	2,672,624	10,3%
Försäkringsaktiebolaget Avanza Pension	2,519,013	9,8%
Chalmers Innovation Seed Fund AB	2,454,634	9,5%
Tin ny teknik	1,477,832	5,7%
Goldman Sachs & co. LLC, W9	779,548	3,0%
Runmarker, Ulf	608,740	2,4%
Pixelwise Holding AB	566,895	2,2%
Bergvall, Leif Harald	561,536	2,2%
Handelsbanken Microcap Sverige	521,493	2,0%
Hans Andersson Holding AB	500 000	1,9%
The ten major shareholders in total	12,662,315	49,0%
Others	13,178,589	51,0%
Total	25,840,904	100,0%

Number of shares

Irisity AB (publ) has 25,840,904 shares and 2,700,000 paid subscription shares outstanding as of September 30, 2021.

As of the record date, 2021-09-30, the shareholder registry maintained by Euroclear Sweden AB contains the following securities:

Share capital	25,840,904
Paid subscription shares*	2,700,000
Total	28,540,904

*Ongoing increase of the share capital due to new share issue.

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 September 30, 2021, when 6,868 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 September 30, 2021.

Disclosure of significant events after the end of the period

The acquisition of Agent Vi was formally closed; we are now one powerful company.

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 17.2 (7.0), and the work performed for own account amounted to MSEK 3.5 (2.5).

EBITDA amounted to MSEK 0.9 (-3.2) and the result after tax amounted to MSEK -2.5 (-6.5).

Depreciation charges of MSEK -3.5 (-3.4) 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 3.5 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 0.6 (-3.1) during the quarter. The cash flow from operating activities was MSEK -6.5 (-4.1).

During the same period, the cash flow from investing activities amounted to MSEK -2.9 (-2.5). For the quarter, this can mostly be attributed to investments in newly developed software. From financing activities, the cash flow was MSEK 125.4 (1.8) which is attributed to the directed share issue that was completed during September.

The cash flow for the period amounted to MSEK 115.9 (-4.8).

The balance sheet total amounted to MSEK 254.1 (94.0) on September 30, 2021, with an 90.9 percent (80.6) solidity. The Group's net debt amounted to MSEK -162.0 (-22.8), 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 42 (37) full-time equivalent employees, 8 (5) of whom were women.

	July - September 2021	July - September 2020	January - September 2021	January - September 2020	January - December 2020
THE GROUP'S INCOME STATEMENT (kSEK)					
Net sales	17,174	7,006	41,521	26,415	36,767
Work performed for own account	3,546	2,515	10,319	6,602	10,004
Other operating income	46	473	64	2,505	2,741
Cost of sales	-7,085	-3,618	-15,656	-10,225	-14,768
Gross result	13,681	6,376	36,249	25,297	34,745
Other external charges	-4,716	-2,316	-10,550	-6,673	-9,072
Personnel costs	-8,049	-7,212	-27,922	-22,688	-31,616
Depreciation of tangible and intangible assets	-3,521	-3,422	-10,369	-10,276	-13,332
Operating results	-2,605	-6,574	-12,593	-14,340	-19,276
Interest income	0	5	0	15	15
Interest costs	-31	-72	-114	-266	-335
Result after financial items	-2,636	-6,641	-12,707	-14,592	-19,597
Income taxes	95	134	371	348	-11
Net profit or loss for the period	-2,541	-6,507	-12,377	-14,244	-19,609
Basic earnings per share (SEK)	-0.10	-0.28	-0.48	-0.61	-0.76
Diluted earnings per share (SEK)	-0.10	-0.28	-0.48	-0.61	-0.76
Number of shares at the end of the period	25 840 904	23 163 351	25 840 904	23 163 351	25 840 904
Fully diluted shares outstanding	25 840 904	23 377 851	25 840 904	23 377 851	25 840 904
Weighted average number of shares	25 840 904	23 163 351	25 840 904	23 163 351	23 591 735



THE GROUP'S BALANCE SHEET (kSEK)	September 2021	September 2020	December 2020
Assets			
Intangible fixed assets	47,593	40,682	42,692
Goodwill	12,052	17,217	15,925
Tangible fixed assets	1,291	2,616	2,243
Financial fixed assets	0	0	0
Deferred tax assets	83	142	83
Total fixed assets	61,019	60,656	60,943
Accounts receivable	11,201	5,371	8,250
Other current assets	18,466	2,189	3,520
Cash and bank balances	163,446	25,817	65,153
Total current assets	193,113	33,377	76,923
Total assets	254,132	94,033	137,866
Equity and liabilities			
Share capital	2,569	2,104	2,326
Other contributed capital	345,500	172,938	220,058
Other equity including result for the period	-116,960	-99,259	-104,623
Total equity	231,109	75,783	117,761
Long-term liabilities	258	1,493	1,182
Deferred tax liabilities	0	129	74
Short-term financial liabilities	1,218	1,540	1,163
Accounts payable	9,396	3,348	3,503
Other short-term liabilities	12,151	11,741	14,183
Total short-term liabilities	22,765	16,628	18,849
Total equity and liabilities	254,132	94,033	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

THE GROUP'S
CHANGES IN EQUITY (kSEK)

	Share capital	Unregistered share capital	Other contributed capital	Other equity including result for the period	Total
Opening balance equity 2020-01-01	2,085	0	170,293	-85,014	87,364
<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	0	220,058	-104,623	117,761
Opening balance equity 2020-01-01	2,085	0	170,293	-85,014	87,363
<i>Transactions with owners:</i>					
New share issue					0
Subscription warrants		19	2,645		2,644
Result for the period				-14,244	-14,244
Closing balance equity 2020-09-30	2,085	19	172,938	-99,258	75,783
Opening balance equity 2021-01-01	2,326	0	220,058	-104,623	117,761
<i>Transactions with owners:</i>					
New share issue		243	125,442		125,685
Subscription warrants					0
Result for the period				-12,337	-12,337
Closing balance equity 2021-09-30	2,326	243	345,500	-116,960	231,109

THE GROUP'S CASH FLOW STATEMENT (kSEK)	July - September 2021	July - September 2020	January - September 2021	January - September 2020	January - December 2020
Cash flow from operating activities before change in working capital	645	-3,087	-3,013	-4,845	-6,959
Cash flow from operating activities	-6,536	-4,078	-16,077	-7,226	-11,143
Cash flow from investing activities	-2,934	-2,545	-10,445	-6,638	-10,040
Cash flow from financing activities	125,389	1,835	124,816	-122	46,532
Cash flow for the period	115,919	-4,788	98,293	-13,987	25,348
Cash and cash equivalents at the beginning of the period	47,527	30,605	65,153	39,804	39,804
Cash and cash equivalents at the end of the period	163,446	25,817	163,446	25,817	65,153

THE PARENT COMPANY'S INCOME STATEMENT (kSEK)	July - September 2021	July - September 2020	January - September 2021	January - September 2020	January - December 2020
Net sales	17,345	7,363	42,056	27,426	38,111
Work performed for own account	4,050	3,112	12,248	8,140	12,302
Other operating income	43	442	155	2,106	2,342
Cost of sales	-7,484	-4,265	-17,218	-13,306	-18,537
Gross profit	13,953	6,652	37,242	24,365	34,217
Other external charges	-6,045	-3,594	-15,190	-9,774	-13,602
Personnel costs	-7,030	-6,078	-23,941	-18,747	-26,448
Depreciation of intangible assets	-2,272	-2,102	-6,623	-6,315	-8,050
Operating result	-1,394	-5,121	-8,513	-10,471	-13,882
Interest income	0	5	0	15	15
Interest costs	-31	-72	-110	-263	-331
Profit after financial items	-1,425	-5,187	-8,623	-10,719	-14,199
Income taxes	0	0	0	0	-59
Net profit or loss for the period	-1,425	-5,187	-8,623	-10,719	-14,528

THE PARENT COMPANY'S BALANCE SHEET (kSEK)	September 2021	September 2020	December 2020
Assets			
Intangible fixed assets	51,042	41,539	44,340
Tangible fixed assets	1,291	2,616	2,243
Financial fixed assets	29,494	29,494	29,494
Deferred tax assets	83	142	83
Total fixed assets	81,910	73,791	76,159
Accounts receivable	11,183	5,353	8,232
Receivables from Group companies	212	881	415
Other current assets	17,069	2,168	3,479
Cash and bank balances	162,559	25,807	64,408
Total current assets	191,024	33,487	76,534
Total assets	272,934	107,279	152,693
Equity and liabilities			
Restricted equity	53,197	42,934	46,029
Non-restricted equity	190,018	39,416	80,123
Total equity	243,215	82,350	126,153
Long-term liabilities	258	1,493	1,182
Short-term financial liabilities	1,218	1,540	1,163
Accounts payable	9,392	3,316	3,430
Liabilities to group companies	7,625	7,958	7,994
Other short-term liabilities	11,226	10,622	12,771
Total current liabilities	29,461	23,436	25,395
Total equity and liabilities	272,934	107,279	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	Unregistered share capital	Fund for development costs	Share premium reserve	Retained earnings	Result for the period	Total
Opening balance equity 2020-01-01	2,085	0	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
Subscription warrants	19			2,645			2,664
Transfer of previous year's result					-14,630	14,630	0
Result for the period						-14,258	-14,258
Closing balance equity 2020-12-31	2,326	0	43,704	220,058	-125,677	-14,258	126,153
Opening balance equity 2020-01-01	2,085	0	36,553	170,293	-103,896	-14,630	90,405
Change in fund for development costs			4,277		-4,277		0
Subscription warrants		19		2,645			2,664
New share issue							0
Share premium reserve							0
Transfer of previous year's result					-14,630	14,630	0
Result for the period						-10,719	-10,719
Closing balance equity 2020-09-30	2,085	19	40,830	172,938	-122,803	-10,719	82,350
Opening balance equity 2021-01-01	2,326	0	43,704	220,058	-125,677	-14,258	126,153
Change in fund for development costs			6,924		-6,924		0
New share issue		243		125,442			125,685
Transfer of previous years's result					-14,258	14,258	0
Result for the period						-8,455	-8,455
Closing balance equity 2021-09-30	2,326	243	50,628	345,500	-146,859	-8,455	243,383

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)	July - September 2021	July - September 2020	January - September 2021	January - September 2020	January - December 2020
Cash flow from operating activities before change in working capital	879	-3,067	-1,915	-4,370	-6,007
Cash flow from operating activities	-4,800	-3,659	-14,290	-5,863	-9,034
Cash flow from investing activities	-4,049	-3,142	-12,374	-8,176	-12,338
Cash flow from financing activities	125,389	1,835	124,816	-122	46,532
Cash flow for the period	116,541	-4,966	98,152	-14,161	25,160
Cash and cash equivalents at the beginning of the period	46,018	30,052	64,408	39,248	39,248
Cash and cash equivalents at the end of the period	162,559	25,087	162,559	25,087	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

2022-02-18 Year end report

2022-03-18 Annual report

2022-04-27 Annual General Meeting

2022-05-12 Interim report 1

2022-08-12 Interim report 2

2022-11-11 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 November 10, 2021.





IRISITY

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INTELLIGENCE

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