

# ANNUAL REPORT

2021



**IRISITY**

IRISITY AB (PUBL)  
556705-4571

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# IRISITY IN BRIEF

Irisity is a leading provider of AI-powered video analytics solutions. We develop innovative software upgrading ordinary security cameras to intelligent detection devices, while safeguarding personal privacy.

Our technology safeguards people and assets by detecting incidents in real time. This includes the detection of events such as intrusions, trespassing, flames, violence, falls, and unattended objects, as well as rapid search and analysis of recorded video, and extraction of statistical data. Irisity ensures ethical guarding without infringement on personal privacy by offering all functionality together with our patented real-time anonymization technology.

Irisity serves customers in more than 90 countries with headquarters in Gothenburg, Sweden and offices in Israel, USA, UAE, Mexico, Singapore and Denmark. We operate through a network of resellers, partners, security companies, and camera manufacturers globally.

## IRIS™ Security as a Service *State-of-the-art video analytics*



Intrusion  
Detection



Loitering  
Detection



Violent  
Behavior



Flame  
Detection



Fall  
Detection



Rail  
Trespassing



Unattended  
Object



Anonymization



AI Alarm  
Filtering



Anomaly  
Detection



Social  
Distancing



Crowd  
Management



Traffic  
Management



Advanced  
Forensic Search



Business  
Intelligence



# A WORD FROM THE CEO

Irisity has ended an intensive year in which we continue to build the company with strong growth. In concrete figures, this means a net increase in revenue of 110% with an underlying organic growth of 41%, an EBITDA result that turned positive after an increase of 200%, a gross margin that strengthened by 20% and an MRR that increased from SEK 1,5 to 6,6 million.

During the year, we gradually increased the business volume and roll-out rate in all customer segments of both existing and new customers and partnerships. Despite extensive piloting, we gradually strengthened the gross margin during the year.

At the end of the year, we completed the transformative acquisition of Agent Vi (consolidated from mid-October). An acquisition that has given us more execution power and synergies in all critical areas including sales, marketing, products, and R&D. The sales force has more than doubled to include a market presence in seven countries. The product portfolio is now one of the market's most complete and high-performance analysis platforms. Our development power has been expanded, which strengthens our position in the vanguard of advanced in-depth algorithm development and neural networks.

Prior to the year, the goal was to build a platform for accelerated growth as of second half of the year onwards. We can conclude that this has been fulfilled and that we are now striking increasingly large deals internationally. This is expected to have a continued positive effect on MRR and cash flow going forward. During the last quarter of the year, we also reported strong EBITDA and gross margin. The net result during the year was burdened with amortization of goodwill and intangible assets. The cash position follows plan during our strong growth phase.

The integration of Agent Vi is going well where we are now in position with a strong sales force on all major continents. Transaction and overheads related to the acquisition of Agent Vi were fully considered during the fourth quarter, which is why a positive development of net profit is expected in the coming periods.

We are pleased with the strong sales development during the year, where we are winning ever larger contracts in Europe, the Middle East and America. In the important market in Asia, however, we need to strengthen our presence with further recruitments.

During the year, we continued to build up our sales force by recruiting experienced sales managers in Mexico, UAE, and Denmark. Additional recruitments are planned in all territories including Southeast Asia (Singapore).

The integration of our Swedish and Israeli development teams is progressing well and is expected to be completed by the summer of 2022.

The verticals elderly care and railway, based on the DNN algorithms IRIS Fall Detection and IRIS Rail, have been integrated with and are now sold through the InnoVi platform.

We are expanding our agile R&D to be able to act more responsively and faster on market demands. Next, we focus on further developing our algorithms' stage and human movement patterns understanding. We are also increasing the power of our machine learning capabilities with synthetic data and our own annotation studio. Based on an external screening assessment, we further strengthen the integrity and cyber security of our SaaS offering.

Irisity Future Labs, our cutting-edge R&D unit, explores the next generation of innovative technologies to automate machine learning and understand human activity and position.

We deliver cutting-edge algorithms and high-quality video analysis solutions to an ever-growing global market and expect continued strong growth both organically and through potential acquisitions.



Marcus Bäcklund





The background of the slide is a photograph of an industrial facility, likely a refinery or chemical plant. Several tall, cylindrical distillation columns or smokestacks are visible, some with ladders and platforms. A yellow crane is positioned on the right side. The sky is a pale, hazy blue, suggesting dawn or dusk. In the foreground, there are dark, silhouetted trees. A large, solid blue wave-like graphic element curves across the bottom of the image, starting from the left edge and extending towards the right.

# 01

## SHARES AND OWNERSHIP

## TEN MAJOR OWNERS 2021-12-31

Shareholders	Number of shares	Ownership interest
Altshuler Shaham Trusts Ltd.*	6,640,247	17.3%
Försäkringsaktiebolaget Avanza Pension	2,802,605	7.3%
Westergyllen AB	2,654,160	6.9%
Tin Ny Teknik	2,527,832	6.6%
Chalmers Innovation Seed Fund	2,444,634	6.4%
Handelsbanken Micracap Sverige	1,452,074	3.8%
State Street Bank and Trust	1,428,572	3.7%
Northern Trust Company, London branch	792,609	2.1%
Runmarker, Ulf	780,000	2.0%
Bergvall, Leif Harald	631,536	1.7%
The ten major shareholders in total	22,154,269	57.8%
Others	16,148,059	42.2%
<b>Total</b>	<b>38,302,328</b>	<b>100.0%</b>

\*Paying agent of former Agent Vi shareholders

### 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 31 December 2021, when 7,405 shareholders were registered.

### Number of shares

Irisity has 38,302,328 shares outstanding as of 31 December 2021.



An aerial photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and blue. The city is filled with various buildings, including several tall skyscrapers. A prominent blue gradient overlay covers the left side and bottom of the image. A large, stylized number '02' is positioned on the left side, and the words 'MANAGEMENT REPORT' are centered below it.

02

# MANAGEMENT REPORT



*The Board of Directors and the Chief Executive Officer of Irisity AB (publ), 556705-4571, hereby present the annual report for the financial year 2021. Amounts are stated in SEK unless specified otherwise. Numbers within parentheses refer to the preceding year.*

## **The operations in general**

Irisity develops and markets intelligent video surveillance systems. The technology is based on proprietary patents, video analytics algorithms and self-learning AI systems.

Irisity is continuously developing its products and services further to stay as close to the customers as possible and at the same time be able to provide the best possible protection and security.

The Company is also performing top-class consultancy services on a limited scale, which provides a comprehensive overview and skills development in AI-based video analytics.

## **Important developments and significant events during the financial year**

During the financial year, Agent Vi was acquired, a leading provider of AI-powered video analytics. A non-cash issue was carried out in connection with the acquisition and increased the number of shares by 9 761 424. Furthermore, a new share issue of 125 MSEK was carried out. The number of shares after the new share issue amounts to 38 302 328.

The company's management team has been expanded with new COO, CRO, CTO and VP Future Labs. In addition, several key recruitments have been made during the year to strengthen the company's development and growth opportunities.

Irisity has expanded geographically during the year, partly through the acquisition of Agent Vi, which has offices in Israel, USA and Singapore. In addition to this, offices have been opened in the UAE and Mexico.



## Expected future development, key risks and uncertainty factors

The Company has a clear growth strategy and is projected to take a strong position on the growing video analytics market. The Company relies heavily on its specialist expertise, where the risks are primary related to losing strategic competence.

### Risk factors

The Group'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.

### Legislation and Articles of Association

The Company is a public listed company governed by Swedish law, primarily by the Swedish Companies Act. The Company is listed on Nasdaq First North Growth Market and applies and fully adheres to the rules and recommendations that derive from the Company's listing on Nasdaq First North Growth Market. Alongside regulations, rules and recommendations, the Company's operations are governed by the Articles of Association. The Articles of Association state, among other things, where the Board of Directors shall have its registered office, the scope of the Company's operations, restrictions on the share capital and number of shares, and the requirements for participation in the General Meeting of shareholders.



## Swedish Code of Corporate Governance

The Swedish Code of Corporate Governance ("the Code") shall be applied by companies admitted to trading their shares on a regulated market. Companies listed on Nasdaq First North Growth Market are currently not subject to the Code. Hence, the Company is not bound by the Code, but implements it as an important part of its corporate governance guidelines. In the event that the Code becomes binding on the Company, the Company will apply it.

## Patents

Irisity is a technology/software company and it is of the utmost importance that Irisity's technology is well and formally protected by patents and patent applications. Irisity's development work has been continuously protected by qualified patenting.

As of 2021-12-31, Irisity AB (publ) was the owner of eighteen approved patents and eleven patent application in total. The patents belong to nine different patent families. In addition to own patent protection, the strategy includes continuous monitoring of competing technologies.

## Financial overview

The Group's net sales amounted to MSEK 93.1 (49.5), of which MSEK 15.4 MSEK (10.0) refers to capitalized development work.

Gross margin amounted to 71.9 percent (59.8).

EBITDA amounted to MSEK 6.4 (-5.9)

The year's result after taxes amounted to MSEK -23.9 (-19.6).

MRR at the end of the period amounted to MSEK 6.6 (4.2) Q/Q.

The number of shares at the end of the period was 38,302,328 and earnings per share amounted to SEK -0.62 (-0.76). The weighted average number of shares during the year was 27,831,890.

### Sales and results in

#### The Group (k SEK)

	Januari - december 2021	Januari - december 2020
Net sales	77,289	36,767
Capitalized development work	15,424	10,004
EBITDA	6,401	-5,944
EBIT	-25,827	-19,276
Operating margin	neg	neg
Result after financial terms	-26,436	-19,597
Result for the year	-23,935	-19,609



## Investments and financial position

The Group's cash flow from operating activities before changes in working capital amounted to MSEK 5.2 (-7.0).

The cash flow from operating activities was MSEK -28.1 (-11.2). During the period, the cash flow from investing activities amounted to MSEK -90.2 (-10.0). From financing activities, the cash flow was MSEK 123.8 (46.5).

The cash flow for the year amounted to MSEK 6.2 (25.3).

The balance sheet total amounted to MSEK 898.9 (137.9) on 31 December 2021, with a 85.0 percent (85.4) solidity. The company's net debt amounted to MSEK -61.6 (-62.8), thus a positive net debt. The Parent Company has an overdraft facility up to MSEK10 in total, which on the balance sheet date remained unused.

## Staff and organization

At the end of the period, there were 100 (37) full-time equivalents (FTE), 16 (5) of whom were women, allocated in offices in Sweden, Israel, UAE, USA, Mexico and Singapore.



## Related party transactions

The related party transactions that took place are provided in "Note 7: Wages, salaries, other remunerations, and social security expenses". The conditions are the same for all members of the board, and their efforts have been remunerated at market conditions.

## Significant events after the end of the period

Three more patents have been granted.

## MULTIPLE-YEAR COMPARISON FOR THE GROUP

*The Groups financial development in summary.*

<u>Multple-year comparison</u>	<u>2021-12-31</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
Net sales, kSEK	77,289	36,767	35,402
Capitalized work, kSEK	15,424	10,004	15,930
Result after financial terms, kSEK	-26,436	-19,597	-17,295
Operating margin, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Balance sheet total, kSEK	898,888	137,866	112,421
Average number of employees	100	37	32
Solidity, %	85.0	85.4	77.7

## MULTIPLE-YEAR COMPARISON FOR THE PARENT COMPANY

*The Parent Company's financial development in summary.*

<u>Multple-year comparison</u>	<u>2021-12-31</u>	<u>2020-12-31</u>	<u>2019-12-31</u>	<u>2018-12-31</u>	<u>2017-12-31</u>
Net sales, kSEK	53,807	38,111	35,891	29,812	29,173
Capitalized work, kSEK	18,016	12,302	16,515	15,350	6,112
Result after financial terms, kSEK	-13,565	-14,199	-14,676	-14,262	-3,549
Operating margin, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Balance sheet total, kSEK	798,987	152,693	119,442	76,563	69,443
Average number of employees	50	30	23	24	24
Solidity, %	96.0	82.6	75.7	61.2	52.3

Definitions of indicators can be found on page 39: Financial calendar and definitions.

## PROPOSED APPROPRIATIONS OF PROFIT OR LOSS

The following funds are available to the Annual General Meeting:

Proposed appropriations of profit or loss (SEK)	Amount
Sharepremium reserve	868,575,413
Retained result	-150,545,436
Result for the year	-8,963,910
<b>Total</b>	<b>709,066,067</b>
Proposed by the Board to be carried forward	709,066,067
	<b>709,066,067</b>

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, together with the notes to the accounts.





# 03

## CONSOLIDATED DATA

## CONSOLIDATED INCOME STATEMENT

Income statement (SEK)	Note	2021	2020
Net sales		77,288,969	36,767,429
Own work capitalized	3	15,423,906	10,003,994
Other operating income	4	338,667	2,741,106
		<b>93,051,542</b>	<b>49,512,529</b>
<b>Operating costs</b>			
Raw material and consumables		-21,747,865	-14,767,774
Other external charges	5,6	-15,270,127	-9,072,405
Personal costs	7	-49,632,773	-31,616,467
Depreciation of fixed tangible and intangible assets	8,3,19	-32,228,191	-13,332,297
<b>Total operating costs</b>		<b>-118,878,956</b>	<b>-68,788,943</b>
<b>Operating result</b>		-25,827,414	-19,276,414
<b>Result from financial items</b>			
Other interest income and similar items		0	14,647
Interest costs and similar items		-608,619	-335,285
<b>Total result from financial items</b>		<b>-608,619</b>	<b>-320,638</b>
<b>Result after financial items</b>		<b>-26,436,032</b>	<b>-19,597,052</b>
Tax on profit for the year	12	2,501,242	-11,470
<b>Result for the year</b>		<b>-23,934,791</b>	<b>-19,608,522</b>

## CONSOLIDATED BALANCE SHEET

<b>Assets (SEK)</b>	<b>Note</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
<b>Fixed assets</b>			
Intangible fixed assets			
Goodwill	19	310,864,764	15,925,461
Capitalized expenditure for development work	3.21	424,906,862	42,691,934
		<b>735,771,626</b>	<b>58,617,395</b>
Tangible fixed assets			
Equipment leased to customers		919,687	2,141,808
Equipment, tools, fixtures and fittings		1,949,643	101,022
	8	<b>2,869,330</b>	<b>2,242,830</b>
Financial fixed assets			
Deferred tax assets	11	33,507,282	82,776
		<b>33,507,282</b>	<b>82,776</b>
<b>Total fixed assets</b>		<b>772,148,238</b>	<b>60,943,001</b>
<b>Current assets</b>			
Short-term receivables			
Accounts receivables		40,228,832	8,249,766
Current tax assets		493,386	0
Other short-term receivables		1,660,389	766,043
Prepayments and accrued income	14	13,016,294	2,754,243
		<b>55,398,901</b>	<b>11,770,052</b>
Cash and bank balances		71,340,924	65,152,771
<b>Total current assets</b>		<b>126,739,825</b>	<b>76,922,823</b>
<b>Total assets</b>		<b>898,888,063</b>	<b>137,865,823</b>



## CONSOLIDATED BALANCE SHEET

<b>Equity and liabilities (SEK)</b>	<b>Note</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
<b>Equity</b>	16		
Share capital		3,447,209	2,325,681
Other contributed capital		868,575,413	220,058,254
Other equity including result for the year		-109,981,411	-104,623,244
<b>Total equity</b>		<b>762,041,211</b>	<b>117,760,691</b>
<b>Provisions</b>			
Other provisions for pensions and similar obligations		692,604	0
Deferred tax liabilities		76,686,389	74,367
<b>Total provisions</b>		<b>77,378,994</b>	<b>74,367</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	17	0	1,181,815
Other long-term liabilities		7,875,817	0
<b>Total long-term liabilities</b>		<b>7,875,817</b>	<b>1,256,182</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	17	1,174,164	1,163,120
Accounts payable		12,449,714	3,502,889
Tax liabilities		211,109	333,565
Other short-term liabilities		9,548,421	3,484,169
Accrual and deferred income	18	28,208,634	10,365,208
<b>Total short-term liabilities</b>		<b>51,592,042</b>	<b>18,848,951</b>
<b>Total equity and liabilities</b>		<b>898,888,063</b>	<b>137,865,823</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity (SEK)	Share capital	Other contributed capital	Other equity including result for the year	Total
<b>Opening balance equity 2020-01-01</b>	<b>2,084,702</b>	<b>170,293,135</b>	<b>-85,014,723</b>	<b>87,363,114</b>
<i>Transactions with owners</i>				
New share issue	221,675	47,120,334		47,342,009
Subscription warrants	19,305	2,644,785		2,664,090
Result for the year			-19,608,522	-19,608,522
<b>Closing balance equity 2020-12-31</b>	<b>2,325,682</b>	<b>220,058,254</b>	<b>-104,623,245</b>	<b>117,760,691</b>
<b>Opening balance equity 2021-01-01</b>	<b>2,325,682</b>	<b>220,058,254</b>	<b>-104,623,245</b>	<b>117,760,691</b>
<i>Transactions with owners</i>				
New share issue	243,000	125,442,000		125,685,000
Non-cash issue	878,528	523,798,011		524,676,539
Issuance cost		-722,851		-722,851
Exchange difference			18,576,625	18,576,625
Result for the year			-23,934,791	-23,934,791
<b>Closing balance equity 2021-12-31</b>	<b>3,447,210</b>	<b>868,575,414</b>	<b>-109,981,411</b>	<b>762,041,211</b>

The share capital consists of 38,302,328 shares, each with a quota value of SEK 0.09.

## CONSOLIDATED CASH FLOW STATEMENT

Indirect method (SEK)	Note	2021	2020
<b>Operating activities</b>			
Operating result before financial items		-25,827,414	-19,276,415
Adjustments for items not included in cash flow, depreciation, etc	20	32,228,191	13,332,297
Interest received		0	14,467
Interest rate paid		-608,619	-335,285
Paid income taxes		-615,842	-694,595
<b>Cash flow operating activities before change in working capital</b>		<b>5,176,316</b>	<b>-6,959,531</b>
<b>Change in work capital</b>			
Change in receivables		-21,953,927	-1,916,865
Change in other receivables*		-9,963,429	-1,579,372
Change in accounts payable		456,594	-882,263
Change in other short-term operating liabilities		-1,159,555	194,700
<b>Cash flow from operating activities</b>		<b>-27,444,000</b>	<b>-11,143,331</b>
<b>Investing activities</b>			
Acquisition of shares in subsidiaries	21	-74,349,827	0
Investments in intangible fixed assets	3	-15,423,906	-10,003,994
Investments in tangible fixed assets	8	-385,493	-36,139
<b>Cash flow from investing activities</b>		<b>-90,159,225</b>	<b>-10,040,133</b>
<b>Financing activities</b>			
New share issue		124,962,149	47,342,008
Subscription warrants		0	2,664,091
Amortization of debts		-1,170,771	-3,474,019
<b>Cash flow from financing activities</b>		<b>123,791,378</b>	<b>46,532,080</b>
<b>Cash flow for the year</b>		<b>6,188,153</b>	<b>25,348,798</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>65,152,771</b>	<b>39,803,973</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>71,340,924</b>	<b>65,152,771</b>

\*Change in long-term receivables is recognized as cash flow from operating activities, since this is considered to provide a more appropriate presentation.



The background image shows a harbor scene. In the foreground, there is a snowy, uneven surface with some dark, cylindrical objects. A large, bright blue wavy shape curves across the lower half of the image. In the middle ground, a white ferry with "Stena Line" written on its side is docked at a pier. The pier is a long, straight structure with several small, dark, rectangular bollards. To the left of the pier, there are modern, multi-story buildings. In the background, across the water, there is a city skyline with various buildings and a church spire. The sky is filled with soft, grey clouds, and the overall lighting suggests a calm, overcast day.

# 04

## THE PARENT COMPANY

## THE PARENT COMPANY'S INCOME STATEMENT

<b>Income statement (SEK)</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Net sales		53,807,008	38,110,507
Own work capitalized	3	18,016,305	12,301,730
Other operating income	4	307,048	2,341,867
<b>Total operating income</b>		<b>72,130,362</b>	<b>52,754,104</b>
<b>Operating costs</b>			
Raw material and consumables		-22,397,200	-18,537,037
Other external charges	5,6	-20,433,617	-13,601,768
Personal costs	7	-33,602,961	-26,447,745
Depreciation of fixed tangible and intangible assets	8,3	-9,126,968	-8,049,751
<b>Total operating costs</b>		<b>-85,560,746</b>	<b>-66,636,300</b>
<b>Operating result</b>	9	-13,430,384	-13,882,196
<b>Result from financial items</b>			
Other interest income and similar items		0	14,647
Interest costs and similar items		-134,207	-331,307
<b>Total result from financial items</b>		<b>-134,207</b>	<b>-316,660</b>
<b>Result after financial items</b>		<b>-13,564,591</b>	<b>-14,198,856</b>
Group contribution received		4,601,690	0
Tax on profit for the year	12	-1,009	-58,739
<b>Result for the year</b>		<b>-8,963,910</b>	<b>-14,257,595</b>

## THE PARENT COMPANY'S BALANCE SHEET

Assets (SEK)	Note	2021-12-31	2020-12-31
<b>Fixed assets</b>			
Intangible fixed assets			
Capitalized expenditure for development work		54,654,308	44,339,654
		<b>54,654,308</b>	<b>44,339,654</b>
Tangible fixed assets			
Equipment leased to customers		919,687	2,141,808
Equipment, tools, fixtures and fittings		28,963	101,022
		<b>948,650</b>	<b>2,242,830</b>
Financial fixed assets			
Participations in Group companies	10	630,500,901	29,494,135
Deferred tax assets	11	81,767	82,776
		<b>630,582,668</b>	<b>29,576,911</b>
<b>Total fixed assets</b>		<b>686,185,626</b>	<b>76,159,395</b>
<b>Current assets</b>			
Short-term receivables			
Accounts receivables		19,890,871	8,231,940
Receivables in Group companies	22	4,839,406	414,824
Current portion of long-term receivables	13,22	8,654,300	0
Other short-term receivables		1,219,982	766,043
Prepayments and accrued income	14	12,990,883	2,713,225
		<b>47,595,442</b>	<b>12,126,032</b>
Cash and bank balances		65,205,472	64,407,670
<b>Total current assets</b>		<b>112,800,914</b>	<b>76,533,702</b>
<b>Total assets</b>		<b>798,986,540</b>	<b>152,693,096</b>

## THE PARENT COMPANY'S BALANCE SHEET

<b>Equity and liabilities (SEK)</b>	<b>Note</b>	<b>2021-12-31</b>	<b>2020-12-31</b>
<b>Equity</b>	16		
Restricted equity			
Share capital		3,447,209	2,325,681
Fund for development costs		54,314,221	43,703,767
		<b>57,761,430</b>	<b>46,029,448</b>
Non-restricted capital			
Share premium reserve		868,575,413	220,058,254
Retained profit or loss		-150,545,436	-125,677,387
Result for the year		-8,963,910	-14,257,595
		<b>709,066,067</b>	<b>80,123,272</b>
<b>Total equity</b>		<b>766,827,497</b>	<b>126,152,720</b>
<b>Long-term liabilities</b>			
Liabilities to credit institutions	17	0	1,181,815
<b>Total long-term liabilities</b>		<b>0</b>	<b>1,181,815</b>
<b>Short-term liabilities</b>			
Liabilities to credit institutions	17	1,174,164	1,163,120
Accounts payable		4,388,722	3,430,384
Liabilities to Group companies		9,723,253	7,994,156
Tax liabilities		211,109	0
Other short-term liabilities		4,992,411	2,900,140
Accrual and deferred income	18	11,669,384	9,870,761
<b>Total short-term liabilities</b>		<b>32,159,043</b>	<b>25,358,561</b>
<b>Total equity and liabilities</b>		<b>798,986,540</b>	<b>152,693,096</b>



## THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Changes in equity (SEK)	Share capital	Fund for development costs	Share premium reserve	Retained earnings	Result for the year	Total
<b>Opening balance equity 2020-01-01</b>	<b>2,084,702</b>	<b>36,553,817</b>	<b>170,293,135</b>	<b>-103,896,892</b>	<b>-14,630,544</b>	<b>90,404,218</b>
Change in fund for development costs		7,149,950		-7,149,950		0
New share issue	221,675		49,778,301			49,999,976
Issuance costs			-2,657,967			-2,657,967
Subscriptions warrants	19,305		2,644,785			2,664,090
Transfer of previous year's result				-14,630,544	14,630,544	0
Result for the year					-14,257,595	-14,257,595
<b>Closing balance equity 2020-12-31</b>	<b>2,325,682</b>	<b>43,703,767</b>	<b>220,058,254</b>	<b>-125,677,386</b>	<b>-14,257,595</b>	<b>126,152,722</b>
<b>Opening balance equity 2021-01-01</b>	<b>2,325,682</b>	<b>43,703,767</b>	<b>220,058,254</b>	<b>-125,677,386</b>	<b>-14,257,595</b>	<b>126,152,722</b>
Change in fund for development costs		10,610,454		-10,610,454		0
New share issue	243,000		125,442,000			125,685,000
Non-cash issue	878,528		523,798,007			524,676,535
Issuance costs			-722,850			-722,850
Transfer of previous year's result				-14,257,595	14,257,595	0
Result for the year					-8,963,910	-8,963,910
<b>Closing balance equity 2021-12-31</b>	<b>3,447,210</b>	<b>54,314,221</b>	<b>868,575,411</b>	<b>-150,545,435</b>	<b>-8,963,910</b>	<b>766,827,497</b>

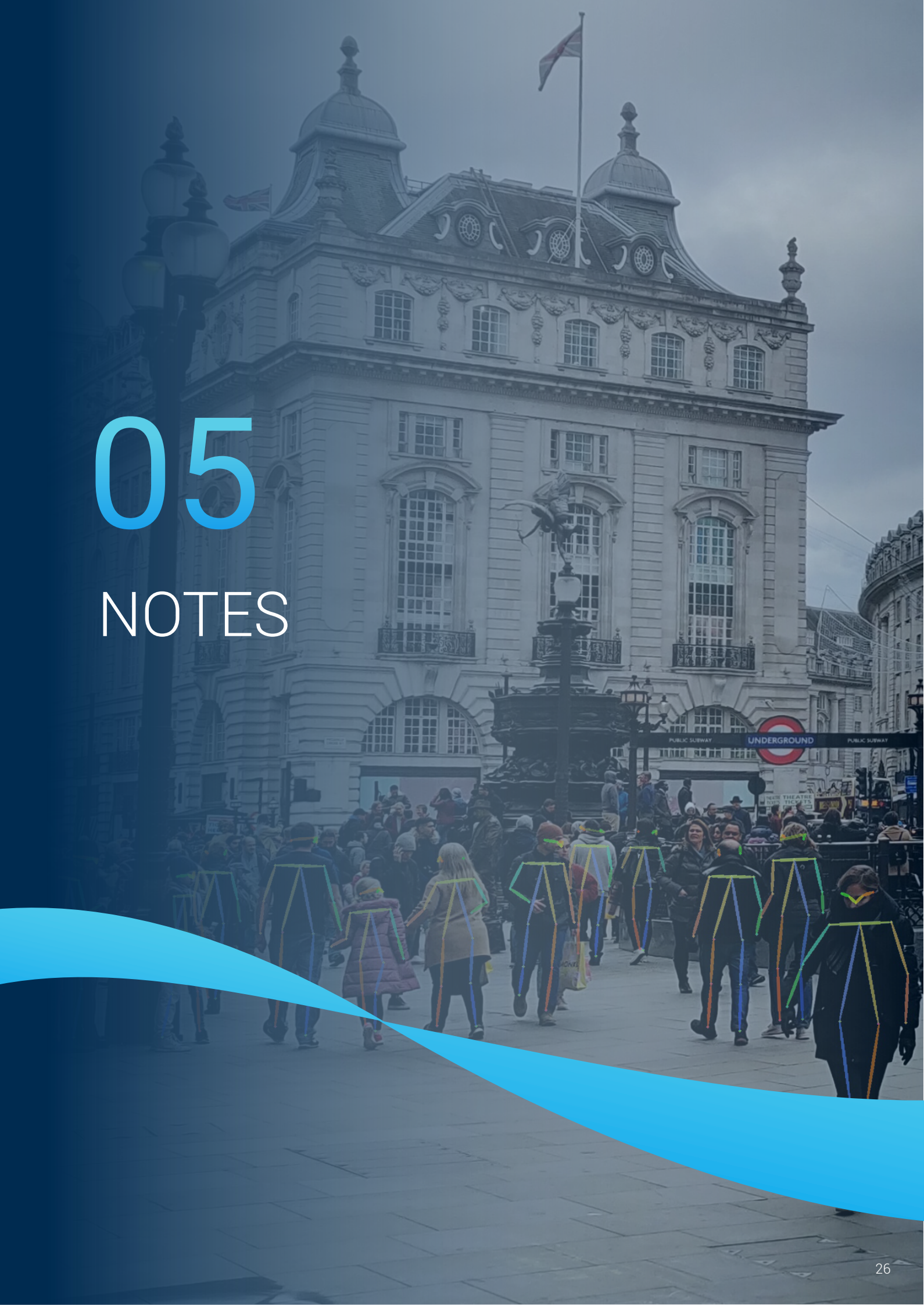
## THE PARENT COMPANY'S CASH FLOW STATEMENT

Indirect method (SEK)	Note	2021	2020
<b>Operating activities</b>			
Operating result before financial items		-13,430,384	-13,882,196
Adjustments for items not included in cash flow, depreciation, etc	20	9,126,968	8,049,751
Interest received		0	14,647
Interest rate paid		-134,207	-331,307
Paid income taxes		118,826	141,872
<b>Cash flow operating activities before change in working capital</b>		<b>-4,318,798</b>	<b>-6,007,233</b>
<b>Change in work capital</b>			
Change in receivables		-11,658,931	-1,918,576
Change in other receivables*		-21,189,191	-1,992,933
Change in accounts payable		958,338	-871,627
Change in other short-term operating liabilities		5,712,274	1,756,296
<b>Cash flow from operating activities</b>		<b>-30,496,308</b>	<b>-9,034,073</b>
<b>Investing activities</b>			
Acquisition of shares in subsidiaries	21	-74,349,827	0
Investments in intangible fixed assets	3	-18,016,305	-12,301,730
Investments in tangible fixed assets	8	-131,137	-36,139
<b>Cash flow from investing activities</b>		<b>-92,497,269</b>	<b>-12,337,869</b>
<b>Financing activities</b>			
New share issue		124,962,149	47,342,008
Subscription warrants		0	2,664,090
Amortization of debts		-1,170,771	-3,474,019
<b>Cash flow from financing activities</b>		<b>123,791,378</b>	<b>46,532,079</b>
<b>Cash flow for the year</b>		<b>797,802</b>	<b>25,160,138</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>64,407,670</b>	<b>39,247,534</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>65,205,472</b>	<b>64,407,670</b>

\*Change in long-term receivables is recognized as cash flow from operating activities, since this is considered to provide a more appropriate presentation.

# 05

## NOTES



## Note 1: Accounting and valuation policies

The annual report and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) as well as with the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3). As of the financial year 2019, Irisity AB (publ) prepares consolidated accounts for the first time.

### CONSOLIDATED ACCOUNTS

The consolidated accounts have been prepared according to the purchase method. The consolidated accounts cover the Parent Company and its subsidiaries. Subsidiaries are such companies in which the parent company directly or indirectly holds a controlling interest. This would normally refer to companies where the parent company holds more than 50 percent of the voting rights. In the consolidated accounts, the subsidiaries are included from the day the Group assumes a controlling interest until the day this condition has ceased to apply.

In the consolidated financial statements, the Group companies' year-end appropriations fall away, and are included in the reported profit less deferred tax. This means the Group companies' untaxed reserves in the consolidated balance sheet are distributed between deferred tax liability and equity.

### TRANSLATION OF ITEMS IN FOREIGN CURRENCY

Monetary assets and liability items in foreign currency are valued at the closing day rate. Foreign currency transactions are converted at the exchange rate at the transaction date.

### REVENUE RECOGNITION

Revenue is recognized at the fair value of goods and services sold, excluding value added tax and discounts. Irisity AB develops and markets licenses and surveillance services.

Sales of licenses are recognized when a written agreement has been signed and the license has been delivered to the customer. A basic condition for recognizing license revenue is that it remains non-conditional on any commitments beyond straightforward license delivery. Significant risks and benefits shall have been transferred to the Buyer and the Buyer shall not have the right to return all or part of the license rights. It should also be reasonably

expected that payment will be made.

Support and other services are recognized on a straight-line basis over the contractual period. In cases where an agreement involves the sale of both licenses and services, the parts are identified separately and reported at the amounts at which they could be offered to the market.

### LEASES

In cases where camera equipment including a license is sold and then rented back, an overall assessment is made of who carries the most significant risks and benefits in camera equipment and license, including an assessment of whether the company has significant involvement in the transferred equipment. If the assessment is that significant risks and benefits remain in the company, no sales are reported. The camera equipment will then remain in the balance sheet with continued depreciation. The cash received is reported as a liability. Subsequently, leasing fees paid are reported as an interest expense and amortization of the liability. Revenue from the sale is recognized only when the most significant risks and benefits have left the company, and the camera equipment and debt are booked off from the balance sheet. Other leases are reported as rental agreements (operational leasing). The lease fee is expensed on a straight-line basis over the lease period. The Group is the lessee through so-called operational leasing agreements when the financial risks and benefits associated with the asset have not been transferred to the Group. Leasing fees, including any initial increased rent, are reported as an expense on a straightline basis over the lease term.

### REMUNERATION TO EMPLOYEES

Remuneration to employees refers to all kinds of remuneration given by the Group to its employees. The Group's employee benefits include salaries, paid annual leave, compensated absences and bonuses. Recognition is carried out as they are earned. The Group only has defined contribution plans. Costs for defined contribution plans are recognized as expenses for the period when the employees perform the services that earn them the benefits.



Other pension plans than defined-contribution plans are defined-benefit plans. In this case, the Group retains the legal obligation for any benefits, even if plan assets have been set aside to fund the defined-benefit plan. Plan assets may include specifically identified assets of a retirement benefit plan and insurance policies that are plan assets. Defined-benefit pension plans of foreign subsidiaries are recognized in accordance with national rules.

#### TAXES

Total taxes consist of current taxes and deferred taxes. Taxes are recognized in the income statement except where the underlying transaction is recognized directly in equity, upon which the associated tax effect is also recognized in equity.

Current taxes are income taxes related to the current financial year and such parts of the income taxes related to previous financial years that has not yet been recognized. Current tax is calculated on the basis of the current applicable tax rates at the balance sheet date.

Deferred tax is income tax relating to future financial years due to previous events. Recognition is carried out according to the balance sheet method. According to the balance sheet method, deferred tax liabilities and deferred tax assets are recognized for temporary differences that arise between the book value and tax value of an asset or a liability, as well as for the carryforward of unused tax losses and unused tax credits.

Deferred tax assets are offset against deferred tax liabilities only if they can be settled with a net payment. Deferred tax liabilities are calculated on the basis of the determined tax rates at the balance sheet date. Effects of changes in the applicable tax rates are recognized in the income statement during the period the change has been legislated. Deferred tax assets are reduced to the extent that it is unlikely that the underlying tax asset will be realized in the foreseeable future. Deferred tax assets are reported as financial fixed assets and deferred tax liabilities as provisions.

#### INTANGIBLE ASSETS

Expenditure on development work is normally activated according to activating-model. These assets are amortized on a straight-line basis over 8 years. Depreciation and amortization are included in the income statement's amortization of capitalized expenses. Capitalized expenses are transferred in equity to the Fund for development costs following changes in the Annual Accounts Act for the financial year that commences after December 31, 2015.

The balanced expenses will be capitalized for depreciation when the sales of the products start. Depreciation is carried out at 12.5 percent per annum, as the company considers this depreciation rate to correspond best to the actual lifespan of the developed systems. The asset is expected to generate revenue throughout the depreciation period and thus a depreciation period exceeding 5 years is considered justified.

Goodwill arising from business combinations with subsidiaries has been recognized as an intangible asset for the Group.

The following depreciation schedules are applied, while taking into account the holding period for assets acquired and sold during the year.

Capitalized development costs: 12.5%

Goodwill Visionists: 20.0%

Goodwill Agent Vi: 12.5%

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost less depreciation over the estimated useful life of the asset. Assets are written down in the event of permanent fall in value.

The following depreciation schedules are applied, while taking into account the holding period for assets acquired and sold during the year.

Equipment leased to customers: 33.3%

Equipment, tools, fixtures and fittings: 20.0%

#### OTHER FINANCIAL FIXED ASSETS

Financial assets that are intended for longterm holding are recognized at cost. If a financial fixed asset has a lower amount on the balance sheet date than the carrying amount, the asset is written down to the lower amount if it can be assumed that the fall in value is permanent.

#### RECEIVABLES

Receivables with due date later than 12 months after the balance sheet date are recognized as fixed assets, other as current assets. Receivables are recognized at the amount that is considered to be collectable based on an individual assessment.

#### BORROWINGS

Borrowings are reported initially at the amount received after deductions for transaction expenses. If the recognized amount differs from the amount to be repaid at maturity, the difference is allocated as interest expense or income over the term of the loan. In this way, at the date of maturity, the recognized amount will agree with the amount that must be repaid. The termination of the reporting of financial liabilities occurs only when the liabilities have been settled through repayment or have been waived.

#### CASH FLOW STATEMENT

The cash flow statement is drawn up using an indirect method. The reported cash flow covers only operations resulting in cash transactions. In cash and cash equivalents, the Company includes cash as well as available balances with banks and other credit institutions.

development costs continue to be met and if there are any indications that the capitalized expenditure may be impaired.

#### PARTICIPATIONS IN GROUP COMPANIES

Holdings in group companies are recognized according to the acquisition value method. Once a year, any indications of a need for impairment are assessed; that is, if the fair value is lower than the carrying amount and if such a decline in value can be considered to be of a lasting nature. When performing this assessment, the Company takes a number of factors into account, such as results obtained, financial forecasts, business plans and market data.

### Note 2: Important estimates and assessments

#### CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK

Assumptions regarding the eligibility for capitalization of development projects are made on the basis of material assumptions relating to the distinction between research and development and the future cash flows that a project will generate. Assumptions are made based on historical revenues and estimates of the earning ability of development projects from budgeting and forecasting. Following capitalization, it is monitored whether the accounting requirements for

	THE GROUP		THE PARENT COMPANY	
	2021	2020	2021	2020
<b>Note 3: Capitalized expenditure for development work (SEK)</b>				
Cost, opening balance	69,213,637	59,209,643	70,589,407	58,287,677
Acquisitions during the year	372,738,398	0	0	0
Exchange difference	11,397,563	0	0	0
Acquisitions during the year	15,423,906	10,003,994	18,016,305	12,301,730
<b>Accumulated cost, closing balance</b>	<b>468,773,504</b>	<b>69,213,637</b>	<b>88,605,712</b>	<b>70,589,407</b>
Depreciation, opening balance	-22,934,413	-17,369,301	-22,662,463	-17,214,883
Depreciation for the year	-17,344,938	-5,565,112	-7,701,651	-5,447,580
<b>Accumulated depreciation, closing balance</b>	<b>-40,279,351</b>	<b>-22,934,413</b>	<b>-30,364,114</b>	<b>-22,662,463</b>
Impairment, opening balance	-3,587,290	-3,587,290	-3,587,290	-3,587,290
Impairment for the year	0	0	0	0
<b>Accumulated impairment, closing balance</b>	<b>-3,587,290</b>	<b>-3,587,290</b>	<b>-3,587,290</b>	<b>-3,587,290</b>
<b>Closing residual value according to plan</b>	<b>424,906,863</b>	<b>42,691,934</b>	<b>54,654,308</b>	<b>44,339,654</b>

	THE GROUP		THE PARENT COMPANY	
	2021	2020	2021	2020
<b>Note 4: Other operating income (SEK)</b>				
Received public subsidy	0	2,739,697	0	2,341,454
Other income	338,667	1,409	307,048	413
<b>Total</b>	<b>338,667</b>	<b>2,741,106</b>	<b>307,048</b>	<b>2,341,867</b>

	THE GROUP		THE PARENT COMPANY	
	2021	2020	2021	2020
<b>Note 5: Leases (SEK)</b>				
<b>Future minimum lease payments to be paid in respect of non-cancellable leases:</b>				
Falling due for payment within one year	1,174,164	1,163,120	1,174,164	1,163,120
Falling due for payment after one year but within five years	0	1,181,815	0	1,181,815
Falling due for payment more than five years	0	0	0	0
<b>Total</b>	<b>1,174,164</b>	<b>2,344,935</b>	<b>1,174,164</b>	<b>2,344,935</b>
<b>Lease payments expensed during the period:</b>				
The Company's leasing costs (excluding rent for premises) for the year amounts to	-260,562	-223,847	-260,562	-223,847
Financial leasing fees	0	-339,829	0	-339,829
<b>Total</b>	<b>-260,562</b>	<b>-563,676</b>	<b>-260,562</b>	<b>-563,676</b>

	THE GROUP		THE PARENT COMPANY	
Note 6: Audit fees (SEK)	2021	2020	2021	2020
<b>Ernst &amp; Young AB</b>				
Audit fees	570,554	416,000	465,000	343,000
Auditing work in addition to audit engagements	200,870	95,900	17,900	80,900
<b>Total</b>	<b>771,424</b>	<b>511,900</b>	<b>482,900</b>	<b>423,900</b>

	THE GROUP		THE PARENT COMPANY	
Note 7: Wages, salaries, other remunerations and social security expenses (SEK)	2021	2020	2021	2020
<b>Average number of employees</b>				
Women	16	5	9	5
Men	84	32	41	25
<b>Total</b>	<b>100</b>	<b>37</b>	<b>50</b>	<b>30</b>

#### Remuneration to the Board of Directors and the Chief Executive Officer

##### Board of Directors

Lennart Svantesson	230,100	198,600	230,100	198,600
Meg Tivéus	25,050	104,757	25,050	104,757
Johan Zetterström	115,050	99,300	115,050	99,300
Anders Långsved	115,050	99,300	115,050	99,300
Anna Ahlberg	90,000	0	90,000	0
Nils Malmros	90000	0	90000	0

##### Chief Executive Officer

Marcus Bäcklund	1,938,000	1,729,125	1,938,000	1,729,125
<b>Total</b>	<b>2,603,250</b>	<b>2,231,082</b>	<b>2,603,250</b>	<b>2,231,082</b>

##### Other employees

Wages, salaries and remunerations	35,549,811	20,574,753	21,978,376	16,685,274
Statutory and contractual social security contributions	9,276,132	6,686,242	7,803,599	5,785,484
Pension cost for directors and CEO	0	0	0	0
Share appreciation rights	2,868,830	1,942,746	1,882,986	1,657,374
<b>Total</b>	<b>50,298,023</b>	<b>31,434,823</b>	<b>34,268,211</b>	<b>26,359,214</b>

	THE GROUP		THE PARENT COMPANY	
Board of Directors and management	2021	2020	2021	2020
<b>Number of member of the Board on the balance sheet date</b>				
Women	1	1	1	1
Men	5	3	5	3
<b>Total</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>4</b>
<b>Number of CEOs and other executive employees</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Women	0	0	0	0
Men	7	5	7	5
<b>Total</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>5</b>



	THE GROUP		THE PARENT COMPANY	
<b>Note 8: Equipment, tools, fixtures and fittings (SEK)</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Cost, opening balance	19,432,910	19,396,771	19,432,910	19,396,771
Changes for the year				
- Acquisition of subsidiaries	16,849,171	0	0	0
- Purchased equipment, leased to customers	177,954	36,139	131,137	36,139
- Sales and scrappings	0	0	0	0
<b>Accumulated depreciation, closing balance</b>	<b>36,460,035</b>	<b>19,432,910</b>	<b>19,564,047</b>	<b>19,432,910</b>
Depreciation, opening balance	-17,190,081	-14,587,910	-17,190,081	-14,587,910
Changes for the year				
- Acquisition of subsidiaries	-14,903,803	0	0	0
- Depreciation	-1,850,928	-2,602,171	-1,425,317	-2,602,171
- Exchange difference	354,107	0		0
- Sales and scrappings	0	0	0	0
<b>Accumulated depreciation, closing balance</b>	<b>-33,590,705</b>	<b>-17,190,081</b>	<b>-18,615,398</b>	<b>-17,190,081</b>
<b>Closing residual value according to plan</b>	<b>2,869,330</b>	<b>2,242,829</b>	<b>948,649</b>	<b>2,242,829</b>

<b>Note 9: Transactions between group companies</b>	<b>2021</b>	<b>2020</b>
Share of total purchases made from group companies	20.3%	27%
Share of total sales made to group companies	1.3%	4%

<b>Note 10: Participations in Group companies (SEK)</b>	<b>2021</b>	<b>2020</b>
<b>Parent Company's holding</b>		
Cost, opening balance	29,503,941	50,000
Acquisitions during the year	601,006,766	294,539,407
<b>Accumulated cost, closing balance</b>	<b>630,510,707</b>	<b>29,503,941</b>
Impairment, opening balance	-9806	0
Impairment for the year	0	-9806
<b>Accumulated impairment, closing balance</b>	<b>-9,806</b>	<b>-9806</b>
<b>Closing residual value according to plan</b>	<b>630,500,901</b>	<b>29,494,135</b>

	<b>Reg.no.</b>	<b>Registered office</b>	<b>Share of capital/voting rights(%)</b>	<b>Number of shares</b>
<b>Parent Company's holding</b>				
<b>D.A.R.C AB</b>	556936-0687	Gothenburg	100%	500
<b>Visionists AB</b>	556866-1762	Gothenburg	100%	100,000
<b>Agent Video Intelligence LTD</b>	513448241	Tel-Aviv	100%	

D.A.R.C AB har inte bedrivit verksamhet 2021

	<b>Book value</b>
D.A.R.C AB	40,194
Visionists AB	29,453,941
Agent Video Intelligence LTD	601,006,766
<b>Total</b>	<b>630,500,901</b>

	THE GROUP		THE PARENT COMPANY	
Note 11: Deferred tax assets (SEK)	2021	2020	2021	2020
Opening balance	82,776	141,515	82,776	141,515
Additional taxassets	33,425,515	0	0	0
Reversed tax assets	-1,009	-58,739	-1,009	-58,739
<b>Total</b>	<b>33,507,282</b>	<b>82,776</b>	<b>81,767</b>	<b>82,776</b>

Additional deferred tax assets relate to acquired unused tax losses, measured at the exchange rate at the balance sheet date.

	THE GROUP		THE PARENT COMPANY	
Note 12: Tax on profit for the year (SEK)	2021	2020	2021	2020
Current tax	-17,734	-469,598	0	0
Deferred tax liabilities from temporary differences	2,518,975	458,128	-1,009	-58,739
<b>Total recognized tax</b>	<b>2,501,241</b>	<b>-11,470</b>	<b>-1,009</b>	<b>-58,739</b>

**Applicable taxrate** **20.60%**

#### Unused tax losses

Due to uncertainty surrounding their use, the Parent company has not capitalized deferred tax assets relating to tax losses. The unused tax losses for 2021 amount to 100,025,478 (87,393,527).

	THE GROUP		THE PARENT COMPANY	
Note 13: Other receivables (SEK)	2021	2020	2021	2020
<b>Other long-term receivables</b>				
Cost, opening balance	0	0	0	0
Additional receivables	0	0	0	0
Amortization, outgoing claims	0	0	0	0
<b>Accumulated cost, closing balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Current portion of long-term receivables

Cost, opening balance	0	339,829	0	339,829
Additional receivables	0	0	8,654,300	0
Amortization, outgoing claims	0	-339,829	0	-339,829
<b>Accumulated cost, closing balance</b>	<b>0</b>	<b>0</b>	<b>8,654,300</b>	<b>0</b>

	THE GROUP		THE PARENT COMPANY	
Note 14: Prepayments and accrued income (SEK)	2021	2020	2021	2020
Prepaid rent	370,523	362,319	370,523	362,319
Accrued income	11,719,456	1,368,578	11,719,456	1,327,559
Other items	926,314	1,023,347	900,904	1,023,347
<b>Total</b>	<b>13,016,293</b>	<b>2,754,244</b>	<b>12,990,883</b>	<b>2,713,225</b>

## Note 15: Bank overdraft facility

The overdraft facility amounted to SEK 10,000,000 in total, and remained unused on the balance sheet date. Business mortgages amounting to MSEK 10 constitute the security for the overdraft facility.

## Note 16: Equity

Unconditional shareholder contributions amounting to SEK 275,000 are included.  
The share's quota value is 0.09. All shares belong to the same class.  
The number of share as of 2021-12-31 is 38 302 328.

		THE GROUP	THE PARENT COMPANY	
Note 17: Borrowing - Interest-bearing liabilities (SEK)	2021	2020	2021	2020
<b>Long-term liabilities</b>				
Liabilities to credit institutions	0	1,181,815	0	1,181,815
<b>Short-term liabilities</b>				
Liabilities to credit institutions	1,174,164	1,163,120	1,174,164	1,163,120
<b>Total interest-bearing liabilities</b>	<b>1,174,164</b>	<b>2,344,935</b>	<b>1,174,164</b>	<b>2,344,935</b>

		THE GROUP	THE PARENT COMPANY	
Note 18: Accruals and deferred income (SEK)	2021	2020	2021	2020
Accrued holiday pay	8,000,050	3,394,691	3,551,440	3,106,071
Accrued social security contributions	1,228,569	1,066,613	1,115,837	975,929
Deferred income	9,104,935	4,337,654	697,134	4,337,654
Other items	9,875,082	1,566,250	6,304,970	1,451,107
<b>Total</b>	<b>28,208,636</b>	<b>10,365,208</b>	<b>11,669,381</b>	<b>9,870,761</b>

Note 19: Goodwill (SEK)	2021	2020
Cost, opening balance	25,825,072	25,825,072
Acquisitions during the year	298,833,910	0
Exchange difference	9,137,718	0
<b>Accumulated cost, closing balance</b>	<b>333,796,700</b>	<b>25825072</b>
Depreciation, opening balance	-9,899,610	-4,734,596
Depreciation for the year	-13,032,325	-5,165,014
<b>Accumulated depreciation, closing balance</b>	<b>-22,931,935</b>	<b>-9,899,610</b>
<b>Closing residual value according to plan</b>	<b>310,864,765</b>	<b>15,925,462</b>



**Note 20: Adjustments for items not included in cash flow (SEK)**

		THE GROUP	THE PARENT COMPANY	
	2021	2020	2021	2020
Amortization of intangible fixed assets	30,377,263	10,730,126	7,701,651	5,447,580
Depreciation of tangible fixed assets	1,850,928	2,602,171	1,425,317	2,602,171
Depreciation of financial fixed assets	0	0	0	0
<b>Total</b>	<b>32,228,191</b>	<b>13,332,297</b>	<b>9,126,968</b>	<b>8,049,751</b>

**Note 21: Business combinations (SEK)**

On October 13, 2021, Agent Vi was acquired – a leading supplier of AI-driven video analytics, headquartered in Israel and with offices in the United States and Singapore.

	2021
Non-cash issue	524,676,539
Paid in cash	76,330,227
<b>Total purchase price</b>	<b>601,006,766</b>

Fair value of acquired net assets	-302,172,856
<b>Goodwill</b>	<b>298,833,910</b>

Acquired assets and liabilities according to the acquisition analysis

Intangible assets	372,738,398
Tangible fixed assets	1,736,638
Receivables	10,551,393
Cash and cash equivalents	1,980,400
Deferred tax	32,417,246
Deferred tax liability	-76,784,110
Other liabilities	-40,407,536

<b>Acquired net assets at fair value</b>	<b>302,232,429</b>
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Purchase price settled in cash	-76,330,227
Cash and cash equivalents in acquired subsidiaries	1,980,400

<b>Change in the Group's cash and cash equivalents from acquisition</b>	<b>-74,349,827</b>
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**Note 22: Receivables from group companies**

	2021	2020
Accumulated receivables, opening balance	0	0
New receivables	13,493,706	0
Amortization	0	0
<b>Total</b>	<b>13,493,706</b>	<b>0</b>

		THE GROUP	THE PARENT COMPANY
Note 23: Pledged assets (SEK)	2021	2020	2021 2020
<b>Assets pledged for own liabilities to credit institutions</b>			
Business mortgages	13,000,000	13,000,000	13,000,000 13,000,000
Pledged bank account	1,500,000	1,500,000	1,500,000 1,500,000
<b>Total pledged assets</b>	<b>14,500,000</b>	<b>14,500,000</b>	<b>14,500,000 14,500,000</b>

		THE GROUP	THE PARENT COMPANY
Note 24: Contingent liabilities (SEK)	2021	2020	2021 2020
Guarantees	0	0	0 0

### Note 25: Significant events after the balance sheet day

Three more patents have been granted.

Note 26: Appropriations of profit and loss	Amount
The following available to the annual general meeting:	
Share premium reverse	868,575,413
Retained profit/loss	-150,545,436
Loss for the year	-8,963,910
	<b>709,066,067</b>
The Board of Directors proposes the following distribution of funds	
dividend to shareholders (SEK 0 per share)	0
To be retained	709,066,067
	<b>709,066,067</b>



# 06

## SIGNATURES

DETECTION

## Signature of the annual and consolidated accounts

The Board of Directors and the Chief Executive Officer hereby confirm that the annual and consolidated accounts, to the best of our knowledge, have been prepared in accordance with the generally accepted auditing standards in Sweden. The annual and consolidated accounts provide a true and fair view of the Parent Company's and the Group's operations, and the statutory administration report provides a true and fair view of the development of the Parent Company's and the Group's operations, position and performance, and describes material risks and uncertainties faced by the Parent Company and the companies belonging to the Group.

Gothenburg, 17 March 2021

Marcus Bäcklund  
Chief Executive Officer

Johan Zetterström  
Director

Lennart Svantesson  
Chairman

Anders Långsved  
Director

Dorian Barak  
Director

Anna Ahlberg  
Director

Nils Malmros  
Director

Our auditor's report was submitted on 17 March 2021  
Ernst & Young AB

Thomas Nilsson  
Authorized Public Accountant



# 07

## AUDITOR'S REPORT

## Auditor's report

To the general meeting of the shareholders of Irisity AB (publ), corporate identity number 556705 - 4571

### Report on the annual accounts and consolidated accounts

#### Opinions

We have audited the annual accounts and consolidated accounts of Irisity AB (publ) for the year 2021 except for the other information on pages 3 - 6 and 42 - 48. The annual accounts and consolidated accounts of the company are included on pages 7 - 41 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of December 31, 2021 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the other information on pages 3 - 6 and 42 - 48. statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

#### 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 the parent company and the group 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 and consolidated accounts.

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3 - 6 and 42 - 48. The Board of Directors and the Managing Director are responsible for this other information.

*Our opinion on the annual accounts and consolidated 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 and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated 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 consolidated 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 and consolidated accounts that are free from material

misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group'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 and consolidated 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 and consolidated 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 and consolidated 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 and consolidated 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 and the group'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 and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated 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 a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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 and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Irisity AB (publ) for the year 2021 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 the parent company and the group 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 and the group's type of operations, size and risks place on the size of the parent company's and the group'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 and the group'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.

Göteborg, March 17, 2022

Ernst & Young AB

Thomas Nilsson,  
Authorized Public Accountant



# 08

## BOARD OF DIRECTORS & MANAGEMENT



## Management



### ***Marcus Bäcklund, CEO***

Marcus is an entrepreneur and investor. He has significant experience within technology, entrepreneurship, and venture capital. He has invested in several successful ventures. Marcus is creative, visionary and an experienced leader. He is convinced that the formula for success for any company is a combination of innovation and execution, with the right cultural balance between freedom and responsibility. M.Sc. from the Chalmers University of Technology.

Employed since: 2017  
CEO of Irisity since: 2017

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### ***Anna Forsberg, acting CFO***

With more than 10+ years of experience in the economy sector, Anna brings valuable insights of finance within tech companies to the Irisity management team. As a long-term employee of Irisity Anna is well-rehearsed within the company's finances and daily business operations. Anna has an analytic mindset with a structured work ethic that focuses on increasing value and creating effective processes in growth companies. Anna holds an MBA from Örebro university.

Employed since: 2019  
Acting CFO of Irisity since: 2022

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### ***Zvika Ashani, CTO***

Prior to its acquisition by Irisity, Zvika co-founded Agent Vi and served as its CTO. Zvika is a seasoned technology leader and brings decades-long experience in designing and successfully bringing to market complex software products. He has extensive know-how in cloud, AI, edge computing, and networking technologies. Zvika holds a MSc in Electronics Engineering from the Technion – Israel Institute of Technology.

Employed since: 2003  
CTO of Irisity since: 2021

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### ***Itsik Kattan, COO***

Itsik brings 20+ years in security technology ventures, of which 10+ years as CEO of Agent Vi, until its acquisition by Irisity in 2021. Throughout his career, he has been involved in bringing to market security technologies from inception to full commercialization and field deployment, across a variety of international markets. Itsik focuses on scaling organizations and processes to support international expansion and believes in placing customer satisfaction at the top of the organization's priority list. Itsik holds a BA in computer sciences and an MBA from the Israeli College of Management.

Employed since: 2008  
COO at Irisity since: 2021

## Management



***AJ Frazer, CRO***

AJ is an accomplished and innovative senior executive with proven critical thinking and leadership skills across multiple high-tech industries. His early career in product development is complemented by 20+ years of sales and business development roles leading organizations through sales transformation. He brings a record of outstanding revenue performance with both private and public high-tech companies. AJ holds degrees in both Mathematics and Electrical Engineering from Virginia Tech.

Employed since: 2013  
CRO at Irisity since: 2021

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***Erik Landolsi, VP Future Labs***

Erik is an experienced leader in technology development, combining a Ph.D. background in computer vision and machine learning with extensive experience from industrial software development and management. He was the founder of Visionists, a consultancy company specialized in image analysis software development, which now has become an integrated part of Irisity. As a manager, Erik believes in combining technical skills and clear project leadership with an agile mindset and an open, easy-going atmosphere. Naturally, the customers' needs are the top priority at all times. Ph.D. from the Linköping University of Technology.

Employed since: 2019  
VP future Labs at Irisity since: 2021

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***Victor Hagelbäck, CPO***

Victor is an innovative leader, focusing on technology and business alike. He is a strong promoter of agile methodologies and considers teamwork and constant improvement to be the drivers of results and success. Victor has extensive experience with design and SaaS development, and always maintains a strategic focus to maximize long-term business value. M.Sc. from the Chalmers University of Technology.

Employed since: 2010  
VP Products at Irisity since: 2021

## Board of Directors

All members of the board are considered independent in relation to Irisity and its senior management as well as to major shareholders of Irisity.



### ***Lennart Svantesson, Chairman of the Board***

Lennart Svantesson is CEO at NAXS AB which is a public company listed on Nasdaq Stockholm. Current external directorships: Vauni AB (chair), ENTEA AB (director), Muntra AB, Albrektsund Förvaltningsbolag (chair), Chalmers Innovation Seed Fund, Investment Committee (director) Examples of previous directorships of public listed companies: Scribona AB, Bure Equity AB, Sintercast AB, Nolato AB. Examples of other previous directorships: Essex AB (chair). Carl Bro A/S(chair). Mercuri International AB (chair). Nimbus Boats AB (chair). Citat AB (chair), Cygate AB (chair), Systeam AB (chair), Vehco AB (chair), Icomera AB (chair), Chalmers Innovation (chair) Berg Propulsion AB (director). Lennart has previously been CEO in the public companies Scribona AB and Bure Equity AB and CEO in several companies such as Fundo Aluminim AB, Arthur.d Little Scandinavia AB och Nimbus Boats AB. Lennart has also held the position as SVP at Volvo Cars AB.

Member of Irisity's Board of Directors since: 2017



### ***Anna Ahlberg, Board Member***

Anna is CFO at Surgical Science Sweden AB, a life science/software company listed at Nasdaq First North Growth Market. She has been working mainly within the life science sector for over 15 years, with companies like Vitrolife and Q-Med, as both CFO and Director of Investor Relations, and has extensive knowledge about international growth companies and the requirements set upon listed companies. Anna has an MBA from the School of Business, Economics and Law at the University of Gothenburg.

Member of Irisity's Board of Directors since: 2021



### ***Nils Malmros, Board Member***

Nils Malmros is CEO at DevPort AB which is a public company listed on Nasdaq First North Premier Growth Market. Example of current external directorships: MalmrosStrömshaga AB (chair), Fridhem-Johannedal Samfällighetsförening (chair), Srenity Solutions AB (director), Voz Technologies AB (director), Malmlok Fastighets AB (director). Example of previous external directorships: Lindholmen Science Park AB (director), DevPort AB (director), FABS AB (director), Alingsåshem AB (director), Alingsås Energi (director). Nils has previously been Business Area Manager within ÅF/Affry, CEO in Epsilon IT Väst AB, CEO in Epsilon Embedded Systems AB, CEO in Frontpartner Svenska AB. Also years of experience within sales and marketing from Teleca and AU-System.

Member of Irisity's Board of Directors since: 2021

## Board of Directors

*All members of the board are considered independent in relation to Irisity and its senior management as well as to major shareholders of Irisity.*



***Johan Zetterström, Board Member***

Current engagements: Chairman Winningtemp, director Detectify, Director Learnifier, Director Irisity. Examples of previous engagements: VP Salesforce Nordics & BNL, CEO Projectplace, CEO & Chairman Barium AB, Director Valeado AB, Viknum AB. Director of Johan Zetterström Management AB, Surecat AB.

Member of Irisity's Board of Directors since: 2015

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***Anders Långsved, Board Member***

Current external directorships in Halon.io. He is commercial director Europe/International for Brooklyn Gin. Examples of previous positions: Years of experience within sales and marketing from Tele2 Group and Argogroup (now part of Ascom).

Member of Irisity's Board of Directors since: 2019

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***Dorian Barak, Board Member***

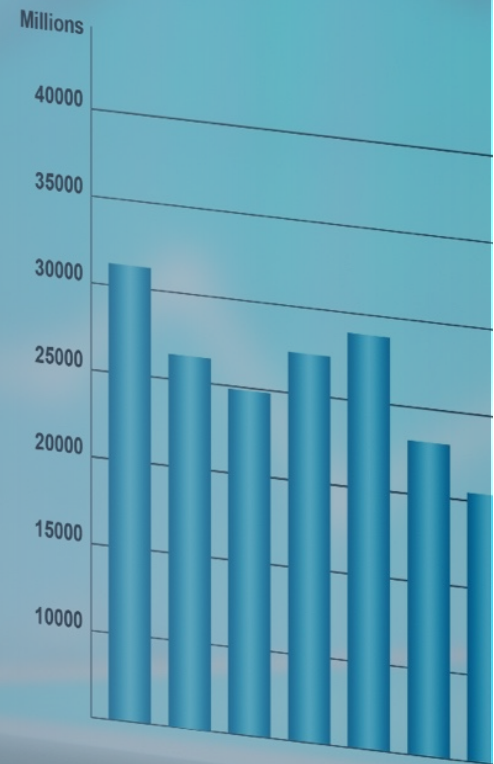
Dorian Barak is an investor and fund manager with over two decades of private equity, consulting and legal experience. He has a long track record of creating and unlocking value in dozens of investments and exits across the Middle East, China, and Europe. Dorian Barak is educated at Yale (JD) and UCLA (BA) (US) as well as Oxford (MA) (Great Britain). Previous experience includes positions such as management consultant at The Boston Consulting Group and as a corporate attorney at the Skadden Arps law firm in New York. Current and previous board positions (partial): Cipia Vision, AgentVi, Nowforce, Reorient Group, Omnitax Aviation, KuangChi Science, Frontier Services Group, Zwiipe, Alufer Mining.

Member of Irisity's Board of Directors since: 2021



# 09

## FINANCIAL CALENDAR & DEFINITIONS



## Financial calendar and definitions

### 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).

#### RETURN ON EQUITY (PERCENT)

Profit after financial items in relation to equity, expressed in percent.

#### 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.

#### EARNINGS 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:

- Subscription – the customer pays an ongoing fee for the service.
- Purchase – the customer purchases the equipment and the licenses.

• Lease – the customer leases the equipment and licences for an indefinite period.

• Payment by instalments – the customer pays the licence by instalments and leases the equipment.

These models are almost always combined with a subscription for ongoing services and support.

### Publication dates for interim reports

2022-04-27 Annual General Meeting

2022-05-12 Interim report 1

2022-08-12 Interim report 2

2022-11-11 Interim report 3

### Certified adviser for the Company:

Erik Penser Bank AB

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Telephone: +468-463 80 00/+468-463 83 00

Address: Apelbergsgatan 27, Box 7405,

103 91 Stockholm, Sweden

E-mail: [certifiedadviser@penser.se](mailto:certifiedadviser@penser.se)





# IRISITY

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556705-4571

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