

ANNUAL REPORT

2022



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

With Q4, we end a both significant and challenging year in which we navigated the integration work after the acquisition of Agent Vi while simultaneously developing our business.

With an experienced sales organization with presence in our prioritized markets, we have continued to strengthen our long-term pipeline in close cooperation with our global partners. The sales force focuses on managing larger and more complex customer engagements than before.

We ended the year by establishing framework agreements with market-leading anchor customers with good revenue potential in the coming periods. Order intake was strong with just over SEK 45 million, well distributed between our priority markets in the USA, Europe and Asia. Several of these deals were closed at the end of the year, which together with a reassessment of projects in Holland, the United Arab Emirates and Singapore, based on delivery status, led to a shift in revenue to the coming months.

The year has been affected by a regulatory process involving the integrity authority IMY, which slowed sales to schools in Sweden. Sales have also been affected by component shortages for our key camera partners and general macro concerns that have delayed our sales processes.

During the second half of the year, the negative market dynamics and the revenue shift have burdened our EBITDA. To improve the result going forward, we are expanding the delivery capacity to meet our new multinational framework agreements.

During the year, we have integrated our technical platforms and can now offer one of the market's most complete and high-performance analysis platforms with Iris +. The integration work after the acquisition has also involved coordinating the functions and harmonizing the business processes.

At the end of the year, the company had cash and credit limits of SEK 39 million. In January 2023, we drew the remaining tranche of SEK 5m on our SEK 20m DBT loan (communicated in the Q3 report).

Operating cash flow was positive due to large customer payments in January and February. As of the end of January, the company had liquid funds including available credits amounting to SEK 44 million, which is expected to cover the capital requirement until positive cash flow.

As I am moving on from Irisity, I am filled with mixed emotions. On one hand, I feel a sense of sadness at leaving behind the wonderful people I have had the privilege of working together with over the years. But on the other hand, I am filled with excitement for what the future holds under the very capable leadership of our incoming CEO, Keven.

Our journey from start-up in Gothenburg into a global player, has truly been exciting, and of course, it has also come with great challenges along the way. But working together as a team, we have shown the strength and resilience to overcome all obstacles. As our company grew, so did our ambitions. Expanding our reach into new markets, forging partnerships with industry leaders, and investing heavily in R&D both organic and by acquisitions. Our focus on innovation and excellence allowed us to stay ahead of the curve, even in face of intense competition. Today, we stand proud as a global leader in advanced video analytics!

Keven is the best new CEO we could wish for, his wealth of experience, strategic, sector experience and network is simply second to none. Under his leadership Irisity is ready for new well-deserved successes!



Marcus Bäcklund

I feel honored starting as the CEO of Irisity AB (publ), where I will join one of the most talented teams working with video analytics and AI software. Together we will accelerate the realization of the many benefits which come from using video analytics and AI software with cameras and video management systems. I look forward to an exciting 2023!

Keven Marier



The background of the slide is a photograph of an industrial facility, likely a refinery or chemical plant. It features several tall, cylindrical distillation columns with ladders and platforms. A large yellow crane is visible on the right side. The sky is a pale blue, suggesting dawn or dusk. A solid blue wave-like graphic element curves across the bottom of the image.

01

SHARES AND OWNERSHIP

TEN MAJOR OWNERS 2022-12-31

Shareholders	Number of shares	Ownership interest
Altshuler Shaham Trusts Ltd.*	4,149,530	10.8%
Försäkringsaktiebolaget Avanza Pension	4,092,181	10.7%
Westergyllen AB	2,700,000	7.0%
Chalmers Innovation Seed Fund	2,444,634	6.4%
Runmarker, Ulf	1,800,000	4.7%
Pershing, LLC, W9	1,777,657	4.6%
Perninger, Bo	753,400	2.0%
Bergvall, Leif Harald	631,536	1.7%
Handelsbanken Liv Försäkringsaktiebolag	618,316	1.6%
Förvaltningsaktiebolaget Brunnen	600,000	1.6%
The ten major shareholders in total	19,567,254	51.1%
Others	18,735,074	48.9%
Total	38,302,328	100.0%

*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 2022, when 6,961 shareholders were registered.

Number of shares

Irisity has 38,302,328 shares outstanding as of 31 December 2022.

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, with a white wavy line separating the two main text areas.

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 2022. 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 consultancy services on a very 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 year, the technical platforms from Irisity and previous Agent VI were integrated and Iris+ was launched in Q4 2022. Management has worked on the integration of previous Agent VI, the functions and coordinating processes.

The Board and management decided to prioritize the key verticals Education, Rail and Central Monitoring, as well as our enabling technologies Anonymization and Embedded.

The sales in Sweden have been impacted by the supervisory process from the integrity authority IMY and is still ongoing.

At the end of the year, the company signed orders of SEK 45 million, with the majority being large orders that are expected to span several quarters.

The company raised a loan of SEK 20 million via DBT, of which SEK 15 million was utilized in 2022.

When the company published its Q3 financial update on October 27 with net sales delayed, an extensive trading in the stock was triggered, with a majority consisting of former AgentVi owners' shares recently released from lockup.

Marcus Bäcklund, CEO, announced that he intends to step down as CEO in connection with the Q3 reporting.



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 Company's key risk 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). With the increased interest rate and inflation, the risk has increased both on order intake and cost side.

The camera permit investigated by IMY has been prolonged, and is thus a risk. Irisity is working with the impacted municipalities to clarify the issue.

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 order of importance, 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 2022-12-31, Irisity AB (publ) was the owner of 21 approved patents and 6 patent application in total. The patents belong to 9 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 87.7 (77.3).

Gross margin amounted to 79.7 percent (71.9).

EBITDA amounted to MSEK -32.0 (6.4)

The year's result after taxes amounted to MSEK -136.9 (-23.9).

MRR at the end of the period amounted to MSEK 4.4 (4.7) Q/Q.

The number of shares at the end of the period was 38,302,328 and earnings per share amounted to SEK -3.57 (-0.62). The weighted average number of shares during the year was 38 302 328

Sales and results in The Group (KSEK)	January - December 2022	January - December 2021
Net sales	87,681	77,289
Capitalized development work	24,951	15,424
EBITDA	-32,024	6,401
EBIT	-147,429	-25,827
Operating margin	neg	neg
Result after financial terms	-147,752	-26,436
Result for the year	-136,925	-23,935

Investments and financial position

The Group's cash flow from operating activities before changes in working capital amounted to MSEK -31.0 (5.2).

The cash flow from operating activities was MSEK -41.9 (-27.4). During the period, the cash flow from investing activities amounted to MSEK -26.3 (-90.2). From financing activities, the cash flow was MSEK 13.8 (123.8).

The cash flow for the year amounted to MSEK - 54.5 (6.2).

The balance sheet total amounted to MSEK 863.4 (898.9) on 31 December 2022, with a 85.6 percent (85.0) solidity. The company's net debt amounted to MSEK -2.6 (-61.6), thus a positive net debt. The Parent Company has an overdraft facility up to MSEK20 in total, which on the balance sheet date remained unused.

Staff and organization

At the end of the period, there were 74 (100) full-time equivalents (FTE), 20 (16) 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

Irisity announced the recruitment of Keven Marier as Chief Executive Officer, CEO, 21 Feb 2023. He started Mar 13 2023.

The company leadership has implemented a sales organization with a flatter structure with four autonomous regions..

In January the company made the remaining 5 MSEK draw down of our 20 MSEK DBT loan.

The company announced a financial update regarding Q4 and revenue shift.

MULTIPLE-YEAR COMPARISON FOR THE GROUP

The Groups financial development in summary.

Multiple-year comparison	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Net sales, KSEK	87,681	77,289	36,767	35,402	29,812
Capitalized work, KSEK	24,951	15,424	10,004	15,930	15,350
Result after financial terms, KSEK	-147,752	-26,436	-19,597	-17,295	-14,262
Operating margin, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Balance sheet total, KSEK	863,386	898,888	137,866	112,421	76,563
Average number of employees	83	100	37	32	24
Solidity, %	85.6	85.0	85.4	77.7	61.2

MULTIPLE-YEAR COMPARISON FOR THE PARENT COMPANY

The Parent Company's financial development in summary.

Multiple-year comparison	2022-12-31	2021-12-31	2020-12-31	2019-12-31	2018-12-31
Net sales, KSEK	35,326	53,807	38,111	35,891	29,812
Capitalized work, KSEK	11,522	18,016	12,302	16,515	15,350
Result after financial terms, KSEK	-39,510	-13,565	-14,199	-14,676	-14,262
Operating margin, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Balance sheet total, KSEK	767,750	798,987	152,693	119,442	76,563
Average number of employees	42	50	30	23	24
Solidity, %	94.8	96.0	82.6	75.7	61.2

Definitions of indicators can be found on page 47: Financial calendar and definitions.

PROPOSED APPROPRIATIONS OF PROFIT OR LOSS

The following funds are available to the Annual General Meeting:

<u>Proposed appropriations of profit or loss (SEK)</u>	<u>Amount</u>
Sharepremium reserve	868,175,413
Retained result	-162,057,733
Result for the year	-38,994,052
Total	667,123,628
<u>Proposed by the Board to be carried forward</u>	<u>667,123,628</u>
	667,123,628

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

<u>Income statement (KSEK)</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Net sales		87,681	77,289
Own work capitalized	3	24,951	15,424
Other operating income	4	8,617	339
		121,249	93,052
Operating costs			
Raw material and consumables		-17,838	-21,748
Other external charges	5,6	-33,801	-15,270
Personal costs	7	-101,635	-49,633
Depreciation of fixed tangible and intangible assets	8,3,20	-115,406	-32,228
Total operating costs		-268,679	-118,879
Operating result		-147,429	-25,827
Result from financial items			
Other interest income and similar items		7	0
Interest costs and similar items		-329	-609
Total result from financial items		-323	-609
Result after financial items		-147,752	-26,436
Tax on profit for the year	13	10,827	2,501
Result for the year		-136,925	-23,935

CONSOLIDATED BALANCE SHEET

Assets (KSEK)	Note	2022-12-31	2021-12-31
Fixed assets			
Intangible fixed assets			
Goodwill	20	310,212	310,865
Capitalized expenditure for development work	3.21	446,396	424,907
		756,608	735,772
Tangible fixed assets			
Equipment leased to customers		52	920
Equipment, tools, fixtures and fittings		2,048	1,950
	8	2,100	2,869
Financial fixed assets			
Deferred tax assets	11	38,576	33,507
		38,576	33,507
Total fixed assets		797,283	772,148
Current assets			
Short-term receivables			
Accounts receivables		18,882	40,229
Current tax assets		0	493
Other short-term receivables		2,735	1,660
Prepayments and accrued income	15	26,905	13,016
		48,522	55,399
Cash and bank balances		17,580	71,341
Total current assets		66,103	126,740
Total assets		863,386	898,888

CONSOLIDATED BALANCE SHEET

Equity and liabilities (KSEK)	Note	2022-12-31	2021-12-31
Equity	17		
Share capital		3,447	3,447
Other contributed capital		868,175	868,575
Other equity including result for the year		-132,550	-109,981
Total equity		739,072	762,041
Provisions			
Other provisions for pensions and similar obligations	12	638	693
Deferred tax liabilities	12	65,198	76,686
Total provisions		65,836	77,379
Long-term liabilities			
Liabilities to credit institutions	18	11,000	0
Other long-term liabilities		9,674	7,876
Total long-term liabilities		20,674	7,876
Short-term liabilities			
Liabilities to credit institutions	18	4,000	1,174
Accounts payable		5,285	12,450
Tax liabilities		244	211
Other short-term liabilities		4,827	9,548
Accrual and deferred income	19	23,448	28,209
Total short-term liabilities		37,804	51,592
Total equity and liabilities		863,386	898,888

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in equity (KSEK)	Share capital	Other contributed capital	Other equity including result for the year	Total
Opening balance equity 2021-01-01	2,326	220,058	-104,623	117,761
<i>Transactions with owners</i>				
New share issue	243	125,442		125,685
Non-cash issue	879	523,798		524,677
Issuance cost		-723		-723
Exchange difference			18,577	18,577
Result for the year			-23,935	-23,935
Closing balance equity 2021-12-31	3,447	868,575	-109,981	762,041
Opening balance equity 2022-01-01	3,447	868,575	-109,981	762,041
<i>Transactions with owners</i>				
New share issue				0
Non-cash issue				0
Issuance cost		-400		-400
Exchange difference			114,355	114,355
Result for the year			-136,924	-136,924
Closing balance equity 2022-12-31	3,447	868,175	-132,550	739,072

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

CONSOLIDATED CASH FLOW STATEMENT

Indirect method (KSEK)	Note	2022	2021
Operating activities			
Operating result before financial items		-147,429	-25,827
Adjustments for items not included in cash flow, depreciation, etc	21	115,406	32,228
Interest received		7	0
Interest rate paid		-329	-609
Paid income taxes		526	-616
Cash flow operating activities before change in working capital		-31,820	5,176
Change in work capital			
Change in receivables		21,475	-21,954
Change in other receivables		-14,963	-9,963
Change in accounts payable		-7,165	457
Change in other short-term operating liabilities		-9,482	-1,160
Cash flow from operating activities		-41,956	-27,444
Investing activities			
Acquisition of shares in subsidiaries	22	0	-74,350
Investments in intangible fixed assets	3	-24,951	-15,424
Investments in tangible fixed assets	8	-1,376	-385
Cash flow from investing activities		-26,328	-90,159
Financing activities			
New share issue		0	124,962
Acquisition cost		-400	0
Raised loans		15,000	0
Subscription warrants		342	0
Amortisation of debts		-1,174	-1,171
Cash flow from financing activities		13,768	123,791
Cash flow for the year		-54,515	6,188
Cash and cash equivalents at the beginning of the year		71,341	65,153
		755	0
Cash and cash equivalents at the end of the year		17,580	71,341

The background image shows a harbor scene. On the left, there are modern buildings. In the center, a large ferry with "Stena Line" written on its side is docked at a pier. The water is calm, and the sky is overcast. A bright blue wavy graphic element is at the bottom. The foreground shows a snowy surface with some dark posts.

04

THE PARENT COMPANY

THE PARENT COMPANY'S INCOME STATEMENT

<u>Income statement (KSEK)</u>	<u>Note</u>	<u>2022</u>	<u>2021</u>
Net sales		35,326	53,807
Own work capitalized	3	11,522	18,016
Other operating income	4	8,588	307
Total operating income		55,436	72,130
Operating costs			
Raw material and consumables		-15,569	-22,397
Other external charges	5,6	-25,199	-20,434
Personal costs	7	-43,591	-33,603
Depreciation and impairment of fixed tangible and intangible assets	8,3	-10,264	-9,127
Total operating costs		-94,624	-85,561
Operating result	9	-39,188	-13,430
Result from financial items			
Other interest income and similar items		7	0
Interest costs and similar items		-329	-134
Total result from financial items		-322	-134
Result after financial items		-39,510	-13,565
Group contribution received		598	4,602
Tax on profit for the year	13	-82	-1
Result for the year		-38,994	-8,964

THE PARENT COMPANY'S BALANCE SHEET

<u>Assets (KSEK)</u>	<u>Note</u>	<u>2022-12-31</u>	<u>2021-12-31</u>
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development work		56,843	54,654
		56,843	54,654
Tangible fixed assets			
Equipment leased to customers		52	920
Equipment, tools, fixtures and fittings		201	29
		253	949
Financial fixed assets			
Participations in Group companies	10	630,501	630,501
Deferred tax assets	11	0	82
		630,501	630,583
Total fixed assets		687,597	686,186
Current assets			
Short-term receivables			
Accounts receivables		5,239	19,891
Receivables in Group companies	22	43,859	4,839
Current portion of long-term receivables	14.22	0	8,654
Other short-term receivables		126	1,220
Prepayments and accrued income	15	18,136	12,991
		67,360	47,595
Cash and bank balances		12,793	65,205
Total current assets		80,153	112,801
Total assets		767,750	798,987

THE PARENT COMPANY'S BALANCE SHEET

<u>Equity and liabilities (KSEK)</u>	<u>Note</u>	<u>2022-12-31</u>	<u>2021-12-31</u>
Equity	17		
Restricted equity			
Share capital		3,447	3,447
Fund for development costs		57,205	54,314
		60,652	57,761
Non-restricted capital			
Share premium reserve		868,175	868,575
Retained profit or loss		-162,058	-150,545
Result for the year		-38,994	-8,964
		667,124	709,066
Total equity		727,776	766,827
Long-term liabilities			
Liabilities to credit institutions	18	11,000	0
Total long-term liabilities		11,000	0
Short-term liabilities			
Liabilities to credit institutions	18	4,000	1,174
Advance from customer		608	0
Accounts payable		3,317	4,389
Liabilities to Group companies		6,343	9,723
Tax liabilities		223	211
Other short-term liabilities		1,655	4,992
Accrual and deferred income	19	12,829	11,669
Total short-term liabilities		28,974	32,159
Total equity and liabilities		767,750	798,987

THE PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

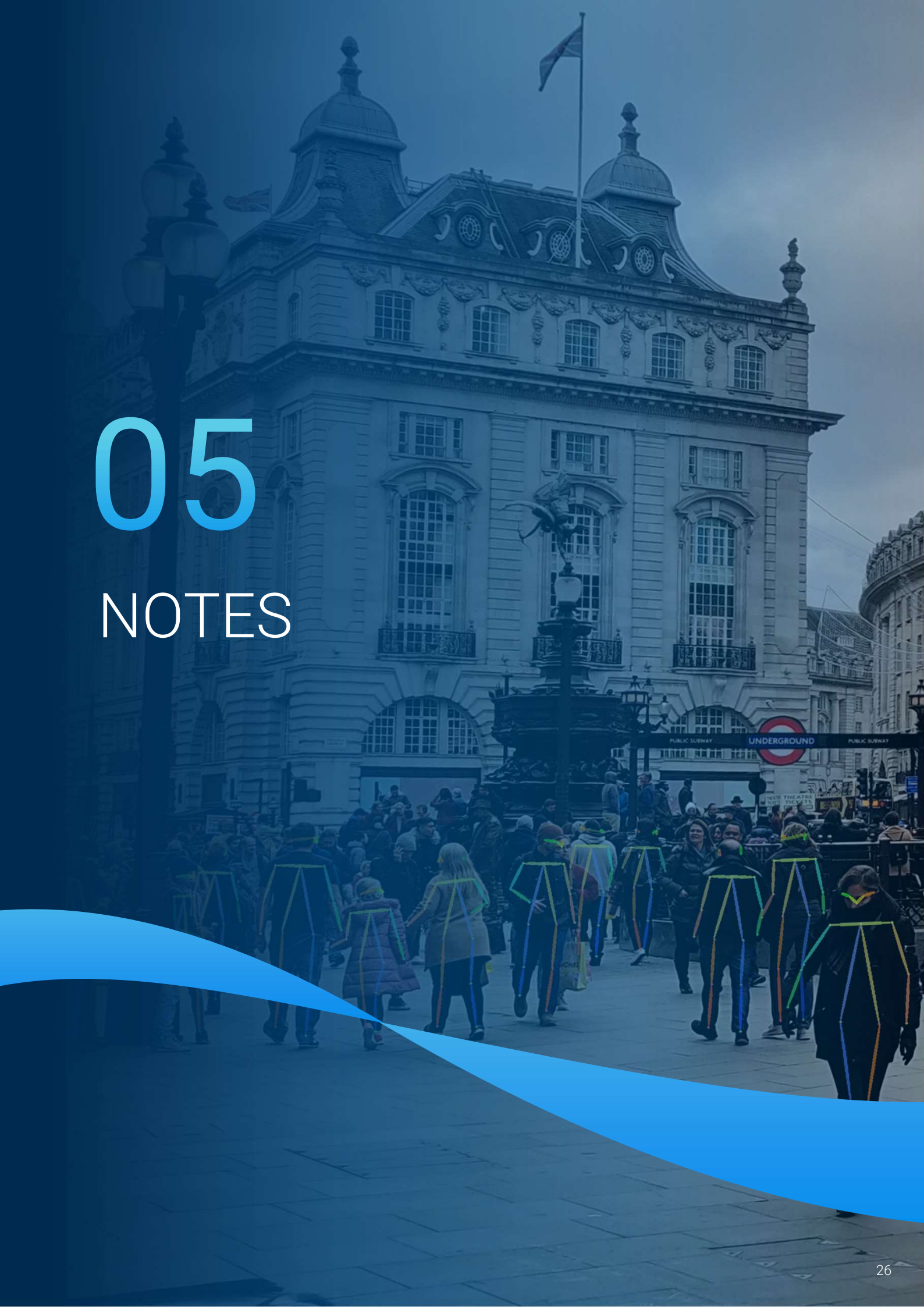
Changes in equity (KSEK)	Share capital	Fund for development costs	Share premium reserve	Retained earnings	Result for the year	Total
Opening balance equity 2021-01-01	2,326	43,704	220,058	-125,677	-14,258	126,153
Change in fund for development costs		10,610		-10,610		0
New share issue	243		125,442			125,685
Non-cash issue	879		523,798			524,677
Subscriptions warrants			-723			-723
Transfer of previous year's result				-14,258	14,258	0
Result for the year					-8,964	-8,964
Closing balance equity 2021-12-31	3,447	54,314	868,575	-150,545	-8,964	766,827
Opening balance equity 2022-01-01	3,447	54,314	868,575	-150,545	-8,964	766,827
Change in fund for development costs		2,891		-2,891		0
New share issue						0
Issuance costs			-400			-400
Subscriptions warrants				342		342
Transfer of previous year's result				-8,964	8,964	0
Result for the year					-38,994	-38,994
Closing balance equity 2022-12-31	3,447	57,205	868,175	-162,058	-38,994	727,775

THE PARENT COMPANY'S CASH FLOW STATEMENT

Indirect method (KSEK)	Note	2022	2021
Operating activities			
Operating result before financial items		-39,188	-13,430
Adjustments for items not included in cash flow, depreciation, etc	21	10,264	9,127
Interest received		7	0
Interest rate paid		-329	-134
Paid income taxes		12	119
Cash flow operating activities before change in working capital		-29,234	-4,319
Change in work capital			
Change in receivables		14,652	-11,659
Change in other receivables		-38,420	-21,189
Change in accounts payable		-1,193	958
Change in other short-term operating liabilities		-4,951	5,712
Cash flow from operating activities		-59,147	-30,496
Investing activities			
Acquisition of shares in subsidiaries	22	-400	-74,350
Investments in intangible fixed assets	3	-11,522	-18,016
Investments in tangible fixed assets	8	-235	-131
Cash flow from investing activities		-12,157	-92,497
Financing activities			
New share issue		0	124,962
Group contributions		4,602	0
Raised loans		15,000	0
Subscription warrants		342	0
Amortisation of debts		-1,174	-1,171
Cash flow from financing activities		18,770	123,791
Cash flow for the year		-52,534	798
Cash and cash equivalents at the beginning of the year		65,206	64,408
Exchange rate difference in cash and cash equivalents		121	0
Cash and cash equivalents at the end of the year		12,794	65,206

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

The company 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 straight line 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 Irisity: 12.5%
Capitalized development costs Agent VI: 20%
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.

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 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.

DEFERRED TAX

Deferred tax includes tax assets attributable to the acquisition of Agent VI. Agent VI has an accumulated deficit and Irisity's assumption is that Agent VI will become a profitable company in the coming years and that these will be utilized. This is based on business plans and market data.

Note 2: Important estimates and assessments

When financial reports are prepared, the Board and the Chief Executive Officer must, in accordance with applied accounting and valuation principles make certain estimates, judgments and assumptions that affect the reporting and valuation of assets, provisions, liabilities, income and expenses. The areas where such estimates and judgments may be of great importance to the Group, and which may thus affect the income statements and balance sheets in the future, is described below:

	THE GROUP		THE PARENT COMPANY	
Note 3: Capitalized expenditure for development work (KSEK)	2022	2021	2022	2021
Cost, opening balance	468,774	69,214	88,606	70,589
Acquisitions during the year	0	372,738	0	0
Exchange difference	59,159	11,398	0	0
Acquisitions during the year	24,951	15,424	11,522	18,016
Accumulated cost, closing balance	552,884	468,774	100,127	88,606
Depreciation, opening balance	-40,279	-22,934	-30,364	-22,662
Depreciation for the year	-62,622	-17,345	-9,333	-7,702
Accumulated depreciation, closing balance	-102,901	-40,279	-39,697	-30,364
Impairment, opening balance	-3,587	-3,587	-3,587	-3,587
Impairment for the year	0	0	0	0
Accumulated impairment, closing balance	-3,587	-3,587	-3,587	-3,587
Closing residual value according to plan	446,396	424,907	56,843	54,654

	THE GROUP		THE PARENT COMPANY	
Note 4: Other operating income (KSEK)	2022	2021	2022	2021
Received public subsidy	200	0	200	0
Exchange rate gain	8,069	0	8,069	0
Other income	348	339	320	307
Total	8,617	339	8,588	307

	THE GROUP		THE PARENT COMPANY	
Note 5: Leases (KSEK)	2022	2021	2022	2021
Future minimum lease payments to be paid in respect of non-cancellable leases:				
Falling due for payment within one year	413	1,174	413	1,174
Falling due for payment after one year but within five years	498	0	498	0
Falling due for payment more than five years	0	0	0	0
Total	911	1,174	911	1,174

Lease payments expensed during the period:

The Company's leasing costs (excluding rent for premises) for the year amounts to	-553	-261	-553	261
Financial leasing fees	0	0	0	0
Total	-553	-261	-553	261

	THE GROUP		THE PARENT COMPANY	
Note 6: Audit fees (KSEK)	2022	2021	2022	2021
Ernst & Young AB				
Audit fees	949	571	469	465
Auditing work in addition to audit engagements	244	201	189	18
Total	1,193	771	658	483

	THE GROUP		THE PARENT COMPANY	
Note 7: Wages, salaries, other remunerations and social security expenses (KSEK)	2022	2021	2022	2021
Average number of employees				
Women	20	16	9	9
Men	63	84	42	41
Total	83	100	51	50

Remuneration to the Board of Directors and the Chief Executive Officer

Board of Directors

Wages, salaries and remunerations				
Lennart Svantesson	330	230	330	230
Anders Långsved	165	115	165	115
Anna Ahlberg	165	90	165	90
Nils Malmros	165	90	165	90
Rom Mendel	135	0	135	0
Dorian Barak	195	0	195	0
Meg Tivéus	0	25	0	25
Johan Zetterström	30	115	30	115

Chief Executive Officer

Wages, salaries and remunerations				
Marcus Bäcklund	2,116	1,938	2,116	1,938

Board of Director and the Chief Executive

Statutory and contractual social security contributions	1,037	818	1,037	818
	4,338	3,421	4,338	3,421

Other employees

Wages, salaries and remunerations	77,161	35,550	29,022	21,978
Statutory and contractual social security contributions	12,791	8,458	8,339	6,986
Share appreciation rights	7,584	2,869	2,132	1,883
Total	101,875	50,298	43,831	34,268

	THE GROUP		THE PARENT COMPANY	
Board of Directors and management	2022	2021	2022	2021
Number of member of the Board on the balance sheet date				
Women	1	1	1	1
Men	6	5	6	5
Total	7	6	7	6

	2022	2021	2022	2021
Number of CEOs and other executive employees				
Women	1	0	1	0
Men	4	7	4	7
Total	5	7	5	7

	THE GROUP		THE PARENT COMPANY	
<u>Note 8: Equipment, tools, fixtures and fittings (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cost, opening balance	36,460	19,433	19,564	19,433
Changes for the year				
- Purchase of inventory	1,376	0	235	0
- Acquisition of subsidiaries	0	16,849	0	0
- Purchased equipment, leased to customers	0	178	0	131
- Sales and scrappings	-10,756	0	-9,900	0
Accumulated depreciation, closing balance	27,081	36,460	9,899	19,564
Depreciation, opening balance	-33,591	-17,190	-18,615	-17,190
Changes for the year				
- Sales and scrappings	10,756	-14,904	9,900	0
- Depreciation	-4,500	-1,851	-931	-1,425
- Exchange difference	2,354	354	0	0
Accumulated depreciation, closing balance	-24,981	-33,591	-9,647	-18,615
Closing residual value according to plan	2,100	2,869	253	949

<u>Note 9: Transactions between group companies</u>	<u>2022</u>	<u>2021</u>
Share of total purchases made from group companies	16.3%	20.3%
Share of total sales made to group companies	1.5%	1.3%

<u>Note 10: Participations in Group companies (KSEK)</u>	<u>2022</u>	<u>2021</u>
Parent Company's holding		
Cost, opening balance	630,511	29,504
Acquisitions during the year	0	601,007
Accumulated cost, closing balance	630,511	630,511
Impairment, opening balance	-10	-10
Impairment for the year	0	0
Accumulated impairment, closing balance	-10	-10
Closing residual value according to plan	630,501	630,501

	Reg.no.	Registered office	Share of capital/voting rights (%)	Amount of shares
Parent Company's holding				
D.A.R.C AB	556936-0687	Göteborg	100%	500
Visionists AB	556866-1762	Göteborg	100%	100,000
Agent Video Intelligence LTD	513448241	Tel-Aviv	100%	52,012,810
Irisity LTD	000008446	Abu Dhabi	100%	100,000

D.A.R.C AB and Irisity LTD have not operated 2022

	Book value
Irisity LTD	0
D.A.R.C AB	40
Visionists AB	29,454
Agent Video Intelligence LTD	601,007
Total	630,501

	THE GROUP		THE PARENT COMPANY	
Note 11: Deferred tax assets (KSEK)	2022	2021	2022	2021
Opening balance	33,507	83	82	83
Additional tax assets	0	33,426	0	0
Exchange difference	5,150	0	0	0
Reversed tax assets	-82	-1	-82	-1
Total	38,576	33,507	0	82

The additional deferred tax asset refers to acquired unused loss deductions, valued at the exchange rate on the balance sheet date.

	THE GROUP		THE PARENT COMPANY	
Note 12: Other provisions and Deferred tax liability (KSEK)	2022	2021	2022	2021
Other provisions				
Opening balance	693	0	0	0
Pension provision	0	693	0	0
Dissolution of pension provision	-55	0	0	0
Total	638	693	0	0
Deferred tax liability				
Opening balance	76,686	74	0	0
Deferred tax liability on acquisition	0	76,784	0	0
Change in deferred tax regarding temporary differences	-11,488	-172	0	0
Total	65,198	76,686	0	0

	THE GROUP		THE PARENT COMPANY	
Note 13: Tax on profit for the year (KSEK)	2022	2021	2022	2021
Current tax	-148	-18	0	0
Deferred tax liabilities from temporary differences	10,976	2,519	-82	-1
Total recognized tax	10,827	2,501	-82	-1

Applicable tax rate 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 2022 amount to SEK 137,779,281 (100,025,478).

	THE GROUP		THE PARENT COMPANY	
<u>Note 14: Other receivables (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Other long-term receivables				
Cost, opening balance	0	0	0	0
Additional receivables	0	0	0	0
Amortization, outgoing claims	0	0	0	0
Accumulated cost, closing balance	0	0	0	0
Current portion of long-term receivables				
Cost, opening balance	0	0	8,654	0
Additional receivables	0	0	0	8,654
Reclassifications	0	0	-8,654	0
Amortization, outgoing claims	0	0	0	0
Accumulated cost, closing balance	0	0	0	8,654

	THE GROUP		THE PARENT COMPANY	
<u>Note 15: Prepayments and accrued income (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Prepaid rent	368	371	368	371
Accrued income	23,924	11,719	15,168	11,719
Other items	2,613	926	2,600	901
Total	26,905	13,016	18,136	12,991

Note 16: Bank overdraft facility

The overdraft facility amounted to SEK 20,000,000 in total and remained unused on the balance sheet date.
Business mortgages amounting to MSEK 20 constitute the security for the overdraft facility.

Note 17: 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 2022-12-31 is 38,302,328.

	THE GROUP		THE PARENT COMPANY	
<u>Note 18: Borrowing - Interest-bearing liabilities (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Long-term liabilities				
Liabilities to credit institutions	11,000	0	11,000	0
Short-term liabilities				
Liabilities to credit institutions	4,000	1,174	4,000	1,174
Total interest-bearing liabilities	15,000	1,174	15,000	1,174

	THE GROUP		THE PARENT COMPANY	
<u>Note 19: Accruals and deferred income (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accrued holiday pay	7,702	8,000	3,609	3,551
Accrued social security contributions	1,237	1,229	1,134	1,116
Deferred income	7,348	9,105	3,521	697
Advance payment from customers	608	0	608	0
Other items	6,554	9,875	4,565	6,305
Total	23,448	28,209	13,436	11,669

	THE GROUP	
<u>Note 20: Goodwill (KSEK)</u>	<u>2022</u>	<u>2021</u>
Cost, opening balance	333,797	25,825
Acquisitions during the year	0	298,834
Exchange difference	47,631	9,138
Accumulated cost, closing balance	381,428	333,797
Depreciation, opening balance	-22,932	-9,900
Depreciation for the year	-48,284	-13,032
Accumulated depreciation, closing balance	-71,216	-22,932
Closing residual value according to plan	310,212	310,865

	THE GROUP		THE PARENT COMPANY	
<u>Note 21: Adjustments for items not included in cash flow (KSEK)</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Amortization of intangible fixed assets	110,906	30,377	9,333	7,702
Depreciation of tangible fixed assets	4,500	1,851	931	1,425
Depreciation of financial fixed assets	0	0	0	0
Total	115,406	32,228	10,264	9,127

	THE PARENT COMPANY	
<u>Not 22: Receivables from group companies (KSEK)</u>	<u>2022</u>	<u>2021</u>
Accumulated receivables, opening balance	13,494	0
New receivables	34,451	13,494
Amortisation	-4,085	0
Total	43,859	13,494

	THE GROUP		THE PARENT COMPANY	
Note 23: Pledged assets (KSEK)	2022	2021	2022	2021
Assets pledged for own liabilities to credit institutions				
Business mortgages	35,000	13,000	35,000	13,000
Pledged bank account	0	1,500	0	1,500
Total pledged assets	35,000	14,500	35,000	14,500

	THE GROUP		THE PARENT COMPANY	
Note 24: Contingent liabilities (KSEK)	2022	2021	2022	2021
Guarantees	0	0	0	0

Note 25: Significant events after the balance sheet day

Irisity announced the recruitment of Keven Marier as Chief Executive Officer, CEO, 21 Feb 2023. The new CEO started 13 Mar 2023. The company leadership has implemented a sales organization with a flatter structure with four autonomous regions. In January the company made the remaining 5 MSEK draw down of our 20 MSEK DBT loan (communicated in the Q3 report).

The company provided financial update regarding Q4, on February 14, 2023, and informed about the revenue shift of new orders and some existing deals.

Note 26: Appropriations of profit and loss (SEK)

Belopp

The following available to the annual general meeting:

Share premium reverse	868,175,413
Retained profit/loss	-162,057,733
Loss for the year	-38,994,052
	667,123,628
The Board of Directors proposes the following distribution of funds	
dividend to shareholders (SEK 0 per share)	0
To be retained	667,123,628
	667,123,628



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, 16 March 2023

Keven Marier
Chief Executive Officer
2023-03-16

Rom Mendel
Director
2023-03-16

Lennart Svantesson
Chairman
2023-03-16

Anders Långsved
Director
2023-03-16

Dorian Barak
Director
2023-03-16

Anna Ahlberg
Director
2023-03-16

Nils Malmros
Director
2023-03-16

Our auditor's report was submitted on 16 March 2023
Ernst & Young AB

Linda Sallander
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 2022 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, 2022 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 2022 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 16, 2023

Ernst & Young AB

Linda Sallander

Authorized Public Accountant



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BOARD OF
DIRECTORS &
MANAGEMENT

Management



Keven Marier, CEO

Keven brings more than 20 years of security industry experience, and comes to Irisity from Milestone Systems AS, a global leader in video management and intelligent software, where he was the VP of Technology Partners. Over the past 9 years at Milestone, Keven has worked in several leadership positions including as the Open Security and Safety Alliance VP representing Milestone. Before this, Keven was the CEO of Connex International, Inc which provided manufacturing training, certification, deal enablement and professional services which was acquired by Milestone Systems in 2013.

Employed since: 2023
CEO of Irisity since: 2023



Anna Anderström, CFO and COO

Anna has over 20 years of experience in financial leadership roles and executive governance mainly with international, public companies. Her experience also includes commercialization, product management, operations, project management, and business transformation. She holds a master's in business administration from the University of Halmstad.

Employed since: 2022
CFO of Irisity since: 2022, COO since 2023



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: 2022



Victor Hagelbäck, CPO and CMO

Victor is an experienced leader, focusing on product strategy, development, and commercialization. He has a long track record at Irisity, being part of the management team since 2012. Victor has delivered performant cloud-based and AI-driven solutions for many years, always with a strategic focus to maximize value for the customer and the business long-term. He holds a MSc. in Intelligent Systems Design from Chalmers University of Technology

Employed since: 2008
CPO since 2019, CMO since 2023

During 2022 the management team also included:

- Itsik Katten, COO (to August 2022)
- Erik Landoski, VP Future Labs (to August 2022)
- AJ Frazer, CRO (to February 2023)

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 was until April 2022 CEO of NAXS AB, which is a public company listed on Nasdaq Stockholm. Current external directorships: Vauni AB (chair), ENTEA AB (director), Muntra AB (director), 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), System 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



Anders Långsved, Board Member

CEO of Halon Security AB. Current external board assignment in Wrebit AB. Examples of previous positions: Many years of experience in sales and marketing from Tele2, Argogroup (now part of Ascom) and Brooklyn Gin.

Member of Irisity's Board of Directors since: 2019



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.



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 within the life science sector for over 20 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



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 value creation 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



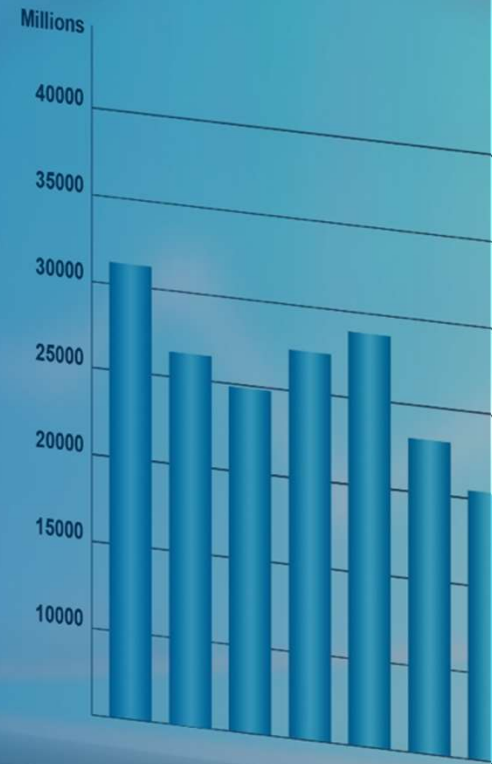
Rom Mendel, Board Member

Rom Mendel is an experienced manager and leader from international MedTech, Life Science and technology companies and is today CEO of Optinova. Previous positions include Managing Director at Cochlear Bone Anchored Solutions and President at Cochlear Acoustic, CMO at Ascom and Chairman of the Board at Duearity AB. Rome has solid experience in building strong growth companies and will bring business experience, financial expertise and technical know-how to the board.

Member of Irisity's Board of Directors since: 2022

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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

2023-04-27 Annual General Meeting

2023-05-12 Interim report 1

2023-08-11 Interim report 2

2023-11-14 Interim report 3

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