



The information in this teaser should only be seen as an introduction to Irisity AB (publ), org. no. 556705-4571 ("Irisity" or the "Company"), prospectus approved by the Swedish Financial Supervisory Authority on November 8, 2024. The teaser does not contain complete information for an investment decision and does not constitute a prospectus in accordance with the European Parliament and Council Regulation (EU) 2017/1129 of June 14, 2017. Investors are recommended to read the prospectus, which is available on Irisity's website <https://irisity.com/>. Neither the teaser, the prospectus, nor the application forms may be distributed in any country where the distribution or any offer requires additional prospectus, registration, or other measures beyond what follows from Swedish law.



PENSER BY CARNEGIE

CEO letter

Dear shareholders of Irisity® AB (publ),

Since my appointment as CEO 18 months ago, I have been committed to steering Irisity toward growth, profitability, and innovation. As a fellow shareholder, I am deeply invested in our collective success.

I want to thank you for being a valued part of our company and your continued support. In this letter, I aim to share with you the tremendous progress we have made in the last 18 months in the business to support your decision to participate in Irisity's rights issue. The rights issue presents an opportunity to continue to invest in our mission and growth journey which is accelerating toward profitability.

Our achievements over the past year demonstrate the strength of our strategy. With the acquisitions of Ultinous Zrt and Agent Vi, Irisity looks confidently toward future opportunities and the company's ability to grow our market leading position with expanded technological capabilities.

Financial results reflect our progress in the latest quarter. The investments made over the past 18 months in our five key strategic initiatives have been fully implemented. Individually and collectively, they shape the positive financial metrics of Irisity.

In 2025, our five strategic initiatives will not only strengthen our competitive edge but also deliver long-term value to our shareholders.

Irisity operates in a rapidly growing market, with the global AI surveillance sector expected to grow at a CAGR of 23.7%, reaching USD 16.3 billion by 2028. The growing global implementation of AI solutions for surveillance and security offers the company future growth opportunities. Together with the investments in the company's AI Open Platform and new generative AI capabilities, Irisity is well-positioned to maintain our market leadership position in standalone video analytics market share.

We acknowledge and appreciate your continued support in enabling Irisity in our mission of making video monitoring smarter and the response to critical events faster and more effective using our AI, which allow the operator to "See what matters, when it matters." As we embark on this exciting journey together, we are dedicated to delivering long-term value to you, our shareholders.

The rights issue will provide the necessary working capital to drive our plans to profitability in 2025, including debt repayment, geographic sales growth and increased working capital.

Keven Marier
Chief Executive Officer, CEO



Introduction to Irisity

Irisity is a provider of software and services for generative AI and deep learning-based AI solutions for video analysis. The company develops and sells software that upgrades ordinary security cameras into intelligent sensors while protecting personal privacy. The technology safeguards people, places, and assets by detecting incidents in real-time. Detecting intrusions, flames, violence, falls, use of personal protective equipment, and abandoned objects, along with quick search and analysis of recorded video and providing statistical data, are parts of the offering.

Irisity's patented real-time anonymization technology ensures ethical surveillance that does not infringe on personal privacy. Irisity serves customers in more than 90 countries, has its headquarters in Gothenburg, and has an active presence in Sweden, the USA, Israel, Singapore, the United Arab Emirates, Australia, Argentina, Brazil, Mexico, Colombia, and the United Kingdom. The company operates globally through a network of resellers, partners, security companies, and camera manufacturers.

Vision

Irisity's long-term vision is to be a market-leading provider of intelligent camera-based AI video surveillance software by enabling customers to see what is important, when it is important, in their security and safety operations.

Strategy

The company's strategy is to become a market-leading provider of AI video software in security and safety by offering a unified AI software platform called IRIS+ that can be delivered to a broad customer base, various use cases, and price ranges.

Goal

The company's goal is to be a leading provider in the market for AI software for security and safety by offering customers a wide range of AI technology while continuing to improve profitability.

Business model

The group's business model aims to capture multiple market segments and different purchasing behaviors.

The total market for video analysis is addressed through a combination of SaaS, perpetual licenses, maintenance agreements, relevant hardware, and consulting services. These business models are organized into three customer and business model segments to ensure an efficient go-to-market strategy: "AI Solutions," "AI Products," and "AI Services."

Future outlook and challenges

The company's challenges include operational risks as well as risks related to market and technological development, patents, competitors, and IT security.

Irisity is enthusiastic about future opportunities and the company's ability to navigate various market uncertainties. The increased global implementation of AI solutions for surveillance and security provides the company with growth opportunities in the future. Along with strategic investments in the company's AI Open Platform, Irisity is well-positioned to be a leader in software and licensing products.

IRIS+™ platform for video analysis

Product offering and market applications

IRIS+ is an open and scalable platform for video analysis that operates in all environments—locally (air-gapped), in the cloud, or in a hybrid installation. This provides customers and partners with the flexibility to design, operate, and manage their surveillance, security, and safety operations based on their unique needs.

Infrastructure



Critical infrastructure facilities are vulnerable to sabotage and intentional vandalism, making security even more crucial. Providing security for power stations, bridges, solar and wind farms, pipelines, and national borders is challenging due to harsh outdoor environments and disruptions from wildlife and nature.

Safe and smart cities



Video analysis supports various smart city initiatives, including traffic management, public safety, and alerts when groups gather in high-risk areas. Irisity's solutions for safe and smart cities are functional in both indoor and outdoor environments and can be implemented in new or existing camera infrastructures.

Railway and transport



Enhancing security by increasing situational awareness. Irisity detects unattended objects, unusual behavior, congestion, fires, and blocked emergency exits, as well as traffic jams, stopped vehicles, and traffic statistics, and sends notifications for track trespassing.

Healthcare



Video surveillance can assist healthcare professionals in helping patients in their homes, with critical events such as fires, falls, and intrusions being detected immediately. Anonymization technology can be used simultaneously to protect privacy.

School guard



Irisity helps the education sector enhance overall security through real-time insights, such as detecting intrusions, loitering in restricted areas, preventing vandalism, and protecting school property during and after school hours.

Background and Motives

Irisity is a provider of AI-based video analysis solutions, developing software to transform ordinary security cameras into intelligent sensors while protecting personal privacy. The technology safeguards people and assets by detecting incidents in real-time. Features such as intrusion detection, fire detection, violence detection, fall detection, and abandoned object detection, along with quick search and analysis of recorded video and the issuance of statistical data, are included in the offering. Irisity focuses on ethical surveillance without infringing on personal privacy and offers all analysis functionality along with patented anonymization technology.

With the acquisitions of Ultinous Zrt and Agent Vi, Irisity is optimistic about future opportunities and the company's ability to manage various market uncertainties. The growing global implementation of AI solutions for surveillance and security offers the company future growth opportunities. Along with strategic investments in the company's AI Open Platform and new generative AI capabilities, Irisity is well-positioned to become a leader in software and licenses for analysis software.

According to the board's assessment, the company's existing working capital is not sufficient for Irisity's current needs for the coming twelve-month period, and for this reason, the board has decided to carry out the offering. Working capital refers to the company's ability to access liquid funds to fulfill its payment obligations as they fall due. Upon full subscription of newly issued Units, the company will receive net proceeds of approximately SEK 47.6 million, after set-offs of approximately SEK 15.3 million (from Stockhorn Capital AB and Anders Trygg, via companies) and deduction of issuance costs of approximately SEK 7.7 million. Irisity intends to use the net proceeds for the following purposes, listed in order of priority:

- Repayment of bridge loans, approximately SEK 21.9 million
- Market expansion including new generative AI applications, approximately SEK 5.0 million
- General working capital planned to be used for an expanded sales organization and increased production, approximately SEK 20.7 million

The proceeds from the exercised Warrants are intended to be used entirely for general working capital purposes.

Summary of the offer

Rights issue

Shareholders of Irisity will receive one (1) unit right for each existing share held on the record date of November 11, 2024. Eight (8) unit rights entitle the holder to subscribe for one (1) unit, consisting of seven (7) newly issued shares and one (1) newly issued warrant of series 2024/2025:1.

To the extent that units in the rights issue are not subscribed for with preferential rights, investors are offered the opportunity to subscribe for units without preferential rights.

Subscription price

The subscription price per unit is SEK 8.40, corresponding to SEK 1.20 per share. The warrants are issued free of charge.

Record date for participation in the rights issue

November 11, 2024

Trading in unit rights

November 13, 2024 – November 22, 2024

Subscription period

November 13, 2024 – November 27, 2024

Trading and subscription with Warrants

The exercise period for the warrants will be from May 27, 2025, to June 10, 2025. The subscription price upon exercise of the warrants is SEK 1.50 per share. If all warrants are exercised for the subscription of shares, the company will receive an additional maximum of approximately SEK 12.6 million before issuance costs.

Subscription commitments and guarantee undertakings

In total, the rights issue is covered by subscription commitments and guarantee undertakings amounting to approximately SEK 56.5 million, corresponding to approximately 80.0 percent of the Rights Issue.

Note: Some banks/custodians require an active response early in the subscription period from the holder when exercising unit rights. If you do not notify your bank/custodian in good time, there is a risk that your bank will sell off unused unit rights, and you will therefore not be able to fulfill your subscription commitment.