

Terranet AB (publ)

Interim Report

1 January 2022 – 30 September 2022

Safety at the blink of an eye

This is a translation of the original Swedish Terranet Q3 2022 interim report. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

Significant events during the third quarter

- Terranet notified the market that the company is ready to produce the first sample version of its scanner module.
- Magnus Andersson took over as CEO for Terranet on 1 September. At the same time, Göran Janson went from the role as CEO and board member to his regular role as chairman of the board and Anders Blom went from his role as chairman of the board to his regular role as board member.
- Magnus Andersson, CEO, signed an agreement to acquire warrants.
- Terranet appointed Magnus Andersson as new CEO.

Significant events after the close of the period

- Terranet informed the market that Prevas is commissioned to build the first prototype of BlincVision's laser scanner module.
- Terranet updated the market with the company's progress in its product development effort.
- Terranet participated in Redeye Autotech's well attended investor day where CEO Magnus Andersson presented the company.

Third quarter, 1 July – 30 September 2022

- Revenue amounted to TSEK 252 (616).
- Operating profit/loss amounted to TSEK -7,119 (-6,616).
- Diluted and undiluted earnings per share amounted to SEK -0.02 (-0.03).

Interim period, 1 January – 30 September 2022

- Revenue amounted to TSEK 438 (1,208).
- Operating profit/loss amounted to TSEK -21,940 (-24,998).
- Diluted and undiluted earnings per share amounted to SEK -0.07 (-0.11).
- The Group's cash and cash equivalents at the close of the period amounted to TSEK 34,960 (62,788 TSEK at the start of the financial year).

Comments from the CEO

We are entering the next phase

Dear shareholders,

It is with pleasure that I write my first CEO comment for Terranet. My impression of the company now after more than two months as CEO is that the internal knowledge is even more impressive, the business potential greater, and the importance of bringing BlincVision to market even more important than I could have imagined when I took on the challenge of leading Terranet into the future. After important advances in product development in the third quarter, we are now in a situation where the pieces are starting to fall into place and we are finally ready to start producing working prototypes for parts of our anti-collision system BlincVision.

Scanner module under development

In the beginning of November, we announced that Terranet had entered into a collaboration agreement with Prevas Development to develop the first prototype of the scanner module - a key component of the BlincVision system that scans the area in front of the car using multi-beam laser technology. Behind this important milestone lies intensive work with setting the technical specifications and simulating and testing the design. I am extremely proud of the team's commitment and persistence, and I'm excited to see what we will achieve together with Prevas in the next step.

A second key component of BlincVision is the highly sensitive sensor unit that captures the laser beams and via the software processes and interprets the data at lightning speed. To speed up time to market, we are currently evaluating potential development partners for this high-tech sensor. I look forward to share the progress in this area in the near future. The ambition is to present working prototypes in 2023.

Positive feedback from the market

2022 has been characterized by an unsettled world and a shaky stock market, but there are glimmers of light. The demand for and interest in smart, advanced driver assistance systems (ADAS) and sensor technologies is growing. In 2020, the market for ADAS was estimated to USD 34 billion (Deloitte, 2021 Global Automotive Supplier Study). By 2025, it is expected to reach USD 84 billion, corresponding to a growth of 150%. This makes the ADAS and sensor segment the third fastest growing component segment in the automotive industry. New, innovative players are popping up and are driving the development of the next generation of smart, safe and energy-efficient vehicles, adapted to changing transport patterns and traffic needs in the world's cities.

During my first months as CEO I have met with a lot of different automotive industry players to tell them about Terranet and what we do - everything from vehicle manufacturers and potential customers to possible partners and industry organizations. The people I meet are curious about our technology, and the general response is that BlincVision fills a need in the market that other driver assistance technologies cannot.

An increasing number of vehicle manufacturers and technology providers see the need for an ecosystem of sensor solutions that meet different needs. Lidar, radar and camera technology all have their advantages, but none of them work optimally in all traffic situations. We see clear driving forces that support demand for a product like BlincVision, which will complement other ADAS solutions in dense traffic where the car must be able to assess the situation at lightning speed and at very short distances, and identify which object is moving in front of the car.

Continued capitalization of the company

A prerequisite for Terranet to be able to keep up the fast pace in product development is of course to maintain a stable financial position. The T05B warrant program will provide Terranet with a capital injection in the spring. The Board is working actively on Terranet's long-term financing, and I feel confident that we will secure the capital needed to take BlincVision to the finish line in the coming years.

The intensive product development work continues according to plan. We still have some way to go before we can present a finished BlincVision product, but every milestone we pass, and the development we see in the automotive industry and in urban traffic environments around the world, strengthens my conviction that Terranet is on the right track.

Magnus Andersson

CEO

Lund, 17 November 2022



Significant events during the period

Terranet ready to produce the first sample version of its scanner module

On 28 September 2022, the company announced that it had laid down the technical specifications for its laser scanner and was now ready to take the next step in finding a partner who can manufacture the so-called "A-sample".

Magnus Andersson steps in as CEO – changes in board composition follow

On 1 September 2022, Magnus Andersson stepped in as CEO of Terranet. At the same time, Göran Janson went from the role as CEO and board member to his regular role as chairman of the board and Anders Blom went from his role as chairman of the board to his regular role as board member.

Terranet's CEO, Magnus Andersson, entered into an agreement to acquire warrants

On 26 July 2022, the company announced that CEO Magnus Andersson signed an agreement to acquire all of his 2,500,000 warrants in the company. The warrants are part of the incentive programme for management and employees that was adopted at the 2022 Annual General Meeting.

Terranet appoints Magnus Andersson as new CEO

On 15 July 2022, Terranet announced that the Board appointed Magnus Andersson as the company's new CEO. Magnus has over 20 years of international experience and a proven track record of leadership and growth in fast-growing tech companies, including companies within the automotive industry and energy sector. He most recently served as CEO at the transport technology company Pilotfish.

Significant events after the close of the period

Terranet signed an agreement with Prevas to produce the company's scanner prototype

On 9 November 2022, the company informed the market that Terranet had, through a strategic partnership, taken decisive steps towards a complete prototype for its driver assistance system BlincVision. Prevas was commissioned to build the first prototype of BlincVision's laser scanner module. The prototype that Prevas will develop is based on Terranet's specifications and builds on the technological advances made by Terranet during the past year, including the laser's effective detection range and how safe it is for the human eye.

Terranet updated the market with the company's progress in its product development effort

On 17 October 2022, Terranet published a newsletter where CEO Magnus Andersson described the high level of activity in the company that has led to an important milestone in completing the technical specifications for the scanner module. Furthermore, it was also described how the company is accelerating the work of developing the two other key components, the vision sensor and the computer module, which are part of BlincVision.

Terranet participated in Redeye's Autotech Investor Day

On 6 October 2022, Terranet's CEO Magnus Andersson presented the company at Redeye's Investor Day.

Activities and notes

Terranet develops technical solutions for advanced driver assistance (ADAS) and self-driving vehicles that make roadways safer for drivers and pedestrians.

Business strategy

Terranet's business concept centres around the development of solutions for advanced driver assistance (ADAS) and self-driving vehicles (AV) that it primarily markets to vehicle manufacturers, subcontractors and other actors in transport and mobility as a service. Terranet offers solutions that respond to the rapidly expanding global market for advanced driver assistance systems. Terranet's business model is based on the sale of the company's solutions through licensing to OEMs (Original Equipment Manufacturers) and Tier 1 suppliers, who supply components to OEMs in the automotive industry. In addition to licensing revenue, product sales can generate revenue through customer-specific adaptations, as well as service and upgrades.

Operations

Terranet develops tech solutions for Advanced Driver Assistance System (ADAS) and self-driving vehicles (AV). The technology is called VoxelFlow™ and is an event camera-based system that generates voxels unlike pixel-based cameras. VoxelFlow is the technology behind the company's product BlincVision. BlincVision combines multi-beam lasers, sensor cameras and advanced image analysis into a system that reads the road surface in record time and detects objects, regardless of the weather and time of day. Terranet has a global license to use and further develop VoxelFlow towards the automotive industry. The company also develops software algorithms for positioning using 5G technology, as well as for communication between different vehicles and between vehicles and other objects, so-called V2X.

Read more at www.terranel.se

Terranet AB (publ)

Corp. reg. no. 556707-2128

Mobilvägen 10

223 62 Lund

Staff

As of 30 September 2022, the number of employees in the group was 13 (15). Temporary staff, full-time consultants and staff on parental leave have been excluded. The recruitment process to bring in additional developers is ongoing.

Risks and uncertainties

Significant risks and uncertainties are described in the company's annual report for 2021.

The parent company

Terranet AB (publ), having corporate identification number 556707-2128, is a limited company registered in Sweden with its registered office in Lund. The company's B shares are listed on Nasdaq First North Premier Growth Market. The address of the main office is Mobilvägen 10, 223 62 Lund.

During the interim period, the parent company made a shareholder contribution to Terranet Tech AB of TSEK 22,000; a corresponding write-off has been made on the shares in Terranet Tech AB. The write-off does not have an impact on the group's balance sheet or cash flow.

The parent company leads and administrates operations and financing activities and does not conduct any operating activities; reference is therefore made to information for the group in general.

Accounting principles

The consolidated financial statements for Terranet AB (publ.) have been established in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the Swedish Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendations, RFR 1 "Supplementary Accounting Rules for Groups". The parent company's financial reports have been established in accordance with the Swedish Annual Accounts Act and RFR 2, "Accounting for Legal Entities". The parent company applies the same accounting principles as the group, where applicable.

This interim report has been prepared in accordance with IAS 34 "Interim Financial Reporting". Disclosures required under IAS 34 are provided in notes and elsewhere in the interim report.

The accounting principles and calculation methods applied are in agreement with those described in the annual report for 2021.

New standards and interpretations that entered into force as of January 1, 2022, have not had any significant effect on the Group's or Parent Company's financial reports for the interim period.

Equity

Warrant programme T04B

The subscription of B shares through warrants of series T04B occurred from 28 February 2022 to 11 March 2022. Each warrant of series T04B entitled the holder to the subscription of one (1) new B share in the company against cash payment corresponding to 70 percent of the volume-weighted average price of the company's share on Nasdaq First North Premier Growth Market between 11 February 2022 to 24 February 2022, which amounted to a subscription price of SEK 0.56 per B share. The outcome was 79.9%, and the company raised MSEK 6.1 in equity after issue costs.

The proceeds from the issue were used in their entirety to pay loan debt.

The total number of shares increased by 11,436,473 shares. At the beginning of the year, the number of shares amounted to 314,852,930, and at the close of March, 326,289,403. At the close of September the amount of share is 326,289,403.

Warrant programme T05B

The subscription of B shares through warrants of series T05B will occur from 13 March 2023 to 24 March 2023. Each warrant of series T05B entitles the holder to the subscription of one (1) new B share in the company against cash payment corresponding to 70 percent of the volume-weighted average price of the company's share on Nasdaq First North Premier Growth Market between 24 February 2023 to 9 March 2023, however, no less than the value corresponding to the quotient value for Terranet's share during the subscription period and a maximum of SEK 4.20 per B share. In the event of full exercise of all warrants of series T05B, the company can expect to raise a maximum of an additional MSEK 51.8.

Warrant Program 2022/2025: 1

The Annual General Meeting resolved to introduce incentive program 2022/2025:1 through the issue of warrants to the Company, which would then be transferred to employees within the Company and the Group. A total of 9,850,000 warrants of series 2022/2025:1 were issued to the Company for transfer to employees, with each warrant entitling the holder to the subscription of one new B share during the period 1 October 2025 through 31 October 2025, or an earlier date stipulated in the terms of the warrants, at a subscription price of SEK 2.50.

There are a maximum of 16 employees in the Company and the group, whereupon the CEO has the option to acquire a maximum of 2,500,000 warrants; other members of the management (max 3 people) may acquire up to 1,250,000 warrants, and other employees (max 12 people) may acquire a maximum of 300,000 warrants each.

The warrants are acquired at market value, which has been calculated by an independent valuation institute at SEK 0.12 per warrant. In the management group, Nihat Küçük, CTO, has fully exercised his warrant rights totalling 1,250,000 warrants. CEO Magnus Andersson has fully exercised his warrant rights totalling 2,500,000 warrants at SEK 0.17. Thomas Falkenberg, CFO, is a consultant and thus not covered by the programme. In addition, 315,000 warrants of series 2022/2025:1 have been acquired by individuals in non-executive positions. The company has received in total TSEK 613 from the programme during the year.

Warrant Program 2022/2025:2

In accordance with the proposal by shareholder Maida Vale Capital AB, the Annual General Meeting resolved to adopt incentive programme 2022/2025:2 through the issue of warrants to the Company, which would then be transferred to the Company's board members. A total of 5,000,000 warrants were issued to the Company for transfer to board members. Each warrant entitles board members to the subscription of one new B share between 1 May 2025 through 31 May 2025, or an earlier date as stipulated in the terms of the warrants, at a subscription price of SEK 1.75.

Excluding Anders Blom, the Company's board consists of five members, each of whom is entitled to acquire a maximum of 1,000,000 warrants. The warrants are acquired at market value, which has been calculated by an independent valuation institute at SEK 0.16 per warrant. Magnus Edman and Göran Janson have acquired 100% of their warrant rights and Karolina Bjurehed has acquired 87.5%. Anders Blom is not eligible for the programme as he is a representative for the shareholder Maida Vale Capital AB, which submitted the proposal to the meeting. The company has received in total TSEK 460 from the programme during the year.

Financial overview

Third quarter

1 July 2022 – 30 September 2022

Revenue

Revenue for the quarter amounted to TSEK 252 (616), which consists exclusively of grants from Vinnova.

Operating profit/loss

Capitalised development costs amounted to TSEK 442 (2,793) and consists entirely of capitalised staff costs. Capitalisation for the previous financial year includes consulting costs of TSEK 1,797.

The reduction in other external costs is mainly attributable to reduced consulting costs, as the group's consulting costs were substantial during the third quarter of the previous financial year.

Operating profit/loss for the quarter amounted to TSEK -7,119 (-6,616).

Amortisation of intangible assets amounted to TSEK 171 (47) TSEK, depreciation of fixed assets amounted to TSEK 75 (43) and impairment of right-of-use assets amount to TSEK 217 (123).

Financial income

Financial income for the period consists entirely of revaluation of the company's long-term receivables (convertible loan of TUSD 500 issued to Summer Robotics in second quarter) in USD to the closing day rate.

Financial costs

Financial costs consist exclusively of interest on the loan of MSEK 35, which was taken in April 2021 to fund the acquisition of shares in holotide.

Interest costs attributable to right-of-use assets amount to TSEK 95 (45) for the period.

Taxes

The group's effective tax amounted to 0 (0) percent. The group has a substantial accumulated tax loss carryforward; however, no deferred tax assets are reported with respect to this.

Profit/loss for the period

Profit/loss for the period amounted to TSEK -7,270 (-7,637). Diluted and undiluted earnings per share amounted to SEK -0.02 (-0.03).

Cash flow

Cash flow from operating activities amounted to TSEK -6,196 (-8,681).

Cash flow from investing activities amounted to TSEK -631 (-2,974). During the period, TSEK 615 (2,894) was invested in development and patents and TSEK 16 (80) was invested in tangible fixed assets.

Cash flow from financing activities amounted to TSEK 241 (37,843). During the period, option premiums of TSEK 425 (0) were received and lease liabilities of TSEK 184 (103) were amortised. Cash flow for the previous financial year included a new issue, which raised TSEK 37,946 net after issue costs.

Interim period

1 January 2022 – 30 September 2022

Revenue

Revenue for the quarter amounted to TSEK 438 (1,208), which consists exclusively of grants from Vinnova.

Operating profit/loss

Capitalised development costs amounted to TSEK 2,470 (8,025), where TSEK 1,844 (3,236) is attributable to capitalised staff costs and the remainder is attributable to consulting costs.

The reduction in other external costs is mainly attributable to reduced consulting costs, as the group's consulting costs were substantial during the interim period.

TSEK 995 was charged to payroll for costs linked to a settlement with the company's former CEO.

Operating profit/loss for the interim period amounted to TSEK -21,940 (-24,998).

Financial costs

Financial costs consist exclusively of interest on the loan of MSEK 35, which was taken in April 2021 to fund the acquisition of shares in Holoride.

Taxes

The group's effective tax amounted to 0 (0) percent. The group has a substantial accumulated tax loss carryforward; however, no deferred tax assets are reported with respect to this.

Profit/loss for the period

Profit/loss for the period amounted to TSEK -23,978 (-27,112). Diluted and undiluted earnings per share amounted to SEK -0.07 (-0.11).

Cash flow

Cash flow from operating activities amounted to TSEK -20,721 (-32,007). The reduced cash outflow is attributable to interest payments during the previous financial year and a reduced operating loss, as well as lower tie-up of working capital.

Cash flow from investing activities amounted to TSEK -7,777 (-42,328). During the period, TSEK 2,934 (8,237) was invested in development and patents and TSEK 91 (546) was invested in tangible fixed assets. Investment in financial assets of TSEK 4,752 consists of a convertible loan issued to Summer Robotics. An investment was made in holoride during the corresponding period of the previous financial year.

Cash flow from financing activities amounted to TSEK 670 (102,852). During the first quarter, proceeds from the issue amounting to TSEK 6,065 were received, which were used in their entirety for the repayment of loans. Option premiums of TSEK 1,073 (0) were received and lease liabilities of TSEK 403 (300) were amortised. A loan of TSEK 35 was taken in the previous financial year and a large new share issue was completed.

Financial position and liquidity

As of 30 September 2022, total assets amounted to TSEK 97,113 (115,900), equity amounted to TSEK 56,691 (73,531) and the equity/assets ratio amounted to 58.4% (63.4%).

The carrying value of the group's interest-bearing liabilities amounts to TSEK 35,560 (36,926).

During the period, TSEK 6,065 was paid on the loan of TSEK 35,000 (nominal amount), which was taken to finance the investment in holoride in 2021. The next repayment will take place when the funds from TO5B are received (see above under Warrants). The loan falls due in May 2023 and is reported as a short-term loan. The board works actively to manage the company's financing.

Of the interest-bearing liabilities, lease liabilities amount to TSEK 3,998 (1,972). The increase is attributable to the lease for the office in Stuttgart.

At the start of the interim period, the group's cash and cash equivalents amounted to TSEK 34,960 (62,788).

Transactions with related parties

Transactions with related parties, other than transactions with senior executives in the capacity of their positions, included purchases from Prevas Development AB corresponding to TSEK 119 during the financial year. Magnus Edman is a board member in Terranet AB and CEO of Prevas Development AB.

Key figures

(Amounts in TSEK unless otherwise indicated)	2022 3 months July- September	2021 3 months July- September	2022 9 months January- September	2021 9 months January- September	2021 12 months January- December
Undiluted EPS (SEK)	-0,02	-0,03	-0,07	-0,11	-0,17
Diluted EPS (SEK)	-0,02	-0,03	-0,07	-0,11	-0,17
Number of shares on the balance sheet date prior to dilution	326,289,403	314,852,930	326,289,403	314,852,930	314,852,930
Number of shares on the balance sheet date after dilution	326,289,403	314,852,930	326,289,403	314,852,930	314,852,930
Weighted average number of shares before dilution	326,289,403	274,684,062	323,117,243	252,763,435	268,413,390
Weighted average number of shares after dilution	326,289,403	274,684,062	323,117,243	252,763,435	268,413,390
Equity/asset ratio (%)	58,4	68,3	58,4	68,3	63,4
Operating profit/loss (EBIT)	-7,119	-6,616	-21,940	-24,998	-41,708
Profit/loss for the period	-7,270	-7,637	-23,978	-27,112	-44,732

Definitions

Undiluted EPS	The profit/loss after tax for the period attributable to the parent company's shareholders divided by the weighted average of outstanding shares during the period.
Diluted EPS	The profit/loss after tax for the period attributable to the parent company's shareholders divided by the weighted average of outstanding shares during the period plus shares that are added if all potential shares which can cause a dilutive effect are converted into shares. If the result is negative, the dilutive effect is not factored into the calculation, as this would mean that earnings per share would improve. Only share issue programmes with an issue price below the average share price for the period can cause a dilutive effect.
Number of shares after dilution	Only share issue programmes with an issue price below the share price on the balance sheet date/average share price for the period can cause a dilutive effect.
Equity/asset ratio	Equity at the close of the period as a percent of total assets at the close of the period.
Operating profit/Loss (EBIT)	Profit/loss before financial items and tax.
Profit/loss for the period	Profit/loss after tax for the period.

Summary consolidated income statement

(Amounts in TSEK unless otherwise indicated)	2022 3 months July- September	2021 3 months July- September	2022 9 months January- September	2021 9 months January- September	2021 12 months January- December
Other operating revenue	252	616	438	1,208	1,369
Activated work for own account	442	2,793	2,470	8,025	9,421
Operating expenses					
Other external expenses	-2,991	-5,605	-10,562	-22,138	-27,960
Staff costs	-4,359	-4,207	-13,353	-11,490	-16,014
Depreciation and write-offs of tangible and intangible fixed assets	-463	-213	-920	-603	-8,506
Other operating costs	0	0	-13	0	-18
Operating profit/loss	-7,119	-6,616	-21,940	-24,998	-41,708
Financial income	810	0	810	0	109
Financial costs	-961	-1,021	-2,848	-2,114	-3,133
Profit/loss before tax	-7,270	-7,637	-23,978	-27,112	-44,732
Tax on profit/loss for the period	0	0	0	0	0
Profit/loss for the period attributable to the parent company's shareholders	-7,270	-7,637	-23,978	-27,112	-44,732
Earnings per share, SEK					
Undiluted EPS	-0,02	-0,03	-0,07	-0,11	-0,17
Diluted EPS	-0,02	-0,03	-0,07	-0,11	-0,17

Consolidated statement of comprehensive income

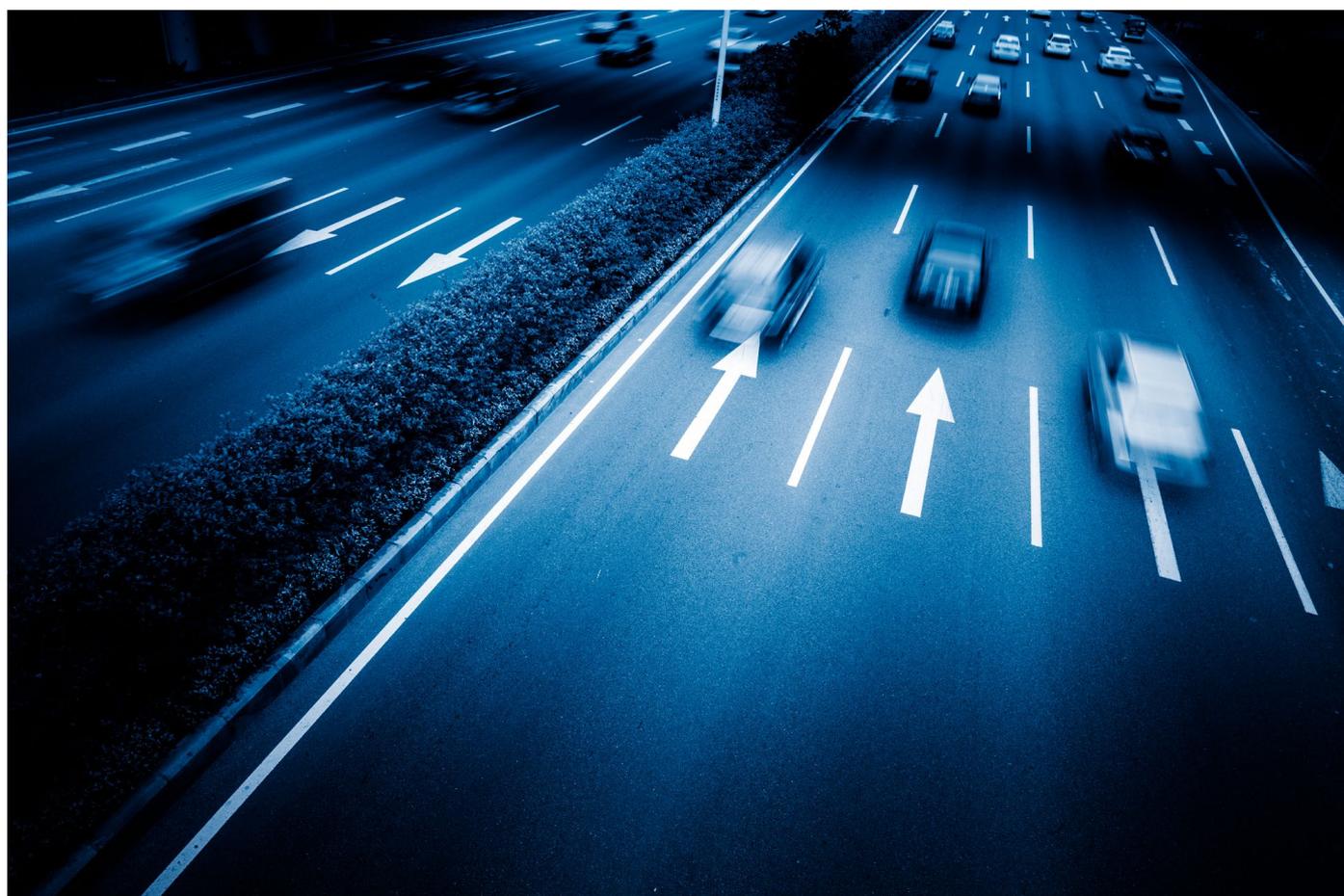
(Amounts in TSEK)	2022 3 months July– September	2021 3 months July– September	2022 9 months January– September	2021 9 months January– September	2021 12 months January– December
Profit/loss for the period	-7,270	-7,637	-23,978	-27,112	-44,732
Other comprehensive income	0	0	0	0	0
Comprehensive income for the period attributable to the parent company's shareholders	-7,270	-7,637	-23,978	-27,112	-44,732

Summary consolidated statement of financial position

(Amounts in TSEK)	30/09/2022	31/12/2021	30/09/2021
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised development costs	14,519	12,049	18,288
Patents and trademarks	2,173	1,992	2,082
Property, plant and equipment			
Right of use assets	3,862	1,895	2,017
Equipment	368	450	478
Financial assets			
Long-term securities	32,658	32,658	33,545
Other long-term receivables	5,561	0	0
Total fixed assets	59,141	49,044	56,410
Current assets			
Accounts receivables	0	481	321
Other receivables	792	786	901
Prepaid expenses and accrued revenue	2,220	2,801	2,890
Cash and cash equivalents	34,960	62,788	73,012
Total current assets	37,972	66,856	77,124
TOTAL ASSETS	97,113	115,900	133,534
EQUITY AND LIABILITIES			
Equity			
Share capital	3,263	3,149	3,149
Other capital contribution	400,124	393,100	393,100
Profit/loss carried forward	-322,718	-277,986	-277,986
Comprehensive income for the period	-23,978	-44,732	-27,112
Equity attributable to the parent company's shareholders	56,691	73,531	91,151
Long-term liabilities			
Loans payable	0	34,954	33,980
Lease liabilities	3,284	1,515	1,631
Total long-term liabilities	3,284	36,469	35,611
Current liabilities			
Loans payable	31,562	0	0
Lease liabilities	714	457	448
Accounts payable	1,036	1,997	2,105
Other liabilities	682	803	607
Accrued expenses and prepaid revenue	3,144	2,643	3,612
Total current liabilities	37,138	5,900	6,772
TOTAL EQUITY AND LIABILITIES	97,113	115,900	133,534

Summary consolidated statement of changes in equity

(Amounts in TSEK)	Attributable to the parent company's shareholders		
	30/09/2022	31/12/2021	30/09/2021
Opening balance	73,531	43,913	43,913
Profit/loss for the period	-23,978	-44,732	-27,112
Other comprehensive income	0	0	0
New cash issue	6,404	78,277	78,277
Received option premiums	1,073	0	0
Issue costs	-339	-3,927	-3,927
Closing balance	56,691	73,531	91,151



Summary consolidated cash flow statement

(Amounts in TSEK)	2022	2021	2022	2021	2021
	3 months	3 months	9 months	9 months	12 months
	July–	July–	January–	January–	January–
	September	September	September	September	December
Operating activities					
Operating profit/loss	-7,119	-6,616	-21,940	-24,998	-41,708
Adjustments for items not included in the cash flow:					
Depreciation and write-offs	463	213	920	603	8,506
Other non-cash items	100	104	306	310	412
Interest received	0	0	0	0	109
Paid interest and other financial expenses	-95	-46	-175	-3,093	-3,137
Cash flow from operations before changes in working capital	-6,651	-6,345	-20,889	-27,178	-35,818
Changes in working capital					
Changes in operating receivables	-154	-300	746	-2,794	-2,854
Change in operating liabilities	609	-2 036	-578	-2,035	-2,917
Cash flow from operations	-6,196	-8,681	-20,721	-32,007	-41,589
Investing activities					
Capitalisation of development costs	-442	-2 793	-2,470	-8,026	-9,422
Capitalisation of patents and trademarks	-173	-101	-464	-211	-211
Acquisition of tangible assets	-16	-80	-91	-546	-572
Investment in financial assets	0	0	-4,752	-33,545	-32,658
Cash flow from investing activities	-631	-2,974	-7,777	-42,328	-42,863
Financing activities					
New share issue	0	39 952	6,404	78,277	78,277
Issue costs	0	-2 006	-339	-3,927	-3,927
Received option premiums	425	0	1,073	0	0
Loans taken	0	0	0	35,000	35,000
Repaid loans	0	0	-6,065	-6,198	-6,198
Amortisation of lease liabilities	-184	-103	-403	-300	-407
Cash flow from financing activities	241	37,843	670	102,852	102,745
Cash flow for the period	-6,586	26,188	-27,828	28,517	18,293
Cash and cash equivalents at the start of the period	41,546	46,824	62,788	44,495	44,495
Cash and cash equivalents at the close of the period	34,960	73,012	34,960	73,012	62,788

Summary parent company income statement

(Amounts in TSEK)	2022 3 months July– September	2021 3 months July– September	2022 9 months January– September	2021 9 months January– September	2021 12 months January– December
Other operating revenue	0	0	0	0	0
Operating expenses					
Other external expenses	-440	-321	-1,786	-1,626	-1,910
Operating profit/loss	-440	-321	-1,786	-1,626	-1,910
Financial income	810	0	810	0	109
Depreciation of shares in group companies	-6,000	0	-22,000	0	-44,807
Financial costs	-866	-975	-2 673	-1,891	-2,866
Total financial items	-6,056	-975	-23,863	-1,891	-47,564
Profit/loss before tax for the period	-6,496	-1,296	-25,649	-3,517	-49,474
Tax on profit/loss for the period	0	0	0	0	0
Profit/loss for the period	-6,496	-1,296	-25,649	-3,517	-49,474

Summary parent company statement of comprehensive income

(Amounts in TSEK)	2022 3 months July– September	2021 3 months July– September	2022 9 months January– September	2021 9 months January– September	2021 12 months January– December
Profit/loss for the period	-6,496	-1,296	-25,649	-3,517	-49,474
Other comprehensive income	0	0	0	0	0
Comprehensive income for the period	-6,496	-1,296	-25,649	-3,517	-49,474

Summary parent company balance sheet

(Amounts in TSEK)	30/09/2022	31/12/2021	30/09/2021
ASSETS			
Financial assets			
Shares in group companies	56,733	56,733	92,539
Other long-term securities	33,545	33,545	33,545
Other long-term receivables	5,561	0	0
Total fixed assets	95,839	90,278	126,084
Current assets			
Other receivables	2	0	0
Prepaid expenses and accrued revenue	283	212	276
Cash on hand	34,303	61,773	70,877
Total current assets	34,588	61,985	71,153
TOTAL ASSETS	130,427	152,263	197,237
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	3,263	3,149	3,149
Non-restricted equity			
Share premium reserve	400,124	393,100	393,100
Profit/loss carried forward	-279,077	-229,603	-229,604
Profit/loss for the period	-25,649	-49,474	-3,517
Total equity	98,661	117,172	163,128
Long-term liabilities			
Loans payable	0	34,954	33,980
Total long-term liabilities	0	34,954	33,980
Current liabilities			
Loans payable	31,562	0	0
Accounts payable	80	13	5
Liabilities to group companies	94	94	94
Accrued expenses and prepaid revenue	30	30	30
Total current liabilities	31,766	137	129
TOTAL EQUITY AND LIABILITIES	130,427	152,263	197,237

The Board of Directors and the CEO certify that the interim report provides a fair overview of the parent company's and the group's operations, financial position and results, and describes the significant risks and uncertainties faced by the parent company and the companies included in the group.

Lund den 17 November 2022

Göran Janson
Board Chair

Anders Blom
Board Member

Karolina Bjurehed
Board Member

Magnus Edman
Board Member

Nils Wollny
Board Member

Tarek Shoeb
Board Member

Magnus Andersson
CEO

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Calendar:

Year-end report 2022	23 February 2023
Annual report 2022	13 April 2023
AGM	4 May 2023
Interim report January–March	17 May 2023
Interim report January–June	17 August 2023
Interim report January–September	16 November 2023

This information constitutes the information that Terranet AB (publ) is required to publish under the EU Market Abuse Regulation (MAR). The information was submitted for publication through the agency of the above-named contact person on 17 November at 8.00 am CET.

Review Report

Introduction

We have reviewed the interim report for Terranet AB (publ) for the period January 1 – September 30, 2022. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review..

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, in accordance with IAS 34 and the Annual Accounts Act.

Information of particular importance

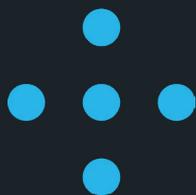
Without affecting our statement above, we would like to draw the reader's attention to the description on page 12 under the section "Financial position and liquidity", which sets out the Board's views and measures to secure short-term financing for further development. As long as the financing is not secured, there is uncertainty about the company's ability to continue its operations. We have not modified our statement in this regard.

Malmö, November, 2022

Deloitte AB

Richard Peters

Authorized Public Accountant



Safety at the blink of an eye

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