

PRESS RELEASE

Lund, May 12, 2022

Terranet AB – Interim report 1 January - 31 March 2022**Significant events during the first quarter**

- Terranet updated the market for BlincVision, which is based on VoxelFlow™, and announced that the technical goals the company set for 2021 have been achieved and exceeded.
- Warrants of series T04 B were subscribed at approximately 80% and raised a total of MSEK 6.4 before issue costs.
- Pär-Olof Johannesson, CEO, left the company. Göran Janson, previously board chair, was appointed interim CEO. Anders Blom was appointed new Board Chair.
- Michaela Berglund, marketing manager, left the company.

Significant events after the close of the period

- Terranet shared an update on the development of its BlincVision technology, next steps in the development process and the key milestones to commercialize the solution.
- Annual General Meeting was held on 28 April. The board was re-elected and it was resolved to implement two incentive programmes for employees and directors.

First quarter, 1 January — 31 March 2022

- Revenue amounted to TSEK 177 (409).
- Operating profit/loss amounted to TSEK -8,350 (-9,906).
- Diluted and undiluted earnings per share amounted to SEK -0.03 (-0.05).
- The Group's cash and cash equivalents at the close of the period amounted to TSEK 53,731 (62,788 at the start of the financial year).

A word from the CEO**On the right path**

Dear shareholders,

As the first quarter of the year has come to an end, Terranet is firmly positioned for an exciting future. Our focus continues to be sharp and honed, with a clear direction, and we have showed that our unique sensor technology has potential to revolutionize road safety. Now, our main priority is to improve further develop and improve performance of the BlincVision system into a prototype - a so-called A-sample - that can be presented to potential customers (OEMs - Original Equipment Manufacturers - and Tier 1 suppliers who supply components to OEMs in the automotive industry).

Full focus on BlincVision

From having developed the VoxelFlow technology for a range of different applications – including for bicycles (BlincBike) and amusement park rides – Terranet’s management team and board decided at the beginning of this year to solely focus on the development of the BlincVision system for the automotive industry. This is where our technology has the greatest commercial potential. With the BlincVision system, which is based on the patented sensor technology VoxelFlow, we can take a unique position on the rapidly growing global market for advanced driver assistance systems (ADAS) and autonomous vehicles.

This strategic priority means we do not plan to launch BlincBike as a separate product. Instead, we intend to license BlincBike to an established OEM supplier in the electric bicycles and e-scooter market. This way we can focus fully on product development related to BlincVision, transitioning from today's Proof of Concept phase to a commercial ADAS product that can be integrated into cars. This does, however, not mean that we completely close the door to other applications of VoxelFlow technology. We still see great opportunities in other areas and will continue to explore various business development opportunities in the coming years – but our top priority is the development of BlincVision.

Next milestone: Prototype development

As a result of the clearer focus, we communicated in early May an updated plan for the product development of BlincVision. As I am writing this, intensive work is underway to further develop BlincVision from a Proof of Concept (PoC) to prototypes that can be integrated into vehicles – first through the A-sample prototype and then through a further developed B-sample. The development of the A- and B-sample prototypes will extend throughout 2022 and into 2023. The prototype development is critical because car manufacturers evaluate whether the system can be relevant for purchase based on the A- and B-samples.

The PoC that was presented at Startup Autobahn last year can be described as a simple demo that showed that the innovation works in reality, not just in a lab environment. It was an important milestone for Terranet as an innovation company, but the production ready BlincVision system, which we expect to be able to present in a couple of years, will look different and be far more advanced than the system shown in the demo. For example, the physical size of BlincVision needs to be reduced to be integrated into a car.

Strengthened collaboration with hardware and software partners

For the rest of 2022, our engineering team at the lab in Stuttgart will focus on reducing the physical size of the product, improving performance, and in various ways adapt the solution to the automotive industry's technical and physical integration requirements. An important part of this is to strengthen and develop collaborations with our hardware and software partners. Summer Robotics, a software company we entered a collaboration with in 2021, remains a key partner to Terranet as they supply the necessary algorithms and software for VoxelFlow, one of the technologies that BlincVision is built upon. We will continue to work closely with them throughout the development process to continuously improve VoxelFlow's performance for BlincVision.

Appointment of a new CEO

Another prioritized area is of course to get a new CEO in place. The recruitment process is in full swing, and as soon as the recruitment is completed, it will be announced by the board.

Update on industry collaborations

As you as a shareholder already know, Terranet has in recent years initiated several collaborations related to exploring the possibilities of its technology. Below is a brief update on the various collaborative projects that have been initiated:

Daimler / Mercedes-Benz: At the beginning of 2021, Terranet was commissioned to integrate a Proof of Concept by BlincVision into a Mercedes-Benz car to demonstrate the system's functionality. The result was presented in a successful demonstration on Startup Autobahn 2021. Even though our formal assignment has concluded, we continue to have a close dialogue with Daimler on how Terranet's technology can be further developed in line with the demands of the automotive industry. Our ambition is of course to do more projects together in the future based on our A- and B-samples.

holoride: Terranet also collaborates with startup company holoride, which develops Extended Reality entertainment systems for passengers. The collaboration has two dimensions. Firstly, there is a joint research project exploring the potential of Terranet's BlincVision to add additional functionality to holorides' Extended Reality-platform. But perhaps just as interesting to you as a shareholder is that Terranet has been an owner of holoride since 2021, with approximately 10,5% of the shares. In March, holoride announced that their entertainment platform will be introduced in selected Audi models this summer – a huge recognition from the automotive industry that they believe in the product. We look forward to taking part in holoride's continued success as one of the investors, but also the continued development opportunities around BlincVision and holoride's Extended Reality-platform.

NEVS: The collaboration between electric car manufacturer NEVS and Terranet continues, with the purpose of evaluating BlincVision as a future component in the safety system for NEVS' self-driving vehicle Sango.

In addition to these, Terranet also has a dormant project with Disney on how Terranet's technology can be utilized for amusement park rides. Due to changing circumstances at Disney brought on by the pandemic, and Terranet's strategic decision to focus on the development of BlincVision, there are currently no plans to resume cooperation in the near future.

The way forward

I am very proud of Terranet's strong innovative power and the milestones we have reached in the past year. We have a big, exciting, and important job ahead of us, and I look forward to sharing our progress along the way with you as a shareholder. Thank you for joining us on the journey!

Göran Janson

Acting CEO

Lund, 12 May 2022

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This information is such that Terranet AB is required to make public in accordance with the EU's Market Abuse Regulation (MAR). The information was made public by the Company's contact person above on May 12, 2022, at 08.00 CET.

About Terranet AB (publ)



Terranet is on a mission to save lives in urban traffic.

We develop breakthrough tech solutions for Advanced Driver Assistance Systems (ADAS) and Autonomous Vehicles (AV) that protect vulnerable road users.

With a unique patented vision technology, Terranet's anti-collision system BlincVision laser scans and detects road objects ten times faster and with higher accuracy than any other ADAS technology available today.

Terranet is based in Lund, Sweden, and in the heart of the European automotive industry in Stuttgart, Germany. The company is listed on Nasdaq First North Premier Growth Market since 2017(Nasdaq: TERRNT-B).

Follow our journey at www.terranet.se

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