

PRESS RELEASE

Lund, 23 February 2023

Terranet AB – Year-end report 2022

Significant events during the fourth quarter

- The company updated the market in two CEO letters stating that it is following the set schedule and that the goals for 2023 remain.
- Terranet presented its Q3 report with business update to shareholders in a webcast.
- Agreement was signed between Terranet and Prevas Development regarding the manufacturing of laser scanner prototype.
- Holoride GmbH launched its first XR/VR product for in-car entertainment to the market.
- Terranet participated in Redeye's well-attended investor day for Autotech companies where CEO Magnus Andersson presented the Company.

Significant events after the close of the period

- Terranet was presented by CEO Magnus Andersson at Aktiespararna's popular investor day in Lund.
- CEO Magnus Andersson visited CES in Las Vegas.
- Holoride GmbH launched a retrofit version of its unique XR/VR product that can be used in all vehicle manufacturers' models.

Fourth quarter, 1 October – 31 December 2022

- Revenue amounted to TSEK 310 (161).
- Operating profit/loss amounted to TSEK -7,431 (-16,710).
- Diluted and undiluted earnings per share amounted to SEK -0.03 (-0.06).

Full year, 1 January – 31 December 2022

- Revenue amounted to TSEK 748 (1,369).
- Operating profit/loss amounted to TSEK -29,371 (-41,708).
- Profit/loss for the year amounted to TSEK -32,287 (-44,732).
- Diluted and undiluted earnings per share amounted to SEK -0.10 (-0.17).
- Cash and cash equivalents for the Group amounted to TSEK 26,715 (62,788).
- The Board proposes that no dividend is paid for the 2022 financial year.

Comments from the CEO

A successful end of 2022 paves the way for great possibilities 2023

Dear shareholders,

In September, I got the opportunity to take on the role of CEO and since then I have gotten to know our partners, potential customers, and most importantly, our competent workforce. Together, we have methodically driven the development of BlincVision towards new positive results, achieved our goals, and I am proud to say that our team consists of some of the world's leading developers and innovators.

During these past few months, we have ticked off several important points in the development of our product. The completion of specifications for our laser scanner module, the agreement with Prevas who will manufacture scanner prototype, as well as the start of feasibility studies for our second product component, the vision sensor, are all important steps in bringing BlincVision to market.

These steps would not have been possible if Terranet did not already have initiated a process of expanding the scope of product development. Looking back a few years, the priority was to develop software for Advanced Driver Assistance Systems (ADAS). This development continues, and now with even greater progress. Meanwhile, the hardware development, i.e. the scanner and vision sensor, has become more of the focus in our project plans. We are now a developer of a complete technology solution and not just a software developer. The choice is strategic and gives us several advantages, such as a wider protection of BlincVision through future patents for the unique hardware and a fully customized and integrated technology solution for potential customers. The broader grasp on hardware should give us increased revenue potential and simplified sales in the market vertical. With this we are also creating a logical and attractive link between BlincVision and the automotive industry's development of autonomous vehicles. Furthermore, the hardware opens up for a horizontal expansion to other market areas.

Terranet operates in a rapidly growing market. Three factors are driving this growth. Increased electrification and digitalization of vehicles and government regulations with stricter safety requirements as a result. ADAS is the third fastest growing segment in the automotive industry and is expected to reach 124 billion US dollars in 2029, a growth of 235% from 2021 (Fortune Business Insights. Report ID: FBI101897). As a result, Terranet finds itself in a highly desirable position, with a rapid technology that is directly aimed at addressing the challenges faced by the automotive industry. This is also confirmed by the OEMs and Tier1s that I have been in contact with. There is a significant interest in our solution. It is now crucial to me that Terranet soon can show a "pre-production" prototype for partners and potential customers, in order to intensify commercial discussions and prepare for a successful launch of our A-sample.

Considering the recent results that we have demonstrated and the fact that we will receive the first prototype of the scanner module from Prevas any day now and according to plan, it is apparent that the potential of BlincVision remains promising. As such, we persist in our aim to test its integration into vehicles during 2023.

Over the past 12 months, we have chosen to build the Terranet development team by prioritizing the addition of in-house personnel with specialized skills, rather than relying on external consultants. This approach ensures the retention of expertise within the company and lays a strong foundation for future growth. Additionally, this strategy has resulted in reduced expenses compared to prior periods and improved development outcomes. We have had low turnover among our staff, and we are continuously recruiting to complement specific expertise. Meanwhile, we have chosen to outsource parts of product development to specialist companies such as Prevas Development, who work according to Terranet's specifications. The objective of this decision is to optimize the allocation of our internal resources and leverage the expertise of specialist companies in order to achieve efficient results and optimize time management.

Our participation at CES in Las Vegas in January this year confirmed that Terranet has chosen the right segment in the automotive industry. ADAS and vehicles dominated the event, and we have secured several important contacts for Terranet's future. At CES, Holoride launched a so-called "retrofit" version of its XR/VR in-car entertainment product. Terranet, together with Audi, is a co-owner of Holoride, and will be an important collaboration partner for us when we target the automotive industry in Germany. Holoride's new product

significantly broadens the market as it easily can be mounted by the end consumer in all types of vehicles, regardless of model or year of manufacture. The launch received great attention in the international press and Holoride won the “CES Innovation Awards Honoree” award. We are thrilled with Holoride and eagerly anticipate a bright future together, where their expertise in launching products within the automotive industry will be of immense value.

During the beginning of 2023, the work on our feasibility studies for our vision sensor module has continued. The preliminary results have been obtained, but we are waiting for additional data to verify details before making a final decision on our sensor solution. The studies have given us valuable insights, and we will shortly be able to provide a more comprehensive update on the findings.

A prerequisite to continue the development at a high pace is for Terranet to secure a long-term stable cash flow. The two previous subscription option programs reached a good utilization rate of 80-99 percent, and we look forward to a high participation in the TO5B subscription option program with a subscription period from the 13th to the 24th of March. The board continues to actively work on the company’s finances. Terranet has a strong base of owners, which, combined with the ongoing dialogues I have with external actors, makes me confident that the willingness to finance our continued product development and commercialization exists.

We monitor the market continuously. It gives us energy to further improve ourselves and the features of our product. We still see that we have a unique opportunity to revolutionize the standard for urban traffic safety and accelerate the Advanced Driver Assistance Systems (ADAS) and launch of self-driving vehicles in the automotive industry. The future is undoubtedly ahead of us, and we look forward to reaching our ambitious goals in 2023.

Magnus Andersson
CEO
Lund, 23 February 2023

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 below on 23 February 2023, at 08.00 CET.

For more information, please contact

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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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