

# Terranet AB (publ)

Interim report

1 January 2023–30 June 2023

This is a translation of the original Swedish Terranet interim report for January-June 2023. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

**Safety at the blink of an eye**

## Significant events during the quarter

- Terranet's board decided on a directed issue of units to underwriters who chose to receive compensation in the form of new units in connection with the conclusion of the preferential rights issue.
- Preferential rights issue completed. A total of 70 percent was subscribed through support of unit rights, applications for subscriptions from Board and Management and underwriting commitments. The company raised TSEK 52,754 before issue costs.
- Successful Testing of Laser Scanner was performed in laboratory environment. The scanner module demonstrated excellent performance, and together with other BlincVision components it could effectively detect and visualize objects within a range of 5 to 30 meters.
- Terranet announced that the company had accelerated the development of its advanced AI software by simulating traffic accidents with autonomous vehicles in a virtual test environment, which is based on traffic situations developed by Euro NCAP.
- Terranet's board decided on a preferential rights issue of maximum TSEK 75,400 and the refinancing of outstanding loan.
- Associate company holoride GmbH received a convertible loan from one of its shareholders (not Terranet) in order to expand its market rollout.
- The Annual General Meeting was held on 10 May 2023. The AGM decided to re-elect board members Anders Blom, Göran Janson, Magnus Edman, Nils Wollny and Tarek Shoeb and to elect Torgny Hellström. Torgny Hellström was elected as the new Board Chair.
- Terranet updated the market through a Letter from the CEO, where Magnus Andersson reported on the progress made in the company's product development and the steps taken to accelerate the commercialization of BlincVision, and the addition of Martin Wöhrle as senior automotive advisor.

## Significant events after the close of the period

- Transfer of final proceeds from the rights issue.

## **Second quarter, 1 April – 30 June 2023**

- Revenue amounted to TSEK 205 (11).
- Operating profit/loss amounted to TSEK -10,540 (-6,471).
- Diluted and undiluted earnings per share amounted to SEK -0.04 (-0.02).

## **Interim period, 1 January – 30 June 2023**

- Revenue amounted to TSEK 413 (188).
- Operating profit/loss amounted to TSEK -18,782 (-14,821).
- Diluted and undiluted earnings per share amounted to SEK -0.06 (-0.05).
- The Group's cash and cash equivalents at the close of the period amounted to TSEK 22,388 (26,715 at the start of the financial year). Cash and cash equivalents only include the first of two transfers of cash from the preferential rights issue. The second transfer was recorded to Terranet's bank account on 3 July and is not included in the reporting for the second quarter. Including the second transfer, after issue costs, the Company's cash position would have been TSEK 35,164.

## Comments from the CEO

During the last days of June, I had the opportunity to participate in the Vision Zero Conference in Stockholm. International researchers, decision makers and the industry gathered to discuss how we can achieve the global road safety goals set by the EU and UN. It was again confirmed to me that innovative road safety solutions such as BlincVision are required to achieve the vision of zero fatalities in the future.

Over the past quarter myself and others from the Terranet team have attended several key events and conferences. The ICA Summit in Frankfurt and the VECS conference in Gothenburg resulted in excellent discussions with car manufacturers and other decision makers. Our participation in panels with key actors in the automotive industry provided us with additional opportunities to show what Terranet does and how we do it.

One of the great joys in working at Terranet is developing our product and seeing the results of our progress. During the spring we successfully tested our laser scanner prototype in a controlled laboratory environment. The scanner demonstrated excellent performance and together with other BlincVision components it could detect and visualize objects within a range of 5 to 30 meters. BlincVision is being developed for real time detection, multiple times faster than existing solutions on the market. It is being built up by the system's three main components: laser scanner, vision sensor, and compute unit with AI-based object identification capabilities. We are continuing our feasibility studies regarding the selection of an optimal vision sensor for BlincVision. The feasibility studies are useful, and we are continuously receiving promising results that show how we have several interesting alternatives going forward.

We believe that existing regulatory frameworks and standards for new road safety technology are not ambitious enough. To expedite the development of ADAS technologies, the demands for reaction times and responsiveness must be updated. To make their road safety technologies safer and more efficient, more and more companies are using virtual traffic simulations in their development processes. Terranet is also working with virtual systems for simulating traffic scenarios and for testing BlincVision, leading to better optimization and a product that can go to market quicker. Though not completely equivalent to real road conditions, virtual environments also enable Terranet to analyze different driving situations and validate the performance of BlincVision components before conducting live tests. The simulation includes various urban scenarios, traffic situations, weather conditions, and vehicle types based on safety targets set by Euro NCAP. Also, while not new, there has been a shift in the industry where regional test beds for road safety are becoming a more prioritized topic. These test beds are where early developmental technology can be tested on actual roads which will be an advantage for companies like Terranet.

One of the most exciting things happening in the automotive industry right now is the advancement of AI. All implications of this are not yet known, but it is crucial for us and other automotive tech companies to keep up with these new technologies and tools. As an example, we believe that AI can be used to train software for object identification, based on large amounts of situations in different traffic conditions. Those at the forefront of AI will be better prepared for the exciting future of road safety.

The past quarter was particularly important as we successfully completed our rights issue. It enables us to achieve more milestones in the development of BlincVision in the near future. We look forward to keeping you updated in our development of BlincVision – the fastest and most accurate ADAS solution for urban traffic.

**Magnus Andersson, CEO**

Lund, 17 August 2023

## Significant events during the period

### **Terranet's board decided on a directed issue of units to underwriters in connection with the conclusion of the preferential rights issue**

On 30 June, the company announced that several of the underwriters who participated in the preferential rights issue chose to receive compensation in the form of new units. In order to accommodate this, the board decided on 10 May 2023, with the authorisation of the AGM, on a directed issue of units totalling 2,272,887 new units. Each unit consisted of five (5) B shares, three (3) warrants of series T06 and three (3) warrants of series T07.

### **Preferential rights issue was completed**

On 15 July, Terranet published the outcome of the preferential rights issue. In total, the preferential rights issued had a subscription rate of 70% through support of unit rights, applications for subscriptions and underwriting commitments. In total, 58,615,33 units were subscribed, corresponding to 293,076,665 new B shares, 175,845,999 warrants of series T06 and 175,845,999 warrants of series T07. Through the preferential rights issue, the company raised TSEK 52,754 before issue costs.

### **Successful Testing of Laser Scanner was performed**

On 9 June, Terranet published the test results for the laser scanner module that was delivered earlier this year. The laser scanner module is a critical component in the company's anti-collision product, BlincVision. The new laser scanner module has been put through rigorous testing in combination with the existing event camera technology in laboratory environment. The laser scanner performed as expected and testing was a success. The scanner module demonstrated excellent performance, and together with other BlincVision components it could effectively detect and visualize objects within a range of 5 to 30 meters.

### **Terranet announced it had accelerated the development of its software by simulating traffic accidents with autonomous vehicles in a virtual system**

On 2 June, the company announced that by using a virtual test environment, it had been able to successfully accelerate the development of its advanced AI software, which serves as the basis for BlincVision. Simulations were based on the most relevant and safety-critical traffic situations, which have been developed and standardized by Euro NCAP.

### **Terranet's board decided on a preferential rights issue of maximum TSEK 75,400 and the refinancing of outstanding loans**

On 17 May, the company announced that the board, with the authorisation of the AGM on 10 May 2023, had decided to perform an issue of units totalling maximum TSEK 75,400, consisting of shares and warrants with preferential rights for existing shareholders. 70 percent of the preferential rights issue was subscribed through subscription commitments and underwriter commitments, including the company's largest shareholders. The company also refinanced outstanding loans, with a new maturity date of 30 June 2024. Members of Terranet's board of directors and management entered into



subscription commitments in the rights issue. Göran Janson subscribed for all his held rights, whilst Torgny Hellström and Magnus Andersson subscribed with rights transferred to them by Anders Blom. Further, Anders subscribed privately for his remaining rights, in addition to the subscription commitment of MSEK 13.0 that Anders had made through Maida Vale Capital AB.

#### **Associate company holoride GmbH announces an expansion of its market rollout.**

On 12 May, it was communicated that the associated company holoride GmbH received a convertible loan from one of its shareholders (not Terranet) to expand its market rollout. Terranet then has an opportunity to, together with the other shareholders or external investors, refinance the convertible loan for holoride before October 1, 2023. If the convertible loan is not refinanced by this date, the lender has an option to acquire all shares in holoride within six months at a market valuation.

#### **The Annual General Meeting was held on 10 May 2023**

On 10 May, the Annual General Meeting was held. The meeting resolved to re-elect the board members Göran Janson, Anders Blom, Magnus Edman, Tarek Shoeb and Nils Wollny, and to elect Torgny Hellström as an ordinary member. Furthermore, it was resolved to elect Torgny Hellström as chairman of the board. It was resolved to elect Ernst & Young Aktiebolag as the Company's auditing company until the end of the next annual general meeting. It was noted that Martin Henriksson will be the auditor in charge.

#### **Market update**

On 13 April, the company updated the market through a Letter from the CEO, where Magnus Andersson reported on the progress made in the company's product development and the steps taken to accelerate the commercialization of BlincVision by bringing on Martin Wöhrle as a senior automotive advisor.

## **Significant events after the close of the period**

#### **Transfer of final proceeds from rights issue**

On 3 July, the remaining portion of the proceeds from the issue were posted in Terranet's bank account. The completed preferential rights issue was registered with the Swedish Companies Registration Office in two parts on two separate occasions. Funds attributable to the first round were transferred to Terranet within the reporting period. Funds amounting to TSEK 16,172 before issue costs of TSEK 3,396 were attributable to the second round and transferred from Mangold's client funds account on 30 June, the same day that the Swedish Companies Registration Office registered the second part of the issue. As these funds were not available in Terranet's account until 3 July, they are not included in the reporting for the second quarter.

## Activities and notes

Terranet develops technical solutions for advanced driver assistance systems (ADAS) and autonomous vehicles that make traffic safer for vulnerable road users.

## Business concept

Terranet's business concept centres around the development of solutions for advanced driver assistance systems (ADAS) and self-driving vehicles (AV) that it primarily markets to vehicle manufacturers, subcontractors and other actors in transport and mobility as a service, to save lives of vulnerable road users. 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 Tier1 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

The company is currently developing the product BlincVision, an anti-collision system that prevents traffic accidents between vehicles and vulnerable road users. Product development takes place in close partnership with leading players in software and hardware development as well as the automotive industry. BlincVision is based on sensor technology that uses 4-dimensional vision technology to identify objects in traffic. BlincVision is a complete turn-key system consisting of three main components; Laser scanner, ultrafast sensors and AI-based object identification. Together, they enable an ultrafast identification of an object and enable the vehicle to act to avert dangerous situations involving vulnerable road users. Terranet tests and evaluates different sensor technologies, common to these is that they meet the requirements for ultrafast reaction time and be optimally integrated into BlincVision. In its most advanced form, BlincVision is based on the VoxelFlow technology, which is a patented triangulation methodology with event sensors that Terranet has an exclusive global license to develop for the automotive industry. Existing ADAS technologies on the market are primarily developed to protect car users from colliding with each other, while BlincVision is developed to ensure the safety of all vulnerable road users in urban traffic. BlincVision's speed and accuracy are a great advantage at short distances in traffic. This gives Terranet a unique position in the market as, unlike existing ADAS systems, it has the opportunity to save more lives in urban traffic. 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.terranet.se](http://www.terranet.se)

Terranet AB (publ)

Corp. reg. no. 556707-2128

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## Staff

As of 30 June 2023, the number of employees in the group was 12 (12). Temporary staff, full-time consultants and staff on parental leave have been excluded. Recruitment efforts are ongoing and agreements have been signed with three new developers who will start after the summer.

## Risks and uncertainties

The company thus has a negative cash flow from operating activities. Through the recent preferential rights issue, the company raised cash to continue as a going concern but is dependent on a future favourable outcome in warrant series T06 and T07 in order to ensure that the company's cash will be sufficient for the next 12 months. Should a need for additional capital arise, the company plans to raise capital through financing to fund the company's activities. The board works actively to manage the company's financing, and in the assessment of the board, such financing measures can be successfully implemented.

As the company reported on 17 May 2023 in the interim report for the period January-March 2023, the company is conducting an analysis of the potential impact, if any, that the transfer of certain patents to another party could have on the company's development, particularly in relation to the company's Voxelflow technology. At the time this interim report was published, the analysis is still underway.

## 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 financial year, the parent company made a shareholder contribution to Terranet Tech AB of TSEK 11,800; 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 or elsewhere in the interim report.

The accounting principles and calculation methods applied are in agreement with those described in the annual report for 2022. New standards and interpretations that entered into force as of 01 January 2023 have not had any significant effect on the group's or parent company's financial reports for the period.

## Equity

### **Warrant programme T05B.**

The subscription of B shares through warrants of series T05 occurred from 13 March 2023 to 24 March 2023. Each warrant of series T05 B entitled the holder to the subscription of one (1) new B share in the company. The subscription price per B share upon exercise of warrants in Series T05 B was set at SEK 0.44. In total, 8,655,357 warrants of series T05 B were exercised for the subscription of 8,655,357 B shares, corresponding to the exercise of approximately 70.2 percent of the outstanding warrants of series T05 B. Through the exercise of warrants of series T05 B, Terranet raised TSEK 3,606 before issue costs. The proceeds from the issue were used in their entirety to pay off loan debt.

### **Warrant programme 2022/2025:1**

The 2022 Annual General Meeting resolved to introduce incentive programme 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.

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 Kucuk, CTO, fully exercised his warrant rights totalling 1,250,000 warrants. CEO Magnus Andersson fully exercised his warrant rights totalling 2,500,000 warrants at SEK 0.17. The difference between the subscription prices within the programme was due to the fact that external valuation was performed at the time of the respective acquisition. Thomas Falkenberg, CFO, is a consultant and thus not covered by the programme. In addition, 315,000 warrants of series 2022/2025:1 was acquired by individuals in non-executive positions. In total, the company raised TSEK 613 from the programme in the previous financial year.

## Warrant programme 2022/2025:2

In accordance with the proposal by shareholder Maida Vale Capital AB, the 2022 Annual General Meeting resolved to adopt incentive program 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 entitled 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 consisted of five members, each of whom was entitled to acquire a maximum of 1,000,000 warrants. The warrants were acquired at market value, which was calculated by an independent valuation institute at SEK 0.16 per warrant. Magnus Edman and Göran Janson exercised 100% of their warrant rights and Karolina Bjurehed exercised 87.5%. Anders Blom was not eligible for the programme as he is a representative for the shareholder Maida Vale Capital AB, which submitted the proposal to the meeting. In total, the company raised TSEK 460 from the programme in the previous financial year.

## Preferential rights issue 2023

The subscription period for the preferential rights issue concluded on 13 June 2023. The final outcome showed that 40,646,315 units were subscribed through unit rights, which corresponded to approximately 48.5 percent of the share issue. Furthermore, the company received subscription commitments for the subscription of 1,044,146 units from parties who do not hold unit rights, which corresponded to approximately 1.2 percent of the preferential rights issue. In total, 41,690,461 units were subscribed with and without the support of unit rights, corresponding to 49.8 percent of the preferential rights issue. Underwriter commitments of 16,924,872 units was utilised by the company, which corresponded to approximately 20.2 percent of the preferential rights issue. Each unit in the preferential rights issue consisted of five (5) B shares, three (3) warrants of series T06 and three (3) warrants of series T07. In total, 58,615,33 units were subscribed, corresponding to 293,076 665 new B shares, 175,845 175,845,999 warrants of series T06 and 175,845,999 warrants of series T07. Through the preferential rights issue, the company raised TSEK 52,754 before issuing cost of TSEK 8,742. The transfer of the funds raised through the issue to Terranet occurred in two rounds, where the second transfer was completed at the beginning of July and is not included in cash and cash equivalents in this interim report.

## Warrant programme T06 B

The warrants can be exercised for the subscription of new shares from 27 November 2023 to 11 December 2023. Each warrant of series T06 B entitles the holder to the subscription of one (1) new B share in the company. The subscription price for the subscription of shares through the exercise of warrants of series T06 B amounts to 70 percent of the volume-weighted average price for the company's share from 10 November 2023 to 23 November 2023; however no less than the value corresponding to the quotient value for Terranet's share (currently SEK 0.01) and no higher than SEK 0.27.

## Warrant programme T07 B

The warrants can be exercised for the subscription of new shares from 20 May 2024 to 03 June 2024. Each warrant of series T07 B entitles the holder to the subscription of one (1) new B share in the company. The subscription price for the subscription of shares through the exercise of warrants of series T07 B amounts to 70 percent of the volume-weighted average price for the company's share from 2 May 2024 to 16 May 2024; however no less than the value corresponding to the quotient value for Terranet's share (currently SEK 0.01) and no higher than SEK 0.27.

## Shares and share capital at the close of the period

	Number of shares	Share capital (TSEK)
At the start of the financial year	326,289,403	3,263
T05 B, March	8,655,357	86
Preferential rights issue, June	293,076,665	2,931
<b>As of 30 June, 2023</b>	<b>628,021,425</b>	<b>6,280</b>

## Directed issue of units to underwriters 2023

On 30 June, the company announced that several of the underwriters who participated in the preferential rights issue chose to receive compensation in the form of new units. In order to accommodate this, the board decided on a directed issue of 2,272,887 new units to the underwriters. Each unit consisted of five (5) B shares, three (3) warrants of series T06 and three (3) warrants of series T07. In total, 11,364,435 B shares, 6,818,661 warrants of series T06 and 6,818,661 warrants of series T07 were issued. Shares and warrants in the directed issue to underwriters were registered by the Swedish Companies Registration Office after the close of the second quarter and are therefore not included in this interim report.

## Financial overview

### Second quarter 1 April 2023– 30 June 2023

#### Revenue

Revenue for the quarter amounted to TSEK 205 (11), which consists exclusively of grants from Vinnova.

#### Operating profit/loss

Capitalised development costs amounted to TSEK 701 (680), and consists entirely of capitalised staff costs. Capitalisation for the previous financial year includes consulting costs of TSEK 64.

Payroll amounted to TSEK 4,324 (3,623). Other costs increased compared to the previous financial year and amounted to TSEK 6,716 (3,315). The increase in costs can primarily be attributed to intensified work to develop BlincVision and marketing costs in connection with the preferential rights issue.

Operating profit/loss for the quarter amounted to TSEK -10,540 (-6,471).

Amortisation of intangible assets amounted to TSEK 57 (56) TSEK, depreciation of fixed assets amounted to TSEK 65 (45) and impairment of right-of-use assets amount to TSEK 226 (121).

#### Financial costs

Financial costs consist exclusively of interest on the loan TSEK 35,000, which was taken in April 2021 to fund the acquisition of shares in Holörde. In May, the loan was refinanced in connection with the preferential rights issue; see more under Cash flow and Financial position and liquidity.

Interest costs attributable to right-of-use assets amount to TSEK 83 (37) 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 -12,320 (-7,372). Diluted and undiluted earnings per share amounted to SEK -0.04 (-0.02).

#### Cash flow

Cash flow from operating activities amounted to TSEK -11,438 (-7,237). The increased outflow can be attributed to increased activity linked to the development of BlincVision.

Cash flow from investing activities amounted to TSEK -775 (-5,485), which consists exclusively of capitalisation of development costs and patents, as well as the acquisition of equipment. The outflow for

the previous year included a convertible loan issued to Summer Robotics Inc. The receivable was converted to shares in the fourth quarter of 2022.

Cash flow from financing activities amounted to TSEK 16,835 (537). The inflow consists of funds of TSEK 36,582 raised through the preferential rights issue; the remainder of the funds from the preferential rights issue, TSEK 16,172, were received at the beginning of July and are reported as other current receivables in this report. Issue costs of TSEK 5,346 have been paid. Issue costs of TSEK 3,396 have been paid after the close of the reporting period and reported as a reduction in the above mentioned receivable. Of the funds received, TSEK 14,199 have been used to repay loans and TSEK 801 for interest payments.

## **Interim period 1 January 2023 – 30 June 2023**

### **Revenue**

Revenue for the period amounted to TSEK 413 (188), which consists exclusively of grants from Vinnova.

### **Operating profit/loss**

Capitalised development costs amounted to TSEK 1,348 (2,028), and consists entirely of capitalised staff costs. Capitalisation for the previous financial year includes consulting costs of TSEK 626.

Payroll amounted to TSEK 8,200 (8,994).

Other costs increased compared to the previous financial year and amounted to TSEK 11,488 (7,571). The increase in costs can be attributed to intensified work to develop BlincVision and marketing costs in connection with the preferential rights issue.

Operating profit/loss for the period amounted to TSEK -18,782 (-14,821).

Amortisation of intangible assets amounted to TSEK 114 (112) TSEK, depreciation of fixed assets amounted to TSEK 155 (100) and impairment of right-of-use assets amount to TSEK 453 (245).

### **Financial costs**

Financial costs consist almost exclusively of interest on the loan TSEK 35,000, which was taken in April 2021 to fund the acquisition of shares in holoride. In May, the loan was refinanced in connection with the preferential rights issue; see more under Cash Flow and Financial Position and Liquidity.

Interest costs attributable to right-of-use assets amount to TSEK 171 (78) 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 -21,549 (-16,708). Diluted and undiluted earnings per share amounted to SEK -0.06 (-0.05).

### **Cash flow**

Cash flow from operating activities amounted to TSEK -19,330 (-14,525). The increased cash outflow can be attributed to increased activity to develop BlincVision and higher interest payments.

Cash flow from investing activities amounted to TSEK -1,650 (-7,146), which consists exclusively of capitalisation of development costs and patents, as well as the acquisition of equipment. The outflow for the previous year included a convertible loan issued to Summer Robotics Inc. The receivable was converted to shares in the fourth quarter of 2022.

Cash flow from financing activities amounted to TSEK 16,637 (429). The inflow consists of funds raised through the preferential rights issue (see description above under the heading Cash flow for the second quarter) and funds raised through the warrant series T05 B of TSEK 3,606 after issue costs. Funds raised from T05 B have been used in their entirety to repay loans.

### **Financial position and liquidity**

As of 30 June 2023, total assets amounted to TSEK 99,586 (89,435), equity amounted to TSEK 72,427 (48,382) and the equity/assets ratio amounted to 72.7% (54.1).

Financial assets amounted to TSEK 38,088 (38,088), of which TSEK 32,658 is linked to the investment in holoride in 2021 and TSEK 5,430 is linked to the investment in shares in Summer Robotics Inc., which was converted to shares in the previous financial year.

The carrying value of the group's interest-bearing liabilities amounts to TSEK 20,058 (36,468).

In May, a refinancing was made of the loan of TSEK 35,000 (nominal amount) which was taken to finance the investment in holoride GmbH in 2021. The loan has been repaid in the amount of TSEK 17,805 during the year. The debt at the end of the reporting period is TSEK 16,418 thousand. Coming amortizations are made in connection with receipt of proceeds from the warrant series TO6 B and TO7 B. 50% of the proceeds from each warrant series, however a maximum of TSEK 8,000 from TO6 B, shall be used for amortization. The loan falls due on 30 June 2024.

Of the interest-bearing liabilities, lease liabilities amount to TSEK 3,640 (4,040). No new leasing contracts have been signed during the period.

At the end of the period, the group's cash and cash equivalents amounted to TSEK 22,388 (26,715). The transfer of funds raised through the preferential rights issue was done in two rounds, where the second transfer of TSEK 16,172 before issue costs was completed in the beginning of July and is not included in cash and cash equivalents in this interim report. Including the second transfer, after issue costs, the Company's cash position would have been TSEK 35,164.



## **Transactions with related parties**

Other than transactions with senior executives in the capacity of their position, transactions with related parties include purchases from Prevas Development AB, corresponding to TSEK 797. Magnus Edman is a board member in Terranet AB and CEO of Prevas Development AB.

## Key figures

(Amounts in TSEK unless otherwise indicated)	2023	2022	2023	2022	2022
	3 months April– June	3 months April– June	6 months January– June	6 months January– June	12 months January– December
Undiluted EPS (SEK)	-0.04	-0.02	0.06	-0.05	-0.10
Diluted EPS (SEK)	-0.04	-0.02	0.06	-0.05	-0.10
Number of shares on balance sheet date	628,021,425	326,289,403	628,021,425	326,289,403	326,289,403
Average number of shares	344,865,325	326,289,403	336,611,236	319,844,540	323,939,443
Equity/asset ratio (%)	72.7	63.4	72.7	63.4	54.1
Operating profit/loss	-10,540	-6,471	-18,782	-14,821	-29,371
Profit/loss for the period	-12,320	-7,372	-21,549	-16,708	-32,287

### 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 option programmes with an issue price below the average share price for the period can cause a dilutive effect.
Number of shares after dilution	Only option 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.
Earnings before interest and taxes (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)	2023	2022	2023	2022	2022
	3 months April– June	3 months April– June	6 months January– June	6 months January– June	12 months January– December
Other operating revenue	205	11	413	188	748
Activated work for own account	701	680	1,348	2,028	3,091
<i>Operating expenses</i>					
Other external expenses	-6,716	-3,315	-11,488	-7,571	-14,237
Staff costs	-4,324	-3,623	-8,200	-8,994	-17,682
Depreciation and write-offs of tangible and intangible fixed assets	-348	-223	-722	-457	-1,255
Other operating costs	-58	-1	-133	-15	-36
<b>Operating profit/loss</b>	<b>-10,540</b>	<b>-6,471</b>	<b>-18,782</b>	<b>-14,821</b>	<b>-29,371</b>
Financial income	0	0	0	0	891
Financial costs	-1,780	-901	-2,767	-1,887	-3,807
<b>Profit/loss before tax</b>	<b>-12,320</b>	<b>-7,372</b>	<b>-21,549</b>	<b>-16,708</b>	<b>-32,287</b>
Tax on profit/loss for the period	0	0	0	0	0
<b>Profit/loss for the period attributable to the parent company's shareholders</b>	<b>-12,320</b>	<b>-7,372</b>	<b>-21,549</b>	<b>-16,708</b>	<b>-32,287</b>
<b>Earnings per share, SEK</b>					
Undiluted EPS	-0.04	-0.02	-0.06	-0.05	-0.10
Diluted EPS	-0.04	-0.02	-0.06	-0.05	-0.10

## Consolidated statement of comprehensive income

(Amounts in TSEK)	2023	2022	2023	2022	2022
	3 months April– June	3 months April– June	6 months January– June	6 months January– June	12 months January– December
Profit/loss for the period	-12,320	-7,372	-21,549	-16,078	-32,287
Other comprehensive income	16	0	22	0	0
<b>Comprehensive income for the period attributable to the parent company's shareholders</b>	<b>-12,304</b>	<b>- 7,372</b>	<b>-21,527</b>	<b>-16,078</b>	<b>-32,287</b>

## Summary consolidated statement of financial position

(Amounts in TSEK)	30/06/2023	31/12/2022	30/06/2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalised development costs	16,488	15,140	14,077
Patents and trademarks	2,099	2,155	2,171
<i>Property, plant and equipment</i>			
Right of use assets	3,417	3,870	1,649
Equipment	404	315	425
<i>Financial assets</i>			
Long-term securities	38,088	38,088	32,658
Other long-term receivables	0	0	4,752
<b>Total fixed assets</b>	<b>60,496</b>	<b>59,568</b>	<b>55,732</b>
<b>Current assets</b>			
Other receivables	14,385	1,114	709
Prepaid expenses and accrued revenue	2,317	2,038	2,251
Cash and cash equivalents	22,388	26,715	41,546
<b>Total current assets</b>	<b>39,090</b>	<b>29,867</b>	<b>44,506</b>
<b>TOTAL ASSETS</b>	<b>99,586</b>	<b>89,435</b>	<b>100,238</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6,280	3,263	3,263
Other capital contribution	442,678	400,124	399,699
Translation reserve	22	0	0
Profit/loss carried forward	-355,004	-322,718	-322,718
Profit/loss for the period	-21,549	-32,287	-16,708
<b>Equity attributable to the parent company's shareholders</b>	<b>72,427</b>	<b>48,382</b>	<b>63,536</b>
<b>Long-term liabilities</b>			
Lease liabilities	2,785	3,222	1,286
<b>Total long-term liabilities</b>	<b>2,785</b>	<b>3,222</b>	<b>1,286</b>
<b>Current liabilities</b>			
Loans payable	16,418	32,428	30,696
Lease liabilities	855	818	467
Accounts payable	2,083	1,223	688
Other liabilities	2,472	514	829
Accrued expenses and prepaid revenue	2,546	2,848	2,736
<b>Total current liabilities</b>	<b>24,374</b>	<b>37,831</b>	<b>35,416</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99,586</b>	<b>89,435</b>	<b>100,238</b>

## Summary consolidated statement of changes in equity

(Amounts in TSEK)	Attributable to the parent company's shareholders		
	30/06/2023	31/12/2022	30/06/2022
<b>Opening balance</b>	<b>48,382</b>	<b>73,531</b>	<b>73,531</b>
Profit/loss for the period	-21,549	-32,287	-16,708
Other comprehensive income	22	0	0
New cash issue	56,562	6,404	6,404
Received option premiums	0	1,073	648
Issue costs	-10,990	-339	-339
<b>Closing balance</b>	<b>72,427</b>	<b>48,382</b>	<b>65,536</b>



## Summary consolidated cash flow statement

(Amounts in TSEK)	2023	2022	2023	2022	2022
	3 months	3 months	6 months	6 months	12 months
	April– June	April– June	January– June	January– June	January – December
<b>Operating activities</b>					
Operating profit/loss	-10,540	-6,471	-18,782	-14,821	-29,371
Adjustments for items not included in the cash flow:					
Depreciation and write-offs	348	223	722	457	1,255
Other non-cash items	103	103	206	206	409
Interest received	0	0	0	0	213
Paid interest and other financial expenses	-885	-39	-972	-80	-268
<b>Cash flow from operations before changes in working capital</b>	<b>-10,974</b>	<b>-6,184</b>	<b>-18,826</b>	<b>-14,238</b>	<b>-27,762</b>
<b>Changes in working capital</b>					
Changes in operating receivables	-307	808	-505	900	503
Change in operating liabilities	-157	-1,861	1	-1,187	-857
<b>Cash flow from operations</b>	<b>-11,438</b>	<b>-7,237</b>	<b>-19,330</b>	<b>-14,525</b>	<b>-28,116</b>
<b>Investing activities</b>					
Capitalisation of development costs	-701	-680	-1,348	-2,028	-3,091
Capitalisation of patents and trademarks	-31	-30	-58	-291	-503
Acquisition of tangible assets	-43	-23	-244	-75	-91
Investment in financial assets	0	-4,752	0	-4,752	-4,752
<b>Cash flow from investing activities</b>	<b>-775</b>	<b>-5,485</b>	<b>-1,650</b>	<b>-7,146</b>	<b>-8,437</b>
<b>Financing activities</b>					
New share issue	36,582	0	40,390	6,404	6,404
Issue costs	-5,346	0	-5,548	-339	-339
Received option premiums	0	648	0	648	1,073
Repaid loans	-14,199	0	-17,805	-6,065	-6,065
Amortisation of lease liabilities	-202	-111	-400	-219	-593
<b>Cash flow from financing activities</b>	<b>16,835</b>	<b>537</b>	<b>16,637</b>	<b>429</b>	<b>480</b>
<b>Cash flow for the period</b>	<b>4,622</b>	<b>-12,185</b>	<b>-4,343</b>	<b>-21,242</b>	<b>-36,073</b>
Cash and cash equivalents at the start of the period	17,754	53,731	26,715	62,788	62,788
Exchange rate differences in cash and cash equivalents	12	0	16	0	0
<b>Cash and cash equivalents at the close of the period</b>	<b>22,388</b>	<b>41,546</b>	<b>22,388</b>	<b>41,546</b>	<b>26,715</b>

## Summary parent company income statement

(Amounts in TSEK)	2023	2022	2023	2022	2022
	3 months	3 months	6 months	6 months	12 months
	April– June	April– June	January– June	January– June	January– December
Other operating revenue	0	0	0	0	0
<i>Operating expenses</i>					
Other external expenses	-1,396	-892	-2,008	-1,346	-2,271
<b>Operating profit/loss</b>	<b>-1,396</b>	<b>-892</b>	<b>-2,008</b>	<b>-1,346</b>	<b>-2,271</b>
Financial income	0	0	0	0	891
Depreciation of shares in group companies	-11,800	-8,000	-20,800	-16,000	-31,000
Financial costs	-1,696	-862	-2,596	-1,807	-3,539
<b>Total financial items</b>	<b>-13,496</b>	<b>-8,862</b>	<b>-23,396</b>	<b>-17,807</b>	<b>-33,648</b>
<b>Profit/loss before tax for the period</b>	<b>-14,892</b>	<b>-9,754</b>	<b>-25,404</b>	<b>-19,153</b>	<b>-35,919</b>
Tax on profit/loss for the period	0	0	0	0	0
<b>Profit/loss for the period</b>	<b>-14,892</b>	<b>-9,754</b>	<b>-25,404</b>	<b>-19,153</b>	<b>-35,919</b>

## Summary parent company statement of comprehensive income

(Amounts in TSEK)	2023	2022	2023	2022	2022
	3 months	3 months	6 months	6 months	12 months
	April– June	April– June	January– June	January– June	January– December
Profit/loss for the period	-14,892	-9,754	-25,404	-19,153	-35,919
Other comprehensive income	0	0	0	0	0
<b>Comprehensive income for the period</b>	<b>-14,892</b>	<b>-9,754</b>	<b>-25,404</b>	<b>-19,153</b>	<b>-35,919</b>

## Summary parent company balance sheet

(Amounts in TSEK)	30/06/2023	31/12/2022	30/06/2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Shares in group companies	57,011	57,011	56,733
Other long-term securities	38,975	38,975	33,545
Other long-term receivables	0	0	4,752
<b>Total fixed assets</b>	<b>95,986</b>	<b>95,986</b>	<b>95,030</b>
<b>Current assets</b>			
Other receivables	13,245	0	0
Prepaid expenses and accrued revenue	311	206	364
Cash on hand	18,846	24,787	40,268
<b>Total current assets</b>	<b>32,402</b>	<b>24,993</b>	<b>40,632</b>
<b>TOTAL ASSETS</b>	<b>128,388</b>	<b>120,979</b>	<b>135,662</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	6,280	3,263	3,263
<i>Non-restricted equity</i>			
Share premium reserve	442,678	400,124	399,699
Profit/loss carried forward	-314,995	-279,077	-279,077
Profit/loss for the period	-25,404	-35,919	-19,153
<b>Total equity</b>	<b>108,559</b>	<b>88,391</b>	<b>104,732</b>
<b>Current liabilities</b>			
Loans payable	16,418	32,428	30,696
Accounts payable	1,085	36	102
Liabilities to group companies	94	94	94
Other current liabilities	2,046	0	0
Accrued expenses and prepaid revenue	186	30	38
<b>Total current liabilities</b>	<b>19,829</b>	<b>32,588</b>	<b>30,930</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>128,388</b>	<b>120,979</b>	<b>135,662</b>

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 17 August 2023**

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Torgny Hellström  
Board Chair

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Anders Blom  
Board Member

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Göran Janson  
Board Member

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Magnus Edman  
Board Member

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Nils Wollny  
Board Member

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Tarek Shoeb  
Board Member

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Magnus Andersson  
CEO

This interim report has not been reviewed by the company's auditor.

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### Financial calendar

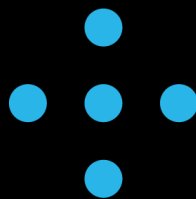
Interim report January–September 2023

16 November 2023

Year-end report 2023

22 February 2024

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 August at 8.00 am CET.



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