

This letter has also been sent out to all Terranet shareholders residing in Sweden.

Dear shareholder,

The second quarter is coming to an end and summer is just around the corner. Before you sit back and relax in the hammock, I would like to take this opportunity as acting CEO to update you on the development of BlincVision, and tell you more about how the rapid transformation of the automotive industry and urban traffic creates opportunities for Terranet to become a key player in the ADAS segment.

But first and foremost: thank you for being with us on this journey!

Important steps forward in product development

Terranet has made great strides in the development of BlincVision's performance during Q2. The BlincVision system builds upon VoxelFlow, a cutting-edge vision technology for detecting fast moving objects three-dimensionally in real time (4D). By applying VoxelFlow to the automotive industry, Terranet is breaking new ground for how the technology can be used. To live up to the vehicle industry's safety and functionality requirements, VoxelFlow needs to be adapted and customized. Ensuring that the laser is safe for the human eye, that the system works well for both short and long distances, and that it has the ability to detect and classify objects with minimal delay, are the most crucial parameters when OEMs and Tier-1 suppliers evaluate BlincVision. Terranet has made significant improvements in all of these areas in the second quarter. As an example, we have switched from a continuous wave laser to a pulsed laser, which improves eye-safety and increases the effective detection range.

Another key priority at this stage of the product development process is to source a hyper-sensitive vision sensor capable of detecting and processing as much information as possible with minimum latency. In parallel to strengthening the internal engineering team, we are also in close dialogue with potential partners who want to team up with us to develop the next generation sensor module for the automotive industry.

Same prototype version for all manufacturers

The prototype will be a functioning version of BlincVision that consists of the same components as the final product: laser scanners, event sensors and a computing module. This first version of BlincVision will be presentable to all OEMs and Tier-1 suppliers on the market – it is not tied to a specific system or manufacturer, which is obviously an advantage from a commercial point of view. Moreover, it makes it possible for us to reach a broad market, and in the end hopefully save more lives.

BlincVision is a vital piece of the ADAS puzzle

To save more lives in traffic, tomorrow's vehicles need a number of different sensor technologies, each with their own specific niche and strength, that interact and complement each other in different traffic situations. BlincVision is not intended to replace other ADAS technologies but complement them in complex urban traffic environments. Despite the fact that up to 40% of road fatalities today occur in urban areas, none of the driver-assistance technologies available on the market have sufficiently fast and precise detection capability to guarantee the safety of pedestrians and cyclists when traffic is dense and varied. On a motorway where visibility is good, lidar technology for example works excellently, but to be able to quickly detect a child who suddenly runs out into the roadway at close range, the reaction time must be lightning fast - 10 times faster than what lidar can perform. This is where BlincVision comes in.

Autonomous driving puts safety in the spotlight

Most of us would probably agree that everyone should feel safe in traffic - but does the car industry have sufficient incentives to integrate more life-saving ADAS technologies into the vehicles?

In addition to the fact that there can be regulatory requirements on cars to have certain driver assistance functionality to be allowed to drive in urban areas in the future, another factor drives the need for new sensor technologies: the emergence of autonomous vehicles. Safety is an absolute prerequisite for self-driving cars to become a reality. Car manufacturers must be able to fully guarantee that no lives will be wasted because an autonomous car misjudged the situation. Therefore, the rapid growth of new solutions and players in the ADAS segment doesn't worry me too much. The niche technologies are needed, and the fact that industry giants such as Mercedes-Benz showed interest in Terranet's cutting-edge technology already at an early stage shows that we definitely have a place in the modern automotive industry.

A future filled with opportunities

There is a lot of interest around ADAS, and we are developing a groundbreaking technology that is completely in line with the safety needs of the traffic environments of the future, where cyclists and pedestrians will share electric vehicles, self-driving cars and micro-mobility solutions. We have a strong and growing team, a new CEO on the way, and we are well on our way to a commercialization of BlincVision. I am very proud of Terranet's progress and the milestones we have achieved so far, and I know that we, together with our shareholders, have an exciting time ahead of us.

I wish you a great summer!

Best regards,

Göran Janson
Acting CEO, Terranet

Lund, June 2022