

# Terranet AB (publ)

## Year-end report

1 JANUARY–31 DECEMBER 2023

## Significant events during the fourth quarter

- The company was awarded a grant from Skyltfonden (an initiative of the Swedish Transport Administration) for the development of new testing methods in collaboration with AstaZero (RISE).
- Dan Wahrenberg took over as the new CFO.
- The company and Nihat Küçük reached an agreement on the termination of Nihat's employment as CTO.
- Pierre Ekwall took over as the new CTO.
- The subscription of warrants in series T06 was carried out, with a subscription rate of 63% (the company raised approximately MSEK 6.3).

## Significant events after the close of the period

- The company's board decided to carry out a directed issue of units amounting to MSEK 10 before issue costs and an issue of T08 to the Company for transfer free of charge to the Company's shareholders.
- The company held an extraordinary general meeting on January 31 where it was resolved to elect Mats Fägerhag as a new ordinary board member and further resolved on a directed issue of units to Maida Vale Capital AB of SEK 2.25 million.
- CEO Magnus Andersson and CTO Pierre Ekwall participated in CES in Las Vegas.

## Q4, 1 October – 31 December 2023

- Revenue amounted to TSEK 205 (310).
- Operating profit/loss amounted to TSEK -9,219 (-7,431).
- Diluted and undiluted earnings per share amounted to SEK -0.02 (-0.03).

## Full year, 1 January–31 December 2023

- Revenue amounted to TSEK 834 (748).
- Operating profit/loss amounted to TSEK -35,926 (-29,371).
- Diluted and undiluted earnings per share amounted to SEK -0.08 (-0.10).
- Cash and cash equivalents for the Group amounted to TSEK 29,006 (26,715) at the close of the period.
- The Board proposes that no dividend be paid for the 2023 financial year.



## Comments from the CEO

*“Today's safety solutions in the automotive industry do not work well enough, and what we at Terranet offer will help save more lives and enable new mobility innovations for a safer and more efficient traffic environment.”*

*We have seen an exciting close to an eventful 2023, with a fourth quarter marked by a number of significant steps forward. After years of hard work, BlincVision, our anti-collision project, is beginning to show its full potential as a comprehensive solution. We are seeing increased interest from potential customers and partners and can confidently state that the sector is looking for a product with the kind of speed and precision that BlincVision can offer.*

*Product development is progressing according to plan, and we are following our previously communicated product development plan; in 2024, we will demonstrate our prototype in a laboratory environment in the first quarter, and then in the second quarter we will demonstrate our prototype on vehicles in a test environment outdoors. The initial testing of a prototype showed promising results, offering good opportunities for product development before presentation to external parties. Our goal is to create formal partnerships with Tier 1 suppliers and automakers in 2024. We are moving closer and closer to a finished product that will be attractive on the market.*

*Continuous dialogues with Tier 1 suppliers and vehicle manufacturers have confirmed that there continues to be a great deal of interest in what we do across a number of different sectors, both in the area of driver assistance and autonomous vehicles. We continue to increase our commercial capability and have just elected Mats Fägerhag to the board. As an operational advisor, Mats brings many years of experience in the automotive industry and vast knowledge in the area of product development and commercialization. We are also engaged in an ongoing recruitment effort within business development.*

*At this year's CES, one of the world's premier trade shows for the automotive industry and tech sector, advanced driver assistance systems (ADAS) continued to be one of the hottest topics. Car manufacturers and suppliers acknowledge that existing anti-collision solutions are in need of improvement.*

*Despite the fact that many car models are currently equipped with advanced driver assistance systems, a high number of accidents still occur. And the continued high rate of accidents is especially concerning in cities, where accidents occur between cars and vulnerable road users. Solving this problem will require faster and more precise sensor technology. “Terranet offers technology that will help solve these problems, save lives and enable new mobility innovations for a safer and more efficient traffic environment”. In light of the above, the collaboration that we initiated in the autumn of last year with AstaZero's test track and the interest from EuroNCAP are quite relevant.*

*We are now entering an incredibly intense period where years of development shall materialize. These are without a doubt the most exciting months we have ahead of us since Terranet was founded. We plan to update you shareholders in the coming months as we step by step in 2024 work towards our goal – to sign agreements and enter into partnerships with Tier 1 suppliers and leading car manufacturers.*

*We look forward to keeping you updated on what is sure to be a very eventful 2024!*



**Magnus Andersson**

CEO

Lund, 22 February 2024

## Significant events during the quarter

### **Development of testing methods –**

#### **Skyltfonden**

On 4 December, the company announced that it had been awarded a grant of TSEK 614 from Skyltfonden (an initiative of the Swedish Transport Administration) for a joint project with RISE testbed AstaZero. The project, which will run through 2024, aims to improve road safety for unprotected road users through the development of new test methods and technical solutions for advanced driver assistance systems (ADAS).

### **Dan Wahrenberg took over as the new CFO**

On 16 October, Dan Wahrenberg took over as the company's new CFO. Dan replaces Thomas Falkenberg, who held the role of interim CFO. Dan has a strong background from several CFO positions at listed companies, including the Anoto Group, LifeAssays and MultiQ and comes most recently from the role of CFO at the Asperiq Group.

### **The company and Nihat Küçük reached an agreement on the termination of Nihat's employment as CTO**

On 23 October, Terranet informed the market that the company had reached an agreement with Nihat Küçük on his exit from the CTO post. This move was made to accelerate the development of BlincVision, and the company was able to confirm that it is on track to meet its previously announced timetable.

### **Pierre Ekwall took over as the new CTO**

On 28 November, Terranet announced the appointment of Pierre Ekwall as new CTO. Pierre most recently served in the role of vehicle line manager at Einride and brings experience from technology and innovation development at companies including Volvo Cars, SAAB Automobile and Semcon.

### **Warrant series T06**

On 13 December, the company announced that approximately 63 percent of the outstanding warrants of series T06 was subscribed. Through the exercise of warrants of series T06, Terranet raised approximately MSEK 6.3 before issue costs.

## Significant events after the close of the period

### **Mats Fägerhag new board member**

On 31 January, the Extraordinary General meeting resolved to elect Mats Fägerhag as new board member.

Mats adds further expertise from the automotive industry to Terranet. Mats brings more than 35 years of experience in the automotive industry and has served in senior positions at Saab Automobile, General Motors Europa, Volvo Cars and Geely Automotive. He has during the last ten years served as CEO of CEVT (a Geely company), a company that develops platforms for Volvo Cars, Polestar, Lynk & Co and Geely Automotive, as well as autonomous cars for Alphabet-owned (Google's) Waymo.

Mats Fägerhag will also periodically work operationally in the Company with specific strategic matters.

### **Directed issue and warrants of series T08**

On 12 January, the company announced that the board had decided to carry out a directed issue of units of approximately MSEK 10, consisting of B shares and warrants of series T08, to a number of previously consulted investors, including existing shareholders. The subscription price in the directed issue was set to SEK 0.07 per new share. In order to

provide partial compensation to shareholders for the dilution resulting from the share issue, the board also decided on a directed issue of warrants of series T08 to the company, which were transferred free of charge to all parties holding shares in the Company as per the record date, February 2<sup>nd</sup>. Each shareholder received 1 T08 per 11 shares held. The subscription price for the exercise of T08 warrants for the purchase of B shares has been set to SEK 0.14, which corresponds to 200% of the price in the directed issue.

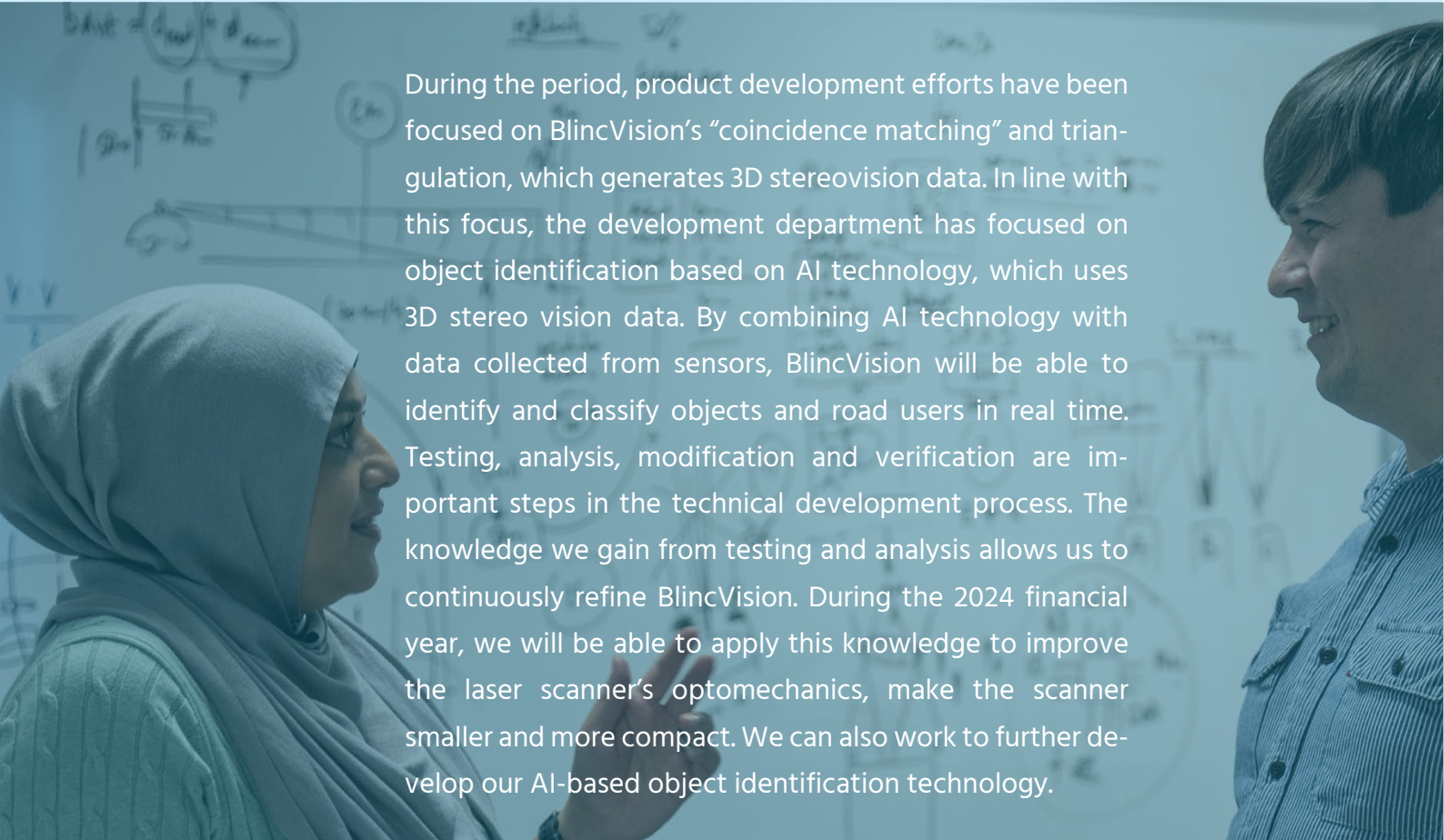
At the Extraordinary General Meeting on 31 January, a proposal for the part of the directed issue (MSEK 2.25) which referred to the company's largest shareholder, Maida Vale Capital AB, was approved.

### **Participation in CES Las Vegas**

During the second week of January, CEO Magnus Andersson and CTO Pierre Ekwall attended CES Las Vegas

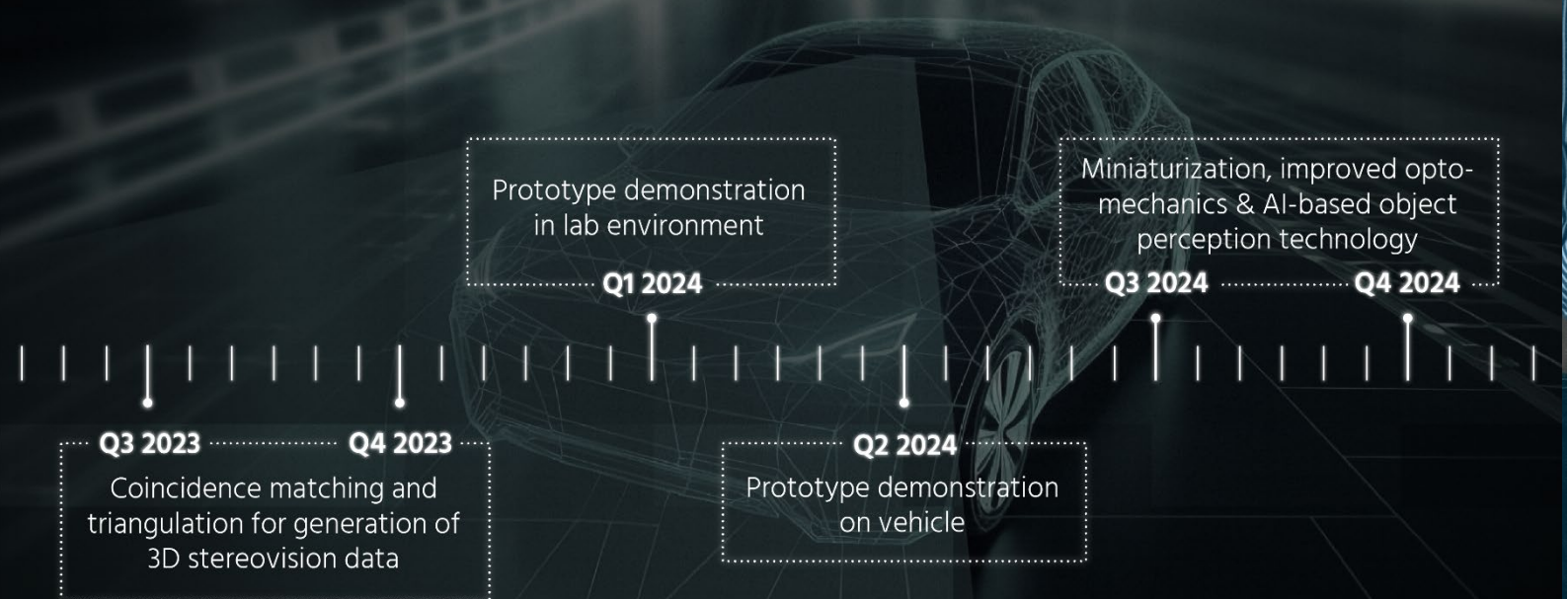
Terranet has seen a constantly increased interest from actors in the automotive industry after productive meetings with potential partners and suppliers during CES Las Vegas 2024. The increased demand in the sector for faster and more precise solutions strengthens Terranet's position in the company's dialogue with different partners.

# BlincVision product development



During the period, product development efforts have been focused on BlincVision’s “coincidence matching” and triangulation, which generates 3D stereovision data. In line with this focus, the development department has focused on object identification based on AI technology, which uses 3D stereo vision data. By combining AI technology with data collected from sensors, BlincVision will be able to identify and classify objects and road users in real time. Testing, analysis, modification and verification are important steps in the technical development process. The knowledge we gain from testing and analysis allows us to continuously refine BlincVision. During the 2024 financial year, we will be able to apply this knowledge to improve the laser scanner’s optomechanics, make the scanner smaller and more compact. We can also work to further develop our AI-based object identification technology.

## Product roadmap 2023/2024





# The market for advanced driver assistance systems

Terranet is an active player within the growing market for ADAS (Advanced Driver Assistance Systems). During the period leading up to 2029, this market is expected to have an annual growth rate of 16.1 percent.<sup>1)</sup> The global ADAS market has the third highest estimated revenue growth among all segments within the automotive industry.<sup>2)</sup>

Studies performed by the IIHS (Insurance Institute for Highway Safety) have shown that in 70% of all emergency braking scenarios, accidents still occur, despite reliance on the current ADAS systems. Solutions that can more quickly detect and react to complex traffic scenarios are crucial to reducing the number of accidents<sup>2)</sup>. Changing safety regulations are moving the automotive industry towards stricter safety standards and more advanced technical solutions. Organizations such as the National Highway Traffic Safety Administration (NHTSA) in the US and the European New Car Assessment Program (Euro NCAP) in Europe continue to raise the bar for safety standards with the ultimate goal of eliminating all serious traffic-related injuries and deaths.

In the achievement of this goal, we continue to believe that due to BlincVision's faster detection and reaction

<sup>1)</sup> [www.fortunebusinessinsights.com/industry-reports/adas-market-101897](http://www.fortunebusinessinsights.com/industry-reports/adas-market-101897)

<sup>2)</sup> IIHS, AAA

# 70%

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I SJU AV TIO NÖDBROMS-  
SCENARION INTRÄFFAR  
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## Operations

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

### Business concept

Terranet's business concept centres around the development of solutions for advanced driver assistance systems and self-driving vehicles that it primarily markets to vehicle manufacturers, subcontractors and other actors in transport and mobility as a service in order to save lives among unprotected 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 engaged in the development of BlincVision, an anti-collision system that prevents road accidents between vehicles and unprotected road users. Product development is carried out in a close partnership with leading actors in software and hardware development, as well as actors in the automotive industry. BlincVision is based on cutting edge sensor technology that uses four-dimensional image analysis to identify objects in traffic. BlincVision is a complete "turnkey" system consisting of three main components: a laser scanner module, ultra-fast sensors and AI-based object identification. Together, these components allow

BlincVision to identify objects in record time and enable vehicles to take actions to avoid dangerous situations with unprotected road users. Terranet tests and evaluates a variety of sensor technologies. What these technologies have in common is that they must meet the company's high demands for ultra-fast reaction time, and they must be able to be optimally integrated into the BlincVision system. In its most advanced form, BlincVision is based on VoxelFlow technology, which is a patented triangulation method based on event sensors. Terranet holds an exclusive global license to develop this technology for the automotive industry. The ADAS technology that is currently available on the market is primarily developed to protect vehicle users in the event of accidents with other vehicles. BlincVision, on the other hand, is developed to ensure the safety of all unprotected road users in city traffic. BlincVision's unprecedented speed and precision offer a significant advantage over short distances in traffic. It places Terranet in a unique position in the market since it has the potential to save more lives in city traffic, unlike existing ADAS systems. The company also develops collision-warning software and algorithms for positioning using 5G technology, as well as for communication between vehicles and between vehicles and other objects (V2X).

Read more at:

[www.teranet.se](http://www.teranet.se)

Terranet AB (publ)

Corp. reg. no. 556707-2128

Mobilvägen 10, 223 62 Lund



## Staff

As of 30 December 2023, the number of employees in the group was 16 (13). Temporary staff, full-time consultants and staff on parental leave have been excluded. The company continues to actively recruit new engineers.

## Risks and uncertainties

The business risks and risk management for the company and the parent company, as well as the management of financial risks, are described in detail in the annual report for 2022, which was submitted in April 2023. No significant events have occurred since that date that would affect or change these descriptions of the group's or parent company's risks and the way these risks are managed.

As reported in the previous interim report for the third quarter, an analysis has been performed to determine the impact that a transfer of certain patents to another party would have on the company. The company has assessed that the transfer of patents would not affect Terranet's business to a significant extent.

The company thus has a negative cash flow from operating activities and may have a need for future capital injections until positive cash flows are achieved. Through the preferential rights issue, the capital injection from T06 in 2023 and from the directed issue in the first quarter of 2024, the company has raised sufficient cash to continue as a going concern at least until the outstanding loan from an external lender has been repaid on 30 June 2024. The company will most likely secure the additional funding it requires through the outstanding warrant series: from T07 in the second quarter of 2024 and from T08 in the fourth quarter of 2024. A prerequisite for continuing as a

going concern for the coming twelve-month period is a favourable outcome from the exercise of the outstanding warrant series. Alternatively, this can be achieved through the refinancing of outstanding loans or a new issue. The company can acquire capital in different ways and the board works continuously to ensure that the funding needed to continue as a going concern is secured. It is the board's assessment that this will be possible to achieve. In the event that the company is not able to acquire sufficient capital as planned, there may be significant uncertainties regarding the company's ability to continue as a going concern.

## 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 fourth quarter, the parent company made a shareholder contribution to Terranet Tech AB of TSEK 2,000 and TSEK 25,800 for the entire year; 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

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 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.

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 1<sup>st</sup> of January 2023 have not had any significant effect on the group's or parent company's financial reports for the period.

## Financial overview

### Fourth quarter 1 October 2023– 31 December 2023

#### Revenue

Revenue for the quarter amounted to TSEK 205 (310), which consists exclusively of grants from Vinova.

#### Operating profit/loss

Capitalised development costs amounted to TSEK 712 (621) and consists entirely of capitalised staff costs. Payroll amounted to TSEK 5,606 (4,329). Other external costs amounted to TSEK 4,168 (3,675). Amortisation and depreciations of intangible assets amounted to TSEK 370 (335). Depreciations of tangible fixed assets amounted to TSEK 71 (51), and depreciations of right-of-use assets amounted to TSEK 243 (227). Operating profit/loss for the quarter amounted to TSEK -9,219 (-7,431). The increased loss is primarily due to the fact that the company incurred salary costs for the former CTO during the notice period.

#### Financial costs

Financial costs consist exclusively of interest on the loan of 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 and a payment was made. The loan from Formue Nord amounts to TSEK 16,245 as of 31 December; see further under the headings Cash flow and Financial position and liquidity. Interest costs attributable to right-of-use assets amounted to TSEK 77 (92) for the period.

#### Taxes

The group's effective tax amounted to 0 (0) per cent. 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 -10,206 (-8,309). Diluted and undiluted earnings per share amounted to SEK -0.02 (-0.03).

#### Cash flow

Cash flow from operating activities amounted to TSEK -8,421 (-7,395). Cash flow from investing activities amounted to TSEK -753 (-660), which consists exclusively of capitalisation of development costs and patents, as well as the acquisition of equipment. Cash flow from financing activities amounted to TSEK 4,009 (-190). The inflow consists of funds raised through the exercise of warrants in series T06 of SE 6,251. Issue costs of TSEK 342 have been paid. In connection with the funds raised from T06, a loan repayment was made to Formue Nord totalling TSEK 2,965 (interest and amortisation).

#### Financial assets

Terranet's financial assets consist of holdings in holoride GmbH (10.4% ownership stake) with a book value of TSEK 32,658 and Summer Robotics Inc (1.7% ownership stake) with a book value of TSEK 5,430. As the company announced on May 12,



holoride received a convertible loan of EUR 5 million from a shareholder (not Terranet). The convertible loan entitles the lender to acquire shares held by other shareholders at market price if holoride does not complete a capital acquisition of MEUR 5 by 1 October. As of year-end closing, holoride had not completed its capital acquisition and the lender has not yet exercised its option to acquire additional shares in holoride.

## Full year 1 January 2023 – 31 December 2023

### Revenue

Revenue for the period amounted to TSEK 834 (748), which consists exclusively of grants from Vinnova.

### Operating profit/loss

Capitalised development costs amounted to TSEK 2,564 (3,091) and consists entirely of capitalised staff costs. Capitalisation for the previous financial year includes consulting costs of TSEK 626. Payroll amounted to TSEK 18,037 (17,682); the increase is primarily due to the fact that during the fourth quarter, the company incurred salary costs for the former CTO during the notice period.

Other external costs increased compared to the previous financial year and amounted to TSEK 18,826 (14,237). 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 -35,926 (-29,371). Amortisation and depreciations of intangible assets amounted to TSEK 2,331 (1,255); the increased costs associated with amortisation and depreciation are

attributable to impairment of capitalized development expenditure in the third quarter linked to older projects for which the probability of future positive cash flows is deemed to be lower. Depreciations of tangible fixed assets amounted to TSEK 294 (226), and depreciations of right-of-use assets amounted to TSEK 939 (689).

### Financial costs

Financial costs during the year consisted 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, and in connection with the preferential rights issue, a payment was made; see Further under Cash flow and Financial position and liquidity. In connection with the inflow of funds raised through the issue of new shares in connection with the redemption of warrants from series T06, an additional loan repayment was made. The outstanding loan debt payable to Formue Nord amounts to TSEK 16,245 as of 31 December. Interest costs attributable to right-of-use assets amounted to TSEK 330 (265) for the period.

### Taxes

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

### Profit/loss for the full financial year

Profit/loss for the financial year amounted to TSEK -40,495 (-32,287). Diluted and undiluted earnings per share amounted to SEK -0.08 (-0.10).

**Cash flow**

Cash flow from operating activities amounted to TSEK -34,109 (-28,116). 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 -3,119 (-8,437), 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 39,518 (480). The inflow consisted primarily of funds raised through the preferential rights issue of TSEK 52,754 (before issue costs of TSEK 8,742), funds raised through warrant series T05 B of TSEK 3,606 after issue costs and funds raised from warrant series T06 B of TSEK 5,910 after issue costs. All funds raised from T 05 B were used for the repayment of loans, and 50% of the funds raised through T06 B were used to pay down accrued interest and for loan repayment for the loan from Formue Nord. Of the funds received, TSEK 14,199 have been used to repay loans and TSEK 801 for interest payments. During the year, the company received a payment from the Swedish Tax Agency of TSEK 6,297. The company chose to exercise the option that the Swedish Tax Agency offered to apply for a deferment of previously paid social contributions and withholding tax. A deferment has been obtained by paying these debts by September 2024 at the latest, with an option to apply for instalments over the next three years. The debt to the Swedish Tax Agency is reported as other current liabilities in this report. Interest of 5% per year applies to the debt.

**Financial position and liquidity**

As of 31 December 2023, total assets amounted to TSEK 92,885 (89,435), equity amounted to TSEK 61,407 (48,382) and the equity/assets ratio amounted to 66.1% (54.1%). Financial assets amounted to TSEK 38,252 (38,088), of which TSEK 32,658 is linked to the investment in holoride in 2021, TSEK 5,430 is linked to the investment in shares in Summer Robotics Inc., which was made in the previous financial year, and TSEK 170 is linked to the deposit paid for the rental agreement. The carrying value of the group's interest-bearing liabilities amounts to TSEK 18,894 (36,468). In May, the loan of TSEK 35,000 (nominal amount), which was taken to the investment in holoride GmbH in 2021, was refinanced. The loan was repaid in the amount of TSEK 19,479 during the year. The outstanding debt at the end of the reporting period amounts to TSEK 16,245. Future instalments will be paid in connection with funds raised from warrant series and T07 B (50% of the cash from warrant series T07 B will be used for the repayment of loans). The loan falls due for payment on 30 June 2024. Of the interest-bearing liabilities, lease liabilities amount to TSEK 3,355 (4,040). No new leasing contracts have been signed during the interim period. At the end of the period, the group's cash and cash equivalents amounted to TSEK 29,006 (26,715). For risks connected to financing and continued operations, see the section Risks and uncertainties.

**Transactions with related parties**

Purchases were made from Prevas Development AB during the period, corresponding to TSEK 808. Magnus Edman is a board member in Terranet AB and CEO of Prevas Development AB

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

(Note 1)	Number of shares	Share capital (TSEK)
At the start of the financial year	326,289,403	3,263
TO5 B, March	8,655,357	86
Preferential rights issue, June	293,076,665	2,931
Directed issue, guarantors, July	11,364,435	114
TO6 B, December	115,760,009	1,157
<b>As of 31 December 2023</b>	<b>755,145,869</b>	<b>7,551</b>



## Key figures

(Amounts in TSEK unless otherwise indicated)	2023	2022	2023	2022
	3 months October- December	3 months October- December	12 months January- December	12 months January- December
Undiluted EPS (SEK)	-0,02	-0,03	-0,08	-0,10
Diluted EPS (SEK)	-0,02	-0,03	-0,08	-0,10
Number of shares on balance sheet date	755 145 869	326 289 403	755 145 869	326 289 403
Average number of shares	660 776 296	326 289 403	493 404 984	323 939 443
Equity/asset ratio (%)	66,1	54,1	66,1	54,1
Operating profit/loss	-9 219	-7 431	-35 926	-29 371
Profit/loss for the period	-10 206	-8 309	-40 495	-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.
Average number of shares	Calculated as the volume-weighted average quantity during the period
Average number of shares	The average number of outstanding shares during the period
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
	3 months	3 months	12 months	12 months
	October-	October-	January-	January-
	December	December	December	December
Other operating revenue	205	310	834	748
Activated work for own account	712	621	2 564	3 091
<i>Operating expenses</i>				
Other external expenses	-4 168	-3 675	-18 826	-14 237
Staff costs	-5 606	-4 329	-18 037	-17 682
Depreciation and write-offs of tangible and intangible fixed assets	-370	-335	-2 331	-1 255
Other operating costs	8	-23	-130	-36
<b>Operating profit/loss</b>	<b>-9 219</b>	<b>-7 431</b>	<b>-35 926</b>	<b>-29 371</b>
Financial income	275	81	600	891
Financial costs	-1 225	-959	-5 132	-3 807
<b>Profit/loss before tax</b>	<b>-10 169</b>	<b>-8 309</b>	<b>-40 458</b>	<b>-32 287</b>
Tax on profit/loss for the period	-37	0	-37	0
<b>Profit/loss for the period attributable to the parent company's shareholders</b>	<b>-10 206</b>	<b>-8 309</b>	<b>-40 495</b>	<b>-32 287</b>
<b>Earnings per share, SEK</b>				
Undiluted EPS	-0,02	-0,03	-0,08	-0,10
Diluted EPS	-0,02	-0,03	-0,08	-0,10

## The Group's summary statement of comprehensive income

(Amounts in TSEK)	2023	2022	2023	2022
	3 months October- December	3 months October- December	12 months January- December	12 months January- December
Profit/loss for the period	-10 206	-8 309	-40 495	-32 287
Other comprehensive income	-16	0	-7	0
<b>Comprehensive income for the period attributable to the parent company's shareholders</b>	<b>-10 222</b>	<b>-8 309</b>	<b>-40 502</b>	<b>-32 287</b>



## Summary consolidated statement of financial position

(Amounts in TSEK)	2023-12-31	2022-12-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
<i>Intangible fixed assets</i>		
Capitalised development costs	16 881	15 140
Patents and trademarks	1 954	2 155
<i>Property, plant and equipment</i>		
Right of use assets	3 095	3 870
Equipment	331	315
<i>Financial assets</i>		
Long-term securities	38 088	38 088
Other long-term receivables	164	0
<b>Total fixed assets</b>	<b>60 513</b>	<b>59 568</b>
<b>Current assets</b>		
Accounts receivables	214	0
Other receivables	660	1114
Prepaid expenses and accrued revenue	2 492	2 038
Cash and cash equivalents	29 006	26 715
<b>Total current assets</b>	<b>32 372</b>	<b>29 867</b>
<b>TOTAL ASSETS</b>	<b>92 885</b>	<b>89 435</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	7 551	3 263
Other capital contribution	449 362	400 124
Translation reserve	-7	0
Profit/loss carried forward	-355 004	-322 718
Profit/loss for the period	-40 495	-32 287
<b>Equity attributable to the parent company's shareholders</b>	<b>61 407</b>	<b>48 382</b>
<b>Long-term liabilities</b>		
Lease liabilities	2 398	3 222
<b>Total long-term liabilities</b>	<b>2 398</b>	<b>3 222</b>
<b>Current liabilities</b>		
Loans payable	15 538	32 428
Lease liabilities	958	818
Accounts payable	1178	1223
Tax liabilities	38	0
Other liabilities	7 229	514
Accrued expenses and prepaid revenue	4 139	2 848
<b>Total current liabilities</b>	<b>29 080</b>	<b>37 831</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>92 885</b>	<b>89 435</b>

## Summary consolidated statement of changes in equity

(Amounts in TSEK)	Attributable to the parent company's shareholders	
	2023-12-31	2022-12-31
<b>Opening balance</b>	<b>48 382</b>	<b>73 531</b>
Profit/loss for the period	-40 495	-32 287
Other comprehensive income	-7	0
New cash issue	62 813	6 404
Offset issue	2 045	0
Received option premiums	0	1 073
Issue costs	-11 331	-339
<b>Closing balance</b>	<b>61 407</b>	<b>48 382</b>

## Summary consolidated cash flow statement

(Amounts in TSEK)	2023	2022	2023	2022
	3 months	3 months	12 months	12 months
	October-	October-	January-	January-
	December	December	December	December
<b>Operating activities</b>				
Operating profit/loss	-9 219	-7 431	-35 926	-29 371
Adjustments for items not included in the cash flow:				
Depreciation and write-offs	370	335	2 331	1 255
Other non-cash items	142	103	451	409
Interest received	600	213	600	213
Paid interest and other financial expenses	-1369	-93	-2 444	-268
<b>Cash flow from operations before changes in working capital</b>	<b>-9 476</b>	<b>-6 873</b>	<b>-34 988</b>	<b>-27 762</b>
<b>Changes in working capital</b>				
Changes in operating receivables	-1215	-243	-665	503
Change in operating liabilities	2270	-279	1544	-857
<b>Cash flow from operations</b>	<b>-8 421</b>	<b>-7 395</b>	<b>-34 109</b>	<b>-28 116</b>
<b>Investing activities</b>				
Capitalisation of development costs	-712	-621	-2 564	-3 091
Capitalisation of patents and trademarks	0	-39	-75	-503
Acquisition of tangible assets	-41	0	-310	-91
Investment in financial assets	0	0	0	-4 752
Paid deposit	0	0	-170	0
<b>Cash flow from investing activities</b>	<b>-753</b>	<b>-660</b>	<b>-3 119</b>	<b>-8 437</b>
<b>Financing activities</b>				
New share issue	6 251	0	62 813	6 404
Issue costs	-342	0	-9 286	-339
Received option premiums	0	0	0	1 073
New loans	0	0	6 318	0
Repaid loans	-1674	0	-19 479	-6 065
Amortisation of lease liabilities	-226	-190	-848	-593
<b>Cash flow from financing activities</b>	<b>4 009</b>	<b>-190</b>	<b>39 518</b>	<b>480</b>
<b>Cash flow for the period</b>	<b>-5 165</b>	<b>-8 245</b>	<b>2 290</b>	<b>-36 073</b>
Cash and cash equivalents at the start of the period	34 179	34 960	26 715	62 788
Exchange rate differences in cash and cash equivalents	-8	0	1	0
<b>Cash and cash equivalents at the close of the period</b>	<b>29 006</b>	<b>26 715</b>	<b>29 006</b>	<b>26 715</b>

## Summary parent company income statement

(Amounts in TSEK)	2023	2022	2023	2022
	3 months	3 months	12 months	12 months
	October-	October-	January-	January-
	December	December	December	December
Other operating revenue	0	0	0	0
<i>Operating expenses</i>				
Other external expenses	-807	-485	-3 207	-2 271
<b>Operating profit/loss</b>	<b>-807</b>	<b>-485</b>	<b>-3 207</b>	<b>-2 271</b>
Financial income	184	81	509	891
Depreciation of shares in group companies	-2 000	-9 000	-25 800	-31 000
Financial costs	-1 048	-866	-4 681	-3 539
<b>Total financial items</b>	<b>-2 864</b>	<b>-9 785</b>	<b>-29 972</b>	<b>-33 648</b>
<b>Profit/loss before tax for the period</b>	<b>-3 671</b>	<b>-10 270</b>	<b>-33 179</b>	<b>-35 919</b>
Tax on profit/loss for the period	0	0	0	0
<b>Profit/loss for the period</b>	<b>-3 671</b>	<b>-10 270</b>	<b>-33 179</b>	<b>-35 919</b>

## Summary parent company statement of comprehensive income

(Amounts in TSEK)	2023	2022	2023	2022
	3 mån	3 mån	12 mån	12 mån
	October-	October-	january-	january-
	December	December	December	December
Profit/loss for the period	-3 671	-10 270	-33 179	-35 919
Other comprehensive income	0	0	0	0
<b>Comprehensive income for the period</b>	<b>-3 671</b>	<b>-10 270</b>	<b>-33 179</b>	<b>-35 919</b>

## Summary parent company balance sheet

(Belopp i tkr)	2023-12-31	2022-12-31
<b>TILLGÅNGAR</b>		
<b>Finansiella anläggningstillgångar</b>		
Andelar i koncernföretag	57 011	57 011
Andra långfristiga värdepappersinnehav	38 975	38 975
Andra långfristiga fordringar		0
<b>Summa anläggningstillgångar</b>	<b>95 986</b>	<b>95 986</b>
<b>Omsättningstillgångar</b>		
Övriga fordringar	8	0
Förutbetalda kostnader och upplupna intäkter	223	206
Kassa och bank	28 268	24 787
<b>Summa omsättningstillgångar</b>	<b>28 499</b>	<b>24 993</b>
<b>SUMMA TILLGÅNGAR</b>	<b>124 485</b>	<b>120 979</b>
<b>EGET KAPITAL OCH SKULDER</b>		
<b>Eget kapital</b>		
<i>Bundet eget kapital</i>		
Aktiekapital	7 551	3 263
<i>Fritt eget kapital</i>		
Överkursfond	449 362	400 124
Balanserat resultat	-314 995	-279 077
Periodens resultat	-33 179	-35 919
<b>Summa eget kapital</b>	<b>108 739</b>	<b>88 391</b>
<b>Kortfristiga skulder</b>		
Låneskulder	15 538	32 428
Leverantörsskulder	7	36
Skulder till koncernföretag	94	94
Upplupna kostnader och förutbetalda intäkter	107	30
<b>Summa kortfristiga skulder</b>	<b>15 746</b>	<b>32 588</b>
<b>SUMMA EGET KAPITAL OCH SKULDER</b>	<b>124 485</b>	<b>120 979</b>



## Note 1 Equity

### Warrant programme T05B.

The subscription of B shares through- Options 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 Print name- Option of series T05 B, Terranet raised approximately 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 was 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. Nihat Küçük, previous CTO, has fully exercised his warrant rights totalling 1,250,000 warrants. CEO Magnus Anderson has 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. In addition, 315,000 warrants of series 2022/2025:1 have been 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 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 Print name- Options. The warrants were 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 exercised 100% of their warrant rights and Karolina Bjurehed has 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 shows that 40,646,315 units were subscribed through unit rights, which corresponds to approximately 48.5 percent of the share issue. Furthermore, the company has received subscription commitments for the subscription of 1,044,146 units from parties who do not hold unit rights, which corresponds 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. Guarantee commitments of 16,924,872 units were utilised by the company, which corresponds 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 175,845 175,845,999 warrants of series T07. Through the preferential rights issue, the company raised TSEK 52,754 before issue costs of TSEK 10,789.

### Warrant programme T06 B.

The subscription of B shares through warrants of series T06 occurred from 27 November 2023 to 11 December 2023. Each warrant of series T06 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 0.054. In total, 115,760,009 warrants of series T06 B were exercised for the subscription of 115,760,009 B shares, corresponding to the exercise of approximately 63 percent of the outstanding warrants of series T06 B. Through the exercise of warrants of series T06 B, Terranet raised approximately TSEK 5,938 before issue costs. Fifty percent of the proceeds from the issue were used to pay off loan debt.

**Directed issue of units to guarantors**

Several of the guarantors who participated in the most recent preferential rights issue, which concluded in June 2023, chose to receive compensation in the form of new units. In order to accommodate this, the board decided on a commitment fee issue totalling 2,272,887 new units. Each unit in the commitment fee issue 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 through the commitment fee issue. Shares and warrants in the directed issue to guarantors were registered by the Swedish Companies Registration Office on 10 July.

**Directed issue of units**

On 12 January, the company announced that the board had adopted a resolution to carry out a directed issue of units amounting to approximately MSEK 10 to a number of previously consulted investors, including existing shareholders. A total of 71,428,569 units were issued, with each unit consisting of two (2) B shares and one (1) warrant of series T08. The subscription price per unit amounted to SEK 0.14, which corresponds to SEK 0.07 per share. The subscription price in the directed issue was set after negotiations with the subscribers and corresponded to a discount of approximately 9.23 percent in relation to the volume-weighted average price of the company's share on the Nasdaq First North Premier Growth Market between 27 December 2023 and 10 January 2024. The board considers the subscription price to be in line with the market. The directed issue was decided in two stages. The first part was decided with the authorisation of the AGM

on 10 May 2023 and corresponds to approximately MSEK 7.75 (the "first issue"). The second part was decided by a resolution of the board (subject to the approval of the general meeting) and corresponds to approximately MSEK 2.25. ("the second issue"). The shareholder Maide Vale Capital AB has the right to subscribe to units in the second issue (a company partially controlled by board member Anders Blom). The Second Issue was approved by the extraordinary general meeting on 31 January.

**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- Option 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.

**Warrant programme T08 B.**

The warrants that the company transferred free of charge to all shareholders in order to provide partial compensation to shareholders for the dilution resulting from the directed issue, can be exercised for the subscription of new shares from 18 November 2024 to 29 November 2024. Each warrant of series T08 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 T08 B amounts to SEK 0.14.

This year-end report has not been reviewed by the company's auditor.

The Board of Directors and the CEO certify that the year-end 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 22 February 2024**

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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

---

Tareq Shoeb

Board Member

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Mats Fägerhag

Board Member

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Magnus Andersson

CEO

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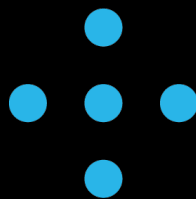
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### Financial calendar

Annual report 2023	24 April 2024
Interim report January–March 2024	7 May 2024
AGM 2024	22 May 2024
Interim report January–June 2024	15 August 2024
Interim report January–September 2024	7 November 2024
Year-end report 2024	13 February 2025

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