



INZILE

Inzile AB [publ]

Interim Report

January 1 - September 30, 2020



Third quarter 2020 in brief

- Framework agreement was signed with Ramudden for initial delivery of six vehicles
- Agreement was reached on the delivery of two additional vehicles to Picsmart
- The Swedish Energy Agency selected Inzile for participation in feasibility study regarding development of a combined battery and fuel cell system
- Inzile raised SEK 32.7 million through redemption of warrants



Third quarter in numbers

- Net sales amounted to SEK 37.9 [0] thousand
- Operating profit (EBIT) amounted to SEK -11.3 [-10.2] million
- Result for the period amounted to SEK -11.5 [-10.2] million
- Earnings per share before and after dilution amounted to SEK -0.77 [-0.82]

First nine months in numbers

- Net sales amounted to SEK 2.1 [0] million
- Operating profit (EBIT) amounted to SEK -32.5 [-15.0] million
- Result for the period amounted to SEK -32.7 [-15.0] million
- Earnings per share before and after dilution amounted to SEK -2.42 [-1.77]

Events during the period

During the period 1-30 August 2020, holders of warrants of series TO 1 of Inzile were able to subscribe for shares through warrants. A total of 2,670,485 shares were subscribed for, which means a subscription rate of 99.2 percent. Inzile thus raised approximately SEK 32.7 million before issue costs.

Inzile was selected by the Swedish Energy Agency to participate in a feasibility study for the development of a hybrid solution with a combined battery and fuel cell system. The project aims to develop the next generation of electrical systems for electric vehicles specially adapted to the Nordic climate.

A framework agreement was signed with Ramudden, which is a comprehensive supplier of workplace safety in busy environments. In the first phase, six vehicles will be delivered. The trucks will be used to deliver materials where space and accessibility are limited.

Inzile announced that due to effects of the Corona pandemic some of Inzile's subcontractors were temporarily unable to supply the company with necessary components. This means that about two thirds of the vehicles that were to be completed during the fall will not be ready for delivery until the first quarter of 2021.

Inzile communicated that the company will already during the fourth quarter of this year be able to reach a production rate of 1,000 vehicles per year. This presumes that required materials and components are in stock. According to the company's original plans, this production rate would not be reached until 2022.

Inzile announced the delivery of two more vehicles to Picsmart within the framework agreement signed in December 2019. The first of the two vehicles was delivered in September. During 2020, Picsmart has evaluated the first electric truck from Inzile in its operations, which led to this supplementary order.

Events after the period

Inzile has signed a cooperation agreement with Eways regarding marketing and sales of charging infrastructure. The purpose of the collaboration is to offer customers who buy Inzile's electric truck the opportunity to also procure the necessary charging infrastructure.

Inzile has signed a framework agreement with Doorier, a fast-growing tech company that offers logistics solutions within last mile deliveries. Inzile will deliver a total of four electric vehicles to Doorier.



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CEO Ragnar Åhgren comments on the third quarter of 2020



The third quarter contained several successful achievements, despite the fact that the Corona pandemic had the effect that some of Inzile's subcontractors were temporarily unable to supply the company with components. This means that, as previously announced, about two thirds of the vehicles that were to be completed in 2020 will not be ready for delivery until the first quarter of 2021. The components that are delayed are now starting to be delivered, which is very positive.

The production line works very well and we are close to a production rate of four vehicles per day, which means 1,000 vehicles per year. The customers who have received delivery of our vehicles are very satisfied and appreciate the opportunity to be able to meet the requirements for a sustainable city through a fossil-free, quiet vehicle with a maximum speed of 50 km/h. We are grateful for feedback from our customers. The delays of components have given us time and opportunity to modify the vehicle according to their wishes.

Our development department in Tranås, consisting of 12 people who started working full time on October 1, 2020, has already added valuable views thanks to their experience of advanced vehicles. Their strong network of suppliers has also enabled purchase of high-quality components, often at low prices and with high delivery precision.

Marketing and sales

Our sales organization was strengthened during the third quarter through the employment of a sales manager. Part of the sales work now consists of sales tours across the country with demonstration and test drive of Pro4, which proved to be very effective. Dialogues are conducted with about 30 municipalities, housing companies and private contractors.

Inzile's online service, with the ability to virtually build your own vehicle, works very well. We estimate that we will be able to sell all vehicles that will be manufactured. We have temporarily closed the possibility of placing new orders due to the fact that the pandemic prevents us from achieving a delivery time of 6-8 weeks. Our goal is to solve the component shortage by the end of November 2020 so we can start delivering on time.

We are continuously monitoring public procurements announced on the market. After the company Picsmart's evaluation of their first electric car from Inzile, two more vehicles were ordered, of which one has been delivered. Inzile's concept has evoked great international interest and we are planning for the opening of sales companies in the other Nordic countries.

Production

All elements in the production line have been tuned for optimization of material use and time consumption. Work is ongoing to support purchasing, processing, manufacturing and warehousing with the support of our business system.

When we now ramp up production, we see that costs for both production and components are decreasing and are rapidly approaching the targets we set in our plan. It is also positive that some changes of suppliers not only meant more efficient production but also resulted in higher quality at lower costs.

Given that no major complications arise due to the Corona pandemic, production of 1,000 vehicles per year will be possible, i.e. four vehicles per day.

Personnel

Recruiting an HR manager with the task of supporting employees and establishing a cost-effective personnel administration has strengthened the HR function. The focus is also on working with performance and motivation linked to work from home and teams divided into different geographical locations. In addition to hiring a service manager, engineers have been appointed to build a well-functioning after-market organization. The staffing plan for expansion of the manufacturing organization is in line with



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our general planning and recruitment takes place on an ongoing basis. Our clear ambition is to ensure competence and secure quality of important in-house functions and thereby reduce the number of consultants. The new R&D unit in Tranås will, as previously announced, complement Inzile's current organization by replacing consultants.

Financial position

Although sales and deliveries of vehicles to our selected customer segments started in June, revenues during the third quarter were limited by the component shortage that was an effect of the Corona pandemic. Production continued, albeit at a somewhat reduced rate, but the vehicles could not be fully completed for delivery. Furthermore, the organization has continued to grow, partly through the conversion of consultants to employees and partly through new recruitments.

Overall, costs were at budgeted levels. Redemption of warrants during the month of August provided the company with SEK 32.7 million through an issue of 2,670,485 shares, i.e. a subscription rate of 99.2 %. Net sales for the third quarter amounted to SEK 38 thousand and net profit amounted to SEK -11.5 million.

Cash at the end of the quarter amounted to SEK 33.2 million, which is in line with the company's liquidity plan. The equity/assets ratio was 82.7 %.

Covid-19

Due to the effects of Covid-19, we are still struggling with the supply of necessary components, however the situation is gradually improving. Fortunately, we did not have any sick leaves in the organization during this quarter either.

Personal reflections

I feel great confidence - and a strong commitment throughout the organization - that our city vehicles have a given place in sustainable metropolitan areas, now and in the future. We have a clear, achievable and powerful strategy for the work ahead, which for me as well as for the organization is a source of commitment, inspiration and joy.

Västervik, November 2020
Ragnar Åhgren
CEO



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Financial summary

	Jul - Sep 2020	Jul - Sep 2019	Jan - Sep 2020	Jan - Sep 2019	Year 2019
Net sales, SEK	37,885	0	2,067,225	0	0
Operating profit (EBIT), SEK	-11,282,186	-10,195,115	-32,468,013	-15,010,749	-50,642,657
Result for the period, SEK	-11,481,048	-10,195,115	-32,700,015	-15,011,018	-50,644,244
Earnings per share before dilution, SEK	-0.77	-0.82	-2.42	-1.77	-5.35
Earnings per share after dilution, SEK	-0.77	-0.82	-2.42	-1.77	-5.35
Cash and cash equivalents, SEK	33,200,467	26,461,656	33,200,467	26,461,656	12,337,026
Cash flow for the period from operating activities, SEK	-16,405,945	-10,826,216	-34,154,874	-14,798,647	-34,491,716
Equity, SEK	51,712,590	55,311,008	51,712,590	55,311,008	19,677,783
Total assets, SEK	62,551,060	59,715,822	62,551,060	59,715,822	27,067,232
Equity/assets ratio, %	82.7	92.6	82.7	92.6	72.7
Total number of shares	17,227,135	12,485,644	17,227,135	12,485,644	12,485,644
Average number of shares	14,929,473	12,485,644	13,489,141	8,459,433	9,465,986
Average number of employees	38	9	28	8	9

Definitions

Net sales

Revenue from goods and services sold in the core business

Operating profit (EBIT)

Profit before financial items and tax

Cash and cash equivalents

Cash and bank balances

Cash flow from operating activities

Cash flow before cash flow from investing and financing activities

Equity/assets ratio

Equity as a share of total assets. Provides a picture of how much of the company's assets are financed with equity and shows the company's long term payment ability.

Average number of employees

Calculated as the sum of time worked divided by normal working hours for the period.

Earnings per share before and after dilution

Profit divided by the weighted average number of shares during the period before and after dilution, respectively. If the result is negative, the number of shares before dilution is also used for the calculation after dilution.



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Inzile in brief

Inzile is a Swedish tech company creating intelligent electrically powered vehicles as well as modern transport and service solutions for a sustainable community. The company's vision is to liberate the world from emission of fossil fuels and to accelerate the climate efforts by contributing to sustainable cities that improve quality of life.

Inzile was founded in 2012 based on a strong will to secure a future climate friendly utility vehicle sector. The team consists of some of Scandinavia's foremost authorities related to electrical vehicles, digitalization, manufacturing and purchasing. Inzile develops, produces, and sells innovative vehicle solutions on the global market based on the demanding Nordic climate, security requirements and environmental standards. The company is based in Sweden with headquarters and production facility located in Västervik, R&D in Tranås and Munkedal as well as a marketing office located in Stockholm.

For further information, please visit: www.inzile.com



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Financial overview

July - September, 2020

Net sales

Net sales amounted to SEK 37.9 [0] thousand for the third quarter.

Operating expenses

Operating expenses amounted to SEK -12.1 [-10.6] million for the third quarter. The costs are mainly related to materials and components as well as building up the organization.

Operating profit

Operating profit [EBIT] amounted to SEK -11.3 [-10.2] million.

Result for the period

Result for the period amounted to SEK -11.5 [-10.2] million corresponding to earnings per share of SEK -0.77 [-0.82].

Cash flow

Cash flow from operating activities during the period amounted to SEK -16.4 [-10.8] million.

Januari – September, 2020

Net sales

Net sales amounted to SEK 2.1 [0] million for the first nine months of the year.

Operating expenses

Operating expenses amounted to SEK -35.9 [-15.9] million for the first nine months. The costs are mainly related to materials and components, technical development, preparations for serial production of Pro4 and building up the organization.

Operating profit

Operating profit [EBIT] amounted to SEK -32.5 [-15.0] million.

Result for the period

Result for the period amounted to SEK -32.7 [-15.0] million corresponding to earnings per share of SEK -2.42 [-1.77].

Cash flow

Cash flow from operating activities during the period amounted to SEK -34.2 [-14.8] million.

Financial position and investments

Total assets as of September 30, 2020 amounted to SEK 62.6 [59.7] million. Cash and cash equivalents as of September 30, 2020 amounted to SEK 33.2 [26.5] million. The equity/assets ratio was 82.7 [92.6] percent at the end of the period.

Employees

The number of employees as of September 30, 2020 was 44, compared with 9 people at the end of the corresponding period last year.

Principles for the preparation of the interim report

The accounts in Inzile's interim report have been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and in accordance with the general advice of the Swedish Accounting Standards Board (BFNAR) 2012: 1 [K3].

The share

Inzile AB (publ) has been traded on Nasdaq First North Growth Market since June 27, 2019. The number of outstanding shares as of September 30, 2020 was 17,227,135.

Warrants

As of September 30, 2020, there were no outstanding warrants.

Risks

The risk factors of Inzile have not changed since the last annual report.

Audit review

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

Certified Advisor


FNCA Sweden AB is Inzile's Certified Advisor.



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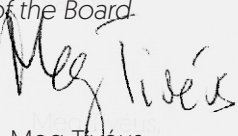
Stockholm, November 17, 2020


Inzile AB (publ)


Johan Svärd,
Chairman of the Board


Ragnar Ahlgren,
CEO & Board member


Anders Aspegren,
Board member


Meg Tivéus,
Board member


Vivianne Holm,
Board member


Thomas Tscherning,
Board member



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Income statement (SEK)	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019	Year 2019
Net sales	37,885	0	2,067,225	0	0
Change in inventories of products in progress	398,123	0	547,301	0	0
Other operating income	21,020	14	94,000	22,690	80,187
Own work capitalized	358,243	405,259	723,287	850,332	445,073
Total income	815,271	405,273	3,431,813	873,022	525,260
Operating expenses					
Materials and components	-1 927,130	0	-7,187,573	0	0
Other external expenses	-4,033,773	-8,397,059	-13,135,550	-11,015,242	-25,639,431
Personnel costs	-5,750,293	-2,178,810	-14,748,758	-4,814,407	-7,755,952
Depreciation	-309,771	-9,746	-719,912	-29,238	-17,722,616
Other operating expenses	-76,490	-14,773	-108,033	-24,884	-49,918
Total costs	-12,097,457	-10,600,388	-35,899,826	-15,883,771	-51,167,917
Operating profit	-11,282,186	-10,195,115	-32,468,013	-15,010,749	-50,642,657
Interest expenses	-198,862	0	-232,002	-269	-1,587
Profit after financial items	-11,481,048	-10,195,115	-32,700,015	-15,011,018	-50,644,244
Result for the period	-11,481,048	-10,195,115	-32,700,015	-15,011,018	-50,644,244



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Balance sheet (SEK)	Sep 30 2020	Sep 30 2019	Dec 31 2019
Fixed assets			
Capitalized expenditure for development	12,576,167	30,260,352	5,073,389
Other intangible fixed assets	0	8,856	7,561
Total intangible fixed assets	12,576,167	30,269,207	5,080,950
Expenses incurred on other's property	872,295	0	0
Machinery and other technical fixed assets	1,257,624	4,871	1,297,037
Equipment	1,345,801	43,132	677,305
Total tangible fixed assets	3,475,720	48,003	1,974,342
Total fixed assets	16,051,887	30,317,210	7,055,292
Inventories	12,062,396	0	4,766,966
Receivables			
Accounts receivable	138,481	0	15,000
Other receivables	1,036,091	2,864,672	2,766,575
Prepaid expenses and accrued income	61,738	72,284	126,373
Total receivables	1,236,310	2,936,956	2,907,948
Cash and cash equivalents	33,200,467	26,461,656	12,337,026
Total current assets	46,499,173	29,398,612	20,011,940
Total Assets	62,551,060	59,715,822	27,067,232
Equity			
Share capital	1,722,714	1,248,564	1,248,564
Fund for development expenditure	12,576,167	26,133,539	5,073,389
Profit/Loss brought forward	70,113,724	42,939,923	64,000,074
Result for the period	-32,700,015	-15,011,018	-50,644,244
Total Equity	51,712,590	55,311,008	19,677,783
Current liabilities			
Accounts payable	6,357,841	3,331,827	4,360,816
Current tax liabilities	0	0	159,675
Other current liabilities	2,514,775	433,642	381,487
Accrued expenses and prepaid income	1,965,854	639,345	2,487,471
Total current liabilities	10,838,470	4,404,814	7,389,449
Total Equity and Liabilities	62,551,060	59,715,822	27,067,232



Change in equity (SEK)	Sep 30 2020	Sep 30 2019	Dec 31 2019
Equity at the beginning of the period	19,677,783	14,884,524	14,884,524
Result for the period	-32,700,015	-15,011,018	-50,644,243
Share issue	64,734,822	55,437,502	55,437,502
Equity at the end of the period	51,712,590	55,311,008	19,677,783



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Cash flow statement (SEK)	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019	Year 2019
Operating activities					
Operating profit	-11,282,186	-10,195,115	-32,468,013	-15,010,749	-50,642,657
Adjustments for non-cash items	0	0	0	0	0
Depreciation/write-downs	309,771	9,746	719,912	29,237	17,713,996
Interest paid	-198,862	0	-232,002	-269	-1,587
Cash flow from operating activities before change in working capital	-11,171,277	-10,185,369	-31,980,103	-14,981,781	-32,930,248
Cash flow changes in working capital					
Decrease (+) / increase (-) in inventories	-5,015,740	0	-7,295,430	0	-4,766,966
Decrease (+) / increase (-) of accounts receivable	2,401,195	0	-123,481	12,188	-2,812
Decrease (+) / increase (-) of other current receivables	-660,956	-1,411,117	1,795,119	-2,112,749	-2,102,573
Decrease (-) / increase (+) of accounts payable	2,164,586	575,299	1,997,025	2,184,804	3,213,793
Decrease (-) / increase (+) of other current liabilities	-4,123,753	194,971	1,451,996	98,891	2,097,090
Cash flow from operating activities	-16,405,945	-10,826,216	-34,154,874	-14,798,647	-34,491,716
Investment activities					
Acquisition of tangible and intangible fixed assets	-3,188,051	-5,510,436	-9,716,505	-12,582,019	-7,013,580
Cash flow from investing activities	-3,188,051	-5,510,436	-9,716,505	-12,582,019	-7,013,580
Financing activities					
New share issue	31,407,408	0	64,734,822	55,437,502	55,437,502
Repayment of loans	0	0	-5,000,000	-9,450,000	-9,450,000
Long term loan raised	0	0	5,000,000	4,000,000	4,000,000
Cash flow from financing activities	31,407,408	0	64,734,822	49,987,502	49,987,502
Cash flow for the period	11,813,412	-16,336,652	20,863,443	22,606,836	8,482,206
Cash and cash equivalents at the beginning of the period	21,387,055	42,798,308	12,337,024	46,653,128	3,854,820
Cash and cash equivalents at the end of the period	33,200,467	26,461,656	33,200,467	69,259,964	12,337,026



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Financial calendar

Quarter 4, 2020
Annual Report 2020
Quarter 1, 2021
Quarter 2, 2021

February 19, 2021
March 31, 2021
April 29, 2021
August 17, 2021

Contact information

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