

## Interim report third quarter 2019

Irisity AB (publ) delivers continued international expansion.

The CEO comments on the third quarter:

Sales amounted to MSEK 8.0 (9.4) and capitalized work amounted to MSEK 3.5 (4.5). Operating profit EBITDA amounted to SEK -0.6 M (2.6) and profit after tax to SEK -3.9 M (1.2). The equity / assets ratio strengthened to 71.6 percent (47.7). Gross margin was negatively impacted by costs associated with pilots and amounted to 62.6 percent (75.6).

With a strong offering in the SaaS service IRIS, the company continues to take a position in the growing international market for high-precision video analysis. Irisity's market strategy is a long-term building of market presence and delivery confidence towards the leading international security groups. A work that is time-consuming but which in the long run is expected to generate large volumes.

During the period, we conducted several new pilots, where completed pilots continue to deliver good results and therefore transition into a commercial state. We notice a certain increased roll-out pace among our SaaS customers and during the period we have seen a significant increase in volume with one of our largest international SaaS customers. We provide initial discounts and free months to new SaaS customers, which means that their income has some delay.

The company continues its business model conversion and refinement to the SaaS business model and therefore during the period converted and, in some cases, closed unprofitable agreements in the old business model. In the long term, this conversion will have a positive impact on earnings but in the short term has affected gross sales and MRR negatively. The restructuring work is expected to be completed in the coming period with the aim of taking the company to a clean SaaS model at the start of 2020.

Irisity works long-term in both the market and R&D and organizational development. We have a clear focus on developing a high-performance product portfolio for the market-leading security companies in a global market.

Marcus Bäcklund

Third quarter 2019 in summary:

- Sales amounted to SEK 8.0 M (9.4).
- Activated work amounted to SEK 3.5 M (4.5).
- The gross margin was 62.6 percent (75.6).
- Operating profit (EBITDA) amounted to MSEK -0.6 (2.6).
- Profit after tax amounted to SEK -3.9 M (1.2).
- SaaS revenue amounted to SEK 6.9 million
- MRR at the end of the quarter amounted to SEK 2.4 million

The report is available at [www.irisity.com](http://www.irisity.com)



Pressrelease 2019-11-05

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This information is information that Irisity AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 5 November 2019.

#### About Irisity

Irisity AB (publ) is a leader in intelligent camera surveillance. Using AI and proactive, self-learning algorithms, we upgrade both existing and new surveillance cameras and monitoring systems from passive to proactive alarming devices. IRIS™, Irisity's SaaS solution, turns attention on true events rather than false alarms. Irisity's high-precision AI algorithms detect human activity at long distances during all light conditions down to few pixels only.

IRIS™ currently serves a wide range of security applications for customers internationally.

Video: <https://www.youtube.com/watch?v=KQikmTVqajM>

The Irisity AB (publ) share IRIS is listed on Nasdaq First North Stockholm, Sweden

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