

Irisity AB (publ) signs binding term sheet to acquire Ultinous Zrt, a Swedish-Hungarian AI innovator, and intends to carry out a directed issue of SEK 45 million to tech investor and entrepreneur Gustav Andersson through Stockhorn Capital AB to signify a partnership and financing of the company's continued trajectory of growth and profitability.

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Irisity AB (publ) ("Irisity" or the "Company") has today signed a binding term sheet to acquire 100 percent of the shares of Ultinous Zrt ("Ultinous" and the "Acquisition") for a consideration of SEK 45 million, on a cash and debt free basis and assuming normalized working capital, that will be paid through an issue in kind entailing 9,000,000 new shares in Irisity at a subscription price of SEK 5.00 per share (the "In-kind Issue").

In conjunction with the Acquisition, and as part of the term sheet, Stockhorn Capital AB (founded by Gustav Andersson and Inna Kaushan) ("Stockhorn Capital") will invest SEK 45 million in Irisity through a directed share issue on the same terms as in the In-kind Issue, i.e., SEK 5.00 per share (the "Directed Issue"). The Acquisition, the In-Kind Issue, and the Directed Issue are subject to national FDI Regulation ("Foreign Direct Investments" or "FDI") requiring approval from Swedish and Hungarian authorities. Notice convening the extraordinary general meeting to authorize the board of Irisity on the In-kind Issue and the Directed Issue will be published separately.

Founded in 2014, Ultinous is a Swedish-Hungarian AI innovator, with a mission to transform the latest deep learning innovations into easy-to-use IT solutions that assist businesses every day. With offices in Budapest and Malmö specializing in Nvidia-based AI video analytics, Ultinous is at the forefront of industry innovation. The Ultinous AI Suite, a comprehensive video analytics tool, addresses safety, security, and video-to-data analytics needs. Ultinous offers both forensic and real-time video analytics, adaptable for on-prem or cloud environments.

"This acquisition and Gustav Andersson's addition to our team marks a pivotal moment in our mission to emerge as market leaders. The synergies found between Irisity and Ultinous' technologies, combined with our shared entrepreneurial spirit, is set to elevate our market presence, and enhance shareholder value", says Ulf Runmarker, Irisity Chairman.

Gustav Andersson, bringing his investment acumen and the entrepreneurial legacy of the Rune Andersson family, and with board representation be an important part of this strategic move. His involvement is expected to drive profitable growth and add considerable value to the company's operations.

"Merging Ultinous' cutting-edge AI technology with Irisity's expansive global sales network is a game-changer. This collaboration is the catalyst for rapid growth and innovation", says Gustav Andersson.

Ultinous is expected to strengthen Irisity's current platform and product offering by incorporating sophisticated video analytics, as well as unlock future revenue and cost synergies.

"We are thrilled to welcome the talented Ultinous team. Their exceptional product suite, including the versatile and powerful forensic query based on generative AI, reinforces our vanguard position in the industry", says Keven Marier, Irisity CEO.

This acquisition not only introduces a new development hub, enhancing Irisity's access to top-tier talent, but it also promises to deliver transformative solutions across the company's global markets.

Financing and terms and conditions

The In-kind Issue

The purchase price for all Ultinous shares will, on a cash and debt free basis and assuming normalized working capital, amount to SEK 45 million and is intended to be paid by way of the In-kind Issue consisting of 9,000,000 new shares in Irisity at a subscription price of SEK 5.00 per share. The subscription price has been set after arm's length negotiations with the sellers of Ultinous, and it is the board of directors' assessment that the subscription price, corresponding to a premium of approximately 17.9 percent against the closing price of Irisity's shares on Nasdaq First North Growth Market on February 28, 2024, is on market terms and conditions. The reason for deviating from the shareholders preferential rights is that a prerequisite for Irisity to be able to complete the acquisition of Ultinous is that the Company pays the purchase price by issuing its own shares to the sellers of Ultinous.

The Directed Issue

The board of directors' of Irisity intends to decide on the Directed Issue of 9,000,000 shares to Stockhorn Capital with deviation from existing shareholders preferential rights at a subscription price per share of SEK 5.00, corresponding to a premium of approximately 17.9 percent against the closing price of Irisity's shares on Nasdaq First North Growth Market on February 28, 2024. The Directed Issue will provide Irisity with SEK 45 million before transaction costs and the proceeds will be used for working capital to support Irisity on the continued trajectory of growth and profitability.

The Company's Board of Directors has conducted a comprehensive assessment and carefully considered the option of raising capital through a rights issue. However, considering the current market conditions, the board of directors believes that, for example, it would pose a risk to the Company's ability to meet its capital needs and maintain an optimal capital structure. The reasons for deviating from raising capital through a rights issue are (i) that the Directed Issue can be carried out in a more time-efficient manner and at a lower cost and with less potential market volatility, (ii) that considering the current market conditions and the market volatility observed, the Board of Directors has assessed that a rights issue would likely require significant underwriting from an underwriting consortium, which would incur additional costs and/or further dilution for shareholders depending on the type of consideration paid for such underwriting commitments, particularly considering the total proceeds of the Directed Issue, (iii) that it would likely need to be made at a lower subscription price given the discount levels for rights issues carried out in the market recently, (iv) unlike the implementation of a rights issue, the Directed Issue means that the Company's

shareholder base is complemented with a financially strong owner, which is expected to strengthen Irisity's long-term ability to implement the Company's growth strategy, and (v) that Stockhorn Capital, being a strategic long term investor, will contribute with experience and knowledge. The board of directors' overall assessment is that the reasons for implementing the Directed Issue with deviation from the shareholders' pre-emptive rights outweigh the reasons justifying the main rule that new share issues should be carried out with pre-emptive rights for shareholders and that an issuance of new shares with deviation from the shareholders' pre-emptive rights is in the interest of Irisity and all shareholders.

The board of directors' assessment is that the subscription price is on market terms and conditions given that (i) the subscription price in the Directed Issue was set through arm's length negotiations between Irisity and Stockhorn Capital, (ii) the subscription price corresponds to the subscription price in the In-kind Issue, and (iii) the subscription price corresponds to a premium of approximately 17.9 percent against the closing price of the Company's shares on Nasdaq First North Growth Market on February 28, 2024. Financing arrangement with Stockhorn Capital on Irisity's current loan from DBT Capital As part of the binding term sheet, Irisity and Stockhorn Capital have entered into a loan agreement. Pursuant to the agreement, Stockhorn Capital has agreed to provide a loan to Irisity at an amount of SEK 15 million (the "Loan"). The Loan will be used to refinance existing debt from DBT Capital on, for Irisity, more favorable terms and has a term of five (5) years with an interest rate of STIBOR 3 months + 4 percent and quarterly payments. First year of the Loan is amortization free, thereafter equal quarterly straight amortization until full repayment. Irisity shall at any time have the right to repay the Loan including accrued interest costs.

Lock-up undertakings

The sellers of Ultinous have undertaken not to divest any shares in Irisity for a period of two (2) years from the date of completion of the Acquisition.

Dilution

Firstly, through the In-kind Issue, the number of outstanding shares will increase by 9,000,000 shares, from 49,229,936 shares to 58,229,936 shares. Secondly, and lastly, through the Directed Issue, the number of outstanding shares will increase by 9,000,000 shares to 67,229,936 shares. Hence, in total the number of outstanding shares will increase by a maximum of 18,000,000 shares to 67,229,639 shares and the Company's share capital may increase by SEK 1,620,000, from SEK 4,430,694.24 to SEK 6,050,694,24 which will result in a dilution effect of approx. 26.8 percent of the number of shares and votes in the Company.

Notice to extraordinary general meeting

Notice convening the extraordinary general meeting to resolve on authorizing the board of directors' of Irisity to be able to resolve on the In-kind Issue and the Directed Issue will be published separately. Pursuant to the binding term sheet some of Irisity's existing shareholders (Aktiebolaget Westergyllen, Sun Red Beach Growth Partner ApS, Ulf

Runmarker, Hans Andersson Holding AB, Förvaltningsaktiebolaget Brunnen and Anders Trygg, together the "Shareholders") have agreed to vote in favor of the authorizations. Ulf Runmarker has expressed that he wishes to step down as Chairman of the Board due to personal reasons but remains as a Board member and Marcus Bäcklund has expressed that he is willing to take over as Chairman of the Board. The Board of Directors has informed the Nomination Committee, which has announced that they propose that Marcus Bäcklund be elected as Chairman of the Board until the end of the annual general meeting 2024. The Nomination Committee's proposal for resolution will be presented in the convening notice to the extraordinary general meeting above.

Information regarding the annual general meeting 2024

In order to facilitate the completion of the Acquisition, the Board of Directors of Irisity has resolved to change the date of the Annual General Meeting 2024 from 23 April 2024 to 30 May 2024.

Pursuant to the binding term sheet, and subject to completion of the Acquisition, the Shareholders have undertaken to vote for the appointment of one director proposed by Stockhorn Capital at the next annual general meeting.

Advisors

Irisity has engaged Penser by Carnegie, Carnegie Investment Bank AB (publ) and Advokatfirman Vinge KB as financial and legal advisers in connection with the transactions described herein.

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This is information that Irisity AB (publ) is obliged to make public according to the EU's market abuse regulation. The information was submitted for publication, through the above contact person, at 23:45 CET on February 28, 2024.

About Irisity AB (publ)

Irisity AB (publ) is a world-leader in AI-powered video analytics solutions for enhanced safety and security. As of October 13, 2021, Agent Vi is part of Irisity. Founded in 2006, Irisity has offices in Sweden (HQ), Israel, USA, Singapore, UAE, Colombia, Brazil, Argentina, Australia, United Kingdom. The company is serving a network of integrators, distributors, and technology partners globally.

The Irisity AB (publ) share is listed on Nasdaq First North Growth Market, with the ticker IRIS, the Company's Certified Adviser is Carnegie Investment Bank AB (publ).

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any

forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's Rulebook for Issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in the Company have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in the Company may decline and investors could lose all or part of their investment; the shares in the Company offer no guaranteed income and no capital protection; and an investment in the shares in the Company is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the transaction described herein. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the financial adviser will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in the Company.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in the Company and determining appropriate distribution channels.

This is a translation of the Swedish version of the press release. In case of discrepancies, the Swedish wording shall prevail.