



Interim report
IMINT Image Intelligence AB

1 January – 30 June 2022

Interim report IMINT Image Intelligence AB

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Q2 – 1 April – 30 June

- Net revenue for the quarter was MSEK 18.1 (15.1).
- Operating expenses for the quarter were MSEK 20.8 (14.3).
- Profit/loss after net financial items for the quarter was MSEK 5.6 (3.9).
- Profit/loss after tax for the quarter totaled MSEK 5.6 (3.9).
- Earnings per share before dilution for the quarter were SEK 0.61 (0.42).
- Earnings per share after dilution for the quarter were SEK 0.60 (0.42).
- Cash flow after investing activities for the period totaled MSEK 16.3 (11.5).

The period 1 January to 30 June

- Net revenue for the period was MSEK 35.9 (29.8).
- Operating expenses for the period were MSEK 37.3 (28.3).
- Profit/loss after net financial items for the period was MSEK 10.7 (7.8).
- Profit/loss after tax for the period was MSEK 10.7 (7.8).
- Earnings per share before dilution for the period were SEK 1.16 (0.85).
- Earnings per share after dilution for the period were SEK 1.16 (0.85).
- Cash flow after investing activities for the period was MSEK 19.2 (13.9).
- Equity as of 30 June 2022 was MSEK 96.2 (73.2).
- Cash and cash equivalents as of 30 June 2022 were MSEK 83.6 (56.9).

Significant events 1 April – 30 June

- On April 14 2022, Imint announced concluding a partnership with SIM Technology to further develop the video quality in AR headsets and head-mounted cameras.
- On April 26, the company announced that Imint Vidhance software solutions were implemented in the new Motorola Edge+ smartphone. This new mobile phone is equipped with three Vidhance solutions: Vidhance Video Stabilization, Vidhance Lens Distortion Correction, and Vidhance Dynamic Motion Blur Reduction.
- The annual general shareholders meeting was held on May 19, 2022. The board of directors and CEO were discharged from liability for the financial year. Peter Ekerling, Martin Thunman, Anders Ingeström, and Öjvind Norberg were re-elected to the board of directors. Joakim Nydemark declined re-election, and Jonas Fridh was elected.

The AGM also adopted implementation of an equity-based incentive plan for employees and other key individuals for at most 480,000 warrants.

Significant events after the period-end

- A production fault in specific phone models at an Imint customer prevented a single Vidhance product from being fully activated. As a precautionary measure, this report therefore recognized a one-off impairment of trade receivables totaling nearly MSEK 3. Discussions are currently ongoing with the customer for appropriate solutions and our possible support for their production quality assurance.

Message from the CEO



“We’re maintaining our high pace of innovation, and with resources added this year we have significantly increased our capacity to deliver value to our current smartphone customers and new market segments.”

Net revenue for Q2 was MSEK 18.1 (15.1), for an increase of 19% YoY and a new quarterly record (MSEK 17.8 for Q1 2022). Staff expenses increased according to plan during the quarter, primarily due to additional recruitment, totaling MSEK 9.4 (8.3), an increase of 13% QoQ. We attained positive operating profit at MSEK 1.8, while advantageous exchange rates for us brought our bottom line to MSEK 5.6. Cash flow for the quarter was strongly positive at MSEK 16 where liquidity stood at MSEK 83.6 at the period-end.

The weak global economy was visible in our most important smartphone markets. This involves remaining geopolitical impacts such as trade conflicts and impact from the pandemic (e.g. component shortages). Moreover, the Russian invasion of Ukraine had additional negative impact. Smartphone volumes declined 9% from Q2 2021, though this decline was even greater in the Chinese consumer market. The larger Chinese providers saw volumes fall between 15-25%. Counterpoint Research estimates Q2 total volume at 295 million phones, which is 10% lower than Q1 2022 and 30% lower than Q4 2021.

These macroeconomic effects impacted company sales for the quarter. We anticipate continuing weakness in global consumer markets in coming quarters. This is based on many signs of global recession due to rising inflation, interest rates, and energy prices. Specific to our Chinese customers, we see that long-term trends are reinforced, where Chinese manufacturers to a greater degree follow a strategy of domestic supply of vital technology. This places even greater demand on us to achieve short development cycles to bring innovative products and offer flexible business models.

Production faults at one of our more important customers had a negative impact on total Q2 expenses and therefore the bottom line. As a precautionary measure the quarterly report recognized a one-off item.

We continue to reinforce our development capacity according to plan, whereby we’ve been able to welcome several skilled new hires. This enables accelerating our rate of development of new products for the smartphone market, as well as adding to business development capabilities. We are intensifying activities to achieve success in other markets and verticals beyond smartphones, and AR/VR markets are the most interesting of these. Partnerships and active work with ecosystems are essential to accelerate these avenues to leverage sales and marketing activities. An example here is this summer’s launch of the new Qualcomm chipset for wearables, W5 and W5+. For this we partnered in advance with Qualcomm as one of their few selected software providers for video enhancement. The wearables market, which includes watches and glasses, is an interesting segment where many larger tech companies are currently focusing investment.

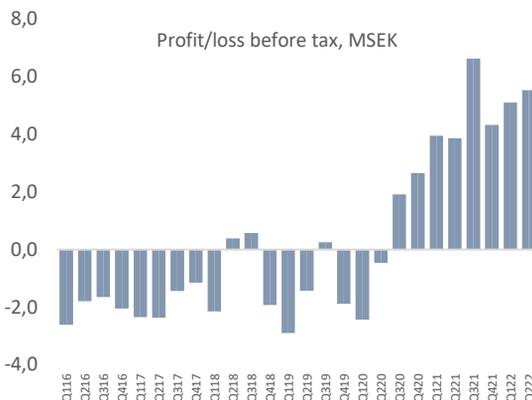
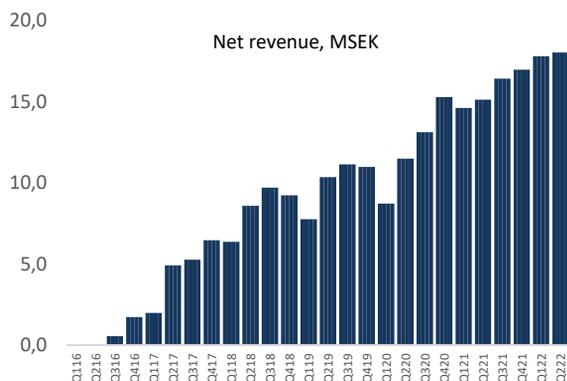
We continue to increase our pace of investment and focus towards new segments. As we enter discussion with potential customers and partners in segments other than smartphones, we see additional opportunities where Vidhance offers customer utility. We also adapt our long-term product vision to enable addressing tomorrow’s challenges in an increasingly video and camera-centric society. We are maintaining a high pace of innovation, and with resources added this year, we have significantly increased our capacity to deliver value to our current smartphone customers and to new market segments.

Uppsala, August 2022
Andreas Lifvendahl, CEO

Imint performance

Revenue trends

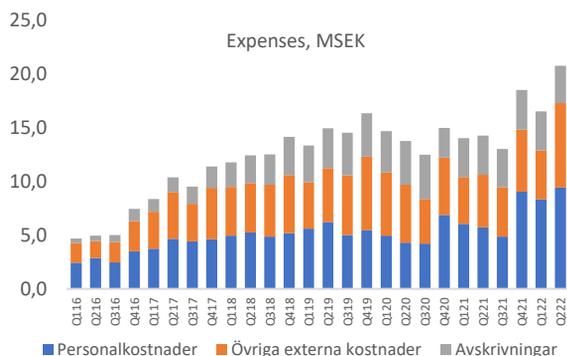
Net revenue totaled MSEK 18.1 for a 19% increase over Q2 2021 (15.1).



Cost trends

Operating expenses increased for the quarter, totaling MSEK 20.8 (14.3).

Staff expenses rose according to plan to MSEK 9.4 (5.7) due to increased recruitment of new hires. Staff expenses are also impacted by regular provisions for staff profit-sharing plans.



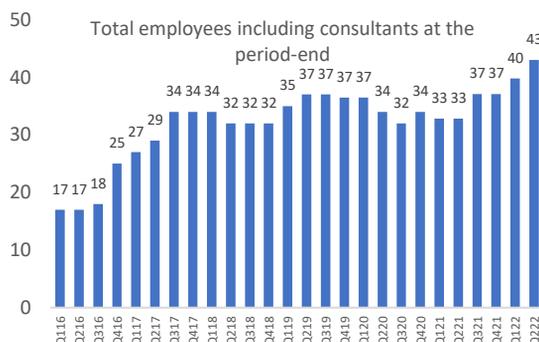
Cash flow and liquidity

Cash and cash equivalents at the Q2 period-end were MSEK 83.6, compared to MSEK 56.9 YoY.



Total employees

Total staffing including consultants was 43 at the period-end compared to 33 the previous year.



Performance

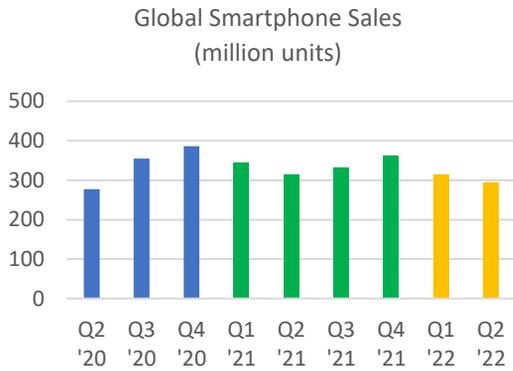
Imint continues to deliver strong results, where the Q2 operating profit was MSEK 1.8 (3.7). With Q2 2022, Imint has now shown a profit in eight straight quarters.

With favorable exchange rates to Imint, profit after net financial items was MSEK 5.5 (3.9).

Imint performance

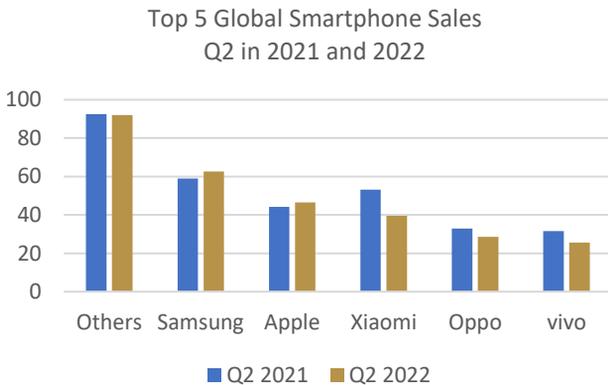
Market trends Smartphones

Some 610 million smartphones were sold globally in the first half of 2022. Q2 2022 showed an approximately 6% decline compared to Q1 this year and YoY. Macroeconomic turbulence makes whole year forecasting uncertain.



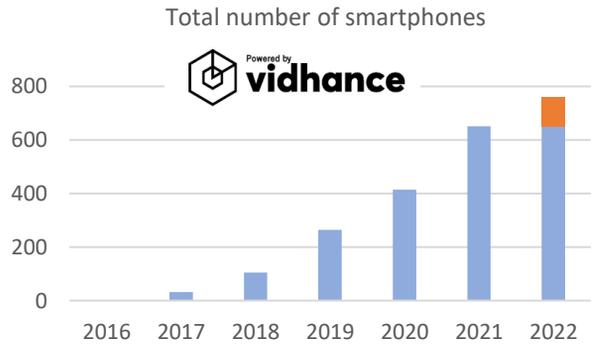
Smartphone sales, Top 5

The two largest manufacturers, Samsung and Apple, maintained their leading position, and managed to both increase volumes somewhat year-on-year. The three large Chinese manufacturers saw all their volumes fall over the same period 2021.



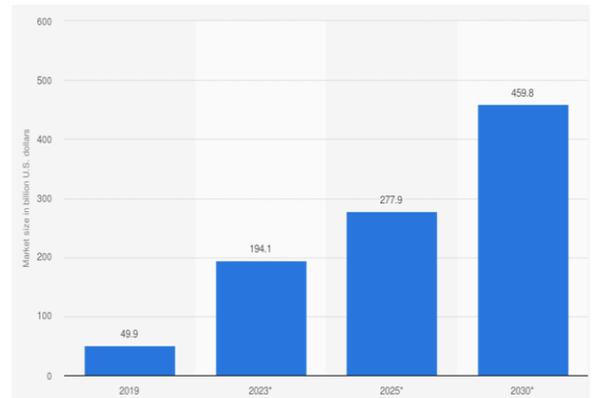
Market share

Over 750 million smartphones with Vidhance have been sold to consumers worldwide since first included in a launch in Q4 2016.



Video in telemedicine

The telemedicine and telehealth markets are forecasted to see strong growth. Future sub-markets within these may be of interest to Imint, as video use is increasing, including everything from patient monitoring and contact, to tele-surgery, and use of AR glasses.



(Market size, USD billion.) Data BRC. Statista, 2021



Financial performance

Q2 – 1 April – 30 June 2021

Net revenue

Net revenue for the quarter was KSEK 18,046 (15,148).

Expenses

Operating expenses for the quarter were KSEK 20,765 (14,265), allocated to Other external expenses KSEK 7,858 (4,897), Staff expenses KSEK 9,417 (5,726), and depreciation KSEK 3,490 (3,641).

Profit/loss

Profit/loss after financial items and profit/loss after tax for the quarter was KSEK 5,548 (3,868), or SEK 0.61 (0.42) per share.

Cash flow and liquidity

Cash flow for the period totaled KSEK 16,296 (19,726) or SEK 1.78 (2.15) per share. Cash flow from operating activities was KSEK 20,357 (14,425), or SEK 2.22 (1.58) per share and cash flow after investment activities was KSEK 16,296 (11,548) or SEK 1.78 (1.26) per share.

Investment

Imint invested KSEK 449 (137) in tangible assets and KSEK 3,612 (2,741) in intangible assets.

Financial performance

The period 1 January to 30 June 2022

Net revenue

Net revenue for the period was KSEK 35,853 (29,781).

Expenses

Operating expenses for the period were KSEK 37,268 (28,302), allocated to Other external expenses KSEK 12,434 (9,252); Staff expenses were KSEK 17,738 (11,770); and depreciation was KSEK 7,096 (7,280).

Profit/loss

Profit/loss after financial items and profit/loss after tax for the period was KSEK 10,649 (7,819), or SEK 1.16 (0.85) per share.

Cash flow and liquidity

Cash flow for the period totaled KSEK 19,205 (21,420) or SEK 2.10 (2.34) per share. Cash flow from operating activities was KSEK 26,116 (19,635), or SEK 2.85 (2.14) per share and cash flow after investment activities was KSEK 19,205 (13,941) or SEK 2.10 (1.52) per share.

Imint liquidity was KSEK 83,641 (56,895).

The board of directors' current assessment is that liquidity is sufficient to finance activities planned for the next 12 months.

Investment

For the period, Imint invested KSEK 579 (183) in tangible assets and KSEK 6,332 (5,510) in intangible assets.

Equity

Imint equity totaled KSEK 96,164 (72,028) for the period or SEK 10.50 (7.87) per share. The development reserve in restricted equity totaled KSEK 17,765 (18,140). The equity ratio at the period-end was 80% (75%).

Tax loss carryforwards

Previous Imint operations involve planned negative results and tax loss carryforwards. While the company is now showing positive results, the board of directors has taken the precaution to not recognize these deferred tax assets.

As of 31 December 2021, tax loss carryforwards totaled KSEK 17,136.

Staff

Total employees as of 30 June 2022 were 39 (30) and consultants were hired during the period corresponding to 4 (4) full-time positions. Therefore, the company employed a total of 43 (34) persons including both employees and consultants.

Parent

The company is a limited company regulated under the Swedish Companies Act (2005:551). The board of directors is domiciled in Uppsala, Sweden. Imint is the parent in a group with two companies, but as provided in Chap 7 §3 of the Swedish Annual Accounts Act (1995:1554) no consolidated reports were prepared. Imint owns all shares in Imint Incentive AB (559060–0135).

Share capital

Imint share capital is SEK 9,157,563 allocated to 9,157,563 outstanding shares. The shares have par value of SEK 1.

Significant risks and uncertainties

Imint is exposed to certain risks and uncertainties in our operations. Information concerning these risks and uncertainties is provided in the company's 2021 Annual Report (in Swedish only). These match the risks the company currently identifies.

Our Share

IMINT Image Intelligence AB shares are listed on the Spotlight Exchange under the symbol IMINT. The share ISIN code is SE0007692124. As of 30 June 2022, the company has approximately 3,100 shareholders. The ten largest shareholders as of 30 June 2022 are listed below.

Name	Holding
Avanza Pension	13.82%
Bank Julius Baer & Co Ltd	4.99%
Nordnet Pensionsförsäkring AB	4.39%
Öjvind Norberg	2.68%
Quinary Investment AB	2.33%
Caceis Bank Spain Sau	2.31%
Peter Ekerling	2.31%
Andreas Lifvendahl	1.71%
Nevrokiro Invest AS	1.71%
National Financial Services LLC	1.58%

Financial performance

The period 1 January to 30 June 2022

Equity-based incentive plan

The May 2022 AGM adopted a program to issue 480,000 warrants. Each warrant entitled subscription of one new share in the company by 31 December 2025. The subscription price shall be 200% of the average daily quoted bid price for company shares from 19 August to 31 August 2022.

At the period-end there were 480,000 issued warrants.

	2022-2025
Issued at beginning of year	0
- Issued during the period	480000
Issued by period-end	480000
Allocated at beginning of year	0
- Allocated during period	0
- Redeemed during the period	0
- Cancelled	0
Total allocated at period-end	0
Can be exercised to	31 December 2025

SUMMARY FINANCIAL PERFORMANCE

IMINT Image Intelligence AB <i>KSEK (unless otherwise stated)</i>	1 April - 30 June		1 Jan. - 30 June		1 Jan. - 31 Dec.
	2022	2021	2022	2021	2021
Net revenue	18,046	15,148	35,853	29,781	63,198
Own work capitalized	3,612	2,741	6,332	5,510	11,927
Operating expenses	-20,765	-14,265	-37,268	-28,302	-59,840
Operating profit/loss	1,820	3,687	6,074	7,240	16,139
Profit/loss after financial items	5,548	3,868	10,649	7,819	18,777
Profit/loss after tax	5,548	3,868	10,649	7,819	20,145
Net cash flow after investment	20,005	11,712	23,744	14,494	1,7497
Cash flow from financing activities		8,179		7,479	7,479
Cash and cash equivalents at balance sheet date	8,3641	56,895	8,3641	56,895	59,898
Equity at balance sheet date	96,164	73,189	96,164	73,189	85,515

Key performance indicators	1 April - 30 June		1 Jan. - 30 June		1 Jan. - 31 Dec.
	2022	2021	2022	2021	2021
Return on equity, %	5.77%	5.29%	11.07%	10.68%	21.96%
Return on capital employed, %	1.91%	5.06%	6.35%	9.94%	18.96%
Equity ratio	80%	75%	80%	75%	86%
Net investment in tangible assets	449	137	579	183	320
Net investment in intangible assets	3,612	2,741	6,332	5,510	11,927
Total employees at period-end	43	37	43	37	37
Earnings per share, SEK	0.61	0.42	1.16	0.85	2.23
Equity per share, SEK	10.50	7.99	10.50	7.99	9.34
Cash flow from ongoing operations per share, SEK	2.63	1.59	3.35	2.20	3.29
Cash flow after investment per share, SEK	2.18	1.28	2.59	1.58	1.94
Cash flow per share, SEK	2.18	2.17	2.59	2.40	2.76

INCOME STATEMENT

IMINT Image Intelligence AB <i>KSEK (unless otherwise stated)</i>	1 April - 30 June		1 Jan. - 30 June		1 Jan. - 31 Dec.
	2022	2021	2022	2021	2021
<i>Operating revenue</i>					
Net revenue	18,046	15,148	35,853	29,781	63,198
Other operating income	927	64	1,157	250	854
Own work capitalized	3,612	2,741	6,332	5,510	11,927
Total revenue	22,585	17,952	43,341	35,542	75,979
<i>Operating expenses</i>					
Other external expenses	-7,858	-4,897	-12,434	-9,252	-19,649
Staff expenses	-9,417	-5,726	-17,738	-11,770	-25,661
Depreciation	-3,490	-3,641	-7,096	-7,280	-14,529
Total operating expenses	-20,765	-14,265	-37,268	-28,302	-59,840
Operating profit/loss	1,820	3,687	6,074	7,240	16,139
<i>Profit/loss from financial investment</i>					
Other interest income and similar items	3,728	727	5,758	1,248	4,369
Other interest expenses and similar items	0	-546	-1,183	-669	-1,731
Net financial items	3,728	181	4,575	579	2,638
Profit/loss after financial items	5,548	3,868	10,649	7,819	18,777
<i>Appropriations</i>					
Group contribution received	0	0	0	0	1,368
Total appropriations	0	0	0	0	1,368
Tax on profit/loss for the year	-	-	-	-	-
Profit/loss for the period	5,548	3,868	10,649	7,819	20,145
Average outstanding shares ('000), before dilution	9,158	9,158	9,158	9,158	9,039
Average outstanding shares ('000), after dilution	9,192	9,155	9,192	9,155	9,039
Average outstanding shares at the balance sheet date ('000)	9,158	9,158	9,158	9,158	9,158
Earnings per share before dilution	0.61	0.42	1.16	0.85	2.23
Earnings per share after dilution	0.60	0.42	1.16	0.85	2.23

BALANCE SHEET

IMINT Image Intelligence AB <i>KSEK (unless otherwise stated)</i>	30 June		31 Dec.
	2022	2021	2021
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Capitalized expenses for development	19,820	21,131	20,423
<i>Tangible assets</i>			
Machinery and equipment	791	360	373
<i>Financial tangible assets</i>			
Participations in group companies	50	50	50
Non-current receivables	1,648	1,648	1,648
Total fixed assets	22,309	23,190	22,494
<i>Current assets</i>			
Trade and other receivables	14,945	18,036	17,234
Cash and cash equivalents	8,3641	56,895	59,898
Total current assets	98,586	74,931	77,131
TOTAL ASSETS	120,895	98,121	99,625
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	9,158	9,158	9,158
Development reserve	17,765	18,140	17,900
Non-restricted equity	10,649	7,819	20,145
Profit/loss for the period	58,593	38,073	38,313
Total equity	96,164	73,189	85,515
<i>Provisions and liabilities</i>			
Non-current liabilities	0	0	0
Current liabilities	24,731	24,932	14,110
Total provisions and liabilities	24,731	24,932	14,110
TOTAL EQUITY AND LIABILITIES	120,895	98,121	99,625

CASH FLOW STATEMENT

IMINT Image Intelligence AB KSEK (unless otherwise stated)	1 April - 30 June		1 Jan. - 30 June		1 Jan. - 31 Dec.
	2022	2021	2022	2021	2021
<i>Operating activities</i>					
Operating profit/loss after financial items	5,548	3,868	10,649	7,819	18,777
Depreciation	3,490	3,641	7,096	7,280	14,529
Other non-cash flow items	-3,709	-228	-4,539	-604	-1,258
Cash flow from operating activities before changes in working capital	5,328	7,281	13,206	14,495	32,048
Changes in working capital	15,029	7,144	12,910	5,140	-4,879
Cash flow from operating activities	20,357	14,425	26,116	19,635	27,168
<i>Investing activities</i>					
Investment in tangible assets	-449	-137	-579	-183	-320
Investment in intangible assets	-3,612	-2,741	-6,332	-5,510	-11,927
Investment in financial tangible assets	0	0	0	0	0
Cash flow from investing activities	-4,061	-2,877	-6,911	-5,694	-12,247
Cash flow after investing activities	16,296	11,548	19,205	13,941	14,922
<i>Financing activities</i>					
New share issue	0	8,179	0	8,179	8,179
Borrowings	0	0	0	0	0
Repayment of loans	0	0	0	-700	-700
Cash flow from financing activities	0	8,179	0	7,479	7,479
Cash flow for the period	16,296	19,726	19,205	21,420	22,400
Cash and cash equivalents at beginning of period	63,636	37,005	59,898	34,922	34,922
Exchange difference in cash and cash equivalents	3,709	164	4,539	553	2,575
Cash and cash equivalents at period-end	83,641	56,895	83,641	56,895	59,898

STATEMENT OF CHANGES IN EQUITY

IMINT Image Intelligence AB KSEK (unless otherwise stated) 1 January 2021 - 30 June 2021	Share capital	Develop- ment reserve	Share premium reserve	Accumula- ted loss	Total equity
Opening balance, 1 Jan. 2021	8,869	19,343	91,231	-62,200	57,243
<i>Profit/loss</i>					
Profit/loss for the period				7,819	7,819
Reversal to the development reserve less depreciation for the year		-1,203		1,203	
<i>Transactions with shareholders</i>					
New share issue	288		7,890		8,179
Equity-based incentive plan, value of employees' service				-15	-15
Fees for new share issue			-36		-36
Ending balance, 30 June 2021	9,158	18,140	99,086	-53,194	73,189

IMINT Image Intelligence AB KSEK (unless otherwise stated) 1 January 2022 - 30 June 2022	Share capital	Develop- ment reserve	Share premium reserve	Accumula- ted loss	Total equity
Opening balance, 1 Jan. 2022	9,158	17,900	99,086	-40,628	85,515
<i>Profit/loss</i>					
Profit/loss for the period				10,649	10,649
Reversal to the development reserve less depreciation for the year		-135		135	
<i>Transactions with shareholders</i>					
New share issues					
Equity-based incentive plan, value of employees' service					
Fees for new share issue					
Ending balance, 30 June 2022	9,158	17,765	99,086	-29,844	96,164

Imint operations

Business concept

Imint is a Swedish software provider that uses intelligent sensor and data analysis to challenge current market concepts of quality images and video. By combining leading algorithm know-how with modern software development methods, Imint develops visionary products and solutions for cutting edge technology.

Vision

The Imint vision is to leverage innovative software to expand the envelope of the possible regarding camera systems to enable a superior experience, both qualitatively, and creatively, for the user. In the consumer electronics market segment, the company wants to give users the tools they need to fully realize their creativity so they can be fully fledged film-makers. Imint intends to provide unequalled image and video quality for industrial markets providing people and machinery the best possible capabilities to perform their purpose - as with spacial orientation or making accurate decisions quickly.

Market

Company operations primarily look to the smartphone markets. Additional activities address reaching other industries in which cameras in motion, portable video, and computer vision are central components. Two of many interesting fields are smartglasses and body cameras. Imint is convinced that the combined expertise and years of experience within the company can create added value in these fields.



Offering

The core of the Imint offering is the Vidhance product portfolio containing several products and algorithms, and various types of image and video enhancements. The company also offers a Software Development Kit as development tool to ensure successful integration.

For more than a decade now, the company has maintained close partnerships with leading global consumer electronics businesses, building a unique and leading edge expertise in integration, calibration, and optimization of camera systems that strongly contributes to the company's competitiveness.

With these building blocks, Imint provides leading world class turn-key solutions. The company offering also often includes longer support contracts.

Business model

The Imint business model involves primarily selling Vidhance and related services and support directly to smartphone manufacturers with no intervening parties. The contractual model is primarily based on license fees for the right to sell phones with built-in Vidhance software. But these also include fees for a Software Development Kit, integration services, and image quality optimization, as well as for maintenance and support.

Patent strategy

Imint implements a patent strategy based on carefully following market developments to assess new opportunities for patents. This patent strategy is primarily focused on applying for patents on the concept and system levels since detailed patents concerning software algorithms can be difficult to protect from similar solutions.

Accounting policies and notes

Note 1: Accounting policies

This interim report was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board General Recommendations BFNAR 2012:1. The Annual Accounts and Consolidated Financial Statements (K3) are unchanged from the previous year.

Note 2: Related party transactions

No related party transactions occurred during the period.

Note 3: Other external expenses

Other external expenses include consultant costs, premises and staff in China through Business Sweden, patent expenses, marketing, IT and telephony, withholding tax in China, office rent, and travel.

Note 4: Royalty income

Some company revenue involves royalties based on total number of units sold. Certain contracts with mobile phone manufacturers include parameters where revenue per sold telephone depends on the volume sold. The company estimates the number of phones expected to be sold and our average revenue is based on this estimated volume. Actual volume may differ from the estimate made by the company whereby the average revenue per sold telephone may also differ.

Note 5: Definition and key ratios

- **Return on equity:** Profit/loss before tax in relation to equity.
- **Return on capital employed:** Profit/loss after net financial items in relation to capital employed.
- **Equity per share:** Equity divided by the total outstanding shares as of the balance sheet date.
- **Average outstanding shares:** Average total outstanding Imint shares is calculated by weighting the historical total outstanding shares after each completed new share issue times the number of days each share has been outstanding.

- **Cash flow from ongoing operations per share:** Cash flow from operating activities divided by average outstanding shares.
- **Cash flow after investments:** Cash flow from operating activities minus investment in tangible, intangible, and financial assets.
- **Cash flow per share:** Cash flow for the period divided by the average number of outstanding shares.
- **Earnings per share:** Net profit divided by the average number of outstanding shares.
- **Equity ratio:** Equity as percentage of balance sheet total (total assets).
- **Capital employed:** Total assets less non-interest bearing liabilities.

The board of directors and chief executive officer hereby certify that this interim report provides a fair representation of operations in the company, its financial position and performance, and describes the material risks and uncertainties facing the company.

This interim report has not been audited by the company Auditors.

Uppsala, 19 August 2022

Chief Executive Officer, Andreas Lifvendahl

Planned reporting

Q3 2022 Interim report, 18 November 2022
2022 Year-end report, 17 Feb. 2023

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