



## Q1 INTERIM REPORT 2023

# Q1 INTERIM REPORT

for

Observit AB (publ)

556584-8917

January – March 2023

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## FIRST QUARTER

- Net sales amounted to SEK 11.2 (7.7) million
- EBITDA amounted to SEK 1.1 (1.0) million
- EBIT amounted to SEK -0.1 (0.9) million
- EBT amounted to SEK -0.1 (0.9) million

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Thomas Jönsson and Johan Lembre were appointed new members of the board at an extraordinary general meeting.

Observit has applied for its shares to be listed on Nasdaq First North Growth Market.

## ABOUT OBSERVIT AB

Observit is currently the market leader in the Nordic region when it comes to mobile video surveillance in public transportation. The customer base includes major well-known bus operators such as Nobina, Keolis, Arriva, and other transportation-heavy clients like Elis. The company provides its software as a cloud service, a SaaS (Software as a Service) solution, and currently has around 38,000 licenses (one license per security camera) connected worldwide. In 2022, Observit acquired the English companies ICanProveIT Ltd and SITOC Ltd as part of its expansion strategy, both geographically and into new business areas, such as the commercial transport sector.



## CEO STATEMENT

We are a company that has done everything right. But cautiously. We have demonstrated that we have a product that the market likes, as evidenced by nearly 38,000 active units. However, we have not been visible. That is changing now.

Observit has initiated its geographical expansion with the acquisition of former partners SITOC and Icanprove.IT in the United Kingdom. We are now present in the UK with a local organization, existing customers, and an entirely new offering in our industrial dashcam solutions. This offering complies with GDPR requirements for installing cameras that monitor the exterior of a vehicle. This is how we continue to do everything right, but not cautiously. This is how we increase the number of active units, ensuring visibility.



We are a company that is transitioning from an organization without sales representatives to a revamped setup, adding a hungry sales organization. They know what they need to do: spread the positive references we have earned in the Nordic market. They will make sure that our major operator partners' colleagues in other countries also know who Observit is. Our organization is capable of introducing a new product to the European market—a new addition in our industrial dashcam solutions that enhances the utilization of video in vehicles, creating value and savings for our customers.

The first quarter has been marked by restructuring costs in our English subsidiaries and expenses associated with the listing process. However, despite this, we have maintained a positive cash flow, and now the restructuring is starting to show its effects, and we are now prepared for geographical expansion.

Observit has been and will remain an innovation-driven company. It is easy to say, but for us, it means being responsive to the market we operate in. We aim to understand and explore the challenges faced by bus operators and commercial vehicle fleets. By continuing to ask questions and being curious, we will keep driving innovation. By listening, we will develop our service portfolio to stay one step ahead.

The goal is simple: to enter the European market. The United Kingdom and France are at the top of the list. And we will achieve that in 2023!

## REVENUE AND EARNINGS

The consolidated income statement for the first quarter of 2023 comprises the parent company Observit AB as well as the subsidiaries Observit Ltd and ICanProveIT Ltd. Both of the subsidiaries are located in the UK. The comparative figures for the first quarter of 2022 in the Income statement and Balance Sheet only include Observit AB as the two British companies were not yet considered subsidiaries at that time.

### FIRST QUARTER

Net sales for the first quarter of the year amounted to SEK 11.2 (7,7) million of which ca SEK 5.1 million from the Swedish side of the group. The gross profit amounted to SEK 6.2 (3.0) million for the consolidated operations, with a gross margin at 55.3 (38.7) %.

Operating expenses excluding direct costs and depreciation amounted to SEK 5.7 (2.1) million. The personnel costs in the first quarter amounts to 4.5 (1.7) million SEK. Depreciation and amortizations amounts to SEK 1.2 (0.1) million including depreciation of goodwill.

Operating profit (EBIT) for the period amounted to SEK -0.1 (0.9) million. The operating margin is negative. Net financial items amounted to SEK 0.0 million. Profit before tax for the period amounted to SEK -0.1 (0.9) million. Earnings per share before dilution amounted to SEK 0.0 (0,0).

## CASH FLOW AND FINANCIAL POSITION

### FIRST QUARTER

Cash flow from operating activities before changes in working capital amounted to SEK 1.1 (1.7) million for the first quarter. Changes in working capital have affected cash flow by SEK 0.2 (2.3) million. Cash flow from operating activities after changes in working capital amounted to SEK 1.3 (4.0) million. Investment activities had a cash flow effect of SEK -1.2 (0) million during the period. Cash flow from financing activities was SEK 0 (-0.5).

## EQUITY AND SHARE

The number of registered shares at the end of the quarter amounted to 549 344 133. The company's equity ratio amounts to 41.9 (40.9) %. The quota value for the Observit AB:s shares is SEK 0.0011 per share.

## INVESTMENTS

No material investments in tangible assets were made in the first quarter.

## PERSONNEL

The number of employees at the end of the quarter amounted to 24 (8) persons.

## PARENT COMPANY

The parent company's turnover for the first quarter amounted to SEK 5.5 (7.7) million and other income to SEK 0.1 (0.1) million. Profit before tax for the period amounted to SEK 1.6 (0.9) million.

## RISKS

Regarding risks, please refer to the Annual Report 2022.

## ACCOUNTING POLICIES

From fiscal year 2014, the annual and consolidated financial statements are established by applying the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 Annual report and consolidated (K3).

## AUDIT

This report has not been reviewed by an auditor.

## ANNUAL REPORT

Observit AB's annual report has been available on Observit's website from May 20, 2023.

## UPCOMING REPORTS AND EVENTS

Annual General Meeting June 30, 2023

Interim Report Q2 2023, August 22, 2023

Interim Report Q3 2023, November 17, 2023

## SUNDSVALL, MAY 2023

Fredric Forsman, chairman of the board  
Thomas Jönsson, member  
Johan Lembre, member  
Lars Flodén, member

## FOR FURTHER INFORMATION CONTACT:

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## INCOME STATEMENT - GROUP

SEK, thousands	Q1 23	Q1 22	YTD 23	YTD 22
Net revenue	11 188	7 745	11 188	7 745
Work performed for its own use and capitalised	599	-	599	-
Profit from sale of subsidiaries	-	-	-	-
Other income	107	123	107	123
<b>Total revenue</b>	<b>11 894</b>	<b>7 868</b>	<b>11 894</b>	<b>7 868</b>
Direct costs	-4 988	-4 736	-4 988	-4 736
Other external costs	-1 290	-429	-1 290	-429
Personnel costs	-4 480	-1 706	-4 480	-1 706
Depreciation and amortization	-1 203	-76	-1 203	-76
<i>Total operating expenses</i>	<i>-11 961</i>	<i>-6 947</i>	<i>-11 961</i>	<i>-6 947</i>
<b>Operating profit</b>	<b>-67</b>	<b>921</b>	<b>-67</b>	<b>921</b>
Interest income and similar items	5	-	5	-
Interest expenses and similar items	-4	-4	-4	-4
<i>Net financial</i>	<i>1</i>	<i>-4</i>	<i>1</i>	<i>-4</i>
<b>Earnings before tax</b>	<b>-66</b>	<b>917</b>	<b>-66</b>	<b>917</b>
Change deferred taxes	-	-	-	-
Tax on profit	-	-	-	-
<b>Earnings</b>	<b>-66</b>	<b>917</b>	<b>-66</b>	<b>917</b>
Earnings attributable to parent company	-66	917	-66	917
Earnings attributable to minority interest	-	-	-	-
<b>Earnings</b>	<b>-66</b>	<b>917</b>	<b>-66</b>	<b>917</b>
Number of shares before dilution	549 344 133	512 611 880	549 344 133	512 611 880
Number of shares after dilution	549 344 133	512 611 880	549 344 133	512 611 880
Number of shares on average before dilution	549 344 133	512 611 880	549 344 133	512 611 880
Earnings per share, before dilution	-0,0001	0,0018	-0,0001	0,0018
Number of shares on average after dilution	549 344 133	512 611 880	349 344 133	512 611 880
Earnings per share, after dilution	-0,0001	0,0018	-0,0001	0,0018

## BALANCE SHEET – GROUP

SEK, thousands	Mar, 2023	Dec, 2022	Mar 31, 2022
<b>ASSETS</b>			
<i>Fixed assets</i>			
<b>Intangible assets</b>			
Goodwill	17 154	18 340	1 425
Capital expenditure for research and development	4 724	3 518	0
<b>Total Intangible assets</b>	<b>21 878</b>	<b>21 858</b>	<b>1 425</b>
<b>Tangible assets</b>			
Equipment, tools and installations	377	397	0
Inventory	1 689	1 619	415
<b>Total tangible assets</b>	<b>2066</b>	<b>2016</b>	<b>415</b>
<b>Total fixed assets</b>	<b>23 944</b>	<b>23 874</b>	<b>1 840</b>
<i>Current assets</i>			
<b>Receivables</b>			
Account receivables	12 758	16 468	7 555
Other receivables	14	1 355	0
Tax claims	1 629	0	0
Prepayments and accrued income	3 376	2 614	478
<b>Total receivables</b>	<b>17 777</b>	<b>20 437</b>	<b>8 033</b>
<b>Cash and bank balance</b>	<b>2 463</b>	<b>2 340</b>	<b>9 369</b>
<b>Total current assets</b>	<b>20 240</b>	<b>22 777</b>	<b>17 402</b>
<b>TOTAL ASSETS</b>	<b>44 184</b>	<b>46 651</b>	<b>19 242</b>

## BALANCE SHEET - GROUP

SEK, thousands	Mar, 2023	Dec, 2022	Mar 31, 2022
<b>Equity</b>			
Share capital	604	604	137
Not registered share capital	0	0	376
Other capital contribution	12 408	12 408	0
Other equity	5 525	6 096	5 410
<b>Total equity</b>	<b>18 537</b>	<b>19 108</b>	<b>5 923</b>
<b>Provisions</b>			
Deferred taxes	464	462	0
<b>Total provisions</b>	<b>464</b>	<b>462</b>	<b>0</b>
<b>Short-term liabilities</b>			
Account payables	9 800	11 237	5 147
Tax liabilities	1 946	1 580	2 086
Other current liabilities	6 598	10 192	4 555
Accrued expenses & deferred income	6 839	4 072	1 531
<b>Total short-term liabilities</b>	<b>25 183</b>	<b>27 081</b>	<b>13 319</b>
<b>Total liabilities</b>	<b>25 183</b>	<b>27 081</b>	<b>13 319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>44 184</b>	<b>46 651</b>	<b>19 242</b>

## SHAREHOLDER'S EQUITY – GROUP

GROUP	Share capital	Not registered share capital	Other capital	Retained earnings including this years results	Total shareholder capital
<b>Opening Balance 2022-01-01</b>	<b>137 062</b>	<b>375 550</b>	<b>0</b>	<b>5 049 118</b>	<b>5 561 730</b>
New rights issue	375 550	-375 550	12 408 333		12 408 333
Dividends					0
Translation difference					0
Period results				1 645 051	1 645 051
<b>Closing balance 2022-03-31</b>	<b>512 612</b>	<b>0</b>	<b>12 408 333</b>	<b>6 694 169</b>	<b>19 615 114</b>
<b>Opening Balance 2023-01-01</b>	<b>604 279</b>	<b>0</b>	<b>12 408 333</b>	<b>6 095 856</b>	<b>19 108 468</b>
New rights issue					0
Dividends				-414 873	-414 873
Translation difference				1 896 714	1 896 714
Period results				-	-
<b>Closing balance 2023-03-31</b>	<b>604 279</b>	<b>-</b>	<b>12 408 333</b>	<b>7 577 697</b>	<b>20 590 309</b>

## SHAREHOLDER'S EQUITY – PARENT COMPANY

<b>PARENT COMPANY</b>	<b>Share capital</b>	<b>Not registered sharecapital</b>	<b>Fund for development expenditure</b>	<b>Premium fund</b>	<b>Retained earnings including period results</b>	<b>Total capital</b>
<b>Opening balance 2022-01-10</b>	<b>137 062</b>	<b>375 550</b>	<b>0</b>	<b>0</b>	<b>5 049 118</b>	<b>5 561 730</b>
Stock dividend issue	375 550	-375 550		0		0
New share issue	91 667			12 408 333		12 500 000
Capitalization of R&D costs			1 450 615		-1 450 615	0
Period results					3 035 923	3 035 923
<b>Closing balance 2022-03-31</b>	<b>604 279</b>	<b>0</b>	<b>1 450 615</b>	<b>12 408 333</b>	<b>6 634 426</b>	<b>21 097 653</b>
<b>Opening balance 2022-01-01</b>	<b>604 279</b>	<b>0</b>	<b>1 450 615</b>	<b>12 408 333</b>	<b>6 634 426</b>	<b>5 561 730</b>
Stock dividend issue				0		0
New share issue						0
Capitalization of R&D costs						0
Period results					-	0
<b>Closing balance 2022-03-31</b>	<b>604 279</b>	<b>-</b>	<b>1 450 615</b>	<b>12 408 333</b>	<b>6 634 426</b>	<b>21 097 653</b>

## CASH FLOW STATEMENT – GROUP

SEK, thousands	Q1 23	Q1 22	YTD 23	YTD 22
Cash flow from operating activities before working capital changes	1 137	1 698	1 137	1 698
Changes in working capital	194	2 262	194	2 262
<b>Cash flow from operating activities after working capital changes</b>	<b>1 331</b>	<b>3 960</b>	<b>1 331</b>	<b>3 960</b>
Cash flow from investing activities	-1 207	-	-1 207	-
Cash flow from financing activities	-	-555	-	-555
<b>Cash flow for the period</b>	<b>124</b>	<b>3 405</b>	<b>124</b>	<b>3 405</b>
Cash and cash equivalents at beginning	2 340	5 963	2 340	5 963
<b>Cash and cash equivalents at end</b>	<b>2 464</b>	<b>9 368</b>	<b>2 464</b>	<b>9 368</b>

## INCOME STATEMENT – PARENT COMPANY

SEK, thousands	Q1 23	Q1 22	YTD 23	YTD 22
Net revenue	5 502	7 745	5 502	7 745
Other income	66	123	66	123
<b>Total revenue</b>	<b>5 568</b>	<b>7 868</b>	<b>5 568</b>	<b>7 868</b>
Direct costs	-1 318	-4 736	-1 318	-4 736
Other external costs	-858	-429	-858	-429
Personnel costs	-1 538	-1 706	-1 538	-1 706
Depreciations	-213	-76	-213	-76
<i>Total operating expenses</i>	<i>-3 927</i>	<i>-6 947</i>	<i>-3 927</i>	<i>-6 947</i>
	-	-	-	-
<b>Operating profit</b>	<b>1 641</b>	<b>921</b>	<b>1 641</b>	<b>921</b>
Interest income and similar items	5	-	5	-
Interest expenses and similar items	-1	-4	-1	-4
<i>Net financial</i>	<i>4</i>	<i>-4</i>	<i>4</i>	<i>-4</i>
<b>Earnings before tax</b>	<b>1 645</b>	<b>917</b>	<b>1 645</b>	<b>917</b>
Group contribution	-	-	-	-
Tax on profit	-	-	-	-
<b>Earnings</b>	<b>1 645</b>	<b>917</b>	<b>1 645</b>	<b>917</b>

## BALANCE SHEET – PARENT COMPANY

SEK, thousands	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
<b>ASSETS</b>			
<i>Fixed assets</i>			
<i>Intangible assets</i>			
Goodwill	941	1 154	1 425
Capital expenditure for research and development	2 058	1 450	0
<b>Total intangible assets</b>	<b>2 999</b>	<b>2 604</b>	<b>1 425</b>
<i>Financial assets</i>			
Shares in subsidiaries	18 668	18 668	0
<b>Total financial assets</b>	<b>18 668</b>	<b>18 668</b>	<b>0</b>
<i>Tangible assets</i>			
Inventory	335	289	415
<b>Total tangible assets</b>	<b>335</b>	<b>289</b>	<b>415</b>
<b>Total fixed assets</b>	<b>22 002</b>	<b>21 561</b>	<b>1 840</b>
<i>Current assets</i>			
<i>Receivables</i>			
Account receivables	1 996	4 478	7 555
Receivables from group companies	4 396	3 846	0
Tax claims	904	-	-
Other receivables	0	-	0
Prepayments and accrued income	1 263	670	478
<b>Total receivables</b>	<b>8 559</b>	<b>8 994</b>	<b>8 033</b>
<b>Cash and bank balance</b>	<b>2 220</b>	<b>2 150</b>	<b>9 369</b>
<b>Total current assets</b>	<b>10 779</b>	<b>11 144</b>	<b>17 402</b>
<b>TOTAL ASSETS</b>	<b>32 781</b>	<b>32 705</b>	<b>19 242</b>



## BALANCE SHEET – PARENT COMPANY

SEK, thousands	Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
<b>EQUITY and LIABILITIES</b>			
<i>Equity</i>			
<b>Restricted equity</b>			
Share capital	604	604	137
Restricted reserve	2 059	1 450	
<b>Total restricted equity</b>	<b>2 663</b>	<b>2 054</b>	<b>137</b>
<b>Unrestricted equity</b>			
Not registered share capital	-	-	376
Share premium reserve	12 408	12 408	0
Accumulated earnings	6 026	3 598	4 494
Earnings	1 645	3 036	916
<b>Total unrestricted equity</b>	<b>20 079</b>	<b>19 042</b>	<b>5 786</b>
<b>Total equity</b>	<b>22 742</b>	<b>21 096</b>	<b>5 923</b>
<i>Provisions</i>			
Excess depreciations	539	539	-
Accrual funds	1 300	1 300	-
<b>Total long-term liabilities</b>	<b>1 839</b>	<b>1 839</b>	<b>-</b>
<b>Short-term liabilities</b>			
Account payables	397	1 645	5 147
Tax liabilities	1 445	1 407	2 086
Current liabilities to group companies	0	-	0
Other current liabilities	4 743	5 100	4 555
Accrued expenses and deferred income	1 615	1 618	1 531
<b>Total short-term liabilities</b>	<b>8 200</b>	<b>9 770</b>	<b>13 319</b>
<b>Total liabilities</b>	<b>10 039</b>	<b>11 609</b>	<b>13 319</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32 781</b>	<b>32 705</b>	<b>19 242</b>

