



Interim Report

1st Oct - 31st Dec 2023

Intellego Technologies AB (publ)

Org. Nr. 556864-1624

Q4

Intellego
Technologies



Financial Development in Summary

THE GROUP TSEK

	2023 1/10-31/12	2022 1/10 -31/12	2023 1/1-31/12	2022 1/1-31/12
Net sales	55 405	26 744	186 493	57 784
Other operating income	143	136	738	939
Operating expenses	-26 798	-24 306	-104 106	-70 099
Operating results	28 750	2 574	83 125	-11 375
Profit after financial items	24 916	-489	68 830	-16 763
Profit after tax	21 674	-197	59 604	-15 145
Cash flow from current operations	459	14 362	-20 144	3 125
Cash and cash equivalents on balance sheet date	8 062	44 761	8 062	44 761
Equity at the balance sheet date	151 218	13 270	151 218	13 270
Key figures				
Return on equity, %	16,48	neg	45,52	neg
Earnings per share, before dilution, SEK	0,82	-0,01	2,36	-0,72
Equity ratio %	60	93	60	11
Equity per share, SEK	5,74	1,13	5,74	0,94
Cash flow from current operations per share, SEK	0,02	0,64	-0,76	0,11
Number of employees at the end of the period	68	68	68	65
Number of shares				
Number of shares on the balance sheet date	26 352 614	20 723 586	26 352 614	20 723 586
Number of shares average	26 305 282	19 702 660	24 460 102	19 702 660



A message from the CEO

Intellego's journey of growth continued during Q4. The year as a whole can be summarised as a record year for the Intellego group. These results come from our long-term focus on our customers and partners, where close collaborations lead to the best products in the market in each category. At the same time, we have a fast and efficient development process that can quickly respond to market needs. Proof of that success, is that we achieved both turnover and profit records in 2023.

Daro Group, which has been part of the Intellego group since 2022, delivered good results and we expect Daro Group will show sales growth of ca 15% in 2024 and greater profits growth as its gross margin continues to increase. Daro is expected to exceed the targets set by Daro and Intellego, largely due to Daro's increased focus on its Specialist Lighting (e.g. for hospitals and prisons) and UV and Water divisions. During 2023, Daro Group made significant investments in product development and sales, laying the foundation for its long-term business.

In Q4 and in 2023, both Daro and Intellego have performed well on several fronts. Some of the highlights were:

- Record operating cashflow for the mother company, Intellego Technologies AB, from where the main dosimeter sales are conducted, was ca +16 million SEK in Q4. Ca 14 million SEK of these were from sales and cashflow related to external customers.
- Record revenue in 2023 of ca 187 million SEK, of where roughly 80 million SEK comes from the Daro Group and 107 million SEK from Intellego's mainly dosimeter sales. This is almost a 10x increase in revenue for Intellego from 2022.
- Cash from receivables were approximately 120 million SEK for the group from January 2023 to January 2024. Approximately 65 million SEK of this came from Daro Group and approximately 55 million SEK from Intellego sales, an increase of approximately 5x compared to 2022 for Intellego.
- Operating cash flow for the group was lower in Q4 than expected which was caused by bank holidays at the end of December which resulted in ca 15 million SEK coming in early 2024 rather than in December 2023.
- Receivables continue to be paid according to plan and, as Intellego grows, we are shortening payment times for our customers. Intellego does not currently have any past due receivables. In 2024, the Intellego group expects receivables to stabilise at around 25-35% of annual revenue.
- In Q4 alone, Daro secured over 30 million SEK of customer orders creating a record order book for 2024.



Our new subsidiary with its focus on dosimeters and capital equipment sales, as we previously communicated, is developing well. The business model for the subsidiary is different compared to the direct sales of the dosimeters. The investment of roughly 30 million SEK which was done in Q4 in 2023 and also in Q1 2024, was mainly used to purchase capital equipment which Intellego then resells in its network. Through the new subsidiary, sales are conducted more through leasing of capital equipment which will give the business a guaranteed monthly cashflow which is expected to reach a total of 170 million SEK over a three-year period. Dosimeters will be sold together with the capital equipment.

During Q4 several larger orders were received and several new LOI projects were started. One of these projects is a development project with one of the world's largest sports retailers which is estimated by the partner and Intellego to be capable of generating up to 75 million Euros over a three-year period, if the projects reaches the market. Intellego will update on this project when any significant information arises.

Growth for the group is expected to continue in 2024 and Intellego and Daro see several attractive expansion possibilities which we are keen to capitalise on. In order to be able to devote cash flow to these expansion possibilities, Intellego and the sellers of Daro have agreed to postpone the next payment to the Daro sellers until the end of August 2024. The Daro sellers are a significant shareholder group in Intellego and, they believe this is the best way forward to generate maximum shareholder value in Intellego. The payment to the Daro sellers, 1,25 million GBP, is expected to be financed by group operating cash flow. The payment to the Daro sellers in 2025 is also expected to be financed by group operating cash flow.

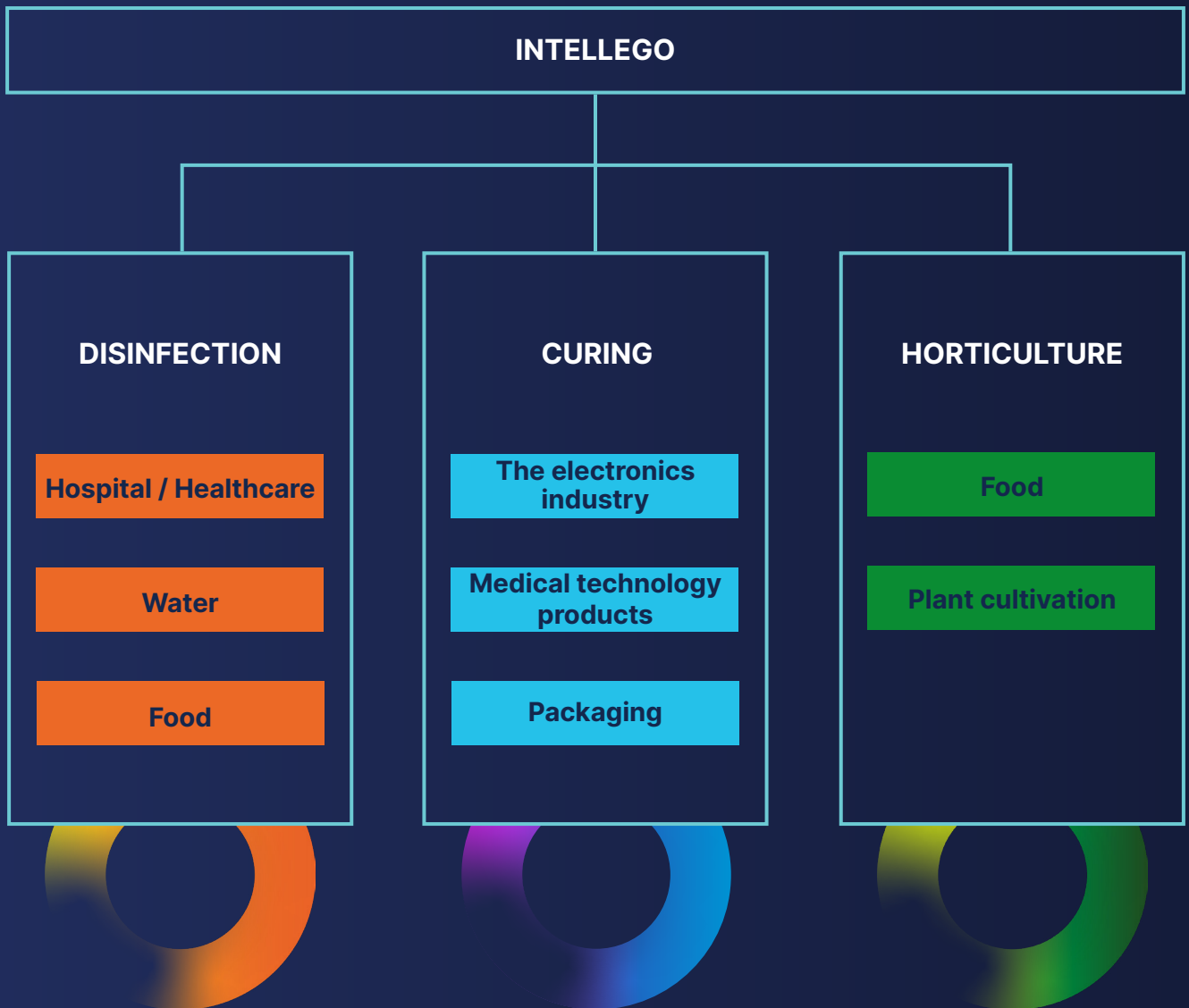
The group had a positive start and two weeks into January the group has already secured over 40 million SEK in Q1 revenue which is as much revenue as the group generated during the whole of Q1 2023.

Intellego continues to grow into a global company, and we are heavily investing in that growth which will be the focus for the foreseeable future. Intellego previously communicated financial goals for the group of revenue over 300 million SEK and over 110 million SEK in EBIT in 2024, which we hereby reiterate.



STOCKHOLM 21st FEBRUARY 2024
CLAES LINDAHL CEO

Intellego's Business Areas





Events during the period

- Nothing to report.

Events after the period

- Intellego is setting up a new subsidiary in the USA offering UV-related capital equipment in Intellego's existing markets, this is expected to generate a cash flow of over 170 million SEK over a three-year period.
- Intellego secures a credit line of up to 40 MSEK to fund additional growth ahead.



Intellego's Technology

The photochromic ink and technology platform

The technology in Intellego's UV dosimeters is a unique photochromic ink that changes colour when exposed to radiation of different frequencies of UV light, UVA, UVB or UVC light. The solution is patented and owned by Intellego. The photochromic ink can be printed on various substrates, for example dosimeter cards and adhesives.

The technology platform is based on the colour-changing ink which can be used for many different purposes. Development is ongoing to develop photochromic inks for light with different wavelengths, which means that the number of new application areas is constantly increasing.

The use of UV light in disinfection is not new, but Intellego's technology platform means being able to measure and control the amount of energy transferred in an efficient and simple way, which is an innovation that helps people and companies in many different industries to easily ensure the effect. Intellego's technology has been tested and confirmed by the Research Institutes of Sweden (RISE).

Intellego's dosimeters – both the product and the solution

Intellego's main business is the development, manufacture and sale of UV dosimeters, photochromic indicators that change colour based on the accumulated dose of UV radiation on a surface. Dosimeters are a simple, effective and fast tool to indicate the amount of UV radiation, regardless of whether the application is for disinfection, UV curing, light for plant cultivation or otherwise.

Dosimeter is the collective term for several of Intellego's various products, the dosimeter is the printed surface with photochromic ink. Dosimeters can be printed on different materials and are available as both paper cards and adhesive labels in different formats. The ink changes colour in real time, in relation to how many units of UV radiation it is exposed to. The dosimeter is easily read as the colour indication for example, 222nm corresponds to the colour comparator, so it indicates that sufficient UV radiation has been used. The colour change allows users to easily get a visual idea of the effect.

Market and areas of use

UV supply areas and the solution

UV irradiation is used in many industries and application areas, including disinfection in healthcare and the food industry, UV curing, crop cultivation, and sun protection indicators for consumers. Dosimeter technology is crucial to ensuring the quality of a UV process, as UV radiation is invisible to the human eye.



UVC dosimeters are photochromic indicators that change colour based on the accumulated dose of invisible UVC radiation a surface.

Intellego's dosimeters are used today in various segments of the healthcare market, such as in disinfection processes carried out by hospitals but also in gyms, cinemas, schools, etc. UVC disinfection has been used the longest in North America and constitutes the most relevant market. In the European Union (EU), UVC disinfection is less prevalent, but its use is growing.

Intellego operates in Asia, where UVC disinfection is widespread, mainly for consumer use. Intellego is well positioned to continue supplying UVC dosimeters to the above markets, given that local partnerships with distributors are established. Intellego's strategy currently includes a process where new collaborations with partners and distributors are continuously planned.

Intellego's Business to consumer products, SmartSun bands

Intellego's SmartSun Bands remind you to apply sunscreen or to go inside to prevent sunburn and skin damage. Smart sunbands are portable UV indicators that, when they change colour, clearly show how much UVA and UVB light the skin has been exposed to. The most significant product benefit is clear, visual information that allows users to make smarter decisions about sun exposure. Smart Sun bands can help users reduce the risk of overexposure and avoid premature skin ageing or skin damage. Intellego's UV indicator is sold and marketed under the SmartSun brand and comes in two formats: wristbands and stickers.



LOI-Project

Intellego has several different ongoing projects in various stages. Development projects intend to adapt Intellego's technology to a particular application area.

Commercialisation refers to evaluating the market's interest through direct customer processing, and the sales phase refers to when the application is established as a product.

Horticulture

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UVC-Curing

UV curing is used today in many different industries such as printing houses, production of electronics and medical equipment.

UVA-Curing

UV curing is used today in many different industries such as printing houses, production of electronics and medical equipment.

Medtech

Products that are implemented in medical technology processes that are already used in healthcare, where Intellego's technology should serve as an indication that the correct level of disinfection has been achieved.



A Background on Intellego

Intellego was founded in 2011 to provide the best technology in terms of performance, stability and reliability with their colour-changing UV dosimeters/indicators.

UV radiation is used in several application areas today, including disinfection in hospitals, food industry and the consumer industry to indicate how much sun/UV radiation a person has been exposed to. The technology is necessary as UV radiation cannot be seen with the naked eye, which makes it difficult, if not impossible, for a person to determine when they or a surface/area has been exposed to a certain amount of UV radiation. Using the dosimeters makes it possible to visually determine whether the correct dose of UVC radiation has been used in a disinfection process, which can reduce the risk of healthcare-associated infections (HAI). This aligns with the US CDC and FDA recommendations on physical documentation to ensure the quality of disinfection methods. Overexposure to UV is also a significant cause of skin cancer, and the number of cases has grown in recent years.



Intellego believes that the Company’s products and patented technology have found a solution that can help solve these problems and can contribute to cost savings for companies and society.

Intellego’s technology has been tested by the Research Institutes of Sweden (RISE), which confirms its UV sensitivity for different energy levels. American Case Western Reserve University has also conducted tests on the technology, which have shown that the colour of the UVC dosimeters changes from yellow to pink in correlation to a 3-log reduction in C. diff and MRSA. Intellego’s UVC dosimeters have also undergone testing by Berkley University in the USA, where Intellego’s technology has been proven to be the most reliable in terms of accuracy and specificity.



The UV indicators for consumer use have undergone technical and toxicological tests, showing that the products work well and are safe to use. Among others, Nordic Biopharma, Dermatest in Australia and RISE have tested the safety and validity of the products.

BUSINESS CONCEPT

Intellego's business concept is to develop and commercialise colour indicators based on its patented colour indicator technology. The colour indicators come in the form of UVC dosimeters.

Primarily aimed at the healthcare market, UV indicators will also be sold on the consumer market via collaboration partners. Intellego's products effectively indicate the accumulated amount of UV radiation. This can partly be used with UVC disinfection through dosimeters to indicate whether surfaces have been exposed to sufficient energy to disinfect surfaces with bacteria, viruses or spores. In part, it can also be used among consumers to get improved sun protection routines via UV indicators.

The sale of UV indicators is planned for end-users in the consumer market, and the Company is facing a commercialisation process. In contrast, UVC dosimeters for the healthcare market have already been launched. Intellego's focus is a further expansion of the sale of the Company's UVC dosimeters at the same time as the development and start-up of the commercialisation process for UV indicators towards distributors and their consumers have begun.

THE SHARE AND THE OWNERS

Intellego Technologies' shares are listed on the Nasdaq First North Growth Market, Stockholm, under the short name INT. Carnegie Investment Bank AB (publ) is a Certified Adviser.

OTHER INFORMATION

Coworker

The group has 68 employees as of 31st December 2023.



Incentive Programmes

Incentive Programme W2021-2024A

The company's extraordinary general meeting decided in January 2021 to introduce an incentive programme. W2021-2024A to employees other than the CEO of the company. The incentive programme includes 19,500 warrants, entitling 55 subscriptions of 546,000 shares. The subscription period for the shares supported by the warrants runs from February 2, 2024, to March 2, 2024. The subscription price for new subscriptions is approximately SEK 4.

Incentive programme 2021/2024A

The company's extraordinary general meeting decided on 5 May 2021 to introduce the incentive programme 2021/2024A. The incentive programme is aimed at the Company's CEO, Claes Lindahl, and consists of 1,120,000 warrants that entitle holders to subscribe for the same number of shares. The subscription period for the shares supported by the warrants runs from April 29, 2024, to October 29, 2024. The subscription price for new subscriptions is SEK 14.4.

Incentive programme 2021/2024B

The company's extraordinary general meeting on 23 December 2021 decided to introduce the incentive programme 2021/2024C which comprises a maximum of 102,000 warrants, which can result in an increase of a maximum of 102,000 shares in the company and an increase in the share capital corresponding to SEK 3,642.86. Each warrant entitles the holder to subscribe for one (1) share in the Company from December 1, 2024, to and including December 15, 2024, or the earlier day that follows from the terms of the warrants. The subscription price has been set at 25.12 per share.

Incentive programme 2021/2024C

The company's extraordinary general meeting on 23 December 2021 decided to introduce the incentive program 2021/2024C comprising a maximum of 102,000 warrants, which can result in an increase of a maximum of 102,000 shares in the company and an increase in the share capital corresponding to SEK 3,642.86. Each warrant entitles the holder to subscribe for one (1) share in the Company during the period from and including December 1, 2024 to and including December 15, 2024 or the earlier day that follows from the terms of the warrants. The subscription price has been set at 25.12 per share.




Incentive programme 2022/2027

The board decided on June 21, 2023, subject to the subsequent approval of the general meeting, to introduce an incentive programme. The incentive programme is for one employee of the Company and consists of 80,000 warrants that entitle the holder to subscribe for the same number of shares. The subscription period for the shares with the support of the warrants runs from 13 June 2027 to 13 July 2027. The subscription price for new subscriptions is SEK 30. The extraordinary general meeting held on July 7, 2023, decided to approve the board's decision.

Incentive programme 2023/2026

The meeting decided, in accordance with the proposal introduced in the notice, to adopt an incentive programme for the Company's newly elected chairman of the board, Gregory Batcheller, in the form of warrants. In short, the incentive program involves an issue of a maximum of 60,000 warrants. Each warrant gives the right to subscribe for a new share in the Company during the period from and including 24 August 2026 to and including 7 September 2026 at a subscription price of SEK 40 per share, provided that the Company's share price exceeds SEK 75 at the time the warrants are exercised.



Intellego's business model includes development projects with OEM companies and distributors, as well as sales of consumer products through retailers. The company has a unique development model that allows us to take a product idea to market introduction within six months.

General information about the Company

The company's name and commercial name is Intellego Technologies AB, and the company's registration number is 556864-1624. The company is a public limited liability company formed and registered under Swedish law with its office in Stockholm municipality, Stockholm county. The company's operations are regulated by, and its shares have been issued in accordance with, the Swedish Companies Act (2005:551).



The Group's Report on Results in Summary

THE GROUP TSEK

		2023	2022	2023	2022
	Note	1/10-31/12	1/10 -31/1	1/1-31/12	1/1-31/12
Operating income					
Net sales	3	55 405	26 744	186 493	57 784
Other operating income		143	136	738	939
Total operating income		55 548	26 880	187 231	58 722
Operating expenses					
Activated work for own account		724	481	2 581	1 438
Change of stock, products in progress		-331	-128	7 686	-388
Raw materials and consumables		-6 154	-11 505	-41 533	-27 755
Other external expenses		-8 258	-7 489	-27 043	-17 541
Personnel costs		-12 125	-4 877	-41 763	-15 061
Depreciation and write-downs of tangible and intangible assets		-1 218	-655	-3 527	-1 718
Other operating expenses		564	-133	-507	-9 074
Operating results		28 750	2 574	83 125	-11 375
Results from financial items					
Financial net	4	-3 834	-3 063	-14 295	-5 388
Profit before tax		24 916	-489	68 830	-16 763
Income tax		-2 370	1 084	-2 712	1 617
Deferred tax		-872	-792	-6 514	
The result of the period		21 674	-197	59 604	-15 145
<i>The period's result is attributable to: The parent company's shareholders</i>		21 674	-197	59 604	-15 145
Earnings per share	5				
Number of shares average		0,82	-0,01	2,36	-0,72
Earnings per share after dilution (SEK)		0,79	-0,01	2,31	-0,72

The Group's Report on Total Profit in Summary

TSEK

	2023	2022	2023	2022
Note	1/10-31/12	1/10-31/12	1/1-30/1/12	1/1-31/12
The result of the period	21 674	-197	59 604	-15 145
Other comprehensive income				
<i>Items that will be reclassified to profit (after tax)</i>				
Conversion difference	-5 822	-120	-2 498	1 198
Total other comprehensive income for the period, after tax	-5 822	-120	-2 498	1 198
Total profit for the period, after tax	15 852	-317	57 106	-13 947
<i>The period's result is attributable to: The parent company's shareholders</i>	15 852	-317	57 106	-13 947

The Group's Financial Report

Position in Summary

TSEK

Assets	Note	2023 31/12	2022 31/12	2022 1/1
Fixed assets				
Goodwill	6	71 572	70 524	-
Intangible assets		4 842	2 033	595
Tangible fixed assets		30 236	6 287	124
Right-of-use assets		7 677	7 244	-
Financial assets		7 481	-	20
Deferred tax claim		136	5 829	4 173
Total fixed assets		121 944	91 918	4 912
Current assets				
Inventory		25 085	10 659	1 768
Accounts receivable		92 116	8 982	3 291
Tax claim		-	40	-
Other claims		3 286	11 987	230
Prepayments and accrued income		2 702	324	212
Liquid funds		8 062	44 761	8 804
Total current assets		131 251	76 753	14 305
Total assets		253 195	168 671	19 217
Equity and liabilities				
Equity				
Share capital		941	740	700
Other contributed capital		120 413	39 771	29 538
Reserves		-1 300	1 198	-
Retained Earnings		31 164	-28 440	-13 295
Equity attributable to the parent company's shareholders		151 218	13 270	16 944
Total equity		151 218	13 270	16 944
Long-term liabilities				
Liabilities to credit institutions		14 304	15 527	146
Lease liabilities		7 142	6 130	-
Conditional additional purchase price	4	17 247	15 254	-
Other long-term liabilities		7 589	21 453	-
Deferred tax liability		1 783	-	-
Total long-term liabilities		48 065	58 365	146
Current liabilities				
Liabilities to credit institutions		8 305	4 435	419
Lease liabilities		868	939	-
Accounts payable		15 844	3 300	966
Tax debts		2 595	1 005	-
Other current liabilities		24 974	77 838	103
Accrued costs and prepaid income		1 326	9 519	640
Total short-term liabilities		53 912	97 036	2 127
Total equity and liabilities		253 195	168 671	19 217

The Group's Report on Change in Equity in Summary

TSEK

Equity attributable to the parent company's shareholders

	Share Capital	Miscellaneous contributed capital	Reserves	Balanced means of profit	Total own capital attributable to the parent company shareholder	Total own capital
Opening equity 1 Jan 2022	700	29 538	0	-13 295	16 944	16 944
The result of the period				-14 950	-14 950	-14 950
Other comprehensive income for the period			1 338		1 338	1 338
Total profit for the period	0	0	1 338	-14 950	-13 612	-13 612
Transactions with the group's shareholders						
Rights issue	40	10 408			10 448	10 448
Issue costs		-175			-175	-175
Tax effect issue costs					0	0
Dividend					0	0
Amount		10 233	0	0	10 273	10 273
Closing equity 30 Dec 2022	740	39 771	1 338	-28 244	13 605	13 605
Opening equity 1 January 2023	740	39 771	1 198	-28 440	13 270	13 270
The result of the period				59 604	59 604	59 604
Other results for the period			-2 498		-2 498	-2 498
Total profit for the period	0	0	-2 498	59 604	57 106	57 106
Transactions with the group's shareholders						
Ongoing new issue					0	0
Rights issue	201	81 071			81 272	81 272
Issue costs		-540			-540	-540
Tax effect issue costs		111			111	111
Amount	201	80 642	0	0	80 843	80 843
Closing equity 31 Dec 2023	941	120 413	-1 300	31 164	151 218	151 218



The Group's Report on Cash Flows in Summary

THE GROUP TSEK

	2023	2022	2023	2022
	1/10 -31/12	1/10 -31/12	1/1-31/12	1/1-31/12
Current business				
Profit before tax	24 916	1 493	68 830	-16 763
Adjustments for items that are not part of the cash flow, etc	-10	1 862	8 726	15 172
Cash flow from current operations before changes in working capital	24 906	3 355	77 556	-1 591
Cash flow from changes in working capital				
Change of stock	-3 862	721	-14 426	548
Change in operating receivables	-19 084	7 163	-76 771	1 615
Change in operating liabilities	-1 501	3 123	-6 503	2 552
Cash flow from current operations	459	14 362	-20 144	3 125
The investment business				
Acquisition of subsidiaries, net of acquired cash and cash equivalents	-	-5 158	-	4 682
Acquisition of intangible fixed assets	-724	-481	-2 581	-1 438
Acquisition of tangible fixed assets	-23 235	-	-26 193	-141
Acquisition of financial fixed asset	-7 481	226	-7 481	20
Cash flow from investment activities	-31 440	-5 413	-36 255	3 123
The financing business				
Rights issue	1 066	-	81 071	10 408
Issue costs	-24	-	-429	-175
Borrowings	-452	20 000	3 888	20 000
Amortization of loans	-2 076	18	-5 088	-19
Amortization of acquisition debts	-1 067	-	-59 363	-
Amortization of leasing debts	-171	-945	-791	-945
Cash flow from financing activities	-2 724	19 073	19 288	29 269
Cash flow for the period	-33 705	28 022	-37 111	35 517
Cash and cash equivalents at the beginning of the period	42 503	16 582	44 761	8 804
Exchange rate difference in cash and cash equivalents	-736	157	412	440
Liquid funds at the end of the period	8 062	44 761	8 062	44 761



Notes

NOTE 1 ACCOUNTING PRINCIPLES

This interim report covers the Swedish parent company Intellego Technologies AB (publ) ('Intellego'), corporate number 556864-1624, and its subsidiaries. The group develops and commercialises UV indicators for the professional and consumer markets. The parent company is a limited company registered in and with its seat in Solna, Sweden. The head office address is Mäster Simons väg 15, 170 66 Solna.

Intellego applies International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union (EU). The group's interim report is prepared in accordance with IAS 34 "Interim reporting" and applicable parts of the Annual Accounts Act (1995:1554) (ÅRL). This is the group's first interim report according to IFRS, with the date of transition to IFRS on 1 January 2022. The group has previously applied BFNAR 2012:1 Annual report and consolidated accounts (K3). The transition to IFRS has taken place in accordance with IFRS 1. The first time IFRS is applied" and is described in more detail in Note 10, Transition to IFRS. From the transition onwards, the group applies the amended IAS 1 "Preparation of financial statements", which came into force on 1 January 2023. This means that the group only provides information on material accounting principles. See Note 11 Significant accounting principles.

The parent company has previously applied the Annual Accounts Act and BFNAR 2012:1 Annual and consolidated accounts (K3) when preparing financial reports. As of this interim report, the parent company applies, as a result of the group's transition to IFRS, the Annual Accounts Act and RFR 2 Accounting for legal entities.

The parent company applies the same accounting principles as the group except in the cases stated in Note M2, the Parent company's accounting principles.

According to IAS 34.16A, information appears in addition to the financial reports and their associated notes in the interim information on pages [16-29], which form an integral part of these financial reports.

Unless otherwise stated, all amounts in this report are stated in thousands of kroner ("TSEK"). Rounding differences may occur. New or amended standards after 2023.

No new or changed accounting standards that have not yet entered into force have been prematurely applied in the preparation.

of the group's and parent company's financial reports. These are also not expected to impact the group's or parent company's financial reports.

NOTE 2 SIGNIFICANT ESTIMATES AND ASSESSMENTS

When preparing the financial reports, the company's management and the board must make certain assessments and assumptions that affect the reported value of asset and liability items, revenue and cost items, and other information provided. The assessments are based on experience and assumptions that the management and the board deem reasonable under the current circumstances. Actual outcomes may then differ from these assessments if other conditions arise. The estimates and assumptions are evaluated on an ongoing basis. They are deemed not to involve significant risk of adjustments in reported values for assets and liabilities during the next financial year. Changes to estimates are reported in the period the change is made if the change only affected this period or in the period the change is made and in future periods if the change affects both the current and future periods. The most essential assessments for preparing the company's financial reports are described below.

Impairment testing of goodwill

Intellego evaluates every year whether there is a need to write down goodwill. Evaluations are carried out in connection with impairment test and is based on estimates and assumptions. The most important assumptions made in this evaluation relate to growth, free cash flow and discount rate. Estimates that deviate from management's assessments can lead to different results for the business and a different financial position. To determine whether the value of goodwill has decreased, the cash-generating units to which goodwill has been assigned are valued, which is done by discounting the cash-generating unit's cash flows. In applying this methodology, Intellego relies on a number of assumptions, including achieved results, business plans, financial forecasts and market data. Changes in the conditions for these assumptions and estimates could have a material effect on the value of goodwill.

Actual value of additional purchase price

In the acquisition of Daro, part of the purchase price is conditional on Daro's future profit development, a so-called conditional additional purchase price. Conditional additional purchase price is valued at fair value on the acquisition date. The outcome is settled in cash or in a variable number of shares, which is why the conditional purchase price is classified as a financial liability and is revalued at each reporting period.

The change is reported in the group's report on results. Assumptions underlying the determination of fair value are described in Note 4 - Financial instruments.

Estimates that deviate from management's assessments can lead to different results for the business and a different financial position. According to the company's management, the current evaluation provides a fair assessment of the company's financial situation for the current periods.

NOTE 3 INCOME FROM CONTRACTS WITH CUSTOMERS

Breakdown by geography	2023 Jan-Dec	2022 Jan-Dec
Asia	28 085	8 808
EU	93 616	41 105
North America	46 808	8 809
The rest of the world	18 722	-
	187 231	58 722

NOTE 4 FINANCIAL INSTRUMENTS

Valuation at fair value

Fair value is the price that, at the time of valuation, would be received on the sale of an asset or paid on the transfer of liability through an orderly transaction between market participants. The table below shows financial instruments valued at fair value based on how the classification in the fair value hierarchy was made. The different levels are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Observable inputs for assets or liabilities other than quoted prices included in Level 1, either directly (i.e. as price quotations) or indirectly (i.e. derived from price quotations)

Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Financial liabilities valued at fair value

A conditional additional purchase price arose in connection with the acquisition of Daro as of June 1, 2022.

Financial liabilities valued at fair value Sep 30, 2023	Level 1	Level 2	Level 3	Amount
Conditional additional purchase price	0	0	17 247	17 247
	0	0	17 247	17 247
Financial liabilities valued at fair value Dec. 31, 2022	Level 1	Level 2	Level 3	Amount
Conditional additional purchase price	0	0	15 254	15 254
			15 254	15 254

Short-term receivables and liabilities, as well as lease liabilities

For short-term receivables and liabilities, such as trade receivables and accounts payable, and liabilities to credit institutions with variable interest, the reported value is considered to be a good estimate of the fair value.

Conditional additional purchase price

Fair value for contingent consideration has been calculated based on expected outcome of financial targets. The calculated expected the regulation will vary over time depending on, among other things, the degree of fulfilment of the conditions for the conditional purchase price, the development of certain exchange rates against the Swedish krona and the interest rate environment.

Contingent purchase prices classified as financial liabilities are valued at fair value by discounting expected cash flows at a risk-adjusted discount rate of 11.4%. The measurement is, therefore, in accordance with level 3 in the valuation hierarchy. Significant unobservable inputs consist of the probability that the targets will be met (which the group assesses as 60%) and a risk-adjusted discount rate.

Conditional additional purchase price	2023 Jan-Sep	2022 Jan-Dec
Opening balance	15 254	-
Business acquisition	-	14 033
Change in fair value reported in the result	1993	1221
Earnings per share before dilution (SEK)	17 247	15 254

During the period, unrealised losses for conditional additional purchase prices at the end of the reporting period amounted to SEK 1,993 thousand. This amount is included as part of the financial net in the group's report on results.

Given the contingent additional purchase price at the end of the reporting period, an increase in the discount factor of 2 percentage points affects the fair value of the conditional purchase price of SEK -1,208 thousand (SEK -1,295 thousand). About the probability that the conditions for obtaining the conditional additional purchase price would increase by 10 percentage points, the fair value of the conditional additional purchase price would increase by SEK 3,040 thousand (SEK 2,926 thousand).

NOTE 5 EARNINGS PER SHARE

Earnings per share before dilution	2023 Jan-Dec	2022 Jan-Dec
Result attributable to the parent company's shareholders (TSEK)	59 604	-14 950
Weighted average number of shares during the period before dilution (thousands)	25 246	20 448
Earnings per share before dilution (SEK)	2,36	-0,73

Earnings per share after dilution

Result attributable to the parent company's shareholders (TSEK)	59 604	-14 950
Weighted average number of shares during the period before dilution (thousands)	25 246	20 448
Adjustment attributable to warrants leading to dilution (thousands)	571	-
Weighted average number of shares for calculation of earnings per share after dilution (thousands)	25 817	20 448
Earnings per share after dilution (SEK)	2,31	-0,73

At the end of the reporting period, the outstanding number of ordinary shares amounted to 26 352 614 (22,303,017).

NOTE 6 GOODWILL

Accumulated acquisition values	2023 Jan-Sep	2022 Jan-Dec
Opening accumulated acquisition values	70 524	-
Business acquisition	-	69 101
Exchange rate differences	1048	1424
Closing accumulated acquisition values	71 572	70 524
Closing reported value	71 572	70 524

NOTE 7 BUSINESS ACQUISITION

Business acquisitions completed during the period Jan-Dec, 2023. No acquisitions have been completed during the period.

Business acquisitions completed during the period Jan-Dec 2022

Business	Purpose of acquisition	Date of acquisition	Capital and voting share
Portman Enterprises Limited ('Daro'), 09580236	Utilize synergies between the companies and acquire know-how	2022-06-01	100%

Preliminary acquisition analysis

Acquired net assets at acquisition date, fair values	Daro
Intangible assets	320
Tangible fixed assets	6 006
Right-of-use assets	7 950
Inventory	8 790
Accounts receivable and other receivables	18 641
Liquid funds	4 682
Lease liabilities	-7 950
Deferred tax liability	-984
Supplier debts and other operating debts	-16 774
Identified net assets	20 681
Goodwill	69 101
Net assets acquired	89 781

The purchase price consists of:

Deferred payment - cash	57 258
Deferred payment - equity instruments	18 491
Conditional additional purchase price	14 033
Total purchase price	89 781

Preliminary acquisition analysis

Intellego is still evaluating whether there are intangible assets that should be reported separately from goodwill. Hence, the acquisition analysis may be subject to change.

Conditional additional purchase price

In connection with the acquisition of Daro, an agreement was entered into on a conditional additional purchase price. The basis for obtaining the conditional purchase price is whether Daro achieves certain performance-based targets over the next five years.

Conditional additional purchase price	Daro
Reported additional purchase price at the time of acquisition	14 033
Estimated payment likely falls within the range	0 - 44 850 TSEK
The maximum amount for payout is unlimited	No

Goodwill

On the acquisition of Daro, a goodwill of SEK 69,101 thousand arose. Goodwill mainly refers to synergy effects and know-how. Goodwill is not expected to be tax deductible.

Transaction costs	Daro
Transaction costs reported in the result under Other external costs	8 739
Amount	8 739

The acquisition's impact on the group's cash flow	Daro
Cash portion of the purchase price	-
Departs:	-
Cashier (acquired)	-4 682
Net cash outflow	-4 682

During the 7 months from the acquisition date until 31 Dec 2022, Daro contributed SEK 44,999 thousand to the group's revenues and SEK 1,547 thousand to the group's profit after tax. Suppose the acquisition had taken place at the beginning of the financial year. In that case, Intellego estimates that Daro had contributed SEK 79,063 thousand to the group's revenue and SEK 2,652 thousand to the group's profit after tax.

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

During the period, the group's transactions with related parties only consisted of customary salaries, other remuneration boards, and other senior executives.

NOTE 9 EVENTS AFTER THE END OF THE REPORTING PERIOD

See page 6

NOTE 10 TRANSITION TO IFRS

As of January 1, 2023, Intellego Technologies AB prepares its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretive statements from IFRS Interpretations Committee as adopted by the European Union (EU). The date for the group's transition to IFRS is January 1 2022, which means that the group presents a comparison year. The group has, up to and including the financial year 2022, established consolidated accounts in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). The transition to IFRS is reported in accordance with IFRS 1, "The first time IFRS is applied".



The effect of the transition to IFRS is reported directly against opening equity. Previously published financial information for the financial year 2022, prepared according to the Annual Accounts Act and BFNAR 2012:1 (K3), has been converted to IFRS. The main rule is that all applicable IFRS and IAS standards, which have entered into force and been approved by the EU, must be applied retroactively. The group has applied the following exceptions to the main rule according to IFRS 1:

The group has chosen not to recalculate concluded agreements with customers (IFRS 15), i.e. agreements for which the group had transferred all goods or services identified according to previous accounting principles before the transition to IFRS.

The group has chosen to apply the exception in IFRS 1 regarding translation differences. Thus, the accumulated ones are assessed, and the translation differences for all foreign operations amount to zero at the time of transition to IFRS.

The summary below shows the effects of the above applications on the group's report on results, the group's report on financial position and the group's report on cash flows. The effects are presented for the historical period that has been converted to IFRS. The transition from previous accounting principles has also meant a different structure and classification of bills than before.

- The group's transition to IFRS has had an impact on the following reports when a business acquisition took place during Q2 2022
- Report on results for the period January-June 2022
- Report on financial position as of 30 June 2022
- Report on cash flows for the period January-June 2022
- The business acquisition is included in the comparison figures for the period January – June 2022





Notes

A. Business acquisitions

In connection with the transition to IFRS, the previously prepared acquisition analysis for the acquisition of Daro, which was carried out in 2022, has been recalculated in accordance with the requirements of IFRS. By previous accounting principles, conditional additional purchase prices have been included in the purchase price when it is likely that an outflow will be required. In accordance with IFRS, contingent consideration must be reported at fair value. The valuation of the conditional additional purchase price in the acquisition price at fair value reduces the reported value of goodwill. The conditional additional purchase price is classified as a financial liability and valued in the subsequent valuation at fair value by IFRS 9.

The purchase price for the acquisition of Daro includes deferred payments, which, under previously applied principles, have been reported at nominal amounts. In the transition to IFRS, the acquisition analysis is adjusted by discounting the deferred payments, which reduces the value of goodwill and other long-term liabilities. In subsequent periods, an interest expense is reported in the financial net attributable to the discounting. The changed value of other long-term liabilities also affects unrealised exchange rate effects that are reported in the financial net.

According to previous accounting principles, goodwill has been written off over the estimated useful life. According to IFRS, goodwill is not written off, but annual impairment tests are carried out instead. With the transition to IFRS, the amortisation of goodwill made during the financial year 2022 has been reversed. The corresponding increase in goodwill is reported in the statement of financial position. At the time of the transition, the value of goodwill was tested for impairment, but there was no need for impairment. No deferred tax has been reported.

By previously applied accounting principles, transaction costs for acquisitions have been reported as part of the acquisition value. According to IFRS, transaction costs must be expensed when they arise, which means that other external costs increase in the report on the result. The group's report on financial standing reports the corresponding reduction in the goodwill value.

B. Borrowing

In connection with the group taking out external loans to finance part of the cash purchase price for the acquisition of Daro, the group incurred certain borrowing costs. In previous periods, these costs have been included as transaction costs in the goodwill accounting. According to IFRS, borrowing costs are reported as part of the effective interest rate, which means that the value of goodwill decreases, the reported value of liabilities to credit institutions decreases, and the borrowing costs are reported as part of the financial net during the term of the loan.

C. Lease agreement

According to previously applied accounting principles, the group has classified all its leasing agreements as operational ones. According to IFRS 16, the group's leases (except short-term leases and leases where the underlying asset is of low value) will be reported in the group's statement of financial position. The commitment to pay leasing fees is discounted and reported as leasing liabilities, divided into short- and long-term parts, in the group's statement of financial position. Right-of-use assets for the leasing agreements are included on a separate line. Prepaid lease fees previously included in the statement of financial position are eliminated when these are included in the original valuation of the lease liability. A deferred tax asset is reported in relation to the temporary difference that arises. The report on the result eliminates the operational leasing cost reported under other external costs. Costs are attributable to depreciation on right-of-use assets and interest costs on lease liabilities.

Finally, the reclassification also affects the presentation of the group's cash flows. Under previous accounting principles, the cash flow attributable to the operational leasing agreements has been reported as part of the current business. Under IFRS 16, the payments between part amortisation of leasing debt (financing activity) and part payment of interest (the current business) are distributed.



NOTE 11 SIGNIFICANT ACCOUNTING PRINCIPLES

The group provides information on material accounting principles. Significant accounting principles mean that the underlying transaction is material and that the information in the accounting principle is essential for the

Understanding of the transaction, for example, if the group has made a choice of principle or if the accounting principle is company-specifically adapted. In cases where the group applies an accounting principle as described in IFRS, information about the principle has not been provided.

Operating segment

Intellego has identified the group's CEO as the highest executive decision-maker who follows up the entire operation as a single entity. Intellego has thus identified the whole group as an operating segment.

Income from contracts with customers

Intellego develops, manufactures, and sells colour indicators that show the effect of irradiation with, among other things, invisible ultraviolet light and UV light. The group receives income from product sales. The agreements are mainly short and consist of individual orders. The group's products are standardised, although minor customer-specific adaptations may occur. Intellego has assessed that each product in the agreements with the customer constitutes a separate performance commitment. The transaction price in each agreement essentially consists of fixed amounts only. There are no variable compensations in the transaction price or only to an insignificant extent. Product sales revenue is reported when product control is deemed to be passed to the customer. The group has assessed that control, by the applied delivery conditions, mainly passes to the customer in connection with the product.

Transactions in foreign currency

Transactions in foreign currency are converted to functional currency at the exchange rate prevailing on the day of the transaction. Monetary assets and liabilities in foreign currency are converted to functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise during conversion are reported grossly in the profit and loss report, either in the operating profit or in the financial net, based on the currency conversion attributable to the item.

Financial costs

Financial costs consist of interest on loan debts, leasing debts and the discounting effect of deferred payment for acquiring the subsidiary Portman Enterprises Limited ("Daro"). In addition, the item also consists of changes in the fair value of the conditional additional purchase price, which is classified as a financial liability and attributed to Daro's acquisition. The conditional additional purchase price is described in more detail in notes 4, Financial Instruments, and 7, Business Combinations.

Definitions and Notes

EARNINGS PER SHARE

Net profit divided by average number of shares.

AVERAGE NUMBER OF SHARES

The average number of shares in Intellego Technologies AB has been calculated based on a weighting of the historical number of outstanding shares in the company after each completed new issue times the number of days that the respective number of shares has been outstanding. Historical number of shares and key figures per share are adjusted for the 1:28 share split carried out in May 2021.

SOLIDITY

Equity in relation to total assets (total assets).

**RETURN ON
EQUITY**

Profit after tax in relation to equity.

**RETURN ON
CAPITAL EMPLOYED**

Profit after financial net in relation to capital employed.

CAPITAL EMPLOYED

Total assets minus non-interest bearing liabilities.

EQUITY PER SHARE


Equity divided by the number of shares on the balance sheet date.

**CASH FLOW FROM CURRENT
OPERATIONS
PER SHARE**

Cash flow from operating activities divided by average number of shares.

CASH FLOW PER SHARE

Cash flow for the period divided by average number of shares.



The board and the managing director ensure that the interim report gives an accurate and fair overview of the company's operations, position, and results.

STOCKHOLM 2024-02-21

The board and CEO of Intellego Technologies AB (publ)

Gregory Batcheller
Styrelseordförande

Claes Lindahl
Vd

Johan Möllerström
Styrelseledamot

Björn Wetterling
Styrelseledamot

This interim report has not been subject to review by the company's auditors.

Upcoming Reports

Report for the fourth quarter

2024-02-21

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