

Wyld Networks AB (publ)

Organization number 559307-1102

Combined quarterly report

Q1 2020 and Q1 2021

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COMBINED QUARTERLY REPORT FOR THE PERIOD 1 JANUARY TO 31 MARCH 2021

Comments to combined quarterly report

Sales

Sales during the first quarter of 2021 increased by 76% compared with the first quarter of 2020, mainly through projects with Eutelsat.

Other operating income

Other operating income during the first quarter 2021 is a conservative estimate of the funds to be received from the UK Government for R&D activity

Other external costs

Costs during Q1 2021 is 263% higher than during Q1 2020 due two reasons. At the end of the first quarter of 2021 Wyld used 16 contractors for software development while the number for 2020 was below 5. Wyld spends more on components for testing with customers for their IoT-offer. Cost for subcontractors for Q1 2021 amount to 2,8 mkr compared with 0,7 mkr for Q1 2020.

Staff costs

Wyld has a combination of fulltime employees and dedicated contractors. Due to the increased demand from customers, Wyld has increased its development capacity by using dedicated software contractors, this is not uncommon in this business. Wyld had at the end of March 2021 12 employees (10 at the end of March 2020) and 16 contractors, of which 12 were EU residents and 16 residents of the United Kingdom. Costs for their own staff is reported as staff costs, while costs for contractors are included in post Other external costs.

Cash flow

In January 2021, the two largest shareholders in Wyld Networks Ltd contributed an additional 750 000 GBP (around 9 million SEK) in cash to Wyld Networks Ltd. At the same time, the two shareholders converted their loan shares into share capital in a directed new share issue Wyld Networks Ltd. Minority shareholders also contributed a small amount of cash for shares in Q1. The net cash flow effect during Q1 2021 was an inflow to Wyld Networks of 9 579 tkr which in this document is shown as an outflow of 19 599 tkr as a repayment of loan shares and an inflow of 29 178 tkr for new shares issued to the two largest shareholders and the minority shareholders in Wyld Networks Ltd, which in March 2021 will become a subsidiary of Wyld Networks AB.

Investments

Wyld Networks made no major investments in the fixed assets during Q1, only maintenance of the existing hardware and software.

Financial standing

Liquidity at the end of Q1 2021 was 4 925 tkr.

In order to implement the group's strategic and global expansion plan, the board assesses that the company needs additional financing. The board has thus begun a process for raising capital in connection with the planned listing on Nasdaq First North.

If the company doesn't succeed in obtaining sufficient capital in the planned new share issue, the board assesses that financing can be obtained from the company's existing major shareholders. At the time of the submission of this financial report there haven't been formalized any commitments from the existing major shareholders. The board considers that the assumption of the group's ability to continue its business for at least 12 months as very likely.

Organisation

Wyld has a mix of full-time employees and dedicated contractors. Due to the increased demand from customers, Wyld has increased its development capacity by using dedicated software contractors, this is not uncommon in this business. Wyld had at the end of March 2021 12 employees and 16 contractors, of which 12 were EU residents and 16 residents of the United Kingdom.

Net debt

Wyld Networks paid off in January 2021 all its loan documents to the shareholders. At the formation of the new Swedish holding company in March 2021, Wyld Networks AB, gave the shareholders a short-term loan of 500 tkr.

Risk and uncertainty factor**Overall risk management**

The group is exposed through its operations to various financial risks, mainly currency risk, liquidity risk and credit risk.

The Wyld Networks-group is exposed to several global and group-specific risks that may affect the business and the financial result also the group's financial position. The predictable risks are identified and centrally monitored on the basis of established guidelines. The group's risk management aims to place the group so that it can react correctly to any risk events.

Below is a non-exhaustive list of risks that the group considers to be significant, without regard to their meaning.

Credit risk

The group's credit risks are mainly customer receivables. The maximum exposure corresponds to reported value. The group assesses the risk of losses on a regular basis and if necessary, write-downs are made according to the group's policy.

Currency risk

The group's sales, costs and expenses mainly arise in British pounds (GBP). The group also conducts transactions in other currencies, but the exposure in these currencies are not essential.

Liquidity risk

Financing and sufficient liquidity are fundamental factors when it comes to running an expanding business and the management of financing and liquidity is an integral part of the group's ongoing budget and forecasting process.

Other risks

- Risks associated with an early stage of development and future financing
- Key staff
- Risks associated with product quality
- Risks associated with immaterial rights and business secrets.

Significant events after the reporting period

No significant events have occurred after the reporting period.

Convertible debentures

Until 2020, the two largest shareholders in Wyld Networks Ltd have financed the company by providing operating capital. Until 2020 these loans amounted to a total of 1 698 332 GBP (around 18 870 000 SEK). In 2020 the two shareholders issued a convertible loan note for the total amount of their loans with an option to convert the loans into equity. In January 2021, the shareholders made another contribution to Wyld Networks Ltd of GBP 750,000 in cash and at the same time converted its shareholding into shares, giving a new issue of 109,985 shares in Wyld Networks Ltd, which in March 2021 will become a subsidiary of Wyld Networks AB.

OTHER INFORMATION

CERTIFIED ADVISER

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CONTACT INFORMATION

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CONTACT INFORMATION

Quarterly report for January to March 2021

INSURANCE

The board of Directors and the President hereby declare that this combined quarterly report for the period 1 January - 31 March 2021 gives a true and fair view of the parent company's and the group's operations, financial position and results and that it describes them significant risks and uncertainties to which the parent company and the group are exposed.

Stockholm

Mats Lennart Andersson
President

Alastair Williamson
CEO

Mats Rustan Andersson

Albert Sisto

Income statement

<i>Amount in tkr</i>	Q1 2021	Q1 2020	31/12/2020
Operating income etc.			
Net sales	990	563	2,475
Other operating income	710	847	3,322
Total operating income	1,700	1,410	5,797
Operating expenses			
Other external expenses	-3,978	-1,097	-6,176
Staff cost	-2,785	-2,272	-9,155
Depreciation and write-downs of tangible and intangible fixed assets.	-67	-55	-232
Other operating expenses	-3	-4	-11
Total operating expenses	-6,833	-3,428	-15,574
Operating results	-5,133	-2,018	-9,777
Results from financial investments			
Deprecation of financial assets	0	-61	-110
Interest expenses and similar income items	-74	0	-576
Total financial items	-74	-61	-686
Results after financial items	-5,207	-2,079	-10,463
Results before tax	-5,207	-2,079	-10,463
Tax on the results of the year	0	0	0
Results for the year	-5,207	-2,079	-10,463

Balance sheet

<i>Amount in tkr</i>	Q1 2021	Q1 2020	31/12/2020
ASSETS			
Fixed assets			
Intangible assets			
Other intangible assets	1,186	1,401	1,136
	1,186	1,401	1,136
Tangible fixed assets			
Inventory, tools and installations	238	86	226
	238	86	226
Total fixed assets	1,424	1,487	1,362
Current assets			
Receivables			
Accounts receivable	1,024	526	413
Other receivables	4,747	4,133	3,232
Prepayments and accrued income	143	206	178
	5,914	4,865	3,823
Cash and bank	4,925	214	685
Total current assets	10,839	5,079	4,508
TOTAL ASSETS	12,263	6,566	5,870

Balance sheet

<i>Amount in tkr</i>	Q1 2021	Q1 2020	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	500	0	0
	500	0	0
Untied equity			
Share premium reserve	29,594	145	491
Balanced profit	-17,751	-6,831	-5,889
Results of the year	-5,207	-2,079	-10,463
	6,636	-8,765	-15,861
Total equity	7,136	-8,765	-15,861
Current liabilities			
Accounts payable	2,477	583	591
Liabilities to shareholders	500	13,362	0
Convertible debentures	0	0	18,829
Other liabilities	813	897	676
Accrued expenses and prepaid income	1,337	489	1,635
Total current liabilities	5,127	15,331	21,731
TOTAL EQUITY AND LIABILITIES	12,263	6,566	5,870

Equity changes

<i>Amount in tkr</i>	Q1 2021	Q1 2020	31/12/2020
Amount at the beginning of the period	-15,861	-6,544	-6,544
New share issues	29,563	0	361
Loss in the purchase of minority shares	0	0	-455
Conversion difference	-1,359	-142	1,240
The results for the period	-5,207	-2,079	-10,463
Amount at the end of the period	7,136	-8,765	-15,861

Cash flow analysis

<i>Amount in tkr</i>	Q1 2021	Q1 2020	31/12/2020
The day-to-day operations			
Results after financial items	-5,207	-2,079	-10,463
Depreciation	67	54	232
Impairment of financial assets	0	61	110
Cash flow from the day-to-day operations before changes from operating capital	-5,140	-1,964	-10,121
Cash flow from changes of operating capital			
Increase(-)/decrease(+) from customer receivable	-569	-151	-86
Increase(-)/decrease(+) from prepaid costs	50	320	317
Increase(-)/decrease(+) from short term receivables	-1,241	-839	-323
Increase(-)/decrease(+) from accounts payable	1,814	-133	-55
Increase(-)/decrease(+) from other liabilities	81	194	54
Increase(-)/decrease(+) from accrued expenses	-425	-147	1,084
Cash flow from the day-to-day operations	-5,430	-2,720	-9,130
Investment operations			
Acquisition of intangible fixed asset	0	0	0
Acquisition of tangible fixed assets	-19	-14	-227
Cash flow from investment operations	-19	-14	-227
Financing operations			
Change in financial liabilities	-19,599	2,731	9,976
Repurchase of shares for minority owners	0	0	-484
Changes in share issue	29,178	0	384
Cash flow from financing operations	9,579	2,731	9,876
The year's cash flow	4,130	-3	519
Liquid assets at the beginning of the year	685	215	215
Exchange rate differences	110	2	-49
Liquid assets at the end of the year	4,925	214	685

Key performance indicator
Amount in tkr

<i>Key performance indicator</i>	Q1 2021	Q1 2020	31/12/2020
Results per share	-0.02	-0.02	-0.1
Net sales	990	563	2,475
Equity ratio, %	58.20%	-133.50%	-270.20%
EBITDA	-5,065	-1,964	-9,544
Average number of employees	12	9	10
Number of employees at the end of the period	12	10	11
Number of shares at the end of the period	214,011	100,000	103,366