

Year-end report 2023



Outcome October – December

- Net sales amounted to 258 (185) kSEK
- Profit after net financial items amounted to -8 694 (-5 297) kSEK
- Basic and diluted earnings per share -0,47 (-0,40) SEK
- Cash flow from operating activities and investing activities -4 445 (-6 075) kSEK

Outcome January – December

- Net sales amounted to 1 948 (2 002) kSEK
- Profit after net financial items amounted to -24 266 (-21 253) kSEK
- Basic and diluted earnings per share -1,69 (-1,63) SEK
- Cash flow from operating activities and investing activities -24 433 (-22 257) kSEK

Significant events October – December

- Insplorion performed a rights issue and received approximately SEK 11.8 million before issue costs

Significant events after the end of the period

- Insplorion to launch an ATEX certified H2 leak detector in Q1 2025
- Insplorion hydrogen sensor in new proof-of-concept project

Indicators Insplorion Group

	2023-10-01 -2023-12-31 3 months	2022-10-01 -2022-12-31 3 months	2023-01-01 -2023-12-31 12 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified				
Net sales	258	185	1 948	2 002
Operating income	1 597	1 505	7 501	6 814
Profit after financial items	-8 694	-5 297	-24 266	-21 253
Earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63
Diluted earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63
Cash flow from operating and investing activities	-4 445	-6 075	-24 433	-22 257

For the complete table, please refer to page 10. For definitions of indicators, please refer to page 14.

A word from the CEO

It is pleasing to be able to summarize 2023 with this year-end report as a most eventful and clearly positive year. The transition to a sustainable future is increasingly evident in the world around us. With growing interest, there are ever more proof that hydrogen as an energy carrier is a key factor in the future. One of the latest examples comes from the marine sector, where the International Maritime Organization (IMO) has set a target for its 175 members to reduce their Greenhouse gas emissions by at least 86 percent by 2040. This is, of course, an ambitious goal. However, we see a huge interest from this particular sector in our customer dialogues, especially exemplified by the deals with Amogy Inc. and Consilium Safety Group AB that we announced at the end of 2023.

In view of this, it is particularly encouraging to, after the autumn's technology development and fruitful customer dialogues, announce our timetable for a sensor that is certified according to the ATEX Directive. ATEX is an EU Directive required to mount sensors in potentially explosive environments. The product in this case is a so-called Leak Detector – a sensor that can very quickly measure the presence of hydrogen. The sensor can also measure in what is called inert environments, i.e., where oxygen levels have been reduced or completely eliminated, which we see that many potential customers want to achieve to increase the safety of their hydrogen installations. The launch is scheduled for Q1 2025. These steps clearly show that we have now made great strides from being a technology development company to operating as a product company. This is something we are particularly proud of at Insplorion.

While the certification process is ongoing, we continue to sell prototype sensors for, e.g., pilot tests and validation projects and in areas where there is no need for certification.

These offer a reasonable business potential, but importantly also serve as natural stepping stones for larger deals and volumes. The latest example being the pilot-deal we announced this week in the field of chemistry where this company needs sensors for their production environment. Here, we will deliver sensors at an order value approximately SEK 300. With the upcoming certification, we qualify ourselves for much larger business opportunities.

We continue to vigorously pursue our dialogues for commercial partnerships, where we sell finished sensors through cooperation with major players in the market. Another important focus is partnerships with industrial companies where we develop sensor solutions for even more demanding applications. It is clear that our ability to use fiber optics for sensor read-out has created interest in the market.

In short, 2024 has started well and we have an exciting year ahead of us.

Gothenburg, Sweden

February 2024

Johan Rask, CEO



Financial comments

Business development

The company develops and commercializes hydrogen sensors with NPS (NanoPlasmonic Sensing). Partly together with customers to be able to commercialize volume applications in the long term, partly through the sale of research instruments in battery research and catalysis, materials and life sciences.

Revenue is partly generated from prototype for hydrogen detection, partly from research instruments characterized by few measuring instruments sold but at high prices per unit. The variation in sales can therefore be high from one quarter to the next, making it difficult to compare quarterly results. The Company's aim is to grow the instrument business continuously, but sales usually depend on our customers' availability of funding.

The profit is still negative as development costs have increased. Investments in marketing and product development are the most important reasons for the higher costs, which are in line with plan.

Financial position and liquidity

Cash and cash equivalents amounted to kSEK 11,204 (26,415) as of December 31st. At the end of the period, the Group's interest-bearing liabilities totalled kSEK 1,209 (1,584).

Cash flow for the period (October 1st–December 31st) amounted to kSEK 5,101 (-6,308), of which cash flow from operating activities amounted to kSEK -3,106 (-5,236). This is mostly attributable to the negative operating result in the amount of kSEK -8,726, in combination with changes in working capital with a positive impact on cash flow of kSEK 1,341. During the period, the Group has invested kSEK 1,339 (839), mostly attributable to the capitalized development of Hydrogen Sensors. Financing activities were positive by kSEK 9,547 (-233) due to the rights issue in the period.

Future development

Within hydrogen, the ambition is to realize more customer-financed projects to be able to commercialize volume applications in the long term.

The Horizon 2020 project 3beLiEve ended during 2023, and will be final reported in the beginning of 2024.

Within research instruments, we intend to continue process potential customers in the market for both M8 and S2.

Risks and uncertainties

The Group is considered to still be subject to the same risks and uncertainties that are detailed in the 2022 annual report.

Parent Company

The net sales of the parent company for the period (October 1st–December 31st) amounted to kSEK 1,483 (585), and the profit after net financial items amounted to kSEK -4,723 (-5,252). The parent company's equity totalled MSEK 22,3 MSEK, of which MSEK 4,3 restricted.

The share

As of December 31st, 2023, the share capital of Insplorion amounted to SEK 3,142,912 divided in total 20,952,742 shares with a quota value of SEK 0.15.

The current warrant and option programmes are:

- Warrants and employee stock options series 2021/2024, where 24,700 incentive warrants and 46,800 employee stock options will be issued. This means a maximum dilution of approximately 0.7 percent of the shares and votes in the Company.

Each warrant and employee option entitles the holder to acquire one share in Insplorion at an exercise price of SEK 41.10 per share.

- Warrants to the Board of Directors series 2021/2024, where 85,000 Incentive Warrants has been issued. This means a maximum dilution of approximately 0.6 percent of the shares and votes in the Company.

Each warrant entitles the holder to acquire one share in Insplorion at an exercise price of SEK 41.10 per share.

- TO2 2023: Through the Rights Issue, 7,862,508 warrants of series TO2 were issued, which entitle the holder to subscribe for 3,931,254 shares in the Company.

Two (2) warrants entitle the holder to subscribe for one (1) new share in the Company during the subscription period from 11 March 2024 to 25 March 2024. The subscription price for the warrant of series TO2 will be set at 70 per cent of the volume-weighted average price ("VWAP") 10 trading days before the exercise period for the warrants, but not less than the share's quota value of approximately SEK 0.15 and not more than SEK 6.00.

Upon full exercise of all warrants of series TO2 within the framework of the issued units, the Company may receive an additional amount of up to approximately SEK 23.6 million (before issue costs).

The ten largest shareholders as of December 31st, 2023

Shareholders	Shares	% of share capital and voting rights
Kenneth Svensson	1 805 500	8,6%
Avanza Pension	1 455 526	6,9%
Mikael Hägg	998 584	4,8%
Viola Vitalis AB	792 624	3,8%
Hans-Olov Olsson	608 483	2,9%
AP Ventures	450 000	2,1%
Svesten AB	421 224	2,0%
Nordnet Pensionsforsakring AB	290 247	1,4%
Lena Kasemo	247 529	1,2%
Gunvald Berger	246 757	1,2%
Others	13 636 268	65,1%
Total	20 952 742	100,0%

Source: Euroclear and information to the Company

Policies for the preparation of the interim report

Insplorion applies the Swedish Accounting Standards Board's BFNAR 2012:1 Annual accounts and consolidated (K3). For the report, Chapter 9 of the Annual Accounts Act, interim report, has also been applied.

Accounting principles and calculation bases are unchanged compared with the annual report.

Auditors' review

This report has not been reviewed by the Company's auditors.

Upcoming financial reports

2024-04-23	Interim report Q1 2024
2024-05-08	Annual General Meeting 2024
2024-07-17	Interim report Q2 2024
2024-10-24	Interim report Q3 2024
2025-02-20	Year-end-report 2024

Presentation of the interim report, Gothenburg, February 9th, 2024.

Insplorion AB (publ)
The Board

Insplorion in brief

Insplorion AB, with its unique sensor platform NanoPlasmonic Sensing (NPS), operates within two fields: hydrogen sensors and research instruments. The sensors are fast, flexible, selective, and cost efficient at volume production. Our hydrogen sensors show a sub-second response time, making them the fastest in the world and will promote the growth of hydrogen infrastructure. Our instruments give scientists around the world real time data within battery research and surface processes in fields like catalysis, material- and life science.



Hydrogen sensors

Insplorion is developing the world's fastest hydrogen sensor for the rapidly growing market of hydrogen-based vehicles, infrastructure, and fuel cells.

The sensor's rapid response time is of major importance e.g., for safety applications, or for process controls and optimisation of fuel cells, electrolyzers and other processes including hydrogen use.

The sensor is accurate, compact, and cost-effective and contributes to a faster transition to the use of hydrogen as an alternative to fossil energy. It can also be used for the development of new technology, as in fuel cells, for increased understanding and optimisation of their function.



Research instruments

In research instruments, Insplorion sells measuring instruments to researchers in academia and industry. Insplorion's products make it possible to obtain real-time information

with nanoscale sensitivity about processes on surfaces and in boundary layers. The instruments enable a deeper understanding of nanomaterials, nanoparticles, porous materials, thin films and coatings for various applications such as catalysis, polymer science, materials science, biosciences, and solar cells.



Every instrument comprises a basic package of Insplorion's software and an optical hardware module. Depending on the field of research, the customer selects the instrument which best matches the needs. A complete instrument system has a list price of about kEUR 40 to 90, depending on the selection of options. Furthermore, annual revenues for sensors expended during experiments are purchased.

Income Statement Insplorion Group

	2023-10-01 -2023-12-31 3 months	2022-10-01 -2022-12-31 3 months	2023-01-01 -2023-12-31 12 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK				
Net sales	258	185	1 948	2 002
Own work capitalized	1 339	800	5 153	1 721
Other operating income	0	519	400	3 091
Operating income	1 597	1 505	7 501	6 814
Raw materials and consumables	-64	0	-493	-499
Other external charges	-2 524	-3 378	-10 801	-10 069
Personnel costs	-3 488	-3 244	-13 199	-13 381
Depreciation/amortization	-637	-174	-2 567	-704
Impairment of intangible fixed assets	-3 610	0	-4 782	-3 327
Operating costs	-10 323	-6 796	-31 841	-27 981
Operating profit	-8 726	-5 291	-24 340	-21 166
Interest income and similar items	52	16	178	16
Interest costs and similar items	-20	-23	-105	-103
Result from financial items	32	-6	73	-87
Profit after financial items	-8 694	-5 297	-24 266	-21 253
Profit/loss for the period	-8 694	-5 297	-24 266	-21 253
Earnings per share				
Earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63
Diluted earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-12-31	2022-12-31
ASSETS		
Fixed assets		
Intangible fixed assets		
<i>Capitalized expenditure for development</i>	13 794	15 135
Concessions, patents, licenses, trade marks, etc.	1 498	2 148
	15 291	17 283
<i>Tangible fixed assets</i>		
Machinery and other technical equipment	236	440
	236	440
Total fixed assets	15 527	17 723
Current assets		
Work in progress	1 669	1 925
	1 669	1 925
Accounts receivable	529	280
Other receivables	220	312
Prepayments and accrued income	460	438
	1 208	1 030
Cash and bank balances	11 204	26 415
Total current assets	14 082	29 370
TOTAL ASSETS	29 609	47 093

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	3 143	1 964
	3 143	1 964
<i>Non-restricted equity</i>		
Premium reserve	130 925	122 458
Retained loss	-85 043	-63 790
Profit/loss for the period	-24 266	-21 253
	21 616	37 415
Total equity	24 759	39 379
Long-term liabilities		
Liabilities to credit institutions	494	869
	494	869
Short-term liabilities		
Liabilities to credit institutions	715	715
Accounts payable	1 016	1 389
Current tax liabilities	83	121
Other short-term liabilities	230	388
Accruals and deferred income	2 312	4 233
	4 356	6 845
TOTAL EQUITY AND LIABILITIES	29 609	47 093
Pledged assets and contingent liabilities		
Pledged assets	500	500
Contingent liabilities	Inga	Inga

Changes in equity	Share capital	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
Equity as of 2023-01-01	1 964	122 458	-63 790	-21 253	39 379
Appropriation of previous year's profit			-21 253	21 253	0
New share issue	1 179	10 614			11 794
Issuance costs		-2 147			-2 147
Profit/loss for the period				-24 266	-24 266
Equity as of 2023-12-31	3 143	130 925	-85 043	-24 266	24 760
Equity as of 2022-01-01	1 963	122 426	-52 169	-11 620	60 599
Appropriation of previous year's profit			-11 620	11 620	0
Warrant programme	1	49			49
Cost of redeemed warrants		-16			-16
Profit/loss for the period				-21 253	-21 253
Equity as of 2022-12-31	1 964	122 458	-63 789	-21 253	39 379

Cash Flow Statement Insplorion Group

All amounts in thousands of SEK	2023-10-01 -2023-12-31 3 months	2022-10-01 -2022-12-31 3 months	2023-01-01 -2023-12-31 12 months	2022-01-01 -2022-12-31 12 months
Operating activities				
Operating profit	-8 726	-5 291	-24 340	-21 166
Adjustment for non-cash items:				
Depreciation/amortization according to plan	637	174	2 567	704
Impairment of intangible fixed assets	3 610	0	4 782	3 327
Interest received	52	16	178	16
Interest paid	-20	-23	-105	-103
Cash flow from operating activities before change in working capital	-4 447	-5 123	-16 918	-17 223
Change in working capital				
Increase (-)/Decrease (+) in inventories	342	113	256	199
Increase (-)/Decrease (+) in operating receivables	728	-189	-178	-352
Increase (+)/Decrease (-) in operating liabilities	270	-36	-2 440	-2 953
Cash flow from operating activities	-3 106	-5 236	-19 280	-20 330
Investing activities				
Cash flow from investing activities	-1 339	-839	-5 153	-1 928
Financing activities				
Change in long-term liabilities	-100	-233	-425	-817
Warrant programme	0	0	0	33
Rights issue	9 647	0	9 647	0
Cash flow from financing activities	9 547	-233	9 222	-784
Increase/Decrease of cash and cash equivalents	5 101	-6 308	-15 211	-23 041
Cash/cash equivalents at the beginning of the year	6 101	32 722	26 414	49 455
Cash/cash equivalents at the end of the period	11 204	26 415	11 204	26 415

Indicators Insplorion Group

	2023-10-01 -2023-12-31 3 months	2022-10-01 -2022-12-31 3 months	2023-01-01 -2023-12-31 12 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified				
Net sales	258	185	1 948	2 002
Operating income	1 597	1 505	7 501	6 814
Profit after financial items	-8 694	-5 297	-24 266	-21 253
Earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63
Diluted earnings per share (SEK)	-0,47	-0,40	-1,69	-1,63
Cash flow from operating and investing activities	-4 445	-6 075	-24 433	-22 257
Solidity (%)	84%	84%	84%	84%
Quick ratio (%)	285%	401%	285%	401%
The share's quota value (SEK)	0,15	0,15	0,15	0,15
Number of shares	20 952 742	13 090 234	20 952 742	13 090 234
Average number of shares	18 331 906	13 090 234	14 400 652	13 078 120
Average number of shares after dilution	18 573 817	13 332 145	14 642 563	13 323 906
Average number of employees	13	13	13	14

The Parent Company's income statement

	2023-10-01 -2023-12-31	2022-10-01 -2022-12-31	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
All amounts in thousands of SEK	3 months	3 months	12 months	12 months
Net sales	1 483	585	6 601	3 007
Own work capitalized	19	8	78	63
Other operating income	0	519	400	2 076
Operating income	1 502	1 113	7 079	5 147
Raw materials and consumables	-64	0	-493	-499
Other external charges	-2 429	-2 966	-10 356	-9 378
Personnel costs	-3 488	-3 244	-13 199	-13 381
Depreciation/amortization	-276	-148	-1 124	-601
Impairment of intangible fixed assets	0	0	-236	0
Operating costs	-6 257	-6 358	-25 407	-23 860
Operating profit	-4 755	-5 246	-18 329	-18 713
Interest income and similar items	52	16	179	16
Interest costs and similar items	-20	-22	-105	-103
Impairment of shares in subsidiary	0		0	-2 500
Result from financial items	32	-6	74	-2 587
Profit after financial items	-4 723	-5 252	-18 255	-21 300
Year-end appropriations	-6 010	-2 454	-6 010	-2 454
Profit/loss for the period	-10 734	-7 705	-24 265	-23 753
Earnings per share				
Earnings per share (SEK)	-0,59	-0,59	-1,70	-1,82
Diluted earnings per share (SEK)	-0,59	-0,59	-1,70	-1,82

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-12-31	2022-12-31
ASSETS		
Fixed assets		
<i>Intangible fixed assets</i>		
Capitalized expenditure for development	1 608	2 267
Concessions, patents, licenses, trade marks, etc.	803	1 222
	2 411	3 489
<i>Tangible fixed assets</i>		
Machinery and other technical equipment	236	440
	236	440
<i>Financial fixed assets</i>		
Participations in Group companies	50	50
	50	50
Total fixed assets	2 697	3 979
Current assets		
Work in progress	1 669	1 925
	1 669	1 925
Accounts receivable	529	280
Intra-group receivables	11 438	13 130
Other receivables	12	313
Prepayments and accrued income	460	438
	12 439	14 161
Cash and bank balances	10 152	24 378
Total current assets	24 260	40 465
TOTAL ASSETS	26 957	44 444

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	3 143	1 964
Fund for development costs	1 161	1 605
	4 304	3 568
<i>Non-restricted equity</i>		
Premium reserve	130 925	122 458
Retained loss	-88 704	-65 394
Profit/loss for the period	-24 265	-23 753
	17 956	33 311
Total equity	22 260	36 879
Long-term liabilities		
Liabilities to credit institutions	494	869
	494	869
Short-term liabilities		
Liabilities to credit institutions	715	715
Accounts payable	1 013	1 389
Current tax liabilities	89	127
Other short-term liabilities	230	388
Accruals and deferred income	2 156	4 077
	4 203	6 695
TOTAL EQUITY AND LIABILITIES	26 957	44 444
Pledged assets and contingent liabilities		
Pledged assets	500	500
Contingent liabilities	Inga	Inga

Changes in Equity	Share capital	Fund for developm. costs	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
Equity as of 2023-01-01	1 964	1 605	122 458	-65 394	-23 753	36 879
Appropriation of previous year's profit				-23 753	23 753	0
Change in fund for development costs		-444		444		0
New share issue	1 179		10 614			11 794
Issuance costs			-2 147			-2 147
Profit/loss for the period					-24 265	-24 265
Equity as of 2023-12-31	3 143	1 161	130 925	-88 703	-24 265	22 261
Equity as of 2022-01-01	1 963	1 541	122 426	-53 710	-11 620	60 599
Appropriation of previous year's profit				-11 620	11 620	0
Change in fund for development costs		63		-63		0
Warrant programme	1		49			49
Cost of redeemed warrants			-16			-16
Profit/loss for the period					-23 753	-23 753
Equity as of 2022-12-31	1 964	1 605	122 458	-65 394	-23 753	36 879

Definitions of indicators

Earnings per share (SEK)

Net profit for the year divided by the average number of shares.

Diluted earnings per share (SEK)

Net profit for the year divided by the average diluted number of shares.

Solidity (%)

Adjusted equity in relation to the balance sheet total.

Quick ratio (%)

Current assets less inventories, divided by current liabilities.

Average number of shares

Number of shares per month divided by the period.

Average number of shares after dilution

Number of shares per month, including warrant programmes, divided by the period.

Average number of employees

Number of employees per month divided by the period.