

Quarterly Report Q3 2023

July - September



Outcome July – September

- Net sales amounted to 1 491 (1 556) kSEK
- Profit after net financial items amounted to –2 745 (–6 468) kSEK.
- Basic and diluted earnings per share: –0,21 (–0,49) SEK.
- Cash flow from operating activities and investing activities: –5 296 (–4 926) kSEK

Significant events July - September

- Insplorion enters commercial partnership with leading gas and fire safety company with an initial order of 600 000 SEK.
- Insplorion signs a project agreement with a large international company. Order value appr 1 500 000 SEK.
- Insplorion receives order of approximately 350 000 SEK from Amogy for hydrogen sensors.
- Insplorion resolves on a rights issue of units of approximately SEK 19.6 million, subject to subsequent approval by the general meeting.

Significant events after the end of the period

- The Extraordinary General Meeting approved the Board of Directors' resolution on a new issue of shares and warrants with preferential rights for the shareholders.

Indicators Insplorion Group

	2023-07-01 -2023-09-30 3 months	2022-07-01 -2022-09-30 3 months	2023-01-01 -2023-09-30 9 months	2022-01-01 -2022-09-30 9 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	1 491	1 556	1 690	1 817	2 002
Operating income	3 039	2 720	5 904	5 310	6 814
Profit after financial items	-2 745	-6 468	-15 572	-15 956	-21 253
Earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63
Diluted earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63
Cash flow from operating and investing activities	-5 296	-4 926	-19 988	-16 183	-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

Almost one year ago Insplorion announced its strategy to focus on the hydrogen sensor area. The principle was to focus where our technology and competence is most needed and engage with those customers and partners that clearly see the commercial advantage of our offering.

After four quarters under the new strategic orientation, we have come a long way towards finding the best combination of commercial potential, competitive advantage, and our ability to meet customer needs.

Where we previously saw many positive signs of our potential, we now have clear evidence in the form of collaborations that have resulted in interesting business relations with orders and sales.

Three examples where our continuous customer and partner discussions have yielded results:

Demand from the marine sector

During spring this year, we established an initial collaboration with Consilium Safety Group aimed at exploring the needs for Insplorion's technology in the marine industry.

Consilium is a specialist in fire, gas and evacuation alarm systems within marine, oil and gas, building and transport settings. During the third quarter, we announced the first step in the commercial partnership as Consilium ordered SEK 600,000 worth of prototype sensors for evaluation with potential customers in the marine industry.

This often involves detection of hydrogen in so-called inert environments, where the wish is to reduce or completely eliminate oxygen to enhance safety. Many competing technologies require oxygen for their operation, which makes them unsuitable for measurements in this environment; our sensor technology does not have this limitation.

Challenges relating to transports

The safe transport of hydrogen is a challenge because of the extensive requirements in terms of high pressure and low temperature. One promising alternative is to transport the hydrogen in the form of ammonia, which is in liquid phase under normal

pressure and temperature, and then (through cracking) convert the ammonia to hydrogen when hydrogen is needed for an application.

Within this context, we announced a deal in Q3 with the US company Amogy, which is developing a solution for the extraction of hydrogen from ammonia. Insplorion's task is to supply Amogy with prototypes for testing, which generated an order value of approximately SEK 350,000.

Important alternative for reducing environmental impact

For a long time, calls have been made for the aviation industry to reduce its CO₂ emissions. During the period, we disclosed a project with a major international company whose customers are the major aircraft manufacturers of the world. Insplorion's great advantage is that our technology is, by its nature, optical. Not only does this give additional safety benefits, but it also enables remote read-out of the sensors using fiber optics. The value of the order was approximately SEK 1,500,000 and involves evaluation as well as some development.

Continued focus ahead

As the commercialization of Insplorion's hydrogen sensors gains attention on the market, it gives a boost to our efforts to develop the business with potential customers and partners, new and existing.

The forthcoming rights issue will strengthen our position considerably and put in place the conditions needed for the development and commercialization of our hydrogen sensors.

For our shareholders, it is important to know that all Insplorion management and board intend to subscribe in the issue, in total significantly more than their pro rata share.

Gothenburg, Sweden

October 2023

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 performance 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 6,102 (32,723) as of September 30th. At the end of the period, the Group's interest-bearing liabilities totalled kSEK 1,259 (1,812).

Cash flow for the period (July 1st–September 30th) amounted to kSEK –5,346 (-5,101), of which cash flow from operating activities amounted to kSEK -3,748 (-4,191). This is mostly attributable to the negative operating result in the amount of kSEK -2,749, in combination with changes in working capital with a negative impact on cash flow of kSEK -1,640. During the period, the Group has invested kSEK 1,548 (735), mostly attributable to the capitalized development of Hydrogen Sensors. Financing activities were negative by kSEK –50 (-175) due to loan repayments.

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 will end during 2023, and we will continue to deliver into the project. The outcome of the completed Eurostars Inbat creates a good foundation for processing potential customers for our battery research instrument M8.

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 (July 1st–September 30th) amounted to kSEK 2,916 (2,161), and the profit after net financial items amounted to kSEK –2,384 (–5,617). The parent company's equity totalled MSEK 23,3 MSEK, of which MSEK 3,2 restricted.

The share

As of September 30th, 2023, the share capital of Insplorion amounted to SEK 1,963,536 divided in total 13,090,234 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.

The ten largest shareholders as of September 30th

Shareholders	Shares	% of share capital and voting rights
Avanza Pension	890 895	6,8%
Kenneth Svensson	775 000	5,9%
Mikael Hägg	499 292	3,8%
AP Ventures	450 000	3,4%
Hans-Olov Olsson	408 483	3,1%
Viola Vitalis AB	333 333	2,5%
Chalmers Ventures AB	286 499	2,2%
Lena Kasemo	247 529	1,9%
Gunvald Berger	246 757	1,9%
Svesten AB	210 612	1,6%
Övriga	8 741 834	66,8%
Total	13 090 234	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

- 2024-02-09 Year-end report 2023

Presentation of the interim report, Gothenburg, October 24th, 2023.

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. Naventus Corporate Finance AB is Insplorion's Certified Adviser on Nasdaq First North.



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, electrolysers 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

	2023-07-01 -2023-09-30 3 months	2022-07-01 -2022-09-30 3 months	2023-01-01 -2023-09-30 9 months	2022-01-01 -2022-09-30 9 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK					
Net sales	1 491	1 556	1 690	1 817	2 002
Own work capitalized	1 548	645	3 814	921	1 721
Other operating income	0	519	400	2 572	3 091
Operating income	3 039	2 720	5 904	5 310	6 814
Raw materials and consumables	-383	-462	-428	-499	-499
Other external charges	-1 985	-2 163	-8 277	-6 692	-10 069
Personnel costs	-2 783	-3 030	-9 711	-10 137	-13 381
Depreciation/amortization	-637	-181	-1 929	-530	-704
Impairment of intangible fixed assets	0	-3 327	-1 172	-3 327	-3 327
Operating costs	-5 788	-9 163	-21 518	-21 185	-27 981
Operating profit	-2 749	-6 443	-15 614	-15 876	-21 166
Interest income and similar items	32	0	126	0	16
Interest costs and similar items	-27	-25	-85	-81	-103
Result from financial items	5	-25	42	-81	-87
Profit after financial items	-2 745	-6 468	-15 572	-15 956	-21 253
Profit/loss for the period	-2 745	-6 468	-15 572	-15 956	-21 253
Earnings per share					
Earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63
Diluted earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
<i>Capitalized expenditure for development</i>	17 665	14 368	15 135
Concessions, patents, licenses, trade marks, etc.	488	2 213	2 148
	18 153	16 581	17 283
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	282	477	440
	282	477	440
Total fixed assets	18 435	17 058	17 723
Current assets			
Work in progress	2 011	2 038	1 925
	2 011	2 038	1 925
Accounts receivable	1 281	102	280
Current tax assets	0	23	0
Other receivables	53	227	312
Prepayments and accrued income	602	489	438
	1 936	841	1 030
Cash and bank balances	6 102	32 723	26 415
Total current assets	10 050	35 602	29 370
TOTAL ASSETS	28 485	52 660	47 093

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-09-30	2022-09-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 964	1 964
	1 964	1 964	1 964
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 458	122 458
Retained loss	-85 043	-63 790	-63 790
Profit/loss for the period	-15 572	-15 956	-21 253
	21 843	42 712	37 415
Total equity	23 807	44 676	39 379
Long-term liabilities			
Liabilities to credit institutions	544	1 103	869
	544	1 103	869
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	712	754	1 389
Current tax liabilities	12	0	121
Other short-term liabilities	200	170	388
Accruals and deferred income	2 495	5 243	4 233
	4 135	6 882	6 845
TOTAL EQUITY AND LIABILITIES	28 485	52 660	47 093
Pledged assets and contingent liabilities			
Pledged assets	500	500	500
Contingent liabilities	None	None	None

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
Profit/loss for the period				-15 572	-15 572
Equity as of 2023-09-30	1 964	122 458	-85 043	-15 572	23 807
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
New share issue (decided on 2020-11-06)	1	49			49
Issuance costs (decided on 2020-11-06)		-16			-16
Profit/loss for the period				-15 956	-15 956
Equity as of 2022-09-30	1 964	122 458	-63 789	-15 956	44 676

Cash Flow Statement Insplorion Group

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK					
Operating activities					
Operating profit	-2 749	-6 443	-15 614	-15 876	-21 166
Adjustment for non-cash items:					
Depreciation/amortization according to plan	637	181	1 929	530	704
Impairment of intangible fixed assets	0	3 327	1 172	3 327	3 327
Interest received	32	0	126	0	16
Interest paid	-27	-25	-85	-81	-103
Cash flow from operating activities before change in working capital	-2 108	-2 960	-12 471	-12 099	-17 223
Change in working capital					
Increase (-)/Decrease (+) in inventories	7	380	-86	86	199
Increase (-)/Decrease (+) in operating receivables	-1 087	83	-907	-163	-352
Increase (+)/Decrease (-) in operating liabilities	-560	-1 694	-2 710	-2 917	-2 953
Cash flow from operating activities	-3 748	-4 191	-16 174	-15 094	-20 330
Investing activities					
Cash flow from investing activities	-1 548	-735	-3 814	-1 089	-1 928
Financing activities					
Change in long-term liabilities	-50	-175	-325	-583	-817
Warrant programme	0	0	0	33	33
Cash flow from financing activities	-50	-175	-325	-550	-784
Increase/Decrease of cash and cash equivalents	-5 346	-5 101	-20 313	-16 733	-23 041
Cash/cash equivalents at the beginning of the year	11 447	37 823	26 414	49 455	49 455
Cash/cash equivalents at the end of the period	6 101	32 723	6 101	32 722	26 414

Indicators Insplorion Group

	2023-07-01 -2023-09-30 3 months	2022-07-01 -2022-09-30 3 months	2023-01-01 -2023-09-30 9 months	2022-01-01 -2022-09-30 9 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	1 491	1 556	1 690	1 817	2 002
Operating income	3 039	2 720	5 904	5 310	6 814
Profit after financial items	-2 745	-6 468	-15 572	-15 956	-21 253
Earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63
Diluted earnings per share (SEK)	-0,21	-0,49	-1,19	-1,22	-1,63
Cash flow from operating and investing activities	-5 296	-4 926	-19 988	-16 183	-22 257
Solidity (%)	84%	85%	84%	85%	84%
Quick ratio (%)	194%	488%	191%	488%	401%
The share's quota value (SEK)	0,15	0,15	0,15	0,15	0,15
Number of shares	13 090 234	13 090 234	13 090 234	13 090 234	13 090 234
Average number of shares	13 090 234	13 090 234	13 089 757	13 089 757	13 078 120
Average number of shares after dilution	13 332 145	13 332 145	13 332 145	13 332 145	13 323 906
Average number of employees	14	13	14	15	14

The Parent Company's income statement

	2023-07-01 -2023-09-30 3 months	2022-07-01 -2022-09-30 3 months	2023-01-01 -2023-09-30 9 months	2022-01-01 -2022-09-30 9 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK					
Net sales	2 916	2 161	5 118	2 422	3 007
Own work capitalized	0	0	58	55	63
Other operating income	0	519	400	1 557	2 076
Operating income	2 916	2 680	5 576	4 034	5 147
Raw materials and consumables	-383	-462	-428	-499	-499
Other external charges	-1 862	-2 125	-7 928	-6 412	-9 378
Personnel costs	-2 783	-3 030	-9 711	-10 137	-13 381
Depreciation/amortization	-41	-155	-847	-453	-601
Impairment of intangible fixed assets	-236	0	-236	0	0
Operating costs	-5 304	-5 772	-19 150	-17 502	-23 860
Operating profit	-2 389	-3 092	-13 574	-13 467	-18 713
Interest income and similar items	32	0	0	0	16
Interest costs and similar items	-27	-25	-85	-81	-103
Impairment of shares in subsidiary	0	-2 500	0	-2 500	-2 500
Result from financial items	5	-2 525	-85	-2 581	-2 587
Profit after financial items	-2 384	-5 617	-13 658	-16 048	-21 300
Year-end appropriations	0	0	0	0	-2 454
Profit/loss for the period	-2 384	-5 617	-13 658	-16 048	-23 753
Earnings per share					
Earnings per share (SEK)	-0,18	-0,43	-1,04	-1,23	-1,82
Diluted earnings per share (SEK)	-0,18	-0,43	-1,04	-1,23	-1,82

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-09-30	2022-09-30	2022-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development	1 949	2 292	2 267
Concessions, patents, licenses, trade marks, etc.	672	1 261	1 222
	2 621	3 553	3 489
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	282	477	440
	282	477	440
<i>Financial fixed assets</i>			
Participations in Group companies	50	50	50
	50	50	50
Total fixed assets	2 954	4 081	3 978
Current assets			
Work in progress	2 011	2 038	1 925
	2 011	2 038	1 925
Accounts receivable	1 281	102	280
Intra-group receivables	17 417	14 712	13 130
Current tax assets	0	12	0
Other receivables	0	171	313
Prepayments and accrued income	602	489	438
	19 301	15 487	14 161
Cash and bank balances	3 816	30 498	24 378
Total current assets	25 128	48 023	40 465
TOTAL ASSETS	28 082	52 104	44 444

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-09-30	2022-09-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 964	1 964
Fund for development costs	1 230	1 597	1 605
	3 193	3 560	3 568
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 458	122 458
Retained loss	-88 772	-65 386	-65 394
Profit/loss for the period	-13 532	-16 048	-23 753
	20 154	41 024	33 311
Total equity	23 347	44 584	36 879
Long-term liabilities			
Liabilities to credit institutions	544	1 103	869
	544	1 103	869
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	710	754	1 389
Current tax liabilities	127	0	127
Other short-term liabilities	200	170	388
Accruals and deferred income	2 339	4 778	4 077
	4 091	6 417	6 695
TOTAL EQUITY AND LIABILITIES	27 982	52 104	44 444
Pledged assets and contingent liabilities			
Pledged assets	500	500	500
Contingent liabilities	None	None	None

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		-375		375		0
Profit/loss for the period					-13 532	-13 532
Equity as of 2023-09-30	1 964	1 230	122 458	-88 772	-13 532	23 347
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		55		-55		0
New share issue (decided on 2020-11-06)	1		49			49
Issuance costs (decided on 2020-11-06)			-16			-16
Profit/loss for the period					-16 048	-16 048
Equity as of 2022-09-30	1 964	1 597	122 458	-65 386	-16 048	44 584

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.