

# Annual Report 2023



Insplorion

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## Insplorion in brief

Insplorion AB is an environmental technology company that, with its unique sensor platform, NanoPlasmonic Sensing (NPS), develops hydrogen sensors that are fast, flexible, selective, and cost-efficient at volume production. The sensors show a sub-second response time, making them the fastest in the world and will promote and secure the use of hydrogen. The technology is also used in instruments that give scientists around the world real-time data within battery research and in fields like catalysis, and material and life science.

The underlying technology was developed during more than two decades of research at the Department of Chemical Physics at Chalmers University of Technology in Gothenburg and there are more than 125 published research articles focusing on the Insplorion technology.

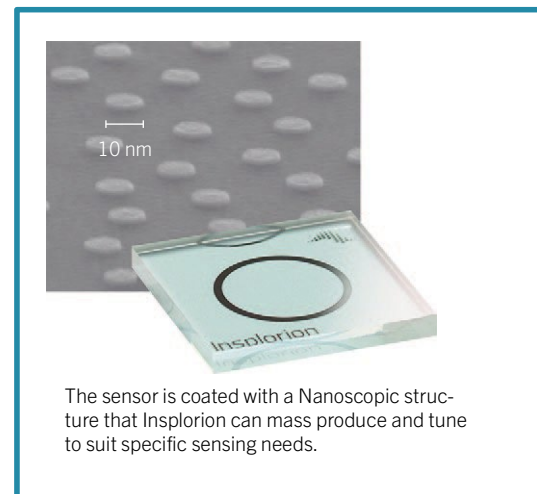
In the transition to a greener society with hydrogen as an energy carrier, Insplorion is well-positioned to act as an important enabler of the safe progress of the hydrogen market. Major investments in both infrastructure and applications are being made by both industry and governments around the world. With more than USD 570 billion invested in the hydrogen value chain by 2030, according to external estimates by the Hydrogen Council (McKinsey) in October 2023, this is a 30% increase from the May report 2022. The demand for sensors to ensure safety and efficiency will be there at every step; from production, through storage and transport, to end user applications.

Insplorion was founded in 2010, is based in Gothenburg and is listed on Nasdaq First North.

*NPS is an optical, surface sensitive technology which generates real-time data.*

*Insplorion's sensors consist of metal nanostructures that act as optical "antennas".*

*The sensor signal tracks changes at the surface by measuring differences in optical response.*



The sensor is coated with a Nanoscopic structure that Insplorion can mass produce and tune to suit specific sensing needs.

## 2023 in brief

- During the financial year, Insplorion signed three commercial agreements with well-established players in the marine, aviation, and energy system sectors.
- Insplorion successfully completed a rights issue during the fall, providing financial and operational peace of mind for both the Insplorion team and its shareholders.
- The hydrogen market continues to see strong interest from industry, authorities, and the media. Insplorion was able to ride this positive wave during the year and noticed great interest in many different sectors.
- Considerable focus during the year has been to continue to drive existing and potentially new customer dialogues, while technology development has continued rapidly based on input from the market and those who already use Insplorion's sensors.
- In 2023, Insplorion clearly initiated the journey from a development company to become a commercial company.

Net sales kSEK 1,948

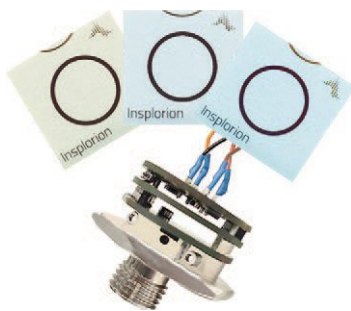
Profit after financial items kSEK –24,266

Cash flow from operating

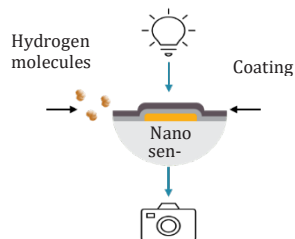
and investing activities kSEK –24,433

Solidity 84 percent

Quick ratio 285 percent



The color changes upon detection of the target molecule, and is quantified by Insplorion's optical sensor technology.



Coatings and nanosensors of different palladium-alloys used to create the right sensor abilities for, e.g., hydrogen applications.



# A word from the CEO

Another year of operation is now coming to an end, and it has been an intense year both for Insplorion and for the world around us. There is still much geopolitical uncertainty. However, inflation has come down to more desirable levels, and a sustainable transition that is becoming increasingly visible and critical has affected us all in one way or another in 2023.

If we look into the world of Insplorion during the year, many exciting things have happened, and it feels incredibly stimulating that we have taken the steps we have taken during this past year.

## Commercialization

The most important thing for Insplorion during the year is that we have gone from being a development company to a product company. The commercial agreements made during the year have given us a completely different foundation to continue developing our products and sales. The first contracts are always tough, and we can now, with positive customer feedback backing us up, take new steps towards larger commercial projects.

A further very important step in the same direction is that we have announced 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 to be certified is a Leak Detector – a sensor that can very quickly measure the presence of hydrogen where it should not be. An important advantage is that the sensor can measure in what is called inert environments, i.e., where oxygen levels have been reduced, 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.

## Instrument sales

The instrument business has been with us for a long time. It gives us a basic level of security in the technology, as well as the ability to produce finished products against customer orders quickly. Today, our sales are made entirely through distributors, as our clear focus is on hydrogen sensors, which we spend most of our time and resources on. However, we continue to work with existing customers through support and deliveries of sensors.

## Market developments

The hydrogen market continues to develop rapidly, and just like our commercial agreements, this is happening across a wide range of industries.

This is not least confirmed by the update of the Hydrogen Council's report, where the number of announced hydrogen projects increased from around 1,000 in May 2023 to 1,400 in October same year, with expected investments in the value chain of USD 570 billion by 2030.

Based on the above market development, the huge importance of a safe hydrogen value chain, and the fact that our sensor has proven competitive advantages in measuring leakage, we are convinced that Insplorion's sensors will have an important role to play in the market.

## The journey ahead

Overall, it is clear that 2023 has been a positive year for Insplorion and that 2024 has started on the same track. Of course, we greatly respect the efforts that still lie ahead of us, but I am confident that we will be able to show further major steps forward during the year.

Gothenburg, April 2024

Johan Rask, CEO



# Vision

Hydrogen sensors for an accelerated transition to a sustainable future

## Business and market overview

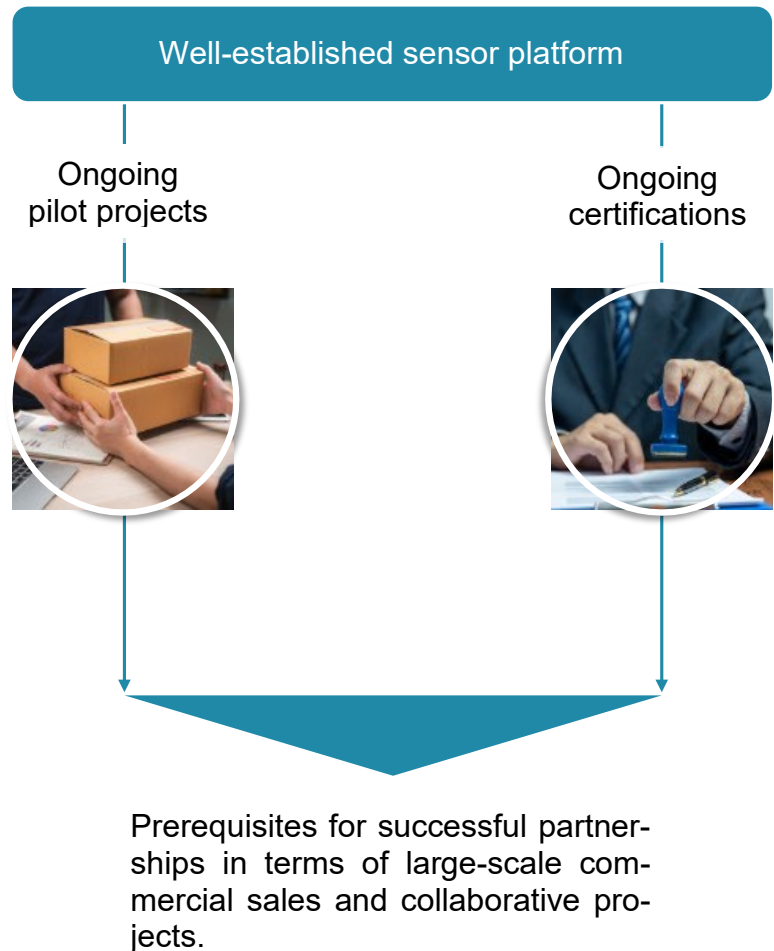
*Insplorion develops and sells a proprietary and cutting-edge sensor platform, which enables versatile, specific, and fast nanoscale measurement. Insplorion's sensors are enablers for a safe development of the hydrogen market.*

### Company overview

The technology itself was commercialized in 2011 within the business area Research Instruments, where Insplorion still sells measuring instruments for research in mainly hydrogen sensing, battery research, materials development and Life Science. This business has been successful in validating the technology and identifying interesting application areas. This is particularly relevant as Insplorion's sensor technology is a so-called platform technology, which means that it can be used in a range of different fields of application.

Since 2022, Insplorion has focused on hydrogen sensors currently sold as commercial-project prototypes. Pilot projects are carried out in both leak detection and process monitoring, aiming to validate the sensor's ability to measure in the specific customer's application. In 2023, several contracts for such pilot projects were signed with customers in different sectors, leading to the delivery of sensors for testing. This kind of business is a valuable springboard to more and larger business opportunities.

In parallel, work is underway to ATEX-certify the NPS-P2 product, which is planned to be completed in the first quarter of 2025. We see it as a natural part of the future to work with partnerships, partly for the commercial rollout of NPS-P2 but also in collaborative projects for development in specific segments and applications.



## History and milestones

*The journey leading up to what Insplorion is today started way back in time. We are proud of the experience and customer value we have generated during these past ~25 years, and see our history as a strong backbone for our continued journey.*

### The late 1990s – The journey begins

Bengt Kasemo and Igor Zoric start to work with nanoplasmonic particles for sensing purposes at Chalmers in the late 1990s.

### 2010 – A company is born

Insplorion as a company is formed, all IP is transferred, and early funding is received from business angles.

### 2015 – Public listing

Insplorion AB goes public on Aktietorget (Spotlight) and raises capital to further develop the air quality and battery applications.

### 2019 – International contexts

The Eurostars project InBAT, which aims to produce a sensor-controlled battery pack, and the Horizon 2020 project 3beLiEVe, focused on developing next-generation battery cells for electrified vehicles, are both fully funded. The air sensor is taking the first international step with UK and Sheffield as new ground.

### 2020 – Hydrogen application area initiated

In light of the research success of the “world’s fastest hydrogen sensor” and interest from industry, a project is initiated with Chalmers University of Technology and PowerCell.

### 2022 – Full focus on hydrogen

Over the past year, Insplorion’s technology for hydrogen measurements has attracted increasing interest. The reason is our proven ability to measure hydrogen specifically and with short response time.

### 2004–2008 – From research to development

In 2004 Christoph Langhammer and Elin Larsson (later Langhammer and our current CTO) start their PhDs on NanoPlasmonic Sensing, and in 2008 the NPS project enters Chalmers School of Entrepreneurship.

### 2011 – First sales

First sales of an X1 system to University of Eindhoven.

### 2017 – Patents approved

Insplorion’s main patent is approved for the European Markets and the patent portfolio is gaining ground.

### 2019 – Hydrogen article from Chalmers

A research article produced by Chalmers was published on the theme of using nanomaterials for plasmonic ultrafast hydrogen detection, emphasizing that hydrogen sensors are of paramount importance for avoiding accidents caused by hydrogen.

### 2021 – To First North and automotive industry

Insplorion changes marketplace to Nasdaq First North Growth Market where international and institutional investors join. A leading German automotive OEM purchases Insplorion’s M8 Instrument to optimize batteries for various applications.

### 2023 – Several commercial agreements

The hydrogen sensor is sold to customers in three distinct sectors: marine, aviation, and energy systems. The response from customers is positive, giving Insplorion the confidence to raise more money to push the Company towards large-scale commercialization.

## Technology overview

Insplorion's technology is called NanoPlasmonic Sensing (NPS) and is based on a long known optical phenomenon called Localized Surface Plasmon Resonance (LSPR). Somewhat simplified, the phenomenon means that small particles of metal naturally capture light of a certain wavelength when illuminated, and that this wavelength depends on the size of the particle and on what exists in its immediate vicinity. In Insplorion's products nanostructures of various materials are attached to a special surface, which is illuminated with light through an optical fiber. The differences in intensity at various wavelengths are captured by an analysis device.

When different substances get near the particles, a change occurs in the wavelength where the particles have their LSPR-phenomenon, which is measured in real-time. By studying the way the wavelength is changing, measurements can be made on different materials.

## Intellectual property rights

The technology of Insplorion is protected both by unique know-how and patents filed in the USA, EU and Asia. The important know-how has been built up over the decade of research that has been carried out at Insplorion as well as in research collaborations, including the work done at Prof. Christoph Langhammer's group at Chalmers.

New knowledge is constantly evolving, such as how different materials, surfaces or data analysis may be used to optimize measurements. We constantly evaluate if knowledge should be patented or kept as company secrets and know-how.

## The hydrogen market

Hydrogen is a highly reactive gas generally produced either by reformation of fossil fuels (gray hydrogen, or blue hydrogen if the CO<sub>2</sub> created in the process is removed using carbon capture) or by electrolysis that splits water into hydrogen and oxygen. If renewable energy sources are used in the electrolyzer process this is what is called green hydrogen. The main investments going forward are envisioned to be made using green and blue hydrogen. Hydrogen has been relevant as a carrier of energy (energy production and heating) since way back, but it is only in recent years that the technology and the need for exploring this opportunity has caught up. As is well known, hydrogen is highly reactive, has no smell, and is difficult to contain due to its permeability.

The current combined crises of climate and energy certainly creates a need and window for rapid development of this market. The Hydrogen Council estimates, among other things, that approximately

USD 570 billion will be invested globally in the hydrogen economy until 2030. The latest update published in December 2023 also shows that announced hydrogen projects have increased from around 1,000 to 1,400, mainly concerning areas such as process industry, production, transport, and storage. According to the Royal Swedish Academy of Engineering Sciences, it is estimated that 40 TWh of electricity will be used for hydrogen production in 2030 in Sweden alone. That would represent about 30% of Sweden's current yearly total electricity consumption. This growth is fueled and supported by the fact that massive initiatives are launched from both EU and US.

**What is highly significant from a Insplorion perspective is that hydrogen sensors are needed anywhere hydrogen is produced, stored, transported or used.**

## Hydrogen sensor need

The rapidly growing use of hydrogen requires robust systems for process control and for safety throughout the value chain. Here, supervision by means of sensors is an important part of the solution. Accidents would mean risk for physical damage to property, human lives and financial damage, as well as setbacks in public perception.

In addition to reducing the risk of accidents, sensors also help to optimize processes and minimize downtime in operations, which has a positive impact on profitability. Thus, sensor-controlled processes are a must to realize the great potentials of the hydrogen market. In line with the strong development of new hydrogen segments, the requirements are also increasing for new sensor properties, The speed, selectivity, and the fact that the sensors work in different application environments are of great importance here.

## Insplorion product concept and its benefits

Insplorion product concept and its benefits  
 Insplorion's hydrogen sensors can be used for:

- 1) 1) Leak detection (identifying the presence of hydrogen in places where the concentration should be zero)
- 2) 2) Process monitoring (in-line sensors to ensure safe and efficient processes)
- 3) 3) Remote read-outs via fiber optics to complement the above.



The speed of the sensor is of great importance, especially for safety applications. However, fast response time is always an advantage, e.g., when you want to control processes where hydrogen is used, such as optimizing fuel cells, electrolyzers, or other industrial processes.

The sensors are highly specific to hydrogen, meaning that they can detect hydrogen in the presence of other gases.

Optical readouts also make it possible to avoid electronics in the gas environment, which adds a safety aspect and the capability of detection in difficult-to-access environments using fiber optics.

The sensor is not dependent on oxygen to detect hydrogen, making it suitable for applications where an inert environment, i.e., reduced oxygen, is used to decrease the risk of explosion.

Another advantage is that the technology is flexible and can be adapted to different sensor needs and environments through variations in structure, alloys, and coatings.

Insplosion sensors benefit many current and emerging market segments through improved H<sub>2</sub> detection performance that ensures safe and efficient operation.

The benefits mentioned above create the conditions for a competitive advantage over other commercially available hydrogen detection technologies. For example, electrochemical and catalytic sensors are dependent on oxygen for their function, and many sensors measure things such as flammable gases, which requires you to know with certainty which gases are present in the application.



**Fast response**  
Enables quick action



**Highly specific to H<sub>2</sub>**  
Detects H<sub>2</sub> in presence of other gases.



**Optical readout**  
Sensors can be separated from electronics.

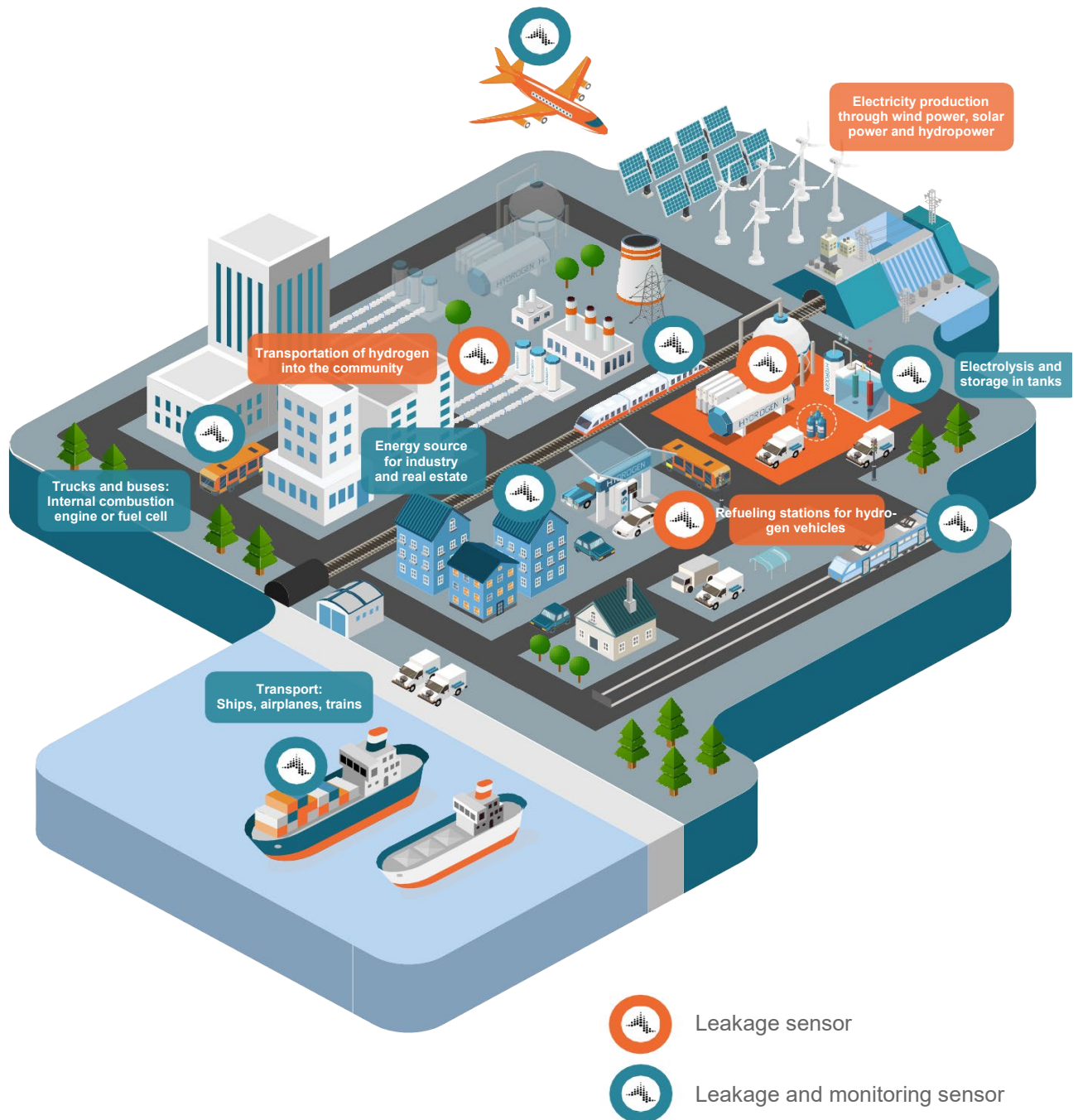


**O<sub>2</sub>-independent**  
Operates without oxygen, e.g., in inert environments



**Flexible**  
Can be adapted to different sensor needs and environments.





## Application areas

The visualization above illustrates the broad potential for using Insplorion sensors in the hydrogen value chain. The application areas for hydrogen sensors are many, and Insplorion sensors can be adapted to suit various needs and environments.

Based on that the general hydrogen market is early in its development, Insplorion carefully evaluates different application areas, and our main strategy is to develop the sensor specific applications together with customers

and partners to provide a fast but controlled route to the market. In a broader sense, Insplorion focuses on two major paths:

- 1) leak and safety sensors – these are applicable across the whole value chain
- 2) Monitoring sensors – currently process monitoring is mostly relevant in upstream applications (closer to production than the end-user case).

## Insplorion's commercialization

For companies like Insplorion, which is firmly rooted in research, the step from being a research and development company to becoming a commercial company is a challenging journey. Insplorion has made great strides on this journey in 2023 by continuously presenting progress on several fronts. For a company to successfully commercialize its products, there must be a demand, a game plan and a capacity that make sales possible. Insplorion has shown in a short time that it is now well on its way to achieving all three of these conditions.



### Customer contracts show clear demand

The fact that Insplorion started delivering on four different customer contracts shortly after the hydrogen focus was initiated shows that there is a clear need in the market and that Insplorion's sensors meet customers' wishes. For a deep tech company like Insplorion, this type of contract is the first step that must be passed before larger contracts can be signed.

### ATEX certification plan

Just after the end of 2023, Insplorion was able to announce the timeline for its first certified hydrogen sensor for leak detection. When Insplorion now takes its first product through the ATEX certification process, this step clearly marks the transition from a development company to a product company. The certification will open new doors for Insplorion and provide both internal and external assurance that the sensors are ready for large-scale commercialization.



### Equipped for large-scale production

Insplorion cooperates closely with dedicated production partners and has dialogues with additional potential partners, providing good conditions for scaling up production. The Insplorion team is confident in continuing to deliver quality-controlled products with a high level of service even as volumes increase. The production scale-up is also part of the ongoing certification process, giving the work a clear timeline.

## Investment rationales

- Hydrogen as an energy carrier is a key factor in the transition to a renewable energy system and a sustainable future. Major investments are currently being made globally in this area.
- Insplorion contributes to an accelerated transition with sensors for the safe and efficient use of hydrogen.
- Commercial phase with several ongoing projects with partners in marine, aviation, and energy systems.
- Unique proprietary sensor platform with several advantages, such as very short response time, which enables fast decisions, risk management and lower operating costs.
- Solid basis from research and an experienced team with proven success in commercializing innovative technologies.

## The share

Insplorion is a Swedish public limited company, registered at the Swedish Companies Registration Office in 2010.

The Company's registered office is in Gothenburg, Västra Götalands län (county), where the Annual General Meeting also takes place.

Insplorion conducts its business in accordance with the Companies Act and the object of the Company's operation is to develop and commercialize sensor technology through sales of instruments and sensors for various applications and to conduct other activities compatible therewith.

Insplorion is affiliated to Euroclear Sweden AB. All of the Company's securities are denominated in SEK. All shares are of the same class of shares, with one vote each, and are equally entitled to a share of the Company's assets and profits without special restrictions.

### Trading place

The share is traded on Nasdaq First North Growth Market since January 29, 2021. The shares are traded under the short name INSP, with ISIN code SE0006994943. Insplorion's stock was traded on Spotlight Stock Market from 2015 to January 2021.

## Share capital

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

## Shareholders

As of December 31, 2023, Insplorion had more than 4,000 shareholders. The table on page 11 shows the ten largest shareholders.

## Price development 2023

During the year, Insplorion's share price decreased by 55.70 percent and was SEK 1.71 on December 31, 2023. Average shares traded per trading day during 2023 were 30,509 shares. Market capitalization amounted to MSEK 30 as of December 31, 2023. The diagram on page 11 shows the price development for the period January 1 to December 31, 2023.

## Largest shareholders

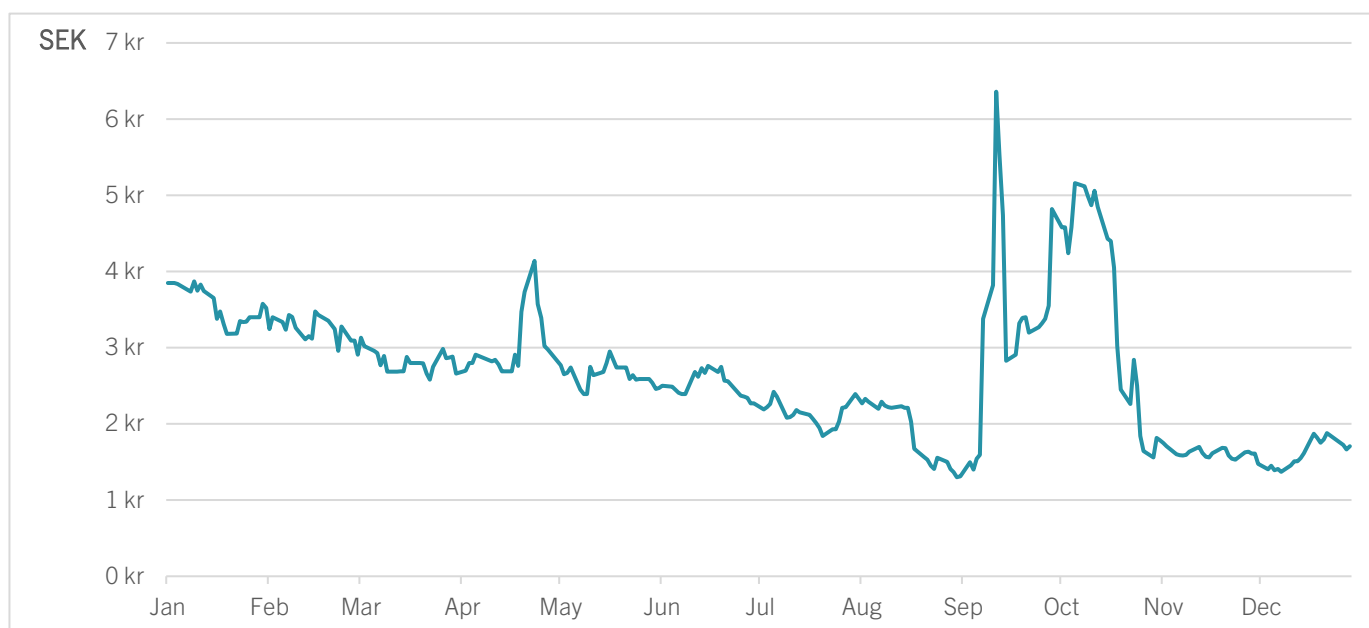
Name	Share of votes and capital (%)
Kenneth Svensson	8.6
Avanza Pension	6.9
Mikael Hägg	4.8
Viola Vitalis AB	3.8
Hans-Olov Olsson	2.9
AP Ventures	2.1
Svesten AB	2.0
Nordnet Pension	1.4
Lena Kasemo	1.2
Gunvald Berger	1.2
Other shareholders	65.1
<b>Total</b>	<b>100.00</b>

## Share capital development

Since the Company's start in 2010 until December 31, 2023, the share capital has developed as follows:

Year	Transaction	Total share capital	Total number of shares	Nominal value per share
2010	Company formation	100,000	100,000	1.00
2010	Issue of shares	117,333	117,333	1.00
2011	Issue of shares	126,666	126,666	1.00
2012	Issue of shares	159,333	159,333	1.00
2014	Issue of shares	181,539	181,539	1.00
2015	Issue of shares and split	753,838	5,025,585	0.15
2016	Issue of shares	942,297	6,281,981	0.15
2017	Issue of shares	982,272	6,548,481	0.15
2018	Issue of shares	1,059,613	7,064,083	0.15
2019	Issue of shares	1,467,181	9,781,205	0.15
2020	Issue of shares	1,920,212	12,801,409	0.15
2021	Issue of shares	1,962,982	13,085,944	0.15
2022	Issue of shares	1,963,535	13,090,234	0.15
2023	Issue of shares	3,142,912	20,952,742	0.15

## Share price 2023



## Executive management

*Johan Rask*  
CEO since 2022

Johan has a master's degree in Industrial Economics from Chalmers University of Technology. He has worked in several different areas, which means that he has a broad commercial profile, including in Venture Capital, M&A Manager at Mölnlycke Healthcare, Business Area Manager at Abigo (now Essity) and as Strategy Manager at Timik Group AB.

**Other ongoing assignments** Gomero Group AB (Chairman), Timik Group AB (member), Lumina Adhesives AB (member).

**Holding** 135,874 shares, of which 60,787 via Currere AB.



*Per Giljam*  
CFO since 2021

Per has a master's degree in Economics from the School of Business, Economics and Law at the University of Gothenburg. Per has previously worked as a Business Controller at Vitrolife and in auditing at PwC. Per is responsible for financial management, reporting to the market and supporting the Company's Business Units. Per is independent in relation to the Company's major owners.

**Other ongoing assignments –**

**Holding** 52,000 shares.

**Holding of related party** 2,500 shares (spouse).



*Elin Langhammer*  
Founder and CTO since 2010

Elin holds a Ph.D. in materials science from Chalmers University of Technology, with the NPS technology as her main research area. Elin is one of the founders of Insplorion and is currently responsible for the development of the sensor elements (sensor chips) and IP protection. Elin has previously also been a scientist at the Competence Center for Catalysis at Chalmers.

**Other ongoing assignments** Board member of MPS & Affärssystem AB.

**Holding** 191,329 shares.

**Holding of related party** 143,384 shares (spouse).



*Olof Andersson*  
Responsible for production  
and development since 2018

Olof holds a Ph.D. in Sensor Science from Linköping University and is responsible for the development and production of Insplorion's scientific instruments, sensor hardware, and electronics. Olof has prior experience from the development of research tools and analytical techniques. Olof is independent in relation to the Company's major owners.

**Other ongoing assignments –**

**Holding** 47,786 shares.



## Board of Directors

*Our five Board members provide a valuable complementary set of experiences and competencies. Apart from operational and strategic understanding for the technology and research, their business acumen is a guiding star for the Insplorion team.*

### **Jonas Ehinger**

**Chairman of the Board since 2020**

Jonas Ehinger holds an M.Sc. with focus on biochemistry/chemistry from the University of Gothenburg. Since 2022, he has been CEO of Gapwaves AB, a tech company developing radar antennas. He has over 20 years of experience as CEO and has previously also been CEO of Osstell, Cellectricon and Mentice. Jonas has solid experience in developing sales strategies, distribution and sourcing in innovative technology-based and international companies. During his time at Osstell, he also lived in the United States to establish and develop the Group's operations. Jonas is independent in relation to the Company and its management, he is also independent in relation to the Company's major owners.



**Other ongoing assignments:** CEO of Gapwaves AB and Chairman of the Board of Unfold West AB and board member of Metasum AB and Sensrad AB.

**Holding** 50,000 shares via Walsh Holding AB.

### **Hedvig Paradis**

**Board member since 2023**

Hedvig has a master's degree with a focus on mechanical engineering from Lund University, as well as studies at UCLA Berkeley and the Georgia Institute of Technology. She has also completed a PhD in energy sciences at Lund University with a focus on hydrogen. Hedvig is since 2021 responsible for the hydrogen field focusing on technology selection, design work and suppliers along with the H2 Green Steel contract as VP of Hydrogen. Before H2 Green Steel, Hedvig has held several positions at TRATON Group and Scania in Sweden and Germany. Among other things, she has worked on connected services and related solutions, but also on electrification in the early stages.



**Other ongoing assignments -**

**Holding** 33,334 shares.

### **Daniel Johansson**

**Board member since 2023**

Daniel has a degree in International Economics from Uppsala University. He has experience in renewable energy and green transition from his work as CEO of the listed wind power company Arise AB from 2016 to 2021, a period characterized by successful transformation in financial and business terms. He has also been active in politics for over 10 years, including four years as State Secretary for Energy and IT.



**Other ongoing assignments** Chairman of the board of Solarwork Holding AB and board member of SR Energy AB.

**Holding** 252,500 shares.

### **Jan Burenius**

**Board member since 2016**

Jan has a master's degree in engineering from Chalmers University of Technology and a degree in economics from the University of Gothenburg. Jan has 50 years of international experience in various management positions within Volvo, Gränges and Nobel. In 1989, Jan founded the consulting company Nimba, which with its network of leading expertise has supported customers such as ABB, AstraZeneca, Ericsson, ESAB, ITT, KONE, Larsen & Toubro, Nokia, Volvo, Xylem and others around the world by focusing on customer value, innovation, product development and entrepreneurship. Jan has also written several books together with Per Lindstedt, including "The Value Model – How to Master Product Development and Create Unrivaled Customer Value" which has been included as course literature at technical universities on customer value and innovation. Today, Jan works as head of the Chalmers Innovation Foundation with Stena Center and is vice chairman of Engineers Without Borders. Jan is independent in relation to the Company and its management, independent in relation to the Company's major owners.



**Other ongoing assignments:** CEO and board member of Nimba AB. Chairman of the Board of ATIUM AB, OpenHack C4H (svb), Envue Technologies AB and DREV AB, deputy board member of Burenius & Partners AB.

**Holding** 44,878 shares via Nimba AB.

### **Magnus Jonsson**

**Board member since 2021**

Magnus has a master's degree in mechanical engineering from Chalmers University of Technology in Gothenburg. Magnus has extensive experience from SAAB and Volvo with a focus on product development, design and technology. Magnus has been Senior Vice President responsible for product development at Volvo Cars. Magnus has broad operational and strategic experience of working in complex and global business models with a large technology content. He is independent in relation to the Company's management and major shareholders.



**Other ongoing assignments:** Chairman of the Board of PowerCell and Gapwaves AB. Magnus is also a board member of Smart Eye AB.

**Holding** 75,000 shares.

## Management report

The Board of Directors together with the CEO are hereby authorized to prepare the annual report and consolidated accounts for the financial year 2023-01-01 – 2023-12-31.

The annual report is drawn up in thousands of Swedish crowns, kSEK, unless otherwise specified.

### Information about the business

Insplorion is a Gothenburg-based environmental technology company, founded in 2010, which with its patented sensor platform NanoPlasmonic Sensing (NPS) develops and sells hydrogen sensors. The Company also make and sell Research Instruments based on its versatile technology. The sensors are fast, selective for hydrogen, does not require oxygen to work and can be adapted for different measurement environments.

The underlying technology was developed during more than a decade of research at the Department of Chemical Physics at Chalmers University of Technology and there are now more than 125 published research articles using the Insplorion technology. Insplorion was founded in 2010, is based in Gothenburg and is listed on Nasdaq First North.

The Company's registered office is in Gothenburg.

This is the annual report for the Company's 14th year of operation.

### Significant events during the financial year

- Fifth subscription period of T01 started January 22 and no warrants were converted into new shares
- Insplorion enters into a commercial partnership with a leading player in gas and fire safety with an initial order of SEK 600,000.
- Insplorion signs a project agreement with a large international company for an order value of approximately SEK 1,500,000.
- Insplorion receives order of approximately SEK 350,000 from Amogy for hydrogen sensors.
- Insplorion decided on a rights issue of units for approximately MSEK 19.6, subject to the subsequent approval of the general meeting.
- Insplorion carried out a rights issue and received approximately MSEK 11.8 before issue costs.

### Expected future development as well as risks and uncertainties

In hydrogen, the ambition is to realize more customer-financed projects and complete ATEX certification in early 2025 to enable large-scale production for volume applications.

In research instruments, we continue to supply sensors and instruments to existing customers but have no intention of further developing the business with new instruments or aggressive marketing.

### Results and position

Net sales for the full year are slightly below those of the previous year, and currently consist of sales of sensors in various pilots and customer projects. As a complement to this, there is also a smaller share from instruments and sensors. Earnings performance remain negative, due to increased development costs. Investments in product development of hydrogen sensors is the main reason for the continued high costs during the year.

As part of the strategy change to focus primarily on hydrogen, two write-downs of intangible assets were made during the year. In the second quarter, a write-down of MSEK 1.2 was made and in the fourth quarter another write-down of MSEK 3.6 was made. Both relate to previously capitalized development costs attributable to the battery sensor project.

Cash and cash equivalents amounted to kSEK 11,204 (26,415) as of December 31. See further comments on going concern on page 19. The Company's interest-bearing liabilities totaled kSEK 1,209 (1,584).

Cash flow for the period (January 1–December 31) amounted to kSEK –15,211 (–23,041), of which cash flow from operating activities amounted to kSEK –19,280 (–20,330).

### Corporate risks

Although Insplorion's technology is proven on the market with an increasing number of paying customers for prototypes of the hydrogen sensor, the establishment of the technology within hydrogen is in an early stage and several risks exist. Below is a description of the major risks.



## 1. Operational and industry-related risks

### Risks related to demand and market acceptance

Nanoplasmonic Sensing (“NPS”) is an emerging technology. Insplorion aims to provide its hydrogen sensor technology and research instruments. In the business area of hydrogen sensors, Insplorion’s long-term goal is to sell large volumes of the sensors to both private and public actors around the world. Insplorion’s sales are affected by customer demand for the Company’s products. Insplorion’s assessment of future market developments is among other things associated with uncertainty regarding factors the Company cannot control. There is a risk that the market for hydrogen sensors will not materialize as quickly as previously projected due to hydrogen projects around the world being realized as quickly as planned, due to changed behavior of end customers and other players, rapid technological development, environmental aspects, or other external factors. This may affect the Company’s future revenue and growth. Insplorion estimates that the probability of the risk, in whole or in part, being realized is medium. In the event that the risk is realized, and market acceptance is not achieved, it could potentially have a high negative impact on, in particular, the Company’s revenue.

### Risks related to commercial collaborations

The sensor technology of Insplorion is often used in the framework of collaborations intended to develop, and commercialize the Company’s technology in existing application fields. Collaborations have been concluded with both academic institutions, such as Chalmers University of Technology, and with players within the industry. Insplorion is to varying degrees dependent on these collaborations developing according to plan for the successful commercialization of its technology in new application fields. There is a risk that one, or several collaborators, choose to end their relationship with the Company, or that a collaboration does not develop in a favorable way for Insplorion. If a collaborator of Insplorion chooses to end a partnership, there is a risk that the Company may not be able to continue projects linked to such a partner on its own, or that new collaborations must be initiated with a different partner, in order for projects to be further developed. This may result in higher costs for the Company and delay the time to commercialization. Insplorion estimates that the probability of the risk, in whole or in part, being realized is medium. In the event that the risk is realized, it could potentially have a high negative impact on, in particular, the Company’s costs.

### Risks related to market competition

Insplorion operates in a competitive market. Some of the competitors may have greater resources and

there is therefore a risk that these competitors may be able to react faster than Insplorion to new and specific customer demands. Competitors may develop products and methods that are more effective, affordable, or practical, obtain patent protection, commercialize their products earlier than the Company, or have better entries and resources than the Company to process the market. There is thus a risk that the Company might become outperformed by other companies with similar products and methods. As of the date of the annual report, the Company has not discovered any equivalent technologies to the Company’s NPS technology that offer the same possibilities for measuring hydrogen. It cannot be excluded that new technology will be introduced to the market, or that existing technologies will be significantly improved, which may have a negative impact on the Company’s sales. Insplorion estimates that the probability of the risk, in whole or in part, being realized is medium. In the event that the risk is realized, and the Company faces unexpected competition in several or all areas, it could potentially have a medium negative impact on, in particular, the Company’s revenue.

### Risks related to key individuals and employees

Insplorion is a small organization and rely on certain key employees such as its Chief Technology Officer and Chief Product Officer, as well as on its capability to recruit and keep qualified personnel. In addition, the Company is facing a growth initiative that requires an expanded organization. To ensure that the Company will be able to successfully implement its strategy, it is further of great importance that the Company’s resources regarding management, administration, and equity, are disposed of in an optimal manner for the Company. If any of the Company’s key employees should leave the Company, or if the Company fails to recruit new personnel as needed, the Company’s future development and commercialization might be delayed. There is also a risk that the Company’s resources are not sufficient to recruit and retain qualified personnel, which could have a negative impact on Insplorion’s operations, financial position and results. Insplorion estimates that the probability of the risk, in whole or in part, being realized is low. In the event that the risk is realized, it could potentially have a high negative impact on, in particular, the Company’s costs.

## 2. Legal risks

### Risks related to the Company’s intellectual property

Insplorion develops new technologies in the course of its business that are in great need of protection from competitors. Patents and other intellectual property rights are thus a key asset in the

Company's operation, and any future success is largely dependent on the possibilities of protecting, maintaining, and creating intellectual property protection in the form of know-how and patents. There is also a risk that issued patents will be circumvented or be declared invalid, that pending patent applications will not lead to issued patents, that know-how cannot be secured, or that third-party intellectual properties will prevent the marketing of Insplorion's products.

Insplorion may furthermore become subject to claims that involve challenges of the Company's patents and other rights, as well as indictments on infringements of rights that have already been assured to third parties, which may give rise to intellectual property litigation. Such proceedings may be time consuming and very costly, regardless of the outcome. In the event of a negative outcome, the Company may be required to pay indemnity, be prohibited to perform activities classified as infringement or be forced to acquire a license for continued production and marketing of potential products, which in turn may have a negative effect on the Company's financial position. Insplorion estimates that the probability of the risk, in whole or in part, being realized is low. In the event that the risk is realized, it could potentially have a high negative impact on, in particular, the Company's costs and income.

#### **Risks related to product liability**

Insplorion markets a proprietary product and thus has extensive product liability towards its customers. In the event that the Company is unable to ensure the safety and quality of the product, the Company risks being subject to legal action and damages as a result of damage caused by the Company's product. In the context of judicial proceedings, the Company may be forced to defend itself in ways that adversely affect its ongoing operations. Insplorion's liability insurance may prove insufficient to cover all potential claims and losses, which could adversely affect the Company's financial position. Even unsubstantiated claims can expose Insplorion to negative publicity and cause Insplorion to incur significant costs for legal advice and potentially lengthy legal proceedings. Regardless of the final decision, such claims and legal proceedings may significantly impact Insplorion's reputation and, thus, also the Company's ongoing operations. Insplorion estimates that the probability of the risk, in whole or in part, being realized is low. In the event that the risk is realized, it could potentially have a high negative impact on, in particular, the Company's costs and income.

### **3. Financial risks**

#### **Risks related to funding**

Insplorion is a product development company in a growth phase that currently has limited revenues due to product sales and relatively high development costs. Since its formation, Insplorion's operations have generated a negative operating profit and it cannot be excluded that it will take longer time than estimated for the company to achieve positive cash flow. In light of the fact that the Company is in a growth phase, it can neither be excluded that the Company in the future will have larger capital requirements than what today is deemed necessary. If Insplorion fails to generate additional revenues or implement sufficient cost reductions in the future, the Company may be forced to explore alternative financing options, such as additional capital raising, grants, or financing by borrowing from financial institutions. There is a risk that new capital cannot be added when needed or on acceptable terms or that added capital will not be sufficient to fund operations in accordance with established development plans and objectives. The conditions for available funding may also negatively impact the Company's operations as debt financing, if available to the Company, may contain restrictive conditions that could limit the Company's flexibility. Furthermore, the Company's future capital requirements may differ from management's calculations. Future capital requirements depend on several factors, including the costs of developing and commercializing product candidates, as well as the timing and extent of sales revenues from current and future products. If the Company fails to estimate its future capital requirements and cannot raise capital on terms favorable to the Company, it could adversely affect the Company's financial position and ability to develop its business. In the long term, a lack of funding or unsuccessful capitalization measures could result in the Company going into reconstruction or, in the worst case, bankruptcy. Insplorion estimates that the probability of the risk, in whole or in part, being realized is low. In the event that the risk is realized, it could potentially have a medium negative effect on, in particular, the Company's equity and liabilities.

## Ownership

### Research and development

Main activities within the hydrogen sensor segment are run as pure development projects.

### Use of financial instruments

Financial instruments are reported in accordance with the rules in K3, Chapter 11, which means that valuation is based on acquisition value.

### Potential to continue as going concern

In the coming years, the Company will continue to invest in the commercialization of the hydrogen sensor, with a continued demand for funding. The Board of Directors is therefore evaluating various options to strengthen the Company's financial position through further capital raising in 2024. The Board assesses that the Company needs additional capital to ensure continued operation during the current year.

The Board of Directors considers the possibility of securing such new funding to be good and consequently sees that the annual report can be published under the assumption of continued operations.

### Ownership

The Company is affiliated to Euroclear Sweden AB, which means that Euroclear handles the Company's register of shareholders. Insplorion's share is traded on Nasdaq First North Growth Market as of January 29, 2021. The share was until then traded on Spotlight Stock Market from June 25, 2015.

The share name is Insplorion, the trading name (short name) is INSP, and the ISIN code is SE0006994943.

At the end of 2023, the Company had 20,952,742 shares with a quota value of SEK 0.15. This has until the signing of the annual report changed in connection with the subscription period of TO2, and the number of shares at the signing of the annual report amounts to 23,789,198 shares with a quota value of 0.15.

As of December 31, 2023, Insplorion had more than 4,000 shareholders. The table on page 13 shows the ten largest shareholders.

## Multiple-year comparison

<b>The Group</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net sales	1,948	2,002	2,335	1,177	2,464
Profit after financial items	-24,266	-21,253	-11,620	-12,795	-8,584
Balance sheet total	29,609	47,093	72,083	87,600	37,512
Solidity (%)	83.6%	83.6%	84.19%	80.6%	73.9%

<b>The Parent Company</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net sales	6,601	3,007	3,881	2,898	4,144
Profit after financial items	-18,255	-21,300	-13,150	-13,664	-9,324
Balance sheet total	26,957	44,443	69,940	85,729	37,055
Solidity (%)	82.6%	83.0%	86.6%	82.4%	74.8%

For definitions of indicators, see additional disclosures.

## Changes in equity

The Group (kSEK)	Share capital	Other added capital	Balanced result	The result of the period	Total equity
<b>Equity on 2023-01-01</b>	<b>1,964</b>	<b>122,458</b>	<b>-63,790</b>	<b>-21,253</b>	<b>39,379</b>
Outline of previous year's results			-21,253	21,253	
Rights issue	1,179	10,614			11,794
Issue costs		-2,147			-2,147
Result of the period				-24,266	-24,266
<b>Equity on 2023-12-31</b>	<b>3,143</b>	<b>130,925</b>	<b>-85,043</b>	<b>-24,266</b>	<b>24,760</b>
<b>Equity on 2022-01-01</b>	<b>1,963</b>	<b>122,426</b>	<b>-52,169</b>	<b>-11,620</b>	<b>60,599</b>
Outline of previous year's results			-11,620	11,620	0
Redeemed warrants	1	49			49
Cost of redeemed warrants		-16			-16
Result of the period				-21,253	-21,253
<b>Equity on 2022-12-31</b>	<b>1,964</b>	<b>122,458</b>	<b>-63,789</b>	<b>-21,253</b>	<b>39,379</b>

The Parent Company (kSEK)	Share capital	Restricted equity		Unrestricted equity		Total equity
		Fund for development fees	Other added capital	Balanced result	The result of the period	
<b>Equity on 2023-01-01</b>	<b>1,964</b>	<b>1,605</b>	<b>122,458</b>	<b>-65,394</b>	<b>-23,753</b>	<b>36,879</b>
Outline of previous year's results				-23,753	23,753	
Change development fund		-444		444		
Rights issue	1,179		10,614			11,794
Issue costs			-2,147			-2,147
Result of the period					-24,265	-24,265
<b>Equity on 2023-12-31</b>	<b>3,143</b>	<b>1,161</b>	<b>130,925</b>	<b>-88,703</b>	<b>-24,265</b>	<b>22,261</b>
<b>Equity on 2022-01-01</b>	<b>1,963</b>	<b>1,541</b>	<b>122,426</b>	<b>-53,710</b>	<b>-11,620</b>	<b>60,599</b>
Outline of previous year's results				-11,620	11,620	0
Change development fund		63		-63		0
Redeemed warrants	1		49			49
Rights issue (decided on 2020-11-06)			-16			-16
Result of the period					-23,753	-23,753
<b>Equity on 2022-12-31</b>	<b>1,964</b>	<b>1,605</b>	<b>122,458</b>	<b>-65,394</b>	<b>-23,753</b>	<b>36,879</b>

### Outline of results (amount stated in SEK)

The following funds are available to the Annual General Meeting:

Premium reserve	130,925,297
Balanced profit including profit for the year	-112,969,051
<b>Total</b>	<b>17,956,246</b>

The Board of Directors proposes that the available funds, SEK 17,956,246, be carried forward.

Further information regarding the Company's profit and financial position information can be found in the following income statement, balance sheet, cash flow statement and pertaining notes.

## Consolidated income statement

All amounts in thousands of SEK	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
<b>Operating revenue</b>	1		
Net revenue	3	1,948	2,002
Own work capitalized		5,153	1,721
Other operating income	2	400	3,091
<b>Total operating income</b>		<b>7,501</b>	<b>6,814</b>
<b>Operating expenses</b>			
Raw material and consumables		-493	-499
Other external charges	4, 5	-10,801	-10,069
Personnel costs	6	-13,199	-13,381
Write-offs of intangible and tangible fixed assets		-2,567	-704
Depreciation of intangible fixed assets		-4,782	-3,327
<b>Total operating expenses</b>		<b>-31,841</b>	<b>-27,981</b>
<b>Operating result</b>		<b>-24,340</b>	<b>-21,166</b>
<b>Profit from financial items</b>			
Interest income and similar items	8	178	16
Interest costs and similar items	9	-105	-103
<b>Profit from financial items</b>		<b>73</b>	<b>-87</b>
<b>Results before tax</b>		<b>-24,266</b>	<b>-21,253</b>
Tax on result for the year	10	0	0
<b>Results for the year</b>		<b>-24,266</b>	<b>-21,253</b>

Earnings per share before and after dilution kSEK -1.69 (-1.63).

## Consolidated balance sheet

All amounts in thousands of SEK	Note	2023-12-31	2022-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work	11	13,794	15,135
Concessions, patents, licenses, trademarks	12	1,498	2,148
<b>Total intangible assets</b>		<b>15,291</b>	<b>17,283</b>
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	13	236	440
<b>Total tangible fixed assets</b>		<b>236</b>	<b>440</b>
<b>Total fixed assets</b>		<b>15,527</b>	<b>17,723</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Work in progress		1,669	1,925
<b>Total inventories, etc.</b>		<b>1,669</b>	<b>1,925</b>
<i>Receivables</i>			
Accounts receivable		529	280
Other receivables		682	312
Prepayments and accrued income	15	460	438
<b>Total current receivables</b>		<b>1,670</b>	<b>1,030</b>
<i>Cash and cash equivalents</i>			
	16	11,204	26,415
<b>Total current assets</b>		<b>14,544</b>	<b>29,370</b>
<b>TOTAL ASSETS</b>		<b>30,071</b>	<b>47,093</b>

All amounts in thousands of SEK	Note	2023-12-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	3,143	1,964
Other added capital		130,925	122,458
Profit/loss carried forward		-85,043	-63,790
Results for the year		-24,266	-21,253
<b>Total equity</b>		<b>24,759</b>	<b>39,379</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Liabilities to credit institutions	18	494	869
<b>Total long-term liabilities</b>		<b>494</b>	<b>869</b>
<i>Short-term liabilities</i>			
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	19	2,773	4,233
<b>Total short-term liabilities</b>		<b>4,818</b>	<b>6,845</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,071</b>	<b>47,093</b>



# Consolidated cash flow statement

All amounts in thousands of SEK	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
<b>Operating activities</b>			
Operating profit		-24,340	-21,166
Adjustment for non-cash items	22		
Depreciation according to plan		2,567	704
Impairments of tangible and intangible fixed assets		4,782	3,327
Interest income and similar items		178	16
Interest costs and similar items		-105	-103
<b>Cash flow from operating activities before changes in working capital</b>		<b>-16,918</b>	<b>-17,223</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/decrease (+) in inventories		256	199
Increase (-)/decrease (+) in operating receivables		-640	-352
Increase (+)/decrease (-) in operating liabilities		-1,978	-2,953
<b>Cash flow from changes in working capital</b>		<b>-2,362</b>	<b>-3,107</b>
<b>Cash flow from operating activities</b>		<b>-19,280</b>	<b>-20,330</b>
<b>Investing activities</b>			
Acquisition of capitalized expenses for research and more		-5,153	-1,722
Acquisition of machinery and other technical facilities		0	-206
<b>Cash flow from investing activities</b>		<b>-5,153</b>	<b>-1,928</b>
<b>Financing activities</b>			
Amortization of loans		-425	-817
Rights issue		9,647	0
Options program		0	33
<b>Cash flow from financing activities</b>		<b>9,222</b>	<b>-784</b>
<b>Increase/decrease of cash and cash equivalents</b>		<b>-15,211</b>	<b>-23,041</b>
<b>Cash/cash equivalents at the beginning of the year</b>		<b>26,415</b>	<b>49,455</b>
<b>Cash/cash equivalents at the end of the year</b>		<b>11,204</b>	<b>26,415</b>

## The Parent Company's income statement

All amounts in thousands of SEK	Note	2023-01-01 2023-12-31	2022-01-01 2022-12-31
<b>Operating revenue</b>	1		
Net sales	3	6,601	3,007
Own work capitalized		78	63
Other operating income	2	400	2,076
		<b>7,079</b>	<b>5,147</b>
<b>Operating costs</b>			
Raw material and consumables		-493	-499
Other external charges	4, 5	-10,356	-9,378
Personnel costs	6	-13,199	-13,381
Depreciation/amortization		-1,124	-601
Impairment of intangible fixed assets		-236	0
		<b>-25,407</b>	<b>-23,860</b>
<b>Operating profit</b>		<b>-18,329</b>	<b>-18,713</b>
Interest income and similar items	8	179	16
Interest costs and similar items	9	-105	-103
Impairment of shares in subsidiary	9	0	-2,500
		<b>74</b>	<b>-2,587</b>
<b>Profit after financial items</b>		<b>-18,255</b>	<b>-21,300</b>
Year-end appropriations		-6,010	-2,454
Tax on profit for the year	10	0	0
<b>Profit/loss for the year</b>		<b>-24,264</b>	<b>-23,753</b>

## The Parent Company's balance sheet

All amounts in thousands of SEK	Note	2023-12-31	2022-12-31
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>			
Capitalized expenses for development work	11	1,608	2,267
Concessions, patents, licenses, trademarks, etc.	12	803	1,222
<b>Total intangible fixed assets</b>		<b>2,411</b>	<b>3,489</b>
<i>Tangible fixed assets</i>			
Machinery and other technical facilities	13	236	440
		<b>236</b>	<b>440</b>
<i>Financial fixed assets</i>			
Shares in group companies	14	50	50
<b>Total financial fixed assets</b>		<b>50</b>	<b>50</b>
<b>Total fixed assets</b>		<b>2,697</b>	<b>3,979</b>
<b>Current assets</b>			
<i>Inventories, etc.</i>			
Work in progress		1,669	1,925
<b>Total inventories, etc.</b>		<b>1,669</b>	<b>1,925</b>
<i>Receivables</i>			
Accounts receivable		529	280
Receivables from group companies		11,438	13,130
Other receivables		474	313
Prepayments and accrued income	15	460	438
<b>Total current receivables</b>		<b>12,901</b>	<b>14,161</b>
<i>Cash and bank balances</i>			
	16	10,152	24,378
<b>Total current assets</b>		<b>24,722</b>	<b>40,465</b>
<b>TOTAL ASSETS</b>		<b>27,419</b>	<b>44,443</b>

All amounts in thousands of SEK	Note	2023-12-31	2022-12-31
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	17	3,143	1,964
Fund for development costs		1,161	1,605
<b>Total restricted equity</b>		<b>4,304</b>	<b>3,568</b>
<i>Non-restricted equity</i>			
Premium reserve		130,925	122,458
Retained loss		-88,704	-65,394
Profit/loss for the year		-24,265	-23,753
<b>Total non-restricted equity</b>		<b>17,956</b>	<b>33,311</b>
<b>Total equity</b>		<b>22,260</b>	<b>36,879</b>
<b>Liabilities</b>			
<i>Long-term liabilities</i>			
Liabilities to credit institutions	18	494	869
<i>Total long-term liabilities</i>		494	869
<i>Short-term liabilities</i>			
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	19	2,618	4,077
<b>Total short-term liabilities</b>		<b>4,665</b>	<b>6,695</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,419</b>	<b>44,443</b>

# Notes common to the Group and the Parent Company

## General additional disclosures

### Note 1 Accounting and valuation policies – the Group and the Parent Company

The annual accounts and consolidated accounts are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3).

The accounting policies are the same as the previous year.

#### Definition of indicators

##### *Solidity*

Adjusted equity in relation to the balance sheet total.

##### *Quick ratio*

Current assets excluding inventory as a percentage of short-term liabilities.

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Company reports the income at nominal value (invoice amount) if the payment is received in cash and cash equivalents directly upon delivery. Deductions are made for discounts provided.

##### *Sales of goods*

Sales of goods are reported when the Company has transferred the significant risks and benefits associated with ownership to the buyer, normally when the customer has the goods in their possession.

#### Tangible fixed assets

Tangible fixed assets are reported at acquisition value less any accumulated depreciation and any impairments.

The assets are depreciated on a linear basis over the assets' estimated useful life. The following useful lives apply:

	Number of years
Machinery and other technical equipment	5
Fixtures, tools and fittings	5

##### *Removal from the balance sheet*

Tangible fixed assets or components are removed from the balance sheet or disposed of when no future economic benefits are expected from the use, disposal or sale of the asset or component.

When tangible fixed assets are sold, the capital gain is determined as the difference between the sales price and the asset's reported value and is reported in the income statement in one of the items "Other operating income" or "Other operating expenses".

#### Intangible fixed assets

Intangible fixed assets consist of development costs and patents, and are reported at acquisition value less any accumulated depreciation and impairments.

Research expenditure is recognized immediately, while expenditure for development projects is capitalized as intangible assets to the extent that these meet the criteria for capitalization in the balance sheet. Expenditure that does not satisfy the requirements is recognized as incurred. The amount capitalized during the year is allocated between unrestricted and restricted capital and is referred to as a fund for development expenditure. The criteria to be met are as follows:

- It is technically possible to complete the asset so that it can be used or sold.
- The Company intends to prepare the asset and to use or sell it.
- The Company has the prerequisites to use or sell the asset.
- It is likely that the asset will generate future economic benefits.
- There are sufficient resources to complete the asset and to use or sell it.
- Development expenditure can be measured reliably.

Depreciation is made on a linear basis over the estimated useful life. The depreciation period for internally generated intangible fixed assets is 5 years, but for intangible assets that are of strategic importance to the group, such as patents and development costs for measuring instruments, the Parent Company and the Group use a depreciation period of up to 10 years.

	Number of years
Capitalized expenses for development work	5
Concessions, patents, licenses, trademarks, etc.	5

##### *Removal from the balance sheet:*

Intangible fixed assets are removed from the balance sheet upon disposal or sale of the asset. When intangible fixed assets are sold, the capital gain is determined as the difference between the sales price and/or when future benefits are not expected from the use of the asset, or disposal or sale of the asset at the reported value, and is reported in the income statement.

Impairment testing of intangible and tangible fixed assets at each balance sheet date is assessed to see if there is any indication that an asset's value is lower than its reported value. If there is such an indication, the asset's recoverable value is calculated. If the recoverable value is less than the reported value, an impairment is made which is recognized. An internally generated intangible fixed asset that is not yet ready to be used or sold as of the balance sheet date is always tested for impairment. The recoverable value of an asset or a cash-generating unit is the higher of fair value less sales costs and the value in use.

### **Government grants**

Government grants are reported at fair value when there is reasonable assurance that the grant will be received and that the Company will meet all the associated conditions. A government grant relating to expected costs is reported as prepaid income. The grant is recognized as income in the period when the costs arise which the government grant is intended to compensate. Government grants for the investment of tangible or intangible fixed assets reduce the reported value of the asset.

### **Financial instruments**

Financial instruments are reported in accordance with the rules in K3, Chapter 11, which means that valuation is based on acquisition value.

Financial instruments reported in the balance sheet include accounts receivable and other receivables, accounts payable and loan liabilities. The instruments are recognized on the balance sheet when the parent company or the group, respectively, becomes a party to the contractual provisions of the instrument.

Financial assets are removed from the balance sheet when the right to receive contractual cash flows of the financial instrument has expired or been transferred, and substantially all risks and rewards of ownership of the asset have been transferred.

Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise terminated.

#### *Accounts receivable and other receivables*

Receivables are recognized as current assets with the exception of items with due date later than 12 months after the balance sheet date, which are recognized as fixed assets. Receivables are recognized to the amount expected to be paid less individually assessed bad debt.

#### *Loans and accounts payable*

Loans payable are recognized at amortized cost in accordance with the effective interest method.

If the recognized amount differs from the amount to be repaid at maturity, the difference is recognized as interest expense over the term of the loan using the instrument's effective interest rate. Hence, at the date of maturity, the recognized amount will agree with the amount to be repaid.

Short-term accounts payable are recognized at cost.

#### *Set-off of financial assets and liabilities*

Financial assets and liabilities are set off and recognized at a net amount in the balance sheet only when there is a legal right to set off the recognized amounts and there is an intention to settle them with a net amount or to simultaneously realize the asset and settle the debt.

### **Lease agreements**

Most of the Group's lease agreements are operating leases and are expensed on a straight-line basis over the lease period. The finance leases are not considered to represent substantial value and are thus expensed in line with the operating leases.

### **Inventories**

Inventories are recognized at cost or net realizable value, whichever is lowest. The risk of inventory obsolescence has been taken into account. The cost is determined using the first-in, first-out (FIFO) method. In addition to acquisition costs, the cost includes costs incurred in bringing the inventories to their present location and condition.

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Measurement has taken normal capacity utilization into account.

### **Cash flow statement**

The cash flow statement is drawn up using the indirect method. The reported cash flow only includes transactions that result in receipts or payments. Frozen funds are not classified as cash and cash equivalents.

### **Remuneration of employees**

#### *Short-term remunerations:*

Short-term remunerations to employees in the form of salaries, bonuses and paid holidays are remunerations to employees that fall due within 12 months from the balance sheet date in the year in which the employee earned the remuneration.

Short-term remuneration is valued at the undiscounted amount that the Company is expected to pay as a result of the unused entitlement.

*Defined contribution pension plans:*

The Company pays fixed fees to other legal entities with regard to several government plans and insurance policies for individual employees. The Company has no legal obligations to pay additional fees in addition to payments of the fixed fee which is re-reported as an expense in the period in which the relevant service is performed.

*Compensation in the event of termination:*

Compensation in the event of termination is paid when a company within the Group decides to terminate an employee's employment prior to the normal retirement date or when an employee accepts an offer of voluntary resignation in exchange for such compensation. Compensation that does not provide the Company any future economic benefits is recognized as expenses and liabilities when there is legal or constructive obligation to pay such compensation. Compensations are measured at the best estimate of the amount that would be required to settle the liability on the balance sheet date.

**Provisions**

A provision is recognized when the Company has an obligation (formal or informal) a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

**Contingent liabilities**

A contingent liability is:

- A possible obligation that, as a result of events that have occurred and whose occurrence will only be affirmed by one or more uncertain future events not entirely within the control of the Company, occurs or does not, or
- An existing obligation, resulting from past events, which is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required to settle the obligation or because the size of the liability cannot be measured reliably.

Contingent liabilities are a summary term for such guarantees, financial obligations and any liabilities that are not included on the balance sheet.

**Public grants**

Public grants that are not contingent on future performance are recognized as revenue when the conditions for the award of the grant are satisfied. Public grants that are contingent on future performance are recognized as revenue when the performance is delivered. Received contributions where all conditions have not yet been met are recognized in the item Other liabilities. Contributions received for the purchase of a fixed asset reduce the acquisition cost of the asset.

**Receivables and liabilities in foreign currency**

Monetary items in foreign currency are translated at the rate on the balance sheet date. Arising ex-change rate differences are recognized in the in-come statement. Foreign exchange gains and losses in conjunction with operating receivables and liabilities in foreign currency are reported in the items "Other operating income" or "Other operating expenses". Other foreign exchange gains and losses are reported in "Result from financial items".

Non-monetary items are not translated at the balance sheet date and are measured at the acquisition value (translated at the rate on the transaction date).

**Borrowing costs**

No borrowing costs are capitalized when fixed as-sets are manufactured/developed.

**Income taxes**

Current taxes are calculated using the tax rates and tax rules that are in effect as at the balance sheet date. Deferred taxes are calculated using the tax rates and tax rules that have been decided before the balance sheet date.

Since the Board does not assess it to be likely that it would be possible to use deferred tax assets arising from unused tax losses during the coming year, no such assets are recognized. See Note 10.

Current tax and changes in deferred tax are reported in the income statement, unless the tax is attributable to an event or transaction that is reported directly in equity. In such events, related tax effects are also recognized in equity.

**Related parties**

Transactions that take place by means other than market terms with related parties, in accordance with the Swedish Annual Accounts Act, Chapter 1. Section 8 or 9, shall have information on this submitted. In addition to what is stated in Note 8, Salaries, remunerations of the Board and the CEO, no transactions with related natural persons have taken place. For information on internal trans-actions between the group companies, please see Note 3.

**Accounting policies of the Parent Company***Group contributions*

Group contributions made from parent companies to subsidiaries and group contributions received by parent companies from subsidiaries are reported as appropriations.

**Estimates and judgments**

When preparing financial statements, the Board of Directors and the CEO must, in accordance with

applied accounting and valuation principles, make certain estimates, assessments and assumptions that affect the accounting and valuation of assets, provisions, liabilities, revenue and expenditure. The areas where such estimates and assessments can be of great importance to the parent company and the Group, and which can thereby affect the income statements and balance sheets in the future, are described below.

#### *Significant assessments*

The following are significant assessments that have been made in applying the company's accounting principles that have the most significant effect on the financial statements.

#### *Capitalization of intangible assets*

The distribution between the research and development phases in new development projects and determining whether the requirements for capitalization of development expenditure are met require assessments. After capitalization, the issue of whether the accounting requirements for development expenditure continue to be met and whether there are indications that the capitalized expenditure may be subject to a decline in value is monitored. This is done through an annual impairment test.

#### *Impairments*

To assess the need for impairment, the recoverable value for each asset or cash-generating unit is calculated based on expected future cash flow, and using an applicable interest rate to be able to discount cash flow. Uncertainties lie in assumptions about future cash flows and determining an appropriate discount rate.

#### *Uncertainty in the estimate*

Below is information on estimates and assumptions that have the most significant effect on reporting and valuation of assets, liabilities, income and expenses. The outcome from these may deviate significantly.

#### *Useful lives of depreciable assets*

At each balance sheet date, a review is made of current assessments of useful lives for depreciable assets. Information on the assessments made can be found in Note 1, the section on Intangible investments.

## **Group structure**

### Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost less impairment. The acquisition value includes the purchase price paid for the shares as well as acquisition costs. Any capital injections and intra-group transfers are added to the cost as they occur. Dividends from subsidiaries are recognized as income.

### *Consolidated financial statements*

The consolidated financial statements include subsidiaries in which the parent company directly or indirectly has a controlling influence. In assessing whether a controlling influence exists, consideration is given to holdings of financial instruments that are potentially vote eligible, and which can be exercised or converted to vote eligible shares (e.g., options and convertible debentures) without delay. A controlling influence normally exists when the parent company directly or indirectly holds more than 50 percent of the votes.

The consolidated financial statements are prepared in accordance with the acquisition method, which means that the subsidiaries' taxed and untaxed equity is included in the Group's equity only to the extent that it is earned after the acquisition.

### *Transactions eliminated during consolidation*

All intra-group transactions, balances and unrealized internal gains in the Group have been eliminated in their entirety.

### *Fund for development costs*

The corresponding capitalized development expenditure is set aside in a fund for development costs. The fund reduces the Company's unrestricted funds in equity and increases correspondingly in restricted equity. However, this only affects the legal entity and as such is adjusted in a group context.



**Note 2 Other operating income**

		The Group		The Parent Company	
	2023	2022	2023	2022	
Public grants	400	3,091	400	2,076	
<b>Total other operating income</b>	<b>400</b>	<b>3,091</b>	<b>0</b>	<b>2,076</b>	

The grants are contingent upon the Company fulfilling the contributor's general conditions for use of the payments.

**Note 3 Intra-group purchases and sales**

		The Group		The Parent Company	
Percentage	2023	2022	2023	2022	
Sales relating to group companies	0	0	70	33	
Purchases relating to group companies	0	0	0	0	

**Note 4 Leases***Operational leasing*

The Group's leasing expenses primarily consist of leased premises and the lease runs with a nine-month notice period.

The Group	2023-12-31	2022-12-31
Within one year	950	933
Later than one year but within five years	0	0
Later than five years	0	0
<b>Group total</b>	<b>950</b>	<b>933</b>

The Group's operational lease costs for the year amounted to kSEK 1,255 (kSEK 906).

The Parent Company	2023-12-31	2022-12-31
Within one year	950	933
Later than one year but within five years	0	0
Later than five years	0	0
<b>Group, total</b>	<b>950</b>	<b>933</b>

The Parent Company's operational lease costs for the year amounted to kSEK 1,255 (kSEK 906).

**Note 5 Remuneration of the auditors**

		The Group		The Parent Company	
	2023	2022	2023	2022	
KPMG	260	261	240	227	
Audit work in addition to statutory audit	0	0	0	0	
<b>Total remuneration of auditors</b>	<b>260</b>	<b>261</b>	<b>240</b>	<b>297</b>	

Audit engagements refer to the examination of the Company's Annual Report and accounts and the administration of the Company's affairs by the Board of Directors and the Managing Director, other tasks which are for the Company's auditor to perform, and consultation and other assistance in response to observations made during the aforementioned performance of examinations and other tasks. Everything else is classified as "Other engagements".

**Note 6 Personnel**

	The Group		The Parent Company	
	2023	2022	2023	2022
Average number of employees				
The average number of employees is based on the number of hours worked paid by the Company in relation to the normal working time.				
Average number of employees	13	13	13	13
of whom women	5	5	5	5
of whom men	8	8	8	8
<i>Salaries, remunerations of personnel</i>				
Salaries, remunerations, social security contributions and pension costs have been paid in the following amounts:				
Salaries and remuneration	9,416	9,508	9,416	9,508
Pension costs	938	857	938	857
Social security contributions	2,563	2,542	2,563	2,542
	12,917	12,907	12,917	12,907
Board of Directors and senior executives				
Number of board members on the balance sheet date	5	5	5	5
of whom women	1	1	1	1
of whom men	4	4	4	4
CEO and senior executives	1	1	1	1
of whom women	0	0	0	0
of whom men	1	1	1	1
<i>Salaries, remunerations of the Board and the CEO</i>				
Salaries, remunerations, social security contributions and pension costs have been paid in the following amounts:				
Salaries and remuneration	2,035	1,980	2,035	1,980
Pension costs	412	394	412	394
Social security contributions	739	718	739	718
	<b>3,187</b>	<b>3,092</b>	<b>3,187</b>	<b>3,092</b>

The CEO is entitled to severance pay in accordance with the employment contract, equivalent to six months' wages.

**Note 7 Share-based compensation**

Warrants and employee options program 2021/2024, where 24,700 Incentive Warrants and 46,800 employee stock options have been issued. This means a maximum dilution of approximately 0.7 percent of shares and votes in the Company. Warrants and employee stock options entitles the holder for each option to acquire one share in Insplorion at price of SEK 41.10 per share.

Warrants to the Board series 2021/2024, where 85,000 Incentive Warrants have 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 price of SEK 41.10 per share.

**Note 8 Interest income and similar items**

		The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31	
Interest income	178	16	178	16	
	<b>178</b>	<b>16</b>	<b>178</b>	<b>16</b>	

**Note 9 Interest costs and similar items**

		The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31	
Interest costs, other	-105	-103	-105	-103	
Impairment of shares in subsidiaries	0	0	0	-2,500	
	<b>-105</b>	<b>-103</b>	<b>-105</b>	<b>-2,603</b>	

**Note 10 Deferred tax**

The Company has accumulated tax loss carry-forwards of kSEK 121,890 (98,159). The underlying value of the deferred tax attributable to these losses amounts to kSEK 25,109 (15,301). In the 2019–2023 financial statements, the Company has, as a precautionary measure, chosen not to recognize the value of these deferred tax assets arising from tax losses on the balance sheet, as it does not expect to be able to utilize them in the near future.

**Note 11 Capitalized expenditure for development work and similar assets**

		The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31	
Cost, opening balance	19,827	18,106	3,476	3,412	
Capitalization for the year	5,153	1,721	78	64	
<b>Accumulated cost, closing balance</b>	<b>24,980</b>	<b>19,827</b>	<b>3,554</b>	<b>3,475</b>	
Accumulated amortization, opening balance	-4,693	-1,231	-1,209	-1,073	
Impairments for the year	-4,782	-3,327	-236	0	
Amortization for the year	-1,712	-135	-501	-136	
<b>Accumulated amortization, closing balance</b>	<b>-11,187</b>	<b>-4,693</b>	<b>-1,946</b>	<b>-1,209</b>	
<b>Carrying amount</b>	<b>13,793</b>	<b>15 134</b>	<b>1,608</b>	<b>2,267</b>	

**Note 12 Concessions, patents, licenses, trademarks and similar rights**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Cost, opening balance	2,434	2,434	1,404	1,404
Accumulated cost, closing balance	2,434	2,434	1,404	1,404
Depreciation, opening balance	-285	-26	-182	-26
Depreciations for the year	-651	-259	-419	-156
Accumulated amortization, closing balance	-936	-285	-601	-182
<b>Carrying amount</b>	<b>1,497</b>	<b>2,149</b>	<b>803</b>	<b>1,222</b>

**Note 13 Machinery and other technical equipment**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Cost, opening balance	1,541	1,335	1,541	1,335
Investments for the year	0	206	0	206
<b>Accumulated cost, closing balance</b>	<b>1,541</b>	<b>1,541</b>	<b>1,541</b>	<b>1,541</b>
Depreciation, opening balance	-1,101	-791	-1,101	-791
Depreciations for the year	-204	-310	-204	-310
<b>Accumulated depreciation, closing balance</b>	<b>-1,305</b>	<b>-1,101</b>	<b>-1,305</b>	<b>-1,101</b>
<b>Carrying amount</b>	<b>236</b>	<b>440</b>	<b>236</b>	<b>440</b>

**Note 14 Participations in Group companies**

	The Parent Company	
	2023	2022
Cost, opening balance	50	50
<b>Carrying amount</b>	<b>50</b>	<b>50</b>

Subsidiary, corporate registration number, registered office	Number of shares	In %	Carrying amount
Insplorion Sensor System AB, 556969-5140, Gothenburg	50,000	100	50

*Specification of Parent Company's holdings of shares and participations in subsidiaries*

This refers to the ownership of capital, which corresponds to the share of votes for the total number of shares.

**Note 15 Prepayments and accrued income**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid rents	326	334	326	334
Prepaid insurance	109	101	109	101
Other	25	3	25	3
	<b>460</b>	<b>438</b>	<b>460</b>	<b>438</b>

**Note 16 Cash and cash equivalents**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Bank balances	11,204	26,415	10,152	24,378
<b>Total cash and cash equivalents</b>	<b>11,204</b>	<b>26,415</b>	<b>10,152</b>	<b>24,378</b>

Other receivables include blocked funds of kSEK 50 (50).

**Note 17 Information about share capital**

	Number of shares	Quota value per share
Number/value at beginning of the year	13,090,234	0.15
Rights issue	7,862,508	0.15
Number/value at year-end	20,952,742	0.15

**Note 18 Long-term liabilities**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Due within 2 to 5 years	494	869	494	869
Due later than 5 years	0	0	0	0
	<b>494</b>	<b>899</b>	<b>494</b>	<b>899</b>

*Growth loan from the Swedish Energy Agency*

The original borrowed amount amounts to MSEK 4.1. The maturity of the loan is 10 years. The interest rate is 6% above the Swedish Central Bank's reference rate and is paid every three months in arrears. Amortization takes place every three months, starting three months after the end of the fifth year from the disbursement of the loan with 5% of the principal amount per installment.

Conditional loan from the Swedish Agency for Economic and Regional Growth

The original borrowed amount amounts to MSEK 0.47. The interest rate is 5% and must be paid on May 31 and November 30 every year. Amortization amounts to 5% of the Company's net sales, which must be paid in two equal installments, one on May 31 and one on November 30.

**Note 19 Accruals and deferred income**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued salaries and remunerations	865	264	865	264
Accrued holiday pay incl. social	1,403	1,334	1,403	1,334
Accrued social security contributions	173	255	173	255
Prepaid grants	0	1,801	0	1,660
Accrued interest costs	55	55	55	55
Other external charges	277	524	121	509
<b>Total accrued expenses</b>	<b>2,773</b>	<b>4,233</b>	<b>2,618</b>	<b>4,077</b>

**Note 20 Pledged assets**

	The Group		The Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Business mortgages	500	500	500	500
Pledges and other collateral	50	50	50	50

**Note 21 Contingent liabilities**

	2023-12-31	The Group 2022-12-31	2023-12-31	The Parent Company 2022-12-31
Contingent liabilities	None	None	None	None

**Note 22 Non-cash items**

	2023-12-31	The Group 2022-12-31
Depreciation	2,567	704
Impairments	4,782	3,327
<b>Total non-cash items</b>	<b>7,349</b>	<b>4,031</b>

**Note 23 Significant events after the balance sheet date**

The subscription period for the exercise of the warrants of series TO2 ended on March 25, 2024. In total, 5,672,912 warrants of series TO2 were exercised for subscription of 2,836,456 shares, corresponding to 72 percent. The Company received approximately MSEK 5.9 before issue costs and MSEK 5,4 after issue costs.

Gothenburg, April 15, 2024

*Jonas Ehinger*  
Chairman of the  
Board

*Johan Rask*  
CEO

*Hedvig Paradis*  
Director

*Daniel Johansson*  
Director

*Jan Burenius*  
Director

*Magnus Jonsson*  
Director

Our auditor's report was submitted on April 15, 2024.  
KPMG AB

*Daniel Haglund*  
Chartered Accountant

# Auditor's Report To the general meeting of the shareholders of Insplorion AB, corp. id 556798-8760

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Insplorion AB for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 16-38 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Material Uncertainty Related to Going Concern

We draw attention to the Administration report which state that at the time of publication of this report the the board's assessment is that the company is in need of additional capital in 2024. These circumstances indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinions are not modified in respect of this matter.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-15 and page 42. The Board of Directors and the Managing Director] are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional

scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## Report on other legal and regulatory requirements

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Insplorion AB for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Grund för uttalanden

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is



to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism

throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Göteborg

KPMG AB

Daniel Haglund

Authorized Public Accountant

## Financial Information

Insplorion will publish financial statements for the financial year 2024 on the following occasions:

### **April 23**

Interim report for the first quarter 2024.

### **July 17**

Half-yearly report 2024.

### **October 24**

Interim report for the third quarter 2024.

### **February 20, 2025**

Year-end report for the financial year 2024.

All financial information relating to Insplorion and concerning you as a shareholder can be found on Insplorion's website, in the Investors section.

## Annual General Meeting

Insplorion's Annual General Meeting will be held at 4:00 p.m. on May 8, at Biotech Center, Arvid Wallgrens backe 20 (7th floor), in Gothenburg. Registration begins at 3:30 p.m.

Shareholders who wish to attend the Annual General Meeting must both be entered in the share register kept by Euroclear Sweden AB by April 29, 2024, and notify the company of their attendance no later than 12:00 p.m. on May 3, 2024. Notification shall be sent by email to [bolagsstamma@insplorion.com](mailto:bolagsstamma@insplorion.com) or in writing to the Company's postal address: Insplorion AB, Arvid Wallgrens Backe 20, SE-413 46 Göteborg, Sweden.



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