

Quarterly Report Q2 2023

April – June



Outcome April – June

- Net sales amounted to 141 (111) kSEK
- Profit after net financial items amounted to –7 113 (–4 963) kSEK.
- Basic and diluted earnings per share: –0,54 (–0,38) SEK.
- Cash flow from operating activities and investing activities: –7 820 (–5 576) kSEK

Significant events after the end of the period

- No significant events have occurred after the period.

Indicators Insplorion Group

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	141	111	200	261	2 002
Operating income	1 558	1 136	2 865	2 590	6 814
Profit after financial items	-7 113	-4 963	-12 827	-9 488	-21 253
Earnings per share (SEK)	-0,54	-0,38	-0,98	-0,72	-1,63
Diluted earnings per share (SEK)	-0,54	-0,38	-0,98	-0,72	-1,63
Cash flow from operating and investing activities	-7 820	-5 576	-14 692	-11 257	-22 257

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

A word from the CEO

The second quarter was characterized by continued high activity on the business development side in hydrogen. There is strong interest in discussing our technology in relation to safety and process applications for safe and efficient use of hydrogen. These discussions are continually ongoing. In parallel we focus on making sure our technology demonstrates value in customer applications.

During the quarter we have performed several evaluations confirming our technology. This includes successful tests carried out with a potential customer in one of our neighbouring countries, this time for use in inert environments. We also visited a potential partner in the United States, where we did extensive testing with successful outcome.

In May, our team presented at Hydrogen Safety in Rotterdam and at Vätgas Sverige, with positive reception. In Rotterdam, we also attended the World Hydrogen Summit together with Consilium Safety Group. World Hydrogen Summit was twice the size of last year's event, which in itself is a strong indication of the growing interest around the world in hydrogen as an energy carrier.

During June Stephen B. Harrison, a leading authority on hydrogen, published an article in H2 View about the challenges of today's sensor technologies and our opportunities. A good summary well worth a read also is published on our LinkedIn page.

Just after the end of the quarter, I attended the AP Ventures portfolio company conference in London together with other CEOs and investors. AP Ventures focuses on investments in the hydrogen sector worldwide and is one of our shareholders.

In short, we are looking back at a quarter with more and more evidence stacking up in support of the strong interest in our hydrogen measurement products. Naturally, our focus is to build on that and enter into commercial customer projects and partnerships. Unfortunately, it was a weak quarter in terms of sales in our instrument business, with no major deals concluded.

As we previously disclosed in our annual report, we are planning to implement a capitalization of the company during the autumn to ensure the continued successful development and commercialization of our products.

Gothenburg, Sweden

August 2023

Johan Rask, CEO



Financial comments

Business development

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

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

Financial position and liquidity

Cash and cash equivalents amounted to kSEK 11,448 (37,824) as of June 30th. At the end of the period, the Group's interest-bearing liabilities totalled kSEK 1,309 (1,993).

Cash flow for the period (April 1st–June 30th) amounted to kSEK –7,920 (-5,810), of which cash flow from operating activities amounted to kSEK -6,603 (-5,476). This is mostly attributable to the negative operating result in the amount of kSEK -7,083, in combination with changes in working capital with a negative impact on cash flow of kSEK -1,401. During the period, the Group has invested kSEK 1,218 (100), mostly attributable to the capitalized development. Financing activities were negative by kSEK –175 (-175) due to loan repayments.

Future development

Within hydrogen, the ambition is to realize more customer-financed projects to be able to commercialize volume applications in the long term. The Horizon 2020 project 3beLiEVe runs into 2023, and we will continue to deliver into the project. The outcome of the completed Eurostars Inbat creates a good foundation for processing potential customers for our battery research instrument M8.

Within research instruments, we intend to continue with the momentum experienced in the market for both M8 and S2.

Risks and uncertainties

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

Parent Company

The net sales of the parent company for the period (April 1st–June 30th) amounted to kSEK 1,206 (111), and the profit after net financial items amounted to kSEK –5,486 (–5,327). The parent company's equity totalled MSEK 25,7 MSEK, of which MSEK 3,3 restricted.

The share

As of June 30th, 2023, the share capital of Insplorion amounted to SEK 1,963,536 divided in total 13,090,234 shares with a quota value of SEK 0.15.

The current warrant and option programmes are:

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

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

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

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

The ten largest shareholders as of June 30th

Shareholders	Shares	% of share capital and voting rights
Avanza Pension	1 010 303	7.7%
Kenneth Svensson	755 000	5.8%
Mikael Hägg	499 292	3.8%
AP Ventures	450 000	3.4%
Hans-Olov Olsson	408 483	3.1%
Chalmers Ventures AB	286 499	2.2%
Lena Kasemo	247 529	1.9%
Gunvald Berger	246 757	1.9%
Svesten AB	210 612	1.6%
Hawoc Investment AB	200 000	1.5%
Others	8 775 759	67.0%
Total	13 090 234	100.0%

Source: Euroclear and information to the Company

Policies for the preparation of the interim report

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

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

Auditors' review

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

Upcoming financial reports

- 2023-10-26 Interim report Q3 2023
- 2024-02-09 Year-end report 2023

Presentation of the interim report, Gothenburg, August 17th, 2023.

Insplorion AB (publ)
The Board

Insplorion in brief

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



Hydrogen sensors

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

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

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



Research instruments

In research instruments, Insplorion sells measuring instruments to researchers in academia and industry. Insplorion's products make it possible to obtain real-time information with nanoscale sensitivity about processes on surfaces and in boundary layers. The instruments enable a deeper understanding of nanomaterials, nanoparticles, porous materials, thin films and coatings for various applications such as catalysis, polymer science, materials science, biosciences, and solar cells.

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



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Income Statement Insplorion Group

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK					
Net sales	141	111	200	261	2 002
Own work capitalized	1 218	100	2 265	276	1 721
Other operating income	200	925	400	2 053	3 091
Operating income	1 558	1 136	2 865	2 590	6 814
Raw materials and consumables	-45	0	-45	-37	-499
Other external charges	-3 059	-2 396	-6 291	-4 528	-10 069
Personnel costs	-3 720	-3 503	-6 929	-7 107	-13 381
Depreciation/amortization	-645	-174	-1 292	-349	-704
Impairment of intangible fixed assets	-1 172	0	-1 172	0	-3 327
Operating costs	-8 641	-6 072	-15 729	-12 022	-27 981
Operating profit	-7 083	-4 936	-12 864	-9 432	-21 166
Interest income and similar items	0	0	94	0	16
Interest costs and similar items	-30	-27	-57	-56	-103
Result from financial items	-30	-27	37	-56	-87
Profit after financial items	-7 113	-4 963	-12 827	-9 488	-21 253
Profit/loss for the period	-7 113	-4 963	-12 827	-9 488	-21 253
Earnings per share					
Earnings per share (SEK)	-0,54	-0,38	-0,98	-0,72	-1,63
Diluted earnings per share (SEK)	-0,54	-0,38	-0,98	-0,72	-1,63

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
<i>Capitalized expenditure for development</i>	16 544	17 084	15 135
Concessions, patents, licenses, trade marks, etc.	651	2 278	2 148
	17 195	19 362	17 283
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	329	469	440
	329	469	440
Total fixed assets	17 524	19 831	17 723
Current assets			
Work in progress	2 018	2 418	1 925
	2 018	2 418	1 925
Accounts receivable	60	133	280
Other receivables	272	222	312
Prepayments and accrued income	518	569	438
	850	924	1 030
Cash and bank balances	11 448	37 824	26 415
Total current assets	14 316	41 166	29 370
TOTAL ASSETS	31 840	60 997	47 093

Balance sheet Insplorion Group

All amounts in thousands of SEK	2023-06-30	2022-06-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 964	1 964
	1 964	1 964	1 964
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 458	122 458
Retained loss	-85 043	-63 790	-63 790
Profit/loss for the period	-12 827	-9 488	-21 253
	24 551	49 180	37 415
Total equity	26 551	51 144	39 379
Long-term liabilities			
Liabilities to credit institutions	594	1 278	869
	594	1 278	869
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	1 044	923	1 389
Current tax liabilities	50	8	121
Other short-term liabilities	280	185	388
Accruals and deferred income	2 605	6 744	4 233
	4 694	8 575	6 845
TOTAL EQUITY AND LIABILITIES	31 840	60 997	47 093
Pledged assets and contingent liabilities			
Pledged assets	500	500	500
Contingent liabilities	None	None	None

Changes in equity	Share capital	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
Equity as of 2023-01-01	1 964	122 458	-63 790	-21 253	39 379
Appropriation of previous year's profit			-21 253	21 253	0
Profit/loss for the period				-12 827	-12 827
Equity as of 2023-06-30	1 964	122 458	-85 043	-12 827	26 551
Equity as of 2022-01-01	1 963	122 426	-52 169	-11 620	60 599
Appropriation of previous year's profit			-11,620	11,620	0
New share issue (decided on 2020-11-06)	1	49			49
Issuance costs (decided on 2020-11-06)		-16			-16
Profit/loss for the period				-9 488	-9 488
Equity as of 2022-06-30	1 964	122 458	-63 789	-9 488	51 144

Cash Flow Statement Insplorion Group

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK					
Operating activities					
Operating profit	-7 083	-4 936	-12 864	-9 432	-21 166
Adjustment for non-cash items:					
Depreciation/amortization according to plan	645	174	1 292	349	704
Impairment of intangible fixed assets	1 172	0	1 172	0	3 327
Interest received	94	0	94	0	16
Interest paid	-30	-27	-57	-56	-103
Cash flow from operating activities before change in working capital	-5 202	-4 790	-10 363	-9 139	-17 223
Change in working capital					
Increase (-)/Decrease (+) in inventories	49	-268	-93	-294	199
Increase (-)/Decrease (+) in operating receivables	21	-248	180	-246	-352
Increase (+)/Decrease (-) in operating liabilities	-1 471	-170	-2 151	-1 223	-2 953
Cash flow from operating activities	-6 603	-5 476	-12 426	-10 903	-20 330
Investing activities					
Cash flow from investing activities	-1 218	-100	-2 265	-354	-1 928
Financing activities					
Change in long-term liabilities	-100	-233	-275	-408	-817
Warrant programme	0	0	0	33	33
Cash flow from financing activities	-100	-233	-275	-375	-784
Increase/Decrease of cash and cash equivalents	-7 920	-5 810	-14 967	-11 632	-23 041
Cash/cash equivalents at the beginning of the year	19 368	43 632	26 414	49 455	49 455
Cash/cash equivalents at the end of the period	11 447	37 823	11 447	37 823	26 414

Indicators Insplorion Group

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	141	111	200	261	2 002
Operating income	1 558	1 136	2 865	2 590	6 814
Profit after financial items	-7 113	-4 963	-12 827	-9 488	-21 253
Earnings per share (SEK)	-0.54	-0.38	-0,98	-0,72	-1.63
Diluted earnings per share (SEK)	-0.54	-0.38	-0,98	-0,72	-1.63
Cash flow from operating and investing activities	-7 820	-5 576	-14 692	-11 257	-22 257
Solidity (%)	87%	84%	87%	84%	84%
Quick ratio (%)	262%	452%	262%	512%	401%
The share's quota value (SEK)	0.15	0.15	0,15	0,15	0.15
Number of shares	13 090 234	13 090 234	13 090 234	13 090 234	13 090 234
Average number of shares	13 090 234	13 090 234	13 089 757	13 089 519	13 078 120
Average number of shares after dilution	13 332 145	13 332 145	13 332 145	13 332 145	13 323 906
Average number of employees	14	15	15	15	14

The Parent Company's income statement

	2023-04-01 -2023-06-30 3 months	2022-04-01 -2022-06-30 3 months	2023-01-01 -2023-06-30 6 months	2022-01-01 -2022-06-30 6 months	2022-01-01 -2022-12-31 12 months
<i>All amounts in thousands of SEK</i>					
Net sales	1 206	111	2 203	261	3 007
Own work capitalized	0	5	58	55	63
Other operating income	200	519	400	1 038	2 076
Operating income	1 406	635	2 661	1 354	5 147
Raw materials and consumables	-45	0	-45	-37	-499
Other external charges	-2 907	-2 284	-6 066	-4 287	-9 378
Personnel costs	-3 720	-3 503	-6 929	-7 107	-13 381
Depreciation/amortization	-49	-148	-571	-298	-601
Impairment of intangible fixed assets	-236		-236		
Operating costs	-6 956	-5 935	-13 846	-11 729	-23 860
Operating profit	-5 551	-5 300	-11 185	-10 375	-18 713
Interest income and similar items	94	0	0	0	16
Interest costs and similar items	2 470	-27	-57	-56	-103
Impairment of shares in subsidiary	-2 500	0	0	0	-2 500
Result from financial items	64	-27	-57	-56	-2 587
Profit after financial items	-5 486	-5 327	-11 242	-10 431	-21 300
Year-end appropriations	0	0	0	0	-2 454
Profit/loss for the period	-5 486	-5 327	-11 242	-10 431	-23 753
Earnings per share					
Earnings per share (SEK)	-0,42	-0,38	-0,86	0,72	-1,82
Diluted earnings per share (SEK)	-0,42	-0,38	-0,86	0,72	-1,82

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-06-30	2022-06-30	2022-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development	2 074	2 326	2 267
Concessions, patents, licenses, trade marks, etc.	777	1 300	1 222
	2 851	3 626	3 489
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	329	469	440
	329	469	440
<i>Financial fixed assets</i>			
Participations in Group companies	50	50	50
	50	50	50
Total fixed assets	3 230	4 146	3 978
Current assets			
Work in progress	2 018	2 418	1 925
	2 018	2 418	1 925
Accounts receivable	60	133	280
Intra-group receivables	15 634	15 188	13 130
Current tax assets	68	0	0
Other receivables	77	222	313
Prepayments and accrued income	518	569	438
	16 356	16 112	14 161
Cash and bank balances	9 191	35 655	24 378
Total current assets	27 565	54 184	40 465
TOTAL ASSETS	30 795	58 330	44 444

The Parent Company's balance sheet

All amounts in thousands of SEK	2023-06-30	2022-06-30	2022-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 964	1 964
Fund for development costs	1 318	1 597	1 605
	3 281	3 560	3 568
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 458	122 458
Retained loss	-88 860	-65 386	-65 394
Profit/loss for the period	-11 148	-10 431	-23 753
	22 450	46 641	33 311
Total equity	25 731	50 201	36 879
Long-term liabilities			
Liabilities to credit institutions	594	1 278	869
	594	1 278	869
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	899	923	1 389
Current tax liabilities	127	17	127
Other short-term liabilities	280	185	388
Accruals and deferred income	2 449	5 011	4 077
	4 470	6 851	6 695
TOTAL EQUITY AND LIABILITIES	30 795	58 330	44 444
Pledged assets and contingent liabilities			
Pledged assets	500	500	500
Contingent liabilities	None	None	None

Changes in Equity	Share capital	Fund for developm. costs	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
Equity as of 2023-01-01	1 964	1 605	122 458	-65 394	-23 753	38 879
Appropriation of previous year's profit				-23 753	23 753	0
Change in fund for development costs		-287		287		0
Profit/loss for the period					-11 148	-11 148
Equity as of 2023-06-30	1 964	1 318	122 458	-88 860	-11 148	25 731
Equity as of 2022-01-01	1 963	1 541	122 426	-53 710	-11 620	60 600
Appropriation of previous year's profit				-11 620	11 620	0
Change in fund for development costs		55		-55		0
New share issue (decided on 2020-11-06)	1		49			49
Issuance costs (decided on 2020-11-06)			-16			-16
Profit/loss for the period					-10 431	-10 431
Equity as of 2022-06-30	1 964	1 597	122 458	-65 386	-10 431	50 201

Definitions of indicators

Earnings per share (SEK)

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

Diluted earnings per share (SEK)

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

Solidity (%)

Adjusted equity in relation to the balance sheet total.

Quick ratio (%)

Current assets less inventories, divided by current liabilities.

Average number of shares

Number of shares per month divided by the period.

Average number of shares after dilution

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

Average number of employees

Number of employees per month divided by the period.