

Quarterly Report Q2 2022

April – June



Outcome April - June

- Net sales amounted to 111 (492) kSEK
- Profit after net financial items amounted to -4 963 (-3 638) kSEK
- Basic and diluted earnings per share -0,38 (-0,28) kSEK
- Cash flow from operating activities and investing activities -5 576 (-1 678) kSEK

Significant events April-June

- Annual General Meeting was held in April. The AGM resolved on all points in accordance with the Board's and the Nomination Committee's proposals
- A large university in the United Kingdom has purchased an Insplorion M8 instrument to expand on their cutting-edge battery research work. The instrument was delivered in July.

Significant events after the end of the period

- Insplorion sells two research instruments. The first order is for the life science research instrument S2 from a Finnish University. The other order is for an Acoulyte from a Polish University. Total order value for both orders amounts to about 700.000 SEK including fees and discount.

Indicators Insplorion Group

	2021-01-01 -2021-03-31 3 months	2020-01-01 -2020-03-31 3 months	2022-01-01 -2022-06-30 6 months	2021-01-01 -2021-06-30 6 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	111	492	261	1 101	2 335
Operating income	1 136	1 476	2 590	3 566	9 538
Profit after financial items	-4 963	-3 638	-9 488	-7 393	-11 620
Earnings per share (SEK)	-0,38	-0,28	-0,72	-0,57	-0,89
Diluted earnings per share (SEK)	-0,38	-0,28	-0,72	-0,57	-0,89
Cash flow from operating and investing activities	-5 576	-1 678	-11 257	-10 749	-17 968

For the complete table, please refer to page 11. For definitions of indicators, please refer to page 15

A word from the CEO

During the second quarter, we continued to drive our business and technology forward at Insplorion. On the hydrogen side, deliveries began in the customer-financed project we undertook at the start of the year. The work is progressing according to plan with test rigs and sensors being produced and installed. In the hydrogen area, we see continued strong market interest in our platform. Insplorion's technology can create value by quickly and specifically detect the presence or level of hydrogen in different situations, environments, or processes. Hydrogen is considered a critical factor and energy carrier for making the shift to a sustainable world. There are many different bids for the size of future investments that may be made. For instance, the Hydrogen Council predicts that up to USD 500 billion will be invested in the hydrogen value chain by 2030. Regardless it is clear that substantial investments in this area are currently being made, and will continue to be made for a long time to come, to achieve the climate transition.

Momentum for M8

In the battery/instrument sector, we received an order for an M8 research instrument from a university in England during Q2. Research on batteries and battery chemistry is an area where development is intense, and also driven by significant grant funding. We hope this will provide further momentum for M8 sales. There are also more publications coming out in the sector where our technology is described, explained, and used. One example is a paper published in Q2 from Uppsala University where our technology was used to study plating in batteries. This primarily occurs during fast charging or charging at low temperatures and can destroy the battery.

Challenges in the Eurostars Project

During the summer, the EU-funded Eurostars project (InBAT Sensing) was completed. In the project, where AMTE Power has been a key partner, we developed several battery cells with sensors to collect measurement data to be subsequently correlated with the electrochemical parameters of

current and voltage. However, the project has been fraught with delays and technical challenges, such as damage to the fiber sensors during handling, which has led to difficulties in obtaining measurement data. The data currently gathered will be analyzed and used to further support the relevance of the M8 instrument in research and development, as well as the continued development work within the framework of the 3beLiEVe project, which runs until 2023. In this project 21 companies will work to develop next generation vehicle battery cells. It should be noted, however, that a battery sensor for volume applications is still in an early development phase.

During the quarter, we have also expanded our premises by taking over the space we shared with another company, which gives us even better conditions for development and, above all, the opportunity to expand the testing possibilities for hydrogen.

Evaluation to accelerate commercial development

Finally, I would like to point out that we continue to work diligently towards developing our platform, often in close cooperation with our customers. Meanwhile, we continue to review our business and future priorities as we learn more about the technical and commercial conditions in different market areas.

Gothenburg, Sweden, August 23, 2022

Johan Rask, CEO



Financial comments

Business development

The Company's sales within the research instruments business area is 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 in air quality, product development in battery sensor, and strengthening of the organization 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 37,823 (56,997) as of June 30th. At the end of the period, the Group's interest-bearing liabilities totaled kSEK 1,993 (2,751).

Cash flow for the period (April 1st–June 30th) amounted to kSEK –5,810 (-2,423), of which cash flow from operating activities amounted to kSEK -5,476 (-815). This is mostly attributable to the negative operating result in the amount of kSEK -4,936, in combination with changes in working capital with a negative impact on cash flow of kSEK -686. During the period, the Group has invested kSEK 100 (863), mostly attributable to the capitalized development and investments in laboratory equipment. Financing activities were negative by kSEK –233 (745) due to loan repayments.

Future development

In research instruments, sales are expected to grow gradually as more and more customer processes reach the phase for internal or external funding. As a consequence of covid-19, it has been difficult to finalize sales during 2020 and 2021, as sales processes have been postponed in time. The

Company intends to continue to seek grant funding at national and EU level for sub-projects characterized by higher degree of technical risk that are in line with the development plan. In addition, this is a way to build cooperations with industrial operators and to leverage the funding by shareholders.

Risks and uncertainties

The Group is considered to still be subject to the same risks and uncertainties that are detailed in the 2020 annual report.

Parent Company

The net sales of the parent company for the period (April 1st–June 30th) amounted to kSEK 111 (945), and the profit after net financial items amounted to kSEK –5,327 (-3,760). The parent company's equity totaled MSEK 50,2 MSEK, of which MSEK 3,6 restricted.

The share

As of June 30th 2022, 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:

- Subscription warrants programme TO1 2018/2023: As part of the funding agreement established in 2018, the financier ESGO and existing shareholders were allotted subscription warrants free of charge. Each subscription warrant entitles the holder to purchase one Insplorion share at a subscription price of SEK 11.50 per share.

Warrants for less than SEK 500,000 in total may be exercised at five occasions during the two-week periods that precede the dates 12, 24, 36, 48 and 60 months after the date of registration, which was February 5th, 2018.

In total, 392,604 warrants have been issued, corresponding to approximately 4.0 percent of the Company's number of shares of that time. In February

2020, 71,352 warrants were converted into shares. During the subscription period in January/February 2021, 90,892 were converted into shares, meaning that by year-end 2021 the number of outstanding options were 230,360. During the subscription period of February 2022, 4,153 options were converted, with the remaining number of options being 226,207.

Due to the rights issue carried out in December 2020, recalculation was made in accordance with the terms of the warrant program TO1, which means that each warrant gives the right to subscribe for 1.033 shares compared to previously one share.

- 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 10 largest shareholders as of June 30th

Shareholders	Shares	% of share capital and voting rights
Avanza Pension	992 825	7,58 %
Mikael Hägg	499 292	3,81 %
AP Ventures	450 000	3,44 %
Hans-Olov Olsson	408 483	3,12 %
Chalmers Ventures	383 862	2,93 %
Nordnet Pension	330 068	2,52 %
Gunvald Berger	280 389	2,14 %
Lena Kasemo	247 529	1,89 %
Kenneth Svensson	238 500	1,82 %
Svesten AB	206 083	1,57 %
Others	9 053 203	69,2 %
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

- 2022-10-27 Interim report July–September 2022
- 2023-02-23 Year-end report 2022

Presentation of the interim report,

Gothenburg, August 23rd, 2022

Insplorion AB (publ)

The Board

Insplorion in brief

Insplorion is an environmental technology company, that with its patented sensor platform NanoPlasmonic Sensing (NPS) develops, markets, and sells small and robust air quality, battery, and hydrogen sensors. The technology contributes to measurement of air quality in the major cities of the world, optimisation of batteries for tomorrow's cars, energy storage, and not least, transition to a greener society with hydrogen gas as energy carrier. In addition, the company sells NPS-based research instruments that provide researchers access to real-time nanoscale data in catalysis, materials, and life science.



Hydrogen sensors

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

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

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



Battery sensors

Development continues for Insplorion's battery sensor operation. With last autumn's well received launch of the research and development instrument M8 behind us, and its sale to a leading German vehicle manufacturer, we now continue working on the sensor development.

The development of our battery sensor is partly done within two EU-projects, the 3BeLiVe and the InBat Eurostar, both of which have been going on for the last few years, focusing on the development of on-board sensors, but also through purely industrial projects. The EU-financed development projects are now approaching their final stages (Q2 2022 for Eurostar and likely the first half of 2024 for 3BeLiVe) and it is in this stage that the evaluation of batteries with our integrated sensors will be done.

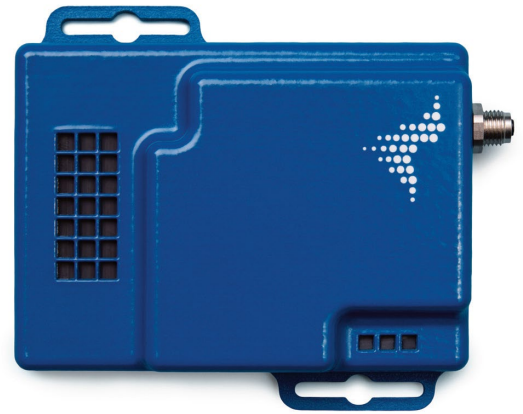




Air quality sensors

Insplorion develops sensors for nitrogen dioxide (NO₂) with different fields of application – from being part of developing smart cities, to ventilation systems. The sensors are small, easy to mount and may be connected in networks to establish a real time view of the pollutants circulating in any given system.

Increasing global problems of polluted urban air, drive the demand of competitive air quality sensors. Insplorion's sensors can also be connected to the Internet, which allows for NO₂ measurement with high geographical precision.



Research instruments

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

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



Income Statement Insplorion Group

	2022-04-01 -2022-06-30 3 months	2021-04-01 -2021-06-30 3 months	2022-01-01 -2022-06-30 6 months	2021-01-01 -2021-06-30 6 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK					
Net sales	111	492	261	1 101	2 335
Own work capitalized	100	863	276	1 689	3 032
Other operating income	925	122	2 053	776	4 171
Operating income	1 136	1 476	2 590	3 566	9 538
Raw materials and consumables	0	-36	-37	-59	-488
Other external charges	-2 396	-2 405	-4 528	-5 237	-8 972
Personnel costs	-3 503	-2 531	-7 107	-5 368	-10 948
Depreciation/amortization	-174	-102	-349	-199	-590
Operating costs	-6 072	-5 074	-12 022	-10 863	-20 998
Operating profit	-4 936	-3 598	-9 432	-7 297	-11 460
Interest costs and similar items	-27	-39	-56	-95	-160
Result from financial items	-27	-39	-56	-95	-160
Profit after financial items	-4 963	-3 638	-9 488	-7 392	-11 620
Profit/loss for the period	-4 963	-3 638	-9 488	-7 392	-11 620
Earnings per share					
Earnings per share (SEK)	-0,38	-0,28	-0,72	-0,57	-0,89
Diluted earnings per share (SEK)	-0,38	-0,28	-0,72	-0,57	-0,89

Balance sheet Insplorion Group

All amounts in thousands of SEK	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
<i>Capitalized expenditure for development</i>	17 084	15 758	16 875
Concessions, patents, licenses, trade marks, etc.	2 278	2 434	2 408
	19 362	18 192	19 283
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	469	590	543
	469	590	543
Total fixed assets	19 831	18 782	19 826
Current assets			
Work in progress	2 418	1 630	2 124
	2 418	1 630	2 124
Accounts receivable	133	212	222
Current tax assets	0	30	0
Other receivables	222	217	138
Prepayments and accrued income	569	258	318
	924	717	678
Cash and bank balances	37 824	56 998	49 456
Total current assets	41 166	59 345	52 257
TOTAL ASSETS	60 997	78 127	72 083

Balance sheet Insplorion Group

All amounts in thousands of SEK	2022-06-30	2021-06-30	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 963	1 963
	1 964	1 963	1 963
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 426	122 426
Retained loss	-63 790	-52 196	-52 169
Profit/loss for the period	-9 488	-7 393	-11 620
	49 180	62 837	58 636
Total equity	51 144	64 800	60 599
Long-term liabilities			
Liabilities to credit institutions	1 278	2 036	1 686
	1 278	2 036	1 686
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	923	1 999	712
Current tax liabilities	7,87	0	54
Other short-term liabilities	185	143	219
Accruals and deferred income	6 744	8 435	8 099
	8 575	11 292	9 798
TOTAL EQUITY AND LIABILITIES	60 997	78 128	72 083

Changes in equity	Share capital	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
Equity as of 2021-01-01	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

	2022-04-01 -2022-06-30 3 months	2021-04-01 -2021-06-30 3 months	2022-01-01 -2022-06-30 6 months	2021-01-01 -2021-06-30 6 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK					
Operating activities					
Operating profit	-4 936	-3 599	-9 432	-7 298	-11 460
<i>Adjustment for non-cash items:</i>					
Depreciation/amortization according to plan	174	102	349	199	590
Loss on sale of tangible and intangible fixed assets	0	0			26
Interest paid	-27	-39	-56	-95	-160
Cash flow from operating activities before change in working capital	-4 790	-3 536	-9 139	-7 194	-11 004
Change in working capital					
Increase (-)/Decrease (+) in inventories	-268	-270	-294	-546	-1 039
Increase (-)/Decrease (+) in operating receivables	-248	1 039	-246	751	790
Increase (+)/Decrease (-) in operating liabilities	-170	1 951	-1 223	-1 930	-3 423
Cash flow from operating activities	-5 476	-815	-10 903	-8 919	-14 677
Investing activities					
Cash flow from investing activities	-100	-863	-354	-1 830	-3 291
Financing activities					
Change in long-term liabilities	-233	-1 315	-408	-1 740	-2 090
New share issue	0	0	33	2 359	2 359
Warrant programme	0	570	0	570	597
Cash flow from financing activities	-233	-745	-375	1 189	866
Increase/Decrease of cash and cash equivalents	-5 810	-2 423	-11 632	-9 561	-17 102
Cash/cash equivalents at the beginning of the year	43 632	59 420	49 455	66 557	66 557
Cash/cash equivalents at the end of the period	37 823	56 997	37 823	56 997	49 455

Indicators Insplorion Group

	2022-04-01 -2022-06-30 3 months	2021-04-01 -2021-06-30 3 months	2022-01-01 -2022-06-30 6 months	2021-01-01 -2021-06-30 6 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK if other not specified					
Net sales	111	492	261	1 101	2 335
Operating income	1 136	1 476	2 590	3 566	9 538
Profit after financial items	-4 963	-3 638	-9 488	-7 393	-11 620
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Diluted earnings per share (SEK)	-0,38	-0,28	-0,72	-0,57	-0,89
Cash flow from operating and investing activities	-5 576	-1 678	-11 257	-10 749	-17 968
Solidity (%)	84%	83%	84%	83%	84%
Balance sheet total	60 997	78 127	60 997	78 127	72 083
Quick ratio (%)	452%	511%	512%	511%	512%
The share's quota value (SEK)	0,15	0,15	0,15	0,15	0,15
Number of shares	13 090 234	13 085 944	13 090 234	13 085 944	13 085 944
Average number of shares	13 090 234	13 085 944	13 089 519	13 070 297	13 078 120
Average number of shares after dilution	13 332 145	13 323 906	13 332 145	13 323 906	13 323 906
Average number of employees	15	15	15	15	15

The Parent Company's income statement

	2022-04-01 -2022-06-30 3 months	2021-04-01 -2021-06-30 3 months	2022-01-01 -2022-06-30 6 months	2021-01-01 -2021-06-30 6 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK					
Net sales	111	945	261	2 008	3 881
Own work capitalized	4,54	94	55	267	445
Other operating income	519	-0,10	1 038	517	2 467
Operating income	635	1 039	1 354	2 792	6 793
Raw materials and consumables	0	-36	-37	-59	-488
Other external charges	-2 284	-2 091	-4 287	-4 721	-7 915
Personnel costs	-3 503	-2 531	-7 107	-5 368	-10 948
Depreciation/amortization	-148	-102	-298	-199	-432
Operating costs	-5 935	-4 760	-11 729	-10 347	-19 783
Operating profit	-5 300	-3 721	-10 375	-7 555	-12 990
Interest costs and similar items	-27	-39	-56	-95	-160
Result from financial items	-27	-39	-56	-95	-160
Profit after financial items	-5 327	-3 760	-10 431	-7 650	-13 150
Year-end appropriations	0	0	0	0	1 530
Profit/loss for the period	-5 327	-3 760	-10 431	-7 650	-11 620
Earnings per share					
Earnings per share (SEK)	-0,41	-0,29	0	-0,89	-0,89
Diluted earnings per share (SEK)	-0,41	-0,29	0	-0,89	-0,89

The Parent Company's balance sheet

All amounts in thousands of SEK	2022-06-30	2021-06-30	2021-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development	2 326	2 228	2 339
Concessions, patents, licenses, trade marks, etc.	1 300	1 404	1 378
	3 626	3 632	3 717
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	469	590	543
	470	590	543
<i>Financial fixed assets</i>			
Participations in Group companies	50	50	50
	50	50	50
Total fixed assets	4 146	4 272	4 310
Current assets			
Work in progress	2 418	1 630	2 124
	2 418	1 630	2 124
Accounts receivable	133	212	222
Intra-group receivables	15 188	14 257	15 369
Current tax assets	0,09	21	0
Other receivables	222	186	149
Prepayments and accrued income	569	258	318
	16 112	14 934	16 058
Cash and bank balances	35 655	55 260	47 448
Total current assets	54 184	71 824	65 630
TOTAL ASSETS	58 330	76 096	69 940

The Parent Company's balance sheet

All amounts in thousands of SEK	2022-06-30	2021-06-30	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 963	1 963
Fund for development costs	1 597	1 122	1 541
	3 560	3 085	3 504
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 426	122 426
Retained loss	-65 386	-53 318	-53 710
Profit/loss for the period	-10 431	-7 650	-11 620
	46 641	61 458	57 095
Total equity	50 201	64 543	60 599
Long-term liabilities			
Liabilities to credit institutions	1 278	2 036	1 686
	1 278	2 036	1 686
Short-term liabilities			
Liabilities to credit institutions	715	715	715
Accounts payable	923	1 962	712
Current tax liabilities	17	0	60
Other short-term liabilities	185	143	219
Accruals and deferred income	5 011	6 698	5 949
	6 851	9 518	7 654
TOTAL EQUITY AND LIABILITIES	58 330	76 097	69 940

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 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)	0,64		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.