

Quarterly Report Q1 2022

January – March

Maintained momentum within Hydrogen

- TechForH2, where Insplorion is a partner, financed by the Swedish Energy Agency
- Another customer-financed commercial pilot signed within the hydrogen business area



Outcome January-March

- Net sales amounted to 149 (609) kSEK.
- Profit after net financial items amounted to –4,525 (–3,754) kSEK.
- Basic and diluted earnings per share: –0,35 (–0,35) SEK.
- Cash flow from operating activities and investing activities –5,681 (–9,072) kSEK.

Significant events January-March

- TechForH2 lead by Chalmers Technical University, where Insplorion is a partner, financed by the Swedish Energy Agency.
- Fourth subscription period of T01 resulted in 4290 new shares.

Significant events after the end of the period

- Annual general meeting was held on the 19th of April.

Indicators Insplorion Group

	2022-01-01 -2022-03-31 3 months	2021-01-01 -2021-03-31 3 months	2021-01-01 -2021-12-31 12 months
All amounts in thousands of SEK if other not specified			
Net sales	149	609	2 335
Operating income	1 453	2 090	9 538
Profit after financial items	-4 525	-3 754	-11 620
Earnings per share (SEK)	-0,35	-0,29	-0,89
Diluted earnings per share (SEK)	-0,35	-0,29	-0,89
Cash flow from operating and investing activities	-5 681	-9 072	-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

In the first quarter of the year the positive momentum gained in the hydrogen business area has continued. During the period, we concluded an agreement for an additional customer-funded industrial pilot project with an order value of approximately KSEK 250. Together with this customer, we will assess the conditions within a certain type of process in which the presence of hydrogen in specific concentration levels has significant implications for the final result. Total sales for the quarter was however relatively low.

Positive pilot project

The outcome of our very first commercial hydrogen pilot, initiated in December 2021, was also reported during the period. The results were positive, and discussions a possible continuation of the project will be initiated. At the same time, we are moving forward with other interested customers/partners regarding additional applications in the hydrogen area. The strategy is to develop the products in selected segments within the framework of these collaborations.

The strategy work continues

As previously disclosed, an internal strategic overview is also underway, where the management and Board are delving deeper into the technological and commercial prerequisites within our various business areas to ensure that we are adapted and equipped for the greatest value creation possible in the future

This effort is pursued resolutely. In the hydrogen area, for instance, we are seeing an overall transformation of the market towards hydrogen as an energy carrier – a shift that has gained further focus particularly in Europe in recent times. Considerable investments are made, and we have identified several areas of interest for our platform. Not least is this demonstrated by the customer projects we have entered. Moreover, the strategy effort coincides fairly well with the finalizing of the EU project Eurostars InBat in the summer, where the on-board battery sensor will be evaluated in several battery cells.

Interest in the M8 instrument

As for the battery area, the launch of the M8 instrument continues, and we see some solid interest among researchers for measuring directly in cells. Furthermore, we can report that a new customer has concluded a rental agreement for an instrument during the period.

Finally, it is worth pointing out that we continue to work purposefully, both on the operational side, where we are advancing our technology platform, often in close collaboration with customers, and as regards our business and future priorities, which we are continuously reviewing.

Gothenburg, Sweden, May 19, 2022

Johan Rask, CEO



Financial comments

Business development

Insplorion develop and commercialise the sensor platform NPS (NanoPlasmonic Sensing). Both through realising more customer financed projects, to eventually be able to commercialise volume applications and also by providing research instruments within catalysis, materials, and life science.

The Company's sales within fully developed products, which is the research instruments business area is characterized by few instruments sold but at a high price 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 earnings are still negative as development costs have increased. Investments in marketing and customer adaptation, product development, 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 43,633 (59,420) as of March 31st. At the end of the period, the Group's interest-bearing liabilities totalled kSEK 2,226 (4,066).

Cash flow for the period (January 1st–March 31st) amounted to kSEK –5,823 (-7,138), of which cash flow from operating activities amounted to kSEK –5,427 (-8,104). This is mostly attributable to the negative operating result in the amount of kSEK –4,496, in combination with changes in working capital with a negative impact on cash flow of kSEK -1,077.

During the period, the Group has invested kSEK 254 (968), mostly attributable to the capitalized development and investments in laboratory equipment. Financing activities were negative by kSEK –142 (1,934) due to loan repayments of kSEK –175.

Future development

The ambition for hydrogen is to realise more customer financed projects, to eventually be able to commercialise volume applications.

Among the battery sensor projects, further results are expected from the EU-financed projects: the Eurostars InBat project and the Horizon 2020 project 3BeLiEVe. In parallel we focus on potential customers for the M8.

In air quality we aim to finalise the product development of the nitrogen dioxide (NO₂) sensor's ability to withstand tougher variations of humidity and temperature, and of building further on existing customer relations.

In research instruments, the outlook is expected to strengthen given normalization after Covid-19 and the launch of two new instruments at the end of 2021.

Risks and uncertainties

The Group is considered to still be subject to the same risks and uncertainties that are detailed in the 2021 annual report.

Parent Company

The net sales of the parent company for the period (January 1st–March 31st) amounted to kSEK 149 (1,063), and the profit after net financial items amounted to kSEK –5,076 (-3,890). The parent company's equity totalled MSEK 55.5 MSEK, of which MSEK 3.6 restricted.

The share

As of March 31st 2022, the share capital of Insplorion amounted to SEK 1,962,892 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 March 31st

Shareholders	Shares	% of share capital and voting rights
Avanza Pension	998 161	7,63 %
Mikael Hägg	499 292	3,81 %
Hans-Olov Olsson	408 483	3,12 %
Chalmers Tekniska Högskola	383 862	2,93 %
Nordnet Pensionsförsäkring	324 661	2,48 %
Gunvald Berger	280 389	2,14 %
Lena Kasemo	247 529	1,89 %
Torbjörn Gustafsson	231 554	1,77 %
Kenneth Svensson	226 000	1,73 %
Formue Nord A/S	210 369	1,61 %
Total	3 810 300	29,11%

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

- 2022-08-23 Interim report April–June 2022
- 2022-10-27 Interim report July–September 2022
- 2023-02-23 Year-end report 2022

Presentation of the interim report,

Gothenburg, May 19th, 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

All amounts in thousands of SEK	2022-01-01 -2022-03-31 3 months	2021-01-01 -2021-03-31 3 months	2021-01-01 -2021-12-31 12 months
Net sales	149	609	2 335
Own work capitalized	176	826	3 032
Other operating income	1 128	654	4 171
Operating income	1 453	2 090	9 538
Raw materials and consumables	-37	-23	-488
Other external charges	-2 132	-2 832	-8 972
Personnel costs	-3 604	-2 837	-10 948
Depreciation/amortization	-176	-97	-590
Operating costs	-5 949	-5 789	-20 998
Operating profit	-4 496	-3 699	-11 460
Interest costs and similar items	-29	-56	-160
Result from financial items	-29	-56	-160
Profit after financial items	-4 525	-3 754	-11 620
Profit/loss for the period	-4 525	-3 754	-11 620
Earnings per share			
Earnings per share (SEK)	-0,35	-0,29	-0,89
Diluted earnings per share (SEK)	-0,35	-0,29	-0,89

Balance sheet Insplorion Group

All amounts in thousands of SEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development	17 017	14 930	16 875
Concessions, patents, licenses, trade marks, etc.	2 343	2 434	2 408
	19 360	17 363	19 283
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	545	659	543
	545	659	543
Total fixed assets	19 904	18 022	19 826
Current assets			
Work in progress	2 149	1 360	2 124
	2 149	1 360	2 124
Accounts receivable	75	763	222
Current tax assets	0	58	0
Other receivables	201	108	138
Prepayments and accrued income	400	827	318
	676	1 756	678
Cash and bank balances	43 633	59 420	49 456
Total current assets	46 459	62 537	52 257
TOTAL ASSETS	66 363	80 559	72 083

Balance sheet Insplorion Group

All amounts in thousands of SEK	2022-03-31	2021-03-31	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	-52 767	-52 169
Profit/loss for the period	-4 525	-3 754	-11 620
	54 143	65 905	58 636
Total equity	56 107	67 867	60 599
Long-term liabilities			
Liabilities to credit institutions	1 511	1 866	1 686
	1 511	1 866	1 686
Short-term liabilities			
Liabilities to credit institutions	715	2 200	715
Accounts payable	735	902	712
Current tax liabilities	31	0	54
Other short-term liabilities	244	142	219
Accruals and deferred income	7 020	7 581	8 099
	8 745	10 825	9 798
TOTAL EQUITY AND LIABILITIES	66 363	80 559	72 083

Changes in equity	Share capital	Share premium reserve	Profit/loss carried forward	Profit/loss for the period	Total equity
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)	0,64	49			49
Issuance costs (decided on 2020-11-06)		-16			-16
Profit/loss for the period				-4 525	-4 525
Equity as of 2022-03-31	1 964	122 458	-63 789	-4 525	56 107

Cash Flow Statement Insplorion Group

All amounts in thousands of SEK	2022-01-01 -2022-03-31	2021-01-01 -2021-03-31	2021-01-01 -2021-12-31
Operating activities			
Operating profit	-4 496	-3 699	-11 460
<i>Adjustment for non-cash items:</i>			
Depreciation/amortization according to plan	176	97	590
Loss on sale of tangible and intangible fixed assets	0	0	26
Interest paid	-29	-56	-160
Cash flow from operating activities before change in working capital	-4 350	-3 658	-11 004
Change in working capital			
Increase (-)/Decrease (+) in inventories	-26	-276	-1 039
Increase (-)/Decrease (+) in operating receivables	1	-289	790
Increase (+)/Decrease (-) in operating liabilities	-1 053	-3 882	-3 423
Cash flow from operating activities	-5 427	-8 104	-14 677
Investing activities			
Cash flow from investing activities	-254	-968	-3 291
Financing activities			
Change in long-term liabilities	-175	-425	-2 090
New share issue	33	2 359	2 359
Option programme	0	0	597
Cash flow from financing activities	-142	1 934	866
Increase/Decrease of cash and cash equivalents	-5 823	-7 138	-17 102
Cash/cash equivalents at the beginning of the year	49 455	66 557	66 557
Cash/cash equivalents at the end of the period	43 632	59 420	49 455

Indicators Insplorion Group

	2022-01-01 -2022-03-31 3 months	2021-01-01 -2021-03-31 3 months	2021-01-01 -2021-12-31 12 months
Alla amounts in thousands of SEK if other not specified			
Net sales	149	609	2 335
Operating income	1 453	2 090	9 538
Profit after financial items	-4 525	-3 754	-11 620
Earnings per share (SEK)	-0,35	-0,29	-0,89
Diluted earnings per share (SEK)	-0,35	-0,29	-0,89
Cash flow from operating and investing activities	-5 681	-9 072	-17 968
Solidity (%)	85%	84%	84%
Quick ratio (%)	507%	565%	512%
The share's quota value (SEK)	0,15	0,15	0,15
Number of shares	13 085 944	13 085 944	13 085 944
Average number of shares	13 085 944	13 054 649	13 078 120
Average number of shares after dilution	13 323 906	13 323 906	13 323 906
Average number of employees	16	15	15

The Parent Company's income statement

All amounts in thousands of SEK	2022-01-01 -2022-03-31 3 months	2021-01-01 -2021-03-31 3 months	2021-01-01 -2021-12-31 12 months
Net sales	149	1 063	3 881
Own work capitalized	51	173	445
Other operating income	519	517	2 467
Operating income	719	1 753	6 793
Raw materials and consumables	-37	-23	-488
Other external charges	-2 003	-2 630	-7 915
Personnel costs	-3 604	-2 837	-10 948
Depreciation/amortization	-150	-97	-432
Operating costs	-5 795	-5 587	-19 783
Operating profit	-5 076	-3 834	-12 990
Interest costs and similar items	-29	-56	-160
Result from financial items	-29	-56	-160
Profit after financial items	-5 104	-3 890	-13 150
Year-end appropriations	0	0	1 530
Profit/loss for the period	-5 104	-3 890	-11 620
Earnings per share			
Earnings per share (SEK)	-0,39	-0,30	-0,89
Diluted earnings per share (SEK)	-0,39	-0,30	-0,89

The Parent Company's balance sheet

All amounts in thousands of SEK	2022-03-31	2021-03-31	2021-12-31
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenditure for development	2 355	2 168	2 339
Concessions, patents, licenses, trade marks, etc.	1 339	1 404	1 378
	3 694	3 572	3 717
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	545	659	543
	545	659	543
<i>Financial fixed assets</i>			
Participations in Group companies	50	50	50
	50	50	50
Total fixed assets	4 289	4 281	4 310
Current assets			
Work in progress	2 149	1 360	2 124
	2 149	1 360	2 124
Accounts receivable	75	763	222
Intra-group receivables	15 369	13 405	15 369
Current tax assets	0	50	0
Other receivables	201	64	149
Prepayments and accrued income	400	827	318
	16 045	15 109	16 058
Cash and bank balances	41 766	58 093	47 448
Total current assets	59 961	74 563	65 630
TOTAL ASSETS	64 250	78 844	69 940

The Parent Company's balance sheet

All amounts in thousands of SEK	2022-03-31	2021-03-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	1 964	1 963	1 963
Fund for development costs	1 592	1 061	1 541
	3 556	3 024	3 504
<i>Non-restricted equity</i>			
Premium reserve	122 458	122 426	122 426
Retained loss	-65 381	-53 828	-53 710
Profit/loss for the period	-5 104	-3 890	-11 620
	51 972	64 708	57 095
Total equity	55 528	67 732	60 599
Long-term liabilities			
Liabilities to credit institutions	1 511	1 886	1 686
	1 511	1 886	1 686
Short-term liabilities			
Liabilities to credit institutions	715	2 200	715
Accounts payable	734	880	712
Current tax liabilities	39	0	60
Other short-term liabilities	244	142	219
Accruals and deferred income	5 479	6 024	5 949
	7 211	9 245	7 654
TOTAL EQUITY AND LIABILITIES	64 250	78 844	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		51		-51		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					-5 104	-5 104
Equity as of 2022-03-31	1 964	1 592	122 458	-65 381	-5 104	55 528

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.