



INTERIM REPORT

Smoltek Nanotech Holding AB

APRIL–JUNE 2023



Smoltek Nanotech Holding AB, Q2 2023

ABOUT SMOLTEK

Smoltek develops process technology, concepts and applications to solve advanced material engineering problems within several different industrial sectors.

Smoltek's pioneering carbon nanotechnology enables, for example, the manufacture of components with smaller form factors, higher performance and lower energy consumption in the semiconductor industry, where the company today focuses on developing technology for ultra-thin capacitors that can be placed closer to the application processor in mobile phones compared to competing capacitor technology.

Smoltek also sees great potential in the hydrogen industry, where the company is currently focusing on developing a carbon nanofiber-based cell material for the cell stack in electrolyzers so that the hydrogen industry can scale up the production of both smaller and cheaper PEM electrolyzers.

Smoltek protects the company's unique technology platform through an extensive and growing patent portfolio consisting of around 110 patent assets, of which 81 are granted.

Smoltek's share is listed on the Spotlight Stock Market under the ticker SMOL.

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Note: This interim report is an English version of the previously published Swedish version, which has interpretive precedence. We reserve the right for any typos.

Smoltek's R&D operations at Chalmers MC2 laboratory

The quarter in brief (the group)

JANUARY - JUNE

- Net sales: SEK 3,1 million (0)
- Result for the period: SEK -28,091 thousand (-20,172)
- Earnings/share, before dilution: SEK -1.95 (-2.17)
- Earnings/share, after possible dilution: SEK -1.92 (-2.12)
- Number of outstanding shares: 16,222,202 (9,282,895)
- Number of shares after full exercise of outstanding warrants: 16,504,222 (9,597,218)
- Total equity: SEK 103,533 million (115,864)
- Liquid funds, incl. short-term investments: SEK 48,126 million (46,463)
- Equity ratio: 83.0% (93.5%)

SECOND QUARTER

- Net sales: SEK 1,7 million (0)
- Result for the period: SEK -13,1 million (-10,431)
- Earnings/share, before dilution: SEK -0.90 (-1.12)
- Earnings/share, after possible dilution: SEK -0.88 (-1.10)
- Smoltek Hydrogen AB has made great progress with the company's cell material for electrolyzers and demonstrated that it is possible to produce the same amount of hydrogen with a greatly reduced amount of iridium in the electrolyzer cell
- Smoltek Hydrogen AB has inaugurated its own hydrogen laboratory for faster and more cost-effective development of cell material technology
- Warrants of series TO 7 were used to approximately 83 percent and the company received approximately SEK 7.2 million before issue costs
- The first patent in a new patent family for the manufacture of discrete (stand-alone) capacitor applications has been granted

INCOME AND RESULTS SECOND QUARTER

Net sales during the period amounted to SEK 1,7 million (0). Operating profit was SEK -13.1 million (-10.4). Earnings per share before dilution were SEK -0.90 (-1.12). Earnings per share after possible dilution were SEK -0.88 (-1.10).

LIQUIDITY AND FINANCIAL CONDITION

The company's cash and cash equivalents, including short-term investments, amounted to SEK 48,126 million (46,463) at the end of the period. Long-term interest-bearing liabilities amounted to SEK 693 thousand (731) and refer to a seed financing loan of SEK 700 thousand that was granted by the Västra Götaland region in 2006. The equity ratio was 83.0 percent (93.5).

EQUITY AND NUMBER OF SHARES

At the end of the period, equity amounted to SEK 103,533,000 (115,864) spread over 16,222,202 shares.

EMPLOYEES

The number of annual employees amounted to 21 people (18).

Håkan Persson comments on the period

Dear Shareholders,

During the second quarter, we continued to successfully develop our two business areas; semiconductors and hydrogen. The period offered both significant technical progress and numerous meetings with potential customers as well as industry events where we presented our technology and future applications together with commercial and industrial partners.

In the semiconductor business area, where we develop a family of ultra-thin capacitors for the semiconductor industry, the management team of Smoltek Semi visited our partner YAGEO in Taiwan in April. During the visit, a series of meetings and workshops were held, where, among other things, we initiated planning activities for our future joint venture (Joint Venture) for capacitor technology. In addition, a number of prospective customers were visited for our first capacitor application. These meetings were very rewarding as they gave the opportunity to discuss the respective requirements specifications and wishes of the intended customers, while it again became clear that there is a strong interest in our CNF-MIM technology (carbon nanofiber-based capacitors). We look forward to delivering industrially manufactured pro-totypes of our ultra-thin capacitors to potential customers in Taiwan as well as other regions later this year. It is also gratifying that we received a first patent approval within a new patent family for the manufacture of discrete capacitor applications, which further strengthens our solid IP platform in the semiconductor business area.

In the hydrogen business area, where we are developing a carbon nanofiber-based cell material for electrolyzers to radically reduce the use of the rare precious metal iridium, we were able to present very positive test results in the spring. The results, verified by independent testing institutes, show that our prototypes can produce as much hydrogen with a catalyst loading of only 0.5 mg of iridium per square centimeter as a standard commercial material with 2.5 mg of iridium per square centimeter. And the goal of 0.2 mg per square centimeter in 2023, as well as the final goal of 0.1 mg per square centimeter, we see are within reach.

During the quarter, we also received results from initial long-term tests which show that our corrosion protection, which consists of a thin layer of platinum, works well and protects our cell material from the extremely acidic environment in the anode side of the electrolyzer.

Advances in technology mean that we can drastically reduce the cost of manufacturing electrolyzers. Something that is

necessary for the hydrogen industry to be able to scale up the production of electrolyzers in high volumes, and enable the production of the enormous amounts of green hydrogen that the green energy transition requires.

In order to further increase the pace of development and testing of our cell material, including evaluation of various concepts for volume production, we have completed a laboratory with advanced equipment specifically for these purposes. H2LAB, as we call it, was inaugurated in May and enables us, among other things, to manufacture entire test cells in which our cell material is included. With excellent test results and improved development facilities behind us, work continues to identify and sign agreements with one or more strategic partners who can contribute to the commercialization of our cell material.

We receive recurring questions from our shareholders regarding the financing of the company. And that's something we take very seriously. My and the board's work includes continuously evaluating the various financing options that are available, both internal and external, with the aim of securing ongoing operations. And I can assure all our investors that this issue is always high on our agenda.

As part of the company's financing, we were able to announce in June that approximately 83 percent of the options of series TO 7 were exercised, which meant that Smoltek received SEK 7.2 million before issue costs of approximately SEK 0.3 million. I would like to take the opportunity to thank everyone who exercised their warrants despite the continuing uncertain global situation. We value your trust and will do our utmost to continue to deliver progress and build value in our two business areas.

The company's strong technology development during the first six months of the year undeniably bodes well for the rest of the year.

Håkan Persson, CEO of Smoltek Nanotech Holding AB



Significant events – during the period

Significant events in the second quarter of 2023

Smoltek Semi visiting Taiwan

April 15-20, the management team of Smoltek Semi visited Taiwan for meetings and workshops with the cooperation partner YAGEO. Together, a series of meetings were also held with intended customers for Smoltek's ultra-thin capacitors based on the company's CNF-MIM technology. In addition to technical presentations of the capacitor technology for the first intended product – a decoupling capacitor for application processors – the meetings provided opportunities to discuss configurations and requirements specifications that each customer has for the next generation of capacitors to work in their chip.

"The customers we have met are incredibly curious about our capacitor technology, and they want to get their hands on our engineering samples as soon as possible. Ideally, they would like to have them right now, and we are working to be able to deliver these as soon as possible."

Louise Duker, Chief Product Officer at Smoltek Semi

Positive test results for cell materials for electrolyzers

On April 24, it was announced that the group company Smoltek Hydrogen has made great progress in the technology development of the carbon nanofiber-based cell material for electrolyzers.

The test results, verified by independent testing institutes, are very positive and show that the prototypes developed can produce as much hydrogen with only 0.5 mg of iridium per square centimeter as a commercial standard material with 2.5 mg of iridium per square centimeter. This means that this year's goal of reaching down to 0.2 mg of iridium per square centimeter is within reach, and the company has begun to adjust various technical parameters to approach the final goal of 0.1 mg of iridium per square centimeter.

"This is an incredibly pleasing result for us. Already today, the price of iridium is up to SEK 2 million per kilogram and is expected to rise to SEK 8–10 million per kilogram before the decade is over. This shows that our concept is very strong."

Ellinor Ehrnberg, President of Smoltek Hydrogen

The initial long-term tests of the cellular material also gave positive results and show that the material can be protected

against corrosion. The corrosion solution has been proven to be durable and can withstand 1,000 hours of operation in a test electrolyzer without degrading. This is in a very corrosive environment on the anode side of the electrolyzer where the water is extremely acidic and maintains a pH value of 0.

"The long-term tests of our cell material are for us to demonstrate that our corrosion protection works, so that the carbon nanofibres do not break down. Our method is to completely cover the fibers with a thin layer of platinum, which is a precious metal that does not corrode from the acidic water in the electrolyser."

Ellinor Ehrnberg

Interview with Philip Lessner, CTO at YAGEO

On May 9, an interview with Philip Lessner, Chief Technology Officer at YAGEO Group, was published. In the interview, he talks about the great potential that YAGEO sees in Smoltek's innovative nanotechnology platform and how the investment in ultra-thin capacitors fits perfectly into YAGEO's overall offering. He also talks about the interest in the technology from potential customers.

The project is currently in the development phase. The objective for 2023 is to produce industrially produced samples (engineering samples) whose performance YAGEO and Smoltek will test. If we achieve the set goals, the collaboration moves on to the manufacturing qualification phase.

"We see several advantages with the CNF-MIM technology compared to current silicon-based capacitors. In our dialogues with customers, we have also noted a great interest. So the faster we can manufacture these samples and deliver them to customers the better."

Philip Lessner, CTO at YAGEO Group

YAGEO is a major global manufacturer of passive electronic components, including capacitors for the semiconductor industry, and is collaborating with Smoltek to develop a product family of ultra-thin capacitors based on Smoltek's patented CNF-MIM technology.

The interview can be seen in its entirety on the Smoltek website, under Insights/videos.

Significant events – during and after the period

H2LAB - Smoltek's New Hydrogen Laboratory

On May 26, it was announced that Smoltek Hydrogen has inaugurated its own hydrogen laboratory for faster and more cost-effective development of the company's cell material technology. H2LAB has advanced equipment for performance measurement and long-term tests of electrolyzer cells and also enables in-house production of test cells. In this way, the development of the cell material can be accelerated, while at the same time the evaluation of different concepts for volume production is enabled.

New patent granted – the first in a new patent family

On June 13, it was announced that Smoltek has been granted another new patent. It is also the first patent in a new patent family related to the manufacturing of discrete capacitor applications, where the innovation takes advantage of the extraordinary surface-to-volume ratio created by the company's carbon nanofiber technology, which brings with it the ability to manufacture an MIM capacitor with unprecedented high capacitance density. The IP portfolio thus contains, as of June 30, a total of 79 granted patents.

Outcome warrants of series TO 7

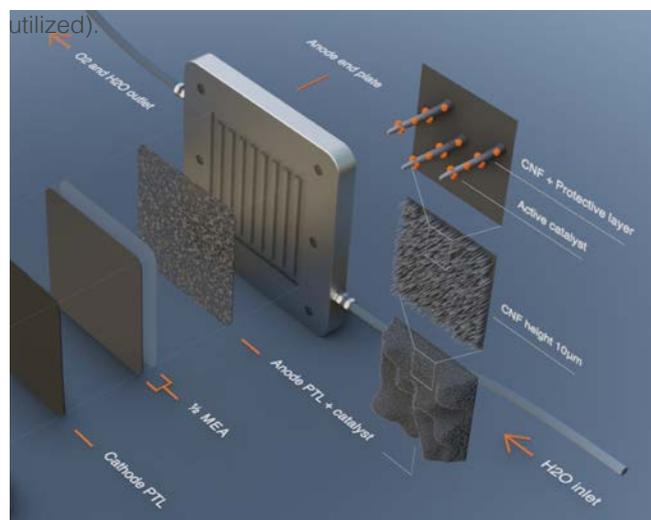
On June 21, the outcome of the exercise of the warrants of series TO 7, which were issued in connection with the Company's rights issue on the Spotlight Stock Market in November 2022, was announced. The warrants were exercised to approximately 83 percent and the company received approximately SEK 7.2 million before issue costs, which are estimated to amount to to approximately SEK 0.3 million. Through the use of warrants of series TO 7, the share capital increases by SEK 242,225.262640, from SEK 1,690,297.312587 to SEK 1,932,522.575227 and the number of shares increases by 2,033,315, from 14,188,887 shares to 16,222,202 shares. For existing shareholders who have not exercised any warrants of series TO 7, the dilution amounts to approximately 12.5 percent of the number of shares and votes in the company.

Significant events after the period

Presentation of the electrolyzer cell material technology

July 4-7, the group company Smoltek Hydrogen participated in the international EFCF conference in Lucerne, Switzerland. On site, Xin Wen, senior nanotechnology

scientist at Smoltek Hydrogen, gave a technical presentation on the development of the new cell material for electrolyzers which, by using platinum-coated carbon nanofibers, can radically reduce the amount of iridium catalysts in the electrolyzer cell. Smoltek Hydrogen aims to get down to only 0.1 mg iridium/cm² (which corresponds to a 95% reduction compared to today's commercial standard materials where the iridium is encapsulated and not fully utilized).



Group company Smoltek Hydrogen is developing a new, corrosion-protected, carbon nanofiber-based cell material with the aim of reducing the amount of iridium catalysts in the electrolyzer cell to just 0.1 mg/cm².

First patent within electrolyser technology granted

On August 24, it was announced that Smoltek has been granted a new patent. The patent is the first in electrolyzer technology for the production of fossil-free hydrogen and protects the manufacturing process of our corrosion-protected carbon nanofibers when used as catalyst support in a PEM electrolyzer. The patent is number 80 in order in our patent portfolio.

"The new patent family is a breakthrough for us as we can now become a key supplier of technical solutions that enable the hydrogen industry to scale up the production of PEM electrolyzers."

Fabian Wenger, Head of R&D at Smoltek Hydrogen

Another patent in semiconductors granted

On August 29, it was announced that Smoltek had been granted a new patent. It relates to the Assembly platform patent family, which describes how we can use our technology for the miniaturization of electronic components. The patent is number 81 in order in our patent portfolio.

Smoltek aims to halve the cost of electrolyzers

Group company Smoltek Hydrogen has presented positive results of the first prototypes with the company's carbon nanofiberbased cell material (ECM) for electrolyzers. After 1,000 hours of testing, the cell material shows that it does not degrade (corrode) and that it is possible to produce the same amount of hydrogen with only 0.5 mg iridium/cm² as a commercial standard material produces with 2.0 mg iridium/cm². And with increased length of the carbon nanofibres, more hydrogen can be extracted per cell – which can halve the cost of an electrolyzer.

As investments in carbon dioxide-free hydrogen production increase, today's PEM electrolyzers need to become cheaper to build and operate, in order to bring down the cost of the huge amounts of green hydrogen that are planned to be produced globally. To enable that, the hydrogen plants need to use a significantly smaller amount of iridium as catalyst particles in the electrolyser cell. Iridium is an extremely expensive precious metal that today costs about SEK 2 million/kg, and is expected to rise to about 8 million in 2030. Furthermore, there is not enough iridium in the earth's crust to be able to scale up the production of electrolyzers to that level which is needed to cope with electrification.

Nanofibers could provide smaller and cheaper electrolyzers

In today's electrolyzers, the iridium particles are encapsulated in an ink, which means that most of them are not in direct contact with the membrane. Thus, significantly larger amounts of iridium than necessary are used in hydrogen production.

Smoltek's nanofiber-based cell material, on the other hand,

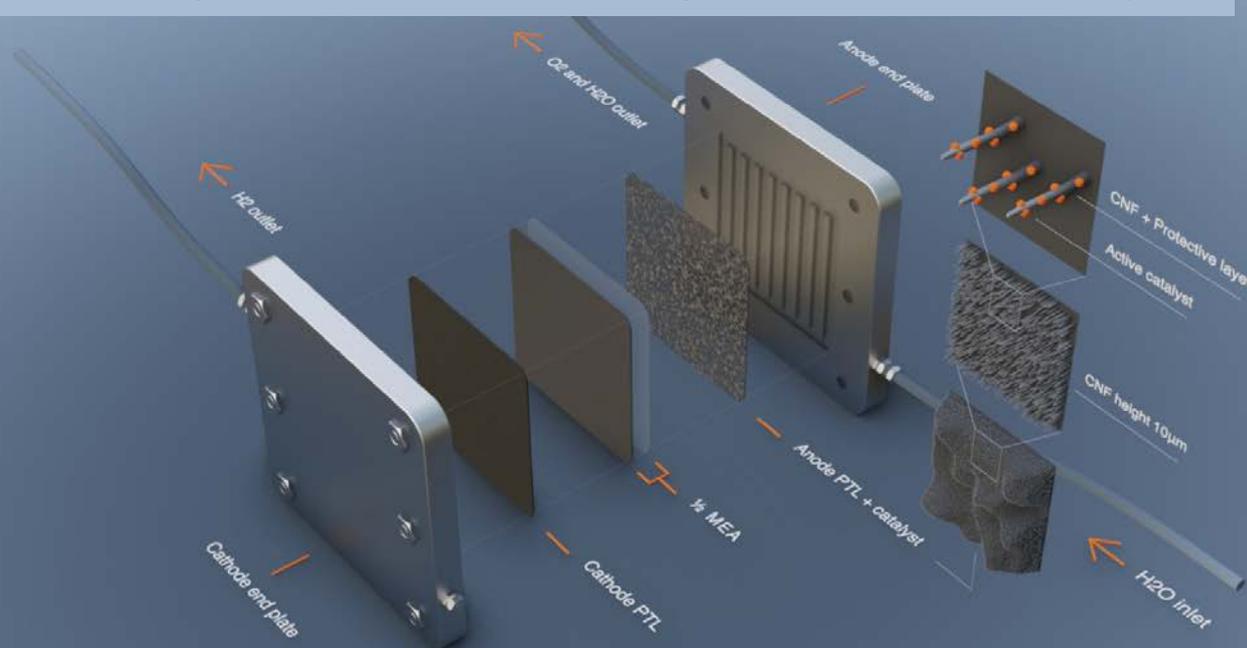
creates a three-dimensional structure that causes the iridium particles to attach to the surface of the carbon nanofibers (Anode PTL + catalyst in the illustration below) instead of being encapsulated. During assembly, they are then pressed into the membrane (1/2 MEA in the illustration below) and in this way basically all particles come into contact with the membrane and the result is that you can radically reduce the amount of iridium in the electrolyzer cell.

Thanks to the three-dimensional structure and the fact that the iridium particles are spread out thinly on the fibers, a large active surface is also created.

And by making longer fibers, more iridium is accommodated and the active surface area increases. The effect is that the current density increases, thereby increasing the capacity per cell. And since the cell's capacity is directly proportional to increased current density, you get more hydrogen per cell.

Smoltek's ambition is to triple both fiber length and output on the same cell surface, which can halve the cost of an

Smoltek's electrolyzer cell material (ECM – Anode PTL + catalyst) is a super efficient carrier of iridium particles



Operations and market – Smoltek’s market potential

Smoltek has developed a patent-protected technology that can make materials and components in several industrial sectors thinner, more energy efficient, more powerful as well as cheaper. Through precision manufacturing of extremely thin, conductive, carbon nanofibers in various three-dimensional structures, our technology creates films of vertical carbon nanofibers that provide a several times larger contact area, and thereby better performance, compared to a conventional flat surface.

In practice, our technology multiplies the given surface area that can be coated with different types of materials. This creates opportunities for more efficient surface properties in several areas where today’s solutions and materials limit performance and efficiency. This means that we can take maximum advantage of our position as a pioneering technology developer in the field of controlled growth of nanostructures.

Smoltek’s pioneering technology platform – for precision manufacturing of carbon nanostructures – gives us very good opportunities to develop innovative solutions in a large number of application areas. However, prioritization is required – and we have currently chosen to focus on two business areas: **Semiconductors** and **Hydrogen**. Both these areas carry enormous potential for the company.

These are two areas where there is a great need for new innovative solutions, and where a lot of development takes place and is required to take the end products to the next level. And this fits well with Smoltek’s strengths to develop surface-efficient products with high performance.

Operations and business model

Smoltek AB was founded in December 2005 in connection with the filing of the first patent – manufacturing of nanostructures, one of the company’s core patents. In February 2018, Smoltek Nanotech Holding AB was listed on the Spotlight Stock Market in Stockholm, Sweden.

The Group’s corporate structure has developed to consist of three subsidiaries:

- Smoltek AB: holds/develops the patent portfolio
- Smoltek Semi AB: targets the semiconductor industry with a special focus on ultra-thin capacitors
- Smoltek Hydrogen AB: targets the hydrogen industry, with a special focus on developing high-performance cell materials to electrolyzers

Our operations and business model are based on a broad, patent-protected technology platform to, among other things, precision-grow conductive carbon nanostructures on different types of substrates and thereby enable better performance for different applications.

Historically, our business model has been to license the company’s IP and know-how for the development of process technology and application concepts. Today, however, we have broadened the company’s business model to also include volume sales of products. Therefore, we are now developing unique process steps as well as complete production processes owned by Smoltek, subcontractor chains as well as finished products. This means that we will be a more equal party with greater responsibility and control, from development to volume production. To respond to this, the company’s organization is continuously being developed.

IP strategy

We use a global patent strategy to protect our technology platform in all important markets. The strategy includes both core patents and more tailored patent protection at the application level. We have a steadily growing patent portfolio which currently consists of around 110 filed patents, in 20 different patent families, within which 81 patents are currently granted.

International business advisor

To increase the opportunities to capitalize on our carbon nanofiber-based technology platform, we collaborate with DC Advisory, a leading global financial advisor with expertise in industrial transactions. DC Advisory has a broad network in the semiconductor and electronics industries as well as in other industrial segments. The agreement contributes to an increased global presence and opens up opportunities through strategic relationships in both existing and new application areas and industrial sectors.

Operations and market – potential semiconductors

Since the company was founded, Smoltek has focused on developing technology specifically for the semiconductor industry. After early development projects in various application areas, the semiconductor market showed greatest interest in our technology for extremely thin capacitors (CNF-MIM) – where we have presented a prototype of the world’s thinnest capacitor. This capacitor has a total height of 38.2 micrometers (including the necessary substrate). The prototype otherwise has the same high performance that the market demands; i.e. high energy storage capacity and low internal losses for the component. These are important parameters that are on par with the industry standard for competing capacitor technologies.

Potential customers and partners

The potential customer base for our capacitor technology consists of a small number of very large capacitor manufacturers. We are currently collaborating with YAGEO Group, which is one of these manufacturers. In the collaboration, we jointly conduct technology development for the commercialization of various types of ultra-thin capacitors based on our technology platform. The objective is to form a joint venture company with one of their subsidiaries for commercialization and global sales of capacitor products.

The market for capacitors

One of the sub-segments in the global semiconductor market is discrete decoupling capacitors. These are used, among other things, in application processors for mobile phones, where very high demands are placed on the capacitor’s performance and minimal form factor. With our technology for ultra-thin capacitors, we can become a leading technology supplier in this segment; since no one

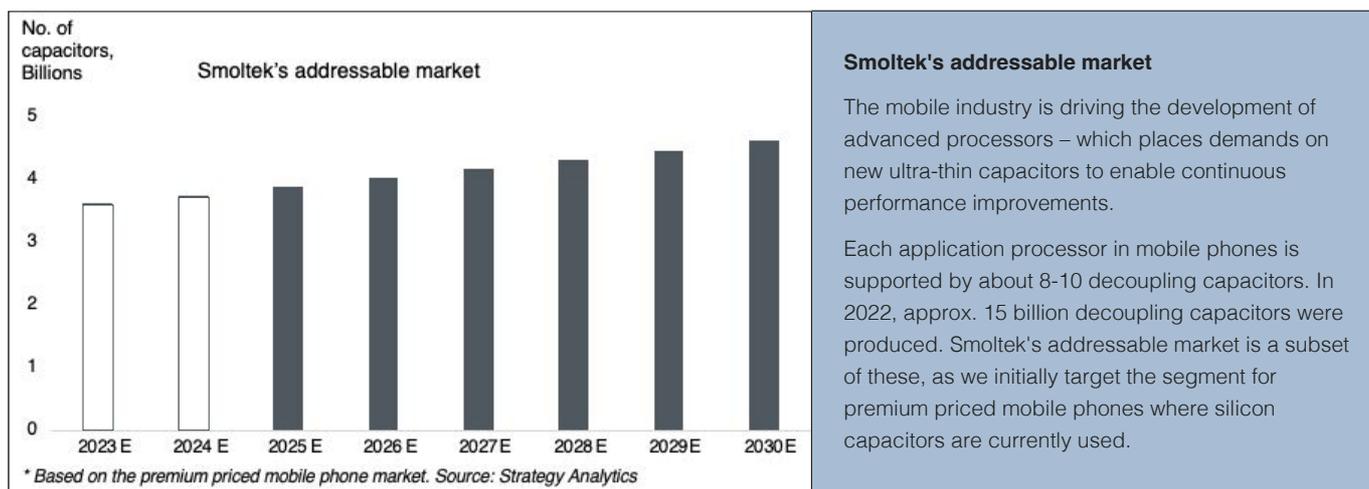
else can combine very high electrical performance with an extremely small form factor. This enables our capacitors to be placed closer to the application processor compared to competing technologies, which is very important as it increases system performance for AP’s/SoC’s* (System on Chip).

Today, around 1.5 billion application processors for mobile phones are produced per year. Each application processor requires around 8-10 decoupling capacitors, which in turn corresponds to a market volume of up to 15 billion decoupling capacitors per year.

Agreement for product development and industrialization

In the collaboration agreement with YAGEO Group, Smoltek Semi has agreed on overall terms and initial financing to take Smoltek’s patent-protected CNF-MIM technology for ultra-thin capacitors to the market within the discrete capacitor segment. The agreement initially concerns the development of a specific capacitor to be adapted to application processors in mobile phones. The goal is to mass produce and sell these capacitors via a 50/50 joint venture company.

Smoltek is conducting intensive technical development at the same time as technical and commercial analysis is carried out to identify additional potential products within the family of ultra-thin capacitors. By being in control of the entire chain, from product development to global sales, the volume production can be scaled up at an optimal rate. This translates into a significant risk minimization combined with higher cost efficiency. This also allows Smoltek to reach the market more quickly and cost-effectively with more products that, in each individual case, can meet specific design and performance requirements.



Smoltek's addressable market

The mobile industry is driving the development of advanced processors – which places demands on new ultra-thin capacitors to enable continuous performance improvements.

Each application processor in mobile phones is supported by about 8-10 decoupling capacitors. In 2022, approx. 15 billion decoupling capacitors were produced. Smoltek's addressable market is a subset of these, as we initially target the segment for premium priced mobile phones where silicon capacitors are currently used.

* AP/SoC is a type of integrated circuit (IC) design that combines many, or all, high-level functional elements of an electronic device on a single chip, rather than using separate components mounted on a motherboard as is done in traditional electronics design.

Operations and market – potential hydrogen

Within the hydrogen business area, we develop a nanofiber-based cell material for electrolyzers, the systems that use electricity to split water into oxygen and fossil-free hydrogen.

Our proprietary cell material (ECM) is intended for the anode side of the cell in PEM electrolyzers. The material's unique three-dimensional structure allows us to reduce the amount of extremely expensive iridium particles by up to 95% (compared to today's standard materials). By manufacturing longer carbon nanofibres, we can fit more iridium and thus increase the active surface in the electrolyzer cell, which can reduce the size of the electrolyzer considerably. A smaller and thus cheaper electrolyzer reduces the cost of building a new hydrogen plant by up to half, which also means reduced operating and maintenance costs.

Huge market for green hydrogen and electrolyzers

Hydrogen as a fossil-free raw material and energy carrier creates a potentially huge market for electrolyzer manufacturers, and also for Smoltek. The world over is hugely invested in this area, not least in Europe. Already today, large amounts of hydrogen are produced for several energy-intensive industrial sectors that need to switch to fossil-free energy. So far, however, only barely 5 percent of all hydrogen is fossil-free. This means that there is a great demand for new technology to obtain more cost-effective methods for the production of green hydrogen with PEM electrolyzers.

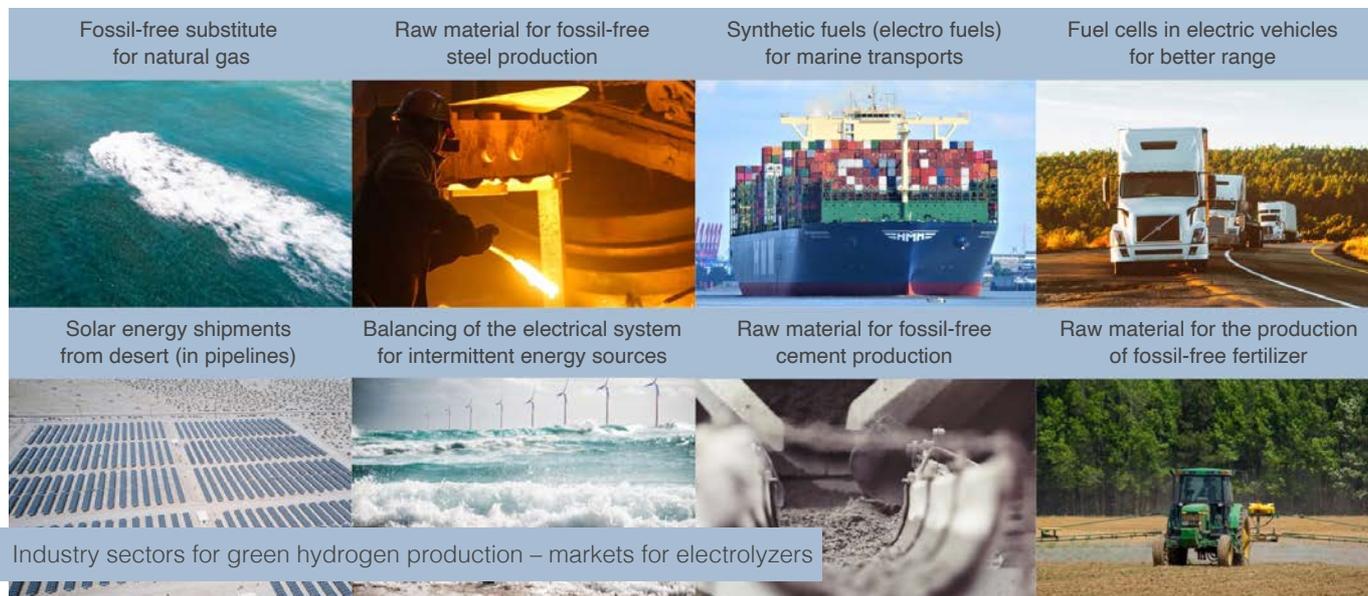
The global market for green hydrogen production today sees large-scale investments in building up the production

and distribution of green hydrogen. At the same time, there is a vigorous accumulation of earmarked capital for investment in electrolyzers and related technological innovations with the potential to improve the performance of green hydrogen production. The market for cell material for the anode side in PEM electrolyzers alone is estimated to increase exponentially, from around SEK 3.5 billion in 2026 to around SEK 65 billion in 2030*.

Development of the ECM technology

In June 2022, we signed a cooperation agreement with a global manufacturer of materials for electrolyzers to build and test prototypes with our cell material. In the project, our cell material, and other partners' parts, were assembled into a complete electrolyzer cell, which was then tested in an electrolyzer. The long-term tests were completed this spring and provided scientific evidence of the advantages of our carbon nanofibers – where the same amount of hydrogen can be produced with significantly less iridium in the electrolyzer cell.

In May, we started up our own hydrogen laboratory, in connection with our new head office. H2LAB, as we call it, has advanced equipment for performance measurement and long-term tests of electrolyzer cells, and here we will also be able to manufacture our own test cells. This will accelerate the development of the cell material at the same time as we evaluate different concepts for volume production. The on-going progress we make in technology development gives us ever stronger confidence in the cell material's



* Source: Hydrogen Council & Mc Kinsey "Hydrogen Insights 2021", www.gminsights.com "Electrolyzer Market Size 2022" and internal calculations.

Financial outcome

Turnover

Net turnover during the first half of the year amounted to SEK 3,056 thousand (0). And for the second quarter of the year to SEK 1,651 thousand (0).

Costs

Operating costs during the same periods were SEK -33,638 thousand (-22,965) and SEK -15,782 thousand (-11,575) respectively. The higher cost picture compared to the previous year can be explained by continued investments towards commercialization of the company's technology for both business areas, as well as a continued growing organization.

Results

The group's result, after financial items, for the first half of 2023 was SEK -28,091 thousand (-20,172). For the second quarter, the result, after financial items, amounted to SEK -13,097 thousand (-10,431).

Cash flow and financial position

Cash flow from operating activities for the period January to June amounted to SEK -23,446 thousand (-13,741). Cash and cash equivalents including short-term investments amounted to SEK 48,126 thousand (46,463) at the end of the period.

Funding

The company has chosen to invest excess liquidity in fixed income funds. Long-term interest-bearing liabilities amounted to SEK 693 thousand (731) and refer to a seed financing loan of SEK 700 thousand that was granted by the Västra Götaland region in 2006.

Investments

Investments in intangible fixed assets in total in the group amounted to SEK 64.5 million on June 30, 2023, distributed between the subsidiaries Smoltek AB (81%) and Smoltek Hydrogen AB (19%). The investments refer to further development of the company's own technology.

Regarding investments in tangible fixed assets, the group has, up to and including 30 June 2023, invested approximately SEK 9.1 million, of which approximately SEK 4 million refers to the specially ordered machine for industrial growth of carbon nanofibers that was ordered in 2022. The group has during the second quarter also completed and started up an in-house laboratory for the hydrogen business.

Key ratios

(SEK thousand)

	Q2 2023	Q2 2022
Return on equity	-27.1%	-17.4%
Return on total capital	-22.5%	-16.3%
Solidity	83.0%	93.5%
Cash liquidity	249.5%	684.7%

Additional financial information

The share

Smoltek Nanotech Holding AB is listed on the Spotlight Stock Market in Stockholm under the ticker SMOL. As of June 30, 2023, the company had approximately 2,600 shareholders. The number of shares amounts to 16 222 202.

Warrants

Outstanding warrants as of June 30, 2023:

Peter Augustsson	80,000
Gustav Brismark	50,000
Håkan Persson	50,000
Per Zellman	10,000
Edvard Kälvesten	30,000
Employees	62,000
Total	282,000

Intangible assets

The company's most important asset is intangible assets in the form of patents, know-how and demonstrated performance. The balance sheet item is included in discontinued costs and amounts to SEK 64.5 million. It is the Board's assessment that the fair value is higher. The comparisons we have made with other companies' intellectual property rights and development support this assumption.

Outlook

The company continues to have a positive view of the market outlook for each business area – semiconductors and hydrogen.

The group company Smoltek Semi, together with YAGEO Group, has a clear plan to industrialize and commercialize Smoltek's CNF-MIM capacitor technology and is building relationships and deepening interactions with potential customers for the first capacitor product.

The group company Smoltek Hydrogen has a large contact network of partners and other leading actors for testing and prototype manufacturing of Smoltek's cell material – ECM, for electrolyzers for green hydrogen production.

At the same time, the company continues the purposeful work of developing the patent portfolio, which currently

contains 100 patent assets within 20 patent families, of which 81 patents are currently granted.

Accounting principles

This statement has been prepared in accordance with the Annual Accounts Act and the Accounting Board's General Council, BFNAR 2012:1 (K3) and the accounting principles are unchanged compared to the previous year.

Annual report, general meeting and dividend

Annual report for 2022 was published on 20 April 2023 and is available on the company's IR website. On request by email to info@smoltek.com, a printed version of the annual report can be sent by post.

The general meeting for the 2022 financial year was held in Gothenburg on May 11, 2023. The board proposed to the general meeting that no dividend be paid for 2022.

Going concern – Affirmation by the Board

The board and the managing director assure that this interim report provides a fair overview of Smoltek Nanotech Holding AB's operations, position and results. The board and the managing director continuously monitor the company's financial position and opportunities for additional financing from partners.

Gothenburg, 2023-08-31

Per Zellman, chairman of the board

Gustav Brismark, board member

Edvard Kälvesten, board member

Marie Landfors, board member

Emma Rönmark, board member

Håkan Persson, CEO

Risks and uncertainties

Smoltek Nanotech Holding AB's results and financial position are affected by various risk factors that must be taken into account when assessing the company and its future potential. These risks are discussed in the annual report for 2022.

Consolidated income statement

Smoltek Nanotech Holding AB incl subsidiaries

(SEK thousand)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net sales	1,651	0	3,056	0	2,692
Own work capitalized	1,050	1,194	2,485	2,822	4,987
Other operating income	0	2	26	23	23
Operating expenses	-15,782	-11,575	-33,638	-22,965	-53,076
Operating profit/loss	-13,081	-10,378	-28,071	-20,119	-45,374
Profit/loss from financial items	-16	-52	-20	-52	-1,429
Profit/loss for the period	-13,097	-10,431	-28,091	-20,172	-46,803
Profit/loss after tax per share	-0.90	-1.12	-1.95	-2.17	-4.83

Consolidated balance sheet

Smoltek Nanotech Holding AB incl subsidiaries

(SEK thousand)	2023-06-30	2022-06-30	2022-12-31
<i>Assets</i>			
Intangible fixed assets	64,486	65,264	64,608
Tangible fixed assets	9,069	8,277	8,431
Current receivables	3,059	3,954	3,339
Other short-term receivables	22,755	30,146	22,755
Cash and cash equivalents	25,371	16,317	48,353
Total assets	124,740	123,958	147,486
<i>Equity and liabilities</i>			
Equity	103,533	115,864	124,681
Long-term liabilities	693	731	704
Current liabilities	20,514	7,363	22,101
Total equity and liabilities	124,740	123,958	147,486
Equity/asset ratio	83.0%	93.5%	84.5%

Consolidated statement of cash flows

Smoltek Nanotech Holding AB incl subsidiaries

(SEK thousand)

	Jan-Jun 2023	Jan-Jun 2022	Fyll year 2022
Ongoing operations			
Operating profit/loss	-28,071	-20,119	-45,374
Non cash flow affecting items	5,952	5,931	13,354
Results from financial items	-20	-52	-1,429
Cash flow from operating activities before changes in working capital	-22,139	-14,240	-33,450
Changes in working capital			
Change in receivables	280	-89	526
Change in current liabilities	-1,587	588	15,326
Cash flow from operating activities	-23,446	-13,741	-17,597
Investment activities			
Intangible assets	-5,315	-7,185	-12,362
Tangible assets	-1,153	-4,206	-4,902
Purchase short-term investments	0	0	0
Sale short-term investments	0	10,094	16,438
Cash flow from investment activities	-6,468	-1,297	-826
Financing activities			
New issue of warrants	0	35	577
Issuance of shares (rights issue)	7,239	0	44,729
Issue costs	-296	0	-9,822
Change in long-term liabilities	-11	-27	-54
Cash flow from financing activities	6,932	8	35,430
Change in cash and cash equivalents	-22,982	-15,030	17,006
Cash opening balance	48,353	31,347	31,347
Cash closing balance	25,371	16,317	48,353

Consolidated changes in equity

Smoltek Nanotech Holding AB incl subsidiaries

(SEK thousand)

	Share capital	Other contributed capital	Other equity including net loss for the period	Total equity
Opening balance 2022-01-01	1,106	191,793	-56,898	136,001
Issuance of warrants		577		577
Issuance of shares (rights issue)	575	43,418		43,993
Issuance of shares (compensation issue guarantor)	10	727		737
Issue costs	-9,822		-9,822	
Profit/loss for the period			-46,803	-46,803
Closing balance 2022-12-31	1,690	226,693	-103,701	124,681
Issuance of shares (Using warrants TO 7)	242	6,996		7,238
Issue costs	-296		-296	
Profit/loss for the period			-28,091	-28,091
Closing balance 2023-06-30	1,932	233,393	-131,793	103,532

Parent company income statement

Smoltek Nanotech Holding AB

(SEK thousand)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net sales	2,123	1,329	4,581	2,184	5,090
Other operation income	795	236	1,664	538	1,265
Operating expenses	-6,595	-5,126	-13,952	-9,626	-21,024
Operating profit/loss	-3,677	-3,561	-7,707	-6,904	-14,669
Profit/loss from financial items	702	131	1,292	294	-695
Profit/loss for the period	-2,975	-3,429	-6,414	-6,611	-15,364

Parent company balance sheet

Smoltek Nanotech Holding AB

(SEK thousand)

	2023-06-30	2022-06-30	2022-12-31
<i>Assets</i>			
Shares in group companies	80,314	80,314	80,314
Long-term receivables in group companies	67,140	38,454	49,847
Current receivables from group companies	2,995	1,987	2,382
Other current receivables	1,225	1,243	918
Other current investments	22,755	30,146	22,755
Cash and cash equivalents	14,828	7,853	31,336
Total assets	189,256	159,997	187,552
<i>Equity and liabilities</i>			
Equity	183,729	156,505	183,201
Current liabilities	5,527	3,492	4,351
Total equity and liabilities	189,256	159,997	187,552
Equity/assets ratio	97.1%	97.8%	97.7%

Parent company statement of cash flows

Smoltek Nanotech Holding AB

(SEK thousand)

	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Ongoing operations			
Operations profit/loss	-7,707	-6,904	-14,669
Profit/loss from financial items	0	-46	-367
Cash flow from operating activities before changes in working capital	-7,707	-6,950	-15,036
Changes in working capital			
Current receivables group	-612	-8,286	-8,693
Changes in receivables	-307	-325	0
Change in current liabilities	1,176	884	1,743
Cash flow from operating activities	-7,450	-14,677	-21,986
Investment activities			
Financial assets	-16,000	-8,000	-19,000
Sale short-term investments	0	10,094	16,438
Cash flow from investment activities	-16,000	2,094	-2,562
Financing activities			
New issue of warrants	0	35	577
Issuance of shares (rights issue)	7,239	0	44,729
Issue costs	-296	0	-9,822
Cash flow from financing activities	6,943	35	35,484
Change in cash and cash equivalents	-16,508	-12,548	10,935
Cash opening balance	31,336	20,401	20,401
Cash closing balance	14,828	7,853	31,336

Parent company changes in equity

Smoltek Nanotech Holding AB

(SEK thousand)

	Restricted equity	Non-restricted equity	Total equity
Opening balance 2022-01-01	1,106	161,975	163,081
Issuance of warrants		577	577
Issuance of shares (rights issue)	575	43,418	43,993
Issuance of shares (compensation issue guarantor)	10	727	737
Issuance cost		-9,822	-9,822
Profit/loss for the period		-15,364	-15,364
Closing balance 2022-12-31	1,691	181,511	183,201
Issuance of shares (Using warrants TO 7)	242	6,996	7,238
Issuance cost		-296	-296
Profit/loss for the period		-6,414	-6,414
Closing balance 2023-06-30	1,933	181,797	183,729

Financial calendar

- Interim report, Q3 2023 will be published 2023-11-07
- Interim report, Q4 2023 will be published 2024-02-22
- Interim report, Q1 2024 will be published 2024-05-02

Audit report

This report has not been subject to review for the company's auditors.

Smoltek Nanotech Holding AB has been listed on the Spotlight Stock Market since 2018-02-26 under the ticker SMOL.

For additional information:

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Göteborg 2023-08-31

The Board





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