

## ANNUAL REPORT 2023 Smoltek Nanotech Holding AB



### Annual report 2023, Smoltek Nanotech Holding AB

### **ABOUT SMOLTEK**

Smoltek develops process technology, concepts and applications to solve advanced materials 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. Today, the company focuses on developing a disruptive capacitor technology for use in mobile phones and other advanced electronics applications.

Smoltek also sees great potential in the hydrogen industry, where the company is currently focusing on developing a nanofiber-based cell material for the anode electrode in the electrolyzer cell. The new material technology has been developed 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 more than 110 patent assets, of which 89 are currently granted. Smoltek's share is listed on the Spotlight Stock Market under the ticker SMOL.

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Note: This is an English version of Smoltek's annual report 2023, in Swedish, which has interpretive precedence.

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### Smoltek in brief

### WE ENABLE NEW TECHNOLOGICAL LEAPS

New technology drives the world forward, and Smoltek develops solutions that can enable the next technological leap – starting in semiconductors and hydrogen.

We develop ground-breaking solutions based on our patent-protected nanotechnology, which significantly increases the available surface area for chemical and electrical processes in various materials. We thereby enable more compact, energy-efficient, powerful, and cost-effective products in several industrial sectors.

### VISION

Through licensing and proprietary production solutions based on the company's patent-protected technology in carbon nanotechnology, Smoltek amis to become a globally leading technology and product development partner through revolutionizing solutions for advanced material engineering challenges.

Equity

SEK 95,2 million

### Cash and cash equivalents

SEK 28,7 million

### Solidity

84,1%

### The possibilities of our technology

Smoltek's patent protected technology platform enables controlled growth of precisely localized and defined conductive nanostructures; as individual fibers, or in predetermined clusters or films. This is done through catalytic growth, with materials and at temperatures which are compatible with industrial requirements.

By being able to precisely grow extremely thin carbon nanofibers in different three-dimensional structures, we can multiply the actual performance on a given surface, which can be coated with different types of materials.

This could revolutionize material engineering within several industry segments – starting in semiconductors and hydrogen.

### **Opportunities for Semiconductors**

Smoltek's capacitor technology enables the semiconductor industry to develop next-generation advanced chips - with increasing demands for higher performance for AI, 6G, IoT and more.

We can manufacture extremely small and thin capacitors with very high electrical performance, which ensure the power supply in advanced chips at the same time as they can be placed closer to the active circuit in the chip compared to other capacitor technologies. A leap in technology that the semiconductor industry has been trying to solve for years.

### **Opportunities for Hydrogen**

Smoltek's cell material technology enables the hydrogen industry to scale up the production of PEM electrolyzers to meet the demand of the huge production of fossil-free hydrogen required to solve the global energy transition and, above all, reduce the industry's carbon emissions.

We can manufacture a cell material for the anode electrode in electrolyzer cells that only uses a fraction of iridium as catalyst particles in electrolysis, and that enables the manufacture of both smaller and cheaper electrolyzers.

### The year in brief



### new patents granted

Smoltek had four semiconductor technology patents granted during the year, one of which belongs to a new patent family – Discrete CNF-MIM.

We were also granted the first two patents targeting the green hydrogen industry, in the Electro Catalyst Support and Electro Catalyst Heating patent families.



### SEK 21.8 million raised in 2023

Utilization of warrants TO 7 in Q2 and targeted issues in Q4 brought in a total of approximately **SEK 21.8 million** after deduction for issue costs.





### on Otterhällegatan

In the middle of Q1, Smoltek moved into new premises on Otterhällegatan, number 1 in central Gothenburg.

Now we have, among other things, a view of Lilla Torget and Jonas Ahlströmer - one of the leading figures of the industrial revolution in Sweden.



## Smoltek Semi has developed industrial 8-inch process

At the end of Q2, the development of an industrial manufacturing process in 8-inch format for high-volume production of CNF-MIM capacitors was completed.

It was followed by a first test run of industrially produced prototypes (engineering samples) of CNF-MIM capacitors that were completed at the end of Q4.

These engineering samples have provided a large amount of data that Smoltek Semi has been able to analyze in order to further develop and refine the manufacturing process and increase the performance



of the capacitors in order to reach the set goals that are required, for example, for capacitors aimed at the mobile phone industry.

## The transition to the 8-inch process is important for two reasons in particular::



The first is the significant increase in the number of capacitors that Smoltek Semi can produce for development purposes

as it can fit around 27,000 capacitors on a single 8inch wafer. The large number makes it possible for the company to conduct more data-driven development and thereby accelerate the development pace towards a commercial product.



The second is that the 8-inch format is compatible with high-volume production. Smoltek Semi is therefore convinced that the 8-inch format they have now migrated

to in the development of the company's CNF-MIM capacitors will make it possible to more effectively accelerate the technological transfer of the manufacturing processes to a future high-volume production.

### The year in brief

## Smoltek Hydrogen has completed its own hydrogen laboratory

Smoltek Hydrogen's internal hydrogen laboratory was completed during Q2. The new lab is equipped with advanced instruments and tools to enable the R&D team to manufacture their own test cells, make performance measurements and carry out long-term tests of electrolyzer cells. In the lab, which is called H2LAB, most of the future development work for the group company's cell material for electrolyzers will take place.



doctors on duty

Just over a third of all employees at Smoltek are doctors - or PhDs as they usually say.

PhD is a doctoral research degree and the doctors employed at Smoltek hold a PhD in the following areas: Technology and business strategy, Theoretical Solid-State physics, Microelectronics and Nanoscience, Chemistry, Materials

### Smoltek Semi in negotiations for license agreement with Kemet Electronics, part of YAGEO Group

During the year, Smoltek Semi conducted lengthy negotiations with the intention of signing an agreement with Kemet Electronics that would give YAGEO Group the exclusive right to manufacture and sell discrete and embedded capacitor products based on Smoltek's capacitor technology, CNF-MIM.



# Smoltek Hydrogen has produced the same amount of hydrogen with 80% less iridium than a standard material

In 2023, Smoltek Hydrogen has made great progress with the technology for the group company's cell material for the anode side electrode in electrolyzer cells. At the beginning of Q2, positive test results were presented showing that the newly developed cell material can produce as much hydrogen as a commercial standard material, with 80% less iridium!

The iridium loading in the electrolyzer cell was only 0.5 mg/cm2 compared to 2.5 mg/cm2 for the commercial standard material. Subsequently, Smoltek Hydrogen has set its sights on reducing the amount of iridium to only 0.1 mg iridium/cm2, which is also the hydrogen industry's dream to achieve in order to scale up the production of electrolyzers for fossil-free hydrogen production.

### The year in brief

## Smoltek Semi has made customer visits in Taiwan together with YAGEO

At the beginning of Q2, Smoltek Semi visited the cooperation partner YAGEO in Taiwan for a series of workshops as well as joint presentations of the CNF-MIM technology to potential customers. In connection with the visit, an interview was conducted with Philip Lessner, EVP & CTO at YAGEO Group, where he talks about the strength and potential of Smoltek's CNF-MIM technology - and how it can help YAGEO reach out to new customer segments.



### Smoltek's founder, Shafiq Kabir will scale up production processes for cell material for electrolyzers

Smoltek founder Shafiq Kabir was appointed during Q2 as head of production process development for high-volume manufacturing of Smoltek Hydrogen's cell material for electrolyzers. Electrolyzer Cell Material (ECM) as the product is called increases the efficiency of the porous transport layer for the anode electrode in electrolyzer cells.



### The CNF-MIM technology for ultrathin capacitors presented in Miami

At the beginning of Q1, Smoltek Semi together with YAGEO presented the technology for the capacitor family, which is based on our CNF-MIM technology, which the parties intend to jointly develop and commercialize, at an American university and technology event in Miami, Florida .





### Industrial manufacturing of carbon nanofibres

The custom-ordered system for the industrial fabrication of carbon nanofibers for our CNF-MIM capacitors was completed at the end of Q2. The system



forms a central part of the production process that Smoltek Semi is in the process of establishing in order to be able to manufacture capacitors in high volumes. The high volume system is intended to be placed at a foundry once Smoltek Semi has established the manufacturing structure for high volume production of the capacitors. Until then, the system will be stored at the MC2 laboratory at Chalmers in Gothenburg.



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### A comment from the CEO, Håkan Persson

#### Dear Shareholders,

Smoltek is a technology company that provides a technology that enables controlled growth of conductive carbon nanostructures on various materials. The technology can be used in several industrial sectors and the partners we hold dialogues with are found in the process industry and semiconductors, among others.

The products we are initially developing are aimed at the production of fossil-free hydrogen and to further miniaturize components in microchips, and in the 2023 financial year we made significant progress in both of our business areas: semiconductors and hydrogen.

In the semiconductor segment, we made great progress towards the market and volume production of our carbon nanofiber-based CNF-MIM capacitors, where we have successfully developed an industrial process in the 8-inch format, which is compatible with the semiconductor industry's process lines.

In the collaboration with YAGEO, which is one of the world's largest manufacturers of passive components, we had in-depth interactions that resulted in concrete negotiations for a global exclusive license and service agreement at the end of the year. The negotiations continued after the turn of the year with the management of Kemet Electronics. The business strategy, including business plan and project plan, was thoroughly discussed internally at Yageo and finally presented to YAGEO's top management. After several iterations, unfortunately, the decision was made that the time was not right for Yageo to move forward with the project and make the short- and long-term investments in Smoltek that the agreement had implied.

It was, for all parties involved, a very tough and sad decision that had a major negative impact on our share price. However, our persistent work to find a cooperation partner for the development of the capacitor technology continues, and we continue to work actively to improve our business opportunities and develop our capacitor family. Despite this setback, we are positive about the future of our capacitor technology and are confident in our ability to attract partners for further development and commercialization.

In our other business area, hydrogen, we have also made great progress towards commercialization. The focus during the year has been on technical development and validation of our cell material for PEM electrolyzers.

In 2023, we were able to announce, among other things, that we succeeded in reducing the amount of rare iridium to a fifth while maintaining performance. The results mark an important step towards our goal of reducing the amount of iridium by 95%, compared to today's electrolysers.

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### A comment from the CEO, Håkan Persson

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Through the establishment of our in-house development and testing laboratory, H2LAB, and collaborations with world-leading researchers and partners, we have accelerated the development and verified the performance of our cell material for PEM electrolysers.

We have also begun the establishment of a process for volume manufacturing, which is led by Smoltek's founder Shafiq Kabir. This means that we are approaching the tipping point where it becomes practically and economically possible to, with PEM electrolysers, scale up hydrogen production in Europe and globally to the enormous amounts required to succeed with, among other things, the EU countries' climate commitments.

Smoltek's intellectual property rights, which are based on our nanotechnology platform, are the very basis of the company's value. This has been clear to us since the company was founded, and we have worked methodically to build up a solid patent portfolio, which today includes 20 patent families.

In addition, we have 89 globally granted patents today, which is six more than at the turn of the year. In order for these intellectual property rights to reach their full value, it is also required that we can provide the knowledge transfer needed to commercialize viable products and manufacture them in very large volumes.

At the end of the year, we carried out directed issues of approximately SEK 15 million in total, after taking costs into account. Qualified investors as well as parts of the company's management and board, including myself, participated in the issues.

The issues are not only an important step to ensure the company's financial stability, but also show the investors' faith in the company's long-term growth potential and strategies, and I would like to extend a big thank you to everyone who participated in the issues. It is a significant step towards realizing the underlying value in our solid patent portfolio which, together with our deep know-how, can contribute to solving some of the societal challenges we face today.

As a deeptech company, we play an important role in ensuring that Sweden continues to be a leading industrial and innovation country in the future as well.

### Håkan Persson, president and CEO Smoltek Nanotech Holding AB



### Chairman of the board Per Zellman has the floor

#### Dear Investor,

Almost a month ago, Smoltek received the sad and unexpected message from our partner of two years, Yageo, that they are currently not prepared to move forward in our discussions about a service and license agreement.

The agreement had been a natural continuation of the good collaboration and would have given Smoltek Semi the well-deserved financial stability that the group company needs. The information that Smoltek conveyed about the decision was received with strongly negative reactions from the stock market and many questions about the reasons and the future of the company. The situation prompts me as chairman and representative of the board to write a few lines about how we in the board view the past year and the current situation for Smoltek.

Smoltek's journey from a research-based startup to a leading supplier of innovative material technology continues, and in 2023 the company took several steps forward towards commercial breakthrough.

Above all, technical progress was made in our business area for semiconductors, where we also started final negotiations with our partner YAGEO through their business area for ceramic capacitors (MLCC), which had a turnover corresponding to just over SEK 7 billion in 2023. Together, we aimed to reach a global license and service agreement for Smoltek's carbon nanofiber-based capacitors in the first quarter of 2024, but unfortunately there was an unexpected halt at the end of March.

The board of Smoltek has continuously worked closely and actively with the CEO and other management to drive the negotiations to a goal. Personally, I have also had meetings with managers from Yageo's business area, and my impression was that they had a genuine interest in continuing the collaboration.

For our capacitor investment, the new situation means that we need to back off a bit to evaluate how we can find new collaboration partners for development and commercialization of the technology, as well as keep Yageo interested. Based on the company's latest detailed analysis of competing solutions, we at Smoltek's board are convinced of the potential for the company's CNF-MIM technology. This technology may be the only viable alternative to today's silicon trench capacitors which are used in leading mobile phones and which are beginning to approach their performance limit and are dominated by only a few suppliers.

It is important to remember that the semiconductor industry is probably one of the most challenging industries to enter with new and disruptive technology. This is

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### Chairman of the board Per Zellman has the floor

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especially true given its advanced processes and large manufacturing volumes that require significant capital.

In addition, the industry is strongly dependent on the economic cycle. High demands on product performance, quality and availability are obvious prerequisites for success and naturally pose challenges for a company like Smoltek. We are aware of these challenges and are working hard to meet them. Our ambition to position ourselves as a leading technology supplier for discrete and embedded capacitors remains firm.

If we change the technology area and look at the company's investment in cell material for hydrogen electrolyzers, we see that the group company Smoltek Hydrogen made substantial progress during the year. On the board, we are pleased with the positive technical results and the increased contacts with both existing and new potential business partners. With this, we are approaching possible commercial collaborations that can generate significant value for the company.

The hydrogen industry is driven by increasing demands to achieve carbon dioxide neutrality, not least in the industry and transport sector where increased use of fossil-free energy in the form of green hydrogen is expected to play a central role. We see good opportunities to establish ourselves as an attractive technology supplier in this global market, which is expected to have very strong growth.

Although Smoltek is still small, the company has succeeded in developing a broad and powerful nanotechnology platform with many possible areas of use, two of which have come a long way towards commercialization. The year 2023 has shown that the company is on the right track, but at the same time, additional funding is still required as significant ongoing income will take some time. Up until now, our ambition has been to finance each venture up to a proven concept via the stock market, and then seek financing via collaboration partners or via customers with purchase or license agreements. This ambition still applies to both Semi and Hydrogen.

However, the possibilities for financing depend a lot on the trust that owners and other investors have in the company. Unfortunately, the break with Yageo has left its mark on trust, not least as evidenced by the collapse of the company's share price. As a board, we cannot do much about this, but only continue to work for the good of the company and shareholders and to assist the company's management.

At the same time, we know that the trust and interest in Smoltek among our partners is still great, because the potential of our technology remains.

In conclusion, Smoltek has a lot to offer!

### Per Zellman, Chairman of the Board Smoltek Nanotech Holding AB



### The possibilities of our technology

Smoltek's patent protected technology platform enables controlled growth of precisely localized and defined conductive nanostructures; as individual fibers, or in predetermined clusters or films. This is done through catalytic growth, with materials and at temperatures compatible which are compatible with industrial requirements.

By being able to precisely grow extremely thin carbon nanofibers in different three-dimensional structures, we are able to effectively multiply the actual

performance on a given surface that can be coated with different types of materials. This could revolutionize material development within, for example, industry segments for semiconductors and green hydrogen production.



### **Opportunities for semiconductors (capacitors)**

To solve the challenges in the semiconductor industry, we can use our technology to manufacture extremely thin capacitors with very high electrical performance. The advantage is that the chip manufacturers can place our capacitors closer to the active circuit in, for example, an application processor (main processor in mobile phones).

### **Opportunities for hydrogen (electrolyzers)**

To solve the challenges of the global energy transition, we can manufacture a cell material for the anode side

electrode, with a significantly smaller amount of iridium, for PEM electrolyzers. This can enable the manufacture of smaller and cheaper electrolyzers for the production of fossil-free hydrogen.



### THE SMOLTEK WAY

At Smoltek, we are driven by a strong culture of innovation with a focus on meeting the market needs, and we are deeply committed to solving advanced material engineering problems in various industry sectors. We do this by identifying an industry problem that we can solve with our disruptive nanotechnology.

### We aim to find the right "market fit"

The key to innovation success is finding a new solution to an existing problem. And, that the product we develop fits into the right market.

This means that we do in-depth market analyzes and carry out research and development based on market needs. And most importantly, we find the right partner for cooperation or collaboration.

Today we have two products under development that are tailored for their respective markets: discrete decoupling capacitors for advanced chips and a cell material for the anode side electrode in PEM electrolyzers. In the development of these two products, we are currently conducting several different partnership dialogues. Regarding the development of the capacitors, we are still cooperating with YAGEO, albeit to a lesser extent than during 2023 and the beginning of 2024.

## The potential for new innovations is embedded in our technology platform

We know that our technology has the potential to improve performance in several membrane-based applications, compared to existing technology.



One such area is (Li-ion) solid state batteries that could offer higher energy density, extended charging capacity, better temperature performance and reduced flammability

compared to today's batteries.

Another area where we see a future opportunity for our technology is medical technology, or biotechnology.



### **Operations and market** – potential Smoltek Semi

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).

The potential customer base for Smoltek's capacitor technology consists of a small number of very large capacitor manufacturers, or manufacturers of semiconductor packages (advanced packaging alt. heterogeneous integration). The end application for our capacitors lies in a later stage of the semiconductor industry ecosystem and largely depends on where our capacitors are to be placed. It can be, for example, in mobile phones, in data centers or in automotive electronics.

Our group company Smoltek Semi is currently collaborating with YAGEO Group, which is one of the world's largest manufacturers of passive components (a capacitor is a passive component). Together, the two companies have conducted technology development with the aim of commercializing different types of capacitors based on the CNF-MIM technology platform. With the aborted contract discussions, the collaboration now takes place on a limited scale and Smoltek Semi is working to find new partners as an alternative to YAGEO.

#### The market for capacitors

The market for our capacitor technology is in specialized electronic components used in a variety of applications, primarily in the field of semiconductors and integrated circuits. The capacitors are specially designed to offer high capacitance values in a compact form factor.

### Examples of areas of application are:

**Consumer electronics** – Smartphones, tablets and portable devices where the capacitors are used in the application processor, which place high demands on the combination of high performance in a small form factor. With our technology for ultra-thin capacitors, we can become a leading technology supplier in this segment, as we can meet those requirements. It enables, for example, our capacitors to be placed closer to the application processor compared to competing technologies, which is very important for, like for example, mobile phone manufacturers as it increases system performance (AP/SoC – System on Chip\*).

The automotive industry – Our capacitors are suitable for various electrical systems in the automotive industry where technology has become more advanced, with extensive software implementation and many complex safety systems. This means that there are strict requirements for stable voltage levels and reliable function of important components, which are challenges our capacitor technology can meet.

The aerospace and defense industry – Technology developments require high-performance capacitors to meet the strict specifications found in radar systems, communications equipment, and other avionics.

Radio frequency (RF) – Our technology can be used in socalled RF circuits where there are high requirements for a very small form factor. In RF, our technology can be used to control impedance (electrical resistance to alternating current) and improve the performance of wireless communication devices such as mobile phones and Wi-Fi routers.

**Industry and manufacturing** – In industrial automation and control systems, our capacitor technology can be used to ensure the high demands placed on stable and accurate voltage levels, contributing to the reliability of manufacturing processes.

In summary, our technology is driven by the increasing demand for miniaturized, high-performance electronic devices in a variety of industries. As the development of semiconductor technology continues and the need for smaller and more efficient components increases, we expect the market for our capacitor technology to expand.

Today, we focus particularly on the mobile market (consumer electronics), where the need for small form factors and high performance represents significant challenges and opportunities.

As an example, the market for <u>landside-mounted decoupling</u> <u>capacitors</u> for application processors in premium priced mobile phones is predicted to have an expected average annual growth rate of about 3.6% CAGR, increasing from about 3.6 billion decoupling capacitors in 2023 to about 4.6 billion decoupling capacitors in 2030.



Qualcomm Snapdragon 8 chip with 8 Landsidemounted capacitors

\* 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 Smoltek Hydrogen

Within the hydrogen business area, which is run by the group company Smoltek Hydrogen, we develop a nanofiberbased cell material for PEM electrolyzers, the system that uses renewable electricity to split water into oxygen and hydrogen.

Huge market for green hydrogen and electrolyzers

Hydrogen as a fossil-free raw material and energy carrier is one of the keys to the ongoing electrification and the reduction of fossil fuels in order to reach the goals of net zero emissions.

Today, large amounts of fossil hydrogen are used in several energy-intensive industrial sectors, all of which need to switch to fossil-free energy in the near future.

In 2023, 5 million tons of fossil-free hydrogen were produced (about 5% of total hydrogen production), and in 2030 the hydrogen industry aims to produce close to 40 million tons of fossil-free hydrogen\*. This means that there is a great demand for the development of new technology to get more cost-effective electrolyzers to be able to produce fossil-free hydrogen.

### Smoltek Hydrogen can reduce the iridium coating

Our proprietary cell material (ECM) is developed to reduce the iridium coating in the anode-side electrode of the electrolyzer cell and can reduce the amount of extremely expensive iridium particles in PEM electrolyzers by up to 95%, compared to today's standard materials.

Thanks to the fact that the material consists of large amounts of vertical nanofibers, a coatable surface that is up to 30 times larger compared to today's materials is created. This means that we can coat our nanofibers with

iridium particles much more effectively and thus reduce the amount of iridium in the electrolyzer.

Significantly reducing the iridium coating will lower the cost of the electrode material by tens of thousands of SEK per square meter.

We can also increase the capacity per surface in the cell by using longer fibers. With longer fibers, more iridium can be coated and thus the number of cells in the electrolyzer can be reduced.

Nanofibers
Corrosion protection
Iridium particles

Fewer cells provide another significant cost-saving for PEM electrolyzer manufacturers.

### We can match the goals of the electrolyzer industry

In 2023, Smoltek Hydrogen proved that our newly developed coating technology can produce the same amount of hydrogen with only 0.5 mg iridium/cm<sup>2</sup> compared to today's material technology, which uses about 2.5 mg iridium/cm<sup>2</sup>.

The technical progress means that we are optimistic about also succeeding in long-term tests to first reach 0.2 mg iridium/cm<sup>2</sup> in 2024 - and then approach the hydrogen industry's goal of 0.1 mg iridium/cm<sup>2</sup>. That goal is set in order to be able to scale up the production of PEM electrolyzers to produce the millions of tons of fossil-free hydrogen required in the energy transition.



Industry sectors for green hydrogen production – markets for electrolysers

\* Source: Hydrogen Council



The board and the managing director of Smoltek Nanotech Holding AB (publ), organization number 559020–2262 with headquarters in Gothenburg, hereby submit their annual report and consolidated report for the financial year 2023.

The annual report is prepared in Swedish kronor, SEK. All amounts are stated in kroner unless otherwise stated.

#### The year in summary

On February 1, 2023, the Smoltek Group moved into new premises at Otterhällegatan 1 in central Gothenburg. The new premises are adapted and more suitable for the growing organization, which during the fall of 2022 was temporarily divided into two offices.

The new premises also house two laboratories, one of which is the company's existing laboratory with electrical measuring and testing equipment for semiconductor components for the operations of the group company Smoltek Semi. The second laboratory is completely new and equipped for the operations of the group company Smoltek Hydrogen. In the new laboratory, which is called H2LAB, complete electrolyzer cells can be manufactured and tested, which will accelerate Smoltek Hydrogen's work with the development of their cell material for the anode side electrode in electrolyzer cells. It also enables long-term tests of function and corrosion resistance of various materials, which is important for the group company's dialogues with potential customers and partners.



Smoltek's new office at Otterhällegatan 1

**February 1-3,** Smoltek Semi and YAGEO jointly presented the group company's disruptive capacitor technology, CNF-MIM, at the 3D PEIM 2023 conference, which was hosted by Florida International University. In focus was the joint collaboration to develop and commercialize a broad family of discrete capacitors (a discrete capacitor is a self-contained component in a chip), where the first capacitor application intended to launch was an ultra-thin discrete landsidemounted (mounted on the underside of the chip) decoupling capacitor, which can for example be placed closer to the application processor in mobile phones compared to competing technologies.

**On February 2**, the company announced that the chairman of the board, Peter Augustsson, declines re-election at the upcoming annual general meeting. Peter has been chairman of the board since 2017.

**On February 9,** Smoltek Semi, which operates the semiconductor business area, adjusted its strategic objectives in relation to those published in May 2022. The adjustments are largely due to the deepened cooperation with the American-Taiwanese capacitor manufacturer YAGEO Group.

On March 9, the company announced that an in-depth collaboration with the technology consulting company Qamcom to call for specialists within certain defined projects has begun. The aim is to ensure a continued high pace in technology and product development for both of the company's business areas; semiconductors and hydrogen.

On March 17, it was announced that the Smoltek Hydrogen group company appointed Smoltek's founder, Shafiq Kabir, as responsible for the development of volume processes within the hydrogen business area. In his new role, Shafiq will lead and evaluate the group company's concept for volume manufacturing and commercialization of the cell material for electrolyzers (ECM) that is under development. The focus will be primarily on the actual processes used to fabricate the nanostructures and coatings in order for Smoltek to successfully scale up the cell material to industrial manufacturing.



April 15-20, parts of the management team of Smoltek Semi visited Taiwan for a series of meetings and workshops with the cooperation partner YAGEO, as well as meetings 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 – decoupling capacitors for application processors – the booked meetings provided opportunities to discuss the different types of configurations and requirement specifications each customer has for the next generation of capacitors to be used in their chip.



2x CTO: Farzan Ghavanini and Philip Lessner

On April 25, the group company Smoltek Hydrogen announced that they had achieved satisfactory results with the company's proprietary cell material, which is to reduce the amount of precious iridium, for the anode electrode in electrolyzer cells. Initial tests, confirmed by the German technology institute Fraunhofer, indicated that the group company's cell material can produce similar amounts of hydrogen as a standard commercial material. The essential difference is that one uses five times as much iridium compared to Smoltek Hydrogen's cell material.

The initial long-term tests of the cell material also gave positive results and showed that the nanofibers can be protected against corrosion and can withstand 1,000 hours of running 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.

**On May 26,** Smoltek Hydrogen's in-house laboratory was inaugurated, which will provide faster and more costeffective development of the company's cell material technology. H2LAB, as it is called, is equipped with advanced equipment for performance measurement and long-term tests of electrolyzer cells and also enables in-house production of test cells, both half cells and full 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.



Smolteks R&D-staff at the Smoltek Hydrogen H2LAB

The first patent in a new patent family called Discrete CNF-MIM was granted in early June. The new patent family relates to the manufacturing of discrete capacitor applications, where the innovation takes advantage of the extraordinary surface-to-volume ratio provided by Smoltek's carbon nanofiber technology. Thus, it is possible to manufacture an MIM capacitor with an unprecedentedly high capacitance density in a very small format.



Smoltek's R&D-staff att Chalmers MC2-laboratory

**On June 21**, the outcome of the exercise of the warrants of series TO 7, which were issued in connection with the company's preferential issue of units in November 2022, was announced. TO 7 was used to approximately 83 percent and the company received approximately SEK 7.2 million before issue costs, which are estimated to amount to approximately SEK 0.3 million.

Through the use of TO 7, the share capital increased by approx. SEK 242,225, from approx. SEK 1,690,297 to approx. SEK 1,932,522 and the number of shares increased by 2,033,315, from 14,188,887 shares to 16,222,202 shares. For existing shareholders who did not use their TO 7, the

dilution amounted to approximately 12.5 percent of the number of shares and votes in the company.

**4–7 July,** 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 group company's new cell material for electrolyzers which, by using corrosion-protected nanofibres, can radically reduce the amount of iridium catalysts in the electrolyzer cell.

Smoltek Hydrogen aims to reduce the iridium load to only 0.1 mg iridium/cm<sup>2</sup> (which corresponds to a 95% reduction compared to today's commercial standard materials where the iridium is encapsulated and not fully utilized).



In mid-August, Smoltek's first patent family directed at the green hydrogen industry was granted. Electro Catalyst Support, as the patent family is called, describes how we can use Smoltek's core technology in electrochemical cells. The innovation shows how our nanofibers can support the iridium catalyst load in a PEM electrolyzer in a better way, and in this case how we can use the technology to radically lower the iridium catalyst load in PEM water electrolyzer cells and increase the output power per area of the cell.

On October 4, it was announced that Smoltek Semi has developed an 8-inch wafer fabrication process intended to be used to produce high-volume engineering samples of CNF-MIM capacitors. In the development of the process chain, the company has initially manufactured capacitor prototypes without carbon nanofibers on 8-inch wafer format. However, these capacitor prototypes have only had the purpose of developing and validating the stability, repeatability and overall quality in all parts of the manufacturing process, which is necessary for the group company to be able to produce industrially manufactured prototypes (engineering samples) of CNF-MIM capacitors in high volumes.

**8–12 October** Smoltek Hydrogen participated in the Electrochemical Society 244th Meeting held in Gothenburg. The Electrochemical Society, or ECS, is the world's largest organization in the fields of electrochemistry and solid state science and related technology.

Although the main focus was to make business and development contacts in the company's exhibition stand, Smoltek Hydrogen held a technical presentation about the company's technology and how it can significantly reduce the amount of iridium particles in the anode side electrode in electrolyzer cells.

Smoltek Hydrogen also took the opportunity to invite some of the new business contacts to Smoltek's office, in central Gothenburg, where they were, among other things, given a tour of the new in-house laboratory H2LAB, where a large part of the development work of the electrolyzer cell material takes place.



On October 16, it was announced that Smoltek had started an IR blog with the aim of strengthening communication with shareholders and investors. The IR blog will provide indepth comments and explanations to the company's press releases and other news.

On October 23, it was announced that Smoltek and DC Advisory have signed an agreement on the termination of the parties' collaboration within financial advisory. Smoltek assesses that the need for the advisor's services has decreased, and that it is most beneficial for Smoltek to continue working with partners and investors under its own auspices.

**On November 2,** it was announced that the Swedish Tax Agency (Skatteverket) decided not to allow deductions for research and development (FOU) in employer declarations, where Smoltek has made deductions for employer contributions, for employees in Smoltek AB who actively work with tasks that qualify as research and development. The period referred to is January 1, 2021 to March 31, 2023, and Smoltek is required to repay a total of SEK 1,507,516. Smoltek believes that the Tax Agency's decision is incorrect and has filed an appeal.

**On November 8**, the first patent in a new patent family for electrolyzer applications was granted. The new patent family is called Electro Catalyst Heating and describes how Smoltek's nanotechnology can be used for better heat management in electrolytic cells. By adding heat to the catalytic structure, endothermic electrocatalytic reactions in the electrolysis cell are facilitated.



Fabian Wenger, Head of R&D at Smoltek Hydrogen

On December 6, it was announced that Smotek Semi intends to enter into a license and service agreement with Kemet Electronics Corporation, a subsidiary of YAGEO Group. Under the agreement, YAGEO would receive global, exclusive rights to manufacture and sell discrete and embedded capacitor products based on Smoltek's patented technology platform for carbon nanofiber-based capacitors (CNF-MIM).

Smoltek Semi would, according to the agreement, receive a royalty in line with market conditions based on product sales and also receive compensation for providing specific technical services for the continued joint commercialization of CNF-MIM-based capacitor products.

The parties intend to finalize the terms and sign the agreement during the first quarter of 2024. This agreement

is intended to replace the need to start up a joint venture company that the parties had previously planned. The agreement also enables YAGEO to more effectively allocate resources to the collaboration with Smoltek to the extent necessary, which in turn enables a faster route to market for CNF-MIM-based products. Entering into a license and service agreement with YAGEO is completely logical for Smoltek Semi as it will enable a smooth and quick transition to the next phase of the collaboration, while giving both parties the opportunity to contribute fully with their respective available resources.

In the same press release, it was also mentioned that YAGEO is considering making a share-based investment in Smoltek Semi and/or Smoltek Nanotech Holding. This agreement is expected to positively impact Smoltek's financial results beginning in the first half of 2024, initially as a result of payments from YAGEO for services provided by Smoltek Semi related to the continued commercialization of CNF-MIM capacitors.

**On December 7**, the board decided to carry out a directed issue of 6,378,164 shares and 1,594,541 warrants of series TO 8 to qualified investors. Furthermore, the board decided to carry out a directed issue of 288,500 shares and 72,125 warrants of series TO 8 to two board members and senior executives in Smoltek. The directed issues were carried out at a subscription price of SEK 2.40 per share and the warrants were issued free of charge.

The board also decided to carry out a directed issue of 1,802,466 warrants of series TO 8 to the company, which were then transferred free of charge to existing shareholders in relation to the number of shares held as of the record date, which was set to 18 December 2023.

The outcome of the targeted issues was approximately SEK 15 million, after transaction costs, which amounted to approximately SEK 1.1 million.

**On December 8**, a call to an extraordinary general meeting was published to approve the decision on the directed issue of shares and warrants that the board presented in the press release from December 7, 2023.

**On December 8**, it was also announced that the board, with the support of authorization from the annual general meeting on May 11, 2023, decided on a directed new issue of 185,337 shares to Qamcom, whereby Qamcom offsets its claims on Smoltek up to and including November 30, 2023. The offset issue is carried out in accordance with Smoltek's cooperation agreement with Qamcom, where Smoltek will pay part of the costs for Qamcom's consultants through targeted offsetting issues.

#### **Research Development**

Smoltek demonstrated continued research and development progress within the company's semiconductor and hydrogen business areas during 2023.

The work with Smoltek's IP development continued during the year and at the end of the year the company was able to count 83 granted patents globally. During the year, the company had its first two patent families that target the green hydrogen industry granted. In addition, another four new patents were granted in semiconductor technology, one of which belongs to a new patent family – Discrete CNF-MIM.



Smoltek's R&D-staff att Chalmers MC2-laboratory

Semiconductor business area: Smoltek Semi, that operates the business area, has in 2023 developed an industrial process for manufacturing CNF-MIM capacitors on 8-inch wafers in high volumes. This has been test run with capacitor prototypes without carbon nanofibers to develop and validate the process.

Smoltek Semi has also produced a test round of industrially manufactured capacitor prototypes, so-called engineering samples in order to obtain the necessary data to further refine the process and increase performance to reach the goals set in collaboration with YAGEO.

During the year, Smoltek Semi's specially ordered system for the industrial production of carbon nanofibers was also completed. The finished system is planned to initially be placed at Chalmers' MC2 laboratory.

Hydrogen business area: Smoltek Hydrogen, that operates the business area, has in 2023 made significant progress in the development of a new cell material (corrosion-protected nanofibers on a porous titanium disc) aimed at reducing the amount of iridium in the anode side electrode of electrolyzer cells. Furthermore, the group company has identified a process for how to verify the technology in order to scale up the production of the cell material in high volumes.

#### The parent company's operations

The object of the company's operations is to, under its own auspices or through group companies, develop technology and intellectual property rights in the area of nanotechnology for licensing to the electronics and semiconductor industry, and related activities.

### After the end of the year

**On January 9**, a communique was published from the extraordinary general meeting where the board's decision on the directed issue of shares and warrants was approved according to the press release that the board put forward on December 7, 2023.

**On February 28**, it was announced that Smoltek had been granted three new patents. All three patents, which each belong to a new patent family, describe in different ways how to use Smoltek's core technology to reduce contact resistance in electrochemical cells.

On March 19, it was announced that Smoltek has been granted two new patents for the company's CNF-MIM technology. The patents both belong to a patent family called Discrete CNF-MIM, which describes how to exploit the extraordinary surface-to-volume ratio provided by Smoltek's carbon nanofibers to create an MIM capacitor with unprecedented high capacitance density in a compact format.

On March 26, it was announced that YAGEO Group had chosen not to continue the discussions regarding the license and service agreement that Smoltek Semi negotiated with Kemet Electronics (subsidiary of YAGEO Group). The decision is motivated by the fact that the time is not currently right for YAGEO to make the short- and long-term investments in Smoltek that the agreement had implied. In light of YAGEO's announcement, Smoltek's board has decided to postpone the publication of the company's annual report from March 26 to April 23.

On April 12, it was announced that the group company Smoltek Hydrogen has completed a successful long-term test of the company's newly developed material for PEM electrolyzer cells. During 1,000 hours of continuous operation at 2 amps per square centimeter, hydrogen has been produced with a catalyst load of only 0.2 milligrams of iridium per square centimeter, without any degradation of the nanostructure (nanofibers) in the cell.

The material that Smoltek Hydrogen develops forms one of the layers in an electrolyzer cell and the technology aims to significantly reduce the amount of iridium used as a catalyst to produce hydrogen gas. The long-term test has proven that Smoltek's nanofibers, coated with platinum, create a stable structure in the anode side electrode of a PEM electrolyzer, which is both durable and creates a large surface area for the iridium catalysts. The nanostructure is found to be intact after 1,000 hours of continuous operation in an extremely corrosive environment.



On April 22, it was announced that the group company Smoltek Semi has developed a new technology generation of the company's CNF-MIM capacitors with high volumetric capacitance density, which enables a powerful increase in the capacitance density in capacitors. Gen-Zero, as the new generation of technology is called, has recently been completed as part of the collaboration with YAGEO, and in which Smoltek Semi owns all rights to the result.

### **Board of Directors**



### PER ZELLMAN Year of birth 1960, chairman of the board since 2023 (board member since 2022)

Per holds a M.Sc. in Electrical Engineering from KTH Royal Institute of Technology in Stockholm and an Executive MBA from Lund University. PHe has extensive experience in company building and commercialization from, for example, the semiconductor industry. Previous board experience from, among others, Norstel AB, Ascatron AB and Acosense AB. Holdings: 9,000 Warrants: 11,000



### GUSTAV BRISMARK Year of birth 1962, board member since 2019

Gustav Brismark holds a M.Sc. degree in Engineering Physics from Uppsala University. He has over 30 years of experience of technology development, patent and licensing issues and commercial-ization of new technologies. Gustav was most recently Head of Intellectual Property at Ericsson.

Holdings: 7,495 via holding company Warrants: 50,832



### EDVARD KÄLVESTEN Year of birth 1967, board member since 2022

Edvard Kälvesten holds a PhD in micro-electromechanical systems from KTH Royal Institute of Technology in Stockholm. He has deep knowledge within Smoltek's business area, which is aimed at the semiconductor industry, and has solid experience of company building, as CEO and founder of Silex Microsystems, which today has sales of more than SEK 1 billion. Holdings: -

Warrants: 30,000



### MARIE LANDFORS Year of birth 1965, board member since 2023

Marie Landfors has a master's degree in chemical engineering from the Royal Institute of Technology in Stockholm. She has extensive experience in business development and strategic changes in various industrial companies, mainly in the process industry. Marie works as acting CEO and board professional in technology-based companies. Holdings: -

Warrants: -



### EMMA RÖNNMARK Year of birth 1972, board member since 2023

Emma Rönnmark has a bachelor's degree in economics from the Gothenburg School of Economics. She has broad experience from various management positions and has driven change and transformation in the industry and energy sector. Currently, she is CFO at Liquid Wind, an electro-fuel plant development company. Emma is a certified board member with assignments in smaller companies. Holdings: 5 000 Warrants: 555

### Senior management and accountant



### HÅKAN PERSSON Born 1961, CEO since 2021 and President of Smoltek Semi AB since 2022

Håkan Persson holds a B.Sc. in Business Administration from Lund University. He has held the position of CEO in several listed technology companies. Most recently he held the position of interim Senior Vice President, Sales & Strategy at Next Biometrics. Holdings: 50,000 Warrants: 50,000



### ELLINOR EHRNBERG

### Born 1966, President of Smoltek Hydrogen AB, employed since 2021

Ellinor Ehrnberg holds a Ph.D. in Technology and Corporate Strategy from Chalmers University of Technology in Gothenburg. She has over 30 years of experience in innovation, business development, strategy, company acquisitions, research, sales and business management, mainly within SKF and also from Husqvarna, Mölnlycke Health Care, RISE and Arthur D Little. Holdings: 7,200 Warrants: 35,600



### FARZAN GHAVANINI Born 1978, CTO, employed since 2022

Farzan Ghavanini holds a Ph.D. in Microtechnology and Nanoscience from Chalmers University of Technology in Gothenburg. He has solid experience from leading positions in technology development, most recently as head of new technology development at Fingerprint Cards. Farzan also has extensive experience of industrializing nanotechnology. Holdings: -Warrants: -



### FABIAN WENGER

### Born 1965. Head of R&D Smoltek Hydrogen, employed since 2019.

Fabian Wenger holds a PhD in theoretical Solid-State physics from Chalmers Institute of Technology in Gothenburg. He has extensive experience in product development and innovation, e.g. for Ericsson, Emerson and Qamcom where he also contributed with strategic IPR. He leads and coordinates an agile team creating a catalytic nanocoating for scaling up water electrolysis for green hydrogen. Holdings: -

Warrants: 8 000



### **PIA TEGBORG** Born 1968, CFO, employed since 2020

Pia Tegborg holds an MBA from the School of Business, Economics and Law in Gothenburg. She has extensive experience of running finance and treasury functions in growth companies, and has extensive experience in strategic communications. Holdings: -Warrants: 9,000



ZLATAN MITROVIC Chief auditor

Zlatan Mitrovic is an authorized auditor at Grant Thornton Sweden, and since 2016 auditor for Smoltek Nanotech Holding AB.

### The share, share capital and result distribution

The share capital in Smoltek Nanotech Holding AB as of 31 December 2023 amounted to SEK 2,692,342 distributed over 22,600,366 shares. All shares are of the same type. The share is traded on Spotlight Stockmarket under the name SMOL.

The number of owners in the company as of 31 December 2023 amounted to approx. 3,200. The ten largest shareholders owned shares corresponding to 49.79% of the capital and votes.

#### Incentive program

At the annual general meeting on 2022-05-12, it was decided to issue a maximum of 409,000 warrants to the management and other employees as well as to certain board members. 109,000 of these were exercised. The options have a term of three years, and the exercise price is SEK 45.80 per share.

At the extraordinary general meeting on 2021-12-20, it was decided to issue a maximum of 50,000 warrants to CEO Håkan Persson and 40,000 warrants to chairman of the board Peter Augustsson. The warrants were fully exercised. The options have a term of three years, and the exercise price is SEK 47.83 per share.

At the 2021-05-27 annual general meeting, it was decided to issue a maximum of 123,000 warrants with the right for certain board members and certain key persons in the company to subscribe. 79,100 of these were used. The options have a term of three years, and the exercise price is SEK 70 per share.

#### **Ownership structure\***

Shareholder	No. of shares	Votes and capital (%)
Gramtec Business Partner AB	2,508,952	11.10
Avanza Pension	2,495,498	11.04
Peter Enoksson	1,676,362	7.43
Nordnet Pensionsförsäkring AB	1,085,420	4.80
Sez-I Enterprises AB	843,003	3.73
Kaj Holmberg	671,135	2.97
Nowo Global Fund	624,996	2.77
Försäkringsbolaget Skandia	567,358	2.51
Elaize Style AB	400,000	1.77
Liwe Fastighets AB	378,135	1.67
Others	11,347,477	50.21
Total	22,600,366	100.0

\*Information from Euroclear.

### Proposed appropriation of retained results

Retained earnings at the disposal of the Annual General Meeting:

	111,052,138
Profit/loss for the year	-91,276,211
Share premium reserve	257,036,326
Retained earnings	-54,707,979

The Board proposes that the profit/loss for the year be carried forward.

With regard to the company's financial position and performance in other respects, refer to the following income statement, balance sheet and cash flow statements, as well as the accompanying notes.

The risk factors deemed to have an impact on Smoltek's future prospects are described below.

### RISKS RELATED TO BUSINESS AND OPERATIONS

### Risks related to technological development

The company develops carbon nanofiber structures for the development of products and process steps for mass production of these, primarily intended for ultra-thin capacitors for the semiconductor industry and high-efficiency cell materi-als for electrolyzers in the hydrogen industry. Changes in these industries, which are technologically intensive and characterized by rapid development, can be associated with great uncertainty compared to companies in more stable industries and markets with less change.

There is a risk that the Company misjudges the technological development and/or the market regarding the above industries and new technologies may be developed that make the Company's future products obsolete. This could entail a delayed or completely cancelled market launch of parts of or entire product categories with lost revenue and/or increased development costs as a result.

### Risks related to sales and license and collaboration agreements

Smoltek's future sales are dependent on the Company either succeeding in entering into commercial agreements for sales, partnership or licensing of the technology and products that the Company develops with industrial companies, or on the Company succeeding in selling this through its own channels.

In order for the Company and/or its future business partners to be able to profitably market and commercialize the technology and products that the Company develops, the demand for these must be sufficiently good. There is a risk that the Company's future products will not gain broad market acceptance or that after commercialization it will decrease, for example as a result of competing solutions that are not known today being introduced on the market, or that the Company's products will not achieve the required quality. There is also a risk that the price of the technology and products that the Company develops cannot be set to a level desired by the Company upon commercialization. Should the demand or the price be insufficient during, or decrease after, a commercialization, this will negatively affect the Company's results and financial position.

There is also a risk that Smoltek fails to enter into agreements with industrial companies, or that such agreements cannot be concluded on such favorable terms as the Company wishes. The Company's ability to sign successful agreements is dependent, among other things, on successful development work, the quality of the technology platform and on the Company's research and related documentation, the robust-ness of the Company's intellectual property rights and that the Company otherwise appears to be a credible and attrac-tive business and collaboration partner. Potential collaboration partners may, in order to enter into an agreement, require that additional tests be carried out on the Company's pro-ducts or technology platform, which can create delays and also create increased costs in connection with the Company's market establishment. Should the Company not live up to the potential demands made by partners, it could have a significant negative impact on the Company's operations and future development.

If Smoltek succeeds in entering into significant license, partnership or collaboration agreements, is it reasonable to expect that a significant proportion of the Company's potential revenue within the framework of such an agreement will consist of so-called milestone payments, i.e. one-off payments that are paid out only if and when certain determined goals are achieved. Since the majority of compensation within the framework of this type of commercial agreement is typically issued with a delay, at various commercial measurement points and in the form of royalty compensation, there is a risk that the Company will ultimately not receive the majority of the potential value of such an agreement if the established targets (so-called milestones) are not achieved.

#### Dependence on key persons and employees

The Company's operations are based on research and development of advanced high-tech products and are highly dependent on their employees and consultants, especially the Company's senior executives, some of whom are also shareholders in the Company. If one or a few of these key people were to leave the Company, it could delay or hinder the Company's continued research, development and operations. It is important for the Company to be able to attract and retain qualified personnel. The development and re-

search in these areas require that the Company's employees have adequate education, experience and specialist knowledge that are in demand on the labor market. In the event that the Company does not succeed in retaining key personnel or does not succeed in recruiting qualified personnel in the future, there is a risk that this will negatively affect the Company's opportunities to develop and thus generate future income. Unexpected losses of key personnel could further in a shortterm perspective lead to cost increases and that the Company's development of ultra-thin capacitors and high-efficiency cell materials, at least in the short term, deteriorates significantly.

#### Competition

In the Company's main markets, the USA and Asia, there are several other companies who conduct similar and competing activities, such as Murata and TSMC. Some of these competing companies are, due to their access to greater personnel and financial resources, in a better position to quickly adapt the supply and products to customer wishes and demand. At the end of 2023. Smoltek had around 20 employees, which compared to some of its competitors may be considered limited personnel resources. If customer demand shifts in a way the Company did not foresee, or if the Company's technology does not prove to be sufficiently competitive, it is not certain that Smoltek will be able to improve its current market position in the future. The industry's great potential could also mean that not yet established players enter the market and that such increased competition leads to price pressure for the Company's products and services as well as a reduced market share, which could have a negative effect on the Company's operations, future growth, results and financial position.

Risks related to product liability and lack of product quality Maintaining high product quality is an important factor in the area where the Company operates. Marketing and sales of the type of products that the Company intends to be able to offer in the future entails a significant risk of claims based on product liability.

Lack of quality in and/or design of the Company's future delivered products and/or manuals/guidelines/instructions that lead to damage to persons or property may result in claims for damages being directed against the Company. There is a risk that the insurance that the Company has taken out at any time does not cover potential claims regarding product liability that may arise, for example if a product liability claim is not covered by the insurance cover or if the claim for damages exceeds the insurance amount. In addition, there is a risk that the Company cannot obtain or maintain such insurance cover on terms acceptable to Smoltek.

The company has so far only begun the industrialization and commercialization of its products, and it is therefore difficult to predict the extent to which any product problems may arise in the future. There is also a risk that problems arise when determining whether a fault, for example, in processors in electronic devices is due to Smoltek's product or another component, and that such a determination becomes both time- and cost-consuming for the Company.

Any disputes concerning product liability can be very costly and can lead to extensive negative publicity for the Company. If any of the above-mentioned risks were to materialize, it could entail significant costs, and have a significant negative impact on the Company and its operations, both reputationally and financially.

### LEGAL RISKS

Intellectual property rights, know-how and confidentiality The company's technology and products are based on a number of patents. The Company's future success will therefore depend to a significant extent on the Company's ability to obtain and maintain intellectual property protection in the markets where the Company operates. There is a risk that the Company will not obtain patents for products developed in the future. Patents also have a limited lifespan. In addition, the scope of each patent protection may differ from one country to another as all patent legislation is not harmonized.

Being a company with a commercially central patent portfolio entails a number of risks. Other companies may infringe the Company's patents with their products and operations. Other companies may also have applied for patents or registration of other intellectual property rights in the same field as the technology that the Company develops. There is also

a risk that the Company's technology infringes third party rights and registered intellectual property rights. The company may be forced to take legal action to protect its patents and to prevent infringement. The cost and time required for legal proceedings may be significant, and the Company may lose such proceedings. It could result in the Company having to pay significant damages. There is a risk that the existing and possible future patent portfolio and other intellectual property rights held by the Company will not constitute adequate commercial protection.

The company is also dependent on proprietary company secrets and know-how. The company strives to protect these values, for example through confidentiality agreements with employees, consultants and partners. However, it is not possible to fully protect oneself against the unauthorized dissemination of information, which entails a risk that competitors or other unauthorized persons gain access to and can benefit from the know-how and business secrets developed by the Company. Furthermore, dissemination of company secrets can affect the Company's chances of being granted patents for inventions or even exclude the possibility of being granted patents.

If the Company's intellectual property rights, know-how and company secrets are not adequately protected, there is a risk that the Company's costs will increase significantly in order to defend the values linked to such rights. There is also a risk that the Company's potential future income will be significantly reduced in such a situation because it may involve difficulties in commercializing the Company's products.

#### FINANCIAL RISKS

#### Earnings power and future capital needs

The company has been operating for a relatively short period and has only begun the industrialization and commercialization of its main business areas; semiconductors and hydrogen. Thus, the Company has only a limited history and no proven earnings power. The company is dependent on a successful commercialization and market introduction of its technology platform and products. There is a risk that the Company for shorter or longer periods will not generate sufficient funds to finance the continued operations.

The company's management and board work continuously to secure the company's financing and will make decisions about such activities based on the best possible conditions from both market and commercial perspectives.

The negotiations with YAGEO have been terminated as YAGEO believes that the time is not right for them to make the short and long term investments in Smoltek that the agreement had implied. This means that the financing for Smoltek's continued operations is currently not secured, and the board and the CEO assess that the current liquidity is not sufficient for the business's capital needs over the next 12 months. The company's board and CEO are actively working to explore other options for financing. If this is not successful, it means a significant factor of uncertainty regarding the company's financing of the business going forward.

### RISKS RELATED TO THE COMPANY'S SECURITIES

#### Risk associated with dilution in future issues

The company has historically financed product development and other operations with the help of new issues and in light of the development phase the company is in, Smoltek may need additional capital in the future to finance its operations. If the Company chooses to raise additional capital through directed new issues, holdings of existing shareholders not entitled to subscribe will be diluted. Shareholders can have their holdings diluted by not subscribing to their share in future preferential rights issues. Such dilution means that the shareholder's relative voting power and thus the opportunity to influence decisions at the general meeting is weakened and that the shareholder's share in the Company's assets and results is reduced.

If in the future the Company needs to acquire additional capital through the issue of share-related securities, this could have a negative impact on the Company's share price, which in turn also has a negative impact on existing shareholders.

#### Share price development, volatility and liquidity

Smoltek's shares are listed on the Spotlight Stock Market. Existing and prospective shareholders should take into account that an investment in Smoltek is associated with risk and that it cannot be predicted whether the share price will have a positive development. This entails a risk that investors may lose all or part of their invested capital. Smoltek's share price has historically been volatile and may continue to fluctuate as a result of, among other things, variations in results in the Company's quarterly reports, the general economic situation, general macroeconomic factors and changes in the stock market's interest in the Company and its share.

#### Risks of ownership concentration

A small number of the Company's shareholders together own a substantial share of all outstanding shares. Consequently, these shareholders have the opportunity to exercise influence on all matters that require the approval of the shareholders, such as, for example, profit distribution, structural business and how the board should be composed. This concentration of ownership can be detrimental to other shareholders who have different interests than the main shareholders.

## Key ratios

Multi-year overview (KSEK)	2023	2022	2021	2020
The Group				
Net sales	8,457	2,692	1,360	2,573
Equity/assets ratio**	84.1%	84.5%	94.8%	96.4%
Cash and cash equivalents (incl. short-term investments)	28,862	71,108	71,586	87,683
Total assets	113,151	147,486	143,533	144,039
Profit/loss after financial items	-51,329	-46,803	-24,744	-13,561
Profit/loss per share	-3.33	-4.83 SEK	-3.01 SEK	-1.99 SEK
Profit/loss per share, after possible dilution	-3.24	-4.61 SEK	-2.90 SEK	-1.64 SEK
Percent compony				
Net color	0.700	E 000	E 017	0.051
Net sales	0,760	5,090	5,017	2,951
Cash and cash aquivalents (incl. short term investments)	94.0 10.414	54.001	94.3%	99.0%
Total assets	120 003	187 566	172 895	102,230
Profit/loss after financial items	-91 276	-15 364	-49 697	-2 473
romposs after maneial items	51,270	10,004	-0,007	2,470
* Adjusted equity / total assets				

## Changes in equity

(SEK)				
The Group	Share capital	Other paid in capital	Other equity including profit/loss for the period	Total equity
Opening balance 2023-01-01	1,690,297	226,692,867	-103,702,000	124,681,164
Issuance of shares (use of TO 7) Issue of shares (directed issue 1*) Receipt issue (not reg. share capital) Issue costs Profit/loss for the year <b>Closing balance 2023-12-31</b>	242,225 759,820 <b>2,692,343</b>	6,996,375 14,547,773 804,902 -1,509,022 <b>247,532,895</b>	-51,329,450 <b>-155,031,450</b>	7,238,600 15,307,593 804,902 -1,509,022 -51,329,450 <b>95,193,786</b>
(SEK) Parent company	Share capital	Non-registered share capital	Share premium reserve un- restricted equity	Other unrestricted equity
Opering balance 2023-01-01	1,690,297		236,218,320	-54,707,979
Issuance of shares (use of TO 7) Issue of shares (directed issue 1*) Receipt issue (not reg. share capital) Issue costs Profit/loss for the year <b>Closing balance 2023-12-31</b>	242,225 759,820 <b>2,692,343</b>	22,079 <b>22,079</b>	6,996,375 14,547,773 782,823 1,509,022 <b>257,036,269</b>	-91,276,211 <b>-145,984,190</b>

### Consolidated income statement

(SEK)	Note	2023	2022
Net sales*		8,456,634	2,691,845
Activated own-account work	9	4,255,717	4,986,875
Other operating income		481,096	23,527
		13,193,448	7,702,248
Operating costs			
Other external costs		-22,738,236	-15,504,933
Personnel costs	3, 4	-30,816,531	-25,264,494
Depreciation and write-downs		-12,011,974	-12,306,964
Operating profit/loss		-52,373,294	-45,374,144
Profit/loss from financial items			
Sale of securities		0	-389,851
Impairment of short-term investment		1,046,634	-1,046,634
Interest income		106,309	23,259
Interest costs		-109,100	-15,968
Profit/loss before tax		-51,329,450	-46,803,338
Tax on profit/loss for the year	5		-
Profit/loss for the year		-51,329,450	-46,803,338

<sup>\*</sup> The increased net sales is attributable to the cooperation agreement the company has with YAGEO/Kemet regarding the development of capacitors. YAGEO/Kemet are co-financiers of the development and the income refers to the financing of the work done by Smoltek in the development of the capacitors.

### Consolidated balance sheet - assets

(SEK)	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditures for development work	9	64,749,262	64,607,798
Tangible fixed assets	10		
Advance payments for tangible fixed assets		9,711,776	4,028,863
Machinery and equipment		4,623,523	4,402,474
Total fixed assets		79,084,561	73,039,136
Current assets			
Current receivables			
Accounts receivables		-	429,696
Other current receivables		4,376,043	2,392,379
Prepaid costs and accrued income		1,008,472	516 501
		5,384,515	3,338,575
Cash and cash equivalents		17,879,728	48,353,160
Other current investments		10,801,804	22,755,171
Total current assets		34,066,048	74,446,906
TOTAL ASSETS		113,150,608	147,486,042

### Consolidated balance sheet - equity and liabilities

(SEK)	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital		2,692,342	1,690,297
Unregistered share capital		22,079	-
Other contributed capital		247,510,816	226,693,367
Other equity incl. profit/loss for the year		-155,031,450	-103,702,000
Total equity		95,215,865	124,681,224
Long-term liabilities			
Liabilities to credit institutions	11	682,442	703,926
Total long-term liabilities		682,442	703,926
Current liabilities			
Trade liabilities		2,465,341	2,140,037
Other liabilities		7,581,156	14,436,563
Accrued costs and prepaid income	12	7,227,883	5,524,351
Total current liabilities		17,274,380	22,100,951
TOTAL EQUITY AND LIABILITIES		113,150,608	147,486,541

### Consolidated cash flow statement

(SEK thousand)	2023	2022
OPERATING ACTIVITIES		
Operating profit/loss	-52,373	-45,374
Non-cash items	12,012	12,307
Profit/loss from financial items	-3	7
Cash flow from operating activities before changes in working capital	-40,364	-24,983
CHANGES IN WORKING CAPITAL		
Changes in receivables	-2,046	526
Changes in current liabilities	-4,022	15,326
Cash flow from operating activities	-46,432	-17,597
INVESTMENT ACTIVITIES		
Intangible fixed assets	-10,979	-12,362
Tangible fixed assets	-7,078	-4,902
Sales of current investments	13,000	16,048
Cash flow from investment activities	-5,057	-1,216
FINANCING ACTIVITIES		
Issuance of subscription warrants	0	577
Issuance of shares	22,546	44,729
Issuing costs	-1,509	-9,822
Changes in long-term liabilities	-21	-54
Cash flow from financing activities	21,016	35,430
Change in cash and cash equivalents	-30,473	17,006
Cash opening balance	48,353	31,347
CASH CLOSING BALANCE	17,880	48,353

### Parent company income statement

(SEK)	Note	2023	2022
Not sales*		8 760 468	5 000 300
		0,700,400	1,000,000
Other operating income		2,896,139	1,204,718
		11,656,607	6,355,177
Operating costs			
Other external costs		-12,711,621	-8,857,661
Personnel costs	3, 4	-12,276,316	12,166,779
Operating profit/loss		-13,331,330	-14,669,323
Profit/loss from financial items			
Sales of securities		-	-389,851
Interest income	6	3,383,900	755,948
Impairment of shares	8	-82,374,000	-
Impairment of short-term investment		1,046,634	-1,046,634
Interest costs		-1,415	-14,019
Profit/loss before tax		-91,276,211	-15,363,880
Tax on profit/loss for the year		-	-
Profit/loss for the year		-91,276,211	-15,363,880

<sup>\*</sup> Net sales consist of intra-group invoicing for management fee and cost distribution.

## Parent company balance sheet - assets

(SEK)	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Shares in Group companies	7	69,939,830	80,313,830
Receivables at Group companies		26,167,820	49,847,173
Total fixed assets		96,107,650	130,161,003
Current assets			
Current receivables			
Current receivables from Group companies		2,955,158	2,381,662
Tax receivable		374,645	163,121
Prepaid costs and accrued income		997,359	616,800
Other current receivables		153,668	137,952
		4,480,831	3,299,535
Cash and cash equivalents		8,612,355	31,336,098
Other current investments		10,801,804	22,755,171
Total current assets		19,414,159	54,091,269
TOTAL ASSETS		120,002,639	187,551,807

### Parent company balance sheet - equity and liabilities

(SEK) Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	2,692,343	1,690,298
Unregistered share capital	22,079	-
	2,714,422	1,690,298
Unrestricted equity	057 000 000	200.040.075
Share premium reserve	257,036,326	236,218,375
Profit/loss brought forward	-54,707,976	-39,344,096
Result for the period	-91,276,211	-15,363,880
	111,052,139	181,510,399
Total equity	113,766,560	183,200,696
Current liabilities		
Current receivables from Group companies	-	
Trade liabilities	1,120,860	795,555
Other liabilities	993,337	773,107
Accrued costs and prepaid income 12	4,121,883	2,782,448
Total current liabilities	6,236,079	4,351,110
TOTAL EQUITY AND LIABILITIES	120,002,639	187,551,807

### Parent company cash flow statement

(SEK thousand)	2023	2022
OPERATING ACTIVITIES		
Operating profit/loss	-13,331	-14,669
Profit/loss from financial items	62	-367
Cash flow from operating activities before changes in working capital	-13,269	-15,036
CHANGES IN WORKING CAPITAL		
Current receivables Group	-572	-8,693
Changes in receivables	-608	-
Changes in current liabilities	2,690	1,743
Cash flow from operating activities	-11,760	-21,986
INVESTMENT ACTIVITIES		
Changes in receivables at Group companies	-45,000	-19,000
Sales of current investments	13,000	16,048
Cash flow from investment activities	-32,000	-2,952
FINANCING ACTIVITIES		
Issuance of subscription warrants	-	577
Issuance of shares	22,546	44,729
Issuing costs	-1,509	-9,822
Cash flow from financing activities	-21,037	35,484
		10.005
Change in cash and cash equivalents	-22,724	10,935
Cash opening balance	33,336	20,401
CASH CLOSING BALANCE	8,612	31,336

### Notes for the group and the parent company

All amounts are stated in SEK, unless otherwise stated.

### Note 1 Accounting principles and valuation principles

### **General accounting principles**

The Group's and Parent Company's financial reports have been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). Applied principles are unchanged compared to the previous year. The most important accounting and valuation principles that have been used in preparing the financial reports are summarized below.

### **Consolidated accounts**

#### Basics of the consolidated accounts

In the consolidated accounts, the parent company and all subsidiaries' operations are consolidated up to and including 31 December 2023. Subsidiaries are all companies in which the Group has the right to design the company's financial and operational strategies in order to obtain financial benefits. The group achieves and exercises controlling influence by holding more than half of the votes.

All subsidiaries have a balance sheet date of December 31 and apply the parent company's valuation principles. The consolidated accounts are presented in the currency SEK, which is also the parent company's accounting currency. Results for subsidiaries acquired or divested during the year are reported from the date the acquisition, alternatively to the date the divestment, takes effect, according to what is applicable.

#### Transactions eliminated on consolidation

Intra-group transactions and balance sheet items are eliminated in their entirety upon consolidation, including unrealized gains and losses on transactions between group companies. In cases where unrealized losses on intra-group assets are reversed during consolidation, the impairment of the underlying asset is also tested from a group perspective.

### The acquisition method

The group applies the acquisition method when accounting for business combinations, which means that the reported value of the parent company's shares in group companies is eliminated by being offset against the subsidiary's equity at the time of acquisition. The parent company prepares an acquisition analysis at the time of acquisition to identify the group's acquisition value, partly for the shares, partly for the subsidiary's assets, provisions and liabilities. The business acquisition is reported in the group from the date of acquisition. The acquisition value of the acquired unit is calculated as the sum of the purchase price, i.e.

\* fair value at the time of acquisition for paid-up assets with the addition of incurred and assumed liabilities and issued equity instruments

- \* expenses that are directly attributable to the business acquisition
- \* additional purchase price or equivalent if this can be reliably estimated.

The group reports identifiable acquired assets and assumed liabilities in business combinations, regardless of whether they have been previously reported in the acquired company's financial statements prior to the acquisition or whether they relate to a minority interest. Acquired assets and assumed liabilities are usually valued at the fair value at the time of acquisition.

### The income statement

#### Income

Revenues arise from the sale of goods and the performance of services and are reported in the item Net sales. Revenue is valued at the fair value of what has been received or will be received for goods delivered and services rendered, i.e. at the selling price with deductions for trade discounts, quantity discounts and similar price reductions as well as value added tax.

Amounts received on behalf of others are not included in the group's income.

When payment from the customer is deferred, a sale of goods/service is reported as well as an interest income. The revenue from the product/service is valued at the present value of all future payments.

#### Interest income

Interest income is reported as it is earned. Calculation of interest income is done on the basis of the underlying asset's return according to the effective interest method.

#### **Public grants**

A public grant that is not linked to requirements for future performance is recognized as revenue when the conditions for receiving the grant have been met. A public grant that is linked to requirements for future performance is recognized as revenue when the performance is achieved. Grants received where all conditions have not yet been met are reported in the item Other liabilities.

Grants received for the acquisition of a fixed asset reduce the acquisition value of the fixed asset. Other public grants are reported in the item Other operating income.

A public grant is valued at the fair value of the asset that the group received or will receive.

### The balance sheet

### Valuation principles etc

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

### Shares in group companies

Shares in group companies are valued at acquisition value, possibly reduced by write-downs. Dividends from subsidiaries are reported as income.

#### Intangible assets

Capitalized expenditures for development work. Depreciation begins when the development work is completed.

When reporting expenditure for development, the capitalization model is applied. An intangible asset is only recognized when the asset is identifiable, control is held over the asset and it is expected to provide future financial benefits. The company's research costs are expensed in the period they arise. In the company, expenditure on development is reported as an intangible asset, in addition to the general requirements stated above, only on the condition that it is technically and financially possible to complete the asset, the intention is and the conditions exist for the asset to be used in the business or sold and can be reliably estimated.

Development expenses that do not meet these criteria for capitalization are expensed as incurred.

The acquisition value for balanced expenses includes the expenses for the production of the asset. Directly attributable expenses include personnel costs incurred in the development work together with an appropriate proportion of indirect costs. The corresponding amount has been transferred to the Statutory reserve. The Statutory reserve is reported in Other equity incl. profit/loss for the year.

### **Additional expenses**

Additional expenses on an intangible asset is added to the acquisition value only if it increases the future economic benefits in excess of the original assessment and the expenditure can be reliably estimated. All other expenses are expensed as incurred.

### Removal from the balance sheet

Intangible fixed assets are removed from the balance sheet upon retirement or disposal or when no future economic benefits are expected from the use, retirement or disposal of the asset. When intangible fixed assets are disposed, the capital gain is determined as the difference between the sale price and the asset's reported value and is reported in the income statement in one of the items Other operating income or Other operating expenses.

### **Tangible fixed assets**

Tangible fixed assets are initially reported at acquisition value or manufacturing costs, including expenses to get the asset in place and in condition to be able to be used according to the intentions of the investment. The acquisition value includes the purchase price and other directly attributable expenses such as expenses for delivery, handling, installation, assembly, title deeds and consulting services. Indirect manufacturing costs are also included in the acquisition value of self-produced tangible fixed assets.

In the case of acquisition of tangible fixed assets where payment is deferred, the acquisition value is the present value of future payments.

### Removal from the balance sheet

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

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

### Impairment testing of intangible and tangible fixed assets

At each balance sheet date, an assessment is made as to whether there is any indication that an asset's value is lower than its reported value. If there is such an indication, the asset's recovery value is calculated. If the recovery value is less than the reported value, an impairment is made and expensed. An internally developed intangible fixed asset that is not yet ready to be used or sold as of the balance sheet date is always tested for impairment.

The recoverable amount of an asset or a cash-generating unit is the higher of fair value less sales costs and value in use.

Fair value less sales costs is the price that the Group/Parent Company expects to be able to obtain in a sale between knowledgeable parties who are independent of each other and who have an interest in the transaction being carried out. Deductions are made for such costs that are directly attributable to the sale.

However, no provision is made for deferred tax on the first recognition of goodwill. Change in deferred tax is reported in the income statement. Deferred tax assets are reported for all deductible temporary differences and for the possibility of using unused loss deductions in the future.

Deferred tax assets and liabilities are valued based on how the Group expects to recover/settle the reported value of the corresponding asset/liability. Valuation is done without discounting and according to the tax rates and tax rules decided on the balance sheet date. A deferred tax asset is valued at a maximum of the amount that is likely to be recovered based on current or future taxable results, which is reviewed on each balance sheet date.

In the case of pure substance acquisitions, the Group has chosen to calculate the present value of the deferred tax liability that arises in connection with the acquisition but only if the value of the deferred tax liability is an essential part of the business settlement and there is a documented connection between the purchase price and the Group's valuation of the deferred tax liability.

### **Foreign currency**

Receivables and liabilities in foreign currency have been converted to the exchange rate on the balance sheet date.

### Cash and cash equivalents

Cash and cash equivalents consist of cash and disposable balances with banks and other credit institutions and other shortterm, liquid investments that can be easily converted into a known amount and that are exposed to insignificant risk of value fluctuations. Such investments have a term of a maximum of three months.

### Equity

Equity in the group consists of the following items:

Share capital representing the nominal value of issued and registered shares.

*Other contributed capital* which includes any premium received from the new issue of share capital. Any transaction costs associated with the new issue of shares are deducted from the premium, taking into account any income tax effects. *Other equity incl. profit/loss for the year* which includes the following:

\* The Statutory reserve is increased annually by the amount that has been activated regarding the company's own

development work. The fund is reduced annually with the depreciation of the capitalized development work.

\* Profit/loss carried forward, i.e. all retained earnings and share-based compensation for the current and prior periods.

All transactions with the parent company's owners are reported separately in Changes in equity. Dividends to be paid are included in the item Other liabilities when the dividends have been approved at a general meeting before the balance sheet date.

### **Remuneration to employees**

### Short-term remuneration

Short-term remuneration to employees, such as wages, holiday pay and bonuses, are remuneration to employees that fall due within 12 months from the balance sheet date in the year in which the employee earned the benefit. Short-term remuneration is valued at the undiscounted amount that the Group is expected to pay as a result of the unused right.

### Compensation after termination of employment

The Group provides compensation after termination of employment in the form of pensions through various defined benefit and defined contribution plans.

### Defined contribution pension plans

The Group pays fixed fees to other legal entities regarding several government plans and insurances for individual employees. The Group has no legal or informal obligations to pay additional fees beyond payments of the established fee that is recognized as an expense in the period in which the relevant service is performed.

#### **Compensation on termination**

Provision for severance pay is reported when the Group has a legal or informal obligation to terminate employment before its termination or to provide compensation on termination through an offer to encourage voluntary resignation. A provision is made for the part of the termination pay that the employee receives without work obligation plus social security contributions, which represents the best estimate of the compensation that is expected to be required to settle the obligation.

#### Share-related remuneration to employees

The Group has share-related remuneration for its employees which is settled with shares and which is therefore booked against equity.

Share-related remuneration where the employees does not have to complete a certain period of service before they have an unconditional right to compensation is expensed in its entirety at the time of award.

Share-related remuneration where the employees must complete a certain period of service before they have an unconditional right to compensation is expensed during the earning period.

### Note 2 Estimates and assessments

When financial reports are prepared, the board and the CEO must, in accordance with applied accounting and valuation principles, make certain estimates, assessments and assumptions that affect the accounting and valuation of assets, provisions, liabilities, income and costs. The areas where such estimates and assessments can be of great importance to the group, and which can thus affect the results and balance sheets in the future, are described below.

#### Significant assessments

The following are significant judgments that have been made when applying those of the group's accounting principles that have the most significant effect on the financial statements.

### Capitalization of intangible assets

The allocation between the research and development phases of new software development projects and the determination of whether the requirements for the capitalization of development expenditure are met require assessments. After capitalization, it is monitored whether the accounting requirements for development costs are still met and whether there are indications that the capitalized expenses may be exposed to a decline in value.

The group holds balanced intangible assets that have not yet been completed. Such assets must be tested for impairment in case of indication of continuing value decline, as well as at least annually. The company's intangible assets are deemed by the board to have a reassuring excess value. In order to do this, an estimate must be made of the future cash flows attributable to the asset or the cash-generating unit to which the asset is to be attributed when completed. An appropriate discount rate must also be determined to be able to discount these estimated cash flows.

### Accounting of deferred tax assets

The assessment of the extent to which deferred tax assets can be reported is based on an assessment of the probability of the group's future taxable income against which deferred tax assets can be utilized. In addition, significant considerations are required in assessing the effect of certain legal and financial limitations or uncertainties in various jurisdictions.

Deferred tax on loss carry-forwards represents significant amounts. As there is uncertainty about when in time the deficits can be utilized and whether utilization will be possible with regard to, for example, the current ownership structure, the board assesses that for the year there are no factors that convincingly indicate that the fiscal deficits can be utilized. As a result, no deferred tax asset is reported in the balance sheets and income statements, but information is provided about the size of the amounts.

### Uncertainty in the estimate

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

#### Impairments

In connection with the group's annual accounts, balanced development expenses and shares in subsidiaries have been tested for impairment. To assess the need for impairment, the recoverable amount is calculated for each asset or cash-generating unit based on expected future cash flow and using an appropriate interest rate to be able to discount the cash flow. Uncertainties lie in assumptions about future cash flow and determination of an appropriate discount rate. The cash flow has been based on established forecasts by the company management and is based on future specific customer projects. A discount rate has been determined for the cash-generating unit and reflects the management's assessment of risk profile such as market and asset-specific risk factors. A weighted required return (WACC) of 21.9% after tax has been applied in the impairment test. The discount rate is based on an average weighted cost of capital, which is deemed to be in line with external requirements that the market places on similar companies. In addition to this, a sensitivity test with a higher WACC has also been carried out to check the margin in tests carried out. Carried out test of possible need for write-down as of 31 December 2023 showed a need for write-down.

### Note 3 Average number of employees

	Group		Parent company	
	2023	2022	2023	2022
Average number of employees	21	21	6	6
Of which women	36%	40%	33%	33%
Note 4 Salaries, other remuneration and personnel costs				
Board and CEO	3,804,284	3,722,445	3,804,284	3,722,445
Other employees	16,136,358	13,555,825	4,262,181	4,178,635
Total	19,940,642	17,278,270	8,066,465	7,901,080
Social expenses	8,598,851	6,275,954	3,987,493	3,155,156
(of which pension costs)	(3,450,409)	(2,313,627)	(1,496,907)	(1,045,488)
Salaries and benefits board and CEO				
CEO, salary	2,898,051	2,858,205	2,898,051	2,858,205
CEO, consultant fee	-	-	-	-
CEO, pension premiums	536,957	512,065	536,957	512,065
Peter Augustsson, outgoing chairman of the board, board fee	105,202	288,080	105,202	288,080
Peter Augustsson, invoiced fee for other services	160,000	489,614	160,000	122,278
Per Zellman, Chairman-elect, board fee	249,476	92,299	249,476	92,299
Per Zellman, invoiced fee for other services	39,600	-	39,600	-
Gustav Brismark, board fee	151,039	144,040	151,039	144,040
Gustav Brismark, invoiced fee for other services	109,374	111,864	-	-
Peter Enoksson, board fee	-	51,741	-	51,741
Peter Enoksson, invoiced fee for other services	-	208,500	-	-
Finn Gramnaes, board fee	52,601	144,040	52,601	144,040
Bo Hedfors, board fee	-	51,741	-	51,741
Edvard Kälvesten, board fee	151,039	92,299	151,039	92,299
Marie Landfors, board fee	98,438	-	98,438	-
Emma Rönnmark, board fee	98,438	-	98,538	-
Total	4,650,215	5,044,488	4,540,841	4,356,788

The company's pension plans are defined contribution, which means that the contributions are expensed directly in the income statement. Salaries and remuneration only refer to personnel in Sweden. According to the CEO's employment contract, in the event of termination from either side, compensation equivalent to six (6) to twelve (12) monthly salaries must be paid, depending on the conditions for the termination.

### Note 5 Taxes (Group)

Reconciliation of the year's tax cost	2023	2022
Profit/loss before tax	-51,329,450	-46,803,338
Tax 20,6%	10,573,867	9,641,488
Unreported deferred tax asset	10,591,158	9,658,278
Effect of non-deductible costs	-17,292	-16,790
Reported effective tax	0	0

The group has accumulated tax deficits for the tax year 2023 (2022) which amount to SEK -322.2 M (-141.4). The underlying value of the deferred tax attributable to these deficits amounts to SEK 66.4 M (29.1). Deferred tax assets are only reported when it can be ensured with a high degree of certainty that the deficit can be utilised.

### Note 6 Interest income (parent company)

	2023-12-31	2022-12-31
Of which group companies	3,320,647	732,835

### Note 7 Shares in group companies (parent company)

			2023-12-31	2022-12-31
Opening acquisition value	ue		80,313,830	80,313 830
Shareholder contribution	าร		72,000,000	-
Purchases/new formatio	n		-	-
Impairment of shares			-83,374,000	-
Closing accumulated a	acquisition values		69,393,830	80,313,830
The group includes the	following subsidiaries:			
Name/seat	Corporate ID	Number of shares	Share	Reported value
Smoltek AB	556693-4591	1,382,704	100%	50,364,830
Smoltek Semi AB	559154-7723	50,000	100%	8,050,000
Smoltek Hydrogen AB	559268-1091	25,000	100%	11,525,000

### Note 8 Supplement to group companies (parent company)

During the year, the parent company made additions to the group companies Smoltek Semi AB and Smoltek AB to strengthen the capital. For precautionary reasons, shares have been written down by the corresponding amount.

The parent company has also made additions to the group company Smoltek Hydrogen AB to strengthen the capital.

### Note 9 Capitalized expenditures for development work (the group)

	2023-12-31	2022-12-31
Accumulated acquisition values		
At the beginning of the year	75,445,414	63,498,359
Capitalized expenses for the year, internal development	3,928,145	4,656,133
Capitalized expenses for the year, purchases	6,723,361	7,375,187
Capitalized depreciation for the year	327,572	330,742
Impairment for the year	-	-415,007
CLOSING ACQUISITION VALUE	86,424,492	75,445,414
Accumulated depreciation		
At the beginning of the year	-10,837,615	-
Depreciation for the year	-10,837,615	-10,837,615
Closing accumulated depreciation according to plan	-21,675,230	-10,837,615
ACCOUNTED VALUE AT THE END OF THE YEAR	64,749,262	64,607,799

### Note 10 Tangible fixed assets (Group)\*

	2023-12-31	2022-12-31
Accumulated acquisition values		
At the beginning of the year	8,431,337	4,583,662
Acquisitions for the year	7,078,321	4,902,017
Depreciation for the year	-1,174,359	-1,054,342
CLOSING ACQUISITION VALUE	14,355,299	8,431,337

\* This year's investments in tangible fixed assets refer to the final payment of an industrial clean room system for the growth of carbon nanofibers on 200 mm silicon wafers for the semiconductor business as well as the purchase and installation of advanced test equipment for an internal laboratory for R&D of electrolyzers for the hydrogen business.

### Note 11 Loans, long-term (Group)

	2023-12-31	2022-12-31
Liability due between one and five years from the balance sheet date	682,442	703,926
Liabilities due later than five years from the balance sheet date	-	-

### Note 12 Accrued costs and prepaid income

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Personnel-related costs	6,219,411	5,007,850	3,228,123	2,581,603
Other accrued costs	1,008,472	516,501	893,760	200,845
Prepaid income	-	-	-	-
	7,227,883	5,524,351	4,121,883	2,782,448

### Note 13 Pledged assets and contingent liabilities

The company has no pledged assets. According to the board's assessment, the company has no contingent liabilities.

#### Note 14 Events after the balance sheet date

On January 9, 2024, a communiqué was published from an extraordinary general meeting in which the board's decision on the directed issue of shares and warrants was approved according to the press release that the board presented on December 7, 2023. At the end of February, it was announced that Smoltek had been granted three new patents. All three patents, which each belong to a new patent family, describe in different ways how to use Smoltek's core technology to reduce contact resistance in electrochemical cells.

On March 19, it was announced that Smoltek has been granted two new patents for the company's CNF-MIM technology. The patents both belong to a patent family called Discrete CNF-MIM, which describes how to exploit the extraordinary surface-to-volume ratio provided by Smoltek's carbon nanofibers to create an MIM capacitor with unprecedented high capacitance density in a compact format.

On March 26, it was announced that YAGEO Group had chosen not to continue discussions regarding the license and service agreement that Smoltek Semi negotiated with Kemet Electronics, a subsidiary of YAGEO Group. The decision is motivated by the fact that the timing is not currently right for YAGEO to make the short- and long-term investments in Smoltek that the agreement had implied. In light of YAGEO's announcement, Smoltek's board has decided to postpone the publication of the company's annual report from March 26 to April 23.

On April 12, it was announced that the group company Smoltek Hydrogen has completed a successful durability test of the company's newly developed material for PEM electrolyzer cells. During 1,000 hours of continuous operation at 2 amps per square centimeter, hydrogen has been produced with a catalyst load of only 0.2 milligrams of iridium per square centimeter, without any degradation of the nanostructure (nanofibers) in the cell.

On April 22, it was announced that the group company Smoltek Semi has developed a new technology generation of the company's CNF-MIM capacitors with high volumetric capacitance density, which enables a powerful increase in the capacitance density in capacitors. Gen-Zero, as the new generation of technology is called, has recently been completed as part of the collaboration with YAGEO, and in which Smoltek Semi owns all rights to the result.



### Göteborg, 2024-04-23

Per Zellman Chairman of the Board Håkan Persson CEO Gustav Brismark Board member

Edvard Kälvesten Board member Marie Landfors Board member Emma Rönnmark Board member

Our audit report has been submitted on the date indicated by our electronic signature Grant Thornton Sweden AB

Zlatan Mitrovic Authorized accountant



## Revisionsberättelse

Till bolagsstämman i Smoltek Nanotech Holding AB Org.nr. 559020 - 2262

## Rapport om årsredovisningen och koncernredovisningen

#### Uttalanden

Vi har utfört en revision av årsredovisningen och koncernredovisningen för Smoltek Nanotech Holding AB för år 2023.

Enligt vår uppfattning har årsredovisningen och koncernredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av moderbolagets och koncernens finansiella ställning per den 31 december 2023 och av dessas finansiella resultat och kassaflöden för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens och koncernredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för moderbolaget och koncernen.

#### Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs är närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### Väsentlig osäkerhetsfaktor avseende antagandet om fortsatt drift

Utan att det påverkar våra uttalanden ovan vill vi fästa uppmärksamhet på redogörelsen i förvaltningsberättelsen där det framgår att finansieringen inte är tillräcklig för verksamhetens kapitalbehov under de kommande 12 månaderna. Som också framgår arbetar styrelsen aktivt med att lösa finansieringsfrågan. Detta tyder dock på att det finns en väsentlig osäkerhetsfaktor kring bolagets förmåga att fortsätta sin verksamhet.

### Annan information än årsredovisningen och koncernredovisningen

Detta dokument innehåller även annan information än årsredovisningen och koncernredovisningen och återfinns på sidorna 3 - 15. Det är styrelsen och verkställande direktören som har ansvaret för denna andra information.

Vårt uttalande avseende årsredovisningen och koncernredovisningen omfattar inte denna information och vi gör inget uttalande med bestyrkande avseende denna andra information. I samband med vår revision av årsredovisningen och koncernredovisningen är det vårt ansvar att läsa den information som identifieras ovan och överväga om informationen i väsentlig utsträckning är oförenlig med årsredovisningen och koncernredovisningen. Vid denna genomgång beaktar vi även den kunskap vi i övrigt inhämtat under revisionen samt bedömer om informationen i övrigt verkar innehålla väsentliga felaktigheter.

Om vi, baserat på det arbete som har utförts avseende denna information, drar slutsatsen att den andra informationen innehåller en väsentlig felaktighet, är vi skyldiga att rapportera detta. Vi har inget att rapportera i det avseendet.

#### Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen och koncernredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning och koncernredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen och koncernredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets och koncernens förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

#### **Revisorns ansvar**

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen och koncernredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen och koncernredovisningen.



Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

• identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen och koncernredovisningen, vare sig dessa beror på ogentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.

 skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

 utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.

· drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen och koncernredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets och koncernens förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen och koncernredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen och koncernredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag och en koncern inte längre kan fortsätta verksamheten.

• utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen och koncernredovisningen, däribland upplysningarna, och om årsredovisningen och koncernredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

 inhämtar vi tillräckliga och ändamålsenliga revisionsbevis avseende den finansiella informationen för enheterna eller affärsaktiviteterna inom koncernen för att göra ett uttalande avseende koncernredovisningen.

Vi ansvarar för styrning, övervakning och utförande av koncernrevisionen. Vi är ensam ansvarig för våra uttalanden.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

### Rapport om andra krav enligt lagar och andra författningar

#### Uttalanden

Utöver vår revision av årsredovisningen och koncernredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Smoltek Nanotech Holding AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

#### Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till moderbolaget och koncernen enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

#### Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets och koncernens verksamhetsart, omfattning och risker ställer på storleken av moderbolagets och koncernens egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets och koncernens ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.



#### **Revisorns ansvar**

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

• företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller

• på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslaaen.

Göteborg, enligt datum som framgår av elektronisk signering. Grant Thornton Sweden AB

Zlatan Mitrovic Auktoriserad revisor



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