



YEAR-END REPORT

2020

Smoltek Nanotech Holding AB



Year-end Report, Q4 2020

ABOUT SMOLTEK

Smoltek is a global company that develops process technology and concepts for applications based on carbon nanotechnology to solve advanced materials engineering problems in several industrial sectors.

The unique technology enables, for example, the manufacture of semiconductor components with smaller form factors, higher performance and lower energy consumption in the semiconductor industry. The company's patented technology platform also has the potential to revolutionize other industrial sectors, such as energy conversion and energy storage or biotechnology.

Smoltek protects its unique technology through an extensive and growing patent portfolio consisting of around 100 applied for patents, of which 65 have been granted.

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

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The year in brief (Group)

JANUARY - DECEMBER

- Net sales: SEK 2,573 thousand (506)
- Profit / loss for the period: SEK -13,561 thousand (-12,564)
- Earnings per share, before dilution: SEK -1.99 (-2.06)
- Earnings per share, after possible dilution: SEK -1.64 (-1.95)
- Number of outstanding shares: 8,114,817 (6,377,338)
- Number of shares after possible exercise of warrants: 9,547,878 (6,806,124)
- Total equity: SEK 138,873 thousand (68,540)
- Cash and cash equivalents: SEK 87,683 thousand (24,642)
- Equity ratio: 96.4% (92.6%)
- Two signed evaluation agreements for the CNF-MIM technology with global semiconductor component manufacturers
- Continued development of performance for CNF-MIM technology
- Ten new patents were granted during the year
- Smoltek Innovation AB, new wholly owned subsidiary, formed for the development of applications based on the technology platform in new segments outside the semiconductor industry

FOURTH QUARTER

- Net sales: SEK 313 thousand (203)
- Operating profit / loss: SEK -4.1 million (-3.1)
- Earnings per share, before dilution: SEK -0.53 (-0.49)
- Earnings per share, after possible dilution: SEK -0.45 (-0.46)
- Extension of license agreements for evaluation of the CNF-MIM technology
- Directed new issue of units adds SEK 74.7 million to the company after expenses

INCOME AND RESULT, FOURTH QUARTER

Net sales during the period amounted to SEK 313 thousand (203). Operating profit was SEK -4.1 million (-3.1). Earnings per share before dilution were SEK -0.53 (-0.49). Earnings per share after possible dilution were SEK -0.45 (-0.46).

LIQUIDITY AND FINANCIAL POSITION

The company's cash and cash equivalents at the end of the period amounted to SEK 87,683 thousand (24,642). Long-term interest-bearing liabilities amounted to SEK 819 thousand (819). The equity / assets ratio was 96.4 percent (92.6).

EQUITY AND NUMBER OF SHARES

Shareholders' equity at the end of the period amounted to SEK 138,873 thousand (68,540) divided into 8,114,817 shares. During the second quarter, the company received SEK 10.4 million after redemption of the warrant program TO 2, which was issued to subscribers in the company's rights issue in March 2019. During the fourth quarter, a directed new share issue was carried out which provided the company with SEK 74.7 million after expenses of SEK 5.3 million. During the year, the Group also received SEK 4.3 million through the exercise of warrants in Smoltek AB. This through a warrant program (2017/2020: 1) in which senior executives and early employees within the company participated.

EMPLOYEES

The number of employees during the year was 13 people.

Intensified efforts in several markets

In the fourth quarter of 2020, we have worked determinedly towards commercializing our CNF-MIM technology. The directed share issue of SEK 80 million which was carried out in October has provided us with an even more solid financial platform. We are now able to intensify our efforts, focusing on both our CNF-MIM technology and our new innovation areas.

The two license agreements that we signed last winter/spring were both extended during the quarter, the first one until the end of the year (2020) and the second one until March 2021. As companies, the two licensees have very different profiles, including different technology profiles, and as a result the underlying evaluation projects have been given different focus and content. We have active dialogues with both licensees, and we hope to be able to update with more information on the conditions for a continuation of the first project as soon as during the first quarter, and during the second quarter for the second project.

As we have previously communicated, we have continued to develop relationships with suppliers specializing in silicon-based production, so-called foundries, as well as suppliers of process technology. The purpose of this is to define manufacturing processes for high-volume production of CNF-MIM capacitors. We see it as very advantageous to implement such an industrialization ourselves, and we have initiated the first phase of such a project. The ambition is to make it easier for potential licensees who lack silicon competence, and thus reach a point where we receive recurring revenue from high-volume production more quickly.

Our efforts carried out in the group company Smoltek Innovation were further defined during the quarter. Our new team has identified several segments where we believe that our technology can offer improved performance at a lower cost. The first area is electrolyzers for hydrogen-based energy systems, where we have already filed a first patent application. Distributed hydrogen production will be a key infrastructural component in the future, as for example heavy vehicles will be powered by fuel cells. Bioelectrodes for the medical technology industry, as well

as solutions for more efficient batteries, are other areas that we have also started to explore.

It is both exciting and inspiring that our unique technology platform has the potential to contribute in a wide range of innovation areas, some of which are of great importance in order to achieve the sustainability goals defined in the Paris Agreement.

With the broadened platform we have now developed, in new as well as previously established segments, I look forward to a very exciting 2021. You are most welcome to continue following us on our journey!

Anders Johansson, vd Smoltek Nanotech Holding AB



Significant events during the period

Significant events during the fourth quarter of 2020

Extraordinary General Meeting resolves to authorize capital rise

On 15 October, the extraordinary general meeting resolves to authorize the Board to issue shares and / or warrants and / or convertibles.

Shafiq Kabir takes on an advisory role

On October 15, it is announced that Smoltek's founder and Chief Innovation Officer (CIO) Shafiq Kabir will leave his position as CIO for the company on January 22, 2021, to instead take a role as senior advisor and active partner in the company.

Smoltek raises SEK 74.7 million in directed new issue

October 20, it is announced that the company will carry out a directed new issue of units of SEK 80 million and at the same time issue warrants to existing shareholders. These are allotted, for every eleven (11) shares held in Smoltek Nanotech Holding AB on the record date October 29, 2020, to receive one (1) warrant of series TO 4.

The newly issued shares entail a dilution effect of approx. 16 percent of the number of shares in the company, which at the same time increases by 1,280,000, from 6,834,817 to 8,114,817. This also means that the share capital increases by SEK 152,484.40, from 814,221. SEK 10 to SEK 966,705.50. The issue costs amount to approximately SEK 5.3 million.

Upon full exercise of all warrants of series TO 4, Smoltek can be added a further maximum of approximately SEK 118 million, based on the maximum subscription price.

Major shareholding notifications

On October 29, it is announced that Gramtec Business Partner will pass the 25% limit and Peter Enoksson will pass the 15% limit as a result of the directed share issue in Smoltek Nanotech Holding AB. After the issue, Gramtec Business Partner owns 21.4% and Peter Enoksson 13.28% of the shares in the company.

Smoltek is granted support for a feasibility study

On 3 November, it is announced that Smoltek has been granted financial support for feasibility studies for the project: "Towards the integration of carbon nanobased

capacitors in industrial wafer production". The support, which corresponds to 50% of the project cost (maximum SEK 400,000), is part of the development of Swedish cutting-edge expertise within the program Smarter electronic systems. The project is a Vinnova innovation program with support from the Swedish Energy Agency and Formas.

Mangold enters as a liquidity guarantor for Smoltek's share

November 6, it is announced that Smoltek enters into an agreement with Mangold as liquidity guarantor for the share. The purpose of the liquidity guarantee is to improve the liquidity of the share and reduce the difference between the bid and ask price. The start date for Mangold's assignment is set for 9 November 2020.

Smoltek extends license agreement for evaluation of the company's CNF-MIM technology

23 November it is announced that the license agreement signed with a global manufacturer of electronic components for evaluation of Smoltek's CNF-MIM technology will be extended until 31 March 2021. In addition to further evaluation, the parties will also discuss the way forward after the evaluation, including a potential broadening of collaboration.

Smoltek extends license agreement for evaluation of the company's CNF-MIM technology

On 18 December, it is announced that the agreement signed with a leading capacitor manufacturer for technical and commercial evaluation of the company's CNF-MIM technology has been further extended, until 31 December. At the same time, the parties have initiated a concrete dialogue on a possible continuation of the collaboration, where a decision is expected during the first quarter of 2021.

Three new patents granted during the period

The work of developing Smoltek's patent platform is part of the business strategy and during the period the company has been granted three new patents; one in India regarding the basic technology of growing carbon nanostructures, one in Taiwan regarding the company's unique concept for miniaturized energy storage units (capacitors) and one in the United States which pertains to the company's so-called Assembly platform within the application area for Interconnects in heterogeneous integration.

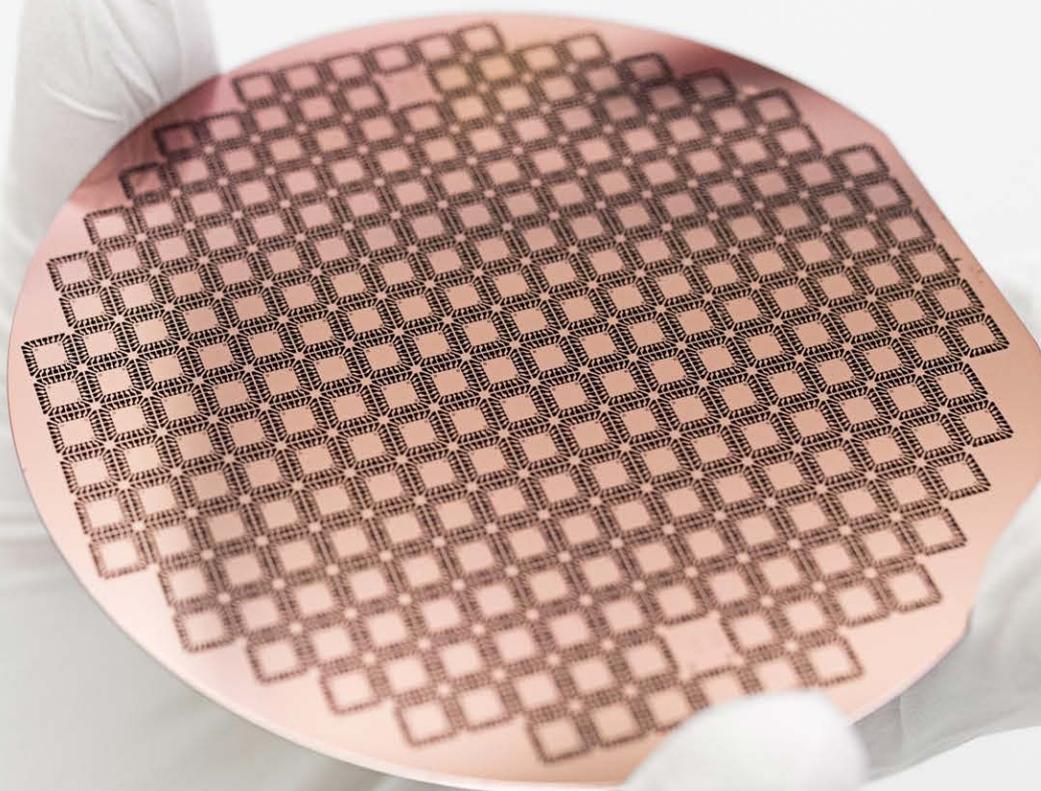
Business and market – overview

Smoltek's overall strategy is to first establish the company commercially in the billion-dollar market for advanced packaging. This is done by licensing the CNF-MIM technology for production of miniaturized capacitors suitable for integration into advanced packaging of high-performance semiconductor circuits, such as application processors for smartphones, or other high-performance processors.

The CNF-MIM technology is based on Smoltek's core technology platform; precision growth of conductive carbon nanostructures on a given surface based on needs and application. The technology utilizes the 3D effect from the vertically arranged carbon nanofibers. Simply put: "If you cover the surface of a Rubik's cube with Smoltek's patented carbon nanofibers, you get an actual total area the size of a soccer field."

Smoltek sees great potential for its technology platform also outside of the semiconductor market. In general terms, the company's carbon nanotechnology enables more efficient surface solutions in several areas where current solutions and materials set the boundaries for performance and efficiency.

Today, a gradual expansion of the business has been initiated. Partly for the development of other applications in the semiconductor industry, partly for the development of completely new applications in other industries and segments where the company's technology can provide revolutionizing benefits. This allows Smoltek to take maximum advantage of its position as a pioneering technology developer in controlled growth of nanostructures. And as the company now expands its operations outside the semiconductor industry, it is initially challenges in energy technology and medical technology that have been identified.



Business and market – current situation

Operations and business model

Smoltek develops process technology and concepts for applications based on carbon nanotechnology, today primarily for the global semiconductor industry. The company's patented technology enables the production of semiconductor components with a smaller physical size, higher performance and lower energy consumption compared to what current conventional technology solutions can offer.

The company's business model and objective is to sign license agreements based on its technology platform – patents, know-how and applications / solutions. The first application to be commercialized is the CNF-MIM technology (carbon nanofiber-based capacitors), where vertical conductive carbon nanofibers (CNFs) create a significantly larger and thereby more efficient surface through the technology's unique 3D effect compared to the two-dimensional surface of conventional capacitors. A large effective surface in relation to a minimal physical "footprint" is a key factor in a capacitor design. The CNF-MIM technology offers a unique solution through its extremely low-profile height. The technology is especially suited for use and integration into miniaturized semiconductor components and enables higher performance and energy efficiency.

Marketing strategy

Smoltek focuses on licensing its technology for CNF-MIM capacitors for use in semiconductor components. In this market segment, the low-profile height provides unique advantages. Licensing can be done to capacitor manufacturers that currently supply traditionally manufactured capacitors to this market. According to the company's assessment, this segment offers the best conditions for a commercial breakthrough. After having established the company in this segment, Smoltek will focus on other parts of the semiconductor industry, in particular on so-called foundries (silicon manufacturers) and packaging companies that can exploit the advantages of directly integrating CNF-MIM on, for example, silicon chips or so-called interposers.

In 2020, the subsidiary Smoltek Innovation was formed to take the company's technology to new application areas outside

the semiconductor and electronics industries. Smoltek Innovation has been staffed with its own team. This adds new expertise to the company, while at the same time allowing the work on commercializing the CNF-MIM technology to continue with the same resources as before.

To increase the opportunities to further capitalize on the company's carbon nano-based technology platform, Smoltek collaborates with DC Advisory, a leading global financial advisor with expertise in industrial transactions. DC Advisory has a wide network in both the semiconductor and electronics industries, as well as in other industrial segments. The agreement contributes to an increased global presence for Smoltek and opens opportunities through strategic relationships in existing as well as new application areas and industries.

IP strategy

Smoltek uses a global patent strategy to protect its technology platform in all important markets. This includes core patents as well as patent protection at application level. At present, the company has a portfolio that comprises about 100 applied patents, of which 65 are granted.

Smoltek and the challenges for the semiconductor industry

The semiconductor industry faces a major challenge with the expansion of new technologies such as 5G, AI and IoT – which require the development of new highly integrated technology with greatly improved computational performance and greater storage capacity in a smaller physical format. Simply put, it is the miniaturization in itself that enables higher performance. The key to optimization is advanced packaging or heterogeneous integration – in practice, this means tailor-made component architectures optimized for specific product and application areas.

In these architectures, capacitors have a crucial function, and with a considerably lower profile height compared to current capacitors, direct performance benefits can be achieved through smarter integration possibilities. With its extremely low-profile height, Smoltek's CNF-MIM technology is very well positioned for the market's needs. This applies to the production of miniaturized standalone capacitors for integration in the packaging process, as well as to more efficient capacitors for direct integration in the CMOS process.

Financial outcome

Turnover

Net sales during the full year amounted to SEK 2,573 thousand - an increase of just over 400 percent compared with the previous year, which can be attributed to two signed evaluation agreements for the CNF-MIM technology. For the fourth quarter, net sales amounted to SEK 313 thousand, compared with SEK 203 thousand for the same period in 2019.

Expenses

Expenses during the year amounted to SEK 20,688 thousand (-17,016). And for the fourth quarter, they amounted to SEK 5,097 thousand. A higher expense structure compared with the previous year can largely be explained by continued work towards commercialization of the company's CNF-MIM technology and a broader technical scope to other markets and applications.

Result

The Group's profit / loss for 2020 was SEK -13.6 million (-12.6) after financial items. The Group's result for the last quarter of the year was - SEK 4.1 million (-3.1).

Cash flow and financial position

Cash flow from operating activities amounted to SEK -14,347 thousand (-11,914). Cash and cash equivalents at the end of the period amounted to SEK 87,683 thousand (24,642).

Liquidity and financing

As of December 31, 2020, the Group's bank balances amounted to SEK 87,683 thousand (24,642). Long-term interest-bearing liabilities amount to SEK 819 thousand (819). During the year, a directed new share issue was carried out. The issue raised SEK 74.7 million for the company after deducting costs.

Investments

Investments in intangible fixed assets amount to SEK 10.1 million for the year and pertain to further development of the company's own technology. The investment in tangible fixed assets of SEK 1.0 million made in 2018 refers to an advance payment for equipment to be used in the company's operations at Chalmers. The total investment amounts to approximately SEK 2.6 million, of which SEK 1.5 million was settled during February 2021. Delivery of the machine is expected to take place at the end of February and in connection with the machine being put into operation, a final payment of approximately SEK 200 thousand will be made. During the year, the Group invested in additional equipment for laboratory operations in the amount of SEK 1.5 million.

Key ratios

(SEK thousand)

	Full year 2020	Full year 2019
Return on equity	-9.8%	-19.8%
Return on total capital	-9.4%	-18.3%
Solidity	96.4%	92.6%
Cash liquidity	2 079.5%	624.1%

Additional information

The share

Smoltek Nanotech Holding AB has been listed on Spotlight Stock Market since 2018 under the short name SMOL. As of the last December 2020, the company had approximately 2,400 shareholders. The number of shares amounts to 8,114,817.

Warrants

Outstanding warrants as of December 31, 2020:

Peter Augustsson	81 760
Gustav Brismark	20 300
Employees	69 654
TO 4	1 261 347
Total	1 433 061

Intangible assets

The company's most important asset is intangible assets in the form of patents, know-how and demonstrated performance. The balance sheet item is included in discontinued costs and amounts to SEK 51.1 million. It is the Board's assessment that the fair value is higher. The comparisons we have made with other companies' intellectual property rights and development support this assumption.

Outlook

Despite the general world concern about the effects of the coronavirus, the company has stable market prospects. This is a result of the spring 2020 licensing deals and the continued progress made in the development work of Smoltek's pioneering CNF-MIM technology and where there is interest from companies in the continuing growing market for high-performance semiconductor circuits. The important work of building relationships and deepening interactions with most of the leading industrial players in the USA and Asia continues, even today in digital form. The broadening of the company's operations to completely new areas such as energy conversion and medical technology provides an even stronger base to build on. At the same time, the company continues the determined work of developing the patent portfolio.

Accounting principles

For the interim report, Smoltek applies the accounting principles of the Swedish Annual Accounts Act and the Swedish Accounting Standards Board (BFN) general rules. The accounting policies are unchanged from those of the preceding year.

Annual report, annual general meeting and dividend

The annual report will be published on 6 May 2021 on the company's website and at news.cision.com/se/?q=Smoltek. Upon request to info@smoltek.com, a printed version of the annual report can be sent.

The Annual General Meeting for the 2020 financial year will be held in Gothenburg in May 2021. Notice of the meeting will be published on www.smoltek.com and in Post- och Inrikes tidningar and Dagens Industri, no later than three weeks before the meeting. The Board will propose to the Annual General Meeting that no dividend be paid for 2020.

Going concern – Affirmation by the board

The board and the CEO assure that this interim report gives a true and fair view of Smoltek Nanotech Holding AB's operations, financial position and performance.

Gothenburg, 2021-02-22

The Board of Directors of Smoltek Nanotech Holding AB
 Peter Augustsson, Chairman of the Board
 Bo Hedfors, board member
 Finn Gramnaes, board member
 Peter Enoksson, board member
 Gustav Brismark, board member

Anders Johansson, CEO

Risks and uncertainties

Smoltek Nanotech Holding AB's earnings and financial position are affected by various risk factors that must be taken into account when assessing the company and its future potential. Information about these risks can be found in the 2019 annual report.

Consolidated income statement

Smoltek Nanotech Holding AB incl. subsidiary

(SEK thousand)

	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales	313	203	2,573	506
Activated own-account work	669	1,310	4,335	3,962
Other operating income	22	0	214	0
Operating costs	-5,097	-4,660	-20,668	-17,016
Operating profit / loss	-4,094	-3,147	-13,546	-12,548
Profit / loss from financial items	-16	-4	-14	-16
Profit / loss for the period	-4,110	-3,151	-13,561	-12,564
Earnings per share after tax	-0.53	-0.49	-1.99	-2.06

Consolidated balance sheet

Smoltek Nanotech Holding AB incl. subsidiary

(SEK thousand)

	2020-12-31	2019-12-31
<i>Assets</i>		
Intangible fixed assets	51,120	41,068
Tangible fixed assets	2,520	1,008
Current receivables	2,715	1,822
Cash and cash equivalents	87,683	24,642
Total assets	144,039	68,540
<i>Equity and liabilities</i>		
Equity	138,873	63,481
Long-term liabilities	819	819
Current liabilities	4,347	4,240
Total equity and liabilities	144,039	68,540
Equity/assets ratio	96.4 %	92.6 %

Consolidated statement of cash flows

Smoltek Nanotech Holding AB incl. subsidiary

(SEK thousand)

	Full year 2020	Full year 2019
Operating activities		
Operating profit / loss	-13,546	-12,548
Profit / loss from financial items	0	-16
Cash flow from operating activities before changes in working capital	-13,546	-12,564
Changes in working capital		
Change in receivables	-894	-1,198
Changes in current liabilities	93	1,848
Cash flow from operating activities	-14,347	-11,914
Investment activities		
Intangible assets	-10,053	-6,969
Tangible assets	-1,512	0
Cash flow from investment activities	-11,565	-6,969
Financing activities		
New issue of shares and warrants	88,953	37,173
Change in long-term liabilities	0	-19
Cash flow from financing activities	88,953	37,154
Change in cash and cash equivalents	63,041	18,270
Cash opening balance	24,642	6,372
Cash closing balance	87,683	24,642

Consolidated changes in equity

Smoltek Nanotech Holding AB incl. subsidiary

(SEK thousand)

	Share capital	Other contributed capital	Other equity including net loss for the period	Total equity
Opening balance 2019-01-01	633	44,268	-6,028	38,873
Issue of shares	127	36,445		36,572
Issue of warrants		600		600
Profit / loss for the period			-12,564	-12,564
Closing balance 2019-12-31	760	81,313	-18,592	63,481
Issue of shares (Exercising warrants TO 2)	29	9,831		9,860
Issue of shares (Exercising warrants Smoltek AB)	26	4,238		4,264
Issue of warrants		176		176
Issue of shares (Directed issue TO 4)	152	74,501		74,653
Profit / loss for the period			-13,561	-13,561
Closing balance 2020-12-31	967	170,059	-32,153	138,873

Parent company income statement

Smoltek Nanotech Holding AB

(SEK thousand)

	Oct-Dec 2020	Oct-Dec 2019	Full year 2020	Full year 2019
Net sales	1,076	625	2,951	2,500
Operating expenses	-2,951	-1,187	-6,301	-3,914
Operating profit / loss	-1,875	-562	-3,350	-1,414
Profit / loss from financial items	292	94	877	586
Profit / loss for the period	-1,584	-468	-2,473	-828

Parent company balance sheet

Smoltek Nanotech Holding AB

(SEK thousand)

	2020-12-31	2019-12-31
<i>Assets</i>		
Shares in group companies	62,314	42,999
Long-term receivables at group companies	46,925	29,923
Current receivables from Group companies	820	0
Other current receivables	613	295
Cash and cash equivalents	82,238	22,725
Total assets	192,910	95,942
<i>Equity and liabilities</i>		
Equity	190,905	94,900
Current liabilities	2,005	1,042
Total equity and liabilities	192,910	95,942
Equity/assets ratio	99.0 %	98.9 %

Parent company statement of cash flows

Smoltek Nanotech Holding AB

(SEK thousand)

	Full year 2020	Full year 2019
Operating activities		
Operating profit / loss	-3,350	-1,414
Profit / loss from financial items	-0	-1
Cash flow from operating activities before changes in working capital	-3,350	-1,415
Changes in working capital		
Current receivables group	-820	0
Changes in receivables	-319	-235
Changes in current liabilities	963	359
Cash flow from operating activities	-3,526	-1,291
Investment activities		
Financial assets	-25	-50
Changes in receivables from group companies	-21,620	-18,825
Cash flow from investment activities	-21,645	-18,875
Financing activities		
New issue of shares and warrants	84,684	37,173
Cash flow from financing activities	84,684	37,173
Change in cash and cash equivalents	59,513	17,007
Opening balance	22,725	5,718
Closing balance	82,238	22,725

Parent company changes in equity

Smoltek Nanotech Holding AB

(SEK thousand)

	Restricted equity	Unrestricted equity incl. net loss for the period	Total equity
Opening balance 2019-01-01	633	57,922	58,555
Issue of shares (Exercising warrants TO 2)	127	36,445	36,572
Issue of warrants		601	601
Profit / loss for the period		-828	-828
Rights issue	0	0	0
Closing balance 2019-12-31	760	94,140	94,900
Issue of shares (Exercising warrants TO 2)	29	9,831	9,860
Issue of shares (Directed issue)	152	74,496	74,648
Registered share capital from non-cash issue / Share premium	26	13,769	13,794
Issue of warrants		176	176
Profit / loss for the period		-2,473	-2,473
Closing balance 2020-12-31	967	189,939	190,906

Upcoming reports

- Interim report Q1 for 2021 will be published 2021-04-22
- Annual report for 2020 will be published 2021-05-06
- Interim report Q2 for 2021 will be published 2021-07-16
- Interim report Q3 for 2021 will be published 2021-10-26

Audit report

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

Smoltek Nanotech Holding AB is listed on Spotlight Stock Market since 2018-02-26 under the short name SMOL.

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Gothenburg 2021-02-22

The Board





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