2025 ANNUAL REPORT

CLIMEON

CONTENT

THIS IS CLIMEON

Climeon is a Swedish product company operating in the energy sector.

The company develops, manufactures and delivers solutions for converting waste heat into electricity, with the aim of increasing energy efficiency and reducing greenhouse gas emissions in industry, power generation and the marine sector.

Climeon's proprietary and patented technology, HeatPower, enables electricity generation from low-temperature waste heat arising in industrial processes, vessel engines, power plants and geothermal applications. By utilising existing energy flows, HeatPower contributes to reduced fuel consumption, improved overall economics and strengthened local power generation for customers.

The company was founded in 2011 and has since installed more than 60 HeatPower systems globally. Climeon has an international sales presence with customers and projects in Europe, the United States and Asia. Operations are conducted with approximately 35 employees, and the head office as well as test and development facilities are located in Kista, outside Stockholm.

Climeon's Class B share is listed on Nasdaq First North Premier Growth Market. FNCA Sweden AB is the Certified Adviser.

OUR MISSION

To make sustainable power accessible, dependable and cost-effective with industry-leading, low-temperature waste heat recovery technologies.

OUR VISION

To reduce global CO_2 emissions and accelerate the use of sustainable power through the development of world-leading HeatPower solutions.

OUR STRATEGY IN BRIEF

Climeon's strategy is to commercialise and scale the HeatPower technology within the marine, energy and industrial sectors by offering cost-efficient solutions that reduce energy use, emissions, and customers' fuel and energy costs.

OUR VALUES

- Do Good
- Be a Teamplayer
- Always Deliver

A MESSAGE FROM OUR CEO

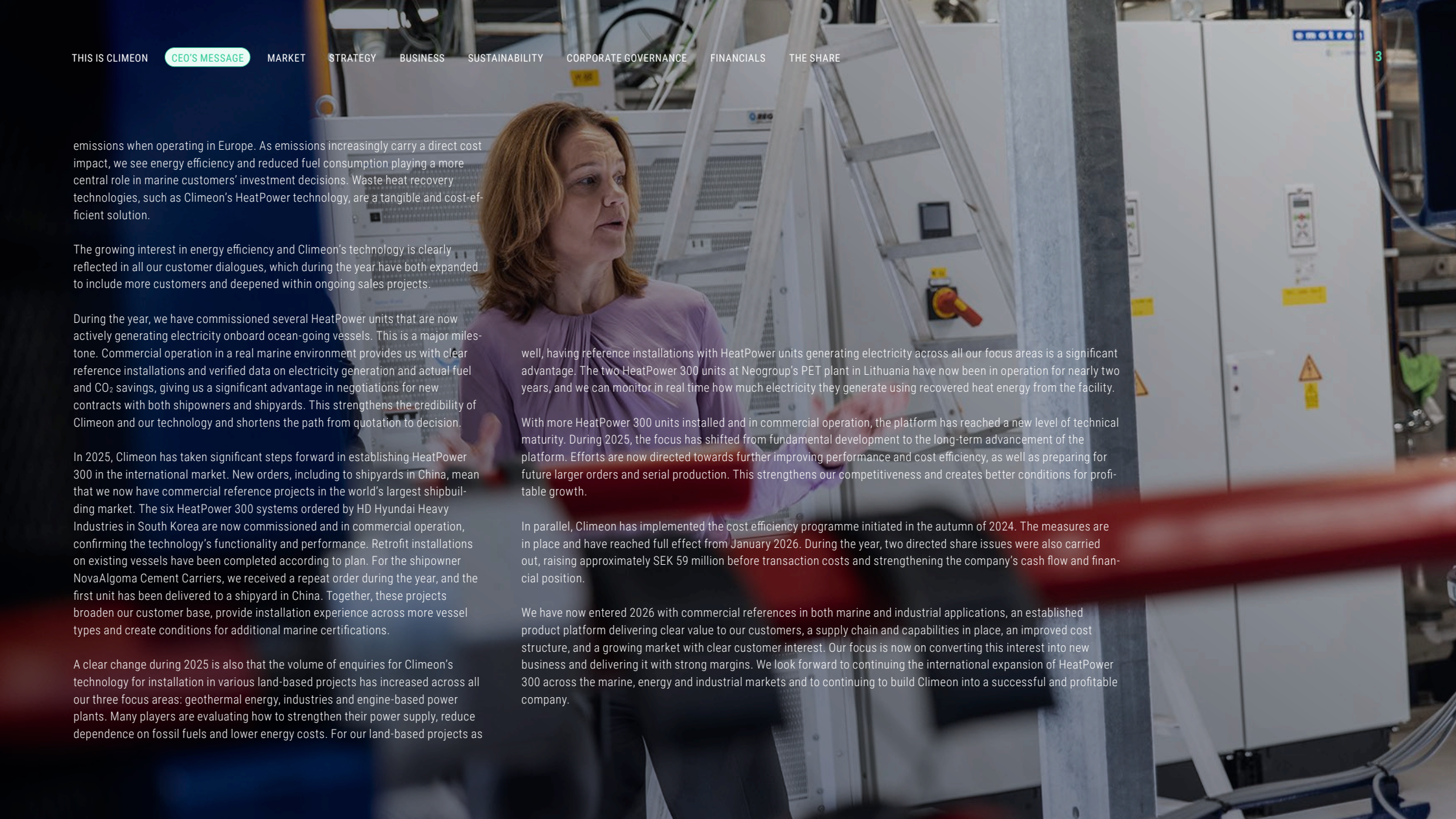
Lena Sundquist, CEO, Climeon

The year 2025 has been marked by major changes in our external environment, with geopolitical tensions, increased defence investments and a stronger focus on energy security. For Climeon, these developments also present new business opportunities.

Europe is now increasing investments in its defence and is also focusing on more robust and less vulnerable energy systems with lower dependence on imported fuels. This trend has been ongoing for some time, but interest in utilising untapped waste heat for small-scale electricity generation increased towards the end of 2025. Volatile electricity prices are also prompting many industries, for cost reasons, to improve the energy efficiency of their facilities by reusing thermal energy to produce sustainable electricity. In many parts of Europe, projects are being initiated to explore the potential for local electricity production from geothermal sources. The expansion of AI data centres is also driving demand for local and stable power generation, not least in locations where grid capacity is limited, such as in the United Kingdom.

Conditions in the marine market have also become more favourable for Climeon in 2025. The EU Emissions Trading System for shipping has taken effect, and shipowners have begun to pay for their greenhouse gas

Commercial operation in a real marine environment provides us with clear reference installations and verified data on electricity generation as well as actual fuel and carbon emission savings..



emissions when operating in Europe. As emissions increasingly carry a direct cost impact, we see energy efficiency and reduced fuel consumption playing a more central role in marine customers' investment decisions. Waste heat recovery technologies, such as Climeon's HeatPower technology, are a tangible and cost-efficient solution.

The growing interest in energy efficiency and Climeon's technology is clearly reflected in all our customer dialogues, which during the year have both expanded to include more customers and deepened within ongoing sales projects.

During the year, we have commissioned several HeatPower units that are now actively generating electricity onboard ocean-going vessels. This is a major milestone. Commercial operation in a real marine environment provides us with clear reference installations and verified data on electricity generation and actual fuel and CO_2 savings, giving us a significant advantage in negotiations for new contracts with both shipowners and shipyards. This strengthens the credibility of Climeon and our technology and shortens the path from quotation to decision.

In 2025, Climeon has taken significant steps forward in establishing HeatPower 300 in the international market. New orders, including to shipyards in China, mean that we now have commercial reference projects in the world's largest shipbuilding market. The six HeatPower 300 systems ordered by HD Hyundai Heavy Industries in South Korea are now commissioned and in commercial operation, confirming the technology's functionality and performance. Retrofit installations on existing vessels have been completed according to plan. For the shipowner NovaAlgoma Cement Carriers, we received a repeat order during the year, and the first unit has been delivered to a shipyard in China. Together, these projects broaden our customer base, provide installation experience across more vessel types and create conditions for additional marine certifications.

A clear change during 2025 is also that the volume of enquiries for Climeon's technology for installation in various land-based projects has increased across all our three focus areas: geothermal energy, industries and engine-based power plants. Many players are evaluating how to strengthen their power supply, reduce dependence on fossil fuels and lower energy costs. For our land-based projects as well, having reference installations with HeatPower units generating electricity across all our focus areas is a significant advantage. The two HeatPower 300 units at Neogroup's PET plant in Lithuania have now been in operation for nearly two years, and we can monitor in real time how much electricity they generate using recovered heat energy from the facility.

With more HeatPower 300 units installed and in commercial operation, the platform has reached a new level of technical maturity. During 2025, the focus has shifted from fundamental development to the long-term advancement of the platform. Efforts are now directed towards further improving performance and cost efficiency, as well as preparing for future larger orders and serial production. This strengthens our competitiveness and creates better conditions for profitable growth.

In parallel, Climeon has implemented the cost efficiency programme initiated in the autumn of 2024. The measures are in place and have reached full effect from January 2026. During the year, two directed share issues were also carried out, raising approximately SEK 59 million before transaction costs and strengthening the company's cash flow and financial position.

We have now entered 2026 with commercial references in both marine and industrial applications, an established product platform delivering clear value to our customers, a supply chain and capabilities in place, an improved cost structure, and a growing market with clear customer interest. Our focus is now on converting this interest into new business and delivering it with strong margins. We look forward to continuing the international expansion of HeatPower 300 across the marine, energy and industrial markets and to continuing to build Climeon into a successful and profitable company.

MARKET

TRENDS AND DRIVERS IN THE ENERGY TRANSITION

Electricity and the Energy Market

Europe faces a growing need to strengthen its energy security, reduce its import dependency and at the same time transition to more renewable electricity to meet climate targets. In recent years, geopolitical conflicts and the energy crises that have followed have made energy an increasingly strategic issue and have also highlighted the vulnerability of an energy system heavily dependent on imported fossil fuels.

The European Union imports a significant share of the energy used within the region. In recent years, between 58 and 62 percent of the EU's energy needs have been met through imported energy commodities, primarily oil and natural gas. Import dependency is particularly high in many countries in Central and Southern Europe that base their energy consumption on fossil fuels. The high share of imports also means that the price of fossil gas often sets the price of electricity across much of Europe, meaning that even countries such as Sweden and Finland, which have an energy mix with a higher share of fossil-free production, are affected.

As a result, there is a clear trend towards more small-scale and local electricity generation, where industrial companies, energy providers and critical infrastructure operators are increasingly demanding solutions that enable on-site electricity production close to consumption. The aim is to reduce exposure to fluctuating energy prices, lower import dependency and strengthen national and regional energy independence. At the same time, interest is increasing in technologies that can improve resource efficiency in existing energy systems, for example by utilising waste heat from industrial processes, engine-based power plants and other thermal systems.

At the same time, global demand for energy and electricity continues to grow.

According to the International Energy Agency's (IEA) World Energy Outlook 2025, total global energy demand in 2024 amounted to approximately 654 exajoules, corresponding to around 182,000 TWh. Global energy demand has increased by nearly 60 percent since 2000 and is distributed across industry, transport, buildings and power generation, with industry being one of the largest energy users globally. Transport also accounts for a significant share of consumption. International shipping represents a smaller part of transport energy use but remains heavily dependent on fossil fuels. This sectoral breakdown is central to analyses of future energy demand and emissions reductions, as the transition within industry and transport largely influences the potential for energy efficiency improvements.

The IEA also describes the ongoing development as an "Age of Electricity", where demand for electricity is growing faster than for any other energy carrier. Global electricity consumption is expected to increase by an average of four percent per year in the latter part of the 2020s. Growth is primarily driven by increased electrification of industrial processes and transport, rapid expansion of data centres linked to digitalisation and AI, and rising demand for cooling and process energy. Although data centres currently account for a limited share of global electricity use, they create significant local strain on power systems and reinforce the need for both new electricity generation and more efficient use of existing resources.

This development is also driven by climate considerations and the need to produce and use energy in a more sustainable and resource-efficient way. Electricity generation remains the single largest source of global carbon emissions, but it is also the sector leading the transition to net-zero emissions. Europe is at the forefront of these efforts and has established a comprehensive regulatory framework aimed at reducing emissions and increasing energy efficiency. Key initiatives include Fit for 55, which forms the framework for the EU's climate and energy policy, as well as programmes and directives such as REPowerEU, the Energy Efficiency Directive (EED) and the Clean Industrial Deal. Together, these policy instruments create a long-term framework where energy efficiency, waste heat recovery and improved utilisation of existing energy resources become key components in the transition of Europe's industry and energy systems.

EU initiatives driving energy efficiency

Fit for 55
The EU's climate framework aims to reduce greenhouse gas emissions by at least 55% by 2030 compared with 1990 levels and to achieve climate neutrality by 2050.

EU ETS
An emissions trading system where a gradually declining cap raises the cost of carbon emissions in power generation and energy-intensive industry, strengthening incentives for energy efficiency.

REPowerEU
Initiative to reduce the EU's dependence on imported fossil fuels through increased energy efficiency, renewable energy and local energy production.

Energy Efficiency Directive (EED)
Introduces stricter energy savings requirements and highlights the identification and utilisation of waste heat in industry and energy systems.

Clean Industrial Deal
EU initiative to strengthen industrial competitiveness while reducing emissions, including by stimulating demand for energy-efficient technologies.

Electricity generation remains the single largest source of global carbon emissions, but it is also the sector leading the transition to net-zero emissions.

Energy efficiency and growing demand for waste heat recovery technology

Waste heat arises as an unavoidable by-product in most industrial processes and in engine and turbine systems—heat that must be dissipated. As energy efficiency has taken on a more central role in both cost control and emissions reduction, this previously unused thermal energy has become an increasingly important resource. This applies not only to land-based industry and power generation, but also to the marine sector, where large combustion engines are used for both propulsion and onboard electricity generation.

As noted earlier, total global energy demand is increasing. Industry and the transport sector together account for a significant share of this energy use and are also the sectors where large amounts of energy are lost as waste heat. Studies of global energy systems show that around half of all supplied energy is effectively lost as heat rather than used for useful work. This means that very large amounts of energy are continuously lost in industrial processes and engine-based energy systems.

The global vessel fleet is, in this context, a significant energy user. International shipping accounts for a smaller but still material share of total global energy demand and relies heavily on combustion engines operating continuously over long periods. These engines generate large amounts of waste heat in exhaust systems, cooling water and lubrication oil systems. As regulations tighten and costs related to fuel and emissions increase, more efficient utilisation of this waste heat becomes an increasingly important tool for reducing rising operating costs and improving overall onboard energy efficiency.

Typical waste heat sources include:

- Petrochemical processes
- Material production (plastics, metals, paper, cement, glass)
- Electricity or mechanical energy generation (stationary gas turbines, combustion engines)
- Combustion of materials in furnaces (waste, fuel residues or biomass)

Recovered heat can be utilised in several ways depending on temperature and application, for example for:

- heating
- heat upgrading with heat pumps
- cooling via adsorption/absorption
- conversion to electricity (e.g. using ORC)

A significant share of the global waste heat potential is found in low- to medium-temperature ranges, which are technically well suited for recovery and conversion into electricity using ORC-based solutions. This applies across industrial processes, engine- and turbine-based power generation, as well as shipping, where available waste heat can be converted into electricity for internal use, thereby reducing the need for additional fuel consumption.

The industry organisation KCORC (Knowledge Center for ORC) estimates that within the EU27 alone, there is potential to generate up to approximately 150 terawatt-hours of electricity per year by utilising available low-temperature waste heat from European industry using ORC technology. A research report published by Grand View Research in 2024 estimates that the waste heat recovery market is expected to grow at a CAGR of 9.8% from 2024 to 2030.

Market development for ORC technology is also confirmed in a comprehensive industry mapping published in Applied Thermal Engineering, where the authors compiled data from a large number of suppliers and projects. The study shows that cumulative installed ORC capacity reached approximately 4.5 GW by the end of 2020, and that the market grew by around 40% in installed capacity between 2016 and 2020. The largest capacity is found in geothermal applications, while applications related to waste heat from industry, power generation and engine-based systems—including marine applications—account for the clearest growth in number of installations. This indicates a broadening of the market towards a greater number of smaller, more distributed projects.

Overall, both market analyses and research literature indicate that waste heat recovery is increasingly seen as a practical and economically justified energy efficiency measure. In a 2023 study, McKinsey highlights that technological development and standardisation have helped lower barriers to investment in waste heat recovery, and that it is increasingly being integrated into long-term programmes for energy efficiency, cost control and competitiveness—across industry, power generation and shipping.

International shipping accounts for approximately **three percent** of global greenhouse gas emissions.

The marine industry's requirements for reduced climate impact

Shipping is one of the most environmentally efficient modes of transport per transported kilogram, but remains heavily dependent on fossil fuels. The majority of the world's vessels—whether container ships, tankers or cruise ships—use large combustion engines, often powered by conventional bunker fuels and diesel, meaning that international shipping accounts for around three percent of global greenhouse gas emissions. For shipping, particularly large ocean-going vessels with long routes and high energy demand, direct electrification is currently rarely technically or economically viable. Batteries have significantly lower energy density than liquid fuels and would require very large battery systems, limiting both range and cargo capacity. Electrification is therefore mainly relevant for shorter routes and ferry traffic, while energy efficiency and alternative fuels become key solutions for global shipping.

To reduce greenhouse gas and carbon emissions from international shipping, the International Maritime Organization (IMO) introduced its first GHG Strategy in 2018, aiming to reduce carbon emissions per transport work by at least 40 percent by 2030 compared with 2008 levels, and by 70 percent by 2050. Total emissions from shipping were to be reduced by 50 percent compared with 2008. Over time, the IMO's ambition and adopted regulations have been strengthened. The current target is to reach net-zero greenhouse gas emissions from international shipping by 2050, with an interim target of reducing total emissions by at least 70 percent, preferably 80 percent, by 2040 compared with 2008 levels. As part of achieving these targets, environmental requirements for ship design and propulsion have also been introduced. Several new indices (CII, EEDI, EEXI) have been implemented to measure and define compliance with these requirements. The indices came into force in 2023 and will be adjusted as requirements are tightened every five years.

During 2025, the IMO has continued work on the next phase of regulation. At MEPC 83 in April 2025, member states agreed on a draft Net-Zero Framework, combining emission limits with a pricing mechanism for emissions in shipping, with the ambition for it to enter into force from 2028/2030. This framework would be the first global system for pricing emissions across an entire industry sector and create economic incentives to reduce emissions over time. At the same time, the final decision on adopting this climate framework and the global pricing mechanism has been postponed until 2026 due to disagreements among IMO member states, delaying formal adoption and implementation. This means that a global carbon tax or emissions trading system under the IMO has not yet entered into force, although the ambition remains.

Despite this delay, both the IMO and regional actors emphasise that the direction of shipping climate regulation is clear. In addition to IMO-based strategies, shipowners are affected by regional and national initiatives that are already implemented or gradually being introduced. Within the EU's Green Deal Fit for 55, specific proposals also impact the marine industry. EU regulations, including FuelEU Maritime and the EU Emissions Trading System for shipping, require operators to report and purchase allowances for parts of their CO_2 emissions, creating tangible costs and incentives for energy-efficient technologies. In this context, energy efficiency and technologies such as waste heat recovery become not only a way to comply with future regulations, but also a tool for managing actual operating costs.

In 2025, the implementation of the EU Emissions Trading System (EU ETS) for shipping has had a clear impact, as shipowners have for the first time been required to purchase and surrender allowances for part of their carbon emissions. This has effectively given emissions a direct cost impact and contributed to an increased focus on energy efficiency and fuel-saving measures in shipping. As the system is gradually expanded, the financial incentives for investments in emission-reducing technologies are further strengthened.

The trend in the marine industry in 2025 points towards fuels such as liquefied natural gas (LNG), methanol, ammonia, hydrogen and other biofuels.

Beyond these international and regional requirements, national regulations and market-driven factors also require the shipping industry to continuously reduce its climate impact, both through more efficient propulsion and through technical solutions that can generate electricity onboard, reduce fuel consumption and lower emissions.

Future Fuels and Rising Fuel Costs

The global energy transition is driving a more diversified energy system, where renewable energy sources play an increasingly important role. At the same time, combustion-based processes and engines will remain important within industry, power generation and transport for the foreseeable future, particularly in applications where electrification is not yet technically or economically viable at scale. This is especially true for the ocean-going fleet, but also for parts of industry and land-based power generation.

The development is therefore moving towards a broader range of fuels, where traditional fossil fuels are gradually complemented by alternative energy carriers with lower climate impact. Examples include liquefied natural gas (LNG), methanol, various forms of biofuels and, in the longer term, hydrogen and ammonia. According to recent analyses from, among others, DNV, this multi-fuel strategy is a necessary consequence of both technical limitations and uncertainties regarding availability, infrastructure and cost development for future fuels.

At the same time, several of these new fuels have lower energy density compared with conventional alternatives, leading to increased focus on how supplied energy can be used as efficiently as possible. This further strengthens the need for technical solutions that can improve the overall efficiency of existing systems, regardless of fuel choice.

Fuel prices in recent years have been characterised by significant volatility, influenced by geopolitical developments, energy security concerns and changing global market conditions. At the same time, climate-related policy instruments have gained increasing impact, with mechanisms such as emissions trading and carbon pricing meaning that fuel use increasingly carries direct costs linked to emissions. As a result, the overall cost of energy use is no longer determined solely by fuel price, but also by its climate impact.

In this context, energy efficiency becomes a key strategic factor. Solutions that reduce fuel consumption and improve the utilisation of supplied energy contribute both to lower operating costs and reduced exposure to future fuel price and emissions risks. This makes energy-efficient technologies, including waste heat recovery, an important component in the transition to a more sustainable and cost-efficient energy system.

SUMMARY:

Maritime Regulations 2025

- The IMO's target of net zero by 2050 remains unchanged; the ambition for a global CO_2 pricing mechanism remains, but decisions have been postponed.
- The EU ETS has had a tangible cost impact during the year.
- FuelEU Maritime was implemented with gradually tightening requirements, with cost impacts becoming visible in 2026.
- The combination of global and regional regulations creates strong incentives for energy efficiency and technical investments in shipping.

KEY MARKETS

The markets currently most attractive to Climeon from a growth and profitability perspective are the maritime, energy and industrial markets. Customers in these markets have clear incentives—both financial and environmental—to invest in Climeon's HeatPower systems. There is also a strong technical fit between customer processes and Climeon's products, expertise and existing customer base. Together, this forms the foundation for a strong business case for both the customer and Climeon.

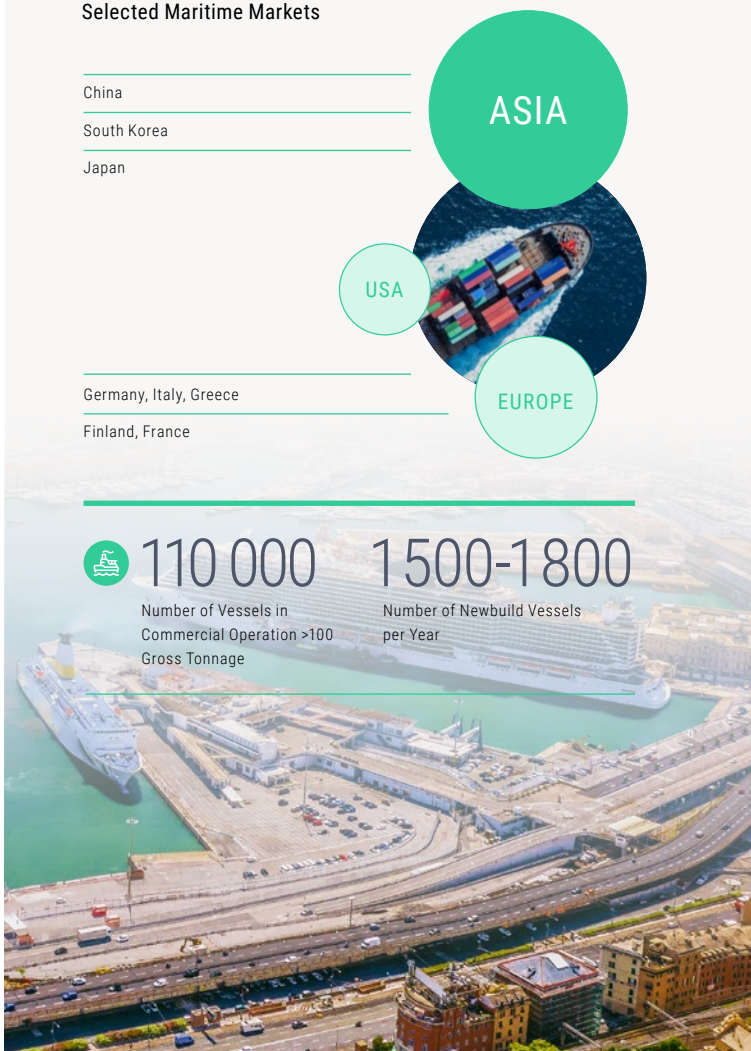
Maritime Market

Global shipping is a fundamental part of the world economy and is critical to international trade and supply chains. According to UNCTAD's Review of Maritime Transport 2025, seaborne trade is expected to continue growing in the coming years, with an average annual growth of around 2–3 percent in the second half of the 2020s. This growth is expected despite recurring geopolitical tensions, macroeconomic uncertainty, trade agreements and tariffs.

The global commercial fleet comprises approximately 110,000 vessels above 100 gross tonnes, of which around half are small vessels below 500 gross tonnes. Each year, an additional 1,500 to 1,800 new vessels above 500 gross tonnes are added to the fleet. Over a longer period, newbuild activity has been relatively moderate while scrapping rates have remained low, which, according to UNCTAD, has contributed to a gradually ageing global fleet. However, this structure has begun to change. In 2024, newbuild orders increased significantly, by more than 50 percent compared with the previous year, and the global orderbook grew by just over 10 percent.

The composition of the newbuild market varies significantly between vessel segments. The strongest growth in orders is seen in container vessels and LNG carriers, corresponding to approximately 24.6 percent and over 50 percent, respectively, of the existing global fleet measured in gross tonnage. A clear trend in the newbuild market is that a large share of orders concerns vessels with alternative or dual-fuel systems, particularly within the container segment. This reflects shipowners' ambition to future-proof their fleets against stricter environmental regulations and uncertainty regarding future fuel prices and emissions costs.

The global shipbuilding industry is highly concentrated in Asia, where China, South Korea and Japan together account for 80–90 percent of the newbuild market. Europe has a more specialised role, primarily within niche segments such as cruise vessels. The shipping industry is simultaneously global in nature, with major fleet owners in countries including Greece, Japan, China, South Korea and Germany. In the cruise segment, the United States is also a major shipowning country. This structure means that technical solutions adopted by leading shipyards and shipowners can quickly achieve global reach.



Due to increasing regulatory and economic measures to reduce greenhouse gas and carbon emissions from international shipping, energy efficiency has become a central focus area in the maritime industry. The introduction of the EU Emissions Trading System for shipping, as well as regulations such as FuelEU Maritime, means that emissions and fuel choice have a direct and growing cost impact for vessels operating in European ports. At the same time, alternative fuels are often more expensive and less available than traditional fossil options.

Overall, this development reinforces the maritime industry's need for measures that reduce fuel consumption and improve overall energy efficiency. The combination of an ageing fleet, a sharp increase in newbuild activity—particularly in the container segment—and stricter environmental requirements means that energy-efficient solutions are increasingly integrated both into vessel design and into shipowners' long-term investment and fleet strategies. This creates favourable conditions for technologies that can deliver measurable emission reductions and improved energy efficiency, both in newbuilds and in upgrades of the existing fleet.

Energy and Industry

The energy and industrial sectors encompass a wide range of applications and customer segments, all characterised by generating large amounts of thermal energy as an integral part of their operations. Industrial waste heat arises from industrial processes and chemical reactions. Combustion engines and engine-based power plants generate waste heat that represents a significant, yet largely untapped, energy resource. At the same time, geothermal energy—heat from the Earth's interior—constitutes a stable and long-term energy source, where large volumes of low- and medium-temperature heat remain underutilised for electricity generation.

Industrial Waste Heat

According to the IEA's World Energy Outlook 2025, total global energy demand in 2024 amounted to approximately 654 exajoules, corresponding to around 182,000 TWh. The industrial sector accounted for approximately 37 percent of global energy use, equivalent to around 67,000 TWh per year. This energy use includes process heat, steam, mechanical work and electricity consumption in industrial facilities.

Although high-temperature heat is in some cases recovered, a large share of available heat—often at temperatures below 200°C—is still dissipated without being utilised. The total volume of low-temperature heat therefore represents a significant potential for energy efficiency improvements and increased electricity generation through technologies that enable heat-to-power conversion, including ORC-based solutions.

Energy-intensive industries such as cement, steel, glass, petrochemicals, pulp and paper, and food production generate substantial amounts of waste heat as a by-product of their processes. Studies of global energy systems show that around half of the energy supplied to industry is not converted into useful work but is instead lost as waste heat. Based on this, global industry generates on the order of 30,000–35,000 TWh of waste heat annually. Up to 60 percent of this waste heat is found in low-temperature ranges.

The profitability of recovering industrial waste heat depends on factors such as installation costs, access to cooling systems and regional policies that promote energy efficiency. Countries with ambitious industrial decarbonisation targets and carbon pricing mechanisms are leading adoption, as ORC technology enables manufacturers to improve energy efficiency and reduce emissions-related costs. By converting waste heat into electricity, industry can also strengthen energy self-sufficiency, reduce dependence on external energy sources and mitigate the effects of energy price volatility.

Industriell spillvärme

Motordrivna kraftverk för elproduktion

Geotermiska kraftverk

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Combustion Engines and Engine-Based Power Plants

Large stationary combustion engines play an important role in power generation, particularly as flexible power sources that help balance electricity systems with a growing share of weather-dependent renewable generation. One example is power plants being built to supply data centres with the large amounts of electricity required to cool AI servers. These facilities are used for baseload, backup and peak load, and are often based on gas or dual-fuel engines. As in the marine sector, significant amounts of waste heat arise in the form of cooling water and exhaust gases, creating opportunities to increase overall efficiency by recovering heat that would otherwise be dissipated.

By recovering waste heat and converting it into electricity, engine-based power plants can increase power output without a corresponding increase in fuel consumption. This contributes to lower specific fuel costs, reduced emissions-related costs and improved operating economics. At the same time, higher energy efficiency and lower emissions intensity strengthen the competitiveness of these facilities in tenders and electricity markets where environmental performance increasingly influences contract awards, market access and the ability to obtain premium prices for lower-carbon electricity. In this way, energy efficiency can also create additional revenue opportunities and improve long-term market positioning for power producers.

These benefits apply regardless of fuel type, ensuring continued value as the sector transitions to lower-carbon and renewable energy sources.

Geothermal Energy

Geothermal energy is a stable and weather-independent energy source with the potential to provide baseload power, particularly in regions near tectonic plate boundaries such as the United States, Japan, Canada and Eastern Europe. Traditionally, geothermal electricity generation has been limited to areas with high-temperature resources where steam-based systems can be used, requiring deep drilling, more complex drilling and pumping procedures, and significant investments.

However, a substantial share of global geothermal resources exists at lower temperatures and has so far been difficult to commercialise. ORC technology enables electricity generation from low-temperature geothermal sources, significantly expanding both the geographic and technical scope of application. In addition, ORC can be integrated as a complementary step in high-temperature plants to recover waste heat and thereby increase overall efficiency.

Technological advances in drilling, pumps and cooling systems, combined with government incentives and increasing requirements for emissions reductions, have gradually improved the economic conditions for smaller-scale geothermal projects. Overall, this strengthens the role of ORC technology as an enabler of increased geothermal energy utilisation and a more resource-efficient and resilient energy system.

COMPETITION

The market for small-scale waste heat recovery using ORC technology is established but remains fragmented across different players and applications. Competition varies depending on the use case—such as the maritime, industrial or energy sectors—as well as on temperature ranges and system output capacity. In many cases, however, the main alternatives for customers are not other ORC systems, but rather to refrain from investing in waste heat recovery, prioritise other energy efficiency measures, or use the available heat for purposes other than electricity generation.

Maritime Market

In shipping, waste heat is often used for other onboard functions, such as heating fuel and cargo tanks, HVAC systems and freshwater production. These applications often serve as alternatives to electricity generation from waste heat. The choice depends on factors such as vessel type, operating profile, available temperatures and overall economic conditions.

When waste heat is used for electricity generation, ORC technology competes with a limited number of suppliers and solutions with different technical approaches. Many systems on the market are designed for higher temperatures and more complex installations, which can make them less efficient or more costly to integrate in lower-temperature systems. There are also players offering ORC as part of larger marine system solutions.

At the same time, growing interest is seen from new suppliers, particularly in Asia, where proximity to shipyards and lower cost levels can be competitive advantages. However, many of these players still need to build the operational track record, references and certifications required for broad adoption in the maritime sector.

Energy and Industrial Market

Within the energy and industrial market, ORC technology also competes with other ways of utilising heat, such as process integration, district heating or heat upgrading with heat pumps.

In industrial applications and land-based power generation from waste heat, there are several suppliers of ORC systems. Many of these solutions are developed for larger installations and focus on higher-temperature heat streams, for example within geothermal, biomass and combined heat and power. These ORC systems are often extensive, custom-built solutions tailored to each installation.

Within the low-temperature waste heat segment, competition is more limited and the number of specialised suppliers is smaller. Climeon's technology is developed with a focus on this temperature range and enables electricity generation in applications where heat sources are often distributed, variable over time and have previously had limited potential for power generation.

At the same time, demand is increasing for modular and standardised ORC solutions that can be easily integrated into existing industrial processes and engine-based power plants. In this segment, installation cost, system flexibility, operational reliability and the ability to utilise as much of the otherwise lost heat as possible are key competitive factors.

Barriers to Entry and Market Dynamics

Competition in the market is dynamic. While it is possible in some areas for new players to develop technical solutions, broad commercial adoption requires significant technical expertise, capital and experience. In applications such as maritime operations and industrial processes, there are high requirements for operational reliability, system integration and proven performance over time.

Deliveries to these sectors often require extensive certifications, for example from marine classification societies, as well as documented operating experience from installed systems. Customers in shipping and industry typically prioritise suppliers with established references and proven reliability, as the systems are integrated into critical parts of their operations. These requirements effectively create barriers to entry that make it difficult for new players to establish themselves quickly in the market.

At the same time, the market remains fragmented and the global potential for waste heat recovery is substantial. Multiple technical solutions can therefore coexist, and the market for ORC technology is considered to have strong long-term growth potential.

STRATEGY

PURPOSE AND VISION

The global energy system is undergoing a structural shift, where geopolitical tensions, rising energy demand, stricter climate requirements and increasing costs place greater demands on efficient resource utilisation. At the same time, large amounts of energy are lost as waste heat in industrial operations, power generation and the maritime sector. Climeon addresses this inefficiency by enabling electricity generation from existing energy flows, improving customers' energy efficiency, reducing emissions and contributing to a more resilient and sustainable energy system.

OUR MISSION

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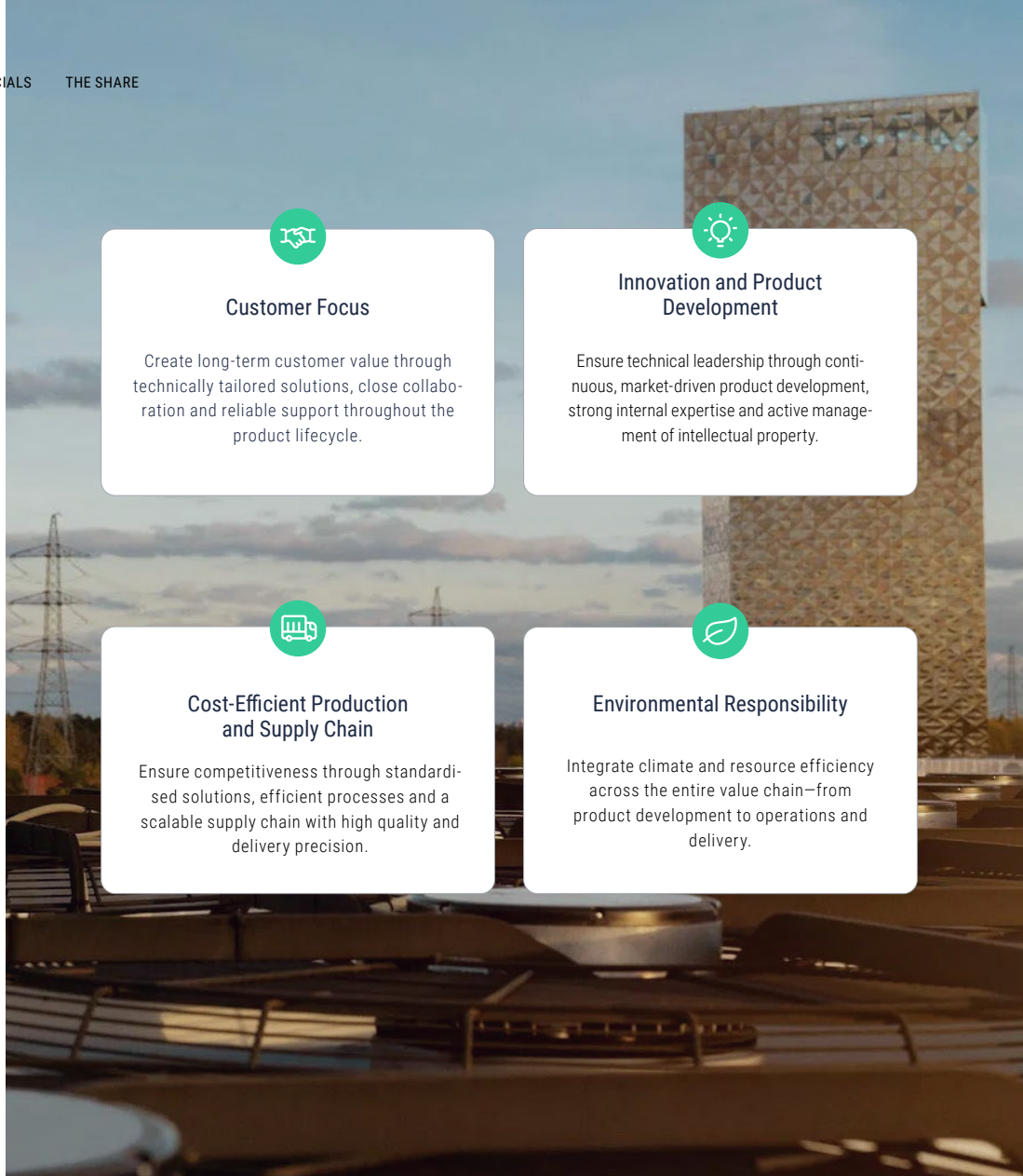


Customer Focus

Create long-term customer value through technically tailored solutions, close collaboration and reliable support throughout the product lifecycle.

Innovation and Product Development

Ensure technical leadership through continuous, market-driven product development, strong internal expertise and active management of intellectual property.

Cost-Efficient Production and Supply Chain

Ensure competitiveness through standardised solutions, efficient processes and a scalable supply chain with high quality and delivery precision.

Environmental Responsibility

Integrate climate and resource efficiency across the entire value chain—from product development to operations and delivery.

Strategic Pillars

Customer Focus

Climeon's strategy is built on creating profitability for its customers. Through a deep understanding of customers' technical, operational and regulatory conditions, combined with close collaboration throughout the entire project cycle—from pre-study and sizing to installation, follow-up and support—solutions are tailored to the customer's business model, expected payback periods and long-term objectives.

The company strives for transparency, predictability and long-term relationships, where technical expertise is combined with commercial understanding to create lasting value.

Innovation and Product Development

Climeon's competitiveness is based on a technical offering that delivers maximum value from the customer's investment. Through structured, data-driven and market-oriented continuous product development, combined with internal expertise in thermodynamics, system design and software, as well as active management of intellectual property, a long-term technological advantage is maintained.

Cost-Efficient Production and Supply Chain

An efficient and scalable delivery structure is central to Climeon's strategy. The company works systematically with standardisation and continuous development of its supply chain to ensure cost efficiency, quality, flexibility and delivery reliability.

Through structured processes in procurement, production, logistics and installation, the conditions are created for stable cost levels, high reliability and sustainable long-term growth. *(For further information, see the section Governance.)*

Environmental Responsibility

Climeon's operations are based on the principle that every investment should contribute to a more resource-efficient energy system. The company integrates climate and environmental considerations into product development, material selection, production, the supply chain and business decisions. This work covers the entire value chain—from design and sourcing to operations and aftermarket—with the ambition to ensure high energy efficiency, low climate impact and responsible resource management.

The environmental perspective is therefore a guiding factor in both technical decisions and commercial priorities. *(For further information, see the section Sustainability.)*

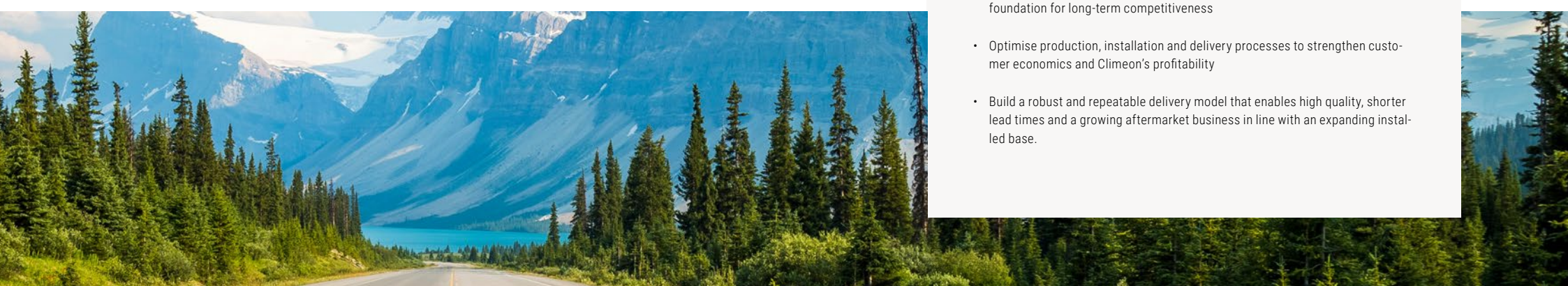
LONG-TERM OPERATIONAL GOALS

As part of executing its strategy, Climeon has defined long-term operational targets directly linked to the company's four strategic pillars: environmental responsibility, customer focus, innovation and product development, and cost-efficient production and supply chain. These targets aim to strengthen competitiveness, create long-term customer value and enable sustainable and profitable growth.

Climeon's overall ambition is to establish itself as the leading provider of heat-to-power solutions for low-temperature waste heat in applications where the technology can deliver clear environmental and economic benefits, with a focus on the maritime, energy and industrial sectors. Through HeatPower solutions that reduce energy use, emissions and customers' fuel and energy costs, the company contributes to both its customers' business objectives and the global energy transition.

To achieve its overall ambition, Climeon focuses on the following targets:

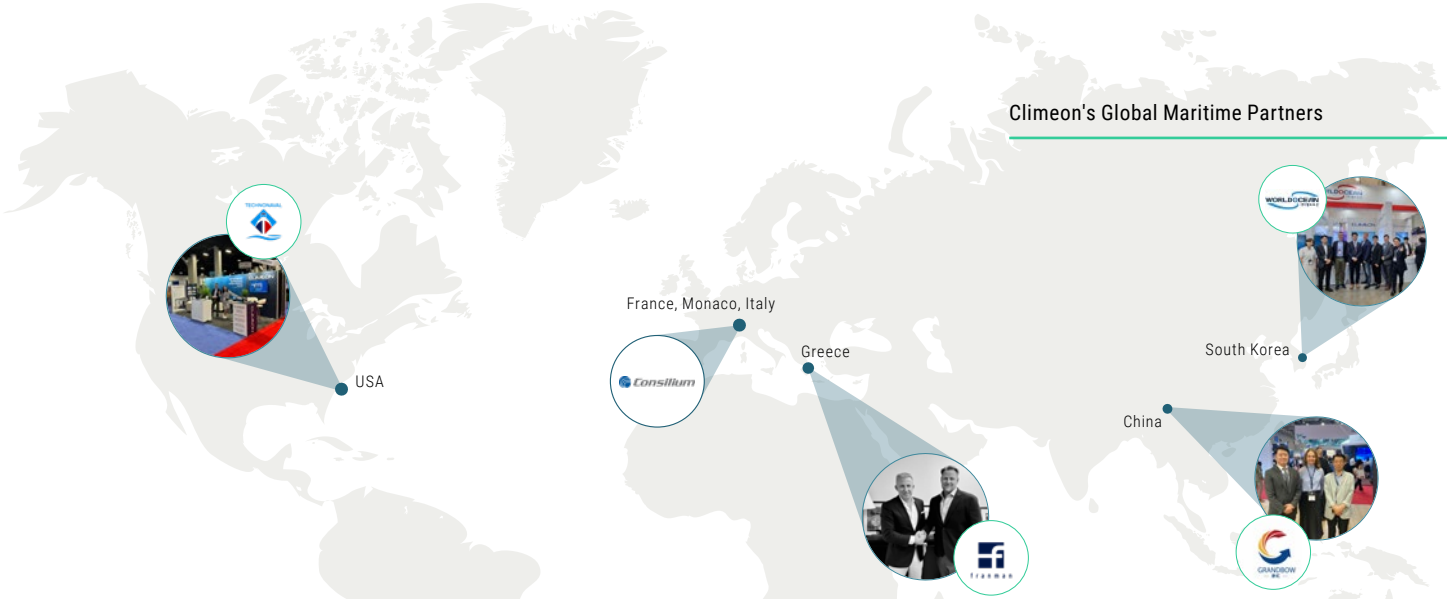
- Increase the installed base of HeatPower systems to maximise total emissions reductions from waste heat-based electricity generation, while minimising environmental impact across the full product lifecycle
- Establish HeatPower as the standard for low-temperature waste heat recovery within selected customer segments, through verified operation, high reliability and long-term partnerships with leading customers, shipyards and EPC contractors
- Offer solutions and aftermarket support that contribute to stable operation, predictable savings and long technical lifetime
- Maintain and further develop market-leading performance at low temperatures, with a particular focus on efficient electricity generation in temperature ranges where alternative technologies have limited functionality
- Continuously improve the HeatPower platform in terms of efficiency, operational reliability and system integration, with intellectual property protection as a foundation for long-term competitiveness
- Optimise production, installation and delivery processes to strengthen customer economics and Climeon's profitability
- Build a robust and repeatable delivery model that enables high quality, shorter lead times and a growing aftermarket business in line with an expanding installed base.



BUSINESS

BUSINESS MODEL AND SALES

Climeon's core business model is to sell HeatPower systems for electricity generation from waste heat, along with product-related services, primarily in the form of spare parts, service and technical support throughout the systems' lifecycle. Revenue is mainly generated from the sale of complete systems, as well as from installation, commissioning and aftermarket services.



Business Model and Sales

Climeon applies a direct sales model, where revenues are primarily generated through the sale of complete HeatPower systems.

In addition to hardware sales, Climeon offers a comprehensive service portfolio covering engineering and integration support, installation, commissioning and customer training, which are billed as project-based one-off revenues. To ensure long-term and reliable operation, Climeon also provides service and maintenance offerings. These include parts of or full scheduled maintenance, spare parts, technical support and access to Climeon Live, the company's digital remote monitoring and optimisation platform, generating recurring revenue over the system lifecycle.

The company focuses on selected markets where the technology can deliver clear customer value in the form of short payback periods, reduced fuel and emissions costs, and improved energy self-sufficiency. Customer investment decisions are influenced by several factors, including energy prices, fuel prices, emissions costs (such as EU ETS), local regulations and site-specific technical conditions—such as the availability of heat at the right volume and temperature range, as well as sufficient cooling capacity. The business case also includes installation and integration costs for both the HeatPower system and auxiliary equipment, such as piping, pumps and cooling systems, required for efficient and optimised energy conversion. Taken together, this means that decision processes are often extensive, contributing to sales cycles that typically range from one to three years.

Market engagement is primarily conducted from the head office in Kista, supported by a growing network of local sales and service partners in key regions across Europe, Asia and the United States.

During 2025, the company further strengthened its presence in the Chinese and Korean shipbuilding markets, as well as in Europe, through new and expanded partnerships..

Offering and Technology

Since its founding, Climeon has developed technology to convert heat into electricity, enabling more resource-efficient use of existing energy flows. The company has chosen to group its technology and products under the name HeatPower. Climeon HeatPower is based on an Organic Rankine Cycle (ORC) process, enabling the conversion of low-temperature heat into sustainable electricity.

By offering reliable, cost-efficient and weather-independent electricity generation from waste heat, HeatPower contributes to increased energy efficiency in industry, power generation and the maritime sector. The technology enables reduced fuel consumption, lower carbon emissions and improved overall economics for customers, while strengthening local power generation and reducing dependence on external electricity supply. As a dispatchable and stable source of sustainable electricity, HeatPower complements weather-dependent renewable energy sources and contributes to a more resilient and environmentally sustainable energy mix, while supporting the global transition to net-zero emissions.

The HeatPower technology has been developed through market-driven research and development, with a focus on customers' real needs for energy efficiency, sustainability and regulatory compliance. The systems are verified in commercial operation across both maritime and land-based applications, helping to reduce technical and commercial risk in new installations.

As a complement to the physical product platform, Climeon also offers the digital SaaS service Climeon Live, enabling remote monitoring and analysis of installed HeatPower systems. The platform provides customers and service organisations with real-time data on electricity generation, operational parameters, alarms and system health. Through Climeon Live, deviations can be identified early, troubleshooting can be performed remotely, and operations can be optimised over time, contributing to high availability, reduced service costs and improved lifecycle performance of installed systems.

Climeon has to date commercialised two HeatPower products: HeatPower 150 and the latest platform, HeatPower 300. Both products are in operation and deliver carbon-neutral electricity to their owners.

HeatPower 300 represents a further development of the HeatPower technology, specifically designed and adapted for maritime applications. The focus has been on robust design, ease of integration, low installation cost and stable operation over long periods under varying operating conditions and profiles. HeatPower 300 is optimised to utilise low-temperature waste heat below 100°C from vessel engine cooling systems and convert it into electricity. However, as the platform is modular and scalable, it is also well suited for land-based installations and a broader temperature range. Given the right conditions in terms of available heat and cooling, HeatPower 300 can generate up to 355 kilowatts.

The company's primary focus today is on the sale, production, delivery and commissioning of HeatPower 300, which forms the core of Climeon's offering. At the same time, Climeon continues to support existing customers of the previous product generation, HeatPower 150, through the supply of spare parts, service and support, ensuring long-term and reliable operation throughout the products' lifecycle.

For a more detailed technical description of the HeatPower technology, see the section "Climeon's Technology."

MARITIME BUSINESS

Overview and Market Conditions

The maritime sector is one of Climeon's most strategically important business areas. The market is driven by rising operating costs—particularly related to fuel consumption and emissions—as well as increasing demands for energy efficiency and progressively stricter emissions regulations. At the same time, combustion engines are expected to remain the dominant technology for both propulsion and onboard power generation in ocean-going vessels for the foreseeable future.

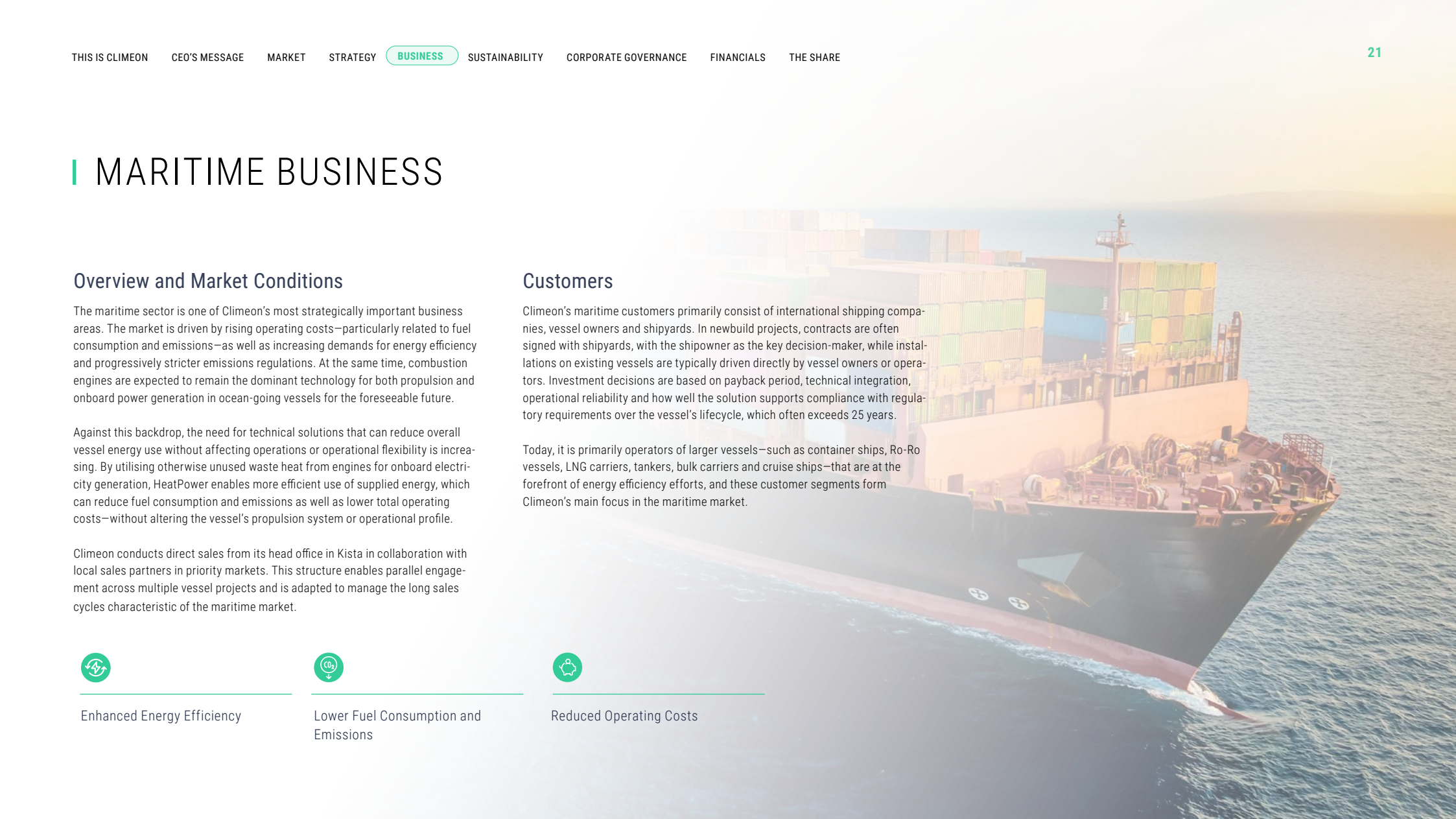
Against this backdrop, the need for technical solutions that can reduce overall vessel energy use without affecting operations or operational flexibility is increasing. By utilising otherwise unused waste heat from engines for onboard electricity generation, HeatPower enables more efficient use of supplied energy, which can reduce fuel consumption and emissions as well as lower total operating costs—without altering the vessel's propulsion system or operational profile.

Climeon conducts direct sales from its head office in Kista in collaboration with local sales partners in priority markets. This structure enables parallel engagement across multiple vessel projects and is adapted to manage the long sales cycles characteristic of the maritime market.

Customers

Climeon's maritime customers primarily consist of international shipping companies, vessel owners and shipyards. In newbuild projects, contracts are often signed with shipyards, with the shipowner as the key decision-maker, while installations on existing vessels are typically driven directly by vessel owners or operators. Investment decisions are based on payback period, technical integration, operational reliability and how well the solution supports compliance with regulatory requirements over the vessel's lifecycle, which often exceeds 25 years.

Today, it is primarily operators of larger vessels—such as container ships, Ro-Ro vessels, LNG carriers, tankers, bulk carriers and cruise ships—that are at the forefront of energy efficiency efforts, and these customer segments form Climeon's main focus in the maritime market.



Enhanced Energy Efficiency

Lower Fuel Consumption and Emissions

Reduced Operating Costs

During the third quarter of 2025, a breakthrough order for HeatPower 300 was secured from a Chinese shipyard for newbuilds for a major Asian container operator.

Addressable Market and Business Potential

Based on vessel size, operating profile, availability of low-temperature waste heat and integration conditions, Climeon estimates that HeatPower 300 is relevant for a significant share of the global fleet. The company's business potential with the current HeatPower 300-based product portfolio is estimated at approximately 30 percent of the 1,500–1,800 vessels built each year. In addition, around eight to ten percent of the existing fleet of approximately 110,000 vessels above 100 gross tonnage is considered a potential retrofit market, particularly for larger vessels with higher installed engine power, where rising emissions costs and stricter regulations support investments in energy efficiency.

Sales activities related to HeatPower 300 are primarily focused on larger vessels within both the cruise and merchant fleets. Other segments and engine sizes may also be of interest, depending on available waste heat and vessel operating profiles.

Developments in 2025 – Execution, Deliveries and Sales

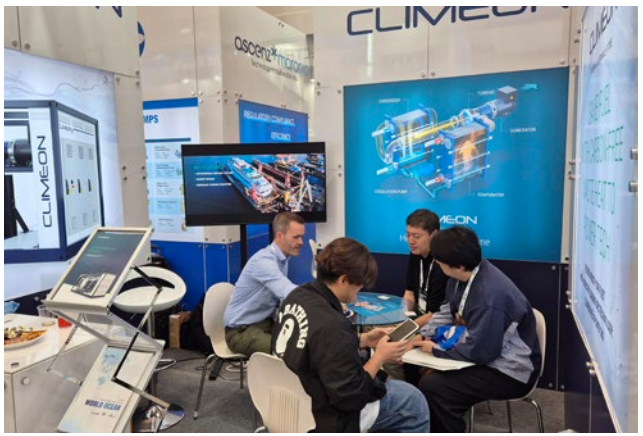
During 2025, the focus in the maritime business was on verifying operation in larger vessel programmes, while customer dialogues expanded both geographically and across additional vessel segments.

Within newbuilds, commissioning of HeatPower 300 continued in the six-vessel programme at HD Hyundai Heavy Industries. By year-end, all systems in the series had been commissioned and the vessels were in commercial operation. These installations serve as important references for both shipyards and shipowners and help lower barriers in new tenders, where documented operation and verified performance are often decisive factors.

In parallel, installation and commissioning of HeatPower 300 in retrofit configuration were carried out on an existing container vessel. The retrofit segment complements newbuilds and strengthens the offering towards a market where investments can often be implemented more quickly when energy efficiency measures can be realised without waiting for newbuild projects.

On the sales side, an order was secured during the third quarter of 2025 from a Chinese shipyard for HeatPower 300 for newbuilds for a major Asian container operator. During the year, the project with NovaAlgoma Cement Carriers also progressed, including testing and preparations for installation in the cement/bulk segment, thereby broadening the addressable market for the HeatPower platform.

As part of its commercial activities, Climeon participated, together with local partners, in the international maritime trade fairs Marintec China and Kormarine. At the same time, the company continued to support existing customers of the previous product generation, HeatPower 150, through the supply of spare parts and support services.



Interest in waste heat recovery within the maritime industry is expected to continue to grow as EU ETS and FuelEU Maritime are fully implemented and emissions have an increasingly direct cost impact on shipowners.

Overall, during the year Climeon has seen a clear increase in customer enquiries within the maritime sector. This development coincides with a higher pace of new vessel construction, particularly in the container segment, where shipowners are investing in new tonnage to replace an ageing global fleet. Many older vessels are finding it increasingly difficult to meet new and upcoming environmental requirements in a cost-efficient manner, further driving demand for energy-efficient solutions both in newbuilds and as retrofits. This market dynamic strengthens Climeon's position and is expected to create favourable conditions for continued business development in the maritime segment.

Outlook

Developments during 2025 confirm that waste heat recovery using HeatPower technology is becoming an increasingly integrated part of the maritime sector's energy efficiency strategy. The growing number of technically well-founded customer enquiries indicates that the technology is increasingly regarded as part of the vessel's energy system rather than an add-on. HeatPower 300 is now installed and operating in real marine environments, providing multiple new reference customers that can verify the technology's functionality and performance.

Looking ahead to 2026, demand is expected to continue to grow as EU ETS and FuelEU Maritime are fully reflected in shipowners' cost structures. Ongoing discussions within the IMO regarding global emissions pricing also contribute to increased uncertainty around future fuel costs, strengthening the business case for technologies that reduce fuel consumption and emissions. The combination of newbuilds, retrofits and recurring sister vessel programmes creates favourable conditions for scalable and repeatable sales over time. A key focus for 2026 will also be to convert the growing volume of customer enquiries into firm orders.

An increasing volume of well-specified and detailed customer enquiries is a clear sign of the steadily growing interest in waste heat recovery with Climeon HeatPower in the maritime market.

ENERGY AND INDUSTRY BUSINESS

Overview and Market Conditions

The energy and industrial sectors represent a strategically important and growing business area for Climeon. The drivers are strong, shaped by geopolitical tensions leading to volatile electricity prices, rising carbon emission costs and an increasing need for energy self-sufficiency, local power generation and resilient energy systems. The rapid development of AI, driving the construction of energy-intensive data centres, is also increasing demand for local electricity generation. At the same time, large amounts of waste heat are generated in industrial processes, engine-based power plants and geothermal applications, much of which is still dissipated without being utilised.

Against this backdrop, demand is increasing for technical solutions that can convert existing energy flows into usable electricity, thereby reducing both energy costs and climate impact. By enabling local electricity generation from low-temperature waste heat, HeatPower allows for more efficient use of supplied energy, reducing the need for purchased electricity, lowering emissions and strengthening the resilience of facilities to energy price volatility—without affecting core processes or operational reliability.

Although HeatPower 300 was originally developed for demanding maritime conditions, its robust design, modular structure and ability to handle varying operating profiles make it well suited for industrial and energy-related applications on land. This creates conditions for scalable deployment across both process industries and local, engine-based power generation.

Climeon has initially chosen to prioritise the energy and industrial markets in Europe, where regulatory frameworks, carbon pricing and policy targets for industrial transition create favourable conditions for investments in energy efficiency.

Enhanced Energy Efficiency

Reduced Emissions

Lower Energy Costs

Increased Resilience to Electricity Price Volatility

A significant share of industrial waste heat is found at temperatures below 100°C

Customers

Customers in the industrial segment primarily consist of industrial owners in energy-intensive industries such as cement, steel, glass, petrochemicals, paper and food, as well as operations with large and continuous energy demand, such as data centres. Sales are conducted both directly and in collaboration with technical consultants and EPC contractors responsible for energy efficiency projects.

Within the energy segment, Climeon targets owners and operators of engine-based power plants, as well as EPC contractors specialising in the development and construction of power generation facilities. Applications include local power generation, backup power and grid balancing in systems with a high share of intermittent renewable energy.

Customers in the power generation segment, such as those using stationary engines, are mainly in three categories: power plant owners, operators and EPC contractors.

As in the maritime sector, sales cycles in the energy and industrial markets are long, typically between one and three years. Industrial companies must map available waste heat, assess operational impact and analyse logistical and financial conditions—often with support from Climeon. Opportunities for government support and incentives for energy efficiency and waste heat recovery also play an important role in investment decisions, as they improve project economics. Once these evaluations are completed, companies weigh investment priorities, budget constraints and regulatory requirements before proceeding.

Addressable Market and Business Potential

A significant share of industrial waste heat is found at temperatures below 100°C, where alternative technical solutions are often less attractive. The HeatPower platform is designed for these temperature ranges and is therefore considered capable of addressing a large portion of the global potential for low-temperature waste heat recovery.

In addition, there is business potential in engine-based power plants, where waste heat recovery can increase efficiency, reduce fuel consumption and strengthen competitiveness in capacity markets and in tenders for long-term power purchase agreements.

Geothermal energy represents a complementary third pillar within the business area. A large share of global geothermal resources exists in low-temperature ranges where traditional steam-based power generation is not economically

viable. HeatPower technology enables electricity generation from these sources as well, and is therefore expected to broaden the geothermal market over time.

Developments in 2025

During 2025, the focus within the energy and industrial business was on verifying the operation of installed systems, further developing business opportunities in engine-based power plants and industrial applications, and expanding market outreach to new customer segments, including local power generation linked to energy-intensive operations.

At NEO Group's PET facility in Lithuania, the installed HeatPower 300 systems continued to generate electricity in line with expectations. Operational follow-up and verified performance from the facility have provided Climeon with valuable reference data and formed the basis for continued dialogue with other potential customers.

Within the energy segment, operation of HeatPower 150 modules continued at the Rhodesia power plant project in the United Kingdom, operated by Landmark Power Holdings. Discussions regarding future projects were held during the year, in line with growing interest in improving the efficiency of engine-based power plants.

Commercial activity remained high throughout the year, with a large number of customer dialogues and project evaluations within industry, engine-based power plants and geothermal applications. Several of these projects have included analyses of local electricity generation, where HeatPower can be used to reduce dependence on purchased electricity and improve cost and climate performance.

During the year, Climeon participated in a number of industry trade fairs and conferences to strengthen brand awareness and reach new customers and partners. These events enabled dialogue with industrial players, power plant owners, EPC contractors and energy policy stakeholders, and contributed to increased visibility for the HeatPower solution in priority market segments. New sales agents were also established in Europe to strengthen local presence and enable parallel business processes.

Overall, 2025 was characterised by continued operational maturity within the energy and industrial business, with verified operation, a strengthened reference base and an increasing number of high-quality customer enquiries. The development has been particularly evident within small-scale and local power generation, where more customers are seeking solutions that reduce dependence on imported electricity, increase energy self-sufficiency and strengthen resilience to volatile energy prices.

Outlook

Developments within the energy and industrial markets point to a further increase in demand for solutions that enable efficient use of existing energy flows. As energy systems become more complex and electricity grids face increasing strain, interest is growing in technologies that can contribute to local, dispatchable and resource-efficient power generation without requiring new primary energy input. Ongoing geopolitical tensions also reinforce the need, particularly in Europe, to reduce dependence on imported fossil fuels.

Energy-intensive operations—such as process industries, engine-based power plants and data centres handling the large volumes of processing required for the

AI boom—are expected to increase investments in energy efficiency and waste heat recovery as part of their long-term operating strategies. For these players, the ability to improve efficiency, stabilise energy costs and reduce exposure to external energy markets is becoming increasingly important.

Climeon believes that the HeatPower platform's focus on low-temperature heat, combined with its modular design and verified performance in commercial environments, provides strong conditions to meet these needs. The platform's design enables application across multiple customer segments and supports a flexible business model adapted to varying operating conditions.

To date, the company has prioritised European markets, where clear policy instruments, carbon pricing and regulatory frameworks create stable investment conditions. At the same time, opportunities for geographic expansion are continuously being evaluated in regions where the availability of low-temperature waste heat, the need for local power generation and overall market maturity offer attractive long-term potential.

Overall, Climeon expects that the energy and industrial markets will play an increasingly important role in the company's long-term development, as industrial and energy-related players seek scalable, robust and economically viable solutions for energy efficiency, reduced emissions and local power generation.

PRODUCT DEVELOPMENT AND IP

Since its founding, Climeon has developed products for converting heat into electricity using ORC technology. The company has chosen to name its technology and products HeatPower. For a more detailed description of the technology, see the section Climeon's Technology.

355 kW

One HeatPower 300 can generate up to 355 kilowatts of electricity

Product development and detailed engineering are carried out by Climeon's development team in close collaboration with selected component suppliers and technical partners. The development work is structured to ensure high quality, reliability and cost efficiency throughout the product lifecycle, from design and verification to industrialisation and serial production.

Since its founding, the HeatPower platform has been progressively developed with a clear focus on modularity and standardisation. This enables different technical variants to be developed from a common platform to meet specific customer requirements, regulations and installation conditions across maritime, industrial and energy-related applications. As the number of enquiries from different customer segments has increased, adaptability has become an increasingly important part of the development process. The technology has evolved from early prototypes producing around 50 kilowatts of electricity, via the first commercialised product HeatPower 150, to the HeatPower 300 platform launched in 2022, which can generate up to 355 kilowatts of electricity.

In addition to the physical product platform, software and digital functionalities form an integrated part of Climeon's technology offering. Through the proprietary SaaS platform Climeon Live, operational data from installed HeatPower systems is collected, analysed and visualised. The development of Climeon Live is closely aligned with the development of HeatPower and aims to enable remote monitoring of electricity generation, system operational data, alarms and system health. The digital platform supports both internal product development and performance optimisation, as well as customers' operations, maintenance and long-term value of their investment.

The HeatPower 300 platform is designed to meet relevant regulatory requirements in the markets where Climeon operates. This includes CE marking and compliance with applicable grid codes for connection to the electricity grid in Europe. For maritime applications, the platform also meets the requirements of leading international classification societies, including Lloyd's Register, DNV, ABS and RINA. Climeon continuously monitors market developments and initiates new certification and approval processes when required to support future customer projects and market expansion.

Innovation is a central part of Climeon's operations and is integrated into the company's development processes. Employees possess deep expertise in areas such as thermodynamics, engineering, electronics, software, certification and system integration. To systematically capture and develop new ideas, Climeon

Climeon currently holds principle marine design approval for HeatPower 300 from maritime classification societies Lloyd's Register and DNV, as well as specific approvals from ABS and RINA. The equipment is also CE marked.

regularly conducts so-called "invention harvesting" sessions, where potentially patentable solutions are identified based on customer value and technical differentiation.

Climeon's intellectual assets include not only patented inventions but also documented knowledge, databases and working methods, as well as software, algorithms, simulation methods and calculation models. The company protects its assets, where possible, through a combination of patents, trade secrets and trademarks, as well as copyright and contractual arrangements. Climeon has an established IP process and works actively with internal and external IP specialists to strengthen and manage its IP portfolio, while ensuring that its operations do not infringe third-party rights. Through development routines and employment and consultancy agreements, knowledge, innovations and technical solutions are documented and retained within the company.

A strong and protected IP portfolio is considered a key factor for Climeon's long-term competitiveness, its ability to scale, and its capacity to maintain technological leadership in waste heat-based power generation.

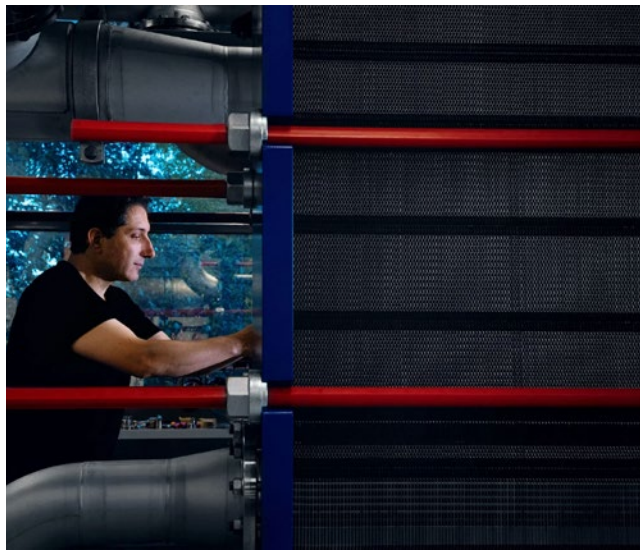
Developments in 2025

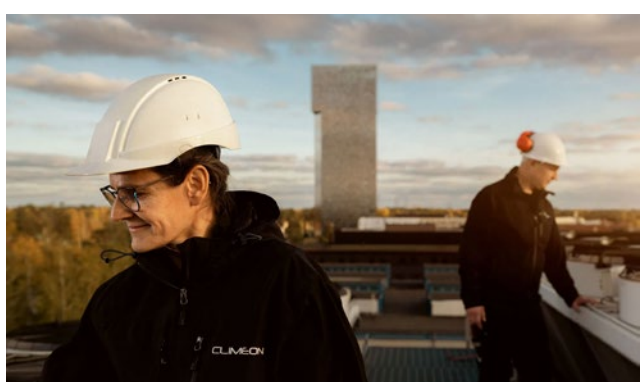
During 2025, Climeon's development efforts focused on further optimising the performance of the HeatPower 300 platform, as well as design adaptations aimed at strengthening long-term competitiveness, operational reliability and cost efficiency. The work included both improvements to the existing design and adaptations for different applications and installation environments.

In connection with the latest maritime order, certification of the HeatPower 300 platform was also completed during the year with the Italian classification society RINA, further expanding the platform's commercial reach in the maritime sector and strengthening its applicability in international vessel projects.

In parallel, work to identify and protect new technical solutions continued. As part of the development of HeatPower 300, several innovations were identified and patent processes initiated. At year-end, Climeon's IP portfolio comprised granted national patents across thirteen patent families, as well as more than 40 defined and documented technical and business-related intellectual assets. Efforts to document, secure ownership of and protect the company's trade secrets continued, ensuring long-term protection of Climeon's technical know-how.

During the year, Climeon also renewed its ISO 9001 and ISO 14001 certifications, confirming the company's systematic approach to quality, environmental management and continuous improvement.





MANUFACTURING AND DELIVERY

Climeon has established a well-functioning production and supply chain. Production is designed to handle both individual project deliveries and larger serial deliveries.

The company is responsible for the entire delivery and logistics chain, from procurement of key components to delivery of completed HeatPower units to customers. Continuous efforts are made to evaluate and develop collaboration with key suppliers to ensure high quality, delivery reliability and cost efficiency over time.

Quality assurance is an integrated part of the manufacturing process. All HeatPower units undergo both Production Acceptance Test (PAT) and Factory Acceptance Test (FAT) prior to delivery. These tests are designed to verify production quality, functionality and compliance with technical specifications as well as customer and regulatory requirements. The tests are carried out at Climeon's test and development facility in Kista, in the presence of customers and, where required, representatives from classification and certification bodies.

Developments in 2025

During 2025, Climeon continued to industrialise the production of HeatPower 300 in line with increased delivery and installation activities across both the maritime and land-based businesses. Several HeatPower 300 units were manufactured during the year for delivery to maritime newbuild programmes, in line with announced customer orders and projects.

In parallel, Climeon further developed its collaboration with contract manufacturers and suppliers, with a focus on quality, lead times and cost control. Experience gained from deliveries and commissioning during the year has also been fed back into production and the supply chain to further improve manufacturability and standardisation.

Overall, Climeon assesses that, at the end of 2025, the company has a well-functioning, appropriately scaled and scalable production and delivery organisation, with the capacity to support continued commercialisation of HeatPower 300 as well as a gradual increase in delivery volumes in line with market development.

AFTERMARKET SALES AND SERVICE

Climeon has an aftermarket offering that provides customer support throughout the product's 25-year lifecycle. The offering includes spare parts, software updates and service to ensure stable operation, maintained performance and high customer satisfaction.

The robust design and high degree of standardisation make HeatPower systems relatively easy to maintain. Planned maintenance is therefore designed to a large extent to be carried out by the customer, for example by vessel crews or local operating personnel, or by a service partner appointed by the customer. When needed, Climeon's own service network of course provides service and support. As the installed base grows, Climeon is gradually building a long-term and recurring service business.

To ensure fast and cost-efficient support for customers with global operations, Climeon is also developing a network of external service partners. These partners are trained and certified to achieve the same level of competence as Climeon's own service organisation, enabling local presence, short response times and high operational reliability.

Climeon also offers digital support through its proprietary SaaS platform, Climeon Live. Through remote monitoring and troubleshooting, the company's experts from the head office in Kista can support customers in operation, provide performance optimisation recommendations and, in many cases, enable corrective actions without the need for on-site visits.

Developments in 2025

During 2025, Climeon continued to develop and strengthen its aftermarket organisation as more HeatPower systems were installed and entered commercial operation, primarily within the maritime business but also across the energy and industrial segments. Commissioning of HeatPower 300 in larger vessel programmes as well as in industrial installations led to an increased focus on structured operational follow-up, documentation and the establishment of routines for long-term service.

Experience from commercial operation during the year has been used to further develop service concepts, spare parts strategy and digital monitoring via Climeon Live. In parallel, efforts to establish and train external service partners have intensified, particularly in key markets in Europe and Asia, to ensure scalability and local presence as the installed base grows.

Overall, during 2025 Climeon's aftermarket business has been characterised by verified operation, improved service processes and an expanded partner structure, strengthening the foundation for recurring revenue and long-term customer relationships.

HEATPOWER 300
Climeon's core product converts low-temperature waste heat into electricity, improving efficiency, reducing emissions and lowering energy costs.

PRODUCT-RELATED SERVICES
Lifecycle services including installation, commissioning, training and technical support to ensure optimal operation.

SERVICE AND MAINTENANCE
Planned and corrective maintenance by customers, partners or Climeon teams, ensuring high availability and long lifetime.

SPARE PARTS AND UPGRADES
Supply of spare parts and software updates to ensure maintained performance over time.

CLIMEON LIVE
Cloud-based SaaS platform for remote monitoring and analysis of power generation, operational data and system health, enabling rapid troubleshooting and optimisation.

CLIMEON'S TECHNOLOGY

- INDUSTRY LEADING EFFICIENCY AT 85–95°C
- ROBUST DESIGN
- EASY INSTALLATION
- LOW MAINTENANCE COSTS

Climeon's proprietary and patented technology, HeatPower, is based on an Organic Rankine Cycle (ORC) process and enables the conversion of low-temperature heat into electricity. The technology is specifically optimised for heat sources in low temperature ranges where conventional steam-based power processes are not technically or economically viable.

The system utilises the temperature difference between a hot and a cold water flow. The hot water flow contains waste heat from, for example, engine cooling water, industrial processes, steam or residual heat from exhaust gases or geothermal sources. The cold water flow consists of seawater or freshwater cooled through systems such as cooling circuits or cooling towers. HeatPower can be connected to a single heat source or to multiple parallel heat sources depending on the application and available heat.

The ORC process is a closed thermodynamic cycle in which an organic working fluid circulates within the system. The working fluid is vaporised in the evaporator through heat transfer from the hot water flow and then expands through a turbine. The expansion generates mechanical energy, which is converted into electricity via a generator. After expansion, the working fluid is condensed in the condenser through heat transfer to the cooling water circuit and is then pumped back to the evaporator, where the cycle repeats continuously.

HeatPower systems are modular and consist of five main subsystems mounted on a common frame:

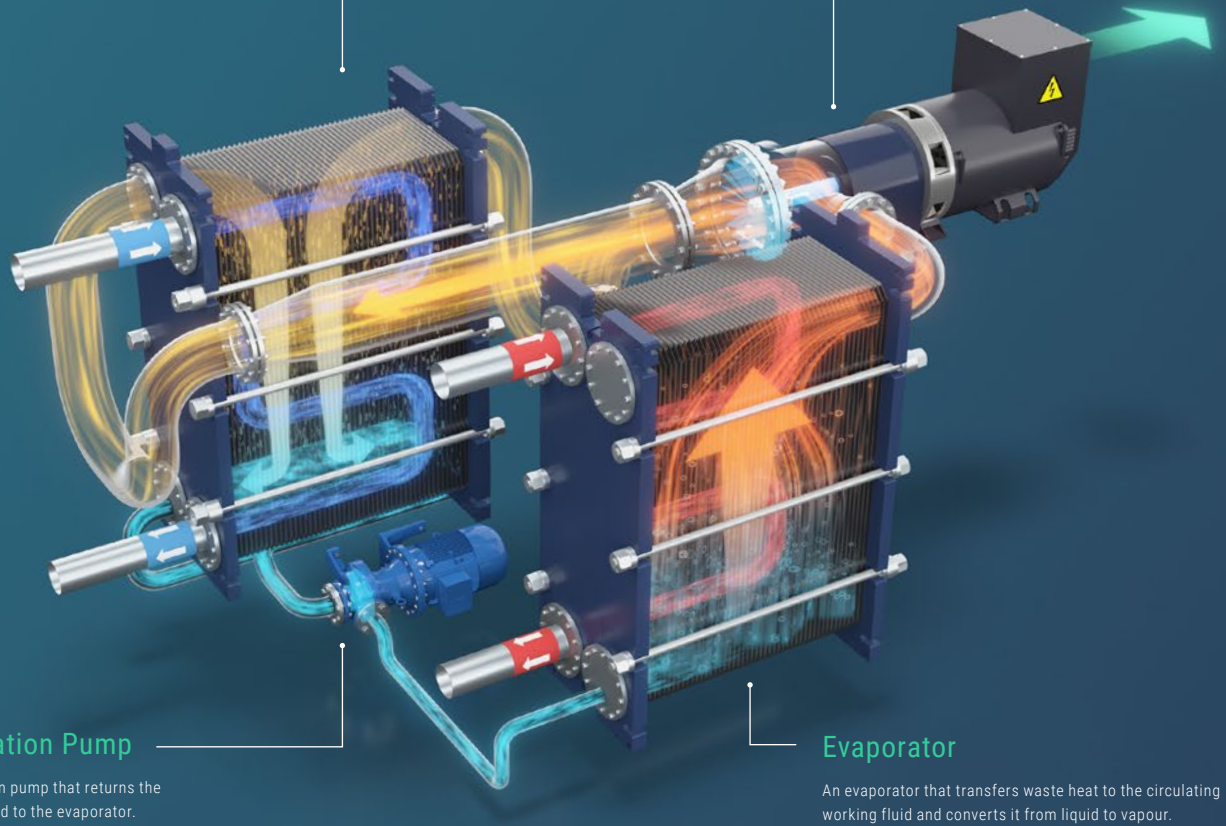
- an evaporator, where the working fluid is vaporised by waste heat,
- an integrated turbine and generator unit for power generation,
- a condenser, where the working fluid is cooled and returns to liquid phase,
- a circulation pump that ensures continuous flow of the working fluid,
- and electrical and control systems that monitor and regulate the process and adapt power output to the external grid.

Products based on the HeatPower 300 platform are designed to operate with hot water in the temperature range of approximately 75–105°C, with performance optimised for 80–100°C, and cooling water in the range of approximately 0–35°C. Depending on available heat, temperature differential and flow conditions, a unit can generate up to 355 kW of electrical power. Actual electricity output varies dynamically with operating conditions and is automatically controlled to optimise efficiency and availability.

The working fluid used is an organic refrigerant with low toxicity, non-flammable properties and very low climate impact. It has minimal Global Warming Potential (GWP) and zero Ozone Depletion Potential (ODP), contributing to low environmental impact across the system's lifecycle.

CLIMEON'S TECHNOLOGY
HEATPOWER 300

HeatPower technology is based on an Organic Rankine Cycle (ORC), which utilises the temperature difference between a hot and a cold source, together with the thermodynamic properties of an organic working fluid, to generate electricity.



Condenser

A condenser that transfers heat from the unit to the cooling water circuit and converts the working fluid back into its original liquid state.

Turbin/generator

The vaporised working fluid drives a turbine, which in turn transfers the energy to a generator that converts it into electricity.

Circulation Pump

A circulation pump that returns the working fluid to the evaporator.

Evaporator

An evaporator that transfers waste heat to the circulating working fluid and converts it from liquid to vapour.

SUSTAINABILITY

CLIMEON'S SUSTAINABILITY WORK

Climeon's purpose is to contribute to a better world by reducing carbon emissions and increasing the use of sustainable electricity by offering solutions that utilise low-temperature heat based on HeatPower technology. Sustainability is embedded across all aspects of Climeon's operations—environmentally, socially and throughout all company processes. The focus is on reducing environmental impact, ensuring employee wellbeing and safety, and maintaining responsible governance. Climeon has identified a number of key focus areas within environmental impact, employees and responsible governance, which are continuously monitored and supported by ongoing improvement initiatives.

Environment	CO_2 Savings Production and Suppliers Internal Environmental Work
Employees	Healthy and Engaged Employees Safe Workplace
Responsible Governance	Code of Conduct and Ethics Policies and Follow-Up

CARBON EMISSION SAVINGS WITH CLIMEON HEATPOWER PRODUCTS

Climeon's HeatPower systems convert heat into sustainable electricity, thereby enabling reduced carbon (CO_2) emissions for customers. One of the company's key environmental metrics is the number of tonnes of CO_2 emissions avoided through the use of Climeon's HeatPower technology, which is measured and monitored annually.

575 TONNES

A HeatPower 150 module can reduce carbon emissions by up to 575 tonnes per year

1400 TONNES

A HeatPower 300 can reduce carbon emissions by up to 1,400 tonnes per year.

Climeon's HeatPower systems convert heat into sustainable electricity, thereby enabling reduced carbon (CO_2) emissions for customers. One of the company's key environmental metrics is the number of tonnes of CO_2 emissions avoided through the use of Climeon's HeatPower technology, which is measured and monitored annually. Depending on energy mix and operating hours, a HeatPower 150 module can reduce emissions by up to 575 tonnes, while a HeatPower 300 can reduce emissions by approximately 1,400 tonnes per year. This calculation is based on the amount of electricity generated and annual operating hours, multiplied by grams of CO_2 per kilowatt-hour (kWh) of electricity generated, based on the global average[1].

The majority, 72 percent, of the approximately 5,620 megawatt-hours (MWh) of electricity generated by Climeon's HeatPower modules in 2025 was produced at the company's land-based installations in Sweden, Iceland, Lithuania and the United Kingdom. Overall, the total electricity generated by Climeon's HeatPower systems was slightly higher than in 2024. Total generation is expected to increase further by 2026, as more of the installations completed in 2025 reach full operation.

The electricity mix in the United Kingdom and Lithuania is still largely based on fossil fuels, while a significant share of electricity in Sweden and Iceland comes from renewable sources. As a result, the reduction in carbon emissions from installed HeatPower modules amounted to approximately 361 tonnes. If instead the 2025 global average of 0.4 tonnes of CO_2 per megawatt-hour had been applied, the savings would have amounted to 1,780 tonnes.

When calculating carbon savings from systems installed on vessels, Climeon bases its calculations on the amount of electricity generated, as recorded in kilowatts by its proprietary software, Climeon Live. This value is then divided by the vessel's specific fuel consumption, converted into kilowatts, to estimate the amount of fuel saved.

Different fuels contain varying amounts of carbon and therefore emit different levels of CO_2. For example, heavy fuel oil (HFO) emits 3.11 kilograms of CO_2 per kilogram of fuel, while liquefied natural gas (LNG) emits 2.75 kilograms per kilogram of fuel. The emissions per kilogram are then multiplied by the amount of fuel saved by Climeon's HeatPower module on each vessel. The result provides an estimate of total CO_2 emissions avoided per vessel.

In 2025, Climeon's vessel-based systems generated a total of 1,570 megawatt-hours of electricity, resulting in approximately 855 tonnes of CO_2 savings according to the above calculation method.

Environmental Impact in Climeon's Product, Production and Supply Chain

Climeon Product

Climeon's choice of design, materials and technical solutions aims to ensure high quality, operational reliability and safety, while minimising environmental impact throughout the product's entire lifecycle. This has been a key guiding principle in the development of the latest product generation, HeatPower 300.

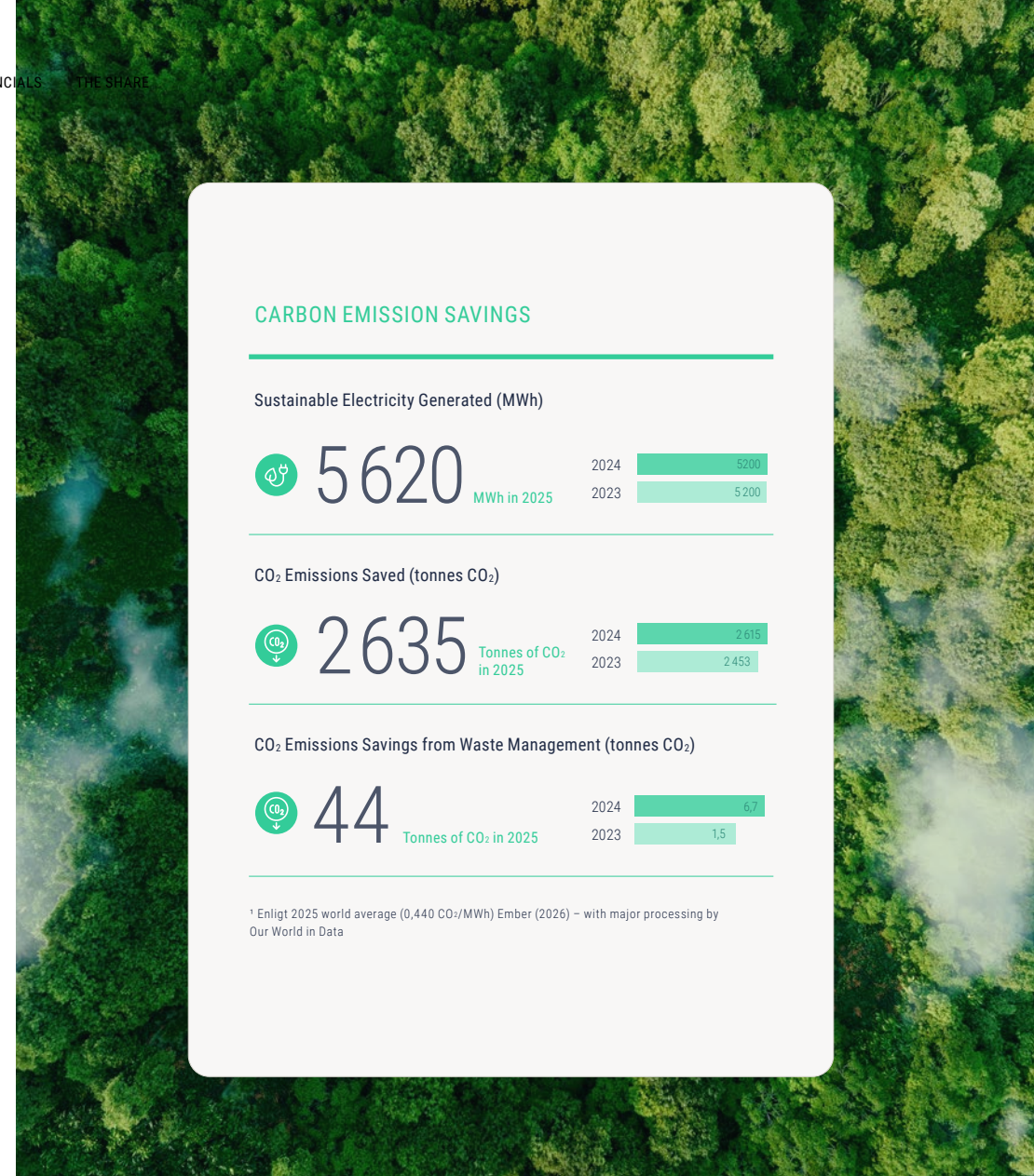
Climeon's choice of design, materials and technical solutions aims to ensure high quality, operational reliability and safety, while minimising environmental impact across the product's entire lifecycle.

Even sustainable energy technologies entail an initial environmental impact during manufacturing, including the use of materials such as steel and energy in production processes. For HeatPower modules, however, this impact is relatively limited compared with many other power generation technologies. Lifecycle assessments show that the environmental impact from manufacturing HeatPower 300 is offset by the carbon-free electricity generated after a very short period of operation. The environmental payback time for a fully installed system (HeatPower module plus site-specific installation components such as piping, pumps and any cooling source) is estimated to be well under one year for maritime installations and well under two years for land-based installations, after which the system provides a clear positive contribution to emissions reductions over the remainder of its technical lifetime.

HeatPower modules are designed for a lifespan of approximately 25 years and generate significant amounts of fossil-free electricity during this period by recovering waste heat that would otherwise be dissipated. This means that the product's total climate benefit far exceeds the initial environmental impact from manufacturing.

As part of the technical process, HeatPower uses a refrigerant in a closed system. The medium circulates exclusively within the module and is not handled outside the system. In the development of HeatPower 300, particular emphasis has been placed on selecting a refrigerant that is non-flammable, has low toxicity and very low climate impact, with minimal Global Warming Potential (GWP) and Ozone Depletion Potential (ODP).

During 2024 and 2025, regulations regarding the handling and reporting of refrigerants have been progressively tightened. Climeon has adapted its procedures and expertise to ensure full compliance with applicable requirements. The company also monitors developments in future regulations and continuously evaluates alternative technical solutions to enable cost-efficient product adaptation when needed.



CARBON EMISSION SAVINGS

Sustainable Electricity Generated (MWh)

5 620 MWh in 2025

CO_2 Emissions Saved (tonnes CO_2)

2 635 Tonnes of CO_2 in 2025

CO_2 Emissions Savings from Waste Management (tonnes CO_2)

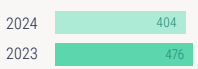
44 Tonnes of CO_2 in 2025

[1] Enligt 2025 world average (0,440 CO_2/MWh) Ember (2026) – with major processing by Our World in Data

CO_2 EMISSIONS (TONNES CO_2)

CO_2 Emissions from Travel

267 Tonnes CO_2 in 2025



CO_2 Emissions from Freight Transport

31 Tonnes CO_2 in 2025

CO_2 Emissions from Electricity and Heating

60 Tonnes CO_2 in 2025

* Renewable Electricity Consumption

Production and Suppliers

When selecting suppliers, Climeon prioritises low environmental impact, good working conditions and high quality. The ambition is for suppliers to be either ISO 14001 certified or operate in line with equivalent principles, and to have signed Climeon's Code of Conduct.

For components where the manufacturing process is particularly energy-intensive, Climeon also evaluates how the electricity used is produced. Against this background, Climeon has chosen to locate the production of HeatPower modules in Sweden, where the electricity mix has lower carbon emissions compared with many other European countries. This contributes to reducing the product's climate footprint already at the manufacturing stage.

Climeon currently has approximately 30 direct suppliers linked to the HeatPower 300 platform, enabling close collaboration and continuous dialogue on quality, sustainability and delivery reliability. In addition, the company has agreements with a larger number of suppliers for areas such as facilities, logistics and consultancy services.

As part of ongoing supplier management, regular follow-ups and audits are conducted with a focus on quality, working conditions and sustainability aspects. Climeon also continuously evaluates alternative suppliers to strengthen supply chain resilience and ensure long-term sustainability in production and delivery.

Climeon's Internal Sustainability Work

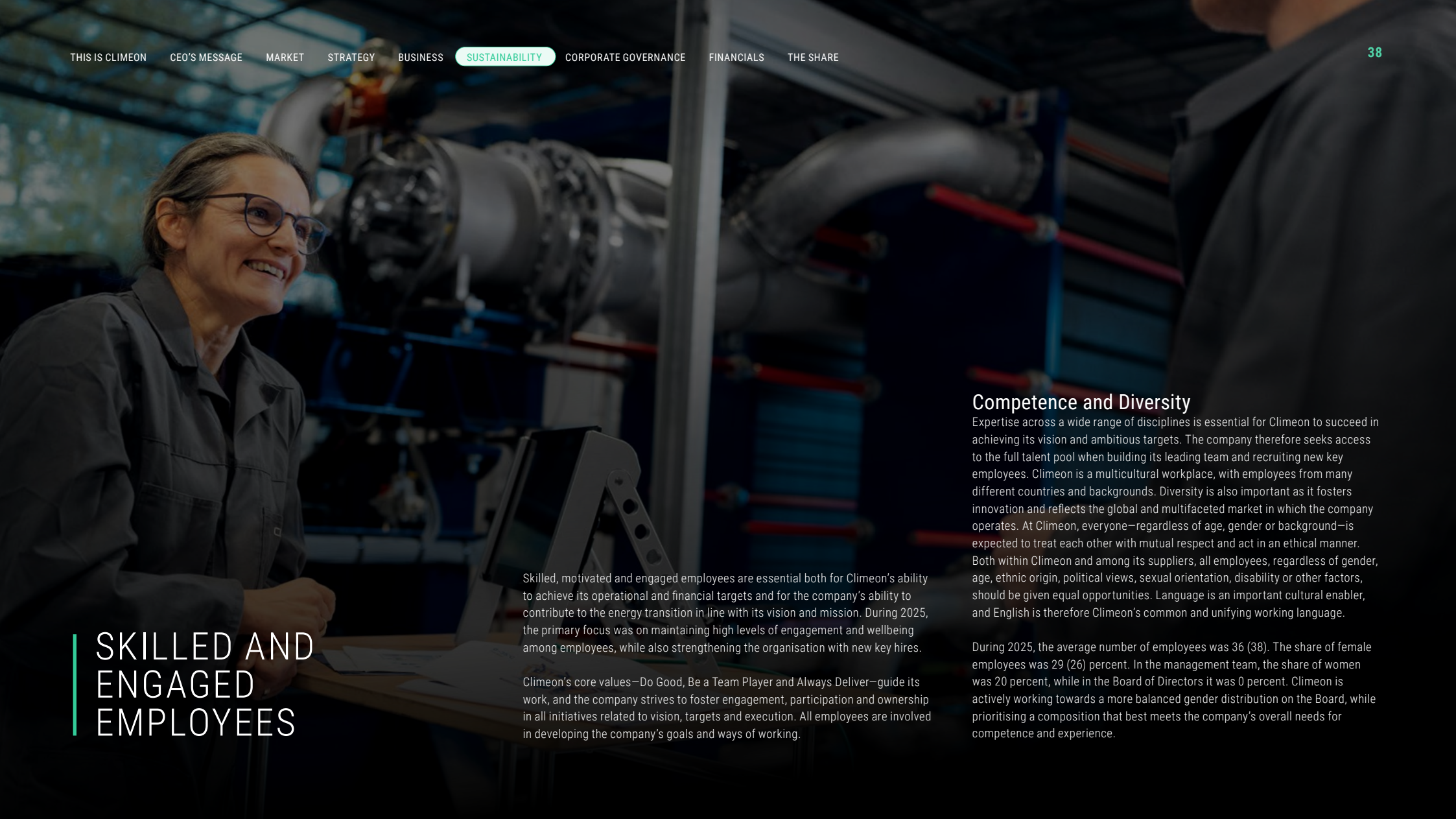
Climeon closely monitors the environmental impact of its own operations. The main sources of environmental impact are business travel, transport, as well as energy consumption and waste management.

Climeon aims to limit travel to business-critical needs and has a travel policy requiring domestic travel by train, as well as environmentally preferable transport to and from airports. Recorded travel in 2025 corresponded to approximately 267 tonnes of CO_2 emissions (404), a significant decrease compared with the previous year, mainly due to a higher share of long-haul travel to Asia.

Electricity consumption and heating of the company's offices, including operation of the test facility in Kista, also contribute to Climeon's overall environmental impact. In 2025, emissions related to electricity and heating amounted to 60 (70) tonnes of CO_2. Electricity is procured via the landlord, and Climeon has ensured that it comes from renewable sources. Climeon also works actively to recycle waste generated at its facilities and in its test operations. In 2025, recycling resulted in savings equivalent to approximately 44 (6.7) tonnes of CO_2—a significant increase compared with the previous year, driven by a stronger focus on sorting and recycling used test equipment and decommissioned prototypes.

Transport is another contributor to Climeon's environmental impact. The company strives to carry out transport in the most environmentally efficient way, typically using trucks and cargo vessels. Climeon also actively works with consolidated shipments to minimise the number of transports.

In 2025, the total number of transports above 300 kg increased compared with the previous year, and the associated CO_2 emissions amounted to 31 tonnes (20). The calculation of emissions in the transport and supply chain is based on EcoTransIT World's model for "calculation of energy consumption and emission data of a worldwide transport chain."



SKILLED AND ENGAGED EMPLOYEES

Skilled, motivated and engaged employees are essential both for Climeon's ability to achieve its operational and financial targets and for the company's ability to contribute to the energy transition in line with its vision and mission. During 2025, the primary focus was on maintaining high levels of engagement and wellbeing among employees, while also strengthening the organisation with new key hires.

Climeon's core values—Do Good, Be a Team Player and Always Deliver—guide its work, and the company strives to foster engagement, participation and ownership in all initiatives related to vision, targets and execution. All employees are involved in developing the company's goals and ways of working.

Competence and Diversity

Expertise across a wide range of disciplines is essential for Climeon to succeed in achieving its vision and ambitious targets. The company therefore seeks access to the full talent pool when building its leading team and recruiting new key employees. Climeon is a multicultural workplace, with employees from many different countries and backgrounds. Diversity is also important as it fosters innovation and reflects the global and multifaceted market in which the company operates. At Climeon, everyone—regardless of age, gender or background—is expected to treat each other with mutual respect and act in an ethical manner. Both within Climeon and among its suppliers, all employees, regardless of gender, age, ethnic origin, political views, sexual orientation, disability or other factors, should be given equal opportunities. Language is an important cultural enabler, and English is therefore Climeon's common and unifying working language.

During 2025, the average number of employees was 36 (38). The share of female employees was 29 (26) percent. In the management team, the share of women was 20 percent, while in the Board of Directors it was 0 percent. Climeon is actively working towards a more balanced gender distribution on the Board, while prioritising a composition that best meets the company's overall needs for competence and experience.

DO GOOD
BE A TEAMPLAYER
ALWAYS DELIVER

36

Number of Employees (2025)

20%

Share of Women in the Management Team (2025)

29%

Share of Female Employees (2025)

0%

Share of Women on the Board (2025)

Motivated and engaged employees are a fundamental part of Climeon's culture.

Motivation and Engagement

Motivated and engaged employees are a fundamental part of Climeon's culture. Employees are expected to take a high degree of individual responsibility, and the company strives to foster engagement, participation and influence in all initiatives related to vision, targets and execution. All employees are involved in developing the company's goals and ways of working.

Climeon aims to offer competitive salaries and a market-aligned compensation package to all employees. In addition to pensions and insurance, the package includes private healthcare, parental leave compensation, free access to an on-site gym, flexible working hours and wellness benefits.

Work Environment, Health and Safety

The work environment—both mental and physical—is essential to Climeon's ambition of building a successful and sustainable organisation with engaged employees.

Employee wellbeing and the ability to maintain a healthy work-life balance are a given at Climeon. Where possible, the company offers flexible working arrangements. Various health aspects are continuously monitored through employee surveys as well as regular dialogue between employees and their managers.

Through its insurance package, Climeon provides employees with health insurance to proactively identify and address potential health issues. In the event of sick leave, employees are offered professional support and a rehabilitation plan is implemented.

Safe Working Environment

Climeon's employees often work with high voltages, hot fluids and pressurised gases. This entails significant risks if work is not carried out correctly, whether at Climeon's own test facility or at customer sites. Employee safety is the highest priority, and the goal is zero workplace accidents.

Safety awareness is a key component of training for all employees, as well as for external parties.

CODE OF CONDUCT AND ETHICS

Climeon's environmental management work aims to ensure continuous improvement, while also demonstrating compliance with established and recognised environmental standards.

Climeon has implemented two Codes of Conduct—one for employees and one for suppliers. The purpose of these codes is to ensure that both Climeon and its suppliers act in an ethical and sustainable manner in areas such as human rights, collective agreements, freedom of association, health and safety, equality, non-discrimination, anti-corruption and environmental impact. Climeon supports human rights and requires all suppliers to comply with at least the minimum standards of applicable labour laws in their respective countries. The company has zero tolerance for forced labour and works actively to prevent violations both within its own operations and throughout its value chain.

All suppliers have been informed of Climeon's Code of Conduct. Compliance is evaluated annually through supplier meetings and audits conducted by Climeon.

Policies and Follow-Up

In addition to its Codes of Conduct, Climeon has implemented policies covering work environment, quality and environmental management, transport, safety and rehabilitation. Policies related to employees and the work environment are included in the company's employee handbook and are followed up through Human Resources. Quality and environmental policies form an integral part of the company's management system, while safety guidelines are addressed in regular meetings with the company's safety committee. Outcomes from the safety committee are reported to Climeon's management team and presented to the Board of Directors.

Climeon has been certified for several years according to ISO 9001 for quality management and ISO 14001 for environmental management.

Climeon's quality management system ensures that both internal and external requirements are handled in a structured and reliable manner. The company also sees clear benefits in having well-defined processes that support continuous efficiency improvements and the ongoing development of its operations.

SUSTAINABILITY METRICS AND INFORMATION

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List of material topics	pg. 33-37
Reporting period	2025-01-01 - 2025-12-31
Date of most recent report	2025-02-06
Reporting cycle	Annual
Contact point for questions regarding the report	pg. 104
External assurance	Sustainability data has not been externally assured

TSEK	2025	2024
Carbon Savings		
Sustainable electricity produced (MWh)	5,620	5,200
Saved amount of carbon dioxide (tons CO_2)	2,635	2,615
** According to the 2023 world average (0.481 CO_2/MWh)*		
Carbon savings from waste management (tons CO_2)	44	6.7
Carbon Emissions		
Carbon dioxide emissions from travel (tons CO_2)	267	404
Carbon dioxide emissions from freight transport (tons CO_2)	31	20
Carbon dioxide emissions from electricity and heating (tons CO_2)* ** Consumption of renewable energy*	60	70
Employees and Work Environment		
Average number of employees	36	38
- of which women	29%	26%
- proportion of women in the management team	20%	20%
- proportion of women on the board	0%	20%
Serious accidents related to work	0	0
Deaths related to work	0	0
Whistleblower incidents	0	0

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

Climeon Group consists of two companies. The parent company is the Swedish public limited liability company Climeon AB (publ), with its registered office in Stockholm, whose Class B share is listed on Nasdaq First North Premier Growth Market. In addition to the parent company, the Group also includes the subsidiary Climeon Technology AB.

Sound corporate governance is a key component in creating value for Climeon's shareholders. The company continuously strives to:

- Create favourable conditions for an active and responsible ownership role.
- Achieve a balanced distribution of responsibilities between shareholders, the Board of Directors and executive management.
- Maintain a high level of transparency towards shareholders, the capital market, employees and society at large.

Compliance with the Swedish Corporate Governance Code (the Code)

Climeon has applied the Code since 1 July 2019 and is committed to following best practices in corporate governance wherever possible. During 2025, the company did not deviate from any of the rules set out in the Code.

Decision-Making at General Meetings

Climeon's shareholders exercise their decision-making rights at the Annual General Meeting (AGM) and, where applicable, at Extraordinary General Meetings. For further information about the share and shareholders, see page 103.

Annual General Meeting

Shareholders' influence in the company is exercised at the AGM or, where applicable, at Extraordinary General Meetings. Minutes and information from previous meetings are available on Climeon's website.

Annual General Meeting 2025

The AGM was held on 10 June 2025. A total of 10 (18) shareholders were present, in person or by proxy, representing 16.9% (29.9%) of the votes. Attorney Ulrika Magnusson was elected Chair of the Meeting. In connection with the AGM, CEO Lena Sundquist presented an address on the company's operations during the past year and the first quarter of 2025. A summary of the resolutions adopted at the meeting is provided below.

The annual report and auditor's report were presented and adopted. The meeting then granted discharge from liability to the Board members and the CEO.

In accordance with the Nomination Committee's proposal, the meeting resolved that the Board shall consist of three (3) members (previous year: 3), with no deputies (previous year: 0), for the period until the end of the next AGM. It was further resolved that the company shall have one (1) authorised audit firm as auditor.

Re-election of Board members Thomas Öström, Joakim Thölin and Sebastian Ehrnrooth, who were elected as ordinary Board members. Sebastian Ehrnrooth was re-elected as Chair of the Board.

Re-election of the registered audit firm Deloitte AB, which announced that Daniel Wassberg will continue as auditor-in-charge (re-election).

The auditor's fee for the period until the next AGM shall be paid in accordance with approved invoices.

Resolution to authorise the Board, until the next AGM, to resolve on new issues of Class B shares, convertible instruments and/or warrants entitling subscription of Class B shares within the limits of the Articles of Association applicable at the time of the issue.

Annual General Meeting 2026

Climeon's AGM 2026 will be held on 11 May 2026 at 15:00. Shareholders who wish to contact the Nomination Committee may do so via email at nomination.committee@climeon.com or by post to: Nomination Committee, Climeon AB, Torshamnsgatan 44, SE-164 40 Kista, Sweden.

Nomination Committee

The instructions for the Nomination Committee adopted at the 2025 Annual General Meeting stipulate that the Chair of the Board shall contact the four largest shareholders, in terms of voting rights as of the last banking day of August, and invite them to each appoint one representative to form a Nomination Committee. If any of these shareholders declines the right to appoint a representative, the right shall pass to the next largest shareholder in terms of voting rights. Unless otherwise agreed by the members, the Chair of the Nomination Committee shall be the representative of the largest shareholder. The Chair of the Board may be co-opted to the Nomination Committee following a decision by the Committee.

Duties of the Nomination Committee

The Nomination Committee shall prepare proposals on the following matters to be presented to the Annual General Meeting for resolution:

- proposal for Chair of the General Meeting
- proposal for the Board of Directors
- proposal for Chair of the Board
- proposal for remuneration and other compensation for each Board member, as well as compensation for committee work
- where applicable, proposal for auditor remuneration and election of auditor
- where deemed necessary, proposals for amendments to these instructions for the Nomination Committee

The Nomination Committee noted that its assignment shall be carried out in accordance with the above instructions.

In addition, the Nomination Committee shall fulfil the duties assigned to it under the Swedish Corporate Governance Code, including forwarding certain information to the company to enable it to meet its disclosure obligations under the Code. No remuneration shall be paid for the work of the Nomination Committee members, except for reimbursement of direct expenses incurred in the performance of their duties.

Members of the Nomination Committee

The Nomination Committee for the 2026 Annual General Meeting (appointed by the largest shareholders in terms of voting rights as of 31 August 2025).

Name	Representing	Share of votes in % as of 08/31/2025
Thomas Öström (chairman)	Thomas Öström	9.68%
Olle Bergström	Olle Bergström	1.12%
Peter Lindell	Cidro Förvaltning and Peter Lindell	16.26%
Björn Wasing	SEB Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	5.40%
Total		**32.46%**

The Work of the Nomination Committee, Including Evaluation of the Board of Directors Ahead of the 2026 AGM

The Nomination Committee's work begins with a review of a checklist covering all tasks to be performed in accordance with the Swedish Corporate Governance Code, as well as the instructions for the Nomination Committee adopted by the Annual General Meeting. A thorough understanding of Climeon's operations is essential for the Committee members to carry out their duties effectively.

The Chair of the Board is responsible for the annual evaluation of the Board's work, including the performance of individual members. The Nomination Committee has reviewed the results of the 2025 evaluations. In addition, the Committee held individual meetings with all Board members and the CEO, without the participation of the Chair of the Board, to ensure objectivity. Based on this information, the Committee is able to assess the competence and experience required of Board members.

Furthermore, the Nomination Committee has reviewed the Group's and the Audit Committee's assessments of the quality and effectiveness of the auditor's work, including recommendations regarding auditors and auditor remuneration.

The Nomination Committee held two minuted meetings with all members present ahead of the 2026 Annual General Meeting. In addition, the Committee held one meeting without the participation of the Chair of the Board and conducted the aforementioned interviews. Further information on the Nomination Committee's work is available in its reasoned statement.

Responsibilities and Work of the Board of Directors

The Board's primary responsibilities are set out in Chapter 8, Section 4 of the Swedish Companies Act. This includes, among other things, managing the Group's operations on behalf of the shareholders in a way that best serves their interest in long-term value creation. The Board addresses and decides on Group-wide matters such as:

- Strategies, targets and action plans
- An appropriate organisation and ensuring the company is managed effectively
- Appropriate systems for follow-up, internal control and risk management
- Establishing and evaluating key policies and guidelines
- Ensuring that disclosures are characterised by transparency and are accurate, relevant and reliable
- Reviewing and monitoring plans, budgets and similar matters, and assessing reports on the company's liquidity, capital requirements and order intake
- Appointing and, where necessary, dismissing the CEO

The Board also conducts an annual structured risk identification process covering strategic, operational, financial and regulatory risks. This process includes assessing how sustainability-related factors impact the company's risk profile and business opportunities.

The Board applies a formalised approach to managing conflicts of interest in accordance with the Swedish Companies Act and its adopted rules of procedure.

Any Board member who may have a conflict of interest does not participate in the handling or decision-making of the matter in question.

Composition of the Board of Directors

In accordance with the Articles of Association, the Board shall consist of three to ten ordinary members, with no more than three deputies. Board members serve from the end of the Annual General Meeting at which they are elected until the end of the next Annual General Meeting. There is no limit to the number of consecutive terms a member may serve. At the Annual General Meeting held on 10 June 2025, Board members Thomas Öström, Joakim Thölin and Sebastian Ehrnrooth were re-elected. Sebastian Ehrnrooth was re-elected as Chair of the Board.

A presentation of the Board members is available in the annual report under the section "Board of Directors" on page 51 and on the company's website.

In preparing its proposal for the Board, the Nomination Committee has applied section 4.1 of the Code as its diversity policy, taking into account that the Board, in view of the company's operations, stage of development and other circumstances, should have an appropriate composition characterised by diversity and breadth in terms of competence, experience and background. As of 31 December 2025, the share of women on the Board was 0 (0) percent. Climeon is actively working towards a more balanced gender distribution on the Board, while prioritising a composition that best meets the company's overall needs for competence and experience.

Independence of the Board

Various independence requirements apply to the Board and its committees. Prior to the Annual General Meeting, the Nomination Committee assesses the independence of the Board. The Board has been deemed to meet the requirement that at least two of the Board members who are independent of the company must also be independent of major shareholders.

Climeon did not engage Board members for operational assignments during 2025.

Rules of Procedure

In accordance with the Swedish Companies Act, the Board has adopted written rules of procedure for its work. The current rules were adopted on 3 November 2025. They include provisions on the division of responsibilities among Board members, including its committees, the number of regular Board meetings, matters to be addressed at such meetings, and the duties of the Chair of the Board. The Board has also issued written instructions governing financial reporting to the Board and the allocation of responsibilities between the Board and the CEO.

According to the rules of procedure, a statutory Board meeting shall be held immediately after the Annual General Meeting. In addition, the Board normally holds at least five regular meetings per year, four of which are held in connection with the publication of the Group's annual and interim reports.

Each meeting addresses the business situation, including sales, market and order status. In addition, at least one meeting focuses on long-term strategic matters. The final meeting of the calendar year addresses the budget and financial outlook. The Board is responsible for holding meetings as required and at appropriate intervals. Board meetings are convened and chaired by the Chair of the Board.

Duties of the Chair of the Board

The Chair of the Board shall ensure that the Board's work is conducted efficiently and that the Board fulfils its responsibilities. The Chair shall stay informed about the development of the company and the Group and ensure that Board members receive the information necessary to monitor the company's and the Group's position.

The Chair is responsible for ensuring that Board work is well organised and conducted efficiently, and that the Board fulfils its duties. The Chair monitors the business in dialogue with the CEO and ensures that other Board members receive the introduction, information and documentation required to maintain high quality in discussions and decisions, as well as ensuring that Board decisions are implemented. The Chair is also responsible for conducting an annual evaluation of the Board's work and ensuring that the Nomination Committee is informed of the results.

Board Work in 2025

The number of Board meetings during the financial year amounted to 12, including meetings held per capsulam. Many of these meetings were related to matters and decisions concerning the share issues carried out during the year, as well as reviews of quarterly reports. Seven of these meetings were held prior to the 2025 Annual General Meeting. Board members' attendance is presented in the table below.

All regular meetings during the year followed an approved agenda, with documentation for each agenda item provided to Board members in advance. Regular Board meetings typically last half a day to allow sufficient time for presentations and discussions. The CEO and CFO also attend Board meetings, except in matters where conflicts of interest may arise or where it is otherwise inappropriate, such as during the evaluation of the CEO's performance. In most cases, a member of the Group management team also presents on a current strategic or operational topic.

In connection with the Board's approval of the interim and annual financial statements for 2025, the Board held a review with and received a report from the company's external auditors. On this occasion, the Board also held a session with the auditors without the presence of the CEO or other members of executive management.

During the year, the Board's work has largely focused on:

- The business situation, including sales, market and order status
- Product development
- The Group's results and financial position, capital raising, liquidity and outlook for the remainder of the year
  Future outlook and investments
- Organisation and staffing

Board Attendance in 2025 and Remuneration as Resolved by the 2025 Annual General Meeting [1)]

				PRESSENCE NUMBER OF MEETINGS			INDEPENDENCE		
Namn	Board member term	Elected	Born	Board meetings	Remuneration Committee	Audit Committee	Independent in relation to the company	Independence in relation to major shareholders	Defined remuneration, in SEK
Thomas Öström	250101-251231	2011	1973	12 (12)	1 (1)	4 (4)	Ja	Ja	100 000
Sebastian Ehrnrooth	250101-251231	2024	1963	12 (12)	1 (1)	4 (4)	Ja	Ja	200 000
Joakim Thölin	250101-251231	2024	1965	12 (12)	1 (1)	4 (4)	Ja	Ja	100 000

No consulting fees have been paid in addition to Board remuneration, see Note 31.
1.) The table refers to Board remuneration for the period May 2025 – April 2026. Remuneration to Board members elected by the Annual General Meeting is decided by the AGM based on proposals from the Nomination Committee. For the period, remuneration has been paid in accordance with the table above, excluding travel expenses. For actual amounts paid, see Note 8.

- Collaborations, partnerships and any disputes or risk of losses
- Interim reports, year-end report and annual reportg

In accordance with its adopted rules of procedure, the Board has conducted an annual structured evaluation of its own work and working methods. The results have been reported to the Nomination Committee.

The Board has also carried out an annual evaluation of the CEO's performance without the presence of the CEO or other members of executive management.

Remuneration Committee

The Remuneration Committee appointed by the Board has consisted of Board members Sebastian Ehrnrooth (Chair), Joakim Thölin and Thomas Öström. The Committee's work has primarily focused on:

- Preparing Board decisions on remuneration principles, compensation and other employment terms for the CEO, as well as reviewing and discussing the CEO's proposals regarding remuneration principles, compensation and other employment terms for other members of executive management
- Monitoring and evaluating ongoing and completed variable remuneration programmes during the year
- Monitoring and evaluating the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting, as well as current remuneration structures and levels within the Group

The work of the Remuneration Committee is documented through minutes that are regularly reported to the Board. The Committee held one minuted meeting during 2025 (see table).

Audit Committee

The Audit Committee appointed by the Board has consisted of Board members Joakim Thölin, Thomas Öström and Sebastian Ehrnrooth (Chair), with the CFO as presenting officer and the CEO also always in attendance. The Audit Committee also meets with the external auditor at least once per year to review findings without the presence of executive management. The Committee's work has primarily focused on:

- Monitoring the company's financial reporting
- Overseeing the effectiveness of the company's internal control and risk management with respect to financial reporting
- Keeping informed about the audit process
- Reviewing and monitoring the auditor's impartiality and independence, including paying particular attention to whether the auditor provides services other than audit services
- Assisting in the preparation of the Nomination Committee's proposal to the AGM regarding the election of auditor
- Supporting the monitoring of compliance with legal and regulatory requirements that have a material impact on financial reporting
- Assisting in the monitoring of related party transactions
- Supporting the monitoring and evaluation of selected projects

The work of the Audit Committee is documented through minutes that are regularly reported to the Board. The Committee held four minuted meetings during 2025 (see table for attendance information).

Auditor

In accordance with the Articles of Association, Climeon shall have one or two auditors, with or without deputy auditors. The auditor is elected by the Annual General Meeting for a term of one year.

At the Annual General Meeting 2025, Deloitte AB was re-elected as auditor for the period until the end of the Annual General Meeting 2026. Authorised Public Accountant Daniel Wassberg has been the auditor-in-charge for the company and the Group since the 2022 AGM.

The auditor-in-charge also attends the AGM and presents and comments on the audit work. The company's auditor works according to an audit plan and reports observations to the Audit Committee and the Board of Directors, both during the audit and in connection with the adoption of the annual financial statements. The auditor continuously assesses its independence in relation to the company and

submits an annual written confirmation to the Board stating that the audit firm is independent of Climeon. In addition to audit services, the auditors have also provided advisory services on accounting matters during the past year. Climeon's nine-month report for 2025 has been reviewed by the company's external auditors.

- Elected Auditor: Deloitte AB
- Auditor-in-Charge: Authorised Public Accountant Daniel Wassberg, who also serves as auditor-in-charge for, among others, Permobil, Polestar AB, och AB Svenska Spel.
- Shareholding in Climeon AB: 0 shares

The auditor's independence is ensured by limiting the extent to which the auditor may provide services other than audit services.r

Group Management

The Board appoints the CEO and, where applicable, a Deputy CEO. The CEO leads the work of Group management and, together with the management team, is responsible for the company's operational activities in accordance with the Swedish Companies Act, other applicable laws and regulations, rules for listed companies, the Articles of Association and the CEO instructions.

As of the beginning of 2026 (appointed in 2021), the CEO of Climeon is Lena Sundquist, who has extensive experience as a CEO and leader within the energy and maritime sectors.

At year-end, the Group management team consisted of CEO Lena Sundquist, Head of Finance Carl Frykfeldt, COO Fredrik Nimander, Executive Vice President Marine Fredrik Thorén and Executive Vice President R&D Henrik Österman (see page 52).

The management team has a broad composition and the required expertise in business development, sales, technology, strategic sourcing, finance and communication. The role of Group management is to:

- Set operational targets, allocate resources and monitor the company's performance and development
- Prepare information and documentation to support well-informed Board decisions
  Implement the strategy established by the Board, based on the annual strategic planning process
- Follow-up of established targets is a key tool for driving operational performance.

A more detailed presentation of Group management is available in the annual report on page 52 and on the company's website.

Code of Conduct

Being a responsible company and acting ethically is a key part of Climeon's operations. Climeon has two Codes of Conduct—one for suppliers and one for employees—which define how business should be conducted and how employees are expected to behave. Climeon's Code of Conduct is available on the company's website.

Guidelines for Remuneration to Senior Executives

Principles for remuneration to senior executives in Climeon are determined by the Annual General Meeting. The proposed guidelines for 2025 are largely in line with previously applied guidelines but have been adjusted following certain changes in the Swedish Companies Act and the Code.

Senior executives refer to the CEO and other members of Group management. The guidelines apply to agreements entered into after the AGM's decision and to any amendments made to existing agreements thereafter. It is essential for the company and its shareholders that these guidelines create favourable conditions, both in the short and long term, for attracting and retaining qualified employees.

The purpose of the guidelines is to increase transparency in remuneration matters and, through appropriate remuneration structures, create incentives for senior executives to execute strategic plans and deliver strong operational results in support of the company's business strategy and long-term interests, including sustainability.

Remuneration to senior executives shall be market-based and competitive, and consist of fixed salary, pension benefits and other benefits. Currently, no variable remuneration is paid. Fixed salary is determined individually based on position, competence, experience and performance, and is reviewed annually. Pension benefits shall be defined contribution and not exceed 35 percent of fixed salary. The retirement age for senior executives is 65. Other benefits shall constitute a limited portion of total compensation and be in line with market practice.

The notice period for senior executives is three to six months. No senior executive is entitled to severance pay. The Board may resolve to deviate temporarily, in whole or in part, from the guidelines if there are special reasons in an individual case and such deviation is necessary to safeguard the company's long-term interests, sustainability or financial position.

För ytterligare redogörelse avseende ersättningar till ledande befattningshavare se note 8.

Evaluation of Remuneration Principles for Senior Executives

The remuneration principles for senior executives approved by the Annual General Meeting were applied during 2025.

Share-Based Incentive Programmes

The purpose of share-based incentive programmes is to align the interests of the company's shareholders, key personnel and other employees, and to strengthen

long-term decision-making and goal achievement. The Board may, where appropriate, propose that the AGM resolves on such programmes.

At the end of the financial year, Climeon had two outstanding warrant programmes corresponding to a total of 1,897,360 Class B shares.

For further information on outstanding incentive programmes, see Note 8 and the company's website.

Board Report on Internal Control of Financial Reporting

Internal Control

The following description constitutes the Board's report on internal control. Internal control aims to highlight Climeon's system for monitoring and managing operational risks related to strategy, operational execution and compliance with laws and regulations. It also provides reasonable assurance regarding the reliability of external financial reporting. Internal control consists of, among other things, the control environment, risk assessment, control activities, information and communication, as well as follow-up.

Control Environment

Climeon's internal control environment is based on the division of responsibilities between the Board, the CEO and the rest of executive management. The control environment sets the tone of the organisation and influences employees' awareness of control. It forms the foundation for all other components of internal control, providing discipline and structure. It includes factors such as organisational culture, integrity, ethical values, competence, management philosophy, organisational structure, authority and responsibility, as well as policies and procedures.

Climeon's control environment is based on:

- Governing documents such as the Board's rules of procedure and CEO instructions, quality systems, policies and guidelines
- Core values and Code of Conduct
- The company's organisation and way of operating, with clearly defined roles, responsibilities and delegated authority
- The company's quality management systems in accordance with ISO 9001 and ISO 14001, and related guidelines governing compliance with issued permits
- Group-wide planning processes such as the budgeting process and employee performance reviews.

In addition to external laws and regulations, the internal control environment includes internal policies and guidelines. These governing documents are regularly updated to reflect changes in both internal and external requirements. Internal governing documents include, among others:

- Articles of Association
- Board rules of procedure, including CEO instructions
- Guidelines for remuneration to senior executives
- Code of Conduct
- Insider and information policy
- Investment policy
- IT policy
- Finance and employee handbook
- Quality and environmental policy

Operational and financial reports are prepared monthly and quarterly for the Group, the parent company, subsidiaries, operational units and projects. The process includes specific controls to ensure that reports are of high quality.

Climeon's policies and guidelines are available on the company's intranet for employees. The documents are updated as needed to reflect applicable laws and regulations, as well as changes in processes. During the year, Climeon has worked on further developing internal control and follow-up of key processes, which is also an important part of the company's ISO certifications.

Risk Assessment

An effective risk assessment aligns Climeon's business opportunities and performance with shareholders' and other stakeholders' requirements for stable, long-term value creation and control. Climeon works in a structured manner with risk assessment to enable the identification of risks in key processes affecting internal control over financial reporting.

The following control objectives related to financial reporting have been identified: existence, occurrence, completeness, valuation and ownership of assets, liabilities and business transactions. A risk matrix, including related assessments, is regularly updated and communicated to the Board.

Control Activities

To prevent, detect and correct errors and deviations, control activities have been established in relation to the control objectives. These activities help ensure that necessary actions are taken to manage risks and achieve the company's objectives. Examples of control activities include:

- Verification that business transactions are approved in accordance with authorisation procedures
- Verification that the accounting process, including the year-end report, complies with applicable laws, regulations and requirements for listed companies

- Review of significant non-recurring business transactions
  Verification that the valuation of assets and liabilities includes a reasonableness assessment.

Information and Communication

Climeon has established information and communication channels aimed at ensuring completeness and accuracy in external communication. The Board approves the Group's annual report and year-end report and instructs the CEO, in accordance with the Board's rules of procedure, to issue quarterly reports. Financial reporting is published in accordance with applicable stock exchange regulations.

The Board is responsible for ensuring that the company complies with its obligations towards Nasdaq First North Premier Growth Market and that disclosures are made in accordance with applicable regulations, including the Market Abuse Regulation (MAR) and the marketplace's rulebook. Information to external stakeholders is communicated, among other channels, via Climeon's website, where quarterly reports, year-end reports, annual reports, press releases and news are published.

The Board and management receive regular reports on the Group's position, financial performance, and operational and business-critical areas. Key internal communication channels include the intranet—where quality systems, policies, guidelines and information are published—as well as regular company-wide meetings and weekly internal updates.

Follow-Up

The Board regularly reviews the Group's development activities, business strategy, financial reporting and liquidity. It is the Board's responsibility to ensure that the company has adequate procedures for review and control, and to annually assess the need for an internal audit function. The need for internal audit is evaluated annually and documented in the minutes of the Audit Committee.

Following completed audits, findings are continuously reported back to the Audit Committee and the Board. The auditor-in-charge also participates in at least one Board meeting per year to present observations from the audit and the company's procedures. At this meeting, time is also allocated for discussions without the presence of the CEO or other employees.

Internal Audit

The Board annually assesses the need for a dedicated internal audit function. Based on the company's size, organisational structure and existing control environment, the Board has currently determined that a separate internal audit function is not justified. This assessment is documented within the framework of the Audit Committee's work.

BOARD OF DIRECTORS

Climeon's Board of Directors consists of three members, elected by the shareholders, including the Chair of the Board. The Board members are elected for a term extending until the Annual General Meeting 2026. According to Climeon's Articles of Association, the Board shall consist of three to ten members, with a maximum of three deputy members. Shareholdings in the company are presented as of 31 December 2025.

SEBASTIAN EHRNROOTH
Chairman of the Board
Member of the Board of Directors since 2024

JOAKIM THÖLIN
Member of the Board
Member of the Board of Directors since 2024

THOMAS ÖSTRÖM
Founder & Member of the Board
Member of the Board of Directors since 2011

Born	1963	1965	1972
Education/background	Education/background: Sebastian Ehrnrooth holds a Master of Science in Engineering from Linköping Institute of Technology and an MBA from IMD in Lausanne. He has been active at Segulah for over 20 years, serving as Partner, Managing Partner, and Chairman of the Investment Committee, resigning in 2023. Sebastian has extensive experience in corporate finance and has served as a board member and owner representative in approximately 20 companies.	Joakim Thölin holds a Master of Science in Economics from the Stockholm School of Economics. He has been active within the Alfa Laval Group in various senior positions, such as Vice President for the Marine division, Managing Director for Alfa Laval Austria, and in recent years, led Alfa Laval's M&A group. Joakim also has experience from management consulting, led start-ups in IT, and board assignments in companies within different industries.	Thomas Österström has an MSc in Computer Science and Control Engineering from Luleå University of Technology, and has completed the leadership and finance programs at Svenska Managementgruppen, and taken courses at StyrelseAkademien (Board Academy). Thomas Österström is an entrepreneur and a joint founder of Climeon. Thomas Österström previously worked for more than ten years at Micronic AB (publ) as, for example, Vice President for Technology Development. Micronic is a Swedish hightech company in the electronics industry and is listed on Nasdaq Stockholm. Thomas Österström also has experience in project management, product development and business development.
Holdings in the company	Sebastian Ehrnrooth holds 18,000 Class B shares in the company and 116,000 warrants.	Joakim Thölin holds 30,699 Class B shares in the company and 58,000 warrants..	Thomas Österström holds 390,000 Class A shares and 562,785 Class B shares in the company, as well as 58,000 warrants.
Dependent/ independent	Independence in relation to the Company and management, as well as in relation to the Company's major shareholders.	Independent in relation to the Company and its management, as well as in relation to the Company's major shareholders.	Independent in relation to the Company and its management, as well as in relation to the Company's major shareholders.

MANAGEMENT

Climeon's management team and their holdings in the company are presented as of December 31, 2025.

LENA SUNDQUIST
CEO since 2021

HENRIK ÖSTERMAN
Executive Vice President R&D employed since 2025, on the management team since 2025

FREDRIK THORÉN
Executive Vice President Marine, employed since 2019, on the management team since 2022

FREDRIK NIMANDER
Chief Operating Officer, employed since 2024, on the management team since 2024

CARL FRYKFELDT
Head of Finance since 2024, empoyed since 2018

Born	1975	1981	1971	1986	1965
Education/background	Lena Sundquist has extensive experience in leadership positions within innovation, business development, sales, and marketing. Lena Sundquist has 15 years of experience at Alfa Laval Marine & Diesel, where she developed environmental technology businesses within the marine industry and gensets. Most recently, she comes from the role of CEO of Kivra Sweden. Lena Sundquist holds a degree in Engineering from the Royal Institute of Technology.	Henrik Österman has over 20 years of experience in the energy and industrial sectors, including more than 15 years working with Organic Rankine Cycle (ORC) technology. He has held senior positions such as Head of R&D at Svenska Rotor Maskiner (SRM) and CTO/COO at InEpact AB. Most recently, he worked as a leadership consultant at Chief Consulting AB on an assignment for Scania. Henrik Österman holds a Master of Science in Engineering from KTH Royal Institute of Technology.	Fredrik has 29 years of experience in global sales directly and through distributors, business development, projects & services within the Marine & Oil/Gas industry. Fredrik has an extensive global sales and service distribution network through his previous positions and experiences. His two most recent positions were as Global Sales Manager for Consilium and Managing Director for Scanjet Middle East. Fredrik holds a technical high school education with specialization in Economics, Marketing, Sales & Business Development.	Fredrik Nimander has extensive experience in the energy industry, holding senior roles in project management, delivery, strategy, and organizational development. Before joining Climeon, he was Senior Manager for technical project management at Northvolt, part of the management team for Manufacturing Engineering, overseeing development and delivery of production equipment for lithium-ion batteries. Fredrik holds a master's degree in engineering physics from KTH Royal Institute of Technology in Stockholm, specializing in nuclear energy engineering.	Carl Frykfeldt holds a Master of Science degree in Finance and Business from Stockholm University. He has extensive experience from various roles within financial and business controlling. Throughout his career, Carl has held managerial positions within logistics and finance, including roles as Supply Chain Manager, Material Manager, and Planning Manager. He brings more than 15 years of experience as a controller within the telecom and pharmaceutical production industries.
Holdings in the company	Lena Sundquist holds 14,392 Class B shares and 248,500 warrants in the company.	Henrik Österman has no shares in the company.	Fredrik Thorén holds 10,727 Class B shares in the company.	Fredrik Nimander holds 248 Class B shares in the company and 103,600 warrants.	Carl Frykfeldt holds 157,900 warrants in the company.

AUDITOR

Climeon's auditor is Deloitte AB, with Daniel Wassberg (born 1980) as auditor-in-charge since the 2022 Annual General Meeting. Daniel Wassberg also serves as auditor-in-charge for, among others, Permobil, Polestar AB, and AB Svenska Spel. He is an authorised public accountant and a member of FAR. His office address is Rehnsgatan 11, Stockholm.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of Climeon AB (publ.)
Corporate identity number 556846-1643

Assignment and Allocation of Responsibility

The Board of Directors is responsible for the Corporate Governance Report for the financial year 2025-01-01 – 2025-12-31 on pages 43–52 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Focus and Scope of the Review

Our review has been conducted in accordance with FAR's recommendation RevR 16, The Auditor's Review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has a different focus and a substantially more limited scope compared with an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We consider that this review provides us with a sufficient basis for our statements.

Statement

A Corporate Governance Report has been prepared.
Disclosures in accordance with Chapter 6, Section 6, second paragraph, items 2–6 of the Swedish Annual Accounts Act, and Chapter 7, Section 31, second paragraph of the same Act, are consistent with the annual report and the consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

Stockholm April 16, 2026
Deloitte AB

Daniel Wassberg
Authorised Public Accountant

FINANCIAL REPORT

BOARD OF DIRECTORS' REPORT

The Board of Directors and the CEO of Climeon AB (publ), corporate identity number 556846–1643, with its registered office in Stockholm, hereby present the annual report for the operations of the Group and the parent company Climeon AB (publ) for the financial year 2025. Unless otherwise stated, all figures refer to the Group for the financial year 2025. Comparisons are made with the financial year 2024 unless otherwise stated. The Climeon Group consists of the parent company Climeon AB (publ) and one subsidiary, Climeon Technology AB. The parent company's Class B shares are listed on Nasdaq First North Premier Growth Market.

Further information is available at www.climeon.com.

Operations

Climeon is a Swedish product company operating in the energy sector. The company develops, manufactures and sells systems for converting low-temperature heat into electricity through its proprietary HeatPower platform, based on Organic Rankine Cycle (ORC) technology. The business is focused on enabling electricity generation from existing energy flows that would otherwise be wasted, thereby contributing to increased energy efficiency and reduced emissions.

The company's purpose is to make sustainable electricity generation accessible, reliable and cost-efficient through the development of industry-leading technology for recovering low-temperature waste heat. Its vision is to contribute to reducing global carbon emissions and accelerating the transition to a more sustainable energy system by establishing HeatPower as a leading solution within its segment.

The company's core offering consists of the HeatPower system, with a primary focus on the latest product platform, HeatPower 300. In addition, Climeon offers product-related services such as installation and commissioning, service and support, spare parts, as well as the digital monitoring platform Climeon Live.

The company operates in a global market and has historically secured orders primarily from customers in Europe and Asia. Sales are mainly conducted through direct sales, complemented by local partners in selected markets.

The Market

Global demand for electricity continues to grow, driven by the electrification of industry and transport, the expansion of data centres, and overall economic development. At the same time, the need for energy efficiency improvements and greenhouse gas reductions remains significant to meet international climate targets.

Shipping accounts for nearly three percent of global greenhouse gas emissions and is increasingly subject to regulatory frameworks, including the EU's Fit for 55 package, EU ETS, FuelEU Maritime and the IMO's climate strategy. These regulations increase the cost of emissions and fuel consumption, creating direct economic incentives to invest in technologies that reduce energy use and improve efficiency.

In the industrial and energy sectors, both regulatory and market drivers are strengthening. The EU Emissions Trading System (EU ETS), stricter requirements under the Energy Efficiency Directive (EED), as well as initiatives such as REPowerEU and national support programmes for energy efficiency and electrification, mean that energy efficiency and emission reductions increasingly have a direct cost impact on energy-intensive industries and power generation. Carbon pricing, rising energy costs, and requirements for energy audits and action plans contribute to improved business cases for investments in waste heat recovery and local electricity generation.

Unused waste heat from industrial processes, engine-based power plants and geothermal sources represents a significant technical and economic potential. According to industry studies, European industry alone could generate at least 150 TWh of electricity per year by recovering previously unused heat energy. A substantial portion of this potential lies within the low-temperature range, where alternative technologies have limited applicability.

Climeon's technology is designed for heat sources in the temperature range of approximately 75–105°C, which corresponds to typical temperatures in cooling water from engines, industrial processes and power generation. By converting this heat into electricity, customers can reduce fuel consumption, lower exposure to volatile electricity prices and decrease emission-related costs, while improving the overall efficiency of existing systems.

The prioritised market segments are the maritime sector and the energy and industrial markets. These segments are characterised by clear regulatory drivers, rising energy costs and technical conditions that enable efficient integration of HeatPower systems.

Geographically, within the maritime segment, the company primarily focuses on Europe and Asia, where a large share of the world's shipyards and shipowners are located. Within the energy and industrial segments, Europe is prioritised, where carbon pricing, energy efficiency requirements and political initiatives to strengthen energy self-sufficiency create stable and long-term investment conditions.

Significant Events During the Financial Year

Development in 2025

During the first quarter, the first of two planned retrofit installations of HeatPower 300 onboard an existing container vessel was successfully completed. Installations on vessels already in operation open up a new market with significant global sales potential.

During the period, installation of the six HeatPower 300 units ordered by the Korean shipyard HD Hyundai Heavy Industries (HD-HHI) for A.P. Møller-Maersk was carried out. Commissioning of the first units was prepared.

Climeon also completed the commissioning of four HeatPower 150 units at Landmark Power Holdings' power plant in Rhodesia, United Kingdom.

Continued cost-saving measures were implemented, both related to ongoing operations and to achieving a more efficient and resource-optimised production and supply chain for HeatPower 300.

All measures resolved at the Extraordinary General Meeting of Climeon AB on 9 December 2024 were implemented, including the appointment of Sebastian Ehrnrooth as Chair of the Board, a share consolidation where ten existing shares were combined into one new share, and the introduction of an option programme for all employees, including the Board.

During the second quarter, Climeon signed a second order valued at EUR 0.5 million with NovaAlgoma Cement Carriers (NACC) for HeatPower 300 for an additional cement vessel. The vessel will be built at Zhejiang Xinle Shipbuilding Co. in China, with delivery expected in 2027.

During the period, the first planned commissioning of HeatPower 300 onboard vessels was carried out—both on an existing container vessel and on the newly built container vessel Berlin, the first in A.P. Møller-Maersk's series of methanol-powered container ships built in Korea by HD-HHI. Commissioning of the HeatPower 300 unit on the second vessel in the series, Beijing, was also prepared.

Climeon carried out the first annual service on the two HeatPower 300 units installed at NEO GROUP's PET production facility in Lithuania. During the year, these units generated sustainable electricity at the industrial site.

Climeon completed a directed share issue of 6,960,584 Class B shares, raising approximately SEK 30 million before transaction costs.

Climeon held its Annual General Meeting, which resolved in accordance with the proposals of the Nomination Committee and the Board.

During the third quarter, Climeon secured its first order worth SEK 4.6 million with Jiangsu New Yangzi Shipbuilding in China for HeatPower 300 for a container vessel under construction for a major Asian container operator. Delivery to the shipyard is planned for 2026.

Climeon completed an additional four commissioning projects of HeatPower 300 onboard vessels—this time on the newly built container vessels Beijing, Bangkok, Brisbane and Brussels, which are vessels two to five in A.P. Møller-Maersk's series built by HD Hyundai Heavy Industries.

Retrofit installations of HeatPower 300 on existing vessels progressed according to plan. One system was commissioned and is now generating electricity onboard.

During the fourth quarter, Climeon participated together with its local sales partners at the marine exhibitions Marintec China and Kormarine. Discussions with shipowners and shipyards confirmed increasing interest in energy-efficient vessels and Climeon's technology in the strategically important newbuild markets in China and South Korea.

Two additional agreements with sales partners were signed to strengthen Climeon's commercial presence in the European energy and industrial market.

Climeon completed the final commissioning of HeatPower 300 systems in the six-vessel newbuild series of container ships constructed by HD Hyundai Heavy Industries. The final commissioning related to the container vessel Barcelona.

During the quarter, HeatPower 300 also passed Factory Acceptance Test (FAT) and was certified by the marine classification society RINA for installation on NovaAlgoma Cement Carriers' cement vessels, and prepared for delivery to a Chinese shipyard.

Climeon carried out a directed share issue of 8,489,886 Class B shares, raising approximately SEK 29 million before transaction costs.

Share Issues and Exercise of Warrants 2025

During the year, the directed share issue of 6,960,584 Class B shares resolved by the Board was carried out on 15 May at a subscription price of SEK 4.31 per Class B share. The subscription price was determined through an accelerated bookbuilding process conducted by Vator Securities AB ("Vator Securities"). A number of new investors subscribed for Class B shares in the issue. In addition, several existing shareholders subscribed, including SEB-Stiftelsen, MP Pensjon, PK and Cidro Förvaltning AB.

The share issue was successfully completed and raised approximately SEK 30 million before transaction costs. As a result, the company's share capital increased by SEK 1,044,087.60, from SEK 5,343,313.35 to SEK 6,387,400.95, and the number of shares increased by 6,960,584 Class B shares to a total of 42,582,673 shares (comprising 390,000 Class A shares and 42,192,673 Class B shares). The issue resulted in a dilution of approximately 16.35 percent of the total number of outstanding shares in the company following the issue.

During the year, a second directed share issue of 8,489,886 Class B shares, also resolved by the Board, was carried out on 29 October at a subscription price of SEK 3.40 per Class B share. The subscription price was determined through an accelerated bookbuilding process conducted by Vator Securities AB. A number of new investors subscribed for shares in the issue, as well as existing shareholders including Stefan Wikström, MP Pensjon PK, SEB-Stiftelsen, Cidro Förvaltning AB and Nowo Global Fund.

This share issue was also successfully completed and raised approximately SEK 29 million before transaction costs. The company's share capital increased by SEK 1,273,482.90, from SEK 6,387,400.95 to SEK 7,660,883.85, and the number of shares increased by 8,489,886 Class B shares to a total of 51,072,559 shares (comprising 390,000 Class A shares and 50,682,559 Class B shares). The issue resulted in a dilution of approximately 16.6 percent of the total number of outstanding shares in the company following the issue.

Order Intake and Order Backlog

Order intake for the full year 2025 amounted to SEK 9.8 million (6.2), relating to HeatPower 300 systems for NovaAlgoma Cement Carriers, an order from Jiangsu New Yangzi Shipbuilding in China for a HeatPower 300 system for a container vessel under construction for a major Asian container operator, as well as service and aftermarket services to existing customers.

The number of delivered HeatPower modules amounted to 2 (8). At the end of the period, the order backlog amounted to SEK 15.4 million (18.5), including 3 (3) HeatPower modules.

Events After the End of the Reporting Period

Delivery of a HeatPower 300 unit intended for NovaAlgoma Cement Carriers' cement vessel for installation at a Chinese shipyard.

In April, the company also announced a resolved and completed directed share issue. The Board of Directors of Climeon resolved on a directed share issue of 11,958,409 Class B shares at a subscription price of SEK 1.90 per Class B share, corresponding to proceeds of approximately SEK 23 million before transaction costs.

The share issue resulted in an increase in the company's share capital by SEK 1,793,761.35, from SEK 7,660,883.85 to SEK 9,454,645.20, and the number of shares increased by 11,958,409 Class B shares, from 51,072,559 to 63,030,968 shares (comprising 390,000 Class A shares and 62,640,968 Class B shares). The share issue resulted in a dilution of approximately 19.0% in relation to the total number of outstanding shares in the company after the share issue.

Additional Disclosures Related to Geopolitical Conflicts

Climeon is not currently directly affected by ongoing geopolitical conflicts, including those in the Middle East and the Red Sea. The company continuously monitors developments and acts to mitigate any potential negative effects as far as possible.

Organisation of the Company

Since 1 August 2021, Lena Sundquist has served as CEO of Climeon. She has extensive experience in the energy and maritime sectors.

At the Extraordinary General Meeting on 9 December 2024, Sebastian Ehrnrooth was appointed Chair of the Board. He now forms the Board together with members Thomas Öström and Joakim Thölin.

Development and Comments on Operations, Financial Position and Results

TSEK	2025	2024	2023	2022	2021
Net sales	13,376	42,587	6,186	13,932	28,765
Operating result	-119,452	-102,304	-102,580	-115,812	-150,327
Result after financial items	-143,093	-103,674	-135,696	-125,905	-107,313
Total assets	233,161	323,015	423,972	488,242	545,788
Equity ratio [1]	85.9%	89.2%	76.4%	74.8%	66.4%
Return on equity [2]	neg	neg	neg	neg	neg
Return on total assets [3]	neg	neg	neg	neg	neg
Average number of employees	36	38	40	43	60

1) Adjusted equity / Total assets. Adjusted equity refers to equity + untaxed reserves less deferred tax liabilities
2) Profit for the year / Average adjusted equity
3) (Profit after financial income and expenses + interest expenses) / Average total assets

At year-end, the Group management team consisted of CEO Lena Sundquist, Head of Finance Carl Frykfeldt, Executive Vice President Marine Fredrik Thorén, Chief Operating Officer Fredrik Nimander and Executive Vice President R&D Henrik Österman, the latter having joined the company during the fourth quarter of 2025.

Net Sales

Net sales amounted to SEK 13,376 thousand (42,587). Revenue during the year is primarily attributable to a hardware delivery of the new product generation HeatPower 300 system, as well as service and aftermarket services to geothermal and marine customers.

Since 2021, Climeon has been undergoing a transition between product generations, with the completion and testing of the new HeatPower 300 system continuing during 2023–2025. The product was launched in autumn 2022 for both the marine and land-based markets. During 2025, the HeatPower 300 system has been produced, delivered, installed and commissioned at customer sites. Sales of HeatPower 300 began in 2023 and started generating revenue from 2024 onwards.

Capitalised Development Work for Own Account

Capitalised development work for own account amounted to SEK 9,624 thousand (9,534). This mainly relates to internal development work on the new HeatPower 300 product generation.

Operating Result

Operating result amounted to SEK -119,452 thousand (-102,304). The result includes items affecting comparability, such as inventory write-downs related to HeatPower 150 components of SEK -14.0 million in Q1 and SEK -6.4 million in Q4, as well as a tax provision of SEK -2.5 million and a receivables provision of SEK -3.9 million in Q3.

The comparative figure for 2024 includes other operating income of SEK 10.3 million related to a loan converted into a grant. During the period, the company continued implementing cost-saving measures to achieve a more efficient and resource-optimised production and supply chain for HeatPower 300.

Tax

The company reported no tax expense for either period, as no taxable result was recognised.

The company has tax loss carryforwards amounting to SEK 1,039.8 million (925.2), for which no deferred tax asset has been recognised in the balance sheet. These carryforwards have no expiry date.

Profit After Tax

Profit for the period amounted to SEK -143,093 thousand (-103,674), impacted by the factors described under "Net Sales" and "Operating Result."

Net financial items amounted to SEK -23,642 thousand (-1,370), including exchange rate effects and revaluation of the holding in Baseload Capital Sweden AB. The shareholding is measured at fair value through profit or loss. The value change for the year, based on documented market transactions in the Baseload share, amounted to SEK -20,000 thousand (-30,245), of which the comparative figure for 2024 includes a holding revaluation of SEK -26,993 thousand.

Cash Flow

Cash Flow from Operating Activities

Cash flow from operating activities amounted to SEK -43,252 thousand (-83,366). The change in working capital compared to the previous year had a positive effect and is mainly related to changes in accounts receivable.

Cash Flow from Investing Activities

Cash flow from investing activities amounted to SEK -13,163 thousand (-30,533). The change is mainly attributable to a lower level of investment in intangible assets, primarily related to the new HeatPower 300 product generation.

Cash Flow from Financing Activities

Cash flow from financing activities amounted to SEK 51,859 thousand (62,686). The inflow mainly relates to proceeds from share issues of approximately SEK 55,213 thousand and repayments of short-term loans of approximately SEK -3,354 thousand.

Liquidity and Financial Position

As of 31 December 2025, equity amounted to SEK 200,294 thousand (288,108). The company's cash and cash equivalents amounted to SEK 21,779 thousand (26,335). See "Cash Flow" above for further details.

Employees

The average number of employees during the year was 36 (38), of which 28 (26) percent were women and 72 (74) percent were men. At the end of the financial year, the number of employees was 36 (35).

Principles for Remuneration to Senior Executives

At the 2025 Annual General Meeting, the following guidelines were adopted for salaries and other remuneration to Board members, the company's CEO and other senior executives forming part of Group management. The guidelines are largely based on previously adopted principles but have been updated in certain respects, including to reflect new regulations.
The guidelines apply to agreements entered into after the AGM's resolution and to any amendments made to existing agreements thereafter. The guidelines do not cover Board remuneration decided by the AGM or such share issues and transfers as fall under Chapter 16 of the Swedish Companies Act.

Remuneration and Forms of Compensation

Remuneration to senior executives shall be market-based and competitive, and consist of fixed salary, pension benefits and other benefits. Currently, no variable remuneration is paid. The Board will consider this going forward based on the company's long-term interests, its sustainability, and to ensure its financial viability in accordance with the guidelines described above. The different forms of remuneration that may be applied are described below.

Fixed Salary
The basis for remuneration to senior executives is a market-based fixed salary, determined individually based on position, competence, experience and performance. The fixed salary is reviewed annually.

Share-Based Incentive Programmes
To create additional incentives and strengthen long-term decision-making and goal fulfilment, the Board may, where appropriate, propose that the AGM resolves on share-based incentive programmes.

For further information on outstanding incentive programmes, see Note 8 in the company's Annual Report for 2025 and on the company's website www.climeon.com

Pension
Pension terms shall be market-based in relation to what generally applies to equivalent positions and individually adapted based on each executive's specific competence and the company's cost considerations. Pension benefits, including health insurance, shall be defined contribution. Pension premiums for defined contribution pensions shall not exceed 35 percent of the fixed salary. The retirement age for senior executives is 65.

For further information on pension terms, see Note 8 in the Annual Report.

Other Benefits
In addition to salary and pension, senior executives receive benefits such as private health insurance and, in some cases, company cars. These benefits shall constitute a limited portion of total compensation and be in line with market practice.

Terms of Termination
The notice period for senior executives shall not exceed six months. No senior executive is entitled to severance pay.

Remuneration and Employment Terms for Other Employees
When preparing these guidelines, the Board has taken into account the remuneration and employment conditions of the company's employees. Information on total compensation, its components, and its development over time has formed part of the Board's decision-making basis when assessing the reasonableness of the guidelines and their limitations.

Decision-Making Process for Establishing, Reviewing and Implementing the Guidelines
The Board has established a Remuneration Committee to prepare matters relating to remuneration for senior executives. The Committee is responsible for monitoring and evaluating any variable remuneration programmes, the application of the guidelines, and the company's remuneration structures and levels. It also evaluates the guidelines and, where appropriate, proposes revisions to the Board.

The Board is responsible for preparing proposals for new guidelines at least every four years and submitting them to the AGM for approval. The guidelines remain in force until new guidelines are adopted by the AGM. When the Board considers and decides on remuneration-related matters, the CEO and other members of executive management do not participate if they are affected by the matters. All decisions ensure that conflicts of interest are avoided and managed in accordance with the company's conflict of interest policy adopted by the Board.

Remuneration to Board Members
In specific cases, Board members elected by the AGM may receive fees and other compensation for work performed on behalf of the company outside their Board duties. Such remuneration shall be market-based and approved by the Board.

Deviation from the Guidelines
The Board may temporarily deviate from the guidelines, in whole or in part, if there are special reasons in an individual case and such deviation is necessary to safeguard the company's long-term interests, its sustainability or its financial position.

Other
The total remuneration and other benefits paid to senior executives during the year are disclosed in Note 8 of the 2025 Annual Report..

Expected Future Development

Climeon expects that the structural drivers for energy efficiency and waste heat recovery will remain and gradually strengthen in the coming years, both within the maritime segment and the energy and industrial markets.

Within the maritime segment, the company continues to focus on the HeatPower 300 platform, which is designed for integration in both newbuild vessels and retrofit installations in the existing fleet. The addressable market is estimated to include approximately 30 percent of the 1,500–1,800 vessels built annually worldwide, as well as eight to ten percent of the existing fleet of approximately 110,000 vessels above 100 gross tonnes, where technical and age-related conditions allow for the installation of Climeon's HeatPower 300 with the product variants currently available.

Developments in the maritime industry are characterised by increasing regulatory requirements and economic policy instruments. The introduction of EU ETS for shipping, along with regulations such as FuelEU Maritime, means that emissions and fuel consumption are increasingly associated with direct costs for vessels operating in European ports. Combined with rising and volatile fuel prices, this creates stronger economic incentives to invest in technologies that reduce fuel consumption and improve energy efficiency.

The increasing number of detailed customer enquiries and completed series installations during 2025 indicates growing market interest in ORC-based waste heat recovery. As the technology becomes integrated into vessel design and procurement processes among leading shipyards and shipowners, the conditions are expected to improve for more repetitive business and a progressively more efficient sales process.

In addition to the newbuild market, the retrofit segment represents a long-term opportunity, where installations on existing vessels can improve the energy efficiency of the current fleet. Through a strategic expansion of the sales representative and service partner network, the company aims to strengthen its presence in key markets and enable broader customer engagement.

Within the energy and industrial markets, the need for resource-efficient and local electricity generation is expected to increase as energy systems become more complex and power grids face increasing strain. Energy-intensive operations, such as process industries, engine-based power plants and data centres, are expected to increasingly integrate energy efficiency and waste heat recovery into their long-term investment and operational strategies.

Engine-based power plants are expected to continue playing an important role in grid stability, particularly with the increasing share of intermittent renewable energy. As the transition to renewable and fossil-free fuels progresses, fuel costs often increase, further strengthening the incentives to maximise efficiency and utilise available waste heat. Climeon's HeatPower technology offers a scalable and cost-effective solution that enables increased electricity generation from existing energy flows, thereby contributing to reduced fuel consumption and lower emissions.

The geothermal energy market is also expected to offer long-term potential, particularly for low- and medium-temperature heat sources. Experience from installations in, among others, Iceland and Japan demonstrates that the technology can enable cost-effective electricity generation from heat sources that previously had limited commercial use. Technological advancements, improved financing models and strengthened regulatory frameworks may, over time, broaden the market base. North America and Eastern Europe are considered promising growth regions for cost-effective geothermal power generation.

In parallel with market expansion, the company intends to continue strengthening and optimising the production and supply chain for the HeatPower 300 platform. The focus is on standardisation, quality assurance and delivery precision, in order to create the conditions for scalable growth and long-term sustainable profitability.

Overall, Climeon expects the maritime segment to remain a key driver of the company's development, while the energy and industrial markets are expected to gradually increase in importance as demand grows for robust and economically sustainable solutions for energy efficiency and local electricity generation.

At present, the Board of Directors and management assess that the company will require external financing during the second quarter of 2026 in order to continue its operations. Such financing may come from existing or new shareholders, or from third parties through public or private financing alternatives. The company's financial statements have been prepared on a going concern basis.

Accordingly, the company considers that additional capital will be required to strengthen liquidity during the coming operating period through the injection of new external funds as described above. The Board and management are actively monitoring ongoing cash flow and liquidity development, while also working to strengthen the company's cash flow and liquidity in both the short and long term to ensure continued operations.

Research and Development

Climeon's core asset is the HeatPower technology, together with the knowledge, intellectual property and system expertise built up since the company's founding. The technology platform has been developed through market-driven research and development, with a focus on customer requirements related to energy efficiency, regulatory compliance, operational reliability and total cost of ownership.

Product development is carried out by Climeon's R&D department in close collaboration with selected component suppliers and technical partners. The work is structured and platform-based, with a focus on modularity and standardisation. This enables different technical variants to be developed from a common base platform and adapted to customer-specific requirements within the maritime, energy and industrial segments.

Since the company's inception, the technology has evolved from early prototypes to the current HeatPower 300 product platform. The current development focus is on performance improvements, cost optimisation, standardisation and adaptation to specific customer and market requirements. The platform's design enables integration in both newbuild vessels and retrofit installations, as well as land-based stationary applications.

A key part of the development work is ensuring that the products comply with relevant regulatory requirements. This includes CE marking and applicable grid codes for grid connection in Europe, as well as marine certification from leading classification societies. Adapting to evolving regulations and certification requirements is an integral part of the product development process.

Climeon works systematically to identify, protect and manage its intellectual assets. Through an established IP process and regular idea evaluations, patentable solutions are secured where commercially justified. The company combines patent protection with trade secrets, know-how, agreements and internal processes to maintain technological leadership and competitiveness. The work also includes continuous monitoring to avoid infringement of third-party rights.

The Climeon brand is protected in relevant jurisdictions and is strengthened through long-term customer relationships, participation in industry trade fairs and strategic partnerships.

All development of the HeatPower technology is carried out in-house, and an established, flexible and scalable production and supply chain enables adjustments in both product design and production volumes in line with market demand.

Installation, commissioning and aftermarket support are managed by the company's own service and support organisation, both through in-house personnel and contracted service partners, ensuring technical control over system performance throughout the entire lifecycle.

Seasonal Effects

At present, no significant seasonal variation is observed in Climeon's sales of HeatPower systems.

The Climeon Share

As of 31 December 2025, the registered share capital comprised 390,000 Class A shares and 50,682,559 Class B shares. At the Extraordinary General Meeting of Climeon AB on 9 December 2024, it was resolved, among other things, to carry out a share consolidation whereby ten (10) existing shares (Class A and Class B shares) were combined into one (1) new share. The Board was authorised to determine the record date for the consolidation, which was set to 28 January 2025.

As a result of the consolidation, the number of shares in the company decreased from 356,220,890 shares to 35,622,089 shares (390,000 Class A shares and 35,232,089 Class B shares). The consolidation also increased the quota value of the shares from SEK 0.015 to SEK 0.15.

During the year, 15,450,470 new Class B shares were issued. On 15 May, Climeon carried out a directed share issue through a bookbuilding process of 6,960,584 Class B shares at a subscription price of SEK 4.31 per share. On 29 October, a further directed share issue was carried out through a bookbuilding process of 8,489,886 Class B shares at a subscription price of SEK 3.40 per share.

The company's Class B share has been listed on Nasdaq First North Premier Growth Market since 13 October 2017 under the ticker "CLIME B".

The shares have a quota value of SEK 0.15. Class A shares carry ten votes each and Class B shares carry one vote each. At year-end, the number of shareholders in Climeon amounted to 14,014 (15,238). The largest known shareholders were Cidro Förvaltning with 15 (21) percent of the capital and 14 (19) percent of the votes, Nordnet pension insurance with 12 (5) percent of the capital and 12 (4) percent of the votes, Stefan Wikström with 7 (6) percent of the capital and 6 (5) percent of the votes, SEB-Stiftelsen with 6 (6) percent of the capital and 6 (5) percent of the votes, Avanza Pension with 5 (7) percent of the capital and 5 (6) percent of the votes, and Thomas Öström with 2 (3) percent of the capital and 8 (11) percent of the votes. No other individual shareholder holds more than 10 percent of the capital or votes. The ten largest known shareholders together accounted for 57 (62) percent of the capital and 60 (65) percent of the votes.

Warrants within Share-Based Incentive Programmes
As of 31 December 2025, the company had 3,516,100 outstanding warrants within share-based incentive programmes, entitling holders to subscribe for 1,897,360 Class B shares. For further information, see Note 8.

Risks and Risk Management

Business operations are always associated with risk, and technological development is inherently both risk-intensive and capital-intensive. Climeon's results, financial position and strategic position are influenced by a number of internal factors under the company's control, as well as external factors where the ability to influence outcomes is limited.

An effective risk assessment aligns Climeon's business opportunities and performance with shareholders' and other stakeholders' requirements for stable and long-term value creation and control. When assessing Climeon's future development, it is therefore important to consider not only opportunities for positive development but also the various risks inherent in the business.

It is not possible to describe all risk factors in this section; a comprehensive evaluation must also take into account other information in the annual report, previous disclosures of risk factors in published prospectuses, and general external conditions.

Climeon works with risk management at both strategic and operational levels. Risk management involves identifying, measuring and mitigating risks, as well as continuously improving processes to reduce future risks.

The company has policies and procedures in place to identify deviations that could develop into risks. Risk levels are systematically monitored in Board meetings and monthly reports, where deviations or risks are identified and addressed.

If competing products gain market share, achieve better performance or reach the market more quickly, the future value of Climeon's products may be lower than originally expected. A key factor for Climeon's future success is its ability to carry out technological development, establish partnerships, and successfully develop and execute market introduction and sales.

For further information on Climeon's financial risks, see Note 4.

Risk	Risk Management
Macroeconomics and Geopolitics CClimeon's operations are affected by general economic conditions, which may impact the company both locally and globally. Although Climeon conducts its operational activities primarily in Sweden, the company pursues business opportunities in global markets such as Europe and Asia. A weak economic climate in all or parts of the world may result in lower market growth for the company's products than expected, for example through delayed or cancelled customer orders or reduced access to external financing. In addition, geopolitical uncertainties may lead to disruptions in supply chains, and continued high inflation may increase costs related to the production and delivery of Climeon's products. During 2022–2025, for example, Russia's invasion of Ukraine and the escalating conflicts in the Middle East have created uncertainty in the global economy and contributed to increased energy and fuel prices. As a result, the company has experienced increased component costs driven by higher supplier costs, combined with rising inflation and a weakening Swedish krona.	Climeon currently operates across multiple markets, both geographically and across different applications. The company works closely with its respective markets and customers and can relatively quickly adjust priorities and focus as needed. At present, it is difficult to predict the future impact that conflicts in, for example, Ukraine or the Middle East may have on energy and fuel prices, inflation, and ultimately on the pricing and supply reliability of components for the company's products. Climeon continuously monitors and analyses developments with regard to both operational and financial impacts, with the aim of ensuring the company's continued development. For example, potential delivery delays and travel restrictions may increase uncertainty regarding the development and delivery of Climeon's products and customer projects.
Financial Risks Through its operations, Climeon is exposed to various types of financial risks, including market risk, liquidity risk and credit risk. Market risks such as interest rate risk and currency risk, as well as credit risks, are further described in Note 4. *Liquidity Risk* Climeon operates in a capital-intensive industry and has historically not reported a positive operating result. There is a risk that the company may not generate sufficient revenues in the future to finance its operations and may therefore need to seek additional external financing in order to continue operating at the planned growth rate. Such financing may come from existing shareholders or from third parties through public or private financing alternatives such as bank loans or share issues. Furthermore, market conditions, general credit availability, the company's creditworthiness, and uncertainty and/or disruptions in capital and credit markets may affect the company's ability to obtain financing.	Climeon strives for structured and efficient management of the financial risks arising in its operations, in accordance with the financial policy adopted by the Board and its associated guidelines. These reflect the ambition to identify, minimise and control financial risks, as well as how responsibility for managing these risks is distributed within the organisation. The objective is to minimise the impact of financial risks on earnings. A more detailed description of financial risks is provided in Note 4. The company continuously prepares forecasts and estimates that take into account uncertainty factors, the financial effects of which are analysed in order to ensure the company's capital requirements for each period. The company's financial statements are prepared on a going concern basis.

Risk	Risk Management
Product and Technology Development Climeon's technology and products are based on continuous technical development and refinement. It is essential that the company's products, software and other technical solutions evolve to meet customer needs as well as regulatory requirements and market expectations. A key focus of the development work has been to ensure high quality and safety, while minimising environmental impact throughout the product lifecycle. It cannot be ruled out that regulations regarding the use, handling and reporting of the climate-friendly and non-flammable working fluid selected by the company, or other related regulations, may become more stringent, or that a future ban could be introduced—even for climate-neutral working fluids such as those used by Climeon. Product development and related activities are complex, particularly in the company's industry, and it is difficult to predict the time and cost implications of individual investments. There is a risk that planned product development becomes more time-consuming or costly than anticipated, or that the company's products cannot be successfully adapted to a commercial environment, which could have a material adverse effect on the company's operations, financial position or results.	Climeon has developed its new product platform with a strong focus on market and customer requirements, including technical specifications, quality standards, cost efficiency and regulatory compliance. During the development process, regular risk assessments are conducted with regard to safety and compliance. Should regulatory requirements related to the use of working fluids become more stringent, the company must be able to adapt the HeatPower systems to alternative working fluids in a cost-effective manner. Climeon continuously tests its HeatPower systems and upgrades the technology based on feedback from systems in operation. All HeatPower systems are equipped with a large number of sensors, enabling 24/7 monitoring and the collection of extensive operational data for analysis. This allows Climeon to detect issues that have occurred or are likely to arise. The company works closely with initial customers in each application area to evaluate and, where necessary, improve the technology. HeatPower systems are also certified by relevant authorities depending on the type of application and the location of installation, providing assurance of product quality and lifecycle performance.
Competition Climeon is not alone in the heat to power market. Competitors may develop, market and sell products within waste heat recovery that are more efficient, safer or more cost-effective than those developed by Climeon. Competitors may also have greater manufacturing and distribution capacity, as well as stronger sales and marketing capabilities. Increased competition or a reduced ability to meet evolving market demands may negatively impact Climeon's financial position and results.	Climeon has carefully analysed customer requirements and competing systems and has developed a product platform with a clearly defined niche. The company aims to remain at the forefront of technological development in order to offer solutions that meet customer needs and stay ahead of competitors. Climeon also delivers value through extensive technical expertise, delivery capability, service and availability, which reduces the risk of customers selecting alternative suppliers.
Employees Climeon's continued success depends on its ability to retain experienced employees with specialised expertise, as well as to recruit new qualified personnel. There are key individuals both among senior executives and within the broader organisation. There is a risk that one or more senior executives or other key employees may leave the Group for various reasons. If Climeon fails to recruit suitable replacements or attract new qualified key personnel, this could have a negative impact on the company's financial position and results.	Climeon prioritises creating favourable conditions for employees to develop and thrive within the Group. The company works continuously with safety, both at its own facilities and at customer sites. All employees working with HeatPower systems regularly undergo safety training. Regular employee surveys are conducted to assess how employees perceive their employer and working conditions, and to maintain an ongoing dialogue on areas for improvement and development. Employee conditions are also important in terms of compensation and benefits. For example, employees are regularly offered the opportunity to acquire warrants as a way of aligning the interests of employees and shareholders.

Risk	Risk Management
Customers and Demand For Climeon's success, it is essential that its products are efficient both from a cost perspective and an energy perspective. The company must ensure that its new products generate sufficient interest from potential customers and deliver enough efficiency for customers to invest in them. There is also a risk that current or future customers and partners may reduce their purchases of the company's products after agreements have been entered into. Climeon assesses that, before its products achieve market acceptance within a given segment, there is generally a cautious approach to investing in new technology. The process of engaging new customers is often time- and resource-intensive, as customers conduct thorough evaluations of new technologies. Many of the projects in which Climeon's systems are to be integrated are themselves complex and resource-intensive, and may be delayed or cancelled due to factors beyond the company's control. Changes in the timing of one or more orders—either earlier or later than expected—may have a material impact on the company's net sales and results, and could also put pressure on liquidity.	Climeon primarily operates through a direct sales model but also utilises local sales partners in selected geographic markets. The sales process for the company's products is relatively long, involving ongoing dialogue and information exchange with customers to, among other things, educate and increase understanding of the company's solutions. This process typically includes not only the end customer but also other stakeholders such as contractors, installers, design firms and shipyards. Close collaboration between Climeon and its customers is essential, particularly to support efficient installation of HeatPower systems. This collaboration is also important because the company's products are usually part of a larger project, where external factors may influence both installation and performance. Newbuild vessel projects are one example of such complex environments.
Suppliers Climeon relies on a contract manufacturer and a network of suppliers to produce and deliver its HeatPower solutions. Risks related to this include inadequate quality, non-compliance with ethical standards, environmental impact, or an inability to meet production requirements. The final product delivered to customers consists of numerous components, instruments and systems supplied by external vendors. The availability of these components may be limited, and alternative suppliers may offer terms or pricing that are not acceptable to the company.	Climeon regularly evaluates all suppliers and aims to maintain dual sourcing for key components. This approach also supports continuous cost evaluation to ensure a cost-effective solution for both the customer and the company. All suppliers are required to comply with Climeon's Code of Conduct, ensuring adherence to standards related to ethical business practices, environmental impact and quality. Regular supplier audits are conducted, and any identified deviations must be addressed.
Environment The markets in which Climeon operates are characterised by a strong drive toward efficiency improvements and the transition to more environmentally friendly technologies. This is driven, among other factors, by increasing customer demand for environmentally conscious and energy-efficient products and manufacturing processes, as well as by heightened competition. In addition, political decisions and international agreements—both national and international—may affect Climeon's and its customers' market conditions, positively or negatively. Such decisions may include changes in legislation, stricter enforcement of existing laws and regulations on land and at sea, or policy decisions that influence the willingness of countries and organisations to invest in areas relevant to Climeon.	Sustainability is at the core of Climeon's operations. Decisions regarding suppliers, methods and materials are made to ensure both high quality and low environmental impact throughout the product lifecycle. If Climeon fails to develop its products in line with evolving market requirements—driven by customer demands, regulatory changes or competing technologies—there is a risk that the company's market position may weaken, which could have a material adverse effect on its future prospects and financial position.

Environment

During the year, Climeon was recertified in accordance with ISO 9001 (quality management) and ISO 14001 (environmental management). Quality assurance is an integral part of the company's operations and is embedded in all internal processes. These two ISO certifications ensure continuous improvement with both customer needs and environmental considerations in focus.

Proposed Appropriation of Earnings

The following earnings are at the disposal of the Annual General Meeting

Share premium reserve	1,311,636,323
Retained earnings	-1,096,610,603
Profit for the year	-143,334,109
Total	**71,691,611**

The Board of Directors proposes that the available earnings of SEK 71,691,611 be carried forward.

For further information regarding the company's results and financial position, reference is made to the following income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes. All amounts are expressed in thousands of Swedish kronor unless otherwise stated.

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

TSEK	Note	2025	2024
Net sales	5	13,376	42,587
Capitalised work for own account		9,624	9,534
Other operating income	6	2,254	12,091
Operating expenses			
Raw materials and consumables		-40,290	-61,331
Other external expenses	7	-24,641	-23,245
Personnel expenses	8	-42,260	-48,383
Depreciation, amortisation and impairment losses of tangible and intangible assets		-37,012	-33,255
Other operating expenses		-503	-304
Operating profit/loss		**-119,452**	**-102,304**
Profit from financial items			
Interest income and other financial items	9	2,380	12,432
Interest expenses and other financial items	10	-26,022	-13,802
Profit before tax		**-143,093**	**-103,674**
Tax of the year	11	38	-116
PROFIT/LOSS FOR THE YEAR		**-143,055**	**-103,790**
Earnings per share, SEK	12		
Before dilution		-3.45	-3.97
After dilution		-3.45	-3.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	2025	2024
Profit for the year	-143,055	-103,790
Other comprehensive income		
Items that may be reclassified to profit or loss		
Translation differences from foreign operations	28	-355
Other comprehensive income	28	-355
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-143,027**	**-104,145**
Total comprehensive income attributable to		
Parent company shareholders	-143,027	-104,145
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-143,027**	**-104,145**

CONSOLIDATED BALANCE SHEET

TSEK	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure and similar work	13	114,270	128,509
Patents, licences, trademarks and similar rights	14	2,326	3,079
		116,597	**131,588**
Tangible assets			
Leasehold improvements	15	2,688	6,955
Machinery and other technical equipment	16	581	1,178
Right-of-use assets	17	8,657	5,494
Equipment, tools and installations	18	599	1,006
		12,524	**14,633**
Financial assets			
Other long-term receivables		911	1,436
Other long-term securities holdings	19	20,821	40,821
		21,732	**42,257**
Total non-current assets		**150,853**	**188,478**
Current assets			
Inventories	20		
Work in progress		16,422	25,916
Finished goods and goods for resale		23,449	27,085
		39,871	**53,001**
Current receivables			
Accounts receivable	22	5,797	20,230
Other receivables	21	12,136	30,714
Prepaid expenses and accrued income	23	2,725	4,257
		20,658	**55,201**
Cash and bank	29	21,779	26,335
Total current assets		**82,308**	**134,537**
TOTAL ASSETS		**233,161**	**323,015**
EQUITY AND LIABILITIES			

TSEK	Note	2025-12-31	2024-12-31
Equity			
Share capital	24	7,661	5,343
Other contributed capital		1,312,651	1,259,756
Translation reserves		2,506	2,478
Retained earnings or loss		-979,469	-875,679
Profit for the year		-143,055	-103,790
Total equity		**200,294**	**288,108**
Provisions			
Other provisions	25	2,474	4,723
		2,474	**4,723**
Non-current liabilities			
Other long-term liabilities	26	6,502	600
		6,502	**600**
Current liabilities			
Advances from customers		7,321	3,717
Accounts payable		3,004	8,673
Other current liabilities	27	6,306	10,383
Accrued expenses and deferred income	28	7,260	6,811
		23,891	**29,584**
TOTAL EQUITY AND LIABILITIES		**233,161**	**323,015**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share capital	Other contributed capital	Translation reserves	Retained earnings including profit for the year	Total equity
Opening balance as of 1 January 2024	**3,238**	**1,193,449**	**2,833**	**-875,679**	**323,841**
Profit for the year				-103,790	-103,790
Other comprehensive income			-355		-355
Total comprehensive income			**-355**	**-103,790**	**-104,145**
Transactions with shareholders:					
New share issue	2,105	66,307			68,412
Total transactions with shareholders	**2,105**	**66,307**			**68,412**
Closing balance as of 31 December 2024	**5,343**	**1,259,756**	**2,478**	**-979,469**	**288,108**

TSEK	Share capital	Other contributed capital	Translation reserves	Retained earnings including profit for the year	Total equity
Opening balance as of 1 January 2025	**5,343**	**1,259,756**	**2,478**	**-979,469**	**288,108**
Profit for the year				-143,055	-143,055
Other comprehensive income			28		28
Total comprehensive income			**28**	**-143,055**	**-143,027**
Transactions with shareholders:					
New share issue	2,318	52,895			55,213
Total transactions with shareholders	**2,318**	**52,895**			**55,213**
Closing balance as of 31 December 2025	**7,661**	**1,312,651**	**2,506**	**-1,122,524**	**200,294**

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Note	2025	2024
Operating activities			
Operating result		-119,452	-102,304
Adjustments for items not included in cash flow:			
Depreciation and impairment*		65,730	33,255
Unrealised fair value changes		-2,060	6,100
Warranty provision		-2,249	-449
Other		-110	0
Interest Received		988	3,346
Interest Paid		-2,569	-7,466
Cash flow from operating activities before changes in working capital		**-59,722**	**-67,518**
** Depreciation and impairment for 2025 relate to tangible and intangible assets SEK 37 million, inventory SEK 24 million, accounts receivable SEK 5 million.*			
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		3,370	-7,710
Decrease(+)/increase(-) in accounts receivable		9,474	4,287
Decrease(+)/increase(-) in other current receivables		6,106	14,270
Decrease(-)/increase(+) in accounts payable		-5,669	-12,712
Decrease(-)/increase(+) in other current liabilities		3,189	-13,983
Cash flow from operating activities		**-43,252**	**-83,366**

TSEK	Note	2025	2024
Investing activities			
Acquisition of intangible assets		-13,294	-28,238
Acquisition of tangible assets		-305	-2,545
Changes in financial assets		436	250
Cash flow from investing activities		**-13,163**	**-30,533**
Financing activities			
New share issue		55,213	68,412
Repayment of loans	27	-3,354	-5,726
Cash flow from financing activities		**51,859**	**62,686**
CASH FLOW FOR THE YEAR		**-4,556**	**-51,213**
Cash and cash equivalents at the beginning of the year		**26,335**	**77,550**
Exchange rate differences in cash and cash equivalents		**0**	**-2**
Cash and cash equivalents at the end of the year	29	**21,779**	**26,335**

PARENT COMPANY INCOME STATEMENT

TSEK	Note	2025	2024
Net sales	5	13,376	42,587
Capitalised work for own account		9,624	9,535
Other operating income	6	1,786	12,091
Operating expenses			
Raw materials and consumables	20	-40,290	-61,331
Other external expenses	7	-28,716	-29,106
Personnel costs	8	-42,260	-48,359
Depreciation and impairment of tangible and intangible assets		-33,431	-27,864
Other operating expenses		-503	-12
Operating result		**-120,414**	**-102,460**
Result from financial items			
Interest income and similar income	9	2,380	13,024
Interest expenses and similar expenses	10	-25,301	-38,827
Result after financial items		**-143,334**	**-128,263**
PROFIT FOR THE YEAR [1]		**-143,334**	**-128,263**

[1] Total comprehensive income for the year corresponds to profit for the year.

PARENT COMPANY BALANCE SHEET

TSEK	Note	2025-12-31	2024-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development expenditure and similar work	13	114,270	128,509
Patents, licences, trademarks and similar rights	14	2,326	3,079
		116,597	**131,588**
Tangible assets			
Leasehold improvements	15	2,688	6,955
Machinery and other technical equipment	16	581	1,178
Equipment, tools and installations	18	599	1,006
		3,867	**9,139**
Financial assets			
Shares in Group companies		25	0
Other long-term receivables		834	1,270
Other long-term securities holdings	19	20,821	40,821
		21,680	**42,091**
Total non-current assets		**142,144**	**182,818**

TSEK	Note	2025-12-31	2024-12-31
Current assets			
Inventories	20		
Work in progress		16,422	25,916
Finished goods and goods for resale		23,449	27,085
		39,871	**53,001**
Current receivables			
Accounts receivable	22	5,797	20,230
Other receivables	21	12,136	30,714
Prepaid expenses and accrued income	23	2,725	4,257
		20,659	**55,201**
Cash and bank	29	21,753	26,318
Total current assets		**82,283**	**134,520**
TOTAL ASSETS		**224,427**	**317,338**

PARENT COMPANY BALANCE SHEET

TSEK	Note	2025-12-31	2024-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	24	7,661	5,343
Reserve for development expenditure		121,279	135,517
		128,940	**140,860**
Non-restricted equity			
Share premium reserve		1,311,636	1,258,741
Retained earnings or loss		-1,096,610	-982,585
Profit for the year		-143,334	-128,263
		71,692	**147,893**
Total equity		**200,632**	**288,753**

TSEK	Note	2025-12-31	2024-12-31
Provisions			
Other provisions	25	2,474	4,723
		2,474	**4,723**
Non-current liabilities			
Other long-term liabilities	26	0	0
		0	**0**
Current liabilities			
Advances from customers		7,321	3,717
Accounts payable		3,004	8,673
Current tax liabilities		0	0
Other current liabilities	27	3,736	4,661
Accrued expenses and deferred income	28	7,260	6,811
		21,321	**23,862**
TOTAL EQUITY AND LIABILITIES		**224,427**	**317,338**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity			
TSEK	Share capital	Reserve for development expenditure	Share premium reserve	Retained earnings or loss	Profit for the year	Total equity
Opening balance as of 1 January 2024	**3,238**	**132,779**	**1,192,377**	**-846,084**	**-133,706**	**348,604**
Appropriation of previous year's result				-133,706	133,706	-
Profit for the year					**-128,263**	**-128,263**
Total comprehensive income	**-**	**-**	**-**	**-**	**-128,263**	**-128,263**
Capitalisation of development expenditure		22,786		-22,786		
Reversal due to depreciation of development expenditure for the year		-20,048		20,048		
Total other		**2,738**	**-**	**-**	**-2,738**	
Transactions with shareholders:						
New share issue	2,105		66,364	-58		68,411
Premiums paid for warrants						0
Total transactions with shareholders	**2,105**	**-**	**66,364**	**-58**	**-**	**68,411**
Closing balance as of 31 December 2024	**5,343**	**135,517**	**1,258,741**	**-982,585**	**-128,263**	**288,753**

	Restricted equity		Non-restricted equity			
TSEK	Share capital	Reserve for development expenditure	Share premium reserve	Retained earnings or loss	Profit for the year	Total equity
Opening balance as of 1 January 2025	**5,343**	**135,517**	**1,258,741**	**-982,585**	**-128,263**	**288,753**
Appropriation of previous year's result				-128,263	128,263	-
Profit for the year					**-143,334**	**-143,334**
Total comprehensive income	**-**	**-**	**-**	**-**	**-143,334**	**-143,334**
Capitalisation of development expenditure		13,189		13,189		
Reversal due to depreciation of development expenditure for the year		-27,427		-27,427		
Total other		**-14,238**	**-**	**-14,238**		
Transactions with shareholders:						
New share issue	2,318		52,895			55,213
Premiums paid for warrants						0
Total transactions with shareholders	**2,318**	**-**	**52,895**	**0**	**-**	**55,213**
Closing balance as of 31 December 2025	**7,661**	**121,279**	**1,311,636**	**-1,096,610**	**-143,334**	**200,632**

PARENT COMPANY CASH FLOW STATEMENT

TSEK	Note	2025	2024
Operating activities			
Operating result		-120,414	-102,460
Adjustments for items not included in cash flow:			
Depreciation		33,291	27,864
Impairment		29 478	0
Warranty provision		-2,249	-449
Unrealised fair value changes		-2,060	2,292
Interest received		988	3,984
Interest paid		-1 849	-7,011
Cash flow from operating activities before changes in working capital		**-62,815**	**-75,780**
Cash flow from changes in working capital			
Decrease(+)/increase(-) in inventories		3,370	-7,715
Decrease(+)/increase(-) in accounts receivable		9,474	4,017
Decrease(+)/increase(-) in other current receivables		6,110	17,353
Decrease(-)/increase(+) in accounts payable		-5,669	-12,664
Decrease(-)/increase(+) in other current liabilities		2,940	-13,927
Cash flow from operating activities		**-46,590**	**-88,716**

TSEK	Note	2025	2024
Investing activities			
Acquisition of intangible assets		-13,294	-28,238
Disposal of tangible assets		0	0
Acquisition of tangible assets		-305	-2,545
Change in loans to Group companies		0	0
Changes in financial assets		411	250
Cash flow from investing activities		**-13,188**	**-30,533**
Financing activities			
New share issue		55,213	68,412
Repayment of loans	27	0	0
Premiums paid for warrants		0	0
Cash flow from financing activities		**55,213**	**68,412**
CASH FLOW FOR THE YEAR		**-4,565**	**-50,837**
Cash and cash equivalents at the beginning of the year		**26,318**	**77,155**
Cash and cash equivalents at the end of the year	29	**21,753**	**26,318**

NOTES

Note 1 General information

Climeon AB, corporate identity number 556846-1643, is a limited liability company registered in Sweden with its registered office in Stockholm. The address of the head office is Torshamnsgatan 44, 164 40 Kista. The company was founded in 2011 and its operations comprise the development and sale of technical solutions for the recovery and conversion of low-temperature heat into renewable electricity. Climeon thereby aims to contribute to reducing global carbon dioxide emissions by improving energy efficiency for its customers.

Note 2 Significant accounting principles

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU for financial years beginning on 1 January 2025. The parent company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Supplementary Accounting Rules for Legal Entities.

The Group's financial statements have been prepared based on historical cost, meaning that assets and liabilities are recognised at these values. The parent company's functional currency is Swedish kronor, which is also the presentation currency for both the parent company and the Group. All amounts are rounded to the nearest thousand Swedish kronor (SEK thousands) unless otherwise stated. The income statement is presented by nature of expense. Amounts in parentheses refer to the previous year.

Preparing financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management and the Board of Directors to make judgments in applying the Group's accounting policies. Areas involving a higher degree of judgment that are significant to the consolidated financial statements are disclosed in Note 3.

Consolidated financial statements

The consolidated financial statements include the financial statements of the parent company and subsidiaries over which the parent company exercises control as of 31 December each year. Subsidiaries include all entities over which Climeon has control. Control is defined as the power to govern the subsidiary, exposure or rights to variable returns, and the ability to use that power to affect those returns. Subsidiaries are consolidated from the date control is obtained until the date control ceases.

The results of subsidiaries acquired during the year are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where necessary, subsidiaries' financial statements are adjusted to align their accounting policies with those of the Group. Intra-group transactions are eliminated on consolidation. All subsidiaries in the Group are wholly owned.

Revenue

Revenue is recognised based on contracts with customers and measured at the consideration the company expects to be entitled to in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. Revenue is recognised when control of a good or service is transferred to the customer.

Climeon's revenue primarily consists of the sale of Climeon Heat Power modules and related services.

Sale of modules
Climeon typically sells Heat Power modules together with installation services and/or significant integration services. Customers are generally able to procure installation services from other suppliers. In contracts that include installation services but not significant integration services, the modules are therefore considered a separate performance obligation.

Revenue from the sale of hardware is recognised at the point in time when control of the module is transferred to the customer, which typically occurs when the risks have transferred based on the applicable delivery terms.

In contracts where modules are sold together with significant integration services, the modules and integration services are treated as a single performance obligation. See the section "Integration services" below for further details.

Sale of services
Revenue from services performed on a time-and-material basis is recognised in the period in which the services are rendered.

Climeon provides installation services for modules. The installation involves only minor customisation of the modules. As the installation is relatively straightforward and can be performed by other suppliers, it is accounted for as a separate performance obligation. Revenue from installation services is recognised over time based on the actual time spent relative to the total expected time required to fulfil the performance obligation.

Integration services
In certain customer contracts, Climeon provides integration services related to adapting and integrating HeatPower modules into the customer's existing system environment. These services may include adapting control signals and interfacing with the customer's internal control systems to ensure safe and optimal operation.

Climeon's role is advisory and supportive, while overall responsibility for system integration and functionality remains with the customer. Services beyond the agreed scope, such as additional technical support, meetings or modifications, are charged on a time-and-material basis in accordance with agreed terms.

Contract assets and contract liabilities
Contract assets are recognised under prepaid expenses and accrued income. Contract liabilities are recognised under advances from customers and accrued expenses and deferred income. If recognised revenue exceeds payments for a performance obligation, a contract asset is recognised. If payments exceed recognised revenue, a contract liability is recognised.

Payment terms
Customers typically pay 40% upon order, 30% at the start of production, 20% upon delivery, and 10% upon commissioning. Individual contracts may have different payment structures. The lead time from order to delivery is usually six to twelve months, but may be longer due to infrastructure considerations within geothermal projects. For the marine market, lead times are typically 18–36 months.

Warranties
Sales of modules include standard warranties whereby Climeon guarantees that the hardware functions in accordance with agreed specifications. Warranties are accounted for in accordance with IAS 37; see the section "Provisions" for applied principles.

Other operating income
Other operating income mainly consists of capitalised work for own account, government grants and exchange rate gains related to operations.

Interest income
Interest income is recognised over time using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the financial instrument to its carrying amount.

Government grants
Government grants that are not subject to future performance conditions are recognised as income when the conditions for receiving the grant are met, the associated economic benefits are probable, and the income can be measured reliably.

Government grants that are subject to future performance conditions are recognised as income when the performance obligations are fulfilled, and the associated economic benefits are probable and can be measured reliably. Income is recognised systematically over the period in which the related costs are incurred.

Grants received to compensate for expenses are recognised as income in the same period as the expenses. Government grants are measured at the fair value of the asset received.

Grants received before the conditions for recognition as income are fulfilled are recognised as liabilities. Government grants related to the acquisition of non-current assets reduce the acquisition cost of the asset.

Leases

The Group recognises a right-of-use asset with a corresponding lease liability for all lease agreements in which the Group is the lessee, except for leases of low-value assets (such as computers and office equipment). For such leases, the Group recognises lease payments as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which the economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of lease payments that have not been paid at the commencement date, discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of similar value in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments (including in-substance fixed payments), less any lease incentives
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date

The lease liability is classified as non-current and current in the Group's statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) if:

- the lease term changes or there is a change in the assessment of an option to purchase the underlying asset, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- lease payments change due to changes in an index or a rate, or due to a change in expected payments under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the change is due to a change in a variable interest rate, in which case a revised discount rate is used)
- a lease is modified and the modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment.

Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the Group or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation begins at the commencement date of the lease.

Right-of-use assets are presented as a separate line item in the Group's statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and recognises any impairment loss identified, as described in the accounting policy for "Property, plant and equipment".

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability or the right-of-use asset. These payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "Other external expenses" in the income statement.

As a practical expedient, IFRS 16 permits not separating non-lease components from lease components and instead accounting for each lease component and associated non-lease components as a single lease component. The Group has chosen not to apply this practical expedient.

In the income statement, operating lease expenses in subsidiaries have been replaced by depreciation of right-of-use assets and interest expenses related to lease liabilities in the Group. In the cash flow statement, lease payments are allocated between interest paid within operating cash flow and repayments of lease liabilities within financing activities.

Foreign currency

The company's functional currency is Swedish kronor (SEK).

Foreign currency transactions and translation

At each balance sheet date, monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items measured at historical cost in a foreign currency are not retranslated. Exchange differences are recognised in operating profit or as financial items depending on the nature of the underlying transaction, in the period in which they arise.

In preparing the consolidated financial statements, the Group's assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date. Income and expenses are translated at the exchange rates on the transaction dates, unless exchange rates fluctuate significantly during the period, in which case the average exchange rate for the period is used.

Any exchange differences arising are recognised in other comprehensive income and accumulated in the translation reserve.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Employee benefits

Employee benefits in the form of salaries, paid vacation, paid sick leave, and pensions are recognised as they are earned. The company only has defined contribution pension plans.

Short-term employee benefits

A liability is recognised for employee benefits related to salaries, paid vacation and paid sick leave arising from services rendered by employees during the current period, measured at the undiscounted amount expected to be paid in exchange for those services.

Defined contribution plans

Under defined contribution plans, the company pays fixed contributions to a separate independent entity and has no further payment obligations. Expenses are recognised as the benefits are earned, which normally coincides with the timing of premium payments.

Share-based payments and provisions

In accordance with IFRS 2, goods or services received in transactions where payment is made through share-based compensation are recognised when the goods are received or the services are rendered. A corresponding increase in equity is recognised when goods or services are received in exchange for equity-settled share-based payments, or a liability is recognised when they are acquired through cash-settled share-based payments. The Group has not granted any share-based payments to employees in accordance with IFRS 2 during the period.

Income taxes

Tax expense comprises current tax and deferred tax.

Current tax

Current tax is calculated on the taxable profit for the period. Taxable profit differs from accounting profit as reported in the income statement because it excludes income and expenses that are not taxable or deductible, and includes items that are taxable or deductible in other periods. Current tax liabilities are calculated using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilised. Untaxed reserves are recognised including deferred tax liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured based on how the company expects, at the balance sheet date, to recover or settle the carrying amount of the related assets or liabilities. Deferred tax is calculated using tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

For current and deferred tax arising from business combinations, the tax effect is recognised as part of the acquisition accounting.

Intangible assets

Internally generated assets

The company applies the capitalisation model, meaning that the process of developing an internally generated intangible asset is divided into a research phase and a development phase. All expenditure arising from the research phase is recognised as an expense when incurred.

Expenditure on the development of Climeon HeatPower is recognised as an asset when all of the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale,
- the company intends to complete the intangible asset and to use or sell it,
- the company has the ability to use or sell the intangible asset,
- it is probable that the intangible asset will generate future economic benefits,
- adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

After initial recognition, internally generated intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation begins when the asset is available for use. Capitalised development expenditure related to Climeon HeatPower is amortised on a straight-line basis over an estimated useful life of five years.

Derecognition
An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is calculated as the difference between any proceeds received, net of direct selling costs, and the carrying amount of the asset. This is recognised in the income statement as other operating income or other operating expenses.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost comprises the purchase price, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended, and estimated costs of dismantling and removing the asset and restoring the site on which it is located.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance costs, as well as other subsequent expenditure, are recognised in profit or loss in the period in which they are incurred.

Where the consumption of significant components of an item of property, plant and equipment differs materially, the asset is divided into such components.

Depreciation of property, plant and equipment is recognised as an expense so as to allocate the cost of the asset, less any estimated residual value, on a straight-line basis over its estimated useful life. If an asset is divided into components, each component is depreciated separately over its useful life. Depreciation begins when the asset is available for use.

The useful lives of property, plant and equipment are estimated as follows:

Machinery and technical equipment	5 or 10 years
Equipment	5 years
Computers	3 years
Leasehold improvements	5 or 7 years

Estimated useful lives and depreciation methods are reviewed if there are indications that the expected pattern of consumption has changed materially compared with the estimate at the previous balance sheet date. When the company revises its estimate of useful lives, the asset's residual value is also reassessed. The effects of such changes are recognised prospectively.

Derecognition
The carrying amount of an item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment or a component is determined as the difference between any proceeds received, net of direct selling costs, and the carrying amount of the asset.

Any gain or loss arising on derecognition is recognised in the income statement as other operating income or other operating expenses.

Impairment of property, plant and equipment and intangible assets

The carrying amounts of assets are reviewed whenever there is an indication that an asset may be impaired. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is also performed on capitalised development expenditure that has not yet been completed.

The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value less costs to sell represents the price that could be obtained from a sale between knowledgeable, willing and independent parties, less costs directly attributable to the disposal.

In calculating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

To estimate future cash flows, the company has used budgets and forecasts covering the next five years.

If the recoverable amount of an asset (or cash-generating unit) is determined to be lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

At each balance sheet date, the company assesses whether there are indications that a previously recognised impairment loss may no longer exist or may have decreased. If such indications exist, the impairment loss is reversed in whole or in part. When an impairment loss is reversed, the carrying amount of the asset (or cash-generating unit) is increased. The increased carrying amount shall not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

Financial instruments recognised in the statement of financial position include, on the asset side: other long-term securities holdings, accounts receivable, other short-term investments and cash and cash equivalents. On the liability side: borrowings, accounts payable and other liabilities.

Recognition and derecognition in the statement of financial position

A financial asset or financial liability is recognised in the statement of financial position when the company becomes a party to the contractual provisions of the instrument.

A receivable is recognised when the company has performed and a contractual obligation exists for the counterparty to pay, even if an invoice has not yet been issued. Accounts receivable are recognised when an invoice has been issued.

A liability is recognised when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

A financial asset is derecognised when the contractual rights are realised, expire, or the company loses control of them. The same applies to a part of a financial asset. A financial liability is derecognised when the contractual obligation is discharged or otherwise extinguished. The same applies to a part of a financial liability.

Financial assets and liabilities are not offset in the statement of financial position, as the conditions for offsetting are not met.

Purchases and sales of financial assets are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the asset.

Classification and measurement

Financial assets are classified based on their cash flow characteristics. When a financial asset is held to collect contractual cash flows and those cash flows consist solely of payments of principal and interest on the principal amount outstanding, the asset is measured at amortised cost. This business model is referred to as "hold to collect".

The holding in Baseload Capital is classified as other long-term securities holdings in the balance sheet. The remaining financial assets are classified by Climeon as "hold to collect" and are therefore measured at amortised cost. The investment in Baseload Capital is classified as "other", meaning it is measured at fair value through profit or loss.

The classification of financial liabilities does not follow the same approach as for financial assets. Financial liabilities are measured either at fair value through profit or loss or at amortised cost.

Financial liabilities are measured at fair value through profit or loss when they meet the definition of a financial instrument held for trading, are irrevocably designated as such upon initial recognition, or are derivatives. All financial liabilities in Climeon are measured at amortised cost.

Impairment

The company recognises a loss allowance for expected credit losses on financial assets measured at amortised cost or at fair value through other comprehensive income, on lease receivables and on contract assets. At each balance sheet date, the company recognises in profit or loss the change in expected credit losses since initial recognition.

For accounts receivable and contract assets, simplified approaches apply, meaning that expected credit losses are recognised over the asset's entire lifetime. Climeon assesses expected credit losses on a case-by-case basis. The company considers that the number of customers and the size of receivables make this approach more representative.

For all other financial assets, the loss allowance is measured at an amount equal to 12-month expected credit losses. For financial instruments for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised based on lifetime expected credit losses. Equity instruments are not subject to impairment requirements.

Amortised cost

Amortised cost is defined as the amount at which the asset or liability is initially recognised, less principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the amount payable or receivable at maturity, and adjusted for any impairment losses.

The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the financial instrument to the initial carrying amount of the financial asset or financial liability.

Short-term investments

Liquid investments with a maturity exceeding three months from the date of acquisition and which cannot be readily converted into cash are classified as short-term investments.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits with banks and other financial institutions, as well as other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. To qualify as cash and cash equivalents, the maturity must not exceed three months from the date of acquisition.

Inventories

Inventories are measured at the lower of cost and net realisable value at the balance sheet date. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises direct materials and, where applicable, direct labour and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Provisions

A provision differs from other liabilities in that there is uncertainty regarding the timing or amount of the outflow required to settle the obligation. A provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Cash flow statement

The cash flow statement shows the changes in the company's cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. Reported cash flow includes only transactions that have resulted in cash receipts or payments.

Segment reporting

The company sells and markets a limited number of products, which are primarily sold together as integrated solutions. The operational organisation and management are structured by function, and internal reporting is currently performed on an aggregated level. Monitoring of geographical areas is limited to sales by country or region.

Based on the above, Climeon has concluded that the company does not report any operating segments in the financial statements.

Parent company accounting policies

The parent company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554), the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, and applicable statements issued by the Swedish Financial Reporting Board for listed companies.

RFR 2 requires the parent company to apply all IFRS as adopted by the EU, as far as possible within the framework of the Annual Accounts Act and taking into account the relationship between accounting and taxation. The recommendation specifies the exemptions from and additions to IFRS that shall be applied.

Accordingly, the parent company applies the accounting principles presented in Note 2 for the Group, with the exceptions set out below. The principles have been applied consistently for all periods presented unless otherwise stated.

Classification and presentation

The parent company's income statement and balance sheet are presented in accordance with the formats prescribed by the Swedish Annual Accounts Act. The main difference compared with IAS 1 Presentation of Financial Statements, which is applied in the Group's financial statements, relates to the presentation of equity.

Investments in subsidiaries
Investments in subsidiaries are accounted for in the parent company using the cost method. Acquisition-related costs for subsidiaries, which are expensed in the consolidated financial statements, are included as part of the cost of investments in subsidiaries in the parent company.

Group contributions and shareholder contributions for legal entities
The parent company accounts for group contributions and shareholder contributions in accordance with the Swedish Financial Reporting Board's recommendation RFR 2.

Group contributions are recognised as appropriations.

In the parent company, shareholder contributions are recognised as investments in shares and participations. Where necessary, impairment testing is performed on shareholder contributions together with the parent company's other holdings in the recipient entity.

Leases
The parent company, as a lessee, recognises lease payments as an expense on a straight-line basis over the lease term unless another systematic basis better reflects the pattern of consumption of the economic benefits by the user

Not 3 Critical Accounting Estimates and Judgments

Key Sources of Estimation Uncertainty
The following describes the key assumptions concerning the future and other major sources of estimation uncertainty at the balance sheet date that involve a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year.

Capitalised Development Expenditure
At year-end, Climeon AB had capitalised development expenditure amounting to SEK 114,270 thousand (128,529). These amounts primarily relate to the company's Heat Power technology.

In assessing whether there is any impairment requirement for capitalised development expenditure, the recoverable amount of the cash-generating units has been determined using several assumptions regarding future conditions and estimates of parameters in accordance with the impairment testing model (see Note 79, Intangible Assets).

Climeon has concluded that reasonably possible changes in key assumptions would not result in any general impairment as of 31 December 2025.

Management regularly evaluates the useful lives of significant assets. When the useful life of an intangible asset is shortened, amortisation is increased in future periods or the asset is written down to reflect the shorter period over which the company expects to benefit from the asset. However, a shorter estimated useful life does not necessarily indicate impairment, as impairment is characterised by changes in expected future cash flows attributable to the asset.

In performing impairment testing, estimates must be made of future cash flows, required rates of return and other relevant assumptions. The estimated future cash flows are based on assumptions representing management's best estimate of the economic conditions expected to prevail over the remaining useful life of the asset and are derived from internal business plans and forecasts. These plans reflect expectations regarding future market share, market growth and product profitability.

The recoverable amount of the intangible asset was determined based on value in use for the Heat Power 300 platform, calculated using a discounted cash flow (DCF) model. A pre-tax discount rate of 12.0% was applied, reflecting the cost of capital at the measurement date.

Key assumptions in the model included:

- Cash flow projections based on business plans approved by management and the Board of Directors, covering the expected useful life of the Heat Power 300 platform
- Assumptions regarding sales volumes, pricing and margins.

Sensitivity Analysis
The impairment assessment is sensitive to changes in key assumptions used in determining the recoverable amount. The sensitivity analysis presented reflects conditions at the time of the impairment test in the fourth quarter.

A change in the following parameters, with all other variables held constant, would have had the following approximate impact on the recoverable amount:

- An increase in the discount rate by 1 percentage point would reduce the recoverable amount by approximately SEK 43 million

- A decrease in annual sales volumes of 10% would reduce the recoverable amount by approximately SEK 98 million. A decrease of 13% would reduce the recoverable amount to the carrying amount, while a decrease of 15% would result in an impairment of SEK 19.5 million.
- A decrease in the sales margin for Heat Power 300 of 10% would reduce the recoverable amount by approximately SEK 88 million.
- At a decrease in the sales margin of 14%, the recoverable amount equals the carrying amount.

Other Long-Term Securities Holdings
The company's investment in Baseload Capital Sweden AB is measured at fair value. The valuation is based on unobservable inputs (Level 3), such as market transactions in Baseload shares and the company's own fair value calculations, based on a DCF model of Climeon's agreements with Baseload. This valuation model is considered by management to reflect fair value.

The company reassesses the value of the holding at least quarterly. See also Note 19.

Revenue
For each delivery, Climeon assesses when control of a good or service has been transferred to the customer in accordance with the five-step model in IFRS 15. The delivery terms of each contract determine when control is transferred. The assessment focuses on the performance obligation undertaken by Climeon and when it has been satisfied.

At the end of the period, unsatisfied performance obligations amounted to SEK 15.4 million. Of this amount, SEK 13.5 million is expected to be recognised as revenue in the next financial year, with the remainder thereafter.

Accounts Receivable
The Group's accounts receivable consist of relatively few but large receivables from a limited number of customers. For this reason, impairment assessments are performed on an individual basis.

Inventories
The company performs annual inventory counts to ensure the accuracy and valuation of inventories. Inventories mainly consist of finished goods, specifically assembled Heat Power modules and related components. These are largely pre-financed by existing customers, and therefore the company does not consider there to be any impairment requirement at the balance sheet date.

Recognition of Tax Loss Carryforwards
Climeon AB has tax loss carryforwards amounting to SEK 1,039,840 thousand (925,214), for which no deferred tax asset has been recognised. This is due to uncertainty regarding whether these tax losses will be utilised, as there is uncertainty about when sufficient taxable profits will be generated in the future. The tax rate used to calculate deferred tax is 20.6% (20.6).

Note 4 Financial Risk Management and Financial Instruments

The Group is exposed to various types of risks through its operations. The business is affected by a number of factors that may impact the company's results and financial position. The strategy includes continuously identifying and managing risks as far as possible.

Risks can be divided into operational risks and financial risks. The financial risk factors considered to be of greatest importance to Climeon's development, and how the company manages them to minimise risk exposure, are described below.

The main financial risks arising from the use of financial instruments are market risks (interest rate risk, currency risk and equity price risk), credit risk, liquidity risk and cash flow risk. Operational risks are described in a separate section in the Directors' Report.

Capital Management
The Board of Directors' objective is to maintain a strong financial position that supports investor, lender and market confidence and provides a foundation for continued business development.

Capital consists of total equity. The Group's objective with respect to capital structure is to safeguard its ability to continue as a going concern, thereby enabling it to generate long-term value, while maintaining an optimal capital structure to minimise the cost of capital.

To continue developing its product portfolio and generate future value, Climeon requires a strong capital base.

The Group's equity amounts to SEK 200,294 thousand (288,108). Cash and cash equivalents amount to SEK 21,779 thousand (26,335). The equity ratio is therefore 85.9% (89.2).

Investment Policy
Climeon has a Group-wide policy governing its financial investment activities, which defines how these risks are to be managed. Climeon shall at all times maintain sufficient liquidity to cover at least twelve months of known future net cash outflows. In the current capital market environment, liquid assets shall be invested in a manner that primarily safeguards the invested capital and, where possible, provides a stable and secure return. Investments may be made in interest-bearing instruments, fixed income funds and cash. The underlying instruments shall have a low risk profile, and diversification shall be applied when investing liquid assets. Investments may only be made in approved securities with low risk, such as Swedish government bonds and treasury bills, as well as commercial paper with a rating of A1.).

Financial Assets by Category

2025-12-31	Assets measured at amortised cost	Assets measured at fair value level 2	Assets measured at fair value level 3	Total
Other long-term securities holdings	-	-	20,821	20,821
Accounts receivable	5,797	-	-	5,797
Other receivables	12,136	-	-	12,136
Cash and cash equivalents	21,779	-	-	21,779
Carrying amount	**39,712**	**0**	**20,821**	**60,533**

2024-12-31	Assets measured at amortised cost	Assets measured at fair value level 2	Assets measured at fair value level 3	Total
Other long-term securities holdings	-	-	40,821	40,821
Accounts receivable	20,230	-	-	20,230
Other receivables	30,714	-	-	30,714
Cash and cash equivalents	26,335	-	-	26,335
Carrying amount	**77,279**	**0**	**40,821**	**118,100**

Financial assets classified at amortised cost have fixed or determinable payments and are not quoted in an active market. This category includes investments where the company expects to recover substantially all of the initial investment.

For all instruments measured at amortised cost, the fair values do not differ materially from the carrying amounts, as the interest rates received or paid are either close to current market rates or the instruments are short-term.

Financial assets measured at fair value are categorised according to the fair value hierarchy. Level 2 includes financial instruments with inputs based on observable market data from active markets. Level 3 includes inputs that are not based on observable market data.

Level 2
Holdings of short-term investments within the Group are measured at the value quoted in active markets where such instruments are traded. The Group currently does not hold any short-term investments.

Level 3
The valuation of the holding in Baseload Capital Holding AB is based on unobservable inputs (Level 3), such as market transactions in Baseload shares and the company's own fair value calculations, based on a DCF model of Climeon's agreements with Baseload.

Transactions in Baseload shares during the period outside active markets, and of significant value, have been taken into account and have impacted Climeon's valuation of the shares.

All changes in the Group's assets measured at fair value are recognised in profit or loss.

	2025-12-31	2024-12-31
Opening fair value	40,821	71,069
Acquisition of shares	-	-26,996
Fair value change through profit or loss	-20,000	-3,252
Closing fair value	**20,821**	**40,821**

Market Risks

Currency Risk
Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group operates in several geographical markets and currencies and is therefore exposed to currency risk. The exposure to currency risk arises primarily from cash flows in foreign currencies (transaction exposure) and from the translation of balance sheet items denominated in foreign currencies.

Transaction exposure refers to the risk that earnings are negatively affected by fluctuations in exchange rates relating to cash flows in foreign currencies. The Group's outflows mainly consist of SEK, EUR, ISK and USD, while inflows primarily consist of SEK and EUR. The Group is therefore affected by changes in these exchange rates in relation to its operational transaction exposure. This risk is currently not hedged, but may be reviewed if necessary.

The table below presents the nominal net amounts of the significant flows that give rise to transaction exposure. The exposure is based on the Group's cash flows in the most significant currencies and is presented in SEK thousands.

Currency	2025-12-31	2024-12-31
EUR	7,483	-26,619
USD	-1,283	-18
NOK	-4	0
GBP	-194	-22
ISK	-41	-843
JPY	8	0
TWD	64	0

Interest Rate Risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group was previously primarily exposed to interest rate risk through its borrowings. These loans carried variable interest rates but were fully repaid during the year. The Group therefore currently considers this risk to be low.

Sensitivity Analysis for Market Risks

The sensitivity analysis for currency risk shows the Group's sensitivity to a 10% increase or decrease in SEK against the most significant currencies.

For currency exposure, the analysis illustrates how the Group's profit after tax would have been affected by changes in exchange rates. This includes outstanding monetary receivables and liabilities denominated in foreign currencies at the balance sheet date.

Amounts are presented in TSEK.

	2025	2025-12-31	2024	2024-12-31
Currency exposure	**Effect on profit or loss**	**Effect on equity**	**Effect on profit or loss**	**Effect on equity**
EUR -[10]%	748	5,468	-2,662	6,695
EUR +[10]%	-748	-5,468	2,662	-6,695
USD -[10]%	-128	5	-2	5
USD +[10]%	128	-5	2	-5
NOK -[10]%	0	0	0	0
NOK +[10]%	0	0	0	0
GBP -[10]%	-19	0	-2	0
GBP +[10]%	19	0	2	0
ISK -[10]%	-4	0	-84	0
ISK +[10]%	4	0	84	0
JPY +[10]%	1	0	0	1
JPY +[10]%	-1	0	0	-1
TWD -[10]%	6	0	0	0
TWD +[10]%	-6	0	0	0
Interest				
Financial expenses +[10]%	0	0	0	0
Financial income +[10]%	0	0	0	0

Liquidity and Financing Risk

Liquidity risk refers to the risk that the Group may encounter difficulties in meeting its financial obligations as they fall due. Financing risk refers to the risk that the Group may be unable to secure sufficient funding to meet its obligations.

Liquidity and financing risks have been managed through the raising of debt and through share issues directed at both new and existing shareholders. In addition, the Group is actively working with a number of external financing solutions, both short-term and long-term. Operational financing is expected to increasingly be generated through sales.

The maturity profile of contractual payment obligations related to the Group's financial liabilities is presented below. The amounts are undiscounted and, where applicable, include interest payments, meaning that they cannot be directly reconciled to the amounts reported in the balance sheet.

Interest payments are determined based on the conditions prevailing at the balance sheet date. Amounts in foreign currencies have been translated into Swedish kronor at the exchange rates applicable at the balance sheet date.

2025-12-31	**Within three months**	**3–12 months**	**1–5 years**	**Over 5 years**	**Total**
Liabilities to credit institutions	-	-	-	-	0
Lease liabilities	821	2,462	7,766	-	11,049
Accounts payable	3,004	-	-	-	3,004
Other current liabilities	3,736	0	-	-	3,736
Total	**7,561**	**2,462**	**7,766**	**0**	**17,789**

2024-12-31	**Within three months**	**3–12 months**	**1–5 years**	**Over 5 years**	**Total**
Liabilities to credit institutions	-	-	0	-	0
Lease liabilities	1,560	4,226	600	-	6,386
Accounts payable	8,673	-	-	-	8,673
Other current liabilities	3,891	706	-	-	4,597
Total	**14,124**	**4,932**	**600**	**0**	**19,656**

Credit and Counterparty Risk

Credit risk refers to the risk that a counterparty to a transaction will cause the Group to incur a loss by failing to fulfil its contractual obligations. The Group's exposure to credit risk is primarily attributable to accounts receivable.

Cash and cash equivalents are subject to the general impairment model. For cash and cash equivalents, the low credit risk exemption is applied, as the credit risk is limited due to counterparties being banks with high credit ratings assigned by international rating agencies. The loss allowance for cash and cash equivalents is therefore insignificant and has not been recognised.

Accounts receivable are mainly represented by a limited number of larger counterparties. While receivables are not concentrated in a specific geographical area, their size varies over time between counterparties. The Group therefore assesses concentration risk to be periodically high.

To mitigate credit risk, credit assessments are performed for each new customer, and credit insurance is obtained where appropriate. The financial position of existing customers is monitored on an ongoing basis to identify early warning signs.

The Group's accounts receivable consist of relatively few but large receivables from a limited number of customers. For this reason, impairment assessments are performed on an individual basis.

	2025-12-31	2024-12-31
Opening allowance for doubtful receivables	37,463	36,351
Reclassifications	-	-
Currency adjustment	4,959	1,112
Provision for the year	-2,113	-
Closing allowance for doubtful receivables	**40,309**	**37,463**

Default

The Group considers the following to constitute default for internal credit risk management purposes, as historical experience and forward-looking assessments indicate that financial assets meeting any of the following criteria are generally not recoverable:

- when the counterparty has failed to meet its contractual obligations,
- when payment of a receivable is more than 90 days past due, or when internal or external information indicates that the counterparty is unlikely to settle its obligations.

The Group continuously assesses whether there is objective evidence of impairment of its outstanding receivables. When a receivable is deemed to be impaired, a corresponding write-down is recognised.

	2025-12-31	2024-12-31
Accounts receivable	5,797	20,230
Other long-term receivables	911	1,436
Other current receivables	12,136	30,714
Cash and cash equivalents	21,779	26,335
Maximum exposure to credit risk	**40,623**	**78,715**

Note 5 Net Sales by Category

	The Group		Parent Company	
Revenue category	**2025**	**2024**	**2025**	**2024**
Modules and other hardware	12,802	41,856	12,802	41,856
Services	574	732	574	732
Total	**13,376**	**42,587**	**13,376**	**42,587**

	The Group		Parent Company	
Geographical market	**2025**	**2024**	**2025**	**2024**
Sweden	876	479	876	479
Europe	12,246	12,998	12,246	12,998
North America	0	335	0	335
Asia	254	28,775	254	28,775
Total	**13,376**	**42,587**	**13,376**	**42,587**

Contract Assets and Contract Liabilities

	The Group		Parent Company	
Contract assets	**2025**	**2024**	**2025**	**2024**
Accrued income	754	756	754	756

	The Group		Parent Company	
Contract liabilities	**2025**	**2024**	**2025**	**2024**
Deferred income	0	4,371	0	4,371
Advances from customers	7,321	3,717	7,321	3,717
Total	**7,321**	**8,088**	**7,321**	**8,088**

Note 6 Other Operating Income

	The Group		Parent Company	
	2025	2024	2025	2024
Government grants	1,648	12,028	1,648	12,028
Other items	606	63	138	63
Total	**2,254**	**12,091**	**1,786**	**12,091**

Note 7 Auditor's Remuneration Disclosure

	The Group		Parent Company	
	2025	2024	2025	2024
Deloitte AB				
Audit services	1,025	1,001	1,025	1,001
Other services	30	250	30	250
Moores Rowland CPAs				
Audit services	0	31	0	31
Other services	42	86	42	86
Total	**1,097**	**1,368**	**1,097**	**1,368**

Audit fees refer to the auditor's remuneration for the statutory audit. The work includes the audit of the annual financial statements and accounting, the administration of the Board of Directors and the CEO, as well as fees for audit-related advisory services provided in connection with the audit engagement.

Other services primarily relate to advisory services in areas closely related to auditing, such as accounting, as well as other tasks that fall within the scope of the company's auditors' responsibilities.

Note 8 Number of Employees, Salaries, Other Remuneration and Social Security Costs

	The Group		Parent Company	
Average number of employees	**2025**	**2024**	**2025**	**2024**
Number of employees	36	38	36	38
of which women	28%	26%	28%	26%

	The Group		Parent Company	
Distribution of senior executives as of the balance sheet date	**2025-12-31**	**2024-12-31**	**2025-12-31**	**2024-12-31**
Women:				
Board members	0%	0%	0%	0%
Other members of executive management	20%	20%	20%	20%

	The Group		Parent Company	
Salaries and remuneration	**2025**	**2024**	**2025**	**2024**
Salaries and other remuneration	25,357	30,318	25,357	30,295
Pensions, defined contribution	4,571	4,814	4,571	4,814
Social security costs	9,360	10,934	9,360	10,934
Total	**39,288**	**46,066**	**39,288**	**46,043**

	The Group		Parent Company	
Salaries and other remuneration distributed between board members, the CEO and other employees	**2025**	**2024**	**2025**	**2024**
Board of Directors and CEO	2,240	3,546	2,240	3,546
Other employees	23,117	26,772	23,117	26,749
Total	**25,357**	**30,318**	**25,357**	**30,295**

Salaries and remuneration to senior executives *

2025	Salary/Fees**	Variable remuneration	Other benefits	Pension costs	Total
Board member Thomas Öström	100	-	-	-	100
Chairman of the Board Sebastian Ehrnrooth	200	-	-	-	200
Board member Joakim Thölin	100	-	-	-	100
CEO Lena Sundquist	1,840	-	5	1,294	3,139
Other senior executives ***	4,347	-	101	980	5,428
Total	**6,587**	**-**	**106**	**2,274**	**8,967**

* No cost for ongoing share option programs is incurred.
** For information on remuneration to companies owned by board members, see note 31.
*** Other senior executives consisted of four men during the year.

2024	Salary/Fees**	Variable remuneration	Other benefits	Pension costs	Total
Board member Thomas Öström	194	-	-	-	194
Chairman of the Board Sebastian Ehrnrooth	137	-	-	-	137
Board member Joakim Thölin	121	-	-	-	121
Former Chairman of the Board Håkan Osvald	494	-	-	-	494
Former board member Peter Carlberg	92	-	-	-	92
Former board member Anders Lindberg	100	-	-	-	100
Former board member Liselotte Duthu Törnblom	264	-	-	-	264
CEO Lena Sundquist	2,144	-	4	498	2,646
Other senior executives ***	5,716	-	107	1,271	7,094
Total	**9,262**	**-**	**111**	**1,769**	**11,142**

* No cost for ongoing share option programs is incurred.
** For information on remuneration to companies owned by board members, see note 31.
*** Other senior executives consisted of one woman and three men at the beginning of the year and four men at year-end.

Remuneration to the Board of Directors

During the financial year, total remuneration to the Board of Directors of Climeon amounted to SEK 400 thousand (1,402), of which SEK 200 thousand (631) was paid to the Chairman of the Board. In addition, Board members are reimbursed for travel expenses related to Board meetings, etc. No pension scheme is provided for the Board.

In special cases, Board members elected by the general meeting may receive fees and other remuneration for work performed on behalf of the company in addition to their Board duties. Such services shall be compensated at market rates and approved by the Board of Directors.

During the financial year, consultancy fees to Silon Consulting AB (Thomas Öström) amounted to SEK 0 thousand (0). See further Note 30.

Guidelines for Remuneration to Senior Executives
Senior executives refer to the CEO and members of Group management.

Remuneration to senior executives shall be market-based and competitive and consist of a fixed salary, pension benefits and other benefits. No variable remuneration is currently paid.

The fixed salary shall be market-based and individually determined based on position, competence, experience and performance. Benefits shall constitute a limited portion of total compensation and be in line with market practice.

To provide additional incentives and promote long-term decision-making and achievement of objectives, the Board of Directors may, where appropriate, propose that the general meeting resolves on share-based incentive programmes.

The full guidelines are available on Climeon's website. For new guidelines proposed to the 2025 Annual General Meeting, see the Corporate Governance Report.

Pension
Pension terms for senior executives shall be market-based in relation to what generally applies to comparable executives in the market and individually adapted with regard to each executive's specific expertise, while taking into account the company's cost considerations. Pension benefits, including health insurance, shall be defined contribution. Pension premiums for defined contribution plans shall not exceed 35% of fixed salary. The retirement age for senior executives is 65.

Severance Arrangements
The mutual notice period for senior executives is up to six months. None of the senior executives are entitled to severance pay.

Deviation from the Guidelines
The Board of Directors may resolve to temporarily deviate from the guidelines, in whole or in part, if there are special reasons in an individual case and such deviation is necessary to safeguard the company's long-term interests, its sustainability, or to ensure the company's financial viability.

Remuneration to the CEO
Lena Sundquist assumed the position as CEO in August 2021. During the financial year, remuneration to Lena Sundquist amounted to SEK 1,840 thousand (2,144), and pension contributions amounted to SEK 1,294 thousand (498).

Remuneration to Other Senior Executives
Other senior executives refer to those individuals who, together with the CEO, have constituted Group management during the year. Other senior executives consisted of four men during the year.

Salaries to other senior executives amounted to SEK 4,347 thousand (5,716), consultancy fees to SEK 0 thousand (0), and other benefits to SEK 101 thousand (106). Pension contributions during the year amounted to SEK 980 thousand (1,271).

Share-Based Incentive Programmes
The purpose of share-based incentive programmes is to encourage ownership in the company through long-term financial interests, thereby strengthening the alignment between shareholders and employees.

Over the years, Climeon has established several share-based incentive programmes based on capital-taxed warrants granted to selected senior executives and other key personnel, as well as consultants deemed to be of significant importance to the company's operations and development.

Outstanding Warrants
The tables present a summary of outstanding warrants under the company's existing programmes, accounted for in accordance with IFRS 2 – Share-based Payment.

Holders of warrants are entitled to subscribe for new Class B shares in the company at the exercise price specified in the table below. Payment of the exercise price for the underlying shares shall be made in cash.

The holders have acquired the warrants at a price (i.e. a premium) corresponding to an assessed fair value of the warrants and therefore do not constitute share-based compensation under IFRS 2.

The premium for all issued warrants has been determined using the Black-Scholes valuation model, with valuation performed by an external party. The valuation is based on factors including term, share price and volatility.

No cost has arisen for the company in connection with the issuance of these warrants. See table below.

Warrant	Number	Equivalent number of B shares	Premium	Exercise price	Subscription period	Effect on equity (SEK thousands)*
Program 2023/2026, issued 230828	1,798,600	179,860	5.60	61.80	"20260901-20260930"	11,115
Program 2025/2028, issued 250219	1,717,500	1,717,500	0.00	0.15	"20260219-20281231"	258

* Upon full exercise, equity will increase by the following amount.

Total number of warrants	2025	2024
Outstanding at the beginning of the year	2,796,100	2,796,100
Granted during the year	1,717,500	-
Expired during the year	-997,500	-
Total outstanding at the end of the year	**3,516,100**	**2,796,100**

Upon full exercise of all 3,516,100 warrants for subscription of Class B shares as described above, the share capital would increase by a total of SEK 11,373 (quota value SEK 0.15). This corresponds to a dilution of 3.72% of the total number of outstanding shares and 3.48% of the total number of voting rights (based on the number of outstanding shares as of 31 December 2025, i.e. 51,072,559 shares outstanding, of which 390,000 are Class A shares carrying ten votes each and 50,682,559 are Class B shares carrying one vote each).

Note 9 Interest Income and Similar Income

	The Group		Parent Company	
	2025	2024	2025	2024
Interest income	131	613	131	1 205
Realised gain/loss on disposal of financial assets	-	-	-	-
Exchange rate differences	2,249	11,819	2,249	11,819
Revaluation of financial assets	-	-	-	-
Total	**2,380**	**12,432**	**2,380**	**13,024**

Note 10 Interest Expense and Similar Expenses

	The Group		Parent Company	
	2025	2024	2025	2024
Interest expenses, other	-13	-35	-13	-35
Interest expenses on leased assets	-721	-456	-	-
Exchange rate differences	-5,288	-10,014	-5,288	-10,014
Revaluation of financial assets	-20,000	-3,297	-20,000	-28,778
Total	**-26,022**	**-13,802**	**-25,301**	**-38,827**

Note 11 Tax

	The Group		Parent Company	
	2025	2024	2025	2024
Current tax	-	-5	-	-
Change in deferred tax	38	-111	-	-
Tax on profit for the year	**38**	**-116**	**-**	**-**
Reported result before tax	-143,093	-103,674	-143,334	-128,263
Applicable tax rate 20.6% (20.6)	29,477	21,357	29,527	26,422
Tax effect of non-deductible expenses	-1,804	-939	-1,804	-939
Tax effect of non-taxable income	11	5	11	5
Tax effect of non-taxable result on financial non-current assets	-4,120	0	-4,120	-5,258
Deferred tax from temporary differences on right-of-use assets	88	106	-	-
Effect of unrecognised tax loss carryforwards	-23,614	-20,645	-23,614	-20,230
Reported tax expense for the year	**38**	**-116**	**0**	**0**

Deferred Tax Assets

Deferred tax assets are recognised to the extent that it is probable that they will be recovered based on current and future taxable profits.

At year-end, total accumulated tax loss carryforwards in the Group amounted to SEK 1,039,840 thousand (925,214), none of which has been recognised. The remaining losses primarily relate to the parent company.

The tax loss carryforwards have no expiry date.

Note 12 Earnings per Share

Earnings per Share Before and After Dilution

The following profit and number of ordinary shares have been used in calculating earnings per share after dilution:

	The Group	
	2025	2024
Profit attributable to the parent company's shareholders, SEK	-143,055,295	-103,790,256
Weighted average number of outstanding ordinary shares	41,496,849	26,155,684
Earnings per share before dilution, SEK	**-3.45**	**-3.97**

The consolidation of shares in 2025 has been taken into account when calculating earnings per share, which has resulted in comparative figures being recalculated.

Earnings per Share After Dilution

The following profit and number of ordinary shares have been used in calculating earnings per share after dilution::

	The Group	
	2025	2024
Profit for the year attributable to the parent company's shareholders	-143,055,295	-103,790,256
Average number of outstanding ordinary shares, before dilution	41,496,849	26,155,684
Average number of outstanding ordinary shares, after dilution	41,496,849	26,155,684
Earnings per share after dilution, SEK	**-3.45**	**-3.97**

The consolidation of shares in 2025 has been taken into account when calculating earnings per share, which has resulted in comparative figures being recalculated.

The parent company's warrant programmes did not result in any dilutive effect in 2025 or 2024.

Upon full exercise of all 3,516,100 warrants for subscription of Class B shares as described in Note 8, the share capital would increase by a total of SEK 11,373 (quota value SEK 0.15). This corresponds to a dilution of 3.72% of the total number of outstanding shares and 3.48% of the total number of voting rights (based on the number of outstanding shares as of 31 December 2025, i.e. 51,072,559 shares outstanding, of which 390,000 are Class A shares carrying ten votes each and 50,682,559 are Class B shares carrying one vote each).

Note 13 Capitalised Development Expenditure and Similar Work

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening acquisition cost	228,704	200,737	228,704	200,737
Expenditure for internally developed assets during the year	13,187	27,967	13,187	27,967
Disposals/scrapping	0	0	0	0
Reclassifications	0	0	0	0
Closing accumulated acquisition cost	**241,891**	**228,704**	**241,891**	**228,704**
Opening depreciation	-90,997	-70,949	-90,997	-70,949
Disposals/scrapping	0	0	0	0
Depreciation for the year	-27,426	-20,048	-27,426	-20,048
Closing accumulated depreciation	**-118,423**	**-90,997**	**-118,423**	**-90,997**
Opening impairment	-9,198	-8,165	-9,198	-8,165
Disposals/scrapping	0	0	0	0
Impairment for the year	0	-1,033	0	-1,033
Closing accumulated impairment	**-9,198**	**-9,198**	**-9,198**	**-9,198**
Closing carrying amount	**114,270**	**128,509**	**114,270**	**128,509**

Note 14 Patents, Licences, Trademarks and Similar Rights

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening acquisition cost	9,097	8,826	9,097	8,826
Purchases	179	271	179	271
Disposals/scrapping	-1,066		-1,066	
Closing accumulated acquisition cost	**8,210**	**9,097**	**8,210**	**9,097**
Opening depreciation	-2,480	-2,165	-2,480	-2,165
Disposals/scrapping	563		563	
Depreciation for the year	-288	-315	-288	-315
Closing accumulated depreciation	**-2,205**	**-2,480**	**-2,205**	**-2,480**
Opening impairment	-3,538	-2,772	-3,538	-2,772
Disposals/scrapping	0	0	0	0
Impairment for the year	-140	-766	-140	-766
Closing accumulated impairment	**-3,678**	**-3,538**	**-3,678**	**-3,538**
Closing carrying amount	**2,326**	**3,079**	**2,326**	**3,079**

Note 15 Leasehold Improvements

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening acquisition cost	25,658	24,292	25,658	23,549
Disposals/scrapping	0	2,109	0	2,109
Expenditure during the year	0	-743	0	0
Closing accumulated acquisition cost	**25,658**	**25,658**	**25,658**	**25,658**
Opening depreciation	-17,084	-13,586	-17,084	-13,172
Disposals/scrapping	0	414	0	0
Depreciation for the year	-4,268	-3,912	-4,268	-3,912
Closing accumulated depreciation	**-21,351**	**-17,084**	**-21,351**	**-17,084**
Opening impairment	-1,619	-1,619	-1,619	-1,619
Closing accumulated impairment	**-1,619**	**-1,619**	**-1,619**	**-1,619**
Closing carrying amount	**2,688**	**6,955**	**2,688**	**6,955**

Note 16 Machinery and Other Technical Equipment

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Opening acquisition cost	13,860	16,289	13,860	16,289
Purchases	13	279	13	279
Disposals/scrapping	0	-2,708	0	-2,708
Closing accumulated acquisition cost	**13,873**	**13,860**	**13,873**	**13,860**
Opening depreciation	-11,045	-10,027	-11,045	-10,027
Disposals/scrapping	0	90	0	90
Depreciation for the year	-610	-1,108	-610	-1,108
Closing accumulated depreciation	**-11,655**	**-11,045**	**-11,655**	**-11,045**
Opening impairment	-1,637	-4,255	-1,637	-4,255
Disposals/scrapping	0	2,618	0	2,618
Impairment for the year	0	0	0	0
Closing accumulated impairment	**-1,637**	**-1,637**	**-1,637**	**-1,637**
Closing carrying amount	**581**	**1,178**	**581**	**1,178**

Note 17 Right-of-Use Assets

The following amounts related to lease agreements are recognised in the statement of financial position::

	The Group	
Right-of-use assets	**2025**	**2024**
Premises	8,551	5,259
Vehicles	106	235
Closing carrying amount	**8,657**	**5,494**
Lease liabilities		
Non-current	6,502	600
Current	2,570	5,786
Closing carrying amount	**9,072**	**6,386**

The Group's right-of-use assets primarily relate to leased premises and vehicles. Lease agreements are typically entered into for fixed terms of between 3 and 10 years.

Terms and conditions are negotiated individually for each agreement and contain a range of different contractual provisions. The lease agreements do not include any specific covenants or restrictions that would lead to termination if conditions are not met; however, the leased assets may not be used as collateral for borrowings.

For information on the maturity profile of lease liabilities, see Note 4.

Right-of-use assets within the vehicle category were disposed of during the year at a carrying amount of SEK 0 thousand (0).

	Koncernen	
Additions of right-of-use assets	**2025**	**2024**
Premises	10,689	0
Closing carrying amount	**10,689**	**0**

	Koncernen	
Depreciation of right-of-use assets is recognised in the income statement	**2025**	**2024**
Premises	3,452	5,259
Vehicles	129	132
Interest expenses (included in financial expenses)	721	456
Total	**4,302**	**5,847**

Payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value assets include IT equipment and small office furniture.

	Koncernen	
Reconciliation of net debt, leasing	**2025**	**2024**
Net debt 1 January	6,386	12,112
New contracts	-3,354	-5,726
Terminated lease contracts	-4,649	0
New lease contracts	10,689	0
Closing carrying amount	**9,072**	**6,386**

The parent company incurred expenses for operating leases related to premises and vehicles during the year amounting to SEK 6,967 thousand (9,332).

Note 18 Equipment, Tools and Installations

	The Group		Parent Company	
	2025-12-31	**2024-12-31**	**2025-12-31**	**2024-12-31**
Opening acquisition cost	4,673	4,587	4,673	4,521
Purchases	290	171	290	171
Disposals/scrapping	0	-85	0	-19
Closing accumulated acquisition cost	**4,963**	**4,673**	**4,963**	**4,673**
Opening depreciation	-3,651	-3,009	-3,651	-2,975
Disposals/scrapping	0	40	0	6
Depreciation for the year	-698	-682	-698	-682
Closing accumulated depreciation	**-4,348**	**-3,651**	**-4,348**	**-3,651**
Opening impairment	-16	-16	-16	-16
Disposals/scrapping	0	0	0	0
Impairment for the year	0	0	0	0
Closing accumulated depreciation	**-16**	**-16**	**-16**	**-16**
Closing carrying amount	**599**	**1,006**	**599**	**1,006**

Note 19 Other Long-Term Securities Holdings

Long-term securities holdings primarily consist of investments in the financing company Baseload Capital Holding AB amounting to SEK 20,821 thousand (40,821), corresponding to an ownership interest of 6% (6%).

Climeon has granted a call option for its shares, exercisable by one of Baseload Capital's other shareholders within a specified period. The value of this call option has been assessed as low and immaterial as of the balance sheet date. The company continuously evaluates this value in accordance with IFRS 9 and IFRS 13.

Exercise of this option may result in a future liquidity inflow for Climeon. Climeon's intention is to divest its entire holding in Baseload Capital Holding AB over time.

Note 20 Inventories

Inventories consist of work in progress, finished goods and goods for resale.

During the financial year, cost of goods amounting to SEK 40,290 thousand (61,331) was recognised in profit or loss and presented as raw materials and consumables. Included in the cost of raw materials and consumables are inventory write-downs of SEK 22,936 thousand (8,986).

Note 21 Other Receivables

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Advances for goods	7,226	24,025	7,226	24,025
Tax receivables	505	576	505	576
Other receivables	4,405	6,113	4,405	6,113
Total	**12,136**	**30,714**	**12,136**	**30,714**

Note 22 Accounts Receivable

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Accounts receivable, gross	46,106	57,693	46,106	57,693
Impairment	-40,309	-37,463	-40,309	-37,463
Accounts receivable, net	**5,797**	**20,230**	**5,797**	**20,230**

	The Group		Parent Company	
Ageing analysis of accounts receivable	**2025-12-31**	**2024-12-31**	**2025-12-31**	**2024-12-31**
Not overdue	1,891	3,840	1,891	3,840
Overdue < 30 days	20	0	20	0
Overdue 61–90 days	0	0	0	0
Overdue > 90 days	44,195	53,853	44,195	53,853
Carrying amount	**46,106**	**57,693**	**46,106**	**57,693**

Note 23 Prepaid Expenses and Accrued Income

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Prepaid rent	1,002	2,128	1,002	2,128
Prepaid insurance premiums	4	0	4	0
Accrued income	754	756	754	756
Other items	965	1,373	965	1,373
Total	**2,725**	**4,257**	**2,725**	**4,257**

Note 24 Share Capital

The share capital consists of 51,072,559 shares (35,622,089) with a quota value of SEK 0.15 (0.15).

Note 25 Other Provisions

	The Group		Parent Company	
Warranty provisions	**2025-12-31**	**2024-12-31**	**2025-12-31**	**2024-12-31**
Carrying amount at the beginning of the year	4,723	6,231	4,723	6,231
Provision for the year	1,196	104	1,196	104
Reversal of warranty provisions for the year	-3,061	-	-3,061	-
Reclassifications for the year	-	-	-	-
Amounts utilised during the year	-384	-1,612	-384	-1,612
Carrying amount at the end of the year	**2,474**	**4,723**	**2,474**	**4,723**

The warranty provision consists of estimated costs expected to be incurred during the warranty period.

Note 26 Other Non-Current Liabilities

	The Group		Parent Company	
	2025-12-31	**2024-12-31**	**2025-12-31**	**2024-12-31**
Lease liability	9,072	6,386	0	0
Less current portion of lease liability	-2,570	-5,786	0	0
Total	**6,502**	**600**	**0**	**0**

Lease liabilities maturing later than five years after the balance sheet date amount to SEK 0 thousand (0)..

Note 27 Other Current Liabilities

	The Group		Parent Company	
	2025-12-31	**2024-12-31**	**2025-12-31**	**2024-12-31**
Current portion of lease liability	2,570	5,786	0	0
Liability for received grants	0	706	0	706
Employer contributions, employee withholding tax	1,330	1,535	1,330	1,535
Other	2,406	2,356	2,406	2,420
Total	**6,306**	**10,383**	**3,736**	**4,661**

	The Group		Parent Company	
Reconciliation of liabilities related to financing activities	**2025-12-31**	**2024-12-31**	**2025-12-31**	**2024-12-31**
Opening liability	6,386	22,493	0	10,381
Repayments during the year	-3,354	-5,726	0	0
Settlement of lease liability	-4,649	0	0	0
Exchange rate adjustment for the year	0	0	0	0
Write-off of liability	0	-10,381	0	-10,381
New lease liabilities	10,689	0	0	0
Closing liability	**9,072**	**6,386**	**0**	**0**

A conditional loan from the Swedish Energy Agency amounting to EUR 10,381 thousand was waived by the lender in 2024.

Note 28 Accrued Expenses and Deferred Income

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Accrued vacation pay	1,323	1,146	1,323	1,146
Accrued pension costs	868	0	868	0
Accrued social security contributions	626	360	626	360
Deferred income	0	4,371	0	4,371
Accrued operating expenses	4,438	934	4,438	934
Other items	5	0	5	0
Total	**7,260**	**6,811**	**7,260**	**6,811**

The increase in accrued operating expenses primarily relates to a tax provision of approximately SEK 2.5 million and increased provisions for external consultants of approximately SEK 0.5 million.

Note 29 Cash and Cash Equivalents in the Cash Flow Statement

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Cash and cash equivalents	21,779	26,335	21,753	26,318
Total	**21,779**	**26,335**	**21,753**	**26,318**

Note 30 Pledged Assets and Contingent Liabilities

	The Group		Parent Company	
	2025-12-31	2024-12-31	2025-12-31	2024-12-31
Floating charges	0	0	0	0
Total	**0**	**0**	**0**	**0**

Note 31 Related Party Transactions

Information on transactions between the company and related parties is presented below.

	The Group		Parent Company	
Purchase of services	2025	2024	2025	2024
Silon Consulting AB	0	0	0	0
Total	**0**	**0**	**0**	**0**

Silon Consulting AB relates to consultancy services in business development performed outside the scope of regular Board duties. The company is owned by Board member Thomas Öström.

Sales and purchases of goods and services are conducted on market terms. Information on remuneration to senior executives is presented in Note 8 and in the Corporate Governance Report.

Note 32 Events After the Balance Sheet Date

In January, a HeatPower 300 unit intended for NovaAlgoma Cement Carriers' cement vessel was delivered for installation at a shipyard in China.

In April, the company also announced a resolved and completed directed share issue. The Board of Directors of Climeon resolved on a directed share issue of 11,958,409 Class B shares at a subscription price of SEK 1.90 per Class B share, corresponding to proceeds of approximately SEK 23 million before transaction costs.

The share issue resulted in an increase in the company's share capital by SEK 1,793,761.35, from SEK 7,660,883.85 to SEK 9,454,645.20, and the number of shares increased by 11,958,409 Class B shares, from 51,072,559 to 63,030,968 shares (comprising 390,000 Class A shares and 62,640,968 Class B shares). The share issue resulted in a dilution of approximately 19.0% in relation to the total number of outstanding shares in the company after the share issue.

The Board of Directors proposes that no dividend be paid for the financial year 2025.

Note 33 Proposed Appropriation of Profits

The following amounts in SEK are at the disposal of the Annual General Meeting:

Share premium reserve	1,311,636,323
Retained earnings	-1,096,610,603
Profit for the year	-143,334,109
	71,691,611

The Board of Directors proposes that	71,691,611
the amount be carried forward	**71,691,611**

APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the reporting period ended 31 December 2025 (including comparative figures) were approved by the Board of Directors on 16 April 2026.

Board of Directors' Statement

The consolidated financial statements and the annual report have been prepared in accordance with the accounting standards referred to in Note 2 and in accordance with generally accepted accounting principles, and present a true and fair view of the financial position and results of the Group and the parent company.

The Directors' Report for the Group and the parent company provides a true and fair overview of the development of the Group's and the parent company's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the companies included in the Group.

The results and financial position of the Group and the parent company are otherwise presented in the income statements, balance sheets, cash flow statements and accompanying notes.

SIGNATURES

Kista 16 April 2026

Sebastian Ehrnrooth
Chairman of the Board

Thomas Öström

Joakim Thölin

Lena Sundquist
Chief Executive Officer

Our auditor's report was issued on

16 April 2026

Deloitte AB

Daniel Wassberg
Authorised Public Accountant

KEY PERFORMANCE INDICATORS

TSEK	2025	2024	2023	2022	2021
Operating margin (%)	neg	neg	neg	neg	neg
Profit margin (%)	neg	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg	neg
Return on total assets (%)	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg
Interest coverage ratio (times)	neg	neg	neg	neg	neg
Equity ratio (%)	85.9	89.2	76.4	74.8	64.6
Debt-to-equity ratio (times)	0.2	0.1	0.3	0.3	0.5
Net debt-to-equity ratio (times)	-0.1	-0.1	-0.2	-0.4	-0.4
Earnings per share, before dilution, SEK	-3.45	-3.97	-12.60	-11.70	10.00
Earnings per share, after dilution, SEK	-3.45	-3.97	-12.60	-11.70	10.00
Equity per share, SEK	3.92	8.09	15.00	38.40	59.30

**) The denominator used in calculating both earnings per share before and after dilution has been adjusted to reflect the share issues carried out.*

Climeon presents certain financial measures in its annual report that are not defined in accordance with IFRS, so-called alternative performance measures (APMs). Climeon believes that these measures provide valuable supplementary information to investors and management, as they enable the evaluation of trends and the company's performance.

As not all companies calculate financial measures in the same way, these measures are not always comparable with those used by other companies. For definitions of the key figures used by Climeon, see Definitions.

DEFINITIONS

Operating margin	Operating result after depreciation as a percentage of net sales.
Profit margin	Profit for the period after financial items as a percentage of net sales.
Return on equity	Profit after financial items as a percentage of average equity for the period.
Return on total assets	Operating result plus financial income as a percentage of total assets.
Return on capital employed	Operating result plus financial income as a percentage of capital employed.
Capital employed	Total assets minus non-interest-bearing liabilities (including other provisions).
Interest coverage ratio	Operating result plus financial income divided by financial expenses (times).
Equity ratio	Equity as a percentage of total assets.
Debt-to-equity ratio	Liabilities including deferred tax liabilities and provisions divided by equity (times).
Net debt-to-equity ratio	Interest-bearing net debt including cash and cash equivalents divided by equity (times).
Earnings per share, before dilution	Profit for the period divided by the weighted average number of outstanding shares during the period.
Earnings per share, after dilution	Earnings per share adjusted for the number of outstanding warrants.
Equity per share	Equity divided by the number of outstanding shares at the end of the period.

AUDITOR'S REPORT

To the general meeting of the shareholders of Climeon AB (publ)
corporate identity number 556846-1643

Report on the annual accounts and consolidated accounts

Opinions
We have audited the annual accounts and consolidated accounts of Climeon AB (publ) for the financial year 2025-01-01 - 2025-12-31. The annual accounts and consolidated accounts of the company are included on pages 54-98 in this document. The Corporate Governance Report is included on pages 43-52.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability statement on pages 33-42.The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material uncertainty Related to Going Concern
Without modifying our opinion in respect of this matter, we draw attention to page 60 in the management report in the financial statements, which states that the company is, within a twelve month period, in need of external financing in order to continue the business operations. These events and conditions, along with other matters as set forth on page 60 in the management report, indicate that there is a material uncertainty factor that may affect the company's ability to continue as a going concern.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annaul accounts and consolidated accounts and is found on pages 1-42, 99, 103-105. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Climeon AB (publ) for the financial year 2025-01-01 - 2025-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss to be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and

have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group´s financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Deloitte AB was appointed as the auditor of Climeon AB (publ) by the general meeting on 2025-06-10 and has been the company's auditor since 2014-03-07.

Stockholm 16 April 2026

Deloitte AB

Signature on Swedish original

Daniel Wassberg
Authorised Public Accountant

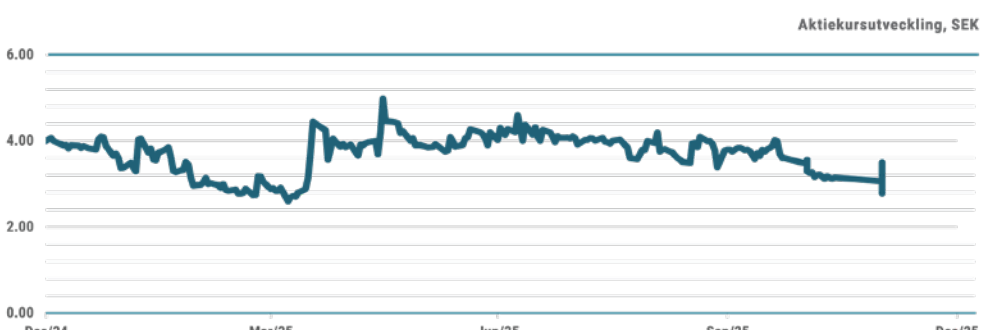
THE CLIMEON SHARE

CLIMEON'S SHARE

To the right are the company's fifteen largest shareholders as of 31 December 2025. The company has issued two classes of shares, Class A and Class B shares. The only difference between the share classes is voting rights. Each Class A share entitles the holder to ten (10) votes and each Class B share entitles the holder to one (1) vote at general meetings. To the knowledge of the Board of Directors, there are no shareholders' agreements or other agreements between the company's shareholders aimed at jointly influencing the company. The Board is also not aware of any agreements or arrangements that could result in a change of control of the company.

Share Information

The number of shares in Climeon at the end of the period amounted to 51,072,559, with a quota value of SEK 0.15, of which 390,000 were Class A shares (10 votes per share) and 50,682,559 were Class B shares (1 vote per share). A reverse share split (1:10) was resolved at an extraordinary general meeting in December 2024 and implemented in January 2025. Climeon's Class B share has been listed on Nasdaq First North Premier Growth Market since 13 October 2017. The share price amounted to SEK 3.40 at the end of the period.



Largest Shareholders as of 31 December 2025

Shareholder	Class A	Class B	Share of capital %	Number of votes	Share of votes %
Cidro Förvaltning AB		7,788,622	15.25	7,788,622	14.27
Nordnet Pensionsförsäkring		6,406,311	12.54	6,406,311	11.74
Stefan Wikström		3,380,637	6.62	3,380,637	6.19
SEB-Stiftelsen		2,987,891	5.85	2,987,891	5.47
Avanza Pension		2,565,313	5.02	2,565,313	4.70
MP Pensjon PK		2,329,614	4.56	2,329,614	4.27
Nowo Fund Management AB		1,357,255	2.66	1,357,255	2.49
Thomas Öström	390,000	562,785	1.87	4,462,785	8.18
Futur Pension		662,407	1.30	662,407	1.21
Olle Bergström		616,959	1.21	616,959	1.13
Olof Andersson		588,235	1.15	588,235	1.08
Sea You Rederiet Aktiebolag		539,121	1.06	539,121	0.99
Kent Janér		522,860	1.02	522,860	0.96
Ragnar Ter Vehn		424,529	0.83	424,529	0.78
Jpa 2 Fastighets AB		379,076	0.74	379,076	0.69
Övriga aktieägare	0	19,570,944	38.32	19,570,944	35.86
Summa	**390,000**	**50,682,559**	**100.0**	**54,582,559**	**100.0**

Share data	2025	2024
Total number of shares at the end of the period	51,072,559	35,622,089
Average number of outstanding shares	41,496,849	26,155,684
Earnings per share, before and after dilution, SEK	-3.45	-3.97
Equity per share, SEK	3.92	8.09

CLIMEON

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