



2024

ANNUAL REPORT

CLIMEON

CONTENT

THIS IS CLIMEON	01	SUSTAINABILITY	30
MESSAGE FROM THE CEO	02	Environment	32
MARKET	04	Employees and Work Environment	34
Trends and Drivers in the Energy Transition	05	CORPORATE GOVERNANCE REPORT	40
Key Markets	09	FINANCIAL REPORT	51
STRATEGY	12	THE CLIMEON SHARE	101
CLIMEON'S BUSINESS	15		
At the Core: HeatPower	16		
Maritime Business	17		
Energy & Industrial Business	21		
Product Development and IP	24		
Manufacturing	26		
Aftermarket Sales & Service	27		
Climeon's Technology – Introducing HeatPower	28		

THIS IS CLIMEON

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

Climeon is a Swedish product company active in the energy sector. Climeon's proprietary technology, Climeon HeatPower, utilizes an Organic Rankine Cycle process (ORC) to convert low-temperature heat into sustainable electricity. By offering reliable, cost-effective, and sustainably produced electricity, HeatPower can help industries and businesses increase their energy efficiency, reduce fuel consumption, and decrease carbon dioxide emissions. As a weather-independent source of sustainable electricity, HeatPower contributes to a more efficient and environmentally friendly energy mix – and can thus accelerate the global transition to a future with net-zero emissions.

The company, which has approximately 35 employees, is headquartered with its test and development facility in Kista, outside Stockholm. All product development and production take place in Sweden.

Customers are mainly found in the maritime, energy and industrial sectors, primarily in Europe and Asia. Sales and customer relations are primarily managed from Climeon's headquarters. Climeon mainly works with direct sales but also uses local sales partners in selected geographical locations. Spare parts and service are also largely managed from Climeon's headquarters.

Climeon Headquarters

Torshamnsgatan 44
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Climeon HeatPower

utilizes an Organic Rankine Cycle process (ORC) to convert low-temperature heat into clean, carbon-free electricity.



A MESSAGE FROM OUR CEO

Lena Sundquist CEO, Climeon

The global markets are undergoing rapid transformations, presenting new opportunities for Climeon. Throughout 2024 and into this year, significant geopolitical and financial changes have shaped the landscape. We have observed various geopolitical conflicts worldwide and faced challenges such as inflation, high interest rates, and recently, substantially increased tariffs in different markets—a development impacting individuals, the business climate, and entire nations.

These global shifts have prompted more countries and industries to reevaluate their energy production, including the use of fossil fuels. This reassessment is driven by geopolitical motives to enhance electricity self-sufficiency and reduce reliance on imported fossil fuels, as well as environmental considerations. The transition to a more electrified society, alongside the need to reduce environmental impact by phasing out fossil fuels, demands innovative thinking and new solutions, thereby opening additional opportunities for Climeon. Our HeatPower 300 is one such solution, producing sustainable electricity and thus reducing dependence on alternative electricity production and fossil fuels. Demand is increasing, with players in our main markets—marine, energy, and industrial—actively seeking new, more energy-efficient, and sustainable solutions to generate the electricity they need for their operations.

In the maritime market, a wide range of initiatives are currently underway to make vessel fleets more energy- and cost-efficient while also reducing greenhouse gas emissions. In addition to shipowners' strong drive to reduce fuel consumption and

comply with global regulations aimed at improving energy efficiency, the EU Emissions Trading System (EU ETS) was extended to the maritime industry in 2024. This means that shipowners operating in Europe are now required to purchase emission allowances for the carbon dioxide their vessels emit. In 2025, the cost of one allowance is expected to reach EUR 70 per ton of CO₂. A Bloomberg analysis forecasts that the price of EU emission allowances will continue to rise, potentially exceeding EUR 200 per ton by 2040.

On top of this, the EU's FuelEU Maritime regulation came into effect in 2025. Its aim is to accelerate the shift from fossil to greener fuels by making fossil fuel use in European waters more expensive than low-carbon alternatives. In April 2025—prior to the publication of this annual report—the International Maritime Organization (IMO) also approved a proposal for a new global regulatory framework and financial mechanism to reduce greenhouse gas emissions from international shipping. This system is comparable to a global CO₂ tax and shares similarities with the EU's FuelEU concept. The regulation is expected to formally enter into force in 2027, with financial obligations beginning on January 1, 2028.

These evolving regulatory demands are accelerating the transition to more expensive, lower-carbon fuels. In this context, Climeon's HeatPower technology becomes an increasingly attractive solution, helping shipowners reduce fuel consumption and thereby offering both a financial incentive and a shorter payback period.

Throughout 2024, there have been numerous orders for new vessels, including container ships, in South Korea and China. Many of these new ships are well-suited for HeatPower 300. Additionally, several other vessel types currently under construction are also suitable for HeatPower 300. In December, we announced an order from NovaAlgoma Cement Carriers (NACC) for a dry cement bulk carrier being built in China. This customer project is significant for Climeon from multiple perspectives, not least as a first reference for installing HeatPower 300 in China, the world's largest shipbuilding market. Beyond newbuild projects, many shipowners are interested in enhancing the energy efficiency of their existing vessels, and



we are engaged in advanced discussions with shipowners about installations on both their new and existing ships.

In 2024, we completed deliveries of six HeatPower 300 units to HD Hyundai Heavy Industries for integration into A.P. Moller-Maersk's 17,200 TEU capacity dual-fuel, green methanol container ships. In early 2025, the first of two HeatPower 300 units in modular retrofit configuration was installed on a container ship belonging to a global shipping company. Commissioning of HeatPower 300 on both Maersk's newbuild vessels and existing ships is scheduled during 2025.

Significant activities are also underway in the energy and industrial markets,

I am convinced that Climeon will play an important role in the transition to a more sustainable world.

driven by a desire to improve energy efficiency, increase sustainable electricity production, reduce dependence on fossil fuels, and decrease emissions. This includes power generation, energy-intensive industries, and geothermal power production. We are engaged in advanced discussions with stakeholders across all these sectors.

Regarding power generation, many countries and businesses are expanding their capacity to compensate for increased use of intermittent energy sources like wind and solar power, and because some operations, such as data centers, cannot rely solely on the grid for sufficient electricity. We are currently discussing several such projects, including in the United Kingdom, with various customers and stakeholders. In the UK, we have commissioned the four HeatPower 150 systems previously delivered to Landmark Power Holdings' Rhodesia power plant project near Worksop in Nottinghamshire. The two HeatPower 300 systems installed by our customer Termolink at NEO Group's PET resin production facility in Lithuania

were commissioned during the year. These systems now continuously supply sustainable electricity and contribute to reduced emissions from the plant.

In the geothermal sector, we are also discussing several interesting projects, primarily focusing on Europe. However, these are long-term projects in various phases, from planning to design, involving significant permitting processes before construction can commence.

HeatPower 300 meets all the expectations and requirements of our customers, including aspects like payback period and costs, as well as technical specifications suitable for onboard and industrial environments. Our product also complies with the standards set by maritime classification societies such as DNV, Lloyds, and ABS. For the energy and industrial markets, the product meets certification requirements, including CE marking necessary for installation in the European market, as well as Grid Codes applicable for connection to public power grids. Over the past year, we have established a stable and complete production and supply chain, enabling us to quickly and flexibly scale up both production and deliveries to meet the demand we are now witnessing. Similarly, we are developing a service business, currently on a small scale, which will grow as more systems are delivered and commissioned.

To scale our sales efforts efficiently, we have established collaboration agreements with local sales partners in key maritime markets. One notable partnership is with Grandbow Technology, a leading sales and service provider in China's shipbuilding sector, the world's largest newbuild market for ships. Similarly, we have partnered with South Korea's World Ocean Co., Ltd, a company with over 30 years of experience representing firms in the shipbuilding and offshore industries. Additionally, our alliance with Franman, a well-regarded sales partner in the Greek market, further strengthens our global presence. These collaborations enable us to engage with numerous customers and projects across various local marine markets cost-effectively, without the necessity of building a large in-house sales organization—a well-established strategy among many marine companies.

Internally, we have continued to implement cost-saving measures. In 2024, we significantly reduced our operating expenses, yielding results that will continue into 2025. Over time, we have streamlined our organization, which now comprises approximately 35 employees. Our focus has been on retaining an engaged and competent team encompassing all critical skills needed for Climeon's future success, primarily in sales and technology. The costs for the management team have also been reduced, as have expenses for the board, where we have both lowered fees and reduced the number of members. As of December 2024, Climeon's board consists of three individuals: Chairman Sebastian Ehrnrooth and members Thomas Öström and Joakim Thölin. To retain expertise and engagement within the company and to motivate compensation reductions for management and the board, an options program has been established for all employees, management, and the board.

In early October 2024, Climeon completed a directed share issue of approximately SEK 50 million before transaction costs. We are grateful for the confidence shown in us. These funds have been, and will continue to be, utilized in the ongoing commercialization process and to ensure deliveries of both existing and anticipated orders of HeatPower 300.

Our HeatPower platform is designed for longevity. While the major development work is complete, we will continue to adapt and enhance the platform for various applications. This includes increasing efficiency to provide customers with more sustainable electricity and ensuring that Climeon offers a cost-effective and competitive product. We also work systematically to protect our product through strong intellectual property solutions, primarily patents and trade secrets.

The future is uncertain, but I am convinced that Climeon will play an important role in the transition to a more sustainable world. I am proud that, after much hard work, we now have a better position—technically, in the market, and in terms of cost and competence—than ever before. As we progress through 2025, I am confident it will be a good year for Climeon.

I extend a warm thank you to all my colleagues at Climeon, the board, new and existing owners, and all our partners. We now continue forward, and I hope you all will continue to follow us!

MARKET



TRENDS AND DRIVING FORCES WITHIN THE ENERGY TRANSITION

Electricity and the Energy Market

Modern society and our global economies are deeply intertwined with electricity use. According to the International Energy Agency (IEA), global electricity demand is expected to grow by an average of four percent per year until 2027. This growth is primarily driven by emerging and developing economies, which account for 85% of the increase. Contributing factors include energy-intensive manufacturing of green technologies such as solar panels, batteries, and electric vehicles, along with the rising use of air conditioning, increased electrification of transport, and growing demand for data centers driven by the rapid AI revolution.

We are also seeing an increasing impact from extreme weather on both electricity production and prices. This underscores the importance of investing in stable power generation facilities capable of producing electricity regardless of weather conditions. Geopolitical developments also significantly affect electricity prices and consumption. Although electricity prices in Europe fell during 2024, there remains a substantial gap between what energy-intensive industries in Europe pay compared to those in the U.S. or China.

Electricity generation is currently the largest source of global carbon dioxide (CO₂) emissions, but it is also the sector leading the transition toward net-zero.

In 2024, there was a record-breaking increase in electricity generation from alternative fossil-free sources such as nuclear power and renewable electricity from solar, wind, hydropower, and waste heat. The IEA forecasts that these sources could supply nearly 50 percent of the world's electricity as early as 2026.

Despite the recent increase in fossil-free electricity generation, this is not enough to slow global warming. Continued efforts to reduce greenhouse gas emissions are therefore essential—both globally and within Europe.

In Europe, "Fit for 55" is the collective name for a range of legislative proposals adopted to achieve the goals of the EU Green Deal. Adopted in 2021, Fit for 55 outlines how the EU aims to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels and become climate-neutral by 2050. To meet this goal, the initiative includes directives related to the share of renewable energy within the EU, energy efficiency across industries, the use of alternative non-fossil fuels, and more.

One of the key tools within Fit for 55 is the EU Emissions Trading System (EU ETS), which requires companies to purchase allowances for every ton of CO₂ (or CO₂ equivalent) they emit. Each year, a cap is set on the total number of allowances available on the market. This cap creates a financial incentive for companies to reduce their emissions. The EU ETS covers approximately 40% of the EU's total emissions from around 10,000 installations in electricity and heat generation, as well as energy-intensive industries such as oil refineries, steel, cement, glass, and paper production. The

“ **Fit for 55:** EU's plan to reduce greenhouse gas emissions by at least 55% by 2030

“ Emissions allowances through the EU's Emissions Trading System (ETS) are estimated to increase from **€65 per ton** of CO₂ in 2024 to over **€150 per ton** by 2030



aviation sector and, more recently, the maritime sector are also required to purchase allowances equivalent to their greenhouse gas emissions. In 2023, a reformed ETS was adopted, raising the emissions reduction target to 62% by 2030 compared to 2005 levels. To meet this target, the annual reduction rate of the cap on available allowances has been increased to over 4% per year from 2024 to 2030.

According to estimates from Bloomberg, this could result in the price of emission allowances rising from €65 per ton of CO₂ in 2024 to over €150 per ton by 2030. As a result, companies will need to continuously implement energy efficiency measures to keep their costs under control.

Another initiative from the EU that complements Fit for 55 is the Clean Industrial Deal, which aims to reduce carbon emissions and strengthen competitiveness within the Union's industrial sector. Building on the goals of Fit for 55, it proposes a new interim target of a 90% emissions reduction by 2040, serving as a bridge between the 2030 milestone and the 2050 goal of climate neutrality.

The plan includes actions to simplify state aid rules, accelerate permitting processes for energy-efficiency technologies, and reform public procurement to prioritize European businesses. Through these initiatives, the EU aims to create a sustainable, competitive, and low-carbon industrial sector while ensuring energy security and economic growth within the Union. The initiatives are also intended to increase demand for EU-produced sustainable products that contribute to emissions reductions.

Energy Efficiency Requirements in the Maritime Industry

Shipping remains one of the most environmentally friendly modes of transport when measured per ton transported, but it is still heavily dependent on fossil fuels. The majority of vessels—whether container ships, oil tankers, or cruise ships—are equipped with large combustion engines. The fuel energy supplied to these engines is converted into both mechanical energy for propulsion and electricity to meet onboard needs. Traditionally, these engines

run on fossil fuels such as heavy fuel oil (HFO, VLSFO) and diesel, making shipping responsible for nearly three percent of global greenhouse gas emissions.

To reduce greenhouse gas and carbon dioxide emissions from international shipping, the International Maritime Organization (IMO) introduced its "Initial GHG Strategy" in 2018. This strategy set targets to lower annual greenhouse gas emissions, including an initial goal to reduce carbon dioxide emissions per transport work by at least 40% by 2030 compared to 2008 levels, and by 70% by 2050. Total greenhouse gas emissions from shipping were to be reduced by 50% compared to 2008.

At the end of 2021, the IMO decided to strengthen the existing regulations, leading to the introduction of new environmental requirements for vessel design and propulsion. Among these were the introduction of performance indexes such as the Carbon Intensity Indicator (CII) and the Energy Efficiency Existing Ship Index (EEXI), aimed at measuring and defining compliance with the updated regulations. These indexes took effect in 2023 and will be revised every five years as the requirements tighten.

In 2023, the IMO adopted a new and significantly more ambitious strategy. The updated target is to achieve net-zero greenhouse gas emissions from international shipping by 2050, with an interim goal of reducing total emissions by at least 70%, preferably 80%, by 2040 compared to 2008 levels.

In April 2025, the IMO also approved a proposal for a new global regulatory framework and financial mechanism to curb greenhouse gas emissions from international shipping. The system, similar to a global carbon tax and inspired by the EU's FuelEU Maritime initiative, is expected to be formally adopted in 2027, with financial obligations taking effect on January 1, 2028.

Additionally, the IMO has set a target that by 2030, at least 5%—with a goal of reaching 10%—of the energy used in international shipping should come from technologies, fuels, or energy sources that produce zero or net-zero greenhouse gas emissions. This target is directly linked to technologies such as waste heat recovery systems, including Climeon HeatPower. In addition to IMO's international requirements, the maritime industry must also comply with regional and national regulations—for example, those that apply when docking at ports within



Introduced requirements and incentives to reduce greenhouse gas emissions from shipping

International Regulations: IMO 2023 GHG Strategy

- Achieve net-zero greenhouse gas emissions from international shipping by 2050
- At least 5% (with an ambition of 10%) of the energy used in shipping to come from zero- or net-zero emission technologies, fuels, or energy sources by 2030
- Stricter global environmental standards for vessel design and propulsion (CII, EEXI, EEEI), with a planned introduction of pricing mechanisms for non-compliance

EU Regulations:

- Incentives to increase the use of sustainable fuels (FuelEU Maritime, maritime R&D fund)
- Inclusion of ship CO₂ emissions in the EU Emissions Trading System (EU MRV Maritime Regulation, EU ETS)

the EU. Under the EU Green Deal's Fit for 55 package, there are specific proposals that impact the maritime sector. One of them is FuelEU Maritime, presented in 2021 and coming into effect in 2025, which aims to promote the use of sustainable and low-carbon fuels in shipping. The goal is to reduce the greenhouse gas intensity of the energy used onboard vessels. This will be done by imposing a penalty on fuels that exceed a certain greenhouse gas intensity threshold. That threshold will be lowered every five years, reaching 80% below the 2025 level by 2050. The initiative is partially financed by a maritime R&D fund.

Since 2023, carbon dioxide emissions from ships have also been included in the EU Emissions Trading System (EU ETS). This applies to 100% of emissions from voyages between EU ports and 50% of emissions from voyages that start or end outside the EU. It means that each responsible operator must purchase emission allowances for every ton of CO₂ emitted.

The implementation of emissions trading is being phased in over three years, beginning in 2023 and reaching full implementation by 2025. Additionally, as of 2024, monitoring of other greenhouse gas emissions beyond CO₂ in the maritime industry will begin, with the intent to include them in emissions trading in the future.

As a result, shipowners, operators, and other parts of the maritime industry will need to continuously adopt energy efficiency measures to meet tightening regulations and manage the increasing costs associated with emissions.

Future Fuels and Rising Fuel Prices

The global industrial sector is working actively toward a sustainable future. Solar, wind, hydro, and thermal energy are key parts of the transition—but the combustion engine will remain a crucial component in power generation for the foreseeable future, especially in the maritime industry.

A full shift to electric propulsion, for example, is currently not feasible for the majority of the shipping fleet. Today's battery technologies simply do not offer the energy-to-weight ratio required to power fully loaded vessels over long transoceanic distances.

However, traditional combustion engines are evolving. New hybrid models are being developed to operate with alternative fuels, enabling a shift from fossil fuels to non-fossil options produced from renewable or carbon-free sources.

The industry trend is moving toward fuels such as methanol, liquefied natural gas (LNG), biofuels, hydrogen, and ammonia.

The future fuel landscape will be shaped by the availability and cost of these energy carriers. Many alternative fuels come with a higher price and lower energy density, increasing the pressure on operators to maximize energy efficiency. In this context, technologies like Climeon's HeatPower—which can boost electricity production from the same amount of fuel—offer a clear advantage.

Although the extreme fuel price levels seen in 2022 have since stabilized, future price development remains highly uncertain. Conventional fossil fuels will continue to play a significant role, particularly given the current limited production capacity of non-fossil alternatives.

However, new EU regulations, along with market-based incentives and taxes on fossil fuel combustion, will steadily increase the total cost of using conventional fuels—especially within the EU.

Ultimately, fuel prices, access to renewable alternatives, evolving regulatory frameworks, and advancements in fuel technologies is a decisive factor in shaping Climeon's market opportunities.



According to a study published in Applied Thermal Engineering, the number of installed Organic Rankine Cycle (ORC) systems experienced a 47% increase from 2016 to 2020.

Energy Efficiency and an Increased Demand for Waste Heat Recovery Technology

Heat is generated as a byproduct in nearly all industrial processes and engine operations—heat that must be dissipated and is often wasted. With increasing focus on energy efficiency, this previously unused thermal energy is becoming increasingly valuable. This is highlighted, for example, in a report published by the Knowledge Center for ORC (KCORC), titled Thermal Energy Harvesting – the Path to Tapping into a Large CO₂-Free European Power Source.

Common sources of industrial waste heat include:

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

Recovered heat can be used for:

- Heating
- Heat upgrading via heat pumps
- Cooling using adsorption or absorption systems
- Conversion to electricity

According to KCORC, at least 150 terawatt-hours (TWh) of electricity per year could be generated in the EU alone by capturing currently unused heat energy. This is equivalent to the electricity consumption of approximately 20 million households or the annual output of 19 nuclear power plants with a capacity of 1 gigawatt (GW) each. The majority of this heat is in the low-temperature range (80–200°C), which—when converted to electricity—could account for about 25% of the total 150 TWh per year.

A corresponding 2023 estimate by McKinsey values the global energy savings potential from waste heat recovery at €140 billion per year, of which up to €65 billion could come specifically from converting waste heat into electricity.

The growing demand for this technology is also confirmed in a 2023 study, The Organic Rankine Cycle Power Systems Market, published in the journal Applied Thermal Engineering. The study highlights the steady growth of the Organic Rankine Cycle (ORC) technology market, which uses organic working fluids to generate electricity from low-temperature heat sources. Climeon is one of the companies operating in this space. Between 2016 and 2020 installed ORC capacity increased by 40% and the number of installed ORC systems rose by 47%.

According to the same study, small-scale waste heat recovery systems—both on land and at sea—are expected to be among the most relevant and high-potential areas in the coming years.

The global installed ORC-based electricity production capacity today stands at 5 gigawatts (GW). Of that, 4 GW is from geothermal power plants, while only around 500 megawatts (MW) comes from waste heat recovery. If these waste heat recovery systems operated 75% of the hours in a year, they would produce around 3 terawatt-hours (TWh) annually. If all of this electricity were generated within the EU, it would represent just 2% of the estimated 150 TWh per year of available, unused heat energy identified by KCORC.

In other words, there remains a vast untapped potential for electricity generation through industrial waste heat recovery—a potential Climeon's technology is designed to capture.

150 TWh ≈ 



At least 150 TWh of electricity per year can be generated in the EU from unused heat, equivalent to ~20 million households.

 = 1 million households

I KEY MARKETS

Climeon's primary areas of opportunity—both in terms of growth and profitability—are the marine, energy, and industrial markets. Customers in these sectors are driven by clear incentives, both economic and environmental, to invest in Climeon's HeatPower systems. There is also a strong technical fit between the customers' processes and Climeon's products, expertise, and existing customer base. Together, these factors form a solid foundation for sustainable business—both for the customer and for Climeon.

Maritime Market

Global shipping serves as a vital artery for the world economy. As such, the marine market is well-established and stable, and it will continue to be as long as international trade exists. For example, UNCTAD's Review of Maritime Transport 2024 estimates that seaborne trade will grow by an average of 2.4% per year between 2025 and 2029, regardless of political shifts affecting global commerce.

The commercial fleet of vessels weighing 100 gross tons or more currently numbers around 110,000 ships, with an additional 1,500 to 1,800 new ships being added each year, even as older vessels are retired. On average, the global fleet grew by over 5% annually between 2005 and 2023, also according to UNCTAD. However, due to recent economic and political uncertainty, fewer new builds have been completed, even as global shipping volumes continue to grow. At the same time, fewer vessels have been scrapped, leading to an aging global fleet.

To meet tightening environmental regulations in the maritime sector, there is now an urgent need to either replace older vessels with newer, more energy-efficient or greener alternatives—or to retrofit them with energy efficiency technologies.

Key players in the market include shipping companies and shipyards. Asia dominates the international shipbuilding industry, with China, South Korea, and Japan

accounting for 80–90% of the global market for new vessels. In Europe, important shipyards exist in specific segments—especially cruise ships—in Germany, Italy, Finland, and France.

The shipping industry is global, and the largest ship-owning nations are Greece, Japan, and Germany, followed by China and South Korea, which together control over half the world's fleet. In the cruise sector, the United States is also a major ship-owning country.

As noted above, there is strong interest from shipping companies and vessel owners in improving fleet efficiency—and from shipyards in offering cost-effective technical solutions for this purpose. This applies both to newbuilds and retrofits. The main drivers are compliance with stricter CO₂ emissions standards and a desire to lower operating costs—both of which are being amplified by rising fuel prices.

Ship propulsion is powered by combustion engines, and over half of the energy from the fuel consumed is lost as waste heat. Around 50% of this waste heat is available as low-temperature heat (below 100°C). Technologies that can convert this waste heat into electricity—thereby reducing fuel consumption—are becoming an integral part of vessel energy efficiency strategies. This trend has already been demonstrated in recent years, with leading shipowners and shipyards incorporating such systems into both existing vessels and future designs.

“ More than **50%** of fuel energy supplied to power a ship is lost as waste heat.

Key Maritime Markets

China

South Korea

Japan

ASIA

USA

Germany, Italy, Greece

Finland, France

EUROPE



110,000

Number of ships in
commercial operation
>100 gross tons

1,500-1,800

Number of newly built
ships per year

European industries discard over 880 TWh of heat energy annually, with more than half of it within a temperature range suitable for ORC-based electricity generation.



- Industrial Waste Heat
- Combustion Engines
- Geothermal Energy.

In addition, the new EU carbon tax and FuelEU Maritime regulations will bring significant cost increases for vessels that call at ports within the EU. The overall cost impact of environmental regulations—through emissions-related taxes both in the EU and globally—is difficult to predict. However, for a fossil-fueled vessel operating exclusively within the EU, it is not unrealistic to expect a doubling of fuel-related operating costs.

While new carbon-neutral fuels are under development, they are still significantly more expensive than conventional fossil fuels. This makes energy efficiency even more critical for the maritime industry, as it helps reduce fuel consumption and, by extension, fuel costs.

Energy and Industry

The energy and industrial sectors span a diverse range of markets and customer segments, all connected by the vast amounts of heat they generate—most of which remains unused. This includes waste heat from industrial operations and chemical processes, thermal energy from combustion in power stations and engines, and geothermal energy from beneath the Earth's surface. While high-temperature heat has been utilized to some extent, the vast potential of low-temperature waste heat—particularly below 200°C—remains largely untapped, presenting a significant opportunity to improve efficiency and sustainability.

Industrial Waste Heat

Energy-intensive industries such as cement, glass, iron and steel, petrochemicals, pulp and paper, and food & beverage generate substantial waste heat as a byproduct of their operations. While some of this heat is repurposed for process heating, drying, or district heating, most lower-temperature waste heat remains unused. According to KCORC's Thermal Energy Harvesting report, European industries discard over 880 TWh of heat energy annually, with more than half of it within a temperature range suitable for ORC-based electricity generation.

The profitability of industrial waste heat recovery depends on factors such as installation costs, cooling infrastructure, and regional policies incentivizing energy efficiency. Countries with strong industrial decarbonization targets and carbon pricing mechanisms are leading adoption, as ORC technology helps manufacturers improve efficiency while reducing emissions-related costs. Additionally, by converting waste heat into electricity, industries can enhance energy self-sufficiency, reducing reliance on external power sources and mitigating exposure to energy price volatility.

Combustion Engines

Large stationary combustion engines play a critical role in electricity generation, particularly as flexible power sources that stabilize the grid when renewable output fluctuates. The efficiency gains achievable in these power plants mirror those in the marine sector, where waste heat from engines—primarily from jacket

cooling water and exhaust gases—can be recovered to increase overall energy output without additional fuel consumption. By enhancing efficiency, HeatPower enables power plants to reduce fuel costs, lower carbon-related expenses, and improve their competitiveness in securing long-term contracts and market opportunities. These benefits apply across all fuel types, ensuring continued value as the industry transitions to lower-carbon and renewable energy sources.

Geothermal Energy

Harnessing geothermal energy, which draws from the Earth's internal heat, has vast potential, particularly in regions near tectonic plate boundaries such as the USA, Japan, Canada, and Eastern Europe. As a reliable renewable resource, geothermal power provides baseload electricity but has been largely limited by high capital costs and geographic constraints. Traditional geothermal plants are often steam plants relying on high-temperature resource. This often restrict geothermal project development to select regions having these specific conditions. Reaching these resources has often required deep wells and more complex drilling and pumping procedures.

However, a significant portion of geothermal heat exists more easily accessible at lower temperatures, a source which today remains largely untapped. ORC technology enables power production from geothermal sources as low as 75°C, expanding viability beyond conventional hotspots. It can also be integrated in high-temperature geothermal plants, improving efficiency by capturing otherwise wasted heat at lower temperatures. While steam plants dominate in high-temperature areas, ORC technology plays a key role in reaching the underutilized potential of low-temperature geothermal resources, making geothermal power feasible in more locations.

Advancements in drilling techniques, pump efficiency, and cooling systems continue to improve the economic viability of smaller-scale geothermal plants. At the same time, government incentives for renewable energy and industrial decarbonization are creating favorable conditions for investment. In regions with policies supporting distributed geothermal development, ORC technology provides a cost-effective solution for increasing renewable energy generation while improving long-term energy resilience.

Competition

The greatest challenge facing the ORC market is that industries and operations generating waste heat often allow this available energy to dissipate into the environment without evaluating alternative uses. Another challenge lies in the existence of competing methods for utilizing waste heat—primarily by repurposing it for heating applications.

The volume of available waste heat is enormous. According to the study referenced earlier in Applied Thermal Engineering, the market for solutions that use ORC technology to generate electricity from low-temperature heat—i.e., below 200°C and represented by companies like Climeon—is growing steadily. This growth means that competition for Climeon's technology exists and, as the market expands, the number of competitors is also likely to increase, particularly from low-cost countries.

Currently, the majority of ORC technology providers are based in Europe. However, only a few specialize in standardized units designed for heat sources below 100°C. According to the same study, more than 80 percent of all ORC installations today are large-scale power plants, typically producing between 10 and 50 megawatts of electricity and custom-built for the specific conditions of each application.

ORC technology has been available for over 100 years, but it is only in the past decade that cost-effective ORC solutions have entered the market, leading to an acceleration in the construction of commercial power plants based on this technology. To further increase the pace of investment, it is beneficial that more players are actively promoting the technology and highlighting its advantages to various potential customer groups. According to the analysis, the market for waste heat recovery is vast, and saturation is unlikely to occur in the foreseeable future.



STRATEGY



I PURPOSE AND VISION

Today's energy systems are extremely complex, and across industrial operations, power generation, and the marine sector, resources are not being used efficiently. Climeon's quest is to help companies generate electricity from existing energy flows—enabling both businesses and the planet to use resources in a more sustainable way.

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 CO₂ emissions and accelerate the use of sustainable power through the development of world-leading HeatPower solutions.



Environmental Responsibility

Climeon aims to reduce global carbon dioxide emissions by accelerating sales of its HeatPower products, expanding into new markets, and at the same time minimizing its own environmental impact across the entire product life cycle.



Customer focus

Climeon is committed to understanding and prioritizing customer needs throughout the entire process—from product development to post-installation support. The company delivers technically and economically optimized solutions for converting heat into electricity, while ensuring customers receive the support needed to meet environmental goals and cost-saving targets.



Innovation and product development

Climeon continuously works to develop and enhance its HeatPower technology to maximize customer value. By focusing on patent-protected innovations, the company strengthens its competitiveness and ensures that all product development is rooted in customer needs—delivering both business value and environmental benefits.



Cost effective production and supply chain

Climeon strives to deliver a competitive value proposition through continuous cost optimization across the product life cycle, sustainable production and distribution, and long-term partnerships that ensure high-quality components and efficient logistics solutions.



The company's vision is to reduce global CO₂ emissions and accelerate the use of sustainable power through the development of world-leading HeatPower solutions.

Environmental Responsibility

Climeon's vision to reduce global CO₂ emissions and accelerate the transition to sustainable electricity is realized through the deployment of more HeatPower units that convert unused heat into carbon-neutral electricity.

To achieve this, Climeon is working to accelerate sales of HeatPower systems in existing markets while exploring new markets and opportunities. At the same time, the company is committed to reducing its own environmental impact—both at the product level and across its corporate operations—in order to ensure emissions reductions throughout the entire product life cycle. *(For additional information on Climeon's environmental goals, see the Sustainability section.)*

Customer Focus

Throughout every step—from product development to support of installed systems—Climeon aims to understand and prioritize the customer's perspective. The goal is not only to solve immediate challenges but also to identify improvements and new opportunities that can enhance customer value.

With deep expertise and transparent, reliable communication, Climeon strives to deliver the most technically and economically advantageous solution for converting heat into electricity—while also providing the support customers need to meet their environmental goals and achieve desired cost savings.

Climeon is committed to being a reliable partner throughout the entire customer journey—from sales, integration, and installation to operation and maintenance. The goal is to provide current and future customers with cost-effective, localized support on a global scale.

Innovation and Product Development

Climeon's greatest asset is its HeatPower technology, along with the ideas and intellectual property behind it. Through continuous innovation and development, the company seeks to enhance the performance, quality, and cost-effectiveness of its HeatPower products—delivering greater value to customers than the competition.

To strengthen competitiveness, improved or new solutions are protected through patents or trade secrets. All product development is driven by customer needs, with the aim of creating value for the customer, for Climeon, and for the environment.

Cost-Effective Production and Supply Chain

Climeon aims to offer the most competitive value proposition possible to its customers. This involves ongoing evaluation and optimization of product life cycle costs, maintaining an efficient and sustainable production and distribution chain, and ensuring the availability of spare parts.

Through long-term partnerships with both national and international companies, Climeon secures high-quality components, modern production methods, and sustainable logistics solutions. *(For more on Climeon's supplier relationships, see the Governance section.)*

BUSINESS



AT THE CORE: HEATPOWER

In 2024, Climeon's primary focus remained on the sales, production, delivery, and commissioning of the HeatPower 300, which is the core of the company's offering.

Sales and Marketing

At the heart of Climeon's offering is the HeatPower technology and a range of related services. The current focus is on the new generation HeatPower 300, launched at the end of 2022. In addition to product sales, Climeon provides service and support, installation assistance, spare parts, and training. To ensure continued support for existing customers, Climeon has secured a stock of spare parts for the HeatPower 150. However, going forward, the company's market and sales activities will be focused on the HeatPower 300 platform.

Climeon focuses on selected markets where it can build a sufficiently large and sustainable business, offering customers a profitable investment that also contributes to their sustainability goals. Profitability assessments are based on a variety of factors, including the prevailing energy situation, electricity and fuel prices, carbon emissions costs, capital costs, product and installation costs, operating expenses, and political and regulatory frameworks.

Climeon also evaluates the technical feasibility of each customer's application, such as the availability of heat within the right temperature range and access to

cooling—which, in many cases, is more difficult and costly than accessing heat. This can significantly affect installation project costs. These detailed assessments, performed in collaboration with customers, also make the sales cycles relatively long.

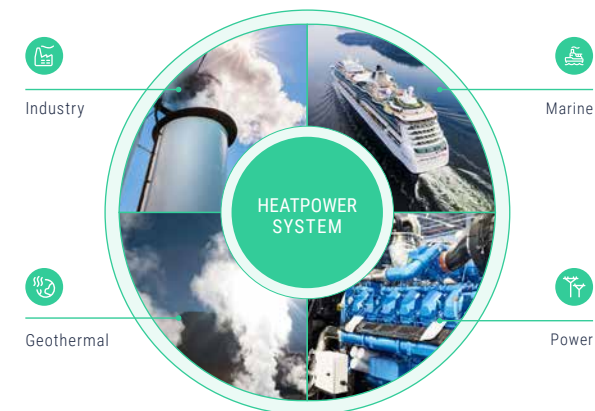
Climeon's sales and customer engagement are primarily managed from the company's headquarters in Kista, Sweden, which also houses its test facility. The company relies mainly on direct sales, but also works with local sales partners in selected geographic markets. Support services are provided either by Climeon employees or by contracted and trained personnel.

Development in 2024

In 2024, additional HeatPower units were produced, installed, and commissioned across Climeon's core sectors: marine, energy, and industry. Growing customer demand to reduce fuel consumption, lower CO₂ emissions, and comply with stricter environmental regulations led to continued increases in inquiries from all of Climeon's priority markets—including geothermal and various geographic regions. Climeon is currently in active dialogue with customers across all these segments.

To raise awareness of the benefits of converting waste heat into electricity—and of Climeon's HeatPower solution—the company participated in a number of trade shows, events, and conferences. The network of sales partners was also expanded.

Climeon also continued its engagement with KCORC (Knowledge Center for ORC), an independent international organization, to further promote understanding of ORC technology and heat recovery—both in industry and academia, as well as among public authorities and regulatory bodies.



I MARITIME BUSINESS

The maritime industry currently represents a high-potential market for Climeon, driven by growing demand for energy efficiency, reduced CO₂ emissions, and lower operating costs. New environmental legislation, combined with a transition to new and more expensive fuels, is further increasing demand for the type of waste heat recovery solutions that Climeon provides.

The HeatPower 300 platform is designed for installation on both newly built and existing vessels and is optimized for larger ships with greater available heat. Based on the current product portfolio, Climeon's addressable market includes approximately 30 percent of the 1,500–1,800 new vessels built each year. In addition, an estimated 8 to 10 percent of the roughly 110,000 vessels over 100 gross tons in the existing global fleet are considered suitable—based on age and size—for Climeon's technology.

A critical factor in the customer's decision to adopt any new onboard technology is the payback period—including the cost of the product, installation, operation, and maintenance. Due to long voyage distances and the demanding marine environment, installed technologies must also be easy for the onboard crew to maintain.

As such, Climeon's development of HeatPower technology for marine applications has focused on:

- Lower cost per kilowatt-hour produced
- Robust design
- Simple installation
- Low maintenance requirements

The new HeatPower 300 is designed to offer cost-effective electricity production at temperatures as low as 85–95°C, which means that engine jacket water alone can serve as the heat source. Additionally, the system is designed to utilize seawater for cooling the ORC process, further reducing integration costs and giving Climeon a competitive edge.

Sales activities for the HeatPower 300 are primarily targeted at larger vessels within both the cruise and commercial shipping sectors. Other segments and engine sizes may also be of interest depending on the available waste heat and the vessel's operating profile.



Highest efficiency
at 85-95 degrees



Robust construction



Simple installation



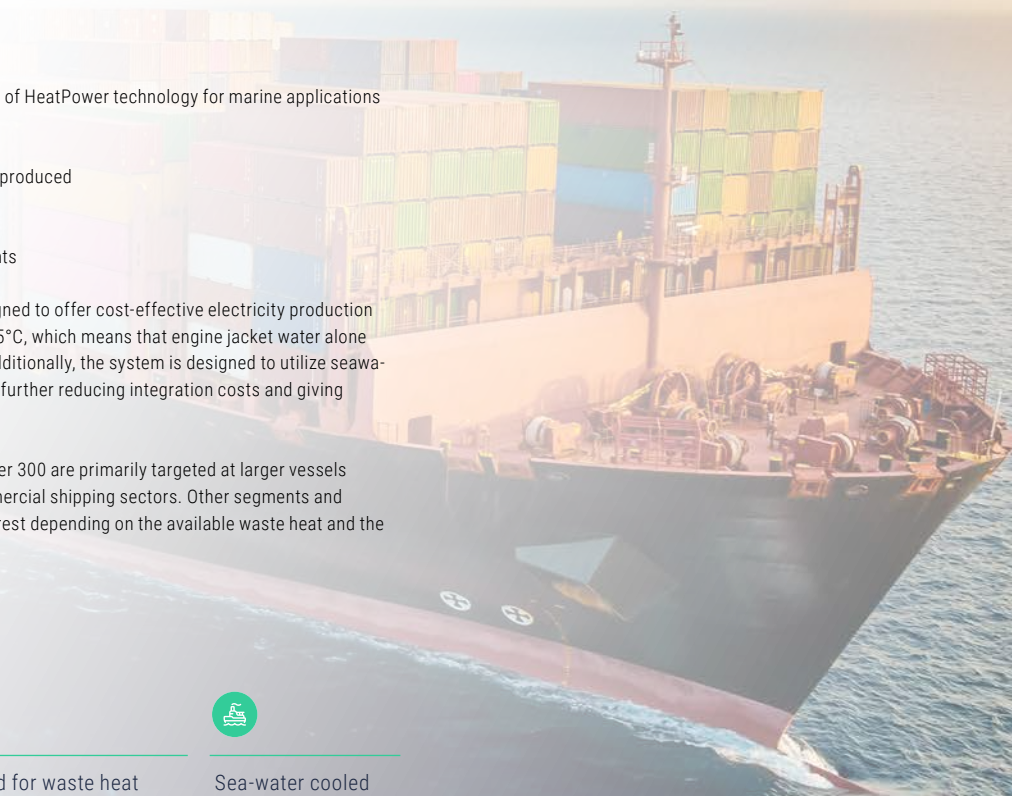
Low maintenance
costs



Optimized for waste heat
recovery from engine cooling



Sea-water cooled



At the end of 2024, Climeon announced an order for a HeatPower 300 system from the shipping company NovaAlgoma Cement Carriers, with an order value of approximately EUR 0.5 million.

Customers

Climeon's marine customers primarily consist of international shipping companies and shipyards. For installations on newly built vessels, Climeon typically signs agreements with the shipyard, although approval from the shipowner is in most cases a prerequisite for finalizing a contract. Sales cycles generally range from one to three years, and Climeon's sales efforts target both shipowners and shipyards. Shipowners focus on energy efficiency, payback periods, and technical requirements—the latter being especially important given that a vessel's expected lifespan is at least 25 years. Shipyards, on the other hand, are primarily concerned with price, technical specifications, installation costs, and delivery times.

As shipowners, operators, and shipyards aim to meet tightening regulations, maximize energy efficiency, and reduce operating costs, it becomes increasingly clear that waste heat recovery systems like Climeon's HeatPower can be part of the solution. Today, the shipping companies operating larger vessels—such as container ships, Ro-Ro, tankers, bulk carriers, and cruise ships—are leading the way in this transition, and these are also Climeon's primary target customers in the marine market.

Development in 2024

The shipping industry has already implemented many of the most accessible and cost-effective measures to reduce greenhouse gas emissions. These include operational changes like reduced speeds, weather-optimized routing, and hull maintenance schedules, as well as technical improvements such as enhanced hull coatings, main engine upgrades, propeller optimization, and reductions in onboard electricity demand through LED lighting and efficient heating systems.

However, with the introduction of stricter environmental regulations—such as the EU Emissions Trading System (EU ETS), which in 2024 for the first time included the marine sector, and the upcoming FuelEU Maritime regulation (effective 2025), alongside the IMO's new



With growing global pressure to cut emissions and rising fuel costs, Climeon's HeatPower 300 is emerging as a go-to solution for shipowners and shipyards looking to future-proof their fleets.



and more ambitious GHG targets—shipping companies are now required to adopt additional measures and technologies. These include wind-assisted propulsion, solar panels, air lubrication systems, and waste heat recovery systems.

Over the past year, Climeon has observed a growing awareness across the maritime sector of the value of waste heat recovery. More shipowners are specifying ORC technology for newbuilds, and the quality of those specifications is improving. Climeon has increased its focus on the expanding Chinese shipbuilding market, where several projects have been identified as well-suited for integration of the HeatPower 300.

Climeon also initiated concrete discussions with South Korean shipyards regarding the integration of its technology in new vessels. In parallel, the company continued dialogue with European shipowners regarding both retrofit and newbuild installations.

Interest in Climeon's HeatPower solutions has remained strong, with a continuous increase in inquiries since the launch of the HeatPower 300.

However, higher-than-expected inflation during 2023 and 2024 has driven up newbuild prices at shipyards, causing many customers to postpone investments in energy efficiency technologies—such as waste heat recovery systems—until after vessel delivery, intending instead to install them as retrofits. This has led to longer sales cycles than originally anticipated.

At the end of 2024, Climeon announced an order for a HeatPower 300 system from NovaAlgoma Cement Carriers. The system is intended for a newbuild in China, set to become the world's largest dry cement bulk carrier, and the first of its kind to operate on both traditional fossil fuels and methanol. For Climeon, this order represents another important reference project in China—the world's largest shipbuilding market—and also marks the company's first marine customer in the bulk carrier segment. Delivery is scheduled for 2025.

During the year, Climeon also completed the delivery of six HeatPower 300 systems to HD Hyundai Heavy Industries (HD-HHI), and installation began on AP Moller-Maersk's new container vessels. Planning for the first retrofit delivery of a modular HeatPower 300

system for existing container ships was also finalized in 2024, leading to successful delivery and installation in early 2025.

Climeon participated in major maritime exhibitions during the year, including Maritime Day in Åland, the Posidonia Exhibition in Greece, and in September, exhibited at SMM Hamburg, the world's largest marine industry trade show. Numerous shipping companies and shipyards visited Climeon's booth and engaged in in-depth discussions about integrating Climeon's technology into both new and existing ships.

The EU-funded Horizon 2020 project CHEK, aimed at developing a platform for future energy-efficient, low-emission ships, concluded during the year. Climeon's participation in CHEK provided strong opportunities to showcase the HeatPower 300 to potential customers and partners, and to influence policy and regulations related to green innovations such as Climeon's technology.

Climeon continued to build its global sales and service partner network to ensure strong local presence and market insight in key shipowning and shipbuilding countries. In 2024, Climeon signed partnership agreements in Greece (the world's largest shipowning country by number of vessels), as well as in South Korea and China, the largest shipbuilding nations. These local partnerships enable Climeon to maintain parallel conversations with a broad range of shipowners and shipyards across key marine markets.

For existing HeatPower 150 customers, Climeon continues to provide service, spare parts, and support to ensure operational performance on cruise ships operated by Viking Line, Havila Voyages, and Virgin Voyages, as well as Maersk's container vessels where HeatPower installations are either completed or ongoing.

Outlook

The growing number of well-specified and detailed customer inquiries during 2024 is a clear sign of the steadily increasing interest from the marine market in waste heat recovery using ORC technology. The fact that these systems are now also being specified as standard energy efficiency solutions by both shipyards and shipowners will, in the future, contribute to shorter procurement cycles and increased business for Climeon.

After several years of limited growth, the maritime industry is now increasing investments in new vessels, both to replace an aging fleet and to comply with new, stricter environmental regulations. This past year marked the first time the maritime industry was included in the EU Emissions Trading System (EU ETS), but it won't be until the latter part of 2025 that the actual costs of reported greenhouse gas emissions will be reflected in the cost reporting of operators and shipowners.

Climeon can already see that the rising costs of fossil energy could result in the payback time for a HeatPower 300 system being cut in half by 2030. While actual savings are customer-specific, it's clear that the incentives to invest in waste heat recovery are increasing year by year.

In addition to the new vessels built annually—many of which are suited for Climeon's current HeatPower 300—the large base of existing ships provides a substantial long-term customer potential. Repeat orders for series-built sister vessels also enable scalable sales growth over time.

With a well-executed strategy to expand its network of sales representatives and service partners, Climeon will be well-positioned to increase its presence in key markets where its most important customer groups are located.

“ A growing number of well-specified and detailed customer inquiries is a clear sign of the steadily increasing interest from the maritime market in waste heat recovery using ORC technology.”



ENERGY & INDUSTRY BUSINESS

>500°C
HIGH TEMP

200-500°C
MEDIUM HIGH TEMP

100-200°C
MEDIUM LOW TEMP

<100°C LOW TEMP
CLIMEON



The energy and industrial sectors span a diverse range of markets and customer segments, all connected by the vast amounts of heat they generate—most of which remains unused. This includes waste heat from industrial operations and chemical processes, thermal energy from combustion in power stations, and geothermal energy from beneath the Earth's surface.

Climeon's HeatPower technology is designed to efficiently convert waste heat streams within the 75–105°C range into electricity, maximizing energy production from this abundant resource. Optimized for this temperature range, it enables industries and power plants to cost-effectively utilize low-grade heat that would otherwise go to waste. Higher electricity prices and stricter environmental legislation are driving demand for waste heat recovery solutions like HeatPower, making it an increasingly valuable technology for improving energy efficiency and reducing operational costs.

Within the Energy and Industrial markets Climeon has prioritized its sales efforts in Europe, where industrial decarbonization targets, carbon pricing mechanisms, and energy efficiency policies drive demand for waste heat recovery. The EU's regulatory framework incentivizes industries to reduce emissions, lower energy consumption, and generate on-site electricity to mitigate exposure to energy price volatility. Geopolitical factors have further emphasized the need for energy independence, pushing industries to reduce reliance on external energy sources. Various available support programs for investments in energy efficiency solutions also create favorable conditions for a strong project economy for customers.

Another key factor in ensuring a favorable project economy for customers is access to cooling solutions that allow for the lowest possible cooling water temperature. If the installation does not have access to cooling water from sources such as the sea, lakes, or rivers, air cooling must be used, which means that ambient temperature must be considered when selecting a market.

Countries with a high average temperature throughout the year are therefore not a prioritized market for Climeon at present. However, the feasibility of each incoming project inquiry is, of course, evaluated on a case-by-case basis.

Industries such as cement, glass, iron, steel, petrochemicals, paper, and food & beverage generate substantial low-temperature waste heat. Climeon's HeatPower technology is designed to capture and convert this heat into electricity, enhancing energy efficiency and reducing dependency on external power. Recent EU initiatives, such as the Clean Industrial Deal, are increasing support for waste heat recovery and energy efficiency measures, making this an opportune time for industrial companies to adopt ORC-based power generation.

Climeon also targets the stationary engine power sector, with a focus on the UK, other island nations, and industrial sites where engines are used for on-site backup power—environments where intermittent renewable energy is common and grid stability can be a challenge. HeatPower technology increases the power plants' efficiency, enabling them to generate more electricity from the same fuel input. As a result, HeatPower enables power plants in reducing fuel use and emissions, which improves their ability to deliver low-carbon electricity and strengthens their competitiveness in capacity auctions and long-term grid supply contracts.

Geothermal energy is another interesting area where Climeon has extensive experience from installations in Iceland and Japan. Geothermal power is a reliable

In 2024, land-based HeatPower modules with a combined capacity to produce over 1 MW of green electricity were installed and commissioned.

renewable energy source, but high capital costs, geographic limitations, and limited awareness have slowed the adoption of low-temperature geothermal solutions. Climeon's HeatPower system enables efficient power generation from geothermal sources as low as 75°C, reducing drilling costs and financial risks. Its modular, scalable design makes projects more economically viable, expanding opportunities beyond traditional high-temperature regions. As awareness and policy support grow, low-temperature geothermal is poised for wider adoption.

As in the maritime sector, sales cycles in the energy and industrial markets are typically long, ranging from one to three years. Industries must assess heat availability, evaluate operational impact, and analyze logistical and financial feasibility, often with Climeon's support. Additionally, government grants and incentives for energy efficiency and waste heat recovery play a key role in investment decisions, improving the financial viability of projects. Once assessments are complete, companies weigh budget constraints, regulatory requirements, and return on investment before moving forward.

Customers

Within the industrial sector, Climeon primarily targets industrial owners, as they are the ones with the clearest incentives to improve efficiency and reduce environmental impact. Climeon also markets its technology to consulting firms tasked

with identifying energy-saving solutions for industrial clients, as well as to EPC companies (engineering, procurement, and construction firms) that carry out modernization and energy efficiency projects within the industry.

In the energy production sector—for example, among users of stationary engines for electricity generation—Climeon's customers fall mainly into three categories: power plant owners, plant operators, and EPC firms specializing in the development and construction of power plants.

Development in 2024

In the first quarter of 2024, Climeon—together with industrial partner Termolink—installed the first HeatPower 300 units at NEO Group's facility in Lithuania. Regulatory approval for commissioning was granted in early summer, and since then, the HeatPower units have been generating sustainable electricity on-site from residual heat produced during manufacturing.

NEO Group is one of Europe's largest producers of PET resin, used for making PET bottles and other products. The company manufactures over 450,000 tons of resin annually, accounting for 14% of total European production. The installed Climeon units can produce up to 490 kW of electricity, contributing to greater energy efficiency in the facility and helping the company reduce its electricity costs.



During the year, Climeon also commissioned four modules of the earlier HeatPower 150 product generation at the Rhodesia power project in the UK, operated by Climeon's British customer Landmark Power Holdings. These modules have a combined installed capacity of 600 kW. Discussions with Landmark regarding future power plant projects in the UK have taken place and will continue into the following year.

2024 was characterized by strong commercial momentum, with Climeon engaging extensively with both existing and prospective customers across key target sectors. The company actively advanced a number of opportunities—particularly in European markets—presenting proposals to potential clients in multiple countries. The majority of these opportunities centered on process industry applications, stationary engine-based power plants, and geothermal energy projects.



In several markets, geothermal is emerging as a compelling alternative—especially where conditions limit the viability of wind, hydro, or solar.

In addition, Climeon is actively exploring the integration of its HeatPower technology into land-based engine power projects with customers in the United Kingdom.

Numerous customer site visits were conducted across different regions in Europe and across all target market segments. Climeon also participated in industry events including the Energy Tech Summit in Spain, Sustainable Business in Stockholm, and PowerExLive in the UK.

Outlook

Within the spheres of industry and energy, the potential for Climeon's HeatPower technology to contribute to greener electricity production spans globally. The number of applications and potential customer segments is enormous, as waste heat is present in practically all industries. Even though Climeon has chosen to initially focus on a few of these applications in selected countries in Europe, the goal is to expand the market to other countries. Initially, the company is working on countries that have the greatest focus on energy efficiency and transition to more renewable energy sources.

In the realm of geothermal energy, leveraging its experiences in Iceland and Japan, Climeon sees good opportunities for specific projects with suitable technical and commercial conditions. The projects that are being discussed today, and that may be of interest to Climeon, are at an early stage, and it will likely take some time before they are realized. The geographic markets considered to be most interesting are North America and Eastern Europe.

Climeon's assessment is that the industrial and energy market will likely account for a growing part of the company's growth over the coming years.



PRODUCT DEVELOPMENT AND IP

Since its founding, Climeon has developed products for converting heat into electricity using ORC (Organic Rankine Cycle) technology. The company has branded its technology and product line under the name HeatPower.

For a more detailed description of the technology, see the section Climeon Technology – This is HeatPower

Product development and detailed engineering are carried out by Climeon's R&D department in collaboration with component suppliers. From the outset, Climeon has pursued a modular design philosophy, allowing the company to adapt the core HeatPower product to customer-specific conditions with minimal modifications. Over the years, the technology has evolved from a system capable of producing 50 kW of electricity to the HeatPower 300 platform, launched in 2022, which—under optimal heat and cooling conditions—can deliver up to 355 kW. The product is suitable for both marine applications and land-based stationary installations. In addition to offering customers attractive payback periods, the new platform also creates improved profitability potential for Climeon.

HeatPower 300 is a product platform, and as inquiries from various customer segments grow, multiple technical variants of the platform are being developed to meet specific needs. The system has been designed to comply with CE requirements for the European market and applicable Grid Codes—the technical standards required for connecting equipment to national power grids in different countries.

In the marine sector, additional certification is required in the form of class approvals for systems installed onboard ships. Climeon currently holds principle marine design approval for HeatPower 300 from Lloyd's Register and DNV, as well as specific type approval from ABS. Climeon continuously monitors customer

interest and initiates new certification processes with additional classification bodies as needed.

Innovation is a core driver within Climeon. The company's employees bring deep expertise across their fields, and innovation is viewed as a continuous and integrated process. Climeon regularly holds "Invention Harvesting" sessions, where team members identify patentable solutions that deliver value to customers and provide competitive advantages. The goal is to protect unique technical innovations—either through patents or internal documentation as trade secrets—ensuring they support Climeon's long-term strategy.

Climeon's development workflows and its employee and consultant agreements ensure that company knowledge is documented and retained internally.

A strong portfolio of patents and trademarks underpins Climeon's competitiveness, growth, and profitability. The company follows a clear patent process and actively strengthens its IP portfolio in collaboration with both internal and external intellectual property specialists. Climeon also works systematically to ensure that its products and technologies do not infringe on the patents of others, and to protect its own IP against potential infringement.

 **355 kW**

The HeatPower 300 product platform produces up to 355 kW of electricity.

Climeon currently holds principle marine design approval for HeatPower 300 from Lloyd's Register and DNV, as well as specific type approval from ABS. The certification process with RINA has also been initiated. The equipment is CE-marked as required for European markets.

In parallel, Climeon continues to build brand strength among both existing and potential customers—through direct client engagement, as well as participation in trade shows, seminars, and industry events. The Climeon brand is legally protected in all jurisdictions where the company is currently active, as well as in markets identified for future activity.

2024 Development

In 2024, Climeon's R&D efforts were primarily focused on optimizing the performance of the HeatPower 300 and refining its design to ensure the technology remains highly competitive and cost-effective over the long term. The engineering work for the modular version of HeatPower 300, designed for the retrofit market, was completed and adapted for cost-efficient production and delivery.

The development process drew on the extensive expertise Climeon's technical teams have built over time across multiple disciplines, including project management, thermodynamics, mechanical and electrical design, software, certification, and testing.

During the year, the installation and commissioning of HeatPower 150 units in the UK involved work and testing related to compliance with G99 grid code requirements for

the British electricity grid. Following Climeon's latest marine order, the HeatPower 300 platform will also undergo certification with the Italian classification society RINA, with the process commencing in 2025.

The development of HeatPower 300 has also led to the identification of several new ideas and technical innovations, and patent applications are currently underway. Climeon's patent portfolio continues to grow: the company now holds granted national patents across twelve patent families, with two additional applications under review. Work has also progressed in the documentation and protection of Climeon's trade secrets, ensuring ownership and confidentiality are safeguarded.

In addition, Climeon has successfully renewed its ISO 9001 and ISO 14001 certifications for an additional three years.



I MANUFACTURING

Since 2016, Climeon has maintained a partnership agreement with a Swedish contract manufacturer responsible for all production. The manufacturing facility is highly flexible, allowing for rapid implementation of design changes in individual modules or adjustments to production capacity as needed.

The manufacturer also manages a significant portion of the logistics chain, from component procurement to final delivery of completed modules to Climeon.

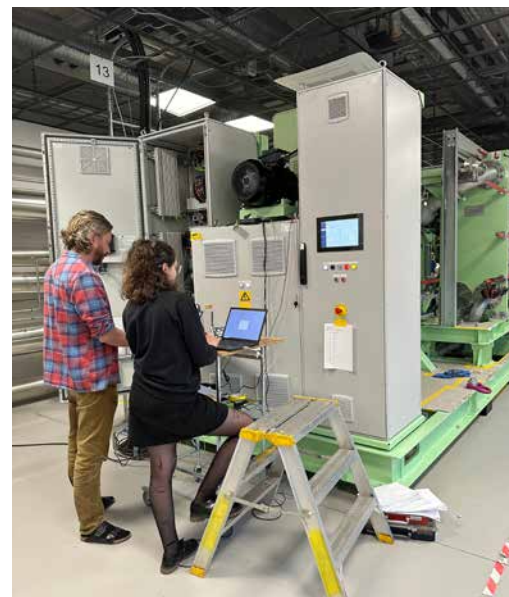
Careful selection of core component suppliers remains a key focus. All units are tested prior to customer delivery. Some tests are conducted directly at the contract manufacturer's facility, while others are performed by Climeon's own personnel at its test and development center in Kista.

2024 Developments

In 2024, Climeon achieved several key milestones. The first units of the HeatPower 300 platform were successfully delivered, installed, and commissioned. The initial delivery included two HeatPower 300 systems installed at NEO Group's PET resin plant in Lithuania. All six HeatPower 300 systems ordered by A.P. Møller-Maersk were produced and delivered to HD Hyundai Heavy Industries (HD-HHI) in South Korea. Commissioning of these systems is scheduled to take place throughout 2025.

At the end of the year, Climeon also completed production of two HeatPower 300 systems in retrofit configuration, which will be installed on existing container vessels during 2025.

Throughout the year, Climeon worked to further strengthen its collaboration with suppliers and partners to ensure production capacity, quality, material supply, and cost efficiency. The company now has a well-established and scalable production and supply chain, enabling rapid adjustments to manufacturing pace and delivery capability as required.



AFTERMARKET SALES & SERVICE

Climeon's HeatPower technology features a robust design and is engineered for ease of maintenance.

To ensure that an investment delivers a favorable return for the customer, operating and maintenance costs must remain reasonable, and the lifespan of the equipment must be taken into account.

Climeon's HeatPower products are designed for a service life of 25 years—aligned with the typical lifespan of a vessel. Throughout this period, Climeon provides spare parts, software updates, and service support to ensure that systems continue to operate effectively and meet customer expectations.

The HeatPower system is designed so that routine maintenance can be performed by the customer's own team, such as shipboard crew, a designated third-party service provider, or Climeon's own service engineers. Climeon is building a

long-term service business that is expected to grow in parallel with the increasing number of installed and operational HeatPower systems.

To support its global customer base in a cost-efficient and environmentally conscious way, and to ensure reliable system performance and rapid issue resolution, Climeon is establishing a network of external service partners. These partners are trained to match the technical proficiency of Climeon's in-house service personnel.

If needed, Climeon's experts can also provide remote diagnostics and software updates via the company's proprietary Climeon Live platform, enabling direct support from its headquarters in Kista, Sweden.



HEATPOWER 300 PRODUCT

Standardized product platform with various customer variants.



PRODUCT-RELATED SERVICES

Service team for commissioning and customer service.



SPARE PARTS

Spare parts sales.



CLIMEON LIVE

Cloud-based system for remote performance monitoring.

CLIMEON'S TECHNOLOGY

Climeon's proprietary and patented technology, Climeon HeatPower, uses an Organic Rankine Cycle (ORC) process to convert low-temperature heat into sustainable electricity.



REDUCE ENERGY COSTS



INCREASE ENERGY EFFICIENCY



LOWER CARBON DIOXIDE EMISSIONS

The hot water flow is heated by waste heat or an alternative heat source, and the cold water can either be sourced from a nearby natural resource or cooled by cooling towers. The waste heat typically comes from process cooling water, steam, and excess heat from exhaust gases, but other heat sources can also be utilized.

The ORC process is a closed-loop system that circulates an organic working fluid, which changes phase between liquid and gas as it is heated and cooled by the hot and cold water flows. These phase changes create pressure differences in the working fluid, which are used to drive a turbine and generate mechanical energy. That mechanical energy is then converted into electricity via a generator.

Climeon's HeatPower systems based on the ORC process are modular in design, built around five main components mounted on a frame:

- **An evaporator**, where the working fluid is heated by waste heat
- **A turbine/generator unit**, which converts the energy into electricity
- **A condenser**, where the working fluid is cooled by the cold-water circuit

- **A circulation pump**, which moves the fluid back into the evaporator
- **Electrical and control cabinets**, which manage the ORC process and electricity export to the external grid

Products based on the HeatPower 300 platform can deliver up to 355 kilowatts of electricity by utilizing temperature differences between hot water at 75 to 105°C and cold water at 0 to 35°C. However, the amount of electricity generated is not constant—it varies depending on the temperature differential, the flow rates, and the amount of thermal energy available.

The system uses a non-toxic, non-flammable refrigerant as the working fluid, selected for its low Global Warming Potential (GWP) and zero Ozone Depletion Potential (ODP).

CLIMEON'S TECHNOLOGY: HEATPOWER 300

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

Condenser

The gas is cooled in the condenser by a cold input source, removing the pressure and returning the working media to its fluid form.

Turbine & Generator

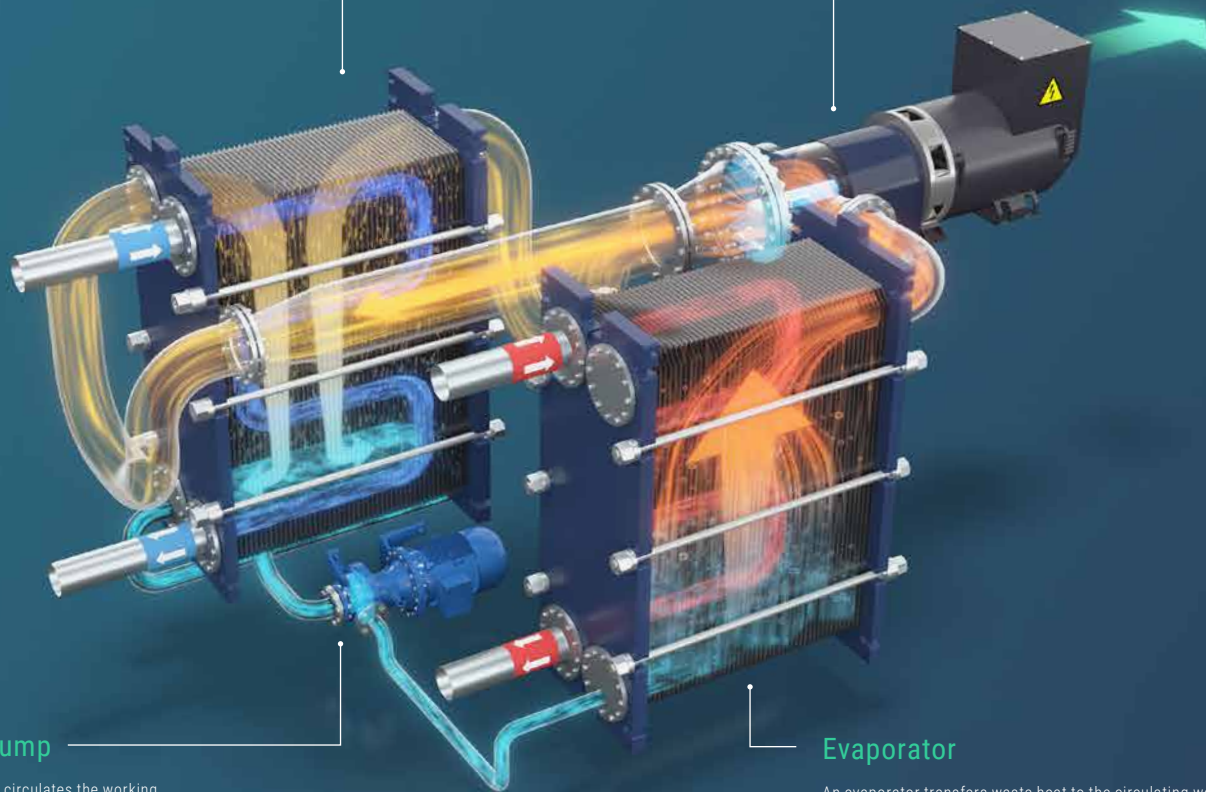
The vaporized working fluid drives a turbine, which in turn transfers energy to a generator that converts the energy into electricity.

Feed Pump

A feed pump circulates the working medium back into the evaporator.

Evaporator

An evaporator transfers waste heat to the circulating working medium, transforming it from liquid to gas form.



SUSTAINABILITY



SUSTAINABILITY AT CLIMEON

Climeon's core purpose is to contribute to a better world by reducing carbon emissions and increasing the use of sustainable electricity through solutions based on its HeatPower technology. Sustainability is embedded in every aspect of Climeon's operations—environmentally, socially, and throughout all company processes. The focus lies on minimizing environmental impact, ensuring the well-being and safety of employees, and maintaining responsible corporate governance. Climeon has identified a number of key focus areas within environmental impact, employee well-being, and responsible governance, which are monitored continuously, with ongoing improvement initiatives implemented accordingly.



Environment

CO₂ Savings
Production and Suppliers
Internal Environmental Work



Employees

Wellness and Engagement
Workplace Safety



Responsible Governance

Code of Conduct and Ethics
Policies and Monitoring

LOWERING CARBON EMISSIONS WITH CLIMEON HEATPOWER

Climeon's HeatPower systems convert waste heat into sustainable electricity, thereby enabling customers to reduce their carbon dioxide (CO₂) emissions. One of the company's key environmental metrics is the amount of CO₂ emissions that customers have avoided thanks to Climeon's HeatPower technology—a figure that is measured and tracked annually.

Depending on the energy mix and operating hours, a HeatPower 150 module can reduce emissions by up to 575 tons, while a HeatPower 300 module can achieve reductions of approximately 1,400 tons per year. This calculation is based on the amount of electricity produced and the number of operating hours per year, multiplied by the global average of grams of CO₂ per kilowatt-hour (kWh) of generated electricity.

In 2024, Climeon's HeatPower modules produced approximately 5,200 megawatt-hours (MWh) of electricity, with 75 percent of this total generated by land-based installations in Sweden, Iceland, and Lithuania. The total amount of electricity generated remained roughly the same as in 2023. However, this figure is expected to increase in 2025 as more of the installations completed in 2024 become operational.

A significant portion of the electricity in Sweden and Iceland comes from renewable energy sources, resulting in CO₂ emission reductions of approximately 232 tons. If the 2023 global average of 0.481 tons of CO₂ per megawatt-hour of electricity had been used, the savings would have amounted to 1,985 tons.

When calculating the CO₂ savings from systems installed on ships, Climeon uses data from its proprietary software, Climeon Live, to determine the amount of electricity produced in kilowatts. This value is then divided by the ship's specific fuel consumption, converted into kilowatts, to calculate the amount of fuel saved by the HeatPower module.

Different fuels contain varying amounts of carbon and therefore emit different amounts of CO₂. For example, heavy fuel oil (HFO) emits 3.11 kilograms of CO₂ per kilogram of fuel, while liquefied natural gas (LNG) emits 2.75 kilograms per kilogram of fuel. The amount of CO₂ emissions per kilogram is then multiplied by the amount of fuel saved by Climeon's HeatPower module on each ship. The result provides an estimate of the total CO₂ emissions avoided per vessel.

In 2024, Climeon's ship-based systems collectively produced 1,070 megawatt-hours of electricity, resulting in approximately 630 tons of CO₂ savings, according to the calculation model described above.


Environmental Impact of Climeon's Product, Production, and Suppliers

The Product

Climeon carefully selects methods and materials for its systems to ensure high quality, safety, and minimal environmental impact throughout the product's life cycle. This approach has been particularly emphasized in the development of the latest product generation, HeatPower 300. Even sustainable energy technologies like Climeon's have environmental impacts during manufacturing. For instance, producing a wind turbine requires significant amounts of steel and energy. Similarly, Climeon's modules utilize materials, though in considerably smaller quantities. It is only after the system has been operational for a certain period that

 575 TON

A HeatPower 150 module can reduce emissions by up to 575 tons per year.

 1 400 TON

A HeatPower 300 can reduce carbon dioxide emissions by 1400 tons per year.

Climeon carefully selects methods and materials for its systems to ensure high quality, safety, and minimal environmental impact throughout the product's life cycle.

the production of sustainable electricity offsets the environmental impact of its manufacturing—a concept known as environmental payback time.

Climeon's HeatPower modules employ a refrigerant as a crucial component of the technical process. This medium operates within a closed loop and is not handled outside the module itself. A key aspect of the development work on HeatPower 300 has been selecting a refrigerant with the lowest possible climate impact while ensuring it is non-flammable. Stricter regulations for the handling and reporting of the chosen refrigerant were implemented in 2024, and Climeon has adapted its operations and expertise accordingly. It cannot be ruled out that these or other regulations may become even more stringent, or that a ban on the use of refrigerants, even of the climate-neutral type used by Climeon, may be introduced in the future. Should this occur, Climeon would need to cost-effectively adapt its HeatPower modules to alternative refrigerants.

Production and Suppliers

When selecting suppliers, minimizing environmental impact is a prioritized factor. The goal is for all suppliers to be ISO 14000-certified or to operate according to these principles, and to have signed Climeon's Code of Conduct (see the section on Responsible Governance). For components where the production process is energy-intensive, Climeon evaluates how the electricity used by the supplier is generated. Among other reasons, this has led Climeon to manufacture its HeatPower modules in Sweden, where carbon dioxide emissions per produced kilowatt-hour are low compared to other European countries.

Climeon currently has approximately 30 direct suppliers for the current HeatPower 300 platform, enabling close dialogue with each supplier. An important part of the work is also evaluating alternative suppliers. In addition to the direct product suppliers, Climeon has agreements with about 300 suppliers for services such as facilities and consulting.

During the annual audits of direct suppliers for the company's HeatPower modules, Climeon focuses on quality, work environment, and sustainability.

CARBON DIOXIDE SAVINGS

Sustainable electricity produced (MWh)



Amount of carbon dioxide saved (tons CO₂)



Carbon dioxide savings from waste management (tons CO₂)



1 According to the 2023 world average (0,481 CO₂/MWh)

CARBON DIOXIDE EMISSIONS (TONS CO₂)

Carbon dioxide emissions from travel



Carbon dioxide emissions from freight transport



Carbon dioxide emissions from electricity and heating *



* Consumption of renewable energy



Climeon's Internal Sustainability Work

Climeon diligently monitors the environmental impact of its operations, with primary considerations including business travel, transportation, energy consumption, and waste management.

The company strives to limit travel to essential business trips and has implemented a travel policy that mandates domestic journeys be undertaken by train, and that travel to and from airports employs the most environmentally friendly options available. The recorded business travels in 2024 accounted for approximately 404 tons (467) of CO₂ emissions, representing a decrease compared to the previous year. This reduction is primarily due to Climeon's expanded network of sales partners, who support commercial activities in both the European and Asian markets.

Energy consumption for office operations, including the test facility in Kista, also contributes to Climeon's environmental footprint. In 2024, CO₂ emissions associated with electricity and heating amounted to 70 (40)



tonnes. The increase was mainly due to the testing of the HeatPower 300 modules produced and delivered during the year. The company procures electricity through its landlord and has ensured it is sourced from renewable energy. Climeon also actively engages in efficient waste recycling at its facilities, achieving a reduction of approximately 6,7 (1.5) tonnes of CO₂ emissions in 2024 through these efforts. A significant increase compared to the previous year, which can be explained by an increased focus on sorting and recycling of written-off and obsolete test equipment, as well as used test materials.

Transportation is another significant factor in Climeon's environmental impact. The company aims to conduct shipments in the most eco-friendly manner, typically utilizing trucks and cargo ships, and actively promotes consolidated shipping to minimize the number of transport operations. In 2024, CO₂ emissions from transportation totaled 20 (38) tonnes. Emissions calculations for transport and supply chain activities are based on the EcoTransIT World methodology, a tool for assessing energy consumption and emissions in global transport chains.

COMPETENT AND ENGAGED EMPLOYEES

Competent, motivated, and engaged employees are crucial for Climeon to achieve its operational and financial goals, as well as to contribute effectively to the climate transition outlined in its vision and mission. In 2024, the focus was primarily on maintaining high engagement and well-being among employees, along with complementing the organization with new key personnel.

Climeon's core values—Do Good, Be a Team Player, and Always Deliver—guide the company's efforts to foster engagement, participation, and influence in all initiatives related to vision, goal setting, and execution. All employees are involved in developing the company's objectives and work processes.

Skills and Diversity

Expertise across multiple areas is essential for Climeon to succeed in realizing its vision and ambitious goals. Therefore, the company seeks to access the entire labor market when building its leading team and recruiting new key players. Climeon is a multicultural workplace, with employees from various countries and cultures. Diversity is also important as it promotes innovation and reflects the global and multifaceted market in which the company operates. At Climeon, everyone—regardless of age, gender, or background—is treated with mutual respect and is expected to act ethically. Both within Climeon and among its suppliers, all employees, regardless of gender, age, ethnic origin, political opinions, sexual orientation, disabilities, or other factors, are given equal opportunities. Language is an important cultural carrier; therefore, English serves as Climeon's common and unifying working language.

In 2024, the average number of employees was 38 (compared to 40 in the previous year). The proportion of female employees in the company was 26% (down from 29%). In the management team, women constituted 20%, and in the board of directors, women also made up 20% during 2024.

**DO GOOD
BE A TEAMPLAYER
ALWAYS DELIVER**

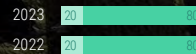
38

Number of employees (2024)



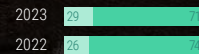
20%

percentage of women in the management team (2024)



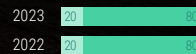
26%

Percentage of female employees (2024)



20%

Percentage of women on the board (2024)



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

Motivation and Engagement

Motivated and engaged employees are a natural part of Climeon's culture. At Climeon, all employees are expected to take significant personal responsibility, and the company strives to create engagement, participation, and influence in all initiatives related to vision, goal setting, and execution. All employees are involved in the work of developing the company's goals and work processes.

Climeon strives to have market-competitive salaries and a compensation package offered to all employees. The compensation package includes, in addition to pensions and insurance, 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 psychological and physical, is important for Climeon's high ambitions regarding a successful and sustainable operation with engaged employees.

Well-being and the opportunity to maintain a balance between private life and work are a given at Climeon. As far as possible for the tasks, Climeon offers a flexible working approach. Various health aspects are continuously monitored, both in employee surveys and in conversations between employees and their immediate supervisor.

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



Safe Work Environment

Climeon's employees often work with high voltages, hot liquids, and pressurized gases. This entails significant accident risks if the work is not performed correctly, whether it takes place at Climeon's own test facility or on-site with customers. Employee safety is of the highest priority, and the goal is for no workplace accidents to occur.

Safety awareness is a significant part of Climeon's training for all employees and also for external parties.



CODES OF CONDUCT AND ETHICS

Climeon's environmental management efforts are designed to ensure continuous improvement and compliance with recognized environmental standards.

The company has implemented two Codes of Conduct: one for employees and another for suppliers. These codes aim to ensure that both Climeon and its suppliers act ethically and sustainably in areas such as human rights, collective agreements, the right to union membership, health and safety, equality, non-discrimination, anti-corruption, and environmental impact. Climeon upholds human rights and requires all suppliers to meet at least the minimum labor law requirements in their respective countries. The company maintains zero tolerance for forced labor and actively works to prevent violations both within its operations and throughout its value chain. All suppliers have been informed about Climeon's Code of Conduct, and their compliance is evaluated annually through meetings and audits conducted by Climeon's organization.

company's employee handbook and are monitored by the Human Resources department. Quality and environmental policies are integral to the company's management functions, while safety guidelines are addressed in regular meetings of the company's safety committee. The outcomes from the safety committee are reported to Climeon's management team and presented to the board.

Climeon has been certified according to the ISO 9001 standard for quality management systems and the ISO 14001 standard for environmental management systems for several years. In 2024, the company renewed these certifications for an additional three years. Climeon's quality management system ensures that internal and external requirements are managed safely. The company also recognizes significant advantages in having clear procedures that support continuous efficiency and improvement of operations and processes.

Policies and Monitoring

In addition to the Codes of Conduct, Climeon has implemented specific policies for work environment, quality and environment, transportation, safety, and rehabilitation. Policies related to employees and the work environment are included in the



I SUSTAINABILITY INDEX AND INFORMATION

Organizational profile

Name of the organization	pg. 52
Activities, brands, products and services	pg. 16, 52
Location of headquarters	pg. 52
Ownership and legal form	pg. 52, 102
Markets served	pg. 9, 16
Scope of the organization	pg. 55-56
Information on employees and other workers	pg. 35-38, 85
Supply chain	pg. 32-34
Significant changes to the organization and its supply chain	pg. 52-53

Strategy

Statement from senior decision-maker	pg. 2
Key impacts, risks and opportunities	pg. 37-38, 59-61

Ethics and integrity

Values, principles, standards and norms of behavior	pg. 38
Mechanisms for advice and concerns about ethics	pg. 38

Governance

Governance structure	pg. 40-49
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Stakeholder engagement

List of stakeholder groups	pg. 30-32
Collective bargaining agreements	pg. 35-38
Identifying and selecting stakeholders	pg. 30-32
Approach to stakeholder engagement	pg. 30-32
Key topics and concerns raised	pg. 30-32

Reporting practice

Entities included in the consolidated financial statements	pg. 52
List of material topics	pg. 31-34
Reporting period	2024-01-01 - 2024-12-31
Date of most recent report	2024-04-18
Reporting cycle	Annual
Contact point for questions regarding the report	pg. 103
External assurance	Sustainability data not externally assured

TSEK

	2024	2023
Carbon Savings		
Sustainable electricity produced (MWh)	5,200	5,200
Saved amount of carbon dioxide (tons CO ₂)	2,615	2,453
<i>* According to the 2023 world average (0,481 CO₂/MWh)</i>		
Carbon savings from waste management (tons CO ₂)	6.7	1.5
Carbon Emissions		
Carbon dioxide emissions from travel (tons CO ₂)	404	476
Carbon dioxide emissions from freight transport (tons CO ₂)	20	38
Carbon dioxide emissions from electricity and heating (tons CO ₂)*	70	40
<i>* Consumption of renewable energy</i>		
Employees and Work Environment		
Average number of employees	38	40
- of which women	26%	29%
- proportion of women in the management team	20%	20%
- proportion of women on the board	20%	20%
Serious accidents related to work	0	0
Deaths related to work	0	0
Whistleblower incidents	0	0

CORPORATE GOVERNANCE REPORT

A blurred background image of a conference room. In the foreground, the backs of several audience members' heads are visible as they sit in rows of chairs. In the background, a person in a dark suit stands at a podium, addressing the group. The room has large windows on the right side, and the overall lighting is dim and blue-toned.

I CORPORATE GOVERNANCE REPORT

The Climeon Group comprises three companies. The Parent Company is the Swedish public limited company, Climeon AB (publ), based in Stockholm, whose B share is listed on Nasdaq Stockholm First North Premier Growth Market. In addition to the Parent Company, the Group includes the subsidiaries Climeon Japan K.K. in Japan and Climeon Taiwan Inc. in Taiwan.

Good corporate governance is a crucial component in Climeon's efforts to create value for its shareholders. We continually strive to:

- Create favorable conditions for an active and responsible ownership role.
- Achieve a well-balanced distribution of responsibility between owners, the Board of Directors, and company management.
- Maintain a high level of transparency towards owners, the capital market, employees, and society at large.

Compliance with the Swedish Code of Corporate Governance (the Code)

Climeon has applied the Code since July 1, 2019, and is committed to following best practices in corporate governance wherever possible. During 2024, the company did not deviate from any of the rules established in the Code.

Decision-making at General Meetings

Climeon's shareholders exercise their decision-making rights at the annual general meeting and any extraordinary general meetings. For further information on the share and shareholders, please refer to page 58.

Annual General Meeting

Shareholders exercise their control over the company at the AGM or, where applicable, at an Extraordinary General Meeting (EGM). Minutes from and information regarding Climeon's previous General Meetings can be found on the Climeon website.

Annual General Meeting 2024

The AGM was held on May 15, 2024. Eighteen (22) shareholders were present at the meeting, either personally or through proxies. These represented 29.9% (59.4%) of the votes. Attorney Sven Rasmusson was elected Chairman of the meeting. In connection with the meeting, CEO Lena Sundquist also gave a presentation on the operations during the past year and the first quarter of 2024. A summary of the decisions made 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.

- Re-election of Board members Thomas Öström, Håkan Osvald, and Liselotte Duthu Törnblom. Joakim Thölin and Sebastian Ehrnrooth were elected as new ordinary members of the Board. Board members Anders Lindberg and Peter Carlberg left the Board in connection with the AGM. Håkan Osvald was re-elected as Chairman of the Board.
- Re-election of the registered auditing firm Deloitte AB, where Deloitte announced that Daniel Wassberg would continue as the principal auditor.
- The auditor's fee for the period until the next AGM shall be paid according to a reasonable invoice approved by the company.
- Decision to authorize the Board to, until the next AGM, decide on new issues of B shares, convertibles, and/or warrants with the right to subscribe for B shares within the limits of the Articles of Association's boundaries for shares and share capital according to the Articles of Association in effect at the time of the issue decision.
- Decision to implement an issue comprising a maximum of 6,099,000 warrants with the right to subscribe for an equal number of B shares within the framework of a new incentive program for employees.

Extraordinary General Meeting 2024

The Extraordinary General Meeting was held on December 9, 2024. Twelve shareholders were present at the meeting, either personally or through proxies. These represented 24.8% of the votes. Attorney Ulrika Magnusson was elected Chairman of the meeting. A summary of the decisions made at the meeting is provided below.

- The meeting resolved, in accordance with the Board's proposal, to amend the Articles of Association regarding items 4-6 (limits for share capital and the number of shares).
- The meeting resolved, in accordance with the Board's proposal, to carry out a consolidation of the company's shares, whereby 10 existing shares (A and B shares respectively) are consolidated into one new share (A and B shares respectively) in a 1:10 ratio. The consolidation also means that the quota value of the share increases from 0.015 to 0.15.
- The meeting resolved, in accordance with the Board's proposal, to implement a 2024/2028 employee stock option program and to carry out an issue comprising a maximum of 1,900,000 warrants with the right to subscribe for an equal number of B shares.
- The meeting resolved, in accordance with the Nomination Committee's proposal, that the number of Board members for the period until the next AGM shall be three (3) members (previously 5) without deputies (previously 0). Re-election of ordinary Board members Thomas Öström, Joakim Thölin, and Sebastian Ehrnrooth. Sebastian Ehrnrooth was elected as Chairman of the Board. Liselotte Duthu Törnblom and Håkan Osvald resigned in connection with the Extraordinary General Meeting.
- The meeting resolved, in accordance with the Nomination Committee's proposal, to reduce the Board fees decided at the 2024 AGM, and that no compensation for committee work shall be paid.

Annual General Meeting 2025

Climeon's AGM 2025 will be held on June 10 at 15:00. Shareholders who wish to contact the Nomination Committee can do so via email: nomination.committee@climeon.com, or by mail to Nomination Committee Climeon AB, Torshamnsgatan 44, 164 40 Kista.

Nomination Committee

The instruction for the Nomination Committee adopted at the 2023 Annual General Meeting stipulates that the Chairman of the Board shall contact the four largest shareholders by voting power as of the last banking day in August, offering

each the opportunity to appoint a representative to the Nomination Committee. Should any of these shareholders decline this right, the opportunity passes to the next largest shareholder by voting power. Unless otherwise agreed by the members, the representative of the largest shareholder by voting power shall serve as the Chairman of the Nomination Committee. The Chairman of the Board may be co-opted to the Nomination Committee upon its decision.

Nomination Committee Duties

The nomination committee shall prepare proposals on the following matters to be presented to the annual general meeting for decision:

- Proposal for chairman of the meeting
- Proposal for the board
- Proposal for chairman of the board
- Proposal for fees and other remuneration for board assignments to each of the board members and remuneration for committee work
- If applicable, proposal for fees for auditors and election of auditors to the extent deemed necessary, proposals for amendments to these instructions for the Nomination Committee.

In carrying out its assignment, the Nomination Committee shall also fulfill the tasks incumbent upon it under the Swedish Corporate Governance Code, which includes forwarding certain information to the company to enable it to fulfill its disclosure obligations under the Code. No remuneration shall be paid for the work of the Nomination Committee members, except for direct expenses incurred in connection with the execution of their assignment.

Members of the Nomination Committee

The Nomination Committee for the 2025 Annual General Meeting was appointed by the largest shareholders by voting power as of August 31, 2024. The committee comprises the following members.

Name	Representing	Share of votes in % as of 08/31/2024
Thomas Öström (chairman)	Thomas Öström	15,25%

Name	Representing	Share of votes in % as of 08/31/2024
Olle Bergström	Olle Bergström	1,09%
Peter Lindell	Cidro Förvaltning and Peter Lindell	17,64%
Björn Wasing	SEB Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	4,90%
Total		38,88%

The work of the Nomination Committee, including the evaluation of the members of the Board and its work prior to the 2025 Annual General Meeting
The Nomination Committee's work begins with a review of a checklist containing all tasks to be performed in accordance with the Swedish Corporate Governance Code and the instructions established by the Annual General Meeting. A thorough understanding of Climeon's operations is essential for the Nomination Committee members to effectively carry out their duties. The Chairman of the Board is responsible for the annual evaluation of the Board's work, including the contributions of individual members. The Nomination Committee has reviewed the results of the 2024 evaluations. Additionally, the Nomination Committee conducted individual meetings with all Board members and the CEO, without the Chairman of the Board present, to ensure objectivity. Based on this information, the Nomination Committee can assess the competencies and experiences required of Board members. Furthermore, the Nomination Committee has considered the assessments of the Group and the Audit Committee regarding the quality and effectiveness of the auditor's work, including recommendations on auditors and auditor fees.

The Nomination Committee held two minuted meetings with all members present ahead of the 2025 Annual General Meeting. In addition, the Nomination Committee held one meeting without the participation of the Chairman of the Board and conducted the aforementioned interviews. Further information about the Nomination Committee's work is available in the Nomination Committee's reasoned statement.

Duties and work of the Board of Directors

The primary duties of the Board are described in Chapter 8, Section 4 of the Swedish Companies Act. This includes managing the Group's operations on behalf of the owners to best meet their interest in long-term good capital returns. The Board handles and decides on Group-wide issues such as:

- Strategies, goals, and action plans
- Appropriate organization and satisfactory management of the company
- Appropriate systems for follow-up, internal control, and risk management
- Establishment and evaluation of significant policies and guidelines
- Ensuring openness and correctness, relevance, and reliability of information disclosure
- Reviewing and following up on plans, budgets, and similar matters, as well as taking a position on reports on the company's liquidity, capital needs, and incoming orders
- Appointing and, if necessary, dismissing the company's CEO

Composition of the Board of Directors

According to the Articles of Association, the Board shall consist of three to ten ordinary members with up to three deputies. Board members serve from the end of the Annual General Meeting (AGM) at which they are elected until the end of the next AGM. There is no limit to the number of consecutive terms a member can serve. At the Extraordinary General Meeting (EGM) on December 9, 2024, board members Thomas Öström, Joakim Thölin, and Sebastian Ehrnrooth were re-elected. Board members Liselotte Duthu Törnblom and Håkan Osvald resigned in connection with the EGM. Sebastian Ehrnrooth was elected as Chairman of the Board.

Presentations of the Board members can be found in the annual report under the section 'Board of Directors' (page 48) and on the company's website.

In preparing its proposal for the Board, the Nomination Committee has applied point 4.1 of the Code as a diversity policy, thereby considering that the Board, with regard to the company's operations, development stage, and other circumstances, should have an appropriate composition characterized by diversity and breadth

concerning competence, experience, and background. An even gender distribution should be sought. As of December 31, 2024, the proportion of women on the company's Board was 0% (20%).

Independence of the Board of Directors

Several types of independence requirements apply to the Board and its committees. Before the AGM, the Nomination Committee assesses the Board's independence. The Board has been deemed to meet the requirement that at least two of the Board members who are independent of the company are also independent of major shareholders.

Climeon has, according to agreements, engaged Board members for operational assignments to a limited extent during 2024.

Rules of procedure

Each year, the Board of Directors adopts written rules of procedure for the work of the Board in accordance with the Swedish Companies Act. The rules of procedure determine the distribution of work between the Board members, including the Board's committees, the number of regular Board meetings, matters to be dealt with at regular Board meetings and the duties of the Chair of the Board. The Board of Directors has also issued written instructions stating how financial reports are to be presented to the Board of Directors and how efforts are to be distributed between the Board of Directors and the CEO.

The Rules of Procedure require an inaugural Board Meeting to be held immediately after the AGM. The Board normally also holds a minimum of five additional meetings each year. Four of these meetings are held in conjunction with the publication of the Group's annual and interim reports.

Each meeting addresses the company's project portfolio and business development. In addition, at least one meeting addresses specific long-term strategy issues. The budget and economic outlook are addressed at the final meeting of each calendar year. Additional meetings, incl. telephone conferences, are held as required.

Duties of the Chair of the Board

The Chairman is responsible for ensuring that the Board's work is well organized, conducted efficiently, and that the Board fulfills its obligations. The Chairman monitors the operations in dialogue with the CEO. The Chairman is also responsible for ensuring that other Board members receive the introduction, information, and documentation necessary to maintain high quality in discussions and decisions and ensures that the Board's decisions are implemented. This responsibility also includes an annual evaluation of the Board's work and ensuring that the Nomination Committee receives the assessments.

The work of the Board of Directors in 2024

The number of Board meetings during the financial year amounted to 13, including per capsulam meetings, with most meetings prompted by issues and decisions related to the share issue conducted during the year, the employee stock option program, and the review of quarterly reports. Four of these meetings took place before the 2024 AGM. Board members' attendance is shown in the table below.

All regular meetings during the year followed an approved agenda, which, along with documentation for each agenda item, was provided to members before the Board meetings. Regular Board meetings typically last half a day to allow time for presentations and discussions. The CEO and CFO also attend the Board meetings. However, they do not participate in matters where there may be a conflict of interest or where it is otherwise inappropriate for them to attend, such as during the evaluation of the CEO's work. Often, someone from the Group's management team also provides an overview of a current strategic or operational issue.

In connection with the Board's approval of the interim and annual financial statements for 2024, the Board has had a review with and received a report from the company's external auditors. On this occasion, the Board also had a review with the auditors without the presence of the CEO or other members of the company management.

Throughout 2024, the Board concentrated on several key areas:

- Business Status: Addressing sales, market conditions, and order status
- Product Development: Overseeing the advancement of products.
- Financial Performance: Monitoring the Group's results, financial position, capital acquisition, liquidity, and projections for the remainder of the year.
- Future Outlook and Investments: Evaluating prospects and potential investments.
- Organization and Personnel: Assessing organizational structure and staffing.
- Collaborations and Partnerships: Managing partnerships, alliances, and addressing any disputes or potential loss risks.
- CEO Evaluation: Reviewing the performance of the Chief Executive Officer.
- Financial Reporting: Reviewing interim reports, year-end reports, and the annual report.

Members of the Board's attendance in 2024 and remuneration according to the 2024 AGM ²⁾

Namn	Board member term	Elected	Born	PRESENCE NUMBER OF MEETINGS			INDEPENDENCE		Defined remuneration, in SEK
				Board meetings	Remuneration Committee	Audit Committee	Independent in relation to the company	Independence in relation to major shareholders	
Håkan Osvald	240101-241209	2022	1954	12 (13)	1 (1)	7 (7)	Ja	Ja	252 000
Liselotte Duthu Törnblom	240101-241209	2022	1960	12 (13)		7 (7)	Ja	Ja	147 000
Peter Carlberg	240101-240531	2022	1955	3 (3)	1 (1)		Ja	Ja	0
Thomas Öström	240101-241231	2011	1973	13 (13)	1 (1)		Nej	Nej	153 000
Sebastian Ehrnrooth	240601-241231	2024	1963	10 (10)		2 (2)	Ja	Ja	220 000
Joakim Thölin	240601-241231	2024	1965	10 (10)			Ja	Ja	163 000
Anders Lindberg	240101-240531	2021	1965	3 (3)		3 (3)	Ja	Ja	0

1) In addition to board fees, no consultancy fees have been paid; see note 30.
2) The table refers to board fees for the period June 2024 - May 2025. The fees for board members elected by the Annual General Meeting are determined by the AGM following proposals from the Nomination Committee. For this period, fees have been paid as shown in the table above, excluding travel compensation. Differences may occur between the maximum fee decided by the AGM and the actual amount paid, as the actual payment during the calendar year is a combination of fees from the two most recent AGMs. For actual amounts paid, see note 8.

Remuneration Committee

The Remuneration Committee, appointed by the Board, comprised Board members Håkan Osvald (Chairman) and Peter Carlberg, with Thomas Öström serving as an adjunct member. The committee's work primarily focused on:

- Preparing the Board's 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 the company's management.
- Monitoring and evaluating ongoing and concluded programs for variable compensation.
- Overseeing and assessing the application of the guidelines for remuneration to senior executives as determined by the Annual General Meeting, along with the prevailing remuneration structures and levels within the Group.
- The Remuneration Committee held one meeting during 2024; see the table below for attendance details.

Audit Committee

The Audit Committee, appointed by the Board, consisted of Board members Liselotte Duthu Törnblom (Chairwoman), Håkan Osvald, and Sebastian Ehrnrooth, with the CFO presenting and the CEO also regularly attending. Anders Lindberg was a member of the committee until the Annual General Meeting, at which point he resigned from the Board. The Audit Committee meets with the auditor at least once a year to receive reports on observations without the presence of company management. The committee's work primarily focused on:

- Monitoring the company's financial reporting.
- Overseeing the effectiveness of the company's internal controls and risk management concerning financial reporting.
- Staying informed about the audit process.
- Reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides services other than auditing to the company.
- Assisting in the preparation of the Nomination Committee's proposal to the Annual General Meeting regarding the selection of auditors.
- Aiding in monitoring compliance with legal and regulatory requirements that have a material impact on the financial statements.
- Assisting in monitoring related-party transactions.
- Supporting the monitoring and evaluation of selected projects.

The Audit Committee held five meetings during 2024; see the table on the left for attendance details.

Legal Committee

Throughout the year, the Legal Committee held regular meetings with company management to address current legal matters efficiently. Established in 2023, the committee aimed to keep the Board updated on pertinent issues and to reduce the company's need for, and reliance on, external legal counsel. Since the 2024 Annual

General Meeting, the Legal Committee consisted of Håkan Osvald. Following the Extraordinary General Meeting in December 2024 and the departure of Håkan Osvald from the Board, it was decided to dissolve the Legal Committee. After the Extraordinary General Meeting on December 9, 2024, legal matters are handled in consultation with external legal advisors, the Board, and company management.

Auditor

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

At the 2024 AGM, Deloitte AB was re-elected as auditor for the period until the conclusion of the 2025 AGM. Authorized Public Accountant Daniel Wassberg has served as the principal auditor for the company and the Group since the 2022 AGM.

The principal auditor also participates in the AGM to describe and provide statements regarding the audit work. The company's auditor operates according to an audit plan and reports findings to the Audit Committee and Climeon's Board, both during the audit process and in connection with the approval of the annual financial statements. The auditor continuously assesses their independence concerning the company and annually submits a written statement to the Board confirming the audit firm's independence from Climeon. Over the past year, in addition to audit work, the auditors have also undertaken advisory assignments related to accounting issues. Climeon's nine-month report for the fiscal year 2024 was reviewed by the company's external auditors.

- Appointed Auditor: Deloitte AB
- Principal Auditor: Authorized Public Accountant Daniel Wassberg, who also serves as the principal auditor for companies including Permobil, Svensk Bilprovning, Stockholm Exergi AB, and AB Svenska Spel.
- Shareholding in Climeon AB: 0 shares.

The auditor's independence from the company is ensured by limiting the scope of non-audit services they may provide.

Group Management

The Board appoints the Chief Executive Officer (CEO) and, if necessary, a Deputy CEO. The CEO leads the work of the Group Management and, together with the Group's management team, is responsible for the operational activities in accordance with the Swedish Companies Act, other laws and regulations, applicable rules for stock market companies, the Articles of Association, and the CEO's instructions.

As of the beginning of 2025, the CEO of Climeon is Lena Sundquist, appointed in 2021, who has extensive and solid experience as a CEO and leader within the energy and marine industries.

At the end of the year, the Group Management 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 Jonas Måhlén.

The management team has a diverse composition and possesses the necessary expertise in business development, sales, technology, strategic procurement, finance, and communication. The role of the Group Management is to:

- Establish operational goals, allocate resources, and monitor the company's results and development.
- Provide information and documentation to support the Board in making well-founded decisions.
- Implement the strategy established by the Board, based on the annual strategic work.
- Monitor established goals, serving as a crucial tool for driving operational activities.

A more detailed presentation of the Group Management is available in the annual report under the section "Management" and on the company's website.

Code of Conduct

Being a responsible company and acting ethically is an important part of Climeon's operations. Climeon has two Codes of Conduct—one for suppliers and one for employees—that outline how staff should conduct business and behave. Climeon's Code of Conduct is available on the company's website.

Guidelines in remuneration of Senior executives

The principles governing remuneration for senior executives at Climeon are established by the Annual General Meeting (AGM). The proposed guidelines for 2024 largely align with those previously applied but have been adjusted to reflect certain amendments in the Swedish Companies Act and the Code.

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

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

Remuneration to senior executives shall be market-based and competitive, consisting of a fixed salary, pension benefits, and other benefits. Currently, no variable remuneration is paid. The fixed salary shall be individually determined based on position, competence, experience, and performance, with annual reviews. Pension terms shall be defined contribution and shall not exceed 15 percent of the fixed remuneration. The retirement age for senior executives is 65 years. Other benefits shall constitute a minor part of the total compensation and align with market practices.

The notice period for senior executives ranges from three to six months. None of the senior executives are entitled to severance pay. The Board may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons in an individual case and a deviation is necessary to meet the company's long-term interests, its sustainability, or to ensure the company's financial viability.

For further details regarding remuneration to senior executives, see Note 8.

Evaluation of principles for remuneration paid to senior executives

The principles approved by the AGM for remuneration to senior executives have been adhered to during 2024.

Share-based incentive programs

The purpose of share-based incentive programs is to foster a shared interest among the company's shareholders, key personnel, and other employees, and to strengthen long-term decision-making and goal achievement. Therefore, the Board may, when appropriate, propose that the AGM resolves to implement a

share-based incentive program. As of the end of the financial year, Climeon had two outstanding warrant programs totaling 2,796,100 Class B shares.

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

The Board of Directors' Internal Controls Report

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 seeks to provide reasonable assurance regarding the reliability of external financial reporting. Internal control includes, among other components, the control environment, risk assessment, control activities, information and communication, and monitoring.

Control Environment

Climeon's internal control environment is founded on the division of responsibilities among the Board, CEO, and other executive management. This environment sets the organizational tone and influences the control consciousness of employees, serving as the foundation for all other components of internal control by providing discipline and structure. It encompasses factors such as organizational culture, integrity, ethical values, competence, management philosophy, organizational structure, responsibilities, authorities, 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.
- Climeon's core values and Code of Conduct.
- The company's organization and way of conducting business, with clearly defined roles and responsibilities and delegation of authorities.
- The company's quality management system according to ISO 9001 and ISO 14001 and its guidelines that govern compliance with issued permits.
- Group-wide planning processes such as the budget process and employee interviews.

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

- Articles of Association
- The Board's rules of procedure with CEO instructions
- Guidelines for remuneration of Senior executives
- Code of conduct
- Insider and information policy
- Finance policy
- IT policy
- Finance and personnel manual
- Quality and environmental policy

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

Climeon's policies and guidelines are accessible to employees on the company's intranet. These documents are updated as needed to reflect applicable laws and regulations and changes in implemented processes. During the year, Climeon has worked on developing internal control and monitoring 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 outcomes with the expectations of shareholders and other stakeholders for stable, long-term value development and control. Climeon employs a structured approach to risk assessment to facilitate the identification of significant risks in processes that impact internal control over financial reporting. The following control objectives regarding financial reporting have been identified: existence, occurrence, completeness, valuation, and ownership of assets, liabilities, and business transactions. A risk matrix with associated 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 to achieve the company's objectives. Examples of control activities conducted by the company include:

- Verifying that business transactions are approved in accordance with authorization rules.
- Ensuring that the accounting process, including financial statements, complies with applicable laws, regulations, and requirements for listed companies.
- Monitoring significant irregular business transactions.
- Confirming that the valuation of assets and liabilities includes a reasonable assessment.

Information and Communication

Climeon has established information and communication channels aimed at promoting completeness and accuracy in external communication. The board approves the group's annual report and financial statements and instructs the CEO to submit quarterly reports in accordance with the board's work plan. Financial reporting is published in accordance with applicable stock exchange rules. Information to the public is communicated through Climeon's website, where quarterly reports, financial statements, annual reports, press releases, and news are published. The board and management receive ongoing reports regarding the group's position, performance, and critical operational areas. The main internal communication channels include the intranet, where quality systems, policies, guidelines, and information are published, regular information meetings for all staff, and weekly information letters.

Monitoring

The board regularly addresses the group's development work, business development strategy, financial reporting, and liquidity. The board's monitoring of internal control primarily occurs through Climeon's auditors, who review operations according to an established audit plan and annually follow up on selected parts of internal control within the framework of the statutory audit. Observations from the audit are continuously reported back to the audit committee and the board. The principal auditor also participates in at least one board meeting per year to report observations from the year's audit and operational routines. During this meeting, time is also allocated for specific discussions without the CEO or other employees present.

Internal Audit

In light of the risk assessment and design of control activities described above, the Board has decided not to establish a dedicated internal audit function.

BOARD OF DIRECTORS

Climeon's Board of Directors comprises three members elected by the shareholders, including the Chairman of the Board. The board members are elected until the Annual General Meeting in 2025. According to Climeon's Articles of Association, the board shall consist of three to ten members with a maximum of three deputies. Holdings in the company are presented as of December 31, 2024.



SEBASTIAN EHNRROOTH

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 2021

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 Öström 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 Öström is an entrepreneur and a joint founder of Climeon. Thomas Öström 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 Öström also has experience in project management, product development and business development.
Holdings in the company	Sebastian Ehrnrooth owns 180,000 Class B shares in the company.	Joakim Thölin owns 306,986 Class B shares in the company.	Thomas Öström owns 3,900,000 class A shares and 5,575,344 class B shares in the company.
Dependent/independent	Independence in relation to the Company and management, as well as in relation to the Company's major shareholders.	Independence in relation to the Company and management, as well as in relation to the Company's major shareholders.	Dependent in relation to the company and 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 March 31, 2025.



LENA SUNDQUIST
CEO since 2021



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



JONAS MÅHLÉN
Executive Vice President R&D since
2018, employed since 2016



FREDRIK NIMANDER
Chief Operating Officer since 2024,
employed since 2024



CARL FRYKFELDT
Head of Finance since 2019,
employed since 2018

Born	1975	1971	1968	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.	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.	Jonas Måhlén holds a degree in Electrical Engineering from Lund University. Jonas has extensive experience in managerial roles within project, program, and product development and as an installation manager delivering to world-leading semiconductor companies. Jonas Måhlén has international experience from Japan to the USA and most recently comes from Tobii and Myconic.	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 owns 82,436 Class B shares and holds 50,000 purchase options and 248,500 subscription options in the company.	Fredrik Thorén owns 8,102 Class B shares and holds 149,100 subscription options in the company.	Jonas Måhlén owns 83,988 Class B shares and holds 149,100 subscription options in the company.	Fredrik Nimander owns 2,477 Class B shares in the company.	Carl Frykfeldt holds 54,300 subscription options in the company.

AUDITOR

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

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Assignment and Responsibility

The board of directors is responsible for the corporate governance report for the financial year 2024-01-01 – 2024-12-31 on pages 40-49 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The Scope of the Audit

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 is significantly more limited in scope compared to an audit conducted in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. We believe that this review provides us with a sufficient basis for our statement.

Statement

A Corporate Governance Report has been prepared.

The information in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same Act is consistent with the annual accounts and the consolidated accounts and is in accordance with the Annual Accounts Act.

Stockholm, May 19, 2024
Deloitte AB

Daniel Wassberg
Authorized 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 registered office in Stockholm, hereby submit the Annual Report regarding the operations of the Group and the Parent Company Climeon AB (publ) for the financial year 2024. All figures refer to the Group for the financial year 2024, unless otherwise stated. Comparisons are made with the 2023 financial year, unless otherwise stated. The Climeon Group consists of the parent company Climeon AB and two subsidiaries in Japan and Taiwan respectively. The Parent Company's Class B shares are listed on Nasdaq First North Premier Growth Market.

Additional information is available at www.climeon.com.

Operations

Climeon is a Swedish product company operating in the energy sector, specifically within a segment of the baseload power market known as thermal power, which involves converting thermal energy—i.e., heat—into electrical energy.

Climeon's mission is to make sustainable energy accessible, reliable, and cost-effective. This is achieved through the development of industry-leading technology for the recovery of low-temperature heat. The company's vision is to reduce global carbon dioxide emissions and accelerate the adoption of sustainable energy through the development of world-leading HeatPower solutions.

The market is global in scope, and the company has previously signed sales orders with customers primarily in Europe and Asia.

At the core of Climeon's offering is the HeatPower technology and related services. The current focus is on sales of the new generation product, HeatPower 300, which was launched at the end of 2022. In addition, Climeon provides service and support offerings, installation support, spare parts, and training.

Climeon HeatPower utilizes an Organic Rankine Cycle (ORC) process to convert low-temperature heat into sustainable electricity. By providing reliable, cost-effective, and sustainably produced electricity, HeatPower can help industries and businesses improve their energy efficiency, reduce fuel consumption, and lower carbon emissions. As a weather-independent source of sustainable electricity, HeatPower contributes to a more efficient and environmentally friendly energy mix—thereby supporting the global transition toward a net-zero future.

Market

Global demand for electricity is increasing, driven by energy-intensive industries, data centers, and electrification. Despite a rise in fossil-free electricity production, greenhouse gas emissions are still not being reduced at a pace sufficient to meet global climate targets. Maritime transport accounts for nearly 3% of global greenhouse gas emissions. Stricter climate strategies, incentives, and regulations—such as the EU's Fit for 55 package, the IMO's greenhouse gas strategy, FuelEU Maritime, and the EU Emissions Trading System—are creating economic

incentives for emission reductions and are pushing for improved energy efficiency and a transition to sustainable fuels.

Unused thermal energy from industrial processes, power plants, engines, and geothermal heat from the Earth's interior is becoming increasingly valuable as attention grows on energy efficiency and renewable, fossil-free electricity. According to a study by the KCORC organization, it is estimated that at least 150 terawatt-hours of electricity could be generated annually in Europe from previously unutilized industrial waste heat. The temperature of these heat sources varies. While high-temperature heat is already widely utilized, the greatest potential lies in low-temperature waste heat—especially below 200°C—which remains largely untapped.

Climeon has therefore focused its technology on low-temperature heat, which the company defines as a temperature range between 75°C and 105°C. This is a common temperature range for cooling water used in engines, industrial processes, and power plants.

Climeon HeatPower utilizes an Organic Rankine Cycle (ORC) process to convert low-temperature heat into sustainable electricity. By providing reliable, cost-effective, and sustainably produced electricity, HeatPower helps industries and businesses improve their energy efficiency, reduce fuel consumption, and lower carbon emissions. As a weather-independent source of sustainable electricity, HeatPower contributes to a more efficient and environmentally friendly energy mix—thus supporting the global transition toward a net-zero future.

The most attractive markets for Climeon today, in terms of growth and profitability, are the maritime sector and the energy and industrial sectors. Customers in these markets have clear incentives—both financial and environmental—to invest in Climeon's HeatPower systems. There is also a strong technical match between the customers' processes and Climeon's products, expertise, and existing customer base. Together, these factors create a strong foundation for mutually beneficial business—both for the customer and for Climeon.

Geographically, the market is global. In the maritime sector, the focus is on countries with international shipping companies and shipyards, primarily located in Asia and Europe. In the energy and industrial markets, Climeon has chosen to prioritize sales in Europe, where industrial climate neutrality targets, carbon pricing, and energy efficiency policies are driving demand.

Significant Events during the Year

Developments in 2024

In the first quarter, successful Factory Acceptance Tests (FAT) were conducted for Climeon's HeatPower 300 units destined for Lithuania. The units were delivered and installed at NEO Group's industrial facility in Lithuania. Climeon's first commercial HeatPower 300 units successfully passed final testing and FAT ahead of installation and commissioning. In the presence of customer UAB Termolink, the tests covered functionality, safety, performance, and compliance with applicable legal and certification requirements prior to commissioning.

During the same quarter, the six marine units previously ordered from Hyundai Heavy Industries on behalf of shipping company Maersk were in production. Preparations for the upcoming acceptance tests of the first units were also carried out during the quarter.

The company also announced its long-term intention to divest its ownership in Baseload Capital AB. Sales partner agreements were signed for both the Korean and Greek maritime markets.

In the second quarter, Climeon continued with the installation and commissioning of the HeatPower 300 systems delivered to industrial customer NEO GROUP in Lithuania. This means that Climeon now has a complete purchasing, production, and delivery chain in place for the HeatPower 300 product platform.

During the quarter, Climeon announced a partnership with Grandbow Technology, a leading sales and service provider in the Chinese shipbuilding market. This partnership strengthens Climeon's sales efforts in the large Chinese shipyard market, from which the company is receiving an increasing number of inquiries.

The subscription period for the warrants issued in the fourth quarter of 2023 ended in June 2024, resulting in gross proceeds of approximately SEK 23 million before issuance costs. A total of 41,950,343 warrants were exercised for the subscription of Class B shares, corresponding to a subscription rate of approximately 73.5 percent.

The conditional loan of just over SEK 10 million previously granted by the Swedish Energy Agency was converted into a grant during the quarter, meaning that Climeon no longer has any outstanding loans.

The EU-funded project CHEK Horizon 2020 was completed during the quarter. In this project, Climeon collaborated with shipowners and other maritime industry stakeholders to develop the ship designs of the future, aiming for more energy-efficient vessels.

At the Annual General Meeting held on May 15, the meeting resolved on the re-election of board members Thomas Öström, Liselotte Duthu Törnblom, and Håkan Osvald, as well as the election of Joakim Thölin and Sebastian Ehrnrooth as new board members. Håkan Osvald was re-elected as Chairman of the Board.

In the third quarter, two HeatPower 300 units were commissioned at NEO Group's facility in Lithuania, and four of the six ordered systems were delivered to HD Hyundai Heavy Industries' shipyard in South Korea. Climeon has thereby established an efficient supply chain that enables rapid scaling of production and deliveries.

Climeon also continued implementing cost-saving measures to better align the organization with the company's current phase of development.

In the fourth quarter, Climeon received an order worth EUR 0.5 million from NovaAlgoma Cement Carriers (NACC) for the HeatPower 300 system. The system will be installed by a Chinese shipyard currently building bulk carriers for transporting dry cement on behalf of NACC. During the quarter, Climeon also completed the delivery of all six HeatPower 300 units for integration on six of A.P. Møller-Maersk's new 17,200 TEU container vessels. These ships, currently under construction at the HD-HHI shipyard in South Korea, will use Climeon's HeatPower 300 system to improve energy efficiency.

The Board of Directors resolved during the quarter to carry out a directed share issue of 98,425,199 Class B shares at a subscription price of SEK 0.508 per share. The share issue was successfully completed and provided the company with approximately SEK 50 million before transaction costs. Several new investors participated in the issue, as well as existing shareholders including Peter Lindell, the SEB Foundation, and MP Pensjon PK.

There were also changes in Climeon's management team during the quarter. CFO Carl Arnesson left the company and was replaced on an interim basis by Carl Frykfeldt. Fredrik Nimander was appointed Chief Operating Officer (COO) and joined the company's management team. Lena Sundquist, in addition to her role as CEO, also assumed the position of interim Head of the Energy and Industry business area.

At Climeon's Extraordinary General Meeting on December 9, it was resolved in accordance with the Board's proposal to amend the Articles of Association, including changes to the limits for share capital and the number of shares. The meeting also resolved to carry out a reverse share split of 1:10, increasing the quota value to SEK 0.15 per share. After the reverse split, the total number of shares in the company was reduced from 356,220,890 shares (3,900,000 Class A shares and 352,320,890 Class B shares) to 35,622,089 shares (390,000 Class A shares and 35,232,089 Class B shares). The reverse split was executed after the balance sheet date in January 2025.

The meeting also unanimously resolved, in accordance with the Board's proposal, to introduce a new employee stock option program for 2024–2028 and to issue up to 1,900,000 warrants entitling subscription of an equal number of Class B shares. Furthermore, the meeting unanimously resolved, in accordance with shareholder proposals: (i) to introduce a stock option program for Board members and (ii) to issue up to 348,000 warrants. The employee and board stock option programs were implemented after the balance sheet date in February 2025.

At the General Meeting, Sebastian Ehrnrooth was appointed as the new Chairman of the Board. Climeon's Board of Directors now consists of Sebastian Ehrnrooth, Thomas Öström, and Joakim Thölin.

Issues & redemption of warrants 2024

In June, the outcome of the subscription period for the series 2023:U warrants ("Warrants"), issued in connection with the Company's rights issue of units during the fourth quarter of 2023, was registered. A total of 41,950,343 Warrants were exercised for the subscription of Class B shares, corresponding to a subscription rate of approximately 73.5 percent. Climeon received approximately SEK 23 million in proceeds before issuance costs of SEK 0.1 million.

The final outcome was 41,950,343 Warrants exercised for the subscription of Class B shares, resulting in a subscription rate of approximately 73.5 percent. The subscription price for a Class B share via exercise of the Warrants was SEK 0.55, which, in accordance with the terms of the Warrants, represented 70 percent of the volume-weighted average price (VWAP) of Climeon's Class B share on Nasdaq First North Premier Growth Market during the measurement period from May 20, 2024, to May 31, 2024.

Through the exercise of the Warrants, the total number of shares in Climeon increased by 41,950,343 Class B shares to a total of 257,795,687 shares, comprising 3,900,000 Class A shares and 253,895,687 Class B shares. The number of votes increased by 41,950,343, from 250,945,344 votes to 292,895,687 votes. The Company's share capital increased by SEK 629,255.145 to SEK 3,866,935.305.

During the year, Climeon also carried out the directed share issue of 98,425,199 Class B shares, resolved by the Board on October 2, at a subscription price of SEK 0.508 per Class B share. The price was determined through an accelerated bookbuilding process carried out by Pensar By Carnegie, Carnegie Investment Bank AB (publ) ("Carnegie").

Several new investors subscribed for Class B shares in the directed issue, including Stefan Wikström and Nowo Global Fund. In addition, a number of existing shareholders participated, including Peter Lindell, the SEB Foundation, and MP Pensjon PK.

The share issue was successfully completed and provided the company with approximately SEK 50 million in gross proceeds before transaction costs. As a result of the share issue, the Company's share capital increased by SEK 1,476,377.98, from SEK 3,866,935.30 to SEK 5,343,313.29, and the total number of shares increased by 98,425,199 Class B shares to 356,220,886 shares (comprising 3,900,000 Class A shares and 352,320,886 Class B shares). The share issue resulted in a dilution of approximately 27.6 percent relative to the total number of outstanding shares in the Company after the new issue.

Order Intake and Order Backlog

Order intake for the full year 2024 amounted to SEK 6.2 million (52.0), related to HP 300 systems for the shipping company NovaAlgoma Cement Carriers as well as service and aftermarket support for existing customers. A total of 8 (1) HeatPower modules were delivered during the year. At the end of the period, the order backlog amounted to SEK 18.5 million (80.5), including 3 (18) HeatPower modules.

Events After the Balance Sheet Date

In February, Climeon announced the completion of the first of two planned retrofit installations of HeatPower 300 on board a global container ship. The company also announced the completion of the commissioning of four HeatPower 150 units at Landmark Power Holdings' power plant in Rhodesia, UK.

All measures decided upon at the extraordinary general meeting of Climeon AB on December 9, 2024 have been implemented during the period, including the change of chairman of the board to Sebastian Ehrnrooth, a reverse split of the company's shares where ten existing shares are merged into one new share, and a staff option program for all employees including the board of directors of Climeon.

An inventory write-down of SEK 14 million has been made of input goods and components for the previous product generation HP150. The inventory write-down has no liquidity impact.

In May, it was announced that Climeon had completed the delivery and commissioning of a HeatPower 300 system on board an existing container ship operated by a global leader in shipping and logistics. The project refers to retrofit installation on board the existing vessel, the system is now fully operational and generates electricity from excess heat on board.

In May, it was also announced that a directed share issue had been resolved and carried out. The Board of Directors of Climeon resolved on a directed share issue of 6,960,584 Class B shares at a subscription price of SEK 4.31 per Class B share, corresponding to issue proceeds of approximately SEK 30 million before transaction costs. The Share Issue entails that the Company's share capital increases by SEK 1,044,087.60, from SEK 5,343,313.35 to SEK 6,387,400.95 and the number of shares increases by 6,960,584 Class B shares, to a total of 42,582,673 shares (divided into 390,000 Class A shares and 42,192,673 Class B shares). The Share Issue entails a dilution of approximately 16.35 percent in relation to the total number of outstanding shares in the Company after the Share Issue.

Development/comments of business, position and profit/loss

TSEK	2024	2023	2022	2021	2020
Net sales	42,587	6,186	13,932	43,334	58,906
Operating profit/loss	-102,304	-102,580	-115,812	-135,650	-101,897
Profit/loss before tax	-103,674	-135,696	-125,905	-139,883	-85,475
Total assets	323,015	423,972	488,242	636,319	258,918
Equity ratio ¹⁾	89.2%	76.4%	74.8%	66.7%	61.6%
Return on equity ²⁾	neg	neg	neg	neg	neg
Return on assets ³⁾	neg	neg	neg	neg	neg
Average number of employees	38	40	41	79	62

1) Adjusted equity / Total assets. Adjusted equity refers to equity + untaxed reserves less deferred tax liability.

2) Profit/loss for the year / Average adjusted equity

3) (Profit/loss after financial income and expenses + interest expense) / Average total assets

Further Information Regarding Geopolitical Conflicts

Climeon is not currently directly affected by ongoing geopolitical conflicts around the world, including the escalating tensions in the Middle East and the Red Sea region. Nor is the company currently impacted by newly introduced or proposed tariffs. However, Climeon is closely monitoring developments and is prepared to act proactively to mitigate any potential negative impacts.

Organization of the Company

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

At the Extraordinary General Meeting held on December 9, Sebastian Ehrnrooth was appointed as the new Chairman of the Board. The Climeon Board of Directors now consists of Sebastian Ehrnrooth, Thomas Öström, and Joakim Thölin.

At the end of the year, the Group Management Team consisted of CEO Lena Sundquist, Head of Finance Carl Frykfeldt, Executive Vice President Marine Fredrik Thorén, Executive Vice President R&D Jonas Måhlén, and Chief Operating Officer Fredrik Nimander, who joined in the second quarter of 2024.

Net Revenue

Net revenue amounted to SEK 42,587 thousand (6,186). The revenue for the year primarily relates to hardware deliveries of the new product generation HeatPower 300 systems, as well as service and aftermarket support provided to geothermal and maritime customers.

Since 2021, Climeon has been undergoing a transition between different product generations, with the finalization and testing of the new product generation HeatPower 300 system continuing throughout 2023–2024. The product was launched in autumn 2022 for both the maritime and land-based markets. During 2024, HeatPower 300 systems were produced, delivered, installed, and commissioned at customer sites. Sales began in 2023 and started generating revenue in 2024 and beyond.

Capitalized Work for Own Account

Capitalized work for own account amounted to SEK 9,535 thousand (9,743). The capitalized work mainly refers to the development of the new product generation HeatPower 300, consisting primarily of internal labor.

Operating Result

The operating result amounted to SEK -102,304 thousand (-102,580), including non-cash one-off items totaling SEK 0.3 million (-11.2) for the year. These include a positive item of SEK 10.3 million related to the conversion of a loan into a grant, and a negative item of approximately SEK -10.0 million from inventory write-downs. The improvement in operating result compared to the previous year is primarily attributable to controlled cost reductions aimed at improving operational efficiency.

Tax

The company reported no tax expense for either of the comparative periods, as no taxable income was recognized.

Climeon has unutilized tax loss carryforwards totaling SEK 925.2 million (801.4), the tax effect of which has not been recognized as a deferred tax asset on the balance sheet. These carryforwards have no expiration date.

Finance Result

The result for the period was SEK -103,674 thousand (-135,768) and was affected by the factors described under "Net Revenue" and "Operating Result." Net financial items amounted to SEK -1,369 thousand (-33,116), including currency exchange effects and the revaluation of Climeon's holding in Baseload Capital Sweden AB. The shares are measured at fair value through profit or loss. The value change for

the year, based on Baseload's forecasts and financial results, amounted to SEK -30,245 thousand (-28,836).

Cash Flow

Operating Activities

Cash flow from operating activities amounted to SEK -83,366 thousand (-90,044). The change compared to the previous year is mainly attributable to a negative change in working capital, which was not fully offset by a slightly improved operating result. The change in working capital during the year primarily relates to reduced accounts receivable and lower trade and other short-term payables.

Investment Activities

Cash flow from investing activities amounted to SEK -30,533 thousand (-22,436). The change is primarily due to an increased investment rate in intangible assets, mainly related to the development of the new HeatPower 300 product generation.

Financing Activities

Cash flow from financing activities amounted to SEK 62,686 thousand (50,732). The inflow was primarily attributable to proceeds from a share issue totaling approximately SEK 68,412 thousand, offset by repayments of short-term loans of approximately SEK -5,726 thousand.

Liquidity and Financial Position

As of December 31, 2024, equity amounted to SEK 288,108 thousand (323,841). The company's cash balance was SEK 26,335 thousand (77,550). For details, see the "Cash Flow" section above.

Personnel

The average number of employees during the year was 38 (40), of whom 26 percent (29) were women and 74 percent (71) were men. At year-end, the number of employees was 35 (41)

Principles for Remuneration of Senior Executives

The Board of Directors proposes that the Annual General Meeting 2025 resolve to adopt the following guidelines for remuneration to Board members, the CEO, and other senior executives in Group management. The guidelines are largely based on those previously adopted but have been updated in certain areas in response to, among other things, new regulations. These guidelines apply to agreements entered into after the AGM decision, as well as any amendments made to existing agreements after that point. The guidelines do not cover Board fees decided by the AGM or issues and transfers governed by Chapter 16 of the Swedish Companies Act.

Remuneration and Forms of Remuneration

Remuneration to senior executives shall be market-based and competitive, and consist of fixed salary, pension benefits, and other benefits. Currently, no variable compensation is paid. The Board will consider this going forward based on the company's long-term interests, sustainability objectives, and the need to ensure financial viability in line with these guidelines. Below are the potential forms of remuneration:

Fixed Salary

Remuneration to senior executives is based on a market-level fixed salary, individually determined based on role, competence, experience, and performance. Fixed salaries are reviewed annually.

Stock-based Incentive Programs

To strengthen long-term commitment and goal fulfillment, the Board may propose the adoption of share-based incentive programs.

For more information on current programs, see Note 8 of the 2024 Annual Report and the company's website at www.climeon.com.

Pension

Pension terms should be market-based and aligned with practices for similar roles in the market, as well as tailored to each executive's expertise and the company's financial structure. Pension benefits, including disability insurance, should be defined-contribution. Pension premiums for defined-contribution pensions may not exceed 15 percent of the fixed salary. The standard retirement age is 65.

Further details are provided in Note 8 of the Annual Report.

Other Benefits

In addition to salary and pension, all senior executives are offered health insurance and, in some cases, a company car. These benefits represent a minor portion of total compensation and align with standard market practice.

Terms on Termination

The notice period for senior executives is a maximum of six months. None of the senior executives are entitled to severance pay.

Salary and Employment Terms for Other Employees

In preparing these guidelines, the Board has taken into account the total compensation, components, and growth trends for the company's employees, which has served as background when assessing the appropriateness and limitations of the guidelines.

Decision-Making Process for Establishing, Reviewing, and Implementing the Guidelines

The Board has established a Remuneration Committee responsible for preparing matters related to senior executive compensation. The committee monitors and evaluates any variable compensation programs, application of the guidelines, and overall compensation structures and levels within the company. It also reviews the guidelines and, where necessary, proposes amendments to the Board.

The Board is responsible for proposing new guidelines at least every four years, and for submitting them to the General Meeting for approval. The guidelines remain in effect until new ones are adopted. The CEO or other members of the executive management do not participate in Board decisions on compensation matters in which they are affected. All decisions aim to avoid and manage conflicts of interest in accordance with the company's conflict of interest policy adopted by the Board.

Remuneration for Board Members

Board members elected by the General Meeting may, in special cases, receive compensation for work performed on behalf of the company outside of their Board duties. Such compensation must be market-based and approved by the Board.

Deviation from the Guidelines

The Board may decide to temporarily deviate from the guidelines, in whole or in part, if specific reasons justify such deviation and if it is necessary to serve the company's long-term interests, sustainability, or financial soundness.

Other

The total remuneration and benefits provided to senior executives during the year are specified in Note 8 of the 2024 Annual Report.

Expected Future Development

Going forward, the company will continue to focus on the maritime segment, where the business potential of the current product portfolio based on the HeatPower 300 system is estimated to cover approximately 30 percent of the 1,500–1,800 new ships built each year. Around 8 to 10 percent of the existing global fleet of approximately 110,000 vessels with a gross tonnage over 100 tons is considered an attractive target market for Climeon, based on vessel age and size as well as compatibility with the company's current product variants.

In the maritime market, the increasing number of detailed customer inquiries during 2024 reflects growing interest in waste heat recovery using ORC technology. These solutions are now increasingly being adopted as standard for energy efficiency by both shipyards and shipowners, which is expected to lead to shorter procurement cycles and a higher number of orders.

Following a period of limited growth, investments in new vessels are now increasing in the maritime industry, both to replace aging fleets and to meet stricter environmental regulations. 2024 marked the first year that the maritime sector was included in the EU Emissions Trading System (EU ETS), but the actual cost implications of emissions will become clearer at the end of 2025. Rising fossil fuel costs may potentially cut the payback time for HeatPower 300 systems in half by 2030, creating stronger incentives to invest in waste heat recovery.

In addition to newly built ships, the large existing fleet represents a long-term market opportunity. Repetitive orders for sister vessels also support increased sales over time. Through a strategic expansion of its sales representative and service partner network, the company plans to strengthen its presence in key markets, thereby enabling broader customer engagement.

In the energy and industrial markets, power plants with combustion engines continue to play an essential role in grid stability, particularly as the share of intermittent renewable energy increases. As the industry shifts toward renewable and fossil-free fuels, both sustainability and operating costs rise—making more efficient fuel use

critical for profitability. Climeon's HeatPower technology offers a scalable and cost-effective solution for improving power plant efficiency, reducing fuel consumption, and cutting emissions.

In the geothermal sector, continued potential remains based on experiences in countries such as Iceland and Japan. Projects involving low-temperature heat sources are still in the early stages, but advancements in technology, new financing models, and improved regulatory frameworks are strengthening the market. North America and Eastern Europe are emerging as promising growth regions for cost-effective geothermal power generation.

Against this backdrop, the maritime industry is expected to lead Climeon's future growth. However, the company also anticipates that the energy and industrial sectors will play an increasingly important role, as these industries seek sustainable and economically viable solutions to improve efficiency and reduce emissions.

In addition, Climeon will continue its ongoing efforts to improve its production and supply chain processes to ensure timely delivery and high quality for both current and future customer projects. These efforts will continue in the coming years and form an important part of the company's ongoing commercialization strategy.

Currently, the company is assessed, within a twelve-month period, to be in need of external financing to be able to continue conducting operations. Such financing may come from existing or new shareholders, or from third parties through public or private financing options. The company's financial statements have been prepared with the assumption of going concern, but there is also an uncertainty factor regarding the availability of capital during this period. Climeon's focus will thus continue to be to nurture and plan for the company's cash flow and liquidity in both the short and long term.

Research and Development

Climeon's primary asset is its HeatPower technology, along with the ideas and intellectual property associated with it. Through continuous innovation and development, Climeon strives to enhance the performance, quality, and cost-efficiency of the HeatPower products to deliver greater value to customers than competitors. To strengthen competitiveness, improved or new solutions are protected through patents or as trade secrets. All product development is based on customer needs, with the goal of creating value for the customer, Climeon, and the environment.

Product development and detailed engineering are carried out by Climeon's development team in collaboration with component suppliers. Since its inception, Climeon has developed its HeatPower products with a modular mindset, allowing the company to offer customized solutions tailored to each customer's needs through minimal configuration of a core product. The products are adaptable for various vessel types as well as stationary land-based installations.

Climeon invests in innovation and patent protection through a structured IP process and continuous idea evaluation. The company works systematically to strengthen its patent portfolio and avoid patent infringements. The brand is protected in relevant jurisdictions and reinforced through trade fairs and customer interactions. Through Climeon's development processes and contractual agreements with employees and consultants, the company ensures that knowledge is documented and retained internally.

The current focus is on improvements, cost optimization, and customization of products based on HeatPower 300. Product development also includes significant adaptations to requirements and regulations concerning, for example, marine certification, grid codes, and CE marking for the European market.

All research and development of the HeatPower technology is conducted in-house at Climeon, which also handles all marketing and sales. The actual production of system modules is carried out by third-party suppliers, after which installation and commissioning are handled by Climeon's service and support team..

Seasonal Effects

Currently, we do not see any significant seasonal variation in Climeon's sales of HeatPower systems.

Climeon Shares

As of December 31, 2024, the registered share capital consisted of 3,900,000 Class A shares and 352,320,890 Class B shares. During the year, 140,375,546 new Class B shares were issued, including 98,425,199 shares in the directed share issue described above and 41,950,343 shares issued upon the exercise of warrants in June. Climeon's Class B share has been listed on Nasdaq First North Premier since October 13, 2017, under the ticker symbol "CLIME B."

The shares have a quota value of SEK 0.015. Class A shares carry ten votes each, while Class B shares carry one vote each. As of year-end, Climeon had 15,238 (17,139) shareholders. The largest known shareholders were Cidro Förvaltning, holding 21% (13%) of the capital and 19% (12%) of the votes; Stefan Wikström with 6% (0%) of the capital and 5% (0%) of the votes; Wilhelm Risberg with 5% (6%) of the capital and 4% (5%) of the votes; Fredrik Lundgren with 5% (6%) of the capital and 4% (5%) of the votes; the SEB Foundation with 6% (5%) of the capital and 5% (5%) of the votes; and Thomas Öström with 3% (4%) of the capital and 11% (18%) of the votes. Apart from Cidro Förvaltning and Thomas Öström, no other shareholder owns more than 10% of the capital or votes. The ten largest known shareholders collectively held 62% (62%) of the capital and 65% (68%) of the votes.

Warrants under share-based incentive programs

As of December 31, 2024, the company had 2,976,100 outstanding warrants under share-based incentive programs, entitling the holders to subscribe for 2,915,800 Class B shares. For further information, see Note 8.

Risks and Risk Management

All business activity involves risk, and technological development is particularly associated with high risk and capital requirements. Climeon's performance, financial position, and strategic standing are influenced by both internal factors under the company's control and external factors that are less predictable.

Effective risk assessment allows Climeon to align its business opportunities and performance with the demands of shareholders and other stakeholders for stable, long-term value creation and control. When evaluating Climeon's future development, it is essential to consider not only opportunities but also the risks inherent in the business. Not all risk factors can be described in this section; a full assessment should include additional information in the Annual Report, previously disclosed risk factors (e.g., in published prospectuses), and a general assessment of the external environment.

Climeon addresses risk management at both strategic and operational levels. Risk management involves identifying, assessing, and mitigating risks, along with continuously improving processes to reduce future exposure.

The company has policies and procedures in place to detect deviations that could develop into risks. The risk level is systematically monitored in board meetings and monthly reports, where deviations or risks are identified and addressed.

If competing products gain market share, offer better performance, or reach the market faster, the future value of Climeon's product could be lower than originally expected. The company's future depends on its ability to carry out technical development, form partnerships, and successfully manage product launches and sales.

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

Risk	Risk Management
<p>Macro Economy and Geopolitics</p> <p>Climeon's operations are influenced by the general economic climate, which can affect the company both locally and globally. Although Climeon primarily conducts its operational activities in Sweden, the company seeks business opportunities in global markets such as Europe and Asia. A weak economic outlook in parts or all of the world may result in lower market growth for the company's products than expected, for example through delayed or canceled customer orders or reduced access to external financing. Furthermore, geopolitical uncertainties may lead to disruptions in supply chains, and continued high inflation could result in increased costs for the production and delivery of Climeon's products. For example, between 2022 and 2024, Russia's invasion of Ukraine has created uncertainty in the global economy. As a result, the company has observed a rise in component prices, driven by increased costs for suppliers in combination with rising inflation and a weakened Swedish krona.</p>	<p>Climeon currently operates in several different markets, both geographically and in terms of application areas. The company also works closely with its respective markets and customers and can relatively quickly shift priorities and focus when needed.</p> <p>At present, it is difficult to predict the future impact of conflicts in, for example, Ukraine and the Middle East, or of newly introduced or proposed tariffs, on energy and fuel prices, inflation, and ultimately on the cost and delivery reliability of components for the company's products. Climeon continuously monitors and analyzes developments in terms of both operational and financial impact, with the aim of ensuring the company's continued progress. For example, potential delivery delays and travel restrictions contribute to increased uncertainty regarding the development and delivery of Climeon's products and customer projects.</p>
<p>Financial Risks</p> <p>Climeon is exposed to various types of financial risks through its operations, 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.</p> <p>Liquidity Risk</p> <p>Climeon operates a capital-intensive business and has historically not reported a positive operating result. There is a risk that the company may not generate sufficient revenue 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 credit rating, and uncertainty and/or disruptions in capital and credit markets may affect the ability and availability of financing..</p>	<p>Climeon strives for a structured and efficient management of the financial risks that arise in its operations, in accordance with the financial policy adopted by the Board of Directors and the associated guidelines. These reflect the ambition to identify, minimize, and control financial risks, as well as how the responsibility for managing these risks should be distributed within the organization. The goal is to minimize the impact of financial risks on earnings. A more detailed description of the financial risks can be found in Note 4.</p> <p>The company regularly prepares forecasts and estimates that take into account uncertainty factors, the economic effects of which are analyzed in order to ensure the company's capital needs for each period. The company's financial reports are prepared under the assumption of going concern.</p>

Risk	Risk Management
<p><i>Product and Technology Development</i></p> <p>CClimeon's technology and products are based on continuous technical development and refinement. It is of great importance that the company's products, software, and other technical solutions are developed to ensure their functionality meets customer expectations as well as regulatory requirements and market demands. A key part of the development work has been to ensure high quality and safety, along with low environmental impact throughout the product's entire lifecycle.</p> <p>It also cannot be ruled out that regulations regarding the use, handling, and reporting of the climate-friendly and non-flammable refrigerant chosen by the company—or other regulations—may become stricter, or that a future ban on the use of refrigerants, even of the climate-neutral type Climeon uses, may be introduced.</p> <p>Product development and related activities—particularly in the company's sector—are complex, and it is difficult to predict the time and cost implications of individual investments. There is a risk that planned product development may become more time- or cost-intensive than initially anticipated, or that the company's products may not be adaptable to a commercial environment, which could have a material adverse effect on the company's operations, financial position, or results..</p>	<p>Climeon has developed its new product platform with a strong focus on market and customer requirements—including technical specifications, quality standards, cost targets, and regulatory compliance. During the development process, regular risk analyses are conducted, particularly related to safety and regulatory compliance. If regulatory requirements regarding refrigerant use become more stringent, the company must be able to cost-effectively adapt the HeatPower systems to alternative refrigerants.</p> <p>Climeon continuously tests its HeatPower systems and regularly upgrades the technology based on feedback from units in operation. All HeatPower systems are equipped with a large number of sensors, enabling Climeon to monitor the systems around the clock and collect large volumes of data for analysis. This allows Climeon to easily detect problems that have occurred or are likely to occur. The company works closely with early customers in each application segment to evaluate and, when necessary, improve the technology. Climeon's HeatPower systems are also certified by various bodies depending on the type of application and installation location.</p>
<p><i>Competition</i></p> <p>Climeon is not alone in the HeatPower market. Competitors may develop, market, and sell HeatPower products that are more efficient, safer, and less expensive than those developed by Climeon. Competitors may also have greater manufacturing and distribution capacity, as well as stronger sales and marketing capabilities than Climeon. Increased competition, or a reduced ability to meet emerging market demands, could have a negative impact on Climeon's financial position and performance.</p>	<p>Climeon has carefully studied customer requirements and competitor systems, and has developed a product platform in which the company holds a clearly defined niche.</p> <p>Climeon strives to remain at the forefront of technological development in order to offer solutions that meet customer demands and stay ahead of competitors. The company also delivers added value through its extensive technical expertise, delivery capabilities, service, and accessibility—factors that help reduce the risk of customers choosing another supplier.</p>

Risk	Risk Management
<p><i>Employees</i></p> <p>Climeon's continued success depends on its ability to retain experienced employees with specialized expertise and to recruit new qualified personnel. Key individuals are found both among senior executives and within the wider organization. There is a risk that one or more senior executives or other key personnel may leave the company for various reasons. If Climeon fails to recruit suitable replacements or new competent key individuals in the future, it could have a negative impact on the company's financial position and performance.</p>	<p>Climeon places a high priority on creating strong conditions for employee development and well-being within the organization. The company works continuously to ensure safety, both at its own facilities and on customer sites. All employees who work with HeatPower systems regularly undergo safety training.</p> <p>Regular employee surveys are conducted to gain insight into how employees perceive the company, their work environment, and to maintain an ongoing dialogue about potential improvements and areas for development.</p> <p>Employee working conditions are also of great importance, particularly in terms of compensation and benefits. For example, Climeon regularly offers stock option programs as a way to align the interests of shareholders and employees.</p>
<p><i>Customers and Demand</i></p> <p>The effectiveness of Climeon's products, both from a cost perspective and an energy perspective, is essential for the company's success. The company needs to ensure that the new product will generate sufficient interest from potential customers and that the product will be efficient enough for customers to invest in it. Furthermore, there is a risk that Climeon's current or future customers and partners may reduce their purchases of the company's products after agreements have been made.</p> <p>Climeon assesses that before the company's products achieve market acceptance within a specific segment, caution in investing in new technology is high, and the process of acquiring new customers is time- and resource-intensive, as customers are thorough in their evaluation of new technology. Some projects undertaken by the company's customers, in which HeatPower systems are to be included, are often very resource- and time-consuming and may risk being delayed or discontinued due to events related to customers and their projects that are beyond the company's direct control. The early or delayed placement of one or more orders can have a significant impact on the company's net sales and results and may also strain the company's liquidity.</p>	<p>Climeon primarily engages in direct sales but also utilizes local sales partners in selected geographic locations. The sales process for the company's products is relatively lengthy, involving initiated dialogues and information exchange with the customer aimed at, among other things, educating and increasing understanding of Climeon's products. This includes not only the end customer but also other involved parties such as contractors, installers, design firms, and shipyards. Close collaboration between Climeon and the customer is also important to help streamline the installation of HeatPower systems. This close collaboration is significant because Climeon's products typically constitute only a part of a larger project where external factors can affect the installation and functioning of Climeon's products. A ship's construction is an example of such a project.</p>

Risk	Risk Management
<p><i>Suppliers</i></p> <p>Climeon relies on a contract manufacturer and various subcontractors to produce and deliver its HeatPower solutions. Typical risks associated with this include deficiencies in quality, ethical compliance, environmental impact, or an inability to meet production requirements. The final product that Climeon delivers to the customer consists of a wide range of components, instruments, and systems provided by the company’s suppliers. The market supply of these components may be limited, and alternative suppliers to those contracted by Climeon may offer terms or pricing that are not acceptable to the company.</p>	<p>Climeon regularly evaluates all suppliers and aims to have dual sourcing for all critical components. This approach also supports the continuous assessment of product costs to ensure cost-effective solutions for both the customer and the company. All of Climeon’s suppliers are required to comply with the company’s Code of Conduct to ensure that its standards for ethical business practices, environmental impact, and quality are met. Climeon conducts regular audits of its suppliers, and any identified deviations must be addressed through corrective actions.</p>
<p><i>Environment</i></p> <p>The markets in which Climeon operates are characterized by a strong drive to improve efficiency and transition to more environmentally friendly technological solutions, partly due to increasing environmental requirements. In addition, political decisions and international agreements—both nationally and globally—can influence the market conditions for Climeon and its customers, with both positive and negative effects. Political decisions may include changes in legislation, stricter enforcement of existing laws and regulations, or measures that affect the willingness of countries and organizations to invest in areas relevant to Climeon.</p>	<p>The environment is at the core of Climeon’s operations. Climeon therefore closely monitors developments related to increasing environmental requirements and updates to laws and regulations connected to its technology and business in the markets where the company operates. Decisions regarding suppliers, methods, and materials are made to ensure both high quality and low environmental impact throughout the entire product lifecycle. Climeon also ensures that its products are continuously developed to meet tightening environmental standards.</p>

Environment

Climeon was recertified during the year according to 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 procedures. These two ISO certifications ensure that Climeon continuously improves with both the customer and the environment in mind.

Proposed appropriation of earnings

At the disposal of the Annual General Meeting

Share premium reserve	1,258,741,316
Accumulated loss	-982,585,107
Loss for the year	-128,263,303
Total	147,892,906

The Board of Directors proposes that the available retained earnings of SEK 147,892,906 be carried forward.

Regarding the company's profit/loss and financial position, please refer to the following income statement, balance sheet, cash flow statement and notes to the financial statements. All amounts are expressed in thousands of Swedish kronor where nothing else is stated.

FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

TSEK	Note	2024-12-31	2023-12-31
Net sales	5	42,587	6,186
Capitalised work for own account*)		9,534	9,743
Other operating income	6	12,091	3,135
Operating expenses			
Raw materials and consumables*)		-61,331	-12,594
Other external expenses	7	-23,245	-29,435
Personnel expenses	8	-48,383	-51,366
Depreciation, amortisation and impairment losses of tangible and intangible assets		-33,255	-25,845
Other operating expenses		-304	-2,406
Operating profit/loss		-102,304	-102,580
Profit from financial items			
Interest income and other financial items	9	12,432	14,145
Interest expenses and other financial items	10	-13,802	-47,261
Profit before tax		-103,674	-135,696
Tax of the year	11	-116	-73
PROFIT/LOSS FOR THE YEAR		-103,790	-135,769
Earnings per share, SEK *)	12		
Before dilution		-0.40	-1.26
After dilution		-0.40	-1.26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	2024-12-31	2023-12-31
Profit/loss for the year	-103,790	-135,769
Comprehensive income for the year		
<i>Items that can be subsequently reclassified to the income statement:</i>		
Translation differences	-355	2,201
Comprehensive profit/loss for the year	-355	2,201
COMPREHENSIVE INCOME FOR THE YEAR	-104,145	-133,568
<i>Net profit/loss for the year attributable to:</i>		
Shareholders of the Parent Company	-104,145	-133,570
COMPREHENSIVE INCOME FOR THE YEAR	-104,145	-133,570

CONSOLIDATED BALANCE SHEET

TSEK	Note	2024-12-31	2023-12-31
ASSETS			
Non current assets			
<i>Intangible non-current assets</i>			
Capitalised expenditures on development work	13	128,509	121,623
Patents, licenses, trademarks, and similar rights	14	3,079	3,889
		131,588	125,512
<i>Tangible non-current assets</i>			
Leasehold improvements	15	6,955	9,087
Plant and machinery	16	1,178	2,007
Right to use assets	17	5,494	10,825
Equipment, tools and installations	18	1,006	1,562
		14,633	23,481
<i>Financial non-current assets</i>			
Other long-term receivables		1,436	1,859
Long term financial assets	19	40,821	71,069
		42,257	72,928
Total non-current assets		188,478	221,921

TSEK	Note	2024-12-31	2023-12-31
Current assets			
<i>Inventories</i>	20		
Work in progress		25,916	10,797
Finished goods and goods for resale		27,085	33,556
		53,001	44,353
<i>Current receivables</i>			
Accounts receivable	22	20,230	23,899
Other receivables	21	30,714	44,839
Prepaid expenses and accrued income	23	4,257	11,410
		55,201	80,148
Cash and cash equivalents	29	26,335	77,550
Total current assets		134,537	202,051
TOTAL ASSETS		323,015	423,972

CONSOLIDATED BALANCE SHEET, CONT.

TSEK	Note	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	24	5,343	3,238
Other contributed capital		1,399,366	1,193,449
Reserves		2,478	2,833
Retained earnings/loss		-1,015,289	-739,910
Profit/loss for the year		-103,790	-135,769
Shareholders equity		288,108	323,841
Other liabilities			
Other provisions	25	4,723	7,070
		4,723	7,070
Non-current liabilities			
Other long-term liabilities	26	600	16,680
		600	16,680
Current liabilities			
Advance payments from customers		3,717	26,755
Accounts payable		8,673	21,384
Current tax liabilities		0	5
Other current liabilities	27	10,383	12,103
Accruals and deferred income	28	6,811	16,134
		29,584	76,381
TOTAL EQUITY AND LIABILITIES		323,015	423,972

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share capital	Other contributed capital	Reserves	Retained earnings including profit/loss of the year	Total equity
Opening balance, 1 January 2023	1,427	1,103,038	632	-739,910	365,187
Profit/loss for the year				-135,769	-135,769
Other comprehensive income			-165		2,201
Total comprehensive income/loss			2,201	-135,769	-133,568
<i>Transactions with owners:</i>					
New issues	1,811	89,347			91,158
Total transactions with shareholders		1,064			1,064
Total transactions with shareholders	1,811	90,411			92,222
Closing balance, 31 December 2023	3,238	1,193,449	2,833	-875,679	323,841

TSEK	Share capital	Other contributed capital	Reserves	Retained earnings including profit/loss of the year	Total equity
Opening balance, 1 January 2024	3,238	1,193,449	2,833	-875,679	323,841
Profit/loss for the year				-103,790	-103,790
Other comprehensive income			-355		-355
Total comprehensive income/loss			-355	-103,790	-104,145
<i>Transactions with owners:</i>					
New issues	2,105	66,307			68,413
Premiums paid for warrants		0			0
Total transactions with shareholders	2,105	66,307			68,413
Closing balance, 31 December 2024	5,343	1,259,756	2,478	-979,469	288,108

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Note	2024	2023
Operating activities			
Operating profit		-102,304	-102,580
Adjustment for items not included in cash flow:			
Depreciation/amortisation		33,255	25,857
Unrealised fair value differences		6,100	10,229
Provisions for guarantees		-449	-816
Financial income		3,346	4,659
Financial costs		-7,466	-6,678
Tax paid		0	-73
Cash from operating activities before changes in working capital		-67,518	-69,402
Cash flow from changes in working capital			
Decrease (+)/increase(-) in inventories		-7,710	-858
Decrease (+)/increase(-) in accounts receivables		4,287	-17,393
Decrease (+)/increase(-) in current receivables		14,270	-20,882
Decrease (-)/increase(+) in accounts payable		-12,712	9,237
Decrease (-)/increase(+) in other current liabilities		-13,983	9,254
Cash flow from operating activities		-83,366	-90,044

TSEK	Note	2024	2023
Investing activities			
Investment in intangible assets		-28,238	-22,952
Investment in tangible assets		-2,545	-1,894
Divestment of tangible assets		0	0
Change in financial assets		250	2,410
Cash flow from investment activities		-30,533	-22,436
Financing activities			
New issues		68,412	91,158
Amortisation of debts	27	-5,726	-41,490
Premiums paid for warrants		0	1,064
Cash flow from financing activities		62,686	50,732
Cash flow for the year		-51,213	-61,748
Cash and cash equivalents at beginning of the year		77,550	139,341
Exchange rate differences in cash and cash equivalents		-2	-43
Cash and cash equivalents at year-end	29	26,335	77,550

PARENT COMPANY INCOME STATEMENT

TSEK	Not	2024	2023
Net sales	5	42,587	6,186
Capitalised work for own account		9,535	9,743
Other operating income	6	12,091	3,135
Operating expenses			
Raw materials and consumables		-61,331	-12,549
Other external expenses	7	-29,106	-34,788
Personnel expenses	8	-48,359	-51,042
Depreciation, amortisation and impairment losses of tangible and intangible assets		-27,864	-20,443
Other operating expenses		-12	-2,397
Operating profit/loss		-102,460	-102,156
Profit from financial items			
Interest income and other financial items	9	13,024	15,001
Interest expenses and other financial items	10	-38,827	-46,551
Profit before tax		-128,263	-133,706
PROFIT/LOSS FOR THE YEAR ¹⁾		-128,263	-133,706

¹⁾ Total profit/loss for the period correspond to Profit/loss for the period

PARENT COMPANY BALANCE SHEET

TSEK	Note	2024-12-31	2023-12-31
ASSETS			
Non current assets			
<i>Intangible non-current assets</i>			
Capitalised expenditures on development work	13	128,509	121,623
Patents, licenses, trademarks, and similar rights	14	3,079	3,889
		131,588	125,512
<i>Tangible non-current assets</i>			
Leasehold improvements	15	6,955	8,758
Plant and machinery	16	1,178	2,007
Equipment, tools and installations	18	1,006	1,530
		9,139	12,295
<i>Financial non-current assets</i>			
Shares in Group companies		0	1,918
Other long-term receivables		1,270	21,310
Long term financial assets	19	40,821	71,066
		42,091	94,294
Total non-current assets		182,818	232,101

TSEK	Note	2024-12-31	2023-12-31
Current assets			
<i>Inventories</i>	20		
Work in progress		25,916	10,792
Finished goods and goods for resale		27,085	33,556
		53,001	44,348
<i>Current receivables</i>			
Accounts receivable	22	20,230	23,627
Other receivables	21	30,714	47,988
Prepaid expenses and accrued income	23	4,257	11,346
		55,201	82,961
Cash and cash equivalents	29	26,318	77,155
Total current assets		134,520	204,464
TOTAL ASSETS		317,338	436,565

PARENT COMPANY BALANCE SHEET

TSEK	Note	2024-12-31	2023-12-31
EQUITY AND LIABILITIES			
Shareholders equity			
<i>Restricted equity</i>			
Share capital	24	5,343	3,238
Reserve for development costs		135,517	132,779
		140,860	136,017
<i>Unrestricted equity</i>			
Share premium reserve		1,258,741	1,192,377
Retained earnings/loss		-982,585	-846,084
Profit/loss for the year		-128,263	-133,706
		147,893	212,587
Shareholders equity		288,753	348,604
Other liabilities			
Other provisions	25	4,723	7,070
		4,723	7,070

TSEK	Note	2024-12-31	2023-12-31
Non-current liabilities			
Other long-term liabilities	26	0	10,381
		0	10,381
Current liabilities			
Advance payments from customers		3,717	26,755
Accounts payable		8,673	21,337
Current tax liabilities		0	0
Other current liabilities	27	4,661	6,284
Accruals and deferred income	28	6,811	16,134
		23,862	70,510
TOTAL EQUITY AND LIABILITIES		317,338	436,565

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity		Non-restricted equity			
	Share capital	Reserve for development costs	Share premium reserve	Retained profit or loss	Profit for the year	Total equity
TSEK						
Opening balance, 1 January 2024	3,238	132,779	1,192,377	-846,084	-133,706	348,604
Adjustment of opening balance			0	0		-
Appropriation of prior year's profit/loss				-133,706	133,706	-
Profit/loss for the year					-128,263	-128,263
Profit/loss for the year	-	-	-	-	-128,263	-128,263
Capitalisation of development costs		22,786		22,786		
Utilisation as a result of the year's depreciation of development costs		-20,048		20,048		
Total other		2,738		-2,738		
<i>Transactions with owners:</i>						
New issues	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, 31 December 2024	5,343	135,517	1,258,741	-982,585	-128,263	288,753

	Restricted equity		Non-restricted equity			
	Share capital	Reserve for development costs	Share premium reserve	Retained profit or loss	Profit for the year	Total equity
TSEK						
Opening balance, 1 January 2023	1,427	118,424	1,103,030	-712,128	-120,666	390,087
Appropriation of prior year's profit/loss				-120,666	120,666	-
Profit/loss for the year					-133,706	-133,706
Profit/loss for the year	-	-	-	-	-133,706	-133,706
Capitalisation of development costs		25,609		-25,609		
Utilisation as a result of the year's depreciation of development costs		-11,254		11,254		
Total other		14,355		-14,355		
<i>Transactions with owners:</i>						
New issues	1,811		89,347			91,158
Premiums paid for warrants				1,064		1,064
Total transactions with shareholders	1,811		89,347	1,064		92,222
Closing balance, 31 December 2023	3,238	132,779	1,192,377	-846,084	-133,706	348,604

PARENT COMPANY CASH FLOW STATEMENT

TSEK	Note	2024	2023
Operating activities			
Operating profit		-102,460	-102,156
Adjustment for items not included in cash flow:			
Depreciation/amortisation		27,864	20,443
Provisions for guarantees		-449	-816
Unrealised fair value differences		2,292	8,204
Financial income		3,984	5,447
Financial costs		-7,011	-5,969
Cash from operating activities before changes in working capital		-75,780	-74,847
Cash flow from changes in working capital			
Decrease (+)/increase(-) in inventories		-7,715	-859
Decrease (+)/increase(-) in accounts receivables		4,017	-17,393
Decrease (+)/increase(-) in current receivables		17,353	-21,394
Decrease (-)/increase(+) in accounts payable		-12,664	9,251
Decrease (-)/increase(+) in other current liabilities		-13,927	8,983
Cash flow from operating activities		-88,716	-96,259

TSEK	Note	2024	2023
Investing activities			
Investment in intangible assets		-28,238	-22,952
Divestment of tangible assets		0	0
Investment in tangible assets		-2,545	-1,894
Change in debts to group companies		0	779
Change in financial assets		250	2,410
Cash flow from investment activities		-30,533	-21,657
Financing activities			
New issues		68,412	91,158
Amortisation of loans	27	0	-35,920
Premiums paid for warrants		0	1,044
Cash flow from financing activities		56,282	56,282
Cash flow for the year		-61,634	-61,634
Cash and cash equivalents at beginning of the year		138,789	138,789
Cash and cash equivalents at year-end	29	77,155	77,155

I NOTES

Note 1 General information

Climeon AB, corporate registration number 556846-1643, is a limited liability company registered in Sweden and domiciled in Stockholm. The address of the head office is Torshamnsgatan 44, SE-164 40 Kista, Sweden. The Company was founded in 2011 and its operations include development and sales of technical solutions for the recycling and conversion of low-temperature heat into renewable electricity. Climeon will thus contribute to reducing the global emissions of carbon dioxide through improved energy efficiency among the Company's customers.

Note 2 Significant accounting principles

The consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU for the financial year beginning January 1, 2024. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities.

The consolidated financial statements were prepared based on historical cost, meaning that the assets and liabilities are recognized at these values. The functional currency for the Parent Company as is the presentation currency for the Parent Company and the Group. All amounts are rounded to the nearest thousand (TSEK), unless otherwise stated. The income statement is organized by cost type. Amounts in brackets pertain to the preceding year.

'Preparing financial statements in accordance with IFRS requires the application of some key estimates for accounting purposes. Further, the Board and the Management are required to make certain judgements in the application of the Group's accounting policies. The areas requiring a high degree of judgement which are complex or areas in which assumptions and estimates are of material importance for the consolidated financial statements, are described in note 3.

Consolidated accounts

'The consolidated financial statements include the parent company's financial reports and the subsidiaries over which the parent company has a controlling influence as of December 31 each year. As a subsidiary, all companies over which Climeon has control are included. Control refers to the ability to control the subsidiary, is entitled to its return and can use its influence to control the activities that affect the return. Subsidiaries are consolidated from the date on which control or influence over the company arises as defined above. Profits from acquired subsidiaries during the year are included in the profit from the day on which the company acquires a controlling influence and on the day on which the controlling influence ceases. If necessary, the subsidiaries' financial reports are adjusted to adapt the accounting principles used to the Group's accounting principles. Intra-group transactions have been eliminated in the consolidation. All the Group's subsidiaries are wholly owned.

Revenue

Revenue is recognised based on the agreement with the customer and is valued based on the compensation that the entity expects to be entitled to, in exchange transferring promised services and goods, excluding amounts received on behalf of third parties. The company recognises revenue when control and right of use is handed over to the customer.

Climeon AB's revenue comprises primarily of the sale of Climeon HeatPower modules and other related services.

Sales of modules

Climeon typically sells HeatPower modules together with installation and/or service offerings. Customers also have the option to purchase installation services from other suppliers. Revenue from hardware sales is recognized when control of the module is transferred to the customer, which generally occurs when the risk is passed to the customer according to the applicable shipping terms.

Sales of services

Revenue from services provided on a time and material basis is recognized in the period in which the work is performed. Climeon provides installation services for its modules. The installation service may include minor adaptations of the modules.

As the installation is relatively straightforward and can be performed by other suppliers, it is recognized as a separate performance obligation. Revenue from the sale of installation services is recognized over time, based on the actual hours worked in proportion to the total estimated hours required to fulfill the performance obligation.

Significant integration services

In some agreements, Climeon provides integration services for modules. The integration services include significant integration and adaptation of Climeon's modules to the customer's technical facility. Integration services are sold together with modules and the modules are highly dependent dependent on the integration services and the customer is not considered to be able to obtain the integration services from suppliers other than Climeon. In the agreement Climeon sells integration services, integration services and modules are considered to be a performance commitment. Revenue from sales of integration services and modules is reported over time based on costs incurred in proportion to total expected costs to meet the performance commitment.

Contract assets and liabilities

Contract assets is categorised as prepaid costs & accrued income. Contract liabilities is categorised as customer prepayments and accrued cost & prepaid income. If reported revenue exceeds the payment for a performance commitment, a contract asset is reported and if the payment exceeds reported income from a performance commitment, a contractual liability is reported.

Payment terms

The normal payment structure is 40% at order, 30% at start of production 20% at delivery and the final 10% at start of operation at site. Individual agreements have different payment structures. The lead time from order to delivery is usually six to twelve months but can be longer due to infrastructure issues in geothermal. For the maritime market, lead times are 18-36 months.

Warranties

Sales of modules also include a customary warranty where Climeon guarantees that sold hardware works in accordance with the agreed specification. Climeon therefore recognises guarantees in accordance with IAS 37, see section "Provisions" for applied principles.

Other operating income

Other operating income consists primarily of internally capitalized development work, governmental grants and exchange-rate gains linked to operating activities.

Interest income

Interest income is recognised as it accrues using the effective interest method. The effective interest rate is the rate at which the present value of all future cash inflows and outflows during the fixed-interest term equals the recognised value of the receivable.

Government grants

Revenue from government grants that are not dependent on future performance requirements are recognised as revenue when the conditions for receiving the grant have been met and when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Revenue from government grants that are dependent on future performance requirements is recognised as revenue when the performance is carried out and when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be measured reliably. Government grants are recognised in profit or loss on a systematic basis over the periods in which the expenses, for which the grants are intended to compensate, are accounted for. A government grant that is intended to cover costs is reported as revenue in the same period as the costs incurred. Government grants have been measured at the fair value of the asset that the Company has received.

Grants that have been received before the conditions for recognising them as revenue have been met are recognised as a liability. Government grants relating to the acquisition of a fixed asset reduce the cost of the asset.

Leases

The Group assesses whether the agreement is, or contains, a leasing agreement when the contract is concluded. The Group recognises a right of use and associated lease liability for all leases in which the Group is a lessee, except for low-value leases (such as computers and office equipment). For these leasing agreements, the Group recognises the lease payments as an expense on a straight-line basis over the leasing period unless another systematic method is more representative of when the financial benefits from the leased assets are consumed by the Group.

The leasing liability is initially valued at the present value of the leasing fees that have not been paid at the commencement date, discounted using the implicit interest rate of the leasing agreement, if this interest rate can be easily determined. If this interest rate cannot be easily determined, the Group shall use the lessee's marginal borrowing rate.

The marginal borrowing rate is defined as the interest rate that a lessee would have to pay for financing through a loan over a corresponding period, and with equivalent collateral, for the right of use of an asset in a similar economic environment.

Leasing fees that are included in the valuation of the leasing liability include:

- fixed fees (including fixed fees for their substance), less any benefits arising from the signing of leasing agreements;
- variable leasing fees due to an index or price, initially valued using the index or price in force at the start date;

The lease liability is divided into a long and a short-term part in the Group's statement of financial position.

After the commencement date, the lease liability is valued by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method), and by decreasing the carrying amount to reflect paid lease payments.

The Group revalue the lease liability (and makes a corresponding adjustment of the right of use) if either:

- The leasing period changes or if the assessment of an option to buy the underlying asset changes, in which case the leasing liability must be revalued by discounting the changed leasing fees using a changed discount rate.
- Leasing fees change as a result of changes in an index or price or if there is a change in the amounts expected to be paid out under a residual value guarantee, in which case the leasing liability is revalued by discounting the changed leasing payments using the initial discount rate (unless the leasing payments changes due to a change in the variable interest rate, in which case a changed discount rate should be used).
- An amendment to the leasing agreement that is not reported as a separate leasing agreement, in which case the leasing liability is revalued by discounting the changed leasing fees with a changed discount rate used).

Rights of use include the sum of the initial valuation of the corresponding lease liability, lease fees paid on or before the commencement date and any initial direct expenses. Thereafter, they are valued at acquisition value after deductions for accumulated depreciation and write-downs.

Rights of use are amortized during the shorter of the leasing period and the useful life of the underlying asset. If the leasing agreement transfers ownership of the underlying asset to the Group or if the acquisition value of the right of use reflects that the Group will exercise an option to purchase, the attributable right of use shall be amortized during the useful life of the underlying asset. Depreciation begins at the commencement date of the leasing agreement.

The rights of use are reported as a separate item in the Group's report on financial position.

The Group applies IAS 36 to determine whether there is a need for impairment of the right of use and reports any identified impairment, which is described in the principle for "Tangible fixed assets".

Variable leasing fees that are not based on an index or a price shall not be included in the valuation of the leasing liability or the right of use. These attributable payments are reported as an expense in the period in which the event or circumstance that gives rise to these payments arises and are included in "Other external costs" in the income statement.

As a practical solution, IFRS 16 allows non-leasing components to be distinguished from leasing components, and instead presents each leasing component and all associated non-leasing components as a single leasing component. The Group has chosen not to use this practical solution.

Operating lease expenses have been replaced in the consolidated income statement with amortization on the asset and interest expenses attributable to the lease liability. Lease payments in the cash flow statement are divided between interest paid in the operating cash flow and amortisation of lease liabilities in financing operations.

Foreign currency

The Company's accounting currency is Swedish kronor (SEK).

Translating items in foreign currencies

On each closing day, monetary items in foreign currencies are translated at the exchange rate on the closing day. Non-monetary items measured at historical cost in a foreign currency are not translated. Exchange rate differences are recognised in operating profit/loss or as a financial item, based on the underlying business transaction, in the period in which they arise. In the group accounting the Group's assets and liabilities in foreign currency are translated at the closing rate on the closing day. Income and expenses are translated at the exchange rate on the transaction date unless the exchange rate varies significantly during the period in which case the average exchange rate for the period is used. If any exchange rate differences arise, they are reported in other comprehensive income and accumulated in the translation reserve.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Employee benefits

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

Short-term employee benefits

A liability is reported for compensation to employees regarding salaries, paid leave and paid sick leave during the current period to the undiscounted amount of the compensation that is expected to be paid in exchange for these services.

Defined contribution plans

For defined contribution plans, the Company pays fixed contributions to a separate, independent legal entity and has no obligation to pay additional fees. The Company's profit is charged with costs as the benefits are earned, which normally coincides with the time when the premiums are paid.

Share-based payments and provisions

According to IFRS 2, the goods or services received or acquired are reported in transactions where payment consisted of share-based payments at the time the goods were received or the services were performed. A corresponding increase in equity is reported if goods or services are obtained through equity-based share-based payments (shares) or a liability if the goods or services have been acquired through cash-based share-based payments. The Group did not pay any share-based compensation to employees in accordance with IFRS 2 during the period.

Income tax

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is calculated on the taxable profit for the period. Taxable profit differs from the profit recognised in the income statement since it has been adjusted for tax-exempt income and non-deductible expenses, and for income and expenses that are taxable or deductible in other periods. The current tax liability is calculated using the tax rates applicable on the closing day.

Deferred tax

Deferred tax is recognised on temporary differences between the recognised value of assets and liabilities in the financial statements and the fiscal value used to calculate taxable profits. Deferred tax is recognised according to the 'balance sheet method'. Deferred tax liabilities are recognised for practically all taxable temporary differences and deferred tax assets are recognised for practically all deductible temporary differences, to the extent it is likely that the amounts can be utilised against future taxable surpluses. Untaxed reserves are recognised inclusive of the deferred tax liability.

The carrying amount of deferred tax assets is tested on each closing day and reduced to the extent that it is no longer probable that there will be sufficient taxable surplus available to utilise the deferred tax asset, either in full or in part.

The valuation of deferred tax is based on how the Company, on the closing day, expects to recover the carrying value of the corresponding asset or settle the carrying amount of the corresponding liability. Deferred tax is calculated based on the tax rates and tax rules that have been decided before the closing day.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or revenue in the income statement, except when the tax relates to transactions that have been recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity. In the case of current and deferred tax arising when reporting business combinations, the tax effect is to be recognised in the acquisition calculation.

Intangible assets

Additions through internal generation

The Company applies the activation model, which means that work on producing internally generated intangible assets are divided into a research phase and a development phase. All costs from the Company's research phase are expensed as they are incurred. All costs for the development of Climeon HeatPower are recognised as an asset if all the following conditions are met:

- it is technically feasible to complete the intangible asset and to use or sell it,
- the Company intends to complete the intangible asset and to use or sell it,
- the conditions are in place for using or selling the intangible asset,
- it is probable that the intangible asset will generate future economic benefit,
- there are the necessary and adequate technical, financial and other resources 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 recognised at cost less accumulated amortisation and any accumulated impairment losses. Amortisation starts when the asset can be used. Capitalised expenditure for Climeon HeatPower is amortised on a straight-line basis over the estimated useful life of 5 years.

Removal from the balance sheet

An intangible asset is removed from the balance sheet upon disposal or sale, or when no future economic benefits are expected from the use or disposal/ sale of the asset. The gain or loss that arises when an intangible asset is removed from the balance sheet is the difference between what is possibly obtained, net of direct selling costs, and the asset's carrying value. This is recognised in the income statement as other operating income or other operating expense.

Tangible non-current assets

Tangible non-current assets are recognised at cost following deductions for accumulated depreciation and any impairment losses.

Cost includes the purchase price, expenses directly attributable to the asset in order to bring it to the location and condition to be used, and the estimated expenses for the dismantling and removal of the asset and the restoration of its location. Further expenditure is included in the asset or recognised as a separate asset only if it is probable that future economic benefits associated with the item will accrue to the Company and the cost of these can be measured reliably. All other costs for repairs and maintenance, as well as further expenditure, are recognised in the income statement in the period in which they are incurred.

When the difference in the consumption of the significant components of property, plant and equipment is considered to be significant, the asset is divided into these components.

Depreciation of tangible non-current assets is expensed such that the asset's costs, decreased by any estimated residual value at the end of its useful life, is depreciated on a straight-line basis over its estimated useful life. If an asset has been divided into different components, each component is depreciated separately over its useful life. Depreciation begins when the tangible non-current assets can be taken into use. The useful lives of tangible non-current assets are estimated at:

Plant and machinery	5 and 10 years respectively
Equipment	5 years
Computers	3 years
Leasehold improvements	5 and 7 years respectively

Estimated useful lives and depreciation methods are reviewed if there are indications that the expected consumption has changed significantly compared to the estimate on the previous closing day. When the Company changes its assessment of useful lives, the asset's possible residual value is also reviewed. The effect of these changes is accounted for prospectively.

Removal from the balance sheet

The carrying amount of property, plant and equipment is removed from the balance sheet upon disposal or sale, or when no future economic benefits are expected from the use or disposal/sale of the asset or component. The gain or loss that arises when a tangible non-current asset or component is removed from the balance sheet is the difference between what is possibly obtained, net of direct selling costs, and the asset's carrying value. The capital gain or loss that arises when a tangible non-current asset or component is removed from the balance sheet is recognised in the income statement as other operating income or other operating expense.

Impairment of tangible non-current assets and intangible assets

The values of the assets are tested as soon as indications arise that indicate that the asset has decreased in value. If this is the case, the asset's recoverable amount is calculated to be able to determine the value of any impairment. Where it is not possible to calculate the recoverable amount of an individual asset, the company calculates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is also performed on capitalised expenses for development work that has not yet been completed.

The recoverable amount is the higher of fair value less selling expenses and its value in use. Fair value less selling expenses is the price which the Company expects to receive in a sale between knowledgeable, independent parties and who have an interest in completing the transaction, less the costs that are directly attributable to the sale. When calculating the value in use, estimated future cash flows are discounted to the present value using a discount rate before tax that reflects the current market assessments of the time value of money and the risks specific to the asset. To calculate the future cash flows, the Company has used the budget and forecasts for the next five years.

If the recoverable amount of an asset (or cash-generating unit) is established to be lower than the carrying amount, the carrying amount of the asset (or the cash-generating unit) is written down to the recoverable amount. Any write-downs are expensed in the income statement straight away.

On each closing day, the Company assesses whether the earlier write-down is no longer justified. If this is the case, it is reversed partially or completely. When a write-down is reversed the asset's (the cash-generating unit's) carrying value increases. The carrying value after the reversal of the write-down must not exceed the carrying amount that would have been determined if no write-down had been made of the asset (the cash-generating unit) in prior years. A reversal of a write-down is recognised in the income statement.

Financial instruments

Financial instruments reported 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 debt side are Borrowing, accounts payable and Other liabilities.

Accounting in and deletion from the statement of financial position

A financial asset or financial liability is included in the statement of financial position when the company becomes a party in accordance with the contractual terms 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 sent. Accounts receivable are included in the statement of financial position when an invoice has been sent. Debt is recognised when the counterparty has

performed and a contractual obligation exists to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice is received. A financial asset is removed from the statement of financial position when the rights in the agreement are realised, expire or the company loses control of them. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to part of a financial liability. No financial assets and liabilities are offset in the statement of financial position, as conditions for offsetting are not met. Acquisitions and divestments of financial assets are reported on the business day. The business day is the day the company undertakes to acquire or sell the asset.

Classification and valuation

Financial assets are classified based on their cash flow nature. When the financial asset is held to collect contractual cash flows and the agreed terms for the financial asset give rise at specific times to cash flows that are only payments of capital amount and interest on the outstanding capital amount, the asset is recognised at amortised cost. This business model is categorised as "hold to collect".

All financial assets except holdings in Baseload Capital (classified as Other long-term securities holdings in the balance sheet) classify Climeon as "hold to collect", which means that the assets are reported at amortised cost. Climeon classifies its holdings in Baseload Capital as "other", which means that they are valued 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 either measured at fair value through profit or loss or 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, whether they are irrevocably identified as such at the initial accounting date or if they are derivatives. All financial liabilities in Climeon are reported at amortised cost.

Depreciations

The company recognises a loss reserve for expected credit losses on a financial asset that is valued at amortised cost or fair value through other comprehensive income, for a lease receivable and for a contract asset. At each balance sheet date, the company must report the change in expected credit losses in the income statement since the first reporting date.

For accounts receivable, contractual assets and leasing receivables, there are simplifications that mean that the company must immediately report expected credit losses for the remaining maturity of the asset. The expected credit losses for these financial assets are calculated using a case-to-case basis. Climeon estimates that the number of customers and the size of the receivables mean that it provides a more accurate picture.

For all other financial assets, the company shall value the loss reserve at an amount corresponding to 12 months expected loan losses. For financial instruments for which there has been a significant increase in credit risk since the first reporting date, a reserve is based on credit losses for the entire maturity of the asset. Equity instruments are not covered by the write-down rules.

Amortised cost

Amortised cost refers to the amount at which the asset or the financial liability was initially recognised, less repayments, supplements or deductions for accumulated accruals using the effective interest method of the initial difference between the amount received/paid and the amount payable/receivable on the due date, and less impairment losses.

The effective interest rate is the rate at which discounting of all future expected cash flows over the expected term results in the initial carrying amount of the financial asset or financial liability.

Current investments

Short term investment of liquid funds with a maturity exceeding three months from acquisition, not readily to convert into cash, is classified as current investments.

Cash and cash equivalents

Cash and cash equivalents include cash at hand and available funds at banks and other credit institutions, and other short-term liquid investments that can be readily converted into cash and for which the risk of fluctuations in value is insignificant. To be classified 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 acquisition cost and net realisable value on the closing day. Cost is determined using the first-in, first-out method (FIFO) and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the selling value less the estimated costs that can be directly related to the sales transaction.

Provisions

A provision differs from other liabilities as there is uncertainty regarding the time of payment or the size of the amount for the settlement of the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred and 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 Company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve deposits and payments.

Segment reporting

The company sells and markets a small number of products which for the most part is packaged solutions. The company's operational organisation and management are organised by function and the company's internal monitoring is currently at the aggregated level only. Monitoring of geographic areas is only done for sales in respective countries or regions. Considering the above, Climeon recognises no operating segments in the financial statements.

Parent company accounting policies

The Parent Company has prepared this Annual Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements issued by the Swedish Financial Reporting Board also apply to listed companies. RFR 2 entails that, in the annual report of the legal entity, the Parent Company is to apply all IFRS and statements adopted by EU as far as possible within the framework of the Annual Accounts Act and in regard to the connection between accounting and taxation. The recommendation states the exceptions and additions that are to be made to IFRS.

The parent company consequently applies the principles presented in Note 2 to the consolidated financial statements above, with the exceptions stated below. The principles have been applied consistently for all years presented unless otherwise stated.

Classification and structures

The parent company's income statement and balance sheet are prepared in accordance with the schedules of the Annual Accounts Act. The difference from IAS 1 Presentation of Financial Statements that is applied in the preparation of the Group's financial statements is primarily the presentation of equity.

Participation in Group companies

Participation in Group companies are recognised in the Parent Company in accordance with the cost method. Acquisition-related costs or Group companies, which are expensed in the consolidated financial statements, are included as part of the cost of shares in the Group companies.

Group contributions and shareholder contributions for legal entities

The Parent Company recognises Group contributions and shareholder contributions in accordance with statement RFR 2 from the Swedish Financial Reporting Board. Group contributions are recognised as appropriations. In the parent Company, shareholders contributions are capitalised as shares and participations. Impairment testing is also made as required of shareholders contributions together with other holdings in the receiving company.

Leases

The parent company, which is the lessee, reports leasing fees as an expense on a straight-line basis over the leasing period, unless another systematic way better reflects the user's financial benefit over time.

Note 3 Key estimates and judgements

Significant sources of estimation uncertainty

The main assumptions concerning the future are reported below, along with other significant sources of uncertainty in estimates on the closing day that represent a material risk of significant adjustments to the carrying amounts of assets and liabilities in the subsequent financial year.

Capitalised development expenses

At the start of the year, Climeon AB had capitalised development expenses totalling SEK 128,529 thousand (121,623). They mainly relate to the Company's technique HeatPower. When calculating the recoverable value of the cash-generating units for assessing if any impairment needs for capitalised development expenses, several assumptions have been made about, among other things, future conditions and estimates of parameters. Climeon has found that reasonable changes in assumptions do not give rise to any general write-down as of December 31, 2024.

Long term financial assets

The company's holding in Baseload Capital is measured at fair value. The valuation is based on Baseload's own valuation with a certain lag. Baseload uses a valuation model that Climeon's management assesses as reasonably consistent with fair value. The valuation is based on cash flow forecasts on its portfolio of installations. The company reassesses the value of the holding at least once a quarter. Please also be referred to note 19.

Revenue

For each delivery, Climeon assesses when the control over a product or service has been transferred to the customer in accordance with the five-step model in IFRS 15. The assessment determines the performance commitment that Climeon has undertaken and when it has been performed.

Accounts receivables

The Group's accounts receivable consist of relatively few and large receivables from relatively few customers. Impairment needs are therefor assessed item by item.

Inventory

The company conducts annual stock takings in order to continuously ensure the inventory and its value. The company's inventory mainly consists of a finished inventory of assembled Heat Powder modules with associated components. These are for the most part prepaid by existing customers, whereby the company therefore, as of the balance sheet date, does not assess that there is any need for write down.

Capitalisation of loss carry forwards

Climeon AB has unutilised loss carry forwards amounting to SEK 925,214 thousand (698,176), of which the tax effect has not been recognised as a deferred tax asset in the balance sheet. This is because the Company assesses that it is uncertain whether these losses carryforwards will be able to be utilised, due to uncertainty about when in the future sufficient taxable surpluses will be generated. The tax rate for calculating deferred tax is 20.6% (20.6%).

Note 4 Financial risk management and financial instruments

The Group is, by virtue of its operations, exposed to different types of risks. The operations are affected by a number of factors that can impact the company's profit or loss and its financial position. The strategy entails the ongoing identification and management of risks, as far as possible. The risks can be divided into operational risks and financial risks and the section below describes the financial risk factors that are adjudged to be of the greatest significance in terms of Climeon's development, together with the way in which Climeon manages them to minimise the risk level. The main financial risks that arise as a result of the management of financial instruments comprise market risks (interest risk, currency risk and share price risk), credit risk, and liquidity and cash flow risk. Operational risks are described in a separate section of the Directors' Report.

Capital management

The Board's objective is to maintain a good financial position, which contributes to keeping investor, lender and market confidence and forms a basis for continued development of the business. The capital consists of total equity. The Group's goal regarding the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate value growth and maintain an optimal capital structure to keep the costs of capital down. To develop the product portfolio over time and thereby generate future values, Climeon needs a strong capital base. The Group's equity amounts to SEK 288,108 thousand (323,841). The cash position and short-term investments amount to SEK 26,335 thousand (77,550). The equity ratio thus amounts to 89.2 percent (76.4).

Placement policy

Climeon has a group policy for its financial investment operations, which defines how the company is to handle these risks. Climeon must always have sufficient liquidity to correspond to at least twelve months' known future net cash payments. In the prevailing capital market, the investments of liquid assets must be made in such a way that the invested capital is primarily protected and, if possible, provides a safe and secure return. Investments can be made in interest-bearing instruments, fixed income funds and cash. Underlying instruments must have a low risk level and risk diversification must be sought when investing liquid assets. Investments may only be made in specified securities, which are low-risk securities (for example, Swedish bonds and certificates issued by the Swedish government and corporate certificates with a rating of A1).

Financial assets per level

	Assets valued at accrued acquisition value	Assets valued at fair value, level 2	Assets valued at fair value, level 3	Total
2024-12-31				
Long term financial assets	-	-	40,821	40,821
Accounts receivables	20,230	-	-	20,230
Other receivables	30,714	-	-	30,714
Cash and cash equivalents	26,335	-	-	26,335
Accounted value	77,279	0	40,821	118,100

	Assets valued at accrued acquisition value	Assets valued at fair value, level 2	Assets valued at fair value, level 3	Total
2023-12-31				
Long term financial assets	-	-	71,069	71,069
Accounts receivables	23,899	-	-	23,899
Other receivables	44,839	-	-	44,839
Cash and cash equivalents	77,550	-	-	77,550
Accounted value	146,288	0	71,069	217,357

Financial assets categorised as accrued acquisition value have determinable cash receipts and are not listed at any market-place. In this category there are investments where the company expects to return mainly the entire initial investment. For all instruments that are valued at accrued acquisition value, fair values do not differ significantly from the reported values, as interest that can be obtained or paid is either close to current market interest rates or that the instruments are short-term.

Financial assets recognised at fair value are categorised based on the fair value calculation. Level 2 includes financial instruments with input data based on observable data from known marketplaces. Level 3 Includes input data that is not based on observable market information.

Level 2

Holdings of short-term investments in the Group are valued at the value available on known marketplaces where trading in the instruments takes place. Currently, the Group does not hold any short-term investments.

Level 3

The valuation is based on unobservable inputs (Level 3), such as market transactions in Baseload shares and the company's own fair value assessments, which are based on discounted cash flow (DCF) calculations linked to Climeon's agreements with Baseload (see section below). Should a significant transaction involving Baseload shares occur at a materially different value, this would be taken into account and impact Climeon's valuation of the shares. In the absence of such transactions, valuation changes are primarily driven by changes in the DCF model. Climeon's management assesses the valuation in accordance with the accounting principles outlined in the 2023 Annual Report. The result effect is recognized under financial items.

In addition, Climeon has issued a call option for its remaining shares, allowing one of Baseload Capital's other shareholders to acquire them during a specified period. As of the balance sheet date, the value of this call option has been assessed as low and immaterial. The company continuously evaluates this value in accordance with IFRS 9 and IFRS 13.

	2024-12-31	2023-12-31
Opening fair value	71,069	99,902
Acquisition of shares	-26,996	-
Fair value change through the income statement	-3,252	-28,833
Closing fair value	40,821	71,069

Market risks

Currency risks

Currency risk is the risk that fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Group carries out operations in several different geographic markets and in different currencies, which means that it is exposed to currency risk. Exposure to currency risk arises mainly from payment flows in foreign currency, which is known as transaction exposure, and from the translation of balance sheet items in a foreign currency.

Transaction exposure is the risk that earnings will be negatively impacted by fluctuations in exchange rates for cash flows that take place in foreign currency. The Group's outflows are mainly in SEK, EUR, ISK and USD, while the Group's inflows are mainly in SEK and EUR. The Group is therefore affected by changes in these exchange rates as regards operational transaction exposure. This risk is currently not hedged, but it will be revised in case of need.

The table below shows the nominal net amounts of the major flows giving rise to transaction exposure. The exposure is stated based on the Group's payment flows in the most significant currencies and is presented in SEK thousand.

Currency	2024-12-31	2023-12-31
EUR	-26,619	-17,717
USD	-18	-163
NOK	0	-104
GBP	-22	-62
ISK	-843	-1,263

Interest-rate risks

Interest-rate risk is the risk that fair value or future cash flows will fluctuate due to changes in market interest rates. The Group was previously mainly exposed to interest-rate risk through its loan financing. The loans had a variable interest rate, but was fully amortized during the year. Therefore, the Group currently assesses this risk as limited.

Sensitivity analysis for market risks

The sensitivity analysis for currency risk shows the Group's sensitivity to a 10 percent increase or decrease respectively in the exchange rate for SEK against the most significant foreign currencies. For currency exposure, the table shows how the Group's profit after tax would have been affected by a change in the exchange rate. This also includes outstanding monetary assets and liabilities in foreign currency on the closing day. The amounts are presented in SEK thousand.

	2024	2024-12-31	2023	2023-12-31
Currency exposure	Effect on profit/loss	Effect on equity	Effect on profit/loss	Effect on equity
EUR -[10]%	-2 662	6 695	-1,772	7,269
EUR +[10]%	2 662	-6 695	1,772	-7,269
USD -[10]%	-2	5	-16	12
USD +[10]%	2	-5	16	-12
NOK -[10]%	0	0	-10	0
NOK +[10]%	0	0	10	0
GBP -[10]%	-2	0	-6	0
GBP +[10]%	2	0	6	0
ISK -[10]%	-84	0	-126	29
ISK +[10]%	84	0	126	-29
JPY -[10]%	0	1	0	0
JPY +[10]%	0	-1	0	0
Interest				
Financial expenses +[10]%	0	0	0	0
Financial income +[10]%	0	0	0	0

Liquidity and financing risk

Liquidity risk is the risk that the Group encounters problems meeting its financial commitments when they fall due. Financing risk is the risk that the Group is unable to obtain sufficient financing to meet its obligations. Liquidity and financing risks have been managed by raising loans and carrying out new share issues, targeted at new and existing shareholders. The Group is also working actively on several different external financing solutions in the short and long term. Operational financing will increasingly come from sales, which have already started.

The maturity distribution of contractual payment commitments related to the Group's financial liabilities are presented in the tables below. The amounts in these tables are not discounted values and they also include interest payments where relevant, which means that these amounts cannot be reconciled with the amounts reported in the balance sheets. Interest payments are established based on the conditions applicable on the closing day. Amounts in foreign currency have been translated into SEK at closing day exchange rates.

2024-12-31	Within 3 month	3 - 12 month	1 - 5 years	Over 5 years	Total
Liabilities to credit institutions	-	-	0	-	0
Leasing debts	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	-	19,656

2023-12-31	Within 3 month	3 - 12 month	1 - 5 years	Over 5 years	Total
Liabilities to credit institutions	-	-	10,381	-	10,381
Leasing debts	1,567	4,699	6,515	-	12,781
Accounts payable	21,384	-	-	-	21,384
Other current liabilities	3,938	2,353	-	-	6,291
Total	26,889	7,052	16,896	-	50,837

Credit and counterparty risk

Credit risk is the risk that a counterparty in a transaction will not fulfill its contractual obligations, therefore incurring a loss for the Group. The Group's exposure to credit risk is mainly attributable to accounts receivable.

Cash and cash equivalents are covered by the general model for write-downs. For cash and cash equivalents, the exception for low credit risk is applied when the credit risk is limited because the counterparties are banks with a high credit rating awarded by international credit rating agencies. The loss reserve for cash and cash equivalents amounts to an insignificant amount and has therefore not been reported.

Accounts receivable are mostly represented by a number of major counterparties. Accounts receivable are not concentrated to one specific geographical area, but vary in size over time between the counterparties. The Group therefore assesses that the concentration risks are periodically high.

To limit the Group's credit risk, a credit assessment is made of each new customer and, if necessary, a credit insurance is taken out. Existing customers' financial situation is continuously monitored to identify warning signals at an early stage. The Group's accounts receivable consists of relatively few and large receivables from relatively few customers. Assessment of impairment is for that reason made item by item.

	2024-12-31	2023-12-31
Incoming reserve uncertain receivables	36,351	31,681
Reclassifications	-	-
Currency adjustments	1,112	441
Reservations of the year	-	4,229
Outgoing reserve uncertain receivables	37,463	36,351

Bankruptcy

The Group considers that the following constitute default for internal credit risk management purposes as historical experience indicates that financial assets that meet any of the following criteria are generally not recoverable:

- when financial contract terms are not fulfilled by the debtor; or
- when the payment of the claim is 90 days due or more alternatively when information obtained internally or obtained from external sources indicates that the debtor is unlikely to pay his creditors.

The Group makes ongoing assessments of whether there is an established customer loss on its existing receivables. In the event of an estimated established customer loss, a corresponding write-down of the receivable is made.

The Group's maximum exposure to credit risk is judged to be reflected in the recognised amounts of all financial assets and are shown in the table below.

	2024-12-31	2023-12-31
Accounts receivable	20,230	23,899
Other long-term receivables	1,436	1,859
Other current receivables	30,714	44,839
Cash and cash equivalents	26,335	77,550
Maximum exposure to credit risk	78,715	148,147

Note 5 Distribution of net sales

Revenue type	Consolidated		Parent company	
	2024	2023	2024	2023
Modules and other hardware	41,856	6,041	41,856	6,041
Services	732	145	732	145
Total	42,588	6,186	42,587	6,186

Geographic market	Consolidated		Parent company	
	2024	2023	2024	2023
Sweden	479	244	479	244
Europe	12,998	5,942	12,998	5,942
North America	335	0	335	0
Asia	28,775	0	28,775	0
Total	42,587	6,186	42,587	6,186

Contract assets and liabilities

Contract assets	Consolidated		Parent company	
	2024	2023	2024	2023
Accrued income	756	7,706	756	7,706

Contract liabilities	Consolidated		Parent company	
	2024	2023	2024	2023
Prepaid income	4,371	2,459	4,371	2,459
Advances from customers	3,717	26,755	3,717	26,755
Contract liabilities total	8,088	29,214	8,088	29,214

Note 6 Other operating income

	Consolidated		Parent company	
	2024	2023	2024	2023
Grants from the Government	12,028	3,046	12,028	3,046
Results from the sale of fixed assets	0	0	0	0
Other items	63	89	63	89
Total	12,091	3,135	12,091	3,135

Note 7 Auditor's fee

	Consolidated		Parent company	
	2024	2023	2024	2023
Deloitte AB				
Audit assignments	1,001	1,115	1,001	1,115
Other services	250	150	250	150
Moores Rowland CPAs				
Audit assignments	31	27	31	0
Other services	86	0	86	-
Total	1 368	1 292	1 368	1 265

The audit assignment amounts are the fees paid to the auditor for the statutory audit. The audit involves examining the annual accounts and the accounting records, the administration of the Company by the Board of Directors and the CEO, as well as fees for audit advisory services provided in connection with the audit assignment.

Other services essentially comprise advice in areas closely related to the audit, such as advice on accounting issues, as well as other tasks that are incumbent on the Company's auditors to carry out.

Note 8 Number of employees, salaries, other remuneration and social security contributions

	Consolidated		Parent company	
Average number of employees	2024	2023	2024	2023
Average number of employees	38	40	38	40
share of women	26%	29%	26%	29%

	Consolidated		Parent company	
Distribution of senior executives on the closing day	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Women:				
Board members	0%	20%	0%	20%
The Management team	20%	20%	20%	20%

	Consolidated		Parent company	
Salaries and remuneration	2024	2023	2024	2023
Salaries and other remuneration	30,295	32,203	30,295	31,925
Pensions, defined contribution	4,814	4,424	4,814	4,424
Social insurance contributions	10,934	12,011	10,934	11,966
Total	46,066	48,638	46,043	48,315

	Consolidated		Parent company	
Salaries and other remuneration for Board members, CEO and other employees	2024	2023	2024	2023
Board and CEO	3,546	3,634	3,546	3,634
Other employees	26,772	28,569	26,749	28,291
Total	30,318	32,203	30,295	31,925

Salaries and remuneration to senior executives *

2024	Salary/Fee**	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

* There are no costs for the ongoing warrant programs

** For information on remuneration to companies owned by board members, see also Note 30.

*** Other senior executives during the year consisted of four men.

2023	Salary/Fee**	Variable remuneration	Other benefits	Pension costs	Total
Director Thomas Öström	200		-	-	200
Director Anders Lindberg	240		-	-	240
Chairman of the board Håkan Osvald	538		-	-	538
Director Liselotte Duthu Törnblom	280		-	-	280
Director Peter Carlberg	220		-	-	220
CEO Lena Sundquist	2,156		5	436	2 597
Other senior executives (***)	5,914		106	1,596	7,616
Total	9,548		111	2,032	11,691

* There are no costs for the ongoing warrant programs

** For information on remuneration to companies owned by board members, see also Note 30.

*** Other senior executives during the year consisted of four men.

Remuneration of the Board

During the financial year, SEK 1,402 thousand (1,478) was paid as a fee to the Board of Directors of Climeon, of which a total of SEK 631 thousand (538) to the Chairman of the Board. In addition to this, board members are reimbursed for travel expenses to board meetings, etc. There is no pension plan for the board. Board members elected by the Annual General Meeting shall in special cases be able to receive fees and other remuneration for work performed on behalf of the company, in addition to the board work. For such services, a market fee should be paid, which must be approved by the Board. During the financial year, consulting fees were paid to Silon Consulting AB (Thomas Öström) with SEK 0 thousand (249). Please also be referred to note 30.

Guidelines in remuneration of Senior executives

Senior executives refer to the company's CEO and persons in the Group management. Remuneration to senior executives shall be market-based and competitive and consist of a fixed salary, pension benefit and other benefits. At present, no variable remuneration is paid. The starting point is that a fixed salary must be market-based and individually determined based on position, competence, experience and performance. Benefits shall constitute a smaller part of the total compensation and correspond to what is customary in the market. To create additional incentives and strengthen the long-term in decision-making and goal fulfillment, the Board may, where appropriate, propose to the Annual General Meeting to decide on a share-based incentive program. The guidelines are described in full on Climeon's website. For new guidelines proposed for the 2024 Annual General Meeting, see the Corporate Governance Report.

Pensions

Pension terms for senior executives shall be market-based in relation to what generally applies to corresponding executives in the market and individually adapted regarding each executive's special competence and adapted to the company's costs. Pension benefits, including health insurance, must be defined contribution. The pension premiums for defined-contribution pensions shall amount to a maximum of 15 percent of the fixed compensation. The retirement age for senior executives is 65 years.

Severance pay agreement

There is a mutual period of notice of termination between the Company and the senior executives of up to 6 months. In case of termination, no severance pay is payable.

Deviation from the guidelines

The Board may decide to temporarily deviate from the guidelines in whole or in part, if in an individual case there are special reasons for this and a deviation is necessary to meet the company's long-term interests, its sustainability or to ensure the company's financial viability.

Remuneration of the CEO

Lena Sundquist took over as CEO in August 2021. Salary to Lena Sundquist during the financial year amounted to SEK 2,144 thousand (2,156) and pension provision amounted to SEK 498 thousand (436).

Remuneration to other Senior executives

Other senior executives refer to the persons who, together with the CEO during the year, formed the Group Management. Other senior executives consisted of four men during the year. Salary to other senior executives during the year amounted to SEK 5,716 thousand (5,914), invoiced fee SEK 0 (0) and other benefits to SEK 106 thousand (106). Pension provisions during the year amounted to SEK 1,271 thousand (1,596).

Share incentive programs

The purpose of share incentive programs is to encourage a long-term financial interest in an ownership interest in the company in order to strengthen the bonds between the shareholders and the employees. Over the years, Climeon has established several share incentive programs based on capital-taxed warrants for selected senior executives and other key personnel as well as consultants who are thought to be of significant importance to the company's operations and development.

Outstanding warrants

The table presents a summary of outstanding warrants in the company's existing programs, which are reported in accordance with IFRS 2 - share-based payments.

The warrant holder has the right to subscribe for new B shares in the company for the warrants at the subscription price specified in the table below. Payment of the subscription price for the shares underlying the warrants shall be paid in cash. The holders have acquired the warrants at a price (so-called premium) that corresponds to an assessed fair value of the warrants and does not constitute share-related compensation in accordance with IFRS 2.

The premium for all issued warrants has been determined based on Black-Scholes' valuation model, valued by an external source. Maturity, share price and volatility form the basis for calculating the valuation. No cost has been incurred for the company by issuing the relevant warrants.

Warrant program	Number	Number of B-shares warrants entitle to	Premium	Issue price	Sub-scription period	Impact on equity (TSEK)*
A. Program 2022/2025, issued 8/24/22	997,500	1,117,200	0.08	16,68	20250901-20250930	18,635
A. Program 2023/2026, issued 8/28/23	1,798,600	1,798,600	0.56	6,18	20260901-20260930	11,115

* Equity will increase by the following amount in the event of maximum utilisation.

Total outstanding warrants	2024	2023
Outstanding beginning of year	2,796,100	997,500
Allocated during the year	-	1,798,600
Forfeited during the year	-	-
Total outstanding at year-end	2,796,100	2,796,100

With full exercise of all 2,796,100 warrants for subscription of the number of B shares as above, it will include a share capital increase of a total of SEK 41,942 (quota value 0.015), which corresponds to a dilution of 0.71 percent of the number of outstanding shares and 0.78 percent of the number of outstanding votes (based on the number of outstanding shares as per December 31st, 2024 which means 356,220,890 outstanding shares, of which 3,900,000 A shares with 10 votes each and 352,320,890 B shares with one vote each).

Note 9 Interest income and other financial items

	Consolidated		Parent company	
	2024	2023	2024	2023
Interest income	613	1,127	1,205	1,983
Exchange rate differences	11,819	13,018	11,819	13,018
Total	12,432	14,145	13,024	15,001

Note 10 Interest expenses and other financial items

	Consolidated		Parent company	
	2024	2023	2024	2023
Interest expenses, other	-35	-811	-35	-811
Interest expenses on leased assets	-456	-710	-	-
Exchange rate differences	-10,014	-16,904	-10,014	-16,904
Revaluation of financial assets	-3,297	-28,836	-28,778	-28,836
Total	-13,802	-47,261	-38,827	-46,551

Note 11 Tax

	Consolidated		Parent company	
	2024	2023	2024	2023
Current tax	-5,	-5,	-	-
Change in temporary differences	-111	-68	-	-
Tax of the year	-116	-73	-	-
Recognised result before tax	-103,674	-135,696	-128,263	-133,706
Applicable tax rate 20.6% (20,6)	21,357	27,953	26,422	27,543
Tax effect of non-deductible expenses	-939	-1,049	-939	-1,049
Tax effect of non-taxable revenues	5	483	5	483
Tax effect of non-taxable changes of value in financial assets	0	-5,940	-5,258	-5,940
Tax effect of non-deductible expenses	106	-68	-	-
Effect of uncapitalised loss carry forwards	-20,645	-21,452	-20,230	-21,037
This year's reported tax expense	-116	-73	0	0

Deferred tax assets

Deferred tax assets are valued at a maximum of the amount that is likely to be recovered based on current and future taxable results. At the end of the year, total accumulated deficits amount to SEK 925,214 thousand (801,380) in the Group, of which nothing has been activated. The remaining deficit mainly relates to deficits in the parent company. The capitalised loss carry-forwards do not have a time limit for utilisation.

Note 12 Earnings per share

Earnings per share before/after dilution

The following amounts for profits and weighted average numbers of ordinary shares have been used in calculating earnings per share:

	Consolidated	
	2024	2023
Profit for the year attributable to the Group's shareholders in SEK	-103,790,000	-135,769,256
Weighted average number of outstanding ordinary shares*	261,556,841	107,770,527
Earnings per share before dilution, SEK	-0.40	-1.26

Profit of the year, after dilution

The following earnings and number of shares have been used in the calculation of earnings per share after dilution:

	Consolidated	
	2024	2023
Profit for the year attributable to the Company's shareholders	-103,790,000	-135,769,256
Number of shares, before dilution	261,556,841	107,770,527
Number of shares, after dilution	261,556,841	107,770,527
Earnings per share after dilution, SEK	-0.40	-1.26

Upon full exercise of all 2,796,100 warrants for subscription of Class B shares as described in Note 8, this would result in a total increase in share capital of SEK 43,737 (quota value SEK 0.015), corresponding to a dilution of 1.35 percent of the number of outstanding shares and 1.16 percent of the number of outstanding votes (based on the number of outstanding shares as of December 31, 2024, i.e., 215,845,344 outstanding shares, of which 3,900,000 are Class A shares with 10 votes each and 211,945,344 are Class B shares with one vote each).

Note 13 Capitalised expenditures on development work

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	200,737	180,451	180,451	180,451
This year's expenses for internally developed assets	27,967	22,565	22,565	22,565
Sales/Scrapping	0	-415	-415	-415
Reclassifications	0	-1,864	-1,864	-1,864
Closing accumulated cost	228,704	200,737	200,737	200,737
Opening amortisation	-70,949	-59,396	-70,949	-59,396
Sales/Scrapping	0	0	0	0
Amortisation for the year	-20,048	-11,553	-20,048	-11,553
Closing accumulated amortisation	-90,997	-70,949	-90,997	-70,949
Opening impairment losses	-8,165	-8,580	-8,165	-8,580
Sales/Scrapping	0	415	0	415
Impairment losses for the year	-1,033	0	-1,033	0
Closing accumulated impairment losses	-9,198	-8,165	-9,198	-8,165
Closing carrying amount	128,509	121,623	128,509	121,623

Note 14 Patents, licenses, trademarks, and similar rights

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	8,826	8,730	8,826	8,730
Sales/Scrapping	271	0	271	0
Purchases		96		96
Closing accumulated acquisition cost	9,097	8,826	9,097	8,826
Opening amortisation	-2,165	-1,325	-2,165	-1,325
Sales/Scrapping		0		0
Amortisation for the year	-315	-840	-315	-840
Closing accumulated amortisation	-2,480	-2,165	-2,480	-2,165
Opening impairment losses	-2,772	-2,120	-2,772	-2,120
Sales/Scrapping	0	0	0	0
Impairment losses for the year	-766	-652	-766	-652
Closing accumulated impairment losses	-3,538	-2,772	-3,538	-2,772
Closing carrying amount	3,079	3,889	3,079	3,889

Not 15 Leasehold improvements

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	24,292	22,823	23,549	22,079
This year's leasehold improvements	2,109	1,469	2,109	1,470
Sales/Scrapping	-743	0	0	0
Closing accumulated cost	25,658	24,292	25,658	23,549
Opening depreciation	-13,586	-7,960	-13,172	-7,696
Sales/Scrapping	414	0	0	0
Depreciation for the year	-3,912	-5,626	-3,912	-5,476
Closing accumulated depreciation	-17,084	-13,586	-17,084	-13,172
Opening impairment losses	-1,619	-1,619	-1,619	-1,619
Closing accumulated impairment losses	-1,619	-1,619	-1,619	-1,619
Closing carrying amount	6,955	9,087	6,955	8,758

Note 16 Plant and machinery

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	16,289	16,192	16,289	16,176
Purchases	279	173	279	164
Sales/Scrapping	-2,708	-76	-2,708	-51
Closing accumulated cost	13,860	16,289	13,860	16,289
Opening depreciation	-10,027	-8,795	-10,027	-8,789
Sales/Scrapping	90	40	90	34
Depreciation for the year	-1,108	-1,272	-1,108	-1,272
Closing accumulated depreciation	-11,045	-10,027	-11,045	-10,027
Opening depreciation	-4,255	-4,255	-4,255	-4,255
Sales/Scrapping	2,618		2,618	0
Opening impairment losses			0	0
Closing accumulated impairment losses	-1,637	-4,255	-1,637	-4,255
Closing carrying amount	1,178	2,007	1,178	2,007

Note 17 Right to use assets

The following amounts are reported in the balance sheet related to leasing agreements:

	Consolidated	
	2024	2023
Right to use assets		
Premises	5,259	10,518
Vehicles	235	307
Closing carrying amount	5,494	10,825
Leasing liabilities		
Long term	600	6,299
Short term	5,786	5,813
Closing carrying amount	6,386	12,112

The Group's right-to-use assets mainly relate to leased premises, vehicles and other leases (e.g. office equipment and other assets that are not considered material separately). Leases are normally written for fixed periods between 3 - 10 years. The terms are negotiated separately for each agreement and contain a large number of different contract terms. The leases do not contain any specific conditions or restrictions that would terminate the contracts if the terms were not met, but the leased assets may not be used as collateral for loans. For information on debt structure see note 4.

Rights of use under the vehicle category were discarded during the year to a value of SEK 0 thousand (0).

	Consolidated	
Depreciation of Right-of-Use Assets Recognized in the Income Statement	2024	2023
Premises	5,259	5,159
Equipment	0	0
Vehicles	132	88
Interest (part of financial costs)	456	710
Closing carrying amount	5,847	5,957

Payments for short contracts and leases of lesser value are expensed on a straight-line basis in the income statement. Short contracts are contracts with a lease term of 12 months or less. Agreements of minor value includes IT equipment and smaller office furniture.

	Consolidated	
Reconciliation of Net Debt, Leasing	2024	2023
Net debt as of January 1	12,112	17,681
Amortizations	-5,726	-5,569
Closing carrying amount	6,386	12,112

The Parent Company has had expenditure on operational leasing for premises, furniture and vehicles during the year by SEK 6,242 thousand (6,279).

Note 18 Equipment, tools and installations

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening acquisition cost	4,587	4,354	4,521	4,275
Purchases	171	415	171	415
Sales/Scrapping	-85	-182	-19	-169
Closing accumulated cost	4,673	4,587	4,673	4,521
Opening depreciation	-3,009	-2,518	-2,975	-2,484
Sales/Scrapping	40	148	6	144
Depreciation for the year	-682	-639	-682	-635
Closing accumulated depreciation	-3,651	-3,009	-3,651	-2,975
Opening impairment losses	-16	0	-16	0
Sales/Scrapping	0	0	0	0
Impairment losses for the year	0	-16	0	-16
Closing accumulated impairment losses	-16	-16	-16	-16
Closing carrying amount	1,006	1,562	1,006	1,530

Note 19 Long term financial assets

Long-term financial assets consist mainly of investments in the finance company Baseload Capital Holding AB of SEK 40,821 thousand (77,066), corresponding to 6 (8) percent ownership in the company.

In February 2024, Climeon announced that it had entered into an agreement with Baseload Capital and its other owners. The agreement means that Climeon sells approx. 34% of its shares in Baseload Capital Holding AB while also repurchasing a number of non-commissioned HeatPower 150 units from Baseload Capital. In addition, an advance regarding a previously placed order regarding a geothermal order for Taiwan is settled. The transaction therefore has no liquidity impact for Climeon. The sale of shares is made at Climeon's book value as of December 31, 2023 and thus involves no capital gain/loss.

In addition, Climeon has issued a call option for its remaining shares for any of Baseload Capital's other owners to exercise during a specified term. Climeon's book value of the remaining shares as of December 31, 2023 reflects the exercise price of the option, approximately 44 MSEK, which can thus lead to a future liquidity supplement for Climeon. Climeon's intention is therefore to, over time, divest its entire ownership in Baseload Capital Holding AB.

Note 20 Inventories

Inventories comprise finished products, work in progress and goods for resale. In the financial year, costs of goods have been accounted for to the amount of SEK 61,331 thousand (12,710), as raw material and consumables. The impairment losses of inventories, amounting to SEK 8,986 thousand (6,573), are included in the cost of raw materials and consumables.

Note 21 Other receivables

	Consolidated		Parent company	
	2024-12-31	2024-12-31	2024-12-31	2024-12-31
Prepayment for goods	24,025	24,006	24,025	24,006
Tax receivables	576	5,863	576	5,863
Receivables on group companies	0	-	0	3,303
Other receivables	6,113	14,969	6,113	14,816
Total	30,714	44,839	30,714	47,988

Note 22 Accounts receivables

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accounts receivable, gross	57,693	60,250	57,693	59,978
Written-down amounts	-37,463	-36,351	-37,463	-36,351
Accounts receivable, net	20,230	23,899	20,230	23,627
Age analysis, accounts receivable	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Not overdue	3,840	9,421	3,840	9,149
Overdue by less than 30 days	0	599	0	599
Overdue by 61-90 days	0	0	0	0
Overdue by > 90 days	53,853	50,230	53,853	50,230
Total	57,693	60,250	57,693	59,978

Note 23 Prepaid expenses and accrued income

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Prepaid rent	2,128	2,126	2,128	2,096
Prepaid insurance premiums	0	34	0	0
Accrued income	756	7,706	756	7,706
Other items	1,373	1,544	1,373	1,544
Total	4,257	11,410	4,257	11,346

Note 24 Share capital

The share capital comprises 356,220,890 shares (215,845,344) with a quotient value of SEK 0.015 (0.015).

Note 25 Other provisions

Warranty provisions	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Incoming carrying amount	6,231	7,047	6,231	7,047
This year's provision	104	-	104	-
Årets upplösning av garantiavsättningar	-	-	-	-
Årets omklassificeringar	-	-	-	-
This year's usage	-1,612	-816	-1,612	-816
Outgoing carrying amount	4,723	6,231	4,723	6,231

The guarantee reserve consists of a provision for costs that are expected during the guarantee period. This year's reclassifications refer to items previously accrued for a customer against whom the company also has outstanding, unsettled, accounts receivables. The item has thus been reclassified to doubtful accounts receivables.

Other provisions of 0 (839) refer to provisions for loss contracts.

Note 26 Other long-term liabilities

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Swedish Energy Agency	0	10,381	0	10,381
Lease debt	6,386	12,112	0	0
thereof short-term liability of lease debt	-5,786	-5,813	0	0
Total	600	16,680	0	10,381

Loans that fall due later than five years after the closing day amount to SEK 0 thousand (0).

Note 27 Other current liabilities

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Swedish Export Credit	0	0	0	0
Short time part out of lease liabilities	5,786	5,813	0	0
Liabilities for grants received	706	2,353	706	2,353
Social security contributions, retention tax	1,535	1,574	1,535	1,574
Other	2,356	2,363	2,420	2,357
Total	10,383	12,103	4,661	6,284

Reconciliation of Liabilities Related to Financing Activities	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Opening liability	22,493	62,839	10,381	45,157
Amortizations for the year	-5,726	-41,490	0	-35,920
Settlement of lease obligation	0	0	0	0
Foreign exchange adjustment for the year	0	1,144	0	1,144
Debt write-off	-10,381	0	-10,381	0
New borrowings	0	0	0	0
Closing liability	6,386	22,493	0	10,381

A conditional loan from the Swedish Energy Agency of EUR 10,381 thousand has been forgiven by the lender in 2024.

Note 28 Accruals and deferred income

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Accrued vacation pay	1,146	1,706	1,146	1,706
Accrued social security contributions	360	536	360	536
Prepaid income	4,371	2,459	4,371	2,459
Accrued operating costs	934	11,433	934	11,433
Other items	0	0	0	0
Total	6,811	16,134	6,811	16,134

The change in accrued operating costs consists primarily of the fact that no costs of goods sold are included as of December 31, 2024.

Note 29 Cash and cash equivalents in the cash flow

	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Cash	26,335	77,550	26,318	77,155
Total	26,335	77,550	26,318	77,155

Note 30 Pledged assets and contingent liabilities

Pledged assets	Consolidated		Parent company	
	2024-12-31	2023-12-31	2024-12-31	2023-12-31
Floating charge	0	0	0	0
Total	0	0	0	0

All corporate mortgages are in the company's own custody after the final amortization of the debt to Swedish Export Credit.

Note 31 Transactions with related parties

Disclosures on transactions between the Company and related parties are presented below.

Purchase of services	Consolidated		Parent company	
	2024	2023	2024	2023
Silon Consulting AB	0	249	0	249
Total	0	249	0	249

Silon Consulting AB refers to consultancy services within business development performed outside the ordinary board work, the company is owned by the board member, Thomas Öström.

Sales and purchases of goods and services are made on market terms. Disclosures on remuneration to senior executives are presented in note 8 and in the Corporate Governance Report.

Note 32 Events after the closing day

In February, Climeon completed and closed its wholly owned subsidiary in Japan, Climeon Japan KK. The company has no further commitments or financial exposure in Japan following the closure of the subsidiary.

The Board of Directors of Climeon in 2025 decided to write down the value of parts of the component inventory for the Heat Power 150 units, as the company will henceforth only provide service and support to existing customers of the Heat Power 150. Going forward, marketing and sales activities will be focused on the Heat Power 300. As a result, an inventory write-down of SEK 14 million has been made for input materials and components related to the previous product generation, Heat Power 150. The inventory write-down has no impact on liquidity.

The Board proposes that no dividend be distributed for the financial year 2024.

In May, a directed share issue was also announced and completed. The Board of Directors of Climeon resolved on a directed issue of 6,960,584 Class B shares at a subscription price of SEK 4.31 per Class B share, corresponding to issue proceeds of approximately SEK 30 million before transaction costs. The share issue increases the company's share capital by SEK

1,044,087.60, from SEK 5,343,313.35 to SEK 6,387,400.95, and the number of shares increases by 6,960,584 Class B shares to a total of 42,582,673 shares (consisting of 390,000 Class A shares and 42,192,673 Class B shares). The share issue results in a dilution of approximately 16.35 percent in relation to the total number of outstanding shares in the company after the issue.

Note 33 Proposed appropriation of earnings

The following amounts in SEK are at the disposal of the annual general meeting

Share premium reserve	1,258,741,316
Accumulated loss	-982,585,107
Loss for the year	-128,263,303
	147,892,906
The Board's proposal for balanced profit	147,892,906
to be carried forward	147,892,906

APPROVAL OF FINANCIAL REPORTS

The group's financial reports for the reporting period ending on December 31, 2024 (including comparative figures) were approved by the board on 19 May 2025.

The Board's declaration

The consolidated accounts and the annual accounts have been prepared in accordance with the accounting standards stated in note 2 and good accounting practice and give a fair picture of the group's and parent company's position and results. The management report for the group and the parent company provides a fair overview of the group's and the parent company's operations, position and results and describes significant risks and uncertainty factors that the parent company and the companies that are part of the group face. The group's and the parent company's results and position in general can be seen from previous income and balance sheets, cash flow analyzes and notes.

SIGNATURES

Kista, May 19, 2025

Sebastian Ehrnrooth
Chairman of the Board

Thomas Öström

Joakim Thölin

Lena Sundquist
CEO

Our audit report was submitted on May 19, 2025

Deloitte AB

Daniel Wassberg
Authorized public accountant

KEY NUMBERS

TSEK	2024	2023	2022	2021	2020
Operating margin (%)	neg	neg	neg	neg	neg
Profit margin (%)	neg	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg	neg
Return on assets (%)	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg
Interest coverage (times)	neg	neg	neg	neg	neg
Equity ratio (%)	89.2	76.4	74,8	64.6	66.7
Debt ratio (times)	0.1	0.3	0,3	0,5	0,5
Net debt ratio (times)	-0.1	-0.2	-0,4	-0,4	-0,7
Earnings per share, before dilution, SEK *)	-0.40	-1.26	-1,17	-1,00	-1,30
Earnings per share, after dilution, SEK *)	-0.40	-1.26	-1,17	-1,00	-1,30
Equity per share, SEK	0.81	1.50	3,84	5.93	7,80

*) Fund issue elements from the new share issue in Q4 2023 and warrant redemption in Q2 2024 has been taken into account in the calculation of earnings per share before and after dilution, which is why comparative figures have been recalculated.

Climeon presents certain financial measures in the annual report that are not defined according to IFRS, so called alternative performance measures. Climeon believes that these measures provide valuable supplemental information to investors and the Company's management as they allow for evaluation of trends and the Company's performance. Since all companies do not calculate financial measures in the same way, they are not always comparable to measures used by other companies. For definitions of the performance measures that Climeon uses, please see Definitions.

DEFINITIONS

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

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 2024-01-01 - 2024-12-31. The annual accounts and consolidated accounts of the company are included on pages 52-95 in this document. The Corporate Governance Report is included on pages 41-49.

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 2024 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 2024 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. 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 57 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 57 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 annual accounts and consolidated accounts and is found on pages 1-39, 96, 101. 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 2024-01-01 - 2024-12-31 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 2024-05-15 and has been the company's auditor since 2014-03-07.

Stockholm, May 19th 2025
Deloitte AB
Signature on Swedish original

Daniel Wassberg
Authorized Public Accountant

A low-angle, upward-looking shot of several modern skyscrapers. The buildings are covered in glass windows, some of which are illuminated from within, creating a warm glow. The entire image is overlaid with a semi-transparent blue filter. A thin, horizontal cyan line is positioned above the text on the left side.

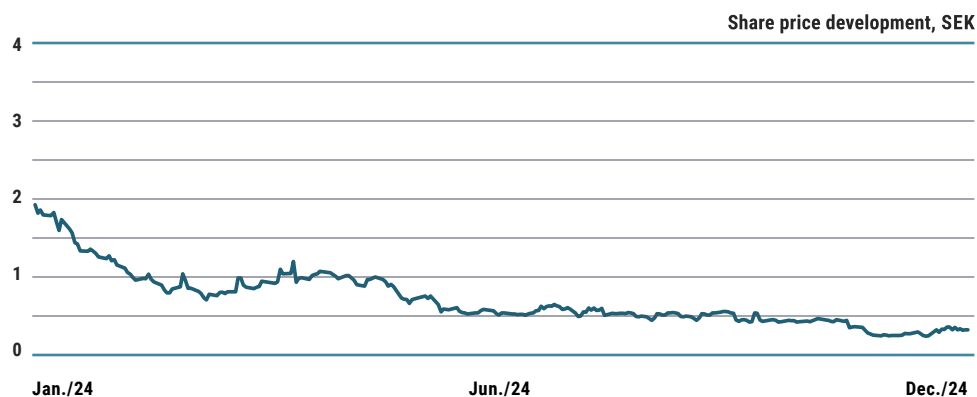
THE CLIMEON SHARE

THE CLIMEON SHARE

The company's fifteen largest shareholders as of December 31, 2024, are listed on the right. The company has issued two share classes, class A shares and class B shares. The only difference between the share classes is in 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. As far as the company's Board is aware there are no shareholder agreements or other agreements between the Company's shareholders that aim to jointly affect the Company. Nor is the Company's Board aware of any agreements, or the equivalent, that can lead to a change in the control of the Company.

Share information

The number of shares in Climeon at the end of the period amounted to 356,220,890 with a quota value of 1.5 öre, of which 3,900,000 A shares, 10 votes/share and 352,320,890 B shares, 1 vote/share. A reverse split (1:10) was decided at the extraordinary general meeting in December 2024 and was implemented in January 2025. Climeon's B share has been listed on Nasdaq First North Premier Growth Market since October 13, 2017. The share price was SEK 0.40 at the end of the period.



Largest Shareholders per December 31, 2024

Shareholders	Series A	Series B	Capital %	Number of votes	Voting rights %
Cidro Förvaltning AB	0	73,325,543	20.6	73,325,543	18.7
Försäkringsaktiebolaget Avanza Pension	0	24,396,976	6.8	24,396,976	6.2
Skandinaviska Enskilda Bankens SEB-Stiftelsen	0	20,271,697	5.7	20,271,697	5.2
Stefan Wikström	0	19,956,915	5.6	19,956,915	5.1
Wilhelm Risberg	0	16,581,077	4.7	16,581,077	4.2
Fredrik Lundgren	0	16,543,048	4.6	16,543,048	4.2
Nordnet Pensionsförsäkring AB	0	15,350,982	4.3	15,350,982	3.9
MP Pensjon PK	0	12,616,601	3.5	12,616,601	3.2
Futur Pension Försäkringsaktiebolag	0	11,377,405	3.2	11,377,405	2.9
Thomas Östrom	3,900,000	5,675,344	2.7	44,675,344	11.4
Novo Fund Management AB	0	9,251,969	2.6	9,251,969	2.4
SEB AB Luxembourg Branch	0	6,550,297	1.8	6,550,297	1.7
Clearstream Banking S A	0	6,341,553	1.8	6,341,553	1.6
Olle Bergström	0	3,974,637	1.1	3,974,637	1.0
Sea You Rederiet Aktiebolag	0	3,937,008	1.1	3,937,008	1.0
Övriga aktieägare	0	106,169,838	29.8	106,169,838	27.1
Summa	3,900,000	352,320,890	100,0	391,320,890	100,0

Share data	2023	2022
Total number of issued shares at period end	356,220,890	257,795,687
Average number of shares outstanding	261,556,841	356,220,890
Earnings per share, before and after dilution, SEK*	-0.40	-0.52
Equity per share, SEK	0.81	0.91

*) Fund issue elements from the new share issue in Q4 2023 and the exercise of warrants in Q2 2024 have been taken into account in the calculation of average number of shares issued, earnings per share before and after dilution as well as equity per share, which is why comparative figures have been recalculated.

CLIMEON

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