

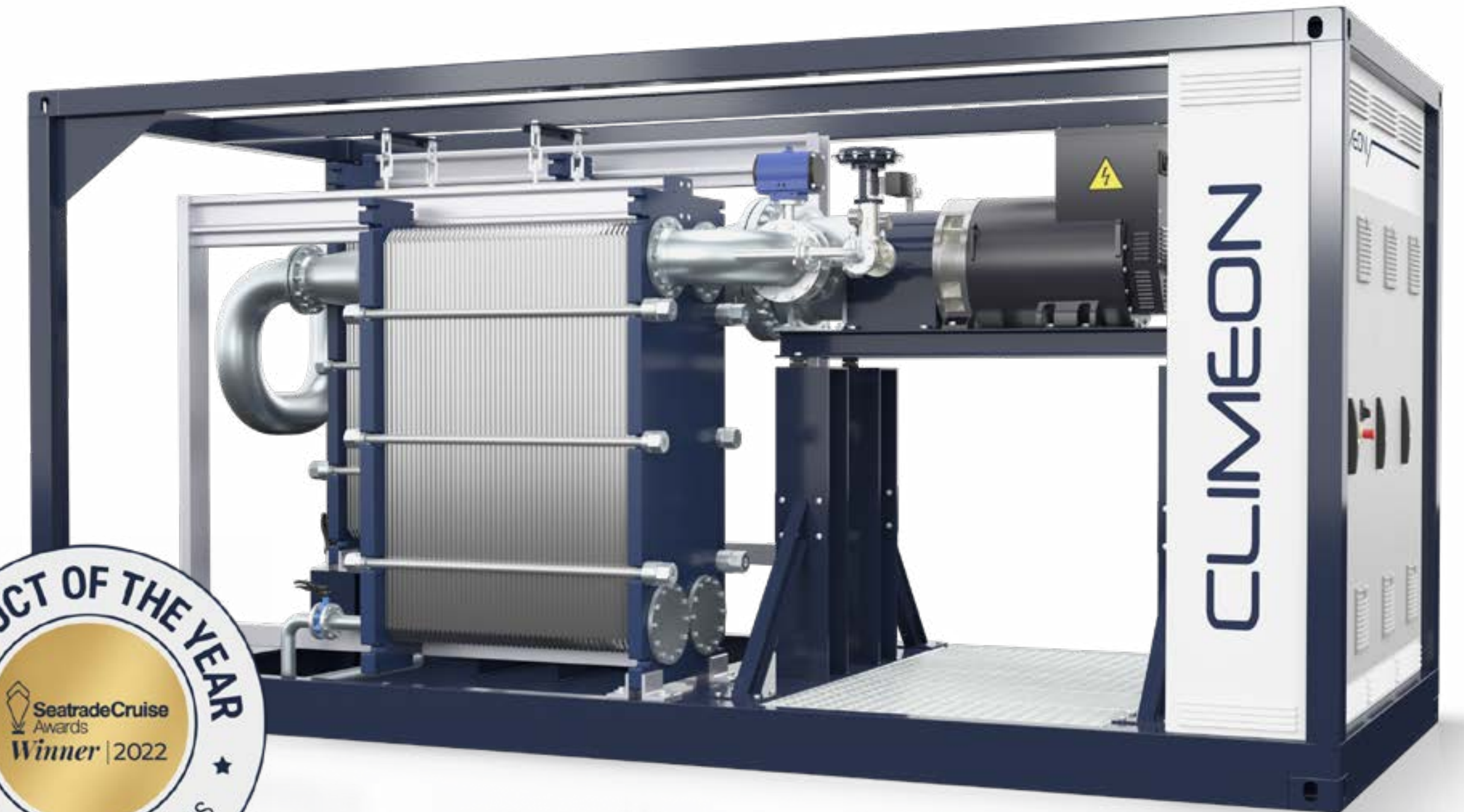
CLIMEON

2022

ANNUAL REPORT

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THIS IS CLIMEON

Climeon is a Swedish product company operating within the energy technology sector. Climeon's proprietary technology, the Climeon HeatPower system, uses an Organic Rankine Cycle (ORC) process to convert low-temperature heat into clean, carbon free electricity. Providing access to dependable and cost-effective sustainable power, HeatPower enables industries to increase energy efficiency, decrease fuel consumption and reduce emissions. As a non-weather-dependent source of green energy, HeatPower has the potential to diversify and safeguard the renewable energy mix and, therefore, accelerate the global transition to a net-zero future.

The company, which has around 50 employees, has its head office and test facility in Kista, outside Stockholm. All product development and production takes place in Sweden. Market monitoring and marketing activities are coordinated from the head office in Kista.

Its customers are in the marine, energy and industrial sectors, primarily in Europe and Asia. Marketing and customer acquisition and interaction are mainly run from Kista. Climeon works primarily through direct sales, but in the marine market also uses agents in selected geographic locations. Spare parts and service are largely handled from the office in Kista.



MESSAGE FROM THE CEO

Transitioning to a to a society with more efficient and environmentally friendly electricity generation is now more important than ever.

2022 was a year in which a great deal changed globally, and in a narrower perspective, that also occurred here at Climeon. The world was turbulent, to say the least. While the world was just starting to recover from a global pandemic, we faced a war in our close geographic neighborhood, along with new and growing geopolitical tensions at the global level.

Both electricity and fossil fuel prices skyrocketed, pushing up inflation and affecting us all. How 2023 will unfold is difficult to say. The International Energy Agency (IEA) is warning of higher electricity prices due to concerns about the availability of natural gas in the coming winter, which is of key importance for electricity prices in Europe. It is likely that we will have to live with turbulent prices in the future as well.

The need for electricity in society is constantly increasing, driven by a growing population, a general increase in consumption and the transition to a more climate-smart society in which electricity is needed for things such as electric cars and hydrogen production for manufacturing green steel. The growing need for electricity is a long-term trend that means we will continue to see rising demand for many years to

come. At the same time, in 2022 we reached new record levels of carbon dioxide emissions generated by electricity production, and in the EU, 2022 saw the largest increase in emissions since 2003. The EU is now pushing hard towards the target of reducing greenhouse gas emissions by at least 55 percent by 2030, compared to 1990 levels.

"As global electricity demand increases, it's vital to maximize energy efficiency, reduce our reliance on fossil fuels and utilize clean energy if we are to create a truly sustainable future."



To cope with the increasing demand for electricity and at the same time reduce carbon dioxide emissions, the world must not only improve energy efficiency where possible, but also reduce dependency on fossil fuels and transition to more sustainable electricity. This development is creating great opportunities for Climeon's HeatPower technology, which is now becoming more topical and relevant for both our customers and for society at large every day. This is also reflected in our updated mission statement: "To make sustainable power accessible, dependable and cost-effective through the development of industry-leading, low-temperature waste heat recovery technologies."

In our Energy and Industry business area, HeatPower is utilized to produce sustainable electricity in several different areas of application. Here we focus on the utilization of waste heat from large engine-driven power plants and on waste heat generated in various industrial processes. Although these are different markets, there are major similarities in terms of the technical conditions. We currently have an ongoing power plant project with our UK partner Landmark Power Holdings and are discussing other promising projects. In the market for geothermal applications, most projects are still in the future and do not always have an ideal technical match with our products. In the longer term, geothermal energy may once again become of interest to Climeon. As was announced in December, we wrote down our order backlog for geothermal energy in Iceland, as our customer Varmaorka decided to discontinue its operations.

In the marine market, ship fuel costs have a direct impact on the profitability of shipping companies and the industry is the-

refore looking for ways to reduce costs. At the same time, authorities and industry organizations are increasingly demanding carbon emission reductions. In December 2022, it was decided that the EU Emissions Trading System (ETS), as part of the 2050 climate neutrality target, would be extended to include the marine industry, which will need to reduce its emissions and/or pay carbon tax to compensate for them and the market does not have much time to adapt.

The marine market is also a market in which we have many years of experience, an established customer base and a technology that fits well. Our new HeatPower 300 product platform is initially being designed for this market and, after presenting it to a wider industry audience at the SMM marine trade fair in Hamburg in September, we have noted increasing interest and have intensified our customer contacts as a result.

The cost target for our new HeatPower 300 product platform is ambitious – halving the cost per produced kWh compared to its predecessor – and it looks like we will achieve that target. In the fall and winter, we tested the product at full scale, based on actual customer data, to verify that it meets customer requirements under various operating conditions. We have also spent a lot of time on customer documentation and adapting our product to the certification requirements of authorities and organizations, as well as preparing the supply and production chain. In parallel with developing the HeatPower 300 and focusing all sales activities on it, we continue to start up, install and service HeatPower 150 devices.

Profitability is of course a crucial factor for us, just as it is for all other companies. For the full year 2022, Climeon's net sales amounted to SEK 13.9 million and its operating loss was SEK -115.8 million. This outcome is due to the fact that we are in a transitional phase from development to commercialization, but our goal is of course for Climeon to be a strong and profitable company. I am grateful for the trust that our shareholders showed us in connection with last spring's rights issue, and that our lenders chose to extend our loans.

During the year, we also got a partly new Board of Directors, with extensive industrial experience and expertise that contributes to the company's development. At the same time, we have a clear and focused management team with two dedicated business area managers: Fredrik Thorén on the marine side and Patrik Engstrand Kemi for Energy & Industry. Jonas Måhlén has taken overall responsibility for the entirety of technical operations, ranging from research and development to delivery and service.

With them in place – and with Climeon's expertise in everything from our markets, customers and technology to service and finance – we are well equipped for the continuing journey ahead of us. I wish to express a big thank you to everyone who is involved, and I look forward to an interesting and rewarding 2023!

Lena Sundquist
CEO Climeon

"The target for our new HeatPower 300 product platform is ambitious – halving the cost per produced kWh compared to its predecessor – and it looks like we will achieve that target."

STRATEGY

Climeon has a clearly stated purpose for its business activities: By developing industry-leading low temperature heat recovery technologies, Climeon shall make sustainable power accessible, dependable and cost-effective through the development of industry-leading, low-temperature waste heat recovery technologies. The company's vision is equally clear: to reduce global CO₂ emissions and accelerate the use of sustainable power with world-leading Heat-Power solutions.



STRATEGY

TRENDS AND DRIVERS

In 2022, the global situation changed radically. When Russia invaded Ukraine in February 2022, it was the start of a trend in which geopolitical tensions grew to new levels, pushing both fuel prices and inflation to unprecedented levels.

At the same time, global demand for electricity continued to grow. According to the International Energy Agency's (IEA) Electricity Market Report 2023, global electricity demand rose by 2.0 percent in 2022. By 2025, according to the Energy Council, electricity demand will have increased by a further 2,500 terawatt hours, equivalent to twice Japan's annual consumption. In 2022, demand was particularly high in India, which increased its demand by 8.4 percent, and in the US, which increased by 2.6 percent. The report states that the situation in China was more difficult to assess due to the pandemic-related lockdowns during the year.

As a result of price developments and the general economic downturn, the global growth rate in electricity demand was comparatively lower in 2022 than in previous years. In Europe, the sharp rise in prices following the ongoing war in Ukraine had a major impact on entire industries, as well as on consumer usage. The situation for 2023 is uncertain, but the IEA is warning that electricity prices will remain high next winter due to concerns about the availability of natural gas, which largely dictates electricity prices in the interconnected European electricity networks.

Energy discussions during the year focused less on environmental aspects and more on how to meet growing electricity needs, in both the short term and the long term, given the huge amounts of electricity needed in the coming years to meet demand. At the same time, according to the IEA, power generation is currently the largest global source of carbon dioxide emissions, and while emissions decreased globally, they increased sharply in the EU in 2022, to the highest levels since the oil crisis of the 1970s. Developments show that in order to cope with the climate transition that is becoming increasingly necessary, not only is increased energy efficiency required, but also a broad transition to fossil-free electricity production. This is a prerequisite for being able to, for example, replace current vehicles with electric vehicles, heat buildings, run industries and produce green steel without using fossil fuels in the near future.

EU Green Deal and Fit for 55

While the focus is currently on electricity prices and the growing demand for electricity in the future, efforts to reduce carbon emissions are continuing globally and in Europe. In Europe, Fit for 55 has become the collective name for several legislative proposals adopted to achieve the objectives of the EU Green Deal. Fit for 55, adopted in 2021, defines how the EU intends to act to reduce greenhouse gas emissions by at least 55 percent by 2030 compared to 1990 levels. In 2022, the EU also launched its REPower EU Plan, which aims to reduce dependency on fossil fuels and increase resilience to price shocks.

In 2022, a number of new laws and decisions were added that further increased the requirements of Fit for 55. Those of par-

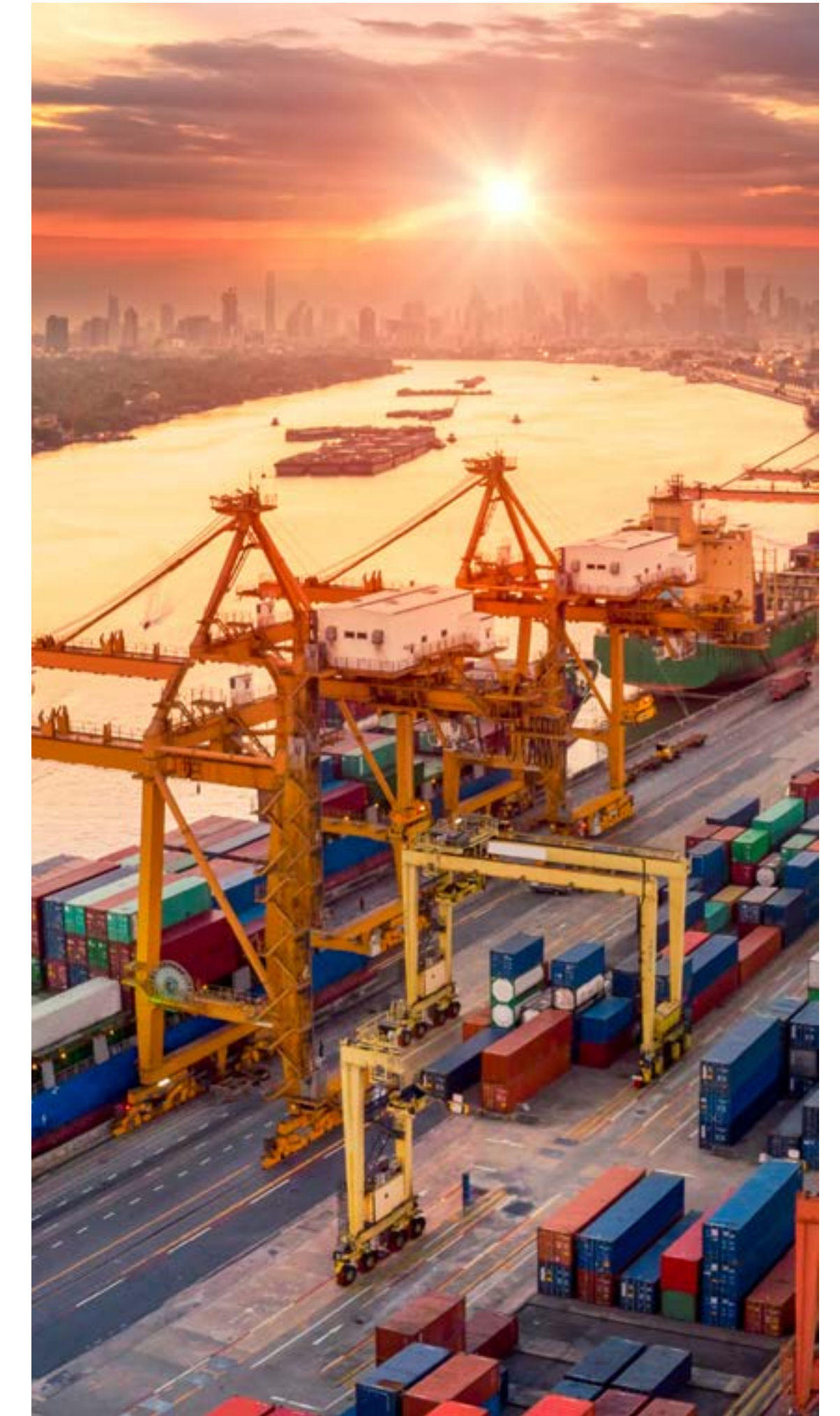
ticular interest to Climeon are the increase in the share of sustainable energy sources that are to be included from 32 percent to 40 percent for 2030, and the increase in the energy efficiency target for primary energy use from 32.5 percent to 36 percent, which means that the need for waste heat utilization technologies is likely to increase.

ORC – technology for converting heat into electricity

The increase in demand is highlighted by the journal Applied Thermal Engineering, for example, which notes that the market is growing steadily for Organic Rankine Cycle (ORC) technology, the smaller-scale technology that uses organic refrigerants to produce electricity from heat, which is covered by Climeon and others. The installed capacity has increased by 40 percent since 2016, and by 46.6 percent in terms of the amount of equipment installed during the same period. ORC is used in both geothermal and multi-fuel applications, but the strongest growth was in waste heat recovery. According to the journal, small-scale waste heat recovery systems will be one of the most relevant areas in the coming years, both on land and at sea.

Fit for 55 and other requirements

Within Fit for 55, there are specific proposals that also affect the marine industry, which is currently one of Climeon's main markets. FuelEU Maritime, presented by the EU in 2021, aims to stimulate the increased use of sustainable and low-carbon fuels in shipping. The aim is to reduce the greenhouse gas intensity of the energy used on ships. The proposal was revi-



sed and updated in 2022, when a proposal was also made to establish a marine R&D fund to finance its implementation.

As part of FuelEU Maritime, carbon dioxide emissions from ships have also been included in the EU Emissions Trading System. The decision states that 100 percent of the emissions from ships travelling between EU ports, as well as 50 percent of the emissions generated by voyages that either start or end outside the EU, are covered by the requirement. This means that each individual operator must buy allowances for each ton of carbon dioxide emitted. The measurement and recording of carbon dioxide emissions started in 2017 for ships above 5,000 tons deadweight.

The introduction of emissions trading will be phased in over three years, starting in 2023. In addition, the monitoring of non-carbon dioxide greenhouse gas emissions from the marine industry will be introduced in 2024, so that these can be included in emissions trading at a later stage.

Alongside EU requirements, the marine industry has to adapt to rules defined by the International Maritime Organization (IMO), which was established in 1948 as a subsidiary body of the United Nations to provide a common standard for shipping. In 2018, the IMO introduced a strategy for the reduction of greenhouse gas emissions from maritime sources, with the aim of reducing carbon dioxide emissions by at least 40 percent by 2030 compared to 2008 levels, and by 70 percent by 2050. At the end of 2021, the IMO decided to strengthen the already ratified rules, leading to the introduction of new environmental requirements for the design and propulsion of ships. For example, the concepts of Carbon Intensity Indicator

(CII) and Energy Efficiency Indexes (EEDI and EEXI) were introduced as a way to measure and define the fulfillment of these new requirements by ships. These indices will also be tightened every five years.

Future fuels

The global industry is working towards a sustainable future. Solar, wind, hydro and thermal power are important components, but the internal combustion engine will continue to be an extremely important component of energy production for a long time to come, especially for the marine industry and for engine-based power plants, which are two of Climeon's key markets. Combustion engines need to evolve to be able to run on new fuel types and to move from the use of fossil to non-fossil fuels, produced from renewable or carbon-free energy sources. Future fuel supply will depend on the availability and price of these energy sources. A higher price, together with a lower energy value of the new fuels, will lead to a further increase in demand for increased efficiency, i.e. increased electricity production, using the same amount of fuel, which can be achieved with Climeon's HeatPower technology.

In 2022, fuel prices varied considerably. Where they end up in the future is very difficult to predict. However, there are signs that prices are slowly coming down and stabilizing again at a level close to the level before the war started in Ukraine. Conventional fuels will continue to play an important role, especially as the production capacity for non-fossil fuels is currently limited. It is clear that the price of fuel in general, the availability and regulation of non-fossil renewable fuels and the deve-

lopment of new fuel technologies will be important parts of Climeon's future business.

OTHER SOURCES OF ENERGY

Nuclear power

For a number of years, nuclear power has been highly politicized and is being phased out in several countries, including in Sweden and Germany. In 2022, however, nuclear power received a political boost. The new attitude regarding power generation has come about as a result of the increased geopolitical tensions and soaring fossil fuel prices associated with the war in Ukraine, as well as the realization of the need for increased dispatchable power generation to meet the electrification requirements of the climate transition. Discussions on restarting decommissioned nuclear facilities and extending the lifespan of existing facilities were ongoing during the year. In recent years, new technologies for generating nuclear electricity have also been presented, including more small-scale Small Modular Reactors (SMRs). An SMR produces 50-300 MW per unit, compared to the 1,000-1,500 MW of conventional reactors, but they are considered to be faster and cheaper to build, while integrating new safety technologies. From a global perspective, it is mainly China, India and Japan that are expanding their nuclear power.

Solar, wind, water and energy storage

The cost of renewable electricity generation based on solar or wind has fallen significantly in the last few years, and is, relati-

vely speaking, now competitive with production using coal, oil, natural gas and nuclear power. This development is, among other things, a consequence of a maturing of the market and the establishment of ever more cost-effective products and processes.

Energy production from solar and wind power depends on the weather, season and time of day. These power sources are therefore characterized as being intermittent, which poses a challenge for electricity generation, as there must always be a balance between consumption and supply. Various storage solutions are currently being developed, based for example on battery farms or the production of hydrogen. However, there are currently no such solutions that are competitive enough for large-scale usage.

Growth in renewable energy technologies is essential for the climate transition, but there are practical barriers that are delaying the transition. Besides the challenge of weather dependency, there are also specific geographical and geological requirements. Hydropower requires, for example, an available source of water and large land areas where reservoirs can be created. Wind power requires large open landscapes with high wind speeds, or alternatively offshore locations, and is also often met with protests from local residents. Solar power plants work best where there are many hours of sunshine and a stable amount of daylight. Traditionally, geothermal power plants have been based on high temperatures, which means they can usually only be built in volcanic areas. However, low-temperature geothermal heat energy can be harnessed in a wider geographical area, as it requires a much shallower drilling depth to reach sufficient temperatures.

STRATEGY

Climeon has a clearly stated purpose for its activities: Climeon shall make sustainable power accessible, dependable and cost-effective through the development of industry-leading, low-temperature waste heat recovery technologies. The company's vision is equally clear: to reduce global CO₂ emissions and accelerate the use of sustainable power with world-leading HeatPower solutions.

Today's energy systems are extremely complex and in industrial activities and power generation, as well as in the marine sector, resources are not being used efficiently. Climeon's goal is to help companies generate electricity by utilizing existing energy flows, thus enabling them to use their resources and the earth's resources in a more sustainable way and facilitating a faster transition to a more climate-smart society.

Based on its mission and vision, Climeon has developed a strategy for its work.

Markets

Climeon focuses on selected markets with high customer value, in which the company's technology represents both a profitable investment and a contribution to achieving sustainability. The profitability analyses are based on a variety of factors, such as the current energy situation, electricity price, fuel price, carbon dioxide emission costs, capital cost, product cost, installation cost, operating cost, as well as political requirements, incentives and regulations. In addition, the technical conditions for each application and customer are assessed,

such as the availability of heat in the right temperature range and the availability of cooling.

The areas that are currently the most interesting for Climeon from a growth and profitability perspective are the marine market, and the energy and industrial markets. Customers in these markets have clear incentives, including regarding profitability and the environment, to invest in Climeon's HeatPower systems, which provide a good technical match between customer processes and Climeon's products, expertise and existing customer base. Together these form the basis for an attractive business proposition, for both the customer and Climeon.

Climeon works continuously to refine its products and services in order to achieve a market-leading position in its defined areas. For Climeon to achieve such a position, it is important for the company to carefully position and differentiate its range of products.

Climeon's business strategy has concentrated its activities on market segments in which it has the potential to become a leading supplier. Climeon bases its competitiveness on six basic components that aim to offer the best customer value in the market.

- Innovation – via continuous development of existing and new solutions for the conversion of low temperature heat to electricity
- Simplicity – by offering efficient, high-tech products that are easy to understand, integrate and use
- Quality – via quality assured development and production

- Supply certainty – via a well-developed distribution and logistics network
- Service and support – via local support at a global level
- Environmental awareness – by constantly seeking opportunities to contribute to reducing environmental impact both as a company and by reducing the carbon dioxide emissions of customers

Marine market

The marine market is a well-established and stable market that will exist for as long as trade continues between continents. Climeon's marine customers are mainly shipping companies and shipyards. The current commercial fleet comprises around 85,000 vessels, with between 1,500 and 1,800 new vessels being added each year. About 30 percent of these are of a size and ship class that are suitable for Climeon's waste heat recovery solutions. This applies in particular to vessels in the cruise, ferry, cargo, container and ro-ro segments. Other segments may also be of interest to Climeon, based on the available waste heat and the operational profile of the vessel.

There is great interest among marine market owners and shipping companies to make their fleets energy efficient and ready for the future, and among shipyards to offer cost-effective technical solutions for this, regarding both new ships being built and existing ships being updated. The aim is to comply with new, more stringent requirements to reduce carbon dioxide emissions, and to reduce operating costs. This need has been further accentuated by rising fuel prices. Solutions for converting the waste heat from ship engines into electricity, thus enabling lower fuel consumption, are part of

Our vision

To reduce global CO₂ emissions and accelerate the use of sustainable power with world-leading HeatPower solutions.

Our mission

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

future-proofing. This has been demonstrated in recent years as reputable shipowners and shipyards have included such solutions in their designs for future ships.

Climeon's vision for its marine business is to be one of the industry's top three suppliers of waste heat recovery solutions. This goal is to be achieved by offering customers a product adapted to the industry's requirements and conditions, together with the company's internal marine expertise and selected local sales agents and service partners, who can help customers integrate the product and enable maximum utilization of its capacity.

Energy and Industry

The Energy and Industry markets consist of several different markets and customer groups with situations in which Climeon's HeatPower technology is effective for heat recovery of low-temperature heat.

Stationary engines

Stationary engines are often large engines used for electricity generation, where Climeon's HeatPower technology contributes to increased efficiency, meaning the engines can increase their production of electricity using the same amount of fuel. An example of this is large motorized power plants that are used to produce electricity, either for baseload power or to balance electricity systems when production from sources such as wind power is low.

Industries

Many industrial processes, both mechanical and chemical, generate excess heat. Water used to cool industrial processes contains heat that is typically wasted and can be used to generate electricity with Climeon's HeatPower system.

Geothermal

Geothermal energy, based on utilization of the hot water inside the earth, is an area in which Climeon has experience from installations in Iceland and Japan. There is an interesting market for Climeon's technology in small-scale geothermal production and for hot water temperatures between 80 and 100 degrees.

In the Energy and Industry markets, Climeon mainly focuses on a number of selected countries in Western Europe where the price of electricity is at a level at which Climeon's HeatPower technology can provide a good payback period. Markets outside Europe may become of interest in the future.

HeatPower 300 Product Platform

Climeon developed its new HeatPower 300 product platform during 2022. In this process, Climeon focused on fulfilling market requirements, initially in the marine market and for selected applications with corresponding technical requirements in the energy and industrial markets.

HeatPower 300 is a product platform that can be customized for different types of vessels and stationary installations. One of the goals of the HeatPower 300 platform is to halve the cost per kilowatt hour (kWh) produced compared to its predecessor HeatPower 150. The HeatPower 300 can generate up to 3,000 MWh of green electricity per year per module.

Climeon strives to ensure the company's products offer the lowest possible levelized cost of electricity production, or LCOE. LCOE includes the cost of the product as well as the cost of the associated components and the integration work. Climeon is actively working to simplify integration and provide solutions to give customers the most competitive solution and payback time possible with the HeatPower 300. In addition to providing customers with an attractive payback period, the new HeatPower 300 platform creates an opportunity for Climeon to increase profitability.

Product range and business model

Climeon offers HeatPower products and a number of additional products and services. The core of the product and service range is HeatPower and its integrated control system. As an additional service, the company offers the Climeon Live

software for remote monitoring and maintenance of the system. In addition, Climeon offers consulting, service and support services, installation support, spare parts and training. The support services are provided by either Climeon's own staff or by a third-party provider.

Payment model

Payment models vary from customer to customer, but are usually divided into instalments, starting with contract signing and continuing through production start-up, delivery and a final payment upon commencement of use.

Sales and aftermarket

Marketing and customer acquisition and interaction are carried out primarily from Climeon's head office in Kista, where the company's test facility is located. Climeon works mainly through direct sales, but in the marine market it also uses agents in selected geographic locations. Spare parts and service are largely handled from the office in Kista.

Innovation, R&D and product development

Innovation is an inherent driving force at Climeon. The company's employees are highly skilled in their respective fields, and innovation is a continuous and ongoing process. Research and product development is done from a market perspective, based on clear requirements and needs from customers. This work also involves significant adaptation to requirements and regulations regarding, for example, marine certification, Grid codes and CE certification required for the European market.

The aim is always to add value, for the customer and for Climeon as a company.

Patents and rights

Climeon's key assets include HeatPower technology, the Climeon brand and the intellectual property rights associated with them. A strong patent portfolio supports Climeon's competitiveness, growth and profitability. Climeon continuously strengthens its portfolio through a structured innovation process in collaboration with internal and external patent specialists, which is done to identify what can be protected by patents, trademarks, designs, etc. The unique technological solutions that support Climeon's way forward are protected by patents or the definition of trade secrets. Climeon also works systematically to ensure that the company's products and technology do not infringe on existing patents, in order to ensure what is known as freedom to operate.

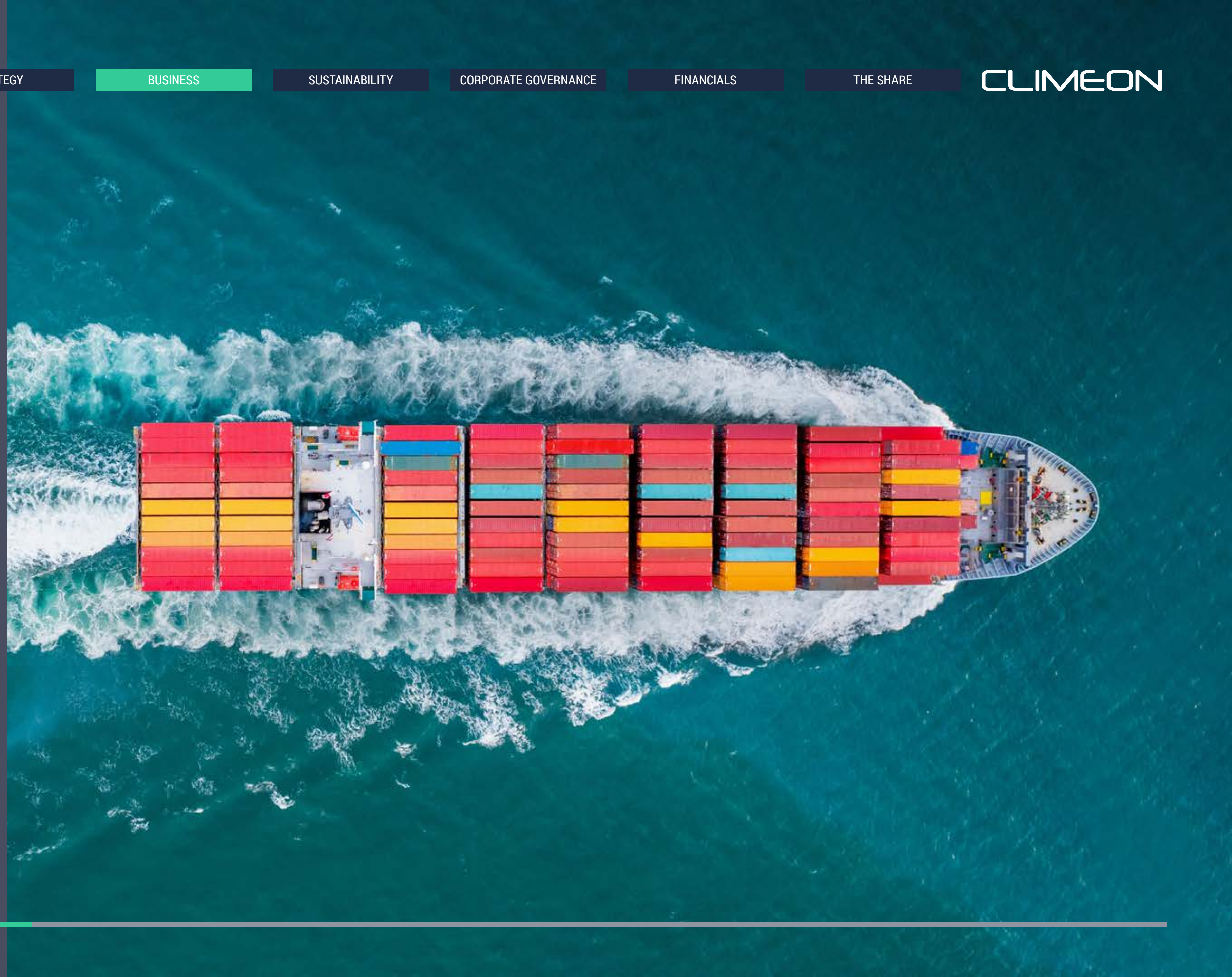
Manufacturing

Climeon does not have its own production facilities, but has chosen a contract manufacturer to produce HeatPower modules. Otherwise, Climeon uses just a few subcontractors. To minimize dependency on individual suppliers, Climeon always aims to have two subcontractors for each system component.

Climeon always strives to have long-term partnerships and prefers reputable companies with international reach. This gives the company access to both high-quality products and proven product development methods. (For other information on the relationship with suppliers, see the Governance section).

CLIMEON'S BUSINESS

In 2022, the global situation changed radically. When Russia invaded Ukraine in February 2022, it was the start of a trend in which geopolitical tensions grew to new levels, pushing both fuel prices and inflation to unprecedented levels.



In 2022, the company's main focus was on the development, testing and marketing of the new product generation HeatPower 300, which forms the core of Climeon's portfolio of products and services.

HeatPower is the core

Utilizing thermal power involves converting thermal energy, i.e. heat, into electrical energy. Climeon has chosen the name HeatPower to emphasize how its technology uses previously unutilized heat to produce clean and environmentally friendly electricity.

In 2022, the company's main focus was on the development, testing and marketing of the new product generation HeatPower 300, which forms the core of Climeon's portfolio of products and services. The platform, which was launched to a wider industry audience in September 2022, is designed based on Climeon's experience with the previous HP150 pro-

duct generation, with over 40 installations carried out in marine, geothermal and industrial areas of use. During the late fall and winter, full-scale live tests were carried out, based on actual customer data from potential and existing customers. The development of the new HeatPower 300 product platform utilized, and is utilizing, the extensive expertise that Climeon's technical experts have built up over time in areas such as project management, thermodynamics, design, electronics, software, certification and testing.

Adapted for market demand and reduced costs of production

HeatPower 300 is primarily designed to meet the stringent specifications of the marine market, but is also a flexible modular platform that can be customized for engine-driven power plants and select industrial applications with sufficient low-grade waste heat. The modular design ultimately enables tailor-made products, optimized for a variety of project-specific conditions.

The focus of the new modular platform is reducing the cost per produced kilowatt hour by 50 percent compared to the previous generation, and simplifying the installation, integration and operation of the product at the customer site. The reduced cost, modular design and the product's ability to adapt to different markets makes HeatPower 300 a more profitable product for Climeon.

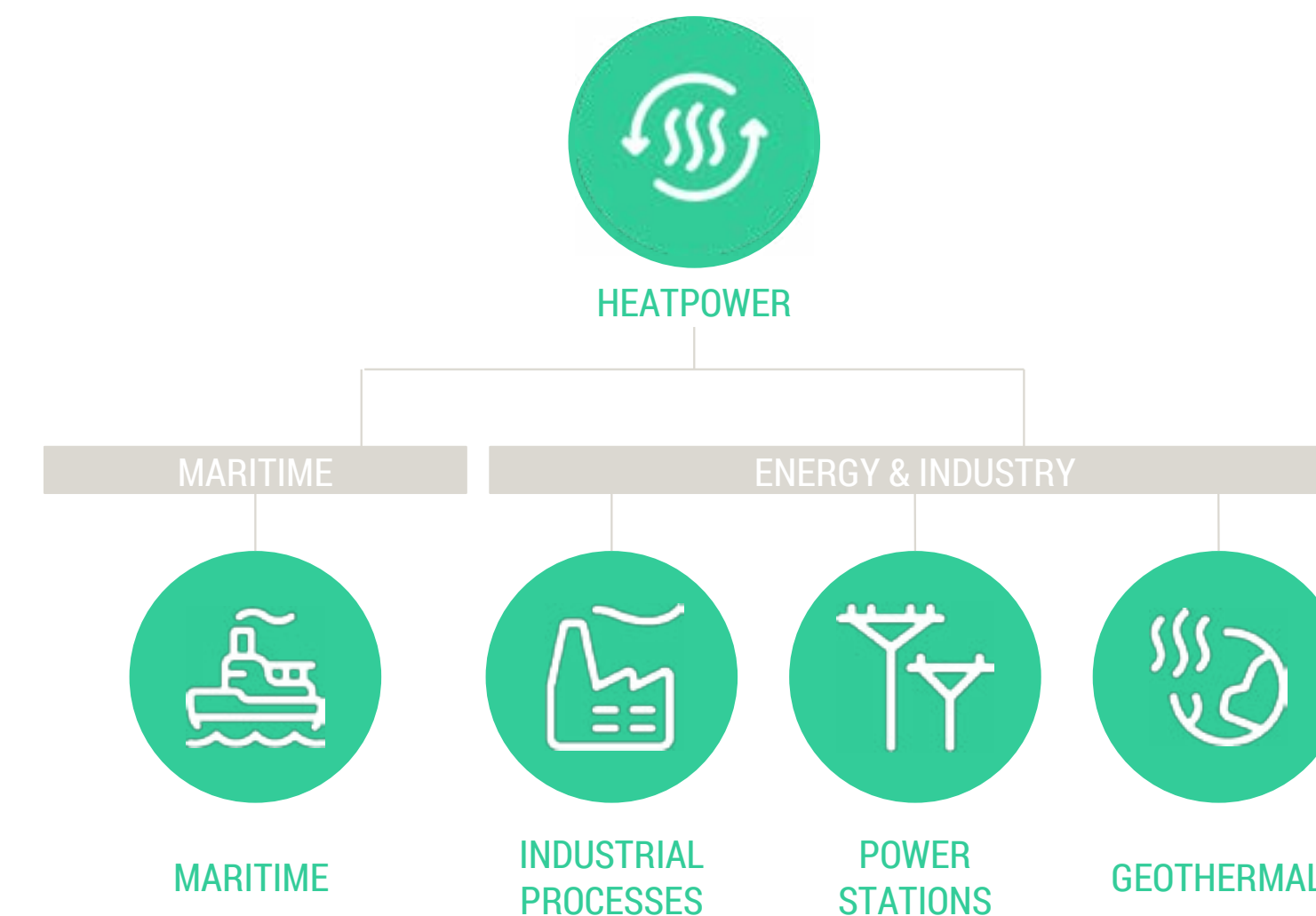
Manufacturing

In 2022, no new modules in the HeatPower 150 series were produced, as the company was in transition to the new HeatPower 300 product generation, which is now ready for production in 2023.

However, since 2016, Climeon has had a partner agreement with a contract manufacturer that is responsible for the entire

production. The manufacturer's production facility is flexible, which makes it possible to make quick changes to individual modules, or adjust the production capacity. The manufacturer is also responsible for a large part of the logistics chain, from the ordering of components to the delivery of the complete module to Climeon. All the devices are tested by Climeon staff at the test and development facility in Kista before being delivered to the customer.

Business segments and applications



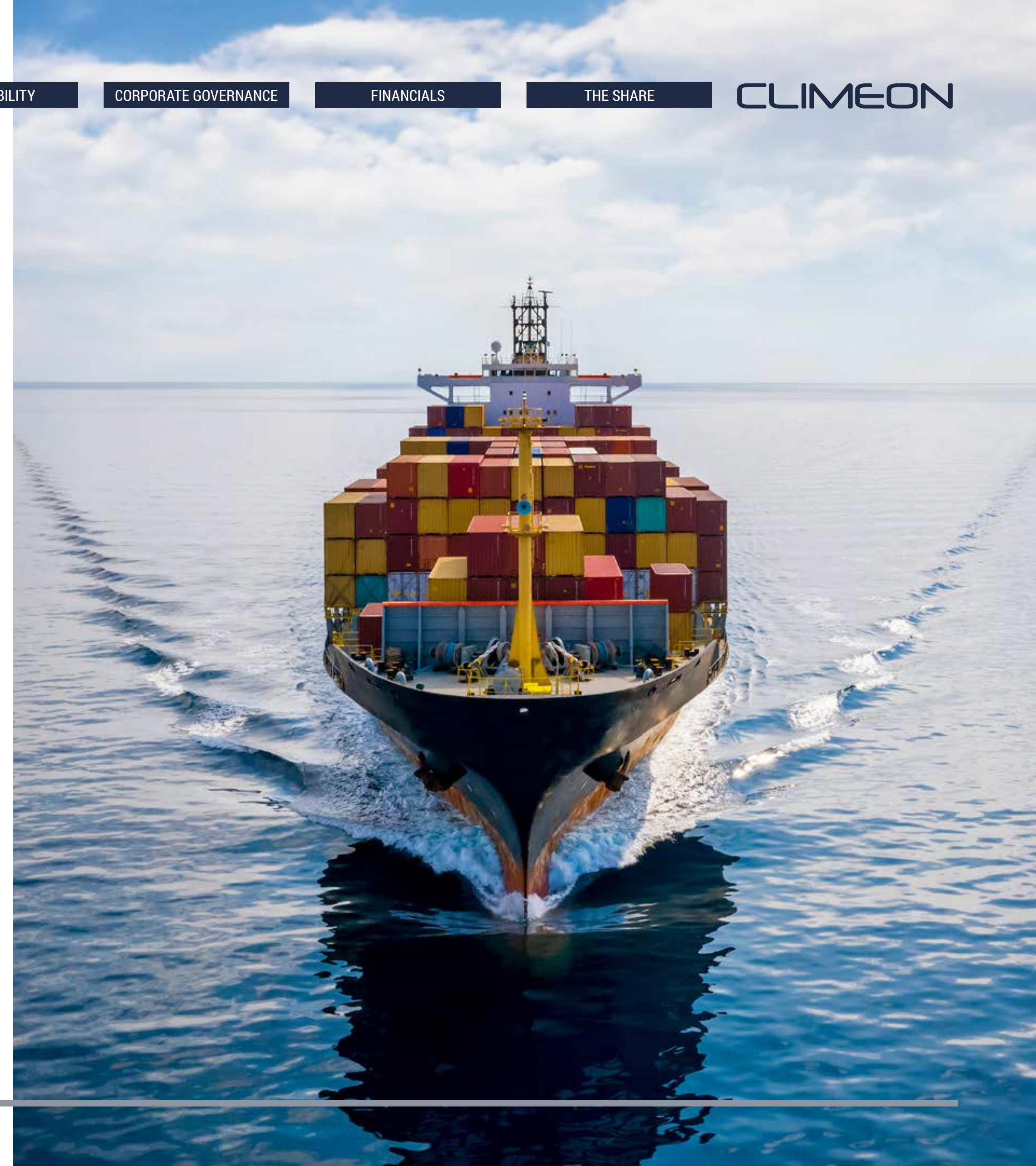
MARITIME MARKET

In many ways, global shipping is the lifeblood of today's global economy. This became even more apparent in 2022, when the war in Ukraine, together with the lingering effects of the coronavirus pandemic, disrupted both maritime traffic and supply chains. We saw congestion in ports, as well as lock-downs of entire cities, which resulted in huge delays and major disruptions to international maritime traffic.

Maritime transport is one of our most environmentally friendly methods of transport, but it is still heavily dependent on fossil fuels. The majority of all ships, whether they are container ships, oil tankers or cruise ships, have large internal combustion engines. The fuel energy supplied to the engines is converted into both mechanical energy for propulsion and electricity to meet on-board needs. The engines are traditionally powered by fossil fuels such as HFO and diesel, making shipping responsible for almost three percent of global greenhouse gas emissions. As previously mentioned, in 2018 the International Maritime Organization (IMO) introduced its 'Initial GHG Strategy', which set targets for the reduction of annual greenhouse gas and carbon dioxide emissions from international shipping. In 2021 and 2022, this strategy was revised and strengthened. This led to the introduction of new environmental regulations regarding how ships should be designed and operated, such as the Carbon Intensity Indicator (CII) and the Energy Efficiency Development Index (EEDI) and Energy Efficiency Index (EEXI), as well as the inclusion of emissions from ships in the EU Emissions Trading System.

While world trade and transport demand drive the development of new orders for ships, international regulations drive the development of the equipment on ships. As a result, the marine industry's interest in new environmentally friendly technological solutions that can reduce emissions and can be installed on new and existing ships has increased significantly. One such solution is Climeon's HeatPower technology for the recovery of waste heat for electricity generation. This electricity can be used on board, thus reducing the load on the internal combustion engines.

In an internal combustion engine, about 50 percent of the fuel energy supplied is converted into heat, much of which ends up in the engine's cooling water and exhaust gases. About 25 percent of this heat is in a temperature range that has often been considered too low to exploit in the past, but in which heat recovery with Climeon's technology is appropriate. Converting waste heat into electricity reduces both carbon dioxide emissions and fuel consumption, which is good for the environment, and also good from an economic perspective for Climeon's customers, who are striving to reduce their operating costs, of which fuel costs are a major part. The new carbon tax will also bring additional costs. New carbon-neutral fuels are on the way, but are still significantly more expensive than traditional fossil fuels, making increased energy efficiency a high priority for the marine industry.



Customers

Climeon's marine customers are mainly international shipping companies and shipyards, but ship owners are also important contractual partners for Climeon. Asia is the dominant region for international shipbuilding, with China, South Korea and Japan being the three major shipbuilding countries. Together, the three countries account for 80 to 90 percent of the world market. In Europe, there are significant shipyards in certain cruise ship segments in Germany, Italy, Finland and France.

The shipping industry is global and the largest shipping company countries are Greece, Japan and Germany, followed by China and South Korea, which together control more than half the world market.

As shipping companies, owners and shipyards strive to comply with increasing regulations, maximize energy efficiency and minimize their operating costs, it is becoming increasingly apparent that waste heat recovery systems and therefore Climeon's HeatPower can be part of the solution.

Market and competition

Uncertainty about technological developments and which fuels will be the most cost-effective, together with changing regulations and the rising cost of carbon emissions, have led to an increase in the average age of vessels in the commercial fleet. Nevertheless, every year 1,500 to 1,800 ships larger than 3,000 gross tons are added to the fleet. About 30 percent of these ships are considered to be of interest to Climeon. Climeon also estimates that between 15,000 and 30,000 of

the total of approximately 85,000 existing ships in the world are compatible with low-temperature waste heat recovery systems.

A challenge for any new technology installed on a ship is that the payback period for the installation must be as short as possible. Moreover, due to the long transport distances and the harsh environment at sea, the installed technology must be as maintenance-free as possible. Therefore, in developing the HeatPower technology for marine applications, Climeon's focus has been on reducing the product cost per kilowatt hour produced, robust design and easy installation. The new HeatPower 300 product is aimed at larger vessels in the cruise, ferry, cargo, container and ro-ro segments. Other segments and other engine sizes may also be of interest to Climeon, based on the available waste heat and the operational profile of the vessel.

Climeon operates in markets that are often highly competitive. However, Climeon has a very well adapted product, with a high conversion rate of engine cooling water to electricity. The company has also built up cutting-edge expertise in the marine area, with a strong team that has extensive experience in the industry. Climeon has carried out over 30 installations of modules on various vessels and has thus built up extensive knowledge of the maritime market. Experience from installations and launch of operations, the existing customer base and the fact that the maritime industry is mature in terms of procurement, legal and regulatory requirements, provides a solid basis for Climeon's marine business activities.



Aftermarket

A ship has a lifespan of about 25 years. Climeon's HeatPower products are designed to have the same lifespan. During this period, Climeon provides spare parts related to the product, software updates and services to ensure that the product works properly and the customer is satisfied. Climeon works with external sales representatives and service partners in the parts of the world where the marine industry is most established, so that it can offer customers a local presence and a quick response to any problems and questions. Climeon's aftermarket offering is tailored to enable a stable source of revenue over the lifespan of the product.

Development in 2022

Over the past year, Climeon has seen a general increase in interest across the marine sector in waste heat recovery systems. The new stricter environmental requirements, together with increased fuel prices, have put additional pressure on shipowners and shipyards to find new energy efficiency solutions.

The launch of HeatPower 300 Marine at SMM, the largest global marine trade fair, in Hamburg, Germany, as well as the fact that the HeatPower 300 Marine was awarded the "Product of the Year 2022" award at the Seatrade Cruise Awards 2022 event, attracted a lot of interest from potential customers and partners.

During the fall and winter, Climeon followed up this customer interest by pursuing intensive contacts involving several visits

to shipping companies and shipyards in Asia, the US and Europe where Climeon, together with the customers, identified the best possible integration solutions to maximize electricity production and fuel savings for their ships and fleets.

The installed HeatPower 150 units on Maersk's container ships, Virgin Voyage's cruise ships Scarlet Lady and Valiant Lady, as well as on the Viking Line ship Viking Glory, were in operation and contributed to reduced carbon dioxide emissions and fuel savings for the operators. Furthermore, another HeatPower 150 was commissioned, this time on board the Havila Voyages vessel Havila Polaris, which operates along the Norwegian coast. Two more HeatPower 150s were delivered for installation on Havila Capella and Havila Castor, and these are expected to be ready for use in the first half of 2023.

Future prospects

The marine industry is currently a market that has very high potential for Climeon, driven by increasing demand for energy efficiency, lower carbon emissions and reduced operating costs. New environmental legislation, together with a shift to new, more expensive fuel types, is contributing to increased demand for the type of waste heat recovery products offered by Climeon. In addition, the large fleet of existing vessels, which has grown by between three and eleven percent per year since 2010, contributes to a large customer base for an almost unlimited period going forward. Repeat orders, in cases in which several identical sibling vessels are built, allow Climeon to increase its margin over time. In recent years, waste heat recovery products have also been introduced as standard energy efficiency solutions by both shipyards and

shipping companies. This will enable a shorter procurement time and more business for Climeon in the future.

On the basis of a well-planned strategy for expansion of the sales representative and service partner network, Climeon will be able to increase its presence in the markets in which it has key customers.

The marine industry is currently a market that, driven by an increasing demand for energy efficiency, lower carbon dioxide emissions and reduced operating costs, has very high potential for Climeon.

Climeon is also participating in the EU-funded CHEK project, which aims to develop a future-proof technological platform for ships, including new energy-saving technologies. CHEK is also investigating how ships of the future can be designed to meet the new climate requirements. The CHEK project is a great way for Climeon to introduce its technology to even more potential customers and partners. The project also pro-

vides an opportunity to influence legislation and regulations related to new green innovations such as Climeon's HeatPower technology.

ENERGY AND INDUSTRY

The energy and industry markets consist of several different customer groups. One of these is stationary engines for electricity generation, with Climeon's HeatPower technology increasing efficiency and allowing the engines to produce more electricity with the same amount of fuel. Engines are now an important component in many markets, as they can be used to balance weather-dependent electricity generation from solar or wind power. When the engines burn fuel, electricity is produced, as well as waste heat, which is currently simply cooled. Climeon's technology instead utilizes the waste heat and can thus contribute to increased electricity production and thereby increased energy efficiency. Climeon is in dialogues with several different engine manufacturers and has an ongoing collaboration with, for example, Landmark Power Holdings, located in the UK.

Another area is Industry, where a large amount of energy is simply dissipated through cooling. This energy is generated by various chemical and mechanical processes and is found in the form of heat. The heat in industrial cooling water can, with Climeon's HeatPower system, be used to generate electricity. Climeon's current technology is optimized for heat recovery at temperatures from 80 to 100 degrees., and heat in this temperature range occurs in a large variety of industries. Climeon conducts ongoing dialogues several different indu-

stries which are now evaluating the possibilities of recovering waste heat in a profitable and eco-friendly way to generate more electricity and reduce carbon dioxide emissions.

Geothermal energy is another interesting area, in which Climeon has experience from installations in Iceland and Japan. Most geothermal power plants currently in operation or being planned around the world are at a larger scale and use heat at higher temperatures than Climeon's HeatPower technology can currently handle. However, there is an interesting market for Climeon's technology in smaller-scale geothermal production and for hot water temperatures between 80 and 100 degrees. Climeon currently receives many enquiries in this area, mainly from North America and Eastern Europe. However, many of these projects are in the relatively early stages.

In the Energy and Industry area, Climeon focuses mainly on a number of selected countries in Western Europe where the electricity price is at a level at which Climeon's HeatPower technology provides a favorable payback period. In the future markets outside Europe may become of interest in the future.



Development in 2022

Interest in Climeon's technology is growing every day and Climeon is currently working actively with selected customers, mainly in the UK, but is also in dialogue with potential customers in Western Europe, including Sweden. In the UK, Climeon's partner Landmark Power Holdings continued construction work during the year on the motorized power plant at which Climeon's HeatPower, together with carbon capture equipment, is part of the solution. The plant is expected to be completed in 2023.

Climeon has previously delivered and commissioned the previous HeatPower 150 product generation at geothermal power plants in Japan and Iceland. The delivered units will continue to be operated by the power companies in Iceland, as Climeon's original customer Varmaorka announced in late fall 2022 that it will be winding down its operations, partly as a result of the low electricity prices on the island. The decision means that no more installations will be carried out there, as a result of which Climeon wrote down the value of its order backlog related to the customer by SEK 136.1 million.

Future prospects

The market for more sustainable electricity generation with Climeon's HeatPower technology is global and exists in a variety of areas of application and customer segments. Climeon has chosen to initially focus on selected countries in Europe where there is great interest in more energy efficient and environmentally friendly electricity production, and where electricity prices are relatively high, as this provides attractive payback periods for Climeon's technology. Interesting customer segments are stationary engines, as well as industrial processes with available waste heat in temperatures above 80 degrees, where Climeon's HeatPower 300 platform is well suited. One example is land-based motorized power plants in the UK, where there is a great need for baseload and balancing power, both to meet the growing demand for electricity and to compensate for the fluctuations in electricity production resulting from the country's high proportion of installed wind power. Other examples are industries that have faced an increased electricity price but at the same time have available waste heat and see an opportunity, with the help of Climeon's HeatPower technology, to convert the waste heat to produce more electricity locally within their industry.

Within geothermal energy, Climeon, which has previous experience from Iceland and Japan, sees good opportunities for specific projects with appropriate technical and commercial conditions. The projects under discussion today that may be of interest to Climeon are at an early stage and will likely take time to materialize. The geographic markets that are considered most interesting are North America and Eastern Europe, but Climeon has chosen not to prioritize geothermal energy at this time, and instead focuses on the marine market, as well as on energy and industrial areas of application. However, this does not exclude that geothermal energy could be an interesting market for Climeon in the future.

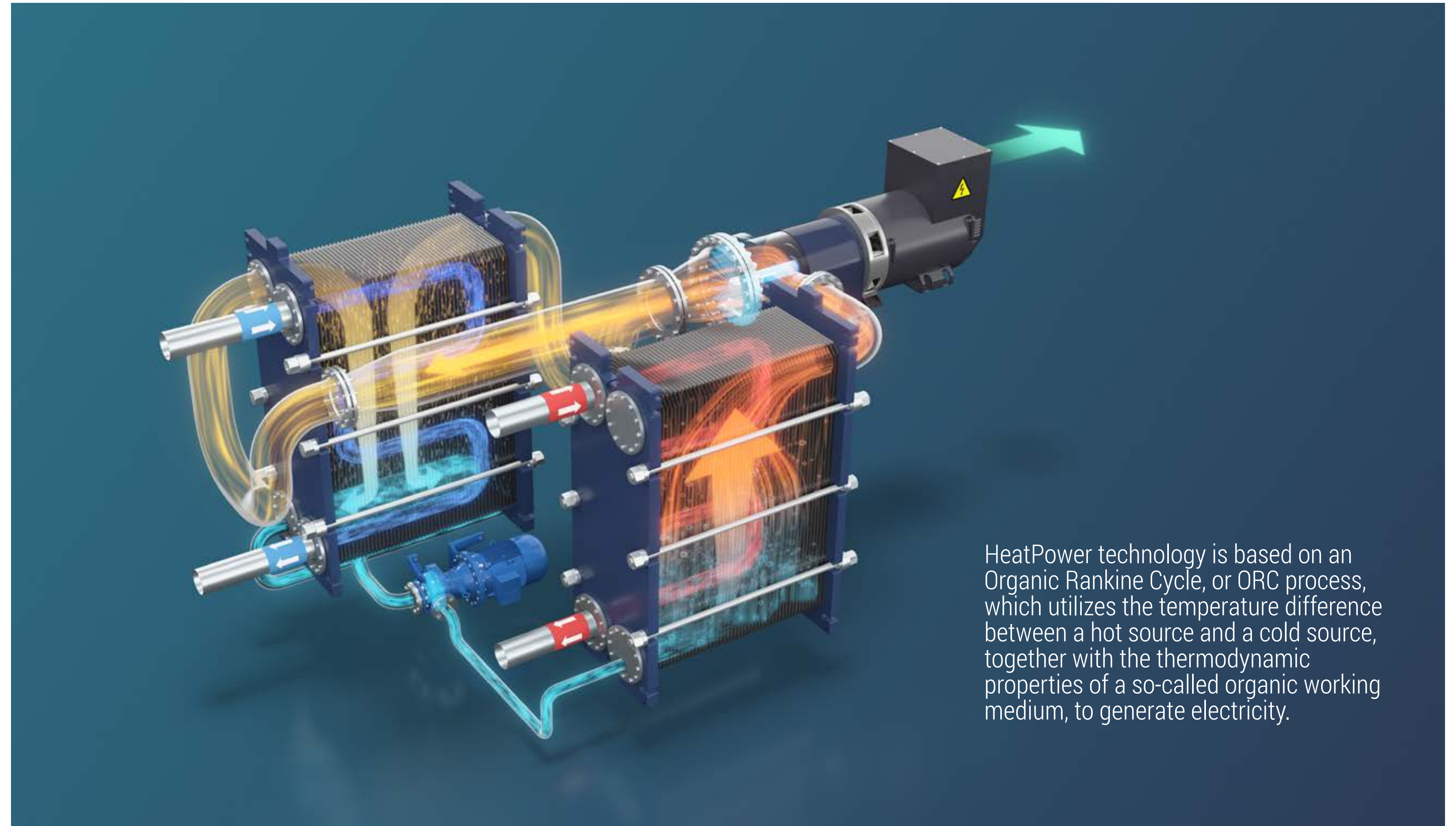
The company's assessment is that the industrial and power generation markets are likely to account for a growing share of the company's growth in the coming years.

Interest in Climeon's technology is growing every day and Climeon is currently working actively with selected customers, mainly in the UK, but is also in dialogue with potential customers in Western Europe, including Sweden.

Climeon technology – this is HeatPower

Engines, industrial processes and power plants all produce large amounts of heat that is not usually utilized for other purposes. If this waste heat is instead used to produce electricity, the energy efficiency of the plant increases, and thus the profitability and sustainability of their various activities.

In addition to power and industrial plants, heat is found in the hot water in the earth's interior, known as geothermal sources. When electricity is generated from such heat sources, it is possible to produce renewable energy without fossil fuels, which helps reduce overall global emissions. The temperatures of the heat sources vary, but Climeon's work has focused on low-temperature heat. The company defines this as in a range between 80 and 100 degrees, which is the usual temperature range found in the cooling water used to cool engines and industrial processes. At temperatures higher than 100 degrees, or if the waste heat is in a medium other than water, a heat exchanger can be installed to utilize these sources as well.



HeatPower technology is based on an Organic Rankine Cycle, or ORC process, which utilizes the temperature difference between a hot source and a cold source, together with the thermodynamic properties of a so-called organic working medium, to generate electricity.

Climeon's modular HeatPower product platform is based on five main components:

- An evaporator that transfers waste heat to the circulating working medium and transforms it from liquid into a gaseous form
- The vaporized working medium drives a turbine, which in turn transfers the energy to a generator that converts the energy into electricity
- A condenser that transfers heat from the device to the cooling water circuit and transforms the working medium back to its original liquid form
- A circulation pump that pumps the working medium back into the evaporator
- Electrical and control cabinets that control the process and electricity production for the external grid

Products based on the HeatPower 300 platform can deliver up to 355 kW of electricity by utilizing the temperature difference between hot water with a temperature of 80 to 100 degrees and cold water with a temperature of 0-35 degrees. The waste heat usually comes from cooling water, steam and excess heat from exhaust gases, but other sources can also be used. The cold water used by the HeatPower 300 in the process comes from cooling towers, or other low temperature water. The HeatPower 300 can be connected to a single heat source, or to a combination of different heat sources. The system uses a refrigerant, which is both non-toxic and non-flammable, and has minimal GWP (Global Warming Potential) and ODP (Ozone Depletion Potential).

Patents, trademarks and awards

During the development of the HeatPower 300, several ideas and new technical solutions were identified and patenting processes are ongoing. Climeon currently has 22 approved national patents divided into eleven patent families, and five patent applications pending.

The company works to strengthen its brand with both existing and potential customers through direct customer contacts, but also through participation at trade fairs, seminars and industry-related events. Climeon's technology has received a number of awards and honors in recent years. In 2022, the HeatPower 300 Marine was awarded the prestigious "Product of the Year" award at the SeaTrade Cruise Awards event.



CLIMEON'S SUSTAINABILITY WORK

Climeon has a strong inherent drive to contribute to a more sustainable world for future generations. The company's business concept is based on the UN's seventh Sustainable Development Goal – Affordable and Clean Energy. Sustainability must therefore permeate the company's operations at all levels, environmentally, socially and in all the company's processes. The focus is on reducing environmental impact, and ensuring the health and safety of employees and the responsible management of the business operations.

Climeon and its stakeholders

Climeon's various stakeholders consist mainly of customers, suppliers, employees, the Board of Directors and shareholders. The company has previously conducted a stakeholder dialogue in the form of meetings and interviews with a selection from each stakeholder group. Based on the dialogue, Climeon identified a number of prioritized sustainability issues within the focus areas of environment, employees and responsible governance. Key performance indicators or activities in these areas are measured and monitored on an ongoing basis. Climeon strives to continuously develop its sustainability work and further improve ways of measuring targets related to its focus areas.

FOCUS ON WHAT'S MOST IMPORTANT

Environment

- CO₂ savings
- Production and suppliers
- Internal environmental work

Employees

- Healthy and committed employees
- Safe work environment

Responsible governance

- Code of Conduct and ethics
- Policies and follow-up

ENVIRONMENT

Climeon's HeatPower system converts waste heat and geothermal heat into clean and sustainable electricity, thereby enabling the reduction of carbon dioxide (CO₂) emissions. Since it was founded, the company's main KPI has been the number of tons of carbon dioxide emissions saved by Climeon's technology. This figure is reported annually to the Board of Directors. Depending on the energy mix and running time, one HeatPower 150 module can reduce emissions by up to 900 tons. The vast majority, 85 percent, of the 4,752 MWh of electricity produced by Climeon's HeatPower modules in 2022 was generated at the company's onshore installations in Japan, Sweden and Iceland.

Much of the electricity in these countries comes from renewable energy sources, but the reduction in emissions would have been around 3,184 tons if a world average of 0.67 tons of carbon dioxide/MWh of electricity had been used. Climeon's ship-based system produced a total of 730 MWh, thereby saving around 489 tons of carbon dioxide.

Climeon's choice of methods and materials for its systems is made so as to ensure both high quality and low environmental impact throughout the whole product life cycle. This is especially important in the transition that the company is undergoing with the development of the new product generation HeatPower 300. Even energy technologies that are more sustainable, like Climeon's, have an environmental impact during manufacturing. For example, large amounts of steel and energy are used to manufacture a wind farm. The same app-

lies to Climeon's modules, although the amount of materials used is significantly lower. Only some time after the power plant has been in operation does the production of clean electricity compensate for the negative environmental impact of the manufacturing process. This is usually referred to as the environmental payback time.

Climeon's HeatPower modules utilize the process medium as an important part of the technical process. The medium is located in a closed circuit and is not handled outside the module itself. An important part of the development work with the HeatPower 300 was choosing a process medium that is as environmentally friendly as possible.

Suppliers

Low environmental impact is a prioritized factor when choosing suppliers. The target is that all suppliers are ISO 14000 certified or work according to those principles, and have signed the Climeon Code of Conduct (see also the Responsible governance section). For components for which the manufacturing process is energy-intensive, Climeon evaluates how the electricity is produced.

Climeon currently has around 20 direct suppliers for the current HeatPower 150 module, which makes close dialogue with them possible. This is also an important part of the work in evaluating suppliers for the new product generation HeatPower 300. In addition to the direct suppliers for the product,



Climeon has agreements with around 330 suppliers for premises and consulting services, for example.

In its annual audits of direct suppliers for the company's HeatPower modules, Climeon focuses on quality, health and safety and sustainability. However, in 2022 no new modules were produced and consequently no new audits were carried out during the year. The audits are planned to resume in connection with the selection of suppliers for the serial production of the new product generation HeatPower 300.

Climeon's internal sustainability work

In its own business operations, Climeon strives to only make business-critical trips and has a travel policy stipulating that domestic travel should be made by train and that travel to and from airports should be made in the most environmentally friendly way available. As a result of the global travel restrictions imposed during the coronavirus pandemic, the company's travel, and therefore carbon dioxide emissions, decreased significantly in 2021. With the easing of restrictions in most countries in 2022, this opened up the possibility to visit customers and partners again, which increased the number of trips made and thus the carbon emissions related to travel. The registered trips in 2022 corresponded to about 323 tons (75) of carbon dioxide emissions.

In addition to travel and transport, electricity consumption and heating of the company's offices, including running the test facility in Kista, accounted for Climeon's total emissions. For 2022, emissions linked to electricity and heat amounted

to 34.5 tons (88.9) of carbon dioxide. The electricity is purchased from the landlord and Climeon has ensured that it comes from renewable energy. One reason for the decrease in consumption in 2022 is that no new modules were produced during the year. Climeon also works actively to recycle the waste generated at its properties in an effective way. In 2022, recycling resulted in a saving of approximately 1.4 tons (1.2) of carbon dioxide.

When evaluating logistics partners, sustainability and environmentally friendly transport are important factors. Taking into account the size and weight of the HeatPower modules and their associated components, as well as the geographical location of the customers, road and sea are usually used for the transport. Climeon works actively with groupage to minimize the number of transports required.

In 2022, carbon dioxide emissions from transport amounted to 29 tons (104). The decrease was mainly due to fewer deliveries of finished modules in 2022 compared to 2021 and improved planning and groupage for more transports. The calculation of emissions in the transport and supply chain is based on Eco TransIT-world's calculation model for "calculation of energy consumption and emission data of a worldwide transport chain."

To further strengthen its continuous work with environmental improvements, Climeon is certified according to the ISO 9001 and ISO 14001 standards and a re-certification was also made during the year (see the section on ISO certification for more information).



EMPLOYEES

The availability of competent, motivated and committed employees is crucial, both for Climeon's ability to achieve its operational and financial goals, and for ensuring the company can contribute to the climate transition in the way described in its vision and mission. In 2022, the main focus was on attracting, developing, motivating and retaining employees.

Climeon's core values, Do Good, Be a Teamplayer and Always Deliver, guide this work and the company strives to create engagement, participation and influence in all initiatives related to the vision, definition of goals and implementation. All employees are involved in the development of the company's goals and internal processes.

In 2022, the average number of employees was 43 (60). The proportion of female employees in the company was 26 percent (20), and the corresponding proportion on the management team was 20 percent at the end of the year. Women made up 20 percent of the Board of Directors at the end of the year.

Diversity and respect

Climeon is a multicultural workplace with employees from many different countries and cultures. Climeon always seeks and welcomes diversity because it enriches discussions, promotes innovation and reflects the global marketplace in which we want to operate. For Climeon, diversity means that everyone, regardless of age, gender or background, should treat

each other with mutual respect and behave in an ethical manner. At Climeon, as well as at its suppliers, all employees, regardless of gender, age, ethnic origin, political opinions, sexual orientation, disability or other factors, shall be given equal opportunities. Language is an important carrier of culture, so English is Climeon's common and unifying working language.

Introduction of new employees

Climeon's HR department continuously develops and maintains recruitment, introduction and exit processes. To ensure a safe and also effective employee journey, the introduction to Climeon starts well before the new employee's first day at work. The introduction of a new employee consists of a combination of presentations, films, courses, and texts that allow the individual learning capacity to be taken into account. An overarching introduction, along with an employee handbook and tailored online courses for each function, help new employees get up to speed quickly at work.

Employee development

Performance appraisals involving employees and their immediate managers are conducted at least once a year. The purpose of the appraisals is to create a clear common goal and future vision for the individual employee and the organization. The appraisal is also an opportunity to give and receive constructive feedback that enables continued growth and development, while helping to clarify the expectations of both



manager and employee. The aim is also to create the best possible conditions for employees to fulfill their tasks and deliver according to expectations.

Compensation

In addition to development opportunities and market-based salaries, all employees are offered Climeon's compensation package. As well as pension and insurance benefits, the package includes private healthcare, free access to a gym at the workplace, flexible working hours, and health and wellness benefits.

Balance

The possibility to maintain a good work-life balance is becoming increasingly important. Climeon constantly strives to help employees find a solution that contributes to their well-being and productivity. For this reason, Climeon offers a flexible way of working, which means that employees have the opportunity to work remotely at various times, if the nature of their work allows it.

Employee surveys

As in previous years, in 2022 Climeon conducted employee surveys in order to be able to continuously measure employee commitment and motivation. In 2022, Climeon implemented a new tool and approach for its employee surveys, with the aim of improving performance tracking and encouraging greater self-leadership. Employee surveys were conducted quarterly and followed up at the organizational and departmental

levels. All employees can use the tool to monitor their progress over time and receive concrete advice on how they can influence their work situation, which encourages self-leadership. The surveys are anonymous, so they can provide important information about sensitive workplace issues such as stress and discrimination.

Preventive health work

In an entrepreneurial company with a high level of employee commitment, there is a risk of busy workloads and high stress levels. In addition to the employee survey tool, which helps the company identify such issues, Climeon offers, through its insurance package, the possibility to receive professional support. Climeon also has a well-established rehabilitation policy, as well as clear procedures for how employees on sick leave due to stress-related problems can be given the opportunity to recover.

Communication

To ensure clear internal communication, Climeon holds monthly meetings for all employees. Furthermore, every Friday the CEO sends out a weekly newsletter with a brief update from each department. The company also organizes various social activities, initiated by managers or employees, in which everyone is welcome to participate.

The possibility to maintain a good work-life balance is becoming increasingly important.





GOVERNANCE

Climeon's values are based on three overarching core values:

- Do Good
- Be a Teamplayer
- Always Deliver

The three core values mean that Climeon and its employees, as well as the suppliers that interact with the company in various ways, shall always strive to act in a responsible, solution-oriented and customer-focused way, and to create sustainable solutions that benefit the company's stakeholders.

Codes of Conduct

Climeon has implemented two Codes of Conduct: one for its employees and one for its suppliers. The purpose of the codes is to ensure that Climeon and its subcontractors act ethically and properly in the long term regarding matters relating to human rights, collective bargaining, the right to join a trade union, health and safety, equality, discrimination, corruption and environmental impact. Climeon defends human rights and requires all suppliers to meet at least the minimum requirements of their respective countries' labor laws. The company has zero tolerance regarding forced labor and works actively to prevent breaches of laws in its own business operations and in the value chain of which Climeon is a part.

All suppliers have been informed about Climeon's Code of Conduct. The suppliers' compliance with the Code of Conduct

is evaluated annually at supplier meetings and through audits carried out by Climeon's supply chain organization. If, for any reason, the requirements are not met, the supplier must provide an action plan for how this will be rectified. Both the Code of Conduct and Climeon's approach to ethical behavior are made clear to customers and the code is also included as an annex to the contracts and agreements that are signed.

As of 2022, the code had been signed by 75 percent of the total of 20 companies that supply components for Climeon's current HeatPower system. The goal is for all suppliers to have signed the code when the company's new product generation, HeatPower 300, goes into serial production.

Policies

In addition to the Codes of Conduct, Climeon has also implemented specific policies on health and safety, quality and environment, transport, security and rehabilitation. The policies relating to employees and the work environment are contained in the company's staff handbook and are monitored by Human Resources. Quality and environmental policies are an important part of the company's management function, while safety guidelines are discussed at regular meetings of the company's Safety Committee. The findings of the Safety Committee are reported to Climeon's management team and presented to the Board of Directors.

ISO certification

For some years now, Climeon has been certified to the ISO 9001 standard for quality management and ISO 14001 for environmental management. A re-certification took place in 2022 as well, and is normally done annually.

Climeon's quality management system ensures that internal and external demands on the company are managed safely. The company also sees great advantages in having clear procedures in place to support continuously streamlining and improving the business and its processes.

Environmental management within Climeon aims to make sure the company continuously improves its efforts in this regard, and ensures that the company lives up to concrete and recognized environmental requirements. More efficient use of materials, energy and waste management are examples of the company using good systematization and documentation in efforts to continuously improve its business operations.

Work environment

Climeon has high ambitions in terms of having sustainable business operations. As part of this, the company has set a clear goal that the work environment should also be sustainable in both the short and long terms with regard to physical and mental well-being. Sustainable governance permeates Climeon's values and also how the company works to set goals and implement the activities needed to achieve them, and to create clear roles and responsibilities. With regard to

employees, Climeon has identified two material risks: safety and health.

Safe work environment – regular checks

Climeon employees often work with high voltages, hot liquids and pressurized gases. There is a significant risk of accidents if the work is not carried out correctly, whether it takes place at Climeon's own testing facility or with the customer. Employee safety is a top priority and the goal is to have no workplace accidents.

Climeon's Electrical Safety Committee has overall responsibility for managing deviations in working practices and incident reports, and for addressing any deficiencies by means of inspections and training. The Electrical Safety Committee is also responsible for carrying out periodic electrical safety inspections of facilities and practices.

The Safety Committee has overall responsibility for managing deviations in working practices and incident reports, and for addressing any deficiencies by means of inspections and training. The Safety Committee is also responsible for carrying out periodic controls of occupational safety, together with the Chief Safety Officer.

All employees must undergo mandatory training to be granted access to Climeon's testing facility in Kista. Service engineers and other employees working in close proximity to various machines undergo both external and internal training based on current standards and regulations on electrical safety, working media and hot work. The training programs require repetition.

Security awareness forms a significant part of Climeon's training for external parties. All training activities have full traceability in Climeon's Learning Management System tool, LMS for short, which is used to ensure that relevant skills are available, and that all updates are documented. In addition to internal product training, regular training programs on safety culture are carried out. This is an important element as the workplaces are often located abroad.

In 2021, there were 0 (0) deaths and 0 (0) serious injuries.

Environmental management within Climeon aims to make sure the company continuously improves its efforts in this regard, and ensures that the company lives up to concrete and recognized environmental requirements.

Climeon and subcontractors

Climeon's HeatPower modules are produced by a contract manufacturer, which is responsible for the safety of its process. Climeon has a well-established relationship with the manufacturer and carries out regular visits to the production chain. As part of the annual supplier audit, Climeon evaluates the manufacturer's work environment and safety procedures. As many of the company's subcontractors operate in high-risk industries, Climeon actively selects suppliers that are ISO certified, that have a sustainability policy that is in line with or more comprehensive than Climeon's, and that comply with the EU guidelines in this area.

Sustainability Data

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CORPORATE GOVERNANCE REPORT

The Climeon Group consists of three companies. The parent company is the Swedish public limited company, Climeon AB (publ), based in Stockholm, whose B share is listed on the 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 an essential component of Climeon's efforts to create value for its shareholders. We endeavor at all times to:

- Generate optimum conditions for active and responsible corporate governance.
- Achieve a well-balanced division of responsibility between owners, the Board of Directors, and the company management.
- Maintain a high level of transparency in relationships with owners, the capital market, employees, and society in general.

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

Climeon has applied the Code since July 1, 2019 and has undertaken to follow best practice, wherever possible, regarding corporate governance. In 2022, the company did not deviate from any of the rules defined in the Code, except that the Audit Committee did not consist of a majority of independent members for parts of the year up until the 2022 AGM.

Decision-making at shareholders' meetings

Climeon's shareholders exercise their right of decision at the Annual General Meeting and any Extraordinary General Meetings. See page 86 for more information about Climeon's share and its shareholders.

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 2022

The Annual General Meeting was held on May 18, 2022. In all, 13 (17) shareholders attended it, either in person or through proxies. These represented 73.7 percent (66.9) of the votes. Sven Rasmussen, Attorney at Law, was elected Chair of the Meeting. At the meeting, Lena Sundquist also gave a CEO presentation on the business operations during the past year and the first quarter of 2022. A summary of the decisions taken by the AGM is provided below.

- Re-election of board members Thomas Öström and Anders Lindberg and election of Håkan Osvald, Liselotte Duthu Törnblom and Peter Carlberg. Håkan Osvald was newly elected as the Chair of the Board.

- Re-election of the registered audit firm Deloitte AB, with Deloitte announcing that Daniel Wassberg would be appointed as the principal auditor (new election).
- The auditor's fee for the period until the next Annual General Meeting shall be paid in accordance with a reasonable invoice approved by the company.
- Remuneration guidelines to senior executives.
- Resolution on the update of the Articles of Association, regarding item 9, concerning Pre-registration for participation at the Annual General Meeting, in order to be able to use the options provided by the Swedish Companies Act to collect proxies, decide on postal voting and on the attendance of outsiders.
- Resolution to authorize the Board of Directors to, on one or more occasions during the period until the next Annual General Meeting, pass resolutions on new issues of class B shares, convertibles and/or warrants within the limits defined by the Articles of Association for shares and share capital.
- Resolution on the issuing of 997,500 warrants with the right to subscribe for an equal number of class B shares within the framework of a new incentive program.

2023 Annual General Meeting

Climeon's 2023 Annual General Meeting will be held at 3 pm on May 16. Shareholders who wish to contact the Nomination Committee can do so via email: nomination.committee@climeon.com, or by post to Nomination Committee Climeon AB, Torshamnsgatan 44, 164 40 Kista.

Nomination Committee

Under the Nomination Committee procedure adopted at the 2020 AGM, the Chair of the Board shall contact the four larg-

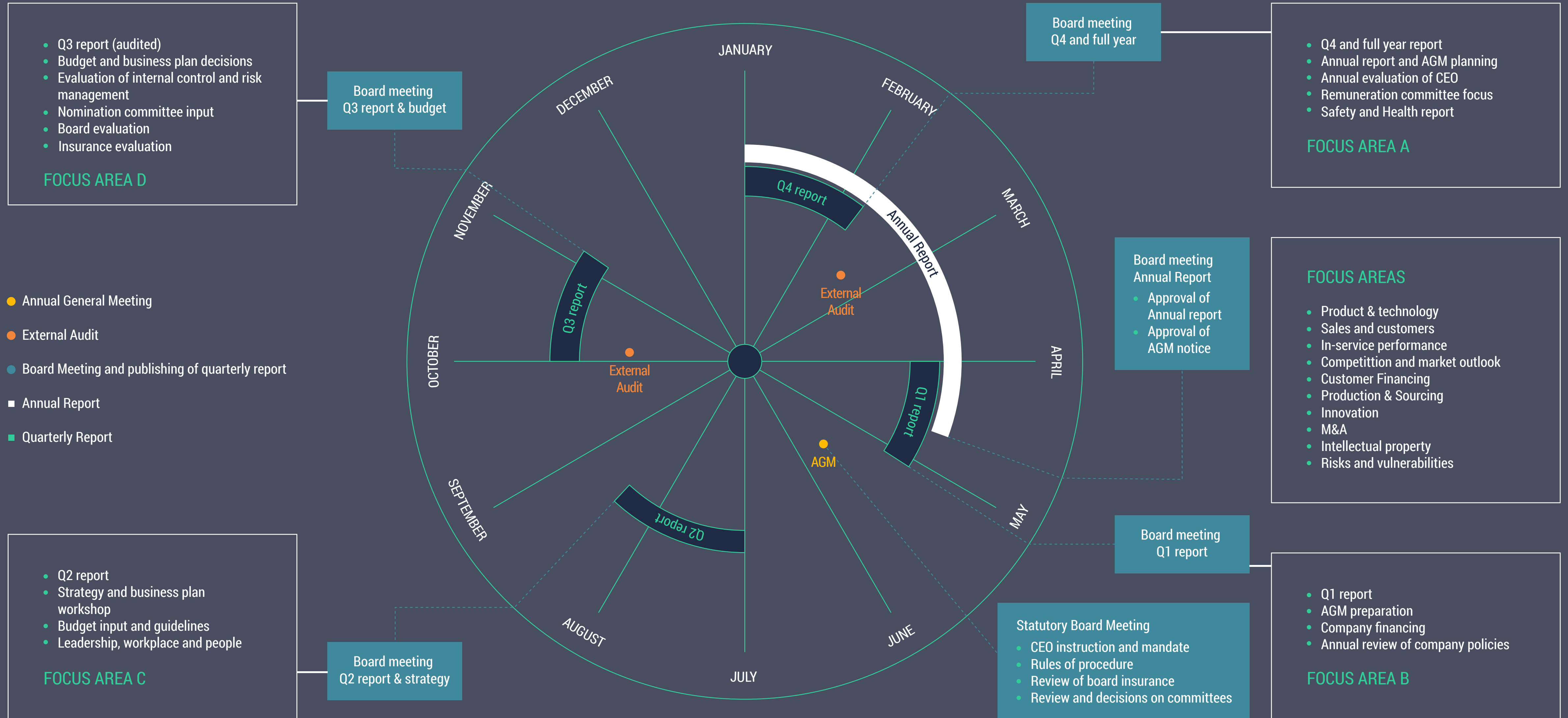
est shareholders, in terms of the number of votes, by the end of the month of August, and offer them the opportunity to each appoint a representative to the Nomination Committee. If any of these shareholders should waive their right to appoint a representative, the right shall pass to the shareholder with the next largest shareholding after these shareholders. The Chair of the Nomination Committee shall, unless the members agree otherwise, be the member who represents the largest shareholder in terms of the number of votes. According to the nomination instruction, the Chair of the Board must also be a member of the Nomination Committee.

Nomination Committee Duties

The Nomination Committee shall prepare proposals in the following matters to be submitted to the Annual General Meeting for decision:

- proposal for chair of the AGM
- proposal for the board
- proposal for chair of the board
- proposals for fees and other remuneration for board assignments to each of the board members as well as remuneration for committee work
- where applicable, proposals for fees to the auditor and election of auditor
- to the extent deemed necessary, proposals for amendments to these instructions for the Nomination Committee

In connection with its assignment, the Nomination Committee shall otherwise fulfill the tasks that according to the Corporate Governance Code fall on the Nomination Committee, which also includes forwarding certain information to the company



so that the company can fulfill its information obligation according to the Code. No remuneration shall be paid for the members' work in the Nomination Committee other than direct expenses incurred by the members of the Nomination Committee in connection with the performance of their duties.

Members of the Nomination Committee

Nomination Committee for the 2023 AGM (appointed by the largest shareholders in terms of votes as of August 31, 2022).

| Name | Representing | Proportion of votes in percent 08/31/2022 |
|----------------------|---|---|
| Helen Öström (Chair) | Thomas Öström | 44.7% |
| Joakim Karthäuser | Himself | 9.8% |
| Peter Lindell | Cidro Management and himself | 6.2% |
| Björn Wasing | SEB Foundation, Skandinaviska Enskilda Banken Pension Foundation | 2.8% |
| Håkan Osvald | Chair of the Board of Directors | N/A |
| Total | | 63.5% |

The work of the Nomination Committee, including the evaluation of the members of the Board and its work prior to the 2023 AGM

The Nomination Committee's work begins with a review of a checklist containing all the tasks that the Nomination Committee must perform according to the Corporate Governance Code, as well as the Nomination Committee's instructions

adopted by the AGM. A good understanding of Climeon's operations is vital in enabling the members of the committee to carry out their duties well. The Chair of the Board is responsible for the annual appraisal of the work of the Board, including the work performed by the individual Members of the Board. The committee has taken note of the results of the verbal evaluations for 2023. The Nomination Committee also held individual meetings with all the Members of the Board and the CEO. To ensure objectivity, the Chair of the Board was not present. Based on this information, the Nomination Committee can assess the competence and experience is required of the Board members. In addition, the Nomination Committee has taken note of the Group's and the Audit Committee's assessments of the quality and efficiency of the auditor's work, including recommendations on auditors and auditor fees.

In preparation for the 2023 AGM, the Nomination Committee has held two minuted meetings with all the Members of the Board present. In addition, the Nomination Committee held a meeting without the participation of the Chair of the Board and conducted the aforementioned interviews. Further information on the work of the Nomination Committee can be found in the Nomination Committee's reasoned opinion.

Duties and work of the Board of Directors

The primary duty of the Board is to manage the Group's operations on behalf of the owners in such a way that the interests of the owners, in terms of a long-term healthy return on capital invested, are optimally protected. The Board manages and decides on Group-wide issues such as:

- Strategies, goals, and action plans
- Appropriate organization and that the company is managed in a satisfactory manner
- Appropriate systems for follow-up, internal control, and risk management
- Establish and evaluate essential policies and guidelines
- That information is characterized by openness and is correct, relevant, and reliable
- Review and follow up plans, budgets and the like and to take a position on reports on the company's liquidity, capital requirements and orders received
- Appoint and, if applicable, dismiss the company's CEO

Composition of the Board of Directors

In accordance with the Articles of Association, the Board of Directors shall consist of at least three and at most ten members. Members serve from the close of the Annual General Meeting at which they are elected until the close of the ensuing Annual General Meeting. There is no limit to the number of periods for which a member can sit on the Board of Directors consecutively. The 2022 Annual General Meeting re-elected Members of the Board Thomas Öström and Anders Lindberg and newly elected Håkan Osvald, Liselotte Duthu Törnblom and Peter Carlberg. Håkan Osvald was newly elected as the Chair of the Board.

A presentation of the Members of the Board is available in the Annual Report, under the section Board, and on the company's website.

In preparing its proposal for the Board, the Nomination Committee applied clause 4.1 of the Code as a diversity pol-

icy and hereby has considered that the board, with regard to the company's operations, development stage and other conditions, shall have an appropriate composition characterized by versatility and breadth in terms of competence, experience, and background. An equal gender distribution shall be sought. On the company's Board the proportion of women is 20 (25) percent.

Independence of the Board of Directors

Several different types of independence requirements apply to the Board of Directors and its committees. Prior to the Annual General Meeting, 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 must also be independent of major shareholders.

Climeon has, according to agreements entered into, to a limited extent hired board members for operational assignments in 2022.

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 Chair of the Board is responsible for ensuring that Board work is well organized, conducted efficiently and that the Board of Directors fulfills its obligations. The Chair of the Board monitors operations in dialogue with the CEO. The Chair of the Board is also responsible for ensuring that other Board members are provided with the introduction, information, and documentation necessary for maintaining a high level of quality in discussions and decisions, and checks that decisions made by the Board of Directors are executed. The responsibility also includes an annual evaluation of the Board's work and that the Nomination Committee receives part of the assessments.

The work of the Board of Directors in 2022

There were 15 Board meetings during the financial year, with 5 of these being held before the 2022 Annual General Meeting.

The attendance of the Board members is shown in the following table.

All the meetings followed an approved agenda which, together with the documentation for each item, was provided to the members before the relevant meeting. An ordinary Board Meeting usually lasts for half a day in order to ensure sufficient time for presentations and discussions. The CEO and CFO also attend Board meetings. However, they do not attend if matters where a conflict of interest may arise are being discussed or where it is otherwise not appropriate for them to attend, such as for the evaluation of the CEO's work. Usually someone from the Group's management team also provides a review of a current strategic or operational issue.

In connection with the Board's adoption of the interim and annual accounts for 2022, the Board reviewed and received a report from the company's external auditors. On this occasion, the Board also performed a review with the auditors without the presence of the CEO or other members of the company management.

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

- Business situation regarding sales, market, and orders
- Product development
- The Group's earnings and financial position, raising of capital, liquidity and prospects for the rest of the year
- Future prospects and investments
- Organization and personnel situation
- Collaborations, partnerships and any disputes or risks of loss
- Corporate governance
- Interim reports, year-end report, and annual report

Members of the Board's attendance in 2022 and remuneration according to the 2022 AGM ⁴⁾

| Member | Elected | Born | ATTENDANCE NUMBER OF MEETINGS | | | INDEPENDENCE | | |
|--|---------|------|-------------------------------|------------------------|-----------------|----------------------------|---------------------------------------|------------------------------|
| | | | Board Meetings | Remuneration Committee | Audit Committee | In relation to the company | In relation to the major shareholders | Defined remuneration, in SEK |
| Therese Lundstedt ¹⁾ | 2017 | 1981 | 5 (5) | 2 (2) | | Yes | Yes | |
| Jan Svensson ¹⁾ | 2019 | 1956 | 4 (5) | 2 (2) | | Yes | Yes | |
| Håkan Osvald ²⁾ | 2022 | 1954 | 10 (10) | | 2 (2) | Yes | Yes | 480,000 |
| Liselotte Duthu Törnblom ²⁾ | 2022 | 1960 | 10 (10) | | 2 (2) | Yes | Yes | 280,000 |
| Peter Carlberg ²⁾ | 2022 | 1955 | 9 (10) | | | Yes | Yes | 220,000 |
| Thomas Öström ³⁾ | 2011 | 1973 | 15 (15) | | 3 (3) | No | No | 200,000 |
| Anders Lindberg | 2021 | 1965 | 15 (15) | | 5 (5) | Yes | Yes | 240,000 |

1) Left position at the 2022 Annual General Meeting.

2) Took up position at the 2022 Annual General Meeting.

3) In addition to Board fees, consultancy fees were paid to Silon Consulting AB in accordance with previous agreements, see Note 30.

4) The table refers to fees paid to the Board for the period May 2022 – April 2023. The fees to the members of the Board elected by the Annual General Meeting are decided by the Annual General Meeting on a proposal from the Nomination Committee. For 2022, fees were paid according to the table above, where travel allowance is excluded. Differences occur between the maximum decided by the Annual General Meeting the fee and the actual paid, as the actual payment during the calendar year is a combination of the fees between the last two general meetings. For amounts actually paid, see Note 8.

Remuneration Committee

The Remuneration Committee, which is appointed by the Board of Directors, consists of the Members of the Board Håkan Osvald (Chair) and Peter Carlberg. Usually, an additional employee also reviews a current case. The committee's work has largely focused on:

- Prepare the Board's decisions in matters of remuneration principles, remuneration and other terms of employment for senior executives,
- Monitor and evaluate ongoing programs and programs completed during the year for variable remuneration for company management, and
- Monitor and evaluate the application of the guidelines for remuneration to senior executives that the Annual General Meeting shall decide on, as well as current remuneration structures and remuneration levels in the Group.

The Remuneration Committee held two minuted meetings in 2022, see the table on page 31.

Audit Committee

The Audit Committee, which is appointed by the Board, consists of the Members of the Board Liselotte Duthu Törnblom (Chair), Håkan Osvald and Anders Lindberg, with the CFO as rapporteur. Usually, an additional employee also reviews a current case. The Audit Committee also meets with the auditor once a year to report observations without the presence of anyone from Group management. The work in the committee has largely focused on:

- Monitoring the company's financial reporting
- With regard to financial reporting, monitoring the efficiency of the company's internal control and risk management
- Staying informed about the audit
- Reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services
- Assisting in the preparation of proposals for the AGM's decision on the election of auditors
- Assisting in monitoring the enforcement of the legal and regulatory requirements that have a material impact on the financial statements
- Assisting in monitoring related party transactions
- Assisting in monitoring and evaluating selected projects

The Audit Committee held five minuted meetings in 2022, see the table on page 31 for attendance information.

Auditor

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

The 2022 Annual General Meeting re-elected Deloitte AB as the auditor for the period up to the end of the 2023 Annual General Meeting. Authorized Public Accountant Daniel Wassberg is the principal auditor for the auditing of the company and the Group.

The company's principal auditor also participates in the Annual General Meeting and describes and comments there on the audit work.

The company's auditor works pursuant to an audit plan and reports any observations to the Audit Committee and to Climeon's Board, during the audit and in connection with the adoption of the annual accounts. The company's auditor continuously tests his independence in relation to the company and submits a written declaration each year to the board that the auditing company is independent in relation to Climeon. During the past year, the auditors have had advisory assignments regarding primarily accounting issues. During the 2022 financial year, Climeon's nine-month report was reviewed by the company's external auditors.

- Elected auditor: Deloitte AB
- Principal auditor: Authorized Public Accountant Daniel Wassberg has been the auditor since 2022, and also works as the principal auditor for companies such as Fortum Sverige AB, Stockholm Exergi AB and AB Svenska Spel.
- Shareholding in Climeon AB: 0 shares

The auditor's independence in relation to the company is ensured by the fact that the elected auditor may only perform services other than auditing to a limited extent.

Group management

The Board appoints the CEO and, where necessary, the Deputy CEO. The CEO leads the work of Group management and is responsible, together with Group management, for ensuring that the operating activities are conducted in accordance with

the provisions of the Swedish Companies Act, other legislation and regulations, applicable regulations for listed companies, the Articles of Association, and the CEO's Instructions.

The CEO of Climeon at the beginning of 2022 (after being appointed in 2021) was Lena Sundquist, who has longstanding and solid experience as a CEO and leader in the energy and marine industries.

At the end of the year, Group management consisted of CEO Lena Sundquist, CFO Carl Arnesson, Executive Vice President Marine Fredrik Thorén, Executive Vice President R&D Jonas Måhlén and Executive Vice President Service & Delivery Robin Goodoree. In December 2022, the company announced the appointment of Patrik Engstrand Kemi to the newly defined role of Executive Vice President Energy & Industry, starting in the first quarter of 2023. In February 2023, it was also announced that Robin Goodoree had decided to take up an assignment outside the company and would therefore leave his position in early 2023.

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

- Set operational goals, allocate resources, and monitor the company's results and development.
- Develop information and documentation as a basis for the board to be able to make well-founded decisions.
- Based on the annual strategic work, implement the strategy established by the Board.

- Follow-up of established goals is an essential tool for conducting the operational work.

A more detailed presentation of the Group's management team is available in the Management section of the Annual Report and on the company's website.

Code of Conduct

Being a responsible company and behaving in an ethical manner are important aspects of Climeon's business activities. Climeon has two codes of conduct, one for suppliers and one for employees, which state how we should conduct business and behave. Climeon's Code of Conduct is available on the company's website.

Guidelines in remuneration of Senior executives

Principles for remuneration to senior executives in Climeon are established by the Annual General Meeting. The proposed guidelines for 2023 are consistent with those applied so far.

Senior executives refer to the President and other members of Group Management. These guidelines are applicable to agreements entered after the AGM's decision or in case of amendments made in present agreements after the AGM. It is important for the company and its shareholders that these guidelines, in a short- and long-term perspective, can secure good possibilities to recruit and keep qualified employees.

The objectives with the guidelines are to give increased transparency regarding remuneration issues and to provide a relevant remuneration structure that creates incentives for senior executives to implement strategic plans and deliver good operating outcome that supports the company's business strategy and long-term interests, including sustainability.

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. Fixed salary must be individually determined based on position, competence, experience, and performance. The fixed salary is to be revised annually. Pension terms must be defined-contribution and amount to a maximum of 15 percent of the fixed compensation. The retirement age for senior executives is 65. Other benefits shall constitute a smaller part of the total compensation and correspond to what is customary in the market.

The notice period for senior executives is 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 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.

For a further account of remuneration paid 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 were followed during 2022.

Share-based incentive programs

The purpose of share-based incentive programs is to create a common interest for the company's shareholders, key persons and other employees and to strengthen long-term decision-making and goal achievement, so the Board of Directors may, where appropriate, propose to the Annual General Meeting to decide on the implementation of a share-based incentive program. At the end of the financial year, Climeon had one outstanding warrant program with a total of 997,500 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 presentation comprises the Board of Directors' Internal Controls Report. The purpose of internal controls is to shed light on Climeon's systems for monitoring and controlling operational risks in relation both to strategy and operational practice and to compliance with legislative and regulatory requirements. It shall also provide reasonable assurance of the reliability of the external financial reporting. The internal controls include, among other things, a control environment, risk assessment, control activities, information, communication, and monitoring.

Control environment

Climeon's internal control environment is based on the division of work between the board, the CEO, and the rest of the company management. The control environment sets the tone in an organization and influences the control awareness among employees. It is the basis of all other components of internal control, which provide discipline and structure. It contains factors such as organizational culture, integrity, ethical values, competence, management philosophy, organizational structure, responsibilities, and authorities, as well as policies and routines.

Climeon's control environment is based on:

- Governance documents, such as the Board's Rules of Procedure and the CEO's Instructions, quality systems, policies, and guidelines.
- Climeon's core values and Code of Conduct.
- The company's organizational structure and the way in which it conducts its operations, with clearly defined roles and areas of responsibility, and delegation of authority.
- The company's quality management system according to ISO 9001 and ISO 14001 and its guidelines governing compliance with the permits issued.
- 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. These internal control documents are updated regularly to adapt to changes in both internal and external requirements. Internal governing documents include:

- Articles of Association
- The Board's rules of procedure with CEO instructions
- Guidelines in 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 drawn up on a monthly and quarterly basis for the Group, the parent company, the subsidiary companies, operating units, and projects. The process includes specific controls that shall be carried out in order to ensure that the reports are of high quality.

Climeon policies and guidelines are available on the Climeon employee intranet. The documents are updated as necessary to reflect applicable laws and regulations and changes in processes that have been implemented. During the year, Climeon worked on further developing internal controls and following up important processes, which is also an important part of the ISO certifications that the company holds.

Risk assessment

Effective risk assessment reconciles Climeon's business opportunities and results with the requirements of shareholders and other stakeholders for stable, long-term value growth and control. Climeon works in a structured way with risk assessment to enable risk identification in significant processes which affect internal control regarding financial reporting. The following control objectives regarding financial reporting have been identified: Existence, presence, completeness, valuation and ownership of assets, liabilities, and business transactions. The risk assessment is updated regularly 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. They help ensure that the necessary steps are taken to manage risks to achieve the company's goals.

Examples of control activities that the company conducts are:

- Check that there is an approval of business transactions in accordance with the approval rules.
- Check that the accounting process, including the year-end report, complies with applicable laws, regulations, and requirements for listed companies.
- Control of significant, irregular business transactions.
- Check that the valuation of assets and liabilities includes a reasonableness assessment.

Information and communication

Climeon has information and communication pathways that are designed to promote the completeness and accuracy of the external communication. The Board of Directors approves the consolidated financial statements and the Year-End Report, and entrusts the CEO with the task of presenting quarterly reports in accordance with the Board's Rules of Procedure. All financial reports are published in accordance with applicable stock market regulations. External information is communicated through channels such as the Climeon website, where quarterly reports, year-end financial statements, annual reports, press releases, and news are published. The

Board of Directors and management receive regular reports on the Group's position, earnings trend and operational and business-critical areas. The most important communication channels within the company include the intranet, where quality systems, policies, guidelines, and information are published, and regular information meetings for all members of staff as well as weekly information letters that are sent out.

Monitoring

The Board of Directors regularly reviews the Group's development projects and business development strategy, as well as all financial reporting and liquidity. The Board of Directors' follow-up of internal control is mainly carried out by Climeon's auditors, who review operations in accordance with a set audit plan and follow up annually on selected aspects of the internal controls, within the framework of the statutory audit. Once an audit is completed, observations are reported back to the Board on a rolling basis. The principal auditor also attends at least one Board meeting per year and reports the observations they have made during the audit for the year and regarding the operational routines. The practice on these occasions is to set time aside for specific discussions not attended by the CEO or other employees.

Internal audit

In light of the risk assessment described above and the design of control activities, the Board has chosen not to have a special function for internal auditing.

BOARD OF DIRECTORS

Climeon's Board of Directors is composed of five members elected by the shareholders, including the Chair of the Board of Directors. The Board is elected for one year, until the 2023 Annual General Meeting. According to Climeon's Articles of Association, the Board of Directors shall be composed of three to ten members with no more than three deputy members. Holdings in the company are presented as of March 31, 2023.



Education/background: Håkan Osvald, who until April, 2022 was General Counsel at Atlas Copco, has both broad and international experience from management and legal functions within the Atlas Copco Group including responsibility for M&A globally, stock exchange and compliance and other legal matters. Håkan has held several board positions in bodies and companies in the Atlas Copco Group and is a board member of the Sweden China Trade Council, the Swedish Foreign Trade Association and a co-opted board member of Djurgården Hockey.

Holdings in the company: Håkan Osvald owns 85,000 class B shares in the company.

Independent in relation to the company and management, and in relation to the company's major shareholders.



Education/background: Anders Lindberg holds an MSc in Electrical Engineering from the Royal Institute of Technology (KTH) in Stockholm and a Master of Business Administration from the Stockholm School of Economics. Anders Lindberg was CEO of Dellner up until April 2023, a global supplier of train components. Before that, Anders Lindberg was Executive Vice President at Ørstedt (formerly Dong Energy), a Danish renewable energy company and world leader in offshore wind power, where he was responsible for the projects and for the EPC (Engineering, Procurement, Construction) organization. Anders has also worked for Bombardier, Adtranz and ABB. Anders has experience of board work and is a board member of the listed Danish company MT Højgaard.

Holdings in the company: Anders Lindberg owns 16,000 class B shares in the company.

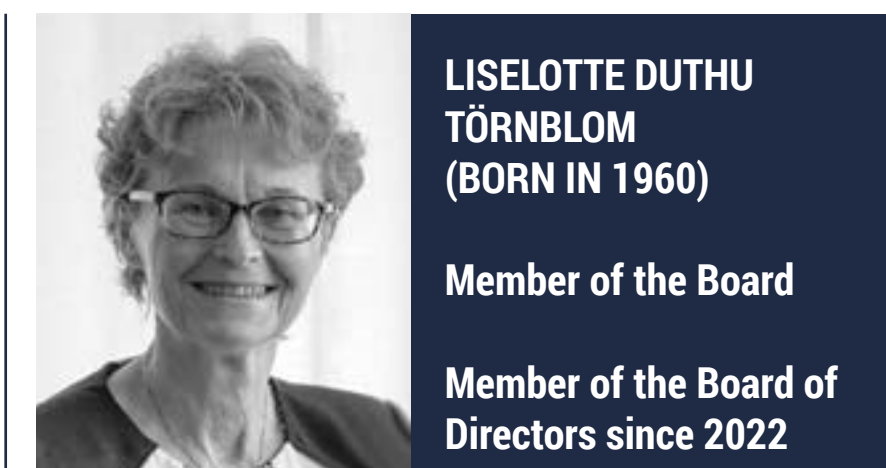
Independent in relation to the company and management, and in relation to the company's major shareholders.



Education/background: 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 high-tech 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: Thomas Öström owns 7,900,000 class A shares and 1,575,344 class B shares in the company.

Dependent in relation to the company and management, independent in relation to the company's major shareholders.



Education/background: Liselotte Duthu Törnblom has worked in the Atlas Copco Group for several years in various positions in areas such as business control, finance and internal audit. Liselotte left the role as Senior Advisor/VP Group Controller within the Atlas Copco Group at the turn of the year. Liselotte has international experience from sales and manufacturing companies in the Atlas Copco Group in France, Belgium and China and also has external board experience from Desotec NV in Belgium.

Holdings in the company: Liselotte Duthu Törnblom owns 40,000 class B shares in the company.

Independent in relation to the company and management, and in relation to the company's major shareholders.



Education/background: Peter Carlberg has broad and international, operational experience from both the marine side and offshore operations as well as from joint-venture collaborations and corporate integrations. Peter has been, for example, CEO of Alfa Laval Marine & Diesel Equipment in Sweden and CEO of Alfa Laval's subsidiary in South Korea, Framo AS in Norway and the South Korean company LHE.co.kr. Furthermore, he has experience of board work and has been a board member of companies including Consilium AB and MESAB AB.

Holdings in the company: Peter Carlberg does not own any shares in the company.

Independent in relation to the company and management, and in relation to the company's major shareholders.

MANAGEMENT

Climeon's senior executives and their holdings in the company are presented as of March 31, 2023.



LENA SUNDQUIST
(BORN IN 1975)

CEO since 2021

Education/background: Lena Sundquist has longstanding experience in leading positions in innovation, business development, sales and marketing. Lena Sundquist has 15 years of experience from Alfa Laval Marine & Diesel, where she developed the environmental technology business in the marine industry and gensets. Most recently, she was the CEO of Kivra Sweden. Lena Sundquist has an MSc degree from the Royal Institute of Technology (KTH).

Holdings in the company: Lena Sundquist owns 37,472 class B shares and holds 50,000 call options and 87,500 warrants in the company.



CARL ARNESSON
(BORN IN 1980)

CFO since 2021

Education/background: Carl Arnesson has a degree in economics from Linköping University and solid experience from financial positions in various listed and growth companies. Most recently, Carl comes from the role as CFO of Zmarta Group and was previously CFO of Health & Sports Nutrition Group and CFO of Metro, and has an auditing background.

Holdings in the company: Carl Arnesson owns 8,480 class B shares and holds 52,500 warrants in the company.



JONAS MÅHLÉN
(BORN IN 1968)

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

Education/background: Jonas Måhlén has an MSc in Electrical Engineering from Lund University. Jonas has many years of experience of managerial roles in project, program and product development and as an installation manager has provided deliverables to world-leading semiconductor companies. Jonas Måhlén has international experience from Japan to the US and comes most recently from Tobii and Myconic.

Holdings in the company: Jonas Måhlén owns 38,178 class B shares and holds 52,500 warrants in the company.



PATRIK ENGSTRAND KEMI
(BORN IN 1970)

Executive Vice President
Energy & Industry,
employee and member
of the management team
since 2023

Education/background: Patrik Engstrand Kemi has a vast amount of experience in sales, project management and financing relating to energy solutions in various industrial applications. Most recently, Patrik held the role of Head of Industry segments, Network Solution at Vattenfall Eldistribution and was previously Senior Business Developer at Vattenfall Eldistribution and a project manager at Sweco Energuide. Patrik has a Bachelor of Science in Electrical Power Engineering from Luleå University of Technology.

Holdings in the company: Patrik Engstrand Kemi does not own any shares in the company.



FREDRIK THORÉN
(BORN IN 1971)

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

Education/background: Fredrik has 29 years of experience of global sales made directly and via dealers, business development, projects and service in the marine & oil/gas industry. Fredrik has an extensive global sales and service distribution network as a result of his previous positions and experience. His two most recent positions were Global Sales Manager at Consilium and Managing Director of Scanjet Middle East. He holds a Technical High School Diploma with a specialization in Economics, Marketing, Sales & Business Development.

Holdings in the company: Fredrik Thoren owns 8,100 class B shares and holds 52,500 warrants in the company.

AUDITOR

Climeon's auditor is Deloitte AB, with Daniel Wassberg (born in 1980) being the principal auditor since the 2022 Annual General Meeting. Daniel Wassberg is also the principal auditor of Fortum Sverige AB, Stockholm Exergi AB and AB Svenska Spel. Daniel Wassberg is an Authorized Public Accountant and 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

It is the Board of Directors that is responsible for the Corporate Governance Report for the financial year 01/01/2022 - 12/31/2022 on pages 28-36 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's recommendation RevR 16 The auditor's examination of the Corporate Governance Report. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6(2) points 2-6 of the Annual Accounts Act and Chapter 7, Section 31(2) of the same law are consistent with the Annual Report and the consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, April 19, 2023

Deloitte AB

Daniel Wassberg
Authorized Public Accountant

BOARD OF DIRECTOR'S REPORT

The Board of Directors and CEO of Climeon AB (publ), corporate registration number 556846-1643, with its registered office in Stockholm, hereby issue the Annual Report regarding the operations of the Group and the parent company Climeon AB (publ) for the financial year 2022. All figures refer to the Group for the financial year 2022, unless otherwise stated. Comparisons are made with the financial year 2021, unless otherwise stated. The Climeon Group consists of the parent company Climeon AB and two subsidiaries, located in Japan and Taiwan. The parent company's class B shares are listed on Nasdaq First North Premier Growth Market. More information is available at www.climeon.se.

Business

Climeon has a clearly stated purpose for its activities: By developing industry-leading technologies for low-temperature heat recovery at low temperatures, Climeon shall make sustainable electricity available, reliable and cost-effective. The company's vision is equally clear: With its world-leading HeatPower solutions, Climeon shall reduce global carbon emissions and accelerate the utilization of energy-efficient and environmentally friendly electricity.

Geographically, the market is global and the company has previously signed sales orders with customers mainly in Europe, North America and Asia. The areas that are currently the most interesting for Climeon from a growth and profitability perspective are the marine market, and the energy and industrial

market. Customers in these markets have clear incentives, including regarding profitability and the environment, to invest in Climeon's HeatPower systems, which provide a good technical match between customer processes and Climeon's products, expertise and existing customer base.

New product generation HeatPower

In 2022, Climeon continued working to develop the next generation of HeatPower, which was launched during the year. The new generation is much more cost-effective and generates significantly more power than the previous generation. This has significantly improved profitability for both our customers and for us.

Important events during the financial year

The market

The sustainable energy production sector has grown rapidly over the last decade; this trend is likely to continue as technology within the sector improves and political pressure increases. Additional drivers such as increased fuel prices and greater demand for electricity are also helping accelerate the transition to more renewable energy solutions.

There is a clear division in the sector between intermittent (non-continuous, fluctuating) energy sources and baseload (continuous) sources. Wind and solar power are intermittent energy sources and hydropower, thermal energy and biomass are baseload energy sources. Continuous baseload electricity,

independent of sun, wind and precipitation, is needed to sustain a stable electricity grid.

Climeon is active in part of the market for baseload thermal power, which involves converting thermal energy, i.e. heat, into electrical energy. Climeon's HeatPower technology utilizes previously unused waste heat to produce clean electricity, without causing any carbon emissions. The technology is based on an Organic Rankine Cycle, or ORC process, which utilizes the temperature difference between a hot source and a cold source, together with the thermodynamic properties of a so-called organic refrigerant, to generate electricity.

In addition to engines, industrial processes and power plants, heat is also found in the hot water in the earth's interior, which is known as geothermal sources. When electricity is generated from such heat sources, it is possible to produce renewable energy without fossil fuels, which helps reduce overall global emissions. The temperatures of the heat sources vary, but Climeon's work has focused on low-temperature heat. The company defines this as being in a range between 80 and 100 degrees, which is the usual temperature range for the cooling water used to cool engines, industrial processes and power plants.

The markets Climeon currently focuses on are waste heat from maritime transport (ships), land-based industries, power plants based on internal combustion engines (gensets) and low temperature geothermal energy.

Rights issue 2022

The company's fully guaranteed new issue of a maximum of 35,664,407 class B shares with preferential rights for the company's existing shareholders was completed in June 2022. The rights issue was decided by the company's Board of Directors on May 25, 2022, based on the authorization granted by the Annual General Meeting held on May 18, 2022. The subscription price in the rights issue was set at SEK 4.50. A total of 35,664,407 shares were subscribed and allocated, corresponding to 100 percent of the offered shares after the subscription period ended. 27,968,664 shares were subscribed for with subscription rights and 2,491,312 shares were subscribed for without subscription rights, corresponding to a total of 85.4 percent of the rights issue. The remaining shares were subscribed by external investors who provided prior underwriting commitments. The company thereby received approximately SEK 160 million before deduction of costs related to the rights issue. The company had announced in advance that the net proceeds would be used to strengthen the company's financial position and to implement the company's business plan and strategy, with the main use of the capital being the completion and commercialization of the next generation HeatPower module and the financing of ongoing business operations.

Order intake and order backlog

The order intake for the full year 2022 amounted to SEK 3.6 million (2.3) for service and aftermarket services to existing customers. The number of HeatPower modules delivered was 2 (11).

In November 2022, the company announced that its customer Varmaorka had informed Climeon that it intended to wind down its operations. Varmaorka already had a commitment to Climeon to order a number of modules of Climeon's previous product generation, HP150, by December 31, 2023. As Varmaorka now informed Climeon that it intended to discontinue its operations, and therefore not fulfill its commitment, Climeon chose to write down the value of its order backlog by SEK 131.6 million.

At the end of the period, the order backlog amounted to SEK 37.1 million (179.7), including for example 9 (54) HeatPower modules.

Development in 2022

During the first quarter, Climeon's HeatPower was commissioned in Virgin Voyages' third cruise ship, the Resilient Lady, as well as two HeatPower modules in geothermal plants in Japan. Installation work in other projects continued according to plan. The development of the new product HeatPower 300, a platform initially optimized for the marine market, was on schedule and the product was presented to potential customers at the Seatrade Cruise Global trade show in Miami, USA, at the end of April. In the industrial sector, Climeon's UK partner Landmark Power Holdings began the construction of a car-

bon-neutral power generation project that includes Climeon products, with these being used to increase energy efficiency.

During the second quarter, Climeon successfully completed a fully guaranteed rights issue, which provided the company with approximately SEK 160 million, before issue costs. At the AGM, Liselotte Duthu Törnblom, Peter Carlberg and Håkan Osvald were elected as new Members of the Board, together with the existing members Thomas Öström and Anders Lindberg. Håkan Osvald was appointed as the new Chair of the Board. The finalization of the new HeatPower 300 product continued according to plan and it was introduced to the cruise industry at the Seatrade cruise trade fair in Miami. The efficiency improvement program initiated in summer 2021 was completed in the spring. After the end of the quarter, it was also announced that the company had extended its credit agreement with Svensk Exportkredit and DNB by up to 12 months from October 1, 2022.

At the beginning of the third quarter, the new HeatPower 300 Marine product was successfully launched at the world's largest marine trade fair, SMM, in Hamburg. Shortly afterwards, it was awarded "Product of the Year 2022" at the Seatrade Cruise Awards 2022 in Malaga, Spain. The number of customer enquiries regarding both the new marine product and land-based applications for energy and industrial use increased significantly during the quarter. Climeon's rights issue, which raised SEK 160 million before issue costs, was successfully completed and the proceeds will be used to finalize and commercialize HeatPower 300.

During the fourth quarter, Climeon continued the commercialization of the new product HeatPower 300. Full-scale tests, using operational data from customers to verify performance, were conducted at the company's facility in Kista. Since its launch for the marine market in September 2022, Climeon has deepened its customer dialogue with various market operators. In parallel with the marine market, Climeon has also initiated and deepened its dialogue with various customers in the energy and industrial markets. The Icelandic customer Varmaorka decided to discontinue its operations and as a result Climeon chose to write down the order backlog by approximately SEK 131.6 million. In addition, a further SEK 10.4 million was reserved in costs for anticipated bad debts to the same customer. For the Energy and Industry business area, a new manager, Patrik Engstrand Kemi, who previously worked at Vattenfall, was recruited.

Effects of the COVID-19 pandemic and the war in Ukraine

The COVID-19 pandemic affected most people and companies worldwide, and during the financial year Climeon significantly adapted its operations to the occasional limitations of coronavirus-related restrictions. However, it is encouraging that the situation improved considerably during the financial year compared to preceding years. We use our technical solution Climeon Live to remotely tune and control power plants, and have thereby avoided travel to some extent while maintaining our commitments to customers.

The situation in Europe has eased significantly in recent quarters in terms of the impact of the coronavirus pandemic, and also regarding travel to the US and most of Asia, although that still requires quite a lot of extra planning. During the past few

years, the pandemic had a negative impact on Climeon's market, regarding the order intake as well as revenues and installation rates. In the marine market, for example, there were restrictions on in-person meetings during parts of the year, particularly in Asia, where several major market participants are based.

The war in Ukraine is not currently affecting Climeon, but possible far-reaching effects are still too early to predict. However, there are some indications that the conflict, together with the lingering effects of the coronavirus pandemic, may have a negative impact on our supply chains for components and other key inputs. We are monitoring developments closely and taking measures to minimize any impact. During the fourth quarter, lingering disruptions related to the coronavirus pandemic caused some delays in development work. However, it is assessed that the delays will not have a significant impact on the overall timetable.

The company's organizational structure

Lena Sundquist has been Chief Executive Officer of Climeon since August 1, 2021. Lena Sundquist has longstanding and solid experience in the energy and marine industries.

At Climeon's Annual General Meeting on May 18, 2022, Håkan Osvald was elected as the new Chair of the Board and Liselotte Duthu Törnblom and Peter Carlberg were elected as new Members of the Board. Anders Lindberg and Thomas Öström were re-elected as Members of the Board. Jan Svensson and Therese Lundstedt had both declined re-election.

Development/comments of business, position and profit/loss

| TSEK | 2022 | 2021 | 2020 | 2019 | 2018 |
|--------------------------------|----------|----------|----------|----------|----------|
| Net sales | 13,932 | 28,765 | 43,334 | 116,758 | 58,906 |
| Operating profit/loss | -115,812 | -150,327 | -135,651 | -117,569 | -101,897 |
| Profit/loss before tax | -125,905 | -107,313 | -139,884 | -112,670 | -85,475 |
| Total assets | 488,242 | 545,788 | 636,319 | 420,510 | 258,918 |
| Equity ratio ¹⁾ | 74.8% | 64.6% | 66.7% | 75.8% | 61.6% |
| Return on equity ²⁾ | neg | neg | neg | neg | neg |
| Return on assets ³⁾ | neg | neg | neg | neg | neg |
| Average number of employees | 43 | 60 | 85 | 84 | 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

At the end of the year, Group management consisted of CEO Lena Sundquist, CFO Carl Arnesson, Executive Vice President Marine Fredrik Thorén, Executive Vice President R&D Jonas Måhlén and Executive Vice President Service & Delivery Robin Goodoree. In December 2022, the company announced the appointment of Patrik Engstrand Kemi to the newly defined role of Executive Vice President Energy & Industry, starting in the first quarter of 2023.

Events after the closing day

In February 2023, it was also announced that Robin Goodoree had decided to take up an assignment outside the company

and would therefore leave his position in early 2023. In connection with this, Jonas Måhlén is taking overall responsibility for the technical activities, ranging from research and development to delivery and the servicing of products in operation.

Net sales

Net sales amounted to SEK 13,932,000 (28,765,000). Sales during the year were mainly attributable to hardware deliveries of the previous product generation HeatPower 150 in the marine market and service and aftermarket work for geothermal and marine customers.

Climeon is undergoing a transformation, with the completion of the new product generation HeatPower 300 continuing as part of that. In fall 2022, the product was launched in the marine market and is expected to go on sale in 2023.

Capitalized work for own account

Activated work for own account amounted to SEK 8,911,000 (28,925,000). The capitalized work for own account was mainly related to the development of the new product generation HeatPower 300 in the form of own time. It can be noted that the decrease between 2022 and 2021 was a result of a lower number of employees in 2022. In the comparative year, the corresponding figure also included some procurement of materials.

Operating profit/loss

Operating loss was SEK -115,812,000 (-150,327,000) including non-cash one-off items totaling SEK 18.8 million (10.6) during the year. The improvement in operating profit/loss between the years was mainly attributable to the cost savings program launched in 2021 and increased cost control.

Tax

The company did not have any tax expenses during the compared periods as the company did not show any taxable profits during the periods.

The company has an unutilized loss carried forward amounting to SEK 698.2 million (599.5), with the tax effect not being recognized as a deferred tax asset in the balance sheet. The deductions have no time limit for utilization.

Earnings after tax

Loss for the period amounted to SEK -125,893,000 (-107,248,000) and the change was attributable to the changes described under "Net sales" and "Operating profit/loss". Net financial items amounted to SEK -10,093,000 (43,014,000), which includes interest on short-term loans and revaluation of the investment in Baseload Capital Sweden AB. The holding of the shares is measured at fair value through profit or loss. The change in value for the year, based on Baseload's forecasts and results, amounted to SEK -9,091,000 (46,632,000).

Cash flow

Cash flow from operating activities

Cash flow from operating activities amounted to SEK -70,710,000 (-126,923,000). The change compared to the previous year was mainly attributable to the improved operating profit/loss, due to a lower cost base, and a positive change in working capital.

Cash flow from investment activities

The company's cash flow from investment activities was SEK -37,291,000 (-42,013,000). The change is mainly attributable to a slightly lower rate of investment in intangible non-current

assets, which primarily relates to the new product generation HeatPower 300.

Cash flow from financing activities

Cash flow from financing activities increased to SEK 95,189,000 (21,646,000). The inflow was mainly due to paid issue proceeds of approximately SEK 139 million and amortization of short-term loans of approximately SEK -44 million.

Liquidity and financial position

On December 31, 2022, shareholder equity amounted to SEK 365,187,000 (352,361,000). The company's cash and other cash equivalents amounted to SEK 139,341,000 compared to SEK 151,984,000 in the previous year. See description of the change under "Cash flow" above.

Employees

The average number of employees in the company during the year was 43 (60), with 26 (20) percent being women and 74 (80) percent men. At the end of the financial year, the number of employees was 41 (46).

Proposal by the Board of Directors for guidelines for the remuneration of senior executives

The Board proposes that the Annual General Meeting (AGM) on May 16, 2023 passes a resolution on the following guidelines for setting the salary and other remuneration of Board members, the company's CEO and other senior executives of Group management. The guidelines are based mainly on the

guidelines approved by the AGM 2020, but adjusted in some parts due to, among other things, new regulations. These guidelines are applicable to agreements entered after the AGM's decision or in case of amendments made in present agreements after the AGM. This proposal on guidelines is not applicable to Board fees decided by the general meeting or issues and transfers that are subject to decisions in accordance with Chapter 16 of the Swedish Companies Act.

The guidelines' promotion of the company's business strategy.

Climeon's business strategy is to enable a fossil-free world by using recycled waste heat, while the company's products contribute to more profitable business for both Climeon's customers and for the company. Additional information about the company's business strategy is available at www.climeon.com/the-company.

It is important for the company and its shareholders that these guidelines, in a short- and long-term perspective, can secure good possibilities to recruit and keep qualified employees. The aim with the guidelines is to provide increased transparency regarding remuneration issues and to use a relevant remuneration structure to create incentives for senior executives to implement strategic plans and deliver good operating outcome that supports the company's business strategy and long-term interests, including sustainability. In order to achieve this, it is important to be able secure market-based and competitive terms for senior executives.

Remuneration and types of remuneration

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. In the future the Board will consider this based on the company's long-term interests, sustainability, or to ensure the company's financial strength in line with this guideline. The different forms of remuneration that may be paid are described below.

Fixed salary

The basis for the remuneration of senior executives is that remuneration will be paid in the form of a fixed market rate salary, which should be set individually on the basis of position, competence, experience and achieved results. The fixed salary is to be revised annually.

Share-based incentive program

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.

For more information about outstanding incentive programs please see Note 8 in the company's 2022 Annual Report and on the company's website www.climeon.com.

Pension benefits

The pension conditions for senior executives should be in line with market conditions generally applicable for equivalent

executives in the market and be individually adapted on the basis of the respective senior executive's specific competence and 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.

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

Other benefits

In addition to salary and pension benefits, other benefits such as medical insurance and in some cases car benefits, are provided to the senior executives. These benefits should comprise a minor part of the total compensation and be in line with market practice.

Termination terms

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

Salary and employment conditions for other employees

In the preparation of this proposal for guidelines, the salaries and employment conditions of employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and the increase and growth rate of the remuneration over time in the Board of Directors' decision-making basis when evaluating whether the guidelines and resulting limitations are reasonable.

Decision-making process to determine, review and implement the guidelines

The Board has constituted a Remuneration Committee for the preparation of remuneration matters for senior executives etc. The Remuneration Committee shall observe and review variable remuneration programs (if any) for senior executives, the implementation of the remuneration guidelines, as well as applicable remuneration structures and remuneration levels in the company. The Remuneration Committee shall review the guidelines for remuneration of senior executives and if applicable propose updates of the guidelines to the Board.

The Board is responsible for preparing a proposal for new guidelines at least every fourth year and submitting it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The CEO and other senior executives do not participate in the Board's discussion of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. In all decisions, conflicts of interest are counteracted and all conflicts of interest are treated in accordance with the company's conflict of interest policy adopted by the Board with the aim of securing professional and distinct guidance in such matters.

Remuneration to Board members

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. Any fees for such services shall be on market terms 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 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.

Other items

The total remuneration and other benefits paid to senior executives during the year are reported in Note 8 in the 2022 Annual Report.

Expected future development

2022 was a year in which a great deal changed globally, and in a narrower perspective, that also occurred here at Climeon. The world was turbulent, to say the least. While the world was just starting to recover from a global pandemic, we faced a war in our close geographic neighborhood, along with new and growing geopolitical tensions at the global level. Both electricity and fossil fuel prices skyrocketed, pushing up inflation and affecting us all. How 2023 will unfold is difficult to say. The International Energy Agency (IEA) is warning of higher electricity prices due to concerns about the availability of natural gas in the coming winter, which is crucial in determining electricity prices in Europe.

The world needs more electricity, and simultaneously needs to reduce its dependence on electricity produced from fossil fuels, improve energy efficiency wherever possible, and move toward more energy-efficient and sustainable electricity production. This creates great opportunities for Climeon's Heat-

Power technology to become increasingly relevant for our customers and society. The target for our new HeatPower 300 product platform is ambitious – halving the cost per produced kWh compared to its predecessor – and it looks like we will achieve that target. During the fall and winter, we tested the product at full scale, based on actual customer data, to verify that it fulfills customer requirements under various operating conditions. We also spent a lot of time on customer documentation and adapting our product to the certification requirements of authorities and organizations, as well as on preparing the supply and production chain in parallel with the sales work that intensified increasingly during the year.

At the same time, there are always uncertainties in the world around us that we need to deal with. In 2022, new geopolitical uncertainties arose in the form of the ongoing war in Ukraine, while previous problems relating to raw material shortages and goods flows remained, which in the long term could lead to increased risks and costs for Climeon.

The company is currently deemed to be in need of external financing within a twelve-month period in order to continue operating. Such funding may come from existing or new shareholders, or from third parties through public or private funding options. While the company's financial statements are prepared on a going concern basis, there is, as always, an element of uncertainty regarding the availability of capital during this period. This uncertainty may adversely affect the company's ability to implement its planned strategy. Climeon will therefore continue focusing on managing and planning the company's cash flow and liquidity in both the short term and the long term.

Research and development

Since the company was founded, the HeatPower system has been continuously developed from prototype to commercial product. Experience gained from the company's installation work and customer dialogue are constantly fed back into the development process. Insights from the Climeon Live software solution are used to identify improvement potential and create new upgrade opportunities. As the installed base grows, components and software are upgraded to ensure optimal electricity production at customer facilities. In 2020, work began on a new HeatPower system, HeatPower 300, which, compared to the previous generation of the technology, will be more cost-effective for Climeon to produce. It will also be able to generate twice as much electrical power at a lower cost per produced kWh, thus contributing to improved profitability for the customer. This will result in significantly shorter payback periods for customers, improving the investment calculation and thus providing an investment that is both economically and environmentally sustainable. The result will be a broader application base as many more potential customers will be able to see the benefits of implementing a waste heat recovery system.

In 2021, Climeon initiated the development of prototypes at the test facility in Kista and HeatPower 300 was launched in 2022. This was initially for the marine industry but it can be relatively easily adapted to land-based engines and in the next step it will be adapted to other market segments.

All research and development relating to the HeatPower technology is done in-house at Climeon, which also owns all the

product design and does all the marketing and sales. The actual production of the system's modules is carried out by third-party suppliers, after which the installation and commissioning work is handed over to Climeon's service and support team.

Seasonal effects

At present, we do not see a significant seasonal variation in Climeon's sales of HeatPower systems.

The Climeon share

As of December 31, 2022, the registered share capital comprised 9,450,000 class A shares and 85,655,086 class B shares. During the year, 35,664,407 new class B shares were issued in connection with the completed rights issue described above. The company's B-share was listed on Nasdaq First North Premier on October 13, 2017 under the short name "CLIME B".

The shares have a quota value of SEK 0.015. The A shares are entitled to ten votes and the B shares to one vote each. At year-end, the number of shareholders in Climeon was 17,409 (15,020) and the largest shareholders were Thomas Öström with 10 (15) percent of the capital and 45 (58) percent of the votes, Cidro Förvaltning with 12 (12) percent of the capital and 6 (4) percent of the votes, the SEB Foundation with 5 (2) percent of the capital and 3 (1) percent of the votes and Joachim Karthäuser with 4 (6) percent of the capital and 10 (12) percent of the votes. No other single shareholder owns more

than 10 percent of the capital or the votes. The ten largest shareholders together accounted for 42 (50) percent of the capital and 69 (81) percent of the votes.

At December 31, 2022 the company had outstanding warrants that entitled the holders to subscribe for 997,500 class B shares. More information is available in Note 8.

Risk and risk management

A business is always associated with risk and technology development is very much a risky and capital-intensive process. Climeon's results and financial position as well as the strategic position are affected by a number of internal factors that Climeon controls as well as a number of external factors where the ability to influence the course of events is limited. An effective risk assessment unites Climeon's business opportunities and results with shareholders' and other stakeholders' demands for stable and long-term value development and control. In assessing Climeon's future development, it is therefore important to consider various risks in the business in addition to opportunities for positive development. All risk factors cannot, for natural reasons, be described in this section, so a comprehensive evaluation must also include other information in the Annual Report as well as a general external assessment. Climeon works with risk management on both a strategic and operational level. Risk management involves identifying, measuring and preventing risks from being realized, as well as continuously making improvements to reduce future risks.

Climeon has policies and instructions to identify deviations that could develop into risks. The level of risk in the business is systematically monitored in board meetings and monthly reports where deviations or risks are identified and addressed.

If competing products take market share, are more effective and reach the market faster, the future value of Climeon's product may be lower than originally expected. Crucial to Climeon's future is the ability to conduct technological development, enter into partnerships, and successfully develop and drive market launch and sales. For a description of Climeon's financial risks, see note 4.

| Risk | Risk management | Risk | Risk management |
|---|--|--|--|
| <p>Macroeconomics</p> <p>Demand for Climeon's products is primarily affected by macroeconomic factors beyond Climeon's control, such as the manufacturing industry's development and willingness to invest, the state of the economy in general and global capital market conditions, or, as in recent years, outbreaks of pandemics affecting business climate. A weakening of these factors in the markets in which Climeon operates may result in lower than expected market growth for the company's products, for example through delays or lack of customer orders, reduced access to external financing and potential disruptions in distribution channels.</p> | <p>With a focus on different niche markets as well as additional sales of technical service, support and consumables, Climeon may be less sensitive to economic fluctuations in isolated industries, branches or geographic areas. The company thoroughly examines each potential new geographic market and strives to build a local understanding before making investment decisions. Cost adjustments are made regularly. Climeon strives to have positive relationships with relevant government agencies in selected countries as well as close contact with investors.</p> | <p>Product and technology development</p> <p>Product development and related activities, particularly in the company's industry, are complex and it is difficult to predict the time and cost implications of individual investments. There is a risk that planned product development will be more time-consuming or costly than the company has previously assumed or that the company's products cannot be adapted to a commercial environment, which could have a material adverse effect on the company's business, financial position or results.</p> | <p>Climeon continuously tests the HeatPower systems and constantly upgrades the technology based on feedback from the machines in operation. All HeatPower systems have a large number of sensors, which allows Climeon to monitor the systems around the clock and collect large amounts of data for analysis. Through this, Climeon can easily detect problems that have occurred or are likely to occur. Climeon works closely with the first customers in each application area to evaluate and, if necessary, improve the technology. Climeon's HeatPower systems are also certified by different bodies depending on the type of application and the location of the installation, which is a quality label for the products and their lifespan.</p> |
| <p>Financial risks</p> <p>Through its operations, Climeon is exposed to various types of financial risks, including market risk, liquidity risk and credit risk. The most important market risks are interest rate risk and currency risk. These financial risks are further described in Note 4.</p> <p>Liquidity risk</p> <p>There is a risk that in the future the company will not have sufficient income to finance its operations and thus be forced to seek additional external financing to be able to continue to conduct its operations at the growth rate that the company plans. Such funding may come from existing shareholders, or from third parties through public or private funding options. The company's financial statements are prepared on a going concern basis.</p> | <p>Climeon strives for a structured and efficient management of the financial risks that arise in the business in accordance with the policy and guidelines established by the Board. These express the ambition to identify, minimize and control the financial risks and how the responsibility for managing these risks is to be distributed within the organization. The goal is to minimize the results effects of the financial risks. A more detailed description of the financial risks is available in Note 4.</p> <p>The company prepares regular forecasts and estimates that take into account uncertainties, the economic effects of which are analyzed in order to ensure the company's capital requirements in each period.</p> | <p>Competition</p> <p>Climeon is not alone in the HeatPower market. Competitors may develop, market and sell HeatPower products that are more efficient, safer and cheaper than those developed by Climeon. Competitors may also have higher production and distribution capacity as well as better sales and marketing opportunities than Climeon. Increased competition or a reduced ability to meet new market needs can have a negative impact on Climeon's financial position and results.</p> | <p>Climeon strives to offer products where price is not the single deciding factor. By working closely both with suppliers and customers, our knowledge and our competitiveness are continuously developed. We add value in the form of extensive technical knowledge, delivery capacity, service and availability, which limits the risk that customers reduce their demand.</p> |

Risk

Employees

Climeon's continued success depends on being able to retain experienced employees with specific skills and recruit new knowledgeable people. There are key people among both senior executives and among the Group's employees in general. There is a risk that one or more senior executives or other key personnel will leave the Group at short notice, for example due to stress, an unfavorable work environment or a lack of development opportunities. In the event that Climeon fails to recruit suitable replacements for them, or new competent key personnel in the future, this may have a negative impact on Climeon's financial position and results.

Risk management

Climeon's priority is to create good conditions for personnel to develop and thrive within the Group. Climeon works continuously with security, in the company's own premises as well as on customer sites. All employees who work with the HeatPower systems regularly attend safety training. Regular employee surveys are used to find out what employees think about their employer and working situation, and to facilitate ongoing dialogue about what can be improved and further developed. The employees' working conditions are also of great importance in terms of remuneration and benefits. For example, the acquisition of stock options is regularly offered as a way to align the interests of shareholders and employees.

Risk

Customers and demand

Climeon's products being efficient, in terms of both cost and energy, is a must for the company's success. The company needs to ensure that the new product will generate enough interest from potential customers and that the product will be effective enough for customers to invest in it. In addition, there is a risk that Climeon's current or future customers and partners will reduce their purchases of the company's products after having entered into an agreement.

Climeon's technology is also relatively new on the market, which means it is also new to the customers. This poses a risk as Climeon is dependent on the customer's ability to complete the necessary installation preparations before Climeon can deliver the HeatPower systems and thereby report revenue.

Suppliers

Climeon uses a contract manufacturer and subcontractors to produce and deliver the HeatPower solutions. Lack of quality, ethical compliance, environmental impact or an inability to meet production requirements are typical risks related to this.

Risk management

Climeon works closely with its customers to educate them about the technology and help speed up the HeatPower system installations. Climeon has started selling services such as consulting, installation design and support, to facilitate the customer's projects. Climeon has also developed technical solutions that speed up the installation process and make the company's power plant solution more complete.

Climeon regularly evaluates all suppliers and strives to have dual suppliers for all important components. All suppliers should also follow Climeon's Code of Conduct to ensure that the company's requirements regarding ethical business, environmental impact and quality are met. Climeon performs regular audits of suppliers and if any discrepancies are identified, action must be taken.

Risk

Risk management

Environment

All sustainable energy technology has a negative impact on the environment during its manufacturing. In addition to the production of the technology, there are also environmental risks related to building power plants and using water for electricity production.

Environment is the core of our business. Decisions about which suppliers, methods and materials are to be used are made to ensure both high quality and low environmental impact throughout the product life cycle. Climeon takes into account and meets the EU's existing and forthcoming taxonomy requirements for geothermal electricity production regarding emission targets, risks related to earthquakes, water pollution and carbon dioxide dissolved in the water.

Geopolitical risks

The aftermath of the global outbreak of COVID-19 and the ongoing war in Ukraine bring increased uncertainties and risks of negative economic impact. The magnitude of the financial and macroeconomic impact going forward depends on the scale and duration of such events.

Climeon continuously monitors and analyzes the course of events with regards to both operational and financial impact with the intention of ensuring the company's continued development. For example, potential delivery delays and travel restrictions increase uncertainty about the development and delivery of Climeon's products and customer projects.

Furthermore, geopolitical uncertainties may lead to increased risks and costs for Climeon. From time to time, the company experiences delays in deliveries of electronic products, mainly due to reduced availability of components from manufacturers and certain logistical problems arising from the COVID-19 pandemic.

Non-financial information

Environment

Climeon was re-certified during the year according to ISO 9001 (quality management) and ISO 14001 (environmental management). Quality assurance is a natural part of the company's business model and characterizes all internal routines. The two ISO certificates ensure that Climeon is always improving with the customer and environment in mind.

Proposed appropriation of earnings

At the disposal of the Annual General Meeting

| | |
|-----------------------|--------------------|
| Share premium reserve | 1,103,030,189 |
| Accumulated loss | -712,127,877 |
| Loss for the year | -120,666,030 |
| Total | 270,236,282 |

The Board of Directors proposes that the available funds of SEK 270,236,282 are 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.

FINANCIALS

CONSOLIDATED INCOME STATEMENT

| TSEK | Note | 2022 | 2021 |
|--|------|-----------------|-----------------|
| Net sales | 5 | 13,932 | 28,765 |
| Capitalised work for own account | * | 8,911 | 28,925 |
| Other operating income | 6 | 146 | 133 |
| Operating expenses | | | |
| Raw materials and consumables | | -12,226 | -53,696 |
| Other external expenses | 7 | -40,442 | -43,945 |
| Personnel expenses | 8 | -52,264 | -81,979 |
| Depreciation, amortisation and impairment losses of tangible and intangible assets | | -33,864 | -28,122 |
| Other operating expenses | | -7 | -408 |
| Operating profit/loss | | -115,812 | -150,327 |
| Profit from financial items | | | |
| Interest income and other financial items | 9 | 18,825 | 52,944 |
| Interest expenses and other financial items | 10 | -28,918 | -9,930 |
| Profit before tax | | -125,905 | -107,313 |
| Tax of the year | 11 | 12 | 65 |
| PROFIT/LOSS FOR THE YEAR | | -125,893 | -107,248 |
| Earnings per share, SEK | 12 | | |
| Before dilution | | -1,46 | -1,93 |
| After dilution | | -1,46 | -1,93 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TSEK | 2022 | 2021 |
|---|-----------------|-----------------|
| Profit/loss for the year | -125,893 | -107,248 |
| Comprehensive income for the year | | |
| <i>Items that can be subsequently reclassified to the income statement:</i> | | |
| Translation differences | -165 | 146 |
| Comprehensive profit/loss for the year | -165 | 146 |
| COMPREHENSIVE INCOME FOR THE YEAR | -126,058 | -107,102 |
| <i>Net profit/loss for the year attributable to:</i> | | |
| Shareholders of the Parent Company | -126,058 | -107,102 |
| COMPREHENSIVE INCOME FOR THE YEAR | -126,058 | -107,102 |

* Raw materials and consumables include capitalized costs relating to direct materials of 0 (16,096) for the entire period.

CONSOLIDATED BALANCE SHEET

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non current assets | | | |
| <i>Intangible non-current assets</i> | | | |
| Capitalised expenditures on development work | 13 | 112,475 | 100,487 |
| Patents, licenses, trademarks, and similar rights | 14 | 5,285 | 5,878 |
| | | 117,760 | 106,365 |
| <i>Tangible non-current assets</i> | | | |
| Leasehold improvements | 15 | 13,244 | 12,892 |
| Plant and machinery | 16 | 3,142 | 4,633 |
| Right to use assets | 17 | 16,072 | 21,633 |
| Equipment, tools and installations | 18 | 1,836 | 2,461 |
| | | 34,294 | 41,619 |
| <i>Financial non-current assets</i> | | | |
| Other long-term receivables | | 4,347 | 5,311 |
| Long term financial assets | 19 | 99,902 | 108,993 |
| | | 104,249 | 114,304 |
| Total non-current assets | | 256,303 | 262,288 |

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|-------------------------------------|------|----------------|----------------|
| Current assets | | | |
| <i>Inventories</i> | 20 | | |
| Work in progress | | 11,991 | 15,303 |
| Finished goods and goods for resale | | 36,259 | 40,936 |
| | | 48,250 | 56,239 |
| <i>Current receivables</i> | | | |
| Accounts receivable | 21 | 11,272 | 39,605 |
| Other receivables | | 14,279 | 16,703 |
| Prepaid expenses and accrued income | 22 | 18,797 | 18,969 |
| | | 44,348 | 75,277 |
| Cash and cash equivalents | 28 | 139,341 | 151,984 |
| Total current assets | | 231,939 | 283,500 |
| TOTAL ASSETS | | 488,242 | 545,788 |

CONSOLIDATED BALANCE SHEET CONT.

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|-------------------------------------|------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders equity | | | |
| Share capital | 23 | 1,427 | 892 |
| Other contributed capital | | 1,103,038 | 964,689 |
| Reserves | | 632 | 797 |
| Retained earnings/loss | | -614,017 | -506,769 |
| Profit/loss for the year | | -125,893 | -107,248 |
| Shareholders equity | | 365,187 | 352,361 |
| Other liabilities | | | |
| Other provisions | 24 | 7,886 | 23,686 |
| | | 7,886 | 23,686 |
| Non-current liabilities | | | |
| Other long-term liabilities | 25 | 22,822 | 27,204 |
| | | 22,822 | 27,204 |
| Current liabilities | | | |
| Advance payments from customers | | 15,682 | 29,765 |
| Accounts payable | | 12,149 | 5,692 |
| Current tax liabilities | | 6 | 100 |
| Other current liabilities | 26 | 46,446 | 82,585 |
| Accruals and deferred income | 27 | 18,064 | 24,395 |
| | | 92,347 | 142,537 |
| TOTAL EQUITY AND LIABILITIES | | 488,242 | 545,788 |

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 2021 | 817 | 929,764 | 651 | -506,769 | 424,463 |
| Profit/loss for the year | | | | -107,248 | -107,248 |
| Other comprehensive income | | | 146 | | 146 |
| Total comprehensive income/loss | - | ,- | 146 | -107,248 | -107,102 |
| <i>Transactions with owners:</i> | | | | | |
| New issues | 75 | 34,925 | | | 35,000 |
| Total transactions with shareholders | 75 | 34,925 | | | 35,000 |
| Closing balance, 31 December 2021 | 892 | 964,689 | 797 | -614,017 | 352,361 |

| TSEK | Share capital | Other contributed capital | Reserves | Retained earnings including profit/loss of the year | Total equity |
|---|---------------|---------------------------|-------------|---|-----------------|
| Opening balance, 1 January 2022 | 892 | 964,689 | 797 | -614,017 | 352,361 |
| Profit/loss for the year | | | | -125,893 | -125,893 |
| Other comprehensive income | | | -165 | | -165 |
| Total comprehensive income/loss | | | -165 | -125,893 | -126,058 |
| <i>Transactions with owners:</i> | | | | | |
| New issues | 535 | 138,269 | | | 138,804 |
| Premiums paid for warrants | | 80 | | | 80 |
| Total transactions with shareholders | 535 | 138,349 | - | - | 138,884 |
| Closing balance, 31 December 2022 | 1,427 | 1,103,038 | 632 | -739,910 | 365,187 |

CONSOLIDATED CASH FLOW STATEMENT

| TSEK | Note | 2022 | 2021 |
|---|------|----------------|-----------------|
| Operating activities | | | |
| Operating profit | | -115,812 | -150,327 |
| Adjustment for items not included in cash flow: | | | |
| Depreciation/amortisation | | 34,098 | 28,645 |
| Unrealised fair value differences | | 17,250 | 0 |
| Provisions for guarantees | | -4,949 | 5,349 |
| Financial income | | 14,714 | 1,760 |
| Financial costs | | -15,420 | -5,738 |
| Tax paid | | -82 | 0 |
| Cash from operating activities before changes in working capital | | -70,201 | -120,311 |
| Cash flow from changes in working capital | | | |
| Decrease (+)/increase(-) in inventories | | 6,542 | -802 |
| Decrease (+)/increase(-) in accounts receivables | | 890 | -613 |
| Decrease (+)/increase(-) in current receivables | | 2,602 | 6,590 |
| Decrease (-)/increase(+) in accounts payable | | 6,457 | -9,429 |
| Decrease (-)/increase(+) in other current liabilities | | -17,000 | -1,835 |
| Cash flow from operating activities | | -70,710 | -126,400 |
| Investing activities | | | |
| Investment in intangible assets | | -34,379 | -32,355 |
| Investment in tangible assets | | -3,811 | -11,381 |
| Försäljning av materiella anläggningstillgångar | | 164 | 0 |
| Change in financial assets | | 899 | 1,200 |
| Cash flow from investment activities | | -37,127 | -42,536 |

| TSEK | Note | 2022 | 2021 |
|---|------|----------------|----------------|
| Financing activities | | | |
| New issues | | 138,804 | 35,000 |
| Amortisation of debts | | -43,695 | -13,354 |
| Premiums paid for warrants | 25 | 80 | 0 |
| Cash flow from financing activities | | 95,189 | 21,646 |
| CASH FLOW FOR THE YEAR | | | |
| Cash and cash equivalents at beginning of the year | | 151,984 | 299,217 |
| Exchange rate differences in cash and cash equivalents | | 5 | 57 |
| Cash and cash equivalents at year-end | 28 | 139,341 | 151,984 |

PARENT COMPANY INCOME STATEMENT

| TSEK | Note | 2022 | 2021 |
|--|------|-----------------|-----------------|
| Net sales | 5 | 12,762 | 27,546 |
| Capitalised work for own account | | 8,911 | 28,925 |
| Other operating income | 6 | 143 | 50 |
| Operating expenses | | | |
| Raw materials and consumables | | -11,988 | -53,582 |
| Other external expenses | 7 | -44,536 | -46,813 |
| Personnel expenses | 8 | -49,444 | -75,384 |
| Depreciation, amortisation and impairment losses of tangible and intangible assets | | -28,276 | -22,233 |
| Other operating expenses | | -7 | -408 |
| Operating profit/loss | | -112,436 | -141,900 |
| Profit from financial items | | | |
| Interest income and other financial items | 9 | 19,742 | 52,696 |
| Interest expenses and other financial items | 10 | -27,972 | -8,271 |
| Profit before tax | | -120,666 | -97,475 |
| PROFIT/LOSS FOR THE YEAR ¹⁾ | | -120,666 | -97,475 |

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

PARENT COMPANY BALANCE SHEET

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Non current assets | | | |
| <i>Intangible non-current assets</i> | | | |
| Capitalised expenditures on development work | 13 | 112,475 | 100,487 |
| Patents, licenses, trademarks, and similar rights | 14 | 5,285 | 5,878 |
| | | 117,760 | 106,365 |
| <i>Tangible non-current assets</i> | | | |
| Leasehold improvements | 15 | 12,764 | 12,291 |
| Plant and machinery | 16 | 3,132 | 4,620 |
| Equipment, tools and installations | 18 | 1,791 | 2,400 |
| | | 17,687 | 19,311 |
| <i>Financial non-current assets</i> | | | |
| Shares in Group companies | | 1,918 | 1,918 |
| Other long-term receivables | | 24,497 | 20,266 |
| Long term financial assets | 19 | 99,902 | 108,993 |
| | | 126,317 | 131,177 |
| Total non-current assets | | 261,764 | 256,853 |

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|-------------------------------------|------|----------------|----------------|
| Current assets | | | |
| <i>Inventories</i> | | | |
| | 20 | | |
| Work in progress | | 11,991 | 15,303 |
| Finished goods and goods for resale | | 36,253 | 40,936 |
| | | 48,244 | 56,239 |
| <i>Current receivables</i> | | | |
| Accounts receivable | 21 | 10,969 | 38,377 |
| Other receivables | | 16,916 | 19,612 |
| Prepaid expenses and accrued income | 22 | 18,724 | 18,687 |
| | | 46,609 | 76,676 |
| Cash and cash equivalents | 28 | 138,789 | 151,407 |
| Total current assets | | 233,642 | 284,322 |
| TOTAL ASSETS | | 495,406 | 541,175 |

PARENT COMPANY BALANCE SHEET CONT.

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|-------------------------------|------|----------------|----------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders equity | | | |
| <i>Restricted equity</i> | | | |
| Share capital | 23 | 1,427 | 892 |
| Reserve for development costs | | 118,424 | 99,438 |
| | | 119,851 | 100,330 |
| <i>Unrestricted equity</i> | | | |
| Share premium reserve | | 1,103,030 | 910,244 |
| Retained earnings/loss | | -712,128 | -541,235 |
| Profit/loss for the year | | -120,666 | -97,475 |
| | | 270,236 | 271,534 |
| Shareholders equity | | 390,087 | 371,864 |
| Other liabilities | | | |
| Other provisions | 24 | 7,886 | 23,686 |

| TSEK | Note | 2022-12-31 | 2021-12-31 |
|-------------------------------------|------|----------------|----------------|
| Non-current liabilities | | | |
| Other long-term liabilities | 25 | 10,381 | 10,381 |
| | | 10,381 | 10,381 |
| Current liabilities | | | |
| Advance payments from customers | | 15,682 | 29,765 |
| Accounts payable | | 12,086 | 5,461 |
| Current tax liabilities | | 0 | 100 |
| Other current liabilities | 26 | 41,220 | 75,952 |
| Accruals and deferred income | 27 | 18,064 | 23,966 |
| | | 87,052 | 135,244 |
| TOTAL EQUITY AND LIABILITIES | | 495,406 | 541,175 |

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| TSEK | Restricted equity | | | Non-restricted equity | | | Total equity |
|---|-------------------|---------------|-------------------------------|-----------------------|-------------------------|---------------------|----------------|
| | Share capital | Ongoing issue | Reserve for development costs | Share premium reserve | Retained profit or loss | Profit for the year | |
| Opening balance, 1 January 2021 | 817 | - | 82,779 | 875,319 | -393,747 | -130,829 | 434,339 |
| Appropriation of prior year's profit/loss | | | | | -130,829 | 130,829 | - |
| Profit/loss for the year | | | | | | -97,475 | -97,475 |
| Total comprehensive income/loss | - | - | - | - | - | -97,475 | -97,475 |
| Capitalisation of development costs | | | 28,925 | | -28,925 | | - |
| Utilisation as a result of the year's depreciation of development costs | | | -12,266 | | 12,266 | | - |
| Total other | - | - | 16,659 | - | -16,659 | - | - |
| <i>Transactions with owners:</i> | | | | | | | |
| New issues | 75 | | | 34,925 | | | 35,000 |
| Total transactions with shareholders | 75 | - | - | 34,925 | - | - | 35,000 |
| Closing balance, 31 December 2021 | 892 | - | 99,438 | 910,244 | -541,235 | -97,475 | 371,864 |

| TSEK | Restricted equity | | | Non-restricted equity | | | Total equity |
|---|-------------------|---------------|-------------------------------|-----------------------|-------------------------|---------------------|-----------------|
| | Share capital | Ongoing issue | Reserve for development costs | Share premium reserve | Retained profit or loss | Profit for the year | |
| Opening balance, 1 January 2022 | 892 | - | 99,438 | 910,244 | -541,235 | -97,475 | 371,864 |
| Adjustment of opening balance | | | | 54,512 | -54,512 | | - |
| Appropriation of prior year's profit/loss | | | | | -97,475 | 97,475 | - |
| Profit/loss for the year | | | | | | -120,666 | -120,666 |
| Total comprehensive income/loss | - | - | - | - | - | -120,666 | -120,666 |
| Capitalisation of development costs | | | 34,787 | | -34,787 | | - |
| Utilisation as a result of the year's depreciation of development costs | | | -15,801 | | 15,801 | | - |
| Total other | - | - | 18,986 | - | -18,986 | - | - |
| <i>Transactions with owners:</i> | | | | | | | |
| New issues | 535 | | | 138,274 | | | 138,809 |
| Premiums paid for warrants | | | | | 80 | | 80 |
| Total transactions with shareholders | 535 | - | - | 138,274 | 80 | - | 138,889 |
| Closing balance, 31 December 2022 | 1,427 | - | 118,424 | 1,103,030 | -712,128 | -120,666 | 390,087 |

PARENT COMPANY CASH FLOW STATEMENT

| TSEK | Note | 2022 | 2021 |
|---|------|----------------|-----------------|
| Operating activities | | | |
| Operating profit | | -112,436 | -141,900 |
| Adjustment for items not included in cash flow: | | | |
| Depreciation/amortisation | | 28,276 | 22,233 |
| Provisions for guarantees | | -4,949 | 5,349 |
| Unrealised fair value differences | | 6,409 | 0 |
| Financial income | | 15,779 | 1,547 |
| Financial costs | | -14,474 | -4,079 |
| Cash from operating activities before changes in working capital | | -81,395 | -116,850 |
| Cash flow from changes in working capital | | | |
| Decrease (+)/increase(-) in inventories | | 6,549 | -802 |
| Decrease (+)/increase(-) in accounts receivables | | 15,000 | 541 |
| Decrease (+)/increase(-) in current receivables | | 2,656 | 4,147 |
| Decrease (-)/increase(+) in accounts payable | | 6,625 | -9,436 |
| Decrease (-)/increase(+) in other current liabilities | | -20,560 | -2,323 |
| Cash flow from operating activities | | -71,125 | -124,723 |
| Investing activities | | | |
| Investment in intangible assets | | -34,379 | -32,355 |
| Försäljning av materiella anläggningstillgångar | | 164 | 0 |
| Investment in tangible assets | | -3,709 | -10,560 |
| Change in debts to group companies | | -5,131 | -7,388 |
| Change in financial assets | | 899 | 1,304 |
| Cash flow from investment activities | | -42,156 | -48,999 |

| TSEK | Note | 2022 | 2021 |
|---|------|----------------|-----------------|
| Financing activities | | | |
| New issues | | 138,804 | 35,000 |
| Amortisation of loans | | -38,221 | -7,403 |
| Premiums paid for warrants | 25 | 80 | 0 |
| Cash flow from financing activities | | 100,663 | 27,597 |
| CASH FLOW FOR THE YEAR | | -12,618 | -146,125 |
| Cash and cash equivalents at beginning of the year | | 151,407 | 297,532 |
| Cash and cash equivalents at year-end | 28 | 138,789 | 151,407 |

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 environmentally friendly and sustainable 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, 2020. 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 Heat Power modules and other related services.

Sales of modules

Climeon normally sells Climeon Heat Power modules together with installation services and / or significant integration services. The customer is considered to be able to purchase the installation service from other suppliers. Therefore, in contracts that include installation services but not significant integration services, modules are considered a separate performance commitment. Revenue from the sale of hardware is reported at the time the control over the module is transferred to the customer, which normally occurs when the risk has been transferred to the customer based on the applicable freight conditions.

In agreements where modules are sold together with significant integration services, modules together with integration services are considered a performance commitment. For a description of how this performance commitment is presented, see the section ""Significant integration services"" below."

Sales of services

Revenue from service contracts is recognised as revenue in the period in which the work is performed.

Climeon provides installation services for modules. The installation service includes a minor modification of modules. The installation is relatively simple and can be performed by another supplier and is therefore reported as a separate performance commitment. Revenue from sales of installation services is recognized over time based on the actual hours worked, in proportion to the total expected working time to fulfill the performance commitment.

Significant integration services

In some agreements, Climeon provides significant 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 Heat Power 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 Heat Power 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 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 judgments

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 112,475 thousand (100,487). They mainly relate to the Company's technique Heat Power. 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. These assumptions include, but are not limited to, assessments and risk estimates linked to discount rate, inflation, product margins, credit terms, working capital, order intake etcetera. Climeon has found that reasonable changes in assumptions do not give rise to any general write-down as of December 31, 2022.

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 page 65 and 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. During the year, the company has made a significant write-down of a receivable regarding its Icelandic customer as the assessment is that a settlement of the receivable is not likely. Please also see page 39 and 68 as well as note 21. The company considers that other accounts receivable are not subject to impairment.

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 prepayed 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 698,176 thousand (599,452), 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 365,187 thousand (352,361). The cash position and short-term investments amount to SEK 139,341 thousand (151,984). The equity ratio thus amounts to 74.8 percent (64.6).

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

| 2022-12-31 | Assets valued at accrued acquisition value | Assets valued at fair value, level 2 | Assets valued at fair value, level 3 | Total |
|----------------------------|--|--------------------------------------|--------------------------------------|----------------|
| Long term financial assets | - | - | 99,902 | 99,902 |
| Accounts receivables | 11,272 | - | - | 11,272 |
| Other receivables | 14,279 | - | - | 14,279 |
| Cash and cash equivalents | 139,341 | - | - | 139,341 |
| Accounted value | 164,892 | 0 | 99,902 | 264,794 |

| 2021-12-31 | Assets valued at accrued acquisition value | Assets valued at fair value, level 2 | Assets valued at fair value, level 3 | Total |
|----------------------------|--|--------------------------------------|--------------------------------------|----------------|
| Long term financial assets | - | - | 108,993 | 108,993 |
| Accounts receivables | 39,605 | - | - | 39,605 |
| Other receivables | 16,703 | - | - | 16,703 |
| Cash and cash equivalents | 151,984 | - | - | 151,984 |
| Accounted value | 208,292 | 0 | 108,993 | 317,285 |

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 of the holding is based on Baseload's forecasts and results with a certain lag. Baseload uses a valuation model that Climeon's management deems to be consistent with fair value. The valuation is based on cash flow forecasts on its portfolio of installations. This valuation is affected by a number of assumptions about, among other things, but not only, discount rate, profitability in future projects, time estimates and similar parameters which together or individually may, positively or negatively, affect future valuation at fair value.

All the Group's assets that are valued at fair value are valued through profit or loss.

| Investments in unlisted financial instruments | 2022-12-31 | 2021-12-31 |
|---|---------------|----------------|
| Incoming fair value | 108,993 | 45,440 |
| Acquisition of shares | - | 16,921 |
| Change in fair value thru income statement | -9,091 | 46,632 |
| Outgoing fair value | 99,902 | 108,993 |

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 JPY, 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 | 2022-12-31 | 2021-12-31 |
|----------|------------|------------|
| EUR | -2,180 | -16,827 |
| USD | -11,288 | -782 |
| JPY | -12 | -1,886 |
| GBP | -485 | -2,148 |
| ISK | -724 | -1,905 |

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 is mainly exposed to interest-rate risk through its loan financing. Interest on loans is paid using a variable rate, which means that the Group's future financial expenses are affected by changes in market interest rates. 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.

| | 2022 | 2022-12-31 | 2021 | 2021-12-31 |
|---------------------------------|-----------------------|------------------|-----------------------|------------------|
| | Effect on profit/loss | Effect on equity | Effect on profit/loss | Effect on equity |
| <i>Currency exposure</i> | | | | |
| EUR -[10]% | -218 | 2,417 | -1,683 | -385 |
| EUR +[10]% | 218 | -2,417 | 1,683 | 385 |
| JPY -[10]% | -1 | 4 | -189 | 0 |
| JPY +[10]% | 1 | -4 | 189 | 0 |
| ISK -[10]% | -72 | 39 | -191 | 56 |
| ISK +[10]% | 72 | -39 | 191 | -56 |
| USD -[10]% | -1,129 | 52 | -78 | 15 |
| USD +[10]% | 1,129 | -52 | 78 | -15 |
| GBP -[10]% | -48 | -6 | -215 | -13 |
| GBP +[10]% | 48 | 6 | 215 | 13 |
| <i>Interest</i> | | | | |
| Financial expenses +[1]%-points | -547 | 0 | -758 | 0 |
| Financial income +[1]%-points | 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.

The Group's loan agreements contain special conditions that could result in change of the payment terms. The Group's credit facilities have loan conditions, so-called covenants, which have been fulfilled. As covenants, Climeon has three key figures; cash and cash equivalents, equity and total assets.

| 2022-12-31 | Within 3 month | 3 - 12 month | 1 - 5 years | Over 5 years | Total |
|------------------------------------|----------------|---------------|---------------|--------------|---------------|
| Liabilities to credit institutions | 10,433 | 24,343 | 10,381 | - | 45,157 |
| Leasing debts | 1,583 | 4,750 | 11,348 | - | 17,681 |
| Accounts payable | 12,149 | - | - | - | 12,149 |
| Other current liabilities | 1,624 | 4,820 | - | - | 6,444 |
| Total | 25,789 | 33,913 | 21,729 | 0 | 81,431 |

| 2021-12-31 | Within 3 month | 3 - 12 month | 1 - 5 years | Over 5 years | Total |
|------------------------------------|----------------|---------------|---------------|--------------|----------------|
| Liabilities to credit institutions | 7,554 | 61,478 | 10,381 | - | 79,413 |
| Leasing debts | 1,583 | 4,750 | 16,823 | - | 23,156 |
| Accounts payable | 5,692 | - | - | - | 5,692 |
| Other current liabilities | 2,500 | 4,820 | - | - | 7,320 |
| Total | 17,329 | 71,048 | 27,204 | 0 | 115,581 |

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.

| | 2022-12-31 | 2021-12-31 |
|---|---------------|--------------|
| Incoming reserve uncertain receivables | 4,200 | - |
| Reclassifications | 15,073 | - |
| Reservations of the year | 12,408 | 4,200 |
| Outgoing reserve uncertain receivables | 31,681 | 4,200 |

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.

| | 2022-12-31 | 2021-12-31 |
|--|----------------|----------------|
| Accounts receivable | 11,272 | 39,605 |
| Other long-term receivables | 4,347 | 5,311 |
| Other current receivables | 14,279 | 16,703 |
| Cash and cash equivalents | 139,341 | 151,984 |
| Maximum exposure to credit risk | 169,239 | 213,603 |

Note 5 Distribution of net sales

| Revenue type | Consolidated | | Parent company | |
|----------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Modules and other hardware | 10,984 | 23,974 | 10,984 | 23,974 |
| Services | 2,948 | 4,791 | 1,778 | 3,572 |
| Total | 13,932 | 28,765 | 12,762 | 27,546 |

| Geographic market | Sweden | | Parent company | |
|-------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Europe | | 179 | 413 | 179 |
| North America | | 24,623 | 9,844 | 24,623 |
| Asia | | 0 | 2 | 0 |
| Total | | 3,963 | 2,503 | 2,744 |
| Summa | 13,932 | 28,765 | 12,762 | 27,546 |

Contract assets and liabilities

| Contract assets | Consolidated | | Parent company | |
|-----------------|--------------|--------|----------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Accrued income | 15,381 | 14,973 | 15,381 | 14,973 |

| Contract liabilities | Consolidated | | Parent company | |
|-----------------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Prepaid income | 2,536 | 2,608 | 2,536 | 2,608 |
| Advances from customers | 15,682 | 29,765 | 15,682 | 29,765 |
| Contract liabilities total | 18,218 | 32,373 | 18,218 | 32,373 |

A significant portion of reported contract liabilities is estimated to be recognized as revenue during the next twelve-month period.

Note 6 Other operating income

| | Consolidated | | Parent company | |
|---------------------------------------|--------------|------------|----------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| Other items | 11 | - | 8 | - |
| Grants from the Government | 12 | 50 | 12 | 50 |
| Results from the sale of fixed assets | 123 | - | 123 | - |
| Re-invoiced costs | - | 83 | - | - |
| Total | 146 | 133 | 143 | 50 |

Note 7 Auditor's fee

| | Consolidated | | Parent company | |
|----------------------|--------------|--------------|----------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Deloitte AB | | | | |
| Audit assignments | 1,187 | 816 | 1,187 | 816 |
| Other services | 125 | 401 | 125 | 401 |
| Moore's Rowland CPAs | | | | |
| Audit assignments | 27 | 25 | 0 | 0 |
| Total | 1,339 | 1,242 | 1,312 | 1,217 |

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 | |
|------------------------------------|--------------|------|----------------|------|
| | 2022 | 2021 | 2022 | 2021 |
| Average number of employees | | | | |
| Average number of employees | 43 | 60 | 41 | 52 |
| share of women | 26% | 20% | 27% | 21% |

| Distribution of senior executives on the closing day | Consolidated | | Parent company | |
|--|--------------|------------|----------------|------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Women: | | | | |
| Board members | 20% | 25% | 20% | 25% |
| The Management team | 20% | 40% | 20% | 40% |

| Salaries and remuneration | Consolidated | | Parent company | |
|---------------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Salaries and other remuneration | 32,063 | 48,150 | 29,507 | 42,209 |
| Pensions, defined contribution | 4,541 | 5,558 | 4,541 | 5,499 |
| Social insurance contributions | 9,620 | 14,062 | 9,378 | 13,505 |
| Total | 46,224 | 67,770 | 43,426 | 61,213 |

| Salaries and other remuneration for Board members, CEO and other employees | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Board and CEO | 4,299 | 7,410 | 3,205 | 5,243 |
| Other employees | 27,764 | 40,740 | 26,302 | 36,966 |
| Total | 32,063 | 48,150 | 29,507 | 42,209 |

Salaries and remuneration to senior executives*

| 2022 | Salary/Fee* | Variable remuneration | Other benefits | Pension costs | Total |
|---|--------------|-----------------------|----------------|---------------|--------------|
| Director and former Chairman of the Board Thomas Öström | 283 | - | - | - | 283 |
| Director Anders Lindberg | 270 | - | - | - | 270 |
| Chairman of the board Håkan Osvald | 280 | - | - | - | 280 |
| Director Liselotte Duthu Törnblom | 163 | - | - | - | 163 |
| Director Peter Carlberg | 128 | - | - | - | 128 |
| Former Director Jan Svensson | 91 | - | - | - | 91 |
| Former Director Therese Lundstedt | 100 | - | - | - | 100 |
| CEO Lena Sundquist | 1,890 | - | 5 | 442 | 2,337 |
| Other senior executives *** | 4,902 | - | 94 | 1,113 | 6,109 |
| Total | 8,107 | - | 99 | 1,555 | 9,761 |

*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 consisted of two women and four men in the beginning of the year and one woman and three men at the end of the year.

| 2021 | Salary/Fee* | Variable remuneration | Other benefits | Pension costs | Total |
|---|---------------|-----------------------|----------------|---------------|---------------|
| Chairman of the Board Thomas Öström | 641 | - | 46 | 61 | 748 |
| Director Anders Lindberg | 140 | - | - | - | 140 |
| Director Therese Lundstedt | 223 | - | - | - | 223 |
| Director Jan Svensson | 212 | - | - | - | 212 |
| Former Chairman of the Board Per Olofsson | 167 | - | - | - | 167 |
| Former Director Charlotte Strand | 153 | - | - | - | 153 |
| Former Director Olle Bergström | 83 | - | - | - | 83 |
| Former Director Vivianne Holm | 83 | - | - | - | 83 |
| CEO Lena Sundquist | 700 | - | 2 | 105 | 807 |
| Former CEO Jan Bardell, invoiced fee | 2,841 | - | - | - | 2,841 |
| Other senior executives *** | 6,497 | - | 14 | 571 | 7,082 |
| Total | 11,740 | - | 62 | 737 | 12,539 |

*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 consisted of two women and four men in the beginning of the year and one woman and three men at the end of the year.

Remuneration of the Board

During the financial year, SEK 1,315 thousand (1,702) was paid as a fee to the Board of Directors of Climeon, of which a total of SEK 447 thousand (401) 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 781 thousand (578). 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 2023 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 1,890 thousand (700) and pension provision amounted to SEK 442 thousand (105). Jan Bardell resigned as CEO in August 2021. Consultancy fees to Jan Bardell during 2021 amounted to SEK 2,841 thousand.

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 one woman and three men at the beginning of the year and four men at the end of the year. Salary to other senior executives during the year amounted to SEK 4,902 thousand (3,807), invoiced fee SEK 0 (2,690) and other benefits to SEK 94 thousand (14). Pension provisions during the year amounted to SEK 1,113 thousand (571).

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 a new B share in the company for each warrant 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 8/7/22 | 997,500 | 1,117,200 | 0.08 | 16.68 | 1/9/2025-30/9/2025 | 18,635 |

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

| Total outstanding warrants | 2022 | 2021 |
|--------------------------------------|----------------|----------------|
| Outstanding beginning of year | 596,500 | 905,165 |
| Allocated during the year | 997,500 | - |
| Forfeited during the year | -596,500 | -308,665 |
| Total outstanding at year-end | 997,500 | 596,500 |

With full exercise of all 997,500 warrants for subscription of the same number of B shares as above, it will include a share capital increase of a total of SEK 16,758 (quota value 0.015), which corresponds to a dilution of 1.17 percent of the number of outstanding shares and 0.62 percent of the number of outstanding votes (based on 95,105,086 outstanding shares, of which 9,450,000 A shares with 10 votes each and 85,655,086 B shares with one vote each).

Note 9 Interest income and other financial items

| | Consolidated | | Parent company | |
|---------------------------------|---------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest income | 1,175 | 1,620 | 2,092 | 1,372 |
| Exchange rate differences | 17,650 | 4,517 | 17,650 | 4,517 |
| Revaluation of financial assets | 0 | 46,807 | 0 | 46,807 |
| Total | 18,825 | 52,944 | 19,742 | 52,696 |

Note 10 Interest expenses and other financial items

| | Consolidated | | Parent company | |
|------------------------------------|----------------|---------------|----------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest expenses, other | -2,577 | -3,907 | -2,577 | -3,427 |
| Interest expenses on leased assets | -946 | -1,179 | - | - |
| Exchange rate differences | -16,304 | -4,844 | -16,304 | -4,844 |
| Revaluation of financial assets | -9,091 | - | -9,091 | - |
| Total | -28,918 | -9,930 | -27,972 | -8,271 |

Note 11 Tax

| | Consolidated | | Parent company | |
|--|--------------|-----------|----------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Current tax | - | - | - | - |
| Change in temporary differences | 12 | 65 | - | - |
| Tax of the year | 12 | 65 | 0 | 0 |
| Recognised result before tax | -125,905 | -107,313 | -120,666 | -97,475 |
| Applicable tax rate 20.6% (20,6) | | 22,106 | 24,857 | 20,080 |
| Tax effect of non-deductible expenses | | -109 | -2,692 | -109 |
| Tax effect of non-taxable changes of value in financial assets | | 9,606 | -1,731 | 9,606 |
| Tax effect of non-deductible expenses | | 65 | - | - |
| Effect of uncapitalised loss carry forwards | | -31,603 | -20,434 | -29,577 |
| This year's reported tax expense | | 65 | 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 698,176 thousand (599,452) in the Group, of which nothing has been activated. The remaining deficit mainly relates to deficits in the parent company. The capitalised loss carryforwards 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 | |
|---|--------------|--------------|
| | 2022 | 2021 |
| Profit for the year attributable to the Group's shareholders in SEK | -125,893,256 | -107,248,256 |
| Weighted average number of outstanding ordinary shares | 86,188,984 | 55,690,679 |
| Earnings per share before dilution, SEK | -1.46 | -1.93 |

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 | |
|--|--------------|--------------|
| | 2022 | 2021 |
| Profit for the year attributable to the Company's shareholders | -125,893,256 | -107,248,256 |
| Number of shares, before dilution | 86,188,984 | 55,690,679 |
| Number of shares, after dilution | 86,188,984 | 55,690,679 |
| Earnings per share after dilution, SEK | -1.46 | -1.93 |

The Parent Company's warrant programs did not have any dilution effect in 2022 or 2021. Number of new B shares that may be added upon full utilisation of all 997,500 warrants, it will include a share capital increase of a total of SEK 16,758 (quota value 0.015), which corresponds to a dilution of 1.17 percent of the number of outstanding shares and 0.62 percent of the number of outstanding votes (based on 95,105,086 outstanding shares, of which 9,450,000 Class A shares with 10 votes each and 85,655,086 Class B shares with one vote each).

Not 13 Capitalised expenditures on development work

| | Consolidated | | Parent company | |
|--|----------------|----------------|----------------|----------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Opening acquisition cost | 146,774 | 115,746 | 146,774 | 115,746 |
| This year's expenses for internally developed assets | 33,677 | 31,307 | 33,677 | 31,307 |
| Reclassifications | 0 | -279 | 0 | -279 |
| Closing accumulated cost | 180,451 | 146,774 | 180,451 | 146,774 |
| Opening amortisation | -43,595 | -27,714 | -43,595 | -27,714 |
| Reclassifications | 0 | -3,615 | 0 | -3,615 |
| Amortisation for the year | -15,801 | -12,266 | -15,801 | -12,266 |
| Closing accumulated amortisation | -59,396 | -43,595 | -59,396 | -43,595 |
| Opening impairment losses | -2,692 | -4,216 | -2,692 | -4,216 |
| Reclassifications | 0 | 3,894 | 0 | 3,894 |
| Impairment losses for the year | -5,888 | -2,370 | -5,888 | -2,370 |
| Closing accumulated impairment losses | -8,580 | -2,692 | -8,580 | -2,692 |
| Closing carrying amount | 112,475 | 100,487 | 112,475 | 100,487 |

Expenses for research and development that have been expensed during the year amounted to SEK -19 thousand (-67).

Important estimates and assessments

Intangible fixed assets are tested for impairment in accordance with the accounting principles described in Note 3. The recoverable amount has been determined through discounted cash flows based on forecasts decided by management. For these calculations, certain estimates must be made regarding future cash flows and other adequate assumptions regarding, for example, required rate of returns. Please also be referred to page 64 for more information.

Not 14 Patents, licenses, trademarks, and similar rights

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Opening acquisition cost | 8,029 | 8,645 | 8,029 | 8,645 |
| Purchases | 701 | 1,049 | 701 | 1,049 |
| Sales/Scrapping | - | -1,665 | - | -1,665 |
| Closing accumulated acquisition cost | 8,730 | 8,029 | 8,730 | 8,029 |
| Opening amortisation | -517 | -313 | -517 | -313 |
| Sales/Scrapping | | 335 | | 335 |
| Amortisation for the year | -486 | -539 | -486 | -539 |
| Closing accumulated amortisation | -1,003 | -517 | -1,003 | -517 |
| Opening impairment losses | -1,634 | -1,268 | -1,634 | -1,268 |
| Sales/Scrapping | 0 | 1,330 | 0 | 1,330 |
| Impairment losses for the year | -808 | -1,696 | -808 | -1,696 |
| Closing accumulated impairment losses | -2,442 | -1,634 | -2,442 | -1,634 |
| Closing carrying amount | 5,285 | 5,878 | 5,285 | 5,878 |

Not 15 Leasehold improvements

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Opening acquisition cost | 19,417 | 15,247 | 18,673 | 15,247 |
| This year's leasehold improvements | 3,406 | 7,466 | 3,406 | 6,722 |
| Sales/Scrapping | 0 | -3,296 | 0 | -3,296 |
| Closing accumulated cost | 22,823 | 19,417 | 22,079 | 18,673 |
| Opening depreciation | -4,905 | -5,400 | -4,763 | -5,400 |
| Sales/Scrapping | 0 | 3,296 | 0 | 3,296 |
| Depreciation for the year | -3,055 | -2,801 | -2,933 | -2,659 |
| Closing accumulated depreciation | -7,960 | -4,905 | -7,696 | -4,763 |
| 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 | 13,244 | 12,893 | 12,764 | 12,291 |

Not 16 Plant and machinery

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Opening acquisition cost | 16,204 | 15,342 | 16,188 | 15,342 |
| Purchases | 148 | 1,511 | 148 | 1,495 |
| Sales/Scrapping | -160 | -649 | -160 | -649 |
| Closing accumulated cost | 16,192 | 16,204 | 16,176 | 16,188 |
| Opening depreciation | -7,316 | -5,400 | -7,313 | -5,400 |
| Sales/Scrapping | 131 | 518 | 131 | 518 |
| Depreciation for the year | -1,610 | -1,793 | -1,607 | -1,790 |
| Closing accumulated depreciation | -8,795 | -7,316 | -8,789 | -7,313 |
| Opening impairment losses | -4,255 | -4,255 | -4,255 | -4,255 |
| Impairment losses for the year | 0 | 0 | 0 | 0 |
| Closing accumulated impairment losses | -4,255 | -4,255 | -4,255 | -4,255 |
| Closing carrying amount | 3,142 | 4,633 | 3,132 | 4,620 |

Not 17 Right to use assets

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

| | Consolidated | |
|--------------------------------|---------------|---------------|
| | 2022-12-31 | 2021-12-31 |
| Right to use assets | | |
| Premises | 15,778 | 21,037 |
| Vehicles | 294 | 596 |
| Closing carrying amount | 16,072 | 21,633 |
| Leasing liabilities | | |
| Long term | 12,441 | 17,826 |
| Short term | 5,240 | 5,330 |
| Closing carrying amount | 17,681 | 23,156 |

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 118 thousand (563). The leasing commitment has been settled without any effect on Climeon's earnings or cash flow.

Additional right to use assets

| | Consolidated | |
|--------------------------------|--------------|------------|
| | 2022 | 2021 |
| Premises | 0 | 260 |
| Closing carrying amount | 0 | 260 |

In P/L accounted amortisations on right-to-use asset

| | Consolidated | |
|------------------------------------|--------------|--------------|
| | 2022 | 2021 |
| Premises | 5,230 | 5,230 |
| Inventories | 0 | 205 |
| Vehicles | 183 | 294 |
| Interest (part of financial costs) | 946 | 1,183 |
| Closing carrying amount | 6,359 | 6,912 |

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.

Reconciliation of net lease liability

| | Consolidated | |
|--------------------------------|---------------|---------------|
| | 2022 | 2021 |
| Net liability 1st January | 23,156 | 29,051 |
| Installments | -5,475 | -6,155 |
| Acquisition - lease | 0 | 260 |
| Closing carrying amount | 17,681 | 23,156 |

The Parent Company has had expenditure on operational leasing for premises, furniture and vehicles during the year by SEK 6,278 thousand (6,591).

Not 18 Equipment, tools and installations

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Opening acquisition cost | 4,270 | 2,800 | 4,191 | 2,781 |
| Purchases | 155 | 2,388 | 155 | 2,328 |
| Sales/Scrapping | -71 | -918 | -71 | -918 |
| Closing accumulated cost | 4,354 | 4,270 | 4,275 | 4,191 |
| Opening depreciation | -1,810 | -1,946 | -1,791 | -1,942 |
| Sales/Scrapping | 61 | 856 | 61 | 856 |
| Depreciation for the year | -769 | -720 | -754 | -705 |
| Closing accumulated depreciation | -2,518 | -1,810 | -2,484 | -1,791 |
| Opening impairment losses | 0 | 0 | 0 | 0 |
| Sales/Scrapping | 0 | 78 | 0 | 78 |
| Impairment losses for the year | 0 | -78 | 0 | -78 |
| Closing accumulated impairment losses | 0 | 0 | 0 | 0 |
| Closing carrying amount | 1,836 | 2,460 | 1,791 | 2,400 |

Not 19 Long term financial assets

Long-term financial assets consist mainly of investments in the finance company Baseload Capital Holding AB of SEK 99,902 thousand (108,993), corresponding to 12 (12) percent ownership in the company. The company holds warrants in Baseload Capital Holding AB that have not been assigned any value.

Not 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 15,342 thousand (36,131), as raw material and consumables. The impairment losses of inventories, amounting to SEK 1,447 thousand (3,516), are included in the cost of raw materials and consumables.

Not 21 Accounts receivable

| | Consolidated | | Parent company | |
|---------------------------------|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Accounts receivable, gross | 42,953 | 43,805 | 42,650 | 42,577 |
| Written-down amounts | -31,681 | -4,200 | -31,681 | -4,200 |
| Accounts receivable, net | 11,272 | 39,605 | 10,969 | 38,377 |

| Age analysis, accounts receivable | Consolidated | | Parent company | |
|-----------------------------------|---------------|---------------|----------------|---------------|
| | Not overdue | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Not overdue | 701 | 1,395 | 398 | 167 |
| Overdue by less than 30 days | 655 | 11 | 655 | 11 |
| Overdue by 61-90 days | 236 | 0 | 236 | 0 |
| Overdue by > 90 days | 41,361 | 42,399 | 41,361 | 42,399 |
| Total | 42,953 | 43,805 | 42,650 | 42,577 |

Not 22 Prepaid expenses and accrued income

| | Consolidated | | Parent company | |
|----------------------------|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Prepaid rent | 2,055 | 2,055 | 2,024 | 1,979 |
| Prepaid insurance premiums | 21 | 164 | 0 | 154 |
| Accrued income | 15,381 | 14,973 | 15,381 | 14,973 |
| Other items | 1,340 | 1,777 | 1,319 | 1,581 |
| Total | 18,797 | 18,969 | 18,724 | 18,687 |

Not 23 Share capital

The share capital comprises 95,105,086 shares (59,440,479) with a quotient value of SEK 0,015 (0,015).

Not 24 Other provisions

| | Consolidated | | Parent company | |
|---|--------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Warranty provisions | | | | |
| Incoming carrying amount | 17,794 | 18,337 | 17,794 | 18,337 |
| This year's provision | 1,857 | 2,833 | 1,857 | 2,833 |
| Årets upplösning av garantiavsättningar | -1,346 | 0 | -1,346 | 0 |
| Årets omklassificeringar | -5,460 | 0 | -5,460 | 0 |
| This year's usage | -5,798 | -3,376 | -5,798 | -3,376 |
| Outgoing carrying amount | 7,047 | 17,794 | 7,047 | 17,794 |

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 839 (5,892) refer to provisions for loss contracts. This year's change refers to the reclassification of a previous provisions regarding a customer against whom the company also has outstanding, unsettled, accounts receivables. The item has thus been reclassified to doubtful accounts receivables.

Not 25 Other long-term liabilities

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Swedish Energy Agency | 10,381 | 10,381 | 10,381 | 10,381 |
| Lease debt | 17,681 | 23,156 | 0 | 0 |
| thereof short-term liability of lease debt | -5,240 | -6,333 | 0 | 0 |
| Total | 22,822 | 27,204 | 10,381 | 10,381 |

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

Condition loan The Swedish Energy Agency of SEK 10,381 thousand (10,381). Repayment of the loan is made with a net invoiced amount for the manufacture and sale of goods and services that are attributable to projects decided by the authority and its results.

| | Consolidated | | Parent company | |
|---------------------------------|---------------|----------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Financing debts | | | | |
| Incoming debt | 102,569 | 114,713 | 79,413 | 85,662 |
| Amortisations of the year | -43,695 | -13,354 | -38,221 | -7,459 |
| Exchange adjustment of the year | 3,965 | 1,210 | 3,965 | 1,210 |
| Outgoing debt | 62,839 | 102,569 | 45,157 | 79,413 |

Not 26 Other current liabilities

| | Consolidated | | Parent company | |
|--|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Swedish Export Credit | 34,776 | 69,032 | 34,776 | 69,032 |
| Short time part out of lease liabilities | 5,240 | 6,333 | 0 | 0 |
| Liabilities for grants received | 4,820 | 4,820 | 4,820 | 4,820 |
| Social security contributions, retention tax | 1,550 | 2,174 | 1,542 | 2,099 |
| Other | 60 | 326 | 82 | 1 |
| Total | 46,446 | 82,685 | 41,220 | 75,952 |

Loan Swedish Export Credit of EUR 3,125 thousand (6,750), with a guarantee from the European Investment Fund with a term of up to one year. Partial repayments on the loan take place during the term.

Not 27 Accruals and deferred income

| | Consolidated | | Parent company | |
|---------------------------------------|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Accrued vacation pay | 1,745 | 2,344 | 1,745 | 2,344 |
| Accrued social security contributions | 548 | 737 | 548 | 737 |
| Prepaid income | 2,536 | 2,608 | 2,536 | 2,608 |
| Accrued operating costs | 11,704 | 16,299 | 11,704 | 16,299 |
| Other items | 1,531 | 2,407 | 1,531 | 1,978 |
| Total | 18,064 | 24,395 | 18,064 | 23,966 |

Note 28 Cash and cash equivalents in the cash flow

| | Consolidated | | Parent company | |
|--------------|----------------|----------------|----------------|----------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Cash | 139,341 | 151,984 | 138,789 | 151,407 |
| Total | 139,341 | 151,984 | 138,789 | 151,407 |

Note 29 Pledged assets and contingent liabilities

| Pledged assets | Consolidated | | Parent company | |
|-----------------|---------------|---------------|----------------|---------------|
| | 2022-12-31 | 2021-12-31 | 2022-12-31 | 2021-12-31 |
| Floating charge | 20,800 | 20,800 | 20,800 | 20,800 |
| Total | 20,800 | 20,800 | 20,800 | 20,800 |

Note 30 Transactions with related parties

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

| Purchase of services | Consolidated | | Parent company | |
|----------------------|--------------|------------|----------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Silon Consulting AB | 781 | 578 | 781 | 578 |
| B-Garden AB | 0 | 347 | 0 | 347 |
| Total | 781 | 925 | 781 | 925 |

Silon Consulting AB refers to consultancy services within business development performed outside the ordinary board work, the company is owned by the Chairman of the Board, Thomas Öström. B Garden AB refers to consultancy services within business development that was performed outside the ordinary board work, the company is owned by former board member Olle Bergström.

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 31 Events after the closing day

Patrik Engstrand Kemi has been recruited to the newly created role of EVP Energy & Industry and thus becomes overall commercially responsible for Climeon's business within energy and industry and will be part of the management team from March 2023. He most recently come from a position as Head of Industry segments, Network Solutions at Vattenfall Eldistribution. The company's EVP, R&D, Jonas Måhlén, takes the overall responsibility for the technical operations ranging from research and development to delivery and service of products in operation. At the same time, Robin Goodoree has chosen to leave Climeon to pursue new challenges during the first quarter 2023.

The Board proposes that no dividend is to be paid for the financial year 2022.

Note 32 Proposed appropriation of earnings

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

| | |
|---|--------------------|
| Share premium reserve | 1,103,030,189 |
| Accumulated loss | -712,127,877 |
| Loss for the year | -120,666,030 |
| The Board's proposal for balanced profit to be carried forward | 270,236,282 |

Approval of financial reports

The group's financial reports for the reporting period ending on December 31, 2022 (including comparative figures) were approved by the board on 19 April 2023.

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, April 19, 2023

Håkan Osvald
Chairman of the Board of Directors

Thomas Öström

Peter Carlberg

Anders Lindberg

Liselotte Duthu Törnblom

Lena Sundquist
CEO

Our audit report was submitted on
April 19, 2023

Deloitte AB
Daniel Wassberg
Authorized public accountant

KEY NUMBERS

| TSEK | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------|-------|-------|-------|-------|
| 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 (%) | 64.6 | 64.6 | 66.7 | 75.8 | 58.8 |
| Debt ratio (times) | 0.5 | 0.5 | 0.5 | 0.3 | 0.7 |
| Net debt ratio (times) | -0.4 | -0.4 | -0.7 | -0.2 | -0.4 |
| Earnings per share, before dilution, SEK | -1.46 | -1.93 | -2.76 | -2.33 | -2.30 |
| Earnings per share, after dilution, SEK | -1.46 | -1.93 | -2.76 | -2.33 | -2.30 |
| Equity per share, SEK | 5.93 | 5.93 | 7.80 | 6.46 | 3.14 |

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 2022-01-01 - 2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 38-81 in this document.

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 2022 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 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), 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 42 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. Such financing may come from existing or new shareholders, or from third parties through public or private financing options. The company's

financial statements are prepared under the going concern assumption, but there is also an uncertainty factor. These events or conditions, along with other matters as set forth on page 42 in the management report, indicate that a material uncertainty exists that may cast negative doubt on 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 1-37, 82 and 86. 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 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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated

accounts. We are responsible for the direction, supervision and performance 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 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated 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 eth-

ics 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 pro-

posed 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.

.Stockholm, April 19th 2023
Deloitte AB

Signature on Swedish original

Daniel Wassberg
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

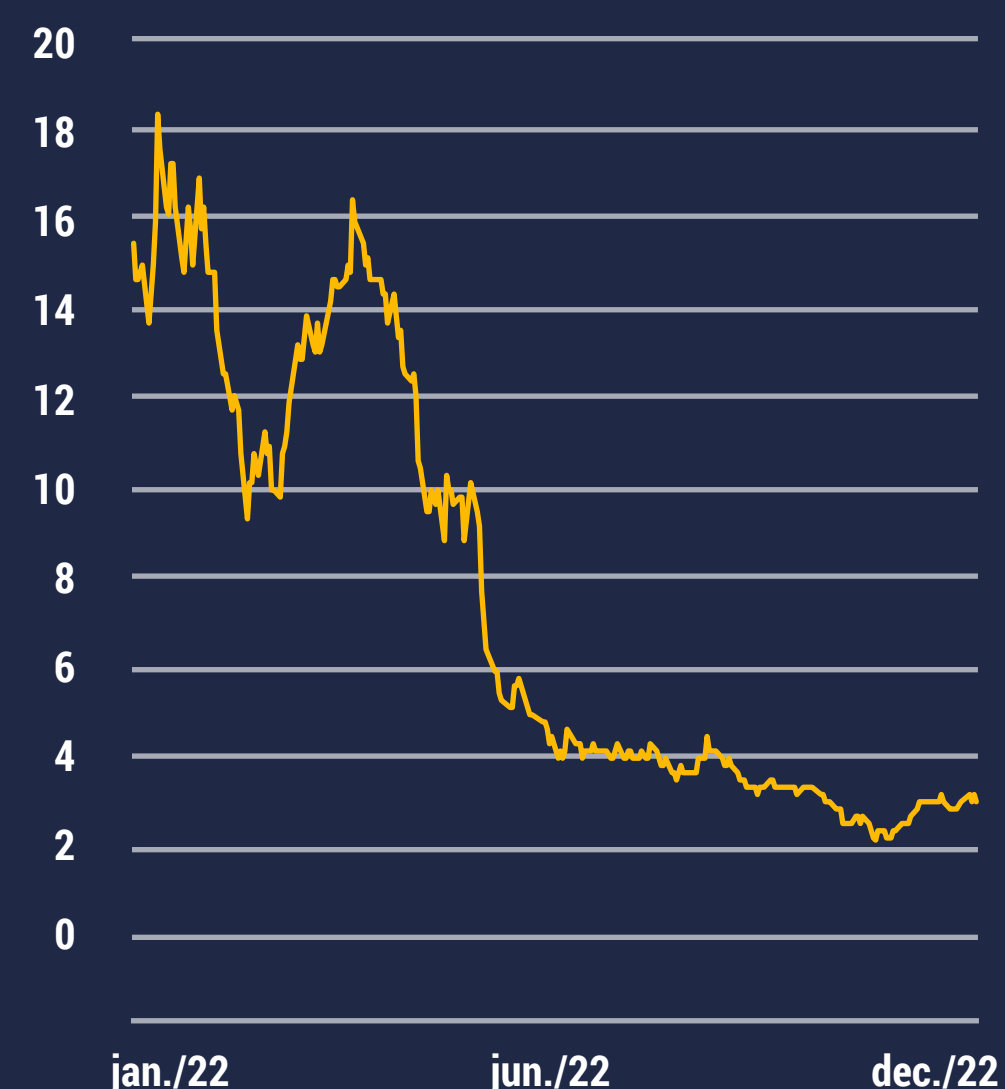
THE CLIMEON SHARE

The company's fifteen largest shareholders as of December 31, 2022, 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 amounts to 95,105,086 with a quota value of SEK 0.015, of which 9,450,000 are Class A shares, 10 votes/share, and 85,655,086 are Class B shares, 1 vote/share. Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 3.04 at the end of the year.

Share price development, SEK



Largest shareholders per December 31, 2022

| Shareholders | Number of shares | | Capital, % | Number of votes | Voting rights, % |
|------------------------------------|------------------|-------------------|---------------|--------------------|------------------|
| | Series A | Series B | | | |
| Cidro Förvaltning | 0 | 11,169,874 | 11.7% | 11,169,874 | 6.2% |
| Thomas Öström | 7,900,000 | 1,575,344 | 10.0% | 80,575,344 | 44.7% |
| SEB AB, Luxembourg Branch, W8IMY | 0 | 6,902,447 | 7.3% | 6,902,447 | 3.8% |
| SEB-Stiftelsen | 0 | 5,130,781 | 5.4% | 5,130,781 | 2.8% |
| Clearstream Banking S.A. W8IMY | 0 | 4,475,685 | 4.7% | 4,475,685 | 2.5% |
| Försäkringsbolaget, Avanza Pension | 0 | 4,252,086 | 4.5% | 4,252,086 | 2.4% |
| Joachim Karthäuser | 1,550,000 | 2,225,411 | 4.0% | 17,725,411 | 9.8% |
| Nordnet Pensionsförsäkring AB | 0 | 2,161,312 | 2.3% | 2,161,312 | 1.2% |
| Olle Bergström | 0 | 1,726,754 | 1.8% | 1,726,754 | 1.0% |
| Swedbank Försäkring | 0 | 808,017 | 0.8% | 808,017 | 0.4% |
| Karolina Tham Von Heidenstam | 0 | 640,400 | 0.7% | 640,400 | 0.4% |
| Carl-Johan Sjögren | 0 | 586,675 | 0.6% | 586,675 | 0.3% |
| Per Olofsson | 0 | 582,648 | 0.6% | 582,648 | 0.3% |
| Strand Småbolagsfond | 0 | 538,157 | 0.6% | 538,157 | 0.3% |
| Klas Händel | 0 | 536,867 | 0.6% | 536,867 | 0.3% |
| Others | 0 | 42,342,628 | 44.5% | 42,342,628 | 23.5% |
| Total | 9,450,000 | 85,655,086 | 100.0% | 180,155,086 | 100.0% |

Share data

| | 2022 | 2021 |
|--|------------|------------|
| Total number of issued shares at period end | 95,105,086 | 59,440,679 |
| Average number of shares outstanding | 86,188,984 | 55,690,679 |
| Earnings per share, before and after dilution, SEK | -0.41 | -1.93 |
| Equity per share, SEK | 3.84 | 5.93 |

CLIMEON

POWERING A SUSTAINABLE FUTURE

Production: Climeon in co-operation with Milton

Climeon AB
Torshamnsgatan 44
164 40 Stockholm
Sweden

Contact:
Investor@climeon.com

Telephone: +46 10-160 44 33
www.climeon.com