Polarium Annual Report 2022

Contents

Unlock Endless Energy

Polarium's mission is to unlock endless energy.

Storing renewable energy so that it can be used not only when produced, but when it is needed, is the missing link in the clean energy transition.

Polarium's storage solutions maximize the potential of solar and wind installations by turning renewable energy into a dispatchable, and ultimately more efficient, asset.

This is Polarium

Polarium is a leading energy storage developer. We make energy storage and optimization solutions built on lithium-ion battery technology for businesses within telecom and other segments around the world.

Polarium was founded in 2015 on the conviction that safe, smart and sustainable energy storage solutions will be key to empowering the transition to a truly sustainable energy future. We are an impact business contributing to the sustainable energy transformation by enabling renewables, electrification and intermittent power supply, while also enabling our customers to secure reserve power, reduce energy costs, create new revenue streams and reduce their environmental footprint.

Key highlights

Net sales 2022, SEK million:

2 223

Gross margin 2022:

28%

Gross profit 2022, SEK million:

618

Compounded annual growth rate 2018–2022:

75%

No. of people:

620+

No. of factories:

3

Installed batteries:

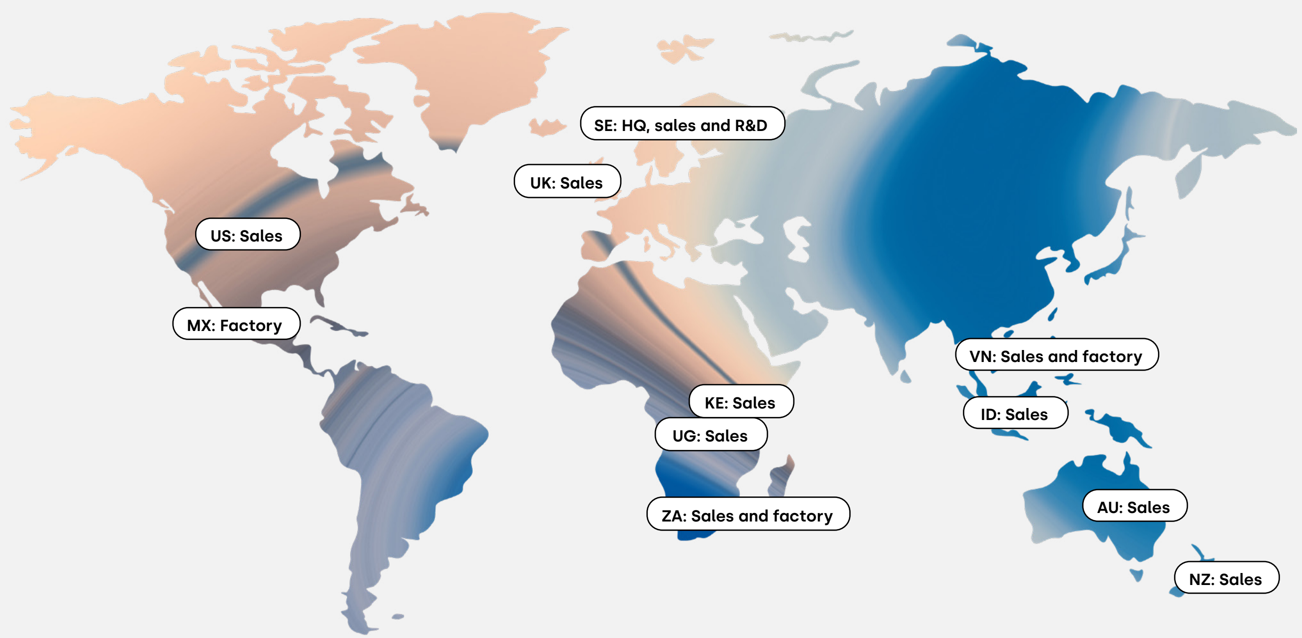
440,000+

Countries with installations:

70+

Global Presence

Polarium's headquarters and R&D center are located in Sweden. Through our global sales channels, we serve customers worldwide. We have factories in Mexico, Vietnam and South Africa, each with an annual manufacturing capacity of 300,000 batteries. This enables us to work close to our customers in a region, limit freight and benefit from local sourcing. In parallel, we constantly strive to optimize our manufacturing processes and assess opportunities to further expand our manufacturing capacity.



Our Journey:
From the start to today

Starting our journey – 2015–2016
Polarium is founded in 2015 on the conviction that safe, smart and sustainable energy storage solutions will be key to empower the transition to a truly, sustainable energy future, and we develop and sell our first energy storage solutions.

Global expansion – 2017–2018
We sign our first global contracts, open a factory in Mexico and launch new generations of our products.

Market leader – 2019–2020
Polarium is recognized as a leading provider of energy storage for telecom and expands its offer from only focusing on reserve power for telecom to also offering energy optimization for other segments.

Rising to fame – 2021
We reach our SEK 1 billion revenue milestone and open a new factory in Vietnam, while also making a true name for ourselves among the general public.

Capital for the next step – 2022
We raise capital and welcome new investors to accelerate our growth. We also strengthen our global presence and open a new factory in South Africa.

Towards a Smarter Energy System

It has never been more obvious that the world must break free from fossil energy sources. Energy storage has a key role to play here, and I am proud that Polarium is active in driving the transition to a smarter energy system.

CEO LETTER

Some 80% of all energy worldwide is currently derived from fossil energy sources.[1] This is completely unsustainable. My hope is that 2022 marked a turning point. The year the world realized that fossil fuels were part of our history rather than our future. According to the International Energy Agency (IEA), the global energy crisis has created unprecedented momentum in the transition to a renewable energy system. The amount of renewable power expected to be installed over the next five years is equivalent to the amount installed over the past 20 years.[2]

Polarium is at the very center of these developments. The energy crisis has highlighted the vulnerability of our energy systems. Energy storage is the missing link in the sustainable energy system.

A Year of Growth

In 2022, we strengthened our organization, which now includes more than 620 employees, and secured new capital to take the next step in our growth journey. We doubled our sales to SEK 2.2 billion, with a gross margin of 28%, despite weaker growth in the fourth quarter.

During the year, we grew our core business in telecom. We strengthened our geographic focus – particularly in Africa where we opened our third factory in April, near Cape Town – and also in North America. We also opened sales offices in the UK, and increased our focus on Germany, southern Europe and Australia. And we made impressive progress with our digital service offering.

We developed our offering in the area of energy optimization and secured strategically important business in telecom as well as in new sectors such as industry, property and grocery retail. Higher and more volatile electricity prices contributed to strong demand for our energy optimization systems. Our customers can reduce their electricity costs by storing energy when supply is high and using it when supply is lower. In parallel, our systems can create new revenue streams by making power available to balance the electricity grid. This is good for our customers, society and the climate.

Advancing Positions

We have raised the ambition of our sustainability agenda, placing greater focus on circularity and integrating sustainability into all of our business processes. We are actively striving to minimize our negative impact while maximizing our positive contribution to people and our planet, throughout our value chain. For example, the establishment of the factory in Cape Town moved us closer to our customers and their needs, and we can create local jobs and increase our local purchasing on the African continent.

However, the year was not without its challenges. From the pandemic to a war in Europe, component shortages and major disruptions to global value chains. We were not unaffected by this, but our long-term efforts to create a robust and diverse supply chain allowed us to further advance our positions when others were compelled to hold back.

Towards New Heights

Demand for our products and services is growing as decision makers around the world begin to understand the importance of energy storage for the climate, the security of the energy system and the economy. This is creating opportunities, though success cannot be taken for granted.

The key to our development and growth is to successfully combine technological leadership with a clear customer focus. We do not produce advanced solutions simply because we can. We do so to solve real problems for our customers and contribute to a smart energy system. This has been our motto from the outset – and will continue to be as we move forward.

However, we expect the challenging market to continue in 2023, with increased geopolitical uncertainty and higher interest rates and inflation. We have at the beginning of the year experienced longer sales cycles among our customers. At the same time, we have won several new contracts regarding energy optimization solutions. This broadens our customer base and provides us with new revenue streams.

Polarium has a good position, and I look forward to taking Polarium to new heights in 2023, together with our employees, customers, partners and investors.

Stefan Jansson
Founder and CEO of Polarium

1. IEA, World Energy Outlook 2022 (2022)
2. IEA, Renewable power's growth is being turbocharged as countries seek to strengthen energy security (2022)

An Energy Landscape Where Change is Accelerating

Polarium operates in a market driven by strong, long-term and global megatrends that are accelerating demand for energy storage solutions. The world's energy systems have historically been centralized, dispatchable and predictable – but unfortunately dependent on fossil fuels.

Global electricity consumption is forecast to triple by 2050, driven by higher living standards, an expanding middle class and the electrification of society.[3] In parallel, access to sustainable energy for all is one of the UN Sustainable Development Goals for 2030.

In some parts of the world, energy crises have almost become the norm. Today, almost 800 million people have no access to electricity due to a lack of available and reliable electricity grids. Of these, about 600 million people live in Sub-Saharan Africa.[4]

Concurrently, energy demand is rising rapidly in the area – and renewable energy sources, including solar and wind power, are expected to account for 80% of the total power capacity by 2030.[5]

However, demand for reliable, fossil-free energy is not only evident in growth markets. In 2022, Russia's invasion of Ukraine led to enormous suffering and a global energy crisis. At the same time, it also created unprecedented momentum in the transition to fossil-free energy production.

Both growth markets and mature economies are facing the same challenge when it comes to renewable energy. To achieve the necessary shift, new links are needed in the energy production chain, making it possible for intermittent generation from sources such as solar and wind power to be stored when the wind is blowing and the sun is shining, and then used when it is most needed. Energy storage solutions built on lithium batteries are one important component in the energy systems of the future.

3. McKinsey, Global Energy Perspective 2022 (2022)
4. IEA, World Energy Outlook 2022 (2022)
5. IEA, Africa Energy Outlook 2022 (2022)

Growth of Renewable Energy

The climate crisis is the greatest challenge of our time. Fossil fuels are the main energy source today, but a phaseout has been ongoing for a long time. There is a global willingness to invest in clean energy technologies, and the share of renewable energy has risen in recent years and is expected to continue rising,[6] driven by initiatives such as RE-Power EU and the US Inflation Reduction Act. 2022 promises to be another year of record growth, with 340 GW added during the year. In the wake of the ongoing global energy crisis, the world is expected to add as much renewable energy over the next five years as during the past 20 years.[7]

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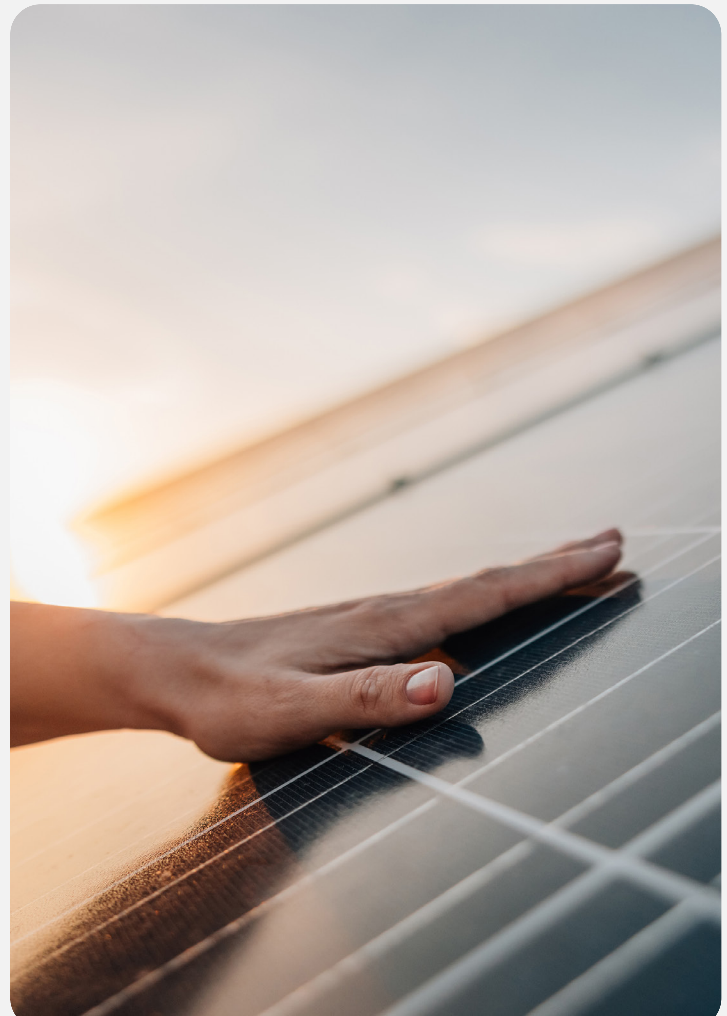
What does this mean for Polarium?

Most renewable energy sources involve intermittent generation, where production peaks do not always match demand and where the prevailing weather has a direct impact on production. By using energy storage systems from Polarium, energy can be stored from production peaks and used when demand is greatest. This maximizes the benefits of renewable energy and helps to stabilize the electricity grid.



Energy Independence

Access to energy is increasingly becoming a strategic issue for both countries and companies. In recent years, attention has been drawn to the need to phase out fossil energy sources and achieve self-sufficiency, in part due to the Covid-19 pandemic, Russia's invasion of Ukraine and the subsequent geopolitical turbulence. Having their own energy supply and storage make countries, companies and private individuals more independent, and thereby less vulnerable to possible disruptions or changes to the global energy market.

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What does this mean for Polarium?

Polarium's solutions can be integrated with solar panels, wind turbines or other energy sources, which enables our customers to not only produce their own energy but also store it. One step on the path to energy independence. Our connected batteries and energy optimization systems provide complete control, monitoring and optimization of energy use and status. They also help to balance the load on the electricity grid and reduce the need for fossil fuel use during peak consumption.

6. *IEA, Energy Efficiency Report 2022 (2022)*
7. *IEA, Renewable power's growth is being turbocharged as countries seek to strengthen energy security (2022)*

Grid Instability

Planned and unplanned power outages have long been a problem in parts of the world where the electricity grid is not fully available or reliable, such as in Africa. Power outages have also become increasingly common in, for example, Europe and North America due to increasing energy consumption and the electrification of society, combined with a lack of investments in electricity grid infrastructure.

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What does this mean for Polarium?

Polarium's energy storage and energy optimization systems can help to balance the load on the electricity grid, which is equally relevant in growth markets and mature economies. This could be achieved by supplying stored energy when demand peaks or by connecting ancilliary services directly to grid owners to offer power and frequency reserves.

Rising Energy Prices

The electrification of society and an expanding middle class are driving demand for energy. At the same time, energy prices are also being impacted by Russia's invasion of Ukraine, general conflict escalation, the changing political landscape, and market rules and regulations. Taken together, this has led to higher and volatile electricity prices and resulted in companies looking to become more efficient in their electricity use.[8]

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What does this mean for Polarium?

By using Polarium's energy storage and energy optimization together, our systems can be charged when energy prices are low and used when they are high. This means our customers can avoid spikes in energy prices, reduce grid charges and prevent costly fuse upgrades.

8. IEA, Energy Efficiency Report 2022 (2022)

Strategy for Continued Growth

From the outset, Polarium has focused on developing energy storage. We swiftly built a leading position in the global market for reserve power in telecom and since 2020 have also offered our solutions to businesses in other segments. Today, our products are installed in more than 70 countries, and we are continuously developing our product and service offering.

The global need to replace fossil fuels, maximize the benefits of renewable energy and respond to an increasingly electrified society is making our solutions more relevant than ever. And they must be used on an unprecedented scale.

Global demand for lithium-ion powered energy storage solutions is expected to grow twentyfold over the next decade.[9] Polarium's strategy – which comprises the building blocks of customer, technology, culture and sustainability – aims to strengthen and develop our already leading position in the market.

9. World Economic Forum, A Vision for a Sustainable Battery Value Chain in 2030 (2019)

Our Strategic Direction

During 2022, we made significant progress in line with our strategy. We strengthened our core offering in energy storage for reserve power in telecom. In parallel, we scaled up our product portfolio with complete energy storage and energy optimization solutions as well as products that allow our customers to create new revenue streams by offering spare capacity to the electricity grid.

We also broadened our customer base in telecom and in other segments. Today, our solutions are installed in telecom towers, supermarkets, factories and office buildings worldwide.

Our focus markets are North America, Sub-Saharan Africa, Europe and Asia-Pacific. We continuously assess our geographic presence to support our customers in the best possible way based on their needs. In 2022, we opened a new factory in South Africa, opened a sales office in the UK, increased our focus on Germany and southern Europe, established a presence in Australia and identified India as a new growth market.

We are an impact business contributing to the sustainable energy transformation and strive to integrate sustainability into the core of everything we do. We continuously work to minimize our negative impact and to maximize our positive impact on people and the planet throughout our value chain.

None of this would be possible without everyone who works at Polarium. Our strategy places our employees at the center and during the year we focused on recruitment and on strengthening our unique culture to support our growth plans.

VALUE PROPOSITION

Our energy storage solutions make it possible for our customers to be smarter and more sustainable by optimizing their energy use.

STRATEGY

Why

Functions:

- Reduce energy costs
- Create new revenue streams
- Secure reserve power
- Establish energy independence

What

Products:

- Battery
- Battery Energy Storage System
- Energy Optimization System

Who

Customers:

- Telecom
- Businesses in other segments

Where

Geographies:

- North America
- Sub-Saharan Africa
- Europe
- Asia-Pacific

Market Leadership Through Customer, Sustainability and Technology Focus

Polarium is a leading energy storage developer. We make it possible for our customers to be smarter and more sustainable by optimizing their energy use. The foundation of our market leading position is our entrepreneurial spirit coupled with a strong customer, sustainability and technology focus.

Why Polarium?

We make energy storage and optimization solutions built on lithium-ion battery technology - smarter, stronger and more reliable than ever before. – smarter, stronger and more reliable than ever. It is in our DNA to constantly improve ourselves and our solutions, to stay one step ahead of our competitors. The key to our development and growth is to combine technological leadership with a clear focus on customers and sustainability. In this way, we have established a leading position and installed more than 440,000 batteries on all continents and in all climate zones.

Our Offering

By using Polarium's energy storage solutions, our customers can optimize their energy use. Our leading solutions have advanced functionality – but are automated and easy to use. They can either be purchased and managed by the customer themselves or through our Energy Storage as a Service model, whereby Polarium manages the entire system. Polarium's energy storage solutions have a number of functions and advantages that help our customers improve their profitability, reduce their carbon emissions and contribute to the transition to renewable energy systems.

Our Customers

We target businesses within telecom, and businesses with commercial and industrial facilities. Through global sales channels and manufacturing on three continents, we ensure that we are always close to our customers to identify innovative solutions for their current and future needs. Although all of our customers are different, they are facing common challenges. They want uninterrupted energy security, to reduce their energy costs and to achieve their sustainability targets. They understand that the time of unstable, expensive or non-renewable energy sources has past – and that energy storage from Polarium is a solution for the future.

Reduce energy costs

Our customers can reduce their energy costs by charging Polarium's energy storage solutions when energy prices are low and using the stored energy when prices are high.

Create new revenue streams

Our customers can use their energy storage solutions to create new revenue streams and reduce the load on the electricity grid by offering ancilliary services or other demand response programs to grid owners in the form of power and frequency reserves.

Secure reserve power

Polarium's energy storage solutions provide our customers with critical reserve power – with a lower climate impact, lower total cost, longer life span and higher energy density than alternatives such as lead batteries or diesel generators.

Establish energy independence

Our energy storage solutions can be combined with, for example, solar and wind power, which enables our customers to maximize the value of their own energy production and become more independent of the energy system.

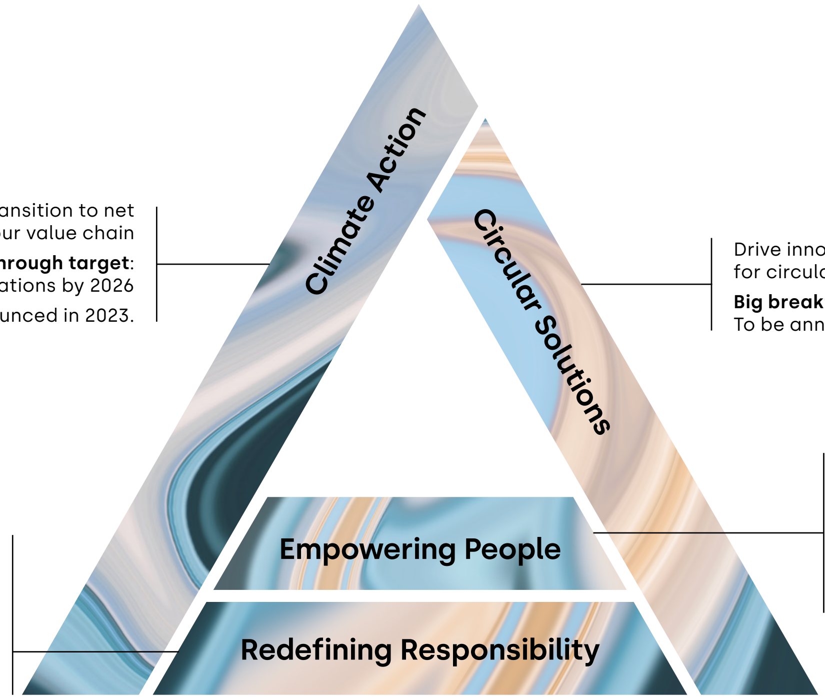
SUSTAINABILITY

Breakthrough 2030

Polarium has a bold mission: To unlock endless energy. Breakthrough 2030 - our plan for integrating sustainability across our business and creating positive impact - encapsulates the what, why, how and who of delivering on our mission. . Strategic sustainability is helping us build a more resilient company and deliver long-term value.

Our Breakthrough plan is shaped to drive change and build trust. It calls for a shared commitment and a sustainability mindset for doing business at all levels of Polarium. Big Breakthrough targets to 2030, which will be finalized in 2023, are designed to drive progress. They bring opportunities to support the shift to a low-carbon energy mix, to pioneer ways to deliver greater value to customers through circular solutions, and to inspire and engage our employees, customers, and business partners to scale our efforts.

Unlocking endless energy



Accelerate the transition to net zero along our value chain
Big breakthrough target: Net zero in operations by 2026
To be announced in 2023.

Drive innovation and partnerships for circular solutions.
Big breakthrough target: To be announced in 2023

Equip our people to take charge of our journey
Big breakthrough target: 50% of management team comprised of women by 2026.
To be announced in 2023.

Raise the bar on fair practices together with our business partners
Big breakthrough target: To be announced in 2023.

An integration plan in three phases

2023 – 2025
Understand impacts, set intention and scale processes and engagement

2026 – 2027
Accelerate and scale impact

2028 – 2030
Calibrate plan to deliver on targets

Performing on Our Plan

Our focus is on understanding our impacts and strengthening our processes in order to address the areas where we can make the most significant difference. And this is in climate action, circular solutions, redefining responsibility, and empowering people.

Climate Action - Accelerate the Transition to Net Zero Along Our Value Chain

Polarium's powerful contribution to tackling climate change is providing solutions to help customers significantly reduce their emissions. We catalyze their shift to renewables and away from diesel generators or a dependency on the electricity grid. Some customers already apply our solutions in this way and we see significant potential for growth in these applications.

We charted impacts across three scopes to better understand where our focus should lie. Today, the majority of our total GHG emissions occur in Scope 3, where three categories are the most significant. The most substantial emissions derive from logistics, purchased goods, and the use phase of our products. Our target is to achieve net zero emissions in operations by 2026. Next steps include to establish scope 3 baseline and set targets for significant categories.

Circular Solutions - Drive Innovation and Partnerships for Circular Solutions

Customers want to know what circularity means for our product's lifetime, how we manage end-of-life solutions, and how our R&D departments deliver on the 5R (refuse, reduce, reuse, repurpose, recycle). Collaboration, lifecycle insights, delivering on commitments to customers for take-back systems, and setting high standards for material use and recyclability across the value chain is how we aim to respond to growing expectations.

2022 saw the launch of our formal circular solutions approach, which will be implemented in 2023. It describes how circularity is embedded into our business and customer strategy, product design, resource use, and process to recycling and reuse. We also built the foundation for end-of-life services. Circularity is deeply interconnected with climate action. Progress in one area benefits—and cannot be done at the expense of—the other. Next steps: Develop end-of-life capacities and dialogue with potential recycling partners.

Redefining Responsibility - Raise the Bar on Fair Practices Together with Our Business Partners

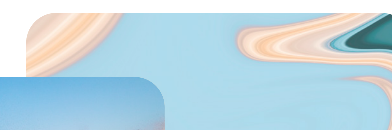
We may be a small organization, but by working with others, we can use our voice and leverage our spend to instill sound and ethical practices across our value chain. We are approaching this priority from two angles.

Firstly, we are introducing and anchoring responsible business practices in our own organization, creating a sustainable supply chain, and protecting the rights of workers and local communities that may be affected by decisions made at every phase of our business. The Board approved 'The Polarium Way', our enhanced CoC and SCoC, and we revised our Speak Up, Conflict of Interest, and Anti-Corruption Policies and conducted live training for 226 employees.

Secondly, we are creating the building blocks for greater transparency on the effects of our business on stakeholders. This year, we focused on charting our impacts on people and the planet, setting processes to increase transparency, and identifying who we need to work with to redefine responsibility. Next steps: We'll launch The Polarium Way to drive effective adoption and engagement and establish processes for impact assessments and due diligence within human rights.

Empowering Our People - Equip Our People to Take Charge of Our Journey

Empowered colleagues accomplish great things together. With this mindset, our aspiration is to equip our teams to take charge of our Breakthrough journey. We are a multi-cultural company with more than 600 people worldwide. Living our values "We are one", "We take charge", and "We think big" inspires a culture of doers and is a linchpin for our success.



For more detailed information on our sustainability performance see our **Sustainability Progress Report 2022**

TECHNOLOGY

Advanced Technology – Easy to Use

Polarium's lithium batteries are not only manufactured using patented technology to offer superior quality, they are also made to stand the test of time. For a long time. Our cutting-edge and easily adaptable modular battery technology enables us to be at the forefront of developing state-of-the art sustainable energy storage and optimization solutions for today – and tomorrow.

Our batteries are built on lithium-ion technology. Compared with other technologies, lithium batteries are smaller, lighter and have many times greater energy density. This means they last longer, particularly in environments where they are charged and discharged often. Moreover, our batteries have lower energy losses – not only compared with other technologies but also compared with other lithium batteries.

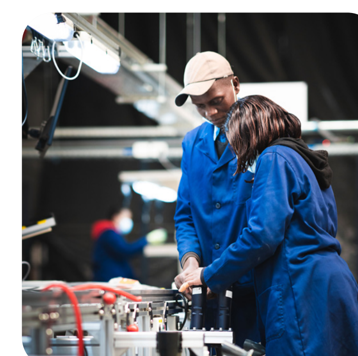
Our batteries maintain the highest level of safety. Our proprietary, patented limiting device ensures the safe functioning of the batteries and that they automatically adapt their charging to each other, which simplifies deployment and installation.

Battery Technology with Embedded Intelligence

We maximize value creation for our customers through our cutting-edge technology and a threefold product offering of battery modules, battery energy storage systems and energy optimization systems as well as related services.

Our batteries can make their own decisions to optimize use as they can be both connected and fitted with embedded intelligence. And they can ensure that our customers always know the status of each battery.

Polarium's proprietary Battery Management System monitors and controls battery functions to ensure that the battery unit operates in a safe, reliable, and efficient way. And by connecting batteries in systems, we can also build new smart services, update functionality and ensure optimal performance from our batteries.



Battery Chemistry

Lithium batteries can be made of different types of cells based on different chemistries. The two most common substances are nickel-based or iron-based cells, which offer different advantages depending on the application. Our product portfolio includes both types of cells.

Swedish Design, with World-Class Performance

Polarium offers energy storage solutions that are designed and developed in Sweden. Our product range is based on a modular architecture and common building blocks – resulting in Polarium Battery, Polarium Battery Energy Storage System and Polarium Energy Optimization System. All products can be tailored to customer needs and coupled with our wide range of intelligent services.

Polarium Battery

Polarium Battery is the foundation of the offering and at the core of our modular product range. This is our series of smart, safe and robust lithium batteries. The products can be tailored to customer needs in terms of capacity and voltage. Polarium Battery enables our customers to secure critical reserve power at a lower total cost of ownership and with a longer lifetime and lower climate impact compared with other alternatives in the market.

Polarium Battery Energy Storage System

Polarium Battery Energy Storage System is an intelligent and scalable product, developed by our leading battery experts. Our complete system of lithium batteries and power conversion allows our customers to store energy from different sources when it is produced and use it when needed.

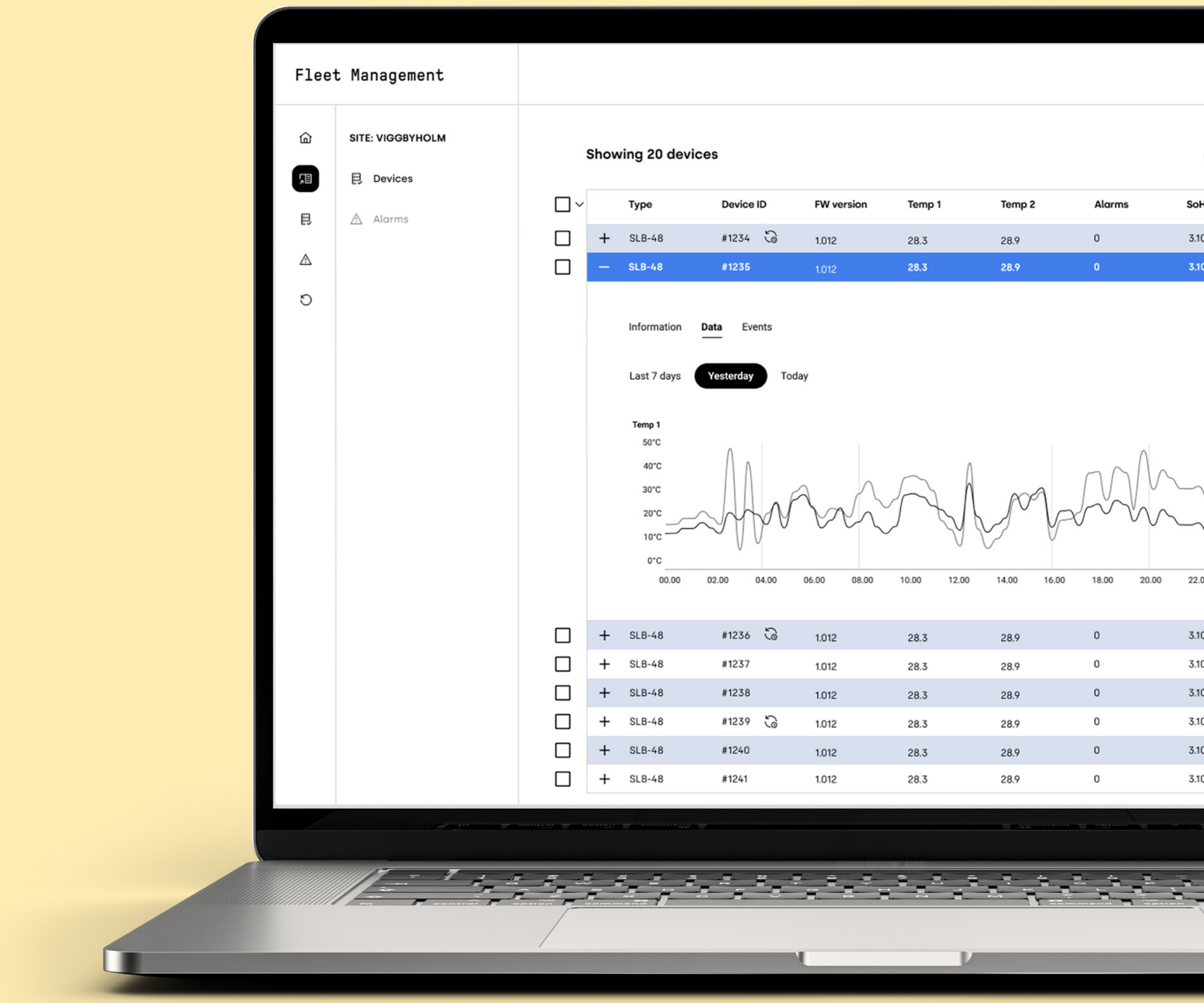
Polarium Energy Optimization System

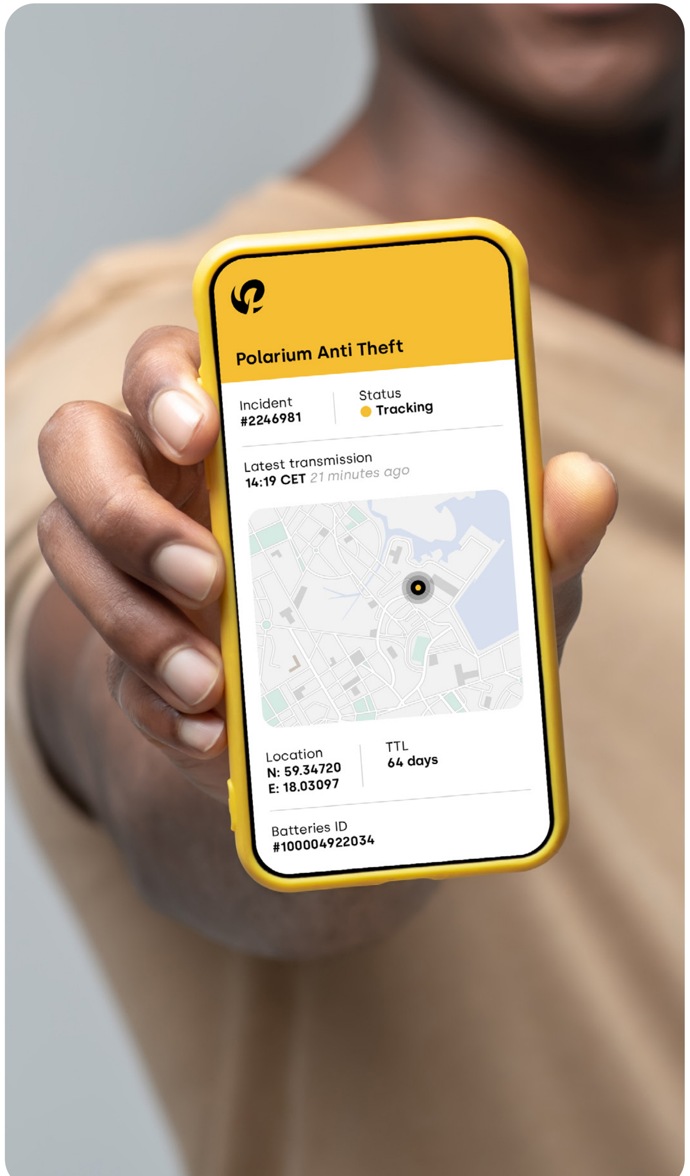
Polarium Energy Optimization System is our intelligent, turnkey solution that automatically identifies the optimal time to store and release energy in order to optimize energy use by our customers. This enables customers to secure reserve power, reduce energy costs and create new revenue streams – while contributing to the transition to renewable energy systems.

SERVICES

Smart Services – From Start to Finish

Polarium offers a wide range of smart services that add value and simplify ownership and use of our customized energy storage solutions.





Business Services

Our business services enable you to capitalize on collected data and intelligence from your entire fleet of batteries and add our leading anti-theft solution.

Fleet Management

By connecting your batteries together, you can monitor, control and optimize performance across your entire battery fleet. This service enables remote update of the BMS firmware, remote troubleshooting and intelligent battery insights based on algorithmic data. Utilizing collected data, it offers predictive and preventive management by intelligently detecting problems before they occur.

Anti-Theft

To deter theft of Polarium batteries, we have developed an intelligent anti-theft system consisting of multiple features that turn uncertainty into predictability. The cabinet has a unique, patent-pending locking mechanism that restricts physical access to the batteries. If the system detects a theft, it disables your battery and prevents future unauthorized usage. The embedded tracking device enables customers to track their batteries worldwide.

Operational Services

Our energy storage solutions are complex, but owning them is easy. We have developed services that meet the unique requirements of each installation, maximizing efficiency, reducing downtime and increasing the lifetime value of our customers' batteries.

Solutions Engineering

Polarium analyzes the customer's requirements and tailors a customized turnkey solution. Be it reserve power, energy optimization or grid services – we translate the customer's needs into an energy storage solution ready for deployment.

Installation and Commissioning

Polarium Project Services manages our customers' orders from factory to deployment and installation – making sure that every solution is optimized for the unique requirements of each customer.

Operations and Maintenance

Polarium Energy Operations Center is ready and on-call to manage our customers' energy storage solutions 24/7. Leveraging our fleet management system's intelligence, we ensure that all components are functioning efficiently and perform maintenance services both remotely and on-site.

Lifecycle Management

Our lifecycle management ensures the customers' solutions work as well as possible, for as long as possible. We reduce the energy storage solution's total cost of ownership for customers through routine maintenance, extended warranty and product refurbishment services to extend the life span of your batteries and system. And when your asset does reach end-of-life, Polarium can turn the old batteries into materials for new batteries.

EMPLOYEES

With a United Effort, We Shape the Energy Systems of the Future

Polarium is a fast-growing, Swedish impact business with more than 620 employees. We cooperate across business areas and geographies – convinced that our different perspectives and experiences make us stronger together. With a united effort, we are helping to shape the energy systems of the future.

Polarium's rapid growth is made possible by all of our employees. Given our high growth ambitions, our recruitment is also ambitious, and in our employer branding we profile ourselves as a purpose-driven tech company with a strong culture and sense of community.

We welcomed several new employees to Polarium over the past year. We grew in all functions and in all markets. We also started our new factory in Cape Town, South Africa, and moved to larger headquarters in newly refurbished premises in the research-intensive area of Hagastaden in Stockholm, Sweden, and relocated our lab to a technology center in Tomteboda, just outside Stockholm, Sweden.

Focus on Development

At Polarium, we set store by our culture and our values. These are reflected in what we do and how we act towards each other. We strive to maintain a culture where our different backgrounds, perspectives, experiences and ideas make us stronger – as one Polarium.

In 2022, we carried out several culture-building initiatives. We further developed our employee development program and launched a four-stage leadership program for all managers at Polarium.

Together with AllBright, we also launched a global, recurring training course in diversity, equity, inclusion and belonging. Our Board and management team were the first to take part in the training, and it was then rolled out to the entire organization at the end of 2022. The purpose of the training is to increase internal knowledge in the area and to ensure that we are an inclusive company free from unconscious bias.

Our People-First Strategy

Polarium has a people-first strategy. We are therefore particularly proud to have engaged employees who remain at Polarium for a long time. One prioritized area in 2023 is to continue this positive trend and to attract and recruit talents.

In 2022, 51% of Polarium's total workforce, in our offices and factories around the world, were women. Among our white collar employees this figure was 31%, in the management team 33% and on the Board 43%. Overall, we are not satisfied with this gender distribution.

We will therefore continue to devote particular focus to recruiting women to Polarium during next year. We use standardized processes to ensure that our recruitment is competence-based and carried out on fair and equitable terms. Moreover, we actively strive to encourage more women to apply for a career in engineering. In 2023, we will begin to collaborate with Womengineer to encourage women to consider engineering from an early age.

We are one. We think big. We take charge.

Employee Net Promoter Score (eNPS)

Polarium

33

Employee Engagement Platform

Polarium

76

Our Key Values

We are one
We believe that empowered colleagues can accomplish powerful things together. That is why we work as one team to achieve our goals. We are a global company with an inclusive work environment. We have an open mind about people and the world around us. Through close collaboration across business units and geographies, everyone can share ideas and best practices. We deliver the best results as one team. We are one Polarium.

We take charge
We take charge of our success through innovation, creativity, and an entrepreneurial mindset. We seek responsibility and dare to take initiatives. We look for opportunities to excel ourselves and our business. We believe that there is always one more thing to learn, one new thing to invent, and one more product to develop. We always act on our customers' problems and pain points. Even the ones our customers do not know they have yet. In this way, we stay one step ahead.

We think big
What is good for our business is also good for the planet. Because customer centricity, responsibility, and sustainability are at the core of our culture. We think big to solve our customers' most challenging issues in the most innovative ways. Helping them increase revenues, decrease costs, and achieve business goals. We think big to make energy systems greener and more efficient. Enabling the transition to renewable energy. Every day, we think big for a smarter and more sustainable future.

CASE

Multiple Customers, a Common Challenge

We achieved our breakthrough in telecom, where our solutions are used to provide reserve power in base stations. Step by step, we are broadening our customer base and are now focusing on telecom, and businesses with commercial and industrial facilities. All of our customers are unique but they face a common challenge. Their operations require access to reliable and stable energy – while they also want to decrease their energy costs, create new revenue streams and reduce their climate impact.

ATC AFRICA

Telia Company

areim

MAXI ICA STORMARKNAD

ATC Africa

From Power Outages and Diesel to Polarium

Limited energy supply is a major challenge in Sub-Saharan Africa and is hampering economic development. A large number of telecom base stations lack access to a reliable electricity grid and available infrastructure, which affects people's ability to access the internet and telephony. At the same time, energy storage has historically been both expensive and difficult for telecom companies, since these companies were dependent on diesel generators to provide power to telecom tower sites that had no access to the electricity network or suffered frequent power outages.

This is why ATC Africa decided to find a more economical and environmentally sustainable solution for their telecom tower sites on the African continent. In 2017, Polarium and ATC Africa entered into a strategic partnership whereby Polarium will help ATC Africa to significantly reduce its use of diesel generators by installing energy storage built on lithium-ion technology as a source of reserve power.

50% Reduction in Diesel Dependency

The use of Polarium's energy storage solutions has enabled ATC Africa to reduce its Scope 1 emissions and its diesel dependence by more than 50% since 2018. According to Anne Mclaren, CEO of ATC South Africa, the company has saved 95 million liters of diesel during the same period thanks to the transition. Through its use of more renewable energy, ATC Africa also advanced toward its Science Based Targets commitment to reduce its carbon emissions by at least 40% by 2035.

ATC's transition and Polarium's energy storage solutions also mean that and communities can be connected more sustainably. Connectivity in turn offers people access to education, job opportunities, financial services, digital healthcare, fire and rescue services, and much more.

Establishment of Factory in South Africa

In 2021, the two companies entered into an agreement valued at several million SEK, whereby Polarium will deliver thousands of energy storage solutions to ATC Africa. As part of the partnership, Polarium also established a new factory in Cape Town, South Africa, with capacity to produce more than 300,000 batteries per annum. This created new jobs and opportunities for more local sourcing. Electricity supply to the factory will be from solar power and Polarium's energy storage solutions – and will be a net-positive contributor to South Africa's electricity grid.

Telia Company

Technological developments and the need for sustainable transition are making energy storage more important than ever. In a pilot project launched in January 2022, Telia is validating the commercial, technical, and economic value of smart battery solutions using Polarium's batteries and energy optimization systems. The project is part of Telia's ambition to drive developments for how the telecom networks store and consume energy to reduce the load on the electricity grid. By optimizing the timing of its energy use, Telia can reduce its electricity costs. The company can also offer its excess capacity to the frequency regulation market, enabling new revenue streams.

Areim

By using energy storage, properties can become greener and more efficient, and increase the share of renewable energy in the electricity mix. Polarium and the Nordic property owner and fund management company Areim have started a pilot project in smart energy optimization. In March 2022, a battery system was installed for large-scale use in one of Areim's properties – one of the largest in a commercial property in Sweden. The installation aims to allow Areim to create additional value in its properties and take a more active role in the energy market by creating new revenue streams and in parallel helping to stabilize the electricity grid.

ICA Maxi

Since 2019, average electricity prices have tripled and price variation has increased elevenfold in Kungälv and the rest of the electricity price area 3*. Against this background, ICA Maxi Kungälv will become the first Swedish supermarket to install a Polarium Energy Optimization System. The installation will enable the supermarket to reduce its energy costs through load shifting and peak shaving. In addition, the system opens new revenue streams by feeding energy back to the grid in the so-called frequency regulation market. Combined, this can cut net electricity costs significantly, according to calculations made by Polarium based on electricity data from ICA Maxi Kungälv.

** Measured as the average difference between the five hours with the lowest price and the five hours with the highest price of the day (Nord Pool, Electricity price area 3 March–June)*

Corporate Governance Report

Overview

Polarium Energy Solutions AB, Corporate Identity Number 556986–5461, is a Swedish limited liability company with its headquarters in Stockholm, and its Board of Directors is domiciled in Stockholm. The Parent Company and its subsidiaries form the Group.

Polarium's corporate governance is based on Swedish rules and Swedish legislation, mainly the Swedish Companies Act. During the 2022 financial year, Polarium's shares were not traded on a regulated marketplace, which means the company is not covered by the rules in the Swedish Corporate Governance Code (the "Code"). For the same reason, Polarium was not required to publish a corporate governance report under the Swedish Annual Accounts Act. However, the Group's corporate governance work was to a degree inspired by the Code and in line with this the company publishes a brief corporate governance report.

Nature and Direction of the Operations

Polarium develops, sells and delivers energy storage based on advanced lithium-ion technology as well as tools for energy optimization. The Group delivers solutions to clients all over the world with the aim of helping them reduce energy costs and carbon emissions.

Owners

At the end of 2022, Polarium had approximately 95 shareholders. The ten largest shareholders accounted for approximately 90% of the capital. The largest owners are Vargas 2 Invest AB, Stefan Jansson Global Invest AB, AMF, Alecta and Roosgruppen.

General Meeting of Shareholders

The general meeting of shareholders is Polarium's highest decision-making body. At the general meeting, all shareholders can exercise their right to resolve on issues that affect the company and its operations. All registered shareholders who have notified the company of their attendance in due time are entitled to attend the general meeting and to vote for their total holding of shares.

2022 Annual General Meeting

The 2022 Annual General Meeting was held on June 21, 2022. Resolutions by the Annual General Meeting include:

- Adoption of the income statement and balance sheet for the Parent Company and Group for 2021.
- Discharge from liability for the CEO and the Board of Directors for the 2021 financial year.
- Election of the Board of Directors.
- Resolution on fees for Board members.
- Election of KPMG AB as audit firm until the end of the 2023 Annual General Meeting.
- Authorization of the Board to decide on new share issue.
- Resolution to establish a Nomination Committee.

2022 Extraordinary General Meeting

An Extraordinary General Meeting was held on July 22, 2022 that resolved on, among other matters, the appointment of Cecilia Qvist as a Board member.

Authorization

Polarium's general meeting on June 21, 2022 authorized the Board to resolve on the issue of a maximum of 900,000 shares and to decide on the issue of warrants as part of incentive programs.

Nomination Committee

The Nomination Committee is to prepare and submit proposals concerning the Chairman of the Annual General Meeting, the election of the Board of Directors and auditors, and fees to the Board and auditors.

The Nomination Committee in 2022 comprised Polarium's four largest owners at the end of August (who are not employees or related parties of the company).

The members at the end of 2022 were Bo Jungner, Chairman (Vargas), Anders Oscarsson (AMF), Håkan Roos (Roosgruppen) and Sven Mattson (Regovita).

Board of Directors

The Board has overall responsibility for the organization, administration and management of operations in accordance with the interests of the shareholders. The Board is responsible for the development, implementation and evaluation of the strategy. The Board continuously monitors the company's financial results and working methods and ensures the system of control is effective. Moreover, the Board follows up on compliance with policies such as the Code of Conduct "The Polarium Way" and evaluates the work of the CEO.

At the end of 2022, the Board comprised Carl-Erik Lagercrantz, Stefan Jansson, Anna Kinberg Batra (stepped down on February 9, 2023), Carola Puusteli, Johan Dennelind, Cecilia Qvist (elected on July 22, 2022) and Bo Jungner. Carl-Erik Lagercrantz is Chairman of the Board. More information about the members is available on page 33.

The Board formed the Audit Committee and Remuneration Committee and appoints their members.

Audit Committee

The Audit Committee is responsible for monitoring financial reporting, internal controls, internal audits, the Group's sustainability agenda, risk management, audit of the annual report and the auditors' independence, and for assisting in the preparation of proposals to the Annual General Meeting regarding the election of auditor.

At the end of the year, the Audit Committee comprised Bo Jungner (Chairman), Johan Dennelind and Cecilia Qvist.

Remuneration Committee

The Remuneration Committee is responsible for preparing decisions by the Board on matters concerning remuneration principles, remuneration and other employment conditions for the CEO and senior executives, monitoring and evaluating variable remuneration programs for the CEO, senior executives and other key individuals, and introducing and evaluating remuneration structures and remuneration levels in the company.

At the end of the year, the Remuneration Committee comprised Bo Jungner (Chairman), Johan Dennelind and Anna Kinberg Batra (stepped down on February 9, 2023).

Auditor

The external auditor is tasked with examining Polarium's annual accounts and consolidated financial statements as well as the administration of the company by the Board and the CEO.

The registered audit firm KMPG AB was elected by the 2022 Annual General Meeting as Polarium's auditor for the period until the end of the 2023 Annual General Meeting. Henrik Lind, authorized public accountant, is responsible for the audit of the company on behalf of KPMG AB.

Management

The CEO is responsible for the daily administration of the company's affairs in accordance with the guidelines and instructions adopted by the Board. The Board annually adopts instructions for the CEO and continuously evaluates the work of the CEO. The CEO and Group management, with the support of various staff functions, are responsible for compliance with the Group's overall strategy, financial and business controls, financing, capital structure, risk management and acquisitions. This includes the preparation of financial statements and dialogue with investors.

Group management comprises the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Head of Corporate Affairs, EVP Technology & Operations, EVP People & Culture, EVP Communications, EVP Revenue Generation and EVP Sustainability. More information about the management team is available on page 32.

Internal Control

The Board is ultimately responsible for ensuring a functioning internal control. The system for internal control and risk management relating to financial reporting is designed to achieve reasonable assurance as regards the reliability of the external financial reporting and to ensure that the financial statements are prepared in accordance with generally accepted accounting policies, applicable laws and regulations, and other requirements on the Parent Company and Group.

Polarium has implemented an internal governance and control framework aimed at creating the conditions for the organization to contribute to the efficiency, appropriateness and high quality of internal governance and control, for example through clear definitions, the allocation of roles and responsibilities as well as common tools and procedures. This is achieved through two lines of defense.

The first line of defense consists of the Board of Directors, the CEO and the entire business. The first line of defense is responsible for managing risk exposure and for conducting operations in accordance with the framework for internal control and risk management as well as complying with applicable rules and regulations.

The second line of defense consists of the Risk Control function and the Group Compliance function, which are independent control functions. This means that the control functions must not be involved in the business and that they independently report their reviews to the Board and the CEO.

Risk Control

The Risk Control function is independent of the business and other risk functions and is considered part of the second line of defense.

The function is responsible for assessing, identifying, measuring, analyzing, monitoring and reporting risks. The Risk Control function must regularly and as required provide independent information, analyses and expert judgement on risk exposure to the Board's Audit Committee and CEO.

The function is led by the Head of Risk & Governance who reports to the Head of Corporate Affairs.

Group Compliance

The Group Compliance function is independent of the business and other control functions and is considered part of the second line of defense.

The function is to proactively assure the quality of regulatory compliance in the Group through information, advice, control and follow-up of regulatory compliance and thus support the business and management.

The function is led by the Head of Group Compliance who reports to the Head of Corporate Affairs.

Sustainability

The Group's sustainability agenda includes diversity, climate impact and circularity. This is described in more detail in the Sustainability Report published on www.polarium.com.

The function is led by the EVP Sustainability who reports to the Head of Corporate Affairs.

EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

Executive Management

Hanna Bilir – Born 1983
EVP Communications since 2023

Hanna has more than 15 years of experience in communication as an advisor to management teams. Hanna works part-time at Polarium and part-time as a partner at Brunswick Group. Hanna has a BA from King's College London.

Jerker Olofsson – Born 1974
EVP Revenue Generation since 2023

Jerker has more than 15 years of experience from Atlas Copco, most recently as VP Business Development Sustainability. Prior to this, his roles included VP Global Sales Development. Jerker has an MSc Eng. from Luleå University of Technology.

Stefan Jansson – Born 1971
Board member and CEO since 2015

Stefan founded Polarium in 2015 with the vision that energy storage built on lithium-ion technology can create a smart and sustainable world. He has more than 25 years of experience working with innovative energy storage solutions and building global companies. Previously, he founded Northstar Battery Company and Abatel.

David Granath – Born 1981
Chief Financial Officer since 2021

David has more than 15 years of experience in financing, IPO processes and business development. Previous positions include CFO of Qliro Group, Business Controller at Dustin and consultant at Applied Value in Stockholm and New York. He is also a Board member of Söder Sportfiske. David has an MSc Eng. from Linköping University.

Rickard Vahlberg – Born 1976
EVP Technology & Operations since 2022

Rickard joined Polarium in 2021 as a member of the management team with more than 20 years of experience in product development, sales and management at Atlas Copco, which included roles as General Manager and Vice President Operations at Atlas Copco Industrial Technique. He has also worked with interim management. Rickard has an MSc Eng. from KTH Royal Institute of Technology.

Jonas Bengtsson – Born 1970
EVP Corporate Affairs since 2021

Jonas has more than 20 years of experience as General Counsel in the telecom industry. He has worked as General Counsel of Telia Company, Tele2 AB and Utfors. Prior to this, he was a junior lawyer at Mannheimer Swartling advokatbyrå. He is a Board member of the Arbitration Institute of the Stockholm Chamber of Commerce. Jonas studied law at Lund University.

Rebecca Lindin – Born 1981
Acting EVP People & Culture since 2021

Rebecca joined Polarium in 2020 with more than ten years of experience in recruitment, leadership development and HR issues. Before becoming Acting EVP People & Culture, she was HR Business Partner at Polarium. She previously held leading roles at Academic Work for 12 years. Rebecca studied Human Resource Management at Stockholm University.

Karin Askelöf – Born 1978
EVP Sustainability since 2021

Karin has almost 20 years of experience of pursuing sustainability issues in international environments. She was previously Head of Sustainability and Deputy Head of Responsible Investments at Handelsbanken Asset Management and prior to this, Senior Manager Strategy & Impact at Swedfund International. EVP Sustainability reports to EVP Corporate Affairs. Karin has a BA Econ from the Stockholm School of Economics.

Joined executive management on April 1, 2023.

Board of Directors

Carl-Erik Lagercrantz – Born 1964
Chairman of the Board since 2015

Carl-Erik is co-founder of Polarium and CEO of Vargas Holding AB, which invests in renewable industrial development. He has more than 20 years of experience in the IT and telecom industry, with leading roles at Utfors, Telenor and British Telecom Nordics, and as an entrepreneur. He is also Deputy Chairman of H2 Green Steel and Northvolt.

Stefan Jansson – Born 1971
Board member and CEO since 2015

Stefan founded Polarium in 2015 with the vision that energy storage built on lithium-ion technology can create a smart and sustainable world. He has more than 25 years of experience working with innovative energy storage solutions and building global companies. Previously, he founded Northstar Battery Company and Abatel.

Johan Dennelind – Born 1969
Board member since 2021

Johan is a private investor and advisor to Vargas, Macquarie Asset Management and Capgemini. He has more than 25 years of experience in the telecom industry and has held positions including CEO of Telia Company as well as senior positions at Vodafone, Telenor, du and GSMA, the global industry organization for mobile operators. He is also Chairman of Tyréns AB and KCom Ltd. Johan has a BA Econ from Örebro University.

Carola Puusteli – Born 1965
Board member since 2021

Carola is VP Strategy and Technology at Schneider Electric. She has more than 30 years of experience from industrial entrepreneurship and management. Carola has held several senior positions at Schneider Electric and spent nine years at ABB. She is also a Board member of Vattenfall, Halton Group in Finland and Interpartner in Denmark. Carola has an international BA Econ from Uppsala University.

Bo Jungner – Born 1960
Board member since 2018

Bo is an advisor to Vargas. He has worked in the finance and venture capital sector for more than 40 years, mainly in Stockholm and London. He worked 19 years at Ratos until 2017, of which the last five as Deputy CEO. Prior to this, he spent two years with Brummer & Partners and 13 years with SEB/Enskilda. Since 2017, Bo is a private investor and advisor. He is also Chairman of Accessbolaget. Bo has a BA Econ from the Stockholm School of Economics.

Cecilia Qvist – Born 1972
Board member since 2022

Cecilia is the CEO of Leia Inc, a nanotechnology company. She has extensive experience in technology-driven companies in transformational growth, including Spotify, Lego Ventures, and NASDAQ. She has been President of Lego Ventures, Global Head of Markets at Spotify and has held positions at Ericsson, Swedbank, and NASDAQ. Cecilia also serves at the board for Kinnevik and Trustly. Cecilia has a MBA from The University of Edinburgh.

Joined the Board on April 1, 2023.

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Financial Information

Directors' Report

The Board of Directors and the CEO of Polarium Energy Solutions AB, Corporate Identity Number 556986–5461, domiciled in Stockholm, Sweden, hereby submit the annual report and consolidated financial statements for the financial year January 1–December 31, 2022.

The Nature and Direction of the Operations

Polarium was founded in 2015 in the conviction that safe, smart and sustainable energy storage solutions are key to the transition to a sustainable energy future. The Group offers energy storage and optimization solutions based on lithium-ion batteries for businesses within telecom as well as commercial and industrial facilities. Polarium has three core products: battery modules, battery energy systems and energy optimization. The Group delivers solutions to clients all over the world with the aim of helping them cut energy costs and carbon emissions.

Customers use the Group's products to obtain reserve power and avoid power outages and shutdowns. The products can also help to reduce energy costs as customers can avoid electricity price peaks. Customers can also obtain new streams of income by supplying capacity to the electricity grid.

The Group develops and sells digital solutions, such as surveillance and management services, which allow customers to collect data in real time so that they can monitor and analyze their energy storage and optimize their energy use.

Employees

In the financial year, the Group expanded its workforce to a total of 627 employees (on average), of whom 242 were new employees. The workforce expanded in all departments – from research, development and production to sales, administration and operations. The Group is headquartered in Stockholm, Sweden, and has development centers in Oskarshamn, Sundsvall and Stockholm, laboratories in Stockholm and sales offices in the UK and Australia (opened in 2023) as well as production facilities in Mexico, Vietnam and South Africa.

Ownership Structure

The two largest owners are Vargas 2 Invest AB and Stefan Jansson Global Invest AB. Other large owners include AMF, Alecta, Roosgruppen, Beijer Ventures and Formica.

On June 2, 2023, the Board members were Carl-Erik Lagercrantz, Stefan Jansson, Carola Puusteli, Johan Dennelind, Cecilia Qvist and Bo Jungner. Carl-Erik Lagercrantz is Chairman of the Board. Anna Kinberg Batra was a member of Board for part of 2022.

Significant Events

Polarium and its subsidiaries develop, sell and deliver energy storage and optimization based on advanced lithium-ion technology. In 2022, the Group increased its sales by 105% to SEK 2,222.8 million (1,084.4), despite weaker growth in the fourth quarter. The increase in sales was due to the successful sale of solutions for energy storage, primarily in the telecom sector worldwide. Operating profit increased to SEK 59.7 million (52.5). The loss for the period was SEK –17.6 million (16.7). Costs increased during the year, partly to deliver energy storage systems to customers internationally, but also due to initiatives in product development, manufacturing capacity, global sales and internal processes, such as corporate governance.

The Group's cash funds amounted to SEK 120.4 million (16.0) and net debt to SEK 305.6 million (533.0) at the end of the year. During the year, operations had a positive cash flow of SEK 158.3 million (66.1). Cash flow was negatively impacted by increased working capital of SEK 518.5 million (449.3) and investments of SEK 149.5 million (78.0). The Group's financing activities strengthened cash flow by SEK 613.3 million (441.5), which led to an increase in cash funds in 2022 of SEK 103.6 million, while cash funds decreased in 2021 by SEK 19.7 million. Cash flow was affected by increases in inventories to secure delivery capacity and supply of raw materials. Loans were also repaid. Cash flow was strengthened by the new share issue.

During the year, the Group strengthened its position in the market with new products, increased production capacity and new contracts with customers.

To meet increased customer demand and create a more diversified value chain, the Group opened a new production facility in South Africa during the financial year.

The Group's largest category in terms of sales is the telecom segment. The Group also expanded into new customer categories. These included energy storage and energy optimization solutions for customers within commercial and industrial facilities.

Parent Company

The Parent Company, Polarium Energy Solutions AB, conducts business in Sweden and is responsible for research and development activities. The Parent Company controls and supervises the Group's manufacturing, sales and marketing activities and is responsible for the Parent Company's Group-wide management functions. The Parent Company owns subsidiaries that provide manufacturing services, and it retains ownership of the raw materials and finished goods during the entire manufacturing process. The Parent Company also owns subsidiaries that conduct distribution activities by buying finished goods from the Parent Company and selling them to customers.

The distribution units are responsible for local marketing, customer services and communication. The Parent Company and its subsidiaries form the Group.

In 2022, Parent Company sales increased by 85% to SEK 2,073.4 million (1,119.0). The increase in sales was due to the successful sale of solutions for energy storage, primarily in the telecom sector worldwide. Operating profit decreased to SEK 8.1 million (42.8). The loss for the period was SEK –48.3 million (3.5). Costs increased during the year, partly to deliver energy storage systems to customers internationally, but also due to initiatives in product development, manufacturing capacity, global sales and internal processes, such as corporate governance.

The Parent Company's cash funds amounted to SEK 28.7 million (11.3) and net debt to SEK 227.9 million (493.9) at the end of the year. During the year, operating activities had a positive cash flow of SEK 108.6 million (45.7). Cash flow was negatively impacted by increased working capital of SEK 590.9 million (443.7) and investments of SEK 118.8 million (71.4). The Parent Company's financing activities strengthened cash flow by SEK 618.5 million (448.3), which led to an increase in cash funds in 2022 of SEK 17.4 million, while cash funds decreased in 2021 by SEK 21.1 million. Cash flow was affected by increases in inventories to secure delivery capacity and supply of raw materials. Loans were also repaid. Cash flow was strengthened by the new share issue.

Group research and development

Polarium offers energy storage solutions that are designed and developed in Sweden. The product range is based on a modular architecture and common building blocks – resulting in Polarium Battery, Polarium Battery Energy Storage System and Polarium Energy Optimization System. All products can be tailored to customer needs and coupled with intelligent services.

During the year, the Group's new laboratories were opened in Tomteboda. This investment resulted in a tenfold increase in the Group's laboratory capacity and included a high-voltage laboratory to test energy optimization systems.

The Group's costs for research and development amounted to SEK 103.7 million (65.0), corresponding to 4.6% (6.0) of sales. Moreover, the Group capitalized development expenditure of SEK 162.4 million (126.8).

Significant Events During the Financial Year

- On January 27, Telia Company and Polarium launched a pilot project. Polarium's smart battery solutions will be used by Telia to optimize its network energy usage.
- On February 8, Polarium and the company CTEK launched a partnership to develop Energy Storage for EV Charging (ESEV).
- On February 23, Polarium introduced Generation 6 of its battery product range: smarter, stronger and safer than ever before.
- On March 1, Polarium was recognized as one of the fastest growing companies in Europe by the Financial Times' annual FT1000 ranking.
- On March 11, Polarium and CEO Stefan Jansson were awarded SEB's prize for "Best International Growth" at the EY Entrepreneur of the Year Swedish final.
- On March 31, Polarium announced that it was moving to a new headquarters in Hagastaden in Stockholm and investing in lab facilities in Tomteboda.
- On April 27, Polarium announced that it is to install an energy optimization system at the property developer Areim.
- On April 29, Polarium started production at its new factory in South Africa with a yearly production capacity of 300,000 batteries.
- On May 3, the Swedish pension company AMF invested in Polarium.
- On June 1, Polarium was named Nordic Scaleup of the Year 2022 at an award ceremony in Stockholm, Sweden.
- On June 28, three additional Swedish investors invested SEK 178 million in Polarium at the same valuation per share as the previous issue.
- On August 16, Cecilia Qvist was appointed as a new Board member. Cecilia is CEO of Leia and a Board member of Kinnevik and Trustly.
- In early September, Polarium moved to new offices in Stockholm, at the center of a research-intensive area called Hagastaden.
- On October 18, it was announced that Alecta, Formica Capital and Absolute Unlisted had purchased existing Polarium shares for a total of SEK 1,108 million.
- On November 25, it was announced that Jerker Olofsson will take up the position of EVP Revenue Generation. He has 15 years of experience from Atlas Copco.

Significant Events After the Financial Year

- On January 17, 2023, Polarium announced that it is to install an energy optimization system in the ICA Maxi Kungälv supermarket.
- On February 9, Anna Kinberg Batra stepped down from the Board of Directors following her appointment as county governor of Stockholm.
- On February 15, it was announced that Hanna Bilir had been recruited to Polarium as EVP Communications. Hanna has more than 15 years of experience in communication.
- On March 1, Polarium was named one of the fastest growing companies in Europe by the Financial Times' annual FT1000 ranking for the third year running.
- On March 28, it was announced that Polarium has entered the Australian market with offices in Sydney and Melbourne.
- On April 6, Polarium publicly launched its new Polarium X laboratory in Stockholm.
- Increased geopolitical turbulence as well as higher inflation and interest rates led to longer sales cycles for the Group's customers during the first quarter.
- Polarium is in the process of raising capital via convertible debenture. On the date of signature of the annual report, SEK 100 million has been subscribed.

Expected Future Development and Significant Risks and Uncertainties

Polarium is continuing to monitor the situation regarding Covid-19 to ensure the health and well-being of all colleagues. Polarium has not received any grants from government authorities related to Covid-19, and the pandemic has had a limited impact. The biggest impact was from certain delivery delays and higher costs for certain components and freight. Despite problems in the global supply chain, Polarium has continued to function effectively. The company is routinely evaluating the situation and complying with health authority guidelines.

Russia's war of aggression against Ukraine entails an increased risk of effects on the world economy that may result in cost inflation and disruptions to supply chains. Even if Polarium does not have any direct financial or operational exposure to Russia or Ukraine, the company may be impacted indirectly as a result of rising costs for input goods and subcontractors' access to raw materials. Polarium is routinely evaluating the situation.

Increased inflation could impact costs for salaries, materials, products and services. Polarium has measures in place to manage the supply chain and cost levels. If global inflation remains at this level in the long term then a situation may arise in which it is not possible to fully offset increased costs by raising selling prices to customers.

As of December 31, 2022, Polarium did not fulfill one of the financial covenants stipulated in loan agreements with one of the Group's lenders. In accordance with the terms in the loan agreement, the Group informed the lender of the situation as of the balance sheet date and a waiver was approved by the lender as of April 26, 2023.

Executive management and the Board of Directors continue to carefully monitor the Group's forecasted development in relation to the limits in the covenants to ensure that the Group fulfills its obligations towards its external creditors and that liquidity and financial risk is minimized. For further information regarding the contracted terms in the Group's loan agreements see Note 26. Polarium is in the process of raising capital via convertible debentures. On the date of signature, SEK 100 million has been subscribed. Executive management and the Board of Directors are of the view that the Group's financing is secured for the coming financial year.

The Group's operations are exposed to a number of risks and uncertainties. Polarium works in a structured manner to identify and manage risk. The risks are divided into six categories: financial, strategic and operational risks and risks linked to legal and regulatory compliance, the company's reputation and sustainability.

Financial risks include risks involving financing, financial reporting, tax and profitability development. Financial risks and uncertainties are described in more detail in Note 4 Financial risk management.

Strategic risks include risks linked to competition in the market or external events that impact operations as well as the risk of unfavorable geopolitical developments or negative changes in demand for the company's technology and products. There are also risks linked to the fact that the company has a limited number of major customers to date. Polarium is also dependent on certain key employees and the ability to attract, retain and engage talents.

Operational risks include the risk of unsuccessful health and safety efforts by the company, changes to the conditions for the company's supply chain, quality problems related to the company's products or inaccurate forecasts or reporting pertaining to Polarium's financial position. There are also risks linked to IT, due, for example, to inadequate systems or cybersecurity incidents.

Risks linked to legal and regulatory compliance include the risk that the Group may become involved in a conflict, that contracts entered into could prove to be unfavorable or that contractual terms may be broken or interpreted in different ways, that the legislative or regulatory environment may change the conditions for operations or that fraud or corruption could take place.

Risks linked to the company's reputation include the risk that the trademark may become less attractiveness, that the industry as a whole could experience problems, that the Group may be associated with negative values or that its communication efforts may be unsuccessful.

Sustainability risks include the risk that the Group may fail to live up to its targets in terms of equality, employee rights or limiting emissions.

Sustainability Report

In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Polarium has chosen to prepare its statutory Sustainability Report separately from the Annual Report. The Group's Sustainability Report is for Polarium Energy Solutions AB and its subsidiaries and has been published on www.polarium.com.

Some parts of the Group's operations are subject to permit or notification requirements in accordance with the Environmental Code. Refer to the Sustainability Report for more information.

Proposal for the Appropriation of the Company's Profit or Loss

The following amount in SEK million is at the disposal of the Annual General Meeting:

Share premium reserve	1,083.1
Retained earnings	–109.9
Loss for the year	–48.3
Total	**924.9**

The Board of Directors and the CEO propose that the following amount be carried forward:

To be carried forward	924.9
Total	**924.9**

With regard to other aspects of the Parent Company's and the Group's profit/loss, refer to the following income statements, balance sheets, statements of cash flows and supplementary disclosures. All amounts are presented in SEK millions unless otherwise stated.

Multi-year Summary

Group[1]

Performance and key performance measures, SEK million	2022	2021	2020	2019
Net sales	2,222.8	1,084.4	741.6	457.5
EBITDA	117.6	82.6	121.4	49.6
EBITDA margin (%)[2]	*5.3%*	*7.6%*	*16.4%*	*10.8%*
Operating profit	59.7	52.5	81.8	32.3
Operating margin (%)[3]	*2.7%*	*4.8%*	*11.0%*	*7.1%*
Profit/loss before tax	–18.3	17.5	65.8	18.4
Profit/loss for the year	–17.6	16.7	52.4	11.7

Financial position and key performance measures, SEK million	2022	2021	2020	2019
Total assets	2,317.3	1,152.4	517.5	392.3
Equity	1,118.1	261.3	207.4	143.8
Equity ratio (%)[4]	48.2%	22.7%	40.1%	36.7%

Parent Company[5]

Performance and key performance measures, SEK million	2022	2021	2020	2019	2018
Net sales	2,073.4	1,119.0	743.8	457.5	235.5
EBITDA	46.7	64.4	120.5	43.3	0.6
EBITDA margin (%)[2]	*2.2%*	*5.8%*	*16.2%*	*9.5%*	*0.2%*
Operating profit	8.4	42.8	87.8	31.9	–6.4
Operating margin (%)[3]	*0.4%*	*3.8%*	*11.8%*	*7.0%*	*–2.7%*
Profit/loss before tax	–60.6	5.6	71.4	19.8	–13.4
Profit/loss for the year	–48.0	3.5	56.8	14.4	–10.1

Financial position and key performance measures, SEK million	2022	2021	2020	2019	2018
Total assets	2,111.1	1,105.2	488.9	362.7	237.1
Equity	1,079.1	260.3	220.0	153.4	139.1
Equity ratio (%)[4]	51.1%	23.6%	45.0%	42.3%	58.7%

1) The Group has chosen to only include four years in the summary, as the Group carried out an IFRS conversion in 2020. In connection with this, the figures for 2019 have been restated.
2) Operating profit before depreciation, amortization and impairment in relation to net sales
3) Operating profit in relation to net sales
4) Equity in relation to the balance sheet total
5) The figures for 2018 are reported according to the Swedish Accounting Standards Board's recommendation BFNAR 2012:1, as the IFRS conversion only occurred in 2020. In connection with the IFRS conversion, the figures for 2019 were also restated.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

SEK million	**Note**	**2022**	**2021**
Net sales	5, 6	2,222.8	1,084.4
Cost of goods sold	38	–1,604.7	–762.5
Gross profit		**618.1**	**321.9**
Research and development expenses		–103.7	–65.0
Selling and marketing expenses		–133.3	–55.9
General and administrative expenses		–312.5	–147.6
Other operating income	9	205.9	95.0
Other operating expenses	10	–214.8	–95.8
Operating profit	7, 8, 37, 38	**59.7**	**52.5**
Financial income	11	1.5	0.2
Financial expenses	11	–79.5	–35.2
Financial items, net		**–78.0**	**–35.0**
Profit/loss before tax		**–18.3**	**17.5**
Tax	12	0.7	–0.8
Profit/loss for the year		**–17.6**	**16.7**
Other comprehensive income			
Items that have been or may be reclassified to profit for the year			
Translation differences for the year when translating foreign operations	25	7.3	0.4
Other comprehensive income for the year		**7.3**	**0.4**
Total comprehensive income for the year		**–10.3**	**17.1**
Profit/loss for the year attributable to:			
Owners of the Parent Company		–17.6	16.7
Profit/loss for the year		**–17.6**	**16.7**
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		–10.3	17.1
Total comprehensive income for the year		**–10.3**	**17.1**
Earnings per share			
before dilution (SEK)		–3.59	3.67
after dilution (SEK)		–3.59	3.25

Profit for the year and total comprehensive income are entirely attributable to the Parent Company's shareholders.

As of January 1, 2022, the Group has changed the presentation format of the income statement and switched to recognizing an income statement classified by function instead of an income statement divided by cost type. The transition took place to provide a fairer view of the company and its operations. This was in order to follow the company's internal monitoring, which has now been clarified. A change to the presentation format of the income statement entails a change of accounting policy which is why the change has been implemented with retrospective effect. Consequently, the income statement for the comparative period of 2021 has been restated and is presented with a presentation format classified by function. Note 37 describes the transition from a division by cost type to a division by function in cost accounting.

Consolidated Statement of Financial Position

SEK million	Note	2022	2021
ASSETS			
Intangible assets	13	163.1	128.0
Property, plant and equipment	14	63.1	24.1
Right-of-use assets	16	154.9	42.1
Deferred tax assets	18	21.5	6.8
Non-current receivables	15, 17	35.9	4.1
Total non-current assets		**438.4**	**205.1**
Inventories	19	1,322.0	344.2
Trade receivables	15, 20	319.3	275.6
Tax receivables		9.7	2.1
Other receivables	15, 21	34.2	14.8
Advance payments and other current assets	15, 23	51.6	287.3
Prepaid expenses and accrued income	22	21.7	7.3
Cash and cash equivalents	15, 24	120.4	16.0
Total current assets		**1,878.9**	**947.3**
TOTAL ASSETS		**2,317.3**	**1,152.4**

SEK million	Note	2022	2021
EQUITY			
Share capital		5.1	4.6
Other contributed capital		1,097.3	230.7
Reserves		9.6	2.3
Retained earnings including profit for the year		6.1	23.6
TOTAL EQUITY	25	**1,118.1**	**261.3**
LIABILITIES			
Provisions	27	47.1	31.5
Non-current borrowings	15, 26	15.0	0.6
Non-current lease liabilities	30	153.4	33.7
Total non-current liabilities		**215.4**	**65.8**
Current borrowings	15, 26	241.7	504.6
Current lease liabilities	30	15.9	10.0
Advance payments from customers	28	5.6	21.0
Trade payables	15, 29	476.7	221.5
Tax liabilities	12	10.9	9.0
Other liabilities	29	12.3	8.2
Accrued expenses and prepaid income	31	118.9	50.9
Provisions	27	101.9	–
Total current liabilities		**983.8**	**825.3**
TOTAL LIABILITIES		**1,199.2**	**891.1**
TOTAL EQUITY AND LIABILITIES		**2,317.3**	**1,152.4**

Consolidated Statement of Changes in Equity

SEK million	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit for the year	Total equity
Opening balance as of January 1, 2021	25	**4.5**	**193.9**	**2.0**	**6.9**	**207.4**
Total comprehensive income for the year						
Profit for the year					16.7	16.7
Other comprehensive income for the year				0.4		0.4
Total comprehensive income for the year		**–**	**–**	**0.4**	**16.7**	**17.1**
Transactions with the Group's owners						
Contributions by and distributions to owners						
New share issue[1]		0.1	31.0			31.1
Warrants			5.8			5.8
Total contributions by and distributions to owners		**0.1**	**36.7**	**–**	**–**	**36.8**
Closing equity as of December 31, 2021		**4.6**	**230.7**	**2.3**	**23.6**	**261.3**
Opening balance as of January 1, 2022		4.6	230.7	2.3	23.6	261.3
Total comprehensive income for the year						
Loss for the year					–17.6	–17.6
Other comprehensive income for the year				7.3		7.3
Total comprehensive income for the year		**–**	**–**	**7.3**	**–17.6**	**–10.3**
Transactions with the Group's owners						
Contributions by and distributions to owners						
New share issue[1]		0.5	861.6			862.1
Warrants			5.1			5.1
Total contributions by and distributions to owners		**0.5**	**866.7**	**–**	**–**	**867.1**
Closing equity as of December 31, 2022		**5.1**	**1,097.3**	**9.6**	**6.1**	**1,118.1**

[1] The new share issue is recognized net after deductions for transaction costs of SEK 31.1 million (0.6).

Consolidated Statement of Cash Flows

SEK million	Note	2022	2021
Operating activities			
Operating profit		59.7	52.5
Adjustments for non-cash items, etc.	36	154.2	37.6
Interest paid		-37.4	–21.3
Interest received		1.5	0.2
Income tax paid		–19.8	-3.0
		158.3	**66.1**
Changes in working capital			
Increase/decrease in inventories		–995.3	–204.8
Increase/decrease in operating receivables		169.9	–387.7
Increase/decrease in operating liabilities		307.0	143.2
Cash flow from changes in working capital		**–518.5**	**–449.3**
Cash flows from operating activities		**–360.2**	**–383.2**
Investing activities			
Investments in intangible assets	13	–71.3	–62.2
Investments in property, plant and equipment	14	–47.7	–12.3
Investments in financial assets	17	–30.5	–3.5
Cash flows from investing activities		**–149.5**	**–78.0**
Financing activities			
New share issue		893.2	31.6
Issue costs		–31.1	–0.6
Option programs		5.0	5.8
Borrowings	35	543.1	416.3
Repayment of loans	35	–791.7	–4.9
Repayment of lease liability	35	–5.3	–6.5
Repayment of other non-current liabilities		–	–0.2
Cash flows from financing activities		**613.3**	**441.5**
Increase/decrease in cash and cash equivalents		**103.6**	**–19.7**
Cash and cash equivalents, start of year	15, 24	16.0	35.6
Exchange rate difference in cash and cash equivalents		0.8	–
Cash and cash equivalents, end of year		**120.4**	**16.0**

Notes to Consolidated Financial Statements

NOTE 1. GENERAL INFORMATION

Polarium Energy Solutions AB, Corporate Identity Number 556986–5461, is a limited liability company registered in Sweden, domiciled in Stockholm. The address of the headquarters is Polarium Energy Solutions AB, Solnavägen 3H, SE-113 63 Stockholm, Sweden. The Parent Company and its subsidiaries' operations include development, manufacture and sales of energy storage based on advanced lithium-ion technology. Sales are carried out globally, but chiefly in Africa and the USA.

Unless otherwise stated, all amounts are in SEK million.

On June 2, 2023, the Board of Directors approved the consolidated financial statements for publication.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND VALUATION PRINCIPLES

This note contains a list of significant accounting policies and valuation principles that were applied in the preparation of these consolidated financial statements. These policies have been applied consistently for all of the years presented unless otherwise stated. The consolidated financial statements include the legal Parent Company, Polarium Energy Solutions AB, and its subsidiaries.

2.1 Basis of Preparation

The consolidated financial statements are prepared applying the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups were also applied. The consolidated financial statements were prepared in accordance with the cost method, except for financial assets and financial liabilities, which were measured at fair value through profit or loss. All financial statements were prepared on a going concern basis.

The preparation of financial statements in accordance with IFRS requires the use of certain important accounting estimates. It also requires that executive management exercise its judgment in the application of the Group's accounting policies and valuation principles. Areas that involve a higher degree of judgment or complexity and areas where assumptions and estimates are significant for the consolidated financial statements are presented in Note 3 Significant estimates and judgments for accounting purposes.

2.2 Information on IFRS and Interpretations That Entered Into Force in 2022

The IFRS that entered into force in 2022 have not had a material impact on the consolidated financial statements.

2.3 Information on IFRS and Interpretations That Have Not Yet Entered Into Force

Polarium is yet to look into the effects of the amendment to IAS 1 related to accounting policies, which applies to financial years beginning January 1, 2023 and later. None of the other new and amended standards and interpretations from the IFRS Interpretations Committee approved by the EU are currently deemed to have a material impact on Polarium's results or financial position.

2.4 Changed Estimates and Judgments

As of January 1, 2022, Polarium has changed the presentation format of the income statement and switched to recognizing an income statement classified by function instead of an income statement divided by cost type. The transition took place to provide a fairer view of the company and its operations. A change to the presentation format of the income statement entails a change of accounting policy which is why the change has been implemented with retrospective effect. Consequently, the income statement for the comparative period of 2021 has been restated and is presented with a presentation format classified by function. Note 37 for the Group and Note 2 for the Parent Company describe the transition from a division by cost type to a division by function in cost accounting.

2.5 Consolidated Financial Statements

Subsidiaries

The consolidated financial statements include the Parent Company and the companies over which the Parent Company has control. Control is achieved when Polarium Energy Solutions AB has an influence over a company and is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date when control ceases.

Intra-Group transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All subsidiaries in the Group have been formed, not acquired. At the end of 2022, the Group comprised six legal entities.

2.6 Translation of Foreign Subsidiaries

Functional currency and reporting currency

The different entities of the Group use the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the relevant entity primarily operates. The consolidated financial statements are presented in Swedish kronor (SEK), which is the reporting currency of the Group and the Parent Company.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates that apply on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date are recognized in operating profit as other operating income or expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Foreign exchange gains and losses that are related to loans and cash and cash equivalents are presented in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as financial income or financial expenses. All other foreign exchange gains and losses are recognized in the items other operating expenses and other operating income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Translation of foreign Group companies

The results and financial position of all Group companies using a functional currency other than the reporting currency are translated into the Group's reporting currency. Assets and liabilities in each balance sheet are translated from the foreign operations' functional currency to the Group's reporting currency, SEK, at the exchange rate on the balance sheet date. Revenue and expenses from each income statement are translated to SEK using the average exchange rate for the period, which is an approximation of the rates on the transaction dates. Translation differences arising on currency translations of foreign operations are recognized in other comprehensive income and capitalized in the item other reserves in equity. Accumulated profit and losses are recognized in profit or loss when the foreign operations are divested, fully or in part.

2.7 Revenue Recognition

The Group's revenue is measured at the fair value of what has been received or will be received and corresponds to the amounts received for sold goods and services less any discounts given, returns and VAT. Revenue is recognized when the Group has satisfied its performance obligations, which occurs when the customer has taken control of the good or service. The majority of the Group's revenue is from the sale of goods, but there is also some revenue from the sale of services.

Sale of goods

The Group develops, manufactures and sells products and services related to energy storage based on advanced lithium-ion technology. Sales are recognized as revenue when control of the products is passed to the customer, which generally occurs when the products are delivered. Delivery occurs when the products have been transported to the location agreed in the terms of freight, all risks have been transferred to the customer and the Group has objective proof that all acceptance criteria have been met. All revenue from the sale of goods is recognized at a point in time. A receivable is recognized when the goods are delivered as this is the point in time when the consideration is unconditional (i.e., only the passage of time is required before the payment is due). The revenue is measured at the transaction price agreed under the contract. The consideration is generally due when the product or service has been delivered to the customer. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component. The Group's obligation to repair or replace defective products under the standard warranty terms is recognized as a provision (see Note 27 Provisions).

Sale of services

For all services, revenue is recognized over time, as the customer receives and uses the benefits simultaneous when the Group satisfies a performance obligation. Revenue is recognized in the accounting period in which the services are rendered. In the majority of contracts, the transaction price is based on a fixed price per hour or unit, and for these, revenue is measured based on the amount that the Group has a right to invoice. If the Group's efforts are used evenly over the term of the contract, revenue is recognized on a straight-line basis. A receivable is recognized when the services are delivered, as this is the point in time when the consideration is unconditional (only the passage of time is required before the payment is due).

For fixed-price contracts, revenue is recognized based on the actual service provided as a proportion of the total services to be provided. The proportion of the service that has been provided is determined based on the actual costs spent relative to the total expected costs to complete the assignment, which reflects how the services were transferred to customers. In the case of fixed-price contracts, the transaction price is paid based on a payment schedule. If the services rendered exceed the payment, a contract asset is recognized, and if the payments exceed the services rendered, a contract liability is recognized.

The Group also sells the service "Battery as a service", which gives the customers the right to a battery with a certain performance for a certain agreed period, for a fixed monthly fee. Since the customer is provided with a specific specified battery, these agreements are considered to include a lease. They are therefore classified as lease agreements and recognized in accordance with the rules on leases in IFRS 16 Leases. For additional information regarding such contracts, see 2.9 Leases below.

Other

The Group also receives freight revenue. This revenue is recognized at a point in time, usually in connection with the shipment of goods to customers.

2.8 Government Grants

Grants from the government are measured at their fair value when there is a reasonable assurance that the grant will be received and that the Group will comply with all applicable conditions.

2.9 Leases

The Group is both a lessee and a lessor. The Group's leases with the Group as the lessee refer in all material respects to premises and to production and office equipment.

Leases – the Group as the lessee

For all leases, with the above-mentioned exceptions, a right-of-use asset and a corresponding lease liability are recognized on the day when the leased asset is available for use by the Group. Each lease payment is allocated between repayments of the principal and financial expenses. Financial expenses are distributed over the lease term so that each accounting period is assigned an amount corresponding to a fixed interest rate for the liability in the respective period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of their useful life or the lease term. The leases have terms from five months to ten years, but some include options to extend or terminate the leases, which has been considered in the determination of the total lease term.

Liabilities arising out of lease agreements are initially measured at the present value of the future lease payments. Lease liabilities include the present value of the following lease payments:

- fixed payments
- variable lease payments that are based on an index or a rate
- residual value guarantees that are expected to be paid
- purchase options (which are expected to be used with reasonable certainty)

The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. Otherwise, the incremental borrowing rate is used.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the time when the leased asset is made available to the lessee

The Group applies the exemption in IFRS 16, which means that lease payments are not recognized as a right-of-use asset and a lease liability but as an expense on a straight-line basis over the lease term for lease payments relating to short-term leases and leases of low-value assets. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value assets include leases where the asset has a value of SEK 50 thousand or less when new.

Options to extend or terminate leases

The Group's office leases have options to extend or terminate the leases. These terms are used to maximize flexibility in the management of the leases. Options to extend or terminate leases are included in the asset and liability if it is reasonably certain that they will be exercised.

Reporting in subsequent periods

The lease liability is remeasured if there are changes in the lease or if there are changes to the cash flows that are based on the original terms of contract. Changed cash flows based on original terms of contract arise when the Group changes its initial assessment of whether options to extend and/or terminate will be exercised, when there are changes in previous assessments of whether an option to purchase will be exercised, or when lease payments change due to changes in the index or rate. The remeasurement of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement will be recognized in profit or loss. The right-of-use asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Presentation

Right-of-use assets and lease liabilities are reported on separate lines in the balance sheet. In the income statement, depreciation of right-of-use assets is recognized in either on the line of research and development expenses, selling and marketing expenses and/or administrative expenses depending on which function is affected, and the interest expense associated with the lease liability is recognized as a financial expense. Lease payments for leases of low-value assets and short-term leases are recognized in profit or loss either on the line of research and development expenses, selling and marketing expenses and/or administrative expenses depending on which function is affected. Repayment of the lease liability is recognized in cash flows from financing activities. Interest payments and payments for short-term leases and leases of low-value assets are recognized in cash flows from operating activities.

Leases – the Group as the lessor

The Group's leases with the Group as the lessor refer to the contracts associated with "Battery as a service". Leases where a significant part of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Lease payments received during the lease term are recognized as revenue in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. All leases where the Group is the lessor have been classified as operating leases.

2.10 Current and Deferred Tax

Income tax comprises current tax and deferred tax.

The current tax charge is calculated based on the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Parent Company and its subsidiaries and associates operate and generate taxable income. Executive management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. When it is considered appropriate, provisions are made for amounts that will probably be paid to the Swedish Tax Agency.

Deferred tax is recognized in respect of all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognized, however, if they arise as a result of the initial recognition of goodwill. Deferred tax is also not recognized if it arises as a result of a transaction that constitutes the initial recognition of an asset or liability that is not a business combination and which, at the time of the transaction, does not affect either recognized profit or taxable profit. Deferred income tax is determined using the tax rates (and laws) that have entered into force or been announced as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred tax assets and liabilities are offset when there is a legal right of offset for current tax assets and liabilities, and when the deferred tax assets and tax liabilities are attributable to taxes charged by one and the same tax authority and relate to either the same tax entities or different tax entities, where there is an intention to settle the balances via net payments.

Current and deferred tax is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, except to the extent that the tax relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or in equity, respectively.

2.11 Intangible Assets

Intangible assets are measured at cost less accumulated amortization and impairment.

Amortization is carried out on a straight-line basis over the estimated useful life. Amortization begins when the asset can be used. Licenses are amortized over the term of the agreement. The useful life is reevaluated on every balance sheet date. The following useful lives are used:

• Capitalized development costs	3 years
• Licenses	5 years
• Trademarks	5 years

2.12 Capitalized Expenditure for Development Work and Similar Work

In all material respects, capitalized expenditure for development work and similar work comprises capitalized expenditure for the development of new products/software for sale and development of products/systems that are to be used in the organization to improve processes and render them more effective. The Group regularly evaluates whether internally generated intangible assets, such as capitalized expenditure for development work, can be capitalized.

The following criteria must be met for the internally generated intangible asset to be capitalized:

- It is technically feasible to complete the internally generated intangible asset so that it will be available for use
- The company intends to complete the internally generated intangible asset and use or sell it
- There is an ability to use or sell the internally generated intangible asset
- It can be demonstrated how the internally generated intangible asset will generate probable future economic benefits
- Adequate technical, financial and other resources to complete the development and to use or sell the internally generated intangible asset are available, and the expenditure attributable to the internally generated intangible asset during its development can be reliably measured

Other development expenditure that does not meet these criteria is expensed as incurred. Development expenditure previously recognized as an expense is not recognized as an asset in a subsequent period.

Capitalized development expenditure that is reported as an intangible asset is amortized from the point at which the asset is ready for use. Capitalized development expenditure is amortized on a straight-line basis over the estimated useful life, which is three years.

2.13 Concessions, Patents, Licenses, Trademarks and Similar Rights

Capitalized expenditure for acquired software comprises expenses for the purchase and installation of the software in question.

2.14 Property, Plant and Equipment

Property, plant and equipment comprises plant and machinery as well as equipment, tools, fixtures and fittings. Property, plant and equipment is recognized at cost less depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of a replaced part is derecognized from the Statement of Financial Position. All other forms of repair and maintenance are expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

Depreciation on property, plant and equipment distributes cost down to the calculated residual value over the expected useful life is made on a straight-line basis according to the following:

- Plant and machinery 5 years
- Equipment, tools, fixtures and fittings 3–10 years

The residual value and useful life of the assets are tested at the end of every reporting period and adjusted where necessary.

The carrying amount of an asset is immediately written down to its recoverable value if the carrying amount of the asset exceeds its estimated recoverable value.

Gains and losses on the disposal are determined by comparing proceeds from the sale with the carrying amount and recognized net in other operating income or other operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

2.15 Impairment of Non-financial Assets

Intangible assets that have an indefinite useful life and intangible assets that are not ready for use are not subject to amortization and are tested every quarter for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are essentially independent cash flows (cash-generating units). Assets that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.16 Financial Instruments

Recognition and derecognition from the balance sheet

Financial assets and financial liabilities are reported when the Group becomes a party in the instrument's contractual terms and conditions. Purchases and sales of financial assets and liabilities are recognized on the trade date, being the date on which the Group commits to purchase or sell the asset or liability.

Financial assets are derecognized from the Statement of Financial Position when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized from the Statement of Financial Position once the obligations are discharged, canceled or expired.

Profit or loss arising out of derecognition from the balance sheet is recognized directly in profit or loss.

Classification and measurement

Financial assets

At initial recognition, financial assets are measured at their fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition. Transaction costs attributable to financial assets measured at fair value through profit or loss are expensed directly in profit or loss.

The Group classifies its financial assets in the following measurement categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through profit or loss

The classification of investments in debt instruments depends on the Group's business model and the contractual terms of the cash flows. The Group reclassifies financial assets when its business model for managing those assets changes. The Group classifies its financial assets in two measurement categories:

- Amortized cost (in the items Other non-current receivables, Trade receivables, and Cash and cash equivalents): Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in financial income using the effective interest method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in profit or loss.
- Fair value through profit or loss (part of the item Trade receivables): Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is presented net in other gains/losses in the period in which it arises. The part of the trade receivables that refers to a factoring arrangement where the Group has transferred the credit risk and late payment risk to the factoring company is measured at fair value through profit or loss. As these trade receivables are derecognized as soon as they arise, there is no recognized fair value to disclose.

Financial liabilities

After initial recognition, all of the Group's financial liabilities are measured at amortized cost. Liabilities at amortized cost comprise borrowings, financial lease liabilities, trade payables and other liabilities. Financial liabilities are classified as current liabilities when they are due for payment within 12 months from the reporting date, otherwise they are classified as non-current liabilities.

Impairment of financial assets measured at amortized cost

The Group assesses future expected credit losses associated with assets measured at amortized cost. The Group recognizes a loss allowance for any such expected credit losses on each reporting date.

The Group applies the simplified approach to loss allowances, i.e., the loss allowance will correspond to the expected loss over the entire lifetime of the trade receivables. To measure expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For more information, see Note 4 Financial risk management.

The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the item Other external costs.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the Consolidated Statement of Financial Position only if there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be dependent on future events, and it must be legally enforceable for the company and the counterparty, both in the normal operations and in the event of a suspension of payments, insolvency or bankruptcy.

2.17 Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost comprises direct materials, direct salaries and attributable manufacturing costs (based on normal manufacturing capacity). Borrowing costs are excluded. Cost is calculated according to the first in, first out principle. Costs of goods for resale are determined after deducting discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated variable costs necessary to make the sale.

Obsolescence model

The Group applies an obsolescence model that currently focuses on components available in the warehouse. The model focuses on materials used in the current (and future) bill of materials (BOM) whereby outdated components are impaired to various degrees depending on the circumstances. The obsolescence model is applied on a monthly basis.

2.18 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are measured initially at fair value (the transaction price). They are subsequently measured at amortized cost using the effective interest method less the loss allowance for expected credit losses. Payment terms are from 30–120 days.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred receivables to the factoring counterparty in exchange for cash. The Group's factoring arrangements vary in nature and terms depending on the counterparty and the contract. This means that the Group manages any trade receivables that are subject to factoring in a hybrid manner, where they are either transferred in their entirety, including credit risk and late payment risk, or transferred excluding credit and late payment risk, which is then retained in the Group. See Note 20 Trade receivables for additional information on the Group's accounting policies for trade receivables and Note 4 Financial risk management for a description of the Group's impairment principles.

2.19 Cash and Cash Equivalents

In the Consolidated Statement of Financial Position and in the Statement of Cash Flows, cash and cash equivalents include bank deposits.

2.20 Share Capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new shares or options are recognized, net after tax, in equity as a deduction from the issue proceeds.

2.21 Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the term of the borrowings using the effective interest method.

Borrowings are derecognized from the Consolidated Statement of Financial Position when the obligation is discharged, canceled or expired. The difference between the carrying amount of a financial liability (or a part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Borrowings are classified as current liabilities if amortization is expected to occur within 12 months after the end of the reporting period.

2.22 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognized as a part of the cost of the assets. Capitalization ceases when all the activities necessary to prepare the asset for its intended use or sale are essentially completed. Other borrowing costs are expensed as incurred.

2.23 Trade Payables

Trade payables are financial instruments and refer to obligations to pay for goods and services acquired in the day-to-day business from suppliers. Payment terms are from 10–90 days. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognized as non-current liabilities.

Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

Trade payables under supplier financing arrangements

Polarium has an arrangement with a bank, whereby the bank offers Polarium's suppliers an opportunity to receive early payment of Polarium's trade payables. Suppliers that utilize the financing arrangement pay a credit fee to the bank. Polarium pays no credit fee and pledges no additional security or guarantees to the bank. Based on Polarium's assessment, liabilities under the supplier financing arrangements are closely related to business purchasing and the financing arrangement does not lead to any significant changes to the nature or function of the liabilities. These liabilities are therefore classified as trade payables with separate disclosures in the notes. The credit period does not exceed 12 months and the trade payables are therefore not discounted. On December 31, 2022, trade payables under supplier financing arrangements amounted to SEK 145.8 million (27.0). See Note 29 Trade payables and other current liabilities for more information.

2.24 Remuneration to Employees

Short-term benefits

Liabilities for salaries and remuneration, including non-monetary benefits and paid leave, that are expected to be settled within 12 months after the end of the financial year are recognized as current liabilities at the undiscounted amounts expected to be paid when the liabilities are settled. The cost is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the services are rendered by the employees. The liabilities are recognized as current employee benefit obligations in the Consolidated Statement of Financial Position.

Defined contribution pension plans

Plans in which the Group's obligation is limited to the contributions the Group has undertaken to pay to an insurance company or other separate legal entity are classified as defined contribution pension plans. In this case, the scope of the employee's pension depends on the size of contributions the Group pays to this legal entity and the interest this entity pays on the capital. The Group's obligations pertaining to defined contribution plans are recognized as a cost in net profit for the year at the rate they are accrued by the employees performing services for the Group over a period of time.

Pension agreement with endowment insurance

Pension agreements have been signed whereby the Group has acquired endowment insurance secured for the benefit of employees through pledging. The employees concerned are only entitled to remuneration corresponding to the value of the endowment insurance upon redemption. The endowment insurance is continuously measured at fair value while the pension liability is remeasured to correspond to the value of the endowment insurance. Endowment insurance and pension liability have been recognized gross. The provision also includes special employer's contributions.

Severance pay obligations

The Group has remuneration to employees in Mexico that must be paid regardless of the reason why the employee is leaving the company. This remuneration is designated as severance pay/severance gratuity but constitutes post-employment benefits and is therefore reported as post-employment benefits in accordance with IAS 19, (i.e., in a similar manner as a defined benefit pension plan). Defined benefit plans are characterized by the fact that they define the amount the employee will receive as post-employment benefits, usually dependent on one or more factors such as age, years of service and salary. The liability recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds/mortgage bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligation.

Termination benefits

A provision for severance pay is recognized when the company has a legal or constructive obligation to terminate an employment prior to its end or by paying termination benefits through an offer made to encourage voluntary redundancy. A provision is recognized for the part of the termination benefit that the employee will receive with no obligation to work, with the addition of social security contributions, which represents the best estimate of the benefits expected to be required to settle the obligation. At the present time, neither the CEO nor other senior executives receive severance pay.

Share-based remuneration

The Group has warrant plans for employees and senior executives. When warrants are granted, the market price is paid, so no additional cost is added during the term of the warrants. Warrants are equity instruments, and the premium received is recognized in equity.

2.25 Provisions

Provisions for legal claims and warranties are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the amount expected to be required to settle the obligation. A pre-tax discount rate that reflects current market assessments of the time-dependent value of money and the risks specific to the provision is used for this purpose. The increase in the provision due to the passage of time is recognized as an interest expense.

2.26 Statement of Cash Flows

The Statement of Cash Flows was prepared in accordance with the indirect method. The reported cash flows only cover transactions involving cash receipts and payments.

2.27 Contingent Liabilities

A disclosure of contingent liabilities is provided when there is a possible commitment originating from past events and whose existence is confirmed only by one or more uncertain future events outside the Group's control, or when there is a commitment that is not recognized as a liability or provision because it is probable that an outflow of resources will be required, or cannot be measured with sufficient reliability.

2.28 Earnings per Share

The calculation of earnings per share is based on net profit in the Group attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. Effects of dilutive potential shares exist.

2.29 Segment Information

An operating segment is a part of the Group that conducts operations from which revenue can be generated and costs incurred, and for which independent financial information is available. An operating segment's earnings are also followed-up by the company's chief operating decision maker (CODM) to evaluate the earnings and to allocate resources to the operating segment.

The CODM for Polarium reviews only revenue from the six different regions: North America, Latin America, Europe, India/Middle East, Africa and Asia-Pacific. The CODM does not review operating profit by region but rather only for the Group. The revenue measure is not considered sufficient for the CODM to assess the regions' earnings and make resource allocation decisions for any of the Group's components. The review of earnings is based on total operating profit for the Group focusing on cost control at Group level. The Group has only identified one segment and does not monitor operating profit by region at the present time.

NOTE 3. SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

The Group makes estimates and assumptions regarding the future. The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom correspond to the actual results. The main features of any estimates and assumptions that involve a considerable risk of significant adjustments to the carrying amounts of assets and liabilities in the next financial year are presented below.

Capitalization of intangible assets

The allocation between the research and development stages of new software development projects and the determination of whether the requirements for the capitalization of development expenditure are met requires judgments. After capitalization, it will be monitored whether the accounting requirements for development expenditure are still met, and whether there are any indications that the capitalized expenses may be impaired.

To perform impairment testing, the future cash flows associated with the asset or the cash-generating unit to which the asset will be allocated once it is ready for use must be estimated. A suitable discount rate must also be determined to discount these estimated cash flows.

Inventories

On each balance sheet date, the net realizable value of the inventories is calculated, taking the most reliable information available into account. The future selling price may be affected by future technology and other market-driven changes that may reduce future selling prices.

Assessment of extension options in leases
In determining the term of a lease, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, are considered. For leases of premises, the following factors are normally the most relevant in determining the lease term:

- If the leases include significant penalty payments to terminate (or not extend) the leases, the Group is typically reasonably certain to extend.
- Other factors, including historical lease terms and the costs and business disruption required to replace the leased asset.

Most extension options for leases of premises have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. As of December 31, 2022, only the option to extend the manufacturing premises in Mexico was included in the lease liability, as it is reasonable to expect it to be exercised, considering the adaptations made for the operations.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

Through its operations, the Group is exposed to various financial risks, such as various market risks (foreign currency risk and interest rate risk) that could have a negative impact on the Group's earnings. In addition, there are credit risk, liquidity risk and refinancing risk that could entail difficulties in raising new loans or equity. The Group strives to minimize the impact on the Group's financial results of movements in the financial markets. The aim of the Group's financing activities is to:

- ensure that the Group can meet its payment obligations
- manage financial risks
- ensure access to the requisite funding
- optimize the Group's net financial income/expens

The Group's risk management is to support and be an integrated part of Polarium's operational activities and all financing activities are centralized to Group Treasury, which identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Group has a finance policy that provides guidelines for and determines the scope of the Group's financing activities. Group Treasury is tasked with managing the Group's financial risks on a daily basis. The function's main task is to contribute to value creation by managing financial risks to which the Group is exposed in normal business operations and to optimize the Group's net financial income/expense. The function also provides service and support to the Group's subsidiaries through loans, investment opportunities and currency transactions and by acting as an advisor on financial issues. A reporting structure is in place from the subsidiaries to manage these risks, which are consolidated with Group Treasury. The responsibility for managing the Group's financial transactions and risks is centralized to the Parent Company.

Market risk
(a) Foreign currency risk
The Group is exposed to foreign currency risk that arises mainly when purchasing and selling goods and services and when borrowing in other currencies than the respective Group company's local currency and that results in transaction exposure. Most of the Group's currency exposure is attributable to USD, as the majority of the Group's sales and a large part of its purchases are in this currency. In Polarium Energy Solutions AB, foreign currency risk primarily arises in cross-border trading, where prices and invoices are in USD. In addition to cross-border trading, most of the Group's external borrowing is in USD, which also gives rise to foreign currency risk. The Group is also exposed to foreign currency risk arising on the translation of the foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is SEK (balance sheet exposure).

No currency exposure is hedged apart from natural hedges through purchasing and selling in the same currency.

Sensitivity analysis
If the SEK had become weaker/stronger by 10% in relation to the USD, with all other variables constant, the recalculated profit or loss after tax for the 2022 financial year would have been SEK 25.3 million (23.3) lower/higher, largely as a result of gains/losses on the translation of trade receivables, trade payables and loans.

(b) Interest rate risk
The Group's net debt is in its entirety subject to variable interest. Most of the borrowings consist of bank overdraft facilities in USD with the Group's main bank and three term loans in SEK with Svensk Exportkredit, also subject to variable interest. The Group does not currently hedge its interest rate risk related to future cash flows, since the Group's loan financing consists primarily of a bank overdraft facility with a highly volatile utilization ratio over time. All loans include established financial ratios (covenants) that must be fulfilled, including equity ratio and minimum liquidity levels. For information about the Group's borrowings, see Note 26 Borrowings.

Sensitivity analysis – Interest rate risk
The Group's interest expenses for borrowings at variable interest as of December 31, 2022 and December 31, 2021 were limited, which means that the sensitivity to and impact of a change of 100 basis points lower/higher, with all other variables constant, is below SEK 2.0 million (4.0) on profit after tax and equity.

(c) Credit risk
Credit risk arises from deposits with banks and financial institutions and credit exposures to customers, including outstanding receivables. Credit risk is managed by Group management. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted unless specific exceptions apply dependent on the geographic location of the Group's subsidiaries.

Credit risk is managed on a Group basis, except for credit risk related to outstanding trade receivables. Each Group company is responsible for monitoring and analyzing the credit risk for each new customer. In cases where no independent credit rating is available, a risk assessment of the customer's creditworthiness is carried out based on the customer's financial position, previous experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The use of credit limits is followed up regularly.

Impairment of financial assets
While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. In the Group, trade receivables are also subject to the application of expected credit losses. The Group applies the simplified approach, at least once per year, to measuring expected credit losses. The method uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (90 days). The expected loss rates are based on the customers' historical credit losses over the past three years. Historically, the Group's credit losses have been negligible and the customers' payment

history has been good. Considering this and the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, the Group's expected credit losses are also determined to be negligible.

	Dec 31, 2022		Dec 31, 2021	
Balance sheet exposure, SEK million	**Foreign currency**	**Local currency**	**Foreign currency**	**Local currency**
Trade receivables				
USD	26.5	276.5	30.4	275.0
EUR	–	–	0.1	0.6
SEK	1.3	1.3	0.0	0.0
ZAR	67.5	41.5	–	–
Total		**319.3**		**275.6**
Trade payables				
USD	37.9	395.2	20.2	182.4
EUR	0.9	9.9	0.3	2.6
SEK	63.7	63.7	34.9	34.9
ZAR	9.0	5.5	–	–
GBP	0.0	0.1	0.0	0.0
MXN	0.9	0.5	1.1	0.5
VND	3,977.9	1.8	2,778.7	1.1
Other currencies	0.0	0.0	0.1	0.0
Total		**476.7**		**221.5**

(d) Liquidity risk

Financing risk refers to the risk that the refinancing of maturing loans will become more difficult or costly. Liquidity risk refers to the risk of being unable to execute payment obligations when these fall due. Through careful liquidity management, the Group ensures that it maintains sufficient cash to meet its obligations in the ordinary course of business. The Group also ensures that it has an adequate amount of committed credit facilities to pay liabilities when they fall due. Group Treasury monitors and routinely reports rolling liquidity forecasts for the Group's liquidity reserve (including undrawn credit facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with the guidelines and limits set by Group management. These limits vary by region since the liquidity of the market in which the entity operates is taken into consideration. See Note 24 for further information on the Group's liquidity reserve.

Credit facilities

The bank overdraft facilities have a term of one year and may be drawn at any time. They are subject to annual renegotiation. The Group has credit facilities in USD.

Maturity analysis for financial liabilities

The table below analyzes the Group's financial liabilities, divided into relevant maturity groupings based on the remaining contractual maturities on the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months correspond to their carrying amounts as the impact of discounting is not significant.

4.2 Management of capital structure

The Group's objective for the capital structure is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group mainly estimates its capital on the basis of the equity ratio, which is monitored regularly based on the Group's need for capital.

4.3 Fair Value Measurement and Disclosure Regarding Fair Value

The Group's financial liabilities are calculated at amortized cost.

Interest-bearing liabilities

The carrying amount corresponds to the fair value of the Group's borrowings, as the loans are at variable interest, and the credit spread is not such that the carrying amount deviates materially from the fair value.

Financial liabilities, SEK million	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
2021 financial year							
Borrowings	3.5	48.4	0.6	–	–	52.5	50.4
Factoring credit	116.2	–	–	–	–	116.2	116.2
Bank overdraft facilities	–	338.6	–	–	–	338.6	338.6
Lease liabilities	3.1	9.3	12.3	18.5	9.4	52.6	43.7
Trade payables	221.5	–	–	–	–	221.5	221.5
Accrued expenses	42.4	–	–	–	–	42.4	42.4
Total	**386.7**	**357.9**	**51.3**	**18.5**	**9.4**	**823.8**	**812.8**
2022 financial year							
Borrowings	4.1	39.4	4.6	11.2	–	49.3	56.5
Factoring credit	54.4	–	–	–	–	54.4	54.4
Bank overdraft facilities	–	145.7	–	–	–	145.7	145.7
Lease liabilities	6.8	20.5	33.6	84.8	72.3	218.1	169.3
Trade payables	476.7	–	–	–	–	476.7	476.7
Accrued expenses	114.5	–	–	–	–	114.5	114.5
Total	**656.5**	**205.7**	**38.1**	**96.0**	**72.3**	**1,068.7**	**1,017.1**

Other financial assets and liabilities

Carrying amounts of other financial assets and liabilities consist of a reasonable approximation of fair value since these are of a short-term nature.

Assets at amortized cost, SEK million	Dec 31, 2022	Dec 31, 2021
Non-current receivables	35.9	4.1
Trade receivables	319.3	275.6
Other receivables[1]	1.5	3.8
Cash and cash equivalents	120.4	16.0
Total	**477.1**	**299.5**

[1] Other receivables were adjusted for VAT since these are not financial assets. The comparative figures were also adjusted.

Liabilities at amortized cost, SEK million	Dec 31, 2022	Dec 31, 2021
Non-current borrowings		
Non-current liabilities from financial institutions	15.0	0.6
Current borrowings		
Current liabilities from financial institutions	41.5	49.8
Factoring credit	54.4	116.2
Bank overdraft facilities	145.7	338.6
Trade payables	476.7	221.5
Accrued expenses	114.5	42.4
Total	**847.8**	**769.1**

NOTE 5. NET SALES AND OPERATING SEGMENTS

Revenue

The Group recognizes revenue when the Group satisfies a performance obligation, which is the delivery of a promised good or service to the customer and the customer assumes control of the good or service. Control of a performance obligation can be transferred over time, or at a point in time. The Group's revenue mainly comprises the following revenue streams: Sale of goods, Sale of services and Other revenue.

Recognized at a point in time

Revenue from the sale of goods and other revenue are recognized at a point in time. Sales of goods are recognized as revenue when control of the products has passed to the customer, which generally occurs when the products are delivered.

Recognition over time

Revenue streams from the sale of services are recognized over time. The transaction price in each contract with a customer normally comprises a fixed amount, variable amount or a combination of these.

All revenue from the above revenue streams refers to revenue from contracts with customers. For more information on the Group's revenue, refer to accounting policy 2.7.

The below presentation shows revenue from contracts with customers by major product type and geographic region but also by country.

Net sales are allocated to the following lines of business:

Line of business, SEK million	2022	2021
Goods	2,182.7	1,068.9
Services	11.3	2.2
Other[1]	28.8	13.3
Total	**2,222.8**	**1,084.4**

[1] For the year, the Group has chosen to recognize freight revenue in the Other line of business. During the previous year, freight revenue was included in the Services line of business. This entails an adjustment of last year's distribution. The Other line of business mainly comprises freight revenue.

Net sales are allocated to the following geographic regions:

Geographic markets, SEK million	2022	2021
Africa	923.4	519.1
Americas	814.6	317.7
Europe	363.8	181.8
APAC and Middle East	121.0	65.8
Total	**2,222.8**	**1,084.4**

The Group has only identified one operating segment. For more information about the Group's segment reporting, see accounting policy 2.29.

Net sales are allocated to the following countries:

Countries, SEK million	2022	2021
USA	809.3	312.7
Nigeria	356.7	194.8
Uganda	217.2	161.7
Sweden	180.2	141.1
South Africa	160.1	26.3
Kenya	136.3	81.5
Other	362.9	166.4
Total	**2,222.8**	**1,084.4**

Revenue from external customers is classified according to individual countries based on the country where the customer is domiciled. In 2022, the Group had two customers who accounted for more than 10% of revenue. In 2022, Dish Purchasing Corporation ("Dish") accounted for approximately 32% of total external revenue while ATC Nigeria Wireless Infrastructure Limited ("ATC Nigeria") accounted for approximately 16% of total external revenue. Total external revenue from Dish amounted to SEK 701.7 million and total external revenue from ATC Nigeria amounted to SEK 356.7 million.

Non-current assets are allocated to the following regions:

Regions, SEK million	2022	2021
Africa	9.7	–
Americas	0.9	8.8
Europe	205.5	142.7
APAC and Middle East	10.1	0.6
Total	**226.2**	**152.1**

Non-current assets are allocated to the following countries:

Countries, SEK million	2022	2021
South Africa	9.7	–
USA	0.9	0.0
Sweden	194.6	136.6
Vietnam	10.1	8.1
Mexico	10.9	7.4
Total	**226.2**	**152.1**

NOTE 6. EARNINGS PER SHARE

Earnings per share	2022	2021
Profit/loss for the year attributable to owners of the Parent Company, SEK million	–17.6	16.7
Earnings per share, before dilution, SEK	–3.59	3.66
Earnings per share, after dilution, SEK[1)]	–3.59	3.25

Shares outstanding	2022	2021
Number of shares outstanding	5,095,497	4,615,543
Average number of shares outstanding	4,897,922	4,554,576
Average number of shares outstanding, after dilution	5,475,496	5,133,626

1) Earnings per share after dilution is adjusted for 2022 since the measure cannot be better than earnings per share before dilution.

NOTE 7. REMUNERATION TO AUDITORS

The audit assignment includes the statutory audit of the annual accounts and consolidated financial statements as well as the administration of the company by the Board of Directors and CEO and other audits and reviews carried out under an agreement or contract. This includes other duties that the Group's auditor must perform as well as advice and other assistance performed as a result of observations during the audit.

SEK million	2022	2021
KPMG		
Audit assignment	1.9	–
Audit activities in addition to audit assignment	0.0	–
Tax advice	–	–
Other services	4.4	–
Total fees paid to KPMG	**6.3**	**–**
Grant Thornton		
Audit assignment	0.1	0.6
Audit activities in addition to audit assignment	0.2	0.3
Tax advice	0.1	0.2
Other services	0.1	0.0
Total fees paid to Grant Thornton	**0.4**	**1.1**
Audit fees to other auditors	0.4	–
Total fees paid to auditors	**7.1**	**1.1**

Grant Thornton was Polarium Group's auditor until the 2022 Annual General Meeting when KPMG was elected as the company's auditor.

NOTE 8. EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION TO SENIOR EXECUTIVES

Cost of remuneration to employees

SEK million	2022	2021
Salaries and other remuneration	–154.5	–80.1
Cash remuneration and benefits	–0.2	–
Social security contributions	–45.3	–24.0
Pension costs – defined contribution plans	–18.1	–9.1
Other personnel expenses	–16.9	–9.0
Total Group	**–235.0**	**–122.2**

SEK million	2022	2021
Salaries and other remuneration		
Board members & CEO	–5.6	–4.9
of which bonuses	*–0.4*	*–0.5*
Group management	–10.7	–12.0
of which bonuses	*–0.3*	*–0.6*
Other employees	–138.2	–63.2
Cash remuneration and benefits		
Board members & CEO	0.0	–
Group management	0.0	–
Other employees	–0.2	–
Social security contributions		
Board members & CEO	–1.7	–1.6
Group management	–3.4	–3.0
Other employees	–40.1	–19.4
Pension costs		
Board members & CEO	–1.6	–0.5
Group management	–2.7	–1.0
Other employees	–13.8	–7.6
Other personnel expenses		
Board members & CEO	–	–
Group management	–	–
Other employees	–16.9	–9.0
Total Group	**–235.0**	**–122.2**

Board of Directors

SEK million	2022	2021
Carl-Erik Lagercrantz	0.1	0.1
Stefan Jansson	0.1	0.1
Johan Dennelind	0.1	–
Bo Jungner	0.1	0.1
Anna Kinberg Batra	0.1	–
Carola Puusteli	0.1	–
Cecilia Qvist	0.0	–
John-Peter Leesi	–	0.0
Kent Sander	–	0.0
Total Group	**0.3**	**0.2**

Average number of employees

Quantity	2022	of whom, men	2021	of whom, men
Parent Company				
Sweden	148	69%	97	62%
Total Parent Company	**148**		**97**	
Subsidiaries				
USA	15	73%	5	80%
Mexico	336	35%	198	36%
Vietnam	79	54%	85	58%
South Africa	48	63%	–	–
UK	1	100%	–	–
Total subsidiaries	**479**		**288**	
Total Group	**627**		**385**	

Gender distribution in the Group for Board members and other senior executives

Quantity	2022	of whom, men	2021	of whom, men
Board members	7	57%	5	100%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Group management	6	67%	8	75%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Total Group	**13**		**13**	

NOTE 8. CONT.

Warrants issued to employees and senior executives

Senior executives and employees have acquired warrants at market prices. The warrants give the holder the right to acquire shares in Polarium Energy Solutions AB. All employees paid the market price for their warrants when they were issued, which means that no cost arises in the accounts for these warrants. The market value of the warrants was established by applying the Black & Scholes warrant pricing model. The holder of a warrant may purchase one share in Polarium Energy Solutions AB during the predetermined redemption period at a predetermined price.

The warrants can be exercised either in the event of a change in the main ownership or between a predetermined time period the third, fourth, fifth or tenth calendar year after the grant date. The Group does not have any legal or constructive obligation to repurchase or settle the warrants in cash.

The change in the number of warrants outstanding and their weighted average strike price is as follows:

	2022		2021	
	Average strike price in SEK per warrant	**Warrants (thousands)**	**Average strike price in SEK per warrant**	**Warrants (thousands)**
Opening carrying amount	**192.5**	**739.8**	**101.1**	**585.5**
Granted	1,861.0	14.3	497.1	178.5
Repurchased	–591.8	–11.5	–103.0	–24.2
Closing carrying amount	**219.6**	**742.6**	**192.5**	**739.8**

Polarium's senior executives and other employees held the following number of warrants as of balance sheet date:

	Dec 31, 2022	**Dec 31, 2021**
Board of Directors and CEO	160,000	155,000
Group management[1]	64,500	63,000
Other employees	518,074	521,750
Number of warrants outstanding	**742,574**	**739,750**

[1] CEOs of subsidiaries are not part of Group management since they are not deemed to take any material decisions for the Group.

Warrants issued to employees and senior executives

Program	**Grant year**	**Terms, year**	**Number of options outstanding**	**Weighted average strike price, SEK**
Series I–VII	2015	10	371,000	12.97
Series VIII	2017	3	–	80.99
Series IX–X	2018	5	86,500	121.98
Series XI–XII	2020	5	164,250	395.93
Series XIII–XIV	2021	4	106,500	525.77
Series XV	2022	3	14,324	1,861.00
			742,574	

Fair value and assumptions with respect to options granted during the period according to Black & Scholes

	2022	**2021**
Fair value on the grant date, SEK	1,861.00	367.46
Strike price (expressed as weighted average, SEK)	1,861.00	525.77
Expected volatility (expressed as weighted average, %)	30.0%	30.0%
Duration (expressed as weighted average duration, year)	3.0	4.3
Expected dividend	–	–
Risk-free interest rate (based on Swedish government bonds, %)	1.69%	–0.14%
Market value of a warrant	**419.73**	**35.25**

Inputs presented in the table above relate to measurements on the grant date. The expected volatility is based on the historic volatility for listed reference companies, taking into account entity-specific factors and expected changes to future volatility.

NOTE 9. OTHER OPERATING INCOME

SEK million	2022	2021
Exchange gains on assets/liabilities of an operating nature	200.6	95.0
Gain on sale of non-current assets	0.1	–
Insurance compensation	5.3	–
Other	0.0	0.0
Total	**205.9**	**95.0**

Exchange differences, net for the Group were SEK –5.3 million (–0.9).

Insurance recovery pertains to payments from insurance companies for stolen goods.

NOTE 10. OTHER OPERATING EXPENSES

SEK million	2022	2021
Exchange losses on assets/liabilities of an operating nature	205.9	95.8
Loss on sale of non-current assets	0.2	–
Impairment of certain current assets	3.7	–
Other	5.1	–
Total	**214.8**	**95.8**

Exchange differences, net for the Group were SEK –5.3 million (–0.9).

Impairment of certain current assets pertains to impairment of goods that have been stolen. We are of the opinion that this impairment should be classified as an other operating expense.

Other refers mostly to costs in connection with early redemption of leases.

NOTE 11. FINANCIAL INCOME AND EXPENSES

SEK million	2022	2021
Financial income		
Interest income, other	1.4	0.0
Other financial income	0.1	0.2
Total financial income	**1.5**	**0.2**
Financial expenses		
Interest expenses, other	–3.6	–3.5
Interest expenses, bank overdraft facilities	–7.5	–
Interest expenses, credit facility	–1.9	–3.5
Interest expenses, leases	–6.5	–2.5
Factoring expenses	–9.8	–10.6
Exchange differences, net	–42.1	–12.3
Other financial expenses	–8.1	–2.8
Total financial expenses	**–79.5**	**–35.2**
Financial items, net	**–78.0**	**–35.0**

Interest expenses recognized using the effective interest method amounted to SEK –9.4 million (–3.5).

NOTE 12. INCOME TAX

SEK million	2022	2021
Current tax	**20.6%**	**20.6%**
Current tax on profit for the year	–12.8	–8.0
Adjustments for the previous year	–0.2	2.4
Total current tax	**–13.0**	**–5.6**
Deferred tax		
Provisions	0.3	0.2
Lease liabilities	1.9	0.3
Other temporary differences	–0.6	4.2
Loss carry forwards	12.1	–
Total deferred tax	**13.7**	**4.7**
Total income tax	**0.7**	**–0.8**

Unused loss carry forwards for which no deferred tax asset was recognized in 2022 were SEK 0.0 million (0.0). There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future. Refer to Note 18 for further information on deferred tax.

Income tax on the Group's profit before tax differs from the theoretical amount that would have been recognized using the Parent Company's tax rate according to the following:

SEK million	2022	2021
Profit/loss before tax	**–18.3**	**17.5**
Income tax according to the tax rate (20.6%)	3.8	–3.6
Tax effects from:		
Non-taxable income	0.0	–2.5
Non-deductible expenses	–5.0	0.1
Deductible expenses not included in reported profit/loss[1]	8.2	–3.7
Differences in tax rates between different countries	–2.4	1.3
Origination and reversal of temporary differences[2]	–4.5	4.7
Tax related to previous years	0.0	2.5
Other	0.7	0.3
Income tax	**0.7**	**–0.8**
Average tax rates	**4.1%**	**4.8%**

[1] The item pertains primarily to fees for the new share issue.
[2] The item pertains primarily to non-deductible net interest income.

NOTE 13. INTANGIBLE ASSETS

SEK million	Capitalized expenditure for development and software[1]	Licenses, trademarks and patents	Total
2021 financial year			
Opening carrying amount	**83.0**	**1.8**	**84.8**
Reclassifications for the year	1.7	–1.7	0.0
Acquisitions for the year	61.6	0.6	62.2
Amortization for the year	–18.0	–1.2	–19.1
Amortization reclassified	–1.5	1.6	0.1
Closing carrying amount	**126.8**	**1.1**	**128.0**
Acquisition value	194.3	2.5	196.9
Accumulated amortization	–51.2	–1.4	–52.5
Accumulated impairment	–16.4	–	–16.4
Carrying amount	**126.8**	**1.1**	**128.0**
2022 financial year			
Opening carrying amount	**126.8**	**1.1**	**128.0**
Sales and disposals for the year	–28.0	–	–28.0
Acquisitions for the year	76.1	–	76.1
Amortization for the year	–35.6	–0.4	–36.0
Amortization reversed for sales and disposals for the year	27.8	–	27.8
Amortization reclassified	–	0.0	0.0
Reclassifications for the year[2]	–15.1	0.0	–15.2
Reversal of previous impairment	10.3	–	10.3
Exchange differences	0.1	0.0	0.1
Closing carrying amount	**162.4**	**0.7**	**163.1**
Acquisition value	227.4	2.5	229.9
Accumulated amortization	–58.9	–1.8	–60.7
Accumulated impairment	–6.0	–	–6.0
Carrying amount	**162.4**	**0.7**	**163.1**

[1] Capitalized expenditure for software is now included in the category Capitalized expenditure for development and software. For 2021, these costs were included in the licenses category. Comparative figures have therefore been adjusted between the two categories.

[2] Reclassifications for the year pertain to incorrectly capitalized development costs where the costs were instead transferred to profit or loss.

The Group's intangible assets mostly comprise development expenditure for future and current products and features in the Group's various product segments. A minor part also refers to internal systems development. The Group's internally generated intangible assets amounted to SEK 162.4 million (126.8). Acquired intangible assets amounted to SEK 0.7 million (1.1).

Capitalized interest on qualifying assets according to IAS 23 is included and amounted to SEK 0.7 million (1.8) in 2022. The weighted average interest rate was 0.45% (0.34). Over the year, previously capitalized interest of SEK 0.7 million (0.1) was reversed as an impairment.

The carrying amounts for the Group's intangible assets are tested for any indication of a need for impairment at each balance sheet date. During the year, impairment amounted to SEK 0.0 million (0.0).

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

SEK million	Property, plant and equipment	Total
2021 financial year		
Opening carrying amount	**16.4**	**16.4**
Reclassifications for the year	–3.0	–3.0
Acquisitions for the year	17.7	17.7
Other adjustments	0.1	0.1
Depreciation for the year	–6.1	–6.1
Depreciation reclassified	–1.5	–1.5
Exchange differences	0.4	0.4
Closing carrying amount	**24.1**	**24.1**
Acquisition value	40.4	40.4
Accumulated depreciation	–16.2	–16.2
Carrying amount	**24.1**	**24.1**
2022 financial year		
Opening carrying amount	**24.1**	**24.1**
Sales and disposals for the year	–3.7	–3.7
Reclassifications for the year	–1.1	–1.1
Acquisitions for the year	48.8	48.8
Depreciation for the year	–11.1	–11.1
Depreciation reversed for sales and disposals for the year	2.3	2.3
Depreciation reclassified	1.3	1.3
Impairment for the year	–0.2	–0.2
Exchange differences	2.6	2.6
Closing carrying amount	**63.1**	**63.1**
Acquisition value	88.8	88.8
Accumulated depreciation	–25.4	–25.4
Accumulated impairment	–0.3	–0.3
Carrying amount	**63.1**	**63.1**

Property, plant and equipment comprises plant and machinery as well as equipment, tools, fixtures and fittings. Property, plant and equipment is recognized at cost less depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. See Note 2.14 for further information on the Group's accounting policies for property, plant and equipment and depreciation periods.

NOTE 15. FINANCIAL INSTRUMENTS BY CATEGORY

Assets at amortized cost, SEK million	Dec 31, 2022	Dec 31, 2021
Other non-current receivables	35.9	4.1
Trade receivables	319.3	275.6
Other receivables[1]	1.5	3.8
Cash and cash equivalents	120.4	16.0
Total	**477.1**	**299.5**

Liabilities at amortized cost, SEK million	Dec 31, 2022	Dec 31, 2021
Non-current borrowings		
Non-current liabilities from financial institutions	15.0	0.6
Current borrowings		
Current liabilities from financial institutions	41.5	49.8
Factoring credit	54.4	116.2
Bank overdraft facilities	145.7	338.6
Trade payables	476.7	221.5
Accrued expenses	114.5	42.4
Total	**847.8**	**769.1**

[1] Other receivables were adjusted for VAT since these are not financial assets. The comparative figures were also adjusted.

In addition to the financial instruments presented above, the Group has financial liabilities in the form of lease liabilities, which are recognized and measured according to IFRS 16. Non-current lease liabilities amounted to SEK 153.4 million (33.7) and current lease liabilities to SEK 15.9 million (10.0) as of the balance sheet date. For further information, see Note 30 Lease liabilities.

The part of the trade receivables that refers to a factoring arrangement where the Group has transferred the credit risk and late payment risk to the factoring company is measured at fair value through profit or loss. As these trade receivables are derecognized as soon as they arise, there is no recognized fair value in the balance sheet to disclose. The carrying amount is considered to be a reasonable approximation of the fair value. See Note 20 Trade receivables for further information on the Group's accounting policies for trade receivables and factoring arrangements.

Carrying amounts are a reasonable approximation of fair value for all financial assets and liabilities.

NOTE 16. RIGHT-OF-USE ASSETS

The following amounts related to leases are reporterecognized in the balance sheet:

SEK million	Dec 31, 2022	Dec 31, 2021
Right-of-use assets		
Premises	150.3	35.3
Equipment	4.6	6.7
Total	**154.9**	**42.1**
Lease liabilities		
Non-current	153.4	33.7
Current	15.9	10.0
Total	**169.3**	**43.7**

Additions to right-of-use assets, excluding the extension of existing leases, in 2022 were SEK 132.5 million (2.3). The large increase is mainly attributable to new long-term leases for the Parent Company.

The following amounts related to leases are recognized in profit or loss:

SEK million	2022	2021
Depreciation of right-of-use assets		
Premises	16.2	6.3
Equipment	1.8	1.8
Total	**18.0**	**8.1**
Interest expenses	6.5	2.5
Expenses associated with short-term leases, variable lease payments that are not included in the lease liability and leases of low-value assets	2.0	4.2

The total cash flow for leases in 2022 was SEK 5.3 million (6.5). No revenue was generated during the year for sub-leasing of right-of-use assets.

NOTE 17. OTHER NON-CURRENT RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Opening carrying amount	**4.1**	**0.7**
Additional receivables	31.5	3.4
Settled receivables	-0.1	0.0
Reclassification	0.4	0.0
Closing carrying amount	**35.9**	**4.1**

Other non-current receivables chiefly comprise restricted bank accounts to customers and deposits for new office premises.

NOTE 18. DEFERRED TAX

Deferred tax assets, SEK million	Lease liabilities	Loss carry forwards	Provisions	Other temporary differences[1]	Total
2021 financial year					
Opening carrying amount	**0.7**	**–**	**–**	**1.2**	**1.9**
Recognized in profit for the year	0.3	–	0.2	4.4	4.9
Translation difference	–	–	–	0.1	0.1
Closing carrying amount	**1.0**	**–**	**0.2**	**5.6**	**6.8**
2022 financial year					
Opening carrying amount	**1.0**	**–**	**0.2**	**5.6**	**6.8**
Recognized in profit for the year	1.9	12.1	0.3	−0.6	13.7
Translation difference	–	0.0	–	0.9	0.9
Closing carrying amount	**2.8**	**12.1**	**0.5**	**5.9**	**21.5**

[1] The item pertains primarily to deferred tax attributable to the difference between taxable and accrual value of non-current assets and severance pay.

The Group has loss carry forwards in Polarium Energy Solutions AB of SEK 12.0 million (0.0) and in Polarium Energy Solutions UK Ltd of SEK 0.1 million (0.0). There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future.

NOTE 19. INVENTORIES

SEK million	Dec 31, 2022	Dec 31, 2021
Raw materials and consumables	831.1	132.5
Work in progress	232.8	42.1
Finished goods and goods for resale	253.5	169.5
Other	4.6	0.0
Total	**1,322.0**	**344.2**

The cost for sold goods for the Group includes impairment of inventories of SEK 26.0 million (3.3) following the reversal of previous impairment losses of SEK 0.0 million (0.0).

NOTE 20. TRADE RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Trade receivables	319.3	276.2
Allowance for expected credit losses	–	–0.6
Trade receivables, net	**319.3**	**275.6**
Per currency		
USD	276.5	275.0
EUR	–	0.6
ZAR	41.5	–
SEK	1.3	0.0
Total	**319.3**	**275.6**

Allowance for trade receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Opening carrying amount	**–0.6**	**–**
New allowances	–	–0.6
Unused amounts reversed	0.6	–
Closing carrying amount	**0.0**	**–0.6**

	Dec 31, 2022					
Trade receivables, aging analysis	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	161.0	–8.1	110.2	49.4	6.7	319.3
Expected credit losses	–	–	–	–	–	–
Total	**161.0**	**–8.1**	**110.2**	**49.4**	**6.7**	**319.3**

	Dec 31, 2021					
Trade receivables, aging analysis	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	221.5	35.3	0.9	1.4	17.2	276.2
Expected credit losses	–	–	–	–	–0.6	–0.6
Total	**221.5**	**35.3**	**0.9**	**1.4**	**16.5**	**275.6**

Classification of trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30–120 days and all trade receivables are therefore classified as current. Trade receivables are measured initially at fair value (the transaction price).

Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. The Group's factoring arrangements vary in nature and terms depending on the counterparty and the contract. This means that the Group manages any trade receivables that are subject to factoring in a hybrid manner, where they are either transferred in their entirety, including credit risk and late payment risk, or transferred excluding credit and late payment risk, which is then retained in the Group. From an accounting perspective, these are treated as follows: Under this arrangement, the Group has transferred a number of receivables to the factoring counterparty in exchange for cash. However, the Group has retained the credit risk and late payment risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount received under the factoring agreement is presented as current secured borrowings. The Group holds these trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method less the loss allowance for expected credit losses. For current receivables, the impact of discounting is not significant, which means that amortized cost is the same as the nominal amount.

Trade receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Pledged trade receivables (amounts received pertaining to pledged trade receivables, where credit risk and late payment risk are retained)	54.4	116.2
Unpledged trade receivables	264.8	159.4
Total	**319.3**	**275.6**

In addition to recognized trade receivables, the Group holds trade receivables that are subject to a factoring arrangement where the Group has transferred receivables to the factoring company in exchange for cash and the Group has transferred the credit risk and late payment risk to the factoring company. As these trade receivables have been pledged in a manner as if they had been sold in their entirety and therefore meet the requirement for derecognition, the Group is of the opinion that the business model of collecting contractual cash flows does not apply to these receivables, and they are therefore measured at fair value through profit or loss. Due to the short period between the recognition and derecognition of the sold trade receivables, the difference between the fair value and amortized cost is considered to be insignificant.

NOTE 21. OTHER RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Recoverable VAT	32.7	11.0
Deposit	1.4	–
Insurance claim	–	3.7
Other receivables	0.1	0.2
Total	**34.2**	**14.8**

Tax assets are excluded and recognized separately from the other receivables note. The comparative year was adjusted by SEK 2.1 million to SEK 14.8 million.

NOTE 22. PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Prepaid rent	3.2	–
Prepaid insurances	6.2	1.8
Prepaid consultancy expenses	10.1	3.8
Other prepaid expenses	2.2	1.7
Total	**21.7**	**7.3**

NOTE 23. ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

SEK million	Dec 31, 2022	Dec 31, 2021
Advance payments before receiving the goods	0.2	–
Other advance payments	51.4	287.3
Total	**51.6**	**287.3**

Advance payments to suppliers are recognized by the Group as a separate line item in the balance sheet and by the Parent Company under the Inventories heading. This results in a difference in accounting policies between the Parent Company and the Group.

NOTE 24. CASH AND CASH EQUIVALENTS AND UNUTILIZED BANK OVERDRAFT FACILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	120.4	16.0
Undrawn bank overdraft facilities and lines of credit	388.1	114.9
Total	**508.5**	**130.9**

SEK million	Dec 31, 2022	Dec 31, 2021
Bank overdraft facilities granted	533.9	453.5
Drawn bank overdraft facilities	–145.7	–338.6
Total undrawn bank overdraft facilities	**388.1**	**114.9**
Undrawn lines of credit	–	–
Total undrawn bank overdraft facilities and lines of credit	**388.1**	**114.9**

The Group has a bank overdraft facility in USD that is subject to variable interest.

NOTE 25. EQUITY

Shares and share capital

SEK million	Number of shares	Share capital	Other contributed capital
2022 financial year			
Opening carrying amount	**4.6**	**4.6**	**230.7**
New issue of warrants			6.0
Warrants, repurchased			–1.0
New share issue	0.5	0.5	892.7
Transaction costs directly attributable to the issue of new shares			–31.1
Closing carrying amount	**5.1**	**5.1**	**1,097.3**

As of December 31, 2022, the share capital comprised 5,095,497 (4,615,543) ordinary shares with a quota value of SEK 1 each.

The ordinary shares are distributed as follows:

Quantity	2022	2021
Class A shares	4,047,019	4,047,019
Class B shares	1,048,478	568,524
Total	**5,095,497**	**4,615,543**

All shares in the Group confer the same right to dividends and payments. All shares issued by the Parent Company have been fully paid.

Other contributed capital

Other contributed capital is a balance sheet item in equity that arises when shares are issued and subscribed for at a premium, meaning the shares are paid for at a higher price than the quota value.

Translation reserve

The translation reserve includes the exchange differences that occur when converting financial statements from foreign operations that have been prepared in a currency other than that used in the presentation of the Group's financial statements. Financial statements for the Parent Company and Group are presented in SEK.

SEK million	2022	2021
Opening carrying amount	**2.3**	**2.0**
Translation difference for the year	7.3	0.4
Closing carrying amount	**9.6**	**2.3**

Retained earnings including profit for the year

Retained earnings including net profit for the year includes earnings from the Parent Company and its subsidiaries.

Dividend

No cash dividend was paid during the year.

NOTE 26. BORROWINGS

SEK million	Dec 31, 2022	Dec 31, 2021
Non-current secured loans		
Borrowings (Almi)	–	0.6
Total non-current secured loans	**–**	**0.6**
Non-current unsecured loans		
Borrowings (Svensk Exportkredit)	15.0	–
Total non-current unsecured loans	**15.0**	**–**
Current secured loans		
Borrowings (Almi)	–	2.3
Factoring (Swedbank)	54.4	47.8
Factoring (Aros)	–	68.5
Bank overdraft facilities (Swedbank)	145.7	338.6
Total current secured loans	**200.2**	**457.1**
Current unsecured loans		
Borrowings (Svensk Exportkredit)	41.5	47.5
Total current unsecured loans	**41.5**	**47.5**
Total borrowings	**256.7**	**505.2**

Non-current borrowings

Borrowings from Almi

The two loans the Group had with Almi were repaid in full in 2022.

Borrowings from Svensk Exportkredit

Most of the Group's borrowings are current. However, the Group has a minor share of non-current borrowing that amount to SEK 15 million. This is a non-current part of a loan from Svensk Exportkredit and falls due in its entirety in august 2025. The loan carries interest at a variable rate (STIBOR 3M) and an associated credit margin. Borrowings are in SEK.

Current borrowings

Borrowings are classified as current liabilities if amortization is expected to occur within 12 months after the end of the reporting period. The drawn portion of the bank overdraft facility is included in current borrowings. The Group's current borrowings comprise Terms Loans from Svensk Exportkredit and a bank overdraft facility from the Group's main bank Swedbank.

Borrowings from Svensk Exportkredit

Current borrowings from Svensk Exportkredit amount to SEK 41.5 million and refers three loans, of which two falls due in its entirety in November 2023. These loans carry interest at a variable rate (STIBOR 3M) and an associated credit margin. According to the terms of the loan, the Group must satisfy some special conditions, so-called, covenants, e.g., an equity ratio exceeding 25%. The Group satisfied this loan condition during the year.

Bank overdraft facilities

The Group has a number of granted bank overdraft facilities in USD amounting to a total of USD 51.2 million (50.2), of which USD 11.9 million falls due on May 3, 2023, USD 5.2 million falls due on June 14, 2023 and USD 34.1 million falls due on December 31, 2023. Of the granted bank overdraft facility, USD 14.0 million (37.4) was drawn on December 31, 2022. All credits carry interest at a variable rate and have a term of one year at a time.

According to the terms of the loans, the Group must satisfy conditions, such as an equity ratio above 25%, profit, the requirement to recognize the order book, and available liquidity.

The borrowings were secured by a floating charge of SEK 304.7 million (304.7). For further information, see Note 32.

During the year, the Group satisfied conditions such as an equity ratio above 25%, the requirement to recognize the order book and available liquidity. Unfortunately, during a period of strong growth, the Group was in breach of the financial loan condition toward Swedbank to report a profit. In accordance with the terms in the loan agreement, the company informed the lender of the situation as of the balance sheet date and a waiver was approved by Swedbank as of April 26, 2023.

Capitalized borrowing costs

Borrowing costs that are attributable to the development of a qualifying asset are capitalized as a part of the asset's cost. Over the year, the Group capitalized interest of SEK 0.7 million (1.8) at an average interest rate of 0.45% (0.34).

NOTE 27. PROVISIONS

	Dec 31, 2022		Dec 31, 2021	
SEK million	**Current**	**Non-current**	**Current**	**Non-current**
Customs duties	101.9	–	–	–
Warranty commitments	–	44.0	–	30.0
Provisions for pensions and similar obligations	–	3.1	–	1.5
Total	**101.9**	**47.1**	**–**	**31.5**

Warranty commitments

Provisions for warranty commitments encompass any costs for repairing or replacing sold products. Provisions are made for estimated warranty claims in respect of products sold which are still under warranty at the end of the financial year. Warranty commitments are limited in time to two to four years from the date of the sale and the provision can therefore be both current and non-current, depending on whether they are utilized. As it is difficult to estimate utilization, the entire provision is classified as non-current.

Provisions for pensions and similar obligations

Direct pension

A provision has been made for an endowment insurance linked to a pension obligation in the form of a direct pension. The pension obligation for the direct pension is recognized as a provision. The holding is intended to be long-term.

Severance pay/severance gratuity

Severance pay/severance gratuity comprise remuneration to employees in the subsidiary in Mexico and are payable to employees if they leave the company. Provisions are estimated on the basis of actuarial calculations. The holding is intended to be long-term.

Customs duties

Provisions for customs duties encompass any costs for customs when importing goods, primarily to the USA. The provision is classified as short-term.

Changes in provisions 2021, SEK million	**Warranty commitments**	**Severance pay**	**Pension provisions**	**Customs duties**	**Total**
Opening carrying amount	**14.9**	**0.2**	**–**	**–**	**15.1**
Recognized in profit or loss:					
Additional provisions recognized	22.3	0.5	1.1	–	23.9
Unused amounts reversed	–	–0.3	–	–	–0.3
Utilized during the year	–7.2	–	–	–	–7.2
Closing carrying amount	**30.0**	**0.4**	**1.1**	**–**	**31.5**

Changes in provisions 2022, SEK million	**Warranty commitments**	**Severance pay**	**Pension provisions**	**Customs duties**	**Total**
Opening carrying amount	**30.0**	**0.4**	**1.1**	**–**	**31.5**
Recognized in profit or loss:					
Additional provisions recognized	43.0	0.0	1.6	101.9	146.5
Unused amounts reversed	–	0.0	–	–	0.0
Exchange differences	–	0.1	–	–	0.1
Utilized during the year	–29.0	–	–	–	–29.0
Closing carrying amount	**44.0**	**0.4**	**2.7**	**101.9**	**149.0**

NOTE 28. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognized the following assets and liabilities related to contracts with customers:

SEK million	**Dec 31, 2022**	**Dec 31, 2021**
Contract liabilities	5.6	21.0
Total	**5.6**	**21.0**

The contract liability pertains to advance payments received from customers and revenue is recognized over time. The remaining performance obligation is less than one year. The SEK 21.0 million recognized as a contract liability as of December 31, 2021 was recognized as revenue in 2022 (0.0).

NOTE 29 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities were broken down as follows:

SEK million	**Dec 31, 2022**	**Dec 31, 2021**
Trade payables at amortized cost	476.7	221.5
of which liabilities with supplier financing arrangements	*145.8*	*27.0*
Total	**476.7**	**221.5**
Other current liabilities		
Employee withholding taxes, social security contributions and salary deduction accounts	9.6	4.9
Other current liabilities	2.7	3.2
Total	**12.3**	**8.2**

Polarium has an arrangement with a bank, whereby the bank offers Polarium's suppliers an opportunity to receive early payment of Polarium's trade payables. Suppliers that utilize the financing arrangement pay a credit fee to the bank. Polarium pays no credit fee and pledges no additional security or guarantees to the bank.

NOTE 30 LEASE LIABILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Non-current lease liabilities	15.9	10.0
Current lease liabilities	153.4	33.7
Total	**169.3**	**43.7**

Lease liabilities increased significantly between the years in part as the Group has signed two new long-term leases of eight and ten years, respectively.

Maturity analysis	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Lease liabilities	15.9	87.7	65.7	169.3

See Note 4 for a more detailed maturity analysis of all financial liabilities.

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Personnel-related expenses	57.6	29.3
Stock items received but not invoiced	32.6	2.1
Accrued rental charges	5.8	–
Accrued expenses for examining products	4.5	–
Accrued expenses from suppliers	4.2	8.2
Accrued interest	2.0	2.0
Prepaid income	4.4	8.5
Other accrued expenses	7.8	0.9
Total	**118.9**	**50.9**

NOTE 32. PLEDGED ASSETS

SEK million	Dec 31, 2022	Dec 31, 2021
Floating charges	304.7	304.7
Trade receivables[1]	82.0	65.1
Other	2.7	1.1
Total	**389.4**	**370.9**

[1] Pertains to pledged receivables submitted for borrowing to PayEx/Swedbank. The Group receives financing and the customers instead pay directly to PayEx/Swedbank.

NOTE 33. CONTINGENT LIABILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Suretyships, supplier	68.2	67.8
Total	**68.2**	**67.8**

Suretyships pertain to guarantees to suppliers to obtain a higher granted credit limit.

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The ultimate Parent Company in the Group is Polarium Energy Solutions AB. Related parties include all subsidiaries in the Group and the senior executives in the Group and their related parties. For transactions with related parties, see Note 34 for the Parent Company. Except for the transactions reported in Note 34, there were no material transactions with related parties.

NOTE 35. CHANGES IN LIABILITIES INCLUDED IN FINANCING ACTIVITIES

SEK million	Jan 1, 2021	Cash inflow	Cash outflow	New	Dec 31, 2021
Borrowings (Almi)	5.3	2.5	–4.9	–	2.9
Borrowings (SEK)	30.0	17.5	–	–	47.5
Factoring credit (Swedbank, Aros)	43.6	72.6	–	–	116.2
Bank overdraft facilities (Swedbank)	14.9	323.7	–	–	338.6
Lease liabilities	37.6	–	–6.5	12.7	43.7
Total	**131.4**	**416.3**	**–11.5**	**12.7**	**548.9**

SEK million	Jan 1, 2022	Cash inflow	Cash outflow	New	Dec 31, 2022
Borrowings (Almi)	2.9	–	–2.9	–	0.0
Borrowings (SEK)	47.5	21.4	–12.4	–	56.5
Factoring credit (Swedbank, Aros)	116.2	90.7	–152.5	–	54.4
Bank overdraft facilities (Swedbank)	338.6	431.0	–623.9	–	145.7
Lease liabilities	43.7	–	–5.3	130.9	169.3
Total	**548.9**	**543.1**	**–797.0**	**130.9**	**426.0**

Current and non-current interest-bearing liabilities decreased by SEK –123.0 million (417.5) during the year.

NOTE 36. ADJUSTMENTS FOR NON-CASH ITEMS

SEK million	2022	2021
Amortization, depreciation and impairment of non-current assets	65.4	30.1
Impairment of inventories	26.0	3.3
Unrealized exchange rate differences	–54.6	–11.9
Provisions	117.4	16.4
Other	–	–0.2
Total	**154.2**	**37.6**

NOTE 37. TRANSITION TO INCOME STATEMENT DIVISION BY FUNCTION

Condensed Consolidated Income Statement
Jan 1, 2021–Dec 31, 2021

SEK million	Note	Income statement division by cost type	Adjustments for change in stock items under production, finished goods and work in progress	Adjustments for capitalized production costs	Adjustments for other operating income	Adjustments for goods for resale	Adjustments for warranty claims	Adjustments for other external costs	Adjustments for personnel costs	Adjustments for amortization/ depreciation	Adjustments for other operating expenses	After restatement to income statement division by function
Net sales	5	1,084.4										1,084.4
Change in stock items under production, finished goods and work in progress		–24.8	24.8									–
Capitalized production costs		24.7		–24.7								–
Other operating income	9	95.0			–95.0							–
Cost of goods sold		–	–24.8			–723.5	–14.2					–762.5
Gross profit		**1,179.3**	**0.0**	**–24.7**	**–95.0**	**–723.5**	**–14.2**	**0.0**	**0.0**	**0.0**	**0.0**	**321.9**
Goods for resale[1]		–723.5				723.5						–
Other external costs		–130.5					14.2	116.3				–
Personnel expenses		–146.9		24.7					122.2			–
Amortization, depreciation and impairment of intangible assets and property, plant and equipment		–30.1								30.1		–
Other operating expenses		–95.8									95.8	–
General and administrative expenses		–						–69.2	–69.0	–9.4		–147.6
Selling and marketing expenses		–						–27.2	–28.5	–0.3		–55.9
Research and development expenses		–						–19.9	–24.7	–20.4		–65.0
Other operating income		–			95.0							95.0
Other operating expenses		–									–95.8	–95.8
Operating profit		**52.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**52.5**
Financial income		0.2										0.2
Financial expenses		–35.2										–35.2
Financial items, net		**–35.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–35.0**
Profit before tax		**17.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**17.5**
Tax		–0.8										–0.8
Profit for the year		**16.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**16.7**

[1] The item goods for resale includes other external costs, personnel expenses and depreciation for the manufacturing unit.

NOTE 38. OPERATING EXPENSES BY COST TYPE

SEK million	2022	2021
Raw materials and consumables	1,578.7	743.0
Changes in inventories of finished goods and work in progress	26.0	19.5
Personnel expenses	235.0	122.2
Amortization, depreciation and impairment	57.9	30.1
Other external costs	256.6	116.3
Total	**2,154.2**	**1,031.0**

NOTE 39. EVENTS AFTER THE END OF THE REPORTING PERIOD

On January 17, 2023, Polarium announced that it is to install an energy optimization system in the ICA Maxi Kungälv supermarket.

On February 9, Anna Kinberg Batra stepped down from the Board of Directors following her appointment as county governor of Stockholm.

On February 15, it was announced that Hanna Bilir had been recruited to Polarium as EVP Communications. Hanna has more than 15 years of experience in communication.

On March 1, Polarium was named as one of the fastest growing companies in Europe by the Financial Times' annual FT1000 ranking for the third year running.

On March 28, it was announced that Polarium has entered the Australian market with offices in Sydney and Melbourne.

On April 6, Polarium publicly launched its new Polarium X laboratory in Stockholm.

Increased geopolitical turbulence as well as higher inflation and interest rates led to longer sales cycles for the Group's customers during the first quarter.

Polarium is in the process of raising capital via convertible debenture. On the date of signature of the annual report, SEK 100 million has been subscribed.

Parent Company's Income Statement

SEK million	Note	2022	2021
Net sales	5	2,073.4	1,119.0
Cost of goods sold	3	–1,576.7	–820.0
Gross profit		**496.7**	**299.0**
Research and development expenses		–100.6	–62.5
Selling and marketing expenses		–73.5	–42.9
General and administrative expenses		–300.0	–149.9
Other operating income	10	228.4	94.9
Other operating expenses	10	–242.8	–95.7
Operating profit	3, 7, 8, 30	**8.1**	**42.8**
Other interest income and similar profit/loss items		1.1	0.3
Interest expenses and similar profit/loss items		–70.1	–37.6
Financial items, net	11	**–69.0**	**–37.3**
Profit/loss before tax		**–60.9**	**5.6**
Tax	12	12.6	–2.1
Profit/loss for the year		**–48.3**	**3.5**

The Parent Company has no items that are reported in other comprehensive income, so the total comprehensive income is the same as the profit for the year.

As of January 1, 2022, the Group and therefore the Parent Company has changed the presentation format of the income statement and switched to recognizing an income statement classified by function instead of an income statement divided by cost type. The transition took place to provide a fairer view of the company and its operations. This was in order to follow the company's internal monitoring, which has now been clarified. A change to the presentation format of the income statement entails a change of accounting policy which is why the change has been implemented with retrospective effect. Consequently, the income statement for the comparative period of 2021 has been restated and is presented with a presentation format classified by function. Note 37 describes the transition from a division by cost type to a division by function in cost accounting.

Parent Company's Balance Sheet

SEK million	Note	2022	2021
ASSETS			
Intangible assets	13	158.6	123.4
Property, plant and equipment	14	31.8	9.0
Participations in Group companies	15	38.4	28.5
Receivables from Group companies	16, 34	12.1	9.2
Deferred tax assets	18	12.5	0.2
Non-current receivables	17	11.3	1.3
Total non-current assets		**264.6**	**171.6**
Inventories	19	1,331.9	571.7
Trade receivables	20	158.3	183.2
Receivables from Group companies	16, 34	286.9	146.9
Tax receivables		9.7	2.1
Other receivables	21	7.6	12.1
Advance payments and other current assets	23	0.2	–
Prepaid expenses and accrued income	22	23.1	6.3
Cash and cash equivalents	24	28.7	11.3
Total current assets		**1,846.4**	**933.6**
TOTAL ASSETS		**2,111.1**	**1,105.2**

SEK million	Note	2022	2021
EQUITY			
Restricted equity			
Share capital		5.1	4.6
Development expenditure reserve		149.1	110.0
Non-restricted equity			
Share premium reserve		1,083.1	221.5
Retained earnings		–109.9	–79.2
Profit/loss for the year		–48.3	3.5
TOTAL EQUITY	25	**1,079.1**	**260.3**
Provisions			
Provisions for pensions & similar commitments	27	2.7	1.1
Other provisions	27	41.9	30.0
Total provisions		**44.6**	**31.1**
Non-current liabilities			
Liabilities to financial institutions	26	15.0	0.6
Total non-current liabilities		**15.0**	**0.6**
Current liabilities			
Liabilities to financial institutions	26	241.7	504.6
Advance payments from customers	28	5.6	21.0
Trade payables	29	443.1	219.1
Liabilities to Group companies	30, 34	62.1	7.9
Tax liabilities	12	–	6.5
Other liabilities	29	8.8	5.6
Accrued expenses and prepaid income	31	109.3	48.3
Current provisions	27	101.9	–
Total current liabilities		**972.3**	**813.1**
TOTAL LIABILITIES		**1,032.0**	**844.9**
TOTAL EQUITY AND LIABILITIES		**2,111.1**	**1,105.2**

Parent Company's Statement of Changes in Equity

		Restricted equity		Non-restricted equity			
SEK million	**Note**	**Share capital**	**Development expenditure reserve**	**Share premium reserve**	**Retained earnings**	**Profit/loss for the year**	**Total equity**
Opening balance as of January 1, 2021	25	**4.5**	**80.5**	**190.5**	**–112.4**	**56.8**	**220.0**
Reclassification of last year's profit/loss					56.8	–56.8	–
Profit/loss for the year						3.5	3.5
Capitalization of capitalized development costs for the year			44.7		–44.7		–
Amortization of capitalized development costs for the year			–15.3		15.3		–
Total comprehensive income for the year		**–**	**29.5**	**–**	**27.4**	**–53.4**	**3.5**
Transactions with shareholders in their capacity as owners							
New share issue[1]		0.1		31.0			31.1
Warrants					5.8		5.8
Closing equity as of December 31, 2021		**4.6**	**110.0**	**221.5**	**–79.2**	**3.5**	**260.3**
Opening balance as of January 1, 2022		**4.6**	**110.0**	**221.5**	**–79.2**	**3.5**	**260.3**
Reclassification of last year's profit/loss					3.5	–3.5	–
Profit/loss for the year						–48.3	–48.3
Capitalization of capitalized development costs for the year			41.9		–41.9		–
Amortization of capitalized development costs for the year			–2.8		2.8		–
Total comprehensive income for the year		**–**	**39.2**	**–**	**–35.7**	**–51.8**	**–48.3**
Transactions with shareholders in their capacity as owners							
New share issue[1]		0.5		861.6			862.1
Warrants					5.1		5.1
Closing equity as of December 31, 2022		**5.1**	**149.1**	**1,083.1**	**–109.9**	**–48.3**	**1,079.1**

[1] The new share issue is recognized net after deductions for transaction costs of SEK 31.1 million (0.6).

Parent Company's Statement of Cash Flows

SEK million	Note	2022	2021
Operating activities			
Operating profit		8.1	42.8
Adjustments for non-cash items, etc.	36	143.5	25.8
Interest paid		–30.3	–20.3
Interest received		1.1	0.3
Income tax paid		-13.8	-3.0
		108.6	**45.7**
Changes in working capital			
Increase/decrease in inventories		–786.2	–147.5
Increase/decrease in operating receivables		–131.4	–442.2
Increase/decrease in operating liabilities		326.8	146.1
Cash flow from changes in working capital		**–590.9**	**–443.7**
Cash flows from operating activities		**–482.3**	**–398.0**
Investing activities			
Investments in intangible assets	13	–70.3	–60.0
Investments in property, plant and equipment	14	–26.0	–1.8
Investments in subsidiaries	15	–9.9	–
Change in financial assets	17	–12.6	–9.6
Cash flows from investing activities		**–118.8**	**–71.4**
Financing activities			
New share issue	25	893.2	31.6
Issue costs	25	–31.1	–0.6
Option programs	25	5.0	5.8
Borrowings	35	543.1	416.3
Repayment of loans	35	–791.7	–4.9
Change in non-current liabilities		–0.1	0.1
Cash flows from financing activities		**618.5**	**448.3**
Increase/decrease in cash and cash equivalents		**17.4**	**–21.1**
Cash and cash equivalents, start of year		11.3	32.4
Exchange rate difference in cash and cash equivalents		–	–
Cash and cash equivalents, end of year		**28.7**	**11.3**

Notes to Parent Company Financial Statements

NOTE 1. THE PARENT COMPANY'S ACCOUNTING POLICIES AND VALUATION PRINCIPLES

The key accounting policies applied in these annual accounts are set out below. These policies have been applied consistently for all of the years presented unless otherwise stated.

The Parent Company's annual accounts were prepared in accordance with RFR 2 Reporting for Legal Entities and the Swedish Annual Accounts Act. The cases where the Parent Company applies other accounting policies than those of the Group, which are described in Note 2 in the consolidated financial statements, are presented below.

The annual accounts were prepared in accordance with the historical cost convention.

The preparation of financial statements in accordance with RFR 2 requires the use of certain key accounting estimates. The Executive management is also required to exercise its judgement in the application of the Parent Company's accounting policies. The areas that involve a high degree of assessments, which are complex or areas where assumptions and estimations are significant for the annual accounts are detailed in Note 3 to the consolidated financial statements.

Through its operations, the Parent Company is exposed to various financial risks: market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Parent Company's comprehensive risk management policy is focused on the unpredictability of the financial markets and strives to minimize potential adverse effects on the Group's financial performance. For more information about financial risks, see Note 4 to the consolidated financial statements.

The Parent Company applies other accounting policies than the Group in the cases listed below:

Presentation format

The income statement and balance sheet follow the presentation format described in the Swedish Annual Accounts Act. The statement of changes in equity conforms to the Group's presentation format but must include the columns stipulated in the Swedish Accounts Act. There is also a difference in designations compared with the consolidated financial statements, primarily with regard to financial income and costs and equity.

Participations in Subsidiaries

Participations in subsidiaries are recognized at cost less any impairment losses. The cost includes acquisition-related costs.

When there is an indication that participations in subsidiaries have decreased in value, an estimate is made of the recoverable value. If this is lower than the carrying amount, an impairment loss is applied. Impairment is reported in the item "Profit/loss from participations in Group companies."

Shareholder Contributions

The Parent Company reports shareholder contributions made as an increase in the carrying amount of the participation and the company receiving the contribution reports it as an increase in equity.

Financial Instruments

The Parent Company does not apply IFRS 9. Instead, the Parent Company applies the items provided in RFR 2 (IFRS 9 Financial instruments, items 3–10).

Financial instruments are measured based on cost. In subsequent periods, financial assets that were acquired with the intention of holding them for a brief period will be measured at the lower of cost or market value. Derivative instruments with a negative fair value are recognized at such value.

When calculating the net realizable value of receivables that are recognized as current assets, the principles for impairment testing and loss allowances in IFRS 9 are applied. For a receivable that is measured at amortized cost at the Group level, the loss allowance recognized in the Group according to IFRS 9 must also be reported by the Parent Company.

Leased Assets

The Parent Company has chosen not to apply IFRS 16 Leases and has instead chosen to apply RFR 2 IFRS 16 Leases items 2–12, which means that all lease payments are recognized as an expense on a straight-line basis over the lease term.

Development expenditure reserve

The Parent Company capitalizes development costs in its balance sheet, which means the Parent Company recognizes a fund for internally generated development costs where the amounts corresponding to capitalized costs for the current year, less amortization, are transferred from non-restricted equity to restricted equity. The transfer to non-restricted equity is performed at the same rate as amortization.

NOTE 2. TRANSITION TO INCOME STATEMENT DIVISION BY FUNCTION

Condensed Parent Company Income Statement
Jan 1, 2021–Dec 31, 2021

SEK million	Note	Income statement division by cost type	Adjustments for change in stock items under production, finished goods and work in progress	Adjustments for capitalized production costs	Adjustments for other operating income	Adjustments for goods for resale	Adjustments for warranty claims	Adjustments for other external costs	Adjustments for personnel costs	Adjustments for amortization/ depreciation	Adjustments for other operating expenses	After restatement to income statement division by function
Net sales	5	1,119.0										1,119.0
Change in stock items under production, finished goods and work in progress		–19.5	19.5									–
Capitalized production costs		24.7		–24.7								–
Other operating income		94.9			–94.9							–
Cost of goods sold		–	–19.5			–786.3	–14.2					–820.0
Gross profit		**1,219.1**	**0.0**	**–24.7**	**–94.9**	**–786.3**	**–14.2**	**0.0**	**0.0**	**0.0**	**0.0**	**299.0**
Goods for resale[1]		–786.3				786.3						–
Other external costs		–138.2					14.2	124.0				–
Personnel expenses		–134.4		24.7					109.7			–
Amortization, depreciation and impairment of intangible assets and property, plant and equipment		–21.6								21.6		–
Other operating expenses		–95.7									95.7	–
General and administrative expenses		–						–82.2	–66.3	–1.3		–149.9
Selling and marketing expenses		–						–22.1	–20.7	–0.2		–42.9
Research and development expenses		–						–19.7	–22.8	–20.0		–62.5
Other operating income		–			94.9							94.9
Other operating expenses		–									–95.7	–95.7
Operating profit		**42.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**42.8**
Other interest income and similar profit/loss items		0.3										0.3
Interest expenses and similar profit/loss items		–37.6										–37.6
Financial items, net		**–37.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–37.3**
Profit before tax		**5.6**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**5.6**
Tax		–2.1										–2.1
Profit for the year		**3.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.5**

[1] The item goods for resale includes other external costs, personnel expenses and depreciation for the manufacturing unit.

NOTE 3. OPERATING EXPENSES BY COST TYPE

SEK million	2022	2021
Raw materials and consumables	1,550.7	800.5
Changes in inventories of finished goods and work in progress	26.0	19.5
Personnel expenses	201.1	109.7
Amortization, depreciation and impairment	38.3	21.6
Other external costs	234.8	124.0
Total	**2,050.9**	**1,075.3**

NOTE 4 FINANCIAL RISK MANAGEMENT

Polarium applies joint risk management for all units through the Treasury function in Sweden. The description of financial risk management presented in the Group's Note 4 is in all material respects applicable to the Parent Company.

NOTE 5. NET SALES BY LINE OF BUSINESS

Revenue

The majority of the Parent Company's revenue is from the sale of goods, but there is also some revenue from the sale of services. All revenue included in net sales refers to revenue from contracts with customers.

The presentation below shows revenue from contracts with customers by major product type and geographic region (see Note 6).

Revenue from the sale of goods is recognized at a point in time while revenue from the sale of services is recognized over time. The Other line of business mostly comprises freight revenue that is recognized at a point in time, usually when the goods are sold and shipped.

Net sales are allocated to the following lines of business:

Line of business, SEK million	2022	2021
Goods	2,043.1	1,107.0
Services	11.2	2.2
Other[1]	19.1	9.8
Total	**2,073.4**	**1,119.0**

[1] The Parent Company has chosen to reclassify and recognize freight revenue in the Other line of business. During the previous year, freight revenue amounted to SEK 9.8 million and has mainly decreased in the Services line of business but also the Goods line of business.

NOTE 6. NET SALES BY GEOGRAPHIC MARKET

Net sales are allocated to the following geographic markets:

Geographic markets, SEK million	2022	2021
Africa	935.3	512.3
Americas	653.2	348.3
Europe	363.6	200.6
APAC and Middle East	121.4	57.9
Total	**2,073.4**	**1,119.0**

The Parent Company's net sales comprise internal and external sales. Internal sales of goods and services amounted to SEK 763.1 million (348.9) For more information about transactions with related parties, see Note 34 for the Parent Company.

During the year, the Group chose to monitor net sales based on new geographic markets. The comparative year was therefore adjusted.

NOTE 7. REMUNERATION TO AUDITORS

The audit assignment includes the statutory audit of the annual accounts and consolidated financial statements as well as the administration of the company by the Board of Directors and CEO and other audits and reviews carried out under an agreement or contract. This includes other duties that the Group's auditor must perform as well as advice and other assistance performed as a result of observations during the audit.

SEK million	2022	2021
KPMG		
Audit assignment	1.2	–
Audit activities in addition to audit assignment	0.0	–
Tax advice	–	–
Other services	4.4	–
Total fees paid to KPMG	**5.6**	**–**
Grant Thornton		
Audit assignment	0.1	0.5
Audit activities in addition to audit assignment	0.2	0.3
Tax advice	0.1	0.2
Other services	0.1	0.0
Total fees paid to Grant Thornton	**0.4**	**1.0**
Audit fees to other auditors	–	–
Total fees paid to auditors	**6.0**	**1.0**

Grant Thornton was Polarium Group's auditor until the 2022 Annual General Meeting when KPMG was elected as the company's auditor.

NOTE 8. EMPLOYEES, PERSONNEL EXPENSES AND REMUNERATION TO SENIOR EXECUTIVES

Cost of remuneration to employees

SEK million	2022	2021
Salaries and other remuneration	–127.5	–69.3
Cash remuneration and benefits	–0.1	0.1
Social security contributions	–42.5	–22.8
Pension costs – defined contribution plans	–17.2	–8.9
Other personnel expenses	–13.7	–8.9
Total	**–201.1**	**–109.7**

SEK million	2022	2021
Salaries and other remuneration		
Board members & CEO	–5.6	–4.9
of which bonuses	*–0.4*	*–0.5*
Group management	–10.7	–10.0
of which bonuses	*–0.3*	*–0.4*
Other employees	–111.2	–54.3
Cash remuneration and benefits		
Board members & CEO	0.0	0.0
Group management	0.0	0.0
Other employees	–0.1	0.2
Social security contributions		
Board members & CEO	–1.7	–1.6
Group management	–3.4	–2.9
Other employees	–37.4	–18.3
Pension costs		
Board members & CEO	–1.6	–0.5
Group management	–2.7	–1.0
Other employees	–12.9	–7.4
Other personnel expenses		
Board members & CEO	–	–
Group management	–	–
Other employees	–13.7	–8.9
Total	**–201.1**	**–109.7**

Board of Directors

SEK million	2022	2021
Carl-Erik Lagercrantz	0.1	0.1
Stefan Jansson	0.1	0.1
Johan Dennelind	0.1	–
Bo Jungner	0.1	0.1
Anna Kinberg Batra	0.1	–
Carola Puusteli	0.1	–
Cecilia Qvist	0.0	–
John-Peter Leesi	–	0.0
Kent Sander	–	0.0
Total	**0.3**	**0.2**

Average number of employees

Quantity	2022	of whom, men	2021	of whom, men
Parent Company				
Sweden	148	69%	97	62%
Total	**148**		**97**	

Gender distribution for Board members and other senior executives

Quantity	2022	of whom, men	2021	of whom, men
Board members	7	57%	5	100%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Group management	6	67%	7	71%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Total	**13**		**13**	

There is no agreement on severance pay for the CEO.

For information about the Group's option programs, refer to Note 8 in the Group.

NOTE 9. OPERATING LEASES

Obligations Related to Operating Leases

The Parent Company reports all leases as operating leases. The Parent Company chiefly leases premises under non-cancellable operating leases. The lease terms vary between one and ten years, and most leases have an option to extend the lease at the end of the lease term, subject to a rent that is commensurate with the market rent.

Lease costs of SEK 14.7 million (6.8) for the leasing of premises are included in the income statement as Other external costs. Future aggregated minimum lease payments for non-cancellable operating leases are as follows:

SEK million	2022	2021
Within 1 year	19.4	5.6
Between 1 and 5 years	101.1	10.1
More than 5 years	66.7	–
Total	**187.2**	**15.7**

NOTE 10. OTHER OPERATING INCOME AND OPERATING EXPENSES

SEK million	2022	2021
Exchange gains on assets/liabilities of an operating nature	199.4	94.9
Insurance compensation	5.3	–
Transfer pricing (TP) adjustment	23.7	–
Other	0.0	0.0
Total other operating income	**228.4**	**94.9**

SEK million	2022	2021
Exchange losses on assets/liabilities of an operating nature	203.5	95.7
Loss on sale of non-current assets	0.2	–
Impairment of certain current assets	3.7	–
Transfer pricing (TP) adjustment	35.5	–
Total other operating expenses	**242.8**	**95.7**
Other operating income and operating expenses, net	**–14.5**	**–0.8**

Exchange differences, net for the Parent Company were SEK -4.1 million (-0.8).

Insurance recovery pertains to payments from insurance companies for stolen goods. During the year, adjustments were performed for transfer pricing between the Parent Company and subsidiaries. Therefore, the Parent Company recognized other operating income from Polarium South Africa (Pty) Ltd. of SEK 23.7 million (0.0). The Parent Company also recognized other operating expenses from Polarium South Africa (Pty) Ltd. of SEK 6.4 million (0.0) and from Polarium Inc of SEK 29.1 million (0.0)

NOTE 11. FINANCIAL ITEMS, NET

SEK million	2022	2021
Financial income		
Interest income, other	0.7	0.0
Interest income, intra-Group	0.4	0.3
Total financial income	**1.1**	**0.3**
Financial expenses		
Interest expenses, other	–4.2	–5.3
Interest expenses, bank overdraft facilities	–7.5	–
Interest expenses, credit facility	–1.9	–3.5
Interest expenses, financial leases	–	–
Factoring expenses	–8.6	–10.6
Exchange differences, net	–39.7	–15.3
Other financial expenses	–8.1	–2.8
Total financial expenses	**–70.1**	**–37.6**
Financial items, net	**–69.0**	**–37.3**

Interest expenses recognized using the effective interest method amounted to SEK –9.4 million (–3.5).

NOTE 12. TAX ON PROFIT FOR THE YEAR

SEK million	2022	2021
Current tax	**20.6%**	**20.6%**
Current tax on profit for the year	–	–2.1
Adjustments for the previous year	0.3	–0.2
Total current tax	**0.3**	**–2.3**
Deferred tax		
Provisions	0.3	0.2
Loss carry forwards	12.0	–
Total deferred tax	**12.3**	**0.2**
Total income tax	**12.6**	**–2.1**

Unused loss carry forwards for which no deferred tax asset was recognized in 2022 were SEK 0.0 million (0.0). There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future. Refer to Note 18 for further information on deferred tax.

Income tax on the Group's profit before tax differs from the theoretical amount that would have been recognized using the Parent Company's tax rate according to the following:

SEK million	2022	2021
Profit/loss before tax	**–60.9**	**5.6**
Income tax according to the tax rate (20.6%)	12.5	–1.1
Tax effects from:		
Non-taxable income	0.0	0.0
Non-deductible expenses	–0.9	–1.0
Deductible expenses not included in reported profit/loss[1]	6.4	0.1
Origination and reversal of temporary differences[2]	–5.7	0.2
Tax related to previous years	0.3	–0.2
Income tax	**12.6**	**–2.1**
Average tax rates	**20.7%**	**37.4%**

[1] The item pertains primarily to fees for the new share issue.
[2] The item pertains primarily to non-deductible net interest income.

NOTE 13. INTANGIBLE ASSETS

SEK million	Capitalized expenditure for development and software[1]	Licenses, trademarks and patents	Total
2021 financial year			
Opening carrying amount	**80.5**	**1.8**	**82.3**
Reclassifications for the year	1.2	–1.1	0.1
Acquisitions for the year	59.7	0.2	59.9
Amortization for the year	–17.8	–1.1	–18.9
Amortization reclassified	–1.4	1.4	–
Closing carrying amount	**122.3**	**1.1**	**123.4**
Acquisition value	189.5	2.5	192.0
Accumulated amortization	–50.8	–1.4	–52.2
Accumulated impairment	–16.4	–	–16.4
Carrying amount	**122.3**	**1.1**	**123.4**
2022 financial year			
Opening carrying amount	**122.3**	**1.1**	**123.4**
Sales and disposals for the year	–28.0	–	–28.0
Acquisitions for the year	75.3	–	75.3
Amortization for the year	–34.8	–0.4	–35.2
Amortization reversed for sales and disposals for the year	27.8	–	27.8
Reclassifications for the year[2]	–15.1	–	–15.1
Reversal of previous impairment	10.3	–	10.3
Closing carrying amount	**157.8**	**0.7**	**158.6**
Acquisition value	221.6	2.5	224.1
Accumulated amortization	–57.8	–1.8	–59.5
Accumulated impairment	–6.0	–	–6.0
Carrying amount	**157.8**	**0.7**	**158.6**

[1] Capitalized expenditure for software is now included in the category Capitalized expenditure for development and software. For 2021, these costs were included in the licenses category. Comparative figures have therefore been adjusted between the two categories.

[2] Reclassifications for the year pertain to incorrectly capitalized development costs where the costs were instead transferred to profit or loss.

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

SEK million	Property, plant and equipment	Total
2021 financial year		
Opening carrying amount	**9.8**	**9.8**
Acquisitions for the year	6.1	6.1
Reclassifications for the year	–2.9	–2.9
Depreciation for the year	–3.0	–3.0
Depreciation reclassified	–1.1	–1.1
Other adjustments	0.1	0.1
Closing carrying amount	**9.0**	**9.0**
Acquisition value	18.0	18.0
Accumulated depreciation	–9.0	–9.0
Carrying amount	**9.0**	**9.0**
2022 financial year		
Opening carrying amount	**9.0**	**9.0**
Sales and disposals for the year	–3.4	–3.4
Acquisitions for the year	27.1	27.1
Reclassifications for the year	–1.1	–1.1
Depreciation for the year	–3.1	–3.1
Depreciation reversed for sales and disposals for the year	2.0	2.0
Depreciation reclassified	1.3	1.3
Closing carrying amount	**31.8**	**31.8**
Acquisition value	40.6	40.6
Accumulated depreciation	–8.7	–8.7
Carrying amount	**31.8**	**31.8**

NOTE 15. INVESTMENTS IN SUBSIDIARIES

Subsidiaries	Domiciled	Operations	Holding (%)	Number of shares	Dec 31, 2022	Dec 31, 2021
Polarium SA de CV.	Mexico	Production	100	198,000	13,594	13,594
Polarium Vietnam Ltd.	Vietnam	Production	100	0	24,800	14,906
Polarium Inc.	USA	Sales and distribution	100	10,000,000	9	9
Polarium Energy Solutions UK Ltd.	UK	Sales and distribution	100	100	0.0	–
Polarium South Africa (Pty) Ltd.	South Africa	Production, sales and distribution	100	100	1	–
Total, SEK thousands					**38,404**	**28,509**

SEK million	Dec 31, 2022	Dec 31, 2021
Opening carrying amount	**28.5**	**13.6**
Investments during the year	0.0	1.0
Capital contributions	9.9	13.9
Closing carrying amount	**38.4**	**28.5**

Foreign investors who wish to register operations in Vietnam must apply for an investment registration certificate (IRC) from the Vietnamese government. The IRC stipulates requirements for the transfer of capital contributions from the Parent Company to Polarium Vietnam Ltd. During the year, the Parent Company has given capital contributions in the form of unconditional shareholder contributions of SEK 9.9 million (13.9).

During the second quarter of 2022, the subsidiary Polarium Energy Solutions UK Ltd. was formed to conduct sales and distribution operations. In addition, production, sales and distribution activities started at the business's factory in South Africa in the first quarter of 2022.

During the first quarter of 2023, another two subsidiaries, Polarium Philippines Inc. and Polarium Australia Pty. Ltd., were established to conduct sales and distribution operations.

NOTE 16. RECEIVABLES FROM GROUP COMPANIES

Non-current receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Polarium South Africa (Pty) Ltd.	12.1	9.2
Total	**12.1**	**9.2**

Current receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Polarium SA de CV.	–	0.0
Polarium South Africa (Pty) Ltd.	160.9	–
Polarium Inc.	124.7	146.9
Polarium Energy Solutions UK Ltd.	1.3	–
Total	**286.9**	**146.9**

See also Note 34 for the Parent Company.

NOTE 17. OTHER NON-CURRENT RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Opening carrying amount	**1.3**	**0.2**
Additional receivables	10.0	1.1
Settled receivables	–	0.0
Closing carrying amount	**11.3**	**1.3**

Other non-current receivables chiefly comprise restricted bank accounts to customers and deposits for new office premises.

NOTE 18 DEFERRED TAX

Deferred tax assets, SEK million	Loss carry forwards	Provisions	Total
2021 financial year			
Opening carrying amount	**–**	**–**	**–**
Recognized in profit for the year	–	0.2	0.2
Closing carrying amount	**–**	**0.2**	**0.2**
2022 financial year			
Opening carrying amount	**–**	**0.2**	**0.2**
Recognized in profit for the year	12.0	0.3	12.3
Closing carrying amount	**12.0**	**0.5**	**12.5**

The Parent Company's loss carry forwards amounted to SEK 12.0 million (0.0). There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future.

NOTE 19. INVENTORIES

SEK million	Dec 31, 2022	Dec 31, 2021
Raw materials and consumables	803.1	132.5
Work in progress	0.9	0.0
Finished goods and goods for resale	259.1	98.6
Advance payments to suppliers	50.2	287.2
Other	218.7	53.4
Total	**1,331.9**	**571.7**

Costs for sold goods for the Parent Company includes impairment of inventories of SEK 26.0 million (3.3) following the reversal of previous impairment losses of SEK 0.0 million (0.0).

The Parent Company recognizes advance payments to suppliers under the under the Inventories heading. The Group recognizes advance payments to suppliers as a separate line item in the balance sheet. The comparative year for the Parent Company related to advance payments from suppliers has been adjusted for this.

NOTE 20. TRADE RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Trade receivables	158.3	183.8
Allowance for expected credit losses	–	–0.6
Trade receivables, net	**158.3**	**183.2**
Per currency		
USD	156.9	182.5
EUR	–	0.6
SEK	1.3	0.0
Total	**158.3**	**183.2**

Allowance for trade receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Opening carrying amount	**–0.6**	**–**
New allowances	–	–0.6
Unused amounts reversed	0.6	–
Closing carrying amount	**0.0**	**–0.6**

	Dec 31, 2022					
Trade receivables, aging analysis	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	156.5	–8.9	10.1	0.2	0.3	158.3
Expected credit losses	–	–	–	–	–	–
Total	**156.5**	**–8.9**	**10.1**	**0.2**	**0.3**	**158.3**

	Dec 31, 2021					
Trade receivables, aging analysis	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	158.5	16.4	0.0	–0.4	9.2	183.8
Expected credit losses	–	–	–	–	–0.6	–0.6
Total	**158.5**	**16.4**	**0.0**	**–0.4**	**8.6**	**183.2**

Trade receivables, SEK million	Dec 31, 2022	Dec 31, 2021
Pledged trade receivables (amounts received pertaining to pledged trade receivables, where credit risk and late payment risk are retained)	54.4	116.2
Unpledged trade receivables	103.9	67.0
Total	**158.3**	**183.2**

For more information about trade receivables, refer to accounting policy 2.18 and Note 20 for the Group.

NOTE 21. OTHER RECEIVABLES

SEK million	Dec 31, 2022	Dec 31, 2021
Recoverable VAT	7.5	8.4
Insurance claim	–	3.7
Other receivables	0.1	0.0
Total	**7.6**	**12.1**

NOTE 22. PREPAID EXPENSES AND ACCRUED INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Prepaid rent	3.2	1.6
Prepaid insurances	4.7	0.9
Prepaid consultancy expenses	10.1	3.8
Other prepaid expenses	5.1	0.0
Total	**23.1**	**6.3**

NOTE 23. ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

SEK million	Dec 31, 2022	Dec 31, 2021
Advance payments before receiving the goods	0.2	–
Total	**0.2**	**–**

Advance payments to suppliers are to be recognized by the Parent Company under the Inventories heading and by the Group as advance payments to suppliers as a separate line item in the balance sheet. This results in a difference in accounting policies between the Parent Company and the Group. Comparative figures were therefore adjusted, and SEK 287.2 million that was previously recognized as Other advance payments is now included in Inventories.

NOTE 24. CASH AND CASH EQUIVALENTS AND UNUTILIZED BANK OVERDRAFT FACILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	28.7	11.3
Undrawn bank overdraft facilities and lines of credit	388.1	114.9
Total	**416.9**	**126.2**

SEK million	Dec 31, 2022	Dec 31, 2021
Bank overdraft facilities granted	533.9	453.5
Drawn bank overdraft facilities	–145.7	–338.6
Total undrawn bank overdraft facilities	**388.1**	**114.9**
Undrawn lines of credit	–	–
Total undrawn bank overdraft facilities and lines of credit	**388.1**	**114.9**

The Group and Parent Company have a bank overdraft facility in USD that is subject to variable interest.

NOTE 25. SHARE CAPITAL

Restricted equity

Restricted funds may not be reduced through a distribution of earnings.

Share capital

The share capital in Polarium Energy Solutions AB comprises Class A shares and Class B shares. All of the shares confer the same right to a share in the company's assets and profit and carry entitlement to equal dividend.

Development expenditure reserve

The amount capitalized relating to internally generated development expenditure is to be transferred from non-restricted equity to the development expenditure reserve in restricted equity. The reserve is to decrease as the capitalized expenses are amortized or impaired.

Non-restricted equity

Non-restricted equity (i.e., the amount available for dividends to shareholders) consists of the following reserves together with profit for the year.

Share premium reserve

When shares are issued at a premium, meaning the shares are sold at more than the share's quota value, an amount corresponding to the amount received over and above the share's quota value is to be transferred to the share premium reserve.

Retained earnings

Retained earnings comprise last year's retained earnings.

NOTE 26. BORROWINGS

SEK million	Dec 31, 2022	Dec 31, 2021
Non-current secured loans		
Borrowings (Almi)	–	0.6
Total non-current secured loans	**–**	**0.6**
Non-current unsecured loans		
Borrowings (Svensk Exportkredit)	15.0	–
Total non-current unsecured loans	**15.0**	**–**
Current secured loans		
Borrowings (Almi)	–	2.3
Factoring (Swedbank)	54.4	47.8
Factoring (Aros)	–	68.5
Bank overdraft facilities (Swedbank)	145.7	338.6
Total current secured loans	**200.2**	**457.1**
Current unsecured loans		
Borrowings (Svensk Exportkredit)	41.5	47.5
Total current unsecured loans	**41.5**	**47.5**
Total borrowings	**256.7**	**505.2**

For more information, refer to accounting policy 2.21 and Note 26 for the Group.

NOTE 27. PROVISIONS

SEK million	Dec 31, 2022 Current	Dec 31, 2022 Non-current	Dec 31, 2021 Current	Dec 31, 2021 Non-current
Customs duties	101.9	–	–	–
Warranty commitments	–	41.9	–	30.0
Provisions for pensions and similar obligations	–	2.7	–	1.1
Total	**101.9**	**44.6**	**–**	**31.1**

Warranty commitments

Provisions for warranty commitments encompass any costs for repairing or replacing sold products. Provisions are made for estimated warranty claims in respect of products sold which are still under warranty at the end of the financial year. Warranty commitments are limited in time to two to four years from the date of the sale and the provision can therefore be both current and non-current, depending on whether they are utilized. As it is difficult to estimate utilization, the entire provision is classified as non-current.

Provisions for pensions and similar obligations

Direct pension

A provision has been made for an endowment insurance linked to a pension obligation in the form of a direct pension. The pension obligation for the direct pension is recognized as a provision. The holding is intended to be long-term.

Customs duties

Provisions for customs duties encompass any costs for customs when importing goods, primarily to the USA. The provision is classified as short-term.

Changes in provisions 2021	Warranty commitments	Pension provisions	Customs duties	Total
Carrying value as of January 1, 2021	**14.9**	**–**	**–**	**14.9**
Recognized in profit or loss:				
Additional provisions recognized	22.3	1.1	–	23.4
Utilized during the year	–7.2	–	–	–7.2
Carrying amount, December 31, 2021	**30.0**	**1.1**	**–**	**31.1**

Changes in provisions 2022	Warranty commitments	Pension provisions	Customs duties	Total
Carrying value as of January 1, 2022	**30.0**	**1.1**	**–**	**31.1**
Recognized in profit or loss:				
Additional provisions recognized	40.9	1.6	101.9	144.4
Utilized during the year	–29.0	–	–	–29.0
Carrying amount, December 31, 2022	**41.9**	**2.7**	**101.9**	**146.5**

NOTE 28. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognized the following assets and liabilities related to contracts with customers:

SEK million	Dec 31, 2022	Dec 31, 2021
Contract liabilities	5.6	21.0
Total	**5.6**	**21.0**

The contract liability pertains to advance payments received from customers and revenue is recognized over time. The remaining performance obligation is less than one year. The SEK 21.0 million recognized as a contract liability as of December 31, 2021 was recognized as revenue in 2022 (0.0).

NOTE 29 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities were broken down as follows:

SEK million	Dec 31, 2022	Dec 31, 2021
Trade payables at amortized cost	443.1	219.1
of which liabilities with supplier financing arrangements	*145.8*	*27.0*
Total	**443.1**	**219.1**
Other current liabilities		
Employee withholding taxes, social security contributions and salary deduction accounts	7.6	4.9
Other current liabilities	1.3	0.6
Total	**8.8**	**5.6**

Polarium has an arrangement with a bank, whereby the bank offers Polarium's suppliers an opportunity to receive early payment of Polarium's trade payables. Suppliers that utilize the financing arrangement pay a credit fee to the bank. Polarium pays no credit fee and pledges no additional security or guarantees to the bank.

NOTE 30. LIABILITIES TO GROUP COMPANIES

Current liabilities, SEK million	2022	2021
Polarium SA de CV.	2.2	–
Polarium Vietnam Ltd.	22.6	7.9
Polarium South Africa (Pty) Ltd.	8.2	–
Polarium Inc.	29.1	–
Total	**62.1**	**7.9**

See also Note 34 for the further information.

NOTE 31. ACCRUED EXPENSES AND PREPAID INCOME

SEK million	Dec 31, 2022	Dec 31, 2021
Personnel-related expenses	54.0	27.1
Stock items received but not invoiced	32.6	2.1
Accrued rental charges	5.8	–
Accrued expenses from suppliers	4.2	7.5
Accrued interest	2.0	2.0
Prepaid income	4.4	8.5
Other accrued expenses	6.2	1.2
Total	**109.3**	**48.3**

NOTE 32. PLEDGED ASSETS

SEK million	Dec 31, 2022	Dec 31, 2021
Floating charges	304.7	304.7
Trade receivables[1]	82.0	65.1
Other	2.7	1.1
Total	**389.4**	**370.9**

[1] Pertains to pledged trade receivables submitted for borrowing to PayEx/Swedbank. The Group receives financing and the customers instead pay directly to PayEx/Swedbank.

NOTE 33. CONTINGENT LIABILITIES

SEK million	Dec 31, 2022	Dec 31, 2021
Suretyships, supplier	68.2	67.8
Total	**68.2**	**67.8**

Suretyships pertain to guarantees to suppliers to obtain a higher granted credit limit.

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The ultimate Parent Company in the Group is Polarium Energy Solutions AB. Related parties include all subsidiaries in the Group and the senior executives in the Group and their related parties. It is deemed that all transactions have been on market terms.

Free Your Mind (FYM) AB, I.A.R. Systems Group AB and David Granath enskild firma are recognized as related parties since transactions took place with key management personnel. Northvolt AB is a related party since Vargas 2 Invest AB is a partner in both companies. The Group has primarily purchased consulting services from key management personnel and from Vargas 2 Invest AB.

The following transactions occurred with related parties:

Sale of goods, SEK million	2022	2021
Polarium Vietnam Ltd.	0.4	–
Polarium South Africa (Pty) Ltd.	110.4	–
Polarium Inc.	651.0	348.9
Polarium Energy Solutions UK Ltd.	1.3	–
Total	**763.1**	**348.9**

Purchase of goods and services, SEK million	2022	2021
Polarium SA de CV.	89.7	57.0
Polarium Vietnam Ltd.	33.1	19.9
Polarium South Africa (Pty) Ltd.	26.0	–
Polarium Inc.	29.8	–
Free Your Mind (FYM) AB	–	1.5
David Granath enskild firma	–	0.4
Northvolt AB	–	0.1
I.A.R Systems Group AB	–	0.1
Total	**178.5**	**79.0**

In addition to the above sales of goods and purchase of goods and services, the Parent Company has internal adjustments related to transfer pricing. For the year, the positive transfer pricing adjustment amounted to SEK 23.7 million (0.0) and the negative transfer pricing adjustment to SEK 35.5 million (0.0).

Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services, SEK million	Dec 31, 2022	Dec 31, 2021
Receivables to related parties		
Polarium SA de CV.	–	0.0
Polarium South Africa (Pty) Ltd.	160.9	–
Polarium Inc.	124.7	146.9
Polarium Energy Solutions UK Ltd.	1.3	–
Total	**286.9**	**146.9**
Liabilities to related parties		
Polarium SA de CV.	2.2	–
Polarium Vietnam Ltd.	22.6	7.9
Polarium South Africa (Pty) Ltd.	8.2	–
Polarium Inc.	29.1	–
Total	**62.1**	**7.9**

As of December 31, current loans to related parties pertain to the subsidiary Polarium Inc. The loan falls due in December 2023 at an interest rate of 6.49%. The loan has not been pledged and is paid in cash. The current loan is recognized in receivables to related parties.

Liabilities to related parties arise mainly from purchase transactions and fall due 30 days after the date of purchase.

Loans to related parties, SEK million	Dec 31, 2022	Dec 31, 2021
Non-current loans		
Opening carrying amount	**9.2**	**15.7**
Loans taken out over the year	11.7	–
Repaid amounts	–9.2	–6.7
Interest income	0.4	0.3
Closing carrying amount	**12.1**	**9.2**

As of December 31, non-current loans to related parties pertain to the subsidiary Polarium South Africa (Pty) Ltd. The non-current loan comprises two loans that fall due in January 2027 and May 2027. The loan has not been pledged and is paid in cash.

See also Note 8 for both the Group and Parent Company for information about remuneration to key management personnel.

NOTE 35. CHANGES IN LIABILITIES INCLUDED IN FINANCING ACTIVITIES

SEK million	Jan 1, 2021	Cash inflow	Cash outflow	Dec 31, 2021
Borrowings (Almi)	5.3	2.5	–4.9	2.9
Borrowings (SEK)	30.0	17.5	–	47.5
Factoring credit (Swedbank, Aros)	43.6	72.6	–	116.2
Bank overdraft facilities (Swedbank)	14.9	323.7	–	338.6
Total	**93.8**	**416.3**	**–4.9**	**505.2**

SEK million	Jan 1, 2022	Cash inflow	Cash outflow	Dec 31, 2022
Borrowings (Almi)	2.9	–	–2.9	0.0
Borrowings (SEK)	47.5	21.4	–12.4	56.5
Factoring credit (Swedbank, Aros)	116.2	90.7	–152.5	54.4
Bank overdraft facilities (Swedbank)	338.6	431.0	–623.9	145.7
Total	**505.2**	**543.1**	**–791.7**	**256.7**

Current and non-current interest-bearing liabilities decreased by SEK –248.6 million (411.4) during the year.

NOTE 36. ADJUSTMENTS FOR NON-CASH ITEMS

SEK million	2022	2021
Amortization, depreciation and impairment of non-current assets	38.3	21.6
Impairment of inventories	26.0	3.3
Unrealized exchange rate differences	–36.2	–15.3
Provisions	115.4	16.2
Total	**143.5**	**25.8**

NOTE 37. PROPOSED APPROPRIATION OF PROFITS

The following amount in SEK million is at the disposal of the Annual General Meeting:	
Share premium reserve	1,083.1
Retained earnings	–109.9
Loss for the year	–48.3
Total	**924.9**

The Board of Directors and the CEO propose that the following amount be carried forward:

To be carried forward	924.9
Total	**924.9**

NOTE 38. EVENTS AFTER THE END OF THE REPORTING PERIOD

See the Group's Note 39 for information on the Parent Company's events after the end of the reporting period.

Board of Directors' Signatures

The consolidated income statements and balance sheets will be presented for adoption by the Annual General Meeting.

The Board of Directors and the CEO affirm that the consolidated financial statements were prepared in accordance with the IFRS as adopted by the EU and give a fair presentation of the Group's financial position and performance. The annual accounts were prepared in accordance with generally accepted accounting policies and give a fair presentation of the Parent Company's financial position and performance.

The Directors' Report for the Group and the Parent Company provides a fair view of the development of the operations, position and performance of the Group and the Parent Company and describes material risks and uncertainties to which the Parent Company and the companies in the Group are exposed.

Stockholm, June 2, 2023

Carl-Erik Lagercrantz
Chairman of the Board

Stefan Jansson
Board member/CEO

Cecilia Qvist
Board member

Carola Puusteli
Board member

Johan Dennelind
Board member

Bo Jungner
Board member

Our Auditors' Report was submitted on June 2, 2023

Henrik Lind
Authorized Public Accountant
KPMG AB

Auditors' Report

To the general meeting of the shareholders of Polarium Energy Solutions AB, corp. id 556986-5461

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Polarium Energy Solutions AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 35–82 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 statement of comprehensive income and statement of financial position for 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.

Other Matter

The audit of the annual accounts for year 2021 was performed by another auditor who submitted an auditor´s report dated 16 May 2022, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains information other than the annual report and the consolidated financial statements and can be found at pages 1–34. 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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 Polarium Energy Solutions AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit 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 ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm June 2, 2023
KPMG AB

Henrik Lind
Authorized Public Accountant

May, 2023
Produced by Polarium
in collaboration with Bellbird.

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