

CLIMEON

CLIMEON

2023

ANNUAL REPORT



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THIS IS CLIMEON

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

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

The company, which has about approximately 40 employees, is headquartered with its test and development facility in Kista, outside Stockholm. All product development and production take place in Sweden.

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

Climeon Headquarters

Torshamnsgatan 44
164 40 Stockholm Sverige



Climeon HeatPower

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



SUCCESSFUL COMMERCIALIZATION OF HEATPOWER 300

Lena Sundquist CEO, Climeon

In 2023, we faced a year of turbulence and uncertainty on many fronts. Political tensions continued to escalate globally, and financial markets were volatile with high inflation and interest rates. This environment negatively affected individuals, businesses, and society at large. We have also witnessed, more clearly than ever before, the need to transition to a more carbon-neutral world, phasing out fossil fuels. Yet, the world's ongoing development also increases the need for electricity. Such a transition towards increased electrification, coupled with the imperative to reduce environmental impact, demands both innovation and technological solutions.

Climeon's contribution to the energy and climate transition is clearly outlined in our vision, which is to use our HeatPower solutions to reduce carbon emissions, improve energy efficiency, and increase the use of sustainable electricity. Our mission is to make sustainable electricity accessible, reliable, and cost-effective. We achieve this by recovering and generating electricity from low-temperature heat, an often underutilized resource found in a wide range of operations.

Throughout the year, we have observed a growing interest in our products and their potential from various sectors. We have secured significant contracts with major players in the maritime market and the energy and industrial sectors, which

are our focus areas. Our new HeatPower 300 platform is optimized to efficiently improve energy performance aboard large ships with significant waste heat, thereby saving fuel and reducing carbon emissions for individual ship owners and the maritime industry at large. The platform meets all technical and profitability requirements set by shipowners, shipyards, authorities, maritime organizations, and marine classification societies such as DNV, Lloyds, and ABS.

We have signed a contract with one of the world's largest shipyards, HD Hyundai Heavy Industries, for the provision of HeatPower 300 units for A.P. Moller-Maersk's new series of six large methanol-powered container ships currently under construction in South Korea. Additionally, we secured a crucial order representing a breakthrough in the large market for existing ships. The order comes from a leading global container shipping company seeking to enhance the energy efficiency of two of its existing container vessels. In the maritime sector, our goal is to be involved at both the production and design phase of new ships, as well as in retrofit projects on board existing vessels. HeatPower 300 is primarily designed for large vessel, such as container and cruise ships, which generate significant waste heat. Our Maritime sales team is actively engaged in numerous potential customer projects, ranging from near-term to longer-term opportunities.



We have also signed a contract with the development company Termolink in Lithuania, which ordered two HeatPower 300 units for the PET resin manufacturer, Neo Group. Neo Group operates one of Europe's largest manufacturing facilities for the basic component of PET plastic. These units will be installed during the spring of 2024, enhancing energy efficiency and producing sustainable electricity at the facility. The two HeatPower 300 units were manufactured in the autumn and were approved by the customer at Climeon's testing facility in Kista before being transported to Lithuania in the first quarter of 2024.

Regarding the energy and industrial markets, we have focused on selected countries in Europe and various industrial applications and energy projects such

Climeon now stands commercially stronger than ever before, as well as technically and organizationally.

as traditional and geothermal power plants. We evaluate the technical and financial feasibility of projects with potential customers. As in the maritime market, we are in constant discussions with several potential energy and industrial customers.

In the latter half of 2023, after making substantial progress in reaching our target markets, Climeon entered a phase dedicated to production and delivery. We believe strongly in delivering on our promises. Therefore, we have worked diligently to develop and strengthen our production and supply chain. We achieved a significant milestone just before Christmas when we completed all production tests and delivered the first fully commercial HeatPower 300 unit to our testing facility situated next to our headquarters in Kista. It is our ambition to continue the ongoing development and advancement of the HeatPower 300 platform for many years to come. We will continue to adapt it to customer requirements as we expand our customer base, always aiming to stay ahead of future competition.

Thus, we persist in upgrading our product by not only boosting its efficiency to generate more sustainable electricity, thereby delivering greater value to our customers, but also by enhancing its cost-effectiveness.

Sustainability is the cornerstone of everything we do at Climeon, encompassing environmental responsibility, the well-being of our people and employees, and the integrity of our operational governance and oversight. Central to Climeon's mission is the drive to boost energy efficiency, generate clean electricity, and cut carbon emissions for our clients. Beyond this, we place a high priority on environmental considerations in our product's design, its production process, and our choice of suppliers, diligently monitoring our operational environmental impact.

Our team at Climeon has grown, drawing and keeping essential talent, underlining our commitment to a workplace of high skill, diversity, personal responsibility, and active involvement. We rigorously manage our operations and continuous improvement efforts, safeguarding our technology through patents and other intellectual property rights, and uphold ISO 14001 and ISO 9001 certifications.

Many companies have faced financial challenges in 2023. Unlike several comparable companies, Climeon emerged from 2023 stronger. The rights issue that we conducted in the autumn was oversubscribed by 111 percent, raising approximately SEK 100 million for Climeon before transactional costs.

An essential part of our financial work is to control our costs. As we prepare for the future, we've added essential competencies through new key personnel and consultants, alongside necessary investment costs. Simultaneously, we maintain strict cost control to phase out other cost areas. We've conducted write-downs across several areas, mainly impacting our earlier product, HeatPower 150. In February 2024, we announced our decision to gradually divest our ownership in Baseload Capital Holding. Concurrently, we wrote down our order book by approximately SEK 28 million for HeatPower 150 units originally intended for a project in Taiwan. In parallel, we repurchased several unused HeatPower 150 units from Baseload Japan to ensure the availability of components and spare parts for the units already in operation. Today, our order book consists almost entirely of orders for HeatPower 300 units, along with a smaller portion of service and aftermarket

work for operational HeatPower 150 units. These orders, all from esteemed customers, foster profitable ventures and business prospects for both our clients and Climeon..

I am pleased to say that despite a volatile and uncertain external environment, Climeon has continued to work and develop according to plan in 2023. We are now stronger than ever before, commercially, technologically, and organizationally, and we are well positioned to face an exciting 2024. A heartfelt thank you goes out to our exceptional team at Climeon, our board, and our shareholders for making this journey successful together.

MARKET



TRENDS AND DRIVING FORCES WITHIN THE ENERGY TRANSITION

Electricity and the Energy Market

According to the International Energy Agency's (IEA) Electricity Market Report 2023, global electricity demand rose by 2.2 percent in 2023. Demand is expected to accelerate over the next three years, with an average growth rate of 3.4 percent per year until 2026. About 85 percent of the increased electricity demand by 2026 is expected to come from countries outside the advanced economies, with China and India being two of these countries. Already, China's per capita electricity consumption surpasses that of the EU. Since last year, China's electricity needs have increased by 6.4 percent, driven by the industrial and service sectors. Concurrently, electricity consumption from data centers, artificial intelligence, and cryptocurrencies is estimated to double by 2026, reaching levels higher than 1000 terawatt-hours (TWh).

Simultaneously, the IEA reports that last year saw record levels of electricity generation from alternative, fossil-free sources like nuclear and renewable energy,

forecasting these will contribute to nearly 50 percent of global energy production by 2026. Despite current attention on electricity prices and rising future demand, initiatives to cut carbon dioxide emissions persist worldwide and across Europe.

In Europe, Fit for 55 has become the collective name for a number of legislative proposals adopted to achieve the objectives of the EU's green deal. Fit for 55, adopted in 2021, defines how the EU intends to act to reduce greenhouse gas emissions by at least 55 percent by 2030 compared to 1990 levels. In 2022, the EU further launched its REPower EU Plan, aimed at reducing dependence on fossil fuels and increasing resilience against price shocks.

In 2022, new legislations and decisions heightened the standards within the Fit for 55 framework. Of particular importance to Climeon, the renewable energy source target was increased from 32% to 40% for 2030, and the goal for energy efficiency in primary energy consumption was raised from 32.5% to 36%, indicating a growing demand for waste heat utilization technology. During 2023, these targets were further revised, with the EU's renewable energy goal now established at 42.5% by 2030.

“ **Fit for 55:** EU's plan to reduce greenhouse gas emissions by at least 55% by 2026

“ Estimated increase in global demand for electricity by 2026 is **3,4%**



Shipping accounts for almost three percent of global greenhouse gas emissions.

Energy Efficiency Requirements in the Maritime Industry

Maritime transport is one of the most environmentally friendly modes of transport per transported kilogram, yet it still heavily relies on fossil fuels. The majority of all ships, whether container ships, oil tankers, or cruise ships, have large combustion engines installed. The fuel energy supplied to the engines is converted into both mechanical energy for propulsion and electricity to meet onboard needs. Traditionally, engines are powered by fossil fuels such as Heavy Fuel Oil (HFO) and diesel, which means that shipping accounts for almost three percent of global greenhouse gas emissions.

To reduce greenhouse gas and carbon dioxide emissions from international shipping, the International Maritime Organization (IMO) introduced its "Initial GHG Strategy" in 2018, which set targets for reducing annual greenhouse gas emissions. The initial target was to reduce carbon dioxide emissions by at least 40 percent by 2030 compared to 2008 levels, and by 70 percent by 2050. At the end of 2021, the IMO decided to strengthen the already ratified rules. This led to the introduction of new environmental requirements for the design and operation of ships. Among other things, concepts were introduced as a way to measure and define ships' compliance with these new requirements. The indices will be adjusted, and the requirements will become more stringent every five years.

Beyond the IMO's global mandates, the maritime sector must navigate regional and national regulations, such as those that apply when vessels enter ports within the EU territory. The EU's Green Deal, specifically the Fit for 55 initiative, includes targeted proposals impacting the maritime industry. The FuelEU Maritime, introduced by the EU in 2021, encourages the adoption of sustainable and low-carbon fuels within the maritime sector. Its objective is to lower the greenhouse gas

intensity of the energy utilized on ships. In 2022, this proposal saw revisions and enhancements, alongside the introduction of a proposal for creating a maritime R&D fund to support the adoption of these measures.

As part of FuelEU Maritime, carbon dioxide emissions from maritime vessels are now part of the EU's emissions trading system (ETS). This policy mandates that 100% of emissions from ships navigating between EU ports and 50% of emissions from voyages starting or ending outside the EU fall under the scheme. Consequently, ship operators are required to acquire emissions allowances for each ton of carbon dioxide released. The process for measuring and documenting these emissions commenced in 2017 for vessels exceeding 5000 tons deadweight.

The implementation of emissions trading is being introduced gradually over three years, starting in 2023. In addition, monitoring of other greenhouse-impacting emissions than carbon dioxide from the maritime industry will be introduced in 2024, to be included in emissions trading at a later stage.



Introduced requirements and incentives to reduce greenhouse gas emissions from shipping

- IMO Initial GHG Strategy: to reduce emissions of carbon dioxide by at least 40% compared to 2008 levels by 2030, and at least 70% by 2050
- Stricter global environmental requirements for design and operation of ships (CII, EEE, EEXI)
- Stimulus for increased use of sustainable fuels (FuelEU Maritime, marine R&D fund)
- Inclusion of ship carbon emissions in the EU's emissions trading system

The number of facilities converting waste heat to electricity with ORC technology has increased by 46.6 percent since 2016

150 TWh \approx 



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

 = 1 million households

Future Fuels and Rising Fuel Prices

The global industry is aiming for a sustainable future with solar, wind, water, and thermal power playing crucial roles. Yet, the combustion engine remains vital for energy production, particularly in the maritime sector. Currently, shifting to electric motors is largely impractical for most maritime vessels due to inadequate battery weight-to-capacity ratios for long-distance sea travel. However, development is underway for new hybrid combustion engines that can use alternative fuels, thereby transitioning from fossil to non-fossil fuels produced with renewable or carbon-free energy sources.

The trend points towards fuels such as methanol, liquefied natural gas (LNG), biofuels, hydrogen, and ammonia.

The future fuel supply will depend on the availability and price of these energy sources. A higher price, combined with a lower energy density for the new fuels, will lead to further increased demand for improved efficiency, i.e., increased electricity production, when utilizing the same amount of fuel, something that can be achieved with Climeon's HeatPower technology.

In 2023, fuel prices stabilized somewhat. Where they will land in the future is very difficult to predict. Conventional fuels will continue to play an important role, especially since the production capacity for non-fossil fuel is currently limited. It is clear that the fuel price in general, the availability of non-fossil renewable fuels, the regulatory framework around these, and the development of new fuel technology, will constitute an important part of Climeon's future business.

Energy Efficiency and an Increased Demand for Waste Heat Recovery Technology

Nearly every industrial process and engine produces heat as a by-product, necessitating cooling. The drive towards greater energy efficiency is elevating the value of what was once considered wasted heat energy. The KCORC organization details this evolution in their report, "Thermal Energy Harvesting - the Path to Tapping into a Large CO₂-free European Power Source," emphasizing the growing importance of these heat sources. Specific examples of where waste heat originates include:

- Petrochemical processes
- Material production (plastics, metals, paper, cement, glass)
- Production of electricity or mechanical energy (stationary gas turbines, combustion engines)
- Combustion of material in incinerators (waste, fuel residues, or biomass)

Recovered heat can be used for:

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

In a study conducted by McKinsey in 2023, the value of global energy savings through the recovery of waste heat is estimated to amount to 140 billion euros per

year, of which up to 65 billion euros are heat-to-electricity solutions. The corresponding estimate by KCORC is that at least 150 terawatt-hours of electricity can be generated per year in the EU from previously unused heat energy. This corresponds to approximately 20 million households, or the annual electricity production from 19 nuclear power plants with a capacity of 1 gigawatt (GW) each. The majority of heat energy is in low-temperature heat (80-200 degrees Celsius), and if converted to electricity, it corresponds to about 25 percent of the aforementioned 150 terawatt-hours per year.

A study featured in Applied Thermal Engineering highlights the growing demand for Organic Rankine Cycle (ORC) technology, which Climeon and others use to generate electricity from low-temperature heat using organic refrigerants. Since 2016, installed capacity has surged by 40%, with a 466% increase in the number of installations. Waste heat recovery has seen the most significant expansion. The study predicts small-scale waste heat recovery systems will become increasingly important in the near future, both on land and at sea. It also reveals that the global installed capacity for electricity generation using ORC technology totals five gigawatts, with four gigawatts from geothermal plants and approximately 500 megawatts from heat recovery. Assuming these plants operate at 75% capacity year-round, this amounts to about three terawatt-hours annually. If this production were in the EU, it would only represent two percent of the 150 terawatt-hours per year of untapped heat energy identified by KCORC. This indicates a vast potential for further heat energy utilization through recovery.

I KEY MARKETS

The areas that are currently the most interesting for Climeon from a growth and profitability perspective are the maritime market, as well as the energy and industrial markets. Customers in these markets have clear incentives, both profitability-wise and environmentally, to invest in Climeon's HeatPower systems, which have a good technical match between customers' processes and Climeon's products, expertise, and existing customer base. Together, they form the foundation for good business for the customer and for Climeon.

Maritime Market

The global maritime industry constitutes the lifeline of today's world economy in many ways. Thus, the maritime market is a well-established and stable market that will exist as long as trade continues between continents. The commercial shipping fleet includes about 85,000 vessels, and between 1,500 to 1,800 new ships are added each year.

The ships are powered by combustion engines, where over half of the fuel energy supplied is converted into waste heat. Approximately 50 percent of this waste heat is available as low-temperature heat at temperatures below 100 degrees Celsius. The market players are mainly shipping companies and shipyards. Asia is the dominant region for the international shipbuilding industry, with China, South Korea, and Japan as the three major shipbuilding countries, accounting for 80 to 90 percent of the world market for newly built ships. In Europe, there are significant shipyards within certain segments for cruise ships in Germany, Italy, Finland, and France.

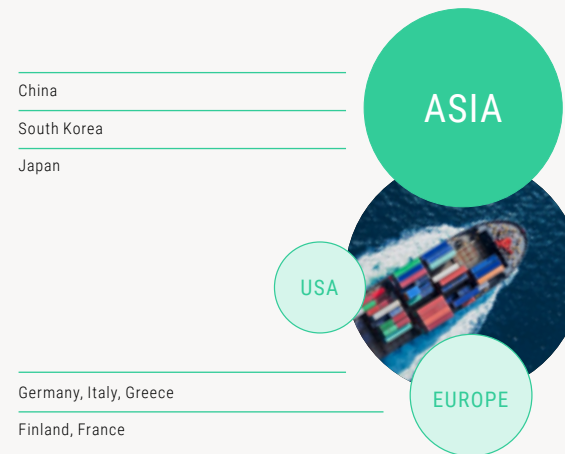
The shipping industry operates worldwide, with Greece, Japan, and Germany leading as the top ship-owning nations. They are closely followed by China and South Korea, which, combined, hold control over more than half of the global market. Within the cruise industry, the USA is also a key player in ship ownership.

Maritime market owners and shipping companies are strongly interested in enhancing the energy efficiency of their fleets. Shipyards aim to provide cost-effective technical solutions for both new constructions and updates to existing vessels. This effort is driven by the need to meet stricter carbon dioxide emission standards and to reduce operational costs, especially in light of rising fuel prices. Converting waste heat from ship engines into electricity, thereby reducing fuel consumption, plays a crucial role in ships' energy efficiency improvements. This approach has gained traction among esteemed shipping companies and shipyards, incorporating such solutions in current and future ship designs. Additionally, the EU's new carbon dioxide tax will impose extra costs on ships docking in EU ports. With new carbon-neutral fuels emerging yet still costlier than fossil alternatives, advancing energy efficiency remains paramount in the maritime sector.

Energy and Industry

The Energy and Industry sectors encompass diverse markets and customer segments, all unified by their significant quantities of heat they aim to harness. This includes waste heat from process cooling, heat generated as a by-product of operations, or geothermal heat from beneath the Earth's surface. Much of these sectors can tap into low-temperature heat, with temperatures under 200 degrees Celsius.

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



The water utilized for cooling in industrial processes contains waste heat that can be harnessed to generate electricity.



- Process Industry
- Motor-driven power plants
- Geothermal power plants

In many industrial processes, mechanical and chemical, surplus heat is generated. The cooling water employed in these processes contains recoverable waste heat, which can be converted into electricity.

Industries with available heat below 200 degrees include the steel and aluminum, chemical and petrochemical, paper and pulp, refineries, and food and beverage sectors. According to KCORC's Thermal Energy Harvesting report, there are approximately 1,175 industries operating within these sectors in Europe alone, with a total potential available thermal energy of over 50 megawatts. Industry stakeholders consider this is a very low estimate, and the real market size in Europe is most likely considerably larger.

Land-based stationary engines are typically large combustion engines designed for electricity generation. These engines, akin to those on ships, produce significant waste heat in their cooling water and exhaust gases. Harnessing this waste heat enhances the engines' efficiency, allowing them to generate more electricity with the same fuel quantity. Large engine-driven power plants, which generate electricity for either base load power or to supplement the grid when renewable sources like wind are insufficient, serve as examples. When used for base load

power, these engines operate most of the year, resulting in a substantial amount of waste heat available for electricity conversion annually.

Harnessing geothermal energy, which exploits the earth's internal heat, has vast potential, particularly in regions near tectonic plate boundaries, such as the USA, Japan, Canada, and Eastern Europe. The preferred technology for tapping geothermal sources below 180°C is the Organic Rankine Cycle (ORC), commonly employed in Combined Heat and Power (CHP) plants. The transition from heat to electricity requires significant cooling infrastructure and often drilling to access the geothermal heat. As a result, economically feasible geothermal ORC plants typically have a capacity larger than 13 megawatts. Nonetheless, there is a considerable number of existing ORC plants designed for small-scale production, with capacities smaller than five megawatts, aimed at local electricity generation. With the development of improved drilling techniques and more efficient pumps and cooling systems, there's a growing optimism that the market for these smaller-scale plants will expand, offering a sustainable and localized energy solution.

The market for heat recovery within the aforementioned areas is global. However, the feasibility of the projects needed to install ORC technology for heat recovery is



strongly linked to the total cost of installation. To convert heat to electricity, the process also needs cooling, and these cooling facilities, including piping, are often expensive. To attract customer investment, the plant must offer a reasonable payback period. The cost is linked to local and regional laws and policies that create clear incentives for customers to invest in waste heat recovery, such as:

- Regulation of greenhouse gas emissions
- Goals related to the share of renewable electricity
- Fees and tax reliefs for the installation of green technology

Europe leads in regulating greenhouse gas emissions and advancing renewable electricity, largely due to EU regulations and country-specific mandates, with the Netherlands, the United Kingdom, and Germany leading the charge. Beyond Europe, countries like Canada, Indonesia, and the Philippines are also actively engaging in these initiatives.

Competition

The biggest challenge for the ORC market is that industries and operations that generate waste heat chose to allow the heat to escape into the environment rather than harnessing it. Another challenge comes from alternative methods for utilizing waste heat, such as direct heating applications, competing with ORC technology. Despite the vast amount of untapped waste heat, the sector for ORC-based electricity generation from low-temperature sources (below 200 degrees Celsius), notably pioneered by companies like Climeon, is on a growth trajectory. However, this expansion brings increased competition, particularly from low-cost international producers. Currently, Europe hosts the majority of ORC technology providers, with only a handful focusing on standardized units for heat sources under 100 degrees Celsius. According to the previously mentioned article in Applied Thermal Engineering, over 80 percent of all ORC installations today are large power plants, intended to produce between ten and 50 megawatts of electricity, and customized for the special conditions that apply to each application.



ORC technology has existed for over a century, yet it's only in the last decade that the development of commercial power plants utilizing this technology has accelerated. To boost the deployment rate further, additional actors are required to promote the technology broadly and elucidate its advantages for diverse potential customer segments. The analysis indicates a vast market potential for waste heat recovery, with market saturation still a long way off.



STRATEGY



I PURPOSE AND VISION

Today's energy systems are extremely complex, and resources are not efficiently utilized within industrial operations and power production, as well as within the maritime sector. Climeon's goal is to help companies generate electricity by using already existing energy flows, thus leveraging both the companies' and the Earth's resources in a more sustainable way and paving the way for a quicker transition to a climate-smart society.

Climeon's business purpose is to make sustainable electricity accessible, reliable, and cost-effective through the development of industry-leading, low-temperature waste heat recovery technologies. The company's vision is to reduce global CO₂ emissions and accelerate the use of sustainable power through the development of world-leading HeatPower solutions.

Climeon's business strategy is based on this purpose and vision and is intended to create conditions for continued growth in line with both financial objectives and sustainability goals.

Environmental Awareness

Climeon's vision is to reduce global carbon dioxide emissions and accelerate the use of sustainable electricity. HeatPower products enable customers to do this while also saving costs. Climeon continually seeks opportunities and incentives to contribute to a faster transition to carbon-neutral electricity production while the company works to reduce its own environmental impact at both the product and corporate levels. (For further information about Climeon's environmental goals, see the Sustainability section.)

Environmental awareness Customer focus

Climeon strives to cut global CO₂ and accelerate the use of sustainable electricity with its HeatPower technology, while minimizing its own environmental impact.

Customer focus

Climeon focuses on providing customers with efficient, reliable HeatPower solutions for cost-effective sustainable electricity production.

Innovation and product development

Climeon fosters innovation while simultaneously emphasizing ongoing development, aiming to enhance its HeatPower solutions further. This approach ensures customers receive superior value compared to what competitors offer.

Cost effective production and supply chain

Climeon streamlines its HeatPower production and supply processes for cost-effectiveness and environmental sustainability, focusing on quality and swift availability of spare parts via long-term partnerships.

OUR MISSION

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

OUR VISION

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

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

Customer Focus

Climeon's goal is to offer customers efficient, self-sustaining HeatPower products that provide reliable, long-term cost and energy savings and help customers reach their environmental goals. The products are designed to be easy to understand, integrate, and use. Leveraging expertise and fostering transparent, reliable communication, Climeon is committed to delivering the best technical and economical solutions for converting heat into electricity, tailored to fit the unique needs of its clients. The company supports customers in meeting their environmental objectives and desired cost savings.

Climeon ensures continuous support from the initial sale through to integration, installation, operation, and maintenance, aiming to provide current and future customers local, cost-effective support worldwide.

Climeon strives for the company's products to offer the customer the lowest possible levelized cost of electricity, or LCOE. LCOE includes both product cost and costs for surrounding components and integration work. Climeon actively works to simplify integration and offer solutions to provide customers with a competitive solution and payback time as possible when investing in our HeatPower products.

Innovation and Product Development

At the heart of Climeon's operations lies its HeatPower technology, alongside the innovative ideas and intellectual property that are linked to it.

By nurturing innovation and committing to ongoing development, Climeon aims to enhance the cost-efficiency and quality of its existing HeatPower offerings. This strategy is designed to provide customers with superior value compared to what competitors offer. Additionally, Climeon seeks to discover novel methods to convert low-temperature heat into electricity, expanding its future product range. To further increase competitiveness, the ambition is that these improved or new solutions will be patented or defined as company secrets. Climeon's approach to product development is driven by market needs, ensuring that every innovation directly responds to customer requirements. The ultimate objective is to generate significant value both for the customers and for Climeon as a business.

Cost-Effective Production and Supply Chain

In pursuit of sustained growth aligned with its financial objectives, Climeon is dedicated to lowering the costs of both its products and services. At the same time, it is important that our customers have quick access to quality-assured spare parts when needed.

The goal is to reduce the product and manufacturing cost of HeatPower products, ensure good availability of spare parts, and a cost-effective, yet environmentally sustainable, distribution chain for both products and spare parts.

Climeon prioritizes establishing long-lasting partnerships with reputable, globally operating companies. This strategy guarantees access to premium quality products and components, adoption of modern and eco-friendly production techniques, and the use of secure, sustainable logistics practices. (For further information on the relationship with suppliers, see the Governance section.)

BUSINESS



I HEATPOWER

In 2023, the company's primary focus was on the commercialization, classification, and production of the new product generation HeatPower 300, which constitutes the core of Climeon's offering.

Sales and Marketing

At the heart of Climeon's offering lies the HeatPower technology and product-related services. The focus today is on the continued commercialization of the new HeatPower 300 product generation launched at the end of 2022. In addition to this, Climeon offers consulting, service and installation support, spare parts, and training.

Climeon targets select markets where it can establish a significant, profitable presence while providing customers with both a financially rewarding investment and a means to support sustainability initiatives. Profitability assessments consider a wide array of factors including current energy dynamics, electricity and fuel prices, carbon dioxide emission charges, and various costs related to capital, product, installation, and operation, alongside political mandates, incentives, and regulations. The technical feasibility for each client and application is also evaluated, taking into account the specific heat source's temperature range and cooling availability. Often, securing cooling solutions poses a greater challenge and incurs higher costs for installation projects compared to finding suitable heat sources.

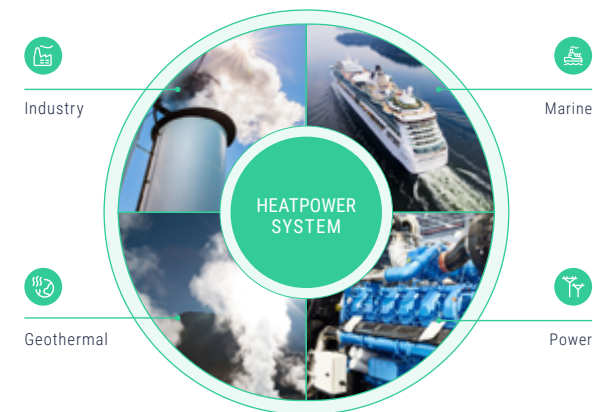
This detailed evaluation process, conducted in collaboration with clients, tends to lengthen the sales cycle.

Marketing, sales and customer support is primarily based at Climeon's headquarters in Kista, where the company's test facility is also located. Climeon primarily works with direct sales but also uses local sales partners in selected geographical locations. Support services are delivered by either Climeon's in-house team or by personnel contracted and trained by Climeon.

Development in 2023

In 2023, Climeon continued the commercialize of the HeatPower 300 product platform, according to plan. This period saw a rise in interest across Climeon's key sectors—Maritime, Energy, Industry, including Geothermal—as well as from various geographical markets, reflected in an uptick in customer inquiries. This growing interest is attributed partly to the initial sales of the HeatPower 300 systems, which further increased Climeon's market presence. More broadly, the growing interest across all markets can be linked to the escalating demand and increasingly rigorous requirements for energy-efficient and eco-friendly electricity generation, where fossil fuels are phased out in favor of more sustainable alternatives.

Generally, the number of inquiries has increased. Climeon has participated in a number of fairs, events, and conferences and has broadened its network of sales partners. In the maritime sector, customers are increasingly seeking more



energy-efficient ships to reduce fuel consumption, therefore cutting costs and carbon dioxide emissions, while also complying with both current and future regulatory standards for energy efficiency. Similarly, clients in the energy and industrial sectors are exploring ways to produce electricity more sustainably, improve energy efficiency, and lessen their environmental footprint. Climeon is actively engaging in conversations with these customer groups across its priority markets.

Due to the different conditions of the various customer groups and their specific opportunities for integrating the HeatPower technology, it is often a relatively long process from initial customer contact to signed agreement.

Climeon has also engaged during the year with the independent international organization KCORC-Knowledge Center for ORC to further contribute to increasing knowledge about ORC technology and heat recovery both within industry and academia, as well as with authorities and governing bodies.

I MARITIME BUSINESS

The maritime industry is currently a market that, driven by an increasing demand for energy efficiency, lower carbon dioxide emissions, and reduced operating costs, has significant potential for Climeon. This increased demand is fueled by new environmental regulations and the shift towards more expensive fuel types, amplifying the need for Climeon's waste heat recovery solutions.

Climeon's HeatPower 300 portfolio addresses approximately 30% of the 1,500 to 1,800 newly constructed ships annually. Furthermore, about 10% of the existing 85,000-ship fleet represents a viable market for Climeon, factoring in vessel age and size.

A challenge for any new technology installed on a ship is that the payback time for the installation, including the cost for product, installation, operation, and maintenance, must be as short as possible. Due to the long transport distances and the demanding environment at sea, the installed technology must also be as

maintenance-free as possible. Therefore, Climeon's focus in developing HeatPower technology for marine applications has been on reducing the product cost per produced kilowatt-hour, a robust construction, simple installation, and low maintenance costs. The new HeatPower 300 product is designed to offer marine customers cost-effective electricity production at temperatures as low as 85-95 degrees Celsius. This means that the engine's cooling water can be used as the sole heat source for our HeatPower products. Moreover, in marine applications, seawater can be used for cooling the ORC process, thereby lowering integration costs and offering Climeon a competitive edge.

The sales activities related to HeatPower 300 are primarily focused on larger vessels within the segments of cruise and container ships. Other segments and engine sizes may also be of interest to Climeon, based on available waste heat and the ship's operational profile



Highest efficiency at 85-95 degrees



Robust construction



Simple installation



Low maintenance costs



Optimized for waste heat recovery from engine cooling



Sea-water cooled

At the end of July 2023, HD Hyundai Heavy Industries, HD-HHI, one of the world's largest shipbuilders, signed an order worth 2.5 million euros for Climeon's HeatPower 300 system.

Customers

Climeon's marine customers mainly consist of international shipping companies and shipyards, but the ships' owners are also an important counterparty for Climeon. For sales opportunities aboard new ship constructions, Climeon enters into contracts with the shipyard, but the shipowner's approval is in most cases a prerequisite for a deal. Sales cycles range from one to three years, targeting both shipping companies and shipyards. The shipping companies evaluate energy efficiency, payback times, and technical requirements, the latter especially important considering that a ship has an estimated lifespan of at least 25 years. Shipyards are primarily interested in issues concerning price, technical aspects, costs for installation, and delivery time.

When shipping companies, owners, and shipyards strive to meet increasing regulations, maximize energy efficiency, and minimize their operating costs, it becomes increasingly evident that systems for waste heat recovery, and thereby Climeon's HeatPower, can be part of the solution. Today, it is primarily shipping companies with larger vessels, such as container and cruise ships, that are at the forefront of this effort, and these types of customers also constitute Climeon's focus on the maritime market.

Development in 2023

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

Towards the year's end, Climeon clinched a significant deal with an undisclosed leading global shipping company for its HeatPower 300 modules to retrofit two container ships. The order marked a first breakthrough in the retrofit market, a highly prioritized market for Climeon, where the Company sees great potential for the future. The order value amounts to approximately one million euros, and the modules are planned for delivery during 2024.

Earlier in the year, at the end of July 2023, HD Hyundai Heavy Industries, HD-HHI, one of the world's largest shipbuilders, placed an order worth 2.5 million euros for Climeon's HeatPower 300 system. The modules will be delivered to the shipyard during 2024 for installation on six of AP Möller-Maersk's new container ships.

During the year, Climeon participated in the maritime fairs SeaTrade Miami in the USA, Maritime Day in Åland, Nor-Shipping in Norway, Kormarine in South Korea, and Marintec China in China.

Climeon also continued as a partner in the EU-funded CHEK project, whose goal is to develop a future-proof technical platform for ships, including new





Products for waste heat recovery have also begun to be introduced as standard solutions for energy efficiency by both shipyards and shipowners in recent years.

energy-saving technologies. The CHEK project also examines how future ships can be designed to meet new climate requirements. The CHEK project is a very good way for Climeon to introduce its technology to more potential customers and collaborators. The project also provides the opportunity to influence legislation and regulations related to new green innovations, such as Climeon's HeatPower technology.

Climeon has continued to build a network of localized sales and service partners in key global market locations, in order to have a strong local presence in the most important shipping and shipbuilding countries.

Regarding existing HeatPower 150 customers, Climeon worked in stages with Virgin Voyages' cruise ship Brilliant Lady to support Fincantieri with electrical and mechanical work prior to commissioning. The sister ship Resilient Lady's HeatPower 150 modules were tuned during the ship's operation in the Mediterranean. For the Norwegian shipping company Havila Voyages, Havila Pollux is now awaiting tuning, sister ship Havila Castor, which has been modified, is awaiting commissioning. In parallel, Climeon continues to support Viking Line and Maersk to ensure the functionality of HeatPower installations on board the cruise ship Viking Line Glory and the container ship Maersk Horsburg.

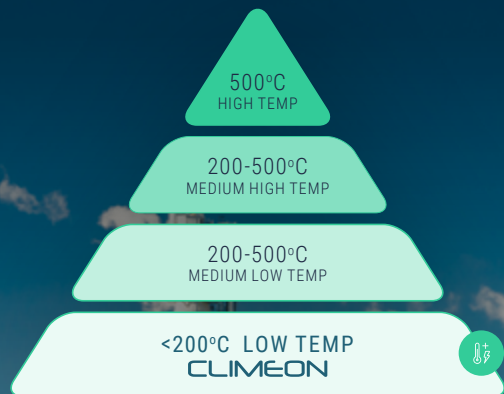
Outlook

The customer inquiries in 2023 are a clear sign of the steadily growing interest from the maritime market, and the orders are proof of the maritime market's ambition to improve energy efficiency onboard ships and reduce the industry's carbon dioxide emissions. In connection with the new orders during 2023, several customer audits of Climeon were conducted, including of the company's technology and processes. In competition with an Asian and a European supplier, Climeon's HeatPower 300 was assessed to offer the best total solution for both AP Møller-Maersk and HD-HHI. Further customer projects are now under discussion, and several approved customer audits have been conducted at both Climeon's production partner and at the company's headquarters and development and testing facility in Kista.

In addition to the new ships being built each year where Climeon's current HeatPower 300 is deemed suitable, the large fleet of existing ships, a fleet that has grown by between three and eleven percent per year since 2010, contributes to a large customer base for an almost unlimited future. Repetitive orders, where several identical sister ships are built, allow for increased sales over time for Climeon. Products for waste heat recovery have also begun to be introduced as standard solutions for energy efficiency by both shipyards and shipping companies in recent years. This will enable a shorter procurement time and more deals for Climeon in the future.

Through a well-planned strategy for the expansion of sales representative and service partner networks, Climeon will be able to increase its presence in the markets where the company has its most important customer groups.

ENERGY & INDUSTRY BUSINESS



The energy and industrial markets consist of various markets and customer applications. What they all have in common is that they possess large amounts of excess heat which is currently wasted. This waste heat stems from the production or use of Energy, industrial process cooling, and from geothermal resources, i.e., heat from the Earth's interior.

A significant portion of these markets have access to low-temperature heat in the form of water with a temperature lower than 100 degrees Celsius, which can then be used directly as a heat source in Climeon's HeatPower products. In other conditions regarding the heat source, or at higher temperatures, the heat can be exchanged through a separate heat circuit providing optimal conditions for electricity production. Higher electricity prices and stricter environmental legislation contribute to increased demand for the type of waste heat recovery products that Climeon offers.

Within the Energy and Industry markets, Climeon has focused on industries and operations which have heat available at temperatures lower than 200 degrees Celsius. One area is the Industry, where today large amounts of energy are cooled away. The industrial sector, where substantial energy is currently dissipated as heat, has been a key focus. Emphasis has been placed on industries such as plastic manufacturing, refineries, and the steel and paper sectors. Additionally, stationary engines used for generating electricity represent another domain where Climeon's HeatPower technology boosts efficiency, enabling these engines to generate more electricity from the same quantity of fuel. Geothermal energy is another interesting area where Climeon has experience from installations in Iceland and Japan.

Within the Energy and Industrial sectors, Climeon primarily focuses on countries in Europe, such as the United Kingdom, the Netherlands, and Germany. These countries have electricity costs where Climeon's HeatPower technology ensures a

cost-effective payback period for the complete installation. Also crucial are the strong environmental incentives for energy-saving solutions and sustainable electricity. The installations incorporate cooling solutions designed for a cooling water temperature cap of 35 degrees Celsius. Without access to natural cooling sources like seas, lakes, or rivers, air cooling becomes necessary, dictating a careful selection of markets based on ambient temperatures. Consequently, regions experiencing higher average temperatures throughout the year are currently less targeted by Climeon. However, conditions permitting, the company is open to exploring markets beyond Europe.

As with the maritime market, the sales cycles within the energy and industrial markets are long, usually between one and three years. The long sales cycles are largely due to the need for industries to carry out initial assessments on available heat balances and flows at their sites, and to evaluate how introducing new equipment might affect their operations. Additionally, customers must examine both the logistical and financial aspects of installations, frequently with Climeon's assistance. These evaluations then feed into the industries' decision-making processes, taking into account priorities and budget constraints before committing to an investment.

For customers, the possibility of sustainable local production of environmentally friendly electricity, together with payback times through energy and emission savings, is what primarily determines the purchasing decision.

During 2023, the development and construction company Termolink signed a contract worth approximately 1.1 million euros with Climeon.

Customers

Climeon's primary focus in the industrial sector is on industrial owners motivated by the benefits of enhancing their operations' efficiency and environmental sustainability. Additionally, Climeon markets its technology to consulting firms tasked by these industries with identifying energy-saving opportunities, as well as to development and construction firms specializing in industry upgrades and energy efficiency enhancements, known as EPC (Engineering, Procurement, and Construction) companies.

Customers within the area of energy production, for example, those using stationary engines for electricity production, are mainly found within three categories: power plant owners, power plant operators, and EPC firms specializing in developing and building power plants.

Development in 2023

During the year, the development and construction company Termolink signed a contract worth approximately 1.1 million euros with Climeon. The contract includes the delivery of two HeatPower 300 modules which, during the first half of 2024, will be installed by Termolink at NEOGROUP's facility in Lithuania, to subsequently produce sustainable electricity on-site, based on the waste heat generated in the production of PET resin. NEOGROUP is one of Europe's largest

manufacturers of PET resin, which, among other uses, is used in the production of PET bottles. Every year, the company produces over 450,000 tons of resin, 14 percent of the total European production. The modules will contribute to increased energy efficiency at the production site and enable the company to reduce its electricity costs.

The first HeatPower 300 module for the NEOGROUP factory was delivered to Climeon's test facility in Kista at the end of 2023 after production by Climeon's manufacturing partner in southern Sweden. Final tests and customer verification, as well as certification, will take place at Climeon before delivery and installation at the customer during 2024.

During 2023, there was also an increase in the number of incoming inquiries concerning other land-based applications of HeatPower technology. The customer that Climeon is actively involved in are at different stages, some are far ahead before they can be realized, others are expected to become reality in the nearer future. The company is also fielding a significant number of inquiries related to geothermal energy, predominantly from North America, Eastern Europe, and Asia, though many of these initiatives are still in the initial stages.

In terms of prior agreements, the power plant venture led by Climeon's UK partner, Landmark Power Holdings, has experienced setbacks due to Smith Brothers Contracting—the main contractor tasked with construction—entering voluntary liquidation. Landmark Power Holdings is therefore working to hire a new contractor to take over the ongoing work. According to the original plan, the power



plant was to be operational by the end of 2023, but it is still unclear when the project will be completed. What the delay means for Climeon's work and outstanding customer receivables is currently still unclear, but a reservation for doubtful receivables of -4.2 million kronor was made during the year.

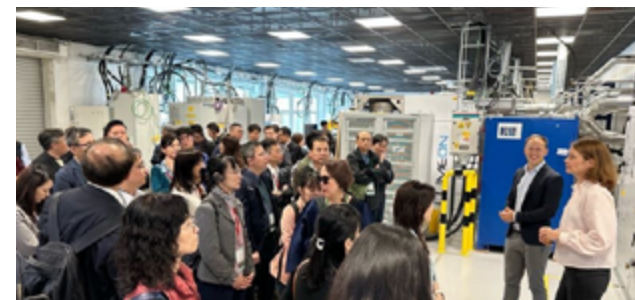
Throughout the year, Climeon engaged in various forums to enhance and share understanding about transforming heat into electricity, both generally, and, more specifically, with the help of HeatPower technology. Among others, Climeon participated in the Net-Zero Energy conference in Brussels, Belgium, the ORC 2023 conference in Sevilla, Spain, and Power-Ex Live in London, England.

Outlook

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

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

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



PRODUCT DEVELOPMENT AND IP

Since its inception, Climeon has specialized in creating products that convert heat to electricity through the use of Organic Rankine Cycle (ORC) technology, branding this innovative line as HeatPower. For an in-depth explanation of this technology, refer to the "Climeon Technology - This is HeatPower" section.

Since its inception, Climeon has specialized in creating products that convert heat to electricity through the use of Organic Rankine Cycle (ORC) technology, branding this innovative line as HeatPower. For an in-depth explanation of this technology, refer to the "Climeon Technology - This is HeatPower" section.

Product development and detailed design are performed by Climeon's development department in collaboration with component suppliers. Since the beginning, Climeon has developed its HeatPower products with a modular approach, where the company can offer a solution tailored to each customer's conditions through small changes to the base product. This approach has seen the evolution of HeatPower from an initial capacity of 50 kilowatts to the advanced HeatPower 300 series introduced in 2022, capable of generating up to 355 kilowatts under optimal thermal and cooling conditions. These products are versatile, fitting a range of applications from maritime to land-based stationary installations. In addition to providing customers with an attractive payback period, the new HeatPower 300 platform creates an opportunity for increased profitability for Climeon.

Currently, Climeon's efforts are concentrated on refining and adapting the HeatPower 300 series to meet customer needs. This includes ensuring compliance with various standards and certifications, such as maritime certifications, Grid Codes, and the CE mark necessary for the European market.

Innovation capacity is an inherent driving force in Climeon. The employees have very high competence in their respective fields, and innovation work is a continuous and ongoing process. Climeon also regularly holds "Invention Harvesting" sessions where participants, starting from the product's customer values, identify patentable solutions that are value-creating for the customer and give Climeon competitive advantages. The goal is that the unique technical solutions which support Climeon's path forward are protected by patents or clearly documented internally and protected as a trade secret. Through its thorough development practices and the stipulations of its employment and consultancy agreements, Climeon guarantees the internal retention and protection of its proprietary knowledge.

A strong patent and trademark portfolio supports Climeon's competitiveness, growth, and profitability. Climeon has a clear patent process and works actively to, in collaboration with internal and external IP specialists, strengthen its IP portfolio. Climeon also systematically works to ensure that products and technology do not infringe on others' existing patents, or that others infringe on the company's rights.

Climeon also works to strengthen its brand with both existing and potential customers through direct customer contacts, but also by participating in fairs, seminars, and industry-related events. The Climeon brand is, of course, protected in the jurisdictions where the company is active today, and in those where the company anticipates it will be active in the future.

150  355 kW

Comparison of maximum output power for HP 150 and HeatPower 300

Climeon currently has principal design approval for HeatPower 300 from Lloyd's Register, DNV, and ABS. The equipment is also CE marked.

2023 Development

During 2023, the focus within Climeon's development department was primarily on testing, evaluating, and optimizing the performance of HeatPower 300, based on customer specifications, actual customer data, and operating profiles. HeatPower 300 is a product platform, and as the number of inquiries from different customer types increases, different technical variants of the platform adapted to customers' specific needs and conditions are needed. This also increases the need to ensure that the equipment meets the Grid Codes required to connect them to the European electrical grids, which often vary from country to country. The equipment must also meet the criteria for the CE marking that is necessary for sales in Europe.

Moreover, the maritime sector imposes unique certification standards, known as marine classification, on equipment used on ships. For Climeon, this entails

specific criteria for pressure vessels, piping, and electrical configurations. Presently, Climeon's HeatPower 300 holds principal design approvals from Lloyd's Register, DNV, and ABS. Attuned to the evolving interests of potential clients, Climeon initiates new certification processes with other classification societies as demand arises. Additionally, the specific equipment delivered to a particular ship must be approved. The classification society then checks that the equipment is built according to the approved design and that the manufacturing complies with their regulations. This process encompasses stringent requirements for welding, leak testing, material quality, and electrical systems, with comprehensive documentation including test outcomes, internal audits, and material certifications.

During the late autumn and winter of 2023, full-scale tests were conducted, based on actual customer data from potential and existing customers. This phase of development for the HeatPower 300 series capitalized on the expertise of Climeon's technical team. Their accumulated knowledge across various domains—ranging from project management and thermodynamics to design, electronics, software development, certification, and rigorous testing—played a pivotal role in advancing this new product platform.

During the development of HeatPower 300, several ideas and new technical solutions were identified, and patenting processes are ongoing. In 2023, four new patent applications were submitted. This means that Climeon currently has 37 approved national patents divided into eleven patent families, as well as six patent applications under consideration.



37

Approved national patents

6

Patent applications under review

I MANUFACTURING

Since 2016, Climeon has had a partnership agreement with a Swedish production partner responsible for the entire manufacturing process. The manufacturer's production facility is flexible, allowing for quick implementation of changes in individual modules or adjusting production capacity.

The manufacturer also handles a significant part of the logistics chain, from ordering components to delivering the completed module to Climeon. Choosing the right suppliers for key components is a focus. All units are tested before delivery to the customer. Some of the tests are performed directly at the contract manufacturer and some tests are performed by Climeon's staff at the test and development facility in Kista.

Development in 2023

Throughout the year, Climeon has worked to develop and strengthen cooperation with subcontractors and partners to ensure production capacity, production quality, supply chain for materials, and delivery. The company has also worked on cost efficiency in the manufacturing process and reducing the time between order and delivery.

Climeon's Swedish production partner began assembling the HeatPower 300 systems planned for delivery to NEOGROUP's PET resin factory in Lithuania during the first half of 2024. The systems will undergo final testing at Climeon's testing facility in Kista before delivery to the customer. The production of the systems to be delivered to HD-HHI in South Korea, as well as the first two marine retrofit installations in 2024, are proceeding according to plan. The focus of these projects in 2023 was on production planning, documentation, and component procurement, as well as on customer review of the design documentation. under året 2023 på produktionsplanering, dokumentation och komponentanskaffning, liksom på kundens granskning av designunderlagen.



PET RESIN FACTORY

Lithuania

Climeon's manufacturing partner in Sweden started the production of two HeatPower 300 systems for Climeon's customer Termolink to be installed at NEOGROUP's PET factory in Lithuania during the first half of 2024.



CONTAINER SHIPS: RETROFIT

Europe

Manufacturing of the first two HeatPower 300 systems for retrofit installation in 2024 began.



CONTAINER SHIPS: NEW CONSTRUCTION

South Korea

Production of the systems for Maersk's new methanol-enabled container ships began. The systems are planned to be delivered to the customer, the shipyard HD-HHI, in South Korea.



30

Climeon currently has approximately 30 direct suppliers for the current Heat Power 300 platform.



300

In addition to the direct suppliers for the product, Climeon has agreements with approximately 300 suppliers.

AFTERMARKET

HeatPower technology has a simple, robust design and is designed to be as maintenance-free as possible.

For an investment to yield a favorable return for the customer, the costs of operating and maintaining the investment must be kept at a reasonable level. The lifespan of the investment also needs to be considered.

Climeon's HeatPower products are designed for a lifespan of 25 years, which is the same as that of a ship. During this time, Climeon provides spare parts related to the product, software updates, and service to ensure that the product functions properly and that the customer is satisfied.

Climeon's HeatPower technology has a simple, robust design and is designed to be as maintenance-free as possible. The planned maintenance required should easily be carried out by the customer themselves, for example, by a ship's crew, a

general service partner designated by the customer, or by Climeon's own service engineers.

To establish an efficient and eco-friendly local support network for its international clientele, ensuring dependable operation and addressing any customer challenges independently, Climeon collaborates with several external service partners. For certain clients, having support on the ground is essential. These service partners are strategically positioned across the globe, especially in regions with a robust maritime presence and key markets for the Energy and Industrial sectors. They receive training to match the expertise of Climeon's in-house service team, ensuring uniformity in service quality.

If necessary, through its proprietary software, Climeon Live, the company also has the ability to allow its experts to troubleshoot and update the software directly from the headquarters in Kista.



HEATPOWER 300 PRODUCT

Standardized product platform with various customer variants.



PRODUCT-RELATED SERVICES

Service team for commissioning and customer service.



SPARE PARTS

Spare parts sales.



CLIMEON LIVE

Cloud-based system for remote performance monitoring.

CLIMEON'S TECHNOLOGY

Climeon's proprietary technology, Climeon HeatPower, utilizes an Organic Rankine Cycle (ORC) process and the temperature difference between cold and hot water flows to convert low-temperature heat into sustainable electricity



REDUCE ENERGY COSTS



INCREASE ENERGY EFFICIENCY



LOWER CARBON DIOXIDE EMISSIONS

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

The Organic Rankine Cycle (ORC) operates as a closed loop system which circulates an organic working fluid. This fluid alternates between gas and liquid states when subjected to the heating and cooling effects of the hot and cold-water flows, respectively. Such phase transitions generate a pressure differential within the working fluid, which can then propel a turbine to produce mechanical energy. This energy is subsequently transformed into electrical power through a generator.

Climeon's HeatPower offerings, utilizing the ORC methodology, are designed with modularity in mind, incorporating five principal components affixed to a structure:

- An evaporator, which channels waste heat into the circulating working fluid, causing it to shift from a liquid to a gaseous state.

- A turbine, propelled by the now-gaseous working fluid, in turn, activates a generator that transforms mechanical energy into electrical power.
- A condenser, which reclaims heat from the apparatus, conveying it to the cooling water system and reverting the working fluid to its liquid state.
- A circulation pump, responsible for moving the working fluid back to the evaporator for another cycle.
- Electrical and control panels that oversee the operation and manage the generation of electricity for supply to the grid.

Products based on the HeatPower 300 platform can deliver up to 355 kilowatts of electricity by utilizing the temperature difference between hot water at temperatures of 80 to 100 degrees Celsius and cold water at temperatures of 0-35 degrees Celsius. However, the amount of electricity produced is not constant but varies depending on the temperature difference between the cold and hot water, water flow, and the amount of heat available to use. As a working medium, the system uses a refrigerant that is both non-toxic and non-flammable, with minimal GWP (Global Warming Potential) and ODP (Ozone Depletion Potential).

CLIMEON'S TECHNOLOGY: HEATPOWER 300

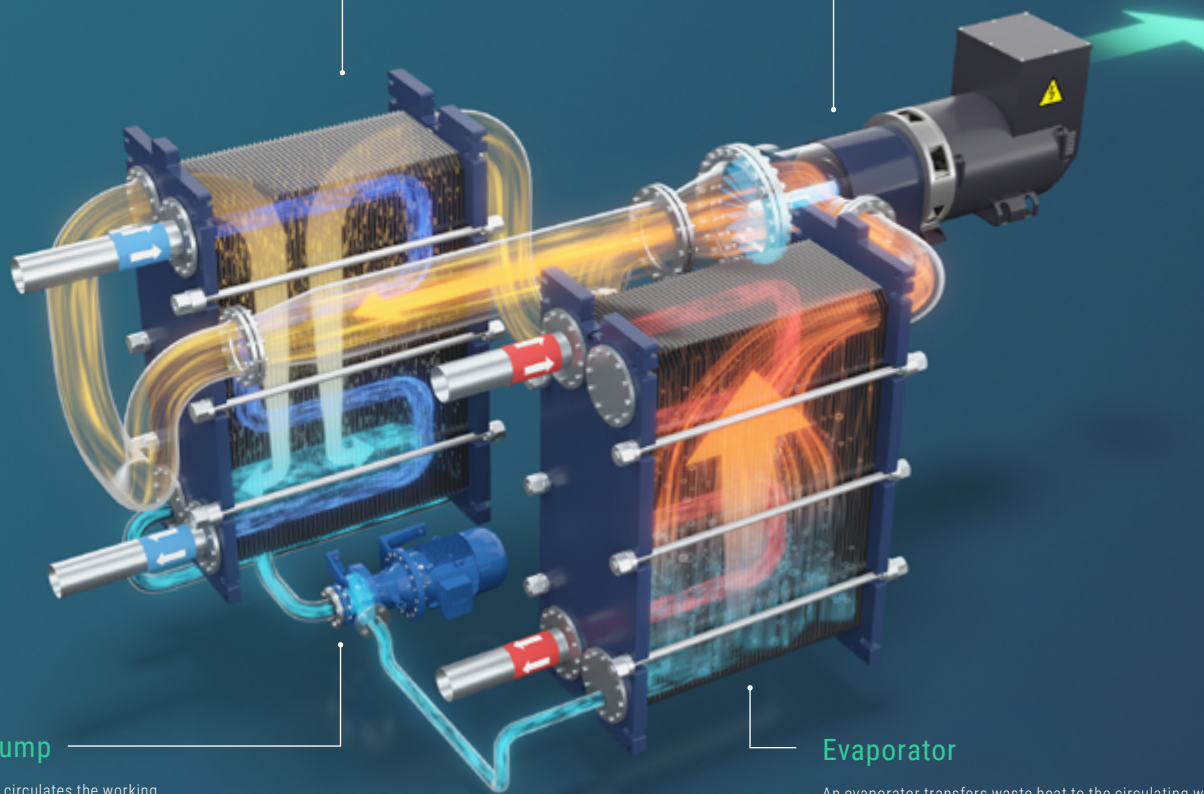
The HeatPower technology is based on an Organic Rankine Cycle (ORC) which leverages the temperature difference between a hot source and a cold source, along with the thermodynamic properties of an organic working medium, to generate electricity.

Condenser

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

Turbine & Generator

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



Feed Pump

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

Evaporator

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

SUSTAINABILITY



SUSTAINABILITY AT CLIMEON

Climeon's mission is to enhance our planet by lowering carbon emissions and boosting the adoption of renewable energy through its Heat Power technology. This commitment to sustainability is woven into every aspect of Climeon's activities, encompassing environmental, social, and operational realms. The company is dedicated to minimizing its ecological footprint, ensuring employee health and safety, and upholding ethical business practices. Climeon focuses on several key areas: environmental impact, employee welfare, and ethical governance, actively pursuing improvements in these domains.



Environment

CO₂ Savings
Production and Suppliers
Internal Environmental Work



Employees

Wellness and Engagement
Workplace Safety



Responsible Governance

Code of Conduct and Ethics
Policies and Monitoring

LOWERING CARBON EMISSIONS WITH CLIMEON HEATPOWER

Climeon's HeatPower system converts heat into sustainable electricity, thereby enabling reduced emissions of carbon dioxide (CO₂) for our customers. One of the company's primary environmental metrics is the number of tons of CO₂ emissions saved by the customers thanks to Climeon's HeatPower technology, a figure that is measured and followed up annually.

Depending on the energy mix and operational hours, a HeatPower 150 module can reduce emissions by up to 575 tons, while a HeatPower 300 can reduce CO₂ emissions by 1,360 tons per year. This calculation is based on the amount of electricity produced and the number of operational hours per year, multiplied by grams of CO₂ per kilowatt-hour (kWh) of generated electricity according to the global average.

The majority, 75 percent, of the approximately 5,200 megawatt-hours (MWh) of electricity produced by Climeon's HeatPower modules in 2023, was generated at the company's land-based installations in Sweden and Iceland. The total amount of electricity generated by Climeon's HeatPower system increased by ten percent from 2022 to 2023.

A large portion of the electricity in Sweden and Iceland comes from renewable energy sources, so the reduction in CO₂ emissions amounted to approximately 104 tons. If the 2022 world average of 0.438 tons of CO₂ per megawatt of electricity had been used, the savings would have amounted to 1,715 tons.

When Climeon calculates CO₂ savings from systems installed on ships, the company bases its calculations on the amount of electricity produced, measured in kilowatts, read by the company's own software, Climeon Live. Climeon then divides this value by the ship's specific fuel consumption converted to kilowatts to calculate how much fuel the ship has saved.

Different fuels contain different amounts of carbon, i.e., emit different amounts of CO₂. For example, bunker oil (HFO) emits 3.11 kilos of CO₂ per kilo of fuel and

liquefied natural gas (LNG) emits 2.75 kilos per kilo of fuel. The amount of CO₂ emissions per kilo is then multiplied by the amount of fuel saved by Climeon's HeatPower module on the respective ship. The result provides an estimate of the total CO₂ emissions per ship.

In 2023, Climeon's ship-based systems produced a total of 1,253 megawatt-hours of electricity, thereby saving approximately 738 tons of CO₂ according to the calculation model described above, which represents an increase of approximately 70 percent compared to the previous year.

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

The Product

Climeon's careful selection of methods and materials for its systems is made to ensure both high quality and low environmental impact throughout the product's lifecycle. This has been particularly important in the development of the latest product generation, HeatPower 300. Even sustainable energy technology like Climeon's impacts the environment during production. For example, large amounts of steel and energy are used to manufacture a wind turbine. The same applies to Climeon's modules, although the amount of material used is significantly lower. Only after a certain time of operation has the production of sustainable electricity compensated for the negative environmental impact of manufacturing. This is often referred to as the environmental payback time.

 575 TON

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

 1 360 TON

A HeatPower 300 can reduce carbon dioxide emissions by 1360 tons per year.

Climeon's HeatPower modules utilize a refrigerant as a crucial part of the technical process. The medium is contained in a closed circuit and is not handled outside the module itself. A significant part of the development work with HeatPower 300 has been to choose a refrigerant that has as little impact on the climate as possible. Stricter regulations regarding handling and reporting are being implemented for companies manufacturing products containing refrigerants. It cannot be ruled out that such regulations will become even stricter or that a ban on the use of refrigerants, even the climate-neutral type that Climeon uses, may eventually be introduced. If this were to happen, Climeon would need to adapt the HeatPower modules to other alternative refrigerants in a cost-effective manner.

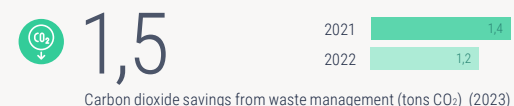
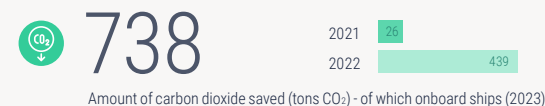
Production and Suppliers

Selecting suppliers with a minimal environmental footprint is paramount for Climeon. The aim is for every supplier to either hold ISO 14000 certification or adhere to its principles, and to agree to Climeon's code of conduct, as detailed in the Responsible Governance section. For parts requiring energy-intensive manufacturing, Climeon assesses the electricity consumed by its suppliers. This consideration, among others, led to the decision to manufacture HeatPower modules in Sweden, where CO₂ emissions per kilowatt-hour are comparatively low against other European nations.

Climeon has approximately 30 direct suppliers for the current HeatPower 300 platform, which enables close communications with each supplier. An important part of the work is also evaluating alternative suppliers. In addition to direct suppliers for the product, Climeon maintains contracts with approximately 300 other suppliers for various needs, including facilities and consultancy services.

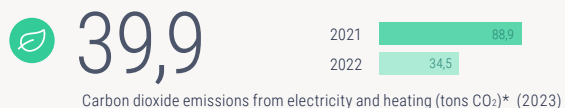
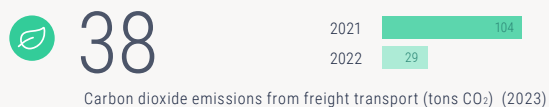
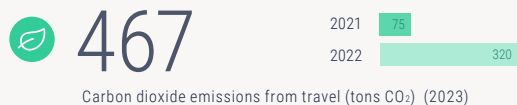
During its annual audits of direct suppliers for the HeatPower modules, Climeon prioritizes quality, workplace environment, and sustainability. These evaluations are set to continue as Climeon prepares for the series production of the new HeatPower 300 generation starting from 2024.

CARBON DIOXIDE SAVINGS



* According to the 2022 world average (CO₂/MWh)

CARBON DIOXIDE EMISSIONS



* Consumption of renewable energy



Climeon's Internal Sustainability Work

Climeon diligently monitors the environmental impact of its operations. The most significant impacts arise from business travel, transportation, and the consumption of energy and waste management.

To minimize these impacts, Climeon restricts travel to business-critical needs and has a policy favoring trains for domestic journeys and the most eco-friendly transport options for airport transfers. In 2023, registered travel emissions totaled approximately 467 tons (323) of CO₂, an increase primarily due to enhanced business activities in Asia.

Electricity consumption and heating of the company's offices, including the operation of the test facility in Kista, also constitute a part of Climeon's overall environmental impact. In 2023, the CO₂ emissions related to electricity and heat amounted to 39.9 (34.5) tons of CO₂. The electricity is purchased from the landlord, and Climeon has ensured that it comes from



renewable energy. Climeon also actively works to efficiently recycle the waste generated at the company's properties. In 2023, recycling resulted in a savings equivalent to about 1.5 (1.4) tons of CO₂.

Shipping and delivery is another part of Climeon's environmental impact. Climeon strives to perform the transportation in the most environmentally friendly way possible, and usually, trucks and cargo ships are used. Climeon actively works with co-loading to minimize the number of transports.

In 2023, the CO₂ emissions from transportation amounted to 38 tons (29). The increase during the year was mainly due to the company producing a number of HeatPower 300 modules, which increased the need for transportation of these, including associated components. In 2023, Climeon did not produce any such production. The calculation of emissions in the delivery and supply chain is based on the Eco TransIT World's calculation model for "calculation of energy consumption and emission data of a worldwide transport chain."

COMPETENT AND ENGAGED EMPLOYEES

Competent, motivated, and engaged employees are crucial for Climeon's ability to achieve its operational and financial goals, as well as for the company to contribute to the climate transition in the manner described in its vision and mission. In 2023, the focus was primarily on maintaining high engagement and well-being among the company's employees, as well as complementing the organization with new key personnel.

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

Skills and Diversity

Expertise in a number of different areas is a prerequisite for Climeon's success in achieving the company's vision and ambitious goals. Therefore, Climeon needs access to the entire labor market when building its leading team and seeking new key players. Climeon is a multicultural workplace, with employees from many different countries and cultures. Diversity is also important as it promotes innovation and reflects the global and multifaceted market in which the company operates. At Climeon, everyone, regardless of age, gender, or background, should treat each other with mutual respect and behave in an ethically correct manner. Within Climeon, as well as among the company's suppliers, all employees, regardless of gender, age, ethnic origin, political views, sexual orientation, disability, or other factors, should be given equal opportunities. Language is an important cultural carrier; therefore, English serves as Climeon's common and unifying working language.

In 2023, the average number of employees was 40 (43). The percentage of female employees in the company was 29 (26) percent. In both the management team and the board, the percentage of women was 20 percent in 2023.

**DO GOOD
BE A TEAMPLAYER
ALWAYS DELIVER**

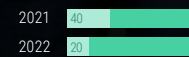
40

Number of employees (2023)



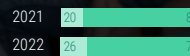
20%

percentage of women in the management team (2023)



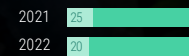
29%

Percentage of female employees (2023)



20%

Percentage of women on the board (2023)



At Climeon, well-being and maintaining a balance between personal life and work are fundamental

Motivation and Engagement

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

Climeon strives to offer market-competitive salaries and a market-competitive compensation package to all employees. The compensation package includes, besides pension and insurances, private healthcare, compensation during parental leave, free access to the gym at the workplace, flexible working hours, and wellness benefits.

Work Environment, Health, and Safety

The work environment, both mental and physical, is important for Climeon's high ambitions regarding a successful and sustainable operation with engaged employees.

At Climeon, well-being and maintaining a balance between personal life and work are fundamental. Where job duties permit, Climeon provides flexible working arrangements. Additionally, the company consistently monitors various health aspects through employee surveys and discussions between staff and their direct supervisors.

Through its insurance package, Climeon offers its employees health insurance to preventatively address any potential health issues. In the event of illness, the possibility of professional support is offered, and a rehabilitation plan is activated.



Safe Work Environment

Climeon's employees often work with high voltages, hot liquids, and pressurized gases. This involves significant accident risks if the work is not performed correctly, whether it takes place at Climeon's own test facility or at a customer's site. Employee safety is a top priority, and the goal is that no workplace accidents should occur.

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



CODES OF CONDUCT AND ETHICS

The environmental management work within Climeon aims to continuously improve the company's efforts but is also an assurance that the company meets concrete and recognized environmental requirements.

Climeon has implemented two codes of conduct, one intended for the company's employees and another applicable to its suppliers. The purpose of these codes is to ensure that both Climeon and its subcontractors act ethically and in a long-term appropriate manner regarding issues related to human rights, collective agreements, the right to unionize, health and safety, equality, discrimination, corruption, and environmental impact. Climeon upholds human rights and demands that all suppliers meet at least the minimum requirements of their respective countries' labor legislation. The company has a zero-tolerance policy against forced labor and actively works to prevent regulatory violations in both its own operations and the value chain in which Climeon participates.

All suppliers have been informed about Climeon's code of conduct. Compliance with the code is evaluated annually during supplier meetings and through audits conducted by Climeon's supply chain organization. If the requirements are not met for any reason, the supplier must present an action plan for rectification. The code of conduct, as well as Climeon's view on ethical conduct, is clarified for customers and is also attached as an appendix to contracts and agreements signed. The goal is for all suppliers to have signed the code by the time the company's new product generation, HeatPower 300, enters series production.

Policies and Monitoring

As a complement to the codes of conduct, Climeon has also implemented specific policies for work environment, quality, environment, transport, safety, and rehabilitation. The policies related to employees and work environment are found in the company's employee handbook and are followed up through Human Resources. Quality and environmental policies are an integral part of the company's management function, while safety guidelines are addressed at regular meetings with the company's safety committee. The outcomes from the safety committee are reported to Climeon's management team and presented to the board.

Climeon has been certified according to the standards ISO 9001 for quality management and ISO 14001 for environmental management for several years. A re-certification also took place in 2023, which is normally done annually.

Climeon's quality management system ensures that internal and external requirements on the company are handled securely. The company also sees significant benefits in having clear procedures to continuously optimize and improve operations and processes.



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TSEK

	2023	2022
Carbon Savings		
Sustainable electricity produced (MWh)	5 200	4 752
- of which on land	3 947	4 022
- of which onboard ships	1 253	730
Saved amount of carbon dioxide (tons CO ₂)	2 453	2 187
- of which on land*	1 715	1 748
- of which onboard ships	738	439
<i>* According to the world average of 2022 (CO₂/MWh)</i>		
Carbon savings from waste management (tons CO ₂)	1,5	1,4
Carbon Emissions		
Carbon dioxide emissions from travel (tons CO ₂)	467,0	323,0
Carbon dioxide emissions from freight transport (tons CO ₂)	38,0	29,0
Carbon dioxide emissions from electricity and heating (tons CO ₂)*	39,9	34,5
<i>* Consumption of renewable energy</i>		
Employees and Work Environment		
Average number of employees	40	43
- of which women	29%	26%
- proportion of women in the management team	20%	20%
- proportion of women on the board	20%	20%
Serious accidents related to work	0	0
Deaths related to work	0	0
Whistleblower incidents	0	0

CORPORATE GOVERNANCE REPORT



I CORPORATE GOVERNANCE REPORT

The Climeon Group consists of three companies. The parent company in the group is the Swedish public limited company Climeon AB (publ), headquartered in Stockholm, whose B-shares are listed on the Nasdaq Stockholm First North Premier Growth Market. In addition to the parent company, the group also includes the subsidiaries Climeon Japan K.K. in Japan and Climeon Taiwan Inc. in Taiwan.

Good corporate governance is an essential component in creating value for Climeon's shareholders. We continuously strive to:

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

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

Climeon has been applying the Code since July 1, 2019, and is committed to following best practices in corporate governance wherever possible. During 2023, the company did not deviate from any of the rules set forth in the Code.

Decision-making at General Meetings

Climeon's shareholders exercise their decision-making rights at the annual general meeting and any extraordinary general meetings. For further information on the share and shareholders, please refer to page 97.

Annual General Meeting

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

Annual General Meeting 2023

The annual general meeting was held on May 16, 2023. There were 22 (13) shareholders present at the meeting, either in person or by proxy, representing 59.4% (73.7%) of the votes. Attorney Ulrika Magnusson was elected as the chairman of the meeting. Lena Sundquist also gave a CEO presentation on the company's operations during the past year and the first quarter of 2023. A summary of the decisions made at the meeting is provided below.

- The annual report and audit report were presented and approved. Subsequently, discharge from liability was granted to the board members and the CEO.

- Re-election of board members Thomas Öström and Anders Lindberg, Håkan Osvald, Liselotte Duthu Törnblom, and Peter Carlberg. Håkan Osvald was re-elected as chairman of the board.
- Re-election of the registered audit firm Deloitte AB, where Deloitte announced that Daniel Wassberg would continue to serve as the lead auditor (re-election).
- The auditor's fee for the period until the next annual general meeting shall be paid according to a reasonable and company-approved invoice.
- Updated instructions for the nomination committee.
- Decision to authorize the board to, until the next annual general meeting, decide on new issuances of B shares, convertible bonds, and/or subscription warrants with the right to subscribe for B shares, including a share capital increase of up to SEK 252,000 corresponding to a maximum of 16,800,000 new B shares.
- Decision to issue up to 1,835,400 subscription warrants with the right to subscribe for an equal number of B shares within the framework of a new incentive program.

Extraordinary General Meeting 2023

The extraordinary general meeting was held on October 26, 2023. There were 12 shareholders present at the meeting, either in person or by proxy, representing 62.0% of the votes. Attorney Sven Rasmussen was elected as the chairman of the meeting. A summary of the decisions made at the meeting is provided below.

- The meeting decided, according to the board's proposal, to adjust the provisions of the articles of association regarding the limits of the share capital, the number of shares, and types of shares.

- Decision on authorization to the board until the next annual general meeting to decide on new issues of B shares, convertibles, and/or subscription options with the right to subscribe for B shares without deviation from the shareholders' preferential rights, as well as to decide on the issuance of B shares with deviation from the shareholders' preferential rights. Decisions based on the authorization without deviation from the shareholders' preferential rights may be made with a maximum total number of shares and subscription options that can be issued without amending the adopted articles of association at any given time. Decisions based on the authorization for the issuance of B shares with deviation from the shareholders' preferential rights may be made up to a maximum corresponding to an increase in the share capital of 9 percent based on the total share capital of the Company at the time of the general meeting.

Annual General Meeting 2024

Climeon's annual general meeting 2024 will be held on May 15 at 3:00 pm.

Shareholders wishing to contact the nomination committee can do so via email: nomination.committee@climeon.com, or by mail to the Nomination Committee Climeon AB, Torshamnsgatan 44, 164 40 Kista.

Nomination Committee

The instruction for the nomination committee adopted at the annual general meeting 2023 means that the chairman of the board contacts the four largest shareholders as of the last banking day in August and offers them to appoint one representative each to a nomination committee. If any of these shareholders choose to waive the right to appoint a representative, the right shall pass to the shareholder with the next largest shareholding after these shareholders. The chairman of the nomination committee shall, unless the members agree otherwise, be the member representing the largest shareholder in terms of votes. The chairman of the board may, after a decision by the nomination committee, be co-opted to the nomination committee.

Nomination Committee Duties

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

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

In connection with its assignment, the Nomination Committee shall otherwise fulfill the tasks that according to the Corporate Governance Code fall on the Nomination Committee, which also includes forwarding certain information to the company so that the company can fulfill its information obligation according to the Code. No remuneration shall be paid for the members' work in the Nomination Committee other than direct expenses incurred by the members of the Nomination Committee in connection with the performance of their duties.

Members of the Nomination Committee

The nomination committee for the annual general meeting 2024 (appointed by the largest shareholders as of 8/31/2023).

Name	Representing	Share of votes in % as of 08/31/2023
Thomas Öström (chairman)	Thomas Öström	44,7%
Joakim Karthäuser	Joakim Karthäuser	9,8%
Peter Lindell	Cidro Förvaltning and Peter Lindell	6,2%
Björn Wasing	SEB Stiftelsen, Skandinaviska Enskilda Bankens Pensionsstiftelse	2,9%
Total		63,8%

The work of the Nomination Committee, including the evaluation of the members of the Board and its work prior to the 2024 Annual General Meeting

The work of the Nomination Committee begins with a review of a checklist containing all the tasks that the Nomination Committee is required to perform according to the Corporate Governance Code, as well as the Nomination Committee's instructions established by the Annual General Meeting. A good understanding of Climeon's operations is crucial for the Nomination Committee members to be able to perform their work effectively. The Chairman of the Board is responsible for the annual evaluation of the Board's work, including the contributions of individual members. The Nomination Committee has reviewed the results of the evaluations for 2023. Furthermore, the Nomination Committee held individual meetings with all members and the CEO, in which the Chairman of the Board did not participate, to ensure objectivity. Based on this information, the Nomination Committee can assess the competence and experience required of the board members. In addition, the Nomination Committee has reviewed the assessments of the quality and effectiveness of the auditor's work by the Group and the Audit Committee, including recommendations regarding auditors and audit fees.

The Nomination Committee held two recorded meetings with all members present ahead of the 2024 Annual General Meeting. In addition, the Nomination Committee held a meeting without the participation of the Chairman of the Board and conducted the mentioned interviews. Further information about the Nomination Committee's work is available in the Nomination Committee's reasoned statement.

Duties and work of the Board of Directors

The main tasks of the Board are described in Chapter 8, Section 4 of the Swedish Companies Act. This includes, among other things, managing the Group's operations on behalf of the shareholders to ensure the shareholders' interest in long-term good return on capital is met in the best possible way. The Board deals with and decides on Group-wide issues such as:

- Strategies, goals, and action plans
- Appropriate organization and satisfactory management of the company
- Appropriate systems for follow-up, internal control, and risk management

- Establishment and evaluation of significant policies and guidelines
- Ensuring openness and correctness, relevance, and reliability of information disclosure
- Reviewing and following up on plans, budgets, and similar matters, as well as taking a position on reports on the company's liquidity, capital needs, and incoming orders
- Appointing and, if necessary, dismissing the company's CEO

Composition of the Board of Directors

In accordance with the Articles of Association, the Board shall consist of three to ten ordinary members with a maximum of three alternates. The members of the Board serve from the end of the Annual General Meeting at which they are elected until the end of the next Annual General Meeting. There is no limit to the number of consecutive terms a member can serve on the Board. The 2023 Annual General Meeting re-elected Board members Thomas Öström, Anders Lindberg, Håkan Osvald, Liselotte Duthu Törnblom, and Peter Carlberg. Håkan Osvald was re-elected as the Chairman of the Board.

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

When preparing its proposal for the Board, the Nomination Committee applied section 4.1 of the Code as a diversity policy and thus considered that the Board, taking into account the company's operations, stage of development, and other circumstances, should have an appropriate composition characterized by diversity and breadth in terms of competence, experience, and background. Gender balance should be sought. Women constitute 20 (20) percent of the company's Board.

Independence of the Board of Directors

Several different types of independence requirements apply to the Board and its committees. Prior to the Annual General Meeting, the Nomination Committee assesses the Board's independence. The Board has been assessed to meet the requirement that at least two of the Board members who are independent of the company should also be independent of major shareholders.

Climeon has, according to agreements entered into, engaged Board members for operational assignments to a limited extent in 2023.

Rules of procedure

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

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

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

Duties of the Chair of the Board

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

The work of the Board of Directors in 2023

The number of Board meetings during the financial year amounted to 17, including meetings held per capsulam, with most meetings prompted by issues and

decisions related to the rights issue conducted during the year. 4 of these meetings took place before the 2023 Annual General Meeting. The attendance of Board members is shown in the table below. All ordinary meetings during the year followed an approved agenda, which, together with documentation for each item on the agenda, was provided to the members before the Board meetings. Usually, an ordinary Board meeting lasts for half a day to allow time for presentations and discussions. The CEO and CFO also attend Board meetings. However, they do not attend matters where conflict of interest may arise or where it is otherwise not appropriate for them to attend, such as the evaluation of the CEO's work. Usually, someone from the Group's management team also presents a current strategic or operational issue at the Board's meetings. Following the preparation and approval of the interim and annual financial statements for 2023, the Board had a review and received a report from the company's external auditors. At this time, the Board also had a review with the auditors without the presence of the CEO or other members of the company management.

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

- Business situation regarding sales, market and order status
- Product development
- Group's results and financial position, capital procurement, liquidity, and outlook for the rest of the year
- Future prospects and investments
- Organization and personnel situation
- Collaborations, partnerships, and any disputes or loss risks
- Evaluation of the CEO
- Interim reports, year-end report, and annual report.

Members of the Board's attendance in 2023 and remuneration according to the 2023 AGM ²⁾

Namn	Elected	Born	PRESENCE NUMBER OF MEETINGS			INDEPENDENCE		Defined remuneration, in SEK
			Board meetings	Remuneration Committee	Audit Committee	Independent in relation to the company	Independence in relation to major shareholders	
Håkan Oswald	2022	1954	17 (17)	2 (2)	5 (5)	Ja	Ja	580 000
Liselotte Duthu Törnblom	2022	1960	16 (17)		5 (5)	Ja	Ja	280 000
Peter Carlberg	2022	1955	17 (17)	2 (2)		Ja	Ja	220 000
Thomas Öström ¹⁾	2011	1973	17 (17)			Nej	Nej	200 000
Anders Lindberg	2021	1965	17 (17)		5 (5)	Ja	Ja	240 000

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

2) The table refers to fees paid to the Board for the period May 2023 – April 2024. The fees to the members of the Board elected by the Annual General Meeting are decided by the Annual General Meeting on a proposal from the Nomination Committee. For 2023, fees were paid according to the table above, where travel allowance is excluded. Differences occur between the maximum decided by the Annual General Meeting the fee and the actual paid, as the actual payment during the calendar year is a combination of the fees between the last two general meetings. For amounts actually paid, see Note 8.

Remuneration Committee

The Remuneration Committee appointed by the Board consists of board members Håkan Oswald (chairman) and Peter Carlberg. The committee's work has largely focused on:

- Preparing the Board's decisions on compensation principles, compensations, and other employment conditions for the CEO, as well as reviewing and discussing the CEO's proposals on compensation principles, compensations, and other employment conditions for other members of the company management.
- Monitoring and evaluating ongoing and completed programs for variable compensations during the year.
- Monitoring and evaluating the application of the guidelines for compensation to executive officers, which the Annual General Meeting shall decide on, as well as the current compensation structures and levels in the group.
- The Remuneration Committee held two recorded meetings during 2023, see table over.

Audit Committee

The Audit Committee appointed by the Board consists of board members Liselotte Duthu Törnblom (chairman), Håkan Oswald, and Anders Lindberg, with the CFO as the rapporteur, and the CEO always present. The Audit Committee also meets with the auditor at least once a year for reporting observations without any member of the group management present. The committee's work has largely focused on:

- Overseeing the company's financial reporting.
- Monitoring the effectiveness of the company's internal control and risk management with respect to financial reporting.
- Keeping informed about the audit.
- Reviewing and monitoring the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than audit services.
- Assisting in preparing the Nomination Committee's proposal for the Annual General Meeting's decision on the election of auditors.
- Assisting in monitoring compliance with legal and regulatory requirements that materially affect financial reporting.

- Assisting in monitoring related-party transactions.
- Assisting in monitoring and evaluating selected projects.

The Audit Committee held five recorded meetings during 2023, see table for attendance information.

Legal Committee

The Legal Committee held ongoing meetings during the year, together with the management, to efficiently handle current legal matters. The committee was established in 2023 to keep the Board up-to-date on current issues and to reduce the company's need for, and dependence on, external legal advice. Since the Annual General Meeting in 2023, the Legal Committee, consisting of Håkan Oswald, has continuously provided advice and suggestions to both the company management and other employees regarding legal issues such as discussions and associated agreements, contracts related to sales, and other agreements such as agency agreements.

Auditor

In accordance with the Articles of Association, Climeon shall have one or two auditors with or without deputy auditors. The auditor is appointed by the Annual General Meeting for a period of one year. At the Annual General Meeting in 2023, Deloitte AB was re-elected as auditor for the period until the end of the Annual General Meeting 2024. Authorized public accountant Daniel Wassberg has been responsible for the audit in the company and the group since the Annual General Meeting in 2022.

The company's main auditor also attends the Annual General Meeting and describes and expresses opinions on the audit work. The company's auditor works according to an audit plan and reports observations to the Audit Committee and

Climeon's Board, both during the audit process and when the annual financial statements are approved. The company's auditor continuously assesses their independence in relation to the company and annually provides the Board with a written assurance that the audit firm is independent of Climeon. In addition to the audit work, the auditors have had advisory assignments regarding accounting issues over the past year. Climeon's nine-month report for the financial year 2023 has been reviewed by the company's external auditors.

- Elected Auditor: Deloitte AB
- Responsible Auditor: Authorized public accountant Daniel Wassberg, who is also appointed as responsible auditor in other companies such as Permobil, Svensk Bilprovning, Stockholm Exergi AB, and AB Svenska Spel.
- Shareholding in Climeon AB: 0 shares

The auditor's independence from the company is ensured by limiting the extent to which the appointed auditor may perform other services than the audit.

Group Management

The Board appoints the CEO and, if necessary, the Deputy CEO. The CEO leads the group management's work and is responsible, together with the group management, for the operational activities in accordance with the Companies Act, other laws and regulations, applicable regulations for listed companies, the Articles of Association, and the CEO's instructions.

The CEO of Climeon at the beginning of 2023 (and appointed in 2021) was Lena Sundquist, who has extensive experience as CEO and leader in the energy and marine industries. At the end of the year, the group management consisted of CEO Lena Sundquist, CFO Carl Arnesson, Executive Vice President Marine Fredrik Thorén, Executive Vice President R&D Jonas Måhlén, and Executive Vice President Energy & Industry Patrik Engstrand Kemi.

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

- Establish operational goals, allocate resources, and monitor the company's results and development.
- Prepare information and documentation as a basis for the Board to make well-founded decisions.
- Based on the annual strategic work, implement the strategy determined by the Board.
- Monitoring established goals is an essential tool for driving operational work. Further presentation of the group management is available in the annual report under the Management section and on the company's website.

Code of Conduct

Being a responsible company and acting ethically is an important part of Climeon's operations. Climeon has two codes of conduct, one for suppliers and one for employees, which specify how we should conduct business and behave. Climeon's code of conduct is available on the company's website.

Guidelines in remuneration of Senior executives

Principles for compensation to executive officers in Climeon are established by the Annual General Meeting. The proposed guidelines for 2024 mainly correspond to the guidelines applied so far but have been adapted due to certain changes in the Companies Act and the Code.

Executive officers refer to the CEO and other persons in the group management. The guidelines apply to agreements entered into after the resolution of the meeting and in the event of changes to existing agreements after this time. It is of

fundamental importance for the company and its shareholders that these guidelines, in both the short and long term, create good conditions for attracting and retaining skilled employees.

The purpose of the guidelines is to create increased transparency in compensation issues and, through relevant compensation structures, create incentives for executive officers to implement strategic plans and deliver good operational results to support the company's business strategy and long-term interests, including sustainability.

Compensation to executive officers should be market-based and competitive and consist of a fixed salary, pension benefits, and other benefits. Currently, no variable compensation is paid. The fixed salary should be individually determined based on position, competence, experience, and performance. Revision of the fixed salary is done annually. Pension terms should be premium-based and not exceed 15 percent of the fixed compensation. The retirement age for executive officers is 65 years. Other benefits should constitute a small part of the total compensation and be consistent with what is customary in the market.

The notice period for executive officers is three to six months. No executive officers are entitled to severance pay. The Board may decide to temporarily deviate from the guidelines in whole or in part if there are special reasons for doing so in an individual case, and a deviation is necessary to serve the company's long-term interests, its sustainability, or to ensure the company's financial viability.

For further details regarding compensation to executive officers, see Note 8.

Evaluation of principles for remuneration paid to senior executives

The principles approved by the shareholders' meeting for compensation to executive officers have been followed during 2023.

Share-based incentive programs

The purpose of stock-based incentive programs is to create a shared interest among the company's shareholders, key individuals, and other employees, and to strengthen long-term decision-making and goal achievement. Therefore, the Board may, where applicable, propose to the shareholders' meeting to decide on a stock-based incentive program. Climeon had two outstanding stock option programs totaling 2,796,100 B-shares at the end of the fiscal year.

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

The Board of Directors' Internal Controls Report

Internal Control

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

Control Environment

Climeon's internal control environment is based on the division of responsibilities between the Board, CEO, and the rest of the management team. The control environment sets the tone in an organization and influences the control awareness among employees. It is the foundation for all other components of internal control, providing discipline and structure. It includes factors such as organizational culture, integrity, ethical values, competence, management philosophy, organizational structure, responsibilities and authorities, and policies and procedures.

Climeon's control environment is based on:

- Governing documents such as the Board's rules of procedure and CEO instructions, quality systems, policies, and guidelines.
- Climeon's core values and Code of Conduct.
- The company's organization and way of conducting business, with clearly defined roles and responsibilities and delegation of authorities.
- The company's quality management system according to ISO 9001 and ISO 14001 and its guidelines that govern compliance with issued permits.

- Group-wide planning processes such as the budget process and employee interviews.

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

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

Activity and financial reports are prepared monthly and quarterly for the group, the parent company, subsidiary companies, operational units, and projects. The process includes specific controls to ensure that the reports are of high quality.

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

Risk Assessment

Effective risk assessment aligns Climeon's business opportunities and results with the demands of shareholders and other stakeholders for stable long-term value creation and control. Climeon works in a structured manner with risk assessment to enable risk identification in significant processes that affect internal control regarding financial reporting. The following control objectives regarding financial reporting have been identified: existence, occurrence, completeness, valuation, and ownership of assets, liabilities, and business transactions. A risk matrix with associated assessment is regularly updated and communicated to the Board.

Control Activities

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

- Verification that business transactions are approved in accordance with approval rules.
- Verification that the accounting process, including financial statement communication, complies with applicable laws, regulations, and requirements for listed companies.
- Verification of significant irregular business transactions.
- Verification that the valuation of assets and liabilities includes a reasonableness assessment.

Information and Communication

Climeon has information and communication channels aimed at promoting completeness and accuracy in external communication. The Board establishes the group's annual report and financial statement communication and delegates to the CEO to prepare quarterly reports in accordance with the Board's rules of procedure. Financial reporting is disclosed according to applicable stock exchange rules. Information to the outside world is communicated through Climeon's website, where quarterly reports, financial statement communication, annual reports, press releases, and news are published. The Board and management receive ongoing reports regarding the group's position, results development, as well as operational and critical areas. The primary communication channels within the company are the intranet, where quality systems, policies, guidelines, and information are published, as well as regular information meetings for all staff and weekly information newsletters.

Monitoring

The Board regularly discusses the Group's development work, business development strategy, financial reporting, and liquidity. The Board's follow-up on internal control primarily occurs through Climeon's auditor reviewing the operations according to an established audit plan and annually following up on selected parts of internal control within the framework of statutory auditing. After completion of the audit, observations are reported back to the audit committee and the Board. The principal auditor also participates in at least one board meeting per year and reports observations from the year's review and operational procedures. At this time, time is also allocated for special discussions where the CEO or other employees do not participate.

Internal Audit

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

BOARD OF DIRECTORS

Climeon's Board of Directors is composed of five members elected by the shareholders, including the Chair of the Board of Directors. The Board is elected for one year, until the 2024 Annual General Meeting. According to Climeon's Articles of Association, the Board of Directors shall be composed of three to ten members with no more than three deputy members. Holdings in the company are presented as of March 31, 2024.



HÅKAN OSVALD
Chairman of the Board
Member of the Board of Directors since 2022



ANDERS LINDBERG
Member of the Board
Member of the Board of Directors since 2021



THOMAS ÖSTRÖM
Founder & Member of the Board
Member of the Board of Directors since 2021



LISELOTTE DUTHU TÖRNBLOM
Member of the Board
Member of the Board of Directors since 2022



PETER CARLBERG
Member of the Board
Member of the Board of Directors since 2022

Born	1954	1965	1972	1960	1955
Education/background	Education/background: Håkan Osvald, who until April 2022 was Chief Legal Officer at Atlas Copco and a member of the executive management team, has both broad and international experience in management and legal functions within the Atlas Copco group, including responsibilities for global M&A, stock exchange compliance, and other legal matters. Håkan has held several board positions in organizations and companies within the Atlas Copco group and is a board member of the Sweden China Trade Council, the Swedish Foreign Trade Association, and the secretary of Djurgården Hockey's board. He also has various assignments for the Swedish Ice Hockey Association and the Stockholm Ice Hockey Association.	Anders Lindberg holds a degree in Electrical Engineering (MSc Electrical Engineering) from the Royal Institute of Technology (KTH) in Stockholm, as well as a Master of Business Administration from the Stockholm School of Economics. Anders Lindberg currently serves as Executive Vice President and Head of Wärtsilä Energy, having previously held positions such as CEO of Dellner Couplers, a global supplier of train components, Executive Vice President at Ørsted, a company specializing in renewable energy and offshore wind power. Additionally, Anders has worked for Bombardier, Adtranz, and ABB. He also has experience in board work and serves as a board member for the Danish company MT Højgaard and Windeed AB.	Thomas Öström has an MSc in Computer Science and Control Engineering from Luleå University of Technology, and has completed the leadership and finance programs at Svenska Managementgruppen, and taken courses at StyrelseAkademien (Board Academy). Thomas Öström is an entrepreneur and a joint founder of Climeon. Thomas Öström previously worked for more than ten years at Micronic AB (publ) as, for example, Vice President for Technology Development. Micronic is a Swedish hightech company in the electronics industry and is listed on Nasdaq Stockholm. Thomas Öström also has experience in project management, product development and business development.	Liselotte Duthu Törnblom has been active within the Atlas Copco group for several years in various positions including business control, finance, and internal audit, most recently as VP Group Controller until 2022. Liselotte has international experience from sales and manufacturing companies within the Atlas Copco group in France, Belgium, and China, and also has external board experience from Desotec NV in Belgium.	Peter Carlberg has broad and international operational experience from both the marine side and offshore operations as well as from joint venture collaborations and corporate integrations. Peter has previously served as CEO of Alfa Laval Marine & Diesel Equipment in Sweden and CEO of Alfa Laval's subsidiaries in Korea, Framo AS in Norway, and the South Korean company LHE. Additionally, he has experience in board work and has been a board member of companies such as Consilium AB and MESAB AB.
Holdings in the company	Håkan Osvald owns 187,000 Class B shares in the company.	Anders Lindberg owns 16,000 Class B shares in the company.	Thomas Öström owns 7900,000 class A shares and 1,575,344 class B shares in the company.	Liselotte Duthu Törnblom owns 88,000 Class B shares in the company.	Peter Carlberg owns 73,068 Class B shares in the company.
Dependent/independent	Independence in relation to the Company and management, as well as in relation to the Company's major shareholders.	Independence in relation to the Company and management, as well as in relation to the Company's major shareholders.	Dependent in relation to the company and management, independent in relation to the company's major shareholders	Independence in relation to the company and management, as well as in relation to the company's major shareholders.	Independence in relation to the company and management, as well as in relation to the company's major shareholders.

MANAGEMENT

Climeon's management team and their holdings in the company are presented as of March 31, 2024.



LENA SUNDQUIST
CEO since 2021



CARL ARNESSON
CFO since 2021



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



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



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

Born	1975	1980	1968	1973	1971
Education/background	Lena Sundquist has extensive experience in leadership positions within innovation, business development, sales, and marketing. Lena Sundquist has 15 years of experience at Alfa Laval Marine & Diesel, where she developed environmental technology businesses within the marine industry and gensets. Most recently, she comes from the role of CEO of Kivra Sweden. Lena Sundquist holds a degree in Engineering from the Royal Institute of Technology.	Carl Arnesson holds a degree in Business Economics from Linköping University and has extensive experience in financial positions within various listed and growth companies. Most recently, Carl served as CFO of Zmarta Group and has previously been CFO of Health & Sports Nutrition Group and the Metro newspaper group, and has an background in auditing.	Jonas Måhlén holds a degree in Electrical Engineering from Lund University. Jonas has extensive experience in managerial roles within project, program, and product development and as an installation manager delivering to world-leading semiconductor companies. Jonas Måhlén has international experience from Japan to the USA and most recently comes from Tobii and Mycronic.	Patrik Engstrand Kemi has extensive experience in sales, project management, and financing of energy solutions within various industrial applications. Most recently, Patrik comes from the role of Head of Industry Segments, Network Solution at Vattenfall Eldistribution and has previously been Senior Business Developer at Vattenfall Eldistribution and Project Manager at Sweco Energide. Patrik holds a Bachelor of Science in Electrical Engineering from Luleå University of Technology.	Fredrik has 29 years of experience in global sales directly and through distributors, business development, projects & services within the Marine & Oil/Gas industry. Fredrik has an extensive global sales and service distribution network through his previous positions and experiences. His two most recent positions were as Global Sales Manager for Consilium and Managing Director for Scanjet Middle East. Fredrik holds a technical high school education with specialization in Economics, Marketing, Sales & Business Development.
Holdings in the company	Lena Sundquist owns 82,436 Class B shares and holds 50,000 purchase options and 248,500 subscription options in the company.	Carl Arnesson owns 20,336 Class B shares and holds 149,100 subscription options in the company.	Jonas Måhlén owns 83,988 Class B shares and holds 149,100 subscription options in the company.	Patrik Engstrand Kemi owns 13,830 Class B shares and holds 96,600 subscription options in the company.	Fredrik Thorén owns 8,102 Class B shares and holds 149,100 subscription options in the company.

AUDITOR

Climeon's auditor is Deloitte AB, with Daniel Wassberg (born 1980) as the principal auditor since the shareholders' meeting for 2022. Daniel Wassberg is also the principal auditor in companies such as Permobil, Svensk Bilprovning, Stockholm Exergi AB, and AB Svenska Spel. Daniel Wassberg is a certified auditor and a member of FAR. Daniel Wassberg's office address is Rehmsgatan 11, Stockholm.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

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

Assignment and responsibility

It is the Board of Directors that is responsible for the Corporate Governance Report for the financial year 01/01/2023 - 12/31/2023 on pages 38-47 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

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

Stockholm, April 18 april 2024
Deloitte AB

Daniel Wassberg
Authorized Public Accountant

FINANCIAL REPORT



I BOARD OF DIRECTORS' REPORT

The Board of Directors and CEO of Climeon AB (publ), corporate registration number 556846-1643, headquartered in Stockholm, hereby present the annual report regarding the operations of the Group and the Parent Company Climeon AB (publ) for the fiscal year 2023. All figures relate to the Group for the fiscal year 2023, unless otherwise stated. Comparisons are made with the fiscal year 2022, unless otherwise indicated. The Climeon Group consists of the Parent Company Climeon AB and two subsidiaries in Japan and Taiwan, respectively. The Parent Company's B shares are listed on the Nasdaq First North Premier Growth Market.

Additional information is available at www.climeon.se.

Operations

Climeon has a clearly defined purpose for its operations: Climeon aims to make sustainable electricity available, reliable, and cost-effective by developing industry-leading technology for the recovery of low-temperature waste heat. The company's vision is equally clear: Through world leading HeatPower solutions, Climeon seeks to reduce global carbon dioxide emissions and accelerate the adoption of sustainable electricity. Geographically, the market is global, and the company has previously secured sales orders with customers primarily in Europe and Asia. The areas that are currently most interesting for Climeon from a growth and profitability perspective are the Marine market, as well as the Energy and Industry markets. Customers in these markets have clear incentives, both in terms

of profitability and environmental considerations, to invest in Climeon's HeatPower technology, which offers a strong technical match between customers' processes and Climeon's products.

New Generation HeatPower Product

During 2023, Climeon continued the commercialization and finalization of the next generation of Heat Power, which was launched in 2022. The new product generation offers higher efficiency and is significantly more cost-effective, resulting in improved profitability for both customers and Climeon as a company.

Market

The sector for sustainable and renewable energy remains highly favorable and has grown rapidly over the past decade, a trend that is likely to continue as technology within the sector improves and the level of political pressure increases. Additional drivers such as rising fuel prices and increased demand for electricity also contribute to accelerating the transition to more sustainable and renewable energy solutions. Climeon operates within a part of the market for the primary power source, thermal power, which involves converting thermal energy, i.e., heat, into electrical energy. Climeon's HeatPower technology utilizes previously unused waste heat to produce sustainable electricity without generating any carbon dioxide emissions. The technology is based on an Organic Rankine Cycle, or ORC process, which utilizes the temperature difference between a hot source and a cold source, along with the thermodynamic properties of an organic coolant, to generate electricity. Waste heat is found not only in engines, industrial processes,

and power plants but also in the hot water in the Earth's interior, known as geothermal sources. When electricity is generated from geothermal heat sources, it is possible to produce renewable energy without fossil fuels, further reducing total global emissions. The temperature of all waste heat sources varies, but Climeon's technology focuses on low-temperature heat, which the company defines within a range of 80-100 degrees Celsius, which may be a common temperature range for the cooling water used to cool engines, industrial processes, and power plants.

Significant Events during the Year

Developments in 2023

In the first quarter, Climeon delivered four HeatPower 150 modules, intended for Landmark Power Holdings' power plant project in the UK, for installation in protective containers ahead of their placement at the power plant. During the quarter, Patrik Engstrand Kemi assumed the position of Executive Vice President Energy & Industry, head of the Energy & Industry business area. Furthermore, Climeon continued the commercial work on the new generation HeatPower 300 by engaging suitable shipping companies, primarily those with larger vessels, with the aim of persuading them to demand ORC technology in their tenders for new ships, as well as for upgrades to existing ones. Additionally, Climeon participated in several marine conferences and exhibitions, such as Seatrade Cruise Global in Fort Lauderdale, Florida, which is the world's largest trade fair for the cruise industry.

In the second quarter, Climeon signed a contract with the development and construction company Termolink, worth approximately 1.1 MEUR, for the delivery of two HeatPower 300 modules to the industrial company NEO GROUP's facility, where they will produce sustainable electricity from waste heat. In April, Climeon also received additional orders for a HeatPower 150 module under a previously communicated order for the Rhodesia power plant project in the UK, for delivery in the latter part of 2023. In the marine market, Climeon participated in exhibitions in Norway and Åland, while a number of customer dialogues intensified with concrete negotiations at various stages. Shipowners and shipyards conducted approved audits of the company's operations, the test facility in Kista, and the company's module manufacturer in southern Sweden. In May, the Company's annual general meeting was held at the head office in Kista. In addition to participating in the usual meeting proceedings, attendees also had the opportunity to visit the company's test facility for a guided tour, including a demonstration of the HeatPower 300.

In the beginning of the third quarter, Hyundai Heavy Industries (HD-HHI), one of the world's largest shipyards, placed an order worth approximately 2.5 MEUR for HeatPower 300 modules for Maersk's new fleet of container ships. The modules will be installed on board six of the AP Møller-Maersk's new 17,200 TEU container ships, which are being built at HD-HHI's shipyard in South Korea. The modules are planned to be delivered in 2024. Production and assembly work on the HeatPower 300 modules, which are planned for delivery to NEO GROUP's PET plant in Lithuania in the first half of 2024, commenced together with the Company's Swedish production partner. During the quarter, Climeon also fully amortized its credit agreement with the Swedish Export Credit Corporation for 16.1 MSEK, thereby no longer having any bank loans. At the end of September, Climeon's Board of Directors announced its intention to carry out a fully guaranteed rights issue consisting of B shares and subscription options initially totaling approximately 100 MSEK. The decision is subject to approval at an extraordinary general meeting in October 2023.

In the end of the fourth quarter, a leading global shipping company, aiming to increase energy efficiency on two of its existing container ships, placed an order with Climeon for HeatPower 300. The order value amounted to approximately 1 MEUR, and the HeatPower 300 modules will be delivered to the customer in 2024. The first HeatPower 300 module for NEO GROUP's factory in Lithuania was delivered to Climeon's test

facility in Kista after production was completed. Final testing and verification will be conducted at Climeon before delivery and installation at the customer's site in 2024. In November, the Company announced that the rights issue decided by the annual general meeting and the Board of Directors in October was oversubscribed. A total of 2,180,795 Units were subscribed, equivalent to 111 percent of the issue. Thus, the Company raised approximately 100 MSEK before issue costs.

In February, after the balance sheet date, Climeon announced that the Company had reached an agreement with Baseload Capital regarding Climeon's ownership in Baseload Capital Holding AB, as well as unused HeatPower 150 modules. According to the agreement, the previous order for HeatPower 150 made by Baseload Power Taiwan is also canceled. The agreement, expected to be finalized in 2024, does not have any liquidity impact on Climeon beyond a potential future utilization of a purchase option that Climeon issues regarding its remaining shares in Baseload Capital Holding AB. Climeon's intention is therefore to gradually divest its entire ownership in Baseload Capital.

Rights Issue 2023

The Company's fully guaranteed new issue of up to 19,021,017 units with preferential rights for the Company's existing shareholders was completed in November 2023. The rights issue was decided by the Company's Board of Directors on October 30, 2023, based on the authorization granted by the extraordinary general meeting on October 26, 2023. The subscription price in the rights issue was set at SEK 5.28 per unit, with each unit consisting of 6 B shares and 3 subscription options. The rights issue was fully guaranteed in advance through subscription commitments from existing and new shareholders as well as provided guarantee commitments. The total subscription with and without the support of unit rights amounted to 21,180,795 units, corresponding to approximately 111 percent of the rights issue. Therefore, no guarantees needed to be utilized. 9,706,913 units were subscribed with the support of unit rights, equivalent to approximately 51 percent of the rights issue. In addition, the Company received subscriptions for 11,473,882 units without the support of subscription rights, corresponding to approximately 60 percent of the rights issue. The Board of Directors could therefore decide to allocate all 19,021,017 units offered in the rights issue, and the Company thus raised approximately SEK 100 million before deduction of costs related to the

rights issue. The Company had previously informed that it intended to use the proceeds from the rights issue to finance deliveries of existing and expected orders, continue the commercialization of HeatPower 300, and strengthen the Company's working capital.

In addition to the above rights issue, a directed new issue of 6,614,156 B shares was carried out in December 2023, as remuneration to the guarantors in the completed rights issue, corresponding to 8.5 percent of the guaranteed amount. The shares were issued at a price of SEK 0.88 per B share, equivalent to the subscription price attributable to a B share in the rights issue.

Order Intake and Order Backlog

The order intake for the full year 2023 amounted to SEK 52.0 million (3.6) for service and aftermarket services to existing customers. The number of delivered Heat Power modules was 1 (2) unit. At the end of the period, the order backlog amounted to SEK 80.5 million (37.1), including 18 (9) Heat Power modules.

Events after the Balance Sheet Date

In February, Climeon announced that a write-down of -28 million SEK of the Company's order backlog had been carried out for an order signed in 2020 from a customer in Taiwan regarding the Company's previous product generation HeatPower 150. As previously communicated, Climeon has not included any revenues from this order in its current business plan.

Further Information Regarding Geopolitical Conflicts

In addition to price increases on certain components driven by increased costs for suppliers, Climeon is currently not directly affected by the various geopolitical conflicts ongoing in the world, including the increased unrest in the Middle East and the Red Sea. The Company is monitoring the situation and taking action to prevent any potential negative effects.

Development/comments of business, position and profit/loss

TSEK	2023	2022	2021	2020	2019
Net sales	6 186	13 932	28 765	43 334	116 758
Operating profit/loss	-102 580	-115 812	-150 327	-135 651	-117 569
Profit/loss before tax	-135 696	-125 905	-107 313	-139 884	-112 670
Total assets	423 972	488 242	545 788	636 319	420 510
Equity ratio ¹⁾	76,4%	74,8%	66,4%	66,7%	78,5%
Return on equity ²⁾	neg	neg	neg	neg	neg
Return on assets ³⁾	neg	neg	neg	neg	neg
Average number of employees	40	43	60	85	84

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

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

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

Organization of the Company

Since August 1, 2021, Lena Sundquist has been the CEO of Climeon. Lena Sundquist has extensive experience in the energy and maritime industries.

At Climeon's annual general meeting on May 16, 2023, Håkan Osvald was re-elected as the new Chairman of the Board, and Liselotte Duthu Törnblom, Peter Carlberg, Anders Lindberg, and Thomas Öström were elected as new board members.

At the end of the year, the Group management consisted of CEO Lena Sundquist, CFO Carl Arnesson, Executive Vice President Marine Fredrik Thorén, Executive Vice President R&D Jonas Måhlén, and Executive Vice President Energy & Industry Patrik Engstrand Kemi, the latter of whom began his tenure in the first quarter of 2023.

Net Revenue

Net revenue amounted to SEK 6,186 thousand (13,932). Revenue for the year is mainly attributable to a hardware delivery of the previous product generation HeatPower 150 and service and aftermarket services to geothermal and marine customers. Since 2021, Climeon has been undergoing a transition between different product generations, where the completion and testing of the

new product generation HeatPower 300 continued during 2023. The product was launched in the fall of 2022 for both the marine and land-based markets. Sales commenced during 2023, which is expected to generate revenue in 2024 and beyond.

Capitalized Work for Own Account

Capitalized work for own account amounted to SEK 9,743 thousand (8,911). The capitalized work for own account was mainly attributable to the development of the new product generation HeatPower 300 in the form of own time.

Operating Result

The operating result amounted to -102,580 TSEK (-115,812), including non-cash flow-affecting one-time items totaling -11.2 MSEK (-17.4) during the year, primarily related to inventory write-downs and customer receivable provisions. The improvement in the operating result between the years was mainly attributable to controlled cost reductions aimed at streamlining operations.

Tax

The company incurred no tax expense during any of the comparative periods as the company did not report any taxable income during those periods.

The company has unused tax loss carryforwards amounting to 801.4 MSEK (698.2), where the tax effect has not been recognized as deferred tax assets in the balance sheet. There is no expiration date for the utilization of these deductions.

Finance Result

The period's net income amounted to -135,769 TSEK (-125,893) and has been impacted by the changes described under "Net Revenue" and "Operating Result." The net financial result amounted to -33,116 TSEK (-10,093), including interest on short-term loans and the revaluation of the holding in Baseload Capital Sweden AB. The holding of the shares is valued at fair value through the income statement. The year's change in value, based on Baseload's forecasts and results, amounted to -28,836 TSEK (-9,091).

Cash Flow

Operating Activities

The cash flow from operating activities amounted to -90,044 TSEK (-70,710). The change compared to the previous year is primarily attributable to a negative

change in working capital, which is not fully offset by a higher operating result. The change in working capital during the year primarily relates to increased accounts receivable, paid supplier advances, and lower short-term liabilities.

Investment Activities

The company's cash flow from investment activities was -22,436 TSEK (-37,127). The change is primarily attributable to a lower investment rate in intangible fixed assets, primarily related to the new product generation HeatPower 300.

Financing Activities

The cash flow from financing activities changed to 50,733 TSEK (95,189). The inflow was mainly due to received subscription proceeds of approximately 91 MSEK along with repayments of short-term loans of approximately -41 MSEK.

Liquidity and Financial Position

As of December 31, 2023, the equity amounted to 323,841 TSEK (365,187). The company's cash balance amounted to 77,550 TSEK compared to 139,341 TSEK in the previous year. See the description of the change under "Cash Flow" above.

Personnel

The average number of employees in the company during the year was 40 (43), of which 29 (26) percent were women and 71 (74) percent were men. At the end of the fiscal year, the number of employees was 41 (41).

Principles for Remuneration of Senior Executives

The board proposes that the 2024 annual general meeting decides on the following guidelines for salary and other compensation to board members, the company's CEO, and other senior executives included in the executive management team. The guidelines are mainly based on previous guidelines but have been updated in certain aspects considering new regulations. The guidelines apply to agreements entered into after the meeting's decision and in the event of changes made to existing agreements after this time. The guidelines do not cover board fees decided by the annual general meeting or such issuances and transfers covered by Chapter 16 of the Companies Act.

Remuneration and Forms of Remuneration

The remuneration for senior executives should be market-based and competitive, consisting of a fixed salary, pension benefits, and other benefits. Currently, no variable remuneration is provided. The board will consider this in the future based on the company's long-term interests, its sustainability, or to ensure the company's financial sustainability in accordance with the above guidelines. Below are the different forms of remuneration that may be provided.

Fixed Salary

Remuneration is primarily in the form of a market-based fixed salary, individually determined based on position, competence, experience, and performance. Revision of the fixed salary occurs annually.

Stock-based Incentive Programs

To create additional incentives and strengthen long-term decision-making and goal achievement, the board may propose to the meeting, when necessary, to decide on stock-based incentive programs.

For further information on outstanding incentive programs, refer to note 8 and the company's website www.climeon.com.

Pension

Pension terms should be market-based in relation to what is generally applicable to equivalent executives in the market and individually tailored with regard to each executive's specific competence and adjusted to the company's costs. Pension benefits, including health insurance, should be premium based. Pension premiums for premium-based pensions should not exceed 15 percent of the fixed remuneration. The retirement age for senior executives is 65 years.

For further information on pension terms, refer to note 8 in the Annual Report.

Other Benefits

Benefits beyond salary and pension are provided to all senior executives in the form of health insurance and, in some cases, a company car. These benefits should constitute a minor part of the total remuneration and be consistent with what is market practice.

Terms on Termination

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

Salary and Employment Terms for Other Employees

When developing these proposed guidelines, the salary and employment terms for the company's employees have been considered by including information on employees' total remuneration, remuneration components, and the increase and growth rate of remuneration over time as part of the board's decision-making basis when evaluating the reasonableness of the guidelines and the limitations arising from them.

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

The board has established a remuneration committee to prepare remuneration issues, among other things, for senior executives. It is the responsibility of the remuneration committee to monitor and evaluate any variable remuneration programs for senior executives, the application of the guidelines, and current remuneration structures and levels in the company. The remuneration committee

also evaluates the guidelines for remuneration of senior executives and, where applicable, submits proposals to the board regarding the revision of the guidelines. The board is responsible for preparing proposals for new guidelines at least every four years and for submitting the proposal for decision by the general meeting of shareholders. The guidelines shall apply until new guidelines are adopted by the general meeting. In the board's consideration and decision-making on remuneration-related matters, the CEO or other persons in the company management do not attend, to the extent they are affected by the matters. In all decisions, conflicts of interest are ensured to be avoided, and any conflicts of interest are handled in accordance with the company's conflict of interest policy adopted by the board to provide professional and clear guidance on conflicts of interest.

Remuneration for Board Members

Elected board members may, in special cases, receive fees and other remuneration for work performed on behalf of the company, in addition to board work. A market-based fee for such services must be approved by the board.

Deviation from the Guidelines

The board may decide to temporarily deviate from the guidelines entirely or in part if there are specific reasons for doing so in an individual case, and if a deviation is necessary to serve the company's long-term interests, its sustainability, or to ensure the company's financial sustainability.

Other

In the 2023 Annual Report, note 8 provides details on the total remuneration and other benefits provided to senior executives during the year.

Expected Future Development

Looking back at 2023, it was a year characterized by geopolitical tensions and a turbulent global economy with continued high inflation and high interest rates. The urgent need for a transition to a more sustainable future became increasingly evident. At Climeon, we continue to focus forward in accordance with our plan. Our vision is that through our HeatPower products, we contribute to reducing global carbon dioxide emissions and accelerating the use of sustainable electricity. In this way, we can contribute to a greener and more sustainable world.

Over the past year, we took several steps toward our vision. We were able to secure important contracts with large and respected customers. Customer projects in the marine market are within our focus areas – namely newly built ships, where Climeon's HeatPower 300 is included from the beginning of the construction work, as well as retrofit projects where the units are integrated on existing ships. In both cases, Climeon's HeatPower 300 helps shipowners and shipyards to increase energy efficiency, save fuel, and reduce their carbon dioxide emissions. We primarily target ships that generate large amounts of heat energy, such as container and cruise ships, vessel types where Climeon's products can save significant amounts of fuel and reduce carbon dioxide emissions. Our marine sales team is currently working on several important maritime nations and, together with prospective agents, has participated in maritime fairs in South Korea and China to establish contacts with new customers and deepen cooperation with existing ones. We are also engaging with potential customers in key shipping nations in Europe and Asia, as well as in the American market. There are numerous customer projects that we are actively working on and will provide more information about as soon as possible. The interest in what we do is both significant and growing.

Regarding the energy and industrial market, we primarily focus on selected countries in Europe. For us, this involves primarily industrial applications and energy projects in the form of either power plants or geothermal projects. The important thing is that the technical conditions fit our product platform and that we can create projects that are efficient and profitable for both customers and our

company. We are working on several projects, both those that we intend to proceed with in 2024 and others that are further ahead in the future.

Domestically, we continued our work to improve our production and supply chain, both to ensure time and quality for the customer projects we have already undertaken, but above all to prepare for future projects. This work will continue in the coming years and will be an important part of our ongoing commercialization efforts.

The rights issue of units that was completed in the fourth quarter of 2023 contained approximately 57 million warrants, where the subscription period for these will be in June 2024. However, the size of the cash injection that these warrants could provide is unknown as of the date of this report. The company is therefore currently deemed to be in need of external financing within a twelve-month period in order to continue operating. Such funding may come from existing or new shareholders, or from third parties through public or private funding options. While the company's financial statements are prepared on a going concern basis, there is, as always, an element of uncertainty regarding the availability of capital during this period. This uncertainty may adversely affect the company's ability to implement its planned strategy. Climeon will therefore continue focusing on managing and planning the company's cash flow and liquidity in both the short term and the long term.

Research and Development

One of Climeon's most important assets is our HeatPower technology and the ideas and intellectual property assets associated with it. Climeon aims to carry out product development from a market perspective, based on clear requirements and needs from customers. The goal is always to add value, to the customer and to Climeon as a company. Product development and detailed design are carried out by Climeon's development department in collaboration with our component suppliers. Since its inception, Climeon has developed its HeatPower products with a modular approach, allowing us to offer a solution tailored to each customer's circumstances with minor configurations of the base product. Over the years, the

technology has evolved from a product with a possible electricity production of 50 kW to the latest product platform, HeatPower 300, which enables the production of products capable of delivering up to 355 kW of electricity, given the right conditions in heat and cooling. HeatPower 300 is a product platform that can be adapted for various types of ships and stationary installations. In addition to providing customers with an attractive payback period, the new HeatPower 300 platform creates an opportunity for increased profitability for Climeon. Currently, the focus is on improvements and customizations for products based on HeatPower 300. Significant adjustments are also made in product development to comply with requirements and regulations concerning, for example, marine certification, grid codes, and the CE marking required for the European market. All research and development of HeatPower technology are conducted internally at Climeon, which also owns all product designs and handles all marketing and sales. The actual production of system modules is carried out by third-party suppliers, after which installation and commissioning are handed over to Climeon's service and support team.

Seasonal Effects

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

Climeon Shares

As of December 31, 2023, the registered share capital comprised 3,900,000 series A shares and 211,945,344 series B shares. During the year, 120,740,258 new series B shares were issued in connection with the rights issue described above. The company's B shares have been listed on Nasdaq First North Premier under the ticker symbol "CLIME B" since October 13, 2017. The shares have a nominal value of 1.5 öre. A shares entitle the holder to ten votes, while B shares entitle the holder to one vote each. The number of shareholders in Climeon at the end of the year

was 17,139 (17,409), with the largest known shareholders being Cidro Förvaltning with 13 (12) percent of the capital and 12 (6) percent of the votes, Wilhelm Risberg with 6 (0) percent of the capital and 5 (0) percent of the votes, Fredrik Lundgren with 6 (0) percent of the capital and 5 (0) percent of the votes, SEB-stiftelsen with 5 (5) percent of the capital and 5 (3) percent of the votes, and Thomas Öström with 4 (10) percent of the capital and 18 (45) percent of the votes. No other individual shareholder owns more than 10 percent of the capital or votes. The ten largest known shareholders together accounted for 62 (42) percent of the capital and 68 (69) percent of the votes.

Subscription Options within Stock Incentive Programs

As of December 31, 2023, the company had 2,796,100 outstanding subscription options within the framework of stock incentive programs, which entitle the holder to subscribe for 2,915,800 B shares. For further information, see Note 8.

Other Subscription Options

In connection with the rights issue of units completed during the fourth quarter of 2023, the company issued a total of 57,063,051 subscription options, where one subscription option entitles the holder to subscribe for one new B share in the company. The subscription period for the subscription options is expected to commence on June 3, 2024, and end on June 17, 2024.

The subscription price for subscribing for B shares by exercising subscription options obtained when subscribing for units will correspond to 70 percent of the volume-weighted average price of the company's B shares on Nasdaq First North Premier Growth Market during a ten-day measurement period running from May 20, 2024, to May 31, 2024, however, not exceeding SEK 2.64, which corresponds to a 200 percent increase of the portion of the subscription price in the rights issue attributable to one share.

Risks and Risk Management

Operating a business always entails risks, and technological development is a highly risky and capital-intensive process. Climeon's results and financial position, as well as its strategic position, are influenced by a number of internal factors that Climeon controls and a number of external factors where the ability to influence events is limited. Effective risk assessment aligns Climeon's business opportunities and results with the demands of shareholders and other stakeholders for stable and long-term value development and control. In assessing Climeon's future development, it is therefore important to consider various risks in addition to opportunities for positive development. All risk factors cannot be described in this section for natural reasons, so a comprehensive assessment must also include other information in the annual report, previous disclosures of risk factors in, for example, published prospectuses, and a general assessment of the business environment. Climeon works with risk management at both a strategic and operational level. Risk management involves identifying, measuring, and preventing risks from materializing, as well as continually making improvements to reduce future risks.

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

If competing products gain market share, achieve better efficiency, and reach the market faster, the future value of Climeon's product may be lower than originally expected. Critical to Climeon's future is the ability to conduct technical development, enter into partnerships, and successfully develop and drive market launch and sales. For further explanation of Climeon's financial risks, see Note 4.

Risk	Risk Management
<p>Macro Economy and Geopolitics</p> <p>Climeon's operations are influenced by the general economic situation, which can affect the company both locally and globally. Although Climeon conducts its operational activities primarily in Sweden, the company seeks business opportunities in global markets, such as Europe and Asia. Weak economic developments worldwide or in parts of the world may result in lower market growth for the company's products than expected, such as through delayed or missed customer orders or reduced access to external financing. Furthermore, geopolitical uncertainties may lead to disruptions in the supply chain and continued high inflation resulting in increased costs for the production and delivery of Climeon's products. For example, during 2022-2023, Russia's invasion of Ukraine created uncertainty in the global economy and led to increased energy and gasoline prices. As a result, the company noted a price increase in components driven by increased costs for suppliers combined with rising inflation and a weakened krona.</p>	<p>Climeon is currently active in several different markets, both geographically and in various applications. Climeon also works closely with its respective markets and customers and can adjust priorities and focus relatively quickly as needed.</p> <p>It is currently difficult to predict the future impact that conflicts, such as those in Ukraine or the Middle East, may have on energy and gasoline prices, inflation, and ultimately the price and delivery reliability of components for the company's products. Climeon continuously monitors and analyzes ongoing events considering both operational and financial impacts with the intention of ensuring the company's continued development. For example, any delivery delays and travel restrictions increase uncertainty regarding the development and deliveries of Climeon's products and customer projects.</p>
<p>Financial Risks</p> <p>Through its operations, Climeon is exposed to various financial risks, including market risk, liquidity risk, and credit risk. Market risks such as interest rate risk and currency risk, as well as credit risks, are further described in Note 4.</p> <p>Liquidity Risk</p> <p>Climeon operates in a capital-intensive business and has historically not reported a positive operating result. There is a risk that the company may not have sufficient revenues in the future to finance its operations and may therefore need to seek additional external financing to continue operating at the growth rate planned by the company. Such financing may come from existing shareholders or from third parties through public or private financing options such as bank loans or share issuances. Furthermore, market conditions, general credit availability, the company's credit rating, and uncertainty and/or disruptions in the capital and credit markets may affect the possibility and availability of financing.</p>	<p>Climeon aims for a structured and effective management of the financial risks arising in the business in accordance with the financial policy established by the board and associated guidelines. These express the ambition to identify, minimize, and control the financial risks as well as how responsibility for managing these risks should be distributed within the organization. The goal is to minimize the impact of financial risks on results. A more detailed description of the financial risks is available in note 4.</p> <p>The company continuously prepares forecasts and estimates that consider uncertainty factors whose economic effects are analyzed to ensure the company's capital needs for each period. The company's financial reports are prepared on the assumption of continued operations.</p>
<p>Product and Technology Development</p> <p>Climeon's technology and products rely on ongoing technical development and refinement. It is crucial that the company's products, software, and other technical solutions are developed to meet the functionality requirements and desires of customers and the market. Product development and related activities are complex, especially within the company's industry, and it is difficult to anticipate the time and cost consequences of individual investments. There is a risk that planned product development may be more time- or cost-intensive than initially anticipated by the company or that the company's products may not be adaptable to a commercial environment, which could have a significant negative impact on the company's operations, financial position, or results.</p>	<p>Climeon has developed its new product platform with market and customer requirements in focus, both in terms of technical requirements, quality requirements, costs, and regulatory requirements. Climeon continuously tests Heat Power systems and constantly upgrades the technology based on feedback from machines in operation. All Heat Power systems have a large number of sensors, allowing Climeon to monitor the systems around the clock and collect large amounts of data for analysis. Through this, Climeon can easily detect problems that have occurred or are likely to occur. Climeon works closely with the initial customers in each application area to evaluate and, if necessary, improve the technology. Climeon's Heat Power systems are also certified by various organizations depending on the type of application and where in the world the installation is to take place, which is a quality mark of the products and their lifespan.</p>

Risk	Risk Management
<p>Competition</p> <p>Climeon is not alone in the market for Heat Power. Competitors may develop, market, and sell products within Heat Power that are more efficient, safer, and cheaper than those developed by Climeon. Competitors may also have higher manufacturing and distribution capacity as well as sales and marketing opportunities than Climeon. Increased competition or a diminished ability to meet new market needs may have a negative impact on Climeon's financial position and results.</p>	<p>Climeon has carefully studied customer requirements and competitors' systems and developed a product platform where the company has a clear niche.</p> <p>Climeon strives to always be at the forefront of technological development to offer a solution according to customer requirements and ahead of competitors. We also add value to our customers in terms of extensive technical knowledge, delivery capability, service, and availability, limiting the risk of the customer choosing another supplier.</p>
<p>Employees</p> <p>Climeon's continued success depends on its ability to retain experienced employees with specific expertise and recruit new knowledgeable individuals. There are key individuals among both senior executives and other employees within the group. There is a risk that one or more senior executives or other key individuals may leave the group for various reasons. If Climeon fails to recruit suitable replacements for them or new competent key individuals in the future, it may have a negative impact on Climeon's financial position and results.</p>	<p>Climeon prioritizes creating good conditions for employees to develop and thrive within the group. Climeon continuously works with safety, both in the company's own premises and at customer sites. All employees working with Heat Power systems regularly undergo safety training. Regular employee surveys aim to find out how employees perceive the employer, work situation, and have an ongoing dialogue about what can be improved and developed. The working conditions of employees are also of great importance in terms of remuneration and benefits. For example, regular acquisition of stock options is offered as a way to align the interests of shareholders and employees.</p>
<p>Customers and Demand</p> <p>The effectiveness of Climeon's products, both from a cost perspective and an energy perspective, is essential for the company's success. The company needs to ensure that the new product will generate sufficient interest from potential customers and that the product will be efficient enough for customers to invest in it. Furthermore, there is a risk that Climeon's current or future customers and partners may reduce their purchases of the company's products after agreements have been made.</p> <p>Climeon assesses that before the company's products achieve market acceptance within a specific segment, caution in investing in new technology is high, and the process of acquiring new customers is time- and resource-intensive, as customers are thorough in their evaluation of new technology. Some projects undertaken by the company's customers, in which HeatPower systems are to be included, are often very resource- and time-consuming and may risk being delayed or discontinued due to events related to customers and their projects that are beyond the company's direct control. The early or delayed placement of one or more orders can have a significant impact on the company's net sales and results and may also strain the company's liquidity.</p>	<p>Climeon primarily engages in direct sales but also utilizes local sales partners in selected geographic locations. The sales process for the company's products is relatively lengthy, involving initiated dialogues and information exchange with the customer aimed at, among other things, educating and increasing understanding of Climeon's products. This includes not only the end customer but also other involved parties such as contractors, installers, design firms, and shipyards. Close collaboration between Climeon and the customer is also important to help streamline the installation of Heat Power systems. This close collaboration is significant because Climeon's products typically constitute only a part of a larger project where external factors can affect the installation and functioning of Climeon's products. A ship's construction is an example of such a project.</p>
<p>Suppliers</p> <p>Climeon relies on a contract manufacturer and subcontractors to produce and deliver Heat Power solutions. Poor quality, ethical compliance, environmental impact, or an inability to meet production requirements are typical risks associated with this. The final product that Climeon delivers to the customer consists of a variety of components, instruments, and systems provided by the company's suppliers. The availability of these components on the market may be limited, and other suppliers than those contracted by the company may have terms or prices that are not acceptable to the company.</p>	<p>Climeon regularly evaluates all suppliers and strives to have dual suppliers for all critical components. The purpose of this is also to continuously evaluate the cost of the company's products to ensure a cost-effective solution for both the customer and the company. All of Climeon's suppliers must also adhere to the company's code of conduct to ensure that the company's requirements regarding ethical business, environmental impact, and quality are met. Climeon conducts regular supplier audits, and if any deviations are identified, corrective actions must be taken.</p>

Risk	Risk Management
<p>Environment</p> <p>The markets in which Climeon operates are characterized by a high propensity to streamline operations and transition to more environmentally friendly technical solutions, partly due to increased demands from consumers for environmentally conscious and energy-efficient products and manufacturing processes, as well as increased competition. Additionally, political decisions and international agreements, both nationally and internationally, can change Climeon's and its customers' market conditions, both positively and negatively. Political decisions include changes in legislation, stricter regulatory enforcement by authorities of existing laws and regulations both on land and at sea, or decisions that affect countries' and organizations' willingness to invest in areas relevant to Climeon.</p>	<p>Environmental sustainability is at the core of Climeon's operations. Decisions about which suppliers, methods, and materials to use are made to ensure both high quality and low environmental impact throughout the product lifecycle. If Climeon fails to develop its products in line with changes in its markets due to customer demands or political decisions, or if new technology is developed by the company's competitors, it risks weakening its market position, which could have a significant negative impact on the company's prospects and financial position.</p>

Non-financial information

Environment

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

Proposed appropriation of earnings

At the disposal of the Annual General Meeting

Share premium reserve	1 192 376 816
Accumulated loss	-846 083 935
Loss for the year	- 133 706 078
Total	212 586 803

The Board of Directors proposes that the available funds of SEK 212,586,803 are carried forward.

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

I FINANCIAL REPORTS

CONSOLIDATED INCOME STATEMENT

TSEK	Note	2023-12-31	2022-12-31
Net sales	5	6,186	13,932
Capitalised work for own account		9,743	8,911
Other operating income	6	3,135	146
Operating expenses			
Raw materials and consumables		-12,594	-12,226
Other external expenses	7	-29,435	-40,442
Personnel expenses	8	-51,366	-52,264
Depreciation, amortisation and impairment losses of tangible and intangible assets		-25,845	-33,864
Other operating expenses		-2,406	-7
Operating profit/loss		-102,580	-115,812
Profit from financial items			
Interest income and other financial items	9	14,145	18,825
Interest expenses and other financial items	10	-47,261	-28,918
Profit before tax		-135,696	-125,905
Tax of the year	11	-73	12
PROFIT/LOSS FOR THE YEAR		-135,769	-125,893
Earnings per share, SEK *)	12		
Before dilution		-1.26	-1.17
After dilution		-1.26	-1.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	2023-12-31	2022-12-31
Profit/loss for the year	-135,769	-125,893
Comprehensive income for the year		
<i>Items that can be subsequently reclassified to the income statement:</i>		
Translation differences	2,201	-165
Comprehensive profit/loss for the year	2,201	-165
COMPREHENSIVE INCOME FOR THE YEAR	-133,568	-126,058
Net profit/loss for the year attributable to:		
Shareholders of the Parent Company	-133,570	-126,058
COMPREHENSIVE INCOME FOR THE YEAR	-133,570	-126,058

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

CONSOLIDATED BALANCE SHEET

TSEK	Note	2023-12-31	2022-12-31
ASSETS			
Non current assets			
<i>Intangible non-current assets</i>			
Capitalised expenditures on development work	13	121,623	112,475
Patents, licenses, trademarks, and similar rights	14	3,889	5,285
		125,512	117,760
<i>Tangible non-current assets</i>			
Leasehold improvements	15	9,087	13,244
Plant and machinery	16	2,007	3,142
Right to use assets	17	10,825	16,072
Equipment, tools and installations	18	1,562	1,836
		23,481	34,294
<i>Financial non-current assets</i>			
Other long-term receivables		1,859	4,347
Long term financial assets	19	71,069	99,902
		72,928	104,249
Total non-current assets		221,921	256,303

TSEK	Note	2023-12-31	2022-12-31
Current assets			
<i>Inventories</i>	20		
Work in progress		10,797	11,991
Finished goods and goods for resale		33,556	36,259
		44,353	48,250
<i>Current receivables</i>			
Accounts receivable	22	23,899	11,272
Other receivables	21	44,839	14,279
Prepaid expenses and accrued income	23	11,410	18,797
		80,148	44,348
Cash and cash equivalents	29	77,550	139,341
Total current assets		202,051	231,939
TOTAL ASSETS		423,972	488,242

CONSOLIDATED BALANCE SHEET, CONT.

TSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Shareholders equity			
Share capital	24	3,238	1,427
Other contributed capital		1,193,449	1,103,038
Reserves		2,833	632
Retained earnings/loss		-739,910	-614,017
Profit/loss for the year		-135,769	-125,893
Shareholders equity		323,841	365,187
Other liabilities			
Other provisions	25	7,070	7,886
		7,070	7,886
Non-current liabilities			
Other long-term liabilities	26	16,680	22,822
		16,680	22,822
Current liabilities			
Advance payments from customers		26,755	15,682
Accounts payable		21,384	12,149
Current tax liabilities		5	6
Other current liabilities	27	12,103	46,446
Accruals and deferred income	28	16,134	18,064
		76,381	92,347
TOTAL EQUITY AND LIABILITIES		423,972	488,242

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TSEK	Share capital	Other contributed capital	Reserves	Retained earnings including profit/loss of the year	Total equity
Opening balance, 1 January 2022	892	964,689	797	-614,017	352,361
Profit/loss for the year				-125,893	-125,893
Other comprehensive income			-165		-165
Total comprehensive income/loss			-165	-125,893	-126,058
<i>Transactions with owners:</i>					
New issues	535	138,269			138,804
Total transactions with shareholders		80			80
Total transactions with shareholders	535	138,349			138,884
Closing balance, 31 December 2022	1,427	1,103,038	632	-739,910	365,187
TSEK	Share capital	Other contributed capital	Reserves	Retained earnings including profit/loss of the year	Total equity
Opening balance, 1 January 2023	1,427	1,103,038	632	-739,910	365,187
Profit/loss for the year				-135,769	-135,769
Other comprehensive income			2,201		2,201
Total comprehensive income/loss			2,201	-135,769	-133,568
<i>Transactions with owners:</i>					
New issues	1,811	89,347			91,158
Premiums paid for warrants		1,064			1,064
Total transactions with shareholders	1,811	90,411			92,222
Closing balance, 31 December 2023	3,238	1,193,449	2,833	-875,679	323,841

CONSOLIDATED CASH FLOW STATEMENT

TSEK	Note	2023	2022
Operating activities			
Operating profit		-102,580	-115,812
Adjustment for items not included in cash flow:			
Depreciation/amortisation		25,857	34,098
Unrealised fair value differences		10,229	17,250
Provisions for guarantees		-816	-4,949
Financial income		4,659	14,714
Financial costs		-6,678	-15,420
Tax paid		-73	-82
Cash from operating activities before changes in working capital		-69,402	-70,201
Cash flow from changes in working capital			
Decrease (+)/increase(-) in inventories		-858	6,542
Decrease (+)/increase(-) in accounts receivables		-17,393	890
Decrease (+)/increase(-) in current receivables		-20,882	2,602
Decrease (-)/increase(+) in accounts payable		9,237	6,457
Decrease (-)/increase(+) in other current liabilities		9,254	-17,000
Cash flow from operating activities		-90,044	-70,710

TSEK	Note	2023	2022
Investing activities			
Investment in intangible assets		-22,952	-34,379
Investment in tangible assets		-1,894	-3,811
Divestment of tangible assets		0	164
Change in financial assets		2,410	899
Cash flow from investment activities		-22,436	-37,127
Financing activities			
New issues		91,158	138,804
Amortisation of debts		-41,490	-43,695
Premiums paid for warrants	26	1,064	80
Cash flow from financing activities		50,732	95,189
Cash flow for the year		-61,748	-12,648
Cash and cash equivalents at beginning of the year		139,341	151,984
Exchange rate differences in cash and cash equivalents		-43	5
Cash and cash equivalents at year-end	29	77,550	139,341

PARENT COMPANY INCOME STATEMENT

TSEK	Not	2023	2022
Net sales	5	6,186	12,762
Capitalised work for own account		9,743	8,911
Other operating income	6	3,135	143
Operating expenses			
Raw materials and consumables		-12,549	-11,988
Other external expenses	7	-34,788	-44,536
Personnel expenses	8	-51,042	-49,444
Depreciation, amortisation and impairment losses of tangible and intangible assets		-20,443	-28,276
Other operating expenses		-2,397	-7
Operating profit/loss		-102,156	-112,436
Profit from financial items			
Interest income and other financial items	9	15,001	19,742
Interest expenses and other financial items	10	-46,551	-27,972
Profit before tax		-133,706	-120,666
PROFIT/LOSS FOR THE YEAR ¹⁾		-133,706	-120,666

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

PARENT COMPANY BALANCE SHEET

TSEK	Note	2023-12-31	2022-12-31
ASSETS			
Non current assets			
<i>Intangible non-current assets</i>			
Capitalised expenditures on development work	13	121,623	112,475
Patents, licenses, trademarks, and similar rights	14	3,889	5,285
		125,512	117,760
<i>Tangible non-current assets</i>			
Leasehold improvements	15	8,758	12,764
Plant and machinery	16	2,007	3,132
Equipment, tools and installations	18	1,530	1,791
		12,295	17,687
<i>Financial non-current assets</i>			
Shares in Group companies		1,918	1,918
Other long-term receivables		21,310	24,497
Long term financial assets	19	71,066	99,902
		94,294	126,317
Total non-current assets		232,101	261,764

TSEK	Note	2023-12-31	2022-12-31
Current assets			
<i>Inventories</i>			
Inventories	20		
Work in progress		10,792	11,991
Finished goods and goods for resale		33,556	36,253
		44,348	48,244
<i>Current receivables</i>			
Accounts receivable	22	23,627	10,969
Other receivables	21	47,988	16,916
Prepaid expenses and accrued income	23	11,346	18,724
		82,961	46,609
Cash and cash equivalents	29	77,155	138,789
Total current assets		204,464	233,642
TOTAL ASSETS		436,565	495,406

PARENT COMPANY BALANCE SHEET

TSEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Shareholders equity			
<i>Restricted equity</i>			
Share capital	24	3,238	1,427
Reserve for development costs		132,779	118,424
		136,017	119,851
<i>Unrestricted equity</i>			
Share premium reserve		1,192,377	1,103,030
Retained earnings/loss		-846,084	-712,128
Profit/loss for the year		-133,706	-120,666
		212,587	270,236
Shareholders equity		348,604	390,087
Other liabilities			
Other provisions	25	7,070	7,886
		7,070	7,886

TSEK	Note	2023-12-31	2022-12-31
Non-current liabilities			
Other long-term liabilities	26	10,381	10,381
		10,381	10,381
Current liabilities			
Advance payments from customers		26,755	15,682
Accounts payable		21,337	12,086
Other current liabilities	27	6,284	41,220
Accruals and deferred income	28	16,134	18,064
		70,510	87,052
TOTAL EQUITY AND LIABILITIES		436,565	495,406

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

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

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

PARENT COMPANY CASH FLOW STATEMENT

TSEK	Note	2023	2022
Operating activities			
Operating profit		-102,156	-112,436
Adjustment for items not included in cash flow:			
Depreciation/amortisation		20,443	28,276
Provisions for guarantees		-816	-4,949
Unrealised fair value differences		8,204	6,409
Financial income		5,447	15,779
Financial costs		-5,969	-14,474
Cash from operating activities before changes in working capital		-74,847	-81,395
Cash flow from changes in working capital			
Decrease (+)/increase(-) in inventories		-859	6,549
Decrease (+)/increase(-) in accounts receivables		-17,393	15,000
Decrease (+)/increase(-) in current receivables		-21,394	2,656
Decrease (-)/increase(+) in accounts payable		9,251	6,625
Decrease (-)/increase(+) in other current liabilities		8,983	-20,560
Cash flow from operating activities		-96,259	-71,125

TSEK	Note	2023	2022
Investing activities			
Investment in intangible assets		-22,952	-34,379
Divestment of tangible assets		0	164
Investment in tangible assets		-1,894	-3,709
Change in debts to group companies		779	-5,131
Change in financial assets		2,410	899
Cash flow from investment activities		-21,657	-42,156
Financing activities			
New issues		91,158	138,804
Amortisation of loans	26	-35,920	-38,221
Premiums paid for warrants		1,044	80
Cash flow from financing activities		56,282	100,663
Cash flow for the year		-61,634	-12,618
Cash and cash equivalents at beginning of the year		138,789	151,407
Cash and cash equivalents at year-end	29	77,155	138,789

I NOTES

Note 1 General information

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

Note 2 Significant accounting principles

The consolidated financial statements were prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU for the financial year beginning January 1, 2020. The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 Accounting for Legal Entities.

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

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

Consolidated accounts

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

Revenue

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

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

Sales of modules

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

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

Sales of services

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

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

Significant integration services

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

Contract assets and liabilities

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

Payment terms

Normally a part of the order amount is invoiced upon a signed order while the majority is invoiced upon delivery. Occasionally a final part is also invoiced at start of operation at site. However, individual agreements have different payment structures. The lead time from order to delivery is usually six to twelve months but can be longer due to the customer project plans. For the maritime market, lead times varies between 9-36 months depending on retrofit or new building projects.

Warranties

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

Other operating income

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

Other operating income

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

Interest income

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

Government grants

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

Leases

The Group assesses whether the agreement is, or contains, a leasing agreement when the contract is concluded. The Group recognises a right of use and associated lease liability for all leases in which the Group is a lessee, except for low-value leases (such as computers and office equipment). For these leasing agreements, the Group recognises the lease payments as an expense on a straight-line basis over the leasing period unless another systematic method is more representative of when the financial benefits from the leased assets are consumed by the Group. The leasing liability is initially valued at the present value of the leasing fees that have not been paid at the commencement date, discounted using the implicit interest rate of the leasing agreement, if this interest rate can be easily determined. If this interest rate cannot be easily determined, the Group shall use the lessee's marginal borrowing rate. The marginal borrowing rate is defined as the interest rate that a lessee would have to pay for financing through a loan over a corresponding period, and with equivalent collateral, for the right of use of an asset in a similar economic environment. Leasing fees that are included in the valuation of the leasing liability include:

- fixed fees (including fixed fees for their substance), less any benefits arising from the signing of leasing agreements;

- variable leasing fees due to an index or price, initially valued using the index or price in force at the start date;

The lease liability is divided into a long and a short-term part in the Group's statement of financial position. After the commencement date, the lease liability is valued by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method), and by decreasing the carrying amount to reflect paid lease payments.

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

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

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

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

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

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

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

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

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

Foreign currency

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

Translating items in foreign currencies

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

Borrowing costs

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

Employee benefits

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

Short-term employee benefits

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

Defined contribution plans

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

Share-based payments and provisions

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

Income tax

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

Current tax

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

Deferred tax

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

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

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

Current and deferred tax for the period

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

Intangible assets

Additions through internal generation

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

- it is technically feasible to complete the intangible asset and to use or sell it,
- the Company intends to complete the intangible asset and to use or sell it,
- the conditions are in place for using or selling the intangible asset,
- it is probable that the intangible asset will generate future economic benefit,
- there are the necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

After initial recognition, internally generated intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Amortisation starts when the asset can be used. Capitalised expenditure for Climeon Heat Power is amortised on a straight-line basis over the estimated useful life of 5 years.

Removal from the balance sheet

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

Tangible non-current assets

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

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

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

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

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

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

Removal from the balance sheet

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

Impairment of tangible non-current assets and intangible assets

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

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

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

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

Financial instruments

Financial instruments reported in the statement of financial position include on the asset side Other long-term securities holdings, Accounts receivable, Other short-term investments and Cash and cash equivalents. On the debt side are Borrowing, accounts payable and Other liabilities.

Accounting in and deletion from the statement of financial position

A financial asset or financial liability is included in the statement of financial position when the company becomes a party in accordance with the contractual terms of the instrument. A receivable is recognised when the company has performed and a contractual obligation exists for the counterparty to pay, even if an invoice has not yet been sent. Accounts receivable are included in the statement of financial position when an invoice has been sent. Debt is recognised when the counterparty has

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

Classification and valuation

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

All financial assets except holdings in Baseloid Capital (classified as Other long-term securities holdings in the balance sheet) classify Climeon as "hold to collect", which means that the assets are reported at amortised cost. Climeon classifies its holdings in Baseloid Capital as "other", which means that they are valued at fair value through profit or loss.

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

Financial liabilities are measured at fair value through profit or loss when they meet the definition of a financial instrument held for trading, whether they are irrevocably identified as such at the initial accounting date or if they are derivatives. All financial liabilities in Climeon are reported at amortised cost.

Depreciations

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

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

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

Amortised cost

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

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

Current investments

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

Cash and cash equivalents

Cash and cash equivalents include cash at hand and available funds at banks and other credit institutions, and other short-term liquid investments that can be readily converted into cash and for which the risk of fluctuations in value is insignificant. To be classified as cash and cash equivalents the maturity must not exceed three months from the date of acquisition.

Inventories

Inventories are measured at the lower of acquisition cost and net realisable value on the closing day. Cost is determined using the first-in, first-out method (FIFO) and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the selling value less the estimated costs that can be directly related to the sales transaction.

Provisions

A provision differs from other liabilities as there is uncertainty regarding the time of payment or the size of the amount for the settlement of the provision. A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Cash flow statement

The cash flow statement shows the Company's changes in cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve deposits and payments.

Segment reporting

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

Parent company accounting policies

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

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

Classification and structures

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

Participation in Group companies

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

Group contributions and shareholder contributions for legal entities

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

Leases

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

Note 3 Key estimates and judgements

Significant sources of estimation uncertainty

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

Capitalised development expenses

At the start of the year, Climeon AB had capitalised development expenses totalling SEK 121,623 thousand (112,475). They mainly relate to the Company's technique Heat Power. When calculating the recoverable value of the cash-generating units for assessing if any impairment needs for capitalised development expenses, several assumptions have been made about, among other things, future conditions and estimates of parameters. Climeon has found that reasonable changes in assumptions do not give rise to any general write-down as of December 31, 2023.

Long term financial assets

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

Revenue

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

Accounts receivables

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

Inventory

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

Capitalisation of loss carry forwards

Climeon AB has unutilised loss carry forwards amounting to SEK 801,380 thousand (698,176), of which the tax effect has not been recognised as a deferred tax asset in the balance sheet. This is because the Company assesses that it is uncertain whether these losses carryforwards will be able to be utilised, due to uncertainty about when in the future sufficient taxable surpluses will be generated. The tax rate for calculating deferred tax is 20.6% (20.6%).

Note 4 Financial risk management and financial instruments

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

Capital management

The Board's objective is to maintain a good financial position, which contributes to keeping investor, lender and market confidence and forms a basis for continued development of the business. The capital consists of total equity. The Group's goal regarding the capital structure is to secure the Group's ability to continue its operations, so that it can continue to generate value growth and maintain an optimal capital structure to keep the costs of capital down. To develop the product portfolio over time and thereby generate future values, Climeon needs a strong capital base. The Group's equity amounts to SEK 323,841 thousand (365,187). The cash position and short-term investments amount to SEK 77,550 thousand (139,341). The equity ratio thus amounts to 76.4 percent (74.8).

Placement policy

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

Financial assets per level

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

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

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

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

Level 2

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

Level 3

The valuation of the holding in Baseload Capital AB is based on Baseload's forecasts and results with a certain lag. Baseload uses a valuation model that Climeon's management deems to be consistent with fair value. The valuation is based on cash flow forecasts on its portfolio of installations.

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

Investments in unlisted financial instruments	2023-12-31	2022-12-31
Incoming fair value	99,902	108,993
Change in fair value thru income statement	-28,833	-9,091
Outgoing fair value in Baseload Capital	71,069	99,902

Market risks

Currency risks

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

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

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

Currency	2023-12-31	2022-12-31
EUR	-17,717	-2,180
USD	-163	-11,288
NOK	-104	0
GBP	-62	-485
ISK	-1,263	-724

Interest-rate risks

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

Sensitivity analysis for market risks

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

	2023	2023-12-31	2022	2022-12-31
<i>Currency exposure</i>	Effect on profit/loss	Effect on equity	Effect on profit/loss	Effect on equity
EUR -[10]%	-1,772	7,269	-218	2,417
EUR +[10]%	1,772	-7,269	218	-2,417
USD -[10]%	-16	12	-1,129	52
USD +[10]%	16	-12	1,129	-52
NOK -[10]%	-10	0	0	0
NOK +[10]%	10	0	0	0
GBP -[10]%	-6	0	-48	6
GBP +[10]%	6	0	48	-6
ISK -[10]%	-126	29	-72	39
ISK +[10]%	126	-29	72	-39
<i>Interest</i>				
Financial expenses +[1]%-points	0	0	-547	0
Financial income +[1]%-points	0	0	0	0

Liquidity and financing risk

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

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

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

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

Credit and counterparty risk

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

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

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

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

	2023-12-31	2022-12-31
Incoming reserve uncertain receivables	31,681	4,200
Reclassifications	-	15,073
Currency adjustments	441	-
Reservations of the year	4,229	12,408
Outgoing reserve uncertain receivables	36,351	31,681

Previous year, the company has made reclassifications of previously made debt provisions, regarding guarantees and loss contracts, regarding the same customer against whom it also has outstanding and unsettled accounts receivable.

Bankruptcy

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

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

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

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

	2023-12-31	2022-12-31
Accounts receivable	23,899	11,272
Other long-term receivables	1,859	4,347
Other current receivables	44,839	14,279
Cash and cash equivalents	77,550	139,341
Maximum exposure to credit risk	148,147	169,239

Note 5 Distribution of net sales

Revenue type	Consolidated		Parent company	
	2023	2022	2023	2022
Modules and other hardware	6,041	10,984	6,041	10,984
Services	145	2,948	145	1,778
Total	6,186	13,932	6,186	12,762

Geographic market	Consolidated		Parent company	
	2023	2022	2023	2022
Sweden	244	413	244	413
Europe	5,942	9,844	5,942	9,844
North America	0	2	0	2
Asia	0	3,673	0	2,503
Total	6,186	13,932	6,186	12,762

Contract assets and liabilities

Contract assets	Consolidated		Parent company	
	2023	2022	2023	2022
Accrued income	7,706	15,381	7,706	15,381

Contract liabilities	Consolidated		Parent company	
	2023	2022	2023	2022
Prepaid income	2,459	2,536	2,459	2,536
Advances from customers	26,755	15,682	26,755	15,682
Contract liabilities total	29,214	18,218	29,214	18,218

Note 6 Other operating income

	Consolidated		Parent company	
	2023	2022	2023	2022
Grants from the Government	3,046	12	3,046	12
Results from the sale of fixed assets	0	123	0	123
Other items	89	11	89	8
Total	3,135	146	3,135	143

Note 7 Auditor's fee

	Consolidated		Parent company	
	2023	2022	2023	2022
Deloitte AB				
Audit assignments	1,115	1,187	1,115	1,187
Other services	150	125	150	125
Moores Rowland CPAs				
Audit assignments	27	27	-	-
Total	1,292	1,339	1,265	1,312

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

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

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

	Consolidated		Parent company	
	2023	2022	2023	2022
Average number of employees				
Average number of employees	40	43	40	41
share of women	29%	26%	29%	27%

Distribution of senior executives on the closing day	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Women:				
Board members		20%	20%	20%
The Management team		20%	20%	20%

Salaries and remuneration	Consolidated		Parent company	
	2023	2022	2023	2022
Salaries and other remuneration	32,203	32,063	31,925	29,507
Pensions, defined contribution	4,424	4,541	4,424	4,541
Social insurance contributions	12,011	9,620	11,966	9,378
Total	48,638	46,224	48,315	43,426

Salaries and other remuneration for Board members, CEO and other employees	Consolidated		Parent company	
	2023	2022	2023	2022
Board and CEO	3,634	4,299	3,634	3,205
Other employees	28,569	27,764	28,291	26,302
Total	32,203	32,063	31,925	29,507

Salaries and remuneration to senior executives *

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

* There are no costs for the ongoing warrant programs

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

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

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

* There are no costs for the ongoing warrant programs

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

*** Other senior executives consisted of one woman and three men in the beginning of the year and four men at the end of the year.

Remuneration of the Board

During the financial year, SEK 1,478 thousand (1,315) was paid as a fee to the Board of Directors of Climeon, of which a total of SEK 538 thousand (447) to the Chairman of the Board. In addition to this, board members are reimbursed for travel expenses to board meetings, etc. There is no pension plan for the board. Board members elected by the Annual General Meeting shall in special cases be able to receive fees and other remuneration for work performed on behalf of the company, in addition to the board work. For such services, a market fee should be paid, which must be approved by the Board. During the financial year, consulting fees were paid to Silon Consulting AB (Thomas Öström) with SEK 249 thousand (781). Please also be referred to note 30.

Guidelines in remuneration of Senior executives

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

Pensions

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

Severance pay agreement

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

Deviation from the guidelines

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

Remuneration of the CEO

Lena Sundquist took over as CEO in 2021. Salary to Lena Sundquist during the financial year amounted to SEK 2,156 thousand (1,890) and pension provision amounted to SEK 436 thousand (442).

Remuneration to other Senior executives

Other senior executives refer to the persons who, together with the CEO during the year, formed the Group Management. Other senior executives consisted of four men at the the year. Salary to other senior executives during the year amounted to SEK 5,914 thousand (4,902), invoiced fee SEK 0 (0) and other benefits to SEK 106 thousand (94). Pension provisions during the year amounted to SEK 1,596 thousand (1,113).

Share incentive programs

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

Outstanding warrants

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

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

The premium for all issued warrants has been determined based on Black-Scholes' valuation model, valued by an external source. Maturity, share price and volatility form the basis for calculating the valuation.

Warrant program	Number	Number of B-shares warrants entitle to	Premium	Issue price	Sub-scription period	Impact on equity (TSEK)*
A. Program 2022/2025, issued 8/24/22	997,500	1,117,200	0.08	16.7	20250901-20250930	18,635
A. Program 2023/2026, issued 8/28/23	1,798,600	1,798,600	0.56	6.2	20260901-20260930	11,115

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

Total outstanding warrants	2023	2022
Outstanding beginning of year	997,500	596,500
Allocated during the year	1,798,600	997,500
Forfeited during the year	0	-596,500
Total outstanding at year-end	2,796,100	997,500

With full exercise of all 2,796,100 warrants for subscription of the number of B shares as above, it will include a share capital increase of a total of SEK 43,737 (quota value 0.015), which corresponds to a dilution of 1.35 percent of the number of outstanding shares and 1.16 percent of the number of outstanding votes (based on the number of outstanding shares as per December 31st, 2023 which means 215,845,344 outstanding shares, of which 3,900,000 A shares with 10 votes each and 211,945,344 B shares with one vote each).

Note 9 Interest income and other financial items

	Consolidated		Parent company	
	2023	2022	2023	2022
Interest income	1,127	1,175	1,983	2,092
Exchange rate differences	13,018	17,650	13,018	17,650
Total	14,145	18,825	15,001	19,742

Note 10 Interest expenses and other financial items

	Consolidated		Parent company	
	2023	2022	2023	2022
Interest expenses, other	-811	-2,577	-811	-2,577
Interest expenses on leased assets	-710	-946	-	-
Exchange rate differences	-16,904	-16,304	-16,904	-16,304
Revaluation of financial assets	-28,836	-9,091	-28,836	-9,091
Total	-47,261	-28,918	-46,551	-27,972

Note 11 Tax

	Consolidated		Parent company	
	2023	2022	2023	2022
Current tax	-5,	-	-	-
Change in temporary differences	-68	12	-	-
Tax of the year	-73	12	-	-
Recognised result before tax	-135,696	-125,905	-133,706	-120,666
Applicable tax rate 20.6% (20,6)	27,953	25,936	27,543	24,857
Tax effect of non-deductible expenses	-1,049	-2,692	-1,049	-2,692
Tax effect of non-taxable revenues	483		483	
Tax effect of non-taxable changes of value in financial assets	-5,940	-1,731	-5,940	-1,731
Tax effect of non-deductible expenses	-68	12	-	-
Effect of uncapitalised loss carry forwards	-21,452	-21,513	-21,037	-20,434
This year's reported tax expense	-73	12	0	0

Deferred tax assets

Deferred tax assets are valued at a maximum of the amount that is likely to be recovered based on current and future taxable results. At the end of the year, total accumulated deficits amount to SEK 801,380 thousand (698,176) in the Group, of which nothing has been activated. The remaining deficit mainly relates to deficits in the parent company. The capitalised loss carry-forwards do not have a time limit for utilisation.

Note 12 Earnings per share

Earnings per share before/after dilution

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

	Consolidated	
	2023	2022
Profit for the year attributable to the Group's shareholders in SEK	-135,769,256	-125,893,256
Weighted average number of outstanding ordinary shares*	107,770,527	107,770,527
Earnings per share before dilution, SEK	-1.26	-1.17

Profit of the year, after dilution

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

	Consolidated	
	2023	2022
Profit for the year attributable to the Company's shareholders	-135,769,256	-125,893,256
Number of shares, before dilution*	107,770,527	107,770,527
Number of shares, after dilution*	107,770,527	107,770,527
Earnings per share after dilution, SEK	-1.26	-1.17

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

The Parent Company's warrant programs did not have any dilution effect in 2022 or 2021. With full exercise of all 2,796,100 warrants for subscription of the number of B shares as stated in note 8, it will include a share capital increase of a total of SEK 43,737 (quota value 0.015), which corresponds to a dilution of 1.35 percent of the number of outstanding shares and 1.16 percent of the number of outstanding votes (based on the number of outstanding shares as per December 31st, 2023 which means 215,845,344 outstanding shares, of which 3,900,000 A shares with 10 votes each and 211,945,344 B shares with one vote each).

In addition to the above, the Company has also issued warrants as part of the rights issue of units which was completed in the fourth quarter of 2023. See page 55 for further information.

Note 13 Capitalised expenditures on development work

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening acquisition cost	180,451	146,774	180,451	146,774
This year's expenses for internally developed assets	22,565	33,677	22,565	33,677
Sales/Scrapping	-415	0	-415	0
Omklassificeringar	-1,864	0	-1,864	0
Closing accumulated cost	200,737	180,451	200,737	180,451
Opening amortisation	-59,396	-43,595	-59,396	-43,595
Amortisation for the year	-11,553	-15,801	-11,553	-15,801
Closing accumulated amortisation	-70,949	-59,396	-70,949	-59,396
Opening impairment losses	-8,580	-2,692	-8,580	-2,692
Sales/Scrapping	415	0	415	0
Impairment losses for the year	0	-5,888	0	-5,888
Closing accumulated impairment losses	-8,165	-8,580	-8,165	-8,580
Closing carrying amount	121,623	112,475	121,623	112,475

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

Note 14 Patents, licenses, trademarks, and similar rights

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening acquisition cost	8,730	8,029	8,730	8,029
Purchases	96	701	96	701
Closing accumulated acquisition cost	8,826	8,730	8,826	8,730
Opening amortisation	-1,325	-517	-1,325	-517
Amortisation for the year	-840	-486	-840	-486
Closing accumulated amortisation	-2,165	-1,003	-2,165	-1,003
Opening impairment losses	-2,120	-1,634	-2,120	-1,634
Impairment losses for the year	-652	-486	-652	-486
Closing accumulated impairment losses	-2,772	-2,120	-2,772	-2,120
Closing carrying amount	3,889	5,285	3,889	5,285

Not 15 Leasehold improvements

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening acquisition cost	22,823	19,417	22,079	18,673
This year's leasehold improvements	1,469	3,406	1,470	3,406
Closing accumulated cost	24,292	22,823	23,549	22,079
Opening depreciation	-7,960	-4,905	-7,696	-4,763
Depreciation for the year	-5,626	-3,055	-5,476	-2,933
Closing accumulated depreciation	-13,586	-7,960	-13,172	-7,696
Opening impairment losses	-1,619	-1,619	-1,619	-1,619
Closing accumulated impairment losses	-1,619	-1,619	-1,619	-1,619
Closing carrying amount	9,087	13,244	8,758	12,764

Note 16 Plant and machinery

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening acquisition cost	16,192	16,204	16,176	16,188
Purchases	173	148	164	148
Sales/Scrapping	-76	-160	-51	-160
Closing accumulated cost	16,289	16,192	16,289	16,176
Opening depreciation	-8,795	-7,316	-8,789	-7,313
Sales/Scrapping	40	131	34	131
Depreciation for the year	-1,272	-1,610	-1,272	-1,607
Closing accumulated depreciation	-10,027	-8,795	-10,027	-8,789
Opening impairment losses	-4,255	-4,255	-4,255	-4,255
Closing accumulated impairment losses	-4,255	-4,255	-4,255	-4,255
Closing carrying amount	2,007	3,142	2,007	3,132

Note 17 Right to use assets

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

	Consolidated	
	2023	2022
Right to use assets		
Premises	10,518	15,778
Vehicles	307	294
Closing carrying amount	10,825	16,072
Leasing liabilities		
Long term	6,299	12,441
Short term	5,813	5,240
Closing carrying amount	12,112	17,681

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

Rights of use under the vehicle category were discarded during the year to a value of SEK 0 thousand (118).

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

	Consolidated	
	2023	2022
Premises	5,159	5,230
Vehicles	88	183
Interest (part of financial costs)	710	946
Closing carrying amount	5,957	6,359

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

Reconciliation of net lease liability

	Consolidated	
	2023	2022
Net liability 1st January	17,681	23,156
Installments	-5,569	-5,475
Closing carrying amount	12,112	17,681

The Parent Company has had expenditure on operational leasing for premises, furniture and vehicles during the year by SEK 6,279 thousand (6,278).

Note 18 Equipment, tools and installations

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Opening acquisition cost	4,354	4,270	4,275	4,191
Purchases	415	155	415	155
Sales/Scrapping	-182	-71	-169	-71
Closing accumulated cost	4,587	4,354	4,521	4,275
Opening depreciation	-2,518	-1,810	-2,484	-1,791
Sales/Scrapping	148	61	144	61
Depreciation for the year	-639	-769	-635	-754
Closing accumulated depreciation	-3,009	-2,518	-2,975	-2,484
Opening impairment losses	0	0	0	0
Impairment losses for the year	-16	0	-16	0
Closing accumulated impairment losses	-16	0	-16	0
Closing carrying amount	1,562	1,836	1,530	1,791

Note 19 Long term financial assets

Long-term financial assets consist mainly of investments in the finance company Baseload Capital Holding AB of SEK 71,066 thousand (99,902), corresponding to 8 (12) percent ownership in the company.

Post-closing events:

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

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

Note 20 Inventories

Inventories comprise finished products, work in progress and goods for resale. In the financial year, costs of goods have been accounted for to the amount of SEK 12 710 thousand (15,342), as raw material and consumables. The impairment losses of inventories, amounting to SEK 6,573 thousand (1,447), are included in the cost of raw materials and consumables.

Note 21 Other receivables

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepayment for goods	24,006	10,888	24,006	10,888
Tax receivables	5,863	3,279	5,863	3,279
Receivables on group companies	-	-	3,303	2,723
Other receivables	14,969	112	14,816	26
Total	44,839	14,279	47,988	16,916

Note 22 Accounts receivables

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accounts receivable, gross	60,250	42,953	59,978	42,650
Written-down amounts	-36,351	-31,681	-36,351	-31,681
Accounts receivable, net	23,899	11,272	23,627	10,969

Age analysis, accounts receivable	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Not overdue	9,421	701	9,149	398
Overdue by less than 30 days	599	655	599	655
Overdue by 61-90 days	0	236	0	236
Overdue by > 90 days	50,230	41,361	50,230	41,361
Total	60,250	42,953	59,978	42,650

Note 23 Prepaid expenses and accrued income

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Prepaid rent	2,126	2,055	2,096	2,024
Prepaid insurance premiums	34	21	0	0
Accrued income	7,706	15,381	7,706	15,381
Other items	1,544	1,340	1,544	1,319
Total	11,410	18,797	11,346	18,724

Note 24 Share capital

The share capital comprises 215,845,344 shares (95,105,086) with a quotient value of SEK 0,015 (0,015).

Note 25 Other provisions

Warranty provisions	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Incoming carrying amount	7,047	17,794	7,047	17,794
This year's provision	-	1,857	-	1,857
Årets upplösning av garantiavsättningar	-	-1,346	-	-1,346
Årets omklassificeringar	-	-5,460	-	-5,460
This year's usage	-816	-5,798	-816	-5,798
Outgoing carrying amount	6,231	7,047	6,231	7,047

The guarantee reserve consists of a provision for costs that are expected during the guarantee period. The previous year's reclassifications concerned an item previously reserved regarding a customer against whom the company also had outstanding, unsettled, accounts receivables. The item was therefore reclassified as a doubtful accounts receivable.

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

Note 26 Other long-term liabilities

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Swedish Energy Agency	10,381	10,381	10,381	10,381
Lease debt	12,112	17,681	0	0
thereof short-term liability of lease debt	-5,813	-5,240	0	0
Total	16,680	22,822	10,381	10,381

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

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

Note 27 Other current liabilities

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Swedish Export Credit	0	34,776	0	34,776
Short time part out of lease liabilities	5,813	5,240	0	0
Liabilities for grants received	2,353	4,820	2,353	4,820
Social security contributions, retention tax	1,574	1,550	1,574	1,542
Other	2,363	60	2,357	82
Total	12,103	46,446	6,284	41,220

Loan Swedish Export Credit of EUR 0 thousand (3,125), with a guarantee from the European Investment Fund has been fully repaid during 2023.

Financing debts	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Incoming debt	62,839	102,569	45,157	79,413
Amortisations of the year	-41,490	-43,695	-35,920	-38,221
Exchange adjustment of the year	1,144	3,965	1,144	3,965
Outgoing debt	22,493	62,839	10,381	45,157

Note 28 Accruals and deferred income

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Accrued vacation pay	1,706	1,745	1,706	1,745
Accrued social security contributions	536	548	536	548
Prepaid income	2,459	2,536	2,459	2,536
Accrued operating costs	11,433	11,704	11,433	11,704
Other items	0	1,531	0	1,531
Total	16,134	18,064	16,134	18,064

Note 29 Cash and cash equivalents in the cash flow

	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Cash	77,550	139,341	77,155	138,789
Total	77,550	139,341	77,155	138,789

Note 30 Pledged assets and contingent liabilities

Pledged assets	Consolidated		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Floating charge	0	20,800	0	20,800
Total	0	20,800	0	20,800

All floating charges are in own custody after the final amortization of the debt to Svensk Exportkredit.

Note 31 Transactions with related parties

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

	Consolidated		Parent company	
	2023	2022	2023	2022
Purchase of services				
Silon Consulting AB	249	781	249	781
Total	249	781	249	781

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

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

Note 32 Events after the closing day

Climeon and Baseload Capital have entered into an agreement regarding Climeon's ownership in Baseload Capital Holding AB as well as non-commissioned HeatPower 150 modules. The previous order for HeatPower 150 made by Baseload Power Taiwan is also cancelled. The agreement, which is expected to be completed in 2024, does not have any liquidity impact for Climeon beyond a possible future exercise of a call option that Climeon issues regarding its remaining shares in Baseload Capital Holding. Climeon's intention is therefore, over time, to divest its entire ownership in Baseload Capital.

The Board proposes that no dividend is to be paid for the financial year 2023.

Note 33 Proposed appropriation of earnings

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

Share premium reserve	1,192,376,816
Accumulated loss	-846,083,935
Loss for the year	-133,706,078
	212,586,803
<hr/>	
The Board's proposal for balanced profit to be carried forward	212,586,803
	212,586,803

APPROVAL OF FINANCIAL REPORTS

The group's financial reports for the reporting period ending on December 31, 2023 (including comparative figures) were approved by the board on 18 April 2024.

The Board's declaration

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

SIGNATURES

Kista, April 18, 2024

Håkan Osvald
Chairman of the Board

Thomas Öström

Peter Carlberg

Anders Lindberg

Liselotte Duthu Törnblom

Lena Sundquist
CEO

Our audit report was submitted on April 18, 2024

Deloitte AB

Daniel Wassberg
Authorized public accountant

I KEY NUMBERS

TSEK	2023	2022	2021	2020	2019
Operating margin (%)	neg	neg	neg	neg	neg
Profit margin (%)	neg	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg	neg
Return on assets (%)	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg
Interest coverage (times)	neg	neg	neg	neg	neg
Equity ratio (%)	76.4	74,8	64.6	66.7	78.5
Debt ratio (times)	0.3	0,3	0,5	0,5	0,3
Net debt ratio (times)	-0.2	-0,4	-0,4	-0,7	-0,2
Earnings per share, before dilution, SEK *)	-1.26	-1,17	-1,00	-1,30	-1,04
Earnings per share, after dilution, SEK *)	-1.26	-1,17	-1,00	-1,30	-1,04
Equity per share, SEK	1.50	3,84	5.93	7,80	6,46

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

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

I DEFINITIONS

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

I AUDITOR'S REPORT

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Climeon AB (publ) for the financial year 2023-01-01 - 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 38-91 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Material uncertainty Related to Going Concern

Without modifying our opinion in respect of this matter, we draw attention to page 54 in the management report in the financial statements, which states that the company is, within a twelve-month period, in need of external financing in order to continue the business operations. Such financing may come from existing or new shareholders, or from third parties through public or private financing options. The company's financial statements are prepared under the going concern assumption, but there is also an uncertainty factor. These events or conditions, along with other matters as set forth on page 54 in the management report, indicate that a material uncertainty exists that may cast negative doubt on the Company's ability to continue as a going concern.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-37, 92, 96-98. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board

of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Climeon AB (publ) for the financial year 2023-01-01 - 2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss to be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things

continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional

judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm, April 18th 2024
Deloitte AB
Signature on Swedish original

Daniel Wassberg
Authorized Public Accountant

THE CLIMEON SHARE

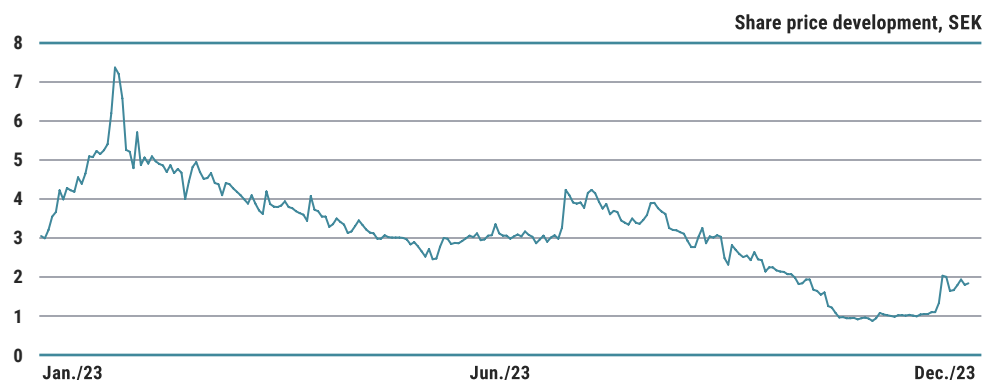


I THE CLIMEON SHARE

The company's fifteen largest shareholders as of December 31, 2023, are listed on the right. The company has issued two share classes, class A shares and class B shares. The only difference between the share classes is in voting rights. Each class A share entitles the holder to ten (10) votes and each class B share entitles the holder to one (1) vote at general meetings. As far as the company's Board is aware there are no shareholder agreements or other agreements between the Company's shareholders that aim to jointly affect the Company. Nor is the Company's Board aware of any agreements, or the equivalent, that can lead to a change in the control of the Company.

Share information

The number of shares in Climeon amounts to 215 845 344 with a quota value of SEK 0.015, of which 3 900 000 are Class A shares, 10 votes/share, and 211 945 344 are Class B shares, 1 vote/share. Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 1,80 at the end of the year.



Largest shareholders per December 31, 2023

Shareholders	Series A	Series B	Capital, %	Number of votes	Voting rights, %
Cidro Förvaltning AB	0	28 898 410	13,4%	28 898 410	11,5%
Försäkringsaktiebolaget Avanza Pension	0	23 331 774	10,8%	23 331 774	9,3%
Futur Pension Försäkringsaktiebolag	0	15 127 871	7,0%	15 127 871	6,0%
Nordnet Pensionsförsäkring AB	0	12 789 350	5,9%	12 789 350	5,1%
Wilhelm Risberg	0	12 205 786	5,7%	12 205 786	4,9%
Fredrik Lundgren	0	12 113 914	5,6%	12 113 914	4,8%
Skandinaviska Enskilda Banken SEB-Stiftelsen	0	11 287 717	5,2%	11 287 717	4,5%
Thomas Öström	3 900 000	5 575 344	4,4%	44 575 344	17,8%
Luxembourg Branch SEB AB	0	6 575 073	3,0%	6 575 073	2,6%
Clearstream Banking S.A.	0	6 261 745	2,9%	6 261 745	2,5%
MP Pensjon Pk	0	5 212 025	2,4%	5 212 025	2,1%
Joachim Karthaus	0	3 775 411	1,7%	3 775 411	1,5%
Olle Bergström	0	2 133 182	1,0%	2 133 182	0,9%
Karolina Tham von Heidenstam	0	1 306 640	0,6%	1 306 640	0,5%
Carl-Johan Sjögren	0	1 290 685	0,6%	1 290 685	0,5%
Others	0	64 060 417	29,7%	64 060 417	25,5%
Total	3 900 000	211 945 344	100,0%	250 945 344	100,0%

Share data	2023	2022
Total number of issued shares at period end	215 845 344	95 105 086
Average number of shares outstanding	107 770 527	86 188 984
Earnings per share, before and after dilution, SEK*	-1,26	-1,17
Equity per share, SEK	1,50	3,84

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

CLIMEON

Climeon AB
Torshamnsgatan 44, 164 40
Stockholm, Sverige

Investor@climeon.com
www.climeon.com

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