Polarium Annual Report 2021

Enabling endless energy

We envision a world with endless energy.

A world where all energy is renewable, and where the flow of energy never stops. We believe that this is within reach, but to get there we need smart energy storage. And lots of it.

This is where we come in. We want to enable endless energy through great energy storage solutions. Green, safe, seamless.

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POLARIUM IN BRIEF

This is Polarium

Polarium is a Swedish company dedicated to providing the best performing, safe and sustainable energy storage solutions built on lithium-ion technology.

We were founded in 2015 with the purpose to empower a smart and sustainable world with the help of energy storage.

Our headquarters and R&D center are situated in Sweden and manufacturing are placed in Mexico, Vietnam and South Africa. Through our global sales channels and representations, we serve customers worldwide.

Today, our market leading solutions are in use on all continents and in all climate zones – from the equator to the Arctic – ensuring that the flow of energy never stops, while enabling our customers to reduce energy cost and environmental footprint.

KEY HIGHLIGHTS

Net Sales 2021

SEK 1,084M

EBITDA 2021

SEK 83M

Compounded Annual Growth Rate 2016-2021

~150 %

EBITDA Margin 2021

7,6 %

Installed Batteries

350,000+

Installed Capacity

1.5 GWh

No. of People

710

Countries with Installations

70

POLARIUM IN BRIEF

Worldwide Locations

Our Journey to Date

Starting our Journey

2015-2016

Polarium is founded with a purpose to empower a smart and sustainable world, and we sell our first energy storage solutions.

Global Expansion

2017-2018

We sign our first global contracts, open a factory in Mexico and launch new generations of our products.

Market Leader

2019

Polarium is recognized as the leading provider of Reserve Power to telecom operators and tower companies.

Expanding our Offering

2020

We expand our offering from only focusing on Telecom, and rebrand the company.

Rising to Fame

2021

We reach our SEK 1B revenue milestone, open our factory in Vietnam and start work on our factory in South Africa.

CEO-LETTER

On a Rapid Journey to Empower a Smart & Sustainable World

To say that 2021 was momentous is an understatement. As world leaders gathered in Glasgow to find solutions to the climate crisis, extreme weather events around the globe showed us that climate change is not a distant threat but a living reality. Meanwhile, we saw a tectonic shift of capital towards decarbonization, energy innovation, and the race towards an electric future – where energy storage is the missing link in the renewable energy system.

The combination of energy shortages, electricity prices, and an ever-increasing focus on sustainable energy generation is the wind in our back. We do not have to make our customers choose between sustainability or profitability – we can help them improve both at the same time.

Breaking new ground is in our DNA, innovating, and even creating new markets. At the beginning of our journey, energy storage, and reserve power were perceived as an insurance policy used for a fraction of the time. Today, it has become a vital tool in ensuring access to energy, reducing energy costs and environmental impact. With an increasing number of sectors recognizing its value, it enables us to leverage our market leading position and technological superiority to take the next step on our profitable growth journey.

A Financial Milestone

Polarium grew across the board in 2021 as we expanded our workforce, product portfolio and geographical presence. For the first time, we reached a turnover of more than SEK 1 billion. Considering that many fast-growing companies are forced to sacrifice profitability for growth, it makes me especially proud that Polarium has been profitable for many years.

New and Award-winning Products

We take great pride in our customer focus, using our expertise to deliver not only products but solutions. Last year this led to the launch of our battery with the highest energy density to date, which was awarded two Red Dot design awards for outstanding design qualities. We also announced our new green range of batteries that will be produced with 100 percent renewable energy in partnership with Northvolt. In addition, Polarium established new production facilities in Vietnam and South Africa, increasing operational agility, and bringing us closer to our end customers. We will continuously evaluate further expansion of production in our end-markets.

We identified early that technological developments and the sustainable transition are reshaping the role of energy storage. This culminated in the launch of our offering within Energy Optimization. With smart storage and energy optimization systems, we enable our customers to buy electricity at times of high supply and eventually feed excess power back to the grid – making them active participants in the energy market. I am very excited about its potential and the fact that we have already initiated pilot projects together with Telia in Sweden that will be up-and-running in the first half of 2022.

A Strategy for Continued Future Growth

Polarium's Energy Optimization offering is an extension of our updated strategy – to strengthen our core offering and market leading position within Reserve Power for the telecom sector, while springboarding our expertise to expand our offering within Energy Optimization, for telecom and the broader commercial and industrial market.

The combination of our customer focus and technology mindset is the very foundation of Polarium's – past, current and future – success. It has put us on track to become a USD 1 billion revenue company, as we continue to increase our share of the rapidly growing energy storage market. To reach this goal we will continue to execute on our strategy, recruit talent, and invest across divisions and functions. We will continue to drive innovation within our field with the customer at the center of everything we do, enabling them to secure capacity, cut energy costs, and reduce their carbon footprint – as they join us on our journey to empower a smart and sustainable world.

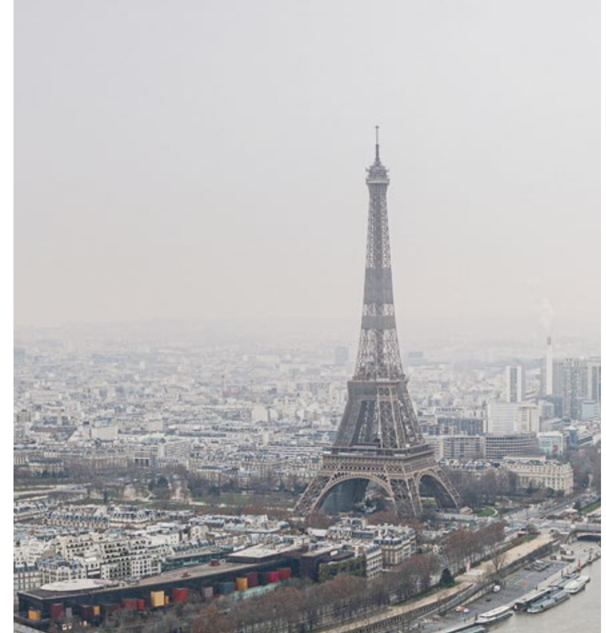
Stefan Jansson
Founder and CEO of Polarium

Reshaping the Energy Landscape

There are five megatrends that are reshaping the energy landscape and accelerating the growing demand for energy storage built on lithium-ion battery technology. These trends have even given rise to a completely new market that we shape together with our customers.

Climate Change

Climate change is the most pressing issue of our time, and to reach the goal of the Paris Agreement, CO_2 emissions need to be halved every decade from 2020 to 2050. Still, a majority of the energy consumed is from fossil fuels.



Carbon Emissions

The price of carbon emissions is expected to continue to rise as new green regulations become more common. In 2021 alone, the price of carbon permits increased by 140 percent on the world's largest cap and trade greenhouse gas emissions market - the European Union Emissions Trading System.[1]

1. Trading Economics, *EU Carbon Permits*

Growth in Renewables

Decarbonization of the energy mix has been underway for a long time. The massive growth in renewables over the past years will pick up even more speed going forward, with solar and wind expected to grow from roughly ten percent of the energy mix in 2019 to 56 percent in 2050.[2]

Grid Instability

Blackouts and brownouts have been increasing in recent years, not only in developing countries but also in markets that generally have stable grids. More extreme weather increased intermittency in the energy supply, growth in energy demand, and long-term under-investment in energy grid infrastructure are some of the factors that have led to more frequent power outages.

Always-on Connectivity

The roll-out of 5G, its low latency, and improved reliability will take critical systems to the next level, enabling applications like advanced remote surgery, and fully autonomous transportation. But it hinges on always-on connectivity. Smart and sustainable energy storage is critical to provide reserve power to ensure availability and continuity for everyday life.

2. BloombergNEF, *New Energy Outlook 2020*

2021 was all about breaking new territory. Polarium launched new solutions for energy optimization that the world had never seen before.

Upgrading Our Roadmap

When Polarium was founded, the world was facing a new technological paradigm shift characterized by 5G and the many critical applications that rely on it, creating an increasingly interlinked world where connection can never be lost.

Our initial offering consisted of energy storage solutions for reserve power to telecom operators and tower companies. With more than 350,000 installations in 70 countries, Polarium has established a market leading position within Reserve Power for telecom.

Meanwhile, there is a global need to replace fossil fuels with renewable energy and electrification. Telecom is far from the only sector in need of energy storage solutions, as global conditions connected to climate change, price of carbon emissions, the massive growth in renewables and increased grid instability have made Polarium's offerings more relevant than ever. Making the necessary transition from fossil fuels to renewables, and meeting the increased demand for reliable energy, requires safe, smart, and sustainable energy storage solutions – and they need to be put to use at a larger scale than ever before.

STRATEGY

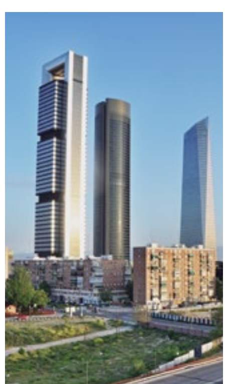
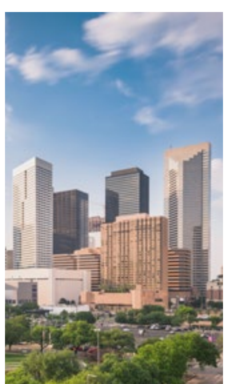
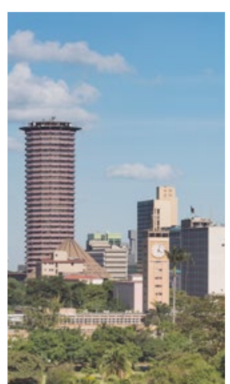
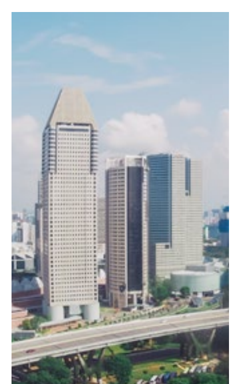
Global demand for lithium-powered energy storage solutions is expected to grow more than twentyfold between 2020 and 2030.[3] To seize this market potential, we have updated our strategic roadmap during 2021.

A Strategic Direction for Continued Profitable Growth

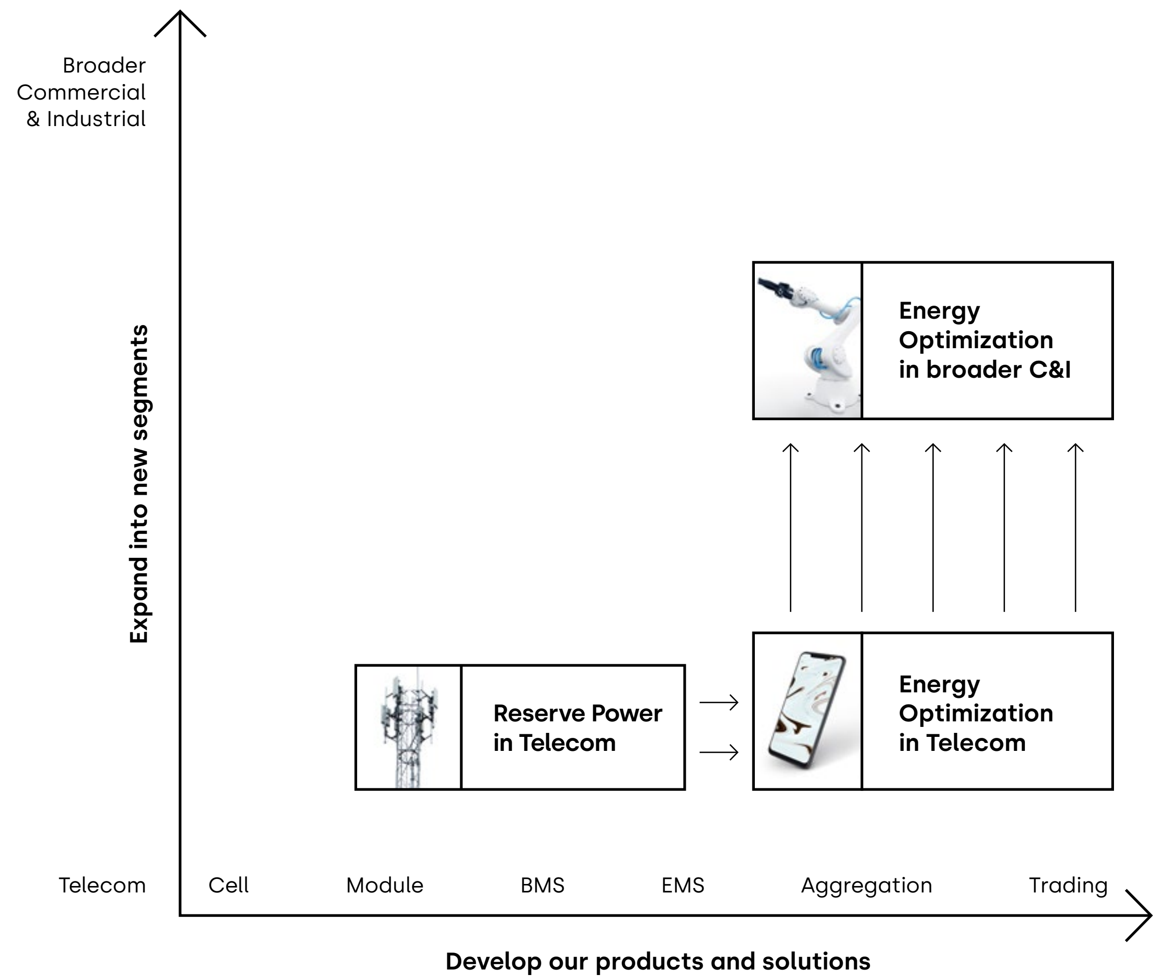
Our strategic direction is a logical development of our unique and market leading position. Going forward, we will focus on strengthening our core offering within Reserve Power for the telecom sector. We will also use our expertise and experience from Reserve Power to expand our offering and shape a completely new market within Energy Optimization, within telecom and the broader mid-scale commercial and industrial market. This will position Polarium as a complete solutions provider.

We will also expand our geographical footprint to be better positioned to support our customers, which includes strengthening our presence in Europe, North and Latin America, Africa, and Asia-Pacific.

With this, we will be able to capture a larger share of the rapidly growing energy storage market and further strengthen our leading position as we continue our profitable growth journey.

Our Strategic Direction



3. World Economic Forum, *A Vision for a Sustainable Battery Value Chain* (2019)

Market Leadership Through Customer & Technology Focus

Polarium offers energy storage solutions for Reserve Power and Energy Optimization, serving customers within telecom, industry and commercial buildings worldwide. The foundation of our market leading position is our entrepreneurial spirit coupled with a strong customer and technology focus.

BUSINESS MODEL

Why Polarium

Polarium is dedicated to providing the best performing, safe, and sustainable energy storage solutions built on lithium-ion battery technology. Our energy storage is suitable for a broad variety of applications and operating environments. It is in our DNA to constantly improve and find new and innovative ways to identify and respond to the challenges that our customers are facing.

Our Customers

We serve businesses in the mid-scale commercial and industrial market worldwide targeting customers in telecom, industry, and commercial buildings. While every customer is different, they all face a common challenge – the need to reduce their dependency on unsustainable reserve power solutions such as diesel generators or lead-acid batteries. Their operations require unconditional energy stability, and they want to lower their energy costs and meet their sustainability targets.

Our Offering

Polarium offers energy storage solutions for Reserve Power and Energy Optimization. By combining our energy storage with a cloud-based platform that uses machine learning and AI, we enable our customer to secure capacity, aggregate energy resources, optimize energy consumption, and trade surplus energy back to the grid. Our solutions can be either bought and managed by the customer itself, or through our Energy-as-a-Service model that provides all the benefits but does not require any investment from the customer.

PRODUCT HIGHLIGHTS

Innovative & Sustainable

Pure Energy From the North

Through a strategic partnership with Swedish battery manufacturer Northvolt in 2021, we launched the new product range Green, which is built on battery cells manufactured with 100 percent renewable energy and engineered for recyclability by embracing the principles and practices of a circular economy. These energy storage solutions have a substantially lower carbon footprint than before, throughout their entire lifecycle.

PRODUCT HIGHLIGHTS

Innovative & Sustainable

The Highest Energy Density to Date

The telecom networks of the future need to be smarter, greener, and more cost-effective. With 5G, critical systems and applications increasingly depend on always-on connectivity, and great reserve power is the cornerstone of a connected world. We recently launched our product with the highest energy density to date. It not only ensures that cell sites will stay up-and-running, but our intelligent software enables customers to charge whenever electricity rates are at their lowest and discharge during the most expensive parts of the day – lowering their total cost of ownership.

Innovative & Sustainable

Prepared for Anything with Generation 6

In 2021, Polarium developed Generation 6 of our product range Battery. With its innovative and modular design, the new generation is created for the energy systems of the future – smarter, stronger and safer than ever before. The Generation 6 battery is our most robust product to date, prepared for several cutting-edge technological features, including connection to the Polarium Cloud and several systems protecting it from moisture, dust, and thermal events. Simply put, the Generation 6 battery is prepared for whatever the future may hold.

Shaping the Future Together With Our Customers and Partners

Telia Company

Technological developments and the need for sustainable transition are reshaping the role of energy storage. In a pilot project launched in January 2022, Telia is set to validate the commercial, technical and economic value of smart battery solutions, using Polarium's batteries and energy optimization systems. Benefits for both Telia and the wider society will be explored, such as potentials for optimized energy usage, lower electricity costs, new revenue streams when selling excess energy back to the grid and off-loading the electricity grid in times of power shortages. This would allow Telia to reinvent how networks conserve and consume energy.

CTEK

As demand for electric vehicles grows, several challenges must be addressed to meet requirements of broader electrification of the global car fleet. Until energy grids are upgraded on a large scale, smart and compact energy storage solutions will be vital to match electricity demand with supply. That is why Polarium and CTEK initiated a partnership to develop energy storage for EV charging (ESEV), where energy storage solutions from Polarium are combined with charging technology from CTEK. Together we aim to enable EV charging in more locations and for more individuals who have been limited by a lack of grid capacity, space, or high costs.

ATC Africa

Energy storage for telecom tower sites has historically been a costly and challenging hurdle to overcome. In Sub-Saharan Africa, a significant number of wireless telecommunication sites lack access to a reliable power grid infrastructure and have historically relied on costly diesel generators for power generation. Polarium initiated a strategic partnership with American Tower Corporation in 2017 to enable the transition from diesel generators to lithium-ion battery technology as the source of reserve power across ATC's Africa portfolio. By switching to Polarium's high-end solutions, ATC Africa has since 2018 been able to reduce its scope 1 emissions and dependency on fossil fuels by more than 50 percent.

Telia Company

CTEK

AMERICAN TOWER® CORPORATION

One Polarium

Polarium is one of Sweden's fastest growing tech companies. Our people are the key to our success, enabling our ambition to move from fossil dependency towards a world built on green and endless energy. As a company that continues to grow rapidly, we are committed to working closely together to maintain our strong company culture – where geographies, cultures, divisions, and functions come together as One.

Employee Net Promoter Score (eNPS)

Polarium	Industry Benchmark
34	23

Employee Engagement Index

Polarium	Industry Benchmark
76	70

People First

At Polarium, we have a people-first approach. Motivated and engaged employees who challenge status quo and put forward new ideas are key to our business and create value for customers as well as other stakeholders. Over the past year, we started continuously measuring internal engagement for all our locations through both the Employee Net Promoter Score (eNPS) and an employee engagement index, with the ambition to always outperform the industry benchmark.

A Year of Culture

Culture can only be created as a team. It is about how we work together towards common goals, where our company culture is the foundation for how we interact with and address each other. 2021 has been a year of culture at Polarium as we focused on setting new values to guide us in our everyday work. Together, we created We Are One, We Take Charge, and We Think Big as our pillars. They make up who we are and what we stand for.

With the support of our People and Culture department (HR), we strive to ensure that we have a culture where everyone belongs and that there is room for all our differences, backgrounds, experiences, and ideas to thrive. Diversity and inclusion are today integral parts of any global company, and it is an important task to make sure that every employee is supported and has a team they belong to. Heading into 2022, we are expanding our leadership program and unconscious bias training to help all our leaders support their coworkers in realizing their potential.

Growing Teams

By the end of 2021, we had grown the number of employees to 710. Our workforce expanded in every department – from R&D and production to sales and operations. With one factory completed during the year, and another under construction, Polarium's production locations and workforce spans three continents. We are continuously looking to both upskill existing employees and finding new talent to join us. To support employee retention and attract talent, we use a standardized process system to ensure competence-based, fair, and equal recruitments. Through our talent acquisition, we also aim to attract and identify more female talent to our company.

Our Values

We are one.

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

We think big.

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

We take charge.

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

The best thing with working at Polarium is that you're part of forming a scaleup with solutions that are key to green transformation.

Anna Högosta, EVP People & Culture

SUSTAINABILITY

Accelerating the Shift to Renewables

We want to be part of the transition towards a low-carbon society. By enabling our customers to change from diesel generators or lead-acid batteries to smart and safe lithium-ion batteries, or to increase the efficiency of their energy systems with our energy storage solutions, we can accelerate the shift towards renewables.

SUSTAINABILITY

Our Sustainability Approach

Polarium is one of the fastest growing tech companies in Sweden, and we are working fast in all areas of our expansion and development. In 2021, we developed a roadmap to fully integrate sustainability into our overall corporate strategy in order to ensure that we take on the role as a frontrunner in our sector, and also ensuring compliance with coming regulations such as the EU Taxonomy and The EU Battery Directive.

The updated materiality analysis from 2021 has laid a solid foundation of our roadmap, where we also have increased our efforts to integrate sustainability and the most material topics as part of our day-to-day operations. With this we set a new sustainability approach with three focus areas as defined on the next page, which all have clear KPIs to measure and follow up our work. This enables us to report progress and challenges to all our stakeholders going forward in a transparent manner.

Our ambition is to contribute to the transition to the renewable energy system with sustainable energy storage solutions while at the same time continue to grow and remain profitable.

SUSTAINABILITY

Our Three Focus Areas

Read the full report here: Sustainability Report 2021

1. Enabling Circular and Green Solutions

We are constantly developing our energy storage solutions, because future societies need to rely on energy systems that are as smart and safe as they are sustainable. With innovation in mind, we work to solve our customers' most pressing needs and identify new opportunities. With our technology, we help businesses to reduce their climate impact by making energy systems more efficient and by enabling the storage of more renewable electricity. At the same time, we are working towards a circular business model with increased recyclability of our products and usage of recycled material. As we improve performance of our products while reducing emissions from production, we create greener solutions that have superior impact over time.

Material Topics:

- Greenhouse gas emissions
- Product lifecycle impacts
- Product lifecycle performance

2. Ensuring Ethical and Responsible Business Practices

To offer the best energy storage solutions, we proactively work to ensure fair and ethical practices in everything we do. Our products have the potential to be part of the changes that are needed to combat climate change, and with a global value chain and production we can have a positive impact through the way we run business. Together with our suppliers, we will work to address sustainability risks that are part of our value chain.

Material Topics:

- Business ethics
- Responsible supply chains
- Labor and Human right

3. Empowering People and Culture

We believe empowered colleagues can accomplish powerful things together. That is why we work as one team to achieve our goals. As a fast-growing company in a diverse working environment, we put extra emphasis on working closely together to maintain our strong company culture – where geographies, cultures, divisions, and functions come together. Because we are certain that engaged employees, who feel included and are empowered to challenge status quo, will drive new ideas and create value for customers and other stakeholders. That is why we always put people first.

Material Topics:

- Diversity equity and inclusion
- Employee engagement

Energy storage is the missing link in the renewable energy system.

Stefan Jansson, Founder and CEO

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Financial Information

This is a translation of the Swedish original. In case of discrepancies, the Swedish version shall prevail.

Directors' Report

The Board of Directors and the CEO of Polarium Energy Solutions AB, corporate identity number 556986–5461, with its headquarters in Kista, Sweden, hereby submits the annual report and consolidated financial statements for the financial year January 1–December 31, 2021.

The Nature and Direction of the Operations

Polarium was founded in 2015, based on the insight that energy storage based on lithium-ion technology is key to a smart, connected and sustainable world. The Group develops, sells and delivers energy storage based on advanced lithium-ion technology. The Group delivers solutions to clients all over the world with the aim of helping them cut energy costs and carbon dioxide emissions.

The telecom industry is offered energy storage that works as an energy reserve in telecom networks, ensuring that connection is never lost. The Group offers a complete, chargeable energy storage and power solution for telecom networks. Commercial and industrial property developers are offered complete energy storage solutions based on our advanced lithium technology with the addition of a smart management tool for high-voltage systems. The Group also develops digital solutions, such as surveillance and management services, which allow our customers to collect data in real time so that they can monitor, analyze and optimize their energy storage solutions.

The Parent Company conducts business in Sweden and is responsible for research and development activities (R&D). The Parent Company controls and supervises the Group's manufacturing, sales and marketing activities and is responsible for the Parent Company's group-wide management functions. The Parent Company owns subsidiaries that provide manufacturing services, and it retains ownership of the raw materials and finished goods during the entire manufacturing process. The Parent Company also owns subsidiaries that are engaged in distribution activities. These subsidiaries buy finished goods from the Parent Company and sells them to customers. The distribution units are responsible for the local marketing, customer services and communication. The Parent Company and its subsidiaries form the Group.

Employees

In the financial year, the Group more than quadrupled its workforce to a total of 642 employees, of which 526 were new employees. The workforce expanded in all departments – from R&D and production to sales and operations. The Group is headquartered in Kista, Sweden, and has development centers in Oskarshamn, Sundsvall and Kista, Sweden, a sales office in Dallas, USA and production facilities in Mexico, Vietnam and, since April 2022, South Africa.

Ownership Structure

The principal owner is Vargas 2 Invest AB, corporate identity number 559208–1573 (51.4%) and Stefan Jansson Global Invest AB, corporate identity number 556714–0453 (16.7%).

Board members are Carl-Erik Lagercrantz, Stefan Jansson, Anna Kinberg Batra, Carola Puusteli, Johan Dennelind and Bo Jungner. Carl-Erik Lagercrantz is Chairman of the Board.

Significant Events during the Financial Year

Over the financial year, Polarium and its subsidiaries continued to develop, sell and deliver energy storage based on advanced lithium-ion technology to customers in the global telecom market. The Group's sales grew to SEK 1,084 million in 2021 from SEK 742 million in 2020 with profitability and maintained quality. EBITDA was SEK 83 million in 2021 (2020: SEK 121 million).

The Covid-19 outbreak did not have any material negative impact on the Group's revenue, taxes, borrowing, cash flows, results or financial position. The operations adapted to the situation by adopting guidelines for remote working, careful testing of factory workers and fewer business trips.

In the financial year, the Group entered into strategically advantageous agreements with important customers, thereby strengthening its position in the market.

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

In the financial year, Polarium and its subsidiaries remained active in the telecom segment. The Group also added a new customer category and now offers energy storage to commercial and industrial properties (C&I). The Group also expanded its product portfolio.

In February 2021, Johan Dennelind was elected as a new board member, replacing Jan Wäreby.

In April 2021, Polarium established a new wholly owned subsidiary in Vietnam.

In December 2021, Anna Kinberg Batra och Carola Puusteli were elected as new board members, replacing Kent Sander and John Peter Leesi.

Significant Events after the Financial Year

Polarium has initiated two energy optimization pilot projects. First with Telia Company, the leading telecom operator in the Nordic and Baltics, and secondly with the Swedish property owner and fund manager Areim.

Polarium has introduced Generation 6 of its product range Battery.

On April 28, Polarium opened a new factory in Cape Town, South Africa, in addition to their production facilities in Mexico and Vietnam. Consequently, Polarium has production facilities in North America, Asia and Africa.

The Swedish pension company AMF pension has invested and bought shares corresponding to approximately 9 percent and has become a new major shareholder in Polarium.

Expected Future Development and Significant Risks and Uncertainty Factors

Based on current information, the Board of Directors determines that the Covid-19 outbreak will not have any major negative impact on the company's results in the short term, but any long-term impact is difficult to predict. The Board of Directors actively monitors developments and takes measures regularly to manage the situation.

2022 started with continued strong demand for the Group's products for smart energy storage and energy optimization. Russia's war of aggression against Ukraine, which was initiated in February 2022, entails an increased risk of effects on the world economy that may result in cost inflation and disruptions to supply chains. Even if Polarium does not have any direct financial or operational exposure to Russia or Ukraine, the company can be impacted indirectly from rising costs for input goods and subcontractors' access to raw materials. Polarium monitors and evaluates developments regularly.

As of December 31, 2021 Polarium did not fulfill two financial covenants whose fulfillment is stipulated according to the loan agreements with two of the Groups lenders. In accordance with the terms in the loan agreement the company informed the lenders of the situation at balance date and a waiver was issued by respective lender as of 2022-04-13 and 2022-04-25 that secures continued financing.

Five-year Summary

Group*

Performance and key performance measures, SEK thousands	2021	2020	2019
Net sales	1,084,418	741,580	457,496
EBITDA	82,619	121,417	49,606
EBITDA margin (%)[1]	7.6%	16.4%	10.8%
Operating profit/loss	**52,536**	**81,830**	**32,324**
Operating margin (%)[2]	4.8%	11.0%	7.1%
Profit/loss before tax	17,527	65,806	18,360
Profit/loss for the year	**16,692**	**52,384**	**11,688**

Financial position and key performance measures, SEK thousands	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Total assets	1,152,386	517,519	392,304
Equity	261,264	207,361	143,788
Equity ratio (%)[3]	22.7%	40.1%	36.7%

* The Group has chosen to only include three years in the summary, as the Group carried out an IFRS conversion in 2020. In connection with this, the figures for 2019 have been restated.

Parent Company**

Performance and key performance measures, SEK thousands	2021	2020	2019	2018	2017
Net sales	1,119,028	743,778	457,527	235,472	54,809
EBITDA	64,412	120,501	43,318	587	–19,976
EBITDA margin (%)[1]	5.8%	16.2%	9.5%	0.2%	–36.4%
Operating profit/loss	**42,848**	**87,779**	**31,850**	**–6,385**	**–23,566**
Operating margin (%)[2]	3.8%	11.8%	7.0%	–2.7%	–43.0%
Profit/loss before tax	5,559	71,369	19,813	–13,368	–26,474
Profit/loss for the year	**3,478**	**56,837**	**14,436**	**–10,126**	**–21,018**

Financial position and key performance measures, SEK thousands	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Total assets	1,105,156	488,854	362,731	237,130	100,982
Equity	260,297	219,974	153,368	139,095	23,193
Equity ratio (%)[3]	23.6%	45.0%	42.3%	58.7%	23.0%

** The figures for 2018 and 2017 are reported according to the Swedish Accounting Standards Board's recommendation BFNAR 2012:1, as the IFRS conversion only occurred in 2020. In connection with this, the figures for 2019 have been restated.

[1] Operating profit/loss before depreciation, amortization and impairments in relation to net sales
[2] Operating profit/loss in relation to net sales
[3] Equity in relation to the balance sheet total

Following the agreed financial covenants not being fulfilled at balance date affected loans have been reclassified to current liabilities in the Groups consolidated statement of financial position.

The executive management and Board of Directors continues to carefully monitor the Groups forecasted development in relation to the limits in the covenants to secure that the Group fulfills its obligations towards the external creditors and liquidity and financial risk is minimized. For further information regarding the contracted terms in the loan agreements see Note 27.

The Board of Directors is of the view that the Group's financing is secured for the coming financial year. For additional information on risks and uncertainties, see Note 4. Financial risk management.

Sustainability Report

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

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

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

Share premium reserve	221,467
Retained earnings	–79,218
Profit for the year	3,478
Total	**145,727**

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

To be carried forward	145,727
Total	**145,727**

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Amounts in SEK thousands	**Note**	**2021**	**2020**
Net sales	5	1,084,418	741,580
Change in stock items under production, finished goods and work in progress		–19,502	0
Capitalized production costs		24,709	12,506
Other operating income	9, 13	50	12,884
Total revenue		**1,089,675**	**766,970**
Goods for resale		–728,802	–504,805
Other external costs	7	–130,499	–50,936
Personnel costs	8	–146,870	–89,812
Other operating expenses	10, 13	–885	–
Total operating costs		**–1,007,056**	**–645,553**
Operating profit before amortization, depreciation and impairment (EBITDA)		**82,619**	**121,417**
Amortization, depreciation and impairment	15, 16, 17	–30,083	–39,587
Operating profit		**52,536**	**81,830**
Financial income		188	8
Financial expenses		–35,197	–16,032
Financial items, net	11, 13	**–35,009**	**–16,024**
Profit before tax		**17,527**	**65,806**
Income tax	12	–5,561	–13,422
Deferred tax	12, 28	4,726	–
Profit for the year		**16,692**	**52,384**
Other comprehensive income			
Items that may be reclassified in profit or loss			
Translation differences for the year when translating foreign operations		366	1,422
Total comprehensive income for the year		**17,058**	**53,806**

Profit/loss for the year and total comprehensive income are entirely attributable to the Parent Company's shareholders.
The notes on pages 34 to 49 constitute an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

Amounts in SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work		124,118	82,965
Concessions, patents, licenses, trademarks and similar assets		3,842	1,794
Total intangible assets	15	**127,960**	**84,759**
Property, plant and equipment			
Equipment, tools, fixtures and fittings		24,145	16,443
Total property, plant and equipment	16	**24,145**	**16,443**
Right-of-use assets		42,065	35,881
Total right-of-use assets	17	**42,065**	**35,881**
Financial assets			
Other non-current receivables		4,144	693
Total financial assets	18, 19	**4,144**	**693**
Deferred tax assets	28	6,798	1,868
Total non-current assets		**205,112**	**139,644**
Current assets			
Inventories, etc.			
Raw materials and consumables		132,527	114,598
Work in progress		15	–
Goods in transit		42,068	14,037
Finished goods and goods for resale		169,541	14,062
Total inventories	20	**344,151**	**142,697**
Current receivables			
Trade receivables	19, 21	275,615	163,634
Tax receivables	19, 22	2,070	2,159
Other receivables	19, 22	14,802	2,498
Prepaid expenses and accrued income	23	7,346	3,239
Advance payments and other current assets		287,340	28,041
Cash and cash equivalents	24	15,950	35,607
Total current receivables		**603,123**	**235,178**
Total current assets		**947,274**	**377,875**
TOTAL ASSETS		**1,152,386**	**517,519**

Amounts in SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Share capital		4,615	4,516
Other contributed capital		230,678	193,932
Reserves		2,342	1,976
Retained earnings including profit for the year		23,629	6,937
Total equity	25, 26	**261,264**	**207,361**
Liabilities			
Non-current liabilities			
Borrowings	19, 27	611	31,382
Lease liabilities	17	33,670	31,531
Other provisions	29	31,507	15,112
Other non-current liabilities		–	190
Total non-current liabilities		**65,788**	**78,215**
Current liabilities			
Bank overdraft facilities	19, 27	338,605	14,921
Borrowings	19, 27	166,014	47,538
Advance payments from customers	6	21,034	3
Trade payables	19	221,536	112,731
Lease liabilities	17	10,043	6,057
Tax liabilities		8,980	6,554
Other liabilities	30	8,183	6,092
Accrued expenses and prepaid income	31	50,939	38,048
Total current liabilities		**825,334**	**231,944**
Total liabilities		**891,122**	**310,159**
TOTAL EQUITY AND LIABILITIES		**1,152,386**	**517,519**

Consolidated Statement of Changes in Equity

Amounts in SEK thousands	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance as of January 1, 2020	25	4,470	184,210	554	–57,134	11,688	143,788
Reclassification of last year's profit/loss					11,688	–11,688	0
Profit/loss for the year						52,383	52,383
Other comprehensive income for the year				1,422			1,422
Total comprehensive income for the year		**4,470**	**184,210**	**1,976**	**–45,446**	**52,383**	**197,593**
Transactions with shareholders in their capacity as owners							
Option programs			2,218				2,218
New share issue		46	7,504				7,549
Closing balance as of December 31, 2020		**4,516**	**193,932**	**1,976**	**–45,446**	**52,383**	**207,361**
Opening balance as of January 1, 2021		4,516	193,932	1,976	–45,446	52,383	207,361
Reclassification of last year's profit/loss					52,383	–52,383	0
Profit/loss for the year						16,692	16,692
Other comprehensive income for the year				366			366
Total comprehensive income for the year		**4,516**	**193,932**	**2,342**	**6,937**	**16,692**	**224,419**
Transactions with shareholders in their capacity as owners							
Option programs			5,791				5,791
New share issue		99	30,955				31,054
Closing balance as of December 31, 2021		**4,615**	**230,678**	**2,342**	**6,937**	**16,692**	**261,264**

Consolidated Statement of Cash Flows

Amounts in SEK thousands	Note	2021	2020
Operating activities			
Operating profit/loss		52,536	81,830
Adjustments for non-cash items			
Amortization, depreciation and impairment	36	30,083	39,588
Other non-cash items	36	7,558	10,871
Interest paid		–20,726	–13,552
Income tax paid		–3,046	–1,161
Cash flows from operating activities before changes in working capital		**66,405**	**117,576**
Changes in working capital			
Change in inventories		–204,762	–21,010
Change in trade receivables		–111,981	–46,739
Change in advance payments to suppliers		–259,298	–28,041
Change in other current receivables		–16,411	5,344
Change in trade payables		129,837	31,524
Change in other current liabilities		13,006	29,483
Cash flow from changes in working capital		**–449,609**	**–29,439**
Cash flows from operating activities		**–383,204**	**88,137**
Investing activities			
Investments in intangible assets	15	–62,235	–35,140
Investments in property, plant and equipment, including right-of-use assets	16, 17	–24,937	–6,691
Change in financial assets		–3,451	376
Cash flows from investing activities		**–90,623**	**–41,455**

Amounts in SEK thousands	Note	2021	2020
Financing activities			
New share issue	25	31,054	7,549
Option programs	25	5,791	2,218
Borrowings	35	416,305	38,912
Repayment of loans	35	–4,917	–55,953
Repayment of lease liability	17	6,127	–5,335
Change in other non-current liabilities		–190	–
Cash flows from financing activities		**454,170**	**–12,609**
Change in cash and cash equivalents		**–19,656**	**34,073**
Cash and cash equivalents, start of year	24	35,607	1,534
Cash and cash equivalents, end of year		**15,950**	**35,607**

Notes to Consolidated Financial Statements

NOTE 1. GENERAL INFORMATION

Polarium Energy Solutions AB with corporate identity number 556986– 5461 is a limited liability company registered in Sweden with its headquarters in Stockholm. The address to the headquarters is Polarium Energy Solutions AB, Jan Stenbecks Torg 17, 164 40 Kista, Sweden. The Parent Company and its subsidiaries' operations include development, manufacture and sales of energy storage based on advanced lithium-ion technology. Sales are global, but chiefly in Africa and the US.

Unless otherwise stated, all amounts are in SEK thousands .

On May 16, 2022, the Board of Directors approved the annual report and consolidated financial statements for publication.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING AND VALUATION PRINCIPLES

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

2.1 Basis of Preparation

The consolidated financial statements are prepared with the application of International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The Swedish Annual Accounts Act and RFR 1 Supplementary accounting rules for groups were also applied. The consolidated accounts were drawn up in accordance with the historical cost convention, except for financial assets and financial liabilities that were measured at fair value through the income statement. All financial statements were prepared on a going concern basis.

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

2.2 Information on IFRS Standards and Interpretations that Entered into Force in 2021

The IFRS standards that entered into force in 2021 have not had a material impact on the consolidated financial statements.

2.3 Information on IFRS Standards and Interpretations that have not yet Entered into Force

No published standards from IFRS or IFRIC that have not yet entered into force are expected to have a material impact on the consolidated financial statements.

2.4 Changed Estimates and Judgments

No estimates and judgments from previous years were changed in 2021. The previous year, the Group changed a previous estimate and judgment in relation to the outcome of a dispute concerning discounts to a customer. Due to the change, the Group had to give discounts of approximately USD 2.95 million in 2020, which was reported in 2020 as a deduction from revenue in the income statement. The USD 2.95 million discount was fully settled in the 2020 financial year. There was no impact on profit or loss in 2021.

2.5 Consolidated Financial Statements

Subsidiaries

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

The acquisition method of accounting is used to account for business combinations within the Group. The Group's acquisition cost for participations in subsidiaries, comprises the total of the fair value of any cash consideration paid on the acquisition date, any liabilities incurred to the former owners, the fair value of any equity interests issued by the Group, the value of any non-controlling holdings in the acquired subsidiary and the fair value of any pre-existing participation in the subsidiary. Contingent consideration is included in consideration transferred and is measured at fair value on the acquisition date. Subsequent effects of the remeasurement of contingent consideration are recognized in the Consolidated statement of profit or loss and other comprehensive income. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. If the cost of the acquisition exceeds the fair value of the identifiable assets, liabilities and contingent liabilities, the excess amount is reported as goodwill.

Intra-group transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All subsidiaries in the Group have been formed, not acquired. At the end of 2021, the Group comprised four legal entities.

2.6 Translation of Foreign Subsidiaries

Functional currency and reporting currency

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

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates that apply on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date are recognized in operating profit/loss as other operating income or costs in the Consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses that are related to loans and cash and cash equivalents are presented in the Consolidated statement of profit or loss and other comprehensive income as finance income or finance costs. All other foreign exchange gains and losses are recognized in the items other operating costs and other operating income in the Consolidated statement of profit or loss and other comprehensive income.

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

2.7 Revenue Recognition

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

Sale of goods
The Group develops, manufactures and sells products and services related to energy storage based on advanced lithium-ion technology. Sales are recognized as revenue when control of the products is transferred to the customer, which generally occurs when the products are delivered. Delivery occurs when the products have been transported to the location agreed in the terms of freight, all risks have been transferred to the customer and the Group has objective proof that all acceptance criteria have been met. All revenue from the sale of goods is recognized at a point in time. A receivable is recognized when the goods are delivered as this is the point in time when the consideration is unconditional (i.e. only the passage of time is required before the payment is due). A liability is only recognized before delivery of the good if it has been invoiced in advance. The revenue is measured at the transaction price agreed under the contract. The consideration is generally due when the product or service has been delivered to the customer. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component. The Group's obligation to repair or replace defective products under the standard warranty terms is recognized as a provision (see Note 29 Provisions).

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

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

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

2.8 Government Grants

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

2.9 Leases

The Group is both a lessee and a lessor. Those of the Group's leases where the Group is the lessee refer in all essentials to premises and office equipment.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of their useful life or the lease term. The leases have terms from 1 to 5 years, but some include options to extend or terminate the leases, which has been considered in the determination of the total lease term.

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

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

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

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

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

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

Options to extend or terminate leases

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

Reporting in subsequent periods

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

Presentation

Right-of-use assets and lease liabilities are reported on separate lines in the balance sheet. In the income statement, depreciation of right-of-use assets are reported in the item amortization, depreciation and impairment, and the interest expense associated with the lease liability is recognized as a finance cost. Lease payments for leases of low-value assets and short-term leases are recognized in the income statement on the line other external costs. Repayment of the lease liability is recognized in cash flows from financing activities. Interest payments and payments for short-term leases and leases of low-value assets are recognized in cash flows from operating activities.

Leases – the Group as the lessor

The Group's leases with the Group as the lessor refer to the contracts associated with "Battery as a service". Leases where a significant part of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Lease payments received during the lease term are recognized as income in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. All leases where the Group is the lessor have been classified as operating leases.

2.10 Current and Deferred Tax

The period's tax expenses consist of current tax calculated based on the taxable profit or loss according to applicable tax rates. The current tax expense is adjusted with changes in deferred tax assets and liabilities associated with temporary differences and unutilized tax loss carryforwards.

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

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

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

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

Current and deferred tax is recognized in the consolidated statement of profit or loss, except to the extent that the tax relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income or in equity, respectively.

2.11 Intangible Assets

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

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

- Capitalized development costs — 3 years
- Licenses — 5 years
- Trademarks — 5 years

2.12 Capitalized Expenditure for Development Work and Similar Work

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

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

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

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

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

2.13 Concessions, Patents, Licenses, Trademarks and Similar Rights

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

2.14 Property, Plant and Equipment

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

Additional expenses are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will benefit the Group and the cost of the asset can be measured reliably. The carrying value of a replaced part is removed from the statement of financial position. All other forms of repair and maintenance are expensed in the Consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

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

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

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

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

Gains and losses on the disposal are determined by comparing proceeds from the sale with the carrying amount and recognized net in other operating income or other operating costs in the Consolidated statement of profit or loss and other comprehensive income.

2.15 Impairment of Non-financial Assets

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

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

2.16 Financial Instruments

Recognition and derecognition

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

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

Profit and loss arising out of derecognition from the balance sheet are recognized directly in the Consolidated statement of profit or loss and other comprehensive income.

Classification and measurement

Financial assets

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

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

- Financial assets measured at amortized cost; and
- Financial assets measured at amortized cost through Consolidated statement of profit or loss and other comprehensive income.

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

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

Financial liabilities

After initial recognition, the Group's financial liabilities are measured at amortized cost using the effective interest method. The Group holds no derivatives.

The Group's financial liabilities measured at amortized cost comprise the items borrowings (current and non-current), trade payables and bank overdraft facilities.

Impairment of financial assets measured at amortized cost

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

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

The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognized in the Consolidated statement of profit or loss and other comprehensive income in the item Other external costs.

Offsetting financial instruments

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

2.17 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure (the latter being allocated on the basis of normal operating capacity). Borrowing costs are excluded. Cost is calculated according to the first in, first out principle. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated variable costs necessary to make the sale.

2.18 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value (the transaction price). They are subsequently measured at amortized cost using the effective interest method less the loss allowance for expected credit losses. Payment terms are 30–90 days.

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred receivables to the factor in exchange for cash and is therefore prevented from selling or pledging the receivables. The Group's factoring arrangements vary in nature and terms depending on the counterparty and the contract. This means that the Group manages any trade receivables that are subject to factoring in a hybrid manner, where they are either transferred in their entirety, including credit and late payment risk, or transferred exclusive of credit and late payment risk, which is then retained in the Group. See Note 21 Trade receivables for additional information on the Group's accounting policies for trade receivables and Note 4 Financial risk management for a description of the Group's impairment principles.

2.19 Cash and Cash Equivalents

In the Consolidated statement of financial position and in the statement of cash flows, cash and cash equivalents include bank deposits.

2.20 Share Capital

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

2.21 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the Consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the Consolidated statement of financial position when the obligation is discharged, cancelled or expired. The difference between the carrying amount of a financial liability (or a part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the Consolidated statement of profit or loss and other comprehensive income in the period it occured.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing Costs

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

2.23 Trade Payables

Trade payables are financial instruments and refer to obligations to pay for goods and services acquired in the day-to-day business from suppliers. Payment terms are from 30–90 days. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognized as non-current liabilities.

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

2.24 Remuneration to Employees

Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the financial year are recognized as current liabilities at the undiscounted amounts expected to be paid when the liabilities are settled. The cost is reported in the Consolidated statement of profit or loss and other comprehensive income when the services are rendered by the employees. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Pension obligations

The Group has defined contribution pension plans. A defined contribution pension plan is a pension plan under which the company pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized in the item Remuneration to employees in the Consolidated statement of profit or loss and other comprehensive income when they are due for payment.

Severance pay obligations

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

Termination benefits
A provision for termination benefits is made when the company has a legal or constructive obligation to terminate an employment prior to its end or by paying termination benefits through an offer made to encourage voluntary redundancy. A provision is made for the part of the termination benefit that the employee will receive with no obligation to work, with the addition of social security contribution, that represents the best estimate of the benefits expected to be required to settle the obligation.

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

2.25 Provisions

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

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

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

2.26 Statement of Cash Flows

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

NOTE 3. SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

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

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

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

Reporting and measuring of tax loss carryforwards
The Group has not reported any deferred tax assets associated with future taxable profits.

Measurement of expected credit losses
Receivables are measured net after the loss allowance for expected credit losses. The net value reflects the amounts that are expected to be received based on the circumstances known on the balance sheet date. Changed circumstances, such as an increased number of non-payments or changes in a customer's financial position, may result in significant valuation differences. In the calculation of expected credit losses, the Group uses reasonable and justifiable forward-looking information, which is based on assumptions on various future market effects and how these are assumed to influence each other and a potential sensitivity analysis of expected credit losses.

The measurement of expected credit losses amounts to insignificant amounts for all presented reporting periods. Historically, confirmed credit losses have been low.

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

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

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

Most extension options for leases of premises have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption. As of December 31, 2021, only the option to extend the manufacturing premises in Mexico was included in the lease liability, as it is reasonable to expect it to be exercised, considering the adaptations made for the operations.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

Through its operations, the Group is exposed to various financial risks, such as: various market risks (foreign currency risk and interest rate risk), credit risk, liquidity risk and refinancing risk. The Group strives to minimize potentially adverse effects on the Group's financial results. The aim of the Group's financing activities is to:

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

The Group's risk management is managed by a central finance department that identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Group has a finance policy that provides guidelines for and determines the scope of the Group's financing activities. The responsibility for managing the Group's financial transactions and risks is centralized to the Parent Company.

Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risks arising out of various currency exposure, chiefly related to USD, as the majority of the Group's sales and a large part of its purchases are in this currency. In Polarium Energy Solutions AB, foreign currency risk primarily arises in cross-border trading, where prices and invoices are in USD. This exposure is not hedged.

The Group is also exposed to foreign currency risk arising out of the translation of the foreign subsidiaries' income statements and balance sheets to the Group's reporting value, which is SEK (balance sheet exposure). This exposure is not hedged.

Sensitivity analysis – balance sheet exposure

If the SEK had become weaker/ stronger by 10% in relation to the USD, with all other variables constant, the recalculated profit or loss after tax for the 2021 financial year would have been SEK 7,396 thousands (2020: 4,678) lower/higher, largely as a result of gains/losses in the translation of trade receivables.

(b) Interest rate risk

The Group's borrowings are partly made up of borrowings of SEK 2,882 thousands (2020: SEK 5,299 thousands) from Almi at fixed interest and borrowings of SEK 47,500 thousands (2020: SEK 30,000 thousands) from AB Svensk Exportkredit at variable interest. The Group does not hedge its interest rate risk related to future cash flows. In addition, the Group has an undrawn bank overdraft facility that is subject to variable interest. The Group has loan covenants stating that the debt/equity ratio of the Parent Company must not fall below 25%. For more information about the Group's borrowings, see Note 27 Borrowings.

Sensitivity analysis – Interest rate risk

The Group's interest expense for borrowings at variable interest as of December 31, 2021 and December 31, 2020 was limited, which means that the sensitivity to and impact of a change of 100 basis points lower/higher, with all other variables constant, is below SEK 3,066 thousands (2020: SEK 200 thousands) and has some impact on profit/loss after tax for the financial years.

	Dec 31, 2021		Dec 31, 2020	
Balance sheet exposure	**Foreign currency**	**SEK**	**Foreign currency**	**SEK**
Trade receivables				
USD	36,291	274,952	19,064	161,672
EUR	63	642	14	139
SEK and other currencies	21	21	–	1,823
Total		**275,615**		**163,634**
Trade payables				
USD	20,080	182,402	12,476	102,159
EUR	259	2,648	123	1,235
SEK and other currencies	36,418	36,486	–	9,337
Total		**221,536**		**112,731**

(c) Credit risk

Credit risk arises from deposits with banks and financial institutions and credit exposures to customers, including outstanding receivables. Credit risk is managed by the executive management of the Group. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

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

Impairment of financial assets

In the Group, trade receivables are subject to the application of expected credit losses. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the simplified approach to measuring expected credit losses. The method uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the customers' payment profiles over a period of 12 months before December 31, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Historically, the Group's credit losses have been negligible and the customers' payment history has been good. Considering this and the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, the Group's expected credit losses are also determined to be negligible.

(d) Liquidity risk

Through careful liquidity management, the Group ensures that it maintains sufficient cash to meet obligations in the ordinary course of business. The Group also ensures that it has an adequate amount of committed credit facilities to pay liabilities when they fall due. The executive management team monitors rolling forecasts of the Group's liquidity reserve (including undrawn credit facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

Credit facilities

As of December 31, the Group had access to the following undrawn credit facilities:

Variable interest, amounts in SEK thousands	2021	2020
Expiring within one year (bank overdraft facility in USD)	114,937	150,489
Expiring beyond one year (bank loans)	N/A	N/A

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

Maturity analysis for financial liabilities

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

Financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
As of December 31, 2020							
Borrowings	51,325	3,313	8,271	18,611	4,500	86,020	78,920
Bank overdraft facilities	14,921	72	–	–	–	14,993	14,921
Lease liabilities	1,526	4,577	8,160	18,829	11,044	44,136	37,588
Trade payables	108,651	4,080	–	–	–	112,731	112,731
Total	**176,423**	**12,042**	**16,431**	**37,440**	**15,544**	**257,880**	**244,160**
As of December 31, 2021							
Borrowings	3,451	10,046	38,990	–	–	52,487	50,382
Bank overdraft facilities	–	338,605	–	–	–	338,605	338,605
Lease liabilities	3,084	9,253	12,341	18,535	9,359	52,572	43,713
Trade payables	221,536	–	–	–	–	221,536	221,536
Total	**228,071**	**357,904**	**51,331**	**18,535**	**9,359**	**665,200**	**654,236**

4.2 Capital Management

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

To maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of debt/equity ratio. The debt/equity ratio is a key performance measure which is calculated as net debt divided by total equity.

The Group's strategy is to have a balanced capital structure where the debt/equity ratio is monitored regularly based on the Group's need of capital. The debt/equity ratio on each reporting date was as follows:

	Dec 31, 2021	Dec 31, 2020
Total borrowings	505,229	93,841
Less: cash and cash equivalents	–15,950	–35,607
Net debt excl. lease liabilities	**489,279**	**58,234**
Total equity	261,264	207,361
Total equity	**261,264**	**207,361**
Debt/equity ratio	**187%**	**28%**

4.3 Fair Value Measurement and Disclosure Regarding Fair Value

The levels of financial instruments measured at fair value are defined as follows:

(a) Financial instruments in level 1

Quoted market prices (unadjusted) in active markets for similar assets or liabilities.

(b) Financial instruments in level 2

Observable data for the asset or liability other than the quoted market prices included in level 1, either directly (i.e., as quoted market prices) or indirectly (i.e., derived from quoted market prices).

(c) Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between fair value levels.

Interest-bearing liabilities

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

NOTE 5. NET SALES

Revenue

The majority of the Group's revenue is from the sale of goods, but there is also some revenue from the sale of services. All revenue included in net sales refer to revenue from contracts with customers. The below presentation shows revenue from contracts with customers by major product type and geographic region. Revenue from the sale of goods is recognized at a point in time while revenue from the sale of services is recognized over time.

Net sales are allocated to the following lines of business:

Line of business	2021	2020
Goods	1,069,405	730,138
Services	13,304	11,442
Other	1,709	–
Group total	**1,084,418**	**741,580**

Net sales are allocated to the following geographic markets:

Geographic markets	2021	2020
Sweden	146,232	76,405
Other EU member states	20,819	18,084
Other markets	917,367	647,091
Group total	**1,084,418**	**741,580**

NOTE 6. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	Dec 31, 2021	Dec 31, 2020
Contract liabilities (included in the item Advance payments from customers)	21,034	3
Total contract liabilities	**21,034**	**3**

Contract liabilities have increased by SEK 21,031 thousands. The contract liability only comprises advance payments from customers where the liability on January 1, 2020, comprised a minor advance. In 2021, several larger advance payments from customers were added.

NOTE 7. REMUNERATION TO AUDITORS

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

	2021	2020
Grant Thornton		
Audit assignment	607	410
Other audit activities	277	–
Tax advice	211	–
Other services	33	222
Total	**1,128**	**632**

NOTE 8. REMUNERATION TO EMPLOYEES, ETC.

Remuneration to employees	2021	2020
Salaries and other remuneration	96,523	67,587
Social security contributions	28,647	10,983
Pension costs – defined contribution plans	10,415	6,221
Group total	**135,585**	**84,791**

Salaries and other remuneration and social security contributions	2021	2020
Salaries and other remuneration		
Board members & CEO	4,987	2,572
Of which bonuses	*251*	*484*
Other employees	91,536	65,015
Social security costs		
Board members & CEO	1,567	858
Other employees	27,080	10,125
Pension costs		
Board members & CEO	1,161	806
Other employees	9,254	5,415
Group total	**135,585**	**84,791**

Remuneration to employees in 2021 as reported in the Consolidated statement of profit or loss and other comprehensive income was SEK 146.9 thousands (2020: SEK 89.8 thousands). The difference above refers to other personnel costs, which are chiefly related to the cost of conferences and recruitment.

	2021		2020	
Average number of employees, geographically divided by country	**Total**	**of which, men**	**Total**	**of which, men**
Sweden	97	60	58	34
USA	5	4	3	3
Mexico	198	71	55	41
Vietnam	85	49	–	–
Group total	**385**	**184**	**116**	**78**

	2021		2020	
Gender distribution in the Group (including subsidiaries) for board members and other senior executives	**Total**	**of which, men**	**Total**	**of which, men**
Board members	6	4	6	6
Of which, the CEO	*1*	*1*	*1*	*1*
Group total	**6**	**4**	**6**	**6**

NOTE 9. OTHER OPERATING INCOME

	2021	2020
Other invoiced costs	3	157
Sick pay	–	46
Foreign exchange gains	–	12,681
Other	47	–
Total	**50**	**12,884**

NOTE 10. OTHER OPERATING COSTS

	2021	2020
Foreign exchange losses	885	–
Total	**885**	**–**

NOTE 11. FINANCIAL INCOME AND FINANCIAL COSTS

	2021	2020
Interest income, external	16	8
Other finance income	172	–
Total interest income and similar profit/loss items	**188**	**8**
Interest expenses, external	–7,023	–4,404
Interest expenses, leases	–2,450	–2,644
Bank fees	–2,798	–
Factoring costs	–10,619	–6,512
Exchange differences	–12,307	–2,472
Total interest expenses and similar profit/loss items	**–35,197**	**–16,032**
Total net financial items	**–35,009**	**–16,024**

NOTE 12. INCOME TAX

	2021	2020
Current tax	**20.60%**	**21.40%**
Current tax on the profit for the year	7,964	6,142
Adjustments for the previous year	–2,403	105
Total current tax	**5,561**	**6,247**
Total deferred tax (Note 28)		
Origination and reversal of temporary differences	–4,726	–1,771
Utilization of previous tax losses	–	8,945
Total deferred tax	**–4,726**	**7,174**
Total income tax	**835**	**13,421**

Income tax on the Group's profit/loss before tax differs from the theoretical amount that would have been recognized with the use of the Swedish tax rate for profit/loss in the consolidated companies according to the following:

	2021	2020
Profit/loss before tax	**17,527**	**65,806**
Income tax according to the tax rate in Sweden (2021: 20.6%, 2020: 21.4%)	–3,611	–14,082
Tax effects from:		
Tax effect of non-taxable income	–2,488	–248
Tax effect of non-deductible expenses	69	–294
Tax effect of deductible expenses not included in the reported profit/loss	–3,671	–2,652
Difference in overseas tax rates	1,325	631
Change in temporary differences	4,726	2,020
Tax related to previous years	2,479	47
Other	336	1,157
Income tax	**–835**	**–13,421**

The weighted average tax rate for the Group was 4.77% (2020: 20.39%).

NOTE 13. EXCHANGE DIFFERENCES – NET

Exchange differences were reported in the Consolidated statement of profit or loss and other comprehensive income, according to the following:

	2021	2020
Other operating income (Note 9)	–	12,681
Other operating costs (Note 10)	–885	–
Net financial items (Note 11)	–12,307	–2,472
Total	**–13,192**	**10,209**

NOTE 14. INVESTMENTS IN SUBSIDIARIES

The Group had the following subsidiaries as of December 31, 2021:

			Number of ordinary shares, directly held by	
Name	Country of registration and operations	Operations	Parent Company (%)	Group (%)
Polarium S.A. de C.V.	Mexico	Production	99%	100%
Polarium Vietnam Ltd.	Vietnam	Production	100%	100%
Polarium Inc.	USA	Sales and distribution	100%	100%

At the end of 2021, the Group decided to establish a new production facility in South Africa and will consequently have production on three continents: North America, Asia and Africa. In 2022, the Group and the Parent Company will own 100% of its ordinary shares. At year-end, the production facility in South Africa had been registered, but the share capital had not yet been paid in.

NOTE 15. INTANGIBLE ASSETS

	Capitalized expenditure for development work and similar work	Licenses, trademarks and patents	Total
2020 financial year			
Opening carrying amount	79,892	1,520	81,412
Capitalizations for the year	34,242	899	35,141
Amortization for the year	–18,617	–625	–19,242
Impairment for the year	–12,552	–	–12,552
Closing carrying amount	**82,965**	**1,794**	**84,759**
As of December 31, 2020			
Cost	133,599	3,410	137,009
Accumulated amortization	–50,634	–1,616	–52,250
Carrying amount	**82,965**	**1,794**	**84,759**
2021 financial year			
Opening carrying amount	82,965	1,794	84,759
Reclassifications for the year	–2,470	2,574	104
Capitalizations for the year	61,573	638	62,211
Amortization for the year	–17,950	–1,164	–19,114
Closing carrying amount	**124,118**	**3,842**	**127,960**
As of December 31, 2021			
Cost	190,164	6,776	196,940
Accumulated amortization	–49,679	–2,934	–52,612
Accumulated impairment	–16,367	–	–16,367
Carrying amount	**124,118**	**3,842**	**127,960**

Capitalized interest on qualifying assets according to IAS 23 of SEK 1,824 thousands (2020: SEK 1,818 thousands) was included in 2021. The weighted average interest rate was 0.34% (2020: 0.55%). Over the year, previously capitalized interest of SEK 125 thousands (2020: SEK 85 thousands) was reversed as an impairment.

SEK 42,429 thousands (2020: SEK 21,207 thousands) was expensed as research and development expenditure in the Consolidated statement of profit or loss and other comprehensive income.

An impairment of SEK 0 thousands (2020: SEK 12,552 thousands) was recognized based on the impairment of capitalized development work where the product was considered to lack future value.

The Group's intangible assets comprise development expenditure for future and current products and features in the Group's various product segments. A minor part also refers to internal systems development.

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	Equipment, tools, fixtures and fittings	Total
2020 financial year		
Opening carrying amount	13,056	13,056
Purchases for the year	6,690	6,690
Depreciation for the year	–980	–980
Reclassifications for the year	–2,071	–2,071
Other adjustments	988	988
Translation differences	–1,240	–1,240
Closing carrying amount	**16,443**	**16,443**
As of December 31, 2020		
Cost	22,857	22,857
Accumulated depreciation	–6,414	–6,414
Carrying amount	**16,443**	**16,443**
2021 financial year		
Opening carrying amount	16,443	16,443
Purchases for the year	17,668	17,668
Depreciation for the year	–6,065	–6,065
Reclassifications for the year	–4,423	–4,423
Other adjustments	94	94
Translation differences	428	428
Closing carrying amount	**24,145**	**24,145**
As of December 31, 2021		
Cost	38,901	38,901
Accumulated depreciation	–14,756	–14,756
Carrying amount	**24,145**	**24,145**

NOTE 17. LEASES

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

	Dec 31, 2021	Dec 31, 2020
Right-of-use assets		
Premises	35,344	29,420
Equipment	6,721	6,461
Total	**42,065**	**35,881**
Lease liabilities		
Current	10,043	6,057
Non-current	33,670	31,531
Total	**43,713**	**37,588**

Additions to right-of-use assets, excluding the extension of existing leases, in 2021 were SEK 2,291 thousands (2020: SEK 3,428 thousands).

The following amounts related to leases are reported in the Consolidated statement of profit or loss and other comprehensive income.

	2021	2020
Depreciation of right-of-use assets:		
Premises	6,269	5,230
Equipment	1,810	1,584
Total	**8,079**	**6,814**
Interest expenses (included in finance costs)	2,450	2,644
Expenses associated with short-term leases, variable lease payments that are not included in the lease liability and leases of low-value assets (included in the item Other external costs in the statement of comprehensive income)	4,249	721

The total cash flow for leases in 2021 was SEK 10,701 thousands (2020: SEK 9,334 thousands).

NOTE 18. OTHER NON-CURRENT RECEIVABLES

	Dec 31, 2021	Dec 31, 2020
Opening balance	**693**	**907**
Additional receivables	3,427	21
Settled receivables	–10	–162
Translation differences for the year	34	–73
Closing balance	**4,144**	**693**

Other non-current receivables chiefly comprise the down payment for production facilities that have been rented out and the Group's future pension obligations for employees.

NOTE 19. FINANCIAL INSTRUMENTS BY CATEGORY

Assets at amortized cost	Dec 31, 2021	Dec 31, 2020
Other non-current receivables	4,144	693
Trade receivables[1]	275,615	163,634
Other receivables	16,872	4,657
Cash and cash equivalents	15,950	35,607
Total	**312,581**	**204,591**

Liabilities at amortized cost	Dec 31, 2021	Dec 31, 2020
Non-current borrowings	611	31,382
Current borrowings	49,771	3,917
Factoring credit	116,243	43,621
Bank overdraft facilities	338,605	14,921
Trade payables	221,536	112,731
Total	**726,766**	**206,572**

[1] The part of the trade receivables that refers to a factoring arrangement where the Group has transferred the credit and late payment risk to the factoring company is measured at fair value through Consolidated statement of profit or loss and other comprehensive income. As these trade receivables are derecognized as soon as they arise, there is no recognized fair value in the balance sheet to disclose. The carrying amount is considered to be a reasonable approximation of the fair value. See Note 21 Trade receivables for further information on the Group's accounting policies for trade receivables and factoring arrangements.

In addition to the financial instruments included in the tables above, the Group has financial liabilities in the form of lease liabilities, which are reported and measured according to IFRS 16.

NOTE 20. INVENTORIES

	Dec 31, 2021	Dec 31, 2020
Raw materials and consumables	132,527	114,598
Finished goods	169,541	14,062
Goods in transit	42,068	14,037
Work in progress	15	–
Inventories – net	**344,151**	**142,697**

This year's impairment of the Group's inventories was SEK 3,307 thousands (2020: SEK 0 thousands).

NOTE 21. TRADE RECEIVABLES

	Dec 31, 2021	Dec 31, 2020
Trade receivables	276,241	163,634
Less: loss allowance for expected credit losses	−626	–
Trade receivables – net	**275,615**	**163,634**
Per currency		
USD	274,952	163,495
EUR	642	139
Other	21	–
Total	**275,615**	**163,634**

The maximum exposure to credit risk for trade receivables as of the balance sheet date is the carrying value as per the above.

Classification of trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30–90 days and all trade receivables are therefore all classified as current. Trade receivables are initially recognized at the transaction price.

Transferred receivables
The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. The Group's factoring arrangements vary in nature and terms depending on the counterparty and the contract. This means that the Group manages any trade receivables that are subject to factoring in a hybrid manner, where they are either transferred in their entirety, including credit and late payment risk, or transferred exclusive of credit and late payment risk, which is then retained in the Group. From an accounting perspective, these are treated as follows.

Under this arrangement, the Group has transferred the relevant receivables to the factoring counterparty in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained credit and late payment risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount received under the factoring agreement is presented as current secured borrowing. The Group holds these trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method less the loss allowance for expected credit losses. For current receivables, the impact of discounting is not significant, which means that amortized cost is the same as the nominal amount.

The relevant amounts are as follows:	Dec 31, 2021	Dec 31, 2020
Transferred trade receivables	151,557	102,900

Associated secured borrowing (Borrowings – see Note 27 Borrowings)

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

NOTE 22. OTHER RECEIVABLES

	Dec 31, 2021	Dec 31, 2020
VAT	10,963	2,384
Tax assets	2,070	2,159
Other receivables	3,839	114
Sum total	**16,872**	**4,657**

NOTE 23. PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2021	Dec 31, 2020
Prepaid rent	–	272
Prepaid insurances	1,815	382
Other items	5,531	2,584
Sum total	**7,346**	**3,239**

NOTE 24. CASH AND CASH EQUIVALENTS

	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	15,950	35,607
Sum total	**15,950**	**35,607**

NOTE 25. SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Amounts in SEK thousands	**Number of shares**	**Share capital**	**Other contributed capital**
As of January 1, 2020	**4,470**	**4,470**	**184,210**
Option programs	–	–	2,218
New share issue	46	46	7,504
As of December 31, 2020	**4,516**	**4,516**	**193,932**
Option programs	–	–	5,791
New share issue	99	99	30,955
As of December 31, 2021	**4,615**	**4,615**	**230,678**

As of December 31, 2021, the share capital comprised 4,615,543 ordinary shares with a quota value of SEK 1 each. As of December 31, 2020, the share capital comprised 4,516,043 ordinary shares with a quota value of SEK 1 each.

The ordinary shares are distributed as follows:

	Dec 31, 2021	Dec 31, 2020
Class A shares	4,047,019	4,047,019
Class B shares	568,524	469,024
Total	**4,615,543**	**4,516,043**

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

NOTE 26. WARRANTS ISSUED TO EMPLOYEES AND SENIOR EXECUTIVES

Senior executives and employees have acquired warrants at market prices. The warrants give the holder the right to acquire shares in Polarium Energy Solutions AB. All employees paid the market price for their warrants when they were issued, which means that no cost arises in the accounts for these warrants. The warrants can be exercised either in case of a change in the main ownership or between a predetermined time period the fouth, fifth or tenth calender year after grant date. The warrants have a contractual term that ends in the fourth, fifth or tenth year after the grant date, respectively, depending on the warrant program. The Group does not have any legal or constructive obligation to repurchase or settle the warrants in cash.

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

	2021		2020	
	Average strike price in SEK per warrant	Warrants (thousands)	Average strike price in SEK per warrant	Warrants (thousands)
As of January 1		**585**		**500**
Granted	497.08	179	415.25	110
Exercised	–	–	5.12	-25
As of December 31		**764**		**585**

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

	Dec 31, 2021	Dec 31, 2020
Senior executives[1]	155,000	154,500
Other employees	584,750	407,750
Owned by Polarium	24,255	23,225
Total as of December 31	**763,975**	**585,475**

[1] Senior executives concists of the members of the Board and the CEO.

NOTE 27. BORROWINGS

	Dec 31, 2021	Dec 31, 2020
Non-current secured loans		
Borrowings (Almi)	611	2,882
Total non-current secured loans	**611**	**2,882**
Non-current unsecured loans		
Borrowings (Svensk Exportkredit)	–	28,500
Total non-current unsecured loans	**–**	**28,500**
Current secured loans		
Borrowings (Almi)	2,271	2,417
Factoring credit (Swedbank)	47,773	34,709
Factoring credit (Aros)	68,470	8,912
Bank overdraft facility (Swedbank)	338,605	14,921
Total current secured loans	**457,119**	**60,959**
Total current unsecured loans		
Borrowings (Svensk Exportkredit)	47,500	1,500
Total current unsecured loans	**47,500**	**1,500**
Total borrowings	**505,230**	**93,841**

Non-current borrowings

Borrowings from Almi

Borrowings from Almi comprise two loans that fall due in November 2022 and November 2023, respectively, at a fixed interest rate of 5.4% and 7.99%, respectively, per annum. (2020: 5.32% and 7.62%, respectively, per annum). Borrowings are in SEK.

Borrowings from Svensk Exportkredit

Borrowings from Svensk Exportkredit comprise two loans that fall due in November 2023 at an interest rate of STIBOR 3M +2.5% per annum. Borrowings are in SEK.

Current borrowings

Borrowings classified as current refer to the part of the loan that does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The undrawn part of the bank overdraft facility is included in current borrowings.

According to the terms and conditions of the loan, certain covenants must be met, such as a equity ratio above 25%, a profit and the requirement to account for the order book and available liquidity.

The borrowings were secured by a floating charge of SEK 304,695 thousands (2020: SEK 205,960 thousands). For further information, see Note 32.

Bank overdraft facilities

The Group has a granted bank overdraft facility in USD amounting to USD 50,150 thousands (2020: USD 16,250 thousands), of which USD 25,000 thousands will be renegotiated on June 30, 2022, SEK 8,900 thousands will be renegotiated on May 3, 2022, SEK 8,100 thousands will be renegotiated on March 30, 2022, USD 5,150 thousands will be renegotiated on June 14, 2022 and USD 3,000 thousands will be renegotiated on May 3, 2022. Of the granted bank overdraft facility, USD 37,441 thousands (2020: USD 1,822 thousands) was drawn on December 31, 2021. All credits have a term of one year at a time.

Capitalized borrowing costs

Borrowing costs that are attributable to the development of a qualifying asset are capitalized as a part of the asset's cost. Over the year, the Group capitalized interest of SEK 1,824 thousands (2020: SEK 1,818 thousands) at an average interest rate of 0.34% (2020: 0.55%).

NOTE 28. DEFERRED TAX

Deferred tax liabilities are distributed as follows:

Deferred tax liabilities	Right-of-use assets	Total
As of January 1, 2020	**–**	**–**
Recognized in the statement of comprehensive income	–	–
As of December 31, 2020	**–**	**–**
Recognized in the statement of comprehensive income	–	–
As of December 31, 2021	**–**	**–**

Deferred tax assets are distributed as follows:

Deferred tax assets	Lease liabilities	Loss carry-forwards	Provisions	Other temporary differences	Total
As of January 1, 2020	**356**	**8,950**	**–47**	**–**	**9,259**
Recognized in the statement of comprehensive income	390	–8,945	–	1,379	–7,176
Translation difference	–57	–	–	–200	–257
Other	–	–5	47	–	42
As of December 31, 2020	**689**	**0**	**0**	**1,179**	**1,868**
Recognized in the statement of comprehensive income	283	–	209	4,361	4,853
Translation difference	–	–	–	77	77
As of December 31, 2021	**972**	**–**	**209**	**5,617**	**6,798**

NOTE 29. OTHER PROVISIONS

	Dec 31, 2021		Dec 31, 2020	
	Current	**Non-current**	**Current**	**Non-current**
Warranty provisions	–	30,030	–	14,903
Provisions for pensions and similar obligations	–	1,477	–	209
Total other provisions	**–**	**31,507**	**–**	**15,112**

Warranties

Provisions are made for estimated warranty claims in respect of products sold which are still under warranty at the end of the financial year. Warranty commitments apply from 2–5 years from the date of the sale and the provision can therefore be both current and non-current, depending on whether they are utilized. As it is difficult to estimate utilization, the entire provision is classified as non-current.

Severance pay

Severance pay/severance gratuity comprise remuneration to employees in the subsidiary in Mexico and are payable to employees if they leave the company.

Pension provision

A direct pension is based on an endowment insurance and is a supplement to occupational pension. A provision has been made for an endowment insurance that acts as security to ensure that the company will perform under an agreement regarding the future payment of a pension.

For further information, please see accounting policies 2.24.

2020	Warranties	Environmental provisions	Severance pay	Pension provision	Total
Carrying value as of January 1, 2020	3,958	41	160	–	4,159
Reported in the income statement:					
Additional provisions recognized	14,018	–	75	–	14,093
Unused amounts reversed	–	–41	–	–	–41
Exchange differences	–	–	–26	–	–26
Utilized during the year	–3,073	–	–	–	–3,073
Carrying amount, December 31, 2020	**14,903**	**–**	**209**	**–**	**15,112**

2021	Warranties	Environmental provisions	Severance pay	Pension provision	Total
Carrying value as of January 1, 2021	14,903	–	209	–	15,112
Reported in the income statement:					
Additional provisions recognized	22,324	–	1,354	207	23,885
Unused amounts reversed	–	–	–293	–	–293
Utilized during the year	–7,197	–	–	–	–7,197
Carrying amount, December 31, 2021	**30,030**	**–**	**1,270**	**207**	**31,507**

NOTE 30. OTHER CURRENT LIABILITIES

	Dec 31, 2021	Dec 31, 2020
VAT liability	–	586
Other items	8,183	5,506
Total	**8,183**	**6,092**

NOTE 31. ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2021	Dec 31, 2020
Personnel-related costs	29,260	26,626
Prepaid income	8,499	–
Other items	13,180	11,422
Total	**50,939**	**38,048**

NOTE 32. ASSETS PLEDGED AS SECURITY

	Dec 31, 2021	Dec 31, 2020
Floating charges	304,695	205,960
Receivables	–	102,900
Other items	1,110	–
Closing balance	**305,805**	**308,860**

NOTE 33 CONTINGENT LIABILITIES

	Dec 31, 2021	Dec 31, 2020
Suretyships, other	67,828	–
Closing balance	**67,828**	**–**

NOTE 34. TRANSACTIONS WITH RELATED PARTIES

The ultimate Parent Company in the Group is Polarium Energy Solutions AB. Related parties are all subsidiaries in the Group and the senior executives in the Group and their related parties. For transactions with related parties, see Note 26 for the Parent Company. Except for the transactions reported in Note 26, there were no material transactions with related parties.

NOTE 35. CHANGES IN LIABILITIES INCLUDED IN THE FINANCING ACTIVITIES

	Jan 1, 2020	Cash inflow	Cash outflow	Dec 31, 2020
Borrowings (Almi)	6,508	–	-1,209	5,299
Borrowings (Svensk Exportkredit)	–	30,000	–	30,000
Factoring credit (Swedbank)	49,933	–	-15,224	34,709
Factoring credit (Aros)	–	8,912	–	8,912
Bank overdraft facilities	54,441	–	-39,520	14,921
Total	**110,882**	**38,912**	**-55,953**	**93,841**

	Jan 1, 2021	Cash inflow	Cash outflow	Dec 31, 2021
Borrowings (Almi)	5,299	2,500	-4,917	2,882
Borrowings (Svensk Exportkredit)	30,000	17,500	–	47,500
Factoring credit (Swedbank)	34,709	13,064	–	47,773
Factoring credit (Aros)	8,912	59,558	–	68,470
Bank overdraft facilities	14,921	323,684	–	338,605
Total	**93,841**	**416,306**	**-4,917**	**505,230**

NOTE 36. ADJUSTMENTS FOR NON-CASH ITEMS

	Dec 31, 2021	Dec 31, 2020
Amortization, depreciation and impairment		
Amortization, depreciation and impairment	30,083	39,588
Total	**30,083**	**39,588**
Other non-cash items		
Pension provision	1,268	49
Provision for service warranties	15,127	10,904
Unrealized currency effects	–11,940	–1,050
Other	3,103	968
Total	**7,558**	**10,871**

NOTE 37. SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

Polarium has initiated two energy optimization pilot projects. First with Telia Company, the leading telecom operator in the Nordic and Baltics, and secondly with the Swedish property owner and fund manager Areim.

Polarium has introduced Generation 6 of its product range Battery.

On April 28, Polarium opened a new factory in Cape Town, South Africa, in addition to their production facilities in Mexico and Vietnam. Consequently, Polarium has production facilities in North America, Asia and Africa.

The Swedish pension company AMF pension has invested and bought shares corresponding to approximately 9 percent and has become a new major shareholder in Polarium.

Russia's war of aggression against Ukraine, which was initiated in February 2022, entails an increased risk of effects on the world economy that may result in cost inflation and disruptions to supply chains. Even if Polarium does not have any direct financial or operational exposure to Russia or Ukraine, the company can be impacted indirectly from rising costs for input goods and subcontractors' access to raw materials. Polarium monitors and evaluates developments regularly.

Parent Company's Income Statement

Amounts in SEK thousands	Note	2021	2020
Operating income, etc.			
Net sales	2, 3	1,119,028	743,778
Change in stock items under production, finished goods and work in progress		−19,502	–
Capitalized production costs		24,710	12,506
Other operating income	4	–	12,765
Total revenue		**1,124,236**	**769,050**
Goods for resale		−786,337	−506,806
Other external costs	5, 6	−138,191	−59,485
Personnel costs	7	−134,450	−82,258
Other operating expenses	8	−846	–
Total operating costs		**−1,059,824**	**−648,549**
Operating profits before amortization, depreciation and impairment (EBITDA)		**64,412**	**120,501**
Amortization, depreciation and impairment	11, 12	−21,564	−32,722
Operating profit		**42,848**	**87,779**
Other interest income and similar profit/loss items		268	1,012
Other interest expenses and similar profit/loss items		−37,557	−17,421
Net financial items	9	**−37,289**	**−16,409**
Profit before tax		**5,559**	**71,369**
Tax	10	−2,081	−14,532
Profit for the year		**3,478**	**56,837**

The Parent Company has no items that are reported in other comprehensive income, so the total comprehensive income is the same as the profit/loss for the year.
The notes on pages 54 to 61 constitute an integral part of the Parent Company's financial statements.

Parent Company's Balance Sheet

Amounts in SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work		119,950	80,496
Concessions, patents, licenses, trademarks and similar assets		3,445	1,794
Total intangible assets	11	**123,395**	**82,290**
Property, plant and equipment			
Equipment, tools, fixtures and fittings		8,990	9,831
Total property, plant and equipment	12	**8,990**	**9,831**
Financial assets			
Participations in Group companies	13	28,509	13,603
Receivables from Group companies	17	9,241	15,692
Deferred tax assets	15	209	–
Other non-current receivables	14	1,262	162
Total financial assets		**39,221**	**29,457**
Total non-current assets		**171,606**	**121,578**
Current assets			
Inventories, etc.			
Raw materials and consumables		132,527	112,169
Work in progress		15	–
Goods in transit		53,352	14,037
Finished goods and goods for resale		98,578	14,062
Total inventories	16	**284,472**	**140,268**
Current receivables			
Trade receivables		183,159	161,672
Receivables from Group companies	17	146,862	–
Tax receivables	19	2,063	1,156
Other receivables	19	12,106	113
Prepaid expenses and accrued income	18	6,345	3,663
Advance payments and other current assets		287,241	28,041
Total current receivables		**637,776**	**194,646**
Cash and cash equivalents	20	11,302	32,363
Total current assets		**933,550**	**367,276**
TOTAL ASSETS		**1,105,156**	**488,854**

Amounts in SEK thousands	Note	Dec 31, 2021	Dec 31, 2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	21	4,615	4,516
Development expenditure reserve		109,955	80,496
Total restricted equity		**114,570**	**85,012**
Non-restricted equity			
Share premium reserve		221,467	190,512
Retained earnings		–79,218	–112,387
Profit/loss for the year		3,478	56,837
Total non-restricted equity		**145,727**	**134,962**
Total equity		**260,297**	**219,974**
Provisions			
Provisions for pensions & similar commitments	23	1,110	–
Other provisions	23	30,030	14,903
Total provisions		**31,140**	**14,903**
Non-current liabilities			
Borrowings	22	611	31,382
Other non-current liabilities		–	6
Total non-current liabilities		**611**	**31,388**
Current liabilities			
Bank overdraft facilities	22	338,605	14,921
Borrowings	22	166,014	47,538
Advance payments from customers		21,034	3
Trade payables		219,134	112,464
Lease liabilities		66	–
Liabilities to Group companies	24	7,896	–
Current tax liabilities		6,492	6,252
Other liabilities		5,574	5,017
Accrued expenses and prepaid income	25	48,293	36,395
Total current liabilities		**813,108**	**222,589**
Total liabilities		**844,859**	**268,880**
TOTAL EQUITY AND LIABILITIES		**1,105,156**	**488,854**

Parent Company's Statement of Changes in Equity

Amounts in SEK thousands	Note	Share capital	Development expenditure reserve	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance as of January 1, 2020	21	**4,470**	**76,767**	**182,846**	**–125,149**	**14,436**	**153,370**
Reclassification of last year's profit/loss					14,436	–14,436	0
Profit/loss for the year						56,837	56,837
Capitalization of capitalized development costs for the year			32,424		–32,424		0
Amortization of capitalized development costs for the year			–28,696		28,696		0
Total comprehensive income for the year		**4,470**	**80,495**	**182,846**	**–114,441**	**56,837**	**210,207**
Transactions with shareholders in their capacity as owners							
Option programs					2,055		2,055
New share issue		46		7,666			7,712
Closing balance as of December 31, 2020		**4,516**	**80,495**	**190,512**	**–112,386**	**56,837**	**219,974**
Opening balance as of January 1, 2021		**4,516**	**80,495**	**190,512**	**–112,386**	**56,837**	**219,974**
Reclassification of last year's profit/loss					56,837	–56,837	0
Profit/loss for the year						3,478	3,478
Capitalization of capitalized development costs for the year			29,460		–29,460		0
Amortization of capitalized development costs for the year							0
Total comprehensive income for the year		**4,516**	**109,955**	**190,512**	**–85,009**	**3,478**	**223,452**
Transactions with shareholders in their capacity as owners							
Option programs					5,791		5,791
New share issue, 99,500 shares		99		30,955			31,054
Closing balance as of December 31, 2021		**4,615**	**109,955**	**221,467**	**–79,218**	**3,478**	**260,297**

Parent Company's Statement of Cash Flows

Amounts in SEK thousands	Note	2021	2020
Operating activities			
Operating profit		42,848	87,779
Adjustments for non-cash items			
Amortization, depreciation and impairment	27	21,563	32,722
Other non-cash items	27	4,251	7,049
Interest paid		−20,019	−11,766
Income tax paid		−2,958	−1,163
Cash flows from operating activities before changes in working capital		**45,685**	**114,621**
Changes in working capital			
Change in inventories		−147,511	−18,581
Change in trade receivables		−21,486	−44,777
Change in advance payments to suppliers		−259,201	−28,041
Change in other current receivables		−161,537	4,655
Change in trade payables		127,703	31,300
Change in other current liabilities		18,375	28,724
Cash flow from changes in working capital		**−443,657**	**−26,720**
Cash flows from operating activities		**−397,972**	**87,901**
Investing activities			
Investments in intangible assets	11	−60,013	−33,323
Investments in property, plant and equipment	12	−1,815	−6,564
Change in financial assets		−9,554	−9,065
Cash flows from investing activities		**−71,382**	**−48,952**

Amounts in SEK thousands	Note	2021	2020
Financing activities			
New share issue		31,054	7,549
Option programs		5,791	2,218
Borrowings	28	416,305	38,912
Repayment of loans	28	−4,917	−55,953
Repayment of lease liability		66	–
Change in other non-current liabilities		−6	–
Cash flows from financing activities		**448,293**	**−7,274**
Change in cash and cash equivalents		**−21,061**	**31,675**
Cash and cash equivalents, start of year		32,363	688
Cash and cash equivalents, end of year		**11,302**	**32,363**

Notes to Parent Company Financial Statements

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

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

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

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

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

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

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

Layout

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

Participations in Subsidiaries

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

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

Shareholder Contributions

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

Financial Instruments

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

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

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

Leased Assets

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

NOTE 2. NET SALES BY LINE OF BUSINESS

The Parent Company has reported the following items in the income statement related to revenue:

Line of business	2021	2020
Goods	1,104,738	732,222
Services	12,177	11,556
Other	2,113	–
Total	**1,119,028**	**743,778**

The Parent Company's revenue primarily relates to the sale of goods, which is recognized at a point in time.

NOTE 3. NET SALES BY GEOGRAPHIC MARKET

Geographic markets	2021	2020
Sweden	146,232	76,405
Other EU member states	20,819	18,084
Other markets	951,977	649,289
Total	**1,119,028**	**743,778**

NOTE 4. OTHER OPERATING INCOME

Net of operating expenses	2021	2020
Sick pay	–	46
Foreign exchange gains	–	12,719
Other	0	–
Total	**0**	**12,765**

NOTE 5. REMUNERATION TO AUDITORS

	2021	2020
Grant Thornton		
Audit assignment	484	337
Other audit activities	266	–
Tax advice	211	–
Other services	32	212
Total	**993**	**549**

NOTE 6. OPERATING LEASES

Obligations Related to Operating Leases

The Parent Company reports all leases as operating leases. The Parent Company chiefly leases premises under non-cancellable operating leases. The lease terms vary between 1 and 3 years, and most leases have an option to extend the lease at the end of the lease term, subject to a rent that is commensurate with the market rent.

Lease costs of SEK 6,802 thousands (2020: SEK 2,634 thousands) for the leasing of premises are included in the income statement as Other external costs.

Future aggregated minimum lease payments for non-cancellable operating leases are as follows:

	2021	2020
Within 1 year	5,552	4,834
Between 1 and 5 years	10,149	15,203
Beyond 5 years	–	–
Total	**15,701**	**20,037**

NOTE 7. REMUNERATION TO EMPLOYEES, ETC.

Remuneration to employees	2021	2020
Salaries and other remuneration	85,700	56,896
Social security contributions	27,455	11,938
Pension costs – defined contribution plans	10,247	7,500
Parent Company total	**123,402**	**76,334**

Salaries and other remuneration and social security contributions	2021	2020
Salaries and other remuneration		
Board members & CEO	4,987	2,572
Of which bonuses	*251*	*484*
Other employees	80,713	54,324
Social security costs		
Board members & CEO	1,567	858
Other employees	25,888	11,080
Pension costs		
Board members & CEO	1,161	806
Other employees	9,086	6,694
Parent Company total	**123,402**	**76,334**

Remuneration to employees in 2021 as reported in the Parent Company income statement was SEK 134.4 thousands (2020: SEK 82.3 thousands). The difference above refers to other personnel costs, which are chiefly related to the cost of conferences and recruitment.

Average number of employees, geographically divided by country	2021		2020	
	Total	of which, men	Total	of which, men
Sweden	97	60	58	34
Parent Company total	**97**	**60**	**58**	**34**

Gender distribution in the Group (including subsidiaries) for board members and other senior executives	2021		2020	
	Number on the reporting date	of which, men	Number on the reporting date	of which, men
Board members	6	4	6	6
Of which, the CEO	*1*	*1*	*1*	*1*
Parent Company total	**6**	**6**	**6**	**6**

For information on remuneration to senior executives, see Note 8 to the consolidated accounts.

NOTE 8. OTHER OPERATING COSTS

Net of operating income	2021	2020
Foreign exchange losses	846	–
Total	**846**	**–**

NOTE 9. INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS AND INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	2021	2020
Interest income, Group companies	252	1,004
Interest income, external	16	8
Total interest income and similar profit/loss items	**268**	**1,012**
Interest expenses, external	–8,847	–4,572
Bank fees	–2,798	–
Factoring costs	–10,619	–6,512
Exchange differences	–15,293	–4,642
Other financial expenses	–	–1,695
Total interest expenses and similar profit/loss items	**–37,557**	**–17,421**
Total net financial items	**–37,289**	**–16,409**

NOTE 10. TAX ON PROFIT/LOSS FOR THE YEAR

	2021	2020
Current tax	**20.60%**	**21.40%**
Current tax on the profit for the year	2,052	5,482
Adjustments for the previous year	238	105
Total current tax	**2,290**	**5,587**
Deferred tax		
Origination and reversal of temporary differences	–209	–
Utilization of previous tax losses	–	8,945
Total reported tax	**2,081**	**14,532**

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

	2021	2020
Profit/loss before tax	**5,559**	**71,369**
Income tax according to the tax rate in Sweden (2021: 20.6%, 2020: 21.4%)	–1,145	–15,273
Tax effects from:		
Tax effect of non-taxable income	17	–
Tax effect of non-deductible expenses	–1,042	–193
Tax effect of deductible expenses not included in the reported profit/loss	118	48
Change in temporary differences	209	–
Tax related to previous years	–238	–105
Other	–	991
Total reported tax	**–2,081**	**–14,532**

NOTE 11. INTANGIBLE ASSETS

	Capitalized expenditure for development work and similar work	Licenses, trademarks and patents	Total
2020 financial year			
Opening carrying amount	79,157	1,520	80,677
Capitalizations for the year	32,424	898	33,323
Amortization for the year	–18,618	–625	–19,242
Impairment for the year	–12,467	–	–12,467
Closing carrying amount	**80,496**	**1,794**	**82,290**
As of December 31, 2020			
Cost	131,046	3,409	134,456
Accumulated amortization	–50,550	–1,616	–52,165
Carrying amount	**80,496**	**1,794**	**82,290**
2021 financial year			
Opening carrying amount	80,496	1,794	82,290
Reclassifications for the year	–2,469	2,574	105
Capitalizations for the year	59,748	160	59,908
Amortization for the year	–17,825	–1,083	–18,908
Closing carrying amount	**119,950**	**3,445**	**123,395**
As of December 31, 2021			
Cost	185,787	6,174	191,961
Accumulated amortization	–49,470	–2,729	–52,199
Accumulated impairment	–16,367	–	–16,367
Carrying amount	**119,950**	**3,445**	**123,395**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Equipment, tools, fixtures and fittings	Total
2020 financial year		
Opening carrying amount	5,011	5,011
Purchases for the year	6,564	6,564
Depreciation for the year	–1,013	–1,013
Other adjustments	–731	–731
Closing carrying amount	**9,831**	**9,831**
As of December 31, 2020		
Cost	14,767	14,767
Accumulated depreciation	–4,936	–4,936
Carrying amount	**9,831**	**9,831**
2021 financial year		
Opening carrying amount	9,831	9,831
Purchases for the year	6,111	6,111
Depreciation for the year	–2,985	–2,985
Reclassifications for the year	–4,061	–4,061
Other adjustments	94	94
Closing carrying amount	**8,990**	**8,990**
As of December 31, 2021		
Cost	16,836	16,836
Accumulated depreciation	–7,846	–7,846
Carrying amount	**8,990**	**8,990**

NOTE 13. PARTICIPATIONS IN SUBSIDIARIES

Name	Corporate identity number	Seat and country of registration and operations	Number of shares	Carrying value Dec 31, 2021	Carrying value Dec 31, 2020
Polarium SA de CV	IAS1710173WA	Seat in Guadalajara, Jalisco, Mexico	198,000	13,594	13,594
Polarium Vietnam Ltd.	202099739	Seat in Haiphong City, Vietnam	–	1,005	–
Polarium Inc	81-4976268	Seat in Delaware, United States	10,000,000	9	9

	Dec 31, 2021	Dec 31, 2020
Opening cost	13,603	92
Investments during the year	14,906	–
Conversion of loan to equity	–	13,511
Closing accumulated cost	**28,509**	**13,603**
Opening accumulated impairment	–	–
Impairment for the year	–	–
Closing accumulated impairment	**–**	**–**
Closing carrying amount	**28,509**	**13,603**

All subsidiaries are consolidated in the Group. In the fourth quarter of 2021, the subsidiary Polarium South Africa Proprietary Ltd. was formed. At year-end, the subsidiary had been registered, but the share capital had not yet been settled.

NOTE 14. OTHER NON-CURRENT RECEIVABLES

	Dec 31, 2021	Dec 31, 2020
Opening balance	**162**	**152**
Additional receivables	1,110	10
Settled receivables	–10	–
Closing balance	**1,262**	**162**

NOTE 15 DEFERRED TAX

Deferred tax liabilities are distributed as follows:

Deferred tax liabilities	Right-of-use assets	Total
As of January 1, 2020	**–**	**–**
Recognized in the statement of comprehensive income	–	–
As of December 31, 2020	**–**	**–**
Recognized in the statement of comprehensive income	–	–
As of December 31, 2021	**–**	**–**

Deferred tax assets are distributed as follows:

Deferred tax assets	Lease liabilities	Loss carry-forwards	Provisions	Other temporary differences	Other	Total
As of January 1, 2020	**–**	**8,950**	**–**	**–**	**–**	**8,950**
Recognized in the statement of profit or loss and other comprehensive income	–	–8,950	–	–	–	–8,950
As of December 31, 2020	**–**	**0**	**–**	**–**	**–**	**0**
Recognized in the statement of profit or loss and other comprehensive income	–	–	209	–	–	209
As of December 31, 2021	**–**	**–**	**209**	**–**	**–**	**209**

Unused tax losses for which no deferred tax asset was recognized were SEK 0 thousands (2020: SEK 0 thousands).

NOTE 16. INVENTORIES

	Dec 31, 2021	Dec 31, 2020
Raw materials and consumables	132,527	112,169
Finished goods	98,578	14,062
Goods in transit	53,352	14,037
Work in progress	15	–
Inventories – net	**284,472**	**140,268**

In the 2021 financial year, the cost of goods was reported as SEK 786,548 thousands in the income statement (2020: SEK 506,806 thousands). It was recognized in the item Goods for resale.

Impairment of inventories at the net realizable value was SEK 3,307 thousands (2020: SEK 9,941 thousands). The impairment was recognized in the income statement as Goods for resale.

NOTE 17. RECEIVABLES FROM GROUP COMPANIES

Non-current receivables from Group companies	Dec 31, 2021	Dec 31, 2020
Polarium SA de CV	358	1,497
Polarium Inc	8,883	14,195
Total	**9,241**	**15,692**

Current receivables from Group companies	Dec 31, 2021	Dec 31, 2020
Polarium SA de CV	5	–
Polarium Inc	146,857	–
Total	**146,862**	**–**

NOTE 18. PREPAID EXPENSES AND ACCRUED INCOME

	Dec 31, 2021	Dec 31, 2020
Prepaid rent	1,588	1,166
Prepaid insurances	943	285
Other items	3,814	2,212
Total	**6,345**	**3,663**

NOTE 19. OTHER RECEIVABLES

	Dec 31, 2021	Dec 31, 2020
Tax assets	2,063	1,156
Other receivables	12,106	113
Total	**14,169**	**1,269**

NOTE 20. CASH AND CASH EQUIVALENTS

The statement of cash flows includes the following:

	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	11,302	32,363
Total	**11,302**	**32,363**

NOTE 21. SHARE CAPITAL

See the Group's Note 25 for information on the Parent Company's share capital.

NOTE 22. BORROWINGS

	Dec 31, 2021	Dec 31, 2020
Non-current secured loans		
Borrowings (Almi)	611	2,882
Total non-current secured loans	**611**	**2,882**
Non-current unsecured loans		
Borrowings (Svensk Exportkredit)	–	28,500
Total non-current unsecured loans	**–**	**28,500**
Current secured loans		
Borrowings (Almi)	2,271	2,417
Factoring credit (Swedbank)	47,773	34,709
Factoring credit (Aros)	68,470	8,912
Bank overdraft facility (Swedbank)	338,605	14,921
Total current secured loans	**457,119**	**60,959**
Total current unsecured loans		
Borrowings (Svensk Exportkredit)	47,500	1,500
Total current unsecured loans	**47,500**	**1,500**
Total borrowings	**505,230**	**93,841**

Non-Current Borrowings

Borrowings from Almi

Borrowings from Almi comprise two loans that fall due in November 2022 and November 2023, respectively, at a fixed interest rate of 5.32% and 7.62%, respectively, per annum (2020: The same maturities and interest rates applied). Borrowings are in SEK.

Borrowings from Svensk Exportkredit

Borrowings fall due in November 2023 and are at an interest rate of STIBOR 3M +2.5% per annum. Borrowings are in SEK.

Current Borrowings

Borrowings classified as current refer to the part of the loan that does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. The undrawn part of the bank overdraft facility is included in current borrowings.

According to the terms and conditions of the loan, certain covenants must be met, such as the maintenance of a given equity ratio and a specific relationship between financial items and EBITDA.

The borrowings were secured by a floating charge of SEK 304,695 thousands (2020: SEK 205,960 thousands). For further information, see the Group's Note 27.

Bank Overdraft Facilities

The Group has a granted bank overdraft facility in USD amounting to USD 50,150 thousands (2020: USD 16,250 thousands), of which USD 25,000 thousands will be renegotiated on June 30, 2022, SEK 8,900 thousands will be renegotiated on May 3, 2022, SEK 8,100 thousands will be renegotiated on March 30, 2022, USD 5,150 thousands will be renegotiated on June 14, 2022 and USD 3,000 thousands will be renegotiated on May 3, 2022. Of the granted bank overdraft facility, USD 37,441 thousands (2020: USD 1,822 thousands) was drawn on December 31, 2021. All credits have a term of one year at a time.

NOTE 23. OTHER PROVISIONS

	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Warranty provisions	–	30,030	–	14,903
Provisions for pensions and similar obligations	–	1,110	–	–
Total other provisions	**–**	**31,140**	**–**	**14,903**

Warranties

Provision is made for estimated warranty claims in respect of products sold which are still under warranty at the end of the financial year. Warranty commitments apply from 2–5 years from the date of the sale and the provision can therefore be both current and non-current, depending on whether they are utilized. As it is difficult to estimate utilization, the entire provision is classified as non-current.

Direct Pension

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

Changes in provisions

2020	Warranties	Environmental provisions	Severance pay	Pension provision	Total
Carrying value as of January 1, 2020	3,958	41	–	–	3,999
Reported in the income statement:					
Additional provisions recognized	14,018	–	–	–	14,018
Unused amounts reversed	–	−41	–	–	−41
Utilized during the year	−3,073	–	–	–	−3,073
Carrying amount, December 31, 2020	**14,903**	**–**	**–**	**–**	**14,903**

2021	Warranties	Environmental provisions	Severance pay	Pension provision	Total
Carrying value as of January 1, 2021	14,903	–	–	–	14,903
Reported in the income statement:					
Additional provisions recognized	22,324	–	–	1,110	23,434
Utilized during the year	−7,197	–	–	–	−7,197
Carrying amount, December 31, 2021	**30,030**	**–**	**–**	**1,110**	**31,140**

NOTE 24. CURRENT LIABILITIES TO GROUP COMPANIES

	Dec 31, 2021	Dec 31, 2020
Liability to Polarium Vietnam Ltd.	7,896	–
Total	**7,896**	**–**

NOTE 25. ACCRUED EXPENSES AND DEFERRED INCOME

	Dec 31, 2021	Dec 31, 2020
Personnel-related costs	27,099	12,288
Prepaid income	8,499	12,717
Other items	12,695	11,390
Total	**48,293**	**36,395**

NOTE 26. TRANSACTIONS WITH RELATED PARTIES

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

The following transactions were carried out with related parties

(a) Sale of goods and services	2021	2020
Polarium Inc	348,910	6,334
Total	**348,910**	**6,334**

(a) Purchase of goods and services	2021	2020
Polarium SA de CV	57,022	44,019
Polarium Vietnam Ltd	19,880	–
FYM AB	1,468	1,836
David Granath Enskild Firma	387	–
Northvolt AB	77	263
I.A.R Systems Group AB	145	33
Vargas 2 Invest AB	–	100
RISE Research Institute AB	–	151
Total	**78,978**	**46,402**

Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services	Dec 31, 2021	Dec 31, 2020
Receivables to closely related parties		
Polarium Inc	146,856	–
Polarium SA de CV	5	–
Closing balance	**146,862**	**–**
Liabilities to closely related parties		
Polarium Vietnam Ltd	7,896	–
Closing balance	**7,896**	**–**

Loans to related parties	Dec 31, 2021	Dec 31, 2020
Opening balance	15,692	20,148
Loans taken out over the year	–	8,051
Conversion to equity in subsidiaries	–	–13,511
Repaid amounts	–6,703	–
Interest expenses	252	1,004
Closing balance	**9, 241**	**15,692**

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

Loans to related parties refer to the subsidiaries Polarium Inc, Polarium SA de CV and Polarium Vietnam Ltd.

The loan to Polarium SA de CV falls due in December 2022 and has an interest rate of 6% per annum. The loan has not been pledged and is paid in cash.

The loan to Polarium Inc. falls due in December 2022 and has an average annual interest rate of 2.65%.

NOTE 27. ADJUSTMENTS FOR NON-CASH ITEMS

Amortization, depreciation and impairment	2021	2020
Amortization, depreciation and impairment	21,563	32,722
Total	**21,563**	**32,722**
Other non-cash items		
Pension provision	1,110	–
Provision for service warranties	15,127	10,904
Unrealized currency effects	–15,293	–4,643
Other	3,307	788
Total	**4,251**	**7,049**

NOTE 28. CHANGES IN LIABILITIES INCLUDED IN THE FINANCING ACTIVITIES

	Jan 1, 2020	Cash inflow	Cash outflow	Dec 31, 2020
Borrowings (Almi)	6,508	–	–1,209	5,299
Borrowings (SEK)	–	30,000	–	30,000
Factoring credit (Swedbank)	49,933	–	–15,224	34,709
Factoring credit (Aros)	–	8,912	–	8,912
Bank overdraft facilities	54,441	–	–39,520	14,921
Total	**110,882**	**38,912**	**–55,953**	**93,841**

	Jan 1, 2021	Cash inflow	Cash outflow	Dec 31, 2021
Borrowings (Almi)	5,299	2,500	–4,917	2,882
Borrowings (SEK)	30,000	17,500	–	47,500
Factoring credit (Swedbank)	34,709	13,064	–	47,773
Factoring credit (Aros)	8,912	59,558	–	68,470
Bank overdraft facilities	14,921	323,684	–	338,605
Total	**93,841**	**416,306**	**–4,917**	**505,230**

NOTE 29. ASSETS PLEDGED AS SECURITY

	Dec 31, 2021	Dec 31, 2020
Floating charges	304,695	205,960
Other items	1,110	–
Closing balance	**305,805**	**205,960**

NOTE 30. CONTINGENT LIABILITIES

	Dec 31, 2021	Dec 31, 2020
Suretyships, other	67,828	–
Closing balance	**67,828**	**–**

NOTE 31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Polarium has initiated two energy optimization pilot projects. First with Telia Company, the leading telecom operator in the Nordic and Baltics, and secondly with the Swedish property owner and fund manager Areim.

Polarium has introduced Generation 6 of its product range Battery.

On April 28, Polarium opened a new factory in Cape Town, South Africa, in addition to their production facilities in Mexico and Vietnam. Consequently, Polarium has production facilities in North America, Asia and Africa.

The Swedish pension company AMF pension has invested and bought shares corresponding to approximately 9 percent and has become a new major shareholder in Polarium.

Russia's war of aggression against Ukraine, which was initiated in February 2022, entails an increased risk of effects on the world economy that may result in cost inflation and disruptions to supply chains. Even if Polarium does not have any direct financial or operational exposure to Russia or Ukraine, the company can be impacted indirectly from rising costs for input goods and subcontractors' access to raw materials. Polarium monitors and evaluates developments regularly.

NOTE 32. PROPOSED APPROPRIATION OF PROFITS

The following profits are at the disposal of the Annual General Meeting:	**2021**	**2020**
Retained earnings	142,249	78,125
Profit/loss for the year	3,478	56,837
Total	**145,727**	**134,962**

The Board of Directors proposes that the profit be appropriated as follows:	**2021**	**2020**
Dividend to shareholders	–	–
Balance to be carried forward	145,727	134,962

Board of Directors' Signatures

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

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

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

Stockholm, May 16, 2022

Carl-Erik Lagercrantz
Chairman of the Board

Stefan Jansson
Board member/Chief Executive Officer

Anna Kinberg Batra
Board member

Carola Puusteli
Board member

Johan Dennelind
Board member

Bo Jungner
Board member

Our audit report was submitted on
May 16, 2022

Serhat Eliacik
Authorized Public Accountant
Grant Thornton Sweden AB

Auditors' Report

To the General Meeting of the Shareholders of Polarium Energy Solutions AB
Corporate Identity Number 556986-5461

Report on the Annual Accounts and Consolidated Accounts

Opinions

We have audited the annual accounts and consolidated accounts of Polarium Energy Solutions AB for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 27–62 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 Parent Company as of 31 December 2021 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 2021 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.

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 1–26. The Board of Directors and the Managing Director are responsible for the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and

the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions

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

Report on Other Legal and Regulatory Requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Polarium Energy Solutions AB for the year 2021 and the proposed appropriations of the company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism 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 assess whether the proposal is in accordance with the Companies Act.

Stockholm, May 16, 2022
Grant Thornton Sweden AB

Serhat Eliacik
Authorized Public Accountant

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