Polarium

Annual and Sustainability Report 2023

Contents

About this report
For 2023, Polarium publishes one combined report, covering our strategy, financials, sustainability reporting and corporate governance.

The sustainability reporting is written in accordance with the Global Reporting Initiative's (GRI) sustainability reporting framework 2021 and a third party has conducted a limited assurance of the report. The Statutory Sustainability Report covers pp. 19-34.

WE SUPPORT UN GLOBAL COMPACT

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2023 in Brief

In 2023 Polarium faced significant challenges resulting in lower revenue, pressured margins, and high inventory levels compared to 2022. This is a result of high customer dependency, longer sales cycles, delivery lead-times, and order conversion challenges, leading to a 48% YoY sales decline and subsequent impacts on a lower gross margin, unproportionally inventory, and high operational costs.

To address these challenges, we have begun to refocus our strategy and launched a restructuring program aimed at improving commercial performance, cost efficiency, and cash conversion. The work to achieve the objective of returning Polarium to profitable growth will continue during 2024.

Polarium introduced new solutions during the year, such as the Generation 6 battery platform, Energy Optimization Systems and the residential battery, Homevolt, in collaboration with Tibber, alongside establishing Polarium X technology center.

Sustainability remains at the core of Polarium's mission. We reached a climate milestone by committing to set Science Based Targets, marking a milestone in our journey to create a positive impact across the battery value chain.

Financial Metrics

Net sales 2023, SEK million:

1,155

Gross profit 2023, SEK million:

124.8

EBITDA 2023, SEK million:

-348.2

EBITDA margin 2023:

-30.1%

Net Working Capital 2023:

1,223

No. of people at the end of 2023:

489

Polarium at a Glance

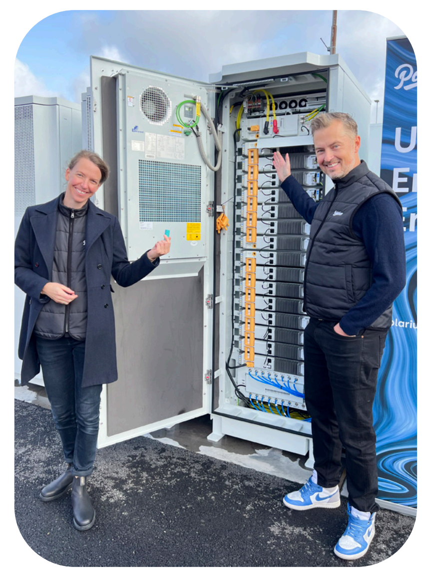
Polarium was founded in 2015 on the conviction that safe, smart and sustainable energy storage solutions will be key to empower the transition to a truly, sustainable energy future. We make renewable energy sources more predictable by developing develop energy storage and optimization solutions built on lithium-ion battery technology for telecom, commercial, industrial, EV charging and residential facilities across the world.

Vision

Our vision is to become a leading sustainable, fully integrated energy solutions provider. In order to get there, we must establish a leading position as the preferred supplier for telecom customers in Europe, North America and Africa. Additionally, we must continue to expand our channel partnership ecosystem to ensure wide exposure to differentiated geographies and customer segments.

Mission

Our mission is to unlock endless energy. Polarium's storage solutions maximize the potential of solar and wind installations, by turning renewable energy into a dispatchable asset and ultimately become more energy efficient. We support customers ranging from telecom operators with tower sites, EV charging companies, large-scale manufacturing plants, to the local community with one common challenge: unconditional energy stability, at a reduced energy cost and reduced climate impact.



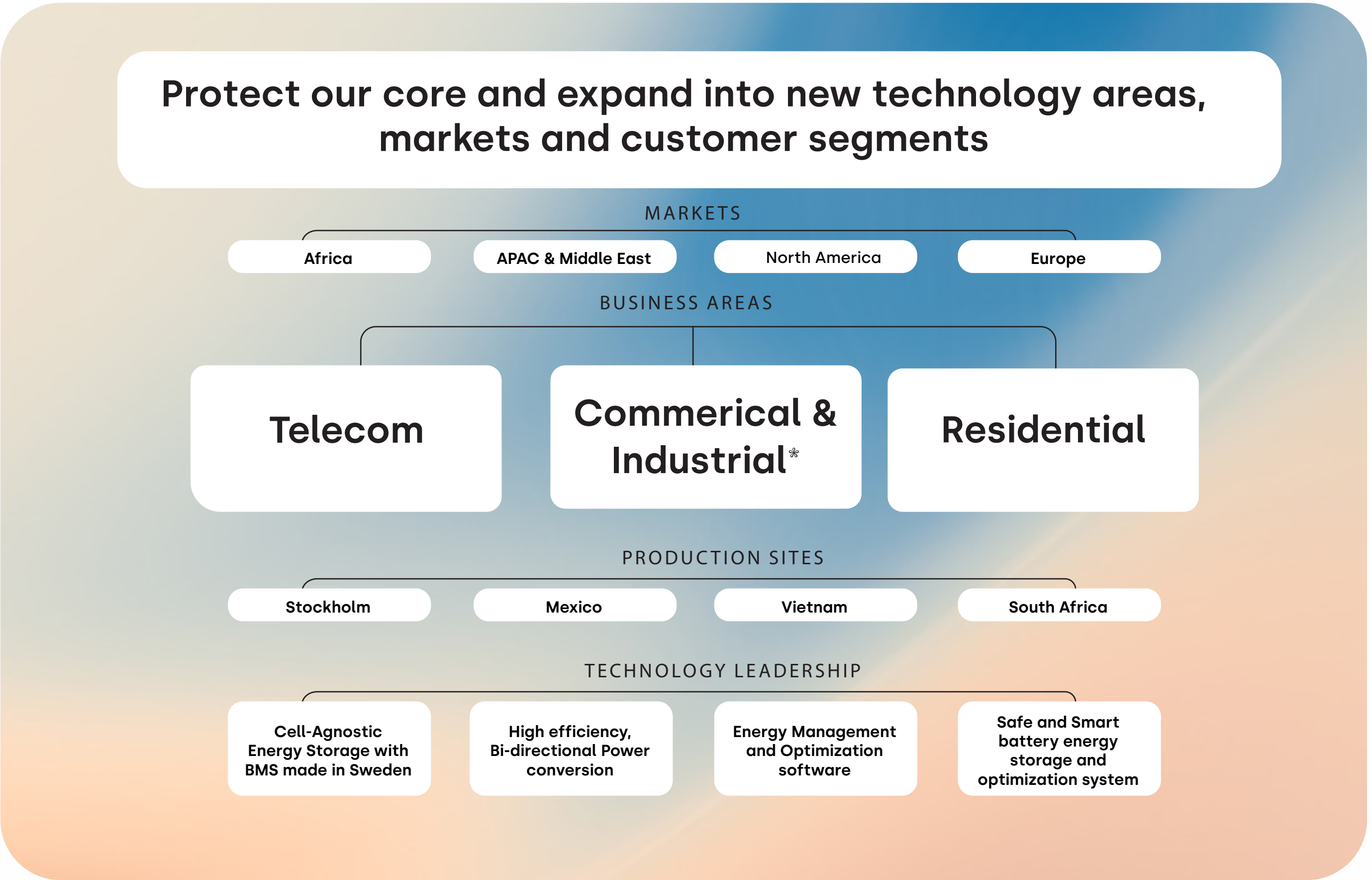
Business Overview

Polarium makes battery modules, energy storage and optimization solutions built on lithium-ion battery technology for businesses within telecom, commercial, industrial, EV charging, and residential.

Historically, our core has been delivering backup power solutions for the telecom sector. Polarium is continuously developing our technology platforms and has in recent years expanded our portfolio into more advanced solutions, such as Battery Energy Storage System (BESS) and Energy Optimization solutions.

A large part of our business has until now been generated by a selected number of global tier-one operators of telecom infrastructure. In H2 2022/H1 2023, we began expanding into the commercial and industrial segment, and in H2 2023, we launched our residential battery, Homevolt. Both areas are in their early stages, requiring further investment and time to reach their full potential.

We anticipate that the Commercial & Industrial, EV charging and residential segments will generate smaller, more frequent orders from a larger customer base. In the long term, this will contribute to reducing our customer dependency, while diversifying our revenue profile.



*The Commercial and Industrial business segments includes EV charging.

Market Overview

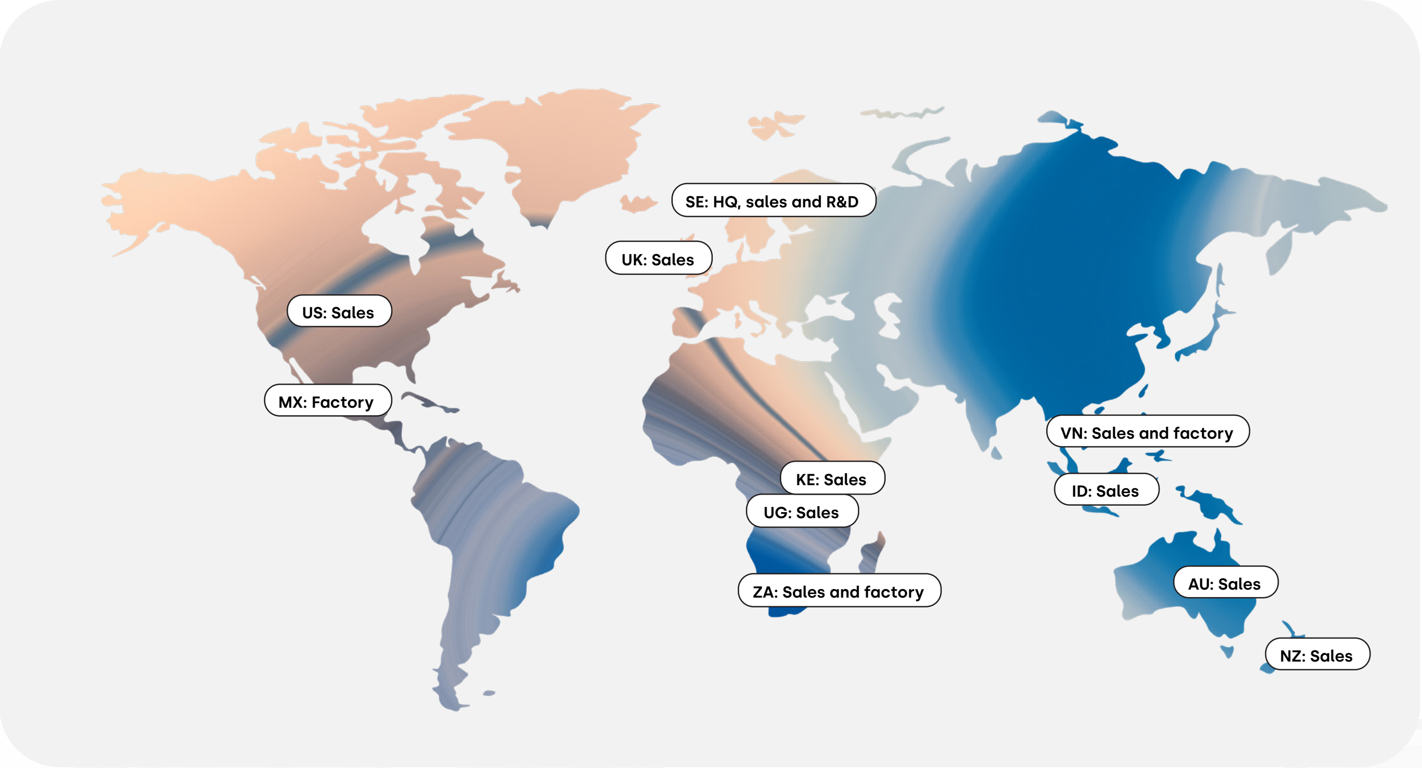
Polarium is gradually building its presence across various regions, including Africa, North America, Asia-Pacific, the Middle East, and Europe.

As part of our refocused strategy and newly launched restructuring program, we are assessing our market coverage, supply chain, and manufacturing footprint to optimize for growth, profitability, and an improved capital and cash profile.

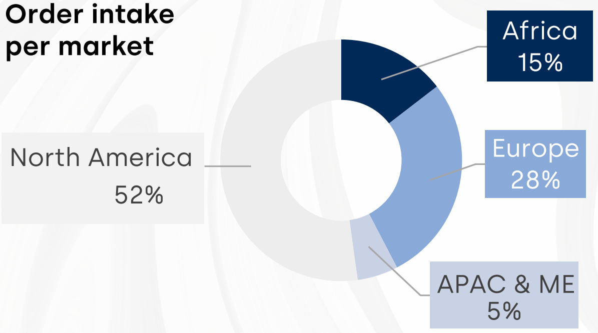
In 2023, we expanded our presence in the Asia-Pacific region through Polarium's establishment in Australia. This underscores Polarium's commitment to our Australian customers and partners and strengthens our local service offering.

Our headquarters and R&D center are located in Sweden. A notable development in 2023 was the expansion of our local presence in Stockholm with the opening of Polarium X, our new technology center.

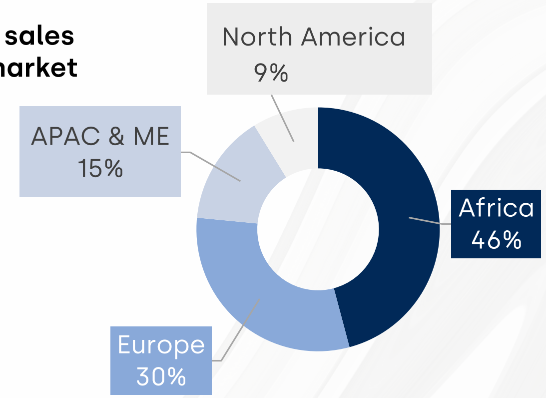
To support our diverse customer base, we have manufacturing facilities in Mexico, Vietnam, and South Africa. We are reviewing how our capacity is used in the context of our new strategy to improve cost-efficiency and ensure the best possible use of our resources.



Order intake per market



Total sales per market



Africa

Polarium navigated challenges in Africa. We are actively working to shorten and streamline our sales cycles in the region. Total sales for the year amounted to SEK 529.6 million, down 43 % YoY. The decline was a result of our heavy dependency on a single customer and underscores the need to diversify our customer base across various segments within the region. Polarium's commitment to sustainability remained steadfast, with the integration of lithium-ion batteries replacing traditional diesel engines in Africa.

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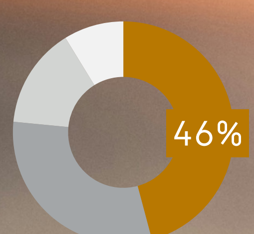
Net sales 2023, SEK million:

529.6

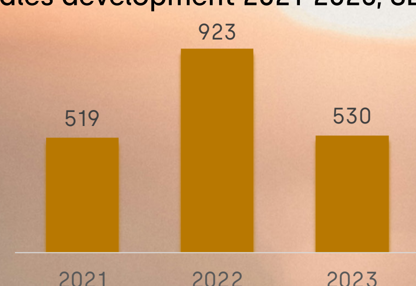
Year-over-Year Sales Growth:

-43%

Share of total net sales 2023:



Sales development 2021-2023, SEK million:



North America

Polarium faced its toughest year ever in the American market, where sales amounted to only SEK 101.5m, down 88% YoY. This decline stemmed from the impact of the discontinuation of deliveries to Dish Network Corporation (Dish) in the latter part of 2022 and throughout 2023.

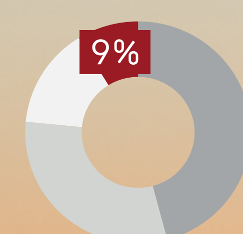
Net sales 2023, SEK million:

101.5

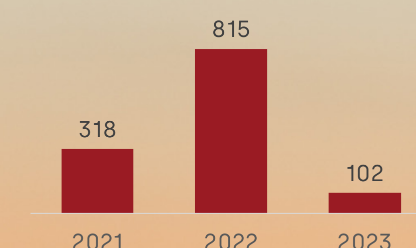
Year-over-Year Sales Growth:

-88%

Share of total net sales 2023:



Sales development 2021-2023, SEK million:



APAC & Middle East

Polarium experienced growth in sales across the APAC and Middle East region. Total sales for the year amounted to SEK 169.7 million, a substantial 40% YoY growth. This growth is a result of positive customer reception and sales efforts in the region.

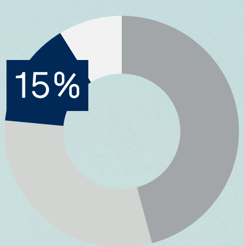
Net sales 2023, SEK million:

169.7

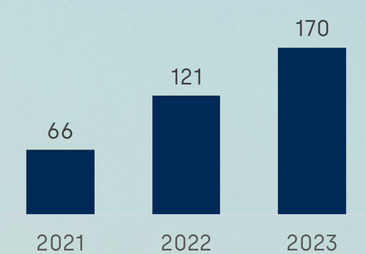
Year-over-Year Sales Growth:

40%

Share of total net sales 2023:



Sales development 2021-2023, SEK million:



Europe

The majority of our revenue comes from our telecom business and battery module sales. However, during the year Polarium experienced fluctuations in the European market, caused by persistent macroeconomic challenges and extended sales cycles in the telecom sector. Order intake in the current year has been driven by our commercial, industrial and residential segments. Despite a strong start, with 96% growth in the first quarter, total sales decreased by 3% year-on-year to SEK 354.5 million. Sales partners remain and will be a crucial factor going forward.

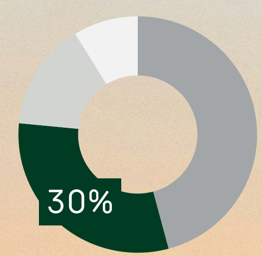
Net sales 2023, SEK million:

354.5

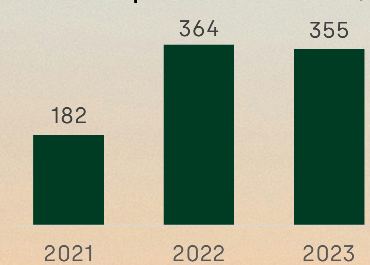
Year-over-Year Sales Growth:

-3%

Share of total net sales 2023:



Sales development 2021-2023, SEK million:



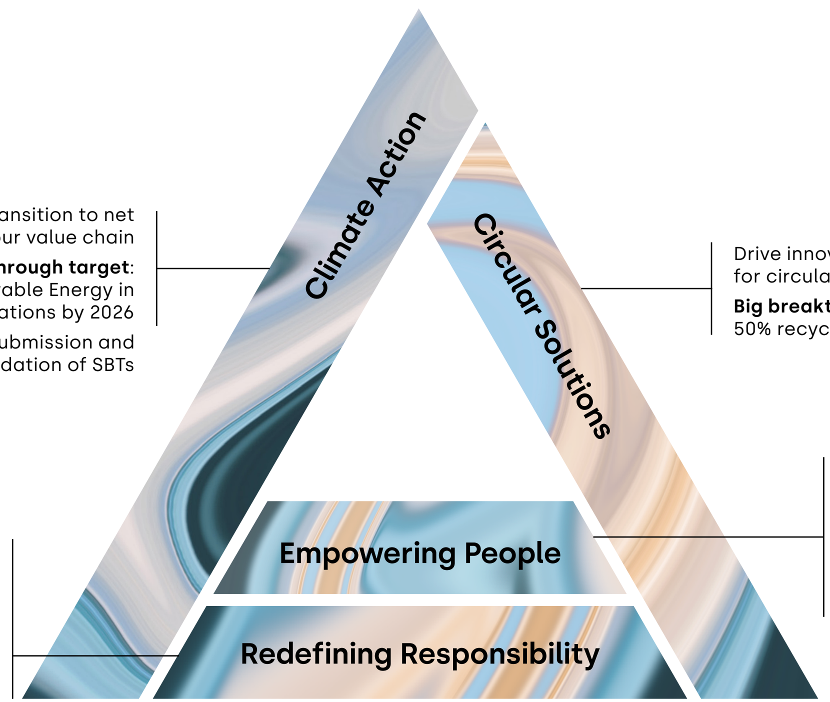
SUSTAINABILITY

Breakthrough 2030

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

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

Unlocking endless energy



Climate Action: Accelerate the transition to net zero along our value chain. **Big breakthrough target**: 100% Renewable Energy in our operations by 2026. Submission and validation of SBTs

Circular Solutions: Drive innovation and partnerships for circular solutions. **Big breakthrough target:** 50% recycled content by 2030

Empowering People: Equip our people to take charge of our journey. **Big breakthrough target:** Zero injuries. 50% Female leaders by 2026

Redefining Responsibility: Raise the bar on fair practices together with our business partners. **Big breakthrough target:** 100% SCoC signing coverage yearly

An integration plan in three phases

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

2026 – 2027
Accelerate and scale impact

2028 – 2030
Calibrate plan to deliver on targets

Performing on Our Plan

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

Climate Action

Polarium's contribution to tackling climate change is providing solutions to help customers reduce their emissions. We catalyze their shift to renewables and away from diesel generators or a dependency on the electricity grid. At the same time, we take action to minimize the negative climate impact that comes with our products and solutions.

Our commitment to climate action took a significant step in June 2023, when committing to set near- and long-term company-wide emission reductions in line with science-based net-zero with the SBTi. Following this, we initiated to finalize our complete greenhouse gas accounting according to the GHG Protocol, enabling us to report on our complete Scope 3 emissions within relevant categories, representing over 99% of our total emissions. Although the emissions from the electricity we use in our operations only represent a minor part of our footprint, we are proud of the progress towards powering our operations entirely with renewable energy. During 2023, we finalized the installation of solar panels at our factory in South Africa and in Vietnam we are sourcing renewable energy for our entire energy demand. In total the share of renewable energy now amounts to 48%.

Circular Solutions

Circularity supports climate action and contributes to our science-based target. To seize opportunities, address regulations and meet customer expectations, we prioritize building partnerships, ensuring lifecycle insights, establishing take-back systems, and setting high material use and recyclability standards across the value chain.

In 2023, we intensified our circular solutions approach, integrating circularity into our business strategy, product design and resource use. Our focus included circular design principles and developing end-of-life capacities for recycling. into our design and product development. Ongoing efforts in 2024 involve fully integrating circular design principles at the right stage of product development and implementing relevant monitoring.

Redefining Responsibility

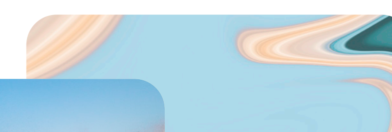
Being a battery energy storage provider comes with inherent human rights risks, and we are committed to addressing and minimizing these impacts. We do this through introducing and anchoring responsible business practices in our own organization and promoting a sustainable supply chain.

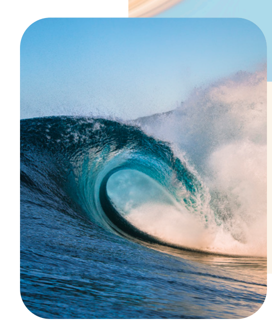
During 2023 our enhanced Code of Conduct, 'The Polarium Way' (CoC), and Supplier Code of Conduct (SCoC) were rolled out. To drive effective adoption and engagement of the CoC, several activities were carried out such as an internal launch and an annual training series was introduced. Polarium's enhanced Supplier Code of Conduct was rolled out to our direct suppliers with a sign-off rate reaching 59% at the end of the year. The sign-off process will continue in 2024 and will include indirect suppliers.

Empowering Our People

We are a multi-cultural company that, at the end of 2023, employed 489 people worldwide. Living our values "We are one", "We take charge", and "We think big" inspires a culture of doers and is key to our success.

During the first half of 2023 we concluded the first round of our Leadership program that encompassed 35 People Leaders across the organization. During 2023, Polarium adapted to the challenging macro environment and its impact on our business. This meant organizational cuts across our global organization affecting 100 employees. We initiated work on how to address gaps and work more efficiently across functions. Our culture and engagement among our employees will be key on our continued journey.





For more information on our sustainability performance, see **Sustainability Reporting p. 19.**

On Track Towards 100% Renewable Energy by 2026

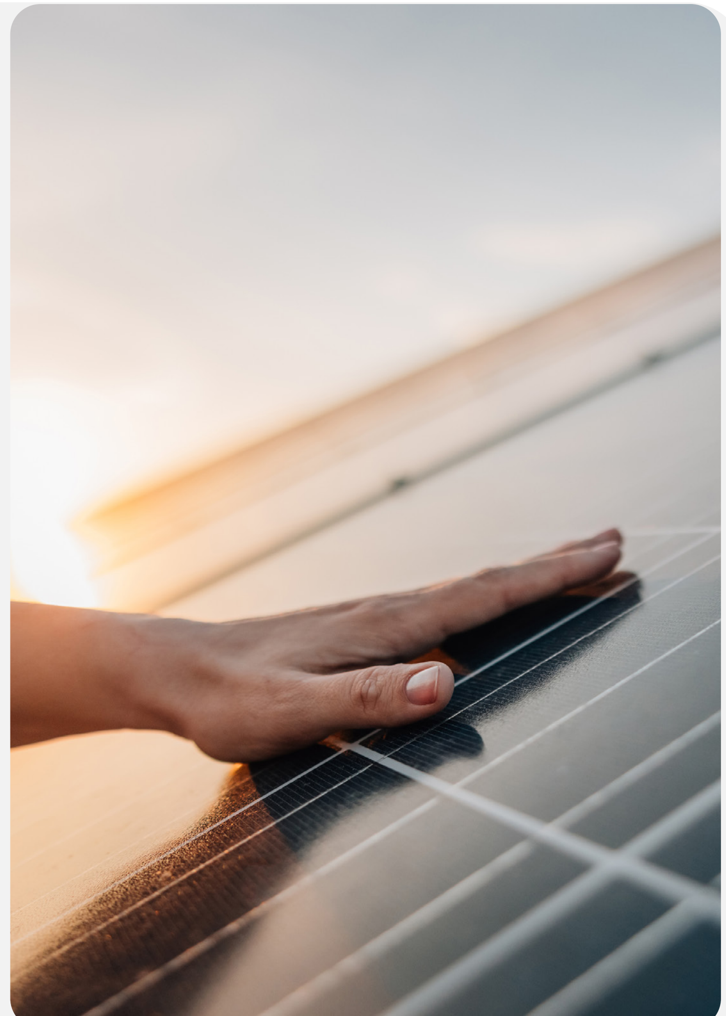
100 % Renewables in South Africa

In June 2023, Polarium South Africa took a step forward by installing a 171kWp Solar PV system, in line with our commitment to transition all global operations to 100% renewable energy by 2026.

This initiative not only fulfills our energy needs but also positions us for future growth, leveraging the maximum PV capacity allowed by the City of Cape Town. Polarium has also collaborated with local authorities to secure approval for exporting surplus energy back into the grid, contributing with energy generation to a system with planned load shedding.

Furthermore, Polarium's installation and connection to the grid enable Polarium to contribute positively to renewable energy in a country with an energy system dominated by coal power.

As South Africa aims for net-zero emissions by 2050, Polarium remains steadfast in contributing further through providing energy storage solutions that support the build-out of a renewable energy system.



Powering Vietnam's Green Future

In September 2023, Polarium achieved an important milestone, becoming the first company in DEEP C Industrial Park, Hai Phong, Vietnam, to power our facility entirely with renewable energy. This achievement marks another crucial step towards our company-wide goal of powering all operations with renewables by 2026.

DEEP C operates a functional wind power plant and is expanding its solar power infrastructure, harnessing the region's natural resources to bolster renewable energy capacity.

Polarium remains steadfast in its support of the country's climate objectives and to drive positive change in the energy sector.

Corporate Governance Report

Overview

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

Polarium's corporate governance is based on Swedish rules and Swedish legislation, mainly the Swedish Companies Act. During the 2023 financial year, Polarium's shares were not traded on a regulated marketplace, which means the company is not covered by the rules in the Swedish Corporate Governance Code (the "Code"). For the same reason, Polarium was not required to publish a corporate governance report under the Swedish Annual Accounts Act. However, the Group's corporate governance work was to a degree inspired by the Code, and in line with this the company publishes a brief corporate governance report.

Nature and Direction of the Operations

Polarium develops, sells and delivers energy storage and optimizations solutions for businesses within telecom, commercial, industrial and residential facilities across the world.

Owners

At the end of 2023, Polarium had approximately 97 shareholders. The ten largest shareholders accounted for approximately 86.82% of the capital. The four largest owners are Vargas 2 Invest AB, AMF, Alecta and Stefan Jansson Global Invest AB.

General Meeting of Shareholders

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

2023 Annual General Meeting

The 2023 Annual General Meeting was held on June 26, 2023. Resolutions by the Annual General Meeting include:

- Adoption of the income statement and balance sheet for the Parent Company and Group for 2022.
- Discharge from liability for the CEO and the Board of Directors for the 2022 financial year.
- Election of the Board of Directors.
- Resolution on fees for Board members.
- Election of KPMG AB as audit firm until the end of the 2024 Annual General Meeting.
- Authorization of the Board to decide on new issues of shares, warrants and convertible instruments

2023 Extraordinary General Meeting

An Extraordinary General Meeting was held on July 27, 2023. Resolutions by the Extraordinary General Meeting include:

- The appointment of Sophia Bendz as a Board member
- Resolution on amendments of the Articles of Association
- Decisions to issue new preference shares through set-off and cash issues.

Authorization

Polarium's general meeting on June 26, 2023 authorized the Board to resolve on the issue of a maximum of 900,000 shares and to decide on the issue of warrants as part of incentive programs.

Nomination Committee

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

The Nomination Committee shall consist of representatives of the four largest shareholders at the end of August (who are not employees or related parties to the company), which for 2023 were Vargas 2 Invest AB, AMF, Alecta and Roosgruppen.

Board of Directors

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

At the end of 2023, the Board comprised Carl-Erik Lagercrantz (Chairman), Stefan Jansson, Sophia Bendz (elected on July 27, 2023), Carola Puusteli, Cecilia Qvist and Bo Jungner.

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

Audit Committee

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

At the end of the year, the Audit Committee comprised Bo Jungner and Cecilia Qvist (Chair, since December 2023).

Remuneration Committee

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

At the end of the year, the Remuneration Committee comprised Bo Jungner, Carola Puusteli and Sophia Bendz (Chairman).

Auditor

The external auditor is tasked with examining Polarium's annual accounts and consolidated financial statements as well as the administration of the company by the Board and the CEO. The registered audit firm KPMG AB was elected by the 2023 Annual General Meeting as Polarium's auditor for the period until the end of the 2024 Annual General Meeting. Henrik Lind, authorized public accountant, is responsible for the audit of the company on behalf of KPMG AB.

Management

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

Group management comprises the Chief Executive Officer (CEO), Chief Financial Officer (CFO), EVP Corporate Affairs, EVP Business Operations & Strategy, Chief Technology Officer (CTO), EVP Revenue Generation, EVP Operations and EVP Sustainability.

Internal Control

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

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

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

The second line of defense consists of the Risk Management function and the Ethics & Compliance function, which are control functions that regularly present to the Leadership Team, the CEO and the Board's Audit Committee.

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Risk Management

The Risk Management function is part of the second line of defense and is identifying, assessing, measuring, analyzing, monitoring and reporting risks. It provides independent information, analyses and expert judgement on risk exposure to the Leadership Team, the CEO and the Board's Audit Committee. The function is led by the Head of Risk, Processes & Control, reporting to the Head of Corporate Affairs.

Polarium's enterprise risk management framework covers all entities and business processes that form our Integrated Management System (IMS). It is data-driven, and outcomes are measurable. This helps us understand our exposure to specific risks (see also "Expected Future Development and Significant Risks and Uncertainties" p.17).

During 2023, Polarium has further focused on integrating the risk management framework with the internal control framework and the audit programs by designing and planning these with risk mitigation in mind. Such efforts are prioritized based on the underlying risk's theoretical consequence and likelihood, and each risk is assigned an owner, responsible for ensuring the risk is monitored and mitigated.

Group Compliance

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

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

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

Sustainability

The Group's sustainability agenda includes the four strategic areas: climate action, circular solutions, redifining responsibility and empowering people. This is described in more detail in the Sustainability section in this report. The function is led by the EVP Sustainability who reports to the Head of Corporate Affairs.

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Directors' Report

The Board of Directors and the CEO of Polarium Energy Solutions AB, Corporate Identity Number 556986–5461, domiciled in Stockholm, Sweden, hereby submit the annual report and consolidated financial statements for the financial year January 1–December 31, 2023.

The Nature and Direction of the Operations

Polarium was founded in 2015 on the conviction that safe, smart and sustainable energy storage solutions will be key to empower the transition to a truly sustainable energy future. Polarium offers energy storage and optimization solutions based on lithium-ion batteries for businesses within telecom, commercial and industrial facilities, and households across the world. Polarium delivers solutions to clients all over the world with the aim of helping them cut energy costs and carbon emissions.

Polarium's customers leverage these solutions to secure reserve power, which reduces the risk of power outages and shutdowns. These solutions also allow customers to reduce their energy expenses and avoid electricity price spikes. In addition to cost savings, customers are also able to generate new revenue by supplying capacity to the electricity grid.

Polarium develops and sells digital solutions, including surveillance and management services, which allow customers to gather real-time data. This data facilitates proactive surveillance and analysis of energy storage systems, which optimizes energy consumption. With this integrated strategy, Polarium remains committed to maximizing efficiency in the energy sector.

Employees

During the financial year, Polarium rationalized its workforce, the average number of employees was reduced from 627 to 530.This change was mainly the result of adapting the workforce in production facilities to increase efficiency and flexibility in relation to demand. A restructuring program was also completed during the year, which affected about 60 positions in the organization. At the end of 2023, the number of employees totaled 489.

Polarium is headquartered in Stockholm, Sweden, and has development centers in Oskarshamn, Sundsvall and Stockholm, sales offices in the UK, Australia (opened in 2023) and the USA as well as production facilities in Mexico, Vietnam and South Africa.

Ownership Structure

The four largest owners are Vargas 2 Invest AB, AMF, Alecta and Stefan Jansson Global Invest AB.

At the end of 2023, the Board of Directors consisted of Carl-Erik Lagercrantz, Stefan Jansson, Sophia Bendz (elected on 27 July 2023), Carola Puusteli, Cecilia Qvist and Bo Jungner. Carl-Erik Lagercrantz is Chairman of the Board.

Significant Events

Polarium and its subsidiaries develop, sell and deliver energy storage and optimization based on advanced lithium-ion technology. In 2023, Polarium's sales declined by 48% to SEK 1,155.3 million (2,222.8). Total net sales were negatively impacted throughout the year by the reduced investment willingness shown by the telecom sector over the past year, which resulted in extended sales cycles in the USA and in Africa. Gross earnings declined to SEK 124.8 million (538.7) and the gross margin was 10.8% (24.2). Despite lower raw material costs, particularly for battery cells, the gross margin continued to be negatively impacted by previous high purchase prices combined with production inefficiency as a result of a lower utilization rate and non-recurring costs during the year. This exacerbated the challenge of achieving an improved gross margin.

Polarium's EBITDA declined during the year to SEK -348.2 million (45.7) and the EBITDA margin was -30.1% (2.1). Sales, administration, research and development costs declined during the year to SEK 532.7 million (549.5). Through stringent cost discipline and rationalization of the organizational structure, the year concluded with a considerable decline in operating expenses (OpEx). This demonstrates our commitment to optimizing our resource utilization and securing a more sustainable cost base, in both the short and the long term. The decline in OpEx demonstrates the positive effects of the organizational restructuring. We are continuing to review our administrative costs to enable growth investments, primarily in our commercial and technical capacity. Initiatives in research and development have increased as Polarium's offering has expanded, including initiatives pertaining to our new offering to consumers.

Cash flows from operating activities before changes in working capital amounted to SEK –279.0 million (158.3) during the year. Cash flow was negatively impacted by a decline in working capital of SEK –252.2 million (–518.5) and investments of SEK –112.0 million (–149.5). Financing activities strengthened cash flow by SEK 615.8 million (613.3). Cash flow for the year amounted to SEK –27.3 million (103.6).

Polarium strengthened its position during the year through new products, increased production capacity, new commercial contracts and strategic partnerships.

In line with our established strategy, we will diversify our customer base to also include other segments in addition to telecom infrastructure operators, which is expected to generate smaller but more frequent orders.

Parent Company

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

The Parent Company and its subsidiaries form the Group. In 2023, Parent Company sales declined by 39% to SEK 1,272.2 million (2,073.4). The decline in sales was due to weaker sales of solutions for energy storage, primarily in the telecom sector worldwide. Operating profit decreased to a loss of SEK –435.9 million (-63.6). The loss for the period was SEK -512.4 million (-119.6). Costs increased during the year, partly to deliver energy storage systems to customers internationally, but also due to initiatives in product development, manufacturing capacity, global sales and internal processes, such as corporate governance. The Parent Company's cash funds amounted to SEK 11.3 million (28.7) and net debt to SEK 351.5 million (227.9) at the end of the year. During the year, operating activities before changes in working capital had a negative cash flow of SEK 450.4 million (108.6). Cash flow was negatively impacted by increased working capital of SEK –23.9 million (–590.9) and investments of SEK –183.1 million (–118.8). The Parent Company's financing activities strengthened cash flow by SEK 639.9 million (618.5). Cash flow for the year amounted to SEK –17.4 million (17.4).

Research and Development

Polarium offers energy storage solutions that are designed and developed in Sweden. The product range consists of the Polarium Battery, Polarium Battery Energy Storage System and Polarium Energy Optimization System products. All products can be tailored to customer needs and coupled with intelligent services.

Polarium's new technology center, Polarium X, was opened during the year in Tomteboda. This investment resulted in a tenfold increase in laboratory capacity and included a high-voltage laboratory for testing energy optimization systems. Costs for research and development amounted to SEK 119.6 million (103.7), corresponding to 10.3% (4.6) of sales. In addition, capitalized development expenditure amounted to SEK 216.1 million (162.4).

Significant Events During the Financial Year

- On January 17, Polarium announced that it will install an energy optimization system in the ICA Maxi Kungälv supermarket in spring 2023.
- On February 9, Anna Kinberg Batra stepped down from the Board of Directors following her appointment as Governor of Stockholm County.
- On February 15, Hanna Bilir was appointed EVP Communications and joined Polarium's management team.
- On March 1, Polarium was recognized as one of the fastest growing companies in Europe by the Financial Times' annual FT1000 ranking, for the third year in a row.
- On March 6, Jerker Olofsson was appointed EVP Revenue Generation and joined Polarium's management team.
- On March 28, it was announced that Polarium had established an Australian presence with local offices in Sydney and Melbourne.
- On April 6, Polarium launched its new technology center, Polarium X, in Stockholm.
- On April 26, Polarium announced that it was going to install smart energy optimization systems at Lindberg & Son, which specializes in recycling of metals, and Grönlunds Plåt, a sheet metal specialist.
- On June 1, Polarium launched an offering with smart and compact energy storage solutions for consumers together with the energy storage company Tibber.
- On June 2, Polarium passed a significant milestone in ensuring the safety of its energy storage system by successfully completing UL 9540A unit-level testing.
- On June 16, Polarium implemented changes to its Executive Leadership Team. Linus Bergqvist was appointed as EVP Manufacturing & Supply Chain and Hanne Nikolaisen as EVP Business Operations & Strategy. Hanna Bilir was appointed Deputy CEO in addition to her existing position as EVP Communications.
- On June 29, Polarium took the next step in its climate action ambitions by committing to set near- and long-term company-wide emission reduction targets in line with the SBTi's net-zero standard.
- On July 4, Polarium announced that Robert Belkic would join the company as Chief Financial Officer commencing September 1. Robert joined Polarium from Hexagon AB where he had served as Chief Financial Officer since 2012.
- On July 27, an Extraordinary General Meeting appointed Sophia Bendz as a Board member and resolved to issue Class C preference shares.
- On August 28, Polarium raised SEK 536 million (before transaction fees) in equity from existing owners, of which SEK 100 million was converted from shareholder loans.
- On October 1, Hanna Bilir stepped down from her position as Deputy CEO and EVP Communications.
- On October 31, Rickard Vahlberg stepped down from his position as EVP Technology and Operations.
- On November 8, Polarium announced that it had established a strategic partnership with Telenor Connexion, which will serve as the company's preferred connectivity provider.
- On November 23, Polarium announced a commercial contract with Svea Solar to simplify energy storage for consumers.
- On December 6, Polarium announced a partnership with Altris to explore sodium-ion battery technology in its energy storage solutions.

Significant Events After the Financial Year

10 April 2024: Polarium announced the transition of all manufacturing activities from Mexico to its sites in Stockholm, Vietnam and South Africa.

During the first quarter, Polarium refinanced the current overdraft of USD 34.1m and bridge facilities of USD 17.1m (excluding amortisations and upfront fees). The maturity date of the loans is June 30th for 8.1 MUSD and the remaining amount will mature December 31st 2024.

Stefan Jansson Global Invest AB and Vargas 2 Invest AB have provided security by issuing guarantee commitments to the bank lenders.

On April 30th, Linus Bergqvist resigned from his role as EVP Operations.

On June 10th Polarium's board appointed Clas Gunneberg as the new CEO, effective the same day.

On 28 June, the company entered into agreements with its main lenders, Swedbank and Nordea, to change the terms of the loan agreements. In brief, the changes include an agreement on a short-term stand-still period until 8 July, during which the banks will not demand any payments, require early repayment of loans or take any legal action against the company, and a declaration of intent that the parties will agree on a long-term adjustment of the loan terms during the period until 8 July, including reduced commitments on minimum available liquidity (to SEK 17 million) and a change in the repayment rate. Furthermore, the agreements contain a commitment from certain principal shareholders, who are also parties to the agreements, to inject a total of SEK 100 million in capital into the company before 8 July. On 8 July, agreements were entered into with the company's main lenders which, in brief, extend the above changes until 31 August. On the same day, agreements on subordinated shareholder loans totalling SEK 100 million were also signed with certain principal shareholders.

Expected Future Development and Significant Risks and Uncertainties

Ongoing geopolitical conflicts in Europe and the Middle East pose an increased risk of impacting the global economy, which could result in inflation and supply-chain disruptions. Although Polarium does not have any direct financial or operational exposure to the countries affected, the company may be impacted indirectly as a consequence of rising costs for input goods, limited access to raw materials and more time consuming and expensive goods transportation. Polarium is routinely evaluating the situation.

High inflation and interest rates could impact costs for salaries, materials, products and services. If inflation remains at a high level in the long term, a situation may arise in which it is not possible to fully offset increased costs by raising selling prices to customers. Moreover, the general economic situation could extend some sales cycles, which could have a negative short-term impact on Polarium's sales.

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

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

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

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

Risks linked to legal and regulatory compliance include the risk that the Group may become involved in a conflict, that contracts entered into could prove to be unfavorable or that contractual terms may be broken or interpreted in different ways, that the legislative or regulatory environment may change the conditions for operations or that laws, rules or standards may not be complied with.

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

Sustainability risks arise throughout Polarium's value chain and include risks related to the extraction of raw materials, risks in the supply chain and risks linked to the use of Polarium's products and their end of life. Sustainability risks are described in more detail on pages 19-21.

Sustainability Report

Polarium has elected to include its statutory Sustainability Report in this Annual Report, see pages 19-34. Some parts of the Group's operations are subject to permit or notification requirements in accordance with the Environmental Code.

Continued Operations

During the spring, it has gradually been recognised by Polarium that sales for 2024 will most likely be significantly lower compared to assumptions in the budget and business plan. The main reasons for this are: i) increased uncertainty regarding a new renegotiated agreement with DISH; ii) delays in energy system installations in the C&I segment; iii) some delay in the production of Polarium's consumer product; and iv) continued general weak sales in the telecoms segment.

DISH, a North American mobile operator, has been one of Polarium's major customers for backup power batteries for several years. At the end of 2022, DISH paused further purchases of batteries and began negotiations for the sale of a new version of Polarium's products. DISH wanted, among other things, to upgrade its network and replace the old batteries with new, higher-performance ones. The negotiations were complicated by the fact that DISH had certain financial challenges, and during the summer of 2023, a solution based on leasing was crystalli-zed.

In short, the structure meant that Polarium would sell the new batteries to a lessor, who would lease them to DISH under a separate 10-year lea-se agreement between them. Finally, there was an agreement between DISH and Polarium regarding the buyback of the previously sold and delivered batteries (which DISH wished to replace with the new batte-ries). The agreement package described above was signed in Novem-ber 2023 but contained several conditions that needed to be fulfilled before the agreements came into effect. Polarium delivered a limited number of batteries from December 2023 to March 2024 before such conditions were met. In March 2024, it became clear that due to discus-sions between the lessor and DISH, delays had occurred, and DISH and the lessor began negotiations on adjustments, primarily to the lease agreement between them. During the spring, the parties conducted in-tensive negotiations on an adjusted contractual package based on the same basic principles as above. In June, it became clear to Polarium that the likelihood of successfully reaching such an agreement was low and Polarium and DISH therefore started discussions on a new structure without any third-party funder.

The new structure instead involves Polarium selling already manufactured and finished batteries in stock directly to DISH, followed by an upgrade of the old batteries purchased by DISH to the same standard as the new batteries. Polarium has presented both a technical plan for the upgrade and delivery and commercial terms to DISH. DISH has indicated that it is in principle in favour of the new solution and the parties are now working together on technical, production and commercial details. Face-to-face meetings for final negotiations are scheduled for mid-July with the ambition of both parties to reach a final agreement by then.

Although there is currently no binding new agreement with DISH, Polarium believes that there is a great need for DISH to upgrade its network with new batteries by upgrading the older batteries it has already purchased from Polarium. This can hardly be done with any other party than Polarium, which to some extent increases the likelihood of an agreement.

However, as mentioned above, there are no guarantees that there will be no new delays or unforeseen problems unknown to Polarium, so it cannot be excluded that the agreement will not enter into force as planned. Therefore, in the Company's view, there is a material uncertainty in connection with a possible new agreement with DISH on the continuation of the business relationship.

An agreement with DISH would have a very positive cash flow impact in the short term and, conversely, if the agreement is delayed or does not materialise at all, it will have a significant negative impact on the company's liquidity. If this were to happen, the company has a financing need. The company has already initiated a number of activities to explore different options for such financing and is actively working on this, as well as on other measures to strengthen cash flow.

These measures include (i) renegotiating loan terms with the company's main lenders. The company reached agreement with its lenders on 28 June on such short-term changes, as well as agreement in principle on a long-term change; and on 8 July an agreement to extend these changes until 31 August; (ii) a commitment from certain major shareholders to inject SEK 100 million of capital; and, as a result, on 8 July, agreements were signed on subordinated shareholder loans totalling SEK 100 million; (iii) the sale of certain major accounts receivable; (iv) cost and investment reductions totalling around SEK 160 million on an annualised basis; and (v) further fundrai-sing from external financiers in the second half of the year.

Taking into account the risks described above, liquidity forecasts and the various measures underway, the Board of Directors concludes that it is a correct assumption that the annual report has been prepared under the going concern assumption, even though there are significant uncertainties.

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

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

Share premium reserve	1,615.6
Retained earnings	–275,3
Loss for the year	–512,4
Total	**827,9**

The Board of Directors proposes the following profit distribution (SEK million):

To be carried forward	827,9
Total	**827,9**

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

Sustainability Report

THE BATTERY VALUE CHAIN

Battery demand is growing – and so is the need for better solutions along the value chain.

Batteries are a systemic enabler of a major shift to bring power and transportation to greenhouse gas neutrality by coupling both sectors for the first time in history and transforming renewable energy from an alternative source to a reliable base. However, the battery value chain continues to face numerous environmental, social and governance challenges[1]:

Environmental: The extraction and refining of raw materials, as well as cell production, can have severe environmental effects, such as land degradation, biodiversity loss, creation of hazardous waste, or contamination of water, soil, and air. Unprofessional or even illegal battery disposal can cause severe toxic pollution.

Social: Unless strictly managed, operations across the battery value chain could have unfavorable effects on regional communities through violations of labor laws, child and forced labor, and indigenous rights, especially in emerging markets.

Governance: Businesses in the battery value chain may encounter conflicts of interest or other companies with subpar management practices. To meet longstanding expectations for ethical businesses, companies must avoid financial situations involving corruption, bribery, funding armed conflicts, and tax evasion.

Batteries can contribute to sustainable development and climate change mitigation over the coming decade. However, this opportunity can only be achieved sustainably through a systemic approach across social, environmental, and economic dimensions.

OUR VALUE CHAIN

Polarium's value chain extends from raw material extractions, across the refinery and processing of raw materials including minerals, to the production of cells and components that are sourced by Polarium and assembled to battery modules and battery energy storage systems at Polarium's production sites. Polarium's Energy Storage Solutions are installed and in use in different applications across the globe.

The chart on page 20 describes the current overview of our value chain. As we continue to develop our business, including our work related to sustainability, insights about our value chain will be deepened. Increased regulatory pressure such as from the Corporate Sustainability Reporting Directive (CSRD) and the Battery Regulation will also influence how we charter and disclose our risks, opportunities, and impact throughout our value chain over time.

As battery demand is growing, so is the need for better solutions along the value chain including solutions for management of products that have reached end-of-life. Polarium is committed to responding and acting on the risks and opportunities that we face. Through Breakthrough 2030 – our Sustainability strategy – we address and act on these challenges in a structured way.

BREAKTHROUGH 2030 – OUR PLAN FOR INTEGRATION AND IMPACT

In 2022, Polarium launched its plan for integration of sustainability and impact, Breakthrough 2030. This plan focuses on the areas where we have the biggest impact and opportunities, and we continuously work to minimize our negative impact and maximize our positive impact on people and the planet throughout our value chain.

We defined four intentions on the difference we want to make within each area:

Climate action – Accelerate the transition to net zero along our value chain

Circular solutions – Drive innovation and partnerships for circular solutions

Redefining responsibility – Raise the bar on fair business practices together with our partners

Empowering people – Equip our people to take charge of our journey

Since Polarium's impacts on people and the planet extend far beyond our operations, the plan reaches across the value chain. That also means that some risks and impacts are difficult to influence and require a high degree of external collaboration. One such example are the impacts related to mining, and the loss of biodiversity. The mineral value chain is complex, and traceability usually extends to the smelter level and leaves the actual mining site out of scope. By reducing GHG emissions and increasing the use of recycled material, Polarium can indirectly reduce the negative pressure on biodiversity. However, Polarium aims to assess risks, opportunities and impacts related to biodiversity going forward to start addressing these more directly.

Read more about our plan for integration and impact in the chart Sustainability performance on page 21.

[1] battery-2030-resilient-sustainable-and-circular.pdf (mckinsey.com)

Our Value Chain

	Raw Material Extraction	Refining and Processing	Cell Production & other Components	Energy Storage Solutions	Logistics	Customer Use	Reuse and Recycle
Description	Raw materials are extracted to create lithium-ion cells as well as other components needed for batteries. Among minerals needed are; lithium, cobalt, nickel, graphite, manganese, mica, iron etc.	Raw materials are transformed into battery-grade mineral concentrates or intermediate products. Manufacturing of cathodes and anodes, the active materials essential to produce battery cells.	**Cell production – Polarium suppliers** The cathodes and anodes, and other components like electrolytes, copper foil and separators, are moulded to form individual cells. **Other components – Polarium suppliers** Manufacturing of electronics, mechanics, standard parts and packaging.	Cells are packed into modules to construct Energy Storage Solutions at Polarium's sites in Vietnam, Mexico, South Africa and Sweden.	Energy Storage Solutions are transported to customers globally.	Battery modules and battery energy storage systems are installed and in use, in different applications and geographies, at customers' sites.	Batteries at end-of-life are collected and recycled. Recycled materials are looped back into different value creation for example in the production of green battery cells.
Challenges/Risks	The extraction and refining of raw materials can have severe environmental effects such as land degradation, biodiversity loss, creation of hazardous waste, or contamination of water, soil and air. Also severe risks for regional communities through violation of labor laws, unsafe working conditions, child and forced labor, and abuse of indigenous rights.		Cell production is an energy intensive process with high climate impact. Unless well managed the manufacturing of active materials, cells and other components could have negative effect on people in its operations as well as local communities and people affected by the production activities.	In the assembly stage occupational health and safety, environmental regulations, quality control and efficient resource use are key challenges to address.	Depending on transport mode and source of energy, the negative environmental impact varies.	Ensuring occupational health and safety at customer installation are met, as well as securing sufficient service and maintenance of assets to enable long lifetime. Geopolitical risks and risks of association with non-sustainable customers.	Access to recycling partners in all customer markets. Immature battery recycling value chain with uncertainties in legal arrangements, logistics, safety etc. Waste handling, recycling and repurposing potentially causing environmental and social risks.
Our response	Sustainable sourcing, responsible minerals program, no direct engagement, monitoring/follow up through Supplier Code of Conduct and Responsible Minerals Inititative's (RMI) reporting process.		Sustainable sourcing program including Supplier Code of Conduct, cell supplier requirements on minerals traceability, use of renewable energy and carbon footprint, Science Based Target commitment covering purchased goods (Scope 3).	Fully controlled by Polarium. Focus on continuously applying the highest standards within all material areas sush as OHS and Environmental Management System, renewable energy target, Polarium CoC, employee engagement, DEIB etc.	Sustainability requirements for logistics partners, choice of transport mode and green solutions.	KYC and legal process, product design with focus on quality and lifetime, compliance function.	Transition into a circular business model including establishments of end-of-life services, identifying and evaluating recycling partners, collaborating with recycling partners to improve circular design of products and enable circular material input.

Sustainability Performance

Our Material Topics: Impact and Management Approach

We are committed to contributing to the sustainable energy transformation and strive to integrate sustainability into the core of everything we do. We continuously work to minimize our negative impact and maximize our positive impact on people and the planet throughout our value chain. We aim to make our business model and operations more sustainable and contribute to the advancements towards the 2030 Sustainable Development Agenda and the Sustainable Development Goals (SDGs).

	Why is it Material	Our Impact	Topics in Focus	Governing Documents	How Manage our Impact	Targets
Cllimate Action Accelerate the transition to net zero along our value chain	Climate change is the biggest challenge of our time, affecting businesses, governments, societies, people and our planet. The world needs to move away from fossil fuel dependency to renewables. Polarium was founded on the conviction that safe, smart and sustainable energy storage solutions will be key in the transition to a sustainable energy system.	Energy storage solutions are a key enabler for the transition to a sustainable energy system and decarbonization of energy, industry and transport, by enabling renewables, electrification and intermittent power supply. Energy storage solutions come with a high embedded carbon footprint and negative environmental impact which needs to be addressed to fully achieve a sustainable energy system.	Value chain decarbonization in line with science Renewable energy in operations Product Climate impact	Sustainability Policy Climate Action Plan	Commitment to set SBTs with the ambition to submit targets during 2024. Through full GHG accounting and product LCA, we gain insights about our full climate impact and can take action. Environmental Management System	**100% Renewable energy in our operations by 2026[2]** Progress: 48% **Submission & Validation of SBTs** Progress: Commitment to SBTi announced June 2023
Circular Solutions Drive innovation and partnerships for circular solutions	The pressing issues of climate change, biodiversity loss, and resource scarcity underscore the urgency of transitioning from a linear to a circular economy. Materials that are cycled back into the global economy after the end of their useful life, otherwise known as secondary materials, account for only 7.2%[1] of all material inputs into the economy.	To enable a sustainable battery value chain, there is a need to shift from linear to circular value creation models. We need to integrate circularity into every aspect of our business and collaborate closely with partners to create the solutions needed for a circular battery value chain.	Circular Design & Materials End-of-Life Management (EoL) & Recycling Circular Business Model	Circular Solutions Plan	Through the implementation of Circular design principles we optimize the design for recycled material content, minimal waste, repair and recyclability. Partnerships for EoL management and recycling in order to loop recycled material back for value creation. Explore new business models such as Energy-as-a-service.	**Circular design principles** Progress: KPI to be defined **50% recycled material by 2030 (New target)** Progress: Not yet measured
Redifining Responsibility Raise the bar on fair business practices together with our partners	A sustainable energy system transition can only be achieved through a systemic approach across social, environmental, and economic dimensions. The extraction and refining of raw materials, can have severe environmental and social effects. Operations across the battery value chain could have unfavorable effects through violations of labor laws, child and forced labor, and indigenous rights, especially in emerging markets.	We can only achieve a transparent and responsible business by actively raising the bar on performance in partnership with our colleagues, suppliers, and business partners. We may be a small organization, but by working with others, we can use our voice and leverage our spending to instill sound and ethical practices across our value chain. To meet longstanding expectations for ethical businesses, we must work proactively to ensure no involvement in corruption, bribery, funding armed conflicts, and tax evasion.	Sustainable Sourcing Responsible Minerals Program Business Ethics	Polarium Code of Conduct Supplier Code of Conduct (SCoC) Anti-corruption Policy	SCoC is a requirement in all supplier agreements. Selected suppliers followed up in on-site audits, yearly sustainability self-assessment to be implemented. Our Responsible minerals program follows Responsible Minerals Inititative's (RMI) traceability and reporting program. Continuous training of leaders and employees to ensure integration of Polarium values and business conduct.	**100% SCoC coverage (New target)** Progress: 59% suppliers **Full traceability & conformant smelters (according to RMI) in our supply chain (New target)** Progress: Not yet reported
Empowering People Equip our people to take charge of our journey	As a company within manufacturing of energy storage creating and maintaining a safe work environment is of critical importance for the well-being of our employees. Our people are the frontrunners on our journey – as a company we need to continue to attract, develop and engage a diverse and competent team to stay competitive and deliver on our corporate goals.	As an organization with global production sites, we are committed to best practices in occupational health and safety (OHS) wherever we operate and for everybody working at our sites. As a young, fast-growing, and culturally diverse organization operating on four continents, we are on a journey that is only just beginning. We consider diversity, equity, inclusion, and belonging (DEIB) a resource that strengthens us and helps attract and retain the best people.	Occupational Health & Safety Talent Attraction, Engagement & Retention.	OHS Management Procedure Polarium Code of Conduct People Policy	Weekly EHS meetings between sites and the global EHS team. Global and local on-site training. Proactive risk assessment and incident reporting. Quarterly employee engagement survey. DEIB included in on-barding, leadership training and recruitment.	**Zero injuries** Progress: TRIR 0.81 **50% Female leaders by 2026** Progress: 38% female leaders

[1] The Circularity Gap Report 2023 – https://www.circularity-gap.world/2023
[2] Replaces earlier target to be net zero in own operations in 2026. Updated net zero target to be announced after SBTi validation and approval.

Climate Action – Accelerate the Transition to Net Zero Along our Value Chain

Storing renewable energy is one of the biggest barriers to transitioning to renewable electricity. We are here to break those barriers and to provide solutions that help customers minimize their emissions.

Being a battery producer means that our products have a significant carbon footprint. That is where our Climate Action Plan comes in. The purpose of our Climate Action Plan is to carve out the most impactful way for Polarium to accelerate the transition to net zero along our value chain with minimal negative footprint.

HIGHLIGHTS 2023

Accounting for Full Value Chain Emissions

The starting point of our climate actions is measuring. We need to measure the emissions throughout our company value chain to be able to pinpoint the most efficient way to minimize those emissions. During 2023 Polarium conducted an initial screening of its entire value chain emissions for 2022, using the screening tool provided by the GHG Protocol (mostly based on spend data). Based on this screening and following the GHG Protocol criteria for identifying relevant Scope 3 activities (size, influence, risk, stakeholder relevance), Polarium's Scope 3 inventory boundaries were set, estimated to include 99% of the total Scope 3 emissions. For the selected Scope 3 categories, more accurate and specific data was collected, resulting in the first Scope 3 GHG inventory for Polarium fully in line with the GHG Protocol. In this year's report Scope 3 emissions from 2022 (set to be our baseline year) and 2023 are included. Polarium has previously only reported on Scope 1 and 2 emissions, and Scope 2 only included a location-based approach. In this report, Scope 1 and 2 emissions, both location- and market-based, are included from the baseline year 2022.

See Polarium's full GHG inventory to the right and the description of methodology and limitations on page 34.

GHG Emissions, ton CO_2e	**2023**	**2022**
Scope 1		
Company cars, diesel generators	3.4	12.8
Refrigerants	0	4.2
Subtotal Scope 1	**3.4**	**16.9**
Subtotal Scope 2 Location-based	**391**	**411**
Subtotal Scope 2 Market-based	**304**	**415**
Scope 3		
Purchased Goods & Services	46,206	81,019
Capital Goods		[1]
Fuel- and Energy Activities		[1]
Upstream Transportation and Distribution	1,113	2,198
Waste Generated in Operations		[1]
Business Travel	333	500
Employee Commuting		[1]
Upstream Leased Assets		NA
Downstream Transport & Distribution		[2]
Processing of Sold Products		NA
Use of Sold Products	5,869	2,988
End-of-Life Treatment of Sold Products	7,705	15,054
Downstream Leased Assets		NA
Franchises		NA
Investments		NA
Subtotal Scope 3	**61,226**	**101,759**
Grand total (location-based)	**61,620**	**102,187**
Grand total (market-based)	**61,533**	**102,191**

Company GHG KPI, Kg CO_2e/ kWh produced	**2023**	**2022**
Total emissions per kWh capacity (market-based)	125.7	115.6

[1] Not included, size of emissions small.
[2] Not included, lack of data and control.
NA = Not applicable.

Polarium's Scope 1 emissions decreased between 2022 and 2023, primarily due to a shift from a petrol company car to a hybrid car at the Mexico site. Meanwhile, the Scope 2 location-based emissions slightly decreased due to lower grid emission factors, while the market-based emissions saw a significant reduction. This is due to an increased share of renewable energy in the electricity used in Polarium's operations. See more information in the energy section below. Most Scope 3 categories experienced reduced emissions in 2023 compared to 2022, mostly due to the significant reduction in production during 2023. Only emissions from use of products have increased, due to a shift to more cyclic use cases on the customer side (product use emissions are calculated based on assumed energy losses per cycle combined with a global emission factor for electricity). Polarium has started to implement emission reduction activities such as renewable energy installations and procurement, as well as cell supplier engagement to secure renewable energy in cell production. A more detailed climate action plan and related KPIs will be developed in connection to the science-based target development (read more below).

Polarium's avoided emissions are highly related to the use phase of our products. As a compliment to the value chain GHG accounting, Polarium's ambition is to also develop a methodology to calculate its avoided emissions. However, this will be undertaken when the process for company and product negative impacts is fully integrated, in accordance with the recommendations from the GHG Protocol[1].

[1] Estimating and Reporting Avoided Emissions | GHG Protocol

Committed to Science-Based Targets

An important sustainability breakthrough during the year was Polarium's commitment to set a short- and long-term science-based target according to the SBTi. This was followed by intensive work to identify and analyze target options for Polarium and understand their impact on the business and strategy going forward. This work includes building Polarium's strategy and capacity to calculate product carbon footprints, as the science-based targets will be closely linked to the emissions related to the products produced. Polarium has started its journey to reach full carbon footprint capacity for all its products, but as the product portfolio is evolving and demands on data granularity are increasing, the development in this area continues during 2024. When the target analysis is completed, Polarium will submit targets to the SBTi for validation. The goal is to do this during 2024. The targets will help Polarium steer business decisions towards the most sustainable energy storage solutions possible, aligned with the vision for the company.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Aiming for 100 Percent Renewable in our Operations

In addition to the coming Scope 3 target, Polarium's goal is to ensure that its own operations are powered with 100% renewable energy, by 2026 at the latest. 2023 showed great progress towards this goal and 48% of the electricity used originated from renewable sources this year.

The below table shows the total energy use for Polarium during 2022 and 2023 and an energy KPI that relates the energy use to the storage capacity produced during the year. The energy use has stayed quite stable, with a slight increase in 2023 as new facilities commissioned in 2022 were in use for a full year in 2023. As the produced energy storage capacity decreased significantly in 2023, the energy KPI has increased.

	2023	2022
Electricity use, kWh	1,112,104	991,498
Energy KPI, kWh used/kWh capacity produced	2.27	1.12

During 2023, Polarium contributed to the renewable energy transition in a region where this is highly important, South Africa. Solar panels were installed at the Polarium production site in Cape Town, and connected to the grid, enabling Polarium to contribute positively with renewable energy into the coal-based energy system. In South Africa, the energy system is mainly based on coal, and daily challenges include energy shortages and planned blackouts. Locally installed renewable capacity can help balancing the grid and reducing grid emissions.

Circular Solutions – Drive Innovation and Partnerships for Circular Solutions

Collaboration, lifecycle insights, fulfilling commitments to customers for take-back systems and setting high standards for material use and recyclability across the value chain.

Achieving a circular value chain is integral to Polarium's values to meet customer demand and comply with fast-moving legislation toward a green battery industry. Customers want to know what circularity means for our product's lifetime, how we manage end-of-life solutions, and how our R&D departments deliver on the 5Rs (refuse, reduce, reuse, repurpose, recycle). Additionally, we are adapting to sweeping regulatory changes in our sector.

HIGHLIGHTS 2023

Transitioning Towards Circularity

During 2023, we developed Circular Design Principles that were implemented during the fourth quarter into our Product Development process, an important milestone in our transition to circularity. We now proactively evaluate aspects related to Repair, Reuse and Recycle during the early stages of product development. Insights from one of our recycling partners served as valuable input for the creation of the checklist. They have seen a variety of different designs and the challenges for disassembly and recycling that come with specific designs.

The next step involves establishing and monitoring KPIs and setting targets. We want to be able to measure the impact of the checklist, for example, related to the increase of recycled content, decrease in material used, design modifications and financial impact of changes in design.

To start addressing the ambition to increase recycled content in our products we need to better understand the environmental impact of different components and materials. Our work related to updating our approach to Life Cycle Analysis and Product Carbon Footprint will be key in this work, more comprehensive and reliable climate impact data will serve as the basis for making the right decisions related to the choice of material and design.

Packaging is one area in which Polarium has worked over the past three years to increase sustainability performance, aiming at circular solutions and efficient (minimal) use of packaging material.

Facing some limitations related to the regulatory requirements for the dangerous goods classification of our products, we have however been able to make the following key considerations in our packaging approach:

- Maximizing recycled and renewable packing material content
- Maximizing recyclability of packaging
- Ensuring environmental classification for important material (FSC etc)
- Avoidance of environmentally hazardous content (ink and print)
- Plastics have been phased out except for when required according to regulations (plastics used are 100% recyclable or biodegradable)
- Enabling protections of our products and efficient logistics (efficient packing on palls)

End-of-Life Management

During 2023 we have continued to work on solutions for managing products that reach end-of-life. Volumes in our different markets globally are still small and each geography represents a different regulatory environment. We have been working on a Pilot project that has not yet materialized in parallel as we are preparing for the enhanced regulatory requirements on the European market due to the Battery Regulation.

Redefining Responsibility – Raise the Bar on Fair Practices Together with our Business Partners

We can only achieve a transparent and responsible business by actively raising the bar on performance in partnership with our colleagues, suppliers, and business partners.

We approach this priority from two angles. Firstly, we are introducing and anchoring responsible business practices in our organization and creating a sustainable supply chain.

Secondly, we are creating the building blocks for a greater transparency on the effects of our business on stakeholders.

HIGHLIGHTS 2023

Business Ethics

During 2023 the Code of Conduct – the Polarium Way – was launched at an All-Employee Meeting and rolled out across the company through digital training. The digital training is comprised of six modules covering all topics of the Code of Conduct. 305 employees were targeted for digital training and 69% of employees completed more than half the modules. The training will be annual going forward and the goal is to ensure full completion of training for the targeted employees.

Polarium has a dedicated compliance program covering anti-money laundering, sanctions, and anti-corruption laws. Polarium's risk exposure under these laws is often increased when there are sales, services, or exchanges of payment involving certain countries ("country risk"). The Executive Leadership Team of Polarium has set its risk appetite level around compliance risks presented by sales into certain countries (i.e. "country risks"), In 2023 the Directive Regarding Sales or Services to High-Risk Countries was established. The Directive describes the key operational requirements that are necessary to ensure that sales or services are in line with that risk appetite. Furthermore, the Directive establishes a Classification of Countries and sets the prohibitions or conditions which apply if a sale or service is contemplated, which involves these countries.

In 2023, 15 incidents were registered in the anonymous Whistleblowing Line. One involved minor theft, one involved the pursuit of a side business in a potential violation of an employment agreement, and one issue involved a potential conflict of interest within a team. All these issues were resolved with warnings or reprimands for the individual(s) in question.

Other issues reported in the Whistleblowing Line did not require an internal follow-up procedure as they comprised e.g., questions about employment terms, general culture etc. While safeguarding anonymity and legal privilege, the Head of Compliance presents a report on the incoming cases and their eventual resolution to the Board four times a year.

Sustainable Sourcing

Polarium's supplier base consists of approximately two hundred suppliers of direct material and eight hundred suppliers of indirect material and services. The direct material supplier base has been divided into categories such as Cells, Electronics, Mechanics, Packaging, Chemicals, Standard Parts, and Services. The cell category is by far the largest in spend with four suppliers representing around 56% of Polarium's total spend in 2023 followed by Electronics (15%) and Mechanics (12%). The supplier base is mainly located in Asia and Europe, with an emphasis on spending as well as numbers in China.

During 2023, our enhanced Supplier Code of Conduct was rolled out to direct suppliers with a sign-off rate reaching 59% at the end of the year. The sign-off process will continue during 2024 and will also include a selection of indirect suppliers.

During the year, 25 on-site audits of direct suppliers were undertaken by Polarium. The audit covers topics such as fundamental labor rights, occupational health and safety, anti-corruption and environmental management system.

Responsible Minerals Program

Polarium does not source minerals directly: it is the products that our suppliers provide us with that contain raw materials and minerals. Sourcing of minerals (3TGs, cobalt, lithium etc.) comes with significant ESG risks regarding responsible mining practices – such as human rights violations and environmental risks due to unsustainable practices by extracting companies.

To address the extraordinary conditions, Polarium has implemented a centralized governance system for responsible minerals sourcing. We aim to align with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. According to our yearly process, described below, we assess our scoped suppliers through the recommended processes of the Responsible Minerals Initiative (RMI). In 2023 we initiated the assessment of our scoped suppliers for responsible sourcing of critical minerals, and we will be finalizing the assessment and reporting during the first half of 2024.

Our core objectives of the program are:

1. obtain full visibility into the smelters who are in our supply chain (means that we need to obtain 100% answers from our suppliers)
2. have only conflict-free validated/conformant smelters in our supply chain, through Responsible Minerals Initiative's Responsible Minerals Assurance Process

PROCESS MAP – OUR RESPONSIBLE MINERALS PROGRAM

Assessment Campaign	→	Analysis of Reports	→	Engagement and CAP	→	Consolidation of Reports	→	Final Report
RMI Reporting templates are sent out to scoped suppliers. • Conflict Minerals Reporting Template (CMRT) • Extended Minerals Reporting Template (EMRT) • Pilot Reporting Template		Submitted reporting templates are analysed and checked for 100% conformant smelters.		Supplier engagement in case of non-conformant reporting, corrective action plans defined.		Final supplier reports controlled and consolidated.		Polarium Polarium Final corporate reports produced. shared with customers upon request.

Empowering People – Equipping our People to Take Charge of our Journey

Empowered colleagues accomplish great things together. With this mindset, we aspire to equip our teams to take charge of our Breakthrough journey.

We are a multi-cultural company with more than 530 people worldwide at the end of 2023. Living our values of "We are one", "We take charge", and "We think big" inspires a culture of doers and is a linchpin for our success.

We strive to put people first in everything we do. As a young, fast-growing, and culturally diverse organization operating on four continents, we are on a journey that is only just beginning. We consider diversity, equity, inclusion, and belonging (DEIB) a resource that strengthens us and helps attract and retain the best people.

Our Occupational Health and Safety (OHS) Management System covers all our employees. All our operations are ISO 45001 certified.

Our sites in Mexico, South Africa and Vietnam have unionized workers. In Mexico and South Africa we follow collective bargaining agreements. We encourage employees forming or joining a union and to bargain collectively.

We are one.

We work as a team to achieve our goals. Our workplaces are inclusive and we collaborate across the business to share ideas and deliver results.

We take charge.

We drive success through innovation, creativity, and entrepreneurship. We take responsibility, act proactively and respond to customer pain points to stay ahead.

We think big.

We think imaginatively to solve customer challenges and drive innovation as we empower a smarter and more sustainable future through greener energy systems.

Occupational Health and Safety

Our vision is zero injuries in all our workplaces. We want all people to have a safe workplace without injuries and ill-health. As an organization with global production sites, we are committed to best practices in occupational health and safety (OHS) wherever we operate and for everybody working at our sites.

HIGHLIGHTS 2023

Digitalization – We are proud of the progress achieved related to digitizing our work during 2023. New digital tools have been implemented to make incident and inspection tracking more efficient. We have also increased our proactive risk observations, allowing us to control hazards and risks before an injury or ill-health arises. The risk management processes have been modified to suit our operations better.

Process and collaboration – To strengthen our global collaboration, we introduced weekly meetings between the EHS Manager and the EHS Engineers to share ideas and best practices. We also started to present a detailed global report every quarter to top management, site managers, human resources, OHS specialists and sustainability representatives.

Training – A more digital way of working was also included in our training program. A global occupational health and safety e-learning has been distributed to white-collar employees and consultants. The production sites have a specific on-site training program to make sure everyone works safely and avoids injuries and ill-health.

Involvement – Safety Committee meetings are held on a quarterly basis. It is a executive committee consisting of top management, workers' representatives, and specialists such as EHS and HR. The purpose is to plan, review and discuss the health and safety on site and to get the workers point of view.

Health – All employees have healthcare insurance if an injury happens at work. Depending on the country the company offers different kinds of health benefits such as wellness contributions, additional healthcare services, medical checks, specific health controls etc.

Incident numbers – We aim to have zero injuries on our sites. In 2023 no fatalities and no high-consequence injuries were reported. A positive trend with fewer injuries reported in 2023. 5 cases of recordable injuries[1] and a total recordable injury frequency rate of 0.81[2] (In 2022, 11 cases and 1.45 rate). 3 injuries resulted in lost time and a rate of 0.49[2] (not measured in 2022). The injury categories were musculoskeletal, burns, trips and falls. 32 Near-misses were reported. Total working time was 1,235,731 hours.

Occupational Health and Safety KPIs	2023	2022
Fatalities	0	0
High-consequence work-related injuries	0	0
Near miss	32	–
Recordable injuries	5	11
TRIR (Total Recordable Injury Rate)[1]	0.81	1.45
LTIR (Lost Time Incident Rate)[2]	0.49	–

[1] According to OSHA definition including musculoskeletal injuries.
[2] Calculated of 200.000 hours. The 200,000 figure in the formula represents the number of hours 100 employees working 40 hours per week, 50 weeks per year would work.

Attracting the Best Talent

During 2023, Polarium adapted to the challenging macro environment and its impact on our business. This meant organizational cuts across our global organization affecting around 100 employees and external consultants. We initiated work on how to address gaps and work more efficiently across functions. Our culture and engagement among our employees will be key to our continued journey. Due to the reorganization in 2023, Polarium recruited only a minor number of new employees.

In 2023, the last modules of the leadership program, which were initiated during the previous year, were carried out. 35 People Leaders participated and learned about situational leadership, communication, being a committed leader and leadership during change.

We are currently in the process of implementing a new global Human Resource system. Most of the master data has been transferred and during 2024 the system will be released to People Leaders and employees. In the system, all personnel documents will be saved and KPI reports will be retrieved directly from the system.

During 2023 we successfully implemented our new intranet, "POP – People of Polarium", where employees can easily access news, information, and documents.

Diversity and Female Representation

Our goal is to forge an inclusive culture where everyone feels they belong. That requires us to learn as well as to unlearn. And it needs us to understand and reflect on different perspectives. An inclusive culture helps us accomplish great things and makes us a more resilient organization.

For the second year, we conducted a DEIB survey. The results are very similar to 2022. We are proud to see good results throughout the whole survey. It demonstrates an improved result in inclusion in decisions and a minor decrease in results regarding building diverse teams. This feedback will be included in future recruitment and organizational changes.

Work to appoint more females to executive and leadership positions is a continuous priority. Our target is for women to hold at least 50% of management positions by 2026. Today, we are at 38%, a slight improvement from 30% in 2022. Attracting more female talent is part of our recruitment search and headhunting mandates.

Employees	2023
Average number of employees[1]	489
% of female employees among all employees	45%
Female Leaders	38%
Females in the Operational Leadership Team	18%
Females in the Executive Leadership Team	25%
Females in the Board of Directors	50%
Age groups, all employees %	
Up to 30	28%
31–50	62%
51 and above	10%

[1] Note: Average numbers of employees during December 2023. Figures might vary slightly from the financial figures

On March 31 Polarium organized a successful IGE day – Introduce a Girl to Engineering Day. 20 girls aged between 13-19 years of age visited Polarium to learn more about working as an engineer. The day consisted of presentations on how Polarium works with sustainability, purchasing, sales and our products. After that, all participants were given a tour of our labs and production line at PolariumX. This is a part of our employer branding initiative, to attract women to the technology business and as engineers to build diverse teams.

Employee Engagement

We measure employee satisfaction and engagement through the Employee Net Promoter Score (eNPS – which measures the extent to which employees would recommend Polarium as an employer to a friend) and Employee Engagement Score (a quantative measure to represent the level of employee engagement within an organization). Polarium has performed above the industry benchmark for the past three years on the overall eNPS score. The decrease in scores is not unexpected given that 2023 was a turbulent year for Polarium with layoffs affecting employees and consultants, creating a feeling of insecurity among employees.

	2023	2022	2021
Employee Net Promoter Score (eNPS)	25	32	34
Employee Engagement Score	70	76	76

Sustainability Governance

Delivering on Breakthrough requires strategic alignment on our impacts and understanding our role in transformation. That's why strategic sustainability lies at the heart of Polarium's corporate governance system. It is essential to the Board of Directors' agenda and the Executive Leadership Team's (ELT) responsibilities.

Audit, risk, and sustainability committee: Three Board members nominated annually to introduce relevant policies, oversee the Breakthrough plan, sustainability-related risks review, and approve the Sustainability Report. The Executive Vice President Sustainability reported to the Committee twice during 2023.

The CEO is ultimately responsible for integrating sustainability across functions and teams into our business strategy. The Executive Vice President Sustainability met with the Board of Directors twice during 2023 with updates on our plan, progress, and changing expectations.

Our executive vice president sustainability develops our approach based on an assessment of the topics that are most material to our business. She also keeps pace with the expectations of our stakeholders and drives our agenda across the organization. She reports to the Executive Vice President of Corporate Affairs and is part of the Executive Leadership Team. She is supported by two subject-matter experts.

Across the organization and within functions: Through accountability and function-specific targets, we integrate relevant sustainability topics into day-to-day operations and risk management, finance, and human resources. They monitor policies, procedures, and progress and build partnerships within their areas of responsibility.

Polarium's Sustainability Council

In place as of 2023, and chaired by the EVP Sustainability, the composition of the Sustainability Council was altered during 2023 because of organizational changes. The Council now consists of 10 members of the Operational Leadership Team (OLT) representing the Leaders of Research & Development, Product, Operations and Strategy, Manufacturing & Supply Chain, Revenue Generation, People & Culture, Finance and Sourcing, Services, Corporate Affairs, the CEO and subject-matter experts, and the sustainability team.

The Council convened 3 times during 2023. Topics covered and discussed were preparations for Polarium's commitment to SBT and SBTs Submission Project plan.

Responsibilities

- Monitor stakeholder expectations and the regulatory landscape
- Prioritizes, drives, and follows up on progress on the Breakthrough plan and related targets
- Considers risks and their implications on the business and identifies solutions to mitigate them
- Coordinates and shares information and best practices
- Reports and communicates on progress and KPIs

The EVP Sustainability – and Council Chairman – ensure that outcomes are aligned with their purpose. Council members prepare for discussions and decisions in the meetings, drive actions and report back to their respective teams and EVP or manager.

The Annual and Sustainability Report 2023 was published in June, 2024. For more information, contact:

Karin Askelöf
Executive Vice President, Sustainability
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A Shifting Regulatory Landscape

Regulation helps us raise the bar on our sustainability performance. It incentivizes us to open new markets for our offerings and increases transparency on our impacts.

Proposal and Regulation	Purpose	Impact on Polarium
EU Green Deal	The European Green Deal is a package of policy initiatives, which aims to set the EU on the path to a green transition, with the ultimate goal of reaching climate neutrality by 2050.	Policy initiatives to make the EU climate neutral in 2050. This opens opportunities for building a customer base in Europe for new applications.
The EU Battery Regulation	The new battery regulation establishes an essential framework to foster further development of a competitive sustainable battery industry, which will support Europe's clean energy transition and independence from fuel imports. Sustainability requirements on carbon footprint, recycled content and performance and durability will be introduced gradually from 2024 onwards.	The regulation will impact Polarium from several perspectives – disclosure of information about batteries including carbon footprint, due diligence practices and traceability of content, collection of end-of-life batteries and recycling to mention a few areas. Starting in 2024 Polarium is implementing the first applicable requirements.
Corporate Sustainability Reporting Directive (CSRD)	The CSRD aims to ensure that companies publicly disclose adequate information about the risks, opportunities and impacts of their activities on people and the environment.	CSRD has been finalized by the EU and the most likely scenario is that the directive will be applicable for Swedish companies, and also Polarium, for FY2025. Preparing Polarium for the new reporting regulation will require board engagement, indepth data collection, a new double materiality process, and reporting according to new ESRS reporting standards. Reporting according to GRI gives us a head start in meeting these expectations.
Corporate Sustainability Due diligence Directive (CSDDD)	The CSDDD aims to foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe.	CSDDD implies enhanced requirements on our due diligence processes and will ensure that our impacts are an integral part of our decision making at board level.
EU Taxonomy	The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities based on their contribution to six objectives, such as climate change mitigation or climate change adaptation, with the purpose to facilitate sustainable investment.	Polarium has conducted a preliminary assessment against the EU Taxonomy. Transparent reporting in line with the Taxonomy will allow us to attract new investors interested in investments that contribute to the transition to net zero emissions.
Net Zero Industry Act	Aims to create a more straightforward and predictable legal framework for net-zero industries in the EU as part of Europe's Green Deal Industrial Plan. It will support the EU's climate-neutrality-commitment and the clean energy transition, strengthen the resilience of the EU's energy system, and contribute to a secure supply of clean energy in line with REPowerEU.	Supports strategic net-zero technologies that are commercially available or soon to enter the market and have significant potential for rapid scale-up. One of the eight strategic net-zero technologies is battery and storage, which sets the scene for further opportunities in Europe for Polarium.
Green Claims Directive (GCD)	The law proposal on green claims aims to; make green claims reliable, comparable and verifiable across the EU, protect consumers from greenwashing, contribute to creating a circular and green EU economy by enabling consumers to make informed purchasing decisions and help establish a level playing field when it comes to environmental performance of products.	The law will require that Polarium is able to substantiate its green product claims. It will ensure that all environmental and climate related impacts that we claim for our products are based on verifiable facts and data. Our work to enhance our Life Cycle Assessments (LCA) will be one key measure to address the Green Claims Directive.

About the Sustainability Report

This Sustainability Report section presents 2023 performance on Breakthrough 2030 and our approach to integrating sustainability throughout our business.

Adopted by Polarium's Leadership team and approved by the Board, this is Polarium's third annual sustainability report, prepared to reflect GRI Universal Standards 2021.

This 2023 Sustainability Report is integrated to the 2023 Annual Report.

The report presents Breakthrough 2030, our plan for integration and impact, how we provide lasting value for society, customers, employees, owners, and other stakeholders.

It details our approach to managing sustainability risks and our commitment to the precautionary principle.

Based on a limited materiality assessment conducted in 2021, Breakthrough 2030 encompasses the topics most relevant to Polarium and our value chain.

Where relevant, the report also highlights how our priorities reflect our commitment to the UN Global Compact's ten principles on environmental performance, labor and human-rights, and anti-corruption.

No GRI Sector standards are yet applicable to Polarium. The report is third-party assured to be in accordance with the Global Reporting Initiative's (GRI) sustainability reporting framework 2021.

Boundary of the Report

Standard disclosures include all operations potentially affecting Polarium's performance unless otherwise indicated.

Data has been collected over the 2023 calendar year and covers some 530 employees at year-end, including those working in offices and production. Data encompasses 3 production facilities in Vietnam, Mexico, and South Africa and subsidiaries in the US, the UK in addition to our headquarters and R&D in Sweden.

2022 is the baseline for GHG reporting.

Page 34 presents our GHG calculation methodology.

We provide information about our business and financial performance in other sections of Polarium's Annual Report.

This report is written to reflect Directive 2014/95/EU — also called the Non-Financial Reporting Directive (NFRD) — transposed to the Swedish Annual Accounts Act chapters 6 and 11.

The Sustainability Report (including the statutory Sustainability Report) covers page 19-34, as defined by the Annual Accounts Act, constitutes part of the Board of Directors' report. Polarium's financial auditor has conducted third-party assurance, and a letter of assurance is found on page 78.

GRI Index

Statement of use: For the reporting calendar year 2023
GRI 1 used GRI 1: Foundation 2021
Applicable GRI Sector Standard(s): No applicable sector standarad applies

			Omission		
Gri Standard/Other Source	**Disclosure**	**Location**	**Omission**	**Reason**	**Explanation**
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	p. 12, 30			
	2-2 Entities included in the organization's sustainability reporting	p. 30			
	2-3 Reporting period, frequency and contact point	p. 28, 30			
	2-4 Restatements of information	p. 30			
	2-5 External assurance	p. 79			
	2-6 Activities, value chain and other business relationships	p. 3, 5-8, 20-21, 25, 30			
	2-7 Employees	p. 27, 55	2-7b	Information unavailable/incomplete	Not collated on Group level, to be reviewed during 2024.
	2-8 Workers who are not employees		a, b, c	Information unavailable/incomplete	Not collated on Group level, to be reviewed during 2024.
	2-9 Governance structure and composition	p. 13-14	cii	Information unavailable/incomplete	Board independence to be disclosed during 2024. No social underrpresented groups represented in the board.
	2-10 Nomination and selection of the highest governance body	p. 13-14		Not applicable	
	2-11 Chair of the highest governance body	p. 13-14			
	2-12 Role of the highest governance body in overseeing the management of impacts				
	2-13 Delegation of responsibility for managing impacts	p. 28			
	2-14 Role of the highest governance body in sustainability reporting	p. 28			
	2-15 Conflicts of interest	p. 14			
	2-16 Communication of critical concerns	p. 20,25			
	2-17 Collective knowledge of the highest governance body	p. 13			
	2-18 Evaluation of the performance of the highest governance body				Committees and Board evaluation not implemented.
	2-19 Remuneration policies	p. 13			Full remuneration Policy is not in place.
	2-20 Process to determine remuneration		aii, aiii, b	Information unavailable/incomplete	Enhanced communications on procedures will in place during 2024.
	2-21 Annual total compensation ratio		a, b, c	Information unavailable/incomplete	Such process are not yet in place.
	2-22 Statement on sustainable development strategy	p. 19, 21			
	2-23 Policy commitments				
	2-24 Embedding policy commitments				
	2-25 Processes to remediate negative impacts				Stakeholders not involved in designing the process.
	2-26 Mechanisms for seeking advice and raising concerns	p. 25			
	2-27 Compliance with laws and regulations	p. 25			
	2-28 Membership associations		a	Information unavailable/incomplete	Not yet collated on Group level. To be reviewed during 2024.
	2-29 Approach to stakeholder engagement	p. 21, 27			
	2-30 Collective bargaining agreements	p. 26			

			Omission		
Gri Standard/Other Source	**Disclosure**	**Location**	**Omission**	**Reason**	**Explanation**
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	p. 21			
Anti-Corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption				
	205-2 Communication and training about anti-corruption policies and procedures	p. 25			
	205-3 Confirmed incidents of corruption and actions taken				
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 24			
GRI 301: Materials 2016	301-2 Recycled input materials used				Processes not yet in place. To be reviewed during 2025.
	301-3 Reclaimed products and their packaging materials				Processes not yet in place. To be reviewed during 2025.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21-23			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	p. 22-23	b, civ, d	Not applicable	Not part of Polarium's business model.
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 22-23, 34			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 22-23, 34			No relevant biogenic emissions, no recalculations conducted.
	305-2 Energy indirect (Scope 2) GHG emissions	p. 22-23, 34			No recalculations have been conducted.
	305-3 Other indirect (Scope 3) GHG emissions	p. 22-23, 34			No relevant biogenic emissions, no recalculations conducted.
	305-4 GHG emissions intensity	p. 22			
	305-5 Reduction of GHG emissions	p. 22-23, 34			Reduction calculcation not conducted yet.
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21, 24			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		a	Information unavailable/incomplete	A Global Waste Management Procedure was introduced in 2022. Waste data not collated on Group level yet.
	306-2 Management of significant waste-related impacts		a, b, c		A Global Waste Management Procedure was introduced in 2022. Waste data not collated on Group level yet.
Supplier Environmental Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 25			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria				
	308-2 Negative environmental impacts in the supply chain and actions taken		a, b, c, d, e	Information unavailable/incomplete	Supplier screening process to be enhanced during 2024.
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 26-27			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		a, b	Information unavailable/incomplete	Process not yet in place to collate data on Group level. To be reviewed during 2024.

Gri Standard/Other Source	Disclosure	Location	Omission	Reason	Explanation
Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 21, 26			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	p. 26			
	403-2 Hazard identification, risk assessment, and incident investigation	p. 26			
	403-3 Occupational health services	p. 26			
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 26			
	403-5 Worker training on occupational health and safety	p. 26			
	403-6 Promotion of worker health	p. 26			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 25			
	403-8 Workers covered by an occupational health and safety management system	p. 26			
	403-9 Work-related injuries	p. 26	b, c, d	Information unavailable/incomplete	Not yet collated on Group level. To be reviewed during 2024.
Training and Education					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27			
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews		a	Information unavailable/incomplete	Our global HR system, implementation delayed, will enable reporting in 2025.
Diversity and Equal Opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 27			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	p. 55, 27	aiii, biii	Information unavailable/incomplete	Respect for individuals' privacy. Polarium reports on gender and age.
Non-Discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 25			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken				No incidents of discrimination were reported.
Child Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 25			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		a, b, c	Information unavailable/incomplete	Addressed in the Supplier Code of Conduct. No systematic risk analysis has been performed. A human rights due diligence process will be introduced in 2024.
Forced or Compulsory Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 25			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		a, b	Information unavailable/incomplete	Addressed in the Supplier Code of Conduct. No systematic risk analysis has been performed. A human rights due diligence process will be introduced in 2024.
Supplier Social Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	p. 25			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken		a, b, c, d, e	Information unavailable/incomplete	Supplier screening process will be followed up during 2024.

Appendix

GRI 305 – EMISSIONS

About GHG Accounting and Methodology:

Polarium's GHG accounting is carried out in accordance with the GHG Protocol and Polarium has chosen an operational control approach for its GHG accounting and reporting. We report on the six greenhouse gases covered by the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF_6). Polarium generally uses GWP rates from the IPCC assessment reports based on a 100-year timeframe, if nothing else is stated, to convert into CO_2 equivalents (CO_2e). We have published our GHG Accounting Methodology on our website, which provides information about the international standard accounting follows and explains the assumptions, limitations, data sources and data quality assessment.

The most material information about the calculation methodology is described below:

Scope 1:

Polarium's Scope 1 emissions derive from company cars and refrigerant leakages in cooling devices in its operations. Polarium tracks its diesel and refrigerant consumption via direct measurement at the sites, while the fuel usage of the car travel is estimated. The emission factor comes from various sources, such as the WRI, the Mexican Government, and DEFRA. In 2023 29% of the emission in Scope 1 are based on primary data (refrigerants and diesel generator), while the consumption of the company car in Mexico is estimated.

Scope 2:

All energy use in Polarium's facilities is generally included in Scope 2. Based on the baseline calculations for 2022, one R&D lab in Sundsvall was excluded due to lack of data and a small share of the total facility area (~0,4%). In many facilities, heating and cooling is included in the electricity use. Standalone heating and cooling only accounted for approximately 0,15% of Polarium's total Scope 2 emissions, therefore, it is also excluded from the current inventory. Polarium will continue to assess any new facilities in the future based on the assumption that all types of energy used in the facility are material. In 2023 98% of electricity data was based on actual consumption from electricity bills. The emission factors are updated on a yearly basis to represent the latest data available on grid mixes in the countries Polarium is present in. The main source used is ember-climate.org. For the market-based calculations Polarium follows the GHG Protocol Market-Based Method Hierarchy.

Scope 3:

Purchased goods: Purchased goods and services include all cradle-to-gate (upstream) emissions from producing products purchased by Polarium in the reporting year. Polarium is focusing solely on goods, and not services, as it constitutes the majority of sourcing spend within the company (approximately 96% of spend) and as high-quality emission factors related to the services procured are hard to obtain. The exceptions are business travel and transport services, which are reported in separate categories described below. Polarium aims to conduct product carbon footprints for all its product models which means that we have an ongoing process for monitoring these emissions. As the majority of the purchased goods are used to build our products, Polarium determines the total emission from this category by using the same method for calculating product-level carbon footprints. It is done by totaling the carbon footprints of all batteries produced by Polarium in a calendar year and subtracting all emissions related to transportation of the purchased goods, as these are reported in Category 4. Below are the general assumptions and limitations that applies to our calculations within this category:

- Only the purchased goods used in the final product (the battery packs) are included, goods in storage and other consumable indirect goods are excluded.
- We assume each battery pack with the same model type has similar carbon footprint values.
- Global-average emission factors are used whenever specific data is unavailable, generally obtained from Ecoinvent 3.71.
- If a product is not covered by a product carbon footprint calculation, the emissions are based on an extrapolation of calculated products (using a CO_2e/kWh capacity intensity), which in 2023 corresponded to 14% of the produced battery capacity.
- Spare parts and assembly kits are not included in the calculation as they have a low total weight (< 0,6% in 2023) and are difficult to estimate carbon footprint of.
- Emission factors used to calculate the product carbon footprints were collected in 2021 from an LCA database, which in turn originated from sources with various dates.

Upstream transport: Polarium receives emission reports from its major transport providers. GHG emission reporting is available from suppliers corresponding to over 89% of the total transport spend. Based on this supplier data, emission proxy data (CO_2e/spend) are calculated, per mode of transport. These proxies are then used to estimate the emissions from the remaining transport spend. The transport providers that provide GHG reports use a distance-based method, per mode of transport. All well-to-wheel emissions and GHGs are included in the emission factors, as they are following the GLEC Framework (The Global Logistics Emissions Council).

Business travel: Polarium implemented a travel booking system provided by AMEX during end of 2022. This system was first rolled out in Sweden but is planned to be rolled out globally. AMEX provides Polarium with GHG reports, based on distance travelled and a CO_2e factor from DEFRA. As a full year report for 2022 was not available, Polarium has used 2023 data as a proxy. This means that a monthly average from January to June 2023 has been extrapolated to cover our 2022 reporting. The current reporting is limited to only cover air travel and only includes travel booked by employees in Polarium AB (Sweden). All travel spend in Polarium AB is booked through the AMEX system. As the booking system is rolled out globally, the data coverage will improve.

Use of sold products: Polarium includes the emissions from the estimated energy losses during charging of the sold batteries, throughout the entire expected lifetime of the batteries, as well as the no-load consumption. The energy losses are estimated by multiplying the total sold energy capacity of the batteries (primary data), the assumed average depth-of-discharge (DoD), the expected lifetime of the batteries, the assumed number of cycles and the expected round-trip efficiency (RTE). The energy losses are then multiplied by a global electricity grid emissions factor obtained from Ember. The no-load energy consumption is based on internal testing and an average level is assumed for all products.

End-of-life treatment: This category includes the total expected end-of-life emissions from all products sold in the reporting year. The activity data point for this category is Polarium annual sales volume – in terms of weight of sold battery packs. The emission factor used is obtained from Polarium's recycling partner and includes estimated emissions generated from processing the scrap batteries and is a proxy for all waste handling methods used to handle battery packs.

Multi-year Summary

Group

Performance and key performance measures, SEK million	2023	2022	2021	2020	2019
Net sales	1,155.3	2,222.8	1,084.4	741.6	457.5
EBITDA[1]	–348.2	45.7	82.6	121.4	49.6
EBITDA margin[2], %	-30.1	2.1	7.6	16.4	10.8
Operating profit/loss	-439.6	-19.7	52.5	81.8	32.3
Operating margin[3], %	-38.0	-0.9	4.8	11.0	7.1
Profit/loss before tax	-535.5	-98.9	17.5	65.8	18.4
Profit/loss for the year	-554.4	-98.1	16.7	52.4	11.7

Financial position and key performance measures, SEK million	2023	2022	2021	2020	2019
Balance sheet total	2,189.3	2,317.3	1,152.4	517.5	392.3
Equity	1,017.9	1,037.6	261.3	207.4	143.8
Equity ratio[4], %	46.5	44.8	22.7	40.1	36.7

Parent Company

Performance and key performance measures, SEK million	2023	2022	2021	2020	2019
Net sales	1,272.2	2,073.4	1,119.0	743.8	457.5
EBITDA	-384.1	-25.1	64.4	120.5	43.3
EBITDA margin[2], %	-30.2	-1.2	5.8	16.2	9.5
Operating profit/loss	-435.9	-63.6	42.8	87.8	31.9
Operating margin[3], %	-34.3	-3.1	3.8	11.8	7.0
Profit/loss before tax	-500.8	-132.2	5.6	71.4	19.8
Profit/loss for the year	-512.4	-119.6	3.5	56.8	14.4

Financial position and key performance measures, SEK million	2023	2022	2021	2020	2019
Balance sheet total	1,937.2	2,111.1	1,105.2	488.9	362.7
Equity	1,029.1	1,007.8	260.3	220.0	153.4
Equity ratio[4], %	53.1	47.7	23.6	45.0	42.3

[1] EBITDA-calculation 2022 and earlier did not exclude depreciation, amortization, and impairment of intangible and tangible assets included in COGS. Historical figures for 2022 are restated in this report.
[2] Operating profit before depreciation, amortization and impairment in relation to net sales.
[3] Operating profit in relation to net sales.
[4] Equity in relation to the balance sheet total.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

SEK million	Note	2023	2022
Net sales	5	1,155.3	2,222.8
Cost of goods sold		-1,030.5	-1,684.1
Gross profit		**124,8**	**538,7**
Research and development expenses	6, 8	–119.5	–103.7
Selling and marketing expenses	6, 8	–135.1	–133.3
General and administrative expenses	6, 7, 8	–278.0	–312.5
Other operating income	9	65.9	205.9
Other operating expenses	10	–97.2	–214.8
Loss from joint ventures		–0.3	–
Operating profit/loss		**-439,6**	**-19,7**
Financial income	11	4.9	1.5
Financial expenses	11	-100.8	-80.7
Financial items, net		**-95.9**	**-79.2**
Loss before tax		**-535.5**	**-98.9**
Tax	12	-18.9	0.7
Loss for the year		**-554.4**	**-98.1**
Other comprehensive income			
Items that have been or may be reclassified to profit for the year			
Translation differences for the year when translating foreign operations	13	1,0	7.3
Other comprehensive income for the year		**1.0**	**7.3**
Total comprehensive income for the year		**-553.4**	**-90.8**
Profit/loss for the year attributable to:			
Owners of the Parent Company		-554.4	-98.1
Loss for the year		**-554.4**	**-98.1**
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		-553.4	-90.8
Total comprehensive income for the year		**-553.4**	**-90.8**
Earnings per share			
before dilution (SEK)	14	-108.48	-20.04
after dilution (SEK)	14	-108.48	-20.04

Consolidated profit or loss have been restated, for further information see note 42.

Consolidated Statement of Financial Position

SEK million	Note	2023	2022
ASSETS			
Intangible assets	15	216.4	163.1
Property, plant and equipment	16	66.7	63.1
Right-of-use assets	17	148.1	154.9
Participations in joint ventures	20	0.7	–
Deferred tax assets	23	11.9	21.5
Non-current receivables	24, 25	18.2	35.9
Total non-current assets		**462.1**	**438.4**
Inventories	26	1,130.1	1,322.0
Trade receivables	24, 27	362.6	319.3
Tax receivables		7.0	9.7
Other receivables	24, 28	30.2	34.2
Advance payments and other current assets	24, 29	33.9	51.6
Prepaid expenses and accrued income	30	78.3	21.7
Cash and cash equivalents	24, 31	85.1	120.4
Total current assets		**1,727.3**	**1,878.9**
TOTAL ASSETS		**2,189.3**	**2,317.3**

SEK million	Note	2023	2022
EQUITY			
Share capital		5.8	5.1
Other contributed capital		1,630.4	1,097.3
Reserves		10.6	9.7
Retained earnings including loss for the year		-628.9	-74,5
TOTAL EQUITY	13	**1,017.9**	**1,037.6**
LIABILITIES			
Provisions	32	62.4	47.1
Non-current borrowings	24, 33	11.0	15.0
Non-current lease liabilities	17	137.6	153.4
Total non-current liabilities		**211.0**	**215.4**
Current borrowings	24, 33	351.8	241.7
Current lease liabilities	17	28.8	15.9
Advance payments from customers	34	80.3	5.6
Trade payables	24, 35	115.9	476.7
Tax liabilities	12	6.9	10.9
Other liabilities	35	158.6	92.8
Accrued expenses and prepaid income	36	218.1	118.9
Provisions		–	101.9
Total current liabilities		**960.4**	**1,064.3**
TOTAL LIABILITIES		**1,171.5**	**1,279.7**
TOTAL EQUITY AND LIABILITIES		**2,189.3**	**2,317.3**

Consolidated statement of financial position have been restated, for further information see note 42.

Consolidated Statement of Changes in Equity

SEK million	Note	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/ loss for the year	Total equity
Opening balance as of January 1, 2022	13	**4.6**	**230.7**	**2.3**	**23.6**	**261.3**
Total comprehensive income for the year						
Loss for the year					-98.1	-98.1
Other comprehensive income for the year				7.3		7.3
Total comprehensive income for the year		**–**	**–**	**7.3**	**-98.1**	**-90.8**
Transactions with the Group's owners						
Contributions by and distributions to owners						
New share issue		0.5	861.6			862.1
Warrants			5.1			5.1
Total contributions by and distributions to owners		**0.5**	**866.7**	**–**	**–**	**867.1**
Closing equity as of December 31, 2022		**5.1**	**1,097.3**	**9.7**	**-74.5**	**1,037.6**
Opening balance as of January 1, 2023		**5.1**	**1,097.3**	**9.7**	**-74.5**	**1.037,6**
Total comprehensive income for the year						
Loss for the year					-554.4	-554,4
Other comprehensive income for the year				1.0		1.0
Total comprehensive income for the year		**–**	**–**	**1.0**	**-554.4**	**-553.4**
Transactions with the Group's owners						
Contributions by and distributions to owners						
New share issue[1)]		0.6	522.6			523.2
Warrants		0.1	10.5			10.6
Total contributions by and distributions to owners		**0.7**	**533.1**	**–**	**–**	**533.7**
Closing equity as of December 31, 2023		**5.8**	**1,630.4**	**10,6**	**-628,9**	**1,017.9**

Consolidated profit or loss have been restated, for further information see note 42.

Consolidated Statement of Cash Flows

SEK million	Note	2023	2022
Operating activities			
Operating profit/loss		-439.6	-19.7
Adjustments for non-cash items, etc.	39	253.2	233.6
Interest paid		–87.6	–37.4
Interest received		4.9	1.5
Income tax paid		–10.0	–19.8
Cash flow from operating activities before changes in working capital		**–279.0**	**158.3**
Changes in working capital			
Increase/decrease in inventories		163.0	–995.3
Increase/decrease in operating receivables		–90.9	169.9
Increase/decrease in operating liabilities		-324.3	307.0
Cash flow from changes in working capital		**–252.2**	**–518.5**
Cash flows from operating activities		**–531.1**	**–360.2**
Investing activities			
Investments in intangible assets	15	–99.9	–71.3
Investments in property, plant and equipment	16	–23.7	–47.7
Sale of property, plant and equipment	16	0.3	–
Change in financial assets		11.3	–30.5
Cash flows from investing activities		**–112.0**	**–149.5**
Financing activities			
New share issue		536.2	893.2
Issue costs		–13.0	–31.1
Option programs		10.6	5.0
Borrowings	40	685.6	543.1
Repayment of loans	40	–579.4	–791.7
Repayment of lease liability	40	–24.1	–5.3
Cash flows from financing activities		**615.8**	**613.3**
Increase/decrease in cash and cash equivalents		**–27.3**	**103.6**
Cash and cash equivalents, start of year		120.4	16.0
Exchange rate difference in cash and cash equivalents		–7.9	0.8
Cash and cash equivalents, end of year		**85.1**	**120.4**

Consolidated cash flow have been restated, for further information see note 42.

Parent Company's Income Statement

SEK million	Note	2023	2022
Net sales	5	1,272.2	2,073.4
Cost of goods sold		-1,054.4	-1,648.4
Gross profit		**217.7**	**425.0**
Research and development expenses	6, 8, 22	–114.1	–100.6
Selling and marketing expenses	6, 8, 22	–88.5	–73.5
General and administrative expenses	6, 7, 8, 22	–280.1	–300.0
Other operating income	9	50.9	228.4
Other operating expenses	10	–221.9	–242.8
Operating profit/loss		**–435.9**	**-63.6**
Other interest income and similar profit/loss items	11	3.2	1.1
Interest expenses and similar profit/loss items	11	-68.0	-69.7
Financial items, net		**-64.8**	**-68,6**
Loss before tax		**–500.8**	**-132.2**
Tax	12	-11.6	12.6
Loss for the year		**-512.4**	**-119.6**

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

Income statement for parent company have been restated, for further information see note 42.

Parent Company's Balance Sheet

SEK million	Note	2023	2022
ASSETS			
Intangible assets	15	211.9	158.6
Property, plant and equipment	16	37.9	31.8
Participations in Group companies	19	40.7	38.4
Participations in joint ventures	20	1.0	–
Receivables from Group companies	21, 22	70.7	12.1
Deferred tax assets	23	0.9	12.5
Non-current receivables	25	13.4	11.3
Total non-current assets		**376.5**	**264.6**
Inventories	26	1,058.0	1,331.9
Trade receivables	27	196.5	158.3
Receivables from Group companies	21, 22	177.9	286.9
Tax receivables	12	7.0	9.7
Other receivables	28	25.5	7.6
Advance payments and other current assets	29	0.2	0.2
Prepaid expenses and accrued income	30	84.1	23.1
Cash and cash equivalents	31	11.3	28.7
Total current assets		**1,560.7**	**1,846.4**
TOTAL ASSETS		**1,937.2**	**2,111.1**

SEK million	Note	2023	2022
EQUITY			
Restricted equity			
Share capital		5.8	5.1
Development expenditure reserve		195.5	149.1
Non-restricted equity			
Share premium reserve		1,615.6	1,083.1
Retained earnings		-275.3	–109.9
Loss for the year		-512.4	-119.6
TOTAL EQUITY	13	**1,029.1**	**1,007.8**
Provisions			
Other provisions	32	55.3	44.6
Total provisions		**55.3**	**44.6**
Non-current liabilities			
Liabilities to financial institutions	33	11.0	15.0
Total non-current liabilities		**11.0**	**15.0**
Current liabilities			
Liabilities to financial institutions	33	351.8	241.7
Advance payments from customers	34	79.9	5.6
Trade payables	35	109.9	443.1
Liabilities to Group companies	21, 22	195.3	133.4
Other liabilities	35	10.1	8.8
Accrued expenses and prepaid income	36	94.8	109.3
Current provisions		–	101.9
Total current liabilities		**841.8**	**1,043.7**
TOTAL LIABILITIES		**908.1**	**1,103.3**
TOTAL EQUITY AND LIABILITIES		**1,937.2**	**2,111.1**

Balance sheet for parent company have been restated, for further information see note 42

Parent Company's Statement of Changes in Equity

		Restricted equity		Non-restricted equity			
SEK million	Note	Share capital	Development expenditure reserve	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Opening balance as of January 1, 2022	13	**4.6**	**110.0**	**221.5**	**–79.2**	**3.5**	**260.3**
Reclassification of last year's profit/loss					3.5	–3.5	–
Loss for the year						-119.6	-119.6
Capitalization of capitalized development costs for the year			41.9		–41.9		–
Amortization of capitalized development costs for the year			–2.8		2.8		–
Total comprehensive income for the year		**–**	**39.2**	**–**	**–35.7**	**-123.1**	**-119.6**
Transactions with shareholders in their capacity as owners							
New share issue		0.5		861.6			862.1
Warrants					5.1		5.1
Closing equity as of December 31, 2022		**5.1**	**149.1**	**1,083.1**	**–109.9**	**-119.6**	**1,007.8**
Opening balance as of January 1, 2023		**5.1**	**149.1**	**1,083.1**	**–109.9**	**-119.6**	**1,007.8**
Reclassification of last year's profit/loss					-119.6	119.6	–
Loss for the year						–512.4	–512.4
Capitalization of capitalized development costs for the year			91.8		–91.8		–
Amortization of capitalized development costs for the year			–45.5		45.5		–
Total comprehensive income for the year		**–**	**46.3**	**–**	**-166.0**	**-392.7**	**-512.4**
Transactions with shareholders in their capacity as owners							
New share issue[1]		0.6		522.6			523.2
Warrants		0.1		9.9	0.6		10.6
Closing equity as of December 31, 2023		**5.8**	**195.5**	**1,615.6**	**-275.3**	**–512.4**	**1,029.1**

[1] The new share issue is recognized net after deductions for transaction costs of SEK 13.0 million (31.1).

Income statement for parent company have been restated, for further information see note 42.

Parent Company's Statement of Cash Flows

SEK million	Note	2023	2022
Operating activities			
Operating profit/loss		–435.9	-63.6
Adjustments for non-cash items, etc.	39	47.7	215.3
Interest paid		–68.0	–30.3
Interest received		3.2	1.1
Income tax paid		2.7	–13.8
Cash flow from operating activities before changes in working capital		**–450.4**	**108.6**
Changes in working capital			
Increase/decrease in inventories		252.5	–786.2
Increase/decrease in operating receivables		–10.0	–131.4
Increase/decrease in operating liabilities		–266.4	326.9
Cash flow from changes in working capital		**–23.9**	**–590.9**
Cash flows from operating activities		**–474.2**	**–482.3**
Investing activities			
Investments in intangible assets	15	–99.1	–70.3
Investments in property, plant and equipment	16	–14.6	–26.0
Sale of property, plant and equipment	16	0.3	–
Investments in subsidiaries	19	–2.3	–9.9
Change in financial assets		–67.3	–12.6
Cash flows from investing activities		**–183.1**	**–118.8**
Financing activities			
New share issue		536.2	893.2
Issue costs		–13.0	–31.1
Option programs		10.6	5.0
Borrowings	40	685.6	543.1
Repayment of loans	40	–579.4	–791.7
Change in non-current liabilities		–	–0.1
Cash flows from financing activities		**639.9**	**618.5**
Cash Flow for the year		**–17.4**	**17.4**
Cash and cash equivalents, at the beginning of the year		28.7	11.3
Exchange differences in cash and cash equivalents		–	–
Cash and cash equivalents, end of year		**11.3**	**28.7**

Cash flow for parent company has been restated, for further information see note 42.

Notes

NOTE 1. GENERAL INFORMATION

Polarium Energy Solutions AB, Corporate Identity Number 556986–5461, is a limited liability company registered in Sweden, domiciled in Stockholm. The address of the headquarters is Solnavägen 3H, SE-113 63 Stockholm, Sweden. Polarium Energy Solutions AB is the Parent Company of the Group whose main operations include the development, manufacture and sales of energy storage based on advanced lithium-ion technology.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards® (IFRS), as adopted by the EU, and the interpretations of the IFRS Interpretations Committee (IFRIC). The Group also applies the Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups. The Parent Company applies the same accounting policies as the Group, except in the cases stated below in section 2.25 Parent Company Accounting Policies.

The consolidated financial statements of Polarium Energy Solutions AB and its subsidiaries (together the "Group") for the financial year ended December 31, 2023 were approved for issue and publication in accordance with a decision of the Board of Directors on 14 July, 2024.

NOTE 2. SUMMARY OF IMPORTANT ACCOUNTING POLICIES AND VALUATION PRINCIPLES

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

2.1 Basis of Preparation

The Group applies IFRS, as adopted by the EU. The Swedish Corporate Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups is also applied. The Parent Company's accounting policies and valuation principles follow the Swedish Annual Accounts Act and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

The consolidated financial statements are presented in millions of Swedish kronor (SEK million) unless otherwise stated and the Group has prepared all financial statements on a going concern basis.

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

2.2 Information on IFRS and Interpretations That Entered Into Force in 2023

Amendments to *IAS 1 Presentation of Financial Statements (Disclosure of Accounting Policies)* have been applied as of January 1, 2023. Other IFRS that entered into force in 2023 have not had a material impact on the consolidated financial statements. The amendments aim to enhance the usefulness of disclosures of accounting policies applied by encouraging the disclosure of only material policies and an explanation of how those policies are applied. The description of accounting policies is therefore more focused on material policies and the application of those policies.

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

A number of new standards and interpretations will enter into force for financial years beginning after January 1, 2024 and have not been applied in preparing these financial statements. These standards or interpretations are not expected to have a material impact on the Group.

2.4 Consolidated Financial Statements

Holdings in subsidiaries

The consolidated financial statements include the Parent Company and the subsidiaries over which the Parent Company has control.

All subsidiaries in the Group have been formed, not acquired. At the end of 2023, the Group comprised eight (five) legal entities where the Parent Company has a controlling influence.

Holdings in joint arrangements

An assessment is made of whether a joint arrangement is a joint operation or joint venture. The Group has a joint arrangement in the form of a joint venture recognized in accordance with the equity method. Upon acquisition of the other party's holding in a joint venture such that a controlling influence arises, assets and liabilities are not remeasured.

The Group owns 50% of Homevolt AB ("Homevolt"). Homevolt's operations comprise manufacturing, marketing and selling systems for energy storage and energy optimization and associated activities. Homevolt's earnings before tax are consolidated in the Group as a separate line item in operating profit. Refer to the information in Note 20 Participations in Joint Ventures.

2.5 Foreign Currency Translation

Functional currency and reporting currency

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

Transactions and balance sheet items in foreign currencies

Foreign exchange differences that arise during translation are recognized in operating profit as other operating income or expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Exchange differences for internal monetary assets and liabilities in foreign currencies are recognized in net financial income/expense as financial income or financial expenses.

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

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 (SEK).

2.6 Revenue Recognition

The Group develops, manufactures and sells products and services related to energy storage based on advanced lithium-ion technology. The Group's revenue is measured at the fair value of what has been received or will be received and corresponds to the amounts received for sold goods and services less any discounts given, returns and VAT.

The Group recognizes revenue when the Group satisfies its performance obligations, which occurs when the customer has taken control of the good or service.

Recognized at a point in time

Sale of goods

Sales are recognized as revenue when control of the products is passed to the customer, which generally occurs when the products are delivered. Delivery occurs when the products have been transported to the location agreed in the terms of freight, all risks have been transferred to the customer and the Group has objective proof that all acceptance criteria have been met. 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). Advance payments are also recognized as contract liabilities. See Note 34 for more information.

The revenue is measured at the transaction price agreed under the contract. The consideration is generally due when the product has been delivered to the customer. While deferred payment terms may be agreed in rare circumstances, the deferral is typically from 30 to 120 days. 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 32 Provisions). Sale of goods is recognized in the Products operating segment.

Other

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

Recognition over time

Sale of services

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

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

Sale of services is recognized in the Services operating segment.

2.7 Leases

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

Leases – the Group as the lessee

For all leases, with the above-mentioned exceptions, a right-of-use asset and a corresponding lease liability are recognized on the day when the leased asset is available for use by the Group.

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 three months to ten years, but some include options to extend or terminate the leases, which has been considered in the determination of the total lease term.

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

Options to extend or terminate leases

The Group's office leases have options to extend or terminate the leases. These terms are used to maximize flexibility in the management of the leases.

Presentation

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

2.8 Current and Deferred Tax

Income tax comprises current tax and deferred tax.

Income tax is recognized in earnings. If the underlying transaction is recognized in other comprehensive income or in equity, the associated tax is recognized in a corresponding manner. Deferred tax assets are recognized for all deductible temporary differences and unutilized loss carry forwards to the extent it is probable that future taxable profit will be available.

2.9 Intangible Assets

Acquired intangible assets consist primarily of capitalized development costs and other intangible assets such as patents and trademarks. Intangible assets are recognized at cost less accumulated amortization and any impairment.

Capitalized development costs

In all material respects, capitalized expenditure for development work comprises capitalized expenditure for the development of new products for sale and development of primarily batteries, battery storage systems, energy optimization and support services. It is primarily internal time and external time that are capitalized in projects where time is spent on the development and design of hardware and systems, mechanisms, software, programs, and system integration and production tests. Costs for prototypes, project material, certification and tests are also capitalized in the balance sheet. Amortization and impairment are reported as part of research and development expenses in the income statement since Polarium follows up on the research and development function as a whole.

Other intangible assets
Other intangible assets refers to assets acquired by the company that are recognized at cost less accumulated amortization and impairment. These intangible assets consist of:

- Patents
- Trademarks

Amortization
Amortization is carried out on a straight-line basis over the estimated useful life. Amortization begins when the asset can be used and its useful life is tested annually. The following useful lives are used:

- Capitalized development costs 3–5 years
- Patents 5 years
- Trademarks 5 years

Impairment
More information is available in Note 2.12

2.10 Property, Plant and Equipment

Acquired property, plant and equipment consists primarily of machinery and tools used production, inventory pertaining to offices and leasehold improvements. Assets are recognized at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment are capitalized if the cost exceeds SEK 25,000 and the economic life is estimated at more than three years.

Depreciation
Property, plant and equipment are depreciated straight-line over the expected useful life to distribute the cost down to the calculated residual value over the expected useful life. This is done as follows:

- Plant and machinery: 5 years
- Equipment, tools, fixtures and fittings: 3–5 years
- Leasehold improvements: According to the contract period

2.11 Impairment

Impairment testing of intangible assets and property, plant and equipment
The need for impairment for the carrying amount of intangible assets with indefinite useful lives and intangible assets that cannot yet be used is tested annually and whenever events indicate that the carrying amount of an asset cannot be recovered.

Intangible assets with limited useful lives and tangible assets are tested whenever events or changes in conditions indicate that the carrying amount exceeds the recoverable value.

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

The Group applies the simplified approach to loss allowances in IFRS 9, 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.

2.12 Financial Instruments

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

The Group's financial assets and liabilities
The Group classifies its financial assets in two of three measurement categories:

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

Based on its business models, the Group's other non-current receivables, trade receivables (not trade receivables that refer to a factoring arrangement) and cash and cash equivalents are measured at amortized cost, taking expected credit losses into account. The Group's part of the trade receivables that refers to a factoring arrangement where the Group has transferred the credit risk and late payment risk to the factoring company is measured at fair value through profit or loss.

After initial recognition, all of the Group's financial liabilities are measured at amortized cost. Liabilities at amortized cost comprise borrowings, lease liabilities, trade payables and other liabilities.

2.13 Inventories

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

Obsolescence model
The Group applies an obsolescence model on a monthly basis that currently focuses on components available in the warehouse. The model focuses on materials used in the current (and future) bill of materials (BOM) whereby outdated components are impaired to various degrees depending on the circumstances. A BOM is a list of components required to manufacture or repair a product or service. The manufacturing cost is not part of the BOM but it is a part of the cost for the finished product. The manufacturing cost is not part of the obsolescence model.

2.14 Trade Receivables

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

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred receivables to the factoring counterparty in exchange for cash. The Group's factoring arrangements vary in nature and terms depending on the counterparty and the contract. This means that the Group manages any trade receivables that are subject to factoring in a hybrid manner, where they are either transferred in their entirety including credit risk and late payment risk (factoring without recourse) or transferred excluding credit risk and late payment risk (invoice discounting with recourse), which are then retained in the Group. Refer to section 2.13 for information about measurements of financial assets. Invoice discounting with recourse refers to the company mortgaging and discounting its invoice, typically approximately 85% of the invoice amount.

See Note 27 Trade Receivables for additional information and Note 4 Financial Risk Management for a description of the Group's impairment principles.

2.15 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.

2.16 Share Capital

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

2.17 Borrowings

Borrowing costs are charged to earnings for the period to which they are attributable. Transaction costs that arise in connection with borrowings are capitalized and allocated over the term of the loan. The capitalized amount is recognized net against the loan raised.

2.18 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, meaning when amortization or depreciation commences. Other borrowing costs are expensed as incurred.

2.19 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. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. Trade payables are non-interest-bearing and payment terms are from 0–90 days.

Trade payables under supplier financing arrangements

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

Based on Polarium's assessment, liabilities under the supplier financing arrangements are closely related to business purchasing and the financing arrangement does not lead to any significant changes to the nature or function of the liabilities. These liabilities are therefore classified as trade payables with separate disclosures in the notes. The credit period does not exceed 12 months and the trade payables are therefore not discounted.

See Note 35 Trade Payables and Other Current Liabilities for more information.

2.20 Remuneration to Employees

Defined contribution pension plans

The Group's obligations pertaining to defined contribution plans are recognized as a cost in net profit for the year at the rate they are accrued by the employees performing services for the Group over a period of time.

Pension agreement with endowment insurance

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

Severance pay obligations

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

Termination benefits

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

Share-based remuneration

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

2.21 Provisions

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

2.22 Contingent Liabilities and Pledged Assets

A disclosure of contingent liabilities is provided when there is a possible commitment originating from past events and whose existence is confirmed only by one or more uncertain future events outside the Group's control, or when there is a commitment that is not recognized as a liability or provision because it is probable that an outflow of resources will be required, or cannot be measured with sufficient reliability. The Parent Company has suretyships for specific suppliers where warranties are provided to receive a higher granted credit term.

Disclosures regarding pledged assets are provided if there is collateral that is pledged for a liability, a provision or a contingent liability. The Group has floating charges that are recognized at a nominal amount and mortgaged trade receivables that are presented at carrying amount.

2.23 Earnings per Share

The calculation of earnings per share is based on net profit in the Group attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. Effects of dilutive potential shares exist. The Group has warrants that can lead to a dilutive effect when calculating earnings per share.

2.24 Segment Information

Polarium monitors revenue from the following regions: Africa, North America, Asia/Pacific/Middle East and Europe. The revenue measure is not considered sufficient to assess the regions' earnings and make resource allocation decisions for any of the Group's components. The review of earnings is based on total operating profit for the Group focusing on cost control at Group level. The Group has only identified one segment and does not monitor operating profit lower than the Group level. The Group's CEO is the chief operating decision maker.

2.25 Parent Company Accounting Policies

The Parent Company has prepared its annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities.

Differences between the Group and Parent Company accounting policies

Classification and presentation formats

The Parent Company's income statement and balance sheet are presented in accordance with the stipulations of the Swedish Annual Accounts Act. The difference compared with IAS 1 Presentation of Financial Statements, which is applied in the presentation of the consolidated financial statements, pertains primarily to the recognition of financial income and expenses, non-current assets, equity and provisions under a separate heading in the balance sheet.

Leases

In accordance with the exemption provided for in RFR 2, the Parent Company does not apply IFRS 16 Leases. As a lessee, lease payments are recognized as costs straight-line over the lease term (operating leases) and, accordingly, no right-of-use assets or lease liabilities are recognized in the balance sheet.

Development expenditure reserve

Amounts capitalized as internally generated development expenditure among intangible assets are transferred from non-restricted equity to the development expenditure reserve in restricted equity. The reserve decreases as the capitalized expenses are amortized or impaired.

NOTE 3. SIGNIFICANT ESTIMATES AND JUDGMENTS FOR ACCOUNTING PURPOSES

To prepare reports in accordance with IFRS, judgments and estimates must be made that affect the reported amounts for assets and liabilities as well as revenue and expenses, in addition to other information provided in the annual accounts. The Board and company management's estimates and judgments are based on historical experiences and forecasts of future development. Actual outcomes may differ from these judgments.

Measurement 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. For further information, see Note 15 Intangible Assets.

Measurement of inventories

On each balance sheet date, the net realizable value of the inventories is calculated, taking the most reliable information available into account. The future selling price may be affected by future technology and other market-driven changes that may reduce future selling prices and because accurate measurement of the inventory requires a thorough evaluation of whether the inventory is considered obsolete. Any impairment is recognized in cost of goods sold. For further information, see Note 26 Inventories.

Provisions

The Group regularly reviews material unsettled disputes to determine the need for provisions. The factors considered in such an assessment include the type of litigation or lawsuit, the amount of any damages, the progress of the dispute, opinions from legal and other advisors, experience from similar cases and decisions made by Group management concerning the Group's actions with respect to these disputes.

However, estimates made do not necessarily reflect the outcome of settled litigations and differences between outcomes and estimates can materially impact the company's financial position and have an unfavorable impact on earnings and liquidity. For further information, see Note 32 Provisions.

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.

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, 2023, 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. For more information about leases, see Note 17 Right-of-Use Assets and Leases.

Taxes

Changes in tax legislation or praxis in interpreting tax laws can materially impact the amount of deferred tax reported. For more information about taxes, see Note 12 Income Tax.

Accounting standards and interpretations

New or amended accounting standards and interpretations of other existing standards can lead to changes that entail that certain future transactions are to be managed differently than current praxis.

NOTE 4. FINANCIAL RISK MANAGEMENT

4.1 Financial Risk Factors

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

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

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

Market risk

(a) Foreign currency risk

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

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

Sensitivity analysis – foreign currency risk

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 2023 financial year would have been SEK 19.7 million (25.3) lower/higher, largely as a result of gains/losses on the translation of trade receivables, trade payables and loans.

(b) Interest rate risk

The Group's net debt is in its entirety subject to variable interest. Most of the borrowings consist of bank overdraft facilities in USD with the Group's main bank, two term loans in SEK with Svensk Exportkredit and bridging loans with Swedbank and Nordea, also subject to variable interest. The Group does not currently hedge its interest rate risk related to future cash flows, since the Group's loan financing consists primarily of a bank overdraft facility with a highly volatile utilization ratio over time. All loans include established financial ratios (covenants) that must be fulfilled, including equity ratio and minimum liquidity levels. For more information about the Group's borrowings, see Note 33 Borrowings.

Sensitivity analysis – Interest rate risk

The Group's interest expenses for borrowings at variable interest as of December 31, 2023 were limited, which means that the sensitivity to and impact of a change of 100 basis points lower/higher, with all other variables constant, is below SEK 2.9 million (2.0) on profit after tax and equity.

(c) Credit risk

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

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

Impairment of financial assets

While cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. In the Group, trade receivables are also subject to the application of expected credit losses. The Group applies the simplified approach, at least once per year, to measuring expected credit losses. The method uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due (90 days). The expected loss rates are based on the customers' historical credit losses over the past three years. Historically, the Group's credit losses have been negligible and the customers' payment history has been good. Considering this and the forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, the Group's expected credit losses are also determined to be negligible.

	Group			
	Dec 31, 2023		Dec 31, 2022	
Balance sheet exposure, SEK million	**Foreign currency**	**Local currency**	**Foreign currency**	**Local currency**
Trade receivables				
AUD	0.0	0.2	–	–
EUR	0.1	0.6	–	–
GBP	0.1	1.1	–	–
MXN	0.0	0.0	–	–
SEK	12.8	12.8	1.3	1.3
USD	33.5	336.5	26.5	276.5
ZAR	27.9	15.2	67.5	41.5
Total		**366.5**		**319.3**
Trade payables				
AUD	0.0	0.2	–	–
EUR	0.6	6.1	0.9	9.9
GBP	0.0	0.0	0.0	0.1
MXN	1.6	1.0	0.9	0.5
PHP	0.2	0.0	–	–
SEK	19.4	19.4	63.7	63.7
USD	8.8	88.0	37.9	395.2
VND	3,445.4	1.4	3,977.9	1.8
ZAR	–0.4	–0.2	9.0	5.5
Other currencies	–	–	0.0	0.0
Total		**115.9**		**476.7**

(d) Liquidity risk

Financing risk refers to the risk that the refinancing of maturing loans will become more difficult or costly. Liquidity risk refers to the risk of being unable to execute payment obligations when these fall due. Through careful liquidity management, the Group ensures that it maintains sufficient cash to meet its obligations in the ordinary course of business. The Group also ensures that it has an adequate amount of committed credit facilities to pay liabilities when they fall due. Group Treasury monitors and routinely reports rolling liquidity forecasts for the Group's liquidity reserve (including undrawn credit facilities) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with the guidelines and limits set by Group management. These limits vary by region since the liquidity of the market in which the entity operates is taken into consideration. See Note 31 for further information on the Group's liquidity reserve.

Credit facilities

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

	Group			
Credit facilities, SEK million	**Notional amount, USD million**	**Notional amount, SEK million**	**Used**	**Available**
2023 financial year				
Bilateral credit facilities, due 2024	34.1	342.4	119.8	222.6
Total	**34.1**	**342.4**	**119.8**	**222.6**
Available cash and cash equivalents		85.1		
Liquidity reserve	**34.1**	**427.5**	**119.8**	**222.6**
2022 financial year				
Bilateral credit facilities, due 2023	51.2	533.9	145.7	388.1
Total	**51.2**	**533.9**	**145.7**	**388.1**
Available cash and cash equivalents		120.4		
Liquidity reserve	**51.2**	**654.2**	**145.7**	**388.1**

Maturity analysis for financial liabilities

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

	Group					
Financial liabilities, SEK million	**Less than 3 months**	**Between 3 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total contractual cash flows**	**Carrying amount**
2023 financial year						
Borrowings	4.0	201.2	11.0	–	216.2	216.2
Factoring credit	–	26.8	–	–	26.8	26.8
Bank overdraft facilities	–	119.8	–	–	119.8	119.8
Lease liabilities	10.3	30.8	125.1	41.4	207.5	166.5
Trade payables	115.9	–	–	–	115.9	115.9
Accrued expenses	95.7	118.8	–	–	214.5	214.5
Total	**225.9**	**497.4**	**136.1**	**41.4**	**900.8**	**859.7**
2022 financial year						
Borrowings	4.1	39.4	15.8	–	59.3	56.5
Factoring credit	54.4	–	–	–	54.4	54.4
Bank overdraft facilities	–	145.7	–	–	145.7	145.7
Lease liabilities	6.8	20.5	118.4	72.3	218.1	169.3
Trade payables	476.7	–	–	–	476.7	476.7
Accrued expenses	114.5	–	–	–	114.5	114.5
Total	**656.5**	**205.7**	**134.2**	**72.3**	**1,068.7**	**1,017.1**

Management of capital structure

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

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

4.2 Fair Value Measurement and Disclosure Regarding Fair Value

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

Interest-bearing liabilities

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

Other financial assets and liabilities

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

	Group	
Assets at amortized cost, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Non-current receivables	18.2	35.9
Trade receivables	362.6	319.3
Other receivables[1)]	10.4	1.5
Cash and cash equivalents	85.1	120.4
Total	**476.4**	**477.1**

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

	Group	
Liabilities at amortized cost, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Non-current borrowings		
Non-current liabilities from financial institutions	11.0	15.0
Current borrowings		
Current liabilities from financial institutions	205.2	41.5
Factoring credit	26.8	54.4
Bank overdraft facilities	119.8	145.7
Trade payables	115.9	476.7
Accrued expenses	214.5	114.5
Total	**693.2**	**847.8**

NOTE 5. NET SALES

Revenue

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

Recognized at a point in time

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

Recognition over time

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

All revenue from the above revenue streams refers to revenue from contracts with customers. For more information on the Group's revenue, refer to accounting policy 2.6.

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

Net sales are allocated to the following lines of business:

	Group		Parent Company	
Line of business, SEK million	**2023**	**2022**	**2023**	**2022**
Goods	1,137.4	2,182.7	1,255.5	2,043.1
Services	9.7	11.3	9.7	11.2
Other[1)]	8.2	28.8	7.0	19.1
Total	**1,155.3**	**2,222.8**	**1,272.2**	**2,073.4**

1) Freight revenue is included in the Other operating segment.

Net sales are allocated to the following geographic regions based on where the customer is domiciled:

	Group		Parent Company	
Geographic markets, SEK million	**2023**	**2022**	**2023**	**2022**
Africa	529.6	923.4	696.5	935.3
North America	101.5	814.6	74.2	653.2
APAC and Middle East	169.7	121.0	127.7	121.4
Europe	354.5	363.8	373.8	363.6
Total	**1,155.3**	**2,222.8**	**1,272.2**	**2,073.4**

The Group has only identified one operating segment. For more information about the Group's segment reporting, see accounting policy 2.24.

The Parent Company's net sales comprise internal and external sales. Internal sales of goods and services amounted to SEK 340.2 million (763.1). For more information about transactions with related parties, see Note 22.

Net sales are allocated to the following countries based on where the customer is domiciled:

	Group	
Countries, SEK million	**2023**	**2022**
Kenya	0.6	136.3
Nigeria	185.1	356.7
Norway	140.5	88.2
South Africa	132.1	160.1
Sweden	107.8	180.2
Uganda	150.4	217.2
USA	95.8	809.3
Other	343.0	274.7
Total	**1,155.3**	**2,222.8**

Revenue from external customers is classified according to individual countries based on the country where the customer is domiciled. In 2023, the Group had three customers who accounted for more than 10% of revenue. ATC Nigeria Wireless Infrastructure Limited ("ATC Nigeria") accounted for approximately 13.1% of total external revenue, American Towers Uganda ("ATC Uganda") accounted for approximately 12.9% of total external revenue and Pixii AS accounted for approximately 12.1% of total external revenue. Total external revenue from ATC Nigeria amounted to SEK 151.4 million, total external revenue from ATC Uganda amounted to SEK 148.5 million and total external revenue from Pixii amounted to SEK 139.5 million.

Non-current assets are allocated to the following regions:

	Group	
Regions, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Africa	11.2	9.7
North America	11.2	11.8
APAC and Middle East	10.1	10.1
Europe	250.7	194.6
Total	**283.1**	**226.2**

Non-current assets are allocated to the following countries:

	Group	
Countries, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Mexico	11.0	10.9
South Africa	10.9	9.7
Sweden	250.3	194.6
USA	0.2	0.9
Vietnam	8.2	10.1
Other	2.4	–
Total	**283.1**	**226.2**

NOTE 6. EXPENSES BY NATURE

	Group		Parent Company	
Expenses by nature, SEK million	**2023**	**2022**	**2023**	**2022**
Raw materials/consumables/goods for resale	920.8	1,579.5	1,054.4	1,648.5
Personnel costs after work performed by the company for its own use[1]	317.5	295.9	216.4	201.1
Amortization, depreciation and impairment[2]	91.4	65.4	51.9	38.3
Other external costs	233.6	292.8	214.3	234.8
Total operating expenses by nature	**1,563.2**	**2,233.6**	**1,537.1**	**2,122.6**

1) Work performed by the company for its own use amounts to 43.5 SEK million (28.1) for the Group and 43.5 SEK million (28.1) for Parent Company. Personnel costs related to Cost of goods sold was not included in the line personnel costs 2022. Adjusted in this table. Personnel costs in annual report for 2022 amounting to 60.9 SEK million.

2) Previous year did not include depreciation, amortization, and impairment of intangible and tangible assets included in COGS. Adjusted in this table included in COGS amounting to 7.5 SEK million.

NOTE 7. REMUNERATION TO AUDITORS

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

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
KPMG				
Audit assignment	2.9	1.9	2.2	1.2
Audit activities in addition to audit assignment	0.4	0.0	0.4	0.0
Tax advice	–	–	–	–
Other services	–	4.4	–	4.4
Total fees paid to KPMG	**3.3**	**6.3**	**2.5**	**5.6**
Grant Thornton				
Audit assignment	–	0.1	–	0.1
Audit activities in addition to audit assignment	–	0.2	–	0.2
Tax advice	–	0.1	–	0.1
Other services	–	0.1	–	0.1
Total fees paid to Grant Thornton	**–**	**0.4**	**–**	**0.4**
Audit fees to other auditors	0.2	0.4	–	–
Total fees paid to auditors	**3.6**	**7.1**	**2.5**	**6.0**

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

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

Cost of remuneration to employees[1)]

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Salaries and other remuneration	–213.2	–193.3	–139.7	–127.5
Cash remuneration and benefits	–0.6	–0.2	–0.3	–0.1
Social security contributions	–62.5	–54.8	–49.0	–42.5
Pension costs – defined contribution plans	–25.4	–18.1	–23.2	–17.2
Other personnel expenses	–15.9	–29.2	–4.1	–13.7
Total	**–317.5**	**–295.9**	**–216.4**	**–201.1**

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Salaries and other remuneration				
Board members & CEO	–5.8	–5.6	–5.8	–5.6
of which bonuses	*–0.4*	*–0.4*	*–0.4*	*–0.4*
Group management	–11.0	–10.7	–11.0	–10.7
of which bonuses	*–0.3*	*–0.3*	*–0.3*	*–0.3*
Other employees	–196.4	–176.9	–122.9	–111.2
Cash remuneration and benefits				
Board members & CEO	0.0	0.0	0.0	0.0
Group management	0.0	0.0	0.0	0.0
Other employees	–0.6	–0.2	–0.3	–0.1
Social security contributions				
Board members & CEO	–1.8	–1.7	–1.8	–1.7
Group management	–3.5	–3.4	–3.5	–3.4
Other employees	–57.1	–49.7	–43.7	–37.4
Pension costs – defined contribution plans				
Board members & CEO	–1.6	–1.6	–0.2	–1.6
Group management	–4.1	–2.7	–4.1	–2.7
Other employees	–19.7	–14.1	–19.0	–12.9
Other personnel expenses				
Other employees	–15.9	–29.2	–4.1	–13.7
Total	**–317.5**	**–295.9**	**–216.4**	**–201.1**

1) Work performed by the company for its own use amounts to 43.5 SEK million (28.1) for the Group and 43.5 SEK million (28.1) for Parent Company. Personnel costs related to Cost of goods sold for the Group was not included in the line personnel costs 2022 amounting to 60.9 SEK million.

Salaries and other remuneration to senior executives

	Group				
2023 financial year, SEK million	**Basic salary, Board fee**	**Variable remuneration**	**Pension costs**	**Other provisions**	**Total**
Chairman of the Board (Carl-Erik Lagercrantz)	0.1	–	–	–	0.1
Board member (Carola Puusteli)	0.1	–	–	–	0.1
Board member (Bo Jungner)	0.1	–	–	–	0.1
Board member (Cecilia Qvist)	0.0	–	–	–	0.0
Board member (Sophia Bendz)	–	–	–	–	–
Board member (Johan Dennelind)	0.1	–	–	–	0.1
Board member / CEO (Stefan Jansson)	5.1	0.4	1.6	0.0	7.1
Other senior executives (5 persons)[1]	11.0	0.7	4.1	0.0	15.9
Total	**16.4**	**1.1**	**5.7**	**0.0**	**23.2**
Remuneration from the Parent Company	16.4	1.1	5.7	0.0	23.2
Remuneration from subsidiary	–	–	–	–	–
2022 financial year, SEK million					
Chairman of the Board (Carl-Erik Lagercrantz)	0.1	–	–	–	0.1
Board member (Johan Dennelind)	0.1	–	–	–	0.1
Board member (Bo Jungner)	0.1	–	–	–	0.1
Board member (Anna Kinberg Batra)	0.1	–	–	–	0.1
Board member (Carola Puusteli)	0.1	–	–	–	0.1
Board member (Cecilia Qvist)	0.0	–	–	–	0.0
Board member / CEO (Stefan Jansson)	5.0	0.4	1.6	0.0	7.0
Other senior executives (5 persons)	10.4	0.3	2.7	0.0	13.5
Total	**15.6**	**0.7**	**4.3**	**0.1**	**20.7**
Remuneration from the Parent Company	15.6	0.7	4.3	0.1	20.7
Remuneration from subsidiary	–	–	–	–	–

	Parent Company				
2023 financial year, SEK million	**Basic salary, Board fee**	**Variable remuneration**	**Pension costs**	**Other provisions**	**Total**
Chairman of the Board (Carl-Erik Lagercrantz)	0.1	–	–	–	0.1
Board member (Carola Puusteli)	0.1	–	–	–	0.1
Board member (Bo Jungner)	0.1	–	–	–	0.1
Board member (Cecilia Qvist)	0.0	–	–	–	0.0
Board member (Sophia Bendz)	–	–	–	–	–
Board member (Johan Dennelind)	0.1	–	–	–	0.1
Board member / CEO (Stefan Jansson)	5.1	0.4	1.6	0.0	7.1
Other senior executives (5 persons)	11.0	0.7	4.1	0.0	15.9
Total	**16.4**	**1.1**	**5.7**	**0.0**	**23.2**
Remuneration from the Parent Company	16.4	1.1	5.7	0.0	23.2
Remuneration from subsidiary	–	–	–	–	–
2022 financial year, SEK million					
Chairman of the Board (Carl-Erik Lagercrantz)	0.1	–	–	–	0.1
Board member (Johan Dennelind)	0.1	–	–	–	0.1
Board member (Bo Jungner)	0.1	–	–	–	0.1
Board member (Anna Kinberg Batra)	0.1	–	–	–	0.1
Board member (Carola Puusteli)	0.1	–	–	–	0.1
Board member (Cecilia Qvist)	0.0	–	–	–	0.0
Board member / CEO (Stefan Jansson)	5.0	0.4	1.6	0.0	7.0
Other senior executives (5 persons)	10.4	0.3	2.7	0.0	13.5
Total	**15.6**	**0.7**	**4.3**	**0.1**	**20.7**
Remuneration from the Parent Company	15.6	0.7	4.3	0.1	20.7
Remuneration from subsidiary	–	–	–	–	–

[1] Of whom, two on a consultancy basis for part of the year. See also Note 22 Transactions With Related Parties.

Average number of employees

Quantity	2023	of whom, men	2022	of whom, men
Parent Company				
Sweden	177	65%	148	69%
Total Parent Company	**177**		**148**	
Subsidiaries				
Australia	2	100%	–	–
Mexico	183	43%	336	35%
South Africa	75	60%	48	63%
UK	1	100%	1	100%
USA	11	73%	15	73%
Vietnam	81	57%	79	54%
Total subsidiaries	**353**		**479**	
Total Group	**530**		**627**	

Gender distribution for Board members and other senior executives

	Group			
Quantity	**2023**	**of whom, men**	**2022**	**of whom, men**
Board members	6	50%	7	57%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Group management	6	28%	6	67%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Total Group	**12**		**13**	

	Parent Company			
Quantity	**2023**	**of whom, men**	**2022**	**of whom, men**
Board members	6	50%	7	57%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Group management	6	28%	6	67%
of whom, the CEO	*1*	*100%*	*1*	*100%*
Total Group	**12**		**13**	

Warrants issued to employees and senior executives

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

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

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

	Group			
	2023		2022	
	Average strike price in SEK per warrant	**Warrants (thousands)**	**Average strike price in SEK per warrant**	**Warrants (thousands)**
Opening carrying amount	**219.6**	**742.6**	**192.5**	**739.8**
Granted	–	–	1,861.0	14.3
Exercised	122	–86.5	–	–
Repurchased	–	–	–591.8	–11.5
Closing carrying amount	**232.5**	**656.1**	**219.6**	**742.6**

	Parent Company			
	2023		2022	
	Average strike price in SEK per warrant	**Warrants (thousands)**	**Average strike price in SEK per warrant**	**Warrants (thousands)**
Opening carrying amount	**219.6**	**742.6**	**192.5**	**739.8**
Granted	–	–	1,861.0	14.3
Exercised	122	–86.5	–	–
Repurchased	–	–	–591.8	–11.5
Closing carrying amount	**232.5**	**656.1**	**219.6**	**742.6**

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

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Board of Directors and CEO	160,000	160,000	160,000	160,000
Group management[1]	20,000	64,500	20,000	64,500
Other employees	476,074	518,074	476,074	518,074
Number of warrants outstanding	**656,074**	**742,574**	**656,074**	**742,574**

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

Warrants issued to employees and senior executives

	Group			
Program	**Grant year**	**Terms, year**	**Number of options outstanding**	**Weighted average strike price, SEK**
Series I–VII	2015	10	371,000	13.0
Series VIII	2017	3	–	81.0
Series IX–X	2018	5	–	122.0
Series XI–XII	2020	5	164,250	395.9
Series XIII–XIV	2021	4	106,500	525.8
Series XV	2022	3	14,324	1,861.0
			656,074	

	Parent Company			
Program	**Grant year**	**Terms, year**	**Number of options outstanding**	**Weighted average strike price, SEK**
Series I–VII	2015	10	371,000	13.0
Series VIII	2017	3	–	81.0
Series IX–X	2018	5	–	122.0
Series XI–XII	2020	5	164,250	395.9
Series XIII–XIV	2021	4	106,500	525.8
Series XV	2022	3	14,324	1,861.0
			656,074	

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

	Group		Parent Company	
	2023	**2022**	**2023**	**2022**
Fair value on the grant date, SEK	–	1,861.0	–	1,861.0
Strike price (expressed as weighted average, SEK)	–	1,861.0	–	1,861.0
Expected volatility (expressed as weighted average, %)	–	30.0%	–	30.0%
Duration (expressed as weighted average duration, year)	–	3.0	–	3.0
Risk-free interest rate (based on Swedish government bonds, %)	–	1.69%	–	1.69%
Market value of a warrant	**–**	**419.7**	**–**	**419.7**

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

NOTE 9. OTHER OPERATING INCOME

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Exchange gains on assets/liabilities of an operating nature	65.7	200.6	27.7	199.4
Gain on sale of non-current assets	–	0.1	–	–
Insurance recovery	0.0	5.3	0.0	5.3
Transfer pricing (TP) adjustment	–	–	23.1	23.7
Other	0.1	0.0	0.0	0.0
Total	**65.8**	**205.9**	**50.9**	**228.4**

Exchange differences, net for the Group were SEK −29.4 million (−5.3) and SEK −25.7 million (−4.1) for the Parent Company.

Insurance recovery pertains to payments from insurance companies for stolen goods in 2022. During the years, adjustments were performed for transfer pricing between the Parent Company and subsidiaries.

NOTE 10. OTHER OPERATING EXPENSES

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Exchange losses on assets/liabilities of an operating nature	95.1	205.9	53.4	203.5
Capital losses on property, plant and equipment	0.4	0.2	0.4	0.2
Capital losses on intangible assets	1.7	–	1.7	–
Impairment of certain current assets	–	3.7	–	3.7
Transfer pricing (TP) adjustments	–	–	166.4	35.5
Other	–	5.1	–	–
Total	**97.2**	**214.8**	**221.9**	**242.8**

Exchange differences, net for the Group were SEK −29.4 million (−5.3) and SEK −25.7 million (−4.1) for the Parent Company.

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

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

NOTE 11. FINANCIAL ITEMS, NET

	Group	
SEK million	**2023**	**2022**
Financial income		
Interest income, other	4.9	1.4
Other financial income	–	0.1
Total financial income	**4.9**	**1.5**
Financial expenses		
Interest expenses, other	-26.0	-5.2
Interest expenses, bank overdraft facilities	−27.7	−7.5
Interest expenses, credit facility	−10.8	−1.9
Interest expenses, leases	−12.2	−6.5
Factoring expenses	−4.9	−9.8
Exchange differences, net	6,1	−42.1
Other financial expenses	−25.4	−8.1
Total financial expenses	**-100.8**	**-80,7**
Financial items, net	**-95.9**	**-79.2**

	Parent Company	
SEK million	**2023**	**2022**
Financial income		
Interest income, other	2.1	0.7
Other financial income	1.1	0.4
Total financial income	**3.2**	**1.1**
Financial expenses		
Interest expenses, other	−6.6	−4.2
Interest expenses, bank overdraft facilities	−27.7	−7.5
Interest expenses, credit facility	−10.8	−1.9
Factoring expenses	−4.9	−8.6
Exchange differences, net	7.4	-39.3
Other financial expenses	−25.4	−8.1
Total financial expenses	**-68.0**	**-69.7**
	-64.8	**-68.6**

Financial items, net

Interest expenses recognized using the effective interest method amounted to SEK 38.5 million (−9.4).

NOTE 12. INCOME TAX

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Current tax	**20.6%**	**20.6%**	**20.6%**	**20.6%**
Current tax on profit for the year	–3.5	–12.8	–	–
Adjustments for the previous year	-5.2	–0.2	–	0.3
Total current tax	**-8.7**	**–13.0**	**–**	**0.3**
Deferred tax				
Provisions	0.4	0.3	0.4	0.3
Lease liabilities	1.7	1.9	–	–
Other temporary differences	0.0	–0.6	–	–
Due to utilization of previously capitalized tax value of loss carry forwards	-0.2	–	–	–
Impairment of previously capitalised loss carry–forward	-12.1	–	-12.0	–
Total deferred tax	**-10.2**	**13.7**	**-11.6**	**12.3**
Total income tax	**-18.9**	**0.7**	**-11.6**	**12.6**

Tax value of unused loss carry forwards for which no deferred tax asset was recognized in 2023 amounted to SEK 92.6 million (0) for the Group and SEK 92.6 million (0) for the Parent Company. There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future. Refer to Note 23 for further information on deferred tax.

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

	Group		Parent Company	
SEK million	**2023**	**2022**	**2023**	**2022**
Loss before tax	**-535.5**	**-98.9**	**-500.8**	**-132.2**
Income tax according to the tax rate (20.6%)	110.3	20.4	103.2	27.2
Tax effects from:				
Tax related to previous years	–0.1	0.0	–	0.3
Non-taxable income	–0.1	0.0	0.0	0.0
Non-deductible expenses	-12,5	-21.6	-9.6	-15.6
Deductible expenses not included in reported profit/loss[1]	0.5	8.2	2.7	6.4
Differences in tax rates between different countries	–1.2	–2.4	–	–
Increase in loss carry–forward without corresponding capitalisation of deferred tax	-80.7	–	-80.7	–
Impairment of previously capitalised loss carry–forward	-12.1	–	-12.0	–
Capitalization of previously non-capitalized loss carry forwards	0.1	–	0.0	–
Non-deductible negative net interest	–14.9	–	–14.9	–
Origination and reversal of temporary differences[2]	1.7	–4.5	–0.4	–5.7
Other	–0.1	0.7	–	–
Income tax	**-18.9**	**0.7**	**-11.6**	**12.6**

NOTE 13. EQUITY

Shares and share capital

	Group				
SEK million	Class A shares	Class B shares	Preference shares	Share capital	Other contributed capital
2023 financial year					
Opening carrying amount	**4,047,019**	**1,048,478**	**–**	**5.1**	**1,097.3**
New share issue on exercise of warrants	–	86,500	–	0.1	10.5
New share issue	–	–	576,543	0.6	535.6
Transaction costs directly attributable to the issue of new shares				–	–13.0
Closing carrying amount	**4,047,019**	**1,134,978**	**576,543**	**5.8**	**1,630.4**

As of December 31, 2023, the share capital comprised 5,181,997 (5,095,497) ordinary shares with a quota value of SEK 1 each and 576,543 (0) preference shares.

The shares are distributed as follows:

	Group	
Quantity	**2023**	**2022**
Class A shares	4,047,019	4,047,019
Class B shares	1,134,978	1,048,478
Preference shares	576,543	–
Total	**5,758,540**	**5,095,497**

The Parent Company has issued ordinary shares and preference shares. Preference shares are entitled to dividends and other transfers of value ahead of ordinary shares for an amount up to SEK 37.20 per share. Thereafter, the ordinary shares are entitled to dividends and other transfers of value up to SEK 37.20, after which any additional dividend and other transfers of value are allocated equally between the share classes. All shares issued by the Parent Company have been fully paid.

Other contributed capital

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

Translation reserve

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

	Group	
SEK million	**2023**	**2022**
Opening carrying amount	**9.7**	**2.3**
Translation difference for the year	1.0	7.3
Closing carrying amount	**10.6**	**9.7**

Retained earnings including profit for the year

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

NOTE 14. EARNINGS PER SHARE

	Group	
	Jan–Dec 2023	**Jan–Dec 2022**
Earnings per share has been calculated as follows:		
Loss for the year attributable to owners of the Parent Company	-554.4	-98.1
Weighted average number of ordinary shares		
Total number of ordinary shares	5,181,997	5,095,497
Effect of issue of new ordinary shares	–71,138	–197,575
Weighted average number of ordinary shares before and after dilution	**5,110,859**	**4,897,922**
Earnings per share, before dilution	-108.48	-20.04
Earnings per share, after dilution	-108,48	-20.04

Warrants

Polarium has warrant programs outstanding that may have a dilutive effect in the event that the strike price is lower than the market value per share, see Note 8 for a complete list. Warrants whose strike price is lower than the market value per share have not been taken into account as this would increase earnings per share.

NOTE 15. INTANGIBLE ASSETS

	Group		
SEK million	Capitalized expenditure for development and software	Licenses, trademarks and patents	Total
2023 financial year			
Opening cost	**227.4**	**2.5**	**229.9**
Investments for the year	99.9	0.0	99.9
Disposals/scrapping	–5.4	–0.5	–5.9
Reclassifications	–	–	–
Translation difference	0.1	–	0.1
Closing cost	**322.0**	**1.9**	**323.9**
Opening accumulated amortization	**–58.9**	**–1.8**	**–60.7**
Amortization for the year	–38.4	–0.3	–38.7
Disposals/scrapping	3.8	0.4	4.2
Reclassifications[1]	–6.0	–	–6.0
Translation difference	0.0	–	0.0
Closing accumulated amortization	**–99.6**	**–1.7**	**–101.3**
Opening impairment	**–6.0**	**–**	**–6.0**
Impairment for the year	–6.2	–	–6.2
Reclassifications[1]	6.0	–	6.0
Closing impairment	**–6.2**	**0.0**	**–6.2**
Carrying amount	**216.1**	**0.2**	**216.4**

	Group		
SEK million	Capitalized expenditure for development and software	Licenses, trademarks and patents	Total
2022 financial year			
Opening cost	**194.3**	**2.5**	**196.9**
Investments for the year	76.1	0.0	76.1
Disposals/scrapping	–28.0	–	–28.0
Reclassifications[1]	–15.1	0.0	–15.2
Translation difference	0.1	0.0	0.1
Closing cost	**227.4**	**2.5**	**229.9**
Opening accumulated amortization	**–51.2**	**–1.4**	**–52.5**
Amortization for the year	–35.6	–0.4	–36.0
Disposals/scrapping	27.8	–	27.8
Reclassifications	–	0.0	0.0
Translation difference	–0.1	0.0	–0.1
Closing accumulated amortization	**–58.9**	**–1.8**	**–60.7**
Opening impairment	**–16.4**	**–**	**–16.4**
Impairment for the year	–	–	–
Reversal of previous impairment losses	10.3	–	10.3
Closing impairment	**–6.0**	**–**	**–6.0**
Carrying amount	**162.4**	**0.7**	**163.1**

[1] The reclassification for the year pertains to previous years' amortization that was incorrectly reported as impairment.

The Group's intangible assets mostly comprise development expenditure for future and current products and features in the Group's various product segments. A minor part also refers to internal systems development. The Group's internally generated intangible assets amounted to SEK 216.1 million (162.4). Acquired intangible assets amounted to SEK 0.2 million (0.7).

Capitalized interest on qualifying assets according to IAS 23 is included and amounted to SEK 0.7 million (0.7) in 2023. The weighted average interest rate was 0.46% (0.45).

The carrying amounts for the Group's intangible assets are tested for any indication of a need for impairment at each balance sheet date. During the year, impairment amounted to SEK 6.2 million (0.0).

SEK million	Parent Company: Capitalized expenditure for development and software	Licenses, trademarks and patents	Total
2023 financial year			
Opening cost	**221.6**	**2.5**	**224.1**
Investments for the year	99.1	0.0	99.1
Disposals/scrapping	–5.4	–0.5	–5.9
Reclassifications	–	–	–
Closing cost	**315.4**	**1.9**	**317.3**
Opening accumulated amortization	**–57.8**	**–1.8**	**–59.5**
Amortization for the year	–37.6	–0.3	–37.9
Disposals/scrapping	3.8	0.4	4.2
Reclassifications[1]	–6.0	–	–6.0
Closing accumulated amortization	**–97.6**	**–1.7**	**–99.2**
Opening impairment	**–**	**–**	**0.0**
Impairment for the year	–6.0	–	–6.0
Disposals/scrapping	–6.2	–	–6.2
Reclassifications[1]	6.0	–	6.0
Closing impairment	**–6.2**	**–**	**–6.2**
Carrying amount	**211.6**	**0.3**	**211.9**

SEK million	Parent Company: Capitalized expenditure for development and software	Licenses, trademarks and patents	Total
2022 financial year			
Opening cost	**189.5**	**2.5**	**192.0**
Investments for the year	75.3	0.0	75.3
Disposals/scrapping	–28.0	–	–28.0
Reclassifications[1]	–15.1	0.0	–15.1
Closing cost	**221.6**	**2.5**	**224.1**
Opening accumulated amortization	**–50.8**	**–1.4**	**–52.2**
Amortization for the year	–34.8	–0.4	–35.2
Disposals/scrapping	27.8	–	27.8
Closing accumulated amortization	**–57.8**	**–1.8**	**–59.5**
Opening impairment	**–16.4**	**–**	**–16.4**
Reversal of previous impairment losses	10.3	–	10.3
Closing impairment	**–6.0**	**–**	**–6.0**
Carrying amount	**157.8**	**0.7**	**158.6**

[1] The reclassification for the year pertains to previous years' amortization that was incorrectly reported as impairment.

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

	Group	
SEK million	Property, plant and equipment	Total
2023 financial year		
Opening cost	**88.8**	**88.8**
Investments for the year	24.3	24.3
Disposals/scrapping	−4.4	−4.4
Reclassifications	−0.9	−0.9
Translation difference	−0.2	−0.2
Closing cost	**107.6**	**107.6**
Opening accumulated depreciation	**−25.4**	**−25.4**
Depreciation for the year	−18.3	−18.3
Disposals/scrapping	3.2	3.2
Reclassifications	0.0	0.0
Translation difference	−0.3	−0.3
Closing accumulated depreciation	**−40.8**	**−40.8**
Opening impairment	**−0.3**	**−0.3**
Impairment for the year	−0.1	−0.1
Disposals/scrapping	0.3	0.3
Translation difference	0.0	0.0
Closing impairment	**−0.1**	**−0.1**
Carrying amount	**66.7**	**66.7**

Property, plant and equipment comprises plant and machinery as well as equipment, tools, fixtures and fittings. Property, plant and equipment is recognized at cost less depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. See Note 2.11 for further information on the Group's accounting policies for property, plant and equipment and depreciation periods.

	Group	
SEK million	Property, plant and equipment	Total
2022 financial year		
Opening cost	**40.4**	**40.4**
Investments for the year	48.8	48.8
Disposals/scrapping	−3.7	−3.7
Reclassifications	−1.1	−1.1
Translation difference	4.4	4.4
Closing cost	**88.8**	**88.8**
Opening accumulated depreciation	**−16.2**	**−16.2**
Depreciation for the year	−11.1	−11.1
Disposals/scrapping	2.3	2.3
Reclassifications	1.3	1.3
Translation difference	−1.7	−1.7
Closing accumulated depreciation	**−25.4**	**−25.4**
Opening impairment	**–**	**–**
Impairment for the year	−0.2	−0.2
Translation difference	−0.1	−0.1
Closing impairment	**−0.3**	**−0.3**
Carrying amount	**63.1**	**63.1**

	Parent Company	
SEK million	Property, plant and equipment	Total
2023 financial year		
Opening cost	**40.6**	**40.6**
Investments for the year	14.6	14.6
Disposals/scrapping	−3.9	−3.9
Reclassifications	0.0	0.0
Closing cost	**51.3**	**51.3**
Opening accumulated depreciation	**−8.7**	**−8.7**
Depreciation for the year	−7.7	−7.7
Disposals/scrapping	3.1	3.1
Closing accumulated depreciation	**−13.3**	**−13.3**
Opening impairment	**0.0**	**0.0**
Impairment for the year	−0.1	−0.1
Closing impairment	**−0.1**	**−0.1**
Carrying amount	**37.9**	**37.9**
2022 financial year		
Opening cost	**18.0**	**18.0**
Investments for the year	27.1	27.1
Disposals/scrapping	−3.4	−3.4
Reclassifications	−1.1	−1.1
Translation difference	0.0	0.0
Closing cost	**40.6**	**40.6**
Opening accumulated depreciation	**−9.0**	**−9.0**
Depreciation for the year	−3.1	−3.1
Disposals/scrapping	2.0	2.0
Reclassifications	1.3	1.3
Translation difference	0.0	0.0
Closing accumulated depreciation	**−8.7**	**−8.7**
Carrying amount	**31.8**	**31.8**

NOTE 17. RIGHT-OF-USE ASSETS AND LEASES

Lessee

SEK million	Group Dec 31, 2023	Group Dec 31, 2022
Property, plant and equipment owned	66.7	63.1
Right-of-use assets, excluding investment properties	148.1	154.9
Total	**214.8**	**218.0**

The following amounts related to leases are recognized in the balance sheet at the Group level:

SEK million	Group Premises	Group Equipment	Group Total
Right-of-use assets			
Depreciation in 2023	–25.4	–2.6	–28.0
Closing carrying amount	**134.9**	**13.3**	**148.1**
Depreciation in 2022	–16.2	–1.8	–18.0
Closing carrying amount	**150.3**	**4.6**	**154.9**

Additions to right-of-use assets, excluding the extension of existing leases, in 2023 were SEK 21.5 million (132.5). The large increase in 2022 is mainly attributable to new long-term leases for the Parent Company.

SEK million	Group Dec 31, 2023	Group Dec 31, 2022
Lease liabilities		
Non-current	137.6	153.4
Current	28.8	15.9
Lease liabilities included in the Statement of Financial Position	**166.5**	**169.3**

Maturity analysis

2023 financial year	Group Within 1 year	Group Between 1 and 5 years	Group More than 5 years	Group Total
Lease liabilities	28.8	99.4	38.3	166.5

2022 financial year	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Lease liabilities	15.9	87.7	65.7	169.3

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

SEK million	Group Dec 31, 2023	Group Dec 31, 2022
Amounts recognized in profit or loss		
Depreciation of right-of-use assets	–28.0	–18.0
Interest on lease liabilities	–12.2	–6.5
Costs for short-term leases	0.0	–2.0
Costs for low-value leases	–0.1	0.0

SEK million	Group Dec 31, 2023	Group Dec 31, 2022
Amounts recognized in the Statement of Cash Flows		
Total cash flows pertaining to leases	–24.1	–5.3

NOTE 18. OPERATING LEASES

Obligations related to operating leases

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

Lease costs of SEK 17.7 million (14.7) for the leasing of premises are included in the income statement as Other external costs. Future aggregated minimum lease payments for non-cancelable operating leases are as follows:

Lessee

Maturity analysis

2023 financial year	Parent Company Within 1 year	Parent Company Between 1 and 5 years	Parent Company More than 5 years	Parent Company Total
Non-cancelable operating leases	32.1	106.5	44.6	183.2
Cancellable operating leases	–	–	–	–
Total	**32.1**	**106.5**	**44.6**	**183.2**

2022 financial year	Within 1 year	Between 1 and 5 years	More than 5 years	Total
Non-cancelable operating leases	19.4	101.1	66.7	187.2
Cancellable operating leases	–	–	–	–
Total	**19.4**	**101.1**	**66.7**	**187.2**

NOTE 19. PARTICIPATIONS IN GROUP COMPANIES

			Parent Company			
Subsidiaries	**Domiciled**	**Operations**	**Holding (%)**	**Number of shares**	**Dec 31, 2023**	**Dec 31, 2022**
Polarium Australia Pty Ltd.	Australia	Sales and distribution	100	100	0.0	–
Polarium Energy Solutions UK Ltd.	UK	Sales and distribution	100	100	0.0	0.0
Polarium Inc.	USA	Sales and distribution	100	10,000,000	0.0	0.0
Polarium Philippines Inc.	The Philippines	Sales and distribution	100	11,499,995	2.2	–
Polarium S.A. de C.V.	Mexico	Production	99	198,000	13.6	13.6
Polarium South Africa (Pty) Ltd.	South Africa	Production, sales and distribution	100	100	0	0
Polarium Vietnam Ltd.	Vietnam	Production	100	–	24.9	24.8
Total					**40.7**	**38.4**

	Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Accumulated cost		
Opening balance	**38.4**	**28.5**
Investments	2.2	0.0
Capital contribution	0.1	9.9
Closing accumulated cost	**40.7**	**38.4**

Foreign investors who wish to register operations in Vietnam must apply for an investment registration certificate (IRC) from the Vietnamese government. The IRC stipulates requirements for the transfer of capital contributions from the Parent Company to Polarium Vietnam Ltd. During the year, the Parent Company provided capital contributions in the form of unconditional shareholder contributions of SEK 0.1 million (9.9).

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

NOTE 20. PARTICIPATIONS IN JOINT VENTURES

				Parent Company			
Joint venture	**Domiciled**	**Nature of relationship**	**Measurement method**	**Holding (%)**	**Number of shares**	**Dec 31, 2023**	**Dec 31, 2022**
Homevolt AB	Sweden	Joint venture	Equity method	50	50	1.0	–
Total, SEK million						**1.0**	**–**

	Group	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Carrying amount	0.7	–
Group's share of:		
Other comprehensive income	–0.3	–
Total comprehensive income	**–0.3**	**–**

In 2023, Polarium Energy Solutions AB started a joint venture together with Tibber AS. The company is called Homevolt AB and is owned 50/50.

NOTE 21. RECEIVABLES AND LIABILITIES TO GROUP COMPANIES

	Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Non-current receivables		
Polarium Inc.	70.7	–
Polarium South Africa (Pty) Ltd.	–	12.1
Total	**70.7**	**12.1**

	Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Current receivables		
Polarium Australia Pty Ltd.	2.4	–
Polarium Energy Solutions UK Ltd.	0.7	1.3
Polarium Inc.	–	124.7
Polarium South Africa (Pty) Ltd.	174.8	160.9
Total	**177.9**	**286.9**

	Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Current liabilities		
Polarium Inc.	66.6	29.1
Polarium S.A. de C.V.	5.3	2.2
Polarium South Africa (Pty) Ltd.	102,0	79.5
Polarium Vietnam Ltd.	21.5	22.6
Total	**195.3**	**133.4**

See also Note 22 for related party transactions.

NOTE 22. TRANSACTIONS WITH RELATED PARTIES

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

Northvolt Systems AB is a related party since we have the same major owner, Vargas Holding.

The following transactions occurred with related parties:

	Parent Company	
Sale of goods, services and other, SEK million	**2023**	**2022**
Polarium Australia Pty Ltd.	0.0	–
Polarium Energy Solutions UK Ltd.	15.5	1.3
Polarium Inc.	69.9	651.0
Polarium South Africa (Pty) Ltd.	254.6	110.4
Polarium Vietnam Ltd.	0.1	0.4
Transfer pricing revenue	23.1	–
Total	**363.3**	**763.1**

	Parent Company	
Purchase of goods, services and other, SEK million	**2023**	**2022**
Polarium Australia Pty Ltd.	0.0	–
Polarium Inc.	0.0	29.8
Polarium SA de CV.	76.3	89.7
Polarium South Africa (Pty) Ltd.	93.4	97.7
Polarium Vietnam Ltd.	42.5	33.1
Northvolt Systems AB	0.2	–
Vargas 2 Invest AB	0.0	0.6
Certo Consulting AB[1]	1.9	–
Bilir Advisory AB[1]	2.9	–
Transfer pricing cost	173.0	–
Total	**390.2**	**250.8**

[1] Owned by senior executive and relates to invoicing of services rendered.

	Parent Company	
Receivables and liabilities at the end of the year as a result of the sale and purchase of goods and services, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Receivables to related parties		
Polarium Australia Pty Ltd.	2.4	–
Polarium Energy Solutions UK Ltd.	0.7	1.3
Polarium Inc.	–	124.7
Polarium South Africa (Pty) Ltd.	174.8	160.9
Total	**177.9**	**286.9**
Liabilities to related parties		
Polarium Inc.	66.6	29.1
Polarium SA de CV.	5.3	2.2
Polarium South Africa (Pty) Ltd.	102.0	79.5
Polarium Vietnam Ltd.	21.5	22.6
Homevolt AB	1.0	–
Total	**196.3**	**133.4**

	Parent Company	
Loans to related parties, SEK million	**2023**	**2022**
Non-current loans		
Opening carrying amount	**12.1**	**9.2**
Loans taken out over the year	70.2	11.7
Repaid amounts	–12.1	–9.2
Interest income	0.6	0.4
Closing carrying amount	**70.7**	**12.1**

As of December 31, the non-current loan to related parties pertains to the subsidiary Polarium Inc. The loan falls due in January 2025 at an interest rate of 7.5%. The loan has not been pledged and is paid in cash. The non-current loan to Polarium South Africa (Pty) Ltd. from 2022 was reclassified as a current receivable.

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

NOTE 23. DEFERRED TAX

	Group				
Deferred tax assets, SEK million	**Lease liabilities**	**Loss carry forwards**	**Provisions**	**Other temporary differences**[1]	**Total**
2023 financial year					
Opening carrying amount	**2.8**	**12.1**	**0.5**	**5.9**	**21.5**
Recognized in profit for the year	1.7	-12.1	0.4	-0.1	10.2
Translation difference	0.3	0.0	–	0.3	0.6
Closing carrying amount	**4.9**	**0,0**	**0.9**	**6,1**	**11,9**
2022 financial year					
Opening carrying amount	**1.0**	**–**	**0.2**	**5.6**	**6.8**
Recognized in profit for the year	1.9	12.1	0.3	–0.6	13.7
Translation difference	–	0.0	–	0.9	0.9
Closing carrying amount	**2.8**	**12.1**	**0.5**	**5.9**	**21.5**

[1] The item pertains primarily to deferred tax attributable to the difference between taxable and accrual value of non-current assets for 2022 and 2023.

The Group has loss carry forwards in Polarium Energy Solutions AB of SEK 92.6 million (-) in tax value and in Polarium Energy Solutions UK Ltd of SEK 0.0 million (0.1). There is no time limit for loss carry forwards unless it be-comes probable that we will not report a profit in the future.

	Parent Company		
Deferred tax assets, SEK million	**Loss carry forwards**	**Provisions**	**Total**
2023 financial year			
Opening carrying amount	**12.0**	**0.5**	**12.5**
Recognized in profit for the year	-12.0	0.4	-11.6
Closing carrying amount	**–**	**0.9**	**0,9**
2022 financial year			
Opening carrying amount	**–**	**0.2**	**0.2**
Recognized in profit for the year	12.0	0.3	12.3
Closing carrying amount	**12.0**	**0.5**	**12.5**

The tax value of the Parent Company's loss carry forwards amounted to SEK 92.6 million (-). There is no time limit for loss carry forwards unless it becomes probable that we will not report a profit in the future.

NOTE 24. FINANCIAL INSTRUMENTS BY CATEGORY

	Group	
Assets at amortized cost, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Other non-current receivables	18.2	35.9
Trade receivables	362.8	319.3
Other receivables[1]	10.4	1.5
Cash and cash equivalents	85.1	120.4
Total	**476.6**	**477.0**

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

	Group	
Liabilities at amortized cost, SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Non-current borrowings		
Non-current liabilities to financial institutions	11.0	15.0
Current borrowings		
Non-current liabilities to financial institutions	205.2	41.5
Factoring credit	26.8	54.4
Bank overdraft facilities	119.8	145.7
Trade payables	115.9	476.7
Accrued expenses	214.5	114.5
Total	**693.2**	**847.8**

In addition to the financial instruments presented above, the Group has financial liabilities in the form of lease liabilities, which are recognized and measured according to IFRS 16. Non-current lease liabilities amounted to SEK 137.6 million (153.4) and current lease liabilities to SEK 28.8 million (15.9) as of the balance sheet date. For further information, see Note 17 Lease Liabilities.

The part of the trade receivables that refers to a factoring arrangement where the Group has transferred the credit risk and late payment risk to the factoring company is measured at fair value through profit or loss. As these trade receivables are derecognized as soon as they arise, there is no recognized fair value in the balance sheet to disclose. The carrying amount is considered to be a reasonable approximation of the fair value. See Note 27 Trade Receivables for further information on the Group's accounting policies for trade receivables and factoring arrangements.

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

NOTE 25. NON-CURRENT RECEIVABLES

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Opening carrying amount	**35.9**	**4.1**	**11.3**	**1.3**
Additional receivables/Additions	3.6	31.5	2.2	10.0
Settled receivables/Sales	−20.2	−0.1	–	–
Reclassification	−0.2	0.4	−0.1	–
Translation difference	−0.9	–	–	–
Closing carrying amount	**18.2**	**35.9**	**13.4**	**11.3**

Other non-current receivables consist primarily of deposits for office premises.

NOTE 26. INVENTORIES

	Group	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Raw materials and consumables	823.5	831.1
Work in progress	5.6	0.9
Goods in transit	13.3	232.8
Finished goods and goods for resale	287.8	253.5
Other stock items	–	3.7
Total	**1,130.1**	**1,322.0**

	Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**
Raw materials and consumables	722.8	803.1
Work in progress	3.8	0.9
Goods in transit	13.3	215.4
Finished goods and goods for resale	284.7	259.1
Advance payments to suppliers	33.4	50.2
Other stock items	–	3.3
Total	**1,058.0**	**1,331.9**

The cost for sold goods for the Group includes impairment of inventories of SEK 17.1 million (26.0) following the reversal of previous impairment losses of SEK 2.1 million (0.0).

The cost of goods sold for the Parent Company includes impairment of inventories of SEK 17.0 million (26.0) following the reversal of previous impairment losses of SEK 2.1 million (0.0).

The Parent Company recognizes advance payments to suppliers under the under the Inventories heading. The Group recognizes advance payments to suppliers as a separate line item in the balance sheet.

NOTE 27. TRADE RECEIVABLES

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Trade receivables	366.5	319.3	196.8	158.3
Allowance for expected credit losses	−3.9	0.0	−0.3	0.0
Trade receivables, net	**362.6**	**319.3**	**196.5**	**158.3**

	Group		Parent Company	
Per currency, SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
AUD	0.2	–	–	–
EUR	0.6	–	0.6	–
GBP	1.1	–	0.9	–
MXN	0.0	–	–	–
SEK	–	1.3	–	1.3
USD	336.5	276.5	182.6	156.9
ZAR	15.2	41.5	–	–
Other currencies	12.8	–	12.8	–
Total	**366.5**	**319.3**	**196.8**	**158.3**

	Group		Parent Company	
Allowance for trade receivables, SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Opening carrying amount	**–**	**−0.6**	**–**	**−0.6**
New allowances	−3.9	–	−0.3	–
Unused amounts reversed	–	0.6	–	0.6
Closing carrying amount	**−3.9**	**–**	**−0.3**	**–**

	Group					
	Dec 31, 2023					
Trade receivables, aging analysis, SEK million	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	248.5	21.6	4.1	4.3	88.0	366.5
Expected credit losses	–	–	–	–	–3.9	–3.9
Total	**248.5**	**21.6**	**4.1**	**4.3**	**84.1**	**362.6**

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

	Parent Company					
	Dec 31, 2023					
Trade receivables, aging analysis, SEK million	**Not fallen due**	**1–30 days**	**31–60 days**	**61–90 days**	**>90 days**	**Total**
Gross carrying amount	168.7	17.6	2.8	3.7	4.1	196.8
Expected credit losses	–	–	–	–	–0.3	–0.3
Total	**168.7**	**17.6**	**2.8**	**3.7**	**3.8**	**196.5**

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

	Group		Parent Company	
Trade receivables, SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Pledged trade receivables (amounts received pertaining to pledged trade receivables, where credit risk and late payment risk are retained)	26.8	54.4	26.8	54.4
Unpledged trade receivables	339.7	264.9	170.0	103.8
Total	**366.5**	**319.3**	**196.8**	**158.3**

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

Classification of trade receivables

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

Transferred receivables

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

NOTE 28. OTHER RECEIVABLES

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Recoverable VAT	19.8	32.7	15.8	7.5
Deposit	6.5	1.4	6.4	–
Other receivables	3.9	0.1	3.3	0.1
Total	**30.2**	**34.2**	**25.5**	**7.6**

Tax assets are excluded and recognized separately from the other receivables note.

NOTE 29. ADVANCE PAYMENTS AND OTHER CURRENT ASSETS

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Advance payments before receiving the goods	0.5	0.2	0.2	0.2
Other advance payments	33.4	51.4	–	–
Total	**33.9**	**51.6**	**0.2**	**0.2**

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

NOTE 30. PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Prepaid rent	8.1	3.2	8.1	3.2
Prepaid insurances	4.8	6.2	2.8	4.7
Invoices received before the goods arrive	53.8	–	53.8	–
Prepaid consultancy expenses	9.4	10.1	9.4	10.1
Other prepaid expenses and accrued income	2.3	2.2	10.1	5.1
Total	**78.3**	**21.7**	**84.1**	**23.1**

NOTE 31. BANK DEPOSITS AND UNDRAWN BANK OVERDRAFT FACILITIES

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Bank deposits	85.1	120.4	11.3	28.7
Undrawn bank overdraft facilities and lines of credit	222.6	388.1	222.6	388.1
Total	**307.8**	**508.5**	**234.0**	**416.9**

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Bank overdraft facilities granted	342.4	533.9	342.4	533.9
Drawn bank overdraft facilities	–119.8	–145.7	–119.8	–145.7
Total undrawn bank overdraft facilities	**222.6**	**388.1**	**222.6**	**388.1**
Undrawn lines of credit	–	–	–	–
Total undrawn bank overdraft facilities and lines of credit	**222.6**	**388.1**	**222.6**	**388.1**

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

NOTE 32. OTHER PROVISIONS

	Group			
	Dec 31, 2023		Dec 31, 2022	
SEK million	**Current**	**Non-current**	**Current**	**Non-current**
Customs duties	–	–	101.9	–
Warranty commitments	–	54.4	–	44.0
Other provisions	–	8.0	–	3.1
Total	**–**	**62.4**	**101.9**	**47.1**

	Parent Company			
	Dec 31, 2023		Dec 31, 2022	
SEK million	**Current**	**Non-current**	**Current**	**Non-current**
Customs duties	–	–	101.9	–
Warranty commitments	–	50.5	–	41.9
Other provisions	–	4.9	–	2.7
Total	**–**	**55.3**	**101.9**	**44.6**

Warranty commitments

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

Other provisions – pension costs and severance pay

Direct pension

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

Severance pay/severance gratuity

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

Customs duties

Provisions for customs duties for 2022 encompass any costs for customs when importing goods, primarily to the USA. The provision is classified as short-term. In 2023, it was reclassified as an accrued expense since it is declared in the USA.

	Group				
	Dec 31, 2023				
Changes in provisions, SEK million	**Customs duties**	**Warranty commitments**	**Severance pay**	**Other provisions**	**Total**
Opening carrying amount	**101.9**	**44.0**	**0.4**	**2.7**	**149.0**
Recognized in profit or loss:					
Additional provisions recognized	–	26.0	0.2	4.6	30.6
Unused amounts reversed	–101.9	–	–	–	–101.9
Exchange differences	–	–0.2	0.0	–	–0.2
Utilized during the year	–	–15.3	–	–	–15.3
Closing carrying amount	**–**	**54.4**	**0.7**	**7.3**	**62.4**

	Group				
	Dec 31, 2022				
Changes in provisions, SEK million	**Customs duties**	**Warranty commitments**	**Severance pay**	**Other provisions – pensions**	**Total**
Opening carrying amount	**–**	**30.0**	**0.4**	**1.1**	**31.5**
Recognized in profit or loss:					
Additional provisions recognized	101.9	43.0	0.0	1.6	146.5
Unused amounts reversed	–	–	0.0	–	–0.0
Exchange differences	–	–	0.1	–	0.1
Utilized during the year	–	–29.0	–	–	–29.0
Closing carrying amount	**101.9**	**44.0**	**0.4**	**2.7**	**149.0**

Changes in provisions, SEK million	Parent Company Dec 31, 2023				
	Customs duties	Warranty commitments	Severance pay	Other provisions – pensions	Total
Opening carrying amount	**101.9**	**41.9**	**–**	**2.7**	**146.5**
Recognized in profit or loss:					
Additional provisions recognized	–	23.8	–	2.2	26.0
Unused amounts reversed	–101.9	–	–	–	–101.9
Utilized during the year	–	–15.3	–	–	–15.3
Closing carrying amount	**0**	**50.5**	**–**	**4.9**	**55.3**

Changes in provisions, SEK million	Parent Company Dec 31, 2022				
	Customs duties	Warranty commitments	Severance pay	Other provisions – pensions	Total
Opening carrying amount	**–**	**30.0**	**–**	**1.1**	**31.1**
Recognized in profit or loss:					
Additional provisions recognized	101.9	40.9	–	1.6	144.4
Utilized during the year	–	–29.0	–	–	–29.0
Closing carrying amount	**101.9**	**41.9**	**–**	**2.7**	**146.5**

Payments, SEK million	Group		Parent Company	
	Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
Provisions expected to be paid after more than 12 months	62.4	47.1	55.3	44.6

NOTE 33. BORROWINGS

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Non-current unsecured loans				
Borrowings	11.0	15.0	11.0	15.0
Total non-current unsecured loans	**11.0**	**15.0**	**11.0**	**15.0**
Current secured loans				
Bridging loans	171.2	–	171.2	–
Factoring credit	26.8	54.4	26.8	54.4
Bank overdraft facilities	119.8	145.7	119.8	145.7
Total current secured loans	**317.8**	**200.2**	**317.8**	**200.2**
Current unsecured loans				
Borrowings	34.0	41.5	34.0	41.5
Total current unsecured loans	**34.0**	**41.5**	**34.0**	**41.5**
Total borrowings	**362.8**	**256.7**	**362.8**	**256.7**

Non-current borrowings
Most of the Group's borrowings are current. However, the Group has a minor share of non-current borrowing, a term loan of SEK 11 million, that matures in August 2025. The loan carries interest at a variable rate (STIBOR 3M) and an associated credit margin. Borrowings are in SEK.

Current borrowings
Borrowings are classified as current liabilities if amortization is expected to occur within 12 months after the end of the reporting period. The drawn portion of the bank overdraft facility is included in current borrowings. The Group's current borrowings comprise a term loan, bank overdraft facilities and a bridge loan. See also Note 43 Events after the end of the reporting period.

Term loan
Term loan amount to SEK 34 million and mature in May 2024. The loans carry interest at a variable rate (STIBOR 3M) and an associated credit margin.

Bank overdraft facilities
The Group has two bank overdraft facilities granted in USD totaling USD 34.1 million (50.2). Of the granted bank overdraft facilities, USD 11.9 million (14.0) was drawn on December 31, 2023.

Bridge loans
The Group has one bridge loan granted in USD totaling USD 17.1 million (0.0). Of the granted bridge loan, USD 17.1 million (0.0) was drawn on December 31, 2023.

Loan terms
According to the terms of the loan, certain financial loan conditions (covenants) are to be fulfilled, such as an equity ratio over 25% and available liquidity. The covenants were met on December 31, 2023.
The borrowings were secured by a floating charge of SEK 300 million (304.7). For further information, see Note 37 Pledged Assets and Note 43 Events after the end of the reporting period.

Capitalized borrowing costs
Borrowing costs that are attributable to the development of a qualifying asset are capitalized as a part of the asset's cost. Over the year, the Group capitalized interest of SEK 0.7 million (0.7) at an average interest rate of 0.46% (0.45).

NOTE 34. ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Contract liabilities	80.3	5.6	79.9	5.6

The contract liability pertains to advance payments received from customers and revenue is recognized over time. The remaining performance obligation is less than one year. Of the SEK 5.6 million recognized as a contract liability as of December 31, 2022, SEK 5.5 million (21.0) was recognized as revenue in 2023.

NOTE 35. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

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

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Trade payables at amortized cost	115.9	476.7	109.9	443.1
of which liabilities with supplier financing arrangements	*45.8*	*145.8*	*45.8*	*145.8*

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
VAT liabilities	143.6	80.5	–	–
Employee withholding taxes, social security contributions and salary deduction accounts	11.8	9.6	8.3	7.6
Other current liabilities	3.2	2.7	1.8	1.3
Total	**158.6**	**92.8**	**10.1**	**8.8**

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

NOTE 36. ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Accrued personnel expenses	55.4	57.6	54.3	54.0
Stock items received but not invoiced	1.9	32.6	1.9	32.6
Accrued rental charges	2.4	5.8	2.4	5.8
Accrued expenses for examining products	1.1	4.5	–	–
Accrued customs duties	111.4	–	2.0	–
Accrued expenses from suppliers	21.1	4.2	18.5	4.2
Accrued interest expenses	17.2	2.0	9.5	2.0
Other accrued expenses	4.1	7.8	2.7	6.2
Prepaid income	3.6	4.4	3.6	4.4
Total	**218.1**	**118.9**	**94.8**	**109.3**

NOTE 37. PLEDGED ASSETS

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Floating charges	304.7	304.7	304.7	304.7
Trade receivables[1)]	33.3	82.0	33.3	82.0
Other	4.9	2.7	4.9	2.7
Total	**342.9**	**389.4**	**342.9**	**389.4**

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

NOTE 38. CONTINGENT LIABILITIES

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Suretyships, supplier	68.2	68.2	68.2	68.2
Total	**68.2**	**68.2**	**68.2**	**68.2**

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

NOTE 39. ADJUSTMENTS FOR NON-CASH ITEMS

	Group		Parent Company	
SEK million	**Dec 31, 2023**	**Dec 31, 2022**	**Dec 31, 2023**	**Dec 31, 2022**
Amortization, depreciation and impairment of non-current assets	91.4	65.4	51.9	38.3
Impairment of inventories	20.9	26.0	21.4	26.0
Unrealized exchange rate differences	40.1	−54.6	22.6	−36.2
Share of profit in associated companies	0.3	–	–	–
Capital gain/loss on sale of property, plant and equipment	2.6	–	2.2	–
Correction of errors, see also note 42.	–	79.4	–	71.7
Provisions	31.3	117.4	−91.2	115.4
Other	66.7	–	40,8	–
Total	**253.2**	**233.6**	**47.7**	**215.3**

NOTE 40. CHANGES IN LIABILITIES INCLUDED IN FINANCING ACTIVITIES

	Group				
SEK million	**Jan 1, 2023**	**Cash inflow**	**Cash outflow**	**New**	**Dec 31, 2023**
Borrowings	56.5	217.6	−141.5	83.6	216.2
Factoring credit	54.4	33.4	−61.0	–	26.8
Bank overdraft facilities	145.7	434.5	−376.9	−83.6	119.8
Lease liabilities	169.3	–	−24.1	21.2	166.5
Total	**426.0**	**685.6**	**−603.5**	**21.2**	**529.2**

	Group				
SEK million	**Jan 1, 2022**	**Cash inflow**	**Cash outflow**	**New**	**Dec 31, 2022**
Borrowings	50.4	21.4	−15.3	–	56.5
Factoring credit	116.2	90.7	−152.5	–	54.4
Bank overdraft facilities	338.6	431.0	−623.9	–	145.7
Lease liabilities	43.7	–	−5.3	130.9	169.3
Total	**548.9**	**543.1**	**−797.0**	**130.9**	**426.0**

Current and non-current interest-bearing liabilities in the Group increased by SEK 103.3 million (−123.0) during the year.

	Parent Company				
SEK million	**Jan 1, 2023**	**Cash inflow**	**Cash outflow**	**New**	**Dec 31, 2023**
Borrowings	56.5	217.6	−141.5	83.6	216.2
Factoring credit	54.4	33.4	−61.0	–	26.8
Bank overdraft facilities	145.7	434.5	−376.9	−83.6	119.8
Total	**256.7**	**685.6**	**−579.4**	**–**	**362.8**

	Parent Company				
SEK million	**Jan 1, 2022**	**Cash inflow**	**Cash outflow**	**New**	**Dec 31, 2022**
Borrowings	50.4	21.4	−15.3	–	56.5
Factoring credit	116.2	90.7	−152.5	–	54.4
Bank overdraft facilities	338.6	431.0	−623.9	–	145.7
Total	**505.2**	**543.1**	**−791.7**	**–**	**256.7**

Current and non-current interest-bearing liabilities in the Parent Company increased by SEK 106.1 million (−248.6) during the year.

NOTE 41. PROPOSED APPROPRIATION OF PROFITS

The following amount in SEK million is at the disposal of the Annual General Meeting:	**Parent Company**
Share premium reserve	1,615.6
Retained earnings	-275.3
Loss for the year	-512.4
Total	**827.9**

The Board of Directors proposes the following profit distribution:

To be carried forward	827.9
Total	**827.9**

NOTE 42. CORRECTION OF ERRORS

The Group has become liable to repay an incorrect VAT refund claim from the South African Revenue Service (SARS). This has resulted in an increased VAT liability in the Group and increased costs in profit and comprehensive income for the financial year 2022. In addition, Polarium South Africa (PTY) Ltd has been charged interest from the tax authority, resulting in increased financial costs and debt for the Group. Similarly, Polarium South Africa has adjusted previous debits to Polarium AB by recognizing non-recoverable VAT. In 2024, Polarium AB will register for VAT in South Africa in order to obtain the right to a VAT refund from the South African tax authority. In connection with the VAT registration, it is expected that all or part of the VAT refund will be recovered and recognized as other income with a corresponding VAT receivable. The following table shows the impact of each item on the financial statements.

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

SEK million	Group			Parent Company		
	2022	Correction	2022 after Correction	2022	Correction	2022 after Correction
Cost of goods sold	-1 604,7	-79.4	-1 684.1	-1 576,7	-71.7	-1 648.4
Gross profit	618,1	-79.4	538.7	496.7	-71.7	425.0
Interest expenses and similar items				-70.1	0,4	-69.7
Financial costs	-79.5	-1.2	-80.7			
Net financial items	-78.0	-1.2	-79.2	-69.0	0,4	-68,6
Profit before tax	-18.3	-80.6	-98.9	-60.9	-71.3	-132.2
Net profit for the year	**-17.6**	**-80.6**	**-98,1**	**-48.3**	**-71.3**	**-119.6**
Other comprehensive income						
Items that have been or may be reclassified to profit for the year						
Translation differences for the year on translation of foreign operations	7.3	0.1	7.3			
Other comprehensive income for the year	7.3	0.1	7.3			
Total comprehensive income for the year	**-10.3**	**-80.5**	**-90.8**			

STATEMENT OF FINANCIAL POSITION

SEK million	Group			Parent Company		
	2022	Correction	2022 after Correction	2022	Correction	2022 after Correction
Equity						
Reserves	9.6	0.1	9.7			
Retained earnings including net profit for the year	6.1	-80.6	-74.5	-48,3	-71.3	-119.6
Total equity	**1 118,1**	**-80.5**	**1 037,6**	**1 079,1**	**-71.3**	**1 007.8**
Liabilities to group companies				62.1	71.3	133.4
Other liabilities	12.3	80.5	92.8			
Total current liabilities	**983,8**	**80.5**	**1 064.3**	**972.3**	**71.3**	**1 043.7**
Total liabilities	**1 199,2**	**80.5**	**1 279.7**	**1 032,0**	**71.3**	**1 103.3**
Total equity and liabilities	**2 317,3**	**0,0**	**2 317,3**	**2 111,1**	**0,0**	**2 111,1**

STATEMENT OF CASHFLOW

SEK million	Group			Parent Company		
	2022	Correction	2022 after Correction	2022	Correction	2022 after Correction
Operating activities						
Operating profit	59.7	-79.4	-19.7	8,1	-71.7	-63.6
Adjustments for non-cash items, etc.	154.2	79.4	233.6	143.5	71.7	215.3
Cash flow from operating activities before changes in working capital	**158.3**	**0,0**	**158.3**	**108.6**	**0,0**	**108.6**

The above adjustments have also affected notes 6, 11, 12, 13, 14, 21, 22, 23, and 39 for 2022.

NOTE 43. EVENTS AFTER THE END OF THE REPORTING PERIOD

10 April 2024: Polarium announced the transition of all manufacturing activities from Mexico to its sites in Stockholm, Vietnam and South Africa. During the first quarter, Polarium refinanced the current overdraft of USD 34.1m and bridge facilities of USD 17.1m (excluding amortisations and upfront fees). The maturity date of the loans was June 30th for 8.1 MUSD and the remaining amount will mature December 31st 2024. Stefan Jansson Global Invest AB and Vargas 2 Invest AB have provided security by issuing guarantee commitments to the bank lenders.On April 30th, Linus Bergqvist resigned from his role as EVP Operations. On June 10, Polarium's Board of Directors appointed Clas Gunneberg as the new CEO, effective the same day. On 28 June, the company entered into agreements with its main lenders, Swedbank and Nordea, to change the terms of the loan agreements. In brief, the changes include an agreement on a short-term stand-still period until 8 July, during which the banks will not demand any payments, require early repayment of loans or take any legal action against the company, and a declaration of intent that the parties will agree on a long-term adjustment of the loan terms during the period until 8 July, including reduced commitments on minimum available liquidity (to SEK 17 million) and a change in the repayment rate. Furthermore, the agreements contain a commitment from certain principal shareholders, who are also parties to the agreements, to inject a total of SEK 100 million in capital into the company before 8 July. On 8 July, agreements were entered into with the company's main lenders which, in brief, extend the above changes until 31 August. On the same day, agreements on subordinated shareholder loans totalling SEK 100 million were also signed with certain principal shareholders.

Board of Directors' Signatures

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

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

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

Stockholm, 14 July 2024

Carl-Erik Lagercrantz
Chairman of the Board

Carola Puusteli
Board member

Cecilia Qvist
Board member

Sophia Bendz
Board member

Stefan Jansson
Board member

Bo Jungner
Board member

Clas Gunneberg
CEO

Our Auditors' Report was submitted on 14 July 2024

KPMG AB

Henrik Lind
Authorized Public Accountant

Auditors' Report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Polarium Energy Solutions AB for the year 2023, except for the sustainability report on pages 19-34. The annual accounts and consolidated accounts of the company are included on pages 16-76 in this document. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 19-34. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Significant uncertainties regarding the assumption of continued operations

We would like to draw attention to the management report and information presented by the company under the heading "Continued Operations" on page 18, where it is stated that contract negotiations are ongoing with one of the company's major customers, DISH. It cannot be ruled out that the agreement will not come into force as planned, and therefore, according to the company's assessment, there is a significant uncertainty factor associated with the DISH agreement. If the agreement is delayed or does not materialize at all, it will have a significant negative impact on the company's liquidity, and if this were to happen, the company would have a financing need. These circumstances, together with the other factors mentioned in the management report under the above heading, indicate that there are significant uncertainties that may lead to significant doubts about the company's ability to continue its operations. We have not modified our statements due to this.

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 2-15 and 19-34. The Board of Directors and the Managing Director are responsible for this other infor-mation. 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 respon-sibility 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, inaccordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such inter-nal 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 TheBoard of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so. The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free frommaterial 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 Translation from the Swedish original Auditor's report Polarium Energy Solutions AB, corp. id 556986-5461, 2023 2 (3) taken on the basis of these annual accounts and consolidated accounts. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Polarium Energy Solutions AB for the year 2023 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 ina 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

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 auditin standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of Translation from the Swedish original Auditor's report Polarium Energy Solutions AB, corp. id 556986-5461, 2023 3 (3) the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Criticism

The annual accounts have not been prepared in such time that it has been possible to hold the annual general meeting within six months after the end of the financial year pursuant to Chapter 7, section 10 of the Companies Act.

Stockholm, 14 July 2024

KPMG AB

Henrik Lind
Authorized Public Accountant

Auditor's Limited Assurance Report on Polarium Energy Solutions ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Polarium Energy Solutions AB, Corp. id. 556986-5461

Introduction

We have been engaged by the Board of Directors of Polarium Energy Solutions AB to undertake a limited assurance engagement of Polarium Energy Solutions ABs Sustainability Report for the year 2023. Polarium Energy Solutions AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page page 46 in this document.

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 Sustainability Report, including the Statutory Sustainability Report, in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 46 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our responsibility is limited to the historical information reported and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) *Assurance engagements other than audits or reviews of financial information*. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Polarium Energy Solutions AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Managing Director as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Managing Director.

A Statutory Sustainability Report has been prepared.

Stockholm, 14 July 2024

KPMG AB

Henrik Lind Authorized Public Accountant	Torbjörn Westman Expert Member of FAR

July 2024

Produced by Polarium

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