ANNUAL REPORT
2021

ANNUAL REPORT

THE FINANCIAL YEAR 2021-01-01 - 2021-12-31

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Directors' Report

The Board of Directors and the CEO hereby submits the annual report for the financial year 2021-01-01 - 2021-12-31. The company has its registered office in Örebro County and Örebro Municipality

General information about the business

Metacon AB (publ) offers the market products and system solutions within the market for climate-friendly, so-called green hydrogen, i.e. hydrogen that is not produced with either fossil fuels or fossil-produced electricity. Metacon has two main technology areas: reforming based on our patented technology for cost-effective production of hydrogen from biogas or other green hydrocarbons, and electrolysis that generates hydrogen by splitting water in an electricity-driven process. Metacon's operations and products are therefore absolutely central to the overall transformation of our societies required for a better environment and a stabilised climate. Metacon also offers complementary products such as hydrogen refueling station equipment that can be integrated with our products for hydrogen production.

Metacon's research and development primarily takes place within our Greek subsidiary, Helbio S.A. which has more than 25 years of research and development experience at the core of our technology, catalytic steam reforming, which is scalable and can be used to build both small systems and larger plants for the production of green hydrogen.

Reforming

HYDROGEN GENERATORS

Metacon currently has the ability to build hydrogen generators that can produce up to 250 cubic meters of hydrogen per hour. Our conviction has been strengthened that hydrogen will be one of the most important ways to reduce CO_2 emissions in the transport sector (land, sea and air transport) and play a key role in the transformation of several heavily polluting basic industries into green and climate-friendly. And that the market for hydrogen will expand sharply already in the near future. A typical application area for our hydrogen generators is to, at the several hydrogen refuelling stations under planning, produce the hydrogen on site from locally produced biogas. The hydrogen generators can also produce hydrogen for the industry and supply fuel cells of different power classes with hydrogen for the production of electricity and heat. We are also observing the strong interest in different marine applications with hydrogen production on larger vessels.

SMALLER CHP SYSTEMS AND POWER UNITS

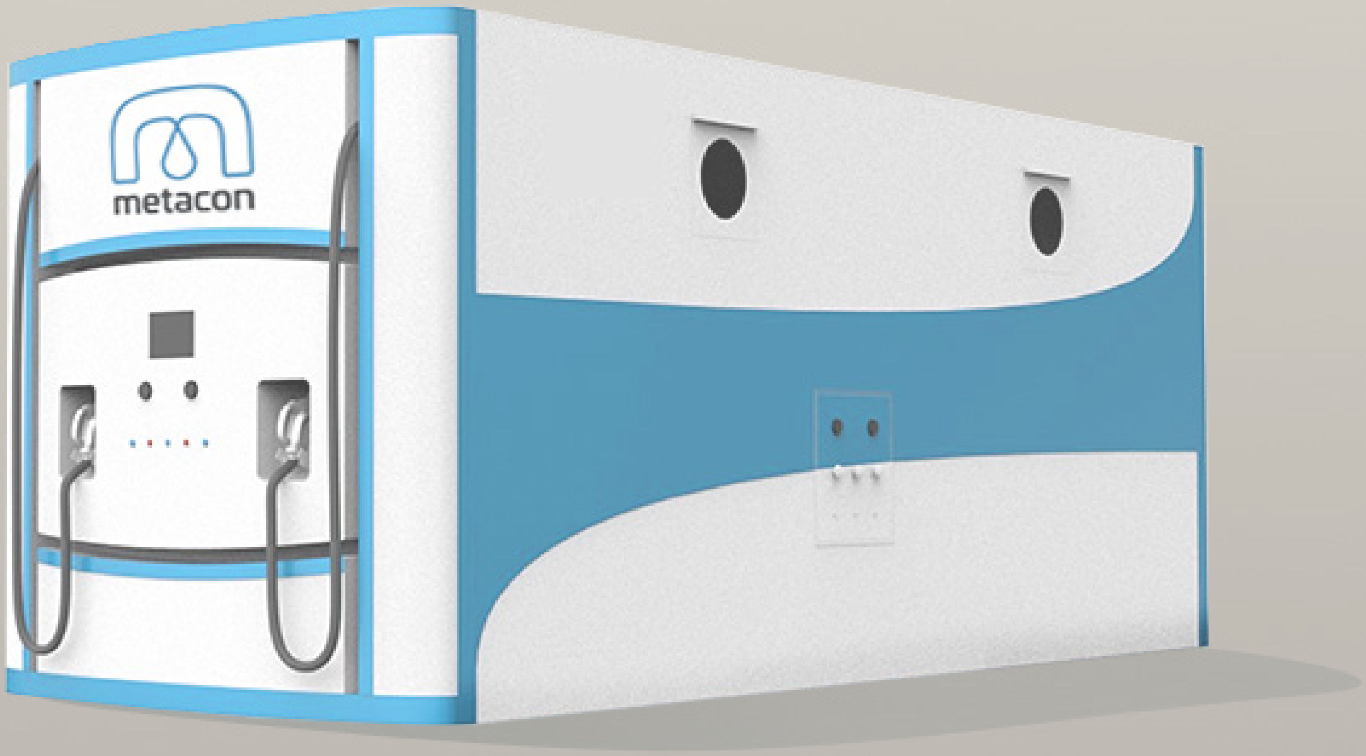
Metacon has proprietary product families in the areas of ”Combined Heat and Power – CHP” and ”Auxiliary Power Units – APU”. The H2PS-5 product is the first variant in the CHP field that will be launched on the German market as soon as it obtains certification under German standards. H2PS-5 can generate 5 kW of electricity and 7 kW of heat. The system is scalable in terms of power, its total efficiency about 85% and is intended for installation in larger homes, certain types of facilities and at companies. Our CHP systems are developed for stand-alone use (off-grid) or for connection to the commercial grid. The CHP systems are modular and can be delivered in power unit (APU) version for the production of electric power. Thus, in some cases replacing petrol or diesel generator sets.

Electrolysis

Through the acquisition of Water2H2 in the autumn of 2021, Metacon can now provide complete solutions for the design and delivery of electrolysers. We have a distribution agreement with PERIC, China's largest manufacturer of electrolysers and hydrogen production plants. The agreement with PERIC covers the whole of Europe and we can now also perform services in design, training, installation and maintenance etc. for sold plants.

HYDROGEN REFUELING STATIONS (HRS)

After the end of the financial year, we supplemented the business with another distribution agreement with PERIC that gives us the opportunity to sell in our own name (ODM) a complete and proven range of hydrogen refueling stations (HRS – Hydrogen Refueling Stations). We have already taken a number of orders for these and look forward to being able to deliver complete systems for the production of hydrogen through reforming or electrolysers that are combined with our HRS solution.



SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- Metacon completed the acquisition of all shares in Helbio Holdings S.A. ("Helbio"). The decision was formally made at an Extraordinary General Meeting on 20 September. The business is now wholly owned by Metacon.
- On October 3, it was announced that Metacon is acquiring 100% of the electrolysis company Water2H2 AB. Metacon completed the acquisition and the business is integrated and will continue to be developed under Metacon's name and brand.
- Metacon's now wholly owned subsidiary Water2H2 AB signed an agreement to sell an electrolysis plant, including a hydrogen refueling station with tank pressures of 350 and 700 bar respectively, to Uppvidinge Vätgas with a contract value of approximately SEK 21.5 million.
- A demo program for the product H2PS-5 was initiated and the first customer, the Green Tech company Xoma AB, joined.
- On August 20, it was announced that Metacon had entered into a non-exclusive distribution agreement in Japan with Notes Co. Ltd. for H2PS-5.
- Metacons Greek daughter company Helbio S.A. entered into a collaboration regarding the development of an ethanol reformer for use within the Swiss company WattAnyWhere's off-grid EV charging system and has received a first order.
- Metacon's new President and CEO, Christer Wikner, took office after the Annual General Meeting in June.
- Metacon hired Johan Berggren as Chief Marketing Officer and now Head of Sales.
- Metacon hired Dr. Christian Hofmann as Business Development Director.
- On December 21, it was announced that Dr. Thomas Chalkidis has been appointed as the new Managing Director of Metacon's subsidiary Helbio S.A. in Greece and Head of Business Area Reforming, Metacon.
- Metacons daughter company Helbio S.A. delivered and received payment for a customized reforming system to the University of Brunel, UK according to a previously communicated order.
- Metacons daughter company Helbio S.A. delivered a test rig according to a previously communicated order to the University of Western Macedonia.
- Helbio received an order from the University of Groningen in the Netherlands for a hydrogen reactor for studies in catalytic hydrogen production.
- An incentive program with an offer to acquire warrants to key employees and senior executives within the Group was introduced.
- Helbio had two pending patent applications approved in the United States.
- Helbio received a grant of EUR 60 000 from the Greek state.

Metacon acquired 100% of Helbio

On September 20, an Extraordinary General Meeting of Metacon formally resolved to acquire all minority-owned shares in Helbio Holdings S.A. Metacon already owned just over 60% of the shares and thus controlled Helbio.

There are several driving forces behind the transaction. An important reason was that we as the sole owner can now drive growth in Helbio faster by being able to decide on and carry out the necessary investments alone without diluting the former minority owners, who are now instead involved as shareholders in Metacon. A full ownership improves transparency and dialogue with shareholders.

Another important reason for full ownership was that we see the strength and potential of the cutting-edge expertise and technology that Helbio possesses as well as the patents that we believe will be able to create good gross margins over time for the products in reforming and adjacent systems that we develop and commercialize. In addition, full ownership and control of all core technology and IP is important for every technology company.

Helbio's products, know-how and intellectual property rights in reforming technology will over time form the core of Metacon's business for the production of green hydrogen from hydrocarbon-based substances, including biogas, where Metacon also possesses know-how and access to potential customers. As the picture around the biogas area has been clarified, we see great opportunities to offer all biogas producers a path and a business case straight into the new future market in green hydrogen. This, at a point in time when government subsidies for biogas plants are disappearing in various places as the automotive industry begins to plan for replacing biogas as a fuel for hydrogen. Already today, a large amount of biogas is burned (flared) away for lack of suitable off-take.

The approx. 10,000 biogas plants located in Germany alone, represent a very large and tangible market where we can offer commercially viable alternatives with our scalable hydrogen generators (HHG systems). A similar situation exists all over the world where biogas producers face major challenges if they cannot find a new market for their biogas. The strength of the business case we will be able to offer these customers is the ability to profitably produce hydrogen, instead of flaring away large amounts of valuable biogas as currently.

A customer who today has to flare away his biogas has almost free raw material for the production of green hydrogen, without the need for green electricity. An investment in our HHG 250 will be an interesting deal with a short payback period that can inject new life into the entire business. They then suddenly produce 22.5 kg of hydrogen per hour for about 8,000 hours per year, which with an assumed wholesale price of SEK 55 / kg for green hydrogen becomes about SEK 10 million per year in revenue, year after year. The fact that you also get an even more sustainability-profiled and significantly "CO2-negative" business that cools the climate and produces a product that goes straight into green emission-free transports, is something we believe will appeal to many.

During the year, we also acquired Water2H2 AB and took a strong position in electrolysis

Similar to Helbio, Metacon had a co-ownership in Water2H2 AB, with operations in the production of green hydrogen via so-called water electrolysis. But in this case to 20% and with control secured by a call option on the remaining shares for exercise during the month of January 2022.

Water2H2 developed very quickly during the year and managed to connect with extremely strong partners and suppliers for complete turnkey solutions in the electrolysis area. With the development of a clear strategy for Metacon to become strong in the entire green hydrogen area, combined with the focus within our "Year of Build", it became more or less obvious to take full ownership as soon as possible and integrate the entire electrolysis business into Metacon. The decision was also based on the fact that Water2H2's products are ready to be sold on the market and can therefore quickly contribute to Metacon's growth. The decision turned out to be the right one, partly considering the breakthrough deal in Wind-to-Hydrogen that Water2H2 received in strong competition during the month of September and the larger deal on two integrated HRS announced after the end of the financial year. The first deal has a perfect size as the first concrete installation project and we look forward to the summer when we will erect the plant and have both hydrogen-powered passenger cars and trucks rolling in Småland with "our" green hydrogen in the tanks.

We also see that the total addressable market for electrolysers in just the last year has grown very strongly and that there is a great demand for Water2H2's products and know-how. We believe that the market is growing faster than the available global production capacity and it was therefore important for us to be able to quickly integrate Water2H2 into our business in order to fully participate in this growth. Forecasts by the International Energy Agency (IEA) point at an increase in global consumption of hydrogen from today's 70 million tonnes to more than 500 million tonnes by 2050 and where the major growth is taking place in green hydrogen. From a Swedish market perspective, announced investments over the next 10 years correspond only in northern Sweden of, among others, Spanish Grupo Fertiberia, in the production of green fertilizers and of HYBRIT and H2 Green Steel in green steel production, in more than 2 000 MW of installed electrolysis power. These investments alone lead to an increase in electricity consumption in Sweden by 10%.

By bringing forward the acquisition of Water2H2, we were also able to add a competent and experienced sales organization with a presence in different European countries to Metacon's other operations. We see great synergies in terms of future cross-sales of the companies' respective technologies and solutions for large-scale hydrogen production.

Furthermore, the decision was also based on the benefits of being able to gain time and accelerate the development of events that we nevertheless saw would come and thus be able to enter 2022 with a more complete company structurally and organizationally rather than saving this for later. We are now well ahead of the original timetable in this regard.

Worth noting in connection with Water2H2 are the very strong and experienced partners and suppliers that we now have with us in the market. PERIC, which manufactures the electrolysers themselves, is the dominant player in the large Chinese market and the company that has supplied the most electrolysers in the world. We can hardly get a higher rating in future procurements regarding the products than this. Similarly, within EPC (Engineering Procurement Construction), Jernbro-owned Gällivare Industriservice AB (GISAB) is at least as strong a card. GISAB has, among other things, built and is now providing maintenance to the existing HYBRIT electrolyser in Luleå. And on the electronics side, ABB is one of the strongest players on the market. With Water2H2, we managed to get a perfect complement also timing-wise to our own reforming products that are positioned somewhat later in the commercialization curve. In electrolysis, we can now compete vigorously in the procurements that come and do so with a mature and difficult-to-beat offer.

MULTI-YEAR OVERVIEW (kSEK)

Group

	2021	2020	2019	2018
Net sales	10 186	4 071	1 925	3 069
Profit/loss after financial items	-34 397	-19 788	-22 103	-20 744
Total assets	246 534	100 466	50 939	39 911
Solidity (%)	94	90	72	60
Return on total capital (%)	neg	neg	neg	neg

MULTI-YEAR OVERVIEW (kSEK)

Parent Company

	2021	2020	2019	2018
Net sales	162	260	305	711
Profit/loss after financial items	-5 096	-8 929	-10 901	-6 835
Total assets	319 263	149 857	84 405	62 388
Solidity (%)	98	96	93	86
Return on total capital (%)	neg	neg	neg	neg

EQUITY

	Share capital	Other equity	Non-controlling interest
Group			
Opening equity	2 332 073	88 104 407	108 258
Changes in reported values directly against equity			
Conversion difference		258 043	
Difference in subsidiary group		-531 182	
Total	2 332 073	87 831 268	108 258
Transactions attributable to the parent company's shareholders			
Proceeds from issuance of shares	321 728	174 686 207	
Change of ownership in subsidiaries			-108 258
Result of the year		-34 396 531	
Total	321 728	140 289 676	-108 258
Ending equity	**2 653 801**	**228 120 944**	**-**

Number of shares: 265 380 102

Restricted equity	Share capital	Statutory reserve
Parent company		
Opening equity	2 332 073	10 000
Total	2 332 073	10 000
Transactions with shareholders		
Proceeds from issuance of shares	321 728	
Total	2 653 801	10 000
Ending equity 2021-12-31	**2 653 801**	**10 000**

Non-restricted equity	Share premium fund	Profit or loss brought forward and net result
Parent company		
Opening balance	212 515 257	-70 893 802
Net result for the year		-5 096 287
Proceeds from issuance of shares	172 303 672	
Ending equity 2021-12-31	**384 818 929**	**-75 990 089**

Number of shares: 265 380 102

Proposed allocation of company profit or loss

The Board of Directors proposes that non-restricted equity is appropriated as follows:

	Amounts in SEK
Share premium fund	384 818 929
Profit or loss brought forward	-70 893 802
Profit for the year	-5 096 287
Total	**308 828 840**
Carried forward	**308 828 840**

Regarding the results and position in general, reference is made to the subsequent results and balance sheet with the associated notes.

INCOME STATEMENT - GROUP

Amounts in SEK	Note	2021-01-01-2021-12-31	2020-01-01-2020-12-31
Operating income			
Net sales		10 186 074	4 071 214
Other operating income	2	3 546 841	8 868 089
		13 732 915	12 939 303
Operating expenses			
Raw materials and consumables		-9 901 181	-
Other external costs	3, 5	-14 634 360	-15 413 614
Employee benefit expenses	4	-11 243 762	-6 796 517
Depreciation/amortization and impairment of tangible and intangible assets		-16 722 490	-8 212 563
Other operating expenses		-335 484	-2 173 727
Operating result		**-39 104 362**	**-19 657 118**
Result from financial items			
Results from securities and receivables that are fixed assets		4 962 902	15 825
Interest income and similar income		47 197	233 123
Interest expenses and similar expenses		-302 268	-380 272
Profit/loss after financial items		-34 396 531	-19 788 442
Result before tax		-34 396 531	-19 788 442
Net result for the year		-34 396 531	-19 788 442
Attributable to:			
Shareholders of the parent company		-30 547 728	-17 583 798
Non-controlling interest		-3 848 803	-2 204 644

BALANCE SHEET - GROUP

Amounts in SEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development and similar	6	1 078 055	198 753
Goodwill	7	169 001 397	10 151 330
		170 079 452	10 350 083
Tangible assets	8		
Plant and machinery		4 209 155	1 896 727
Equipment, tools and installations		887 843	848 044
		5 096 998	2 744 771
Financial assets			
Other securities held as non-current assets	10	4 962 903	1
Other long-term receivables	11	89 290	87 775
		5 052 193	87 776
Total fixed assets		180 228 643	13 182 630
Current assets			
Inventories etc.			
Raw materials and consumables		4 760 169	2 123 920
Work in progress	12	5 580 294	2 632 545
		10 340 463	4 756 465
Current receivables			
Accounts receivables		935 833	232 006
Current tax assets		-	32 285
Other receivables		1 445 503	1 414 075
Prepaid expenses and accrued income	13	5 640 457	4 560 459
		8 021 793	6 238 825
Cash and bank balances		42 939 728	76 287 778
Total current assets		61 301 984	87 283 068
TOTAL ASSETS		241 530 627	100 465 698

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BALANCE SHEET - GROUP

Amounts in SEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital		2 653 801	2 332 073
Other capital		228 120 944	88 104 407
Equity attributable to shareholders of the parent company		230 774 745	90 436 480
Non-controlling interest		-	108 258
Total equity		230 774 745	90 544 738
Non-current liabilities			
Other liabilities to credit institutions	14	3 107 143	3 750 000
Other non-current liabilities		335 347	335 573
		3 442 490	4 085 573
Current liabilities			
Liabilities to credit institutions		642 857	711 803
Accounts payable - trade		738 047	676 654
Tax liabilities		64 542	26 756
Other current liabilities		3 686 558	3 079 085
Accrued expenses and deferred income	15	2 181 388	1 341 089
		7 313 392	5 835 387
TOTAL EQUITY AND LIABILITIES		241 530 627	100 465 698

CASH FLOW STATEMENT - GROUP

Amounts in SEK	Note	2021-12-31	2020-12-31
Operating activities			
Profit/loss after financial items		-34 396 531	-19 788 442
Adjustments for items not included in cash flow etc.		13 760 726	8 212 563
Other items not included in cash flow		-	-758 085
Paid income tax		70 071	19 818
Operating cash flow before changes in working capital		**-20 565 734**	**-12 314 146**
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-5 583 998	1 971 891
Increase(-)/Decrease(+) in operating receivables		-1 782 968	-255 817
Increase(+)/Decrease(-) in operating liabilities		1 407 934	-1 283 580
Cash flow from operating activities		**-26 524 766**	**-11 881 652**
Investing activities			
Investment in intagible assets		-175 770 872	-
Investment in tangible assets		-3 033 214	-904 566
Investment in financial assets		-1 515	-
Divestment of financial items		-	820
Cash flow from investing activities		**-178 805 601**	**-903 746**
Financing activities			
Proceeds from issuance of shares		172 625 400	80 067 839
Costs from issuance of shares		-	-5 613 592
Net amortization of loan		-643 083	-3 116 767
Cash flow from financing activities		**171 982 317**	**71 337 480**
Total cash flow		**-33 348 050**	**58 552 082**
Cash and bank balances at the beginning of the year		**76 287 778**	**17 735 696**
Cash and bank balances at the end of the year		**42 939 728**	**76 287 778**

INCOME STATEMENT – PARENT COMPANY

Amount in SEK	Note	2021-01-01-2021-12-31	2020-01-01-2020-12-31
Operating income			
Net sales		162 081	259 990
Other operating income	2	1 153 297	555 141
		1 315 378	815 131
Operating expenses			
Other external costs	3, 5	-5 187 666	-6 564 741
Employee benefit expenses	4	-5 412 581	-1 906 750
Depreciation/amortization and impairment of tangible and intangible assets		-414 548	-702 487
Other operating expenses		-156 167	-331 701
Operating result		**-9 855 584**	**-8 690 548**
Result from financial items			
Results from securities and receivables that are fixed assets		4 962 902	15 825
Interest expenses and similar expenses		-203 605	-253 939
Profit/loss after financial items		**-5 096 287**	**-8 928 662**
Result before tax		**-5 096 287**	**-8 928 662**
Net result for the year		**-5 096 287**	**-8 928 662**

BALANCE SHEET – PARENT COMPANY

Amount in SEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for development and similar	6	-	1
		-	1
Tangible assets			
Plant and machinery	8	1 024 692	1 160 467
Equipment, tools fixtures and fittings		71 626	-
		1 096 318	1 160 467
Financial assets			
Participation in group companies	9	270 031 065	83 871 997
Other securities held as non-current assets	10	4 962 903	1
Other long-term receivables	11	7 500	7 500
		275 001 468	83 879 498
Total fixed assets		**276 097 786**	**85 039 966**
Current assets			
Current receivables			
Receivables from group companies		7 835 760	3 306 490
Current tax assets		-	32 285
Other receivables		255 081	462 347
Prepaid expenses and accrued income	13	276 012	293 111
		8 366 853	4 094 233
Cash and bank balances		34 798 662	60 723 050
Totalt current assets		**43 165 515**	**64 817 283**
TOTAL ASSETS		**319 263 301**	**149 857 249**

BALANCE SHEET – PARENT COMPANY

Amount in SEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted capital			
Share capital		2 653 801	2 332 073
Fund for development costs		10 000	10 000
		2 663 801	2 342 073
Non-restricted equity			
Share premium reserve		384 818 929	212 515 257
Profit or loss brought forward		-70 893 802	-61 965 141
Profit or loss for the year		-5 096 287	-8 928 662
		308 828 840	141 621 454
Total equity		**311 492 641**	**143 963 527**
Non-current liabilities			
Other liabilities to credit institutions	14	3 107 143	3 750 000
		3 107 143	3 750 000
Current liabilities			
Liabilities to credit institutions		642 857	642 857
Accounts payable - trade		444 308	676 654
Liabilities to group companies		2 002 000	-
Tax liabilities		64 542	26 756
Other current liabilities		313 002	126 149
Accrued expenses and deferred income	15	1 196 808	671 306
		4 663 517	2 143 722
TOTAL EQUITY AND LIABILITIES		**319 263 301**	**149 857 249**

CASH FLOW STATEMENT – PARENT COMPANY

Amounts in SEK	Note	2021-12-31	2020-12-31
Operating activities			
Profit/loss after financial items		-5 096 287	-8 928 662
Adjustments for items not included in cash flow etc.		-4 548 354	702 487
Paid income tax		70 070	19 818
Cash flow from operating activities before changes in working capital		**-9 574 571**	**-8 206 357**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-	82 668
Increase(-)/Decrease (+) in operating receivables		-4 304 905	-501 245
Increase(+)/Decrease (-) in operating liabilities		2 482 010	657 336
Cash flow from operating activities		**-11 397 466**	**-7 967 598**
Investing activities			
Investment in group company		-186 159 067	-15 773 625
Investment in tangible assets		-350 398	-
Cash flow from investing activities		**-186 509 465**	**-15 773 625**
Financing activities			
Proceeds from issuance of shares		172 625 400	80 067 838
Costs from issuance of shares		-	-5 613 592
Net amortization of loan		-642 857	-750 000
Cash flow from financing activities		**171 982 543**	**73 704 246**
Cash flow for the year		**-25 924 388**	**49 963 023**
Cash and cash balances at the beginning of the year		**60 723 050**	**10 760 027**
Cash and cash balances at the end of the year		**34 798 662**	**60 723 050**

NOTES

Note 1 Accounting principles

Amounts in SEK if nothing else is noted.

GENERAL ACCOUNTING PRINCIPLES

The annual report has been prepared in accordance with the Annual Accounts Act and the Accounting Standards Board's general guidelines BFNAR 2012:1 Annual and Group Reports (K3).

The Parent Company applies the same accounting principles as the Group, except in the cases listed below under the section "Accounting principles in the Parent Company".

VALUATION PRINCIPLES ETC

Assets, provisions and liabilities are valued based on cost unless otherwise stated. Receivables have been valued at the lower of acquisition value and the amount by which they are expected to be settled.

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported in operating profit, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

The accounting principles are unchanged compared with previous year.

Income

Revenue has been recognized at real value of what has been or will be received and is reported to the extent that it is probable that the financial benefits will be credited to the company and the revenue can be calculated in a reliable manner.

Assignment income and expenses for assignments at a fixed price are reported as income and expenses based on the degree of completion on the balance sheet date, successive profit recognition.

The degree of completion is calculated as work performed of a total contract

Fixed assets

Intangible and tangible fixed assets are reported at acquisition value less accumulated depreciation according to plan and any write-downs.

Income tax

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement, except when the underlying transaction is reported directly against equity whereby associated tax effects also are reported in equity.

Public grants

Grants from the state are reported at fair value when it is reasonable and certain that the grant will be received and the company will meet the conditions associated with the grant.

Definition of key ratios

Net sales
Operating main income, invoiced costs, side income and income corrections.

Profit/loss after financial items
Profit/loss after financial income and expenses, but before extraordinary income and expenses.

Total assets
The company's total assets.

Solidity (%)
Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

Return on equity (%)
Profit/loss after financial items as a percentage of adjusted equity (equity and untaxed reserves less deferred tax).

INTANGIBLE ASSETS

Expenditure on research and development

When capitalizing expenses for development, the capitalization model is applied. This means that expenses incurred during the development phase are reported as an asset when all of the following conditions are met:

- It is technically possible to complete the intangible asset so that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it.
- Prerequisites exist for using or selling the intangible fixed asset.
- It is likely that the intangible fixed asset will generate future economic benefits.
- There are necessary and adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The expenditure attributable to the intangible fixed asset can be calculated reliably.

The acquisition value of an internally generated intangible fixed asset consists of external directly attributable expenses.

Other intangible assets

Other intangible assets acquired by the company are reported at acquisition value less accumulated depreciation and write-downs. Expenses for internally generated goodwill and brands are reported in the income statement as an expense when they arise.

Depreciations

Depreciation takes place on a straight-line basis over the asset's estimated useful life. Depreciation is reported as an expense in the income statement.

The following depreciation periods are applied:	Group %	Parent company %
Internally generated intangible assets		
Capitalized expenses for development and similar work	20-30	20-30
Acquired intangible assets		
Goodwill and patents	7,5-35	7,5-35

TANGIBLE ASSETS

Tangible fixed assets are reported at acquisition value less accumulated depreciation and write-downs. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition

Additional expenses

Additional expenses that meet the asset criterion are included in the asset's carrying amount. Expenses for ongoing maintenance and repairs are reported as costs when they arise.

Depreciations

Depreciation takes place on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is reported as an expense in the income statement

The following depreciation periods are applied:

Tangible fixed assets:	Group %	Parent company %
Plant and machinery	12-20	20

The difference between the above-mentioned depreciation and depreciation made for tax purposes is reported in the individual companies as accumulated overdepreciation, which is included in untaxed reserves.

Leasing

All leasing agreements have been classified as financial or operational leasing agreements. A financial leasing agreement is a leasing agreement according to which the risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operational leasing agreement is a leasing agreement that is not a financial leasing agreement.

Operational leasing agreements

Leasing fees according to operational leasing agreements, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are reported as an expense on a straight-line basis over the leasing period.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with the acquisition method.

Intra-group receivables and liabilities as well as transactions between Group companies as well as unrealized gains are eliminated in their entirety. Unrealized losses are also eliminated unless the transaction corresponds to an impairment loss.

SUBSIDIARY

Subsidiaries are companies in which the parent company directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling influence. Controlling influence means a right to formulate a company's financial and operational strategies in order to obtain economic benefits. The reporting of business acquisitions is based on the unit view. This means that the acquisition analysis is prepared as of the time when the acquirer acquires a controlling influence. From this point on, the acquirer and the acquired entity are seen as an accounting entity. The application of the unit view also means that all assets (including goodwill) and liabilities as well as income and expenses are included in their entirety also for partly owned subsidiaries.

The acquisition value for subsidiaries is calculated at the sum of fair value at the time of acquisition for paid assets with the addition of incurred and assumed liabilities as well as issued equity instruments, expenses that are directly attributable to the business combination and any additional purchase consideration. The acquisition analysis determines the fair value, with some exceptions, at the time of acquisition of acquired identifiable assets and assumed liabilities as well as minority interests. Minority interest is valued at fair value at the time of acquisition. From the time of acquisition, the consolidated accounts include the acquired company's revenues and expenses, identifiable assets and liabilities as well as any goodwill or negative goodwill incurred.

The financial statements of foreign subsidiaries have been recalculated according to the current exchange rate method. All items in the balance sheet have been recalculated at the exchange rate on the balance sheet date. All items in the income statement have been translated at the average exchange rate during the financial year.

GOODWILL

Group goodwill arises when the acquisition value upon acquisition of shares in subsidiaries exceeds the value of the acquired company's identifiable net assets determined in the acquisition analysis. Goodwill is reported at acquisition value less accumulated depreciation and any write-downs.

Note 2 Other operating income

	2021-01-01-2021-12-31	2020-01-01-2020-12-31
Group		
Commission income	1 049 144	582 470
EU-Grant Greece	2 407 259	5 702 420
Other income Sweden	88 263	-
Other income Greece	2 175	2 583 199
Total	**3 546 841**	**8 868 089**
Parent company		
Commission income	1 049 144	-
Other income	104 153	582 470
Total	**1 153 297**	**582 470**

Note 3 Fees and cost reimbursement to auditors

	2021-01-01-2021-12-31	2020-01-01-2020-12-31
Group		
R3 and Mr Kypris, Greece		
Audit fee	259 870	190 000
Other assignment	71 425	15 000
Total	331 295	205 000
Parent company		
R3		
Audit fee	214 275	190 000
Other assignment	71 425	15 000
Total	285 700	205 000

Note 4 Employees, personnel costs and board fees

Average number of employees	2021-01-01-2021-12-31	Men	2020-01-01-2020-12-31	Women
Group				
Sweden	4	4	1	1
Greece	20	19	16	15
	24	23	17	16
Parent company				
Sweden	4	4	1	1
	4	4	1	1

Salaries and other remunerations and social costs, including retirement costs

	2021-01-01-2021-12-31	2020-01-01-2020-12-31
Group		
Salaries and other remunerations	8 428 822	5 307 144
Social costs	2 751 287	1 468 263
(of which pension expenses)	405 419	110 289
	11 180 109	6 775 407
Parent company		
Salaries and other remunerations	3 763 474	1 395 333
Social costs	1 584 950	490 306
(of which pension expenses)	405 419	110 289
	5 348 424	1 885 639

Note 5 Leasing agreements

Leasing costs for the year regarding leasing agreements, amounts to 423 490 (441 724) in the Group and 157 824 (168 613) in the parent company.

Future leasing fees, for non-cancellable leasing agreements, are due for payment as follows:

	2021-12-31	2020-12-31
Group		
Within a year	479 352	289 024
Later than one year but within five years	1 243 288	972 768
Later than five years	481 482	567 448
	2 204 122	1 829 240
Parent company		
Within a year	167 989	45 832
Later than one year but within five years	55 996	-
Later than five years	-	-
Reported value at the end of the year	223 985	45 832

Note 6 Capitalized expenses for development work and similar work

	2021-12-31	2020-12-31
Group		
Accumulated acquisition values:		
-At the beginning of the year	2 596 780	2 596 780
-New acquisitions	1 052 344	-
-The year's translation differences	4 914	-
	3 654 038	2 596 780
Accumulated depreciation according to plan:		
-At the beginning of the year	-2 398 026	-2 046 954
-Reclassifications	-	7 809
-Depreciation for the year according to plan	-177 957	-358 881
	-2 575 983	-2 398 026
Reported value at the end of the year	**1 078 055**	**198 754**
Parent company		
Accumulated acquisition values:		
-At the beginning of the year	2 225 609	2 225 609
	2 225 609	2 225 609
Accumulated depreciation according to plan:		
-At the beginning of the year	-2 225 609	-1 909 943
-Depreciation for the year according to plan	-	-315 666
	-2 225 609	-2 225 609
Reported value at the end of the year	**-**	**-**

Note 7 Goodwill

	2021-12-31	2020-12-31
Group		
Accumulated acquisition values:		
-At the beginning of the year	67 379 877	67 379 877
-New acquisitions	174 713 622	-
	242 093 499	67 379 877
Accumulated depreciation according to plan:		
-At the beginning of the year	-57 228 547	-50 031 285
-Depreciation for the year according to plan	-15 863 555	-7 197 262
	-73 092 102	-57 228 547
Reported value at the end of the year	**169 001 397**	**10 151 330**

Note 8 Plant and machinery

	2021-12-31	2020-12-31
Group		
Accumulated acquisition values:		
-At the beginning of the year	8 763 054	7 858 488
-New acquisitions	2 984 328	904 566
-The year's translation differences	48 877	-
	11 796 259	8 763 054
Accumulated depreciation according to plan:		
-At the beginning of the year	-6 018 283	-5 354 053
-Reclassifications	-	-7 809
-Depreciation for the year according to plan	-680 978	-656 421
	-6 699 261	-6 018 283
Reported value at the end of the year	**5 096 998**	**2 744 771**
Machines included under financial leasing agreements	None	None
Parent company		
Accumulated acquisition values:		
-At the beginning of the year	2 861 137	2 861 137
-Disposals and obsolescence	350 398	-
	3 211 535	2 861 137
Accumulated depreciation according to plan:		
-At the beginning of the year	-1 700 670	-1 313 848
- Depreciation for the year according to plan	-414 547	-386 822
	-2 115 217	-1 700 670
Reported value at the end of the year	**1 096 318**	**1 160 467**
Machines included under financial leasing agreements	None	None

Note 9 Participations in group companies

	2021-12-31	2020-12-31
Accumulated acquisition values:		
-At the beginning of the year	83 871 997	68 098 372
-New acquisitions	186 159 068	15 773 625
Reported value at the end of the year	**270 031 065**	**83 871 997**

Spec of the parent company's and the group's holdings of shares in group companies

This applies to the ownership share of the capital, which also corresponds to the proportion of votes to the total number of shares.

Subsidiary / Org no	Capital share %	2021-12-31 Reported value	2020-12-31 Reported value
Helbio Holding S.A. (123774516000)	100	220 709 748	83 850 680
Metacon KK (0210-01-0537)	100	21 317	21 317
Water2H2 AB (559270-5908)	100	49 250 000	-
Metacon Warrant AB (559318-4392)	100	25 000	-
Metacon GmbH (HRB 167620)	100	25 000	-
		270 031 065	**83 871 997**

Note 10 Other securities held as non-current assets

	2021-12-31	2020-12-31
Group		
-Opening acquisition values	4 962 903	4 962 903
-Opening write-downs	-4 962 902	-4 962 902
-Reversed write-down	4 962 902	-
Reported value at the end of the year	**4 962 903**	**1**
Parent company		
-Opening acquisition values	4 962 903	4 962 903
-Opening write-downs	-4 962 902	-4 962 902
-Reversed write-down	4 962 902	-
Reported value at the end of the year	**4 962 903**	**1**

Refers to 101 223 shares in Advent Technologies.

Note 11 Other long-term receivables

	2021-12-31	2020-12-31
Group		
Accumulated acquisition values:		
-At the beginning of the year	87 775	88 595
- Additional receivables	1 515	2 058
	89 290	90 653
-Reclassifications	-	-2 878
Reported value at the end of the year	**89 290**	**87 775**
Parent company		
Accumulated acquisition values:		
-At the beginning of the year	7 500	7 500
	7 500	7 500
Reported value at the end of the year	**7 500**	**7 500**

Note 12 Work in progress

	2021-12-31	2020-12-31
Group		
Expenses incurred on contracts	10 583 759	2 632 545
Advance from customer	-5 003 465	-
	5 580 294	**2 632 545**
Parent company		
Expenses incurred on contracts	-	-
Advance from customer	-	-
Reported value at the end of the year	**-**	**-**

Note 13 Prepaid expenses and accrued income

	2021-12-31	2020-12-31
Group		
Prepaid expenses	5 564 476	422 733
Accrued income	75 981	4 137 725
	5 640 457	**4 560 458**
Parent company		
Prepaid expenses	200 031	133 460
Accrued income	75 981	159 651
	276 012	**293 111**

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Note 14 Other liabilities to credit institutions

	2021-12-31	2020-12-31
Group		
Due date, within one year from the balance sheet date	642 857	711 803
Due date, 1-5 years from the balance sheet date	2 906 776	2 907 002
Due date, later than five years from the balance sheet date	535 714	1 178 571
	4 085 347	**4 797 376**
Parent company		
Due date, within one year from the balance sheet date	642 857	642 857
Due date, 1-5 years from the balance sheet date	2 571 429	2 571 429
Due date, later than five years from the balance sheet date	535 714	1 178 571
	3 750 000	**4 392 857**

Note 15 Accrued expenses and deferred income

	2021-12-31	2020-12-31
Group		
Personnel-related costs	1 572 834	955 627
Other costs	608 554	385 462
	2 181 388	**1 341 089**
Parent company		
Personnel-related costs	737 084	285 844
Other costs	459 724	385 462
	1 196 808	**671 306**

Note 16 Pledged collateral and contingent liabilities

Collateral pledged	2021-12-31	2020-12-31
Group		
Other liabilities to credit institutions		
Corporate mortgages	6 500 000	6 500 000
	6 500 000	**6 500 000**
Parent company		
Other liabilities to credit institutions		
Corporate mortgages	6 500 000	6 500 000
	6 500 000	**6 500 000**

Note 17 Significant events after the end of the financial year

- On January 26, Metacon announced that an EPC partner agreement with GISAB (part of Jernbro) for the electrolysis and HRS area in the Nordic region has been signed.
- On February 28, a partnership agreement was announced to create a ”hydrogen village” in Greece together with, among others, the large gas company DEDA.
- On March 4, Metacon announced a cooperation agreement with PERIC for the European hydrogen refueling station (HRS) market.
- On April 6, it was announced that Metacon’s Helbio unit had received approval for an application and is starting an EU project for the development of innovative nanocatalytic materials and reactors.
- On April 22, it was announced that Metacon, in collaboration with Hydroholding, will deliver the first microhydrogen refuelling (HRS) demonstration station in Slovakia.
- On April 27, it was announced that Metacon, in collaboration with GISAB, will receive breakthrough orders for two electrolysis-based integrated filling stations for green hydrogen (HRS) from Botnia Hydrogen.
- On April 29, Metacon presented via press release medium-term financial targets and brings forward the publication of the Q1 report.
- On May 5, it was announced that Metacon is delivering a pilot contract to PERIC Hydrogen Technology for a 5 MW electrolysis plant in the United States.
- On May 16 it was announced that Metacon had signed a MoU with the German distributor Brennstoffzelle4home (B4H) for the H2PS-5 product and received orders for the first five units.
- On May 17, it was announced that Metacon’s wholly owned subsidiary Helbio had delivered a milestone and prototype to the Norwegian company Pherousa Green Technologies AS in the field of green ammonia for the shipping industry. Helbio thereby increases its ownership to 10% in Pherousa.

SIGNATURES

Örebro ______________________

____
Ingemar Andersson
Chairman of the board

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Marie Brodin

____
Christer Nygren

____
Mats Lundberg

____
Thomas Nygren

____
Christer Wikner
CEO

My Audit Report was submitted on ______________________

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Tomas Nöjd
Certified auditor

HEAD OFFICE

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metacon

AUDITOR'S REPORT

To the general meeting of the shareholders of Metacon AB (publ)
Corporate identity number 556724-1616

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of Metacon AB (publ) for the year 2021.

In my opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 my 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. I 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my 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. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors and the Managing Director of Metacon AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

I 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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

My objective concerning the audit of the administration, and thereby my 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.

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

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

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

Stockholm

Tomas Nöjd

Authorized Public Accountant