metacon

ANNUAL REPORT
2023

CONTENT

This is Metacon

Metacon's business strategy aims to establish the company as one of the market leaders in fossil-free ”green” hydrogen production for both the transport and industrial sectors. Hydrogen has extensive applications across various industries and is widely considered to be one of the key components of the transition towards a carbon-neutral economy. Our market position is gradually strengthened by hydrogen's increasingly recognised role in society's transition towards a future with renewable, domestically produced and emission-free fuels and energy. With our innovative production solutions, we aim to be a driving force in this transformation. We are committed to fully exploiting the potential of hydrogen, with the goal of significantly reducing greenhouse gas emissions and thus contributing to the mitigation of climate change. At the same time, we are taking advantage of the major new business opportunities that are being created.

With manufacturing, development centres and sales offices in Europe and Japan, we have established an important presence in key markets and secured a strong research and development capability. The largest part of the revenue today comes from electrolysis projects, an area that includes tailor-made electrolysis plants with complete hydrogen refuelling stations. Customers choose our solutions for green hydrogen production both because of its environmentally friendly properties and because we can offer a proven and cost-effective solution that has the potential to be a profitable investment.

A key factor in being able to deliver maximum value growth in the long term is that, in an industry that is still undergoing rapid development, we can adapt and change our strategy in line with how the market moves. During the second half of 2023, Metacon intensified its strategic development work with a clearer focus on the industrial sector. This decision means that we are increasing our focus on manufacturing and sales of very large electrolysis plants to industrial players in order to grow towards the market segment that we see as both the largest and the most mature in the fossil-free hydrogen sector – large-scale industrial projects.

Through our new strategy, we strengthen our ability to find customers and businesses that offer large revenues, good profitability and growth potential. Our investments will be directed towards areas where we have the best potential to develop from being a minor challenger to becoming a market leader.

Metacon's vision is to become a leading supplier of systems for local hydrogen production in Europe for the industrial and transport sectors.

Head office:
Uppsala, Sweden

Number of employees:
37

Founded:
2011

Marketplace:
Nasdaq First North Stockholm

CLEAR CUSTOMER SEGMENTS EMERGE

Metacon has one of the market's broadest portfolios of products and solutions in the hydrogen field. We are now focusing on larger-scale hydrogen production for selected customer segments in basic industries, renewable energy production (storage of wind and solar power) and the transport sector. We also evaluate opportunities in marine applications and the real estate sector, and continuously evaluate the maturity of both our own solutions and our customers. Our core products, based on proprietary, patented technology, include green hydrogen production through reforming of biogas or other energy sources. We also offer robust and cost-effective electrolysis plants, which are designed to be suitable for both small- and very large-scale production for customers with access to fossil-free electricity.

Basic industry

For Metacon, the industrial sector is an important segment with several different customer categories, including fossil-free steel production, green ammonia and refinery plants as these show an advanced degree of maturity. We have the capacity to offer large-scale and cost-effective alkaline electrolysis plants, including plants spanning over 500 MW, which few players in the market can.

Renewable energy storage

Metacon offers scalable hydrogen systems in both electrolysis and reforming, which enables adaptation to customer needs. These systems can be integrated directly with fossil-free sources such as hydropower plants, wind turbines, solar parks or biogas plants to offer sustainable and carbon-neutral hydrogen production and thereby off-grid energy storage.

Transport sector

The automotive industry needs to change to reduce its climate impact. Metacon offers solutions in hydrogen production and hydrogen refuelling to meet this need. But we also have new innovative solutions under development with partners. For example, we convert ethanol into hydrogen for fuel cells, which can enable off-grid fast charging for battery-electric vehicles.

Sustainable shipping

Metacon has interesting technologies for the shipping industry where strict emission regulations are driving the demand for hydrogen-based solutions. Our so-called ammonia cracker technology has the potential to enable the operation of ships completely free of carbon dioxide emissions.

The year in brief

"2023 was an eventful year for Metacon despite fewer deals than desired, caused by challenges in the market and high financing costs. Despite this, we have managed to lay the foundation for expanding into new market segments, thereby significantly increasing our business potential. With a strengthened belief in our new strategy, we now aim to execute important projects in 2024 and continue our growth journey towards sustainable profitability." Christer Wikner, President and CEO

THE GROUP'S MULTI-YEAR OVERVIEW

Amounts in SEK thousand unless otherwise stated	2023	2022	2021	2020	2019
Net sales	60,128	63,825	10,186	4,071	1,925
Revenue	67,193	67,145	13,733	12,939	9,057
Operating income	-73,386	-47,370	-39,104	-19,657	-20,439
Profit after financial items	-77,817	-50,436	-34,397	-19,788	-22,103
Equity ratio (%)	70	90	94	90	72
Earnings per share (SEK)	-0.23	-0.17	-0.13	-0.09	-0.10
Share price at end of period (SEK)	0.83	1.13	3.04	5.15	1.16

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2023

January – March 2023

- On January 24, Metacon announced that a Letter of Intent (MoU) has been signed with the state forest manager RDSF in Poland for a turnkey hydrogen project with a total capacity of approximately 5 MW.
- On February 27, Metacon, in collaboration with Hydroholding, announced that an integrated PEM electrolyzer and hydrogen refueling station will be delivered to Slovakia.
- On March 1, it was announced that Metacon's subsidiary Metacon S.A (formerly Helbio S.A) has received an order from the University of Western Macedonia.
- On March 7, it was announced that Metacon's subsidiary Metacon S.A (formerly Helbio S.A) had received an order from WattAnyWhere for systems that convert ethanol into green hydrogen, intended for off-grid electric vehicle charging.

April – June 2023

- On April 19, Metacon announced that its subsidiary Metacon S.A (formerly Helbio S.A) has received three different ISO certifications.
- On May 31, Metacon announces that Pherousa Green Technologies AS (PGT), has designed and is preparing an order for up to six vessels powered by ammonia fuel, which is made possible by Helbio's technology based on ammonia-to-hydrogen reforming.

July – September 2023

- On September 1, Metacon, together with Uppvidinge Hydrogen and in the presence of Volvo Trucks, SCANIA and Toyota, will inaugurate Sweden's first self-sufficient hydrogen refuelling station. The filling station enables the refuelling of both heavy vehicles and passenger cars with hydrogen produced using electricity from its own wind turbine in Småland.

October – December 2023

- On November 9, it was announced that Metacon, through its subsidiary Metacon S.A (formerly Helbio S.A), entered into an in-depth collaboration with WattAnyWhere by entering into an exclusive partnership agreement for the delivery and further development of Metacon S.A.'s (formerly Helbio S.A) ethanol reforms to WattAnyWhere's off-grid fast charging stations.
- On November 13, Metacon announces that the product HHG 50 has received approved CE marking for the production of green hydrogen from biogas.
- On November 23, Metacon announced that a Memorandum of Understanding (MoU) has been signed with PERIC for a strategic partnership regarding the manufacture and sale of Metacon's hydrogen generators on the Chinese market.
- On December 4, it is announced that Metacon's wholly-owned subsidiary Helbio S.A will change its name to Metacon S.A.
- On December 20, Metacon's Board of Directors announces that they intend to decide on a rights issue of units worth approximately SEK 120 million.

Significant events after the financial year 2023

- On January 25, 2024, an exclusive license agreement with PERIC is announced, which gives Metacon license rights to PERIC's alkaline electrolysis technology to build a "Gigafactory" for the manufacture of its own electrolysis plants.
- On January 25, 2024, Metacon's Board of Directors announces a rights issue of units worth approximately SEK 119 million and announces the terms of this issue.
- On February 20, 2024, Metacon announces the final outcome of the rights issue.

» A word from the CEO

Aggressive strategy in a developing market

When we sum up 2023, it is like a gap year in terms of sales and where the major successes are in the work that has been done to build a more complete and competent company for the future. We have now laid the foundation for a much larger and more profitable business than we previously had the conditions for and started to find our long-term role in the hydrogen market. Our investment in taking the plunge into the industrial segment with our own electrolyser manufacturing, opens up a previously unthinkable opportunity to reach billions in sales within just a few years, provided that the market develops as expected.

A CLEAR PLAN TOWARDS OUR VISION

The year was largely characterised by an uncertain world with geopolitical tensions and economic turbulence, where the need for a sustainable future in every way became increasingly apparent. Within Metacon, we continued to focus on our vision of becoming a leader in solutions for fossil-free hydrogen production, both in reforming and electrolysis. During the year, we took several significant steps towards realising this vision. The most important event was the unique OEM agreement for our own electrolyser manufacturing in Europe, which we negotiated in the autumn and signed in January 2024 and which led to ongoing preparations for the establishment of our own "gigafactory". An almost unbelievably exciting opportunity for Metacon.

Despite the challenging global economy, we took several significant steps in 2023. These included, among other things, the sale of our first electrolysis project with PEM technology, CE markings for our own reformer technology, relocation to a new factory in Greece and preparations for a new electrolyser factory under our own management to increase our ability in the European market.

At the beginning of 2024, a share issue was carried out that had been prepared during the second half of 2023. This issue resulted in issue liquidity of SEK 100 million before deduction of issue costs, from both new and existing shareholders. The new funds provide us with capital and financial flexibility to support our growth strategy and our plans in the next phase of the company's development.

HISTORIC AGREEMENT FOR OWN PRODUCTION OF ELECTROLYSIS PLANTS

As mentioned earlier, we carried out one of the most important activities in the company's history during the autumn by negotiating an OEM license agreement with our partner PERIC Hydrogen Technologies Co., Ltd (PERIC). This agreement means that we obtain the rights to build a "Giga factory" and be able to manufacture our own electrolysis plants in Europe. This milestone marks the entrance to a new phase of industrial focus for us and is expected to have far-reaching effects on both our company and, not unlikely, the industry as a whole in Europe.

The agreement with PERIC gives us the opportunity to manufacture alkaline electrolysis systems under our own brand. No such agreement has previously been entered into by PERIC. Our internal focus is now on enabling the transfer of technology from PERIC and determining the necessary resources and capital for the project. We are also in discussions about the best location for the new factory with the aim of ensuring, among other things, management capability, efficiency and logistical accessibility for both us and our customers.

We see great benefits in working closely with PERIC to meet the growing demand in the European market and at the same time expand our presence and capabilities. Our knowledge of the European market combined with PERIC's proven technology provides a strong foundation for this collaboration. The driving forces behind this investment include not only the increased demand but also the geopolitical factors that affect our industry. Through this investment, Metacon can not only secure its position as a significant player in the hydrogen market, but also create the opportunity to compete with the largest players in major procurements.

PRIORITIZATION OF THE INDUSTRIAL SEGMENT

As a consequence of the growing demand from industrial projects, we have clarified our strategy to prioritize this area. We are seeing a steadily increasing demand from large industrial players. According to Mckinsey & Company's analysis "Global Energy Perspective 2023: Hydrogen outlook", the industrial sector is expected to be the primary driver of fossil-free hydrogen until 2030. It is also the segment that we believe is the most mature and where we see the greatest business opportunities.

By directing our focus towards the industrial sector and larger projects, we are taking a well-thought-out and deliberate step that enables us to compete for significantly larger deals with higher margins than before. We are convinced that this strategic choice will improve our value development and be able to realize the company's full potential going forward.

STRONG GROWTH IN THE HYDROGEN MARKET EXPECTED

The market is seeing strong growth and is primarily driven by the increased importance of hydrogen in the transition towards emission-free energy and clean transport. This is evident through government initiatives such as the US Inflation Reduction Act and the EU Green Deal, both of which promote the use of hydrogen. At COP28 in Dubai, several countries took important steps to accelerate the development of the hydrogen market. This included proposals for a global certification scheme for renewable and low-CO2 hydrogen.

These policy measures are now accelerating investments in the hydrogen industry value chain and play an important role in complementing the already ongoing development of energy supply infrastructure. Another clear example of the strong market trend comes from the International Energy Agency (IEA), which predicts significant growth in the market for electrolysers in the coming years. This growth is a necessary part of achieving the ambitious emissions targets set in the Net Zero Scenario for the period 2021-2030, which underlines the role of electrolysis technology in the transition to a more sustainable future.

Hydrogen Europe predicts a significant increase in the planned electrolyser capacity for green hydrogen in Europe from 2025, with an estimated increase from 31 GW to 139 GW of installed power for electrolysers by 2030. Although the current electrolyser capacity in Europe is only around 0.2 GW, Hydrogen Europe predicts a sharp increase to around 23 GW per year by 2030. This forecast is based on national hydrogen plans within EU countries. However, various analyses indicate that this is likely to be insufficient to meet the actual demand for electrolysers, indicating an even greater potential for growth in this sector.

Christer Wikner

President and CEO, Metacon AB (publ)

The market for Metacon’s products

The global climate crisis is driving an increasing demand for sustainable energy and fuel solutions, while global energy demand continues to increase. Various factors contribute to increasing energy consumption in the world, including population growth with a constant increase in food and other needs while everyone strives for increased standard of living.

MARKET DEVELOPMENT AND FUTURE NEEDS

The market for electrolysis plants is expected to grow significantly in the coming years to meet the increased demand for fossil-free hydrogen. According to Hydrogen Europe’s ”Clean Hydrogen Monitor 2022”, the planned electrolyser capacity for green hydrogen in Europe is expected to increase significantly. By 2025, it is expected to reach about 31 GW, rise to 139 GW by 2030, and by 2040, an installed capacity of 191 GW is expected. This means a large gap between supply and demand, where the need for electrolysers is expected to exceed the available production capacity.

Initiatives such as the Swedish transition to green steel, green fertilizers and electro-fuels demonstrate the growing market for sustainable solutions. The demand for fossil-free hydrogen, which is a key component in all these processes, is expected to grow significantly. To achieve Hydrogen Europe’s expected electrolyser capacity of 139 GW by 2030, approximately 4,500 electrolysers with a capacity of 5 MW need to be installed annually.

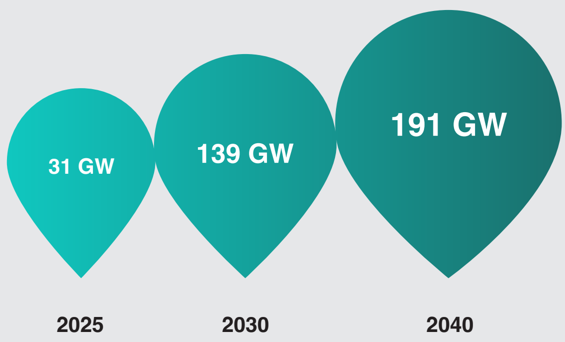
Today, the use of hydrogen is dominated by grey hydrogen, which accounts for about 90 million tonnes per year. However, as the demand for clean hydrogen increases and the costs of green alternatives become more competitive, the demand for grey hydrogen is expected to decrease. In the longer term, the demand for clean hydrogen is expected to increase significantly to between 125 and 585 million tonnes per year (Mtpa) by 2050 in different scenarios[1]. To meet this demand, expanded infrastructure and technological advances are required. These developments are expected to affect a wide range of sectors.

We are seeing increased attention to climate issues from government institutions, countries and companies. The goal of ”net zero emissions” is driving the demand for hydrogen solutions, resulting in an accelerating growth of hydrogen projects for commercial use. To meet these needs and demands, companies need to act now in order to have time to adapt their operations in time.

1) 1) https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023-hydrogen-outlook

DEMAND FOR ELECTROLYSIS CAPACITY IS INCREASING

According to Hydrogen Europe, the planned electrolysis capacity for green hydrogen in Europe is expected to increase significantly. By 2025, it is expected to reach about 31 GW, by 2030 it is expected to rise to 139 GW, and by 2040, an installed capacity of 191 GW is expected from electrolysers.



EMERGING MARKETS AND DRIVERS

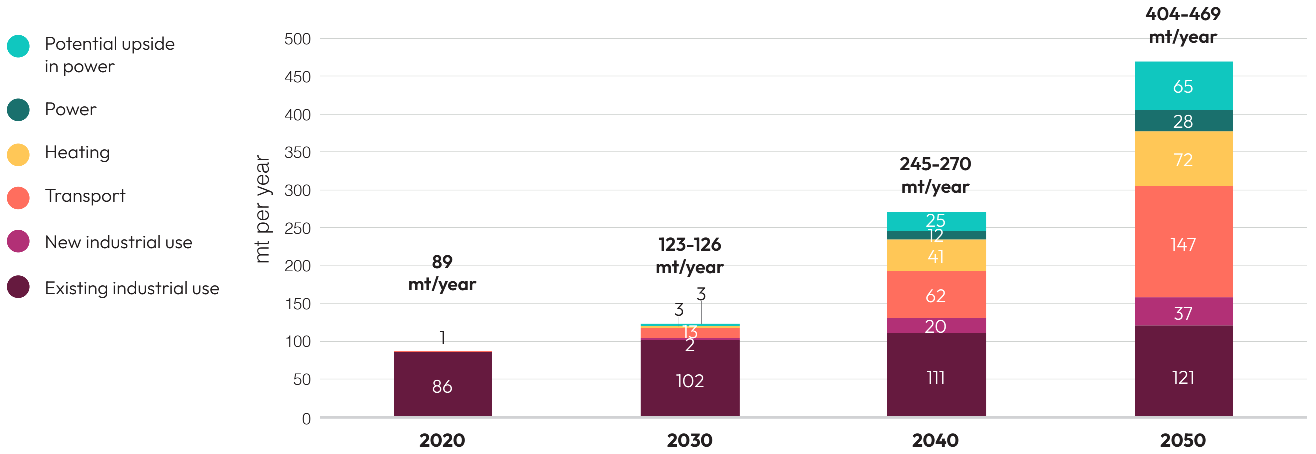
The industrial sector is expected to be the main driver of demand for clean hydrogen until 2030. By 2040, clean hydrogen is predicted to play a significant role in other uses, especially in the transport sector, which is expected to take over as the sector with the highest demand. This includes everything from fuel cell electric vehicles in long-haul transport and heavy-duty trucks to synthetic aviation fuel in the aerospace industry.

The second largest use case for hydrogen is expected to be industrial heating to replace natural gas. Overall, the use of clean hydrogen in existing and new applications could increase the share of clean hydrogen to 75% of total demand by 2040.[1]

According to projections, road transport alone is expected to account for around 80 Mtpa of hydrogen use by 2050, with the aviation industry expected to use around 50 Mtpa and shipping expected to require 15 Mtpa. At the same time, the continued development of existing industrial applications and heating is expected to further increase the demand for clean hydrogen, which could mean that clean hydrogen represents as much as 95% of total hydrogen demand by 2050. This change would be a significant step towards a global sustainable energy infrastructure, which is crucial for combating climate change and reducing our dependence on fossil fuels.

The industrial sector is expected to be the main driver of demand for clean hydrogen by 2030

Total hydrogen demand by sector, expressed in million tonnes per year (mt per year)



1) https://www.mckinsey.com/industries/oil-and-gas/our-insights/global-energy-perspective-2023-hydrogen-outlook

DEVELOPMENTS IN THE HYDROGEN MARKET

The number of projects in the hydrogen market is expected to increase globally. Investments in these projects through 2030 have risen by 30 percent in 9 months, from about $435 billion to over $570 billion. Growth is not consistent across the different stages of project maturity, with the most robust growth in advanced planning stages (known as FEED).[2]

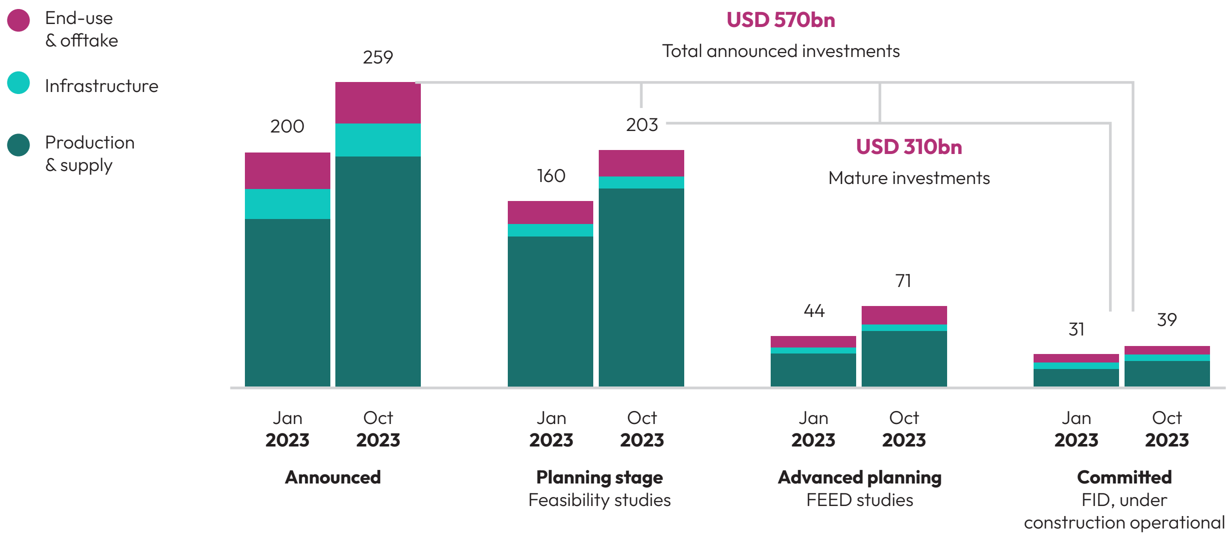
Investment growth at the advanced planning stage was particularly strong in North America, followed by Europe and Oceania. Although the number of ongoing projects is gradually reaching a more mature phase, the majority of projects are still only in the notification and planning stage.

In terms of planned investments, the market is still dominated by hydrogen production projects, which account for around 75% of investments. Investments in infrastructure and end-use of hydrogen, in turn, account for about 10 and 15 percent, respectively.

According to the report, companies have unveiled projects that could increase clean hydrogen capacity by up to around 45 million tonnes by 2030. Of the announced volumes up to 2030, more than 70 percent will include renewable hydrogen, while the remaining projects will focus on low-emission hydrogen.

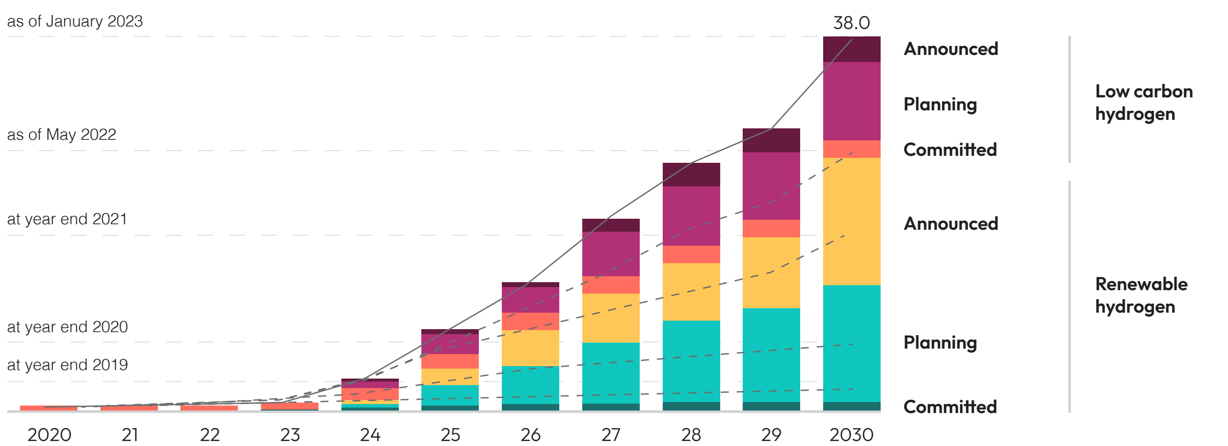
Announced investments by project status

Direct hydrogen investments until 2030, USD billion.
As of October 2023



Announced production volume of green hydrogen

Cumulative production capacity, million tonnes per year.
As of October 2023



2) https://hydrogencouncil.com/en/hydrogen-insights-2023/

Strategy

In an early-stage future market, it is important to actively choose a strategy to optimize the business based on your own conditions and access to technology. During the second half of 2023, we focused on increasing our business potential and strategically chose to focus our efforts on carefully selected and mature customer segments with the highest business potential.

METACON'S BUSINESS AREAS

Metacon has two main business areas: Reforming and Electrolysis. In Reforming, we possess several patents and a solid knowledge of efficient conversion of various hydrocarbons to hydrogen, which forms the basis of our products in catalytic steam reforming. Within Electrolysis, we are now taking the step from being a pure distributor of Chinese products, to becoming a manufacturer under our own brand. Each business area has unique market segments to serve and develops and executes its own strategy to meet specific needs and requirements. By having separate business areas, we can better focus on each technology and maximize our contribution to different markets and customers. It also enables a more tailored approach to each business area and increases our flexibility to adapt to changes and challenges in the market.

Business Area: Electrolysis

In 2023 and early 2024, Metacon strengthened its position in electrolysis by initiating a strategic project to become a leading player in the European market for alkaline electrolysers. During the year, we secured an OEM license agreement with PERIC that enables the manufacture, quality assurance and sale of our own electrolysis modules. We shifted the focus of sales and are focusing more on large industrial projects where we see growing demand. Our market analysis is in line with industry reports indicating that large electrolysis projects will increase significantly in the coming years. Despite today's largest hydrogen plants in Europe of around 20 MW, future plants are expected to scale up to hundreds of MW and even GW. At Metacon, we have a well-designed marketing strategy where we strive to win large orders from these investments.

The integration of Metacon's and PERIC's technology has significant scaling opportunities and competitive advantages. With PERIC's 10 MW electrolysis module, which is the largest in the world, Metacon can meet the needs of customers with high production requirements, for example in the steel and chemical industries. The increased capacity reduces plant complexity and enables more cost-effective solutions while providing flexibility for integration with renewable energy sources.

Through the agreement, Metacon can build its own electrolysis plants – initially with certain components from PERIC that meet European standards and quality requirements. At the same time, manufacturing will take place locally to ensure local benefit and quality control and to maximize sustainability aspects. A key component of this is PERIC's experience and technology, which includes their large-scale electrolysis modules that have many years of proven service life. This capability enables Metacon to efficiently manufacture large-scale facilities.

Business Area: Reforming

Metacon's strategic partnership with PERIC also marks an important milestone in the company's global expansion strategy in reforming. Through a Memorandum of Understanding (MoU), Metacon and PERIC have established the principles for a manufacturing and sales agreement, which will allow PERIC to manufacture and sell Metacon's hydrogen generators on the Chinese market. This gives us a strong volume manufacturer and a sales partner in one of the world's largest hydrogen markets, as well as a fast way into the Chinese market without major investments of our own. Metacon can instead focus on the manufacture of core components, such as the patented reactor for catalytic reforming. Through this, Metacon can ensure both high-quality series production and continued technological innovation.

In connection with this, Metacon moved its production of modular reforming plants to new, specially adapted premises in Greece for a more scalable series production and improved quality control. This expanded facility initially has the capacity to handle the production of up to 10 hydrogen generators per year and also provides the opportunity to manufacture and deliver reactors for Metacon's hydrogen generators as well as to transfer technology for the production of complete hydrogen generators to partners such as PERIC.

Germany has significant market potential for Metacon given the country's high number of biogas plants. With the new amendment to the German EEG law, which reduces the support for these plants, the opportunity opens up for Metacon to offer a more sustainable and profitable operating model by using our hydrogen generators to convert biogas into hydrogen for use in transport or for other industrial purposes. This opens up for new business models and the possibility of higher annual profits compared to traditional electricity production or biomethane production, which can contribute to both economically and environmentally sustainable solutions for the biogas plants.

Our business

Metacon has built an extensive portfolio of products and solutions designed to support our customers in an efficient transition to sustainable operations based on fossil-free ”green” hydrogen production. Our strength is to be able to create added value for our customers by ensuring a fast and cost-effective implementation of hydrogen production solutions in various applications.

STRONG OFFERING TO SUPPORT OUR CUSTOMERS’ TRANSITION TO EFFICIENT HYDROGEN PRODUCTION

Our core range is divided into two areas with different advantages, Reforming and Electrolysis. The area that is most beneficial for an individual customer depends on their specific needs. Our goal is always to deliver the highest quality, from the design phase to the installation of the facilities. In addition to our core range, we also offer a range of related products and services to meet the needs of our customers. This includes, among other things, combined heat and power (CHP) systems, hydrogen transport solutions and comprehensive support and maintenance of hydrogen production facilities.

Hydrogen generators for miscellaneous applications

In reforming, we offer hydrogen generators (HHG systems) that are suitable for both small and large plants and are primarily adapted for traditional biogas producers and wastewater treatment plants. But marine applications are also promising. Our hydrogen generators have a production capacity of 50 to 250 cubic meters of hydrogen per hour and use our proprietary technology to achieve purity levels between 99.9 to 99.999 percent, which can be customized as needed.

The advantages of our hydrogen generator are many:

- Innovative and compact, making it significantly smaller than traditional reforming plants and easier to integrate into different environments.
- Increased/high security because it is not dependent on open flames.
- With low operating temperatures, material costs are reduced and enable near-total elimination of emissions such as nitrogen oxide, carbon monoxide and sulphur oxide.
- With our patented HIWAR reactor design, our hydrogen generator can achieve up to 8 percent higher efficiency than conventional technology.

Cost-effective electrolysers for hydrogen production

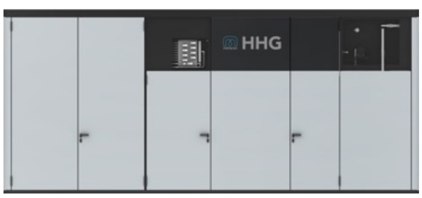
In addition to Metacon’s proprietary reforming technology, we can also offer various advanced solutions in electrolysis for the production of fossil-free hydrogen. We provide several options for electrolysis, including PEM and alkaline technology, available in both containerized and skid-mounted designs that are tailored to meet each customer’s specific needs.

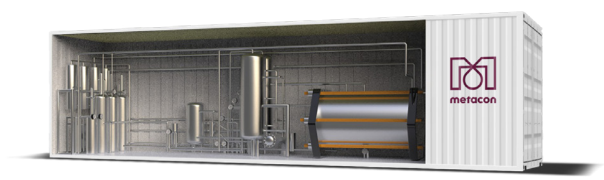
Our alkaline electrolysers are ideal for large-scale installations where cost-effectiveness and high efficiency are of great importance. These electrolysers have individual stacks with capacities of up to 10 MW and their impressive performance makes them ideal for industrial applications.

The electrolysis plants we offer are developed in cooperation with our partner PERIC, which has the largest installed base of electrolysis plants in the world. This collaboration gives us a significant advantage in offering proven solutions to our customers.

There are several advantages to our electrolysis portfolio:

- Good cost-effectiveness thanks to mature, proven technology and large production capacity, which enables competitive prices.
- Fast delivery times thanks to our partner’s efficient production process and our ability to optimize the production flow, resulting in short lead times from order to delivery.
- High performance and reliability over time, ensuring that our customers get long-term and reliable solutions for their hydrogen production.





Technology

Our goal is always to be innovative and deliver high-quality solutions in hydrogen production. With the strong partnerships and our advanced technology portfolio that we have now built, we are ready to meet the increasing demand for fossil-free ”green” hydrogen.

UNIQUE REFORMING PRODUCTS

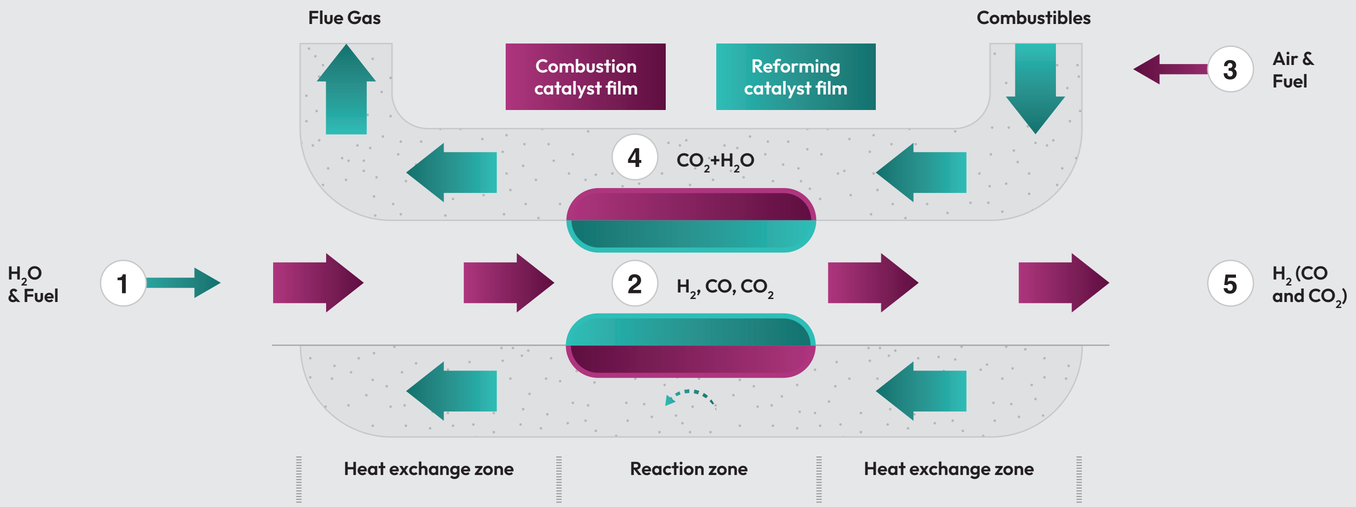
In our proprietary and patented reforming process, hydrogen is produced through a technology that uses unique catalytic surfaces in a high-efficiency reactor. By eliminating the need for open flames with catalytic oxidation to heat the reactor, we improve process efficiency and reduce carbon emissions.

Our reforming systems are designed to fit into standard containers, making transportation and installation easy and convenient. This makes them perfect for decentralised and continuous hydrogen production.

By using biogas, biogenic ethanol or green ammonia as raw materials, the hydrogen produced becomes fossil-free, renewable and climate-neutral. In addition, depending on how the biogas is produced and how the residues are used, our process can even be carbon negative, as methane is a multiply more aggressive greenhouse gas than carbon dioxide. By connecting to a carbon capture and storage (CCS) system, we can also capture and store the carbon dioxide emissions from the process.

Metacon's unique catalytic reforming technology

By blending the fuel with steam and using an advanced reactor, we can initiate a chemical process where the fuel is converted into hydrogen, carbon monoxide, and carbon dioxide. This conversion occurs by supplying heat to the steam/fuel mixture through via catalytic oxidation. Each reaction takes place on thin layers of catalysts, enabling very high efficiency and reducing the cost of the catalyst. Later in the process, the amount of carbon monoxide can be reduced, and as an option, carbon dioxide can be captured and stored by coupling our system with a carbon capture and storage (CCS) system to significantly reduce carbon dioxide emissions.



1. To initiate the reforming process, fuel is required - such as hydrocarbons like biogas or natural gas along with a sufficient supply of water (steam)
2. When a fuel and steam mixture is reformed according to the process, involving thin film catalytic surfaces in a highly efficient reactor, results in the production of hydrogen, carbon monoxide, and carbon dioxide.
3. In order to effectively start the reforming process, both air and fuel such as biogas or natural gas are heated up, before catalytic oxidation (combustion)
4. The air and fuel mixture is combusted and converts to water and carbon dioxide for heat generation. The process is safer than conventional reforming processes as it does not rely on open flames. This results in reduced carbon dioxide emissions from the process, increased system efficiency and reduced size of the plant.
5. The result of our process contains hydrogen and carbon oxides. Carbon monoxide is minimized, and the resulting mixture is then added to a Pressure Swing Adsorption (PSA) system for purification. The PSA process enables us to produce pure hydrogen, with a range from 99.9% to 99.999%. The system can be coupled (option) with a carbon capture and storage (CCS) system to significantly reduce carbon dioxide emissions.

PROVEN ELECTROLYSIS TECHNOLOGY

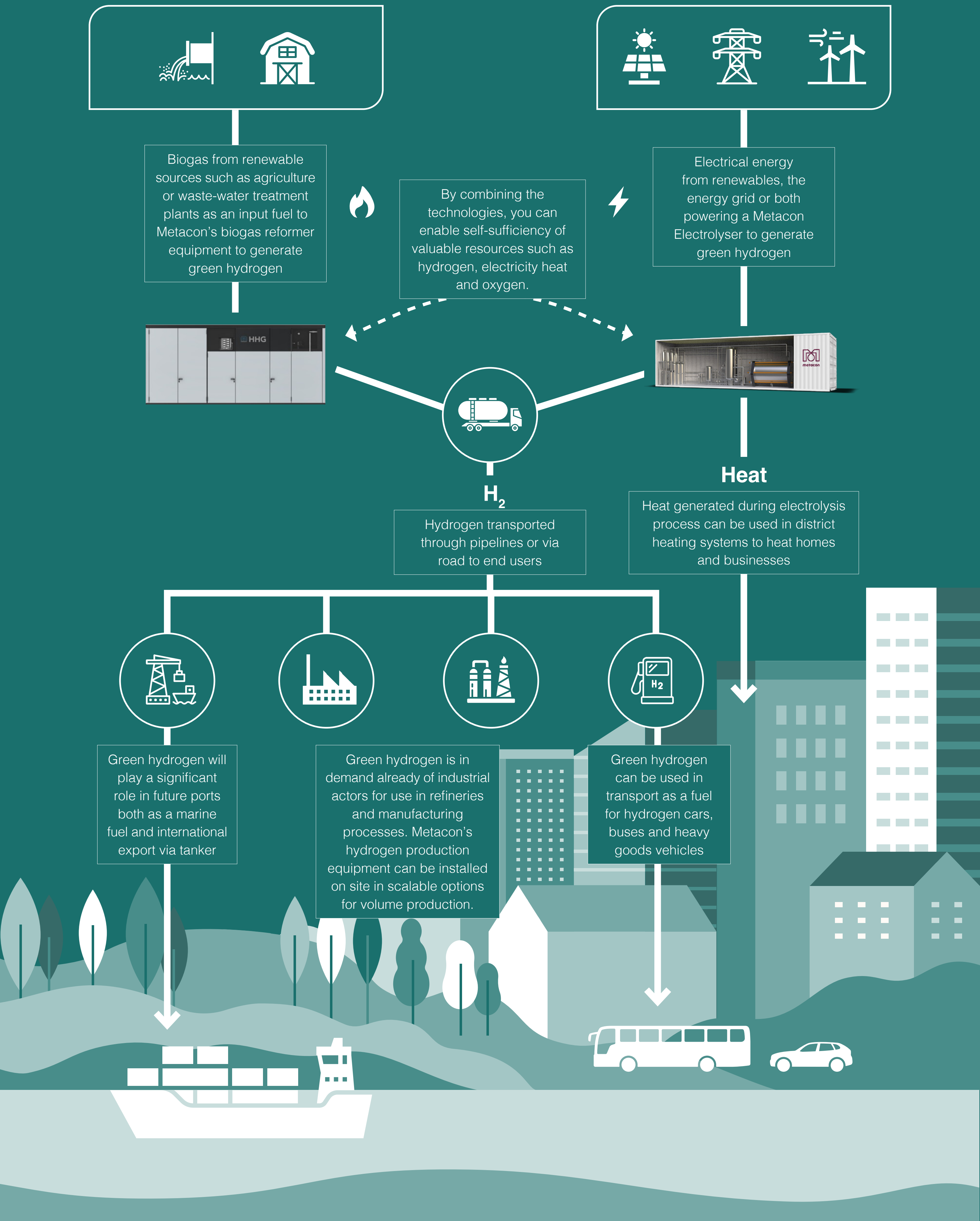
In the field of electrolysis, our partner PERIC has extensive experience in the manufacture of alkaline electrolysers with reliable performance. Through their technology, we have the opportunity to quickly establish ourselves as a significant manufacturer of alkaline electrolysers in the European market. The most efficient method for producing cost-effective fossil-free ”green” hydrogen is currently through alkaline water electrolysis. With this technology, hydrogen is produced by splitting water into hydrogen and oxygen using electricity from renewable energy production. This can be done without any carbon dioxide emissions in the process.

RESILIENT ENERGY SYSTEMS IN OUR SOCIETIES

Metacon’s products and solutions have the potential to contribute significantly to the development of sustainable and resilient energy and transport systems of the future in our societies.

Since most cities and municipalities already have or have the opportunity to acquire biogas production and fossil-free electricity supply from local sources, Metacon’s solutions are ideal. Hydrogen for city buses and other traffic can be produced from the company’s own local resources and create increased independence from both imported fossil fuels and centralised power supply. Waste heat from electrolysis processes can be added to district heating networks and the oxygen as well as excess heat can benefit biogas production if it is taken care of properly. All in all, there are many new opportunities for self-sufficiency and resilience that open up as a result of Metacon’s products.

Metacon's solutions contribute to a renewable energy system and ensure a sustainable energy future.



Sustainability is part of our business

Our business concept is based on being a driving force for the transition to fossil-free energy and fuel supply, which is crucial to combat climate change. As a leading player in this transition, we strive both to enable an emission-free society and at the same time to actively reduce our own emissions.

METACON'S AMBITION

Metacon's pursuit of a healthy and sustainable future is our main ambition. In 2023, we initiated work for ISO certification and began to integrate sustainability principles into important parts of our business. In line with our long-term goals, in 2024 we will continue our work in the area of sustainability and improve our reporting processes. By openly and clearly communicating our sustainability progress and challenges to our stakeholders in the future, we are taking a further step towards creating a more transparent and sustainable business operation. We see sustainability reporting as more than just a task to measure our performance. It is an opportunity for us to identify areas where we can make a greater positive impact on the environment, society and the economy.

A BUSINESS MODEL THAT SUPPORTS SUSTAINABLE VALUE CREATION

Metacon's business model focuses on sustainable value creation with the help of technology and has the potential to play a crucial role in promoting the transition to a greener energy transition. Our vision is clear: to become a leading supplier of systems for local hydrogen production in Europe for the industrial and transport sectors.

We specialize in the development and sale of energy systems that enable the production of green hydrogen. Hydrogen is a key component of the sustainable energy transition, as it acts as a zero-emission fuel and increases security of supply in electricity and heat production.

By offering innovative solutions for local hydrogen production, we contribute to creating the conditions for a fossil-free energy transition and reduced emissions. For us at Metacon, sustainability means actively working to reduce our climate impact and promote societal development in accordance with the UN's Agenda 2030 for Sustainable Development. Central to our sustainability strategy is to conduct business responsibly and to continuously improve our management of environmental and social impacts.

UN SUSTAINABLE DEVELOPMENT GOALS

Through our daily work at Metacon, we seek to create a positive impact and actively contribute to achieving the UN's Sustainable Development Goals. These goals aim to eradicate extreme poverty, reduce inequalities and injustices, promote peace and justice, and solve the climate crisis.

Metacon embraces and supports the UN's 17 Sustainable Development Goals (SDGs) and strives to actively contribute to their fulfilment. By focusing our daily work on the goals where we can make the most tangible difference, we are taking a step closer to a more sustainable and equitable world.

Our contributions to the Sustainable Development Goals

7 AFFORDABLE AND CLEAN ENERGY

We work towards sustainable energy through our efforts and innovations in green hydrogen production and the promotion of renewable energy and energy efficiency for a more climate-friendly energy supply.

8 DECENT WORK AND ECONOMIC GROWTH

Our ambition is to promote full employment, a healthy working environment and fair working conditions. Promoting fairness and equality in the workforce is a central part of our corporate culture.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

We strive to reduce our environmental impact and improve the use of natural resources in manufacturing and projects through collaboration with actors in our sustainable practices value chain, strengthening both our position and theirs.

13 CLIMATE ACTION

We aim to lead the transition to fossil-free energy and fight climate change through breakthrough technologies and innovations.

Board of Directors' Report

Board of Directors' Report

The Board of Directors and the CEO of Metacon AB (publ), corporate registration number 556724-1616, with its registered office in Örebro, hereby submit the annual report and consolidated financial statements for the financial year 2023. The annual report is prepared in Swedish kronor, SEK.

INFORMATION ABOUT THE BUSINESS

Metacon AB (publ) develops and manufactures energy systems for the production of hydrogen, heat and electricity. The products are based, among other things, on a patented technology that generates hydrogen through so-called catalytic steam reforming of biogas or other hydrocarbons. The development of Metacon's reforming products is done within the wholly owned subsidiary Metacon S.A., which is a spin-off from the University of Patras, Greece. From the outset, the business has focused on catalysts and advanced reformers for highly efficient hydrogen production.

Metacon also offers system solutions and facilities for the production of hydrogen through so-called electrolysis, a large and globally growing area for the production of green hydrogen. Hydrogen can be used in sectors such as transport, basic industry and the real estate sector, with a better environment and climate as a result.

MULTI-YEAR COMPARISON, GROUP

Amount in kSEK unless otherwise stated	2023	2022	2021	2020
Net sales	60,128	63,825	10,186	4,071
Profit after financial items	-77,817	-50,436	-34,397	-19,788
Balance sheet total	136,007	190,474	246,534	100,466
Equity ratio (%)	70	90	94	90
Return on equity (%)	neg	neg	neg	neg

MULTI-YEAR COMPARISON, PARENT COMPANY

Amount in kSEK unless otherwise stated	2023	2022	2021	2020
Net sales	60,761	49,063	162	260
Profit after financial items	-36,056	-20,868	-5,096	-8,929
Balance sheet total	417,859	432,721	319,263	149,857
Equity ratio (%)	90	95	98	96
Return on equity (%)	neg	neg	neg	neg

THE YEAR IN BRIEF

2023 has been eventful for Metacon, with progress in several areas. Demand for large-scale industrial projects has increased, and we have continuously developed our organization to meet the high level of activity in production, sales and R&D, not least to be able to meet expected future growth. We have achieved various ISO certifications within the Group and CE marking for our hydrogen generator, HHG-50. In addition, interest in our technology has continued to grow, and we have received orders for various systems, including those that convert ethanol into green hydrogen for off-grid electric vehicle charging.

In electrolysis, we have successfully sold another PEM electrolysis plant with integrated filling station to a customer in Slovakia. We have also inaugurated Sweden's first self-sufficient hydrogen refuelling station with refuelling of both heavy vehicles and passenger cars and with hydrogen produced from our own wind turbine in Småland.

We have restructured our sales strategy and are now focusing on larger industrial projects to stimulate growth and profitability in the long term. At the same time, we have expanded our production capacity and moved to new, larger factory premises in Greece to enable serial production of reactors and the production of a number of hydrogen generators. Through a strategic partnership with our partner PERIC, we have also secured an exclusive license for the manufacture of our own electrolysis plants and are now preparing for the establishment of an electrolyser factory. We have also started a collaboration for the manufacture of Metacon's hydrogen generators in China. Finally, during the year, we prepared a rights issue of units worth approximately SEK 100 million before deduction of costs to finance these expansions and partnerships that were carried out in early 2024.

SALES AND EARNINGS

In 2023, the Group reported net sales of SEK 60.1 (63.8) million, which was a decrease of 6% compared to the previous year. Despite this decline, several significant electrolysis projects have been pushed forward during the year, with revenue recognition in line with their progress.

The Group's operating loss was SEK -73.4 (-47.4) million, which was driven by investments in product development and capital structure, which also affects cash flow from investing activities.

CASH FLOW AND FINANCIAL POSITION

Cash and cash equivalents on December 31, 2023 amounted to SEK 27.0 (105.2) million. At the end of 2023, preparations were made for a new share issue that was successfully completed in the first quarter of 2024, which further strengthened the Group's capital base.

Cash flow from operating activities after adjustment for changes in working capital amounted to SEK -83.5 (-50.2) million. The Group in 2023 noted an increase in accrued but not invoiced revenue as well as an increase in ongoing work on behalf of others, which was driven by ongoing electrolysis projects.

Cash flow from financing activities for 2023 amounted to SEK 21.8 (121.6) million. The change is attributable to issue proceeds during the third quarter of the previous year. The equity/assets ratio at the end of the period, measured as the share of equity of total capital, was 70% (90%).

INVESTMENTS AND DEPRECIATION

Investments in property, plant and equipment during the financial year amounted to SEK 13.4 (2.4) million, according to Note 8. The change is attributable to the product development of HHG-50. Depreciation, amortization and impairments amounted to SEK 1.4 (1.1) million. Capitalized product development costs amounted to SEK 1.6 (0.2) million.

RESEARCH AND DEVELOPMENT

Over the past year, the Group has continued its investments in research and development in hydrogen technology. The costs for this research and development amounted to SEK 16.7 (10.0) million in 2023.

COLLABORATOR

At the end of the year, the Group had 37 employees. The average number of employees in 2023 was 35 (33).

PARENT COMPANY

In 2023, the parent company generated net sales of SEK 60.8 (49.1) million. Operating profit/loss for the year amounted to SEK -33.6 (-17.9) million. Profit/loss after financial items was reported as SEK -36.1 (-20.9) million.

RISK ANALYSIS

Metacon regularly evaluates financial risks and other risks that may affect operational activities and financial reporting. The risk assessment is carried out in order to ensure risk mitigation of potential errors in financial reporting. In addition, new and existing risks are identified, addressed and controlled through discussions in the management team and, where applicable, in the Board of Directors. The Board of Directors approves the principles and guidelines for the company's risk management, while the CEO and Group Management have operational responsibility.

Metacon's operations are conducted in an industry that requires technical capability, quality and innovation and in a dynamic and as yet immature market, where the increasing demand for fossil-free energy and emission-free transport drives development forward. Predicting the exact pace and timing of growth in the hydrogen production solutions market is difficult, but our ambition is to achieve significant order intake and organic sales growth in 2024 as a result of our new strategy.

SIGNIFICANT RISKS AND UNCERTAINTIES

Metacon's business, like all companies, is affected by a number of different factors, some of which are within the company's control while others are outside. External risks that affect the company include geopolitical risks, financial market risks or the decline of a certain industry. Operational risks affecting the company include employee turnover and recruitment. Financial risks mainly include bad debts. Continuous monitoring and analysis create the conditions for quick action and being ready for action when needed.

OPERATIONAL RISKS

Market-related risks

The company's hydrogen technology products are relatively new on the commercial market. As a result, some customers may perceive certain products as untested and therefore wait to replace their existing systems.

Customer dependency

Product development is a significant part of Metacon's business. The company is still highly dependent on the development process progressing according to plan and not being affected by any delays, cost increases or other challenges. Furthermore, it is crucial that customers evaluate our products positively and that we can increase sales in line with the ongoing commercialization.

Dependence on individual suppliers

Metacon is dependent on deliveries of purchased components being made on time and meeting the requirements for quality. If there are problems with deliveries, there is a risk that deliveries to customers will be delayed. This, in turn, can lead to both financial and operational problems for the Group.

Limited resources

Metacon is a small company with limited resources in management, administration and capital. To successfully execute the strategy, it is crucial to utilize the company's resources as efficiently as possible. There is a risk that resources may be insufficient, which can lead to both financial and operational challenges for the company. Efficiently managing and using existing resources is therefore a priority for Metacon to ensure sustainable growth in the long term.

Ability to manage growth

The business is expected to grow organically in the future. With increasing operations and staff, we need to ensure efficient planning and management processes to execute our business plan in a rapidly changing market. Effective management of growth is essential to avoid negative outcomes.

Employees

For Metacon's continued growth and development, it is important to attract, develop and retain competent employees. The loss of key personnel could lead to delays and interruptions in product development, which in turn could negatively impact our expansion and growth. Despite the fact that the company works to reduce dependence on key personnel by documenting routines and working methods in a professional manner, there is still a risk that some member of the management or other key person will leave the company.

Financial risks

The Group is exposed to various financial risks, including currency, liquidity and interest rate risks. It is the overall responsibility of management and the Board of Directors to manage these risks and develop appropriate methods and policies to manage them.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- On January 25, 2024, Metacon announces an exclusive license agreement with PERIC for rights to build a ”Gigafactory” for the manufacture of its own electrolysis plants.
- On January 25, 2024, the Board of Directors of Metacon announces a rights issue of units of approximately SEK 119 million and announces the terms of the rights issue.
- On February 20, 2024, Metacon announces the final outcome of the rights issue.

Appropriation of the company's result

Proposal for appropriation of the company's profit or loss

At the disposal of the Annual General Meeting are:	
Share premium reserve	504,828,423
Retained earnings	-96,857,841
Fund for development costs	-1,205,000
Net profit for the year	-36,056,406
Sum	**370,709,176**

The Board of Directors proposes that the distributable profit shall be carried forward.

With regard to the Group's and the Parent Company's earnings and financial position in general, please refer to the following income statements and balance sheets with accompanying notes.

CHANGES IN SHAREHOLDERS' EQUITY, GROUP

	Share capital	Other equity	Minority interest
Group			
Opening balance	3,425,858	168,232,763	-
Changes in reported values directly against equity			
Conversion difference		959,087	
Amount	**3,425,858**	**169,191,850**	**-**
Transactions with the Group's owners			
Results for the year		-77,816,699	-
Amount	**-**	**-77,816,699**	**-**
Ending equity 2023-12-31	**3,425,858**	**91,375,151**	**-**

Number of shares: 342,585,803

CHANGES IN SHAREHOLDERS' EQUITY, PARENT COMPANY

Restricted equity	Share capital	Fund for capitalized costs	Reserve fund	Ongoing rights issue
Parent company				
Opening balance	3,425,858	-	10,000	-
Fund for development costs		1,205,000		
Ending equity 2023-12-31	**3,425,858**	**1,205,000**	**10,000**	**-**

Non-restricted equity	Share capital	Retained earnings including profit for the year
Parent company		
Opening balance	504,852,973	-96,857,842
Fund for development costs		-1,205,000
Issuance of warrants	73,450	
Fee for upcoming issue	-98,000	
Results for the year		-36,056,406
Ending equity 2023-12-31	**504,828,423**	**-134,119,248**

Number of shares: 342,585,803

Financial reports

INCOME STATEMENT - GROUP

Amounts in SEK	Note	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Operating income			
Net sales		60,127,749	63,825,367
Other operating income	2	7,064,856	3,319,530
		67,192,605	**67,144,897**
Operating expenses			
Raw materials and consumables		-62,573,254	-57,411,812
Other external costs	3,5	-39,682,916	-25,306,881
Personnel costs	4	-23,436,576	-18,521,766
Depreciation and amortisation of tangible and intangible assets		-10,868,867	-12,198,345
Other operating expenses		-4,016,554	-1,076,480
Operating income		**-73,385,562**	**-47,370,387**
Result from financial items			
Results from securities and receivables that are fixed assets		-3,571,902	-2,963,237
Interest income and similar income		1,115,509	98,794
Interest expenses and similar expenses		-1,974,744	-201,427
Profit/loss after financial items		**-77,816,699**	**-50,436,257**
Result before tax		**-77,816,699**	**-50,436,257**
Results for the year		**-77,816,699**	**-50,436,257**
Attributable to			
Shareholders of the Parent Company		-77,816,699	-50,436,257

BALANCE SHEET - GROUP

Amounts in SEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalised development expenditure and similar works	6	2,405,869	1,087,359
Goodwill	7	24,903,756	33,959,668
		27,309,625	**35,047,027**
Property, plant and equipment	8		
Machinery and other technical installations		13,856,012	5,690,975
Equipment, tools and installations		3,504,622	819,838
		17,360,634	**6,510,813**
Financial assets			
Participations in associated companies	10	6,222,698	6,222,698
Other securities held as non-current assets	11	225,227	1,999,666
Other long-term receivables	12	340,302	114,837
		6,788,227	**8,337,201**
Total fixed assets		**51,458,486**	**49,895,041**
Current assets			
Inventories etc.			
Raw materials and consumables		9,967,973	9,528,157
Work in progress on behalf of others		7,190,357	4,438,941
		17,158,330	**13,967,098**
Current receivables			
Accounts receivable		9,463,410	17,960,104
Recognized but not invoiced revenue	13	17,612,676	-
Other receivables		5,268,181	2,473,793
Prepaid expenses and accrued income	14	8,002,557	1,002,657
		40,346,824	**21,436,554**
Cash and bank balances		**27,043,254**	**105,174,848**
Total current assets		**84,548,408**	**140,578,500**
TOTAL ASSETS		**136,006,894**	**190,473,541**

BALANCE SHEET - GROUP (Cont.)

Amounts in SEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Share capital		3,425,858	3,425,858
Other capital		91,375,151	168,232,763
Total equity attributable to the parent company's shareholders		**94,801,009**	**171,658,621**
Non-current liabilities	15		
Other liabilities to credit institutions		5,151,111	2,464,286
Other non-current liabilities		886,548	1,772,301
		6,037,659	**4,236,587**
Current liabilities			
Liabilities to credit institutions	15	22,015,003	642,857
Invoiced but unrecognized revenue	16	-	378,084
Accounts payable		5,762,195	3,451,108
Tax liabilities		299,101	216,833
Other current liabilities		1,956,061	7,108,441
Accruals and deferred income	17	5,135,866	2,781,010
		35,168,226	**14,578,333**
TOTAL EQUITY AND LIABILITIES		**136,006,894**	**190,473,541**

CASH FLOW STATEMENT - GROUP

Amounts in SEK	Note	2023-12-31	2022-12-31
Ongoing operations			
Profit/loss after financial items		-77,816,699	-50,436,257
Adjustments for items not included in cash flow, etc.		10,868,867	12,198,345
Other non-cash items		4,999,937	-2,156,294
Tax paid		82,268	152,291
Cash flow from operating activities before changes in working capital		**-61,865,627**	**-40,241,915**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-3,191,232	-3,248,551
Increase (-)/Decrease (+) in operating receivables		-18,910,270	-13,414,761
Increase(+)/Decrease (-) in operating liabilities		507,625	6,734,566
Cash flow from operating activities		**-83,459,504**	**-50,170,661**
Investing activities			
Investment in intangible assets		-1,318,510	-271,781
Investment in property, plant and equipment		-13,131,724	-2,674,391
Investment in financial assets		-2,022,928	-6,248,245
Cash flow from investing activities		**-16,473,162**	**-9,194,417**
Financing activities			
Proceeds from issuance of shares		-	120,806,101
Net borrowings		21,801,072	794,097
Cash flow from financing activities		**21,801,072**	**121,600,198**
Cash flow for the year		**-78,131,594**	**62,235,120**
Cash and cash equivalents at beginning of year		**105,174,848**	**42,939,728**
Cash and cash equivalents at year-end		**27,043,254**	**105,174,848**

INCOME STATEMENT - PARENT COMPANY

Amounts in SEK	Note	2023-01-01- 2023-12-31	2022-01-01- 2022-12-31
Operating income			
Net sales		60,761,059	49,062,797
Other operating income	2	3,275,980	267,068
		64,037,039	**49,329,865**
Operating expenses			
Raw materials and consumables		-53,857,778	-43,442,916
Other external costs	3,5	-27,821,830	-12,998,338
Personnel costs	4	-11,873,639	-9,445,954
Depreciation and amortisation of tangible and intangible assets		-542,650	-456,901
Other operating expenses		-3,502,908	-891,997
Operating income		**-33,561,766**	**-17,906,241**
Result from financial items			
Results from securities and receivables that are fixed assets		-1,774,439	-2,963,237
Interest income and similar income		1,113,745	199,570
Interest expenses and similar expenses		-1,833,946	-197,844
Profit/loss after financial items		**-36,056,406**	**-20,867,752**
Result before tax		**-36,056,406**	**-20,867,752**
Results for the year		**-36,056,406**	**-20,867,752**

BALANCE SHEET - PARENT COMPANY

Amounts in SEK	Note	2023-12-31	2022-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalised development expenditure and similar works	6	1,333,079	-
		1,333,079	**-**
Property, plant and equipment	8		
Machinery and other technical installations		8,985,128	582,670
Equipment, tools and installations		384,865	56,747
		9,369,993	**639,417**
Financial fixed assets			
Participations in Group companies	9	329,038,611	286,485,755
Participations in associated companies	10	6,222,698	6,222,698
Other securities held as non-current assets	11	225,227	1,999,666
Other long-term receivables	12	7,500	7,500
		335,494,036	**294,715,619**
Total fixed assets		**346,197,108**	**295,355,036**
Current assets			
Inventories etc.			
Raw materials and consumables		3,687,154	1,444,137
		3,687,154	**1,444,137**
Current receivables			
Accounts receivable		5,842,881	1,356,827
Receivables from Group companies		16,378,760	33,101,741
Other receivables		2,421,050	33
Recognized but not invoiced revenue		17,612,676	-
Prepaid expenses and accrued income	14	3,540,083	684,292
		45,795,450	**35,142,893**
Cash and bank balances		**22,179,107**	**100,778,920**
Total current assets		**71,661,711**	**137,365,950**
TOTAL ASSETS		**417,858,819**	**432,720,986**

BALANCE SHEET - PARENT COMPANY (Cont.)

Amounts in SEK	Note	2023-12-31	2022-12-31
EQUITY AND LIABILITIES			
Equity			
Tied up own capital			
Share capital		3,425,858	3,425,858
Reserve fund		10,000	10,000
Fund for development expenditure		1,205,000	-
		4,640,858	**3,435,858**
Non-restricted equity			
Share premium reserve		504,828,423	504,852,973
Profit or loss brought forward		-98,062,841	-75,990,090
Results for the year		-36,056,406	-20,867,752
		370,709,176	**407,995,131**
Total equity		**375,350,034**	**411,430,989**
Long-term liabilities	15		
Other liabilities to credit institutions		5,151,111	2,464,286
		5,151,111	**2,464,286**
Current liabilities			
Liabilities to credit institutions	15	21,608,889	642,857
Invoiced but unrecognized revenue	16	-	10,078,010
Accounts payable		4,275,148	2,337,050
Liabilities to Group companies		6,680,118	-
Tax liability		299,101	216,833
Other current liabilities		387,579	3,642,315
Accruals and deferred income	17	4,106,839	1,908,646
		37,357,674	**18,825,711**
TOTAL EQUITY AND LIABILITIES		**417,858,819**	**432,720,986**

CASH FLOW STATEMENT - PARENT COMPANY

Amounts in SEK	Note	2023-12-31	2022-12-31
Ongoing operations			
Profit/loss after financial items		-36,056,406	-20,867,752
Adjustments for items not included in cash flow, etc.		2,292,540	3,420,138
Tax paid		82,268	70,070
Cash flow from operating activities before Changes in working capital		**-33,681,598**	**-17,377,544**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in inventories		-2,243,017	-1,444,137
Increase (-)/Decrease (+) in operating receivables		-10,652,557	-26,843,545
Increase(+)/Decrease (-) in operating liabilities		-1,550,305	14,229,699
Cash flow from operating activities		**-48,127,477**	**-31,435,527**
Investment			
Investment in group company		-42,552,856	-22,677,388
Investment in intangible assets		-1,333,079	-
Investment in property, plant and equipment		-9,273,226	-
Cash flow from investing activities		**-53,159,161**	**-22,677,388**
Financing activities			
Proceeds from issuance of shares		-	120,806,100
Net borrowings		24,000,000	-
Net amortization of loan		-1,313,175	-642,857
Cash flow from financing activities		**22,686,825**	**120,163,243**
Cash flow for the year		**-78,599,813**	**66,050,328**
Cash and cash equivalents at beginning of year		**100,778,920**	**34,798,662**
Cash and cash equivalents at year-end		**22,179,107**	**100,848,990**

Notes

Notes

NOTE 1 ACCOUNTING PRINCIPLES

Amounts in SEK unless otherwise stated.

General Accounting Principles

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

The Parent applies the same accounting policies as the Group, except in the cases set out below under the section "Accounting policies of the Parent Company".

Valuation principles, etc.

Assets, provisions and liabilities have been measured at cost unless otherwise stated below. Receivables have been valued at the lower of cost and the amount at which they are expected to be settled.

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

The accounting principles are unchanged compared with the previous year.

Income

Income has been measured at fair value of what has been or will be received and is recognised to the extent that it is probable that the economic benefits will be credited to the company and the income can be measured reliably.

Contract income and contract expenses for fixed-price assignments are reported as income and expenses on the basis of the degree of completion on the balance sheet date, the percentage of completion method. The degree of completion is calculated as completed work out of the total contract.

Fixed assets

Intangible assets and property, plant and equipment are recognised at cost less accumulated depreciation according to plan and any impairment losses.

Income taxes

Total tax consists of current tax and deferred tax. Taxes are recognized in the income statement, except when the underlying transaction is recognized directly in equity, in which case the associated tax effects are recognized in equity.

Public grants

Grants from the government are recognised at fair value when it is reasonable and certain that the grant will be received and the enterprise will meet the conditions associated with the grant.

Intangible assets

Research and development expenditure

The activation model is used in the accounting of development expenditure. This means that expenditure incurred during the development phase is recognised 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 asset and to use or sell it.
- Conditions exist for using or selling the intangible asset.
- It is probable that the intangible asset will generate future economic benefits.
- the necessary and adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset;
- The expenses attributable to the intangible asset can be reliably calculated.

The cost of an internally generated intangible asset consists of external directly attributable expenses.

Other intangible assets

Other intangible assets acquired by the company are carried at cost less accumulated depreciation and impairment. Expenses for internally generated goodwill and trademarks are recognized in the income statement as an expense when they are incurred.

Depreciation

Depreciation is carried out on a straight-line basis over the asset's estimated useful life. Depreciation is recognized as an expense in the income statement.

	Group %	Parent company %
The following depreciation periods apply:		
Internally generated intangible assets		
Capitalised expenditure on development and related works	20-30	20-30
Acquired intangible assets		
Goodwill and patents	7.5-35	7.5-35

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment. In addition to the purchase price, the acquisition value also includes expenses that are directly attributable to the acquisition.

Additional expenditure

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

Depreciation

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

The following depreciation periods apply:

	Group %	Parent company %
Property, plant and equipment:		
-Machinery and other technical installations	*12-20*	*20*

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

Leasing - lessees

All leases are classified as finance or operating leases. A finance lease is a lease under which the risks and rewards associated with owning an asset are transferred substantially from the lessor to the lessee. An operating lease is a lease that is not a finance lease.

Operating leases

The lease payments under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognized as an expense on a straight-line basis over the lease term.

Consolidated financial statements

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

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

Subsidiary

Subsidiaries are undertakings in which the parent company directly or indirectly holds more than 50 % of the voting rights or otherwise has a dominant influence. Control means the right to shape an undertaking's financial and operational strategies with a view to obtaining economic benefits. The reporting of business combinations is based on the unit view. This means that the acquisition analysis is prepared as of the date on which the acquirer acquires a controlling interest. From that point on, the acquirer and the acquired entity are considered to be one 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, including partially owned subsidiaries.

The cost of subsidiaries is calculated as the sum of the fair value at the date of acquisition of assets paid, plus liabilities arising and assumed as well as equity instruments issued, expenses directly attributable to the business combination and any earn-outs. The purchase price allocation determines, with some exceptions, the fair value at the date of acquisition of acquired identifiable assets and assumed liabilities, as well as minority interests. Minority interests are measured at fair value at the date of acquisition. As of the acquisition date, the consolidated financial statements include the acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill incurred.

The financial statements of foreign subsidiaries have been restated according to the current method. All items in the balance sheet have been translated at the exchange rate on the balance sheet date. All items in the profit and loss account have been translated at the average exchange rate during the financial year.

Goodwill

Consolidated goodwill arises when the acquisition value of shares in subsidiaries exceeds the value of the acquirer's identifiable net assets determined in the purchase price analysis. Goodwill is recognised at cost less accumulated depreciation and any impairment losses.

Goodwill attributable to the acquisition of minority interests in the subsidiary Metacon S.A has been recognized directly in equity.

NOTE 2 OTHER OPERATING INCOME

Group	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Exchange gains on operating receivables/liabilities	3,288,092	245,486
Commission income	-	130,658
EU funding Greece	3,707,978	2,619,551
Other income Sweden	26,172	233,343
Other income Greece	37,725	10,903
Other Income Japan	-	78,844
Other income Germany	4,889	745
Sum	**7,064,856**	**3,319,530**

Parent company		
Exchange gains on operating receivables/liabilities	3,275,980	133,740
Commission income	-	130,658
Other income	-	2,670
Sum	**3,275,980**	**267,068**

NOTE 3 AUDITORS' FEES AND EXPENSES

Group	2023-01-01-2023-12-31	2022-01-01-2022-12-31
R3 and KSI Greece		
Audit fees	260,561	187,149
Other assignments	-	50,700
Sum	**260,561**	**237,849**

Parent company		
R3		
Audit fees	205,000	118,300
Other assignments	-	50,700
Sum	**205,000**	**169,000**

NOTE 4 EMPLOYEES, PERSONNEL COSTS AND FEES TO THE BOARD OF DIRECTORS

Average number of employees

Group	2023-01-01-2023-12-31	Of which men	2022-01-01-2022-12-31	Of which men
Sweden	7	6	6	6
Greece	26	21	25	20
Japan	2	1	2	1
	35	**28**	**33**	**27**

Parent company				
Sweden	7	6	6	6
	7	**6**	**6**	**6**

Salaries, salaries and other remuneration and social security costs, including pension costs

Group	2023-01-01-2023-12-31	2022-01-01-2022-12-31
Salaries and other remuneration	17,126,814	13,148,775
Social security costs	5,840,991	4,571,065
(of which pension costs)	1,007,751	774,795
	22,967,805	**17,719,840**

Parent company		
Salaries and other remuneration	7,771,715	6,274,144
Social security costs	3,636,539	2,852,407
(of which pension costs)	1,007,751	774,795
	11,408,254	**9,126,551**

NOTE 5 LEASES

Leasing expenses for the year in respect of leases for the year amounted to SEK 2 180 282 (1 211 690) in the Group and SEK 640,916 (425,026) in the Parent Company.

Future lease payments, for non-cancellable leases, are due as follows:

Group	2023-12-31	2022-12-31
Within one year	2,827,495	1,311,563
Later than one year but within five years	5,488,704	3,226,813
Later than five years	-	-
	8,316,199	**4,538,376**

Parent company		
Within one year	1,351,872	330,400
Later than one year but within five years	3,396,499	483,400
Later than five years	-	-
	4,748,371	**813,800**

NOTE 6 CAPITALISED EXPENDITURE ON DEVELOPMENT AND SIMILAR WORK

Group	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	3,925,819	3,654,038
-New acquisitions	1,519,912	171,468
-Internally developed assets	120,000	-
-Translation differences for the year	-3,330	100,313
	5,562,401	**3,925,819**
Accumulated depreciation according to plan:		
-At the beginning of the year	-2,838,460	-2,575,983
-Depreciation for the year according to plan	-318,072	-262,477
	-3,156,532	**-2,838,460**
Reported value at year-end	**2,405,869**	**1,087,359**

Parent company	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	1,578,326	1,578,326
-New acquisitions	1,213,079	-
-Internally developed assets	120,000	-
	2,911,405	**1,578,326**
Accumulated depreciation according to plan:		
-At the beginning of the year	-1,578,326	-1,578,326
	-1,578,326	**-1,578,326**
Reported value at year-end	**1,333,079**	**-**

NOTE 7 GOODWILL

Group	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	119,186,869	242,093,499
-Transfer to equity	-	-122,906,630
At the end of the year	119,186,869	119,186,869
Accumulated depreciation according to plan:		
-At the beginning of the year	-85,227,201	-73,092,102
-Depreciation for the year according to plan	-9,055,912	-12,135,099
At the end of the year	-94,283,113	-85,227,201
Reported value at year-end	**24,903,756**	**33,959,668**

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Group	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	14,343,430	11,796,259
-New acquisitions	13,439,675	2,363,382
-Divestments and disposals	-882,470	-
Reclassifications	-1,506,668	-
-Translation differences for the year	-	183,789
At the end of the year	25,393,967	14,343,430
Accumulated depreciation according to plan:		
-At the beginning of the year	-7,832,617	-6,699,261
-Divestments and disposals	347,943	-
-Reclassifications	820,333	-
-Depreciation for the year	-1,368,992	-1,133,356
At the end of the year	-8,033,333	-7,832,617
Reported value at year-end	**17,360,634**	**6,510,813**
Machinery held under finance leases	*No*	*No*

Parent company	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	3,211,535	3,211,535
-New acquisitions	9,273,226	-
At the end of the year	12,484,761	3,211,535
Accumulated depreciation according to plan:		
-At the beginning of the year	-2,572,118	-2,115,217
-Depreciation for the year	-542,650	-456,901
At the end of the year	-3,114,768	-2,572,118
Reported value at year-end	**9,369,993**	**639,417**
Machinery held under finance leases	*No*	*No*

NOTE 9 PARTICIPATIONS IN GROUP COMPANIES

	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	286,485,755	270,031,065
-Acquisition	42,552,856	16,454,690
Reported value at year-end	**329,038,611**	**286,485,755**

Specification of the Parent Company's and the Group's holdings of participations in Group companies

The ownership share of the capital is referred to, which also corresponds to the proportion of votes for the total number of shares.

Subsidiary / Org nr	Capital-Share in %	2023-12-31 Carrying amount value	2022-12-31 Carrying amount value
Metacon S.A. (035478516000)	100	260,692,294	237,164,438
Metacon KK (0210-01-0537)	100	21,317	21,317
Water2H2 AB (559270-5908)	100	68,250,000	49,250,000
Metacon Technology AB (559318-4392)	100	25,000	25,000
Metacon GmbH (HRB 95818)	100	25,000	25,000
Metacon Asset AB (559415-8148)	100	25,000	-
		329,038,611	**286,485,755**

NOTE 10 PARTICIPATIONS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED COMPANIES

Group	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	6,222,698	-
-Acquisition	-	6,222,698
At the end of the year	6,222,698	6,222,698
Reported value at year-end	**6,222,698**	**6,222,698**

Parent company	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	6,222,698	-
-Acquisition	-	6,222,698
At the end of the year	6,222,698	6,222,698
Reported value at year-end	**6,222,698**	**6,222,698**

Specification of the Parent Company's and the Group's holdings of participations in jointly controlled companies

Jointly controlled companies / org no, registered office	Adjusted Equity/Net profit for the year	Shares/ number in %[1]	The capital Value of the part in the Group	Carrying amount value of Parent
Directly owned				
Botnia Hydrogen AB, 559303-0454, Piteå	24,348,044	21,6	6,222,698	6,222,698

1) The ownership share of the capital is meant, which also corresponds to the proportion of the votes for the total number of shares.

NOTE 11 OTHER LONG-TERM SECURITIES HOLDINGS

Group	2023-12-31	2022-12-31
-Opening acquisition values	4,962,903	4,962,903
-Opening write-downs	-2,963,237	-
-Write-down for the year	-1,774,439	-2,963,237
Reported value at year-end	**225,227**	**1,999,666**
Parent company		
-Opening acquisition values	4,962,903	4,962,903
-Opening write-downs	-2,963,237	-
-Write-down for the year	-1,774,439	-2,963,237
Reported value at year-end	**225,227**	**1,999,666**

Refers to 101,223 shares in Advent Technologies.

NOTE 12 OTHER LONG-TERM RECEIVABLES

Group	2023-12-31	2022-12-31
Accumulated acquisition values:		
-At the beginning of the year	114,837	89,290
-Additional receivables	2,020,307	25,547
-At the end of the year	2,135,144	114,837
-Write-downs for the year	-1,794,842	-
Reported value at year-end	**340,302**	**114,837**
Parent company		
Accumulated acquisition values:		
-At the beginning of the year	7,500	7,500
At the end of the year	7,500	7,500
Reported value at year-end	**7,500**	**7,500**

NOTE 13 RECOGNIZED BUT NOT INVOICED REVENUE

Group	2023-12-31	2022-12-31
Expenditure incurred on contracts	61,316,887	-
Advance payment from customer	-43,704,211	-
	17,612,676	**-**

Parent company		
Expenditure incurred on contracts	39,458,211	-
Advance payment from customer	-21,845,535	-
	17,612,676	**-**

NOTE 14 PREPAID EXPENSES AND ACCRUED INCOME

Group	2023-12-31	2022-12-31
Prepayments	4,583,825	383,697
Accrued income	3,418,732	618,960
	8,002,557	**1,002,657**

Parent company		
Prepayments	121,350	65,332
Accrued income	3,418,733	618,960
	3,540,083	**684,292**

NOTE 15 OTHER LIABILITIES TO CREDIT INSTITUTIONS

Group	2023-12-31	2022-12-31
Maturity date, within one year from the balance sheet date	22,015,003	642,857
Maturity date, 1-5 years from the balance sheet date	6,037,659	4,236,587
Maturity date, later than five years from the balance sheet date	-	-
	28,052,662	**4,879,444**

Parent company		
Maturity date, within one year from the balance sheet date	21,608,889	642,857
Maturity date, 1-5 years from the balance sheet date	5,151,111	2,464,286
Maturity date, later than five years from the balance sheet date	-	-
	26,760,000	**3,107,143**

NOTE 16 INVOICED BUT NOT RECOGNIZED REVENUE

Group	2023-12-31	2022-12-31
Expenditure incurred on contracts	-	-9,699,926
Advance payment from customer	-	10,078,010
	-	**378,084**

Parent company		
Expenditure incurred on contracts	-	-
Advance payment from customer	-	10,078,010
	-	**10,078,010**

NOTE 17 ACCRUED EXPENSES AND DEFERRED INCOME

Group	2023-12-31	2022-12-31
Personnel-related costs	2,537,864	2,032,343
Other items	2,598,002	748,667
	5,135,866	**2,781,010**

Parent company		
Personnel-related costs	1,844,219	1,346,103
Other items	2,262,620	562,543
	4,106,839	**1,908,646**

NOTE 18 PLEDGED ASSETS AND CONTINGENT LIABILITIES - GROUP

Pledged assets

Group	2023-12-31	2022-12-31
Other liabilities to credit institutions		
Business mortgages	19,000,000	6,500,000
	19,000,000	**6,500,000**

Parent company		
Other liabilities to credit institutions		
Business mortgages	19,000,000	6,500,000
	19,000,000	**6,500,000**

Contingent liabilities

Parent company	2023-12-31	2022-12-31
Capital adequacy guarantee, Metacon GmbH	2,707,404	-
	2,707,404	**-**

KEY FIGURE DEFINITIONS

Net sales

Main operating income, invoiced expenses, ancillary income and revenue adjustments.

Profit after financial items

Profit after financial income and expenses, but before extraordinary income and expenses.

Balance sheet total

The total assets of the company.

Equity ratio (%)

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

Return on equity (%)

Profit after financial items as a percentage of adjusted equity (equity and untaxed reserves less deferred tax).

The board’s signatures

Örebro 2024-04-27

Ingemar Andersson Chairperson	**Marie Brodin** Board member
Mats Lundberg Board member	**Christer Nygren** Board member
Thomas Nygren Board member	**Christer Wikner** CEO

My audit report was submitted on 2024-04-28

Tomas Nöjd

Authorized Public Accountant

Audit Report

To the Annual General Meeting of Metacon AB (publ)
Org.nr. 556724-1616

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Statements

I have performed an audit of the financial statements and consolidated financial statements of Metacon AB (publ) for the year 2023.

In my view, the annual accounts and the consolidated financial statements have been prepared in accordance with Annual Accounts Act and provides a comprehensive report in all material respects A true and fair view of the Parent Company's and the Group's position as at 31 December 2023 and of their financial Profit and cash flow for the year in accordance with the Annual Accounts Act. The management report is consistent with the other parts of the consolidated financial statements.

I therefore recommend that the Annual General Meeting adopts the income statement and the balance sheet for the Parent Company and for the Group.

Basis for Opinions

I have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under these standards are described in more detail in the section ”Auditor's responsibilities”. I'm independent in relation to the Parent Company and the Group in accordance with auditing practice in Sweden and have otherwise fulfilled my professional ethics liability under these requirements.

I believe that the audit evidence I have obtained is sufficient and as a basis for my statements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the CEO are responsible for that the annual accounts and consolidated accounts are prepared and that the gives a true and fair view in accordance with the Annual Accounts Act. The Board of Directors and The CEO is also responsible for the internal control which they deem necessary for the preparation of annual accounts and consolidated financial statements that do not contain any significant errors, whether due to irregularities or mistakes.

In the preparation of the annual accounts and consolidated accounts the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue operations. They indicate, where applicable, any circumstances that may affect the the ability to continue operations and to use the assumption of going concern. However, the going concern assumption does not apply if: The Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative
to do any of these things.

Auditor's responsibilities

My objectives are to achieve a reasonable degree of certainty as to whether: annual accounts and consolidated accounts as a whole are not materially misstatement, whether due to the irregularities or mistakes, and to provide an audit report containing my statements. Reasonable assurance is a high degree of assurance, but does not guarantee that an audit carried out in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement, if any. Inaccuracies may occur on the as a result of irregularities or errors and are considered to be material individually or collectively can reasonably be expected to affect the economic decisions taken by users on the basis of annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, I professionally use and has a professional sceptical attitude throughout the Audit. Besides:

- I identify and assess the risks of material misstatement of annual accounts and consolidated accounts, whether due to the fraud or error, design and perform audit procedures including those risks, and obtains audit evidence that is relevant to the sufficient and effective to provide a basis for my Statements. The risk of not detecting a material misstatement to the result of irregularities is higher than that of a material misstatement are due to mistakes, as irregularities may involve conduct in the collusion, falsification, intentional omissions, inaccurate information or override of internal control.
- I gain an understanding of the part of the company's internal relevant to my audit in order to design the audit procedures that are appropriate to the circumstances, but not in order to comment on the effectiveness of the internal control.
- I evaluate the appropriateness of the accounting principles and the reasonableness of the Board of Directors' and the CEO's accounting estimates and related disclosures.
- I draw a conclusion on the appropriateness of the Board of Directors and The Executive Director uses the going concern assumption in the case of preparation of the annual accounts and consolidated accounts. I also concludes, based on the audit evidence obtained, that the whether there is a material uncertainty related to the existence of a events or conditions that may lead to significant doubts about the company's and the group's ability to continue Activities. If I conclude that there is a substantial uncertainty, I have to include in the audit report attention to the disclosures in the annual accounts and the consolidated financial statements of the material uncertainty or, where appropriate, If such information is insufficient, modify the statement on the annual accounts and consolidated accounts. My conclusions based on the audit evidence obtained up to the date of entry into force of the the auditor's report. However, future events or circumstances mean that a company and a group of companies can no longer continue operations.
- I evaluate the overall presentation, structure and the content of the annual accounts and consolidated accounts, including: disclosures, and on the annual accounts and the consolidated financial statements reflect the underlying transactions and events in a way that gives a true and fair picture.

- Obtain sufficient appropriate audit evidence relating to the financial information of the entities or business activities within the Group in order to make a statement relating to the consolidated financial statements. I am responsible for governance, supervision and performance of the group audit. I'm lonely responsible for my statements.

I have to inform the Board of Directors, among other things, about the scope and targeting, as well as the timing of it. I also have to communicate significant audit findings; including the possible significant deficiencies in internal control that I have identified.

REPORT ON OTHER REQUIREMENTS LAID DOWN BY LAW AND REGULATION

Statements

In addition to my audit of the annual accounts and consolidated accounts I have also conducted an audit of the Board of Directors and the management of Metacon AB (publ) for the year 2023 and of the the proposal for appropriation of the company's profit or loss. I recommend that the Annual General Meeting dispose of the profit in accordance with the proposal in the annual report and grants the members of the discharge from liability for the financial year.

Basis for Opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. Middle Responsibilities under this section are described in more detail in the section "Auditor's Responsibilities". I am independent in relation to the parent company and the group accordance with generally accepted auditing standards in Sweden and has otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and as a basis for my statements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposed appropriation in respect of the company's profit or loss. When proposing a dividend this includes, inter alia, an assessment of whether the dividend is justifiable in view of the requirements of the company and the nature, scope and risks of the activities on the size of the the company's and the Group's equity, consolidation needs, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of affairs of the company. This includes, but is not limited to: continuously assess the company's and the Group's financial situation and to ensure that the company's organization is designed so that accounting, asset management and the company's financial other matters are controlled in a satisfactory manner. The Executive Director shall manage the day-to-day administration of the the Board's guidelines and instructions and, inter alia, to take the measures necessary for the completion of the company's accounts in accordance with the law and in order to ensure that the managed in a safe manner.

Auditor's responsibilities

My objective regarding the audit of the management, and thus my opinion on discharge, is to obtain audit evidence in order to reasonable degree of certainty to be able to assess whether any member of the or the CEO in any material respect:

- has taken any action or is guilty of any negligence that may give rise to liability to the company; or
- in any other way acted in contravention of the Companies Act, Annual Accounts Act or Articles of Association.

My case regarding the audit of the proposed appropriation of the profit or loss of the company, and thus my statement thereon, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Companies Act.

Reasonable assurance is a high degree of certainty, but not a guarantee of that an audit conducted in accordance with generally accepted auditing standards in Sweden will detect actions or omissions that may liability to the company, or that a proposal for a appropriation of the company's profit or loss is not compatible with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden I use professional judgement and have a professional scepticism throughout the audit. The review of the administration and the proposed appropriation of the company's profit, or loss is mainly based on the audit of the accounts. Which additional audit procedures carried out are based on my professional judgement based on risk and materiality. This means that I focus my review on such measures, areas and conditions that are essential for the business, and where deviations and infringements would be of particular importance for company's situation. I go through and test decisions made, decision-making basis, measures taken and other circumstances relevant to my discharge statement. As a basis for my statement on the Board of Directors' proposal for appropriation of company's profit or loss, I have examined whether the proposal is compatible with the Companies Act.

Stockholm on the day shown by my electronic signature

Tomas Nöjd

Authorized Public Accountant

metacon