stockholm exergi

2023

Annual and Sustainability Report

Stockholm Exergi Holding AB (publ)

Annual and Sustainability Report 2023

This version of the report is an English translation of Stockholm Exergi Holdings official Swedish Annual and Sustainability Report for 2023. In the event of any discrepancies between the two versions, the Swedish is to take precedence. The English version as such has not been reviewed by the auditors.

Stockholm Exergi Holding AB (publ.) is the parent company of the Stockholm Exergi Group. In this Annual and Sustainability Report, the Group is referred to as "Stockholm Exergi".

Since 2013, Stockholm Exergi's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Stockholm Exergi has published a sustainability report every year since 2014 in accordance with the Global Reporting Initiative (GRI) guidelines for sustainability reporting with core accounting standards and relevant sections of the Electric Utilities Sector Disclosures supplement. Stockholm Exergi reports on sustainability in accordance with GRI Standards 2021 and sustainability reporting requirements of the Swedish Annual Accounts Act. The scope of the Sustainability Report is defined by and in conjunction with the GRI index presented on pages 102-104 of this report.

The Sustainability Report is part of the Annual Report. The previous report was published in March 2023.

This Sustainability Report refers to 2023 and includes Stockholm Exergi Holding AB (publ.) and its subsidiaries unless otherwise stated. Auditing firm Deloitte AB has reviewed the Sustainability Report.

The Annual Report was published on March 26, 2024 and can be downloaded from our website at: **stockholmexergi.se/arsredovisning**

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Contents:

Net sales (MSEK)
8 289
(7 996)

Sales (GWh)*
9 151
(9 276)

*Of which 8 137 (7 782) GWh was heat

Operating profit (MSEK)
587
(1 280)

Profit after tax (MSEK)
123
(843)

About Stockholm Exergi

Stockholm Exergi is Stockholm's energy provider. Using resource-efficient solutions, we ensure that the growing Stockholm region has access to electricity, heating, cooling and waste services. We provide heat to more than 800,000 Stockholmers and our 3,000-kilometre-long district heating network forms the basis for the societal benefits that we create together with our customers and partners.

We are owned by the City of Stockholm and Ankhiale and our 750 employees work every day to reduce Stockholmers' climate impact.

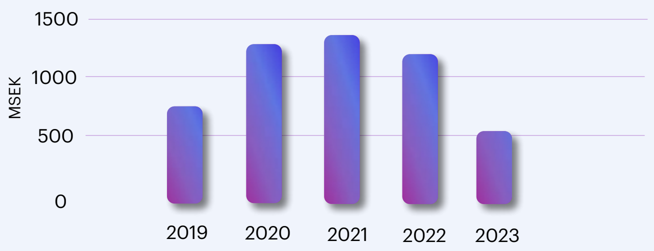
By developing carbon capture technologies, we are committed to making zero emissions a reality.

Owners:
City of Stockholm (50%) and Ankhiale (50%)

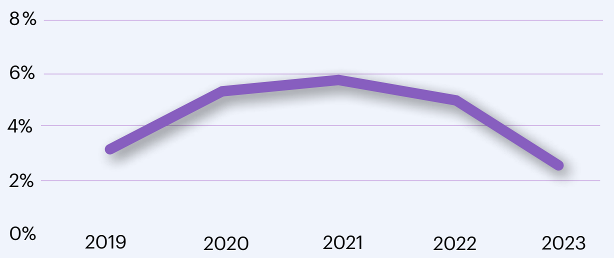
Area we heat:
73.5 million square metres

Share of renewable or recycled energy (district heating): 98 per cent

Operating profit

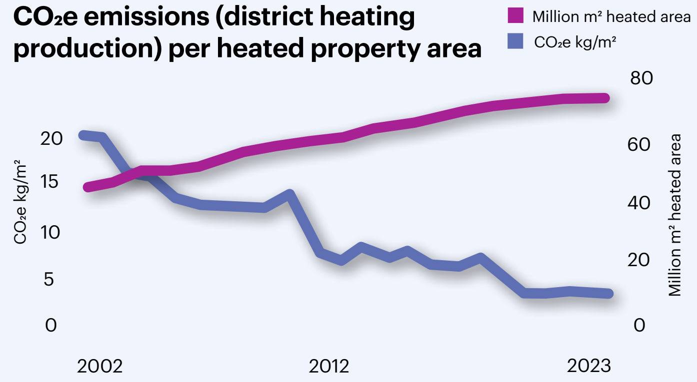


Return on employed capital [1]



[1] Operating profit for 2019 was charged with a write-down of SEK -582 million attributable to the decision to close the last coal-fired boiler at our Värtan plant.

CO_2e emissions (district heating production) per heated property area



CEO comment:

Tough times – but despite challenges, district heating remains stable and competitive

2023 was a demanding year for Stockholm Exergi. We were faced with new challenges that emerged suddenly and that had far-reaching impacts on our operations. And while we have adapted to these new conditions effectively, we did not address them fully, which is reflected in our results.

These challenges stemmed from Russia's full-scale invasion of Ukraine. The war has fundamentally changed the geopolitical outlook, and conditions for the energy sector look in many ways completely different now than prior to Russia's invasion. For the Swedish district heating industry, the extensive changes experienced in the biofuel market are the most tangible. When biofuel flows from Russia to the European market were cut off a lot of market actors turned to the markets in Sweden and the Baltics, causing rapid price increases on Stockholm Exergi's fuel markets.

Despite this new landscape, Stockholm Exergi was able to secure the fuel supply for this winter – although at completely different price points from the past. We are striving to increase access to sustainable biofuels and gradually find a long-term financially sustainable deal for all actors in the supply chain. As part of these efforts, we see the untapped potential of using more residues from Swedish forestry are likely to play a significant role.

The economic downturn also resulted in a contraction in demand for our waste treatment with energy recovery service. We worked methodically to offer our treatment capacity to more customers and thereby make full use of our processing capacity. With energy recovery, we minimize fuel use and keep our costs down.

The turbulent geopolitical situation also affects factors that determine the price of district heating. During 2023's "price dialogue" process, we informed our customers that we will raise the district heating price by 12 per cent in 2024. We understand that the price increase is unwelcome for our customers, so it is important to remember that we are living through exceptional times, and we hope that we will gradually be able to move towards more normal conditions. Regardless of the conditions in which we find ourselves, our priority is always to provide uninterrupted service to our customers, and we work closely with them to meet their needs effectively. It is becoming increasingly clear that different customers have different needs, and we need to be even better at addressing this in the future.

Despite increased costs and higher prices, district heating remains competitive. In turbulent times, our provision of district heating is stable, and we heat Stockholm safely.

While the challenges we face are considerable, it is clear that district heating and the benefits we deliver to society are vital for Stockholm and the surrounding region. We take care of forest residue streams and society's waste and provide society with energy – this is at the core of what we do and the basis on which we develop new benefits for society. In 2023, we also received confirmation that our customers appreciate our products. Our Customer Satisfaction Index (CSI) was 73.5, which is the best result in our history – and extremely encouraging!

As a relatively large actor, Stockholm Exergi affects the environment in more ways than purely through our energy products, especially with our purchases of goods, services and fuels. All our purchases must be made with a great degree of social responsibility, and we make high demands of our suppliers in terms of environmental and social aspects. During the year, we also worked to ensure safe working conditions in our operations, and we exceeded our goal of preventive activities such as safety walks. We are particularly pleased that we achieved our goal of reducing the number of serious accidents.

Our business strategy is rooted in what society needs today and in the future. Our actions going forward are aligned with the Paris Agreement. Emissions from district heating were lower in 2023 than in 2022, at 44 grams of carbon dioxide per kWh. I can report that we now need to reduce two emission sources in particular: waste treatment emissions and emissions from a smaller proportion of fossil oils – two per cent of our energy mix 2023 – which are used either in cold conditions or as start and support fuel in the cogeneration plants.

The way forward is clear and during the year we made our climate target even more ambitious. Our new goal is to have net zero climate impact by reducing emissions of greenhouse gases and neutralizing the emissions that cannot be reduced – so-called residual emissions – with permanent negative emissions. We want to reach this goal as soon as 2032, although that assumes that the regulatory framework needed to make this happen will be in place in Sweden and the EU very soon.

Ours is an aggressive goal that includes emissions throughout the entire value chain, but we will succeed by continuing to invest in the technologies that will get us there. Because it is investment made in sustainability today that will ensure that we remain relevant tomorrow.

CEO-comment

"While the challenges we face are considerable, it is clear that district heating and the benefits we deliver to society are vital for Stockholm and the surrounding region."

Our waste treatment with energy recovery service offers clear benefits for the resource-efficient development of Stockholm. However, we need to work together with society as a whole to identify how we eliminate carbon dioxide emissions from residual waste. Waste treatment emissions account for approximately 80 per cent of our emissions. Politicians need to step up and, crucially, provide leadership on how this could be financed. The proportion of fossil plastics must be reduced, and for those fractions that cannot or should not be recycled, carbon dioxide separation will be necessary. In 2023, Stockholm Exergi continued to prepare for CCS (Carbon Capture and Storage) at our Brista and Högdalen waste treatment facilities.

Our importance to electricity supply is becoming clearer as the risk of capacity shortages in Stockholm increases as society demands greater electrification to reach climate targets. District heating relieves load levels on the electricity grid, and we also increase electricity production to meet demand peaks. But we want to do more. In 2023, we continued to develop our operations to support the electricity system even more. We are investing in batteries, and we are also reviewing our existing facilities to assess how we can contribute even more to a stable electricity system. I look forward to the benefits we contribute being priced correctly and I advocate a new electricity market model that encourages us and others to develop the most cost-effective solutions.

Stockholm, Sweden, Europe, and indeed the world expects us to successfully create negative emissions. We are something of a pioneer in this area, and in 2023 we continued to actively drive our bio-CCS project forward. The environmental permit case is advancing, as are our efforts to develop a full-scale facility and create conditions to secure financing. In 2024, I hope that Stockholm Exergi will make the necessary investment decisions and get spades in the ground. A prerequisite for this is that all relevant regulatory matters on national level are set, which is a work driven by the Government and the Swedish Energy Agency.

I am extremely proud of what Stockholm Exergi achieved in 2023, despite the challenging times we are living in. Even in the face of rapidly changing conditions, our employees have shown that they handle situations in the best way possible and have continued to drive us and our investments in the right direction. With the commitment and cutting-edge expertise we possess, I feel confident that we will continue to be the Stockholm Exergi we want to be: a company that is the customer's obvious choice and a company that can be counted on when society's key goals are to be achieved.

Anders Egelrud, CEO
Stockholm Exergi

Important events in 2023

January

In January, we announced plans to offer our district heating customers the opportunity to sign a letter of intent regarding the purchase of negative emissions from our planned bio-CCS plant.

March

Stockholm Exergi and E.ON became new majority owners of energy company Täby Miljövärme AB. The company, also co-owned by Täby municipality, has built together Täby's two existing district heating networks.

In March, we also submitted an application to Sweden's Land and Environment Court to amend our existing permits to enable the construction of a full-scale bio-CCS plant at Värtaverket in Stockholm.

June

In June, we welcomed a number of ambassadors and officials to Värtaverket in conjunction with Sweden's presidency of the EU. Bio-CCS and the opportunities that negative emissions offer in terms of achieving climate targets topped the agenda.

We published our 2023 customer satisfaction index (CSI), which had increased by 1.7 points to 73.5 from the previous year. The increase was due to a general improvement in the majority of our focus areas such as brand, product quality, service, and value for money.

In June we also agreed our new climate target: to have net zero climate impact by 2032.

August

We unveiled plans to develop the next generation of district heating at Stora Sköndal in southern Stockholm, which promises a modern energy system that uses energy several times over at different temperatures.

September

Stockholm Exergi announced plans to be property company Genesta's energy partner for a housing battery project to enable the company to participate in Svenska kraftnät's market for support services.

October

In October, Stockholm Exergi and power provider Polar Capacity brought its battery park online in Haninge, south of Stockholm, part of the company's investment in large-scale battery parks with a combined output of at least 100 MW.

November/December

Stockholm Exergi participated in the UN Climate Change Conference, COP 28, in Dubai. Our investment in negative emissions and the opportunities this creates attracted considerable attention.

In December, Stockholm Exergi issued new green bonds with a total value of SEK 1.8 billion.

New sales 2023

New sales of district heating for the year amounted to 64 GWh.

2024

Comments from CFO Åse Lagerqvist von Uthmann:

We will get back to stable financial returns

In 2023, we dug deep to address one of the greatest financial challenges ever to face our industry. The geopolitical fallout of Russia's full-scale invasion of Ukraine in 2022, which triggered an energy crisis, inflation, and rising interest rates, has created a set of exceptional circumstances that have had far-reaching negative impacts on the entire district heating industry, and thus also on Stockholm Exergi's financial results. Despite this, we reliably delivered district heating, electricity, and district cooling to our customers throughout the year.

The sudden jump in fuel prices in combination with falling electricity prices had the most significant impact on our results. At the beginning of the year, when demand for district heating peaks, market conditions for waste treatment services and energy recovery also changed. The change was rapid, and we incurred costs as we strove to maintain deliveries to our customers throughout the winter period.

Stockholm Exergi has a valuable asset – a large, flexible production system that can be optimised according to everything from weather to fuel price and availability. Despite this, we were negatively affected in the short term when market conditions fluctuated so rapidly.

Step by step, we are now working purposefully to get back to achieving stable financial returns. We have actively searched for and identified new suppliers, we have developed new delivery routes and logistics solutions, and taken initiatives for structural collaborations to obtain larger volumes of fuel at lower costs despite continued geopolitical uncertainty. In parallel to these efforts, we have also reviewed costs and investments within the context of our long-term financial stability and within the context of our ambitious climate targets. Our direction is fixed and clear. With determination we continue our work to find new ways of working, to build our markets and to adapt or logistics flows to support our business targets. At the same time, we are striving to ensure that our product continues to be a competitive and attractive choice, at a price that reflects the market, for our customers. Meanwhile, we now see our markets stabilising, which bodes well for the future. We anticipate continued higher prices than before Russia's invasion of Ukraine, but prices are expected to be lower than the historically exceptional levels we saw periodically in 2022 and 2023.

The market adapts to new conditions, but we are not satisfied with that. As I mentioned above, in 2023, we dug deep and took on the challenge. On the following pages, we present details about current conditions, and we are doing in our various markets and growth areas. A lot happened in 2023 and a lot more is likely to happen in the next few years.

Our roadmap

How we will remain relevant to our customers in the future

Until today

- 2023

We are phasing out our use of fossils oils and continuing our journey towards being a fully sustainable energy company. A company that will be relevant also in the future and meet society's and our customers' demands for sustainable electricity and heat production.

- **1997** Our bio-cogeneration plants in Brista and Värtaverket enter service in **1997 and 2016,** respectively, making energy production at these sites entirely renewable or recycled, and enabling us to shut down our coal-fired boiler. The customers´energy purchase therby had a substantially lower climate impact.
- **2017** We start the development of our digital platform Intelligy to offer customised digital services. These services are designed to support customers' targets of streamlining energy use to achieve cost efficiency and sustainability targets.
- **2019** We shut down our Värtaverket coal boiler, thereby making our core production fossil-fuel free. Our fossil oil use is at a minimum, and only used as peak fuel cover in exceptionally cold winters. Work to gradually replace fossil oil with bio-oil continues.
- **2019** We dedicate our research facility to develop bio-CCS. We aim to build a full-scale plant able to capture 800,000 tonnes of carbon dioxide a year which will be stored permanently, thereby creating negative emissions.
- **2021** We plan to open a post-sorting plant in Brista with waste company SÖRAB. We sort remaining waste by removing plastic and metal that goes to material recycling instead of combustion. The plant is a key part of our stated focus on reducing the proportion of fossil waste that comes to us and becomes emissions of carbon dioxide.

Stockholm Exergi's climate targets:

To achieve net zero climate impact in 2032 by reducing emissions of greenhouse gases as far as possible and neutralise emissions that cannot be reduced – so-called residual emissions – with permanent carbon sinks. We also plan to produce permanent negative emissions using CCS technology.

Today to 2032

2023 - 2032

Our new climate target clearly demonstrates where we want to be by 2032: Everything we do is a step towards fulfilling the Paris Agreement and continuing to be relevant to our customers in the future. We are striving to develop:

- **Negative emissions** We aim to have built a large-scale plant by 2027 where we capture biogenic carbon dioxide from our Värtaverket bio power plant and transport it for permanent final storage. This technology, known as bio-CCS, will create negative emissions, which according to the UN IPCC is necessary to keep average global warming to 1.5 degrees Celsius. We offer companies that have done everything they can do to reduce emissions the opportunity to purchase negative emissions to counteract the emissions that they cannot address.
- **Energy storage** Being able to store energy is becoming increasingly important and we are working to establish battery parks in the Stockholm region with a capacity of at least 100 MW, enabling us to meet the demands of the electricity market and contribute to a more stable electricity system.
- **Carbon dioxide capture** As residual waste sorting increases and residual fossil waste decreases, we have greater capacity for more customers and manage a larger share of our waste treatment service with energy recovery will be used to manage waste that cannot or should not be recycled. In the future, we will offer a waste management service with no net climate impact and reduce fossil emissions with CCS technology and partly create negative emissions from the biogenic fraction of carbon dioxide.
- **Next generation district heating** District heating should be part of a resource-efficient city and therefore we will develop a new generation of district heating which, among other things, will make it possible to move energy directly between properties and reduces energy losses, thereby contributing to developing the city of the future.
- **Bioenergy** We gradually phase out the last of the fossil oil that we use in severely cold winters and as starting fuel.
- **The electrical grid** We continue to improve delivery reliability of electricity in Stockholm and through our investments we add capacity benefits to the electrical grid. We maximise our support for the electrical grid.

2032 -

The vision 2032 and beyond

- **Our climate footprint is zero** and we offer negative emissions with advanced carbon dioxide capture technologies. We welcome a growing Stockholm with energy that has no net impact on the climate.
- **Our production and distribution is resource efficient** and controlled by smart digital systems. The district heating system reduces the need for electricity output, is flexible and contributes as needed with electricity production when and where it is needed. We thereby contribute to electrification directly and indirectly.
- **Together with our customers, we drive the development** of the city by focusing on financial and environmental benefits and as their obvious energy partner. We enable growth of the Stockholm region and the development of new green neighbourhoods.
- **We drive Stockholm's resource-efficient and circular solutions:** waste treatment with energy recycling is enough for more customers thanks to society's efficient sorting of waste where more and more material is sorted from waste to be recycled.
- **We are a company of equal opportunities,** in which we protect equal conditions for all. Every individual has opportunities to flourish, to have equal opportunities to grow and be themselves.

Our value chain

We demonstrate our sustainability impacts across the value chain

We are a society-critical business and have considerable responsibility to contribute to sustainable development. Therefore, we regularly analyse where our impact is greatest and which sustainability issues are most important to those affected by our operations.

This assessment is called a materiality analysis, and the most recent analysis was conducted in 2020. We confirmed that this materiality analysis is still relevant for us in 2023. The analysis is intended to help us understand who are affected by, and the effects of, our operations and thereby consider what we should focus on and what we can improve. This will form an important basis for our development and for our planning process. You can see the results of the analysis on this page and read more about it on pages 35-43. We also need to create economic value for our owners, customers, suppliers, employees and society in order to know that we can continue to operate long-term and so that we can afford to continue investing in the development of Stockholm's energy system.

Employees

Stockholm Exergi is Stockholm's energy company. Our employees have many different skills and tasks. Our shared aim is to reduce climate impacts. Our most important sustainability issue linked to employees is wellbeing and health, diversity and inclusion, and a safe working environment.

We contribute to the following UN SDGs:

Production

We meet Stockholm's electricity, heating and cooling needs through efficient and flexible energy production. We operate around 30 production plants that, in conjunction with each other and our partners' plants, ensure that greater Stockholm is supplied with cost-effective and sustainable energy regardless of weather or temperature. Our most important sustainability issues linked to our production are waste from operations, emissions to air and water, climate impact and disturbances to the local environment caused by our activities.

We contribute to the following UN SDGs:

Distribution

We pump hot water from our production plants into a network of pipes that serves thousands of properties all over greater Stockholm. Our plants and customers are connected in large and flexible networks, which enable us to optimise operations. Our most important sustainability issue linked to our distribution of district heating is disturbances to the local environment caused by our activities.

We contribute to the following UN SDGs:

Customers and society

Our customers have many different needs, but they all want district heating to be simple, affordable and sustainable to use. Our most important sustainability issues linked to customers and society are responsible actions based on Stockholm Exergi's position on the heating market, offering sustainable products and services, and offering employment to excluded groups.

We contribute to the following UN SDGs:

Society's waste products

We offer a community service that manages residual waste created when society has finished sorting – and we do this through the efficient use of resources. By incinerating residual waste, we produce electricity and heat from so-called energy recovery. Our most important issue related to society's residual products is waste treatment with energy recovery.

We contribute to the following UN SDGs:

Suppliers

Our choice of suppliers is vital to our efforts to establish sustainable value chains. We focus our monitoring activities where sustainability risks are greatest, and our ambition is to develop together with our suppliers. We take responsibility and manage risks in the value chain by imposing sustainability requirements on and auditing our suppliers. Our most important sustainability issues linked to suppliers include anti-corruption, renewable fuels, sustainable purchases and investments, transports, and the extraction of the Earth's resources.

We contribute to the following UN SDGs:

Digital solutions create choice

We strive to meet our customers' needs as their energy partner

Finding an ideal energy solution is not easy. When we meet our customers, we start by understanding their needs and how a comprehensive solution might look. Our ambition is to be our customers' energy partner, acting as a responsive, competent sounding board, and able to take a holistic approach for every customer. irrespective of whether a customer lives in a detached house or a flat, or is a commercial property owner, we must be able to provide a range of solutions that best meet their needs.

Finding an ideal energy solution is not easy. When we meet our customers, we start by understanding their needs and how a comprehensive solution might look. Our ambition is to be our customers' energy partner, acting as a responsive, competent sounding board, and able to take a holistic approach for every customer. irrespective of whether a customer lives in a detached house or a flat, or is a commercial property owner, we must be able to provide a range of solutions that best meet their needs.

Since 2017, we have developed a digital platform to enable us to offer digital solutions in close co-operation with our customers. The platform is intended to provide customers with smart ways to control and optimize their property's energy consumption. By connecting devices in customers' homes and properties' district heating centres, customers are given access to a range of digital services. Due to the scheme, Stockholm Exergi is able to offer customers digital solutions that are often also part of the overall solutions we offer as an energy partner.

In 2023, we continued to establish ourselves as an energy partner, for example by meeting a large number of housing associations to review and improve their energy solutions. It is clear from these meetings that sustainability considerations are becoming increasingly important. We are able to offer customers energy advice, digital services that optimise energy use, and the installation of solar panels and vehicle charging stations for housing associations that request them. Energy issues can also be perceived as complex and difficult to navigate for business customers. In light of geopolitical uncertainty in 2023, we strove to be a reliable energy partner that meets customers' different needs. Dialogue with our business customers also related to how district heating can be part of Stockholm's growth. Choosing district heating for new neighbourhoods as they emerge is a key aspect of a resource-efficient city in which we see district heating as a catalyst for circular solutions. In 2023, we held several dialogues with property owners as plans for new developments took shape.

Together with energy technology company Ngenic, we developed, and market tested a digital service for owners of detached houses known as Värmeoptimering Villa. In 2024, we will offer the service to customers to help them make their energy use more efficient and as part of customers' overall energy solution. To make district heating even more attractive for Stockholm home owners, we also decided on a new one basic price for new connections, which is comparable to geothermal alternatives.

Due to geopolitical uncertainty, 2023 was a challenging year for us and our customers. Our hope is that normality will gradually return to energy markets. Whatever the conditions, our ultimate aim is that district heating should continue to be an extremely affordable choice that is reliable and cost-effective, and helps our customers achieve their climate targets. We will work towards this goal together with our customers.

CUSTOMER SATISFACTION INDEX

73,5

NUMBER OF PROPERTIES WITH HEAT OPTIMISATION START SERVICE

1 250

CUSTOMER SATISFACTION REMAINS STRONG

In 2023, we increased our Customer Satisfaction Index (CSI) yet again. The survey, which is carried out in the spring, reported a CSI of 73.5, the highest level in Stockholm Exergi's history.

The majority of district heating companies have announced price increases for 2024. As a result, CSI for district heating the industry as a whole dropped from 69.1 (autumn 2022) to 66.2 in autumn 2023.

Louise Bäcke, Sales Director:

"Whatever the conditions, our ultimate aim is that district heating should continue to be an extremely affordable choice that is reliable and cost-effective, and helps our customers achieve their climate targets."

District heating price rises in 2024

2023 was marked by continued geopolitical instability that fuelled inflationary pressure and interest rate hikes in response.

The energy sector was also affected by this uncertainty, and district heating pricing was one of the key energy issues of the year, with many Swedish district heating companies announcing substantial price increases for the year ahead. As did Stockholm Exergi.

Stockholm Exergi applies so-called value-based pricing. This means that pricing must reflect product value for our customers and that price levels and price structures are linked to the value that a product creates for customers. To ensure that we achieve this, we base our pricing on two main parallel principles.

- Alternative pricing: our prices must be competitive in comparison with alternative heating systems
- Price stability: customers must be able to rely on stable, long-term price predictability

To ensure that our district heating is competitive over time, we conduct a detailed annual review of the cost of our typical customers' main alternative heating options, which is currently geothermal heating with electrical rods. The analysis is based on quality data and assumptions regarding a range of factors, including electricity prices, investment, interest rates, depreciation, and technical performance.

Based on these two parallel pricing principles, we decided to increase the district heating price by an average of 12 per cent for 2024. The increase and its underlying reasons were discussed together with our customers at four consultation meetings within the framework of the "Price Dialogue" process. The alternative cost for geothermal heating with electrical rods for the typical customer in 2024 is more than 20 per cent higher than district heating pricing in 2023, which means that district heating remains competitive even with the price increase for 2024.

We understand that increased heating costs are a concern for our customers. The price increase has led to negative customer reactions and a need for more dialogue. A number of customers have requested discussions in accordance with Sweden's District Heating Act, and we met as many of our customers as possible during the autumn to maintain an informative and open dialogue. The meetings were constructive and positive, and created even better conditions for developing district heating together in the future.

Sustainable energy demand drives us forward

We meet Stockholm's electricity, heating and cooling needs through efficient and flexible energy production. We operate around 30 production plants that, in conjunction with each other and our partners' plants, ensure that greater Stockholm is supplied with cost-effective and sustainable energy regardless of weather and temperature.

Brista plant

2023 production:
954 GWh heat
200 GWh electricity
Steam boilers
Waste and solid biofuel

Hässelby plant

2023 production:
334 GWh heat
75 GWh electricity
Steam boilers
Wood pellets

Image: Main energy sources of each plant.

Värtan plant

2023 production:
2,783 GWh heat
372 GWh electricity
Steam and hot water boilers
Solid biofuel, bio-oil, and fuel oil

Hammarby plant

2023 production:
1,452 GWh heat
Heat pumps and hot water boilers
Electricity and bio-oil
No electricity production. Residual energy from wastewater from Henriksdal treatment plant used in heat pumps

Högdalen plant

2023 production:
1,633 GWh heat
217 GWh electricity
Steam boilers
Waste, reclaimed wood and bio-oil

The district heating network: a hub for circular solutions

From our production plants, we pump hot water into a pipe network that reaches thousands of properties over all of greater Stockholm. The plants and customers are connected in large and flexible networks, which means that we can optimize operations. Today we have two large networks: one that covers central and southern greater Stockholm and one that covers northwest greater Stockholm. Stockholm Exergi's district heating lines are approximately 300 kilometres long in total.

SAIDI* DISTRICT HEATING:
70 min
2022: 69 min

SAIDI* DISTRICT COOLING:
599 min**
2022: 42 min

*SAIDI stands for System Average Interruption Duration Index and is a way of measuring average service disruption times per customer.

**Refers to planned disruptions rather than unplanned

Continued focus on reducing environmental incidents

Despite continued strong focus on our environmental impacts, we failed to achieve our target of no more than five significant environmental incidents in 2023. A total of eight (7) serious environmental incidents occurred. In the event of significant environmental incidents, a root cause analysis is always carried out and measures taken to reduce the risk of them reoccurring.

Disturbances in the local environment at production plants

Our production plants are often located near residential areas. An incident that occurs in one of our production process may create unpleasant noises or odours. We have processes and people in place to co-ordinate responses to complaints. All complaints are investigated and addressed to improve our routines.

Emissions to air and climate impact

Incineration creates flue gases that contain eutrophicating, acidifying and toxic substances that in large quantities may have negative environmental impacts. With flue gas purification we can reduce these emissions to approved levels. Emissions of greenhouse gases also occur, and these have a negative impact on the climate. Several streams cause emissions of carbon dioxide, with the incineration of plastic as part of our waste treatment service being the most significant. We have a long-term plan to phase out the use of fossil oil for starting and stopping plants and for so-called peak production on exceptionally cold days. Suppliers' transports also accounts for a significant proportion of carbon dioxide emissions. In the event of an incident at our production plants, environmental disturbances may occur in the form of temporary point emissions into the air.

Waste from operations

During operation and maintenance of the production sites and associated systems, various types of waste can be generated.Most significant are ashes and slag from the incineration of solid residual waste. Waste is the consequence of resources being used up. Waste generation also leads to a risk of the spread of toxic substances, if the waste is not handled properly. By sorting waste for recycling and ensuring an environmentally safe handling of the waste, resources can be used more efficiently and environmental risks can be avoided. Waste incineration aims to destroy and separate potentially environmentally hazardous substances in society's residual waste, as well as recover the energy released in the process. Ash from waste incineration is a product from the flue gas purification systems that must be treated so that environmentally harmful substances that have been captured are not dispersed and released into the environment.

Emissions to water

During production in our facilities and systems, various types of waste water are formed which may contain environmentally harmful substances.There is also a risk of accidental releases of chemical substances or fuels to the water environment or to the ground in the event of a breakdown at our facilities. Through various protective measures and using the best available technology for water purification, which meets high emission requirements, emissions to the aquatic environment are minimized.

44 g
CO_2e/DELIVERED kWh DISTRICT HEATING*
2023 TARGET: 45g CO_2e

*Equivalent key figure in terms of specific agreements, known as residual mix, 46 gram CO_2/kWh

8
SIGNIFICANT ENVIRONMENTAL INCIDENTS
2023 TARGET: MAX 5

Monica Lundgren, Portfolio Director, Forest Fuels:

"Due to our well-established and long-term collaboration with suppliers, we have stable fuel supply and delivery predictability."

New conditions on the biofuel market increase the need for long-term collaboration

Stockholm Exergi uses biofuels which is a renewable energy source produced from biomass. Our biofuels come mainly from waste streams from the forest industry and are used to generate heat and electricity in our bio-power plants. In line with our vision of resource efficiency, we use energy that would otherwise go to waste. However, we currently see a number of challenges in the biofuel market.

Biofuels

Russia's full-scale invasion of Ukraine had rapid and far-reaching impacts on the European biofuel market. Fuel flows from Russia were suspended and demand for biofuel from other markets jumped, including Stockholm Exergi's main markets in the Baltics and Sweden. This caused substantial and rapid price hikes. Despite the turbulent market conditions, we successfully secured the supply of fuel for winter 2022/23, albeit at substantially higher costs than previously.

We saw continued change on the biofuel market throughout 2023, especially in Sweden. More biofuel was exported from Sweden than ever before, meanwhile bi-products from industry decreased and the amount of branches and tree tops was considerably down from historical levels. The transition to a fossil-free future, high electricity prices and rapid changes in the market for waste flows drove up demand for biofuels.

Due to our well-established and long-term collaboration with suppliers, we have stable fuel supply and delivery predictability in a market that is extremely challenging for most energy companies.

We adopt a methodical goal-orientated approach to achieve long-term financial sustainability – for us and all actors in our supply chain.

We work closely with forest owners and suppliers to obtain more biofuel from Sweden's forests, for example to increase the amount of forest residues obtained. The Swedish biofuel market is of vital importance to us now and in the future, so we want to continue to find collaborations that are beneficial for forest industries and ourselves. Today, we work even closer with our suppliers than in the past to identify efficient supply chain solutions that also make biofuel production efficient and financially sustainable in the long term for all stakeholders.

Around 89% of the solid biofuels we use originate from Sweden and the Baltics.

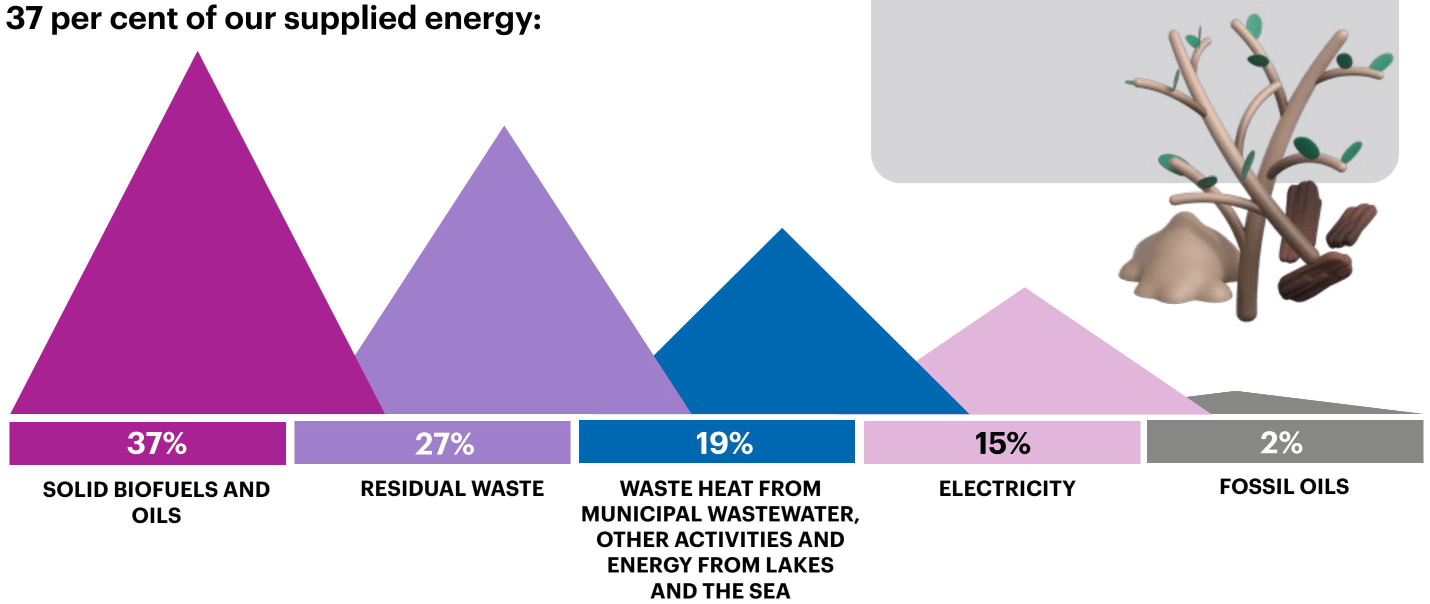
Faced with an entirely new biofuel market landscape, we are steadily moving towards a new economic equilibrium – although the demand for biofuel will continue to be considerable. Contributing to the development of the Swedish biofuel market continues to be our primary focus.

Bio-energy helps reverse climate change

Bio-energy is important for society. It accounts for around a quarter of Sweden's energy needs and at the same time it has a meaningful role to play in counteracting global climate change. This is the opinion of the UN IPCC and the IEA. Using biofuel to produce district heating is simply benefiting from an opportunity that is good for the climate.

About 40 per cent of the energy used in Sweden's district heating network is derived from biofuels, which mainly consist of residues from forestry and the forest industry. This enables the climate-neutral and sustainable production of electricity and heat. Instead of leaving forest residues after felling to rot and release carbon dioxide through natural decomposition, we use this material to produce heat and electricity, without increasing the overall climate impact. Ultimately, the same amount of carbon dioxide is produced. The difference is that in our combined heat and power plants produce renewable energy at the same time. The fundamental difference is obvious – we extract energy from a natural cycle where at least as much carbon is constantly sequestered into plants through photosynthesis, while fossil fuels involve a one-way flow of carbon from the Earth's crust to the atmosphere in the form of carbon dioxide.

Solid biofuels and bio-oil account for 37 per cent of our supplied energy:



We are innovating our waste treatment towards net zero climate impact by 2032

The way societies manage their waste has a long history with many different methods employed, and that history is not about to end. The need to solve the waste issue will continue for the foreseeable future. It is precisely from this societal need that our waste treatment with energy recovery service was born. We see waste as a resource from which we can generate energy from incineration and at the same time solve society's need to get rid of waste – a resource-efficient society is absolutely necessary if we are to succeed in achieving our climate goals.

It is positive that the sorting of waste for material recycling is increasing. A society where goods and materials are reused is a resource-efficient society. Increased sorting also means that the amount of residual waste per person or company decreases, and we can offer our treatment service to more waste customers. Because despite increased sorting, society will continue to need waste treatment with energy recovery for waste that cannot or should not be recycled. We will continue to offer our services for this type of waste as sorting continues to increase, although we are aware that this service generates carbon dioxide emissions.

An effective way to remove carbon dioxide emissions is to capture them and either store them permanently, Carbon Capture and Storage (CCS), or use it, Carbon Capture and Utilisation (CCU). We have started work on carbon dioxide capture capacity at our Brista and Högdalen waste treatment plants.

Our goal is to be able to offer our customers waste treatment with CCS, so that we can contribute to that both our waste treatment customers and other customers achive the climate goals.

In parallel to the development of carbon dioxide capture, we are working to reduce fossil waste from incineration.

Fossil waste needs to be sorted from residual waste earlier, and in an effort to do this, we have had several constructive dialogues with our waste customers during the year to clarify how much carbon dioxide their residual waste generates. By reporting their emissions in waste treatment reports, we have encouraged them to set targets to reduce emissions.

During the year, we also started a project that deals with how a differentiated pricing model could provide additional incentives for our customers to sort more plastic. Less plastic in waste means results in fewer emissions and a reduced treatment costs, and this will hopefully contribute to reducing fossil waste.

Our aim is to develop our service offering so that waste treatment does not result in a net impact on the climate. To achieve this, the whole of society needs to contribute – [illegible]ty issue.

Cornelia Malder, Sustainability Specialist:

"In the developing European resource management system, we play a key role as waste handlers specifically of waste that cannot or should not recirculate in society. And the more resource efficiently we live, the less waste we generated per person, which means we can process waste from more people with the same capacity."

Rapid change on the market for our waste treatment service

The energy crisis in Europe and a declining economy are two strongly contributing reasons why the market for waste treatment services with energy recovery has changed in 2023. The conditions quickly changed when gas-dependent countries in Europe used energy recovery from waste instead of natural gas to cover energy needs. It is important to note that energy recovery from residual waste has thus contributed to a reduced dependence on imported fossil gas from Russia, among others.

The potential for increased energy recovery is still great because large amounts of waste go to landfill within the EU. The rapid slowdown in the economy also meant that the flows of waste from the construction and demolition sector decreased. Stockholm Exergi has in it new situation methodically and structured turned to new waste depositors for our waste treatment service and during the summer and autumn the situation stabilized thanks to increased flow from new markets in Europe.

Our belief is that the final treatment of residual waste with the high degree of energy recovery that we can achieve thanks to the fact that we can recover almost all the energy in the district heating networks is a much better solution than letting waste go to landfills. Energy recovery accounts for a significant proportion - 27% - of energy supplied comes from the residual waste that we process. Thanks to this, we avoid the use of alternative fuels. With the CCS technology linked to waste treatment, we would not only achieve reduced emissions, but also permanent minus emissions becausethe biogenic carbon dioxide is also captured and stored. We therefore see that our combined treatment capacity is an important asset not only for our immediate area, but also from a European perspective. In 2024, our goal is to continue increasing in new markets to find robust logistics chains where intermediate warehouses will become an important element for safe deliveries.

Heat recovery – a key aspect of a resource efficient city

Benefiting from energy flows in excess heat is a cornerstone of Stockholm Exergi's efforts to use residues as a resource. Using its Öppen Fjärrvärme (Open District Heating) business model, Stockholm Exergi has purchased excess heat from small and large businesses across Stockholm since 2014; and since our Hammarby plant was built in 1986, we have used residual heat from Stockholm's wastewater. These are effective ways of building a resource-efficient city, and there is considerable interest from specific actors to make use of residual heat.

In the Stockholm Data Parks concept that we have been running since 2017, together with the City of Stockholm, Ellevio, Stockholm Invest and Stokab, IT companies are given the opportunity to establish server halls in Stockholm and at the same time sell excess heat to us. The concept is successful and has expanded since its launch. At North is one of the actors planning another facility within the framework of Stockholm Data Parks and we also see growth of server halls outside the concept, for example Conapto which is opening a new data hall with heat recovery for the district heating network.

In 2023, the heat recovery from Stockholm Data Parks and Open District Heating accounted for 117 GWh and the total heat recovery including waste heat from the wastewater treatment and returns from the district cooling accounted for 1050 GWh.

IN 2023, THE TOTAL HEAT RECOVERY WAS

1 050 GWh

Negative emissions will help companies achieve their climate targets

For the world to achieve the climate targets of the Paris Agreement, global emissions of carbon dioxide must decrease, but this is not enough. There are emissions that are difficult or almost impossible to eliminate, these emissions are usually called residual emissions and to access residual emissions, negative emissions are needed. Since 2016, Stockholm Exergi has worked on developing bio-CCS to create negative emissions.

The technology involves capturing biogenic carbon dioxide from our bioelectric power plant and storing it permanently. When carbon dioxide from burning biomass is captured and permanently stored, a flow of carbon dioxide is created from the atmosphere to the bedrock, i.e., the opposite of what happens when fossil fuels are extracted and used as fuel.

How is this done?

As trees grow, they absorb carbon dioxide from the atmosphere via photosynthesis. Carbon dioxide is bound as carbon in the biomass of trees. The same carbon that trees sequester from the atmosphere is released as carbon dioxide when logging residues from forests are burned in the production of bioenergy. When we then capture and permanently store this carbon dioxide instead of releasing it, a negative emission occurs, i.e., carbon dioxide has been removed from the atmosphere.

Our goal is to have a full-scale bio-CCS facility in place by 2027 with the potential to capture 800,000 tonnes of carbon dioxide a year.

In 2023, we worked intensively on reviewing and creating conditions for the financing of the project. Creating a market where companies buy negative emission certificates is key to its success. In order to achieve net-zero climate impact, the vast majority of companies and operations will have to deal with a smaller portion of so-called residual emissions, i.e., emissions that remain despite extensive emission reductions. Demand therefore exists for high quality permanent negative emissions in a growing voluntary market. Stockholm Exergi will offer permanent negative emissions on this market.

The market will be international, and during the year we contributed to efforts to design the market, for example by developing a methodology for sustainable bio-CCS. The methodology is a product description of our negative emissions, and we hope that it will help establish a market standard that makes it easier for buyers and sellers of negative emissions from bio-CCS to trade with each other. The methodology is also a component in the drafting of the laws and regulations that will need to be put in place so that global climate targets can be achieved. Income from companies' purchases of negative emissions alone will not be sufficient to finance the new plant, so government support will also be needed.

Stockholm Exergi believes that state support will be most effective if it is packaged so that the voluntary market receives clear incentives to partially finance projects, so that a foundation is laid from the outset for a bio-CCS industry that will ultimately be able to stand on its own two feet. We expect that support will begin to be awarded to projects in 2024, which is also necessary for the plant to be ready by 2027.

At the same time as work on financing is ongoing, construction work passed several important milestones during the year. One of them was in March, when we submitted our application

Erik Rylander, Head of Carbon Dioxide Removal, Stockholm Exergi:

"In 2023, we worked intensively on testing and creating conditions for financing the project. Creating a market where companies buy negative emission certificates is key to our success."

to Sweden's Land and Environment Court to build the full-scale plant. Our application has since proceeded as planned and following consultations we expect the court's decision.

Another important milestone last year was our agreement with Italy's Saipem to build the plant. The agreement includes detailed design, procurement and construction of the plant that will capture, temporarily store and transport carbon dioxide. Saipem's experience of building complex technical facilities is an excellent complement to our knowledge of bio-CCS that we have built up at our Värtaverket plant over many years.

Together with the City of Stockholm we are working on the design of the plant to ensure it will become part of Stockholm's cityscape.

Our bio-CCS project is complex, but we are moving steadily towards the goal of being able to make investment decisions in 2024.

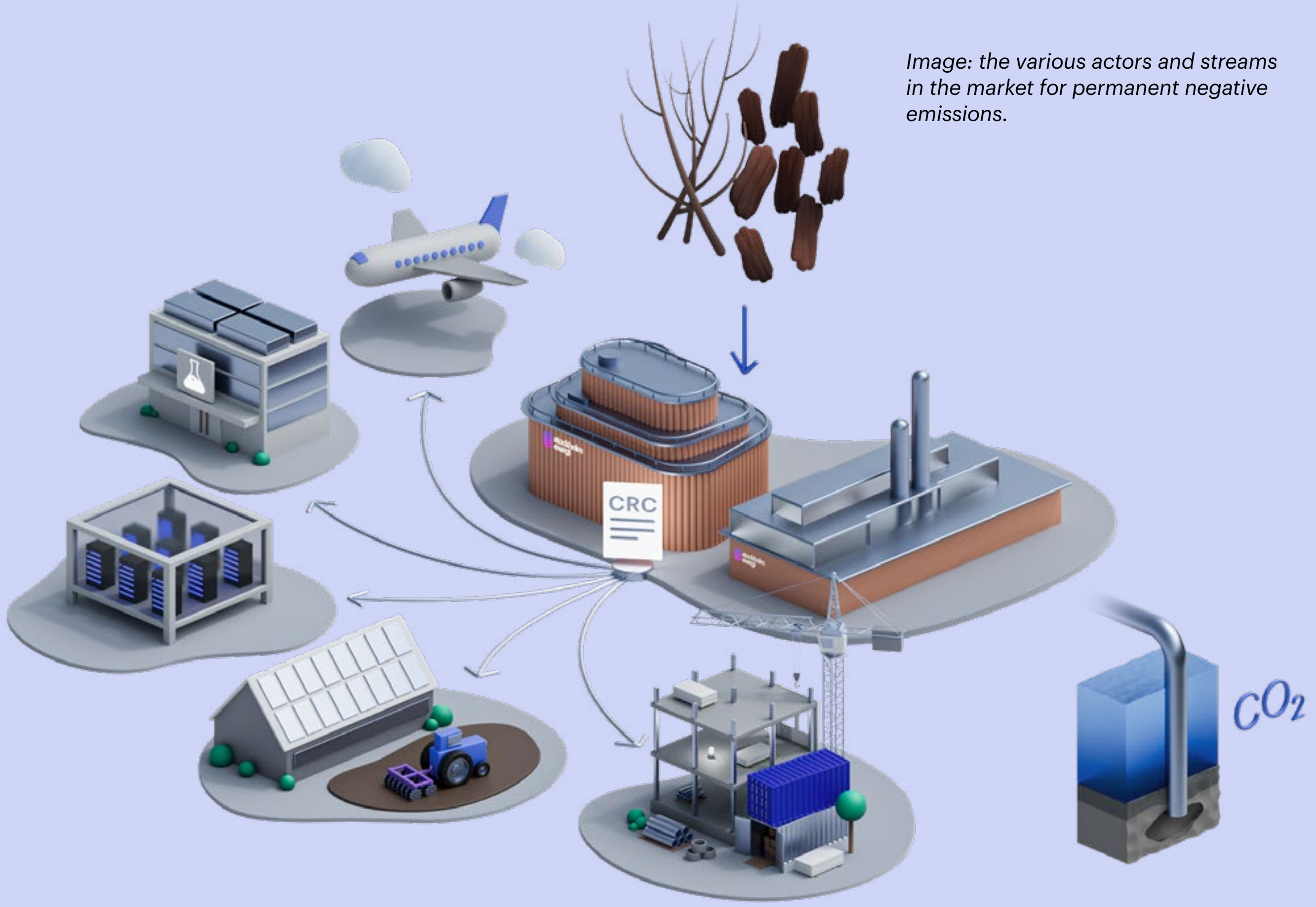


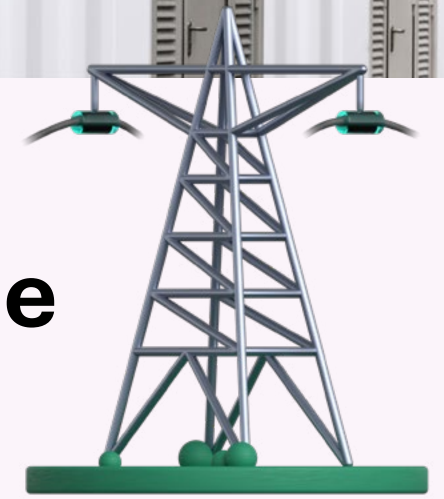
Image: the various actors and streams in the market for permanent negative emissions.

Buying and selling negative emissions

In the market for permanent negative emissions, we offer customers the ability to achieve net zero. Once we have opened our full-scale bio-CCS plant, we will capture and store biogenic carbon dioxide and thus be able to offer permanent negative emissions. In the same way that we currently sell district heating and district cooling, in the future we want to offer minus emissions to our energy customers and to new customers on a voluntary market that is separate from our district heating market.

Permanent minus emissions will be sold partly in combination with district heating and partly as a separate product, which will be available for purchase on an international voluntary market in the form of Carbon Removal Certificates (CRC). Each CRC corresponds to one tonne of carbon dioxide which, net, has been removed from the atmosphere.

Our permanent negative emissions offering is primarily aimed at companies that have set ambitious climate targets. These targets typically align with the Science Based Targets Initiative (SBTi) – a method for companies to set science-based climate targets in line with the Paris Agreement. SBTi sets companies short- and long-term targets for how to reduce emissions and for how permanent negative emissions can be gradually phased in so that companies are ultimately able to achieve net zero.



We help keep the electricity system stable

Stockholm Exergi contributes to Sweden's electricity supply in several different ways. It is vital that we support increasing electrification, which is needed to achieve climate targets, and modernise the electricity system.

To do this, a long-term approach is required, which is why the REST collaboration forum, initiated by Stockholm's County Administrative Board and Region Stockholm, is so welcome. The energy sector is represented in the forum by Stockholm Exergi, Ellevio, the Swedish Energy Agency, E.ON, Svenska kraftnät, and Vattenfall. Working together, we will create a common vision of the development of the electricity supply in Stockholm. This will make it easier for Stockholm Exergi and other actors to contribute effectively.

Cogeneration is the key component in Stockholm Exergi's contribution to the electricity supply. Our largest facilities are combined heat and power plants and produce electricity and district heating at the same time, which is an efficient way to make use of energy from society's residual waste and forest residues.

Cogeneration electricity production is particularly important when there is not enough transmission capacity in the grid to supply electricity to cities – and this is the situation for several Swedish cities, including Stockholm. Stockholm Exergi's cogeneration plants, located in central areas of the city, distribute electricity to the grid in the vicinity of electricity consumers without needing to route electricity via sections of the grid that are already under heavy load pressure.

The fact that cogeneration can be planned is also valuable. This creates stability in the electricity system and compensates for the increasing proportion of unplanned electricity production, such as wind power. Cogeneration also relieves the electricity grid even further when properties are heated with district heating instead of electricity.

The electricity system is evolving, and we are seeing new opportunities to expand our role as an energy provider. We constantly improve the efficiency of our facilities to offer Svenska kraftnät support services, for example. Alongside the development of our existing plants, we are also investing in battery storage. One of the projects we are working on is with Polar Capacity in which we plan to build battery parks in the Stockholm region with a total capacity of at least 100 MW. In 2023, we completed the first battery park, which will be commissioned in 2024.

Henrik Engdahl, Head of Product Area Electricity, Stockholm Exergi:

"By providing local and predictable electricity production, Stockholm Exergi plays a key role in the supply of electricity to the Stockholm region. The electrical system is complex and to achieve climate targets, we need to have well-established dialogues with all stakeholders and clear rules of the game for the long term."

Our suppliers help us to achieve our climate targets

We ensure that our purchases are sustainable

Our Code of Conduct and business ethics guidelines help us ensure that our business relationships with our suppliers and other partners are ethical and legal.

We have a specific code of conduct for our suppliers that is based on the UN Global Compact's principles on human rights, labour rights, the environment, and anti-corruption. All suppliers are contractually required to adopt our Code of Conduct that includes these protections. Before a contract is concluded, we check to ensure that the supplier meets a number of basic requirements such as credit control, ethical counterparty control, quality, labour, and the environment. Risks may be associated with extended supply chains, purchase volumes, geographical location, or environment and labour risks linked to a product or service.

Potentially hazardous operational situations and extended supply chains are two challenges that we prioritise. We do this, for example by having our suppliers demonstrate how they manage and counteract risks in these areas. To ensure that our suppliers have a systematic approach, we ask for different types of certifications when conducting the on-boarding process. Some certifications are mandatory, such as those that ensure compliance with the EU Renewable Energy Directive, SURE, and sustainability statements. Other certifications are not mandatory although are encouraged, such as ISO 14001, ISO 9001, OHAS 45001 and EMAS. We also carry out surprise inspections during contract periods, especially if a supplier lacks certification.

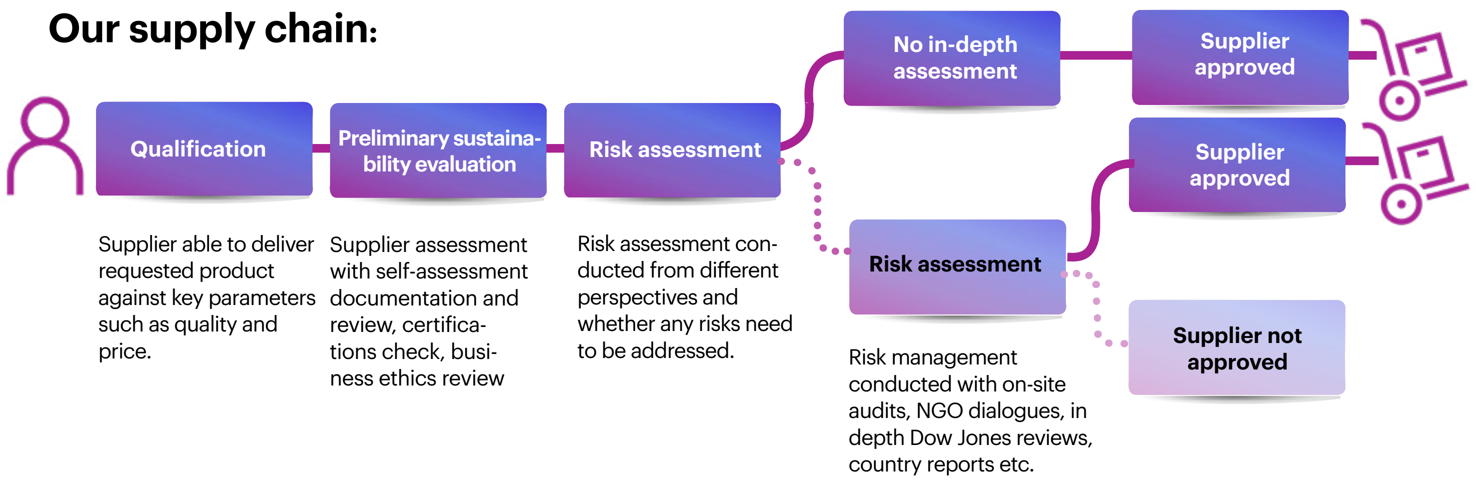
We always conduct business ethics checks prior to signing contracts. We check that suppliers do not appear on sanctions lists or in other negative contexts.

If we judge that there are reasons to review a supplier in more detail, we may conduct an audit or we choose not to proceed with the supplier.

Our fuel must be responsibly sourced

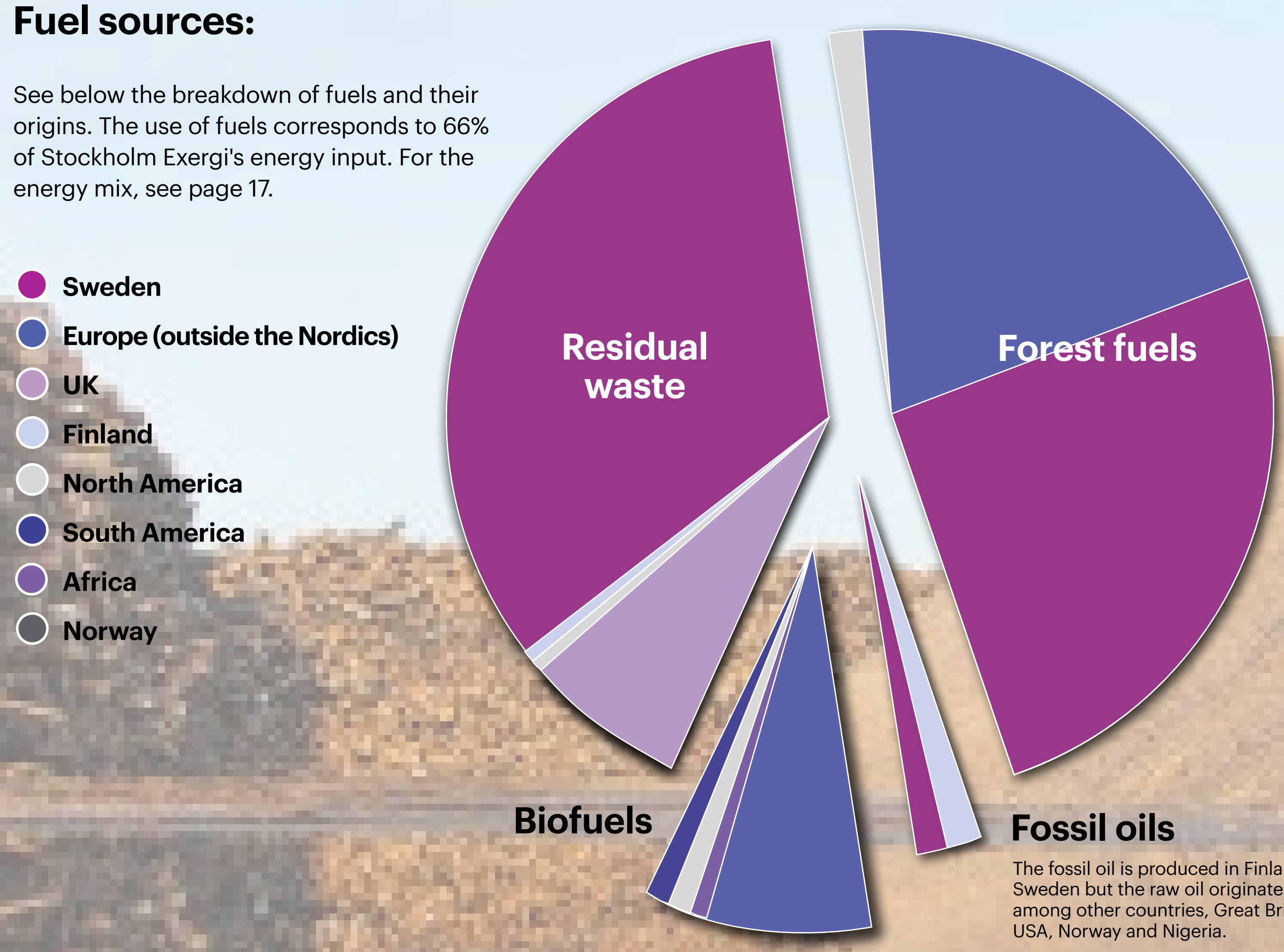
To assess how fuel suppliers comply with our Code of Conduct and what risks are associated with them and their product, they are required to complete a self-assessment before procurement. This gives us a picture of the company and their sustainability work and lays the foundation for our risk assessment. Based on the self-assessment and other factors such as type of fuel, country of origin, and previous experience with the supplier category, we assess risk and establish whether further review is required. Based on this, we focus our resources on the areas and suppliers where we see the greatest risks.

Our supply chain:



Fuel sources:

See below the breakdown of fuels and their origins. The use of fuels corresponds to 66% of Stockholm Exergi's energy input. For the energy mix, see page 17.



Such challenges include the risk of illegal logging, poor working conditions, corruption and ineffective supply chain control. We counter these risks through requirements on certifications that ensure traceability and that the entire supply chain is audited annually by authorised auditors. In addition, we use third party reviews that include specific country and fuel knowledge. In 2023, we updated our sustainability policy on responsible fuel purchases as part of our continuous work on developing our guidelines for responsible purchasing. Our policies and guidelines are designed to monitor fuel purchases, ensure that we are proactive, and align with upcoming legal and customer requirements. For example, we now clearly control which certifications a fuel should have , and which climate performance metrics apply.

Our ambition is to develop together with our suppliers, and we strive to create relationships where we learn from each other. Through supplier dialogues, we further support and monitor suppliers' sustainability work and strive for further improvement. Close collaboration and dialogue with industry associations, certification bodies and auditors is an important tool in these efforts so that we can position and adapt our supplier requirements early in processes.

For more information on the amount of fuels used see GRI 301-1 Material use on page 109.

Nadja Paz, Sustainability Specialist Fuels, Stockholm Exergi:

"2023 has been an eventful year, especially in terms of decisions about upcoming regulations and new reporting requirements. We welcome the new requirements and look forward to more legal tools that strengthen the provision of a sustainable fuel portfolio."

Employer

Improving our attractiveness as an employer

In 2023, Stockholm Exergi took several major steps forward in its efforts to ensure it attracts the people with the right skill sets. We are seeing considerable interest in the positions we advertise, and we have strengthened our ability to proactively reach out to candidates in areas where we face skills shortages. We mainly do this with our own internal resources and by working closely with our recruitment managers.

We have worked with skills-based recruitment for a number of years, and we believe that it is important to have streamlined processes that all candidates experience in similar ways. Certain roles require us to work proactively and approach potential candidates directly through our networks and LinkedIn, for example. We have already started efforts to recruit for our planned carbon capture plants. This creates opportunities for existing employees and creates new positions. We see that our initiatives within the framework of social sustainability, for example the various entry-level jobs we offer, have a directly positive effect on our future skills supply. We are proud of the long-term and important collaborations we have with selected colleges. The path into the industry, through an internship during a vocational course, is and will remain one of our main sources of competence supply for our production-related activities. We expanded our trainee programme during the year, and in the autumn we welcomed 10 trainees, six women and four men, with a range of different background and experiences.

We were delighted to also receive external recognition. For the first time ever, we were ranked in the Universum Employer Brand Survey among engineering students in Sweden. This shows that Stockholm Exergi is relevant to students and future employees. We also received the Excellent Employer 2023 certificate from Nyckeltalsinstitutet, an HR analysis institute. This means that we among the top 10 per cent best performing companies in the institute's mapping of working conditions, based on data from 650,000 employees in the private and public sectors. Awards such as these indicate that we are working on the right issues, and having our strengths confirmed helps us in recruitment processes.

Increased employee engagement

"Transform your energy into a sustainable future" is our employee promise and what our employees do. In 2023, we conducted two employee surveys that showed a continued increase in overall employee engagement with the company. We also exceeded our target for the year of 73 on the engagement index which is encouraging.

EMPLOYEE GENDER DISTRIBUTION: WOMEN (22%) MEN (78%)

CHALLENGING TO IMPROVE EQUALITY

78% of us are men, 22% are women, a distribution that is also reflected among management. Our goal is to increase the number of women in the company and achieve a more balanced gender distribution. We have therefore introduced a target to have at least every other new employee being a woman.

At the end of 2023, management consisted of eight men and two women, and our board had nine male and three female members elected by the general meeting. According to Statistics Sweden, at the end of 2023 25 per cent of Stockholm Exergi employees were foreign-born. Sick leave during the year was 2.6 per cent (3.2).

PROPORTION OF FOREIGN-BORN EMPLOYEES 25%

25%

A NUMBER OF SAFETY WALKS* CONDUCTED

3 205

ANUMBER OF SERIOUS ACCIDENTS IN 2023

Zero

Zero tolerance of accidents and serious incidents

"We work safely or not at all and take care of each other." Working preventively to minimise risks is an integral part of everything we do at Stockholm Exergi, and we have a clear long-term vision of achieving zero accidents and serious incidents. As part of our journey towards an improved safety culture, two years ago we introduced a new way of working which is based on identifying and focusing on safe behaviours. This is a way of working that is intended to involve everyone in the company. We were happy to end 2023 without a single serious accident – a considerably better safety record than for many years.

Zero tolerance of discrimination and harassment

Naturally, we have zero tolerance of discrimination and harassment. This is clearly set out in our Code of Conduct and our employees are encouraged to report any such incidents. In 2023, we dealt with fewer than five cases, which is in line with recent years.

Results from our most recent work environment survey show that 5.3 per cent of employees felt that they had been exposed to harassment during the year. We work preventively on these issues with our mandatory work environment training, and we provide training and support for managers and employees.

We care about the world in which we operate

Working for social sustainability – within the company and externally – is important for Stockholm Exergy. Our primary focus in social sustainability is the aspect human rights where we ensure that we internally and throughout the value chain secure legal compliance and follow our policies and procedures. We also work actively with being a role model in diversity, equity and inclusion matters.

Through several different initiatives, we contribute to increased inclusion in society. An inclusive corporate culture with a diversity of perspectives creates a good working environment, improved safety, better decisions, increased ability to recruit and retain the right skills, and a better understanding of our customers. In 2023, Stockholm Exergi participated in a number of initiatives including the following activities that were directly related to our future supply of talent:

- We worked with City of Stockholm to recruit seven heating workers who have since had various roles in the company
- We provided coaching through the My Dream Now scheme and hosted at least three college study visits
- Together with :Part and Bergh's School of Communication we welcomed a number of holiday workers who took on various skills challenges
- We received an intern from SIFA (Swedish for professionals academics) to increase their knowledge of the Swedish labour market
- Two employees were mentors for Swedenergy's Energy buddy programme

* A Safety Walk is an observation round with a focus on communicating about risks, working methods and safe/unsafe actions. The purpose is to have a dialogue with employees/entrepreneurs, give positive feedback on good results, correct unsafe behavior and increased understanding of why it is important.

Governance

Corporate Governance Statement

Stockholm Exergi Holding AB (publ) is a Swedish public limited company with a bonds programme listed on Nasdaq Stockholm. The Board hereby submits the 2023 Corporate Governance Statement.

General information about Stockholm Exergi Holding AB's corporate governance and operations

Stockholm Exergi Holding AB (publ) is a Swedish public company, and its registered office is in Stockholm. The Board consists partly of shareholder representatives elected by the general meeting, and partly of employee representatives elected by the trade unions. The Board in turn appoints the CEO, who manages the day-to-day administration according to the Board's guidelines and instructions. The Company's operations involve owning shares in the operating company Stockholm Exergi AB, and also responsibility for the Group's financing solutions.

Regulations

External regulations

- Swedish law and EU law, in particular the Swedish Companies Act and the Annual Accounts Act, the Market Abuse Regulation and the Market Abuse Penalties Act
- Stock exchange rules and regulations: The Company operates in compliance with the rules for companies with interest-bearing instruments listed on Nasdaq Stockholm

Internal regulations

- Articles of Association
- The Board's rules of procedure, including the CEO's instructions and instructions on reporting to the Board
- Internal delegation and decision-making rules, policies and instructions established by the Board
- Code of conduct established by the Board

Ownership structure

Stockholm Exergi Holding AB (publ) is half-owned by Ankhiale Bidco AB and Stockholms Stadshus AB. All shares are ordinary shares and provide entitlement to an equal number of votes and an equal share of dividends. The owners regulate their co-ownership through a consortium agreement.

Annual General Meeting

The Annual General Meeting of Stockholm Exergi Holding AB (publ) shall be held annually within six months of the end of the financial year. The AGM elects the Board of Directors (except for employee representatives) and auditors and decides on their remuneration, adopts the income statement and balance sheet, decides on the appropriation of the Company's profit, decides on the discharge from liability of the Board of Directors and the CEO, and decides on other matters in accordance with the law and the Articles of Association.

The Company held its Annual General Meeting on 19 April 2023. No items were discussed other than those appearing on the standing agenda in accordance with the Articles of Association.

The Company held an extraordinary meeting of shareholders on 22 September 2023 to replace an outgoing Board member.

The Board

Composition of the Board of Directors

Directors, to the extent appointed by the AGM, shall consist of eight directors without deputy directors. The members of the Board are elected annually at the AGM for the period until the end of the next AGM. The Chair of the Board does not have a casting vote. The trade unions shall appoint two full-time employee representatives and then two deputies in a separate procedure. At the time of the AGM, the trade unions inform the Company of which representatives have been elected.

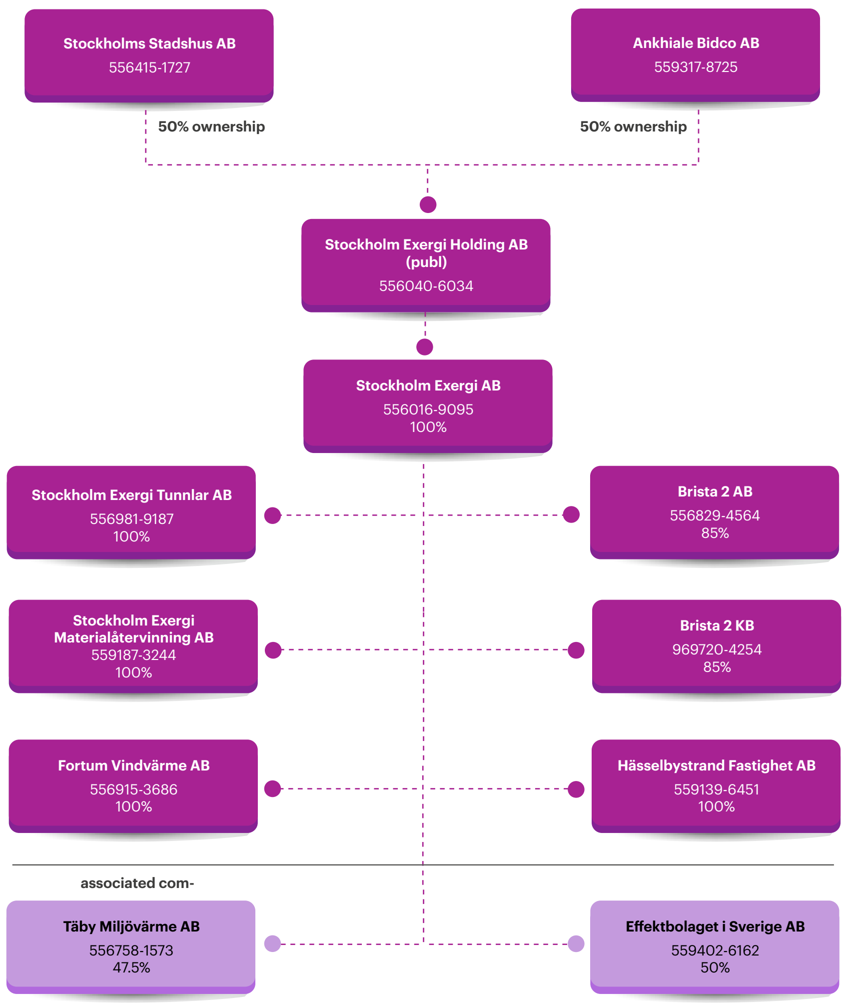
At the 2023 AGM, the following Board members were nominated by Stockholms Stadshus AB: Fredrik Adolfsson (re-elected), Rickard Hjorth Warlenius (re-elected) and Petra Engman (re-elected), along with Christofer Fjellner (elected). The following Board members nominated by Ankhiale Bidco AB were elected: Jonas Abrahamsson (re-elected), Irina Frolova (re-elected), Carlo Maddalena (re-elected) and Charlotta Sandving Brändström (re-elected). The trade unions appointed the following employee representatives: Tobias Alvaeus (full member, re-elected), Reine Lorenz (full member, re-elected), Katarina Karlsson (deputy, re-elected) and Patrik Tapper (deputy, re-elected).

At an extraordinary meeting of shareholders in September 2023, Charlotta Sandving Brändström resigned and was replaced by Hugo Brändström.

Duties of the Board of Directors

The basic duties of the Board are set out in the Companies Act. The Board adopts rules of procedure and a set of instructions every year. The rules of procedure and the instructions regulate matters such as reporting to the Board, the division of labour between the Board and the CEO, the duties of the Chair, the format of Board meetings and the format for evaluation of the work of the Board and the CEO. The rules also state forms and requirements for reporting other engagements that constitute or may constitute a conflict of interest with the board assignment.

Group Structure



The rules of procedure state that the Board shall approve the objectives of the Company and the Group, significant policies, strategic plans and major investments. The Board's rules of procedure also include instructions for the Board's Audit and Remuneration Committees (see below).

Board meetings

The Board holds its first meeting after election in direct connection with the AGM. During 2023, the Board has held 9 board meetings in addition to the first meeting after the AGM.

The Board's committees

The Board's overall responsibility cannot be delegated, but the Board has established an Audit Committee and a Remuneration Committee. These committees prepare, monitor and evaluate issues in their respective areas prior to consideration by the Board. The committee members are appointed at the first Board meeting after election, and they work in line with Board rules of procedure and instructions.

The Audit Committee

The Audit Committee prepares matters in the areas of audit, internal control and financial reporting for the Board's consideration.

The Audit Committee is also tasked with monitoring financial reporting and the effectiveness of the company's internal controls, internal audit and risk management. Additionally, the Audit Committee shall evaluate external audit work, inform the owners of the results and assist in drafting proposals for the auditor. The Audit Committee shall also review and monitor auditor impartiality and independence.

The Audit Committee meets before each reporting occasion and additionally as necessary.

The Audit Committee comprised board members Irina Frolova (chair of the committee) and Petra Engman. The CEO and CFO also participate in the meetings. The Audit Committee reports its work to the Board on an ongoing basis. The committee met seven times in 2023.

The Remuneration Committee

The Remuneration Committee prepares matters regarding remuneration and other terms of employment for the CEO for the Board's consideration. As proposed by the CEO, the committee also approves remuneration and other terms of employment for Group management. The committee further develops proposals for remuneration principles for the CEO and Group management, which the Board then resolves on. Application of the guidelines, along with current remuneration structures and remuneration levels in the company, are also monitored by the committee.

Remuneration to Group management is reported in note 10. The Remuneration Committee reports its work to the Board on an ongoing basis. The Remuneration Committee comprised Carlo Maddalena (chair of the committee) and Petra Engman.

The CEO and HR Director also participate in the meetings. The committee held seven meetings in 2023.

Evaluation of the performance of the Board and CEO

The Board evaluates the performance of the Board and CEO once a year, with the aim of developing and streamlining work and decision-making procedures. The 2023 evaluation did not result in any changes to current procedures and working methods.

Organisation and Group management

The Group operating company, Stockholm Exergi AB, is organised into four core functions based on the value chain: sales, fuel supply, production and distribution.

There are a number of support functions for the core activities which manage, control and support business operations. The Company also has a business development unit. The Company's CEO, who is also the Group CEO, is responsible for day-to-day management in accordance with the Swedish Companies Act. The Company's CEO has established decision-making bodies for management of the Company and makes decisions independently or with the support of these decision-making bodies. The most important of these is the Group management.

Auditors

According to the Articles of Association, the Company must have one or two auditors with or without deputy auditors. At the 2023 AGM, Deloitte AB, with Authorised Public Accountant Daniel Wassberg, was elected as the Company's auditor.

The auditor reported his audit of the financial statements for 2023 at the Board meeting of 22 February 2024.

Financial reporting, internal control and risk management

The Board is ultimately responsible for ensuring that there is good internal control within the Stockholm Exergi Group in accordance with applicable directives, laws and regulations. The Company is not subject to the requirements of the Swedish Corporate Governance Code.

Internal control work is carried out within the Group which aims to ensure that operations are carried out in an appropriate, safe, and efficient manner. Internal control of financial reporting aims to ensure that the Group prepares reliable financial accounts and reports, and complies with applicable laws and regulations. Internal control is conducted in accordance with the risk policy resolved on by the Board. The risk policy is based on the principles set out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk assessment and control environment

The CEO is responsible for preparing internal control and financial reporting matters for the Board. Control work is based on the division of responsibilities between the Board and the CEO as established in the CEO's instructions and from the reporting requirements set by the Board.

The Board and CEO work in a structured annual cycle for strategic business planning and operational supervision. The process is based on the Group's vision and operating concept, which in turn is based on the owners' consortium agreement. Work within the Group is performed in accordance with Board-resolved codes of conduct and values; curiosity, initiative, and taking responsibility.

Risk management is an integral and ongoing part of Group business planning, development and performance management.

For each risk category, risk management follows five steps: identification, assessment, management, control and monitoring. The Board resolves on risk policy and the CEO's risk mandate. Risk management and its processes are continuously developed and adapted to evolving market conditions and changes in the business.

Governing documents and routines

There are policies and delegation arrangements in place for the Group's various areas of operation. They are established and revised annually and otherwise as required by the Board. In addition, there are various governing documents that are adopted and revised on an ongoing basis by the CEO, as well as various manuals and procedural descriptions that are established and revised by the respective operational manager. Overall, these internal regulations effectively cover all relevant areas of operation.

Review

The Group's internal audit function reviews ongoing operations. The Audit Committee has a special supervisory remit and reviews the internal audit's work, as well as risk management and internal controls. Read more about risks and risk management on pages 44–47.

Dividend policy

Stockholm Exergi's new dividend policy was decided in April 2023 and means that between 0 and 100 percent of the year's profit after tax must be distributed to the shareholders. The annual decisions on dividends, which must take into account the current global situation and the development of the financial markets, must allow the company to obtain an investment grade credit rating while maintaining the ability to carry out investments with the aim of maximizing the company's value. The previous policy was that Stockholm Exergi's dividend should amount to 40 – 80 percent of the year's profit after tax, taking into account various marginal conditions such as solvency, net debt to EBITDA ratio and creditworthiness.

Management

Stockholm Exergi is organized into three core functions based on the value chain: fuel supply, production and distribution, and market. In support of the core activities, there are several functions that lead, govern, and support business operations. We also have a business development unit.

Anders Egelrud

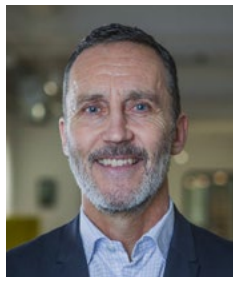
Born: 1965
Employed since: 2002
Title: Vd och koncernchef

Anders has extensive experience in the energy sector and has been responsible for building and developing businesses in a number of senior positions. He has been CEO of Stockholm Exergi since 2006 and has served as a board member in several industry organisations and companies.

Frida Bühlmann

Born: 1978
Employed since: 2023
Title: Vd-assistent

Frida has extensive experience as an executive assistant to CEO's in both the non-profit sector, encompassing critical societal functions rooted in children's rights and welfare, as well as in the media and banking industries.



Thomas Gibson

Born: 1965
Employed since: 2017
Title: Kommunikationsdirektör

Thomas has a proven track record in the advertising industry where he has worked nationally and internationally in management roles at several of Sweden's leading advertising agencies.

Shamsher Khan

Born: 1966
Employed since: 2009
Title: Energihandelsdirektör

Shamsher has a background as Head of Environmental Value Trading and Head of Forecasting and Pricing at Fortum.

Åse Lagerqvist von Uthmann

Born: 1969
Employed since: 2023
Title: CFO

Åse Lagerqvist von Uthmann took up the post of CFO during spring 2023. Åse has an MBA and has a wealth of experience of being a leader and CFO in the space, media and energy industries, both in Sweden and internationally. In addition to operational roles, she has also held board positions.

Anna Leander

Born: 1976
Employed since: 2019
Title: Direktör HR och Hållbarhet

Anna joined Stockholm Exergi in January 2019 and has extensive HR experience, including several executive positions at international companies. In her previous roles, she was primarily responsible for sustainability, specialising in issues such as the working environment and social responsibility.

Carl Lidholm

Born: 1979
Employed since: 2021
Title: Försäljningsdirektör

Carl has extensive experience in the energy sector and of B2B sales. He provides clear leadership with focus on the customer, digitalisation and change in the customer interface. The goal is to ensure that Stockholm Exergi provides Stockholmers with the very best in customer service.

Per Ljung

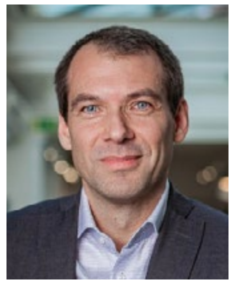
Born: 1967
Employed since: 2020
Title: Produktionsdirektör

Per joined Stockholm Exergi in 2020. He has 24 years' experience in the production and district heating segments where he has held several senior positions. He has held positions in various parts of the value chain in roles where he has primarily focused on production and optimisation; customer focus and safety are two other areas.

Jimmy Renström

Born: 1973
Employed since: 2020
Title: IT-direktör/CIO

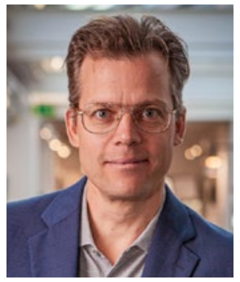
Jimmy has been head of Stockholm Exergi's IT function since the autumn of 2018. A common thread in Jimmy's career has been leadership of change journeys with particular focus on data, digitalisation and information technology.



Andreas Söderkvist

Born: 1976
Employed since: 2001
Title: Distributionsdirektör

Andreas joined the company in 2001. He has broad management experience in areas such as production, distribution and technology development. Since 2020, he has been responsible for Stockholm Exergi's distribution unit; he also represents the company on Swedenergy's heating and cooling distribution committee.



Per Ytterberg

Born: 1971
Employed since: 1996
Title: Affärsutvecklings-direktör

Per has extensive experience at Stockholm Exergi where he has held several operational and strategic roles, including senior positions in project management, fuel supply and system development issues.

Board of Directors

Stockholm Exergi is owned in equal parts by Ankhiale, (which consists of APG, Alecta, PGGM, Keva and Axa), and Stockholms Stadshus AB. The Board of Directors comprises eight members elected by the Annual General Meeting and two appointed employee representatives with deputies.

Jonas Abrahamsson

Born: 1967
Employed since: 2021
Title: Chairman

Jonas Abrahamsson has an MSc in Business and Economics from Lunds University and has been president and CEO of Sweden's main airports operator Swedavia since 2017. Previously, he had worked in the energy sector for 25 years, including as CEO of E.ON. He has an extensive leadership background and experience of managing large infrastructure investments in Sweden and internationally.

Petra Engman

Born: 1964
Employed since:2020
Title: Deputy Chairman

Petra Engman (Social Democratic Party) is a trained mathematician and has worked with IT issues for most of her professional life, in the private and public sectors. She has held several assignments in Region Stockholm, including as a member of the committee and the board of AB Storstockholms Lokaltrafik, (the region's public transport provider). Petra is currently working as a consultant in the defence sector.

Fredrik Adolfsson

Born: 1965
Employed since: 2019
Title: Board member

Fredrik Adolfsson (Centre Party) has a Master's in Business Administration. His professional experience includes roles such as CEO and global sustainability manager for IKEA, deputy head of the Swedish Society for Nature Conservation, and regional development director of Sweden's Västra Götaland region. He has several political assignments as an elected representative of the City of Stockholm and the Stockholm Region. Fredrik currently works as a mentor and management consultant.

Hugo Brändström

Born: 1991
Employed since: 2023
Title: Board member

Hugo Brändström is vice president in AXA IM's infrastructure investment team. He has a broad background of investing in and working with infrastructure companies across Europe, especially in the energy sector.

Christofer Fjellner

Born: 1976
Employed since:
Title: Board member

Christofer Fjellner (Moderate Party) serves as Opposition Vice Mayor of Stockholm City and Group Leader for the Moderate Party in Stockholm. For 15 years, he was a Member of the European Parliament and was, among other things, a member of the Committee on International Trade. He has mostly been involved in issues related to free trade and climate. Christofer is the founder of the think tank EPHI – Environmental and Public Health Institute.

Irina A. Frolova

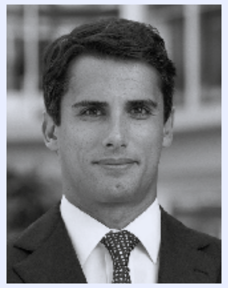
Born: 1971
Employed since:2021
Title: Board member

Irina A. Frolova is an INSEAD-certified board member and holds a Master degree in business administration and economics. She has more than 20 years international experience in investing and financing of energy and infrastructure companies. She is now a professional board member and senior advisor to the investment committees. She serves on the boards and on the audit committees of a number on international companies in energy, transportation and agriculture sectors.

Rikard Hjort Warlenius

Born: 1970
Employed since: 2019
Title: Board member

(Left Party) is an associate professor in Environmental Social Studies and assistant head of department at the University of Gothenburg. He is a researcher in climate and energy issues and a former member of Stockholm City Council and vice chairman of its Transport Committee.



Carlo Maddalena

Born: 1987
Employed since: 2021
Title: Board member

Carlo Maddalena is a senior portfolio manager on APG's investment team, and specialises in the infrastructure sector. He has held several senior positions in portfolio companies and has also served on the boards of large companies in Europe that are active in energy, transport and telecommunications.

Tobias Alvaeus

Born: 1969
Employed since: 2023
Title: Employee representative

Tobias Alvaeus started in the energy industry in 1987 when he worked at Vattenfall for one year, then process engineer at Carlsberg for 16 years. Tobias has worked at Stockholm Exergi since 2004. First as an operations engineer, then as a shift manager in operations.

Reine Lorenz

Born: 1972
Employed since:2022
Title: Employee representative

Reine Lorenz is an automation engineer in electrics/telecom, employed since 2005 as an environmental analysis instrument technician at Stockholm Exergi's Högdalen power plant.

Katarina Karlsson

Born: 1966
Employed since:2023
Title: Deputy employee representative

Katarina Karlsson has a university education in Industrial Engineering. She has worked at Stockholm Exergi for six years and currently works as manager for Maintenance Engineering, Bristaverket and Hässelbyverket.

Patrik Tapper

Born: 1988
Employed since:2020
Title: Deputy employee representative

Patrik Tapper has worked at Stockholm Exergi for six years and currently works as a leading maintenance technician in the mechanical workshop at Hammarbyverket. He has previously worked as a warehouse worker and ombudsman and has been active in associations for the past 15 years.

The auditor's report on the Corporate Governance Statement

To the general meeting of shareholders in Stockholm Exergi Holding AB (publ), corporate identity number 556040-6034

Engagement and responsibility

It is the Board of Directors that is responsible for the Corporate Governance Statement for the financial year 1 January – 31 December 2023 on pages 59–61 and for ensuring it has been prepared in accordance with the Annual Accounts Act.

Scope of the audit

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

Opinions

A Corporate Governance Statement has been prepared. Disclosures in accordance with chapter 6, section 6, second paragraph, points 2–6 of the Annual Accounts Act and chapter 7, section 31, second paragraph of the same act are consistent with the annual accounts and consolidated accounts, and are in accordance with the Annual Accounts Act.

Stockholm, 26 March 2024

Deloitte AB

Daniel Wassberg
Authorised Public Accountant

Sustainability Management and Results

Stockholm Exergi's vision and long-term business goals describe the Company's direction towards sustainable development. These goals are presented for each section of the value chain.

Our business plan, which is decided by the Board of Directors, breaks down the long-term business goals into medium and short-term goals with associated action plans and key performance indicators. These are followed up by the Board and management on a monthly basis. All business operations are examined at the management's annual review.

The Board's work on sustainability issues

Stockholm Exergi's sustainability policy, which covers the environment, health and safety, quality, social responsibility and HR, is decided by the Board and adopted annually. This also applies to the supplier code of conduct and the Company's internal code of conduct. The sustainability policy also integrates requirements in respect of human rights, and these are operationalised in the codes of conduct. The governance documents are reviewed once a year and revised if necessary. The codes of conduct were last updated in 2020 and were re-approved by the Board in April 2023.

In order to strengthen and ensure responsible purchases of fuels, we have updated our sustainability policy with a section on responsible fuel purchases, which resulted in the formulation of guidelines in this area. The aim of the policy and guidelines is to clearly govern the purchase of fuel and ensure that we remain proactive and comply with upcoming legal and market requirements. For instance, we now have a distinct focus on the certification each fuel must have, as well as its climate performance.

The Board approves the sustainability report, as well as the materiality analysis when it is updated. The Board's rules of procedure are reviewed and revised once a year. The Board consists of people whose joint experience from the private sector and sustainable urban development collectively encompass extensive breadth and depth when it comes to sustainability issues. Sustainability issues of importance to the operation are raised and discussed by the Board. As required, educational seminars are arranged to enhance knowledge of sustainability issues and future legal and reporting requirements. For instance, a seminar was held in 2023 on the EU's Corporate Sustainability Reporting Directive (CSRD). The Board is monthly informed of accidents, safety and environmental status. Eight serious environmental incidents occurred in 2023 and were reported to the Board, see page 112 for more information. No sustainability matters of critical concern occurred in 2023. The Company's risk analysis is reported each year to the Board, which involves a review of sustainability risks, including climate-related risks and human rights risks, opportunities and measures. Significant deviations and measures related to sustainability work are reported to the Board if they occur. No such material deviations occurred during the year.

Delegation of responsibility

The CEO is ultimately responsible for the Company's work on sustainability issues. Director HR and Sustainability has operational responsibility for ensuring that the Company's sustainability work leads to legal compliance, the achievement of our goals, and that sustainability work is reported. Director HR and Sustainability reports to the CEO, and the Sustainability Manager is responsible, together with the Sustainability unit, for identifying and ensuring that the Company manages its sustainability impact, and for developing, coordinating and supporting the organisation in its work on sustainability strategies and goals. The unit is also responsible for monitoring compliance with policies, accomplishment of the sustainability strategy and goals, and ensuring that the Company is aware of and complies with current and emerging legislation. Director HR and Sustainability informs the Board of Directors of the results of the sustainability work as required.

Each unit within Stockholm Exergi has what is known as a team assignment in which the unit's purpose and aims, along with the short-term goals in the business plan, including the sustainability goals, are concretised with movements, responsibilities, goals and key performance indicators for the year. Stockholm Exergi's governance documents include a continuous improvement process for environmental and sustainability work, where lessons are learned and incorporated into operational activities. Stockholm Exergi's sustainability training, which is completed by all employees, is an important element when it comes to implementing our policies in our operations. Stockholm Exergi's management system is certified to ISO 45001, ISO 14001 and ISO 9001.

About the materiality analysis

We have an important part to play in society, and a major responsibility to make a positive contribution from an ecological, social and economic perspective. We work systematically to analyse where our impact is greatest and which topics are most important for our stakeholders. The assessment is called a materiality analysis. Except our own analysis we acquire knowledge and opinions from those who are affected by or affect our operations and what they think is important that we focus on. Altogether this leads to a good foundation for us to decide where we can make the largest positive impact and what we

Stakeholder group for materiality analysis	Number of respond-ents	Form of dialogue
Investors	4	In-depth interview
Insurance companies	2	In-depth interview
Board of Directors	2	In-depth interview
Employees	300	Survey
Customers	600	Interviews via EPSI Rating (limited number of ques-tions on sustainability)
Suppliers	15	Survey

Report	Number of respondents
SKI Sverigekollen, sector report 2023	>10,000
EPSI Sustainability Index 2023	2,765 individuals in Sweden aged 18–89
Sustainable Brand Index 2023	29,000 individuals in Sweden aged 16–75

In the table above there is an overview of our stakeholders and the type of dialogue we have had in 2023. The materiality analysis is an important decision basis to the business plan process. We conduct systematic and comprehensive materiality analyses at three-year intervals. The latest analysis was conducted in 2020. In 2023 we decided to confirm that this analysis remains relevant. In order to be able to meet upcoming legal requirements in the CSRD, we started the Work on a new double materiality analysis during late 2023.

The sustainability issues that were identified as most important in the 2020 analysis and how we manage these are described over the next few pages. The overall issue `economic value created' is described first, and then the topics are sorted according to where they appear in our value chain.

How our latest materiality analysis was performed (2020, confirmed 2023)

The materiality analysis was a four-step process:

Step 1: Identification of sustainability issues

In the 2020 materiality analysis, we started from the sustainability areas of the GRI standard and added issues specific to our sector. We then matched these sustainability issues with the 17 UN Sustainable Development Goals (SDGs). Since we will be reporting in line with the CSRD ahead and are conducting a double materiality analysis to meet legal requirements, we opted to ascertain whether we could confirm the materiality analysis from 2020. We reviewed the identified sustainability issues and could see that they were still relevant to Stockholm Exergi.

Step 2: Which issues are most important to stakeholders?

In what is known as a stakeholder dialogue, we asked people with different relationships to our activities to tell us what they expect from us and what they feel are the most significant issues in their sector, both today and going forward. The stakeholder dialogue was conducted once in 2020, and then again in 2023. In the 2020 dialogue, we asked our stakeholders to rank the UN SDGs that they deemed it most important that we focus on. In the 2023 dialogue, we placed more emphasis on our own key sustainability issues linked to our value chain, rather than the UN SDGs, to comply with CSRD. A total of eight in-depth interviews were conducted, and we received survey responses from more than 300 employees and 600 customers. Their responses were weighted and aggregated. This gave us an overarching idea of how important stakeholders felt each issue is.

Results 2023:

Based on interviews and survey questionnaires, the following sustainability issues are deemed to be the most important ones for our operations:

- Climate
- Environmental issues
- Health & safety
- Diversity, gender equity and inclusion
- Biodiversity in the value chain
- Human rights in the value chain

Results 2020:

Most important SDGs:

Second most important SDGs:

Step 3: Confirmation of current materiality analysis

In the next step our management team, together with a sustainability specialist, looked at the issues our stakeholders deemed most important to us according to the 2023 stakeholder dialogue. It was decided that the new stakeholder dialogue, along with our internal analysis, did confirm the existing materiality analysis, as the sustainability issues we had identified as most important were deemed most important once again.

In 2020 our management team – along with a few additional key stakeholders – reviewed our stakeholders' nine priority SDGs, as well as four additional goals that were identified as relevant. These were graded on the basis of Stockholm Exergi's ability to influence sustainable development and the strategic importance of the issue. We assessed both the risks inherent in failing to manage the issue well, and the opportunities available if we do a good job. This resulted in factors listed in order of priority, indicating where we can make the biggest difference

Additional SDGs identified as relevant:

All of the UN SDGs are important, and together provide a prerequisite for achieving sustainable development at a global level. We have chosen to focus on and talk about some goals more than others as they are more central to our mission. Goal 7 Affordable and Clean Energy and Goal 11 Sustainable Cities and Communities are examples of goals that are key for us to focus on, given our mission. There are also elements in a number of other goals that we are working on operationally.

Step 4: Summary

Since we have confirmed the materiality analysis from 2020, we made no new summary for 2023. In the 2020 analysis, we merged the two perspectives into a single, two-dimensional materiality analysis looking at significance and impact. The SDGs of most relevance to our stakeholders, and where we also have a significant actual impact or opportunity to influence, take top priority. These provide the starting point for how we formulate our strategic, overarching goals.

How we manage our material sustainability topics

A description of how we manage our material topics based on our value chain is presented below.

We have linked to the UN Sustainable Development Goals deemed relevant to us for each part of the value chain. The results of our work on the material topics are outlined at the end of each section.

Economic value created

Creating economic value is a prerequisite for our long-term survival, and in allowing us to go on developing Stockholm's energy system. The governance of financial matters is described in the corporate governance statement and the Directors' Report. This also presents financial key ratios and results.

Production and distribution

Material topics:

- Waste from operations
- Emissions to air and climate impact
- Emissions to water
- Incidents in the local environment

Our sustainability policy provides overall guidance on our significant environmental issues. We have defined long-term and short-term environmental goals to help us move towards fossil-free production and minimise incidents affecting the local environment at our plants. Our environmental management system allows us to work in a structured way to achieve our goals and continuously improve our operations. The environmental performance of our plants is monitored daily at operational meetings. Work on monitoring and improving environmental performance is coordinated by the environmental unit. All staff must undergo basic sustainability training. External and internal audits are carried out every year to verify compliance with processes, procedures and instructions.

Waste from operations

Our production generates large amounts of waste, both waste arising from the operation and maintenance of our plants and the residual products left over from combustion. The production of waste entails consumption of the Earth's resources and a risk of spreading toxic substances if the waste is not dealt with in the right manner. The operation and maintenance organisation is responsible for ensuring that waste is managed and reported in accordance with legal requirements. The waste management unit is responsible for finding uses for ash and slag gravel and ensuring that they are disposed of properly.

Results:

The way ashes are utilised is evolving in order to increase circularity in society and thereby reduce the need for virgin raw materials. During the year, a research project to return ash from bio-CHP plants to the forest was initiated, and a Letter of Intent (LOI) has been signed with a forest company for this purpose. Research into the use of slag gravel as a construction material in roadbuilding has also continued. During the year, 188,842 tonnes of ashes and slag gravel were dealt with. Of this, 188,002 tonnes were recycled or utilised, and 840 tonnes were sent to landfill.

Climate impact

During 2023, a new climate goal was adopted to achieve net zero climate impact by 2032. The combustion of fuel oil or residual waste consisting of fossil-based raw materials like plastic cause emissions of greenhouse gases (GHGs), which have a negative impact on the climate. The Company has a long-term plan to phase out the fossil oil used in starting up, and to maintain good operating conditions in the main CHPs. Fossil oil is also used in the event of technical disruptions or on very cold days, when we need to use what we call our peak production. In a normal year, the share of fossil oils in the total energy mix is about 2–3%. Supplier transport also represents a significant proportion of carbon dioxide emissions.

We have a specific strategy to achieve our goal of net zero climate impact by 2032. Responsibility for the strategy rests with Stockholm Exergi's management team, but its implementation involves several parts of the organisation. For instance, business development is working to develop product areas such as carbon sinks and climate-neutral waste treatment, while the sales unit is developing and offering customer- and property-related services and concepts for more efficient energy use in the customer stage. Streamlining of existing production rests with the operation and maintenance organisation. Business development has the overall objective of gradually reducing the operation's climate-impacting emissions, and by 2027 to begin production of permanent negative emissions through bio-CSS. The CSS technology will then be introduced in thermal waste treatment with energy recovery. The concepts are being realised in various ways through investments made by the organisation.

Results:

- Emissions of CO2 per kWh of delivered district heating were 44 grams per kWh (50), thus we met our target of 45 g/kWh
- A detailed inventory of the Company's indirect emissions (Scope 3) began
- A roadmap was produced in the production unit, including measures to gradually replace remaining fossil oil with bio-oil
- Application for an environmental permit to build a bio-CCS system at Värtaverket KVV8 was submitted to the Land and Environmental Court
- An in-depth study into introducing CCS in the Company's waste incineration was begun

Emissions to air and water and environmental incidents

Combustion produces flue gases that contain eutrophying, acidifying or environmentally harmful substances which in large quantities can have negative impacts on the environment. Using the best available techniques to clean the flue gases reduces these emissions and prevailing requirements are fulfilled. If something goes wrong in our production processes, environmental disturbances may arise in the form of temporary point source pollution into the air. Production at our facilities gives rise to various types of wastewater which may contain eutrophying or environmentally harmful substances, and these outflows too undergo extensive treatment. There is also a risk of accidental release of chemicals and fuels to water and land in the event of technical faults at our plants.

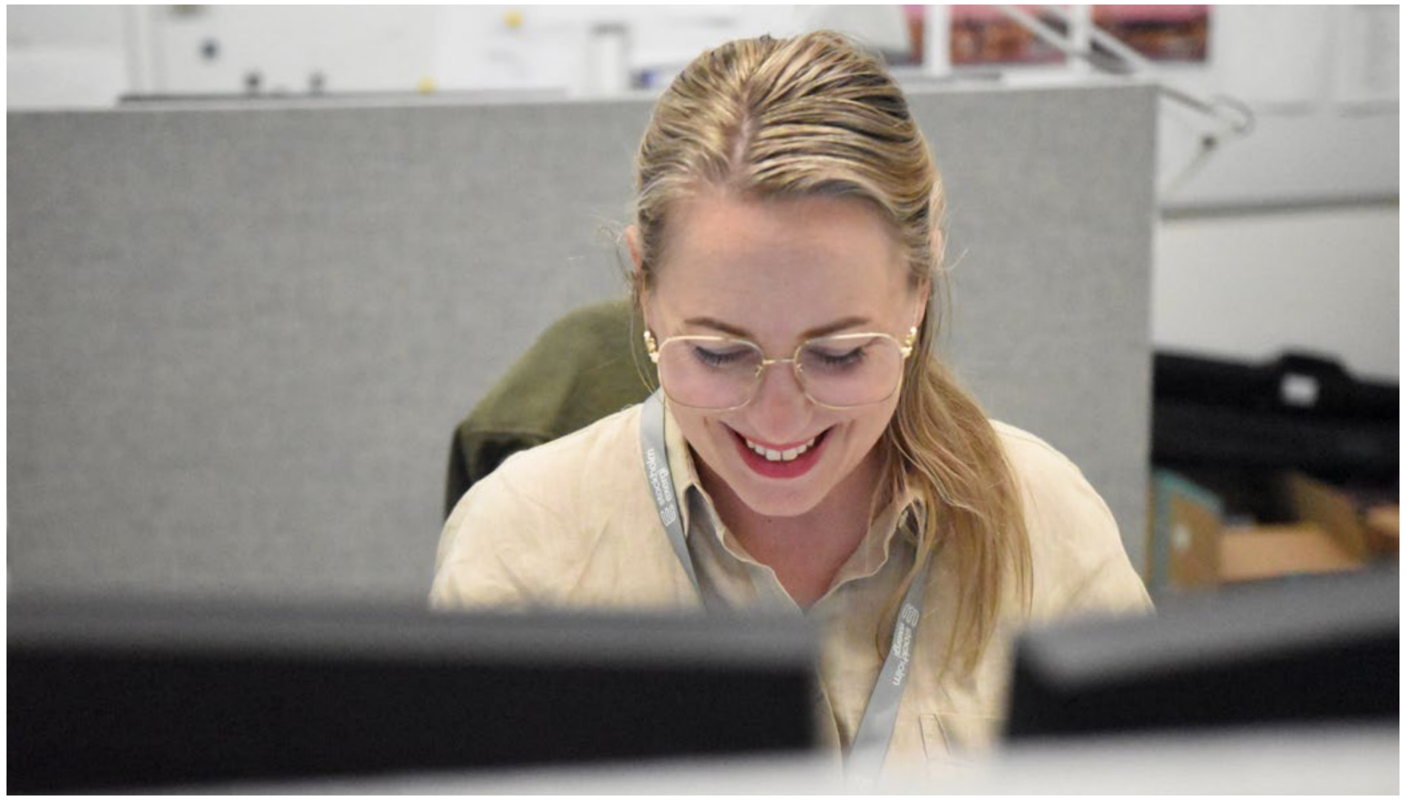
Most of our production takes place as part of operations requiring permits and is regulated by laws and environmental permits. These environmental permits have been granted by the Land and Environmental Court, County Administrative Boards and other relevant agencies, which have concluded that the environmental impact arising from our operations will not harm people or the environment. The environmental permits held by the plants control factors such as the levels of substances that may be released into the air and water, and the noise levels that our plants and the transport around them may produce. The operation and maintenance organisation is responsible for ensuring that our plants comply with applicable environmental permits, laws and procedures. The operation and maintenance organisation is also responsible for investigating and remedying environmental incidents. Serious environmental incidents are for example if we fail to comply with legal requirements or environmental permit conditions, or if an accidental release takes place resulting in environmental impact. This may involve environmentally hazardous emissions to water and air, or increased noise levels. The environmental unit specialists monitor environmental incidents regularly and distribute information on management and prevention measures within the organisation. In the event of a significant environmental incident, a root cause analysis is always conducted and measures are taken to reduce the risk of a reoccurrence. This allows initiatives to be implemented as needed throughout the Company or for the individual unit where an incident or deviation has occurred. Risk assessments and evaluation of environmental performance also provide a basis for decisions on preventive measures. In addition, environmental incidents may occur in project activities. To manage this, procedures are in place to identify and manage the environmental risks associated with the project.

Results:

- During the year there were 8 (7) serious environmental incidents, which is above the Company's goal of no more than 5

Incidents in the local environment

Maintenance and expansion of our distribution networks may cause noise and reduced accessibility for traffic that can affect local residents and businesses. Residents living near our plants may also experience disruptions, mainly in the form of odour and noise. Maximum noise limits are set, preventive measures are implemented and, in some cases, specific information is also provided in order to reduce the risk of disruptions caused by construction projects. Our plants are designed



to operate without disturbing local residents. We use aerial thermography to identify leaks that lead to emissions of greenhouse gases and may cause noise disturbances. This is an effective method as large areas can be monitored.

The operation and maintenance organisation is responsible for operating and maintaining the plants in such a way that abnormal incidents do not occur. Any complaints received come through customer services and are dealt with by environmental specialists who investigate the causes and provide feedback to the person submitting the complaint.

Results:

- In 2023 we received 5 (3) complaints from local residents

Customers and society

Material topics:

- Responsible behaviour based on Stockholm Exergi's position in the heating market
- Energy recovery
- Offering sustainable products and services
- Employment with an emphasis on excluded groups.

Stockholm Exergi has a strong position in the district heating market in the areas where we have a well-developed district heating network. This is why we are subject to relevant antitrust and competition laws and follow the rules of the District Heating Act in respect of disclosure of information and customer relations. Our code of conduct sets out rules for responsible behaviour towards customers and other stakeholders in society.

Based on Stockholm Exergi's dominant position on the district heating market, a principle of equality is applied in the pricing of our district heating and district cooling products. Price developments for our products impact a large number of people in Stockholm. Stockholm Exergi is a member of "Prisdialogen", the Price Dialogue, in order to achieve reasonable, predictable and stable price development, thereby strengthening the position of district heating customers on the heating market. The Price Dialogue is a model devised by Riksbyggen, SABO and Swedenergy that includes both local dialogue and a central review of the Company's price change model for district heating.

Our market offerings mainly involve district heating, district cooling, energy recovery through Open District Heating, and waste treatment. We also produce electrical energy for the electrical energy market, supply electricity, and develop business models for negative carbon emissions, known as carbon sinks. Our sustainability policy guides how we achieve customer satisfaction, and we have a quality management system that governs how we meet our customers' needs. Our sales department is responsible for customer satisfaction (CSI) and measures it on a regular basis, alongside Stockholm Exergi's reputation among the general public. We also meet with our customers during the year to find out where we can improve. The sales and business development departments are also working to develop new products and services that meet the needs of customers and society.

Results:

- Customer Satisfaction Index (CSI) measurements during the period were 73.5 (71.8). The CSI reflects customers' perception of the Company from April 2022 to April 2023 (previous measurement) The CSI target of 72.6 was exceeded

- Three Price Dialogue meetings were held between 16 May and 6 September, in which Stockholm Exergi explained background data and calculations, as well as price adjustments for 2024. In addition, there were two meetings to detail how Stockholm Exergi calculates the opportunity cost, and a run-through of the reports in which Sweco, AFRY and WSP have calculated the customer's opportunity cost
- New sales totalled 64 GWh and win back (former district heating customers who return) totaled 1.2 GWh of district heating

Employment of people in excluded groups

We want to champion diversity in Stockholm, and strive to be an attractive, inclusive employer. Our sustainability policy describes the general focus of our social responsibility and our strategy for social sustainability. We work with goals and key performance indicators to establish the strategy throughout the company. One of these is to employ people who are, or risk being, excluded. Some of the initiatives we use are the 'warm-up job' scheme, and coaching primary school classes through My Dream Now. We know that our diversity and inclusion strategy will be crucial in the long term in achieving our goals and developing our business.

Results:

In 2023 we employed seven people in 'warm-up jobs', and we visited schools on 12 occasions through our My Dream Now collaboration.

Society's residual products

Material topics:

- Waste treatment with energy recovery

Waste treatment with energy recovery means that when we incinerate waste, we utilise the energy in it while removing hazardous substances and heavy metals from the natural eco cycle, which prevents them from circulating in society. We help to improve resource efficiency in society by developing economic incentives for increased sorting of wrongly separated plastic waste through communication campaigns and dialogue with waste treatment customers.

We study emissions from transporting our own waste so that we can set environmental impact reduction goals, and we look at the waste's content of fossil material with a view to developing waste treatment fees that reflect climate impact on incineration. These new key metrics will be monitored by the department within Energy Trading that works with the recycling business. Waste treatment is included in the EU's Emissions Trading System (EU ETS), and EU laws such as the Renewable Energy Directive (RED II) and the Packaging and Packaging Waste Regulation (PPWR) are important frameworks with which the recycling business department complies.

Results:

- A total of 773 kton of residual waste underwent final treatment at Stockholm Exergi in 2023
- In all, 1910 GWh of district heating and electricity were produced by recovering the energy from final treatment
- Emissions of CO_2e from waste treatment totalled 356 kton
- This equates to roughly preliminary 0.46 tonnes of CO_2e per tonne of residual waste
- In 2023, 18 waste treatment customers (corresponding to about 90% of treated waste) received a report showing, for example, how much energy had been recovered and the climate impact per tonne of residual waste brought in for treatment.

Suppliers

Material topics:

- Anti-corruption
- Renewable fuels
- Sustainable procurement and investments
- Transport
- Extraction of the Earth's resources

Anti-corruption

Business ethics issues such as bribery and conflicts of interest are regulated by legislation, and the Company also applies the Swedish Anti-Corruption Institute's Code of Business Conduct, as well as its own code of conduct and related instructions. The legal unit is responsible for developing and implementing business ethics guidelines throughout the organisation. Stockholm Exergi makes purchases from parts of the world where there is a risk of corruption and irregularities such as bribery and fraud, which means that we maintain a strict approach to gifts, hospitality and the like. Besides mandatory online training in the code of conduct for all employees, targeted training initiatives are also provided for Board members and individuals whose roles may be particularly exposed to corruption risks. Roles where employees enter into contracts with other parties are one such example. There are targeted training initiatives regarding anti-corruption every three years, and they will take place in 2024.

If an employee wishes to report a serious breach of the code of conduct or our business ethics guidelines, they should contact their manager or the legal unit in the first instance; or they can report anonymously via our whistleblower function. This online function can be accessed by employees, suppliers and other contracting parties. The legal unit is responsible for investigating complaints and taking action.

Renewable fuels

Renewable fuels from biomass are key in the strategy to reduce dependency on and use of fossil fuels, but producing these fuels does have its challenges, from unauthorised felling of trees in high nature value forest areas to inadequate safety standards for hazardous work. To promote the sustainable use of forests and halt deforestation, when procuring biofuels we require that they comply with the EU Timber Regulation as well as the Swedish Act on sustainability criteria for biofuels and bioliquids.

We do this by demanding that the fuel be certified to one of the European Commission's voluntary systems, or that the supplier hold a Swedish sustainability certificate.

We are certified by the Forest Stewardship Council® standard for traceability (certificate no.: FSC-C126045). This means that every year, the FSC® conducts an audit in which we have to demonstrate that we meet the FSC® standard. We regard FSC® and similar certification systems as valuable tools in assuring not only various aspects of sustainability in fuels, but also social and labour law requirements. Our goal is therefore that Swedish suppliers of forest fuels must meet the FSC® Controlled Wood or PEFC Controlled Sources standard, in addition to legal requirements.

Demand for auditors with the necessary expertise relating to the Renewable Energy Directive outstripped supply in 2023, resulting in lengthy waiting times in some places. To ensure that our auditors have the necessary expertise, we worked closely with our independent auditors to develop audit criteria and review templates. The auditors have also increased their knowledge of Stockholm Exergi's code of conduct and our approach to purchasing biofuels.

We also welcome the revised Renewable Energy Directive (RED III) and the EU Deforestation Regulation (EUDR), which will bring in stricter requirements on sustainability criteria linked to forest and the environment, and also related to human rights, labour law and so on.

Sustainable procurement and investments

We make substantial purchases and investments that may have positive and negative impacts on sustainable development. Some of our purchases are made from industries and countries with social and environmental challenges and risks. Our supply chains are sometimes long and complex, and this leads to challenges in monitoring suppliers and their sub-suppliers.

Stockholm Exergi's code of conduct for suppliers is based on the ten principles of the UN Global Compact on human rights, labour issues, the environment and anti-corruption. The code of conduct is a binding requirement in all contracts with suppliers. We also have more specific sustainability-related requirements in our agreements, for instance relating to the traceability of biofuel and health and safety issues for hired contractors. The units for the purchasing of goods, services and fuels are responsible for ensuring that our suppliers comply with Stockholm Exergi's sustainability requirements. For example, they impose requirements on specific certifications, or conduct inspections via third parties. They may also place requirements primarily addressing the supplier's organisation and way of working or even, in the case of fuels, requirements relating to the fuel's origin.

Before major investments are made, a separate risk assessment is also carried out to ensure that appropriate environmental and health and safety measures can be taken during implementation of the investment project. Material sustainability topics in projects are managed by means of project-specific environmental and health and safety plans, which the project manager is responsible for developing and implementing. The HR and sustainability unit and the environmental group in the production unit support the procurement and project organisations in defining and monitoring requirements.

When analysing the proportion of Taxonomy-aligned activities in 2022, a review was carried out of the governance and monitoring of human rights and what could be further improved in relation to these issues.

The focus for 2023 has been on implementing measures, as demonstrated by the survey in 2022. The sustainability policy and appendix have been updated to improve the integration of human rights requirements and they are binding for internal employees and the entire value chain.

Transportation

Fuel and goods are transported to our plants by sea, rail or road. The impact of this involves emissions to air and water of various substances that harm the environment. We also need to ensure that the people who transport fuel and goods do so safely and have fair employment conditions.

Stockholm Exergi is a co-founder of the not-for-profit Responsible Shipping Initiative (RSI), which seeks to promote responsible shipping in the Baltic Sea and North Sea with a focus on bulk transport. RSI members are major buyers of shipping services, and they audit their suppliers against a common sustainability standard which includes employment conditions, working environment, safety and environmental issues.

Extraction of the Earth's resources

Stockholm Exergi's production of heating, electricity and district cooling is based mainly on energy that would otherwise be wasted (waste heat, recovery from sewage works or waste treatment) or residual products from the forest industry. Consequently, the need for primary resources (virgin raw materials) is low. Primary energy is energy that is still a virgin resource, such as wood in the forest, uranium for nuclear power, coal and fossil oil. The primary energy factor shows how effective these resources are used when the energy reaches the user. If a lot of energy has consumed to produce and distribute the energy becomes primary energy factor high.

Waste heat has the primary energy factor 0, and energy from waste and residual products has low primary energy factors (lower than 1). Stockholm Exergi's District heating's combined weighted primary energy factor thus becomes relatively low

Results:

- Fourteen fuel suppliers were inspected, 11 of which encompassed RED, 11 the code of conduct for suppliers, and 1 the EUTR. Two inspections were performed to follow up on the results of inspections in 2022. The results of the inspections show that the suppliers have good insight into their fuels' sustainability and the requirements placed on their production and traceability. Some deviations were identified as regards compliance with the code of conduct, relating to the working environment, the whistleblower function, documentation and other areas

- Six suppliers were inspected with regard to other purchases. Deviations were identified linked to systematic health and safety work, such as work methodology documentation and risk assessments prior to working on our sites, and also personal protective equipment. Inspections have led to improvements in these documents and a better understanding of why they are important, which in turn creates a healthier work environment
- As part of the RSI a total of 21 vessels were inspected, four of them on behalf of Stockholm Exergi. Identified deviations relate to e.g. health and safety, labour law, and the function and maintenance status of equipment. One positive observation from inspections in 2023 was that the number of deviations fell by 26% for the same number of inspections (21)
- Percentage of purchased biofuels with additional certification requirements:
  - 58% FSC CW
  - 1% FSC Mix
  - 2% FSC 100
  - 34% SBP Compliant
  - 3% SURE certified
  - 2% PEFC CS
- Assurance of RED compliance:
  - 31% SBP certified
  - 4% SURE
  - 50% sustainability certificate
  - 13% third-party inspections ordered by Stockholm Exergi
  - 2% REDcert
- During 2023 we formulated an action plan to reduce CO_2 emissions from fuel transportation, and in the years ahead we will be working to implement and accomplish it
- The primary energy factor totalled 0,45 (0,06)
- The increase is due to the use of nuclear power which is fossil-free but has a high primary energy factor
- During 2023 the Energy Trading department underwent an internal audit, as well as external inspections by the Swedish Forest Agency and the Swedish Energy Agency. The internal audit provided data to make improvements to the supplier management and inspection process. The Forest Agency inspection focused on our compliance with the EU Timber Regulation (EUTR) for deliveries in 2022, and revealed no deviations. The Energy Agency inspected and approved the sustainability and traceability of our biofuels, linked to reporting in line with the Swedish Act on sustainability criteria for biofuels and bioliquids in 2022

Employees

Material topics:

- Health and wellness
- Diversity and inclusion
- Safe working environment
- Stockholm Exergi wishes to be an open and inclusive workplace. We want our employees to enjoy their work, perform at their best and stay with the company

Health and wellness

We have a sustainability policy and an internal code of conduct that form the basis of the Company's efforts to recruit and retain colleagues and create well-being among everyone who works for us. The HR and sustainability unit supports our operations by developing and changing how we work with leadership and teamwork on the basis of current and future needs. Among other things, the unit develops processes and structures for the employment lifecycle. Health and wellness initiatives form an important part of this.

Diversity and inclusion

The HR and sustainability unit bears overall responsibility for Stockholm Exergi's diversity and inclusion initiatives. We have a strategy for our work with goals and activities to help us achieve them. Employees can turn to their line manager or the HR function regarding matters of abuse or discrimination. Reports can also be submitted anonymously via our whistleblower function. Employee engagement and pride are gauged regularly and then analysed to generate an action plan. Each manager is responsible for working with the results of the employee survey.

Results:

- The engagement index totalled 74 (74); the target of 73 was achieved
- Gender distribution in the Company in 2023 was 22% (21%) women and 78% (79%) men; the target was 25% women
- Persons of a foreign background totalled 25%; the target was 26%

Safe working environment

Stockholm Exergi's operations entail an inherent risk of accidents in the workplace. Our motto is: 'We work safely or not at all'. Stockholm Exergi's sustainability policy, laws and regulations govern the Company's health and safety work. We have structured health and safety management through our management system, which covers all employees and contractors. We aim to achieve a healthy and safe workplace with zero occupational accidents. This is why internal management system audits, safety reviews, risk assessments and management of non-conformities are key activities in our systematic health and safety management. We also regularly gauge the incidence of minor and serious accidents. Falls from a height, collisions, burns or crush injuries are examples of serious accidents.

We have a structure for our daily meetings in which health and safety always appears at the top of the agenda: this is true of both our operational meetings and those of a more strategic nature. At our Health and Safety Forum, which is held both locally and for Stockholm Exergi as a whole four times a year, we follow up on health and safety management, and decide on and prioritise general measures. The Head of Health and Safety is responsible for driving the development of health and safety management and supporting line operations in matters involving health and safety. The health and safety organisation is made up of key expert resources in the form of a Head of Health and Safety and health and safety specialists. On a local level, the health and safety specialists support ongoing operations with improvement measures and monitoring. The operation and maintenance organisation

is responsible for ensuring that the plants comply with applicable rules, regulations and procedures in the field of health and safety. Both our internal code of conduct and the one for suppliers stipulate that procedures and safety requirements must be followed.

Stockholm Exergi has a mandatory health and safety training course that has to be passed before anyone – employee or contractor – is allowed access to a facility. Moreover, all employees receive basic health and safety training on a regular basis. Monitoring of health and safety work includes employee surveys and safety walks. We use indicators like number of safety walks, safety index, LWI (Lost Workday Injuries, occupational accidents with sickness absence) and LWIF (Lost Workday Injuries Frequency, occupational accidents with sickness absence in relation to million hours worked) as well as healthy attendance. The relationship between employee, manager and working group is the primary form of collaboration on a day-to-day basis. Good leadership naturally leads to an environment and a culture where employees feel secure in raising any issues they see in the workplace. We often pick up on deviations in processes and behaviours, and encourage employees to take action if they see something that conflicts with our health and safety practices.

Results:

There were 3,205 (1,722) safety walks, exceeding our target of 1,400

- LWIF decreased to 1.75 (5.07) and the target of 2.6 was achieved

Risk management

Risk is a natural aspect of all business, and there are several types of risk that affect Stockholm Exergi's operations. These risks could have a significant impact on Stockholm Exergi's goals, future earnings and cash flow. Stockholm Exergi has a framework of different policies and guidelines, which jointly form a pivotal part of the Company's overall risk management. Proactive, structured risk management lays the right foundation for Stockholm Exergi to be able to fulfil its goals. The overarching aim of risk management is to ensure that the risks which could affect the Company's strategy and goal accomplishment are identified and managed efficiently, systematically, and in a way that creates value. The risk management process is well integrated into the operation's planning, governance and monitoring of the business.

Goals, process and framework

At Stockholm Exergi, we use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk framework and its three lines of defence model and risk process. This framework is based on the principle that operational activities are responsible for identifying, analysing, managing, controlling, monitoring and communicating the status of risks. The purpose of Enterprise Risk Management (ERM) is to maintain complete, structured and transparent risk management at Stockholm Exergi. Another aim of ERM is to govern and support the implementation of Stockholm Exergi's strategies, business plan and operational activity plans, and thus to avoid undesired outcomes and capitalise on opportunities to maximise value.

Business risks

Stockholm Exergi operates a capital-intensive business in competitive markets with a strong element of political and environmental governance and control, both indirect and direct. The business is therefore exposed to various types of risk. The most critical risk types for Stockholm Exergi's operations are reported from a traditional perspective: strategic, operational, financial, regulatory, and sustainability-related risks

Internal risk categories

Stockholm Exergi has divided its operational risks into three internal risk categories, linked to three principal flows based on the Company's processes. These categories are named (1) Supply, (2) Market, Business Development and External Environment, and (3) Other Operations. These categories are described in more detail below. In addition to the three categories outlined here, there is another risk category relating to project risks. They are unique to each project and, as such, are managed separately within each project.

The internal risk category 'Supply' encompasses all risks related to product delivery, from the purchase of fuel to final delivery to the customer.

The internal risk category 'Market, Business Development and External Environment' primarily covers risks linked to (1) the development of new products and services, (2) decisions on major new strategic projects, (3) market risks in connection with sales of products and services, and (4) risks in the Company's wider operating environment.

The risks in the internal risk category 'Other operations' are mainly related to Stockholm Exergi's support processes and include e.g. risks related to finance, credit, IT, information, personnel, legal aspects, procurement, communication and crisis aspects.

Strategic risks

Strategic risks are mainly risks affecting Stockholm Exergi's long-term plans and its ability to operate in the heating, cooling and electricity markets. Political decisions such as market regulations may affect Stockholm Exergi's ability to achieve its goals. The development of competing alternatives is another strategic risk.

Supply-related market risks

Supply-related market risks refer to risks primarily linked to changes in volume or price. They are described in more detail below.

Volume risks

Besides normal market risks in the form of won and lost customer contracts, sales volume in the short term is dependent mainly on normal temperature fluctuations. In the longer term, it is also affected by changing customer consumption patterns and climate change. These risks are managed mainly by offering customers different pricing models.

Electricity price risks

Stockholm Exergi produces electricity at CHP plants and consumes electricity mainly in heat pump plants, which limits net exposure. Risk is managed by means of financial derivative instruments. Given the increased volatility in the electricity price market in recent years, an adjustment to the situation has taken place and Stockholm Exergi is continuously monitoring developments.

Fuel price risks

The business uses fuels procured on international and national markets. Stockholm Exergi's flexible production options limit the price risks related to fuel to an extent. Otherwise, fixed price contracts for physical deliveries and financial electricity derivatives are used to limit price risks. The situation has been reviewed in the light of the increased volatility of the fuel market in recent years. Some adjustments have been made to delegated mandates with a view to optimising Stockholm Exergi's ability to secure sufficient fuel at the best possible price at any given time.

Fuel supply risks

A key part of Stockholm Exergi's operations involves securing and optimising the availability of different types of fuel in good time, so as to ensure continuous delivery to customers. Besides normal temperature variations during the year, the macroeconomic situation in recent years has had a particular impact on this work, leading to a review of delegated mandates and adaptation to prevailing circumstances.

Policy instrument risks

The EU has set up an emissions trading scheme. A Green Electricity certificate scheme has been set up at a national level to support the production of renewable electricity. Stockholm Exergi's production units are covered by these systems. These risks are managed by means of financial derivative instruments, and by taking into account the prices of policy instruments when planning production.

Operational risks

Operational risks refer to the adverse consequences of inadequate processes, system failures, undesirable behaviour or external events that affect the operation's goals. Operational risks are managed through documentation and automation of processes, clearly defined decision-making processes, and separation of decision-making and control functions, for instance. One risk area that has grown in importance in recent years is information and IT security, which is why we are continuing to focus on this in our risk management. There are established insurance programmes for operational risks that are insurable, and we use these to mitigate risk exposure. Stockholm Exergi's internal controls also aim to reduce operational risks. The risks are regularly assessed both internally and by external parties. Corrective action is taken on an ongoing basis.

IT and security, and information security

Stockholm Exergi's business operations and customer-related services are reliant on effective IT and information management systems and processes. During 2023, the remaining parts of the IT environment have been transferred from the previous owner to Stockholm Exergi, and several different systems have also been merged into a new business system in connection with this. The final parts were transferred during the summer, and all links to the previous owner were severed. Large volumes of data used for decision making, customer service and both internal and external communication and reporting are processed, often in real time, due to the nature of the business. Secure information and system uptime are thus essential for Stockholm Exergi's operations. Cybersecurity risks, including risks related to information, industrial control systems, digitalisation and privacy, are managed centrally by the Head of IT in collaboration with the operation. Existing instructions and procedures include requirements for the management and mitigation of cybersecurity risks. During autumn 2023, an external security monitoring centre was activated. The centre monitors Stockholm Exergi's IT environment around the clock in order to detect and action any cybersecurity incidents. Also in autumn 2023, work began to prepare Stockholm Exergi for the requirements of the NIS2 Directive, which comes into force on 18 October 2024.

The General Data Protection Regulation entered into force on 25 May 2018. This Regulation contains a number of requirements related to the processing of personal data. Stockholm Exergi established a company-wide programme to ensure compliance with these requirements. The programme in general was implemented in 2017–2018, and ongoing work is continuing under the leadership of Stockholm Exergi's Data Protection Officer and in collaboration with the operation.

The new Security Protection Act entered into force on 1 April 2019. It clarifies the obligations of the operator

of security-sensitive activities and the importance of the operator conducting security assessments of its activities. Stockholm Exergi has conducted company-wide safety analyses to ensure compliance with the new requirements and the law. Efforts to implement the measures identified in the security analyses are ongoing and will continue in 2024 under the leadership of Stockholm Exergi's Head of Security Protection and in collaboration with the organisation generally.

Crisis preparedness – continuity planning and resilience

Stockholm Exergi supplies heating, cooling and electricity to the Stockholm region and is thus vital to society. Ensuring delivery to our customers is part of our business responsibility, and so we have plans and procedures in place to secure operations in various types of critical scenario. The serious situation in which the world found itself with the spread of Covid-19 in 2020–2022 was one such scenario.

Financial risks

Financial risks

Stockholm Exergi's financial risks mainly relate to liquidity shortage, refinancing, currency exposure, interest rate fluctuation and credit risk.

Liquidity and refinancing risk

Liquidity risk refers to the risk for not having available liquidity or available credit lines to handle amortizations, investments needs and other financial commitments. Refinancing risk is the risk for, at any given point in time, not being able to refinance the business, or having to refinance the business at a substantially higher cost. Liquidity and refinancing risk is mitigated by keeping an even maturity profile on debt and by maintaining confirmed credit facility commitments and a cash credit line.

Currency risk

Stockholm Exergi main currency exposure relates to investments and procurement of fuel. The financial policy states that all agreed cash flows in foreign currencies exceeding 3 MSEK should be 100% hedged.

Interest rate risk

The risk for changes in market interest rates negatively impact Stockholm Exergi's financial net. Increased market interest rates may increase financial costs which will then have a negative impact on the company's cash flow, financial stability and profitability. Stockholm Exergi is addressing this in order to secure stability in the financial cash flow. Interest costs are, apart from being impacted by market interest rates, also impacted by the bank's mark-ups r and the strategy for hedging interest rates. The interest rate risk exposure is managed by a number of limits balancing fixed and variable rates stated in the financial policy.

Credit risk

Stockholm Exergi is exposed to credit risk when entering into customer contracts and consists of the risk that the counterparty would not be able to fulfill its commitments. Credit risks are managed by having routines for identifying, analysing and follow-up these risks. This also includes potential warranties and restrictions. Special requirements apply when investing excess liquidity.

Financial fraud

Stockholm Exergi is exposed to criminal activity, both externally and internally, that aims to mislead it into making incorrect payments. This could for example include billing and phone fraud.

Stockholm Exergi has routines and internal control procedures to maintain resilient to financial fraud.

Financial fraud

Stockholm Exergi is exposed to criminal activity, both externally and internally, that aims to mislead it into making incorrect payments. One example would be billing and phone fraud. Stockholm Exergi has put in place routines and internal control points to maintain resilience to financial fraud.

Regulatory risks

Stockholm Exergi's operations are subject to many laws, directives and ordinances, so potential changes in these areas are always a risk. These risks are managed by means of well-developed internal frameworks and decision support, including information on when to seek legal support. Stockholm Exergi applies its own code of conduct to ensure good control and strong business ethics in its day-to-day work.

Risk of irregularities and corruption

Stockholm Exergi is well aware of the risk of corruption and other irregularities. All activities have been analysed in this regard, and the Company's code of conduct aims to reduce these risks. A new code of conduct was launched for Stockholm Exergi in autumn 2018, and this has since been updated in 2020. All employees are required to complete an online training course on the code of conduct, and this is also integrated into the onboarding process for new employees. 90% of board members and 100% of the management team have completed training in anti-corruption, along with 100% of new employees in 2023. Fuel purchases and other purchases have been identified as particularly vulnerable areas, with a heightened risk of irregularities and corruption. Employees in these areas of the operation receive more extensive training on business ethics than other employees. There are also procedures and processes for reporting and dealing with suspected cases of corruption and irregularity. A general whistleblower function has also been implemented, which allows any employee or supplier to report wrongdoing anonymously. All applicable policies are published in the Company's operating systems and are available to all employees.

Sustainability risks

Climate-related risks

Systematic analysis and assessment of climate-related risks in recent years have resulted in that the following material risks have been identified: risk of affected fuel supply due to acute climate risks (e.g. storm, torrential rain, drought) throughout the value chain, risk of impact on sensitive plant components due to severe flooding and risk of high temperatures during heatwaves affecting key components. There are also transition risks associated with changes in policy instruments such as regulatory requirements, fees, taxes and prices for emission allowances.

A business opportunity that has been identified is linked mainly to increased cooling needs due to warmer summers. The Company's business planning for both the short and long term is based on forecasts of the most likely developments regarding existing and new policy instruments. Climate scenario projections in respect of temperature and weather variation are used to take into account long-term climate risks when planning major investments. Moreover, the production system is designed to be both economically and environmentally robust on account of its diversification across different energy commodities and types of production.

During 2023, a more in-depth climate risk and vulnerability analysis was conducted at the largest production plants. The project was carried out in accordance with a method specified in Appendix A of the EU taxonomy regulation. Based on this analysis, Stockholm Exergi's selected buildings are not deemed to be more vulnerable to climate-related risks than other comparable buildings. An adaptation plan has been prepared.

Environmental risks

Stockholm Exergi's operations may have a significant environmental impact, which could entail major risks if the Company falls short in its environmental work. Emissions of substances occur to air and water, and production also generates waste products such as ash from combustion of fuel and waste. In addition, large volumes of oils and chemicals are handled, which entails a risk of discharges to land and water. The operations require a permit under the Environmental Code, and the Company's environmental management system is certified according to ISO 14001. Stockholm Exergi works with regulatory compliance in a structured manner as environmental permits and regulations are fundamental to the business. Clear information activities and consultation with local residents also take place in connection with developments and changes in the operation. The precautionary principle is taken into account in risk analyses and environmental impact assessments. Environmental risks related to fuel supply and fuel imports and other purchases are managed by means of requirements and monitoring in the purchasing process, as described in the pages related to our suppliers.

Risks related to health and safety, discrimination and harassment

There are organisational, social and physical risks linked to health and safety at Stockholm Exergi. Risks are managed by means of systematic health and safety management that complies with applicable legal requirements and is quality assured in accordance with ISO 45001. There is also a risk of discrimination or harassment based on one of the grounds of discrimination. Our policies and code of conduct constitute our core values and direction in the field of health and safety. Safety reviews, safety walks, training courses and risk observations are a few examples of how risks in the business are intercepted and addressed in order to prevent ill health and accidents. Suppliers are reviewed against our code of conduct and work processes are revised regularly in order to constantly improve and develop our health and safety management. The biggest risks in our human rights work are in the fuel and transport supply chain. At our workplaces, the biggest risks relate to inadequate risk management for subcontractors and temporary staff. We work systematically to ensure fair conditions throughout the supply chain by means of procurement requirements and continuous monitoring. We have policies and training in place to support this, as well as a whistleblower function. Human rights risks in the supply chain and how they are mitigated can be found on the pages relating to our suppliers.

Directors' Report

The Board of Directors and the Chief Executive Officer of Stockholm Exergi Holding AB (publ) are hereby authorised to present their annual report for the 2023 financial year.

Ownership structure

Stockholm Exergi Holding AB (publ) is owned by Ankhiale Bidco AB and Stockholms Stadshus AB, both holding 50 per cent. The owners regulate their co-ownership through consortium agreements.

Changes in the Group

In March, Stockholm Exergi acquired 47.5% of the shares in Täby Miljövärme AB and 50% of the shares in Effektbolaget i Sverige AB. Both companies are associated companies.

Operations

Stockholm Exergi Holding AB (publ) is a parent company in a group. The Group produces and supplies eco-friendly district heating, district cooling and electricity to companies and private individuals in the Stockholm region. The Parent Company's operations involve owning shares in the operating company Stockholm Exergi AB and being responsible for Group-wide financing solutions.

Net sales and profit

The Group's net sales in 2023 amounted to SEK 8,289 million (7,996). Sales amounted to 9,151 GWh (9,276), of which 8,137 GWh (7,782) related to heating, 680 GWh (1,138) to electricity, 335 GWh (356) to district cooling and 0 GWh (1) refers to other sales. Total sales fell by 125 GWh compared to the previous year. New sales of district heating during the year amounted to approximately 64 GWh (73).

The entire energy industry has undergone a major shake-up as a result of Russia's full-scale invasion of Ukraine. This affected fuel prices, for example, which initially surged. Despite higher net sales, the far higher fuel prices, lower electricity prices and shortage of waste at the beginning of the year resulted in a fall in profit year-on-year.

Operating profit amounted to SEK 587 million (1,280), down SEK 693 million on the previous year.

The Group's profit before tax amounted to SEK 161 million (1,054), or SEK 123 million (843) after tax.

Liquidity and financial position

Group
Cash flow from operating activities amounted to SEK 1,358 million (1,567), while funds used in investing activities amounted to SEK -1,849 million (-1,698). Cash flow before financing activities was SEK -491 million (-131). The difference is largely due to the lower operating profitl and higher interest expenses.

During the period, a loan with a nominal value of SEK 1,300 million was raised from Nordic Investment bank and bonds with a nominal value of SEK 1,800 million were issued. In the same period, a bond loan of SEK 400 million was repaid, bank loans were amortised by SEK 699 million and borrowing via commercial papers decreased.

At 31 December 2023, the Group had interest-bearing liabilities totaling SEK 14,939 million (13,471) and cash and cash equivalents of SEK 130 million (1). Net interest-bearing liabilities therefore amounted to SEK 14,809 million (13,469).

At year-end, cash and cash equivalents and unused credit facilities amounted to SEK 3,430 million (3,300). The credit facilities consist of a revolving credit facility (RCF) of SEK 3,000 million and an overdraft facility of SEK 300 million.

At 31 December 2023, equity amounted to SEK 11,400 million (12,568), giving an equity ratio of 36 (39) per cent.

Parent Company
Cash and cash equivalents at 31 December 2023 amounted to SEK 128 million (0). Equity amounted to SEK 4,672 million (5,164) at the end of the year, which corresponds to an equity ratio of 25 (29) per cent.

Staff

The average number of employees 2023 was 769 (735).

Investments

Stockholm Exergi is constantly investing in production and distribution to ensure availability, increased energy efficiency and improved environmental performance. Investments in the Group amounted to SEK 1,880 million (1,621), of which 0 (0) was invested in the Parent Company.

Future developments

The transition to renewable and recovered energy needs to take place across Europe and globally, and many obstacles need to be overcome along the way. Stockholm Exergi is ensuring the future competitiveness of district heating and cooling through good relations with its customers, investments in digitalisation, partnerships that involve shared benefits, and by recycling resources that would otherwise go to waste. Stockholm Exergi's products shall help society to evolve in a sustainable direction. The move towards fossil fuel-free energy production with declining environmental impact is ongoing, and several important steps were taken during the year towards the goal of creating permanent negative emissions through the investment in Bio-CCS in Värtaverket.

Information on risks and uncertainties

Stockholm Exergi supplies heating, cooling and electricity to the Stockholm region and is thus vital to society. Ensuring delivery to our customers is part of our business responsibility, and so we have plans and procedures in place to secure operations in various types of critical scenario. The pandemic was one such scenario. Russia's full-scale invasion of Ukraine continues to affect Sweden and Europe's energy supply in different ways, and the unstable global situation has resulted in sharp price increases on several different markets, not least the market for fuel. Inflation and interest rates have been rising, but they slowed down somewhat towards the end of the year. This has affected and will continue to affect the Company and its customers, and the situation is being monitored closely.

For a more detailed description of significant risks and uncertainties, see pages 44-47 and notes 3 and 4 for financial risks.

Effect of climate risks on financial reporting

During the year an analysis of the physical climate risks been conducted for the Värta Plant, Högdalen Plant and Brista Plant. The Akalla Plant has also been previously assessed. Work is under way at the other plants to define the necessary activities and plan their implementation.

These measures will reduce the risk of production disruptions due to extreme weather events, but they do not affect the plants' technical or economic lifespan.

An investigation of physical climate risks has been carried out within the framework of the environmental impact assessment for the planned bio-CCS facility in Värtaverket. The Company's short-term business planning includes investments and local technical modifications that increase fuel flexibility in oil-fired plants so that bio-oils can gradually replace fossil oils. The long-term strategic plan includes continued investments in increased fuel flexibility and CCS technology at waste incineration plants.

Together, these measures aim to nurture the existing energy business, increase the operation's robustness in the face of the transition risks, and at the same time enable completely new business models in line with international and local climate goals.

Today's district heating system is flexible, and different production units are used to varying extents depending on energy needs as well as on market and regulatory variations. The need for reinvestment and new investment is updated continuously. The strategic change that Stockholm Exergi is facing will not in any significant way entail a different situation in this respect for existing non-current assets.

See also the section on Climate-related risks on page 46-47.

Environmental information

The Group operates a number of operations requiring permits pursuant to Chapters 9 and 11 of the Environmental Code. The environmental impact of our operations consists mainly of emissions to air and water; partly from energy conversion at the production plants, and partly from the extraction and transport of fuels to the plants.

Stockholm Exergi has prepared a sustainability report in accordance with GRI (Global Reporting Initiative). The Sustainability Report has been prepared separately from the Annual Report in order to meet the requirements for a statutory sustainability report in accordance with Chapter 6 (11) of the Annual Accounts Act. The content of the Sustainability Report is set out in the GRI Index presented on pages 102 to 104 of this report, and covers Stockholm Exergi Holding AB (publ) and its subsidiaries unless otherwise stated.

Corporate Governance report

The Company also prepares a Corporate Governance Statement separately from the Directors' Report, see pages 29-33.

Appropriation of earnings

The Board of Directors proposes that the available earnings of the Parent Company, SEK 3,670,226,871 be appropriated as follows:

Proposed appropriation of earnings, SEK	
Dividends	0
Carried forward	3,670,226,871
Total	**3,670,226,871**

Group – five-year summary

SEK million	**2023**	**2022[2]**	**2021**	**2020**	**2019[1]**
Net sales	8,289	7,996	7,294	6,180	6,864
Operating profit before depreciation	**2,143**	**2,818**	**2,919**	**2,811**	**2,835**
Operating profit/loss	**587**	**1,280**	**1,424**	**1,302**	**737**
Financial items – net	-422	-226	-170	-190	-190
Results from shares in associated companies	-5				
Profit/loss before tax	**161**	**1,054**	**1,254**	**1,111**	**547**
Income tax [2]	-38	-210	-284	-234	-114
Profit for the year	**123**	**843**	**970**	**878**	**433**
Total assets	31,626	32,057	29,784	29,479	29,740
Total shareholders' equity	11,400	12,568	12,037	11,646	11,762
Interest-bearing liabilities	14,939	13,471	12,476	12,363	12,595
Net debt	14,809	13,469	12,475	12,352	12,593
Capital employed	26,339	26,039	24,513	24,009	24,357
Working capital	2,342	2,119	1,300	1,366	1,626
Investments	1,880	1,621	1,411	1,734	1,550
Cash flow before financing activities	-491	-131	732	1,100	489
Return on equity, %	1	6,9	8.2	7.5	3.6
Return on capital employed, %	2,3	5,1	5.9	5.4	3.0
Equity/assets ratio, %	36	39	40	40	40
Debt/equity ratio	1,8	1,6	1.5	1.5	1.5
Net debt/EBITDA	6,9	4,8	4.3	4.4	4.4

[1] Profit after depreciation is burdened by an impairment of SEK -582 million due to the decision made on the closure of KVV6 in Värtan.
[2] Figures for 2022 have, in accordance with IAS 8, been adjusted following a change in accounting principles related to fuel stock valuation. See page X for more information

Figures in the Annual Report are generally presented in SEK million, rounded up or down. As a result, rounding differences of +/- SEK 1 million may occur in the total. Where an underlying figure rounds to SEK 0 million, this is written as 0. When there is no figure to report, this is left blank.

Stockholm Exergi uses Alternative Performance Measures (APMs). The key performance indicators presented are not defined in IFRS but are considered to facilitate stakeholders' analysis of profit and financial position. Definitions and reconciliations of the alternative key performance indicators can be found on pages 99-100.

Consolidated Income Statement

SEK million	Note	2023	2022
Net sales	5	8,289	7,996
Work performed by the company for its own use and capitalised		38	48
Other incomes	7	174	140
Raw materials and consumables		-4,177	-3,280
Other external costs	8, 9	-1,375	-1,319
Personnel costs	10	-807	-767
Operating profit before depreciation		**2,143**	**2,818**
Depreciation, amortisation and impairment of tangible fixed assets and intangible assets	11	-1,556	-1,539
Operating profit/loss		**587**	**1,280**
Financial income	12	8	2
Financial expenses	6, 12	-430	-228
Results from shares in associated companies		-5	
Profit/loss before tax		**161**	**1,054**
Income tax	13	-38	-210
Profit for the year		**123**	**843**
Profit attributable to:			
Parent Company shareholders		113	835
Non-controlling interests		10	8
Profit for the year		**123**	**843**

Consolidated report on comprehensive income

SEK million	2023	2022
Profit for the year	**123**	**843**
Other comprehensive income:		
Items not to be reversed in the income statement		
Revaluation of the net pension liability	-4	78
Tax effect	1	-16
Items that can subsequently be reversed in the income statement		
Cash flow hedges		
Fair value gains/losses for the year	-469	622
Reversal to the income statement	-49	-81
Reversal to inventories/tangible fixed assets	-33	58
Tax effect	113	-123
Other comprehensive income for the year, net of tax	**-441**	**537**
Total comprehensive income for the year	**-318**	**1,380**
Total comprehensive income attributable to:		
Parent Company shareholders	-328	1,372
Non-controlling interests	10	8
Total comprehensive income for the year	**-318**	**1,380**

Consolidated Balance Sheet

SEK million	Note	31 Dec 2022	31 Dec 2022
TILLGÅNGAR			
Non-current assets			
Intangible assets	15	334	261
Tangible assets	16	26,310	26,339
Shares in associated companies		246	
Managed assets (pension assets)	26	52	44
Other non-current assets		4	1
Deferred tax assets			29
Derivative instruments	3, 14	35	338
Total non-current assets		**26,981**	**27 012**
Current assets			
Stocks	18	1,656	1,619
Derivative instruments	3, 14	204	396
Accounts receivable	18	2,033	1,738
Other receivables	19	622	1,292
Cash and cash equivalents	20	130	1
Total current assets		**4,645**	**5,046**
Total assets		**31,626**	**32,057**
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	21	2	2
Reserves		135	573
Retained earnings		11,238	12,977
Total		**11,374**	**12,552**
Non-controlling interests	22	26	16
Total shareholders' equity		**11,400**	**12,568**
SKULDER			
Non-current liabilities			
Interest-bearing liabilities	23	11,904	11,069
Derivative instruments	3, 14	44	0
Deferred tax liabilities	24	3,139	3,357
Other provisions	25	37	41
Pension provisions	26	3	3
Total non-current liabilities		**15,127**	**14,469**
Current liabilities			
Interest-bearing liabilities	23	3,036	2,402
Derivative instruments	3, 14	22	13
Accounts payable	27	739	988
Other liabilities	27	1,302	1,607
Current tax liabilities		0	7
Other provisions	25	1	3
Total current liabilities		**5,099**	**5,020**
Total liabilities		**20,227**	**19,490**
Total equity and liabilities		**31,626**	**32,057**

Consolidated report of changes in equity

SEK million	Share capital	Retained earnings including profit for the year	Reserves Cash flow hedges	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance at 1 January 2022	**2**	**11 930**	**97**	**12 029**	**8**	**12 037**
Profit for the year		835		835	8	843
Other comprehensive income for the year		62	476	537		537
Total comprehensive income		**896**	**476**	**1 372**	**8**	**1 380**
Transaction with shareholders						
Dividends		-850		-850		-850
Closing balance at 31 December 2022	**2**	**11 977**	**573**	**12 552**	**16**	**12 568**
Opening balance at 1 January 2023	**2**	**11 977**	**573**	**12 552**	**16**	**12 568**
Profit for the year		113		113	10	123
Other comprehensive income for the year		-3	-437	-441		-441
Total comprehensive income		**110**	**-437**	**-328**	**10**	**-318**
Transactions with shareholders						
Dividends		-850		-850		-850
Closing balance at 31 December 2023	**2**	**11 238**	**135**	**11 374**	**26**	**11 400**

Consolidated cash flow statement

SEK million	Note	2023	2022
Operating profit before depreciation (EBITDA)		**2,143**	**2,950**
Adjustments for items not included in cash flow[1)]		4	18
Interest received		5	2
Paid interest		-439	-218
Paid tax		-131	-225
Cash flow from operating activities before changes in working capital		**1,582**	**2,527**
Changes in operating receivables		353	-1,600
Changes in operating liabilities		-576	641
Cash flow from current operations		**1,358**	**1,567**
Cash flow from investing activities			
Acquisitions of tangible fixed assets and intangible assets	15, 16	-1,658	-1,698
Acquisitions of associated companies	17	-191	
Cash flow from investing activities		**-1,849**	**-1,698**
Cash flow before financing activities		**-491**	**-131**
Cash flow from financing activities			
Loans raised	23	3,100	3,150
Repayment of loans	23	-1,459	-2,140
Change in Group account	23	-172	-29
Dividends paid		-850	-850
Cash flow from financing activities		**619**	**-131**
Total increase (+)/decrease (-) in cash and cash equivalents		**128**	**0**
Cash and cash equivalents, at beginning of the year		**1**	**1**
Cash and cash equivalents at year-end	20	**130**	**1**

[1)] Non-cash items mainly relate to adjustments for unrealised gains and losses related to changes in the value of financial assets/ liabilities hedging future cash flows and changes in provisions

Additional information on the consolidated cash flow statement

Change in working capital

SEK million	2023	2022
Change in non-interest-bearing receivables, decrease (+)/increase (-)	353	-573
Change in inventories, decrease (+)/increase (-)	-37	-1,027
Change in non-interest-bearing liabilities, decrease (-)/increase (+)	-539	641
Total	**-224**	**-959**

Acquisitions of property, plant and equipment and intangible assets

SEK million	Note	2023	2022
Investments	15, 16	-1,880	-1,621
Change for the year in investments posted but not paid			-86
Interest capitalised on major investment projects		31	8
Total		**-1 849**	**-1,698**

Investments in intangible assets and property, plant and equipment in the balance sheet amounted to SEK 1,880 million (1,621). Investments in cash flow SEK -1,849 million (-1,698) are up until 2022 adjusted for investments posted but not yet paid, i.e. changes in trade payables related to investments and booked accrued investments. Adjustments are also made for capitalised interest on investments with SEK 31 million (8), which is adjusted towards the interest paid item in the cash flow statement.

Parent Company Income Statement

SEK million	Note	2023	2022
Operating expenses			
Other operating expenses		-6	0
Operating profit/loss		**-6**	**0**
Profit/loss from financial items			
Other interest income and similar income	38	138	42
Interest costs and similar costs	38	-439	-214
Profit/loss after financial items		**-306**	**-173**
Appropriations			
Group contributions		757	1,185
Profit/loss before tax		**451**	**1,012**
Income tax	39	-93	-208
Profit for the year		358	804

There is no other comprehensive income in the Parent Company, and therefore the total comprehensive income for the Parent Company is consistent with the profit for the year.

Parent Company balance sheet

SEK million	Note	31 Dec 2023	31 Dec 2022
TILLGÅNGAR			
Non-current assets			
Participations in Group companies	40	11,888	11,888
Other long-term receivables from Group companies	41	3,734	3,734
Deferred tax assets		16	
Total non-current assets		**15,638**	**15,622**
Current assets			
Receivables from Group companies		3,308	2,434
Current tax receivables		0	0
Other receivables		8	1
Cash and cash equivalents	43	128	0
Total current assets		**3,445**	**2,435**
Total assets		**19,083**	**18,057**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital (10,000 shares)		2	2
Statutory reserve		1,000	1,000
Total restricted equity		**1,002**	**1,002**
Unrestricted equity			
Retained earnings		3,313	3,359
Profit for the year		358	804
Total unrestricted equity		**3,670**	**4,163**
Total shareholders' equity		**4,672**	**5,164**
Non-current liabilities			
Interest-bearing liabilities	42	11,333	10,446
Total non-current liabilities		**11,333**	**10,446**
Current liabilities			
Interest-bearing liabilities	42	2,974	2,356
Liabilities to Group companies		19	10
Current tax liabilities		1	17
Accrued expenses and deferred income		85	63
Total current liabilities		**3,078**	**2,447**
Total liabilities		**14,411**	**12,893**
Total equity and liabilities		**19,083**	**18,057**

Parent Company statement of changes in equity

SEK million	Note	Share capital	Statutory reserve	Retained earnings including profit for the year	Total equity
Opening balance at 1 January 2022		**2**	**1,000**	**4,209**	**5,211**
Profit for the year				804	804
Transactions with shareholders					
Dividends				-850	-850
Closing balance at 31 December 2022		**2**	**1,000**	**4,163**	**5,164**
Opening balance at 1 January 2023		**2**	**1,000**	**4,163**	**5,164**
Profit for the year				358	358
Transactions with shareholders					
Dividends				-850	-850
Closing balance at 31 December 2023		**2**	**1,000**	**3,670**	**4,672**

Parent Company Cash Flow Statement

SEK million	Note	2023	2022
Operating activities			
Profit/loss after financial items		-306	-173
Adjustments for items that are not included in cash flow		12	-3
Total		**-294**	**-176**
Paid tax		-92	-120
Cash flow from operating activities before changes in working capital		**-386**	**-296**
Changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-13	47
Increase (+)/Decrease (-) in operating liabilities			-1
Cash flow from current operations		**-399**	**-250**
Cash flow before financing activities		**-399**	**-250**
Cash flow from financing activities			
Loans raised	42	3,100	3,150
Repayment of loans	42	-1,450	-2,001
Group contribution received		1,185	580
External change in Group account	42	-172	-29
Change in balance sheet of subsidiaries, Group account		-1,288	-598
Dividends paid		-850	-850
Cash flow from financing activities		**525**	**251**
Cash flow for the year		**126**	**1**
Cash and cash equivalents, at beginning of the year		**1**	**0**
Cash and cash equivalents at year-end		**128**	**1**

Supplementary information on the Parent Company's cash flow statement

SEK million	2023	2022
Adjustments for items that are not included in cash flow		
Change in accrued interest income/expenses, etc.	12	-4
	12	**-4**

SEK million	2023	2022
Interest received and paid		
Interest received	150	20
Interest paid	-460	-187
Net	**-310**	**-167**

List of notes

Group

Parent Company

Group

NOTE 1 Accounting policies

Summary of significant accounting policies.

1.1 Summary of operations

Stockholm Exergi Holding AB (publ) (the Parent Company) is a Swedish limited liability company, and its registered office is in Stockholm. The Stockholm Exergi Holding AB (publ) Group, hereinafter referred to as the Group, produces and supplies eco-friendly district heating, district cooling and electricity to companies and private individuals in Greater Stockholm. See the Directors' Report for further information on the activities. The Parent Company's operations involve owning shares in the operating company Stockholm Exergi AB, and also standing responsible for Group-wide financing solutions. These financial statements were approved by the Board of Directors on 22 March 2024.

1.2 Basis for the preparation of the reports

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. The Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, and the Annual Accounts Act have also been applied.

The consolidated financial statements have been prepared under the cost method, except for derivative instruments, which are measured at fair value through profit or loss or in other comprehensive income in the context of hedge accounting. The Parent Company's financial statements have been prepared in accordance with RFR 2, Accounting for Legal Entities, and the Annual Accounts Act. Where the Parent Company applies different accounting policies to the Group, this is disclosed separately at the end of this note.

1.2.1 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain key accounting policies. It also requires management to have procedures in place to make the necessary judgements in the application of the Group's accounting policies. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates and judgements are significant to the consolidated financial statements, are disclosed in note 2 Significant accounting estimates and judgements for accounting purposes.

1.2.2 New standards, changes and interpretations in respect of existing standards

In 2023 IAS has changed.

New and amended IFRS standards and new interpretations that has yet not come into effect, is deemed not to have any significant impact on the group´s financial statements.

Changes in IAS1-Disclosure of accounting principles: The changes affect the requirements in IAS 1 regarding disclosure of accounting principles. By applying the changes a company informs about its significant accounting principles, instead of its coinsiderable accounting principles. Further amendments to IAS1 is to explain how a company can identify a significant accounting principle.

To support the changes, the IASB has also produced guidance and examples to explain and identify a significant accounting principle. The company's management assesses that this change may affect disclosures about applied accounting principles but has not yet evaluated these effects in its whole. Applies from fiscal year beginning January 1 2023.

Changes in IAS1-Classification of liabilities as current and non-current: the change in IAS1 only affects the presentation of liabilities as short or long-term in the financial statement. The amandment clarifies i.a. that it is only based on the rights at the end of the reporting period that should affect the classification of liabilities as short-term or long-term. The classification is not affected by expectations about when the company will use its right to postpone the settlement of a debt. Further, that only covenants that a company must fullfill during or before the reporting period shall affect the calssification of the corresponding liability as short-term or long-term. Applies from fiscal year which starts on 1 January 2024, but has not yet been approved by EU.

On December 31,2023 the Pillar 2 rules are proposed to enter in effect and applied to entities with revenues exceeding 750 million Euros and incomes that are taxed lower than 15 percent. The rules have no practical impact on Stockholm Exergi as all operations are conducted in Sweden.

1.2.3 Classification of current assets, property, plant and equipment and current and non-current liabilities

An asset is classified as current and a liability is classified as current if it is expected to be realised within the normal operating cycle or within twelve months of the balance sheet date. Alternatively, they are classified as a financial asset or liability held at fair value through profit or loss. Cash and cash equivalents are classified as current assets. All other assets and liabilities are classified as non-current assets and non-current liabilities respectively.

1.3 Preparation of consolidated financial statements

1.3.1 Subsidiaries

The consolidated financial statements include the Parent Company, Stockholm Exergi Holding AB (publ), and the Parent Company has the right to formulate financial and operational strategies for all the companies and usually holds more than 50 per cent of the votes, either directly or indirectly. The existence and effect of potential votes that can be exercised or converted without delay are taken into account when assessing whether the Group has control over another entity. Information on the Group's subsidiaries is provided in note 35. The acquisition method has been used to account for the acquisition of subsidiaries. The purchase consideration for the acquisition of a subsidiary is measured at the net fair value of the assets transferred and the liabilities incurred or assumed at the date of transfer.

Acquisition-related costs are expensed as incurred. The identifiable assets acquired and liabilities assumed in a corporate acquisition are initially measured at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Cost in excess of the Group's share of the fair value of net identifiable assets acquired is recorded as goodwill. If the cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group.

They are excluded from the consolidated financial statements from the date on which control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction clearly indicates an impairment of the asset transferred. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.3.2 Associated companies

Associated companies are companies in which Stockholm Exergi has a significant but not controlling influence. If the group directly or indirectly owns at least 20 percent of the votes, the group is considered to have significant influence. Holdings in associated companies are reported according to the equity method and are initially recognized at acquisition value. Group's share of the net profit in associated companies is reported within the financial net. The share of the net profit is based on the latest available accounts for the respective companies. Dividends received reduce a holding's reported value. Negative profit shares in associated companies are only reported to the extent that contractual obligations to contribute additional capital exist. Stockholm Exergi does not hold any associated companies of significant importance.

1.3.3 Non-controlling interests

Non-controlling interests in subsidiaries are presented separately from equity attributable to equity holders of the Parent Company. Non-controlling interests are initially recognised at the non-controlling interest's proportionate share of the fair value of the acquired company's identifiable net assets. After the acquisition, non-controlling interests change their share of changes in equity.

1.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive decision-maker. The chief executive decision-maker is the function responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the CEO.

Stockholm Exergi Holding AB (publ) reports its operations as a segment in its internal reporting.

See note 5 Segment information for further information on segment reporting.

1.5 Translation of foreign currency

1.5.1 Functional currency and reporting currency

Items included in the financial statements of the various entities of the Group are measured in the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements use Swedish kronor (SEK) as the Group's reporting currency. The functional currency for all companies in the Group is also Swedish kronor (SEK).

1.5.2 Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction or the date on which the items are revalued. Receivables and payables denominated in foreign currencies that are outstanding at the balance sheet date are translated at the exchange rate prevailing at that date.

Exchange differences have been recognised in the income statement.

1.6 Revenue recognition

Revenue is recognised at an amount that reflects the consideration expected to be received and the consideration to which the entity is entitled for the supply of goods and/or services to customers. Stockholm Exergi recognises revenue when the Group transfers control of a product or service to a customer. The Group's revenue consists mainly of energy delivered to end customers. Revenues are stated net of discounts and rebates and excluding VAT. Payment terms to customers are almost exclusively 30 days credit.

Revenue is recognised as follows:

1.6.1 Sale of district heating, district cooling and electricity

Sales of district heating, district cooling and electricity are recorded at the time of delivery. Sales of heating and cooling to industrial and business customers and to final consumers are reported on the basis of the value of the volume delivered, including the estimated value of the volume delivered to customers between the last meter reading and the end of the year. The net supply of physical electricity is made to Nord Pool but is sold or purchased at market price via Fortum, which is then the customer or supplier to the Company.

1.6.2 Green Electricity certificates

A quota system has been introduced in order to promote the production of electricity using renewable energy sources.

Renewable energy producers can be allocated Green Electricity certificates in proportion to renewable energy production, and electricity suppliers must account for and submit Green Electricity certificates according to a quota system. Revenue from Green Electricity certificates received is recognised at the current price in the month of generation and recorded as a current asset. The asset is revalued at market value at the end of the financial year. Gains or losses on any contracted sales are recognised at the time of the contract and recorded as current assets. The cost of Green Electricity certificates to cover the Company's quota obligation is recognised at the current price in the month of consumption and recorded as an operating liability. The liability is revalued at market value at the end of the financial year. Submission under the quota obligation takes place in April of the following year.

1.6.3 Utility connection charges

Charges paid by the customer on connection to district heating or district cooling are recognised as income when they are obtained.

1.6.4 Other income

Income from activities outside the normal course of business is included in other income. This includes recurring items such as rental income and profits from the sale of emission allowances.

1.7 Government grants for operation and investment

Government grants are recognised at fair value when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attached to the grant. Government grants are accrued and recognised in the income statement as a reduction of expenses over the same periods as the expenses they are intended to cover. Government grants relating to the purchase of tangible fixed assets are deducted from the cost of the asset and recognised as income by reducing the depreciation of the asset to which they relate.

1.8 Emission allowances

Emission allowances are accounted for on the basis of the applicable IFRS standards under which purchased emission allowances are recognised as intangible assets at cost, while emission allowances received free of charge are recognised at face value. A provision is recognised to cover the obligation to return emission allowances. Insofar as the Group already holds rights that meet the obligation, the obligation is recognised at the carrying amount of those rights. Any emission allowance deficits withheld in excess of the liability are valued at the current market value of the emission allowances.

The cost of the provision is recognised under "Raw materials and consumables" in the income statement. Gains from the sale of emission allowances are recorded under "other income".

1.9 Tangible fixed assets

Tangible fixed assets consist mainly of district heating plants and machinery, transmission pipelines, tunnels and district heating networks. Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost includes expenditure directly attributable to the acquisition of the asset and loan capital capitalised in accordance with the Group's accounting policies.
Cost may also include gains or losses transferred from equity on qualifying cash flow hedges taken for the purchase of tangible fixed assets in foreign currency. Assets acquired through the purchase of subsidiaries are stated at fair value at the date of acquisition. Incremental expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance are recognised as expenses in the income statement in the period in which they are incurred. In addition, the cost of a tangible fixed asset includes the estimated cost of dismantling, removing and restoring the site where the asset is located when such explicit claims are made against third parties. However, no such expenditure has been identified and recognised as at 31 December 2022. See also Part 1.22.2 Obligations to dispose of end-of-life assets. Land and tunnels are not depreciated as they have indefinite useful lives. Depreciation on other assets, to allocate their cost down to their estimated residual value over their estimated useful lives, is calculated on a straight-line basis as follows:

Buildings	25 to 50 years
Ground installations	20 years
Remote cooling pipes	30 years
District heating pipes	40 years
Machinery and other technical installations	5 to 30 years
Equipment, tools and installations	3 to 10 years

The residual values and useful lives of the assets are reviewed, and adjusted if necessary, at the end of each reporting period. The carrying amount of an asset is written down directly to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.10 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any, and are amortised on a straight-line basis over their estimated useful lives.

1.10.1 Computer software

Acquired software licences are capitalised on the basis of the costs incurred when the software in question is acquired and put into service. These capitalised costs are amortised over the estimated useful life of three to five years. Costs relating to the development or maintenance of computer software are expensed as incurred.

Development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Group, and that will generate future economic benefits in excess of costs in any one year, are recognised as intangible assets. Direct costs recognised as part of the software include the costs of software developers employed and a reasonable proportion of indirect costs. Software development costs recognised as assets are amortised over their estimated useful lives. The estimated useful life is between 3 and 5 years.

1.11 Impairment of non-financial assets

The carrying amounts of individual assets are assessed for impairment at each balance sheet date to determine whether any impairment loss should be recognised. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount exceeds its recoverable amount. When considering the need for impairment, the Group assesses whether events or changes in circumstances indicate that the carrying amount may not be recoverable. This assessment is documented once a year in connection with the business planning process. Indications for impairment are analysed and include risks such as changes in the price of fuel, regulatory/policy changes related to energy taxes, etc. An impairment test is performed if there is an indication for impairment. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the fair value of an asset less costs to sell or its value in use, whichever is the higher. For the purpose of assessing the need for impairment, assets are grouped according to the lowest levels for which there are identifiable cash flows (cash-generating units). Value in use is determined by discounting the future cash flows expected to be generated by the asset or cash-generating unit. Cash flow projections are based on the latest business plan approved by management.

Cash flows arising from future major development investments, such as new production plants, are excluded unless a project has commenced. The cash flow required to complete the asset is included. The period covered by cash flows relates to the useful life of the assets being reviewed for impairment. Forecasts should normally cover a maximum period of five years, but the forecast period is longer as long as the useful life of power plants and other major assets is over 20 years.

Cash flow projections beyond one year after the period covered by the latest business plan are estimated by generalising the projections using steady or declining growth rates for the following year.
Non-financial assets that have previously been written down are reviewed at each balance sheet date to determine whether reversal should take place.

1.12 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of financial assets at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the income statement.

The Group shall derecognise a financial asset from the statement of financial position only when the contractual rights expire or all the risks and rewards of the financial asset are transferred to another party. If the Group neither transfers nor retains all the risks and rewards of ownership of the financial asset and continues to retain control of the transferred asset, the Group recognises the asset and an associated liability for amounts it may be required to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a pledged security.

The difference between the carrying amount of the asset and the sum of the consideration received and the receivable is recognised on derecognition of a financial asset measured at amortised cost.

The Group classifies its financial assets in the following categories: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

The classification depends on the purpose for which the financial asset was acquired. Management determines the classification of its financial assets at initial recognition, and the classification is changed if the business model changes.

1.12.1 Financial assets at fair value through profit or loss

A financial asset is classified in this category if the business model is not to hold it to maturity. Derivatives are also categorised as held for trading if they are not designated as hedges. Assets in this category are classified as current assets if they are held for trading or if they are expected to be settled within twelve months of the end of the reporting period.

1.12.2 Definition of defaults

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

- when there is a breach of financial terms by the debtor
- when information produced internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account collateral held by the Group).

Notwithstanding the above analysis, the Group considers that a default has occurred when a financial asset is more than 180 days past due.

1.13 Trade receivables

Trade receivables are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less any impairment. In addition, a simplified matrix model (ECL) is used for the impairment of invoiced trade receivables with adjusted impairment rates depending on the risk classification of customer groups and the maturity structure of the trade receivables portfolio. Revenues based on estimates of electricity already delivered but not yet billed, heating, cooling and distribution of electricity not yet billed are also included in trade receivables.

1.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and other short-term investments with a maturity of three months or less. Valuation is at amortised cost. Cash and cash equivalents are subject to the general impairment model. The low credit risk exception is applied for cash and cash equivalents. For other short-term investments, provisions are made on the basis of the expected credit loss per counterparty.

Amounts drawn on the Group overdraft facility are included in borrowings under current liabilities in the balance sheet.

1.15 Borrowing

Borrowings are initially recognised at fair value, net of transaction costs. They are carried at amortised cost in subsequent periods, and any difference between the amount received (net of transaction costs) and the amount repaid is recognised as interest expense in the income statement over the loan term using the effective interest method.

1.16 Leasing

For leases, the rules under IFRS 16 are applied whereby a lease liability is recognised for leases in a right-of-use asset model. This approach is based on the fact that a lessee has a right to use an asset for a specific period of time, but also an obligation to pay for that right. Assets and liabilities related to leases under IFRS 16 are recognised in the balance sheet.

Usufruct agreements shorter than 12 months or expiring within 12 months of the balance sheet date are classified as short-term and are not included in the recognised liabilities or rights of use. Usufruct agreements with a replacement cost of less than USD 5,000 are classified as low value agreements and are not included in the liabilities or usufruct rights recognised. The discount rate used for the calculations is the Company's marginal lending rate.

IFRS 16 paragraph B34 is specifically observed in assessing the enforceability of the contract in determining the lease term of a contract and the length of the non-cancellable portion.

The classification in the income statement has changed with the introduction of IFRS 16, with the lease cost recognised as depreciation on the asset and interest expense on the liability, resulting in an increase in operating profit and a decrease in net financial income. Reclassifications are also made in the cash flow statement.

Lease liabilities are revalued when there is a change in the assessment of the length of the lease term or when the amount of the lease payments changes, e.g. through indexation adjustments.

A corresponding revaluation of the right-of-use assets is also carried out in connection with this. The leasehold assets are also subject to the annual impairment review of all the Company's fixed assets.

The Group is also a lessor to a lesser extent, mainly through the leasing of certain office premises at its headquarters at Värtaverket and the letting of space in pipeline tunnels.

1.17 Inventories

Stockholm Exergi's inventory consists mainly of fuel used in the production process. Inventories are valued at the lower of their acquisition cost and net realisable value.

Cost is determined using weighted average prices.

1.18 Income tax

Current tax is based on the taxable profit for the year. The taxable profit differs from the profit reported in the consolidated income statement because of income and expense items that are taxable or deductible in other years and items that are never taxable or deductible. The liability arising for the Group in respect of the current tax is calculated using tax rates enacted or announced at the end of the reporting period. Deferred tax is recognised in full, using the balance sheet method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax is calculated using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are offset against deferred tax liabilities when there is a legal right of offset for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority. Deferred tax is provided on temporary differences arising on

investments in subsidiaries and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.19 Employee benefits

The Group has various post-employment benefit plans, including defined benefit and defined contribution pension plans.

1.19.1 Pensions

The Group's former foundation-backed old-age pension under ITP2 is now insured through Alecta and is therefore accounted for as defined contribution and not under IAS 19. However, two smaller defined benefit plans, the Birka Plan and PAKL, continue to be accounted for under IAS 19 (see note 26 for further information).

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits related to employees' service in the current or prior periods. For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Fees are recognised as personnel costs when they fall due. Prepaid expenses are recognised as an asset to the extent that the cash refund or reduction in future payments is available for the benefit of the Group.

For defined benefit plans, the pension obligation is calculated annually by independent actuaries using the projected unit credit (PUC) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rate for the corresponding duration from a mortgage bond curve estimated on the basis of Swedish mortgage bonds. The cost of providing pensions is charged to the income statement in order to spread the service cost over employees' estimated periods of service. Assets under management are valued at market value. The liability recognised in the balance sheet is the present value of the defined benefit obligation at the balance sheet date less the fair value of any plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise.

1.19.2 Bonus schemes

The Group recognises a liability and an expense for bonuses based on the calculation principles applicable to the bonus schemes. A provision is recognised where there is a legal or constructive obligation. See note 10 Employee benefits for further information on bonuses.

1.20 Provisions

Provisions for environmental restoration, end-of-life liabilities, restructuring costs and legal claims are recognised when the Group has a legal or constructive obligation to a third party as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation.

A pre-tax discount rate is used that reflects current market assessments of the time value and risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

1.20.1 Environmental provisions

Environmental provisions are recognised on the basis of the current interpretation of environmental laws and regulations when it is probable that a present obligation has been incurred and the amount of such obligation can be reliably estimated. Environmental expenditure arising from the remediation of an existing problem caused by past operations and contributing to current or future income is recognised as an expense as incurred.

1.20.2 Obligation to dispose of end-of-life assets

An obligation to dispose of end-of-life assets is recognised either when there is a contractual obligation to a third party or a legal obligation and the amount of the obligation can be reliably estimated. An obligating event is when a facility is built on leased land with an obligation to decommission and remove the asset in the future or when a legal obligation to the Group changes, for example. The obligation to dispose of end-of-life assets is recognised as part of the cost of a property and equipment when the asset is brought into use or when the obligation arises. The costs are amortised over the remaining useful life of the asset. However, no costs for the disposal of end-of-life assets are identified and recorded as above at 31 December 2021.

1.21 Contingent liabilities

A contingent liability is recognised when there is a possible obligation that arises from certain events and whose existence is confirmed only by one or more uncertain future events or when there is an obligation that does not qualify for recognition as a liability or provision because it is not probable that an outflow of resources will be required or when the amount of the obligation cannot be measured reliably.

1.22 Dividends

Dividends proposed by the Board of Directors are not disclosed in the Annual Report until they have been approved by the Company's shareholders at the Annual General Meeting.

1.23 Accounting for derivative instruments and hedging activities

Substantial sales and purchases of raw materials are made in the ordinary course of business. The majority of these transactions are in the form of contracts entered into with the intention of being valid until physical receipt or delivery of the raw material in accordance with the Group's expected sales, purchase or use requirements. Contracts for physical delivery are not covered by IFRS 9. All other net commodity contracts are measured at fair value, with gains and losses recognised in the income statement. Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value both initially and on subsequent revaluations.

The method of recognising gains or losses arising on revaluation depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives that hedge highly probable forecast transactions (cash flow hedges). At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item and its risk management goal and strategy for the hedge. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivative instruments used in hedging transactions are effective in offsetting changes in cash balances related to the hedged items.

Derivative instruments are classified as long-term or short-term based on their maturity. In the case of derivatives related to electricity, which have cash flows that fall due in different years, the fair values of these derivatives are allocated between non-current and current assets or liabilities.

1.23.1 Cash flow hedging

The effective portion of changes in the fair value of a derivative instrument that is designated as a cash flow hedge and qualifies for hedge accounting is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement in the item Change in value on revaluation of financial assets/liabilities. Amounts accumulated in equity are reversed to the income statement in the periods when the hedged item affects profit or loss (when the forecast sale that is hedged takes place, for example). If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset (e.g. inventories) or liability, the gains and losses previously recognised in equity are transferred from equity and included in the initial cost of the asset or liability. When a hedge no longer qualifies for hedge accounting and cumulative gains or losses exist in equity, they remain in equity and are recognised in profit or loss when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is immediately transferred to the income statement.

1.23.2 Derivative instruments that do not qualify for hedge accounting

Certain derivative instruments that hedge future cash flows do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised in the income statement.

1.24 Parent Company accounting policies

The Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The Parent Company applies different accounting policies to the Group where indicated below.

1.24.1 Formats

The income statement and balance sheet follow the format of the Annual Accounts Act. The statement of changes in equity follows the Group's format but includes the columns specified in the Annual Accounts Act. The formats for the Parent Company result in a difference in presentation, compared to the consolidated financial statements, mainly for equity items.

1.24.2 Participations in subsidiaries

Participations in subsidiaries are recorded at cost less any impairments. The acquisition cost includes acquisition-related costs and any additional purchase consideration. A calculation of the recoverable amount is made when there is an indication that the value of investments in subsidiaries has decreased. If this is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item "Result from participations in Group companies".

1.24.3 Group contributions

Contributions both made and received by the Group are recognised as a provision in the income statement.

1.24.4 Deferred income tax

Amounts allocated to untaxed reserves represent taxable temporary differences. However, in a legal entity the deferred tax liability on untaxed reserves is recognised as part of the untaxed reserves due to the link between accounting and taxation. Also, the year-end disposals in the income statement are reported including deferred tax.

1.24.5 IFRS 9

The Parent Company applies the exemptions under RFR 2 and does not measure financial instruments according to IFRS 9, instead applying a cost-based method according to the Annual Accounts Act. This means that financial fixed assets are valued at cost less any impairment and current financial assets at the lower of cost or market. In calculating the net realisable value of receivables recognised as current assets, the principles for impairment testing and loss allowance as set out in IFRS 9 are applied: see Group policies. In assessing and calculating impairment for financial assets classified as non-current assets, the impairment testing and loss allowance principles in IFRS 9 are applied wherever possible. Financial liabilities are measured at amortised cost using the effective interest method. Policies for the recognition and derecognition of financial instruments correspond to those applied to the Group and described above.

1.25 Amended accounting policy

On 1 July, Stockholm Exergi changed its accounting policy regarding how the fuel inventory is valued. The FIFO (first in, first out) method was previously used, but as of July the fuel inventory is instead valued using weighted average prices. Fuel prices for the fuels Stockholm Exergi uses in its production process have become more volatile as a result of global factors. In the past, the price difference between units of fuel purchased on different dates was not especially significant. As a result of the turbulence on the world's energy markets, the situation is different and the price of a unit of fuel kept in stock for a number of months can differ considerably from the price at which it was purchased for consumption.

The Company has deemed that changing to a weighted average valuation of fuel will provide a better presentation of the value of inventory on each balance sheet date, and of the Company's consumption of inventory over time. The change also gives a more representative picture of the Company's use of resources in income-generating production during the period.

The change in valuation policy is reported in accordance with IAS 8 retroactively from January 2022. The effect at the beginning of 2022 has not been deemed to be material.

In short, the recalculation entails a reallocation of costs and profit between 2022 and 2023 with amounts of the same size.

The effects on the previous income statement and balance sheet for 2022 are reported on the following pages.

Consolidated Income Statement

SEK million	reported 2022	adjustment	adjusted 2022
Net sales	7,996		7,996
Work performed by the company for its own use and capitalised	48		48
Other incomes	140		140
Raw materials and consumables	-3,148	-132	-3,280
Other external costs	-1,319		-1,319
Personnel costs	-767		-767
Operating profit before depreciation	**2,950**	**-132**	**2,818**
Depreciation, amortisation and impairment of tangible fixed assets and intangible assets	-1,539		-1,539
Operating profit/loss	**1,412**	**-132**	**1,412**
Financial income	2		2
Financial expenses	-228		-228
Profit/loss before tax	**1,186**	**-132**	**1,054**
Income tax	-237	27	-210
Profit for the year	**948**	**-105**	**843**
Profit attributable to:			
Parent Company shareholders	940	-105	835
Non-controlling interests	8		8
Profit for the year	**948**	**-105**	**843**

Consolidated report on comprehensive income

SEK million	reported 2023	adjustment	adjusted 2022
Profit for the year	**948**	**-105**	**843**
Other comprehensive income:			
Items not to be reversed in the income statement			
Revaluation of the net pension liability	78		78
Tax effect	-16		-16
Items that can subsequently be reversed in the income statement			
Cash flow hedges			
Fair value gains/losses for the year	622		622
Reversal to the income statement	-81		-81
Reversal to inventories/tangible fixed assets	58		58
Tax effect	-123		-123
Other comprehensive income for the year, net of tax	**537**		**537**
Total comprehensive income for the year	**1,486**	**-105**	**1,380**
Total comprehensive income attributable to:			
Parent Company shareholders	1,478	-105	1,372
Non-controlling interests	8		8
Total comprehensive income for the year	**1,486**	**-105**	**1,380**

Consolidated Balance Sheet

SEK million	Reported 2022	adjustment	adjusted 2022
TILLGÅNGAR			
Non-current assets			
Intangible assets	261		261
Tangible assets	26,339		26,339
Managed assets (pension assets)	47	27	74
Derivative instruments	338		338
Total non-current assets	**26,982**	**27**	**27,012**
Current assets			
Stocks	1,751	-132	1,1619
Derivative instruments	396		396
Accounts receivable	1,738		1,738
Other receivables	1,292		1,292
Cash and cash equivalents	1		1
Total current assets	**5,178**	**-132**	**5,178**
Total assets	**32,160**	**-105**	**32,057**
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	2		2
Reserves	582		582
Retained earnings	12,072	-105	11,977
Total	**12,656**	**-105**	**12,552**
Non-controlling interests	16		16
Total shareholders' equity	**12,673**	**-105**	**12,568**
SKULDER			
Non-current liabilities			
Interest-bearing liabilities	11,069		11,069
Derivative instruments	0		0
Deferred tax liabilities	3,355		3,355
Other provisions	41		41
Pension provisions	3		3
Total non-current liabilities	**14,468**	**0**	**14,468**
Current liabilities			
Interest-bearing liabilities	2,402		2,402
Derivative instruments	13		13
Accounts payable	988		988
Other liabilities	1,607		1,607
Current tax liabilities	7		7
Other provisions	3		3
Total current liabilities	**5,020**	**0**	**5,020**
Total liabilities	**19,488**	**0**	**19,488**
Total equity and liabilities	**32,160**	**-105**	**32,057**

NOTE 2 Significant accounting estimates and judgements for accounting purposes

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period to which the consolidated financial statements relate. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under current conditions. Actual results and timing may differ from these estimates. The following are areas where management's estimates and judgements are critical to the reported results and financial position.

2.1 Deferred tax and current tax

Stockholm Exergi has deferred tax assets and liabilities that are expected to be realised in the income statement over longer periods of time in the future. In calculating deferred tax, the Group is required to make certain assumptions and estimates about the future tax consequences of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

See notes 13, 24 and 39.

2.2 Impairment of tangible fixed assets and intangible assets

The Group has significant booked values in tangible assets that are tested for impairment according to the accounting principles stated in Note 1 Accounting principles Impairment of non financial assets. Carrying amount for the cash generated units is determined based on value in use calculations. These calculations are based on projected future cast flows. The preparation of these calculations requires management to make assumptions about future expectations. These assumptions differ depending on the business in which the tested assets are located. For the heating business, they relate the principal to estimated future cash flows for the operation and the discount rates used to present their value.

The Group has not reported any write downs during 2023.

NOTE 3 Financial risk management

The purpose of risk management, as well as its principles and framework, is defined by the Board of Directors in the annually revised risk policy. See also the Information on risks and uncertainties section of the Directors' Report.

3.1 Market risks related to movements

Market risks related to movements refer to the negative effects of price or volume changes for the core products of heating and cooling, as well as electricity, fuels and environmental values. Only a few of these risk drivers can be managed with financial instruments. Risk management is therefore largely achieved by exploiting the production flexibility of the generation plants, physical supply contracts and fuel storage. The remaining exposure to fuel price risks is mitigated by fixed price purchases covering forecast consumption levels. Fixed-price purchases are made either through physical deliveries or in the form of financial hedges. The Group's activities fall under the EU Emissions Trading System. The Group manages its exposure to changes in CO_2 futures prices and by ensuring that the cost of emission allowances is taken into account during production planning. Most of these CO_2 futures are proprietary contracts, valued at cost, and some are treated as derivatives in the accounts in certain cases.

Risk analyses are carried out on an ongoing basis to quantify market risks, taking into account the interdependence of these risks. Stress tests are used to assess the impact of extreme price changes on the Group's results. Risk-taking is limited by risk mandates approved by the Board and delegated to the CEO. The Group's activities also expose it to a number of financial risks. These include liquidity and financing risk, interest rate risk, currency risk and credit risk. Risks are monitored and reported to the Board on a monthly basis. The Group's use of financial instruments for risk management purposes is limited by the risk policy to hedging exposures. Futures, swaps and options are permitted instruments.

3.1.1 Sensitivity arising from financial instruments to market risks related to movements

Sensitivity analyses show the sensitivity arising from financial derivatives as defined in IFRS 9. These derivatives are used as hedges. The sensitivity is calculated on the position at 31 December 2023 (31 December 2022). All outstanding 2023 contracts qualify for hedge accounting, and so price increases will have no impact on the profit before tax in the table below. Positions are actively managed within daily operations. The sensitivity analysis only covers market risks arising from derivatives, which means that the underlying physical purchases and sales of electricity are not included. The sensitivity analysis is calculated assuming that future electricity prices on NASDAQ Commodities and ICE would change as follows.

Sensitivity under IFRS 9

Sensitivity analysis, SEK million	Effect	2023	2022
+/- EUR 1 change in electricity forward prices – Impact on profit before tax	-/+	0.0	0.0
+/- EUR 1 change in electricity forward prices – Impact on equity	-/+	3.1	0.6

3.1.2 Electricity derivatives

The tables below show the Group's electricity derivatives used to hedge the cash flows of electricity purchases and generation. These derivatives are classified as a hedging instrument in a cash flow hedge in accordance with IFRS 9. The hedged flows of electricity are expected to occur with a high probability on an ongoing basis during the hedged period, and the values recognised in the hedging reserve will be recognised in the income statement as the corresponding flows occur. The table below shows the respective derivatives, in total and by time period.

See also note 1: Accounting policies, fair value measurement and note 6: Change in fair value of derivative instruments and the underlying items in the income statement for the effects in the income statement when the primary derivative is not designated as a hedge in the financial statements.

Electricity derivatives by instrument, classification and maturity

	Volume			Fair value, SEK million		
	Less than 1 year	**1 to 5 years**	**Total**	**Positive**	**Negative**	**Net**
Derivatives 2023						
Electricity – Sales swaps (GWh)	325	9	334	65	17	48
Electricity – Purchasing swaps (GWh)	347	264	611	136	15	121
Electricity – EPAD Sales CFD (GWh)						
Electricity – EPAD Purchase CFD (GWh)						
Total	**672**	**273**	**945**	**202**	**32**	**169**
Derivatives 2022						
Electricity – Sales swaps (GWh)	508	88	595	167	279	-112
Electricity – Purchasing swaps (GWh)	632	474	1,106	705	60	645
Electricity – EPAD Sales CFD (GWh)	129	0	129	0	14	-14
Electricity – EPAD Purchase CFD (GWh)	175	0	175	16	0	16
Total	**1,444**	**562**	**2,006**	**889**	**353**	**535**
Derivatives classification 2023						
Electricity derivatives meeting hedge accounting requirements (GWh)	672	273	945	202	32	169
Total	**672**	**273**	**945**	**202**	**32**	**169**
Derivatives classification 2023						
Electricity derivatives – long-term				33	15	17
Electricity derivatives – short-term				169	17	152
Total				**202**	**32**	**169**
Derivatives classification 2022						
Electricity derivatives meeting hedge accounting requirements (GWh)	1,444	562	2,006	889	353	535
Total	**1,444**	**562**	**2,006**	**889**	**353**	**535**
Derivatives classification 2022						
Electricity derivatives – long-term				223	3	220
Electricity derivatives – short-term				665	350	316
Total				**889**	**353**	**535**

3.2 Financial risks

3.2.1 Liquidity and financing risk

The Group's activities are capital-intensive and require long-term and flexible financing. The financing consists of a mix of long-term SEK bonds under a MTN programme and other loans, mainly from the EIB, NIB and Nordic banks. Seasonal variations in working capital during the year have been financed by money market loans, borrowing on the Swedish commercial paper market and the overdraft facility. Liquidity and financing risk refers to the risk that Stockholm Exergi may not have access to cash and/or loan financing to meet investment needs, loan maturities or other financial commitments. The funding strategy is based on minimising liquidity and financing risk by maintaining a consistent loan maturity structure over time and having cash and/or committed loan commitments available at all times to meet all financial commitments. The Finance Policy stipulates a number of limits with the purpose of reducing the risk.

The agreed credit line in the form of a Group account overdraft facility amounted to SEK 300 million, which was unused at the balance sheet date. In addition to the Group overdraft limit, the Group has a committed revolving credit facility of SEK 3,000 million which was undrawn at the balance sheet date. The total liquidity reserve at year-end was SEK 3,430 million of which 130 was liquid funds.

Maturity analysis of financial liabilities and derivative instruments

The amounts below are undiscounted expected cash flows (future interest payments and repayments) of interest-bearing liabilities (excluding lease liabilities) and currency derivatives. For the calculation of variable interest, the Stibor rate on the balance sheet date has been used for the entire term of the loan or derivative.

	2023				2022			
SEK million	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Interest-bearing liabilities	3,516	8,894	4,114	16,524	2,575	9,409	2,190	14,174
Accounts payable	739			739	988			988
Gross derivatives (liabilities)	1,501	280		1,781	1,900	478		2,378
Gross derivatives (receivables)	-1,506	-280		-1,786	-1,932	-502		-2,434
Net derivatives (liabilities)	43	158	39	240	37	129	54	220
Net derivatives (receivables)	-72	-264	-71	-407	-51	-172	-71	-294
Total	**4,221**	**8,788**	**4,082**	**17,091**	**3,517**	**9,342**	**2,173**	**15,032**

See note 23 Interest-bearing liabilities for information on interest-bearing liabilities.

3.2.2 Interest rate risk

The financial policy prescribes limitations on permitted interest rate risk. Interest rate risk is measured, among other things, as flow risk, which may amount to a maximum of 2.5% of the group's EBITDA for the coming 12-month period. Flow risk is calculated as the change in interest expenses over the next 12-month period, given unchanged indebtedness and a parallel shift of the yield curve by 1 percentage point. In addition to this, a share of 50-75% fixed or secured interest rates must be sought, seen across the entire loan portfolio. As of 31 December 2023, 55 percent (42) of the loan portfolio had a fixed interest rate. The effect of a one percent change on the interest rate in the debt portfolio amounted to SEK 60 million (57). The average interest rate on loans and derivatives amounted to 3.63 percent (2.61)*.

*) As of 12/31/2022, the average interest rate on loans (excluding derivatives) amounted to 2.55 percent.

3.2.3 Currency risk

Stockholm Exergi's currency risk arises through transaction exposure, i.e. when purchases are made in different currencies. Transaction exposure is defined as contracted transactions with items that are dependent on forecasted foreign currency and cash flow. For Stockholm Exergi, this is mainly related to the purchase of fuel and investments. The group's policy is to secure transaction exposures with a counter value exceeding SEK 3 million.

Group transaction exposure

	2023			2022		
SEK million	**Exposure**	**Hedges**	**Open**	**Exposure**	**Hedges**	**Open**
EUR	674	-703	-29	941	-941	0
GBP	180	-168	12	31	-30	1
USD	0	0	0	28	-28	0
Total	**854**	**-871**	**-17**	**1 000**	**-999**	**1**

The table refers only to hedges relating to fuel and is given in absolute amounts. The exposure in the table includes only contracted fuel contracts. In addition to this, there are also future volumes regarding forecasted fuel contracts.

Currency derivatives and interest rate swaps by instrument

	Nominal amount, remaining maturity				Fair value		
SEK million	**Less than 1 year**	**1 to 5 years**	**Over 5 years**	**Total**	**Positive**	**Negative**	**Net**
Derivatives by instrument , 2023							
Foreign exchange forward contract	1,513	283		1,796	41	-34	7
Interest rate swaps	83	300	1,425	1,808	10	-13	-3
Total	**1,596**	**583**	**1,425**	**3,604**	**51**	**-47**	**4**
Of which							
- long-term					14	-42	-27
- short-term					36	-5	31
Derivatives by instrument, 2022							
Foreign exchange forward contract	1,891	478		2,369	71	-12	60
Interest rate swaps	-	550	1,050	1,600	66	-	66
Total	**1,891**	**1,028**	**1,050**	**3,969**	**137**	**-12**	**126**
Of which							
- long-term					93	0	93
- short-term					44	-11	33

All currency derivatives and interest rate derivatives meet the hedge accounting requirements.

3.2.4 Counterparty risks

The Group is exposed to credit risk in each contractual obligation with an external counterparty. The Group has measures in place to ensure that overall credit risks are kept at an acceptable level in relation to the size of the Group's business and the operating margins of the business. Credit risk management includes counterparty analysis, limit setting, credit exposure reporting and proposals for risk mitigation measures such as demands for collateral, etc.

The Group's sales, and hence its credit risks, are well diversified across a large number of customers. No one customer accounts for more than 3 per cent of revenue, and the top ten customers account for around 14 per cent of revenue. Credit losses have historically been very low, and credit validity is considered very good.

Credit quality of financial assets

At 31 December 2023, the Group has no interest-bearing receivables other than cash and cash equivalents and derivative instruments. Cash and cash equivalents on the balance sheet date amount to SEK 130 million (1), and derivative instruments recognised as assets amount to SEK 239 million (93), of which current SEK 35 million (4). See note 19 Trade and other receivables for trade receivables.

NOTE 4 Capital risk management

The group strives for a safe and efficient capital structure that supports the company's strategy. To maintain a strong balance sheet and a flexible capital composition has priority. Net debt is calculated on interest-bearing liabilities minus cash and cash equivalents. EBITDA is calculated by adding back depreciation and write-downs to operating profit EBIT.

Stockholm Exergi maintained its credit rating of BBB+ after the rating institute Standard & Poor's annual review. At the same time, Standard & Poor's, against the background of the serious energy crisis in Europe with, among other things, volatile and rising fuel prices affecting EBITDA, has indicated Stockholm Exergi's outlook to negative.

Net debt / EBITDA ratio

SEK million	Note	2023	2022
Interest-bearing liabilities	23	14,939	13,471
Minus: Cash and cash equivalents	20	130	1
Net debt		**14,809**	**13,469**
Operating profit/loss		587	1,412
Plus: Depreciation and impairment charges		1,556	1,539
EBITDA		**2 ,143**	**2,950**
Net debt / EBITDA		**6,9**	**4.6**

NOTE 5 Segment information

5.1 Stockholm Exergi

Stockholm Exergi's business activities are conducted within one essential segment, heating. Its main activity is to produce and supply district heating, district cooling and electricity to businesses and individuals. Internal reporting follows this classification.

5.2 Segment information

IFRS 8, Operating Segments, requires operating segments to be reported in a manner consistent with the internal reporting provided to the chief executive decision-maker. The chief executive decision-maker is the function responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the CEO and the entire business is reported as a segment in the internal reporting, and therefore no segmentation is made in the financial statements.

5.3 Group-wide information

Group net sales by major product

SEK million	2023	2021
Heating	6 665	6,023
Electricity	1 136	908
Cooling	219	224
Other net sales	269	140
Total	**8 289**	**7,294**

No one customer accounts for more than 10 per cent of the Group's net sales. The Group's registered office is in Sweden, and all revenues are derived from customers in Sweden. All assets and employees are located in Sweden

Revenue is recognised when goods are delivered or services are rendered, i.e. when delivery commitments have been met and control of the goods or services included in the delivery commitment has passed to the customer. Only a marginal part of the revenue is recognised over time. Revenue is recognised at the price the Company expects to receive under the contract and is net of discounts, rebates and VAT.

Heating and cooling revenues arise from charges made directly to customers and generally consist of a fixed monthly charge and a variable charge based on the volume of heating and cooling supplied in the current period. All electricity-related revenues have been grouped together under the heading **Electricity**, i.e. also allocated Green Electricity certificates for renewable electricity production as well as revenues for electricity power and electricity readiness. Electricity revenues arise from net supplies of electricity to Nord Pool, which are made via Fortum at market prices. The valuation of Green Electricity certificates is based on a combination of the market value at the balance sheet date and the proceeds from the sale of Green Electricity certificates. **Other net sales** include the provision of services and the sale of fuels.

NOTE 6 Change in fair value of derivative instruments and the underlying items in the income statement

The changes in fair value in operating profit or loss presented below arise from derivative instruments that hedge future cash flows but do not qualify for hedge accounting under IFRS 9, as well as the ineffective portion of cash flow hedges.

All derivative instruments meet the requirements for hedge accounting as of 31 December 2023.

SEK million	2023	2022
In the operating profit/loss		
Changes in fair value of derivative instruments that do not qualify for hedge accounting		
Derivatives and forward foreign exchange contracts		
The ineffective part of cash flow hedges		
Total effect on operating profit/loss	**0**	**0**
In net financial income		
Interest rate hedging contracts		
Total effect on profit before tax	**0**	**0**

NOTE 7 Other operating income

SEK million	2023	2022
Rental revenue	36	35
EU-grant for BECCS project	36	49
Other items	103	55
Total	**174**	**140**

Revenue from activities outside the normal course of business is recognised as other income. This includes recurring items such as rental income and non-recurring items such as insurance claims. The EU has granted grants for the BECCS project, approximately MEUR 18. Part of the grant refers to compensation for incurred costs and is paid out according to agreed control stations and reported in the income statement under the heading, Other operating income

NOTE 8 Other external expenses

SEK million	2023	2022
Rented plants and property costs	-167	-173
Repairs and maintenance	-546	-555
Marketing, public relations and other selling expenses	-14	-21
IT and telecommunications costs	-126	-99
Other external services	-72	-56
Consultancy services	-323	-289
Other operating expenses	-125	-125
Total	**-1,375**	**-1,319**

Of the above, SEK -1 million (-13) was expensed for research and development during the year.

NOTE 9 Remuneration to auditors

SEK thousand	2023	2022
Deloitte AB		
Auditing services	-1,933	-1,581
Audit activities other than the audit assignment	-418	-406
Other services	-330	-225
Total	**-2,682**	**-2,212**

Audit assignments refer to the examination of the annual report and accounting records and the administration of the Board of Directors and the Chief Executive Officer, other tasks incumbent on the Company's auditor and advice or other assistance resulting from observations made during such examination or the performance of such other tasks.

The item Audit activities other than the audit assignment includes fees for the review of the sustainability report of SEK -418 thousand (-406). "Other services" relates to other assignments.

NOTE 10 Remuneration to employees

SEK million	2023	2022
Salaries	-527	-488
Pensions		
Defined contribution plans	-90	-80
Defined benefit plans (see note 25)	-1	-5
Social security contributions	-188	-172
Total employee benefits	**-807**	**-744**
Other personnel-related costs	-22	-23
Total personnel costs	**-828**	**-767**

Salaries, other benefits and social security costs

	2023		2022	
SEK million	Salaries and other benefits	Pension costs	Salaries and other benefits	Pension costs
Board members, CEO and other senior executives	-25	-8	-22	-8
Other employees	-502	-83	-467	-77
Group total	**-527**	**-91**	**-488**	**-84**

	2023		2022	
Average number of employees	Total	Of whom men	Total	Of whom men
Sweden	769	78%	735	80%
Group total	**769**	**78%**	**709**	**80%**

	2023		2022	
Gender distribution in the Group	Number at balance sheet date	Of whom men	Number at balance sheet date	Of whom men
Board members	10	8	10	6
CEO and other senior executives	10	8	10	8
Group total	**20**	**16**	**20**	**14**

Remuneration of the CEO and other executives

At the balance sheet date, the Group's management team consisted of ten members, including the Chief Executive Officer. The following table shows the total remuneration of the Chief Executive Officer and the Group management team, taking into account changes in the management team during the year. The CEO is employed by Stockholm Exergi AB and has received remuneration from that company as shown in the tables below. Other senior executives and Board members have received the following remuneration:

Compensation and other benefits, 2023

SEK thousand	Benefits	Pension cost [1]	Total compensation and benefits
Jonas Abrahamsson (Chair of the Board)	126		**126**
Petra Engman (Vice Chair)	109		**109**
Fredrik Adolfsson (Board member)	50		**50**
Charlotta Sandving Brändström (Board member) resigned 2023	50		**50**
Hugo Brändström (Board member) elected in 2023			
Christoffer Fjellner (Board member) elected in 2023	26		**26**
Irina Frolova (Board member)	76		**76**
Alexandra Grimfors (Board member) resigned 2023	78		**78**
Carlo Maddalena (Board member)			
Rickard Hjort Warlenius (Board member)	50		**50**
Anders Egelrud (Chief Executive Officer)	5,076	1,907	**6,982**
Other senior executives (9 positions) [2]	19,613	5,820	**25,433**
Total	**25,255**	**7,726**	**32,982**

Compensation and other benefits, 2022

SEK thousand	Benefits	Pension cost [1]	Total compensation and benefits
Jonas Abrahamsson (Chair of the Board)	60		**60**
Alexandra Grimfors (Vice Chair)	156		**156**
Fredrik Adolfsson (Board member)	48		**48**
Charlotta Sandving Brändström (Board member), elected in 2022	24		**24**
Petra Engman (Board member)	48		**48**
Irina Frolova (Board member)			
Carlo Maddalena (Board member)			
Johanna Strömsten (Board member), resigned in 2022			
Rickard Hjort Warlenius (Board member)	48		**48**
Anders Egelrud (Chief Executive Officer)	5,114	1,907	**7,021**
Other senior executives (9 positions) [2]	16,301	5,667	**21,968**
Total	**21,799**	**7,575**	**29,374**

[1] Pension cost refers to the cost that affected earnings for the year.
[2] Senior executives are defined as the executive management team.

Bonus
The Group's bonus system covers all employees except the executive management team and is calculated on the basis of attainment of common financial performance targets for the Stockholm Exergi Group (financial result and safety).

This system is divided into two bonus classes, where the maximum bonus can be 10 to 20% of an employee's annual salary. The maximum bonus for nominated key employees is 20% of the annual salary, and for other employees 10% of the annual salary. If the target is met exactly, 10% and 5% of the annual salary will be paid as a bonus, corresponding to exactly half of the maximum bonus mentioned above.

Severance pay

The notice period for the CEO is 6 months on the part of the CEO and 12 months on the part of the Company, severance pay being payable for 6 months.

There is no severance pay for other senior executives beyond the agreed notice period. A notice period of 6 months applies for other senior executives.

Pension plans

Everyone in the Group is covered by collective agreements. This means ITP1 (defined contribution) and ITP2 (defined benefit) plans.

The Group has two pension plans for alternative ITP: the Birka Plan (defined benefit) and Over 10 (defined contribution scale).

The Birka defined benefit plan is insured by Skandia. There are two insurers for Over 10: Skandia and AMF. Both pension plans are closed to new subscriptions.

The retirement age for the CEO is 65. The CEO is covered by an alternative ITP plan, the Birka Plan. In addition to the Birka Plan, the CEO is covered by a defined contribution pension promise. Premiums are equal to 20% of the pensionable salary in the range of 30 to 50 income base amounts.

NOTE 11 Depreciation and amortisation of tangible and intangible fixed assets

SEK million	2023	2022
Depreciation of tangible fixed assets		
Buildings and ground installations	-218	-229
Machinery, other technical installations, furniture and tools	-1,260	-1,238
Right-of-use assets	-23	-28
Amortisation of intangible assets	-55	-44
Total depreciation and amortisation of tangible and intangible fixed assets	**-1,556**	**-1,539**

NOTE 12 Financial income and expenses

SEK million	2023	2022
Financial expenses		
Interest expenses on loans	-449	-192
Interest expenses on lease debt	-16	-17
Capitalised loan expenses	31	8
Interest on defined benefit pensions	2	0
Other interest	3	-17
Other	-5	-10
Total	**-435**	**-228**
Financial income		
Other interest income	8	2
Total	**8**	**2**
Financial income and expenses – net	**-426**	**-226**

NOTE 13 Income tax

SEK million	2023	2022
Current tax on profit for the year	-113	-262
Temporary tax reduction	0	40
Adjustments to current tax relating to previous years	0	0
Total current tax	**-113**	**-222**
Deferred taxes		
Accrual and reversal of deferred taxes	75	-15
Effect of change in future tax rates	0	0
Total deferred tax	**75**	**-15**
Total income tax	**-38**	**-237**

Income tax rates

The table below explains the difference between the theoretical assumed tax rate in Sweden and the tax rate in the income statement

SEK million	2023	%	2022	%
Profit/loss before tax	161		1,186	
Tax calculated at the applicable tax rate for the Parent Company, 20.6%	-33	-20,6%	-244	-20.6%
Non-deductible expenses	-18	-10,9%	-11	-0.9%
Non-taxable income	12	7,6%	17	1.5%
Revaluation of deferred tax – change in the Swedish tax rate	0	0,2%	0	0.0%
Deferred tax in 2021 due to temporary tax reduction in 2022	0	0,0%	0	0.0%
Adjustment relating to previous years	0	0,0%	0	0.0%
Other	0	0,0%	0	0.0%
Tax cost	**-38**	**-23,7%**	**-237**	**-20.0%**

All companies within the Group operate in Sweden, and therefore the tax rate applicable to the Parent Company also applies to all Group companies and was 20.6 per cent (20.6). The effective tax rate was 23,7 per cent (20.0).

NOTE 14 Financial instruments by category

The financial assets and liabilities shown in the tables below are broken down by the categories prescribed by IFRS 9. The categories are further subdivided into classes which are the basis for valuation of the asset or liability in question.

Financial assets by category, 2023

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
SEK million		**Derivatives, non-hedge accounting**	**Derivatives, hedge accounting**	**Total financial assets**
Financial assets, non-current				
Derivative instruments			35	35
Financial assets, short-term				
Derivative instruments			204	204
Accounts receivable	2,033			2,033
Other short-term receivables	622			622
Cash and cash equivalents	130			130
Total	**2,784**		**239**	**3,024**

Financial assets by category, 2022

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
SEK million		**Derivatives, non-hedge accounting**	**Derivatives, hedge accounting**	**Total financial assets**
Financial assets, non-current				
Derivative instruments			338	38
Financial assets, short-term				
Derivative instruments		1	395	396
Accounts receivable	1,738			1,738
Other short-term receivables	1,292			1,292
Cash and cash equivalents	1			1
Total	**3,031**	**1**	**733**	**3,765**

Financial liabilities by category, 2023

SEK million	Financial liabilities at fair value through profit or loss – Holdings for trading	Derivatives in hedge accounting	Other financial liabilities – Amortised cost	Total financial liabilities
Non-current liabilities				
Interest-bearing liabilities			11,904	11,904
Derivative instruments		44		44
Current liabilities				
Interest-bearing liabilities			3,036	3,036
Derivative instruments		22		22
Accounts payable			739	988
Total		**66**	**15,679**	**15,744**

Financial liabilities by category, 2022

SEK million	Financial liabilities at fair value through profit or loss – Holdings for trading	Derivatives in hedge accounting	Other financial liabilities – Amortised cost	Total financial liabilities
Non-current liabilities				
Interest-bearing liabilities			11,069	11,069
Derivative instruments				
Current liabilities				
Interest-bearing liabilities			2,402	2,402
Derivative instruments	1	11		13
Accounts payable			988	988
Total	**1**	**12**	**14,459**	**14,472**

Financial assets and liabilities according to the fair value hierarchy

The table below shows financial instruments valued at fair value and items for which fair value disclosures are required, based on their classification in the fair value hierarchy.
The different levels are defined as follows:

Level 1: Refers to quoted prices (unadjusted) in active markets for identical assets or liabilities. No assets or liabilities related to level 1 are held by Stockholm Exergi Holding AB (publ).

Level 2: Means that the fair value of financial instruments is calculated using a valuation model whose inputs consist of observable market data. The fair value of all instruments is calculated by discounting the contractual cash flows and prices at the balance sheet date in the respective market. Forward rates for the corresponding maturities have been used for currency futures, forward rates on NASDAQ-OMX for electricity futures, forward rates on ICE for oil and carbon derivatives, and yield curves for interest rate derivatives. Items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet date and, for items with variable interest rates, it has been assumed that the interest rates prevailing at the balance sheet date will remain unchanged.

The fair value of financial liabilities is calculated by discounting the future contractual cash flows at the interest rate, including the credit margin, that would be available to the Company at the balance sheet date.

Level 3: Refers to data for the asset or liability that is not based on observable market data (i.e. unobservable data). No assets or liabilities related to level 3 are held by Stockholm Exergi Holding AB.

Financial assets

SEK million	Level 2 – 2023	2022
In fixed assets		
Derivative instruments		
Hedge accounting	35	338
No hedge accounting		
In current assets		
Derivative instruments		
Hedge accounting	204	395
No hedge accounting		1
Total	**239**	**734**

Financial liabilities

SEK million	Level 2 – 2023	2022
In long-term liabilities		
Interest-bearing liabilities	11,904	11,069
Derivative instruments	44	
Hedge accounting		
In current liabilities		
Interest-bearing liabilities	3,036	2,402
Derivative instruments		
Hedge accounting	22	11
No hedge accounting		1
Total	**15,009**	**13,483**

NOTE 15 Intangible assets

SEK million	Capitalised expenditure on software 2023	2022	Emission rights and goodwill 2023	2022	Work in progress of intangible assets 2023	2021	Total 2023	2022
Cost at 1 January	419	364	169	103	0	0	588	467
Investments		6						6
Disposals and retirements								
Change of emission rights			-29	66			-29	66
Reclassifications	157	49					157	49
Cost at 31 December	**576**	**419**	**140**	**169**	**0**	**0**	**716**	**588**
Accumulated depreciation at 1 January	**-327**	**-283**	**0**	**0**	**0**	**0**	**-327**	**-283**
Disposals and retirements								
Depreciation for the year	-55	-44					-55	-44
Reclassifications			0	0				
Accumulated depreciation at 31 December	**-382**	**-327**	**0**	**0**	**0**	**0**	**-382**	**-327**
Carrying amount at 31 December	**194**	**92**	**140**	**169**	**0**	**0**	**334**	**261**

NOTE 16 Tangible fixed assets

Tangible fixed assets, 2023

SEK million	Land and tunnels	Buildings, plants and ground installations	Machinery and equipment	Construction in progress and advances	Right-of-use assets	Total
Cost at 1 January 2023	**2,842**	**7,996**	**39,972**	**2,467**	**583**	**53,860**
Investments				1,688		1,688
Net change in right-of-use assets						
Disposals and retirements			-117		-9	-127
Transferred from construction in progress	2	168	1,072	-1,400		-157
Reclassifications						
Cost at 31 December 2023	**2,844**	**8,164**	**40,928**	**2,756**	**573**	**55,264**
Accumulated depreciation at 1 January 2023		**-3,788**	**-23,639**		**-94**	**-27,521**
Transfers						
Disposals and retirements			60		9	70
Depreciation and amortisation for the year		-218	-1,262		-23	-1,503
Reclassifications						
Accumulated depreciation at 31 December 2023		**-4,005**	**-24,841**	**0**	**-108**	**-28,954**
Carrying amount at 31 December 2023	**2,844**	**4,158**	**16,086**	**2,756**	**465**	**26,310**

Tangible fixed assets, 2022

SEK million	Land and tunnels	Buildings, plants and ground instal-lations	Machinery and equipment	Construction in progress and advances	Right-of-use assets	Total
Cost at 1 January 2022	**2,838**	**7,940**	**39,269**	**1,853**	**593**	**52,494**
Investments			4	1,611		1,615
					14	14
Disposals and retirements			-189		-24	-213
Transferred from construction in progress	4	56	888	-996		-49
Reclassifications						
Cost at 31 December 2022	**2,842**	**7,996**	**39,972**	**2,467**	**583**	**53,860**
Accumulated depreciation at 1 January 2022	**0**	**-3,570**	**-22,579**	**0**	**-90**	**-26,240**
Adjustment of opening balance			-1			-1
Transfers		10	-10			0
Disposals and retirements			189		24	213
Depreciation and amortisation for the year		-229	-1,238		-28	-1,495
Reclassifications						0
Accumulated depreciation at 31 December 2022	**0**	**-3,788**	**-23,639**	**0**	**-94**	**-27,521**
Carrying amount at 31 December 2022	**2,842**	**4,207**	**16,333**	**2,467**	**488**	**26,339**

16.1 Capitalised loan costs

	Capitalised assets and construction in progress	
SEK million	**2023**	**2022**
1 January	235	239
Increases	31	8
Depreciation	-12	-12
31 December	**254**	**235**

Borrowing costs of an additional SEK 31 million were capitalised in 2023 (2) for ongoing major construction projects in Stockholm. The weighted interest rate for capitalisation was 3.26 per cent (1.65).

16.2 Investments

Investments include both intangible assets and tangible fixed assets. Investments in 2023 and 2022 consisted mainly of investments in renewable electricity and heat. Maintenance investments in 2023 amounted to SEK 462 million (525). Investments due to regulatory requirements amounted to SEK 228 million (161). Investments that increased productivity amounted to SEK 131 million (211). Growth investments amounted to SEK 1,058 million (724).

Major ongoing projects in 2023 included the conversion of CHP 1 and the Generator 3. Total investments in 2022 in renewable generation, including the distribution network and waste sorting plant, amounted to SEK 1,382 million (1,230), which gives a share of total investments of 74 per cent (76).

16.3 Assets previously leased under finance leases

SEK million	2023	2022
Cost	-10	-10
Accumulated depreciation at 1 January	2	-2
Depreciation for the year	4	4
Total	**-4**	**-8**

NOT 17 Shares in associated companies

Sek million	2023	2022
Shares in associated companies	246	0
Total	**246**	**0**

Sek million	2023	2022
Profit/loss from associated companies	-5	0
Total	**-5**	**0**

Information regarding associated companies

Stockholm Exergi entered into part ownerships in two associated companies during 20223.

In March, Stockholm Exergi together with E.ON became the majority owner of Täby Miljövärme AB. Stockholm Exergi owns 47.5% and E.ON owns 47.5%, the remaining 5% is owned by Täby Kommun. The recorded holding amounts to SEK 243 million.

In April, Stockholm Exergi acquired 50% of Effektbolaget i Sverige AB. It is a collaboration with the effect operator Polar Capacity. The book value amounts to SEK 3 million.

Sek million Associated companies	Effect cash flow	Other	Booked value
Acquisition price	91		91
Shareholder contribution	100		100
Transfered operating assets at fair value		59	59
Share of associated companies results		-5	-5
Totalt	**191**	**54**	**246**

NOTE 18 Stocks

SEK million	2023	2022
Oil	277	348
Biofuels	736	775
Woodchips and pellets	355	351
Coal	11	11
Materials and spare parts	277	266
Total	**1,656**	**1,751**

On 1 July, Stockholm Exergi changed its accounting policy regarding how the fuel inventory is valued. The FIFO (first in, first out) method was previously used, but as of July the fuel inventory is instead valued using weighted average prices. Se also Note 1.27.

NOTE 19 Trade and other receivables

SEK million	2023	2022
Accounts receivable	2,033	1,738
Accrued income electricity	168	847
Other prepaid expenses and accrued income	583	433
Other short-term receivables	15	12
Total	**2,799**	**3,030**

Ageing analysis of trade receivables

	2023		2022	
SEK million	Net trade receivables	Expected credit loss (ECL)	Net trade receivables	Expected credit loss (ECL)
Not due	2,001	7	1,736	4
Past due 1–90 days	27	0	0	0
Past due 91–180 days	3	0	1	0
Past due more than 181 days	2	0	1	0
Total	**2,033**	**7**	**1,738**	**4**

The fair value of trade and other receivables, excluding interim receivables, is deemed to be in line with the above carrying amount.

18.1 Trade receivables

Impairment of invoiced trade receivables is performed using an expected credit loss (ECL) model according to IFRS9. The amount of impairment losses recognised in the income statement was SEK -7 million (-4), and the reserve amount has increased by SEK 3 million.

The Group had not received any bank guarantees as collateral for trade receivables in 2023 (0).

See note 3.2.4 for further information on credit risk management.

NOTE 20 Cash and cash equivalents

SEK million	2023	2022
Cash and bank balances	130	1
Total	**130**	**1**

The Group has a Group account system through Nordea. An overdraft facility of SEK 300 million has been added to the Group account. Credit balances at the balance sheet date are included in Cash and cash equivalents, while drawdowns are included in Other current interest-bearing liabilities. The utilisation of the credit facility at the balance sheet date was SEK 0 million (172).

NOTE 21 Share capital

	2023		2022	
SEK million	Number of shares	Share capital	Number of shares	Share capital
Registered shares at 1 January	18,020	2	18,020	2
Registered shares at 31 December	18,020	2	18,020	2
The shares consist of:				
Issued ordinary shares, voting value 1	18,020		18,020	

Stockholms Stadshus AB and Ankhiale Bidco AB each hold exactly half of the share capital and voting rights in the Company.

NOTE 22 Non-controlling interests

The Brista 2 companies are co-owned with Sollentuna Energi och Miljö AB, which has a 15% stake in both companies. The table shows the minority's share of equity at the balance sheet date.

SEK million		2023	2022
Brista 2 KB	Sweden	26	16
Brista 2 AB	Sweden	0	0
Total non-controlling interests		**26**	**16**

NOTE 23 Interest-bearing liabilities

SEK million	2023	2022
Bond loans	9,489	8,290
Loans from credit institutions	1,844	2,156
Lease liabilities	475	497
Other long-term interest-bearing liabilities	96	126
Total long-term interest-bearing liabilities	**11,904**	**11,069**
Bond loans	600	400
Current portion of loans from credit institutions	1,614	699
Current portion of other long-term interest-bearing liabilities	46	28
Leasing liabilities	16	17
Other current interest-bearing liabilities	759	1,258
Total current interest-bearing liabilities	**3,035**	**2,402**
Total interest-bearing liabilities	**14,939**	**13,470**

During October, a loan was taken out from the Nordic Investment Bank for a nominal amount of SEK 1,300 million and during November- December, green bonds were issued for a nominal amount of SEK 1,800 million. During the same period, a bond loan of SEK 400 million was repaid and borrowing via commercial paper was reduced. Interest-bearing liabilities have increased by SEK 1,469 million during the year. In total, borrowing via bonds increased by SEK 1,399 million and via bank loans by SEK 603 million during the year, while borrowing via commercial paper decreased by SEK 326 million. The fluctuations in the working capital have been financed with commercial paper, money market loans and overdrafts.

The framework for green bonds was updated during the year. The new framework has been rated "dark green" by S&P Global Ratings, which performed a Second Party Opinion of the framework. A total of bonds worth a nominal SEK 10,089 million were outstanding on the balance sheet date, of which 80 percent were green.

On 31 December 2023, the average remaining capital commitment period on the debt portfolio was 41.3 months (34.9). According to the company's financial policy, this must amount to at least 36 months.

Interest-bearing debt excluding lease liabilities increased during the year to SEK 14,449 million (12,956). The short-term share of interest-bearing liabilities increased and amounted to SEK 2,706 million (2,385) on the balance sheet date.

23.1 Interest-bearing liabilities excluding leasing liabilities

			Interest rate renegotiation					
SEK million	Effective interest rate, %	Carrying value, 2023	Less than 1 year	1 to 5 years	Over 5 years	Fair value, 2023	Carrying value, 2022[1]	Fair value, 2022
Bond loans	3,4	9,489	4,244	4,496	749	9,360	8,290	7,810
Loans from credit institutions [2]	5,4	1,844	1,844			2,384	2156	2,913
Non-current interest-bearing liabilities	3,3	96		96		99	111	110
Total long-term interest-bearing liabilities	**3,8**	**11,429**	**6,088**	**4,592**	**749**	**11,843**	**10,557**	**10,833**
Short-term interest-bearing liabilities	4,6	3,020	3,020	-	-	2,637	2,400	1,703
Total current interest-bearing liabilities	**4,6**	**3,020**	**3,020**			**2,637**	**2,400**	**1,703**
Total interest-bearing liabilities[1]	**3,9**	**14,449**	**9,108**	**4,592**	**749**	**14,480**	**12,957**	**12,536**

[1] Including accrued interest

[2] Fair value in 2023 for Long-term loans from credit institutions includes repayments due in 2024, while these in the column Carrying value in 2023 are included in Short-term interest-bearing liabilities

[3] The average interest rate on loans and interest rate derivatives at 31 December 2023 was 3.63 per cent (2.61).

Interest-bearing liabilities (excluding leases) falling due:

SEK million	2023
2023	3,020
2024	2,391
2025	2,217
2026	1,629
2027	1,447
2028 or later	3,745
Total	**14,449**

See note 3 Financial risk management for more information.

23.2 Supplementary information for Cash flow from financing activities

Liabilities included in financing activities			Changes not affecting cash flow		
SEK million	**Opening balance, 1 January 2023**	**Changes affecting cash flow**	**Accrual of borrowing costs**	**Reclassifications**	**Closing balance, 31 December 2023**
Bond loans	8,290	1,800	-2	-600	9,489
Loans from credit institutions	2,156	1,300		-1 611	1,844
Lease liabilities	497			-22	475
Other long-term interest-bearing liabilities	126			-30	96
Total long-term interest-bearing liabilities	**11,069**	**3,100**		**-2,264**	**11,904**
Bond loans	400	-400		600	600
Current portion of loans from credit institutions	699	-699	4	-1,611	1,614
Current portion of other long-term interest-bearing liabilities	28	-12		30	46
Lease liabilities	17	-23		22	16
Other current interest-bearing liabilities	1,258	-497	-2		759
Total current interest-bearing liabilities	**2,402**	**-1,631**	**1**	**2,264**	**3,035**
Total interest-bearing liabilities	**13,470**	**1,469**	**-1**	**0**	**14,939**

Liabilities included in financing activities			Changes not affecting cash flow		
SEK million	**Opening balance, 1 January 2022**	**Changes affecting cash flow**	**Accrual of borrowing costs**	**Reclassifications**	**Closing balance, 31 December 2022**
Bond loans	7,193	1,497	3	-403	8,290
Loans from credit institutions	1,860	998	2	-705	2,156
Lease liabilities	500			-4	497
Other long-term interest-bearing liabilities	126			-1	126
Total long-term interest-bearing liabilities	**9,681**	**2,495**	**5**	**-1,112**	**11,069**
Bond loans	1,499	-1,500	-2	403	400
Current portion of loans from credit institutions	628	-634		705	699
Current portion of other long-term interest-bearing liabilities	45	-17		1	28
Lease liabilities	22	-18		13	17
Other current interest-bearing liabilities	602	656			1,258
Total current interest-bearing liabilities	**2,796**	**-1,513**	**-2**	**1,121**	**2,402**
Total interest-bearing liabilities	**12,476**	**981**	**4**	**9**	**13,470**

NOTE 24 Deferred tax

Changes in deferred tax assets and liabilities in 2023

SEK million	1 Jan 2023	Recognised in the income statement	Recognised in other compre-hensive income	Reclassification	31 Dec 2023
Deferred tax assets					
Derivative instruments	0				0
Pension obligations	0				0
Change in accounting principle stock	27	-27			0
Remaining negative net interest	0	16			16
Leasing debt	110	-5			106
Other	2	-1			1
Total deferred tax assets	**140**	**-17**	**0**	**0**	**123**
Offset against deferred tax liabilities	0				0
Net deferred tax assets	**140**	**-17**	**0**	**0**	**123**
Deferred tax liabilities					
Buildings and land	69	-1			69
Machinery and equipment	3,146	-114			3,033
Derivative instruments	149		-113		36
Pension obligations	9	3	-1		10
Other	-11	26			15
Total deferred tax liabilities	**3,467**	**-91**	**-114**	**0**	**3,262**
Offset against deferred tax asset	-140	17			-123
Net deferred tax liabilities	**3,328**	**-75**	**-115**	**0**	**3,139**

Changes in deferred tax assets and liabilities in 2022

SEK million	1 Jan 2022	Recognised in the income statement	Recognised in other compre-hensive income	Reclassification	31 Dec 2022
Deferred tax assets					
Derivative instruments	0	0			0
Pension obligations	7	0	0	-7	0
Change in accounting principle stock	0	27	0	0	27
Leasing debt	112	-2	0	0	
Temporary tax reduction on investments	40	-40	0	0	0
Other	3	-1			2
Total deferred tax assets	**162**	**-15**	**0**	**-7**	**140**
Offset against deferred tax liabilities	0				0
Net deferred tax assets	**162**	**-15**	**0**	**-7**	**140**
Deferred tax liabilities					
Buildings and land	71	-1			69
Machinery and equipment	3,153	-7			3,146
Right-of-use assets	108	-3	0	0	105
Derivative instruments	26	0	123	0	149
Pension obligations	0	0	1	7	9
Other	4	-15	0	0	-11
Total deferred tax liabilities	**3,363**	**-27**	**124**	**7**	**3,467**
Offset against deferred tax asset	-162	15	0	7	-140
Net deferred tax liabilities	**3,201**	**-12**	**124**	**14**	**3,328**

NOTE 25 Other provisions

	2023			2023		
SEK million	**Environmental debt**	**Other**	**Total**	**Environmental debt**	**Other**	**Total**
1 January	**41**	**3**	**44**	**46**	**9**	**55**
Provisions for the period		1	1		0	0
Used during the year	-5	-2	-7	-5	-6	-11
31 December	**36**	**2**	**38**	**41**	**3**	**44**
Of which short-term provisions		1	1		3	3
Of which long-term provisions	36	1	37	41	0	41

Environmental debt includes the restoration of the environment. Other refers to the demolition of buildings and structures on contaminated land. The bulk of the provision is expected to be used within ten years.

NOTE 26 Pension obligations

All employees are covered by collective bargaining agreements, and the Company's pension obligations include both defined contribution and defined benefit pension plans. Employees born in 1978 or earlier are covered by ITP 2, which is a defined benefit plan, while employees born in 1979 or later are covered by ITP 1, which is a defined contribution plan.

In addition to ITP 2, the Group has two alternative ITP pension plans. The Birka plan, which is a defined benefit plan, and the "Over 10" plan, which is a defined contribution plan. The Birka defined benefit plan is insured by Skandia. The "Over 10" plan has two insurers, Skandia and AMF. Both the Birka plan and the "Over 10" plan are closed for new subscriptions.

For Group employees, the ITP 2 plan's defined benefit pension obligations for family pensions are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board UFR 10 Classification of ITP plans funded by insurance in Alecta, this is a multi-employer defined benefit plan. However, the family pension under ITP2, which is secured by insurance in Alecta, is accounted for as a defined contribution plan for the Group in accordance with IAS 19.

The premium for the defined benefit old-age and family pension is calculated on an individual basis and depends on factors such as salary, previously earned pension and expected remaining period of service. Expected premiums for the next reporting period for ITP 2 insurance from Alecta amount to SEK 0 million.

The collective consolidation level is the market value of Alecta's assets as a percentage of insurance liabilities calculated according to Alecta's actuarial methods and assumptions. The collective consolidation level should normally be allowed to vary between 125 and 155 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 155 per cent, action must be taken to create the conditions for the consolidation level to return to the normal range. In the event of low consolidation, one measure could be to increase the agreed price for new subscriptions and extensions of existing benefits. In the event of high consolidation, one measure could be to introduce premium reductions. At the end of 2023, Alecta's surplus in terms of the collective consolidation ratio was 157 per cent (172).

A total of 11 (16) of the Group's employees are covered by defined benefit plans that provide pension benefits. Pensions or similar benefits have been paid to a total of 816 (854) individuals. Amounts recognised in the income statement in respect of defined benefit pensions under IAS 19 amounted to SEK -2 million (-5). The positive amount is due to non-recurring effects on redemption to Alecta. Amounts in excess of these included in comprehensive income (change in value of the net pension liability) amount to SEK -4 million (78).

Amounts recognised in the income statement

SEK million	**2023**	**2022**
Current year service costs	-2	-2
Reductions	1	-3
Total items recognised as employee benefits	**-1**	**-5**
Net interest income/expense	-2	0
Total amount recognised in the income statement relating to pensions	**-2**	**-5**

Amounts recognised in the balance sheet

SEK million	**2023**	**2022**
Present value of funded obligations including special payroll tax	219	216
Fair value of plan assets	-269	-257
Deficit (+) / surplus (-) in funded plans	**-50**	**-41**
Present value of unfunded obligations		
Net assets (-) / net liabilities (+) in the balance sheet	**-50**	**-41**
Defined benefit assets on the balance sheet		
Defined benefit obligations	**-50**	**-41**

Pension costs recognised as defined contribution in the income statement amount to SEK -90million (-80).

Changes in the present value of defined benefit obligations

SEK million	**2023**	**2022**
1 January	**216**	**332**
Current year service costs	-2	2
Interest expenses	8	4
Actuarial gains/losses due to changes in financial assumptions	21	-69
Regulations	-2	-35
Benefits paid from the plan	-22	-20
31 December	**219**	**216**

Changes in fair value of plan assets

SEK million	**2023**	**2022**
1 January	298	298
Interest income	10	4
Actuarial gains/losses on plan assets	16	9
Regulations	-3	-37
Withdrawals	-22	-20
Deposit	10	4
31 December	**269**	**257**

Fair value of plan assets

SEK million	**2023**	**2022**
Equity instrument	86	81
Interest-bearing securities	128	125
Cash and cash equivalents other than cash and bank balances	0	0
Property	32	30
Other assets	23	21
Total	**269**	**257**

At 31 December 2023, plan assets amounted to SEK 269 million (257) and the corresponding pension obligations to SEK 219 million (216), corresponding to a consolidation level of 123% (119%).

Change in discount rate

The pension plan liabilities are calculated using a discount rate based on a mortgage bond curve with an equivalent duration to the pension obligation, and the company is thus exposed to a risk attributable to the development of the for mortgage bond market. If the market rate increases, the debt will decrease; and vice versa.

Risk related to assumptions used

The actuarial calculations use assumptions about future inflation and salary levels and life expectancy. If the actual outcome differs from the assumptions made, this may result in a higher or lower debt.

A specification of the plan assets has not been available when the pension plan has been funded by an insurance company. In these cases, the fair value of the plan assets has been included in other assets.

The main actuarial assumptions used

	2023	**2022**
Discount rate, %	3,00	3.90
Future wage increases, %	2,50	3.00
Future pension increases, %	1,50	2.00
Inflation rate, %	1,50	2.00

The liabilities of the plan are calculated using a discount rate determined by using a discount rate based on a mortgage bond curve with a duration equal to the duration of the obligation. The Group has used mortgage bonds to determine the discount rate and therefore has a risk related to the evolution of the mortgage bond market.

Assumptions regarding life expectancy are based on the assumptions made in the latest mortality study by the Research Council for Actuarial Science and Insurance Statistics and are referred to as DUS21. These assumptions are based on the Makeham model. Changes in life expectancy assumptions are based on their new mortality tables. These are mainly influenced by age and gender. These assumptions imply the following average remaining years of life for a person retiring at age 65.

	2023	2022
Men – 45 years	23	23
Women – 45 years	26	26
Men – 65 years	22	22
Women – 65 years	24	24

The weighted average duration of the pension obligation is 9.0 years.

The discount rate, inflation rate and salary growth rate used are the main assumptions used in the calculation of defined benefit obligations. The impact of a 0.5 percentage point change in the discount rate, inflation rate or salary growth rate on the defined benefit obligation at 31 December 2022, other assumptions remaining constant, is presented in the table below.

Impact on defined benefit obligation of changes in assumptions, sensitivity analysis

Change of assumption	2023	2022
0.5% increase in the discount rate	-5,8%	-5.6%
0.5% reduction in the discount rate	6,3%	6.1%
0.5% increase in the inflation rate	6,0%	5.9%
0.5% reduction in the inflation rate	-5,6%	-5.4%
0.5% increase in the wage growth rate	0,3%	0.3%
0.5% reduction in the wage growth rate	-0,3%	-0.2%

NOTE 27 Trade and other payables

SEK million	2023	2022
Accounts payable	739	988
Accrued expenses and deferred income		
Accrued personnel expenses	113	127
Accrued interest expenses	87	65
Green Electricity certificates	0	0
Other accrued expenses and deferred income	627	1,020
Other liabilities		
VAT liabilities	114	73
Energy taxes and excise duties	148	88
Advances received and other liabilities	51	11
Emission rights	162	223
Total	**2,040**	**2,595**

The carrying amount of trade and other payables is deemed to be equal to their fair value.

NOTE 28 Pledged assets

SEK million	2023	2022
Pledged assets	None	None

See note 30 for more information on contingent liabilities.

NOTE 29 Leasing

The Group applies IFRS 16 for lease accounting,

The majority of the major contracts covered by IFRS 16 relate to land leases and ground leases, the duration and likelihood of renewal of which have been assessed taking into account in particular the useful life of the assets constructed and the long-term nature of the activities carried out therein, as well as the specific costs that termination of the contract would entail for the parties to the contract.

In addition to land leases and ground leases, the Group also has leases for premises and warehouses, track facilities, certain transport equipment and vehicles and forklifts. Costs for short-term contracts and low-value contracts excluded from IFRS 16 are marginal.

The right-of-use asset is included under the heading Tangible fixed assets in the balance sheet: see note 16 for disclosure of the carrying amount. The leasing debt is included under the heading Interest-bearing liabilities: see note 23 for disclosure of the carrying amount.

The total cash outflow for leases under IFRS 16 in 2023 has been SEK 33 million (39), of which interest amounts to SEK 16 million (17).

The Group has no material exposure to future lease cash flows that are not reflected in the measurement of the lease liability.

NOTE 30 Investment commitments

SEK million	2023	2022
Property, plant and equipment	406	624
Total	**406**	**624**

Investment commitments are investments contracted at the balance sheet date, but not yet recognised in the financial statements. The commitments relate mainly to investments in combined heat and power plants.

See note 16 Tangible fixed assets for more information on investments.

NOTE 31 Contingent liabilities

SEK million	2023	2022
Liability as a shareholder in Brista 2 KB	706	706
Total	**706**	**706**

NOTE 32 Legal actions and administrative procedures

Stockholm Exergi plans for a new CHP plant in western Stockholm where we can recover energy from sorted residual waste and biofuel for production of electricity and heat. In the fall of 2022 the Land and Enviromental Court gave the notice not to grant a permit. Stockholm Exergi has chosen to proceed and at the end of the year filed an appeal of the judgement.

NOTE 33 Transactions with related parties

Owners

Stockholms Stadshus AB and the consortium Ankhiale Bidco AB each own half of the share capital and voting rights in Stockholm Exergi Holding AB (publ) at the balance sheet date.

Stockholm Exergi also has transactions with companies owned by the City of Stockholm and administrations within the City of Stockholm. These are on the same terms as for other external customers. Of this year's turnover of SEK 8,289 million, 11 per cent (11) relates to companies and administrations within the City of Stockholm.

The aggregated balance of outstanding receivables from companies and administrations within the City of Stockholm amounts to SEK 6 million (6).

Board of Directors and executive management team

The key persons in the Group are the Board of Directors and members of the executive management team. The Group has not been involved in any material transactions with members of the Board of Directors or the management team. There are no loans for any Board member or the management team as at 31 December 2023.

See note 10 Employee benefits for further information on the remuneration and shareholdings of the Board of Directors and the Stockholm Exergi management team.

NOTE 34 Events after the balance sheet date

No significant events after the balance sheet date

NOTE 35 Composition of the Group, 31 December 2023

SEK thousand

Company name	Corp. ID no.	Registered office	Number of shares / participation, %	Equity / Profit for the year	Book value in the respective Parent Company
Stockholm Exergi AB	556016-9095	Stockholm	32 199 970 / 100	6 544 520 / 105 307	11 888 000
Fortum Vindvärme AB	556915-3686	Stockholm	100 000 / 100	6 455 / 108	100
Stockholm Exergi Tunnlar AB	556981-9187	Stockholm	100 000 / 100	172 860 / 17 640	1 645 866
Brista 2 Kommanditbolag	969720-4254		- / 85	-570 389 / 68 737	-570 389
Brista 2 AB	556829-4564	Stockholm	85 000 / 85	102 / 0	85
Hässelbystrand Fastighet AB	559139-6451	Stockholm	50 000 / 100	50 / 0	50
Stockholm Exergi Materialåtervinning AB	559187-3244	Stockholm	50 000 / 100	115 / 2	50

The consolidated value for Brista 2 KB is reported under the Book value heading.

Parent Company

NOTE 36 Remuneration to auditors

Audit fees for the Parent Company have been invoiced to the subsidiary Stockholm Exergi AB.

NOTE 37 Remuneration to employees

The Parent Company has no employees, and therefore no salaries or benefits have been charged to the Parent Company.

Gender distribution in the Parent Company

	2023		2022	
	Number at balance sheet date	Of whom men	Number at balance sheet date	Of whom men
Board members	10	8	10	6
CEO and other senior executives	1	1	1	1
Group total	**11**	**9**	**11**	**7**

NOTE 38 Financial income and expenses

SEK million	2023	2022
Interest income		
Interest income, Group companies	59	41
Total	**59**	**41**
Interest expenses		
Interest charges on external debt	-428	-202
Other financial expenses	-10	-11
Total	**-439**	**-213**
Financial income and expenses – net	**-380**	**-173**

NOTE 39 Income tax

SEK million	2023	2022
Current tax on profit for the year	-109	-208
Total current tax	**-109**	**-208**
Total income tax	**-109**	**-208**

Income tax rates

The table below explains the difference between the theoretical assumed tax rate in Sweden and the tax rate in the income statement

SEK million	2023	%	2022	%
Profit/loss before tax	450		1,012	
Tax calculated at the applicable tax rate for the Parent Company, 20,6%	-93	20,6%	-208	20.6%
Tax cost	**-93**	**20,6%**	**-208**	**20.6%**

NOTE 40 Participations in Group companies

SEK million	2023	2022
Opening costs	11,888	11,888
Carrying amount	**11,888**	**11,888**

Parent Company's holdings of shares in Group companies

Company name	Corporate ID number	Domicile	Number of shares	Capital share	Equity/profit for the year	Book value
Stockholm Exergi AB	556016-9095	Stockholm	32,199,970	100	6,545/ 105	11,888
Total						**11,888**

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

NOTE 41 Receivables from Group companies

SEK million	2023	2022
Long-term receivables from Group companies		
At the beginning of the year	**3,734**	**3,734**
Carrying amount at year-end	**3,734**	**3,734**

All long-term receivables are due more than 5 years after the balance sheet date. No provision for expected credit losses has been made as there are no financial receivables other than loans to Group companies.

NOTE 42 Interest-bearing liabilities

SEK million	2022	2021
Bond loans	8,290	7,193
Loans from credit institutions	2,156	1,860
Total long-term interest-bearing liabilities	**10,446**	**9,053**
Bond loans	400	1,499
Current portion of long-term loans from credit institutions	699	628
Other current interest-bearing liabilities	1,258	502
Total current interest-bearing liabilities	**2,356**	**2,629**
Total interest-bearing liabilities	**12,802**	**11,683**

The long-term bond loans mature with a nominal amount of SEK 6,200 million between 1-5 years and SEK 2,100 million after 5 years from the balance sheet date.

The long-term portion of loans from credit institutions matures with SEK 2,168 million between 1-5 years from the balance sheet date.

The parent company has a group account system in Danske Bank with a credit of SEK 300 million. External group account balance with the bank is reported as cash and cash equivalents if the balance is positive or short-term interest-bearing debt in the event of a negative balance. 2023-12-31 was the balance SEK 128 million (-172).

Internal group account balances against subsidiaries are reported as the claim on the respective debt against group companies.

For information on Changes in liabilities attributable to financing activities in the parent company's cash flow analysis, reference is made to the group's corresponding figures in Note 23.

Overdraft facility

SEK million	2023	2022
Credit limit granted	300	300
Unutilised portion	-300	-128
Amount of credit used	**0**	**172**

NOTE 43 Cash and cash equivalents

SEK million	2023	2022
Cash and bank balances	128	0
Total cash and cash equivalents	**128**	**0**

NOTE 44 Derivative instruments

	Nominal amount Remaining maturity		
SEK million	**1 to 5 years**	**Over 5 years**	**Total**
Interest rate derivatives at 31 December 2023		1,808	1,808
Interest rate derivatives at 31 December 2022	417		417

NOTE 45 Profit appropriation

The Board of Directors proposes that the available earnings of the Parent Company, SEK 3,670,226,871 be appropriated as follows:

Proposed appropriation of earnings, SEK	
Dividends	0
Profit/loss carried forward	3,670,226,871
Total	**3,670,226,871**

Certification by the Board

Signatures by the CEO and Board.

As set out below, the annual report and the consolidated financial statements have been approved for issue by the Board of Directors on 18 March 2024.

The Group's income statement and balance sheet and the Parent Company's income statement and balance sheet will be subject to adoption at the Annual General Meeting on 2 May 2024. I, the undersigned, declare that the consolidated and annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with generally accepted accounting principles, and provide a true and fair view of the activities, position and results of the Group and Parent Company, and of the principal risks and uncertainties that the Group's companies face.

Stockholm, 18 March 2024.

Anders Egelrud
CEO

Irina Frolova
Board member

Jonas Abrahamsson
Chair

Carlo Maddalena
Board member

Petra Engman
Vice Chair

Rikard Hjorth Warlenius
Board member

Fredrik Adolfsson
Board member

Tobias Alvaeus
Employee representative

Hugo Brändström
Board member

Reine Lorenz
Employee representative

Christoffer Fjellner
Board member

Our audit report was submitted on 26 March 2024

Deloitte AB

Daniel Wassberg
Authorised Public Accountant

Auditor's report

To the Annual General Meeting of Stockholm Exergi Holding AB (publ), corporate identity number 556040-6034

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Stockholm Exergi Holding AB (publ) (publ) for the financial year 2023-01-01 - 2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 49-96 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of tangible fixed assets

Fixed assets total 26 310 MSEK as of December 31st, 2023 which amounts to approximately 83% of total assets. The fixed assets consist mainly of heating plants and machinery, pipelines and tunnels which are carried at cost less accumulated depreciation and impairment losses. The carrying amount of the individual assets is assessed annually by determining the recoverable amount. Indications of impairment are analysed and include risks such as changes in fuel prices, discount rate. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The valuation of fixed assets can have a significant impact on the Group's earnings and financial position and the valuation of these assets is therefore of particular importance to our audit.

For further information see accounting principles in note 1, note 2 for significant assumptions and assessments and note 16 in the annual accounts.

Our audit included, but was not limited to, the following review procedures:

- We have audited and assessed the entity's routines to establish carrying amount for tangible fixed assets
- We have received the entity's carrying amount calculation and assessed significant assumptions such as weighted average cost of capital calculation
- We have audited calculations in the entity's carrying amount calculation to ensure that these are complete and correct
- We have audited the entity's assessment of recognizing cost upon finalizing their investments in accordance with IAS 16
- We have audited that the entity's accounting principles according to IAS 16 are applied correctly

Information other than the annual financial statements and consolidated financial statements

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-28, 35-47 and 99-125. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibilities

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

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

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: https://www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

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

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

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

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

Auditor's responsibilities

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

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

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

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

A further description of my (our) responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

Deloitte AB, was appointed auditor of Stockholm Exergi Holding AB (publ) by the general meeting of the shareholders on the 2023-04-19 and has been the company's auditor since 2006-03-30.

Stockholm, 26 March 2024

Deloitte AB

Daniel Wassberg

Authorised Public Accountant

Definitions and reconciliation of alternative key performance

Stockholm Exergi uses Alternative Performance Measures (APMs).
The key performance indicators presented below are not in accordance with IFRS but are considered to facilitate the analysis of profit and financial position by stakeholders.

Key performance indicator	Definition	Motivation
EBITDA	Operating profit before depreciation	Reflects the main, cash-generating result from operations and can be related to factors such as the Company's indebtedness
Operational result	Profit before capital gains/losses on non-current assets, effects of IFRS adjustments, financial items and tax	This performance metric is used to analyse the Company's earnings related to purely operational activities
Net debt	Interest-bearing liabilities less cash and cash equivalents	This metric describes the total net liabilities and is used together with EBITDA to reflect some aspect of financial risk
Capital employed	Total equity and interest-bearing liabilities	This key performance indicator is important as it shows the percentage of the Company's assets that are financed by owners or lenders
Equity/assets ratio	Equity through balance sheet total interest-bearing liabilities	This metric shows the long-term solvency of the Company
Working capital	Inventories and operating assets less operating liabilities	This metric shows the short-term capital needs of the Company
Return on equity	Profit for the period divided by average equity	This key performance indicator shows the return on the owners' invested capital
Return on capital employed	Operating profit increased by interest income divided by average capital employed	Shows the return on capital financed by owners or lenders
Debt/equity ratio	Non-current and current liabilities through equity	This metric shows one aspect of the Company's financial risk (interest rate sensitivity)

	2023	2022	2021	2020	2019
EBITDA					
Operating profit [1]	587	1 280	1,424	1,302	737
Depreciation	1 556	1 539	1,495	1,509	2,098
EBITDA	**2 143**	**2 818**	**2,919**	**2,811**	**2,835**
Net debt					
Non-current interest-bearing liabilities	11 904	11 069	9,680	10,631	10,266
Short-term interest-bearing liabilities	3 036	2 402	2,796	1,732	2,329
Cash and cash equivalents	-130	-1	-1	-11	-2
Net debt	**14 809**	**13 469**	**12,475**	**12,352**	**12,593**
Capital employed					
Shareholders' equity	11 400	12 568	12,037	11,646	11,762
Interest-bearing liabilities	14 939	13 470	12,476	12,363	12,595
Capital employed	**26 339**	**26 038**	**24,513**	**24,009**	**24,357**
Equity/assets ratio					
Shareholders' equity	11 400	12 568	12,037	11,646	11,762
Balance sheet total	31 626	32 057	29,784	29,479	29,740
Equity/assets ratio, %	**36**	**39**	**40**	**40**	**40**
Working capital					
Operating assets					
Inventories	1 656	1 619	724	1,019	1,010
Derivative instruments (portion not designated for hedge accounting)	0	1	0	0	25
Accounts receivable	2 033	1 738	1,640	1,293	1,582
Other receivables	607	1 292	816	392	424
Total operating assets	**4 296**	**4 649**	**3,180**	**2,704**	**3,041**
Operating liabilities					
Other non-current liabilities	0	0	0	0	-61
Derivative instruments (portion not designated for hedge accounting)	0	0	0	0	0
Accounts payable	-739	-988	-814	-568	-637
Other liabilities (less accrued interest)	-1 215	-1 541	-1,066	-770	-717
Total operating liabilities	**-1 954**	**-2 530**	**-1,880**	**-1,338**	**-1,415**
Working capital	**2 342**	**2 119**	**1,300**	**1,366**	**1,626**
Return on equity					
Equity IB	12 568	12 037	11,646	11,762	12,355
Equity UB	11 400	12 568	12,037	11,646	11,762
Average equity	**11 984**	**12 303**	**12,841**	**11,704**	**12,059**
Profit for the period	123	843	970	878	433
Return on equity, %	**1,0**	**6,9**	**8.2**	**7.5**	**3.6**
n					
Return on capital employed					
Capital employed IB [2]	26 038	24 513	24,009	24,357	24,735
Capital employed UB	26 339	26 038	24,513	24,009	24,357
Average capital employed	**26 189**	**25 276**	**24,261**	**24,183**	**24,546**
Operating profit [1]	587	1 280	1,424	1,302	737
Interest income	8	2	1	1	1
Return on capital employed, %	**2,3**	**5,1**	**5.9**	**5.4**	**3.0**
Debt/equity ratio					
Non-current liabilities	15 127	14 469	12,987	14,660	14,169
Current liabilities	5 099	5 020	4,760	3,173	3,809
Total liabilities	**20 226**	**19 489**	**17,747**	**17,833**	**17,978**
Shareholders' equity	11 400	12 568	12,037	11,646	11,762
Debt/equity ratio, multiple	**1,8**	**1,6**	**1.5**	**1.5**	**1.5**

[1] The 2019 operating profit is burdened by an impairment of SEK -582 million due to the decision made on the closure of CHP plant 6 at Värtaverket.
[2] 2019 opening balance adjusted by +SEK 601 million for change in accounting policy for leases under IFRS 16

Reporting sustainability (GRI)

We report in accordance with the Global Reporting Initiative Standards (GRI). This helps to provide balance, transparency and comparability over time in our reporting.

What we report is listed in the GRI index on the next page. The section entitled Calculation principles describes in general how key performance indicators are calculated. GRI notes are intended to provide more detailed information on some of our key performance indicators, and for the mandatory disclosures not included in the other sections of the Annual and Sustainability Report.

GRI index

The GRI Index provides references to the pages of the Annual and Sustainability Report where information on the various GRI disclosures can be found. The GRI index also includes a reference to the points in the report where we describe sustainability according to the different areas of the Annual Accounts Act and the pages on which our work related to the UN Sustainable Development Goals is reflected.

This year's GRI reporting is in accordance with GRI Standards 2021. The subject-specific disclosures are grouped according to our value chain in order: Production and distribution, Customers and society, Residual products of society, Suppliers and Employees.

Reporting under the EU Taxonomy Regulation EU 2020/852 is available on pages 115-125.

Areas to be described according to the Annual Accounts Act are indicated by the following colour coding in the GRI Index:

- Business model
- Policy and goals
- Risks and risk management
- Environment
- Staff
- Social conditions
- Human rights
- Anti-corruption

General standard disclosures

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Organisation and reporting methods	2-1 Organisational details			2, 3, 14-15
	2-2 Entities included in the organisation's sustainability reporting			2, 14-15
	2-3 Reporting period, frequency and contact point			2
	2-4 Restatements of information			106
	2-5 External assurance			2
Activities and employees	2-6 Activities, value chain and other business relationships			10–11, 14, 29
	2-7 Employees[1]			107
	2-8 Workers who are not employees			107
Governance	2-9 Governance structure and composition			29-34
	2-10 Nomination and selection of the highest governance body			29
	2-11 Chair of the highest governance body			29-30, 34
	2-12 Role of the highest governance body in overseeing the management of impacts			35-42
	2-13 Delegation of responsibility for managing impacts			35
	2-14 Role of the highest governance body in sustainability reporting			35
	2-15 Conflicts of interest			29
	2-16 Communication of critical concerns			29-31, 35
	2-17 Collective knowledge of the highest governance body			33-35
	2-18 Evaluation of the performance of the highest governance body			31
	2-19 Remuneration policies			76-77, Note 10
	2-20 Process to determine remuneration			30-31
	2-21 Annual total compensation ratio			106
Strategy	2-22 Statement on sustainable development strategy			4–5
	2-23 Policy commitments			31, 35
	2-24 Embedding policy commitments			35-42
	2-25 Processes to remediate negative impacts[2]			15
	2-26 Mechanisms for seeking advice and raising concerns			45-46, 41-42
	2-27 Compliance with laws and regulations[3]			See note
	2-28 Membership associations			108
Stakeholder engagement	2-29 Approach to stakeholder engagement		Goals 12 and 16	108
	2-30 Collective bargaining agreements			108

[1] Information omitted regarding external labour used within the business.
[2] Information regarding stakeholder involvement in designing the process is not available.
[3] There have been no incidents of non-compliance.

Materiality analysis

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Materiality analysis	3-1 Process to determine material topics			35-36
	3-2 List of material topics			10-11
	3-3 Management of material topics			35-42

Economic value created

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			35-37
Economic value created	201-1 Direct economic value generated and distributed (2016)			3

Production and distribution

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			10–11, 14–15 35-42
Emissions to air and climate impact	302-1 Energy consumption within the organisation (2016)		Goal 11	109
	305-1 Direct (Scope 1) GHG emissions (2016)			15, 111
	305-2 Energy indirect (Scope 2) GHG emissions (2016)			111
	305-3 Other indirect (Scope 3) GHG emissions (2016)			111
	305-4 GHG emissions intensity (2016)			112
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions (2016)			112
	G4-EU2 Energy production, net			14
	G4-EU5 Emission allowances, CO_2			108
	G4-EU11 Generation efficiency of thermal plants		Goal 7	109
	G4-EU12 Transmission and distribution losses		Goal 7	109
CO_2 emissions per tonne of waste treated	Own disclosure			40
Waste from operations	306-1 Waste generation and significant waste-related impacts (2020)[1]			See note
	306-2 Management of significant waste-related impacts (2020)		Goal 12	37, 40
	306-3 Waste generated (2020)			114
	306-4 Waste diverted from disposal (2020)			114

[1] Information omitted due to lack of data

Customers and society

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			35-42
Responsible behaviour based on Stockholm Exergi's position in the heating market	Own disclosure			13, 39
Offering of sustainable products and services	Own disclosure		Goals 13 and 11	12
Employment with an emphasis on excluded groups	413-1 Operations with local community engagement, impact assessments, and development programmes (2016)[1]		Goals 10 and 8	27

Society's residual products

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			11, 35-42

Suppliers

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			11, 24–25 35-42
Anti-corruption	205-1 Operations assessed for risks related to corruption (2016)			46
	205-2 Communication and training about anti-corruption policies and procedures (2016)		Goal 16	46, 108
	205-3 Confirmed incidents of corruption and actions taken (2016)		Goal 16	108
Extraction of the Earth's resources	301-1 Materials used by weight or volume (2016)		Goal 15	109
Renewable fuels	304-2 Significant impacts of activities, products and services on biodiversity (2016)[2]		Goal 15	110
Sustainable procurement and investments	308-1 New suppliers that were screened using environmental criteria (2016)		Goal 12	113
	414-1 New suppliers that were screened using social criteria (2016)		Goal 12	113
Transport	305-2 Energy indirect (Scope 2) GHG emissions (2016)			111

Employees

Area	Disclosure	Annual Accounts Act	UN Sustainable Development Goals	References
Sustainability management	3-3 Management of material topics			10, 26–27 35-42
Safe work environment, wellness and health	403-8 Workers covered by an occupational health and safety management system (2018)			35-42
	403-9 Work-related injuries (2018)		Goal 8	27, 114
Diversity	405-1 Diversity of governance bodies and employees (2016)		Goals 5 and 10	26, 114
	405-2 Ratio of basic salary and remuneration of women to men (2016)[3]		Goal 5.1	26, 114
	406-1 Incidents of discrimination and corrective actions taken (2016)		Goals 5.1 and 5.2	27, 114

1) Information omitted for ii-viii due to a lack of data
2) The information in the indicator is adapted to the activity and does not follow the requirements of the standard.
3) Information on pay differentials by job type is omitted due to a lack of data.

Calculation principles (GRI)

The information on financial performance comes from the audited financial statements.

The information on the environment covers plants where Stockholm Exergi is the legal holder of the environmental permit or is counted as an operator. Plant data is reported in full. Only plants that are financially consolidated are part of the reporting.

Stockholm Exergi uses a database for collecting data on its plants' fuel consumption and production. The site organisation is responsible for reporting and making the necessary calculations. Stockholm Exergi's environmental unit compiles and assures the quality of all data. Stockholm Exergi's environmental unit is also responsible for some calculations, in particular those made using templates. Calculations are based on sampling when determining emission quantities for substances for which there is no continuous measurement. The halved reporting limit is used in the calculation for analyses of samples where the analytical result is below the reporting limit.

Stockholm Exergi's consumption of additives and chemicals is based on a summary of the plants' totalpurchases or consumption. No account has been taken of variations in concentration or volume in the summary.

Conversion to carbon dioxide equivalents for methane, nitrous oxide and refrigerants is estimated in accordance with IPCC AR5 for 2018–2021 and in accordance with IPCC AR6 from 2022.

Stockholm Exergi's direct carbon dioxide emissions are covered by the EU Emissions Trading System and are verified annually by external accredited verifiers. Calculation of carbon dioxide emissions is based on the greenhouse gas emission permit of the plant in question and on actual, verified values reported in the Emissions Trading System.

Transport calculations are based on data on fuel, ash, waste and chemical volumes with associated average transport distances and type of vehicle, and emission factors from the NTM.

The Swedish Energy Agency's average energy consumption for heating and hot water in apartment buildings is used when calculating how many apartments can be heated.

Social data is collected via reporting systems and Statistics Sweden.

Stockholm Exergi follows the indicators LWIF (lost workday injury frequency) and TRIF (total recordable injuries), both combined for its own and other employees, and broken down by group. The monitoring of Stockholm Exergi's own staff also includes vacancies and externally hired staff replacing staff on leave of absence and parental leave. The number of hours for external labour and contractors is calculated on the basis of invoiced amounts. The number of sick days due to accidents is compiled from information provided by the person off sick or their employer.

GRI notes

GRI 2-4 Restatements of information

GRI 2-21 When calculating the compensation ratio for 2022, the highest paid person in the company was excluded from both the numerator and the denominator. Instead, the second highest paid person was included and compared with the median pay (excluding the highest paid). This was changed for 2022 in this years report. In the calculation for 2023, the highest paid person was compared with the median pay (excluding the highest paid). The inaccurate compensation quote in the 2022 years report was 4,34, the correct compensation quote for 2022 is 9,07.
GRI 305-1, GRI 305-2 and GRI 305-3 Direct and indirect emission of greenhouse gases, percent of Stockholm Exergi's total greenhouse gas emission from upstream when fuel is collected, potentially by processing and is transported to the production plants has been adjusted for 2022 from 5% to 9%, due to that the previous number was incorrect.
Reporting according to the EU Taxonomy - Number for 2022 have been adjusted in the table for 2023 for OPEX due to rounding error for round up 2022. The numbers that have been adjusted are 4.20 A1 from 5% to 4% and 4.16 A2 deom 8% to 7%.

GRI 2-7, GRI 405-1 Employees

Employees by employment type, gender (number)	**Women**	**Men**	**Total**
Permanent employees	169	590	759
- Of whom full time	167	585	752
- Of whom part time	2	5	7
Temporary staff	4	10	14
Total	173	600	773

Managers and employees by age and gender (number)	**Women**	**Men**	**Total**
< 30	14	58	72
- Of whom managers	0	1	1
30–50	82	260	342
- Of whom managers	21	28	49
> 50	48	206	254
- Of whom managers	4	37	41

Distribution of women and men	**Women**	**Men**	
All employees	22%	78%	
Managers	27%	73%	

Health	**Women**	**Men**	**Total**
Sick leave	3.0%	2.5%	2.6%

Employees are expressed in terms of FTE (Full-Time Equivalent) as at 31 December 2023.

GRI 2-8 Workers who are not employees

	2022	**2023**
Number of people	868	834

Employees are expressed in terms of FTE (Full Time Equivalent), as at 31 December 2023. The most common types of assignments and contracts are consulting assignments in IT, technology and professional services such as administration. The data is based on the number of unique resources registered.

GRI 2-21 Annual total compensation ratio

	2022	**2023**
Ratio of highest paid to median pay	9.07	8.95
Ratio of annual percentage increase in highest paid/median pay	0.93	0.43

The median value excludes the highest paid. High pay/median pay = ratio of highest paid compared to median pay. Percentage annual increase in high pay/percentage annual increase in median pay = ratio. The data is calculated from data for compensation per month over two comparable periods, December 2022 and December 2023. When calculating the compensation ratio for 2022, the highest paid person in the company was excluded from both the numerator and the denominator. Instead, the second highest paid person was included and compared with the median pay (excluding the highest paid). This was changed for 2022 in this years report. For 2023, the highest paid person was compared with the median pay (excluding the highest paid).

GRI 2-29 Approach to stakeholder engagement

Stakeholder group	**Dialogue**
Owners	• Annual General Meeting and Extraordinary General Meeting • Board meetings (10 including board meeting following election) • Operational contacts between Group functions within Stockholm Exergi and various administrations, committees, etc. in the City of Stockholm (ongoing)
Customers	• Three price dialogue meetings and more than 1,000 customer meetings of various kinds plus a further 1,000 customer meetings related to price. • Four customer newsletters, one per quarter with content adapted to the segment. • Digital seminars and events. Participated in various external events and trade fairs. • Digital information meetings with schools. • Consultation (almost 600 physical and digital sessions) • Customer surveys (ongoing) and Customer Satisfaction Index (CSI) surveys twice a year.
Employees	• Ongoing Exergi dialogue (employee reviews), about five or six times a year. • Reporting of incidents and suggestions for improvement (ongoing) • Information via the intranet (ongoing) • Live briefings for all employees (monthly or as needed) with the opportunity to ask questions • Digital or physical meetings, spontaneous or planned within teams, to assist with keeping in touch with changes to working practices (ongoing) • Exergi days for all employees to review the Company's overall strategies and goals • Annual process for setting team missions and goals for each unit, department and group • Targeted survey to engage in stakeholder dialogue • Targeted pulse surveys to monitor commitment (twice a year) and ask questions about matters such as health and safety or change management (if necessary) – health and safety week twice a year with various activities on the theme • Health and safety pulse survey twice a year, with targeted questions about health and safety • Leadership forum, ongoing information, training and dialogue with company managers (four to six times a year)
Trade union organisations	• Co-determination Act negotiations (weekly) • Health and safety committee (four times a year) • Co-determination council (at least four times a year) • Annual safety representative day
Partners	• Meetings 15–20 times a year in different forums
Suppliers of goods, services and fuels	• Meetings and contract negotiations (ongoing) • Ongoing supplier inspections based on risk, ensuring compliance and random checks
Policymakers, officials and public authorities	• Discussions and meetings (ongoing)
Investors, banks, bilateral lenders and rating agencies	• Investors: Dialogue via banks and direct contact (ongoing) • Banks: Analysis of Stockholm Exergi (annually) and dialogue and negotiations (ongoing) • Bilateral lenders: Dialogue and negotiations (ongoing) • Rating agencies: Review (annual) and contact (ongoing)
Voluntary organisations and opinion-makers	• Meetings and interviews (as necessary) • Collaborations and work group meetings (ongoing)
Residents living near production plants	• Digital channels – website, Facebook, Instagram, YouTube, LinkedIn, Twitter as well as purchased and editorial media (ongoing) • Customer service – continuous handling of around 600 customer cases per month by email, and as many by phone. • Posting on association boards (if necessary) • Consultations and informal dialogue meetings • Mailings and gate notifications for construction projects (if necessary) • Sveriges Radio P4 Stockholm (in the event of a serious incident)
Academic and research community	• Meetings and workshops (ongoing), research collaborations with 20 or so universities and other R&D stakeholders

GRI 2-28 Membership associations

Stockholm Exergi participates in work at various organisation where membership is considered strategically important:

- **Avfall Sverige – Swedish Waste Management** Stockholm Exergi contributes significant funding and is part of the working group and subgroups for energy recovery.
- **Bioenergy Europe** Stockholm Exergi is a member and part of various working groups for sustainability and fuel.
- **Energiforsk** Stockholm Exergi provides considerable funding, is represented on programme boards and participates in various programme councils.
- **Energiföretagen Sverige – Swedenergy** Stockholm Exergi contributes significant funding and is represented on councils, networks and expert groups.
- **Swedish Energy Agency** Stockholm Exergi participates in councils, programme councils and networks on energy research linked to fuels, energy system studies and green electricity certificates.
- **Energinätverk Sverige** Stockholm Exergi is represented on the board.
- **FSC® Sweden** Stockholm Exergi is a member and part of its Economic Chamber.
- **Haga Initiative** Stockholm Exergi is represented on the board.
- **Prisdialogen** Stockholm Exergi has been a member since 2015.
- **Regionalt elförsörjningsforum Stockholms län (REST)** Stockholm Exergi is represented on the steering group and expert group.
- **Responsible Shipping Initiative** Stockholm Exergi is represented on the board.
- **Swedish Professionals for the Built Environment** Stockholm Exergi participates in councils.
- **Swedish Green Building Council** Stockholm Exergi is represented in working groups.
- **Svebio – the Swedish Bioenergy Association** Stockholm Exergi is represented on the board.
- **Värme och kraftföretagen – Heating and power companies** Stockholm Exergi is represented on the board and in various working groups.
- **European Commission Directorate-General for Climate Action** Stockholm Exergi is represented on the expert group for carbon removals.

Stockholm Exergi certifications:

- **FSC®** Stockholm Exergi has been certified according to the Forest Stewardship Council® Chain of Custody Standard, licence number FSC-C126045, since 2015.
- **ISO 14001** Stockholm Exergi's environmental management system has been certified to ISO 14001 since 2001.

GRI 2-30 Collective bargaining agreements

Stockholm Exergi has collective agreements with Seko, Unionen, Engineers of Sweden and Ledarna. All employees except the CEO are covered.

GRI 205-2 Communication and training about anti-corruption policies and procedures

All new employees take online training in the code of conduct. The training was launched in 2018.
In 2023, 100% of employees completed the training for new recruits. A total of 851 employees (current employees) have taken it, which corresponds to 96% of 891 employees.

GRI 205-3 Confirmed incidents of corruption and actions taken

No cases of corruption were reported to Stockholm Exergi during the year.

GRI G4-EU5 Allocation of emission allowances

The EU Emissions Trading System (EU ETS) has been running a surplus of emission allowances for a long time, resulting in low price levels, but the price has risen following the decisions made in 2018 to reform the scheme. This reform includes a reduction in the availability of emission allowances.

The price of emission allowances has fluctuated around the level of EUR 85 per unit in 2023. District heating production will continue to be eligible for some free allocation of emission allowances, at least until 2025. Stockholm Exergi is a net purchaser of emission allowances.

New decisions were made in the EU in December 2022 that will alter the conditions beyond 2025. The price of emission allowances is expected to remain high as a consequence.

In 2023, Stockholm Exergi was allocated 234,298 (233,217) emission allowances. The allocation corresponded to preliminary 56 (50) per cent of the total need. Stockholm Exergi's net need for emission allowances was preliminary 180,960 (237,796) (one emission allowance corresponds to one tonne of carbon dioxide).

GRI G4-EU11 and GRI G4-EU12 Generation efficiency of thermal plants as well as transmission and distribution losses

Product	Supplied (GWh) [1]	Efficiency (%)	Production (GWh)	Distribution loss (%)	Supply (GWh)
Electricity	1,035	84%	866	- [2]	866 [3]
Heating	7,702	98%	7,535 [4]	3%	7,277
Total	**8,737**		**8,401**		**8,143**

[1] Proportional allocation based on electricity and heat generation.
[2] Stockholm Exergi's delivery point is the power grid, not the end customer. Distribution losses occur after Stockholm Exergi's supply.
[3] Of which, 680 GWh is supplied to the power grid.
[4] Reported generation and supply includes only heat generated by Stockholm Exergi.

Cooling is not considered to be energy input, but energy output. This energy is dissipated in several ways in Stockholm Exergi's processes:

- Free cooling: Transfer of heat from the district cooling network to seawater. Electricity consumption only for the distribution of cooling.
- Waste cooling: Recovery of excess heat from buildings to the district heating network. Electricity consumption only for the distribution of cooling.
- Heat pump cooling: Cooling produced at the same time as heat in a heat pump. Electricity consumption for both distribution and operation of the compressor in the heat pump.
- Chiller cooling: Cooling without heat recovery. Electricity consumption for both distribution and operation of the compressor in the chiller.

The efficiency of a cooling process is described by the COP (coefficient of performance); the ratio of cooling produced to electricity supplied. In 2023, the COP for district cooling was 6 (5.3).

GRI 301-1 Materials used by weight or volume

Inputs for own activities	2022	2023
Renewable or recycled fuels		
- Residual waste (tonnes)	906,954	773,336
- Bio-oils (Nm^3)	67,409	48,747
- Solid biofuels (tonnes)	1,089,587	908,229
Fossil fuels		
- Fossil oil (Nm^3)	26,326	21,903
Additives and chemicals (tonnes)	25,265	23,266

GRI 302-1 Energy consumption within the organisation

Energy supplied (GWh) to production plants by product	Electricity	Heating	Cooling	Total
Residual waste	774	1,613	0	2,387
Solid biofuels	1,013	1,727	0	2,740
Bio-oils	2	492	0	494
Fossil oils	48	171	0	219
Electricity	137	1,068	61	1,266
Thermal energy from flue gas condensation	0	876	0	876
Thermal energy from treated wastewater	0	884	0	884
Thermal energy from seawater and lake water	0	588	0	588
Thermal energy from district cooling return	0	166	0	166
Thermal energy from Open District Heating and data centres	0	25	0	25
Free cooling	0	0	102	102
Production cooperation [1]	0	848	0	848
Total	**1,974**	**8,458**	**163**	**10,595**

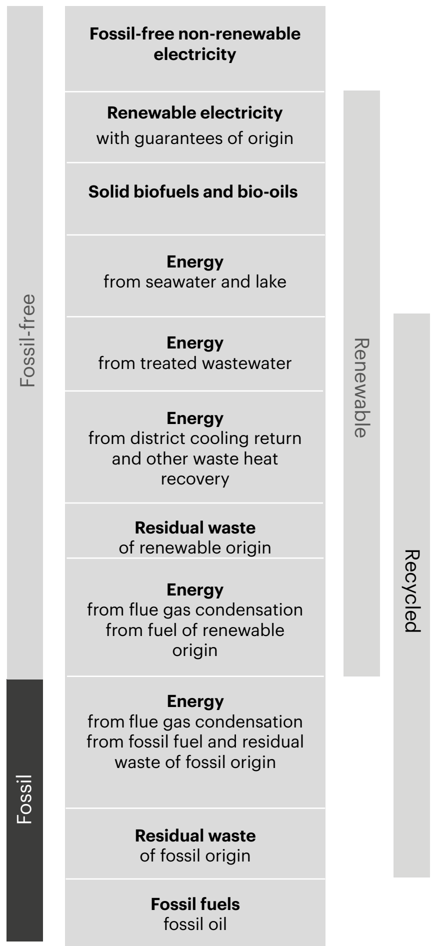
[1] Refers to supply to Stockholm Exergi's district heating network. The split between fuel consumption for heat and electricity is calculated on the basis of the allocation principle agreed in the Värmemarknadskommittén.

Contd. GRI 302-1

Energy supplied (GWh) to production plants by renewable and non-renewable fuel	Renewable (GWh)	Non-renewable (GWh)	Total (GWh)
Residual waste	1,428	959	2,387
Solid biofuels	2,740	0	2,740
Bio-oils	494	0	494
Fossil oils	0	219	219
Electricity	1,190	76	1,266
Thermal energy from flue gas condensation	721	155	876
Thermal energy from treated wastewater	884	0	884
Thermal energy from seawater and lake water	588	0	588
Thermal energy from district cooling return [1]	166	0	166
Thermal energy from Open District Heating and data centres	25	0	25
Free cooling [2]	102	0	102
Production cooperation	621	227	848
Total	**8,959**	**1,636**	**10,595**

1) Of which 28 GWh was produced via Open District Heating.
2) Of which 0.2 GWh was produced via Open District Heating.

The figure below shows how we classify the various forms of energy.



304-2 Significant impacts of activities, products and services on biodiversity

Stockholm Exergi's production of district heating and cooling is carried out in urban environments. The Company's greenhouse gas emissions inevitably contribute to climate changes that affect biodiversity and ecosystems on a global scale. Its emissions are measured and the Company aims to reduce its greenhouse gas emissions over time.

Fuels represent Stockholm Exergi's most significant risk of impact on biodiversity and ecosystems. Stockholm Exergi reduces this risk by defining environmental requirements for suppliers of bio-oils and solid biofuels. The solid forest fuels purchased by Stockholm Exergi must not include tree species on the CITES list of protected species, but only come from sustainable sources according to the requirements defined by REDII. The impact of bio-oils is also controlled by REDII. These requirements are included in the contracts with our fuel suppliers.

Other risks that may have an impact are development, change or soil sealing when new plants are constructed or extended. Emissions of pollutants to land, water and air from spillages of chemicals and ashes for example, and emissions of acidifying, eutrophying and toxic substances may have an impact. The Company's requirement of natural resources may also have an impact through extraction. Any impact on biodiversity as a consequence of operations is assessed in reviews of the Company's environmental permit.

Drawing of pipes is normally done where a local plan exists and in cooperation with concerned municipalities. Stockholm Exergi is therefore assessed to have limited impact on biodiversity at new drawing of pipes. There are occasional leaks of warm water leackage from the district heating system. The imapct from leakge is very local and the amount of water is seldom large, why the impact on biodiversity from leackage is considered as limited.

GRI 305-1, GRI 305-2 and GRI 305-3

Direct and indirect GHG emissions

Stockholm Exergi has prepared climate accounts for a number of years in accordance with the methodology of the Greenhouse Gas Protocol. Stockholm Exergi's own direct emissions correspond to Scope 1.

Local greenhouse gas emissions are mainly caused by Stockholm Exergi's incineration of residual waste. Residual waste contains plastics and other fossil materials. Residual waste accounts for about 27 (31) per cent of the energy supplied, and about 82 (83) per cent of Stockholm Exergi's local greenhouse gas emissions.

Scope 3 emissions were high 2022 due to the sale of coal after the closing down of CHP KVV6. Emissions are now back to an expected level.

Approximately 10 (9) per cent of Stockholm Exergi's total greenhouse gas emissions occur upstream when fuels are collected, undergo processing (where applicable) and are transported to the production plants. The production of heat, electricity and cooling, including purchased electricity, accounts for 85 (87) per cent of total greenhouse gas emissions, of which 75 (76) per cent are Stockholm Exergi's own emissions and the rest come from partners. The remaining greenhouse gas emissions come from purchased goods and services, as well as business travel.

Carbon dioxide emissions from own facilities are calculated in accordance with each plant's permit for greenhouse gas emissions.

Carbon dioxide data from own production were not finally verified according to the EU-ETS at the time of reporting.

Emissions from operations (kton CO_2e)	2019	2020	2021	2022 [12]	2023	Breakdown 2022 (%)
Scope 1 [11]	**705**	**382**	**450**	**492**	**432**	**65%**
Production [1]	705	381	450	492	432	65%
- CO_2 from coal combustion	274	1	0	0	0	0%
- CO_2 from oil combustion	69	18	52	71	59	9%
- CO_2 from combustion of fossil fraction in waste and recovered fuels	326	342	377	400	356	54%
- Other greenhouse gas emissions [2]	36	20	21	21	17	3%
Business travel [3]	0.20	0.18	0.16	0.10	0.12	0.02%
Scope 2	**51**	**63**	**72**	**69**	**68**	**10%**
Purchased electricity [4]	265	373	396	395	619	
Reduction through purchase of origin labelled renewable electricity [5]	-214	-310	-325	-326	-551	
Scope 3	**112**	**103**	**120**	**276**	**162**	**25%**
Business travel [6]	0.13	0.02	0.02	0.04	0.10	0.01%
Production by another district heating producer supplied by Stockholm Exergi [7]	48	62	77	84	67	10%
Production and distribution of energy and automotive fuels [8]	64	41	43	59	67	10%
Goods and services purchased [9]				29	26	4%
Investments [12]					3	0.4%
Sale of fuel [10]				104	0	0%
Total (before climate compensation)	**868**	**548**	**642**	**837**	**662**	**100%**
Climate compensation [11]	-232	-62	-106	-88	-46	
Total (after climate compensation)	**636**	**486**	**536**	**749**	**616**	

1) Stockholm Exergi's own production, emissions of carbon dioxide, nitrous oxide, methane and refrigerants. Biogenic emissions amount to 1750 kilotonnes.
2) Refers to nitrous oxide, methane and refrigerants. Conversion to carbon dioxide equivalents is calculated in accordance with IPCC AR5 between 2017 and 2021, or according to IPCC AR6 from 2022.
3) Refers to cars on official business.
4) Emissions from the production of purchased electricity, district heating or district cooling, assuming that everything is unspecified (residual mix). 'Share of total' includes contracts for origin-labelled electricity. The market-based method is used when calculating Scope 2 emissions. Scope 2 emissions would have been 92 kilotonnes if the location-based method had been applied.
5) Reduction due to the fact that Stockholm Exergi purchases origin-labelled electricity for district heating and district cooling production.
6) Refers to air travel on official business.
7) Emissions from a stakeholder other than Stockholm Exergi in the case of production collaboration for district heating. Emissions include both emissions from plants and emissions from the extraction and distribution of fuels to these plants.
8) In addition to the production and transport of fuels, also refers to the transport of additives and ash as well as upstream emissions for purchased electricity and fossil emissions from aerial thermography. Calculation of emissions from transport has been refined and is now based on transported quantities instead of energy consumed in the plant.
9) Includes the manufacture of chemicals, additives, spare parts, machine services, consumables and more.
10) Refers to emissions from the customer's use of fuel.
11) Calculation not verified by a third party.
12) Emissions in proportion to ownership stake in subsidiaries.

GRI 305-4 GHG emissions intensity

Emission intensity (g CO_2-e/kWh)[1]	2019	2020	2021	2022 [5]	2023
Emissions from own production [2]	88	67	65	72	68
Emissions per energy supplied [3]	90	69	68	77	71
Emissions per energy supplied [4]	67	62	57	68	66

1) The 2022 values for purchases of goods and services (new category for 2022, see GRI 305-3) have been extrapolated for 2018 to 2021 to ensure better comparability with 2022. All key ratios exclude the item 'Sale of fuels' as it is a non-recurring event and not connected to the operational business (it is, however, included in the accounting of emissions, GRI 305-3).
2) Total emissions from own production divided by total production of electricity, heat and district cooling. Does not describe respective products climate performance.
3) Total emissions from Scope 1, 2 and 3 above divided by total supply of district heating, electricity and district cooling before climate compensation.
4) Total emissions from Scope 1, 2 and 3 above divided by total supply of district heating, electricity and district cooling after climate compensation.
5) Figures for emissions from energy supplied have been revised since the 2021 annual report.

GRI 305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x), and other significant air emissions

Emissions to air from operations	2019	2020	2021	2022	2023
Emissions of nitrogen oxides (tonnes)	1,399	759	1,178	1,215	**1,073**
- Of which nitrogen oxides from electricity and heat production	831	589	884	831	697
- Of which nitrogen oxides from transport to and from the enterprise	568	170	294	384 [1]	376
Emissions of sulphur dioxide (tonnes)	538	139	339	374	**349**
- Of which sulphur oxides from electricity and heat production	100	23	142	91	74
- Of which sulphur oxides from transport to and from the enterprise	438	116	197	283 [1]	275
Emissions of dust (tonnes)	56	21	35	50	**49**
- Of which dust from electricity and heat production	13	9	15	21	21
- Of which dust from transport to and from the enterprise	44	12	20	29	28
Hg emissions from electricity and heat production (kg)	12	11	13	5	**6**
Cd emissions from electricity and heat production (kg)	2	2	2	10 [2]	**1**
Dioxin emissions from electricity and heat production (kg)	96	205	117	86	**87**

Own disclosure – Significant environmental disturbances

Type of incident	Substance	Recipient	Number	Comments
Exceeding the limit value	CO	Air	3	Exceeding the limit value according to the Regulation (2013:253) on the incineration of waste
Exceeding the limit value	TOC	Air	1	Exceeding the daily mean value according to environmental permit
Exceeding the limit value	Dust	Air	1	Exceeding the daily mean value according to BAT-LCP
Exceeding the limit value	CO	Air	1	Exceeding the hourly mean value according to environmental permit
Refrigerant leakage	R134a	Air	1	Exceeding the limit value according to environmental permit
Total			**7**	

GRI 308-1, GRI 414-1 New suppliers that were screened using environmental and social criteria

All new fuel suppliers are assessed on the basis of a statement of their sustainability performance before a contract is signed. All existing suppliers were approved in 2023, and 100 per cent of all new fuel suppliers were reviewed on the basis of how they meet the basic requirements. REDII, the EU's updated Renewable Energy Directive, entered into force in 2021. Like the first version of RED, this Directive has been implemented in the Swedish Sustainability Act with its associated ordinance and regulations. REDII now also includes sustainability criteria for solid biofuels in addition to liquid biofuels, which have been included previously. Our purchasing requirements for fuel suppliers aim to ensure that biofuels meet the requirements of the Sustainability Act and thus REDII, as well as the EU Timber Regulation EUTR.

When purchasing all goods and services, a check is performed to ensure that the tendering suppliers meet a number of basic requirements such as credit control, ethical counterparty control, quality, environment, and health and safety. All suppliers must guarantee via a contract that they comply with our code of conduct, which ensures social sustainability aspects.

403-9 Work-related injuries

	Own staff		Contractors	
Type of incident (number)	**2022**	**2023**	**2022**	**2023**
Fatal accidents	0	0	0	0
HCI [1]	0	0	0	0
HCIF [2]	0	0	0	0
LWI [3]	0	3	14	2
LWIF [2]	0	2.4	8.7	1.2
TRI [4]	7	14	26	11
TRIF [2]	6.1	11.3	16.1	6.8

1) HCI (High-consequence work-related injuries) refers to accidents where the injured person has not recovered or is not expected to recover within six months.
2) The frequency is based on a calculation with 1,000,000 hours worked.
3) LWI (Lost workday work-related injuries) refers to accidents that have resulted in more than one day's absence.
4) TRI (Total recordable work-related injuries) refers to accidents resulting in more than one day's absence, medical treatment or work-related injury leading to limited work capacity.

Deviation from GRI, information is not reported by gender due to the fact that this information is unavailable.

GRI 405-2 Ratio of basic salary and remuneration of women to men

For 2023, Stockholm Exergi AB has a gender distribution of 22 (21) per cent women and 78 (79) per cent men. 27 (20) per cent of employees in senior positions were women. Women's median salary in relation to men's is 106 (109) per cent, a difference of SEK 2,747 (4,090) in favour of women, for the whole of Stockholm Exergi AB.

The presence of women at higher levels of the organisation is slightly higher than those at lower levels, which contributes to the increase in the median. Stockholm Exergi works actively to achieve an equal gender distribution throughout the company.

GRI 406-1 Incidents of discrimination and corrective actions taken

We have handled fewer than 5 cases, which is on a par with the previous year.

The results from our latest health and safety pulse survey show that 5.3 per cent of employees feel they have been subject to harassment during the year. Procedures for dealing with incidents that occur are in place within Stockholm Exergi. Preventive work is ongoing, including through the Company's stance and training in diversity and inclusion.

GRI 306-3, GRI 306-4 Waste generated, waste diverted from disposal

Ash (tonnes)	2022	2023
Fly ash, sent to landfill	**18,831**	**840**
Hazardous waste	1,618	840
Non-hazardous waste	17,212	0
Fly ash, recycled	**29,698**	**42,821**
Hazardous waste	19,783	19,108
- Hazardous waste, other recycling	0	0
- Hazardous waste, material recycling	19,783	19,108
Non-hazardous waste	9,914	23,713
- Non-hazardous waste, other recycling	15	17
- Non-hazardous waste, material recycling	9,899	23,696
Bottom ash, sent to landfill	**40**	**0**
Hazardous waste	0	0
Non-hazardous waste	40	0
Bottom ash, recycled	**176,311**	**145,181**
Hazardous waste	0	0
- Hazardous waste, other recycling	0	0
- Hazardous waste, material recycling	0	0
Non-hazardous waste	176,311	145,1891
- Non-hazardous waste, other recycling	0	0
- Non-hazardous waste, material recycling	176,311	145,181
- Non-hazardous waste, energy recovery	0	0
Total	**224,879**	**188,842**

Other waste (tonnes)	2022	2023
Other waste, sent to landfill	**1,143**	**789**
Hazardous waste	386	284
Non-hazardous waste	757	505
Other waste, destruction	**65**	**81**
Hazardous waste	63	42
Non-hazardous waste for destruction	3	39
Other waste, recycled [1)]	**19,705**	**22,505**
Hazardous waste	864	1,715
- Hazardous waste, other recycling	275	351
- Hazardous waste, material recycling	110	874
- Hazardous waste, energy recovery	478	490
Non-hazardous waste	18,841	20,790
- Non-hazardous waste, other recycling	1,354	2,419
- Non-hazardous waste, material recycling	16,733	17,774
- Non-hazardous waste, energy recovery	754	597
Excavated material	**13,348**	**16,855**
Excavated material, sent to landfill (previously termed ‘Contaminated excavated soil sent to landfill’)	35	521
- Hazardous waste	0	449
- Non-hazardous waste	35	72
Excavated material, other recycling (previously termed ‘Contaminated excavated soil recycled’)	13,313	16,334
- Hazardous waste, material recycling	87	0
- Non-hazardous waste, material recycling	12,937	16,018
- Non-hazardous waste, other recycling	290	316
Total	**34,261**	**40,230**

Accounting according to the Taxonomy Regulation

Stockholm Exergi has been subject to the requirements of Article 8 of the EU Taxonomy Regulation, EU 2020/852 since 2021. From 2023, the four other environmental objectives aside from 'climate change mitigation' and 'climate change adaptation' shall also be reported. These objectives are 'sustainable use and protection of water and marine resources', 'transition to a circular economy', 'pollution prevention and control' and 'protection and restoration of biodiversity and ecosystems'.

Application of the Taxonomy Regulation

Stockholm Exergi's activities are deemed to make a substantial contribution to climate change mitigation (environmental objective 1, CCM). The activities are not judged to be eligible for the other environmental objectives (2–6).

All in all, Stockholm Exergi's activities are estimated to encompass seven activities that are Taxonomy-eligible. These activities correspond to CCM 4.15 'District heating/cooling distribution', CCM 4.16 'Installation and operation of electric heat pumps', CCM 4.20 'Cogeneration of heat/cool and power from bioenergy' and CCM 4.24 'Production of heat/cool from bioenergy' and since 2023 also CCM 4.25 'Production of heat/cool using waste heat'. Furthermore, CCM 9.1 'Close to market research, development and innovation' and CCM 7.3 'Installation, maintenance and repair of energy efficiency equipment' are also encompassed.

It has been assessed which of Stockholm Exergi's activities meet the description of the above Taxonomy activities. The assessment is based on the concept of an installation in the EU's Industrial Emissions Directive (IED) as the Taxonomy does not have its own definition of an installation. If an installation consists of several sub-activities, the assessment has taken into account whether there is a technical and environmental link in terms of emissions and pollution. As in previous years, the district heating network and the district cooling network are treated as a coherent network regardless of physical interconnection.

One activity not eligible under the Taxonomy Regulation is energy production using fossil oils. As in previous years, the bio-boilers that use auxiliary fuel have been deemed to correspond to the description under activities CCM 4.20 and CCM 4.24 when the energy supplied is less than 1 per cent of the boiler's total consumption.

A total of 50 (7) per cent of turnover, 64 (1) per cent of capital expenditure and 19 (18) per cent of operating expenditure for Stockholm Exergi's activities have been deemed as being Taxonomy-aligned in 2023.

The turnover indicator

In terms of turnover, Stockholm Exergi is deemed to have income associated with the following five activities CCM 4.15 'District heating/cooling distribution', CCM 4.16 'Installation and operation of electric heat pumps', CCM 4.20 'Cogeneration of heat/cool and power from bioenergy' and CCM 4.24 'Production of heat/cool from bioenergy' and since 2023 also CCM 4.25 'Production of heat/cool using waste heat'.

Capital expenditure (CapEx) and operating expenditure (OpEx) indicators

In terms of capital expenditure and operating expenditure, Stockholm Exergi is deemed to have – as in 2022 – expenditure associated with the four activities CCM 4.15 'District heating/cooling distribution', CCM 4.16 'Installation and operation of electric heat pumps', CCM 4.20 'Cogeneration of heat/cool and power from bioenergy' and CCM 4.24 'Production of heat/cool from bioenergy'.

Through the ongoing investment in bio-CCS, Stockholm Exergi is also deemed to have expenditure associated with activity CCM 9.1 'Close to market research, development and innovation', as in 2022. In addition, a survey of the following has been conducted for the purpose of accounting for expenditure:

- Capital expenditure and operating expenditure that are part of a plan to expand the proportion of activities eligible under the Taxonomy or enable economic activities eligible under the Taxonomy to be aligned with the requirements of the Taxonomy within five years
- Procurement of products from economic activities that are aligned with Taxonomy requirements, as well as individual measures that enable the activities to become low-carbon or reduce greenhouse gas emissions

Based on the survey, Stockholm Exergi is deemed to have additional Taxonomy-eligible expenditure in 2023. This relates to activity CCM 7.3 'Installation, maintenance and repair of energy efficiency equipment'. The expenditure concerns individual measures for lighting and ventilation systems.

No capital expenditure or operating expenditure has been identified to the climate change adaptation objective (environmental objective 2, CCA).

This is because Stockholm Exergi has not had any significant expenses in 2023 that are primarily aimed at adapting its operations to climate change as described in the Taxonomy Regulation.

Assessment of Taxonomy alignment

In total, 50 (7) per cent of turnover, 64 (1) per cent of capital expenditure and 19 (18) per cent of operating expenditure have been deemed as being Taxonomy-aligned. These percentages are found in four activities: CCM 4.20 'Cogeneration of heat/cool and power from bioenergy', CCM 4.24 'Production of heat/cool from bioenergy', CCM 4.25 'Production of heat/cool using waste heat' and CCM 9.1 'Close to market research, development and innovation'. Taxonomy-aligned activities under CCM 4.15, CCM 4.20, CCM 4.24 and CCM 4.25 consist of installations or production deemed to meet the Taxonomy's descriptions. Activity CCM 9.1 refers to Stockholm Exergi's bio-CCS initiative. For this, only operating expenditure corresponding to research and development is recognised as being aligned with the Taxonomy.

Below is a description of our assessment of compliance with the criteria for a substantial contribution and for doing no significant harm (DNSH), and compliance with minimum safeguards.

Substantial contribution to climate change mitigation

Stockholm Exergi has investigated the requirements for a substantial contribution as listed in the Delegated Regulation in respect of climate under activities CCM 4.15, CCM 4.20, CCM 4.24 and CCM 4.25.

For Taxonomy-aligned installations relating to CCM 4.20 and CCM 4.24, the requirements regarding forest biomass and reductions in GHG emissions in accordance with the Renewable Energy Directive (REDII) have been deemed to be fulfilled. The assessment of the fuel is based on procured volumes in the 2023 financial year. The other requirements for substantial contribution are re-criteria and have been deemed inapplicable as the installations in question neither apply anaerobic digestion of organic matter nor are small installations using gaseous biomass fuels.

Our conclusion is that the installations and production in question make a substantial contribution to environmental objective 1, CCM.

As regards installations aligned with CCM 4.15, the definition of an efficient system for district heating and cooling in the Energy Efficiency Directive (2012/27/EU) is met.

Waste incineration is not currently included in the EU Taxonomy as a separate activity, which means that income, investment and operating costs related to the waste incineration activity are not Taxonomy-eligible. Waste incineration is the only legal way to treat residual waste (the volumes remaining after the separation processes) in Sweden because there is a ban on sending waste to landfill that can be treated biologically or incinerated. The main purpose of incineration is the final treatment of residual waste, with energy recovery as an important secondary service. The amount of waste requiring final treatment through incineration is not affected by whether or not the energy can be utilised for district heating. If waste heat from waste incineration were diverted to a recipient instead of being used for district heating purposes, other energy sources would be needed to satisfy the need for district heating. Consequently, this would have negative effects for both the climate and nature.

A distinction should therefore be drawn between waste incineration, which is a necessary process for the final treatment of residual waste produced by society, and the subsequent utilisation of the heat resulting from the incineration process. This fundamental approach has been confirmed by the EU via FISMA, which has clarified that activities may be eligible under the Taxonomy if they fall within the specific activity description, whether or not they are linked to other activities in their value chain. Our interpretation of the EU Taxonomy is thus that all turnover within the activities that produce and distribute waste energy from the treatment of waste can be a Taxonomy-eligible economic activity in accordance with category CCM 4.25 'Production of heat/cool using waste heat' or category CCM 4.15 'District heating/cooling distribution'.

The EU Taxonomy Regulation and the Energy Efficiency Directive (2012/27/EU) do not have definitions for 'waste heat'. 'Waste heat' is, however, defined in Article 2.9 of the Renewable Energy Directive (directive (EU) 2018/2001). In the directive, 'waste heat and cold' is defined as heat or cold generated as a by-product in industrial or power generation installations, or in the tertiary sector, which would be dissipated unused in air or water without access to a district heating or cooling system, where a cogeneration process has been used or will be used or where cogeneration is not feasible. This definition does not exclude waste heat from waste incineration. On this basis, we have classified turnover linked to this activity as eligible under Taxonomy category CCM 4.25 'Production of heat/cool using waste heat'.

Classifying the heat and cold produced based on the specific production method results in a more relevant assessment of the delegated act's criteria for each activity.

For activity CCM 9.1, the project has been assessed against the criteria for substantial contribution listed under CCM 9.1 of the Delegated Regulation in respect of climate. Based on publicly available market information, Stockholm Exergi is one of the first to bring the biofuel-based CCS technology to market. Through evaluation of life cycle emissions, the technology is deemed to lead to significant reductions in net emissions in accordance with the criteria. The bio-CSS initiative, including the pilot installation, is deemed both to meet the description in the Regulation and to fulfil all criteria. Our conclusion is that the activity contributes substantially to environmental objective 1, CCM.

For activity CCM 7.3 'Installation, maintenance and repair of energy efficiency equipment', alignment has been assessed at product level. Alignment has been achieved through compliance with EU legislation and/or national legislation.

DNSH – climate change adaptation

For activities CCM 4.15, CCM 4.20, CCM 4.24 and CCM 9.1, the physical climate risks that are substantial for the activity must be identified and managed according to the general DNSH criteria for climate adaptation (environmental objective 2, CCA).

The distribution networks for district heating and cooling in CCM 4.15 have been assessed for physical climate risks. The assessment concluded that adaptation measures have been conducted based on the risk in the area in question. Thus, the DNSH criteria are considered to be fulfilled. The climate assessment does not yet include pump stations in the same category, which is why the DNSH criteria are not considered to be fulfilled for these.

Three installations under CCM 4.20 and CCM 4.24 have been deemed as fulfilling these DNSH criteria. An assessment of physical climate risks has been conducted at one of the installations. The assessment concluded that no further adaptation measures are required. Thus, the DNSH criteria are considered to be fulfilled. At the other installations, the identified risks have been managed by implementing necessary adaptation solutions.

For activity CCM 9.1, a physical climate risk assessment has been carried out as part of the environmental impact assessment for the intended full-scale bio-CCS facility. Our conclusion is that the solution resulting from the research activities does not cause significant harm to environmental objective 2.

DNSH – biodiversity and ecosystems, and water and marine resources

Activities CCM 4.15, CCM 4.20, CCM 4.24 and CCM 9.1 require management of risks related to water and marine resources (environmental objective 3) and biodiversity and ecosystems (environmental objective 6) according to the general DNSH criteria for each environmental objective.

As regards CCM 4.15, Stockholm Exergi's distribution network is located in an urban environment. When expanding the network, pipes are mainly laid with other infrastructure following the municipality's local instructions on protecting any sensitive areas. Where applicable, the country administrative board is also consulted.

For activities CCM 4.20 and CCM 4.24, environmental impact assessments have been carried out in connection with the permit application process for the three installations in question.

Furthermore, Stockholm Exergi has no production installations within 100 metres of a Natura 2000 site. As the installations in question have undergone a permit application process with associated control programmes, our conclusion is that they meet the criteria throughout the chain and thereby meet the DNSH criteria for environmental objectives 3 and 6.

For activity CCM 9.1, any threats to aquatic environments and ecosystems are evaluated and addressed within the framework of the ongoing permit application process for water activities and environmentally hazardous activities. This process relates to an amendment authorisation for the construction of a carbon dioxide capture facility at Värtaverket. Our conclusion is that the solution resulting from the research activities does not cause significant harm to environmental objectives 3, WTR and 6, BIO.

DNSH – prevention and control of pollution

For activities CCM 4.15 and CCM 4.25, there are requirements regarding energy labelling and the best available techniques when procuring new electronic equipment. As a result, the activity will continuously improve as new installations are built and distribution networks and installations are renewed. Our conclusion is therefore that the installations in question meet the DNSH criterion for prevention and control of pollution (environmental objective 5, PPC).

For installations that come under CCM 4.20 and CCM 4.24 and are covered by the Industrial Emissions Directive (IED), emissions must not exceed the emission levels corresponding to the best available techniques according to the latest applicable BAT conclusions. The Industrial Emissions Directive has been incorporated into Swedish legislation, and emission levels are reported by Stockholm Exergi in connection with annual environmental reporting to the supervisory authority. Our conclusion is therefore that the installations in question meet the DNSH criterion for prevention and control of pollution (environmental objective 5, PPC).

For activity CCM 9.1, any risks of significant increases in emissions are evaluated and addressed within the framework of the ongoing permit application process for environmentally hazardous activities. It is noted that the use of some chemicals on the phase-out list (REACH) is planned for the solution resulting from the research activities. The product selection principle is followed for these chemicals. Our conclusion is that the technology resulting from the research activities does not cause significant harm to environmental objective 5, PPC.

DNSH – transition to a circular economy

For activity CCM 4.25, the technical lifespan of Stockholm Exergi's installations is generally very long and high requirements are placed on good maintainability during design and construction. Our conclusion is that the activity does not cause significant harm to environmental objective 4, CE.

Minimum safeguards

Compliance with minimum safeguards under Article 18 of the Taxonomy Regulation has been assessed at a Group-wide level. To assess compliance with minimum safeguards, Stockholm Exergi conducted a survey of existing procedures relating to human rights, corruption, tax issues and fair competition in December 2022 based on the requirements of Article 18. Potential areas for development linked to the UN Guiding Principles on Business and Human Rights were also identified as part of the survey.

The survey showed that the sustainability policy, code of conduct and supplier code of conduct are the main platforms for integrating human rights requirements, and are binding for all procurement. The sustainability policy addresses human rights issues broadly and is operationalised in codes of conduct. In addition, Stockholm Exergi has an established process for monitoring suppliers in fuel trading, transport and installations. Our overall conclusion is that the Company currently applies minimum safeguards in accordance with the requirements of the Taxonomy.

The focus for 2023 has been on implementing measures, as demonstrated by the survey based on the Taxonomy in December 2022. The sustainability policy and appendix have been updated to improve the integration of human rights requirements and they are binding for internal employees and the entire value chain. Internal work on risks and risk management relating to human rights has been carried out and had a broader, more comprehensive focus this year.

minimum safeguards in accordance with the requirements of the Taxonomy. See pages 24–25 for more information on how Stockholm Exergi works with sustainable supply chains. See page 46 on how Stockholm Exergi works with anti-corruption and page 39 for fair competition, and page 64-65 for taxation.

Accounting principles

Turnover

Principles for allocating turnover per installation/production unit are the same as for 2022. Turnover from heating, cooling and electricity has been allocated to installations based on annual production in MWh per product (heating, cooling and electricity). For installations with waste treatment, the heat generation is classed as waste heat and is therefore eligible under CCM 4.25 'Production of heat/cool using waste heat' and thus differs from the concept of an installation. The share of turnover allocated to distribution corresponds to the share of Stockholm Exergi's total operating expenses that can be attributed to distribution (heating and cooling networks).

When allocating turnover per installation/production unit, a standardised deduction was made for the portion of turnover attributable to distribution of heating and cooling.

No account was taken of the installations' or customers' network affiliation or of the fact that the product 'electricity' has a price per volume that varies on an hourly basis. As in the previous year, negative income related to trading on the financial electricity market has been included in total turnover. The recognition of total turnover corresponds to the item Net sales in the consolidated income statement on page 52 and note 5 on page 74.

Capital expenditure

The proportion of Taxonomy-eligible or Taxonomy-aligned capital expenditure corresponds to all investments for the financial year attributable to installations and individual measures that are Taxonomy-eligible or Taxonomy-aligned. An assessment has been made for all investments during the financial year to determine whether they are related to installations or individual measures that are Taxonomy-eligible or Taxonomy-aligned. For items of expenditure involving several installations, an estimate of the distribution of costs has been made on the basis of assessment in consultation with those responsible. Capital expenditure that cannot be attributed to production or distribution installations or individual measures have been excluded from the numerator.

Capital expenditure refer to additions to property, plant and equipment and intangible assets during the year before depreciation, amortisation, revaluation and impairment and excluding changes in fair value. They also include additions to right-of-use assets. See notes 15 and 16 on pages 81-82.

Operating expenditure

The share of Taxonomy-eligible economic activities refers to maintenance and repair costs related to production and distribution installations with applicable activities, as well as research and development costs. The definition of operating expenditure in the Taxonomy differs from other financial reporting. For this definition, only repair and maintenance costs that can be linked to production and distribution (including property) and research and development costs are relevant for Stockholm Exergi's reporting under the Taxonomy Regulation. For all repair and maintenance costs during the financial year, an assessment has been made as to whether they are attributable to production or distribution installations that are Taxonomy-eligible or Taxonomy-aligned.

Operating expenditure involving several installations has been allocated according to allocation keys. This includes expenditure related to shared property costs and depot operations. For shared property costs, allocation has been based on the energy produced at the installation to which the property is most closely connected Costs for depot operations have been allocated by calculating the mass moved to installations that are Taxonomy-eligible or Taxonomy-aligned. Operating expenditure that cannot be attributed to any production or distribution installation has been excluded from the numerator.

Analysis

A large proportion of Stockholm Exergi's turnover, capital expenditure and operating expenditure is Taxonomy-eligible. Half of the turnover is Taxonomy-aligned. The distribution networks for district heating and cooling and three of Stockholm Exergi's installations currently meet the requirements for alignment.

Compared with 2022, there has been a sharp increase in alignment with the requirements in the Taxonomy among the eligible proportion. This is partly because a climate risk assessment has been conducted for the large installations that account for a large part of production, and partly because waste heat from waste treatment is eligible under category CCM 4.25.

Stockholm Exergi has an ongoing project concerning climate adaptation in which physical climate risks and the need for adaptation solutions are mapped at the other production installations. As the project progresses, it is expected that more installations will be able to fulfil the criterion and thus an even greater proportion of the activity will be classified as Taxonomy-aligned.

Stockholm Exergi's goal is to become Europe's largest producer of negative emissions in 2027 through its investment in bio-CCS, while also continuing its work to reduce remaining fossil emissions. Stockholm Exergi's strategy is to develop final treatment so that it can eventually be carried out using CCS/CCU technology, which would minimise climate impact and create either permanent negative emissions or increased material cycles. In this way, Stockholm Exergi is contributing to the Swedish climate goal of net zero by 2045 and then negative emissions, and in the same way to the City of Stockholm's goal of a fossil-free and climate-positive Stockholm. This initiative is reflected in our research and development expenditure and represents a significant part of the Group's Taxonomy-aligned operating expenditure. The Annual and Sustainability Report contains more information about the initiative and other relevant aspects.

Nuclear and fossil gas related activities

Nuclear energy related activities		**Yes/No**
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using beat available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related energy		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Turnover

2023	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change mitigation	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguard	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year 2022	Category (enabling activity)	Category (transitional activity)
		MSEK	%	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmental sustainable activities (Taxonomy-aligned)																			
District heating/cooling distribution	CCM 4.15	618	7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0%	-	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1512	18%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	6%	-	-
Production of heat/cool from bioenergy	CCM 4.24	115	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	1%	-	-
Production of heat/cool using waste heat	CCM 4.25	2034	24%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	0%	E	-
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1)		**4279**	**50%**	**50%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7%**		
Of which enabling		2034	24%	24%	0%	0%	0%	0%	0%	Y Y	Y	Y	Y	Y	Y	Y	-	E	
Of which transitional		0	0%	0%						-	-	-	-	-	-	-	-		T
A.2. Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"										
District heating/cooling distribution	CCM 4.15	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8		
Installation and operation of electric heat pumps	CCM 4.16	877	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								16%		
Production of heat/cool from bioenergy	CCM 4.24	178	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
Production of heat/cool using waste heat	CCM 4.25	893	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1))		1949	24%	24%	0%	0%	0%	0%	0%								52%		
A. Turnover of Taxonomy eligible activities (A.1 +A.2)		**6227**	**74%**	**74%**	**0%**	**0%**	**0%**	**0%**	**0%**								59%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**2062**	**26%**																
TOTALT		**8289**	**100%**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy eligible per objective
CCM	50%	74%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

CapEx

2023	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	**Code**	**Turnover**	**Proportion of Turnover, year 2023**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular Economy**	**Biodiversity**	**Minimum safeguard**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022**	**Category (enabling activity)**	**Category (transitional activity)**
		MSEK	%	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmental sustainable activities (Taxonomy-aligned)																			
District heating/cooling distribution	CCM 4.15	346	21%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0%	-	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	665	39%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	1%	-	-
Production of heat/cool from bioenergy	CCM 4.24	11	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0%	-	-
Production of heat/cool using waste heat	CCM 4.25	1	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	0%	-	-
Close to market research, development and innovation	CCM 9.1	58	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	-
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1)		**1081**	**64%**	**64%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1%**		
Of which enabling		58	3%	3%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional		0	0%	0%						-	-	-	-	-	-	-	0%		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"										
District heating/cooling distribution	CCM 4.15	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								27%		
Installation and operation of electric heat pumps	CCM 4.16	62	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7%		
Production of heat/cool from bioenergy	CCM 4.24	31	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
Production of heat/cool using waste heat	CCM 4.25	6	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	5	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**104**	**6%**	**6%**	**0%**	**0%**	**0%**	**0%**	**0%**								41%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**1185**	**70%**	**70%**	**0%**	**0%**	**0%**	**0%**	**0%**								42%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**503**	**30%**																
TOTAL		**1688**	**100%**																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	64%	70%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

OpEx

2023	Year			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities	Code	Turnover	Proportion of Turnover, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguard	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category (enabling activity)	Category (transitional activity)
		MSEK	%	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	"Y; N; N/EL"	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmental sustainable activities (Taxonomy-aligned)																			
District heating/cooling distribution	CCM 4.15	86	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	0%	-	-
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	269	12%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	¤4%	-	-
Production of heat/cool from bioenergy	CCM 4.24	13	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	-	Y	Y	1%	-	-
Production of heat/cool using waste heat	CCM 4.25	20	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	-	Y	Y	Y	Y	0%	-	-
Close to market research, development and innovation	CCM 9.1	20	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	13%	E	-
OpEx of environmental sustainable activities (Taxonomy-aligned) (A.1)		**409**	**19%**	**19%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**18%**		
"Of which enabling"		20	1%	1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
"Of which transitional"		0	0%	0%						-	-	-	-	-	-	-	-		T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"										
District heating/cooling distribution	CCM 4.15	10	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
Installation and operation of electric heat pumps	CCM 4.16	69	3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7%		
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								13%		
Production of heat/cool from bioenergy	CCM 4.24	29	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3%		
Production of heat/cool using waste heat	CCM 4.25	9	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**117**	**4%**	**4%**	**0%**	**0%**	**0%**	**0%**	**0%**								31%		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		**526**	**23%**	**23%**	**0%**	**0%**	**0%**	**0%**	**0%**								49%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**1617**	**77%**																
TOTAL		**2143**	**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	19%	23%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Assurance statement for the sustainability report

Auditor's Limited Assurance Report on Stockholm Exergi Holding AB's Sustainability Report and statement regarding the Statutory Sustainability Report.

To Stockholm Exergi Holding AB (publ.), corporate identity number 556040-6034.

Introduction

We have been engaged by the Board of Directors of Stockholm Exergi Holding AB ("Stockholm Exergi") to undertake a limited assurance engagement of the Stockholm Exergi Sustainability Report for the year 2023. The Company has defined the scope of the Sustainability Report in connection to the table of content in the Annual and Sustainability Report on page 2, which also constitutes the Statutory Sustainability Report.

Responsibilities of the Board of Directors and the Executive Management

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 102 in the Annual and Sustainability Report, and are part of the Sustainability Reporting Standards published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditors

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report.

Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report.

A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

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

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

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

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

Conclusions

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

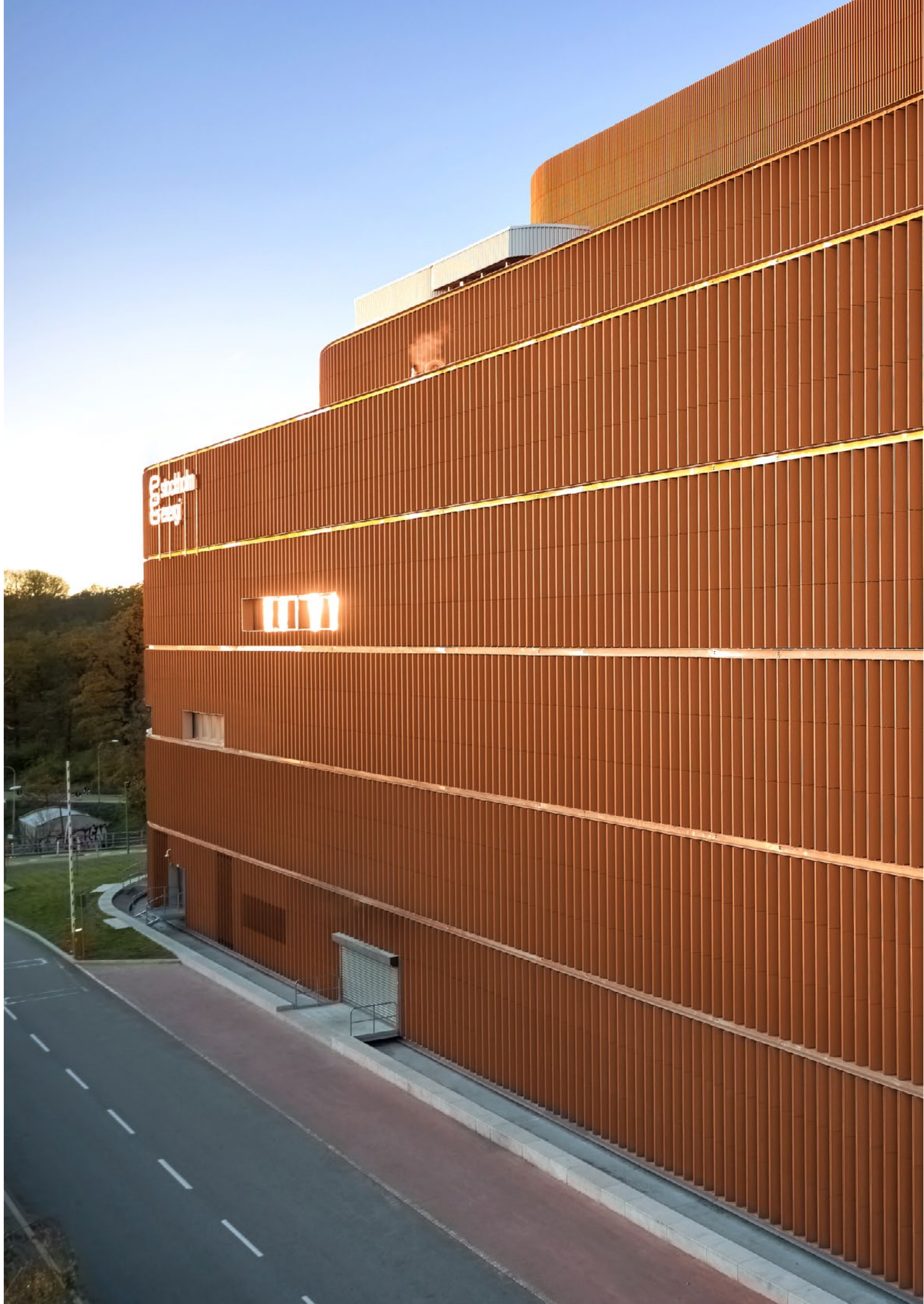
A Statutory Sustainability Report has been prepared.

Stockholm, March 26, 2024

Deloitte AB

Daniel Wassberg
Authorised Public Accountant

Adrian Fintling
Expert Member of FAR



STOCKHOLM EXERGI IN BRIEF

Stockholm Exergi is Stockholm's energy provider. Using resource-efficient solutions, we ensure that the growing Stockholm region has access to heating, electricity, cooling and waste services. We provide heat to more than 800,000 Stockholmers and our 3,000-kilometre-long district heating network forms the basis for the societal benefits that we create together with our customers and partners. We are owned by the City of Stockholm and Ankhiale and our 750 employees work every day to reduce Stockholmers' climate impact. By developing carbon dioxide capture technologies, we are committed to making negative emissions a reality.

OTHER FINANCIAL REPORTS AND EVENTS

Annual General Meeting: May 2, 2024
January–June Interim Report 2024: August 2024
Year-end Report 2024: February 2024

This report is an English translation of the Swedish original. In the event of any difference between the two versions, the Swedish is to take precedence.

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