stockholm exergi

2024

Annual and Sustainability Report

Stockholm Exergi Holding AB (publ)

Annual and Sustainability Report 2024

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's Sustainability Report is prepared in compliance with the Annual Accounts Act and the EU's Taxonomy Directive and draws inspiration from the Corporate Sustainability Reporting Directive's (CSRD) European Sustainability Reporting Standards (ESRS).

The Sustainability Report is presented on pages 84-157 as part of the Annual Report. The most recent report was published in March 2024.

This year's Sustainability Report pertains to 2024 and includes Stockholm Exergi Holding AB (publ.) and its subsidiaries unless otherwise stated. All quantitative data points presented in the tables in the Environment, Social and Ethical sections of the Sustainability Report marked with an asterisk are included in the review performed by our auditor, Öhrlings PriceWaterhouseCoopers AB.

The annual report was published on 27 March and can be found on our homepage:
stockholmexergi.se/arsredovisning-2024

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Content:

Business presentation

Corporate governance and risk

Reporting and notes

Sustainability reporting (CSRD)

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.

Net sales (MSEK)	Operating profit (MSEK)	Profit after tax (MSEK)	Sales (GWh)*
8 381	910	359	8 714
(8 269)	(587)	(123)	(9 151)

*Of which 7 849 (8 137) GWh was heat

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.

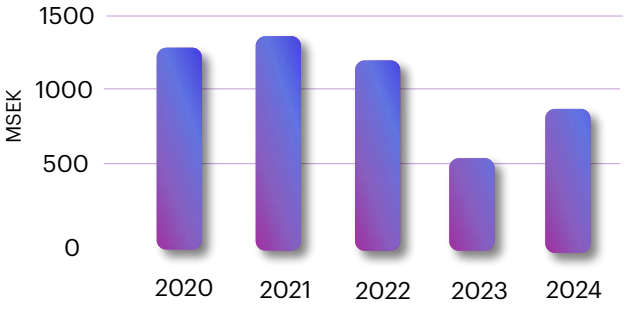
We are owned by the City of Stockholm and Ankhiale and our 800 employees work every day to reduce Stockholmers' climate impact. By developing carbon dioxide capture technologies, we are committed to making zero emissions a reality.

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

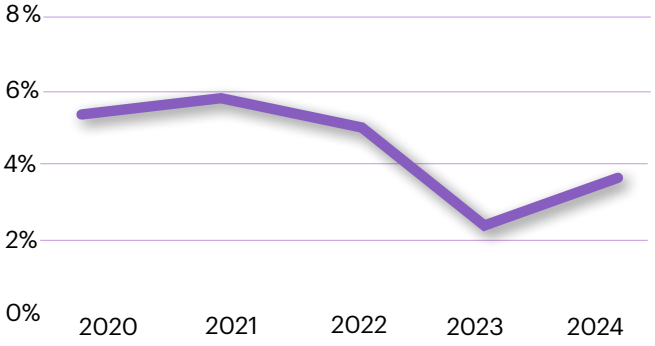
Area we heat: 74,6 million square meters

Share of renewable or recycled energy (district heating): 97 percent

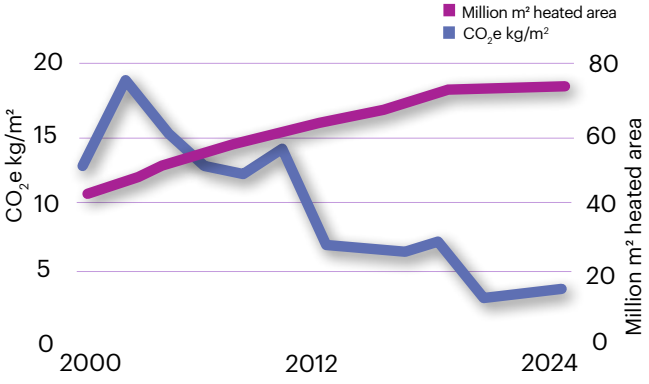
Operating profit



Return on employed capital



CO_2e emissions (district heating production) per heated property area



CEO comments:

A year of both challenges and groundbreaking progress

The global situation remains unstable. Multiple conflicts are concurrently underway, and in an increasingly interconnected global economy this is also affecting us. In Europe, the consequence of Russia's invasion of Ukraine is obvious. The security situation in Europe is now deemed to be the worst since the Cold War. The challenges also extend beyond the geopolitical situation; according to Mario Draghi's competitiveness report, Europe is losing its competitiveness. The EU is facing the enormous challenge of successfully implementing its "green deal" while strengthening its competitiveness, particularly against the USA and China, where carbon emissions are less costly. Further, the increased risks of imposed trade tariffs create additional uncertainty in global trade. Trade conflicts between major economies risk disrupting supply chains, increasing business costs, and reducing growth in the global economy.

This is our new reality. As a Swedish energy company, we need to raise our sights, closely monitor developments in the surrounding world and act accordingly in order to ensure our competitiveness and meet the needs of our customers and society.

Despite the challenges we are facing, we have made great progress. One of the year's key events was receiving an environmental permit in March to build one of Europe's first large-scale bio-CCS plants, at Värtan in central Stockholm. Another milestone was achieved early this year: On 27 January 2025, Stockholm Exergi was the only company to be awarded government support for bio-CSS through a reverse auction. Financing for projects as large as our project at Värtan needs to be based on revenues from voluntary market actors as well as public funding. With this support, along with the agreements we have signed with global actors such as Microsoft and Frontier, we have secured long-term revenues for permanent negative emissions. We are now moving forward with our project and aim to make a final investment decision during the first half of 2025. This is a historic milestone not only for Stockholm Exergi, but also for Swedish and European climate policy. This initiative is based on sustainable biofuel extraction and the simultaneous production of district heating and permanent storage of biogenic carbon dioxide. We are, of course, also investing in emission reductions. Both are needed, and both are crucial for achieving the Paris Agreement targets. Despite the energy markets' volatility, we have maintained stable and reliable energy deliveries to our customers.

With careful planning, investments in our infrastructure and continuous maintenance of our production plants and district heating network, we have ensured that district heating and electricity are available when needed. Electricity production in the cogeneration plants plays a crucial role in balancing Stockholm's electricity grid, providing energy where and when it is most needed. Our ability to address these challenges demonstrates the strength of the district heating and cogeneration business concept and our capability to adapt to a changing world.

There was a positive trend for economic development during the year. After a challenging 2023 our financial situation has improved, driven by the stabilization of fuel prices (although still at high levels) and our own efficiency measures. The measures we have taken have produced results, and we are continuing to develop long-term solutions such as bio-CCS to strengthen our competitiveness, future-proof district heating and create the greatest possible climate benefit. During the year we issued our first bond on the Norwegian capital market. The issue broadens our financial base and enables additional strategic investments.

We have also continued our efforts to improve our customer relationships. Investments in innovative solutions, such as digital platform integration in collaboration with partners, are part of our efforts to optimize energy production while also offering better service to our customers. Even so, the 2024 CSI survey shows that we are facing challenges in terms of customer satisfaction, especially in light of previous price increases. We take this very seriously and are working hard to increase our customers' confidence in us.

And I would like to make clear: The district heating industry is under pressure, and many companies across the country are struggling with declining profitability. While cost increases for fuel and power plant materials certainly represent a significant part of the challenges facing the industry, various regulations are a contributing factor. For example, Swedish district heating companies are covered by the emissions trading scheme for waste incineration (Sweden is one of only three EU countries where waste incineration is included in the EU ETS), and also pay the highest energy tax of all Nordic district heating companies. At the same time, Swedish district heating companies contribute electricity output and flexibility to the energy market. We believe that the regulatory regime and market conditions for the district heating industry

need to be reviewed. This is also made clear in the Swedish Energy Agency's report *Förslag till en fjärrvärme och kraftvärmestrategi* (transl: Proposal for a district heating and cogeneration strategy). The Swedish electrification strategy and the industrial transition currently underway require a strong, well-developed district heating sector that contributes to electricity output and ensures flexibility to manage a volatile energy market.

But nothing comes before health and safety. While the trend over time is clearly positive, with fewer accidents, we failed to achieve our health and safety targets in 2024. The number of accidents increased but were in most cases less serious. In 2025, we will strengthen our efforts to ensure a safe and healthy work environment for everyone. Looking ahead, I see great opportunities for Stockholm Exergi to maintain its position as a leading actor in renewable energy. We do this by combining district heating, cogeneration, bio-CCS, batteries and gas turbines to meet the needs of our customers and society and create economic growth. Stockholm and Stockholmers need a competitive, reliable, secure, climate-efficient energy supply. Stockholm Exergi is well positioned and will deliver on this. We will be a stable, long-term partner for our customers, and we remain committed to being a leading actor in the green transition.

Anders Egelrud
CEO, Stockholm Exergi

The year's highlights

March

In March, the Land and Environment Court announced that Stockholm Exergi has been granted a permit to build one of Europe's first large-scale plants for capturing carbon using bio-CCS at Värtan in Stockholm.

May

In May, international credit rating agency S&P Global Ratings confirmed Stockholm Exergi's long- and short-term credit ratings and outlook, with Stockholm Exergi retaining its BBB+ credit rating.

Bio-CCS and its potential to help achieve climate goals was on the agenda when Ministers for Climate and the Environment Romina Pourmokhtari (Sweden) and Kai Mykkänen (Finland) visited Stockholm Exergi in May.

In May, we announced our signing of an agreement with Microsoft for SEK 3.33 million tons of permanent negative emissions from Stockholm Exergi's planned bio-CCS plant. Deliveries are scheduled to begin in 2028 and continue for ten years.

September

In September, Stockholm Exergi became electricity market balance manager. In this new role as balance service provider, Stockholm Exergi helps maintain frequency and avoid disturbances in the electricity system.

January 2025

In January 2025, the Swedish Energy Agency announced that Stockholm Exergi is the only company to be awarded support to create permanent negative emissions. The support is awarded for our project at Värtan in Stockholm.

April

Crown Princess Victoria and Prince Daniel visited Stockholm Exergi in April. Carbon capture and district heating's role in the energy supply were among the issues discussed during the visit.

June

We announced in June that Stockholm Exergi has signed an agreement for permanent negative emissions valued at over SEK 500 million (USD 48.6 M) for deliveries during the 2028-30 period. The purchase will be made by Frontier and includes buyers Stripe, Alphabet, Shopify, Meta, JP Morgan Chase CO, H&M and McKinsey Sustainability.

In June, we announced our collaboration with Sollentuna Energi och Miljö, which will use Stockholm Exergi's digital platform to offer its customers services that make it easier to optimize heat usage while also creating conditions to improve the district heating system's resource efficiency.

November

In November, Stockholm Exergi issued its first bond on the Norwegian capital market for a total amount of NOK 1 billion.

Profit up again in 2024

"Compared with many of our peers, Stockholm Exergi has remained relatively steady during this energy crisis. This is due mainly to our large group of flexible plants, where fuel types can be varied and the plants optimized based on needs and market parameters. The escalating fuel prices of recent years are trending downward, although prices are still higher than before. Because fuel is mostly purchased well in advance of the peak season, the impact of these price changes, both upwards and downwards, is somewhat delayed. Of course, earnings are impacted not only by the cost side, but also by revenue. And revenue is based on our sustained ability to attract new customers and retain current ones – simply put, on our ability to deliver a straightforward, secure, reliable product at an attractive price."

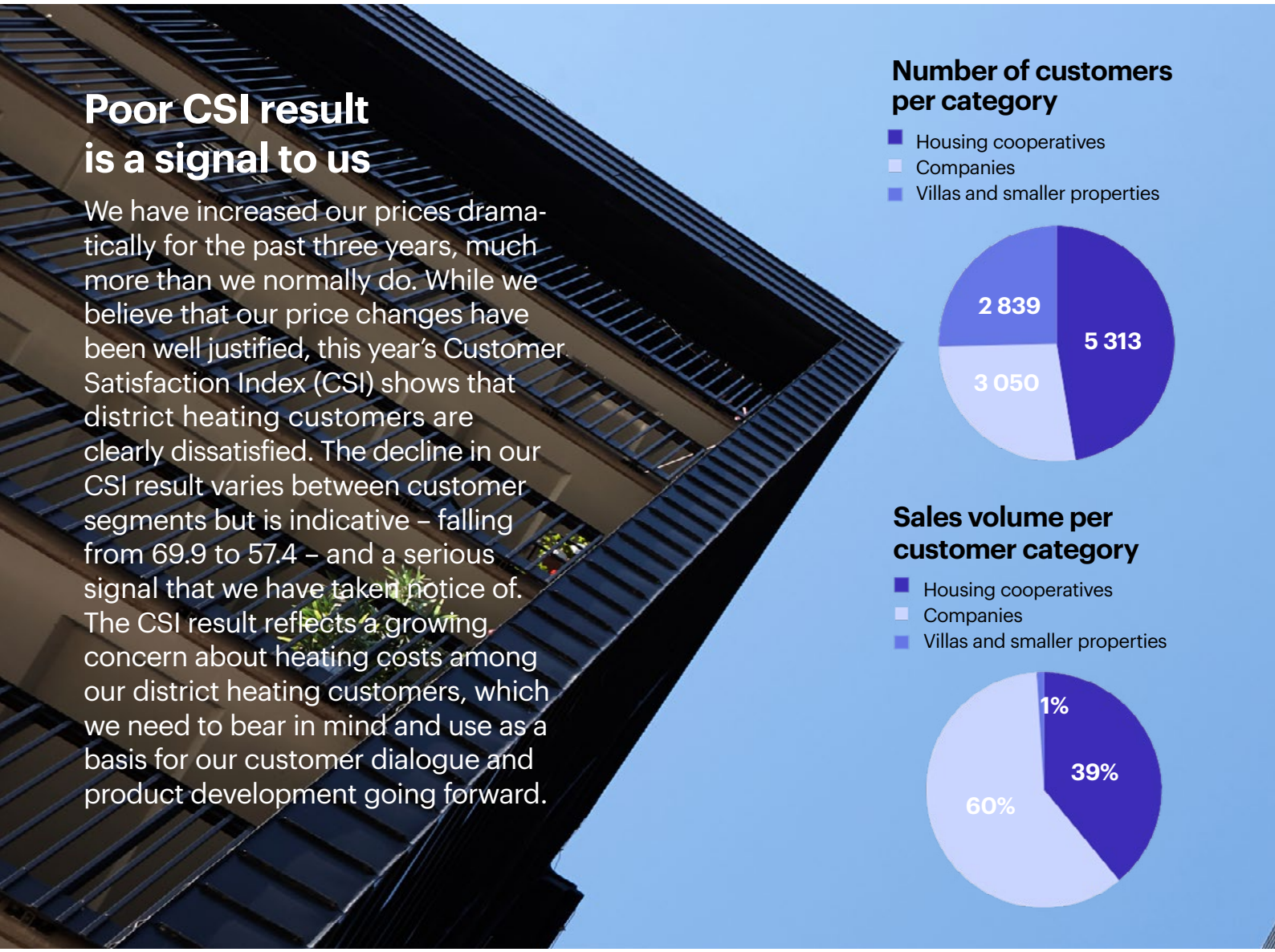
Åse Lagerqvist von Uthmann, CFO

District Heating Market

We are Stockholm's energy provider

Around the clock, all year round, we ensure that the growing Stockholm region has access to heating, cooling, electricity and waste services.

2024 was another challenging year for the energy industry and our customers. The year started with record cold temperatures and ended warmer than usual, so the year as a whole was in line with normal and anticipated energy demand. Our new district heating sales (49.2 GWh) were according to plan for 2024. Periods of severe cold, like January, are challenging for the entire energy system as well as our district heating system, and this results in higher energy costs for customers. The year ended with relatively more stability in the energy markets.



Poor CSI result is a signal to us

We have increased our prices dramatically for the past three years, much more than we normally do. While we believe that our price changes have been well justified, this year's Customer Satisfaction Index (CSI) shows that district heating customers are clearly dissatisfied. The decline in our CSI result varies between customer segments but is indicative – falling from 69.9 to 57.4 – and a serious signal that we have taken notice of. The CSI result reflects a growing concern about heating costs among our district heating customers, which we need to bear in mind and use as a basis for our customer dialogue and product development going forward.

Number of customers per category

Sales volume per customer category

Our development proceeds from customer needs

Dialogue with our customers is essential for us – it is the forum where we are able to develop district heating, together. During 2024 we made progress in four particular areas to improve customer satisfaction.

We are pleased to see that we have reached a new normal, with stabilized prices and price increases for district heating as well as the most common competing alternatives on the market. This is a good foundation for us to work with our customers to develop district heating. Listening to our customers and proceeding based on their requirements is essential for us. We made several improvements and launched new products and services in 2024 based on our dialogue with customer.

1. Updated pricing model

Conditions have changed since we last updated our pricing model in 2018. The new pricing model we developed in 2024, which was introduced in January 2025, is designed to:

- Be more precise by more clearly reflecting the district heating used by customers and rewarding those who use it most efficiently.
- Be adaptive by better reflecting external factors and the district heating system's structure.
- Encourage a decrease in power and energy requirements. The pricing model will benefit customers who make power and energy savings, particularly in colder weather.

2. District Heating Operating Net

During the year we launched District Heating Operating Net (Sw: Fjärrvärme Driftnetto) on a wider scale for our housing association and corporate customers, which was well received. We are particularly proud of our collaboration with John Mattson, a real estate company, which has invested in District Heating Operating Net for a third of its properties, thereby ensuring cost-efficient, long-term, sustainable district heating deliveries for its properties. District Heating Operating Net is a financial product that enables our customers to invest in a property's existing district heating system, with the aim of reducing the property's variable operating costs. Investing in an operating net license lowers district heating prices over a 20-year period, which increases the property's net operating income (savings) from day one. No new technical installation is required. Existing facilities are used, which also minimizes risk for customers in terms of ownership and operation.

3. Heating for environmental reporting

Many of our customers have ambitious climate targets for energy purchases, which fall under the customer's Scope 2 reporting. In some cases, the targets for emissions from energy purchases are more forward leaning than even our extensive investment program to reduce emissions can manage. In light of this, we will be launching a new district heating product in 2025 – Heating for Environmental Reporting – which is specifically designed for customers focused on climate targets. This will be offered until the time our district heating's climate performance is so good that the product is no longer necessary. We also hope to build permanent negative emissions into the product in the future, as regulations and reporting requirements evolve.

4. Developed services

We continued to develop our services to enable our customers to fully control their energy management, easily and transparently. With our solutions – from new district heating centers to smart digital solutions – the customer is in control. With Heat Optimization, our customers can adjust their indoor temperature directly from their mobile phone and create their ideal comfort level. With our On-Call Monitoring, customers have a reliable partner that monitors the heating system digitally and acts quickly – around the clock and year-round – if something should happen.

"We are always working to further develop competitive services that give our customers control over their energy use"

Jenny Warbo, Head of Offering Portfolio

Sustainability Agenda

Our sustainability strategy is an integral part of our business strategy

Our sustainability strategy in an integrated part of our business strategy.

Sustainability considerations, particularly climate issues and resource use, are fundamentally important for the energy and waste management services we currently offer and want to develop in the future. Today, we create value from residual and waste streams and can offer competitive energy solutions based on energy that would otherwise be lost. This is an important platform for our business development.

Our products and services are geared towards achievement of the global climate goal – the Paris Agreement. We want to actively support the ongoing transition. Emissions must be reduced, permanent negative emissions are added, preferably with solutions and technologies that can be scaled globally so that what we do here at home has a meaningful impact.

We also need to be an attractive workplace and a value-creating actor and partner for society, customers, suppliers and our employees. It is important that we can attract and retain skilled people able to operate and maintain our increasingly advanced energy plants, and who want to be involved in developing the entirely new technologies we need to achieve the climate goal.

Our main focus moving forward is on the following areas:

- Investing in CCS technology for biofuel-based energy production (bio-CCS) to generate permanent negative emissions and reduce emissions from final treatment of residual waste with incineration and energy recovery
- Developing our efficient production equipment towards high availability, minimal disruptions to society and environment, phasing out the final amount of fossil oil, and introducing increasingly circular solutions – including for our own residues and waste
- Providing a safe work environment and an attractive, inclusive workplace
- Working proactively with our suppliers, particularly in regard to sustainable biofuels, to ensure that our offerings, products and services are sustainable

"Our products and services need to generate value for our customers and owners, in addition to promoting sustainable development and mitigating climate change"

Ulf Wikström,
Sustainability Director

Environment (E)

Our new climate target clearly demonstrates where we want to be by 2035. Everything we do is a step towards fulfilling the Paris Agreement, and we meet society's and our customers' demands for sustainable electricity and heat production.

See our Sustainability Report (Page 84) for more information about how we are working to achieve our targets, along with our 2024 results in each area.

Climate targets that support the Paris Agreement

Our strategy

- We will offer competitive energy services and waste treatment with net zero greenhouse gas emissions, enabling our customers to step-by-step achieve their climate goals
- We will also offer permanent carbon credits on the voluntary market through the capture and geological storage of biogenic carbon dioxide generated by our biofuel energy production

Priorities

- Develop products and services that meet customers' climate goals and drive the transition
- Phase out fossil oils by 2032
- Start-up of BECCS to produce permanent negative emissions by 2028
- Preparatory work for CCS in waste incineration to reduce greenhouse gas emissions and produce permanent negative emissions
- Reduce emissions from transports

2024 targets

- 2024 target: District heating climate performance: < 45 gram per kWh
- Target as from 2025: CO_2eq emissions per kWh of total energy < 65 gram per kWh
- Long-term target: Stockholm Exergi's operations will have net-zero greenhouse gas emissions across the entire value chain by 2035

District heating improves Stockholm's environment

Our strategy

- We use the best available technology to reduce emissions to air and water, locally and regionally
- We safeguard the environment by assuming responsibility and imposing requirements across the entire value chain
- We are a good neighbor that has regard for the local environment when operating and developing our production facilities

Priorities

- New distribution solutions for resource-efficient district heating
- Energy management system to optimize our own use of energy in our production processes
- Develop the control system for sustainable biofuels
- Circular solutions: introduce cost model for waste management that incentivizes more sorting of plastics
- Phase out chemical products that are hazardous to health or the environment
- Systematically eliminate operational disruptions that reduce availability of primary production facilities and cause environmental disturbances

2024 targets

- Serious environmental disturbances: < 5 (in time, 0)

Social responsibility (S)

Taking social responsibility is high on our agenda. This includes ensuring that our employees enjoy their work and that society as a whole recognizes that what we do is positive.

A safe and inclusive workplace

Our strategy

- Attract and retain committed employees with a sustainable work environment
- Through long-term partnerships, promote an inclusive labor market with well-defined connection to our skills needs
- Have a positive social impact on our surroundings to be a company customers appreciate and other companies want to work with

Priorities

- Employee sustainability: Provide a healthy and safe work environment for our own people and for suppliers working within our operations
- Ensure that human rights are respected internally and by suppliers
- Attractive employer: Increase employee engagement by being an equal opportunity workplace with inclusive leadership, smart work methods and skills development opportunities

2024 targets

- LWIF (Lost Workday Injuries Frequency): 1,0
- TRIF (Total Recordable Injury Frequency): 8,0
- Gender distribution 25/75, long term target of 40/60 representation of female/male employees
- Employees with foreign background: 27%
- Engagement index: 75

Governance (G)

Our business ethics guidelines and our Code of Conduct are central for us in our daily work and are integrated into our processes.

Sustainable working methods for a sustainable business

- We work safely, smartly, with common working methods and continuous improvements to achieve greater efficiency, growth and development in our business
- We implement our Sustainability Policy and business ethics guidelines by integrating them into our processes, business development and decision-making

- Develop processes and working methods that ensure compliance with our business ethics principles
- Ensure that our suppliers follow our Code of Conduct, good working conditions and relevant sustainability requirements

- No deviations from our business ethics guidelines
- Effective certified management system that supports employees in their daily work

Sustainability Policy

Our sustainability governance must ensure that we can confidently navigate in the right direction, make data-driven and informed decisions, and uphold our business ethics guidelines. In our sustainability policy, we have established the following 11 focus areas for sustainable development.

1. Respect for human rights

We are committed to supporting and respecting human rights in our operations, value chain and communities in which we operate.

We expect our employees, suppliers and partners to do the same. Our risk-based approach helps us identify and counteract adverse human rights impacts whenever necessary and take action in the event of human rights violations. In our work, we follow the UN Guiding Principles on Business and Human Rights.

2. Attractive workplace for employees

Our employees should feel involved and be empowered to have an impact.

Curiosity, initiative and responsibility are fundamental to our teamwork culture, enabling continuous learning and development for individual employees and the entire organization. Our leaders are expected to set a good example by being involved and clearly demonstrating the way we achieve our common goals. Stockholm Exergi is committed to being a healthy, attractive workplace where employees feel proud of their work.

3. Appreciation and reward

We show appreciation for each other's success, share experiences and learn from each other.

Differential and individual wages are based on fair and equitable terms regardless of background, including ethnicity and gender, that reflect roles, responsibilities and performance.

4. Work safely or not at all

We know that accidents and ill health can be prevented.

We do this together by analyzing physical, organizational and social risks at work and taking action to minimize them. We all take responsibility and set a good example. If we see a hazardous work situation, we act. It goes without saying that we have zero tolerance for alcohol and drug use during working hours. We work long term and preventively to create a safe and healthy workplace that promotes a healthy life for our employees.

5. Equality, diversity and inclusion

We support Stockholm as a city where all people are equally valued and have equal opportunities to live and work.

We value differences, and our operations are inclusive and improve the society in which we operate.

We encourage and enable our employees to involve themselves in our efforts to improve social sustainability in various ways. We treat each other with respect and have zero tolerance for all forms of discrimination and harassment.

We strive for diversity among our employees and are focused on increasing the number of female employees at all levels.

6. Reduce our climate impact in step with science and use the Earth's resources responsibly

We work continuously to reduce climate-impacting emissions throughout our value chain and to create significant carbon sinks.

By improving efficiency, and by focusing on recycling energy that would otherwise be lost and extracting energy from society's residual products, we help ensure that the planet has enough for everyone. Our biofuels need to be sustainable.

We work to reduce the amount of waste in our own operations and to increase society's material recycling through residual waste post-sorting.

7. Sustainable bioenergy

The biofuels we use need to be ecologically and socially sustainable; on the whole (taking into account the forest industry's total climate impact), they need to help reduce greenhouse gas emissions.

We do not use biofuels that divert raw materials from the wood processing industry that produces products that sequester the biogenic carbon in biomass for long periods. The biofuel we use comes primarily from residues or by-products from the forest industry (branches, treetops, bark and chips) or those resulting from maintenance activities such as thinning. We can also use stem wood chips that are unsuitable for or fail to meet quality standards of the long-life wood product manufacturing industry due to decay, cracks, pest infestation, fire damage, etc.

The biofuel we use needs to be climate neutral. We focus our purchases of solid biofuels on countries or areas that have stable or growing carbon stocks in their forest systems. We rely on countries' own monitoring in accordance with applicable regulations and conduct our own in-depth analyses when necessary.

Our purchases comply with robust forest and farmland sustainability criteria, and we ensure traceability to source. We place great importance on biofuel classification and traceability so that we know what we are buying and where it comes from. We comply with the requirements of the Renewable Energy Directive (RED) and EU directives and legislation that ensure the raw materials' legality and traceability.

In the event of war or crisis situations that threaten our delivery capacity or our vital societal function, we may, following a specific decision, need to make an exception and use higher quality biofuel to secure the energy supply and avoid societal disruptions. Such exceptions will, where appropriate, be reported in our Sustainability Report.

8. Good neighbor and societal stakeholder

We help reduce environmental impact in Stockholm and work proactively to avoid disturbances to the local environment.

We use the best available technology to reduce emissions to air and water, locally and regionally. We safeguard the environment by assuming responsibility and imposing requirements across the entire value chain. We never start any work or activity without first precluding possible pollutants and minimizing potential environmental risks. We use chemicals that have the lowest possible environmental impact.

9. Customer focus

We strive to improve customer satisfaction and develop sustainable, affordable products and services in dialogue with our customers.

By understanding our customers' needs, we are always able to provide the right energy at the right time. And, of course, we also share our knowledge and keep our promises.

10. Sustainable supply chain

We work with suppliers who accept and comply with our sustainability requirements and our Supplier Code of Conduct.

We focus our monitoring on where sustainability risks are most severe, and our ambition is to develop together with our suppliers.

11. ISO certifications

Our management system is certified in accordance with ISO 45001, ISO 14001 and ISO 9001.

Strategy and Goals

Our roadmap

Our roadmap is divided into three parts: an overview of historical events up to today, a plan for developments through 2035, and a vision for the time beyond 2035. Together, these steps lead us toward the goal of remaining relevant to our customers in the future.

Until today, 2024

We are phasing out our use of fossils oils and continuing our journey toward being a fully sustainable energy company capable of meeting society's and our customers' demands for sustainable electricity and heat production, now and in the future.

1997:

Our bio-cogeneration plants in Brista and Värtaverket enter service in 1997 and 2016, respectively. This makes energy production at these sites entirely renewable or recycled, and enables us to shut down our coal-fired CHP plant and significantly reduce fossil carbon dioxide emissions. The use of district heating thereby has 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 starting fuel and peak fuel cover in hot water boilers during exceptionally cold winters. Work to gradually replace fossil oil with bio-oil continues.

We dedicate our research facility to develop bio-CCS (Bio Energy Carbon Capture and Storage). We aim to build a full-scale plant able to capture 800,000 tons of biogenic carbon dioxide per year which will be stored permanently. The goal is to produce negative emissions on a large scale as from 2028.

2021:

We open a post-sorting plant in Brista with waste company SÖRAB. We sort residual waste by removing plastic and metal that is used for 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.

2022:

The EU Innovation Fund announces support of EUR 180 million for Stockholm Exergi's bio-CSS project. We issue new green bonds for a total amount of SEK 1.5 billion the same year.

2024:

We are establishing our first battery park and have built a total of three battery parks with a combined capacity of 58 MW. Battery parks are useful in solving a range of energy system challenges by, among other things, storing surplus renewable energy when production is high and releasing it to the grid when it is most needed.

We are granted a permit by the Land and Environment Court to build our large-scale plant for biogenic carbon capture and storage (bio-CCS). We sign certified permanent negative emissions agreements with Microsoft and Frontier the same year.

Today through 2035

Our new climate target clearly demonstrates where we want to be by 2035. 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 build a large-scale plant where we capture biogenic carbon dioxide from our Värtaverket bio power plant and transport it for permanent final storage. This bio-CCS technology, we will create permanent 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

The ability to store energy is becoming increasingly important and we are working to establish battery parks in the Stockholm region. This will enable us to meet the demands of the electricity market and contribute to a more stable electricity system. We plan to build a new district heating accumulator to lower production costs during times of peak load in the district heating system, optimize electricity production and provide better security of supply. With an estimated capacity of around 2,700 MWh, the accumulator is scheduled to be in place by the late 2020s.

Carbon dioxide capture

As the amount of residual waste decreases thanks to improved sorting we have greater capacity to manage more waste customers, and 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 net-zero greenhouse gas emissions by using CCS technology to radically reduce fossil emissions and create negative emissions from the biogenic fraction of carbon dioxide.

Next generation district heating

District heating should be part of a resource-efficient city. We are therefore developing a new generation of district heating that, among other things, will make it possible to move energy directly between properties and reduces energy losses, thereby helping to develop the city of the future.

Bioenergy

We are gradually phasing out the fossil oil we use in extremely cold weather and as starting and support fuel in the CHP plants and replacing it with renewable or fossil-free energy.

Electrical grid

We continue to improve delivery reliability of electricity in Stockholm and we relieve the electrical grid with our investments in district heating distribution. With our steam turbines in the CHP plants, we also add capacity benefits to the local electrical grid. District heating thereby facilitates the electrification of road traffic and industry, where there are still major fossil carbon dioxide emissions to tackle.

Vision: 2035 and beyond

We heat a growing Stockholm with energy that has no net impact on the climate. Quite the reverse: Each year we generate a large permanent carbon sink, which reduces the concentration of carbon dioxide greenhouse gas, through carbon dioxide capture. We offer these negative emissions on a global market.

Our production and distribution are resource efficient and controlled by smart digital systems. The district heating system reduces the need for electricity output, is flexible and contributes as required 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 urban areas.

We drive Stockholm's resource-efficient, circular solutions: Thanks to effective waste sorting, with more and more material being sorted from waste to be recycled, we are able to provide more waste customers with energy recovery waste treatment services.

We are a company of equal opportunities that safeguards equal conditions for all. Every individual has opportunities to flourish, to have equal growth opportunities and to be themselves.

Our strategies

Strategy for our markets

Energy services

With a combination of simplicity, sustainability with no net greenhouse gas emissions, and price, our district heating will be
recognized as the most affordable heating option.

- District heating is largely produced by recovering energy from waste treatment, wastewater treatment plants and negative emissions production, and by energy recovered from data centers and the district cooling system. Any additional energy used is renewable or fossil free. With competitiveness and efficient new distribution concepts for Stockholm's new city districts, district heating is expanding and maintaining its high connection rate.

- District cooling will continue to be distinguished by uniquely low electricity requirements. Excess heat from our district cooling customers is largely recycled as district heating.

- Our services have been developed with a focus on making it easy to be energy smart. We offer everything from new district heating plants to smart digital services. With our Heat Optimization, customers can easily control indoor temperature with their phones. And our On-Call Monitoring service monitors customers' heating systems digitally and works around the clock and year-round to resolve any issues that may occur.

Electricity and output

With our existing and new energy facilities, we will continue to help stabilize the electricity grid and balance the electricity system. Our facilities are often, but not always, connected to the district heating system.

- With batteries, gas turbines, CHP plants, heat pumps and electric boilers, we supply electricity output, electric energy and support services to Svenska Kraftnät (the Swedish grid) and regional and local grid owners. This involves delivering and developing:

- Flexible electricity generation and use based on surplus or deficits of power in the electricity system. Opportunity is created by a flexible district heating system with various production alternatives.

- Electricity output delivery can be planned around when the need is greatest.

- Balancing services to maintain (FCR) or restore (FRR) electricity system frequency.

- Reserve capacity in case of disturbance, diversion or overload in the grid.

- Non-frequency support services such as rotational energy and voltage stabilization.

- We will continue to be a key player in supporting the electricity system in crisis situations.

Waste management

We will offer environmentally sound final treatment of residual waste with incineration and energy recovery.

- The cost of climate-impacting emissions will be specified separately in the waste treatment pricing model and will be flexible, to provide better incentives for our waste customers to sort plastics and other materials containing fossil carbon.

- Residual products from our incineration will be recyclable to a greater extent.

- In the long term, carbon dioxide capture will be introduced at our waste incineration plant to enable final treatment of residual waste with net-zero greenhouse gas emissions. This also provides opportunities to offer captured carbon as a secondary raw material.

Negative emissions

Through carbon capture at our bio-cogeneration and waste incineration plants, up to 1.5 million tons of permanent negative emissions can be produced every year, certified and sold on a growing voluntary market.

- Our aim is to develop this into a new business area on a par with today's energy business.

- Our carbon capture systems will need electricity, which can then be recovered as district heating. Energy recovery from carbon capture will be significant – e.g., on a level with what we recover today from municipal wastewater treatment plants.

Production cooperation

The Stockholm region has a well-developed district heating network and extensive production cooperation.

We energy companies buy or sell district heating to neighboring grids, depending on heating demand and the cost of the different production systems. This lowers production costs for all parties while increasing district heating's overall competitiveness. Our strategy is to continue to identify synergies for district heating production and distribution together with other energy companies in the region.

Stockholm Exergi's long term climate target

To achieve net zero greenhouse gas emissions by 2035 by reducing emissions of greenhouse gases as far as possible and neutralize emissions that cannot be reduced (residual emissions) with permanent negative emissions (technological carbon sinks) produced using bio-CCS.

Strategy for our facilities

Our production, distribution and energy storage infrastructure will be continuously developed to enable achievement of our market strategy and meet increased environmental requirements. We work proactively to ensure that our production plants have the environmental permits required for us to realize our market strategy. In practice, this means that our development is constantly tested against the high standards set by environmental legislation.

One high priority area is maintaining extremely high availability at our primary production facilities, as these have the best financial and environmental performance.

One strategic goal is to minimize our most expensive production in order to lower the overall cost of the district heating system.

Strategy for energy and fuel supply

District heating will be produced to a significant extent, as it has been, from waste heat generated by other social processes, such as municipal wastewater treatment plants, final treatment of residual waste through incineration, data center cooling, return flows from the district cooling network for air conditioning, etc. By recovering energy and optimizing our production and distribution systems, we decrease the need for resources.

We will continue to ensure a stable, secure biofuel supply. The biofuels we use will meet legal requirements specific to sustainability as well as the requirements and expectations of the voluntary market for certified negative emissions.

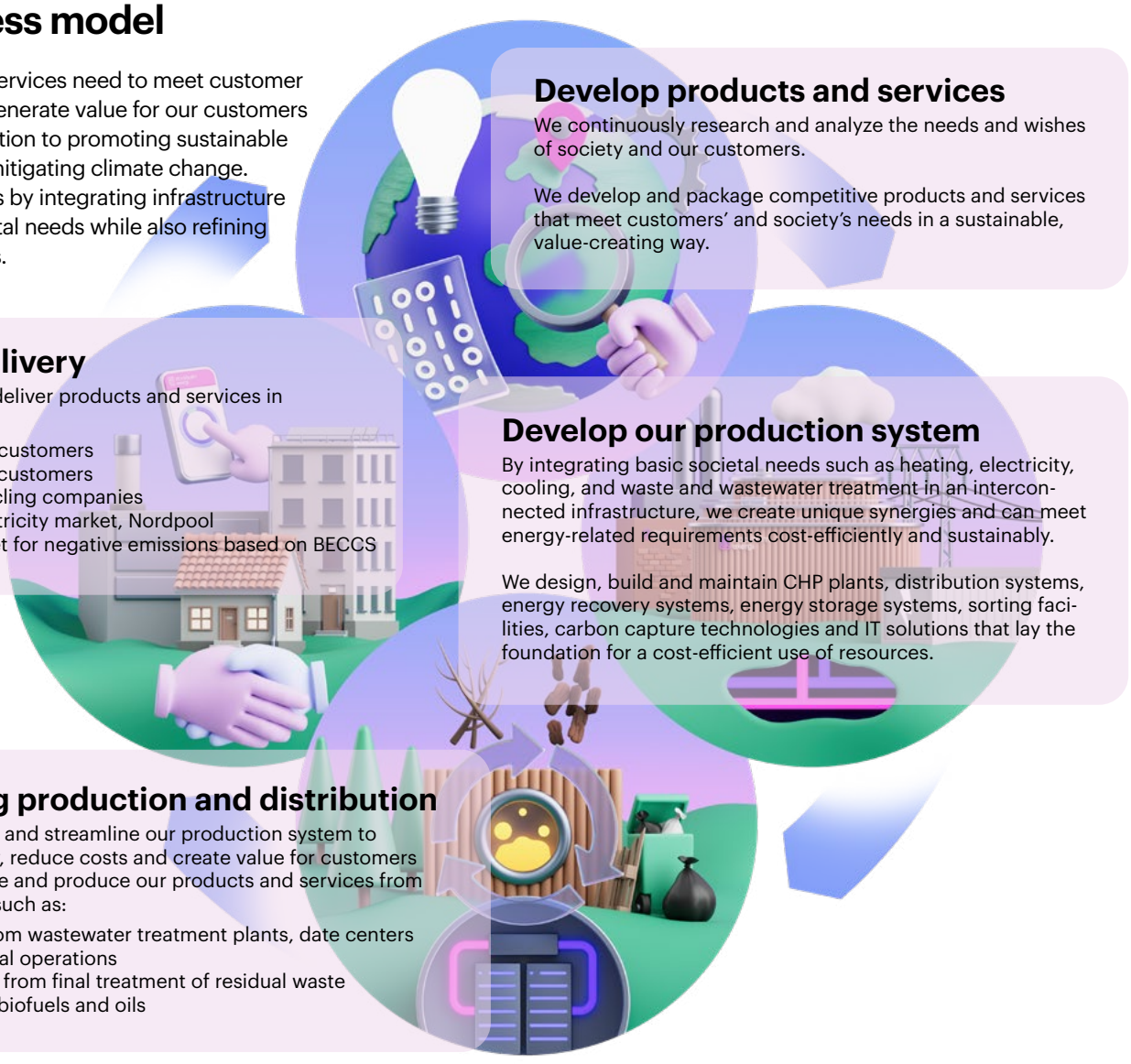
We have maintained our focus on residues and by-products from the forest industry's main processes. These biomass flows – which arise continuously from forestry operations, the pulp industry and sawmills, whether or not we make use of them – have a limited range of alternative uses for various reasons, due to their quality. The long-term, sustainable viability of the district heating business lies in these categories of biomass.

To address and meet new demands for high security of supply in the event of crisis, different types of biofuels of various origins will be included in our portfolio, and some biofuels will be able to be stored for longer periods.

We will also develop efficient and flexible transport logistics that reduce transport's climate impact.

Our business model

Our products and services need to meet customer expectations and generate value for our customers and owners, in addition to promoting sustainable development and mitigating climate change. We create synergies by integrating infrastructure for a range of societal needs while also refining low-value resources.



Develop products and services

We continuously research and analyze the needs and wishes of society and our customers.

We develop and package competitive products and services that meet customers' and society's needs in a sustainable, value-creating way.

Sales and delivery

We market, sell and deliver products and services in our markets:

- District heating customers
- District cooling customers
- Waste and recycling companies
- The Nordic electricity market, Nordpool
- Voluntary market for negative emissions based on BECCS

Develop our production system

By integrating basic societal needs such as heating, electricity, cooling, and waste and wastewater treatment in an interconnected infrastructure, we create unique synergies and can meet energy-related requirements cost-efficiently and sustainably.

We design, build and maintain CHP plants, distribution systems, energy recovery systems, energy storage systems, sorting facilities, carbon capture technologies and IT solutions that lay the foundation for a cost-efficient use of resources.

Value-adding production and distribution

We continuously trim and streamline our production system to improve its efficiency, reduce costs and create value for customers and owners. We refine and produce our products and services from low-value resources such as:

- Waste energy from wastewater treatment plants, date centers and other societal operations
- Energy recovery from final treatment of residual waste
- Solid and liquid biofuels and oils

Our Production System

We meet Stockholm's electricity, heating and cooling needs through efficient and flexible energy production

Stockholm Exergi operates 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.

District heating

The principle is simple: We heat water in our production plants, which is then pumped into the distribution system and to our customers' buildings. The energy we use to produce district heating comes primarily from forest industry residues and society's sorted residual waste. By making good use of and extracting energy from society's various residual products, district heating is resource-efficient – it is based largely on energy that would otherwise be lost. We provide a community service (waste treatment with energy recovery) that integrates two societal needs (waste treatment and heating), and through incineration we also purify the cycle of substances we want to remove, such as heavy metals.

District cooling

We use seawater cooling, excess cooling from heat pumps used to produce district heating, and chillers to cool large amounts of water, which is then pumped to our customers to cool their buildings. The excess heat collected from district cooling customers is largely recycled as district heating, thanks to the large integrated heating and cooling systems. The surplus energy is used for heating and, during the summer, mainly for domestic hot water. Stockholm has possibly the world's largest district cooling system, with district cooling available virtually everywhere in central Stockholm and some other areas of the city.

Distribution system

From our production plants, we pump water into a pipeline network that reaches thousands of buildings throughout greater Stockholm.

Our plants and our customers are connected through large, flexible networks, which enable us to optimize operations. We currently have two large networks: one covering central and southern greater Stockholm and one covering northwest greater Stockholm. Laid end-to-end, Stockholm Exergi's district heating pipelines would stretch for around 3,000 km.

Batteries

With our battery parks, we help support and stabilize local power grids by delivering power when shortages occur in the electricity system, not least in greater Stockholm.

A battery park is like a giant power bank that is used when variations in electricity consumption or production become too great. The battery stores, located adjacent to a grid station, are charged when balance in the electrical grid allows and are discharged when need is high. Battery parks play a key role in the green transition of the energy system.

Brista plant

- 1,027 GWh heat
- 141 GWh electricity

Steam boilers
Waste and solid biofuel

Värtan plant

- 1,274 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

Hässelby plant

- 170 GWh heat
- 40 GWh electricity

Steam boilers
Wood pellets and fuel oil

Hammarby plant

- 1,274 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

- 1,709 GWh heat
- 205 GWh electricity

Steam boilers
Waste, reclaimed wood, bio-oil and fuel oil

Governance

Corporate Governance

Stockholm Exergi Holding AB (publ) is a Swedish public limited company with a bonds program listed on Nasdaq Stockholm. As part of the Annual report, the Board of Directors yearly submits its Corporate Governance Report.

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

Stockholm Exergi Holding AB (publ) is a Swedish public company with 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 owned by Ankhiale Bidco AB and Stockholms Stadshus AB, 50% each. 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 fiscal 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 May 2, 2024. No items were discussed other than those appearing on the standing agenda in accordance with the Articles of Association.

Board of Directors

Composition of the Board of Directors

The Board of 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 2024 AGM, the following board members were nominated by Stockholms Stadshus AB: Petra Engman (re-elected), Fredrik Adolfsson (re-elected), Christofer Fjellner (re-elected), Rickard Hjorth Warlenius (re-elected).

The following board members were nominated by Ankhiale Bidco AB: Jonas Abrahamsson (re-elected), Carlo Maddalena (re-elected), Irina A. Frolova (re-elected), Tove Feld (elected).

The trade unions appointed the following employee representatives: Patrik Tapper (deputy, re-elected), Reine Lorenz (re-elected), Katarina Karlsson (deputy, re-elected), Tobias Alvaeus (re-elected).

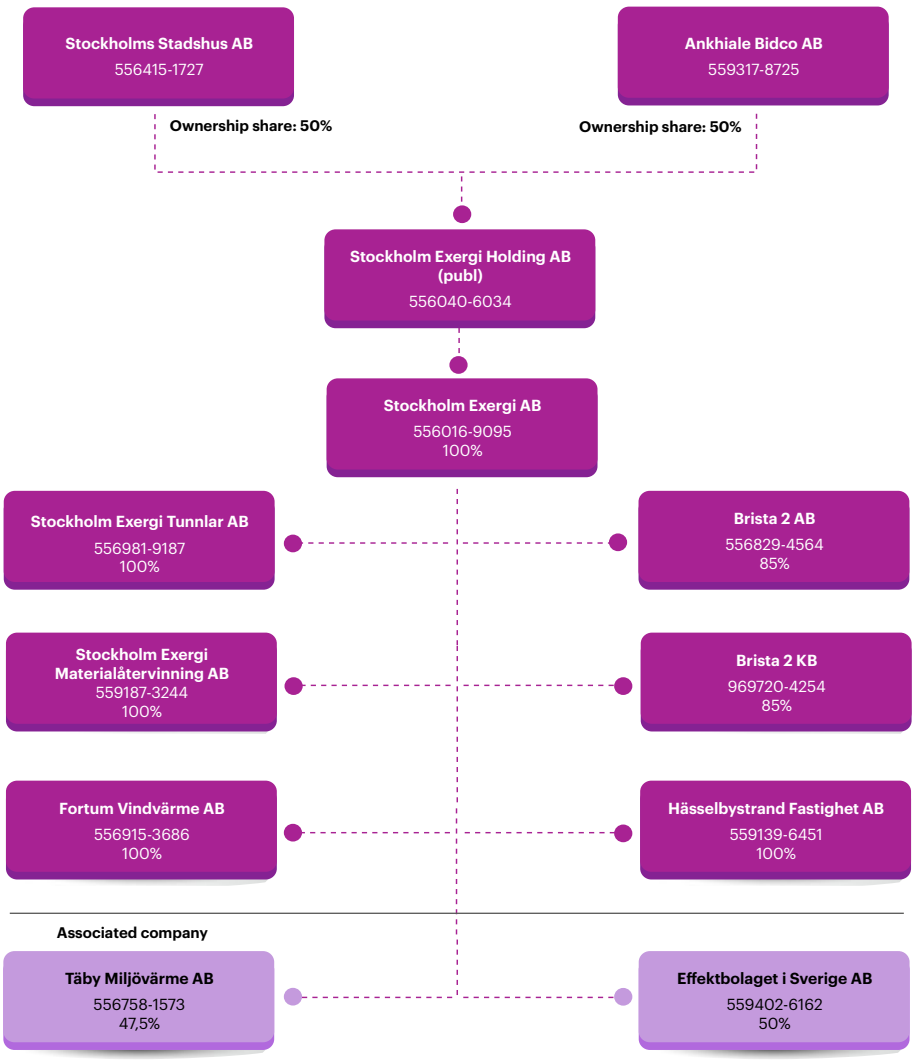
Katarina Rundkvist replaced Reine Lorentz as employee representative in October 2024.

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 duties 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 board duties.

The rules of procedure specify 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, Remuneration and Finance Committees.

Group structure



Board meetings

The Board holds a statutory board meeting directly after the AGM. The Board held nine board meetings in 2024 in addition to its statutory board meeting.

Board committees

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

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 evaluates external audit work, informs the owners of the results and assist in preparing the proposals for the election of auditor. The Audit Committee also reviews and monitor the auditors impartiality and independence.

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

The Audit Committee comprised of board members Irina Frolova (committee chair) and Petra Engman.

The CEO and CFO also participate in Audit Committee meetings.

The Audit Committee reports its work to the Board on an ongoing basis. The committee met seven times in 2024.

Finance Committee

The 2024 AGM resolved to establish a Finance Committee.

The Finance Committee prepares matters for the Board's consideration in the areas of business planning, financial policy, strategic direction for short- and long-term financing, and issues related to the company's rating.

The Finance Committee comprised of board members Carlo Maddalena (committee chair) and board observer Krister Stralström.

The CEO, CFO and Head of Treasury also participate in Finance Committee meetings. The Finance Committee reports its work to the Board on an ongoing basis. The committee met 17 times in 2024.

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 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 (committee chair) and Petra Engman. The CEO and HR Director also participate in Remuneration Committee meetings. The committee held five meetings in 2024.

Evaluation of the Board's and CEO's performance

The board evaluates its own work and that of the CEO once a year in order to develop the work and the decision making processes. The 2024 evaluation did not lead to any changes in the existing routines 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: fuel supply, production, distribution and market.

There are 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 team.

Auditors

Pursuant to the Articles of Association, the Company must have one or two auditors with or without deputy auditors. The 2024 AGM elected Öhrlings PriceWaterhouseCoopers AB with Authorised Public Accountant Camilla Samuelsson, as the Company's Auditor.

The auditor reported her audit of the financial statements for 2024 at the Board meeting of 20 February 2025. The audit of the 2024 Annual- and Sustainability Report was reported on March 27, 2025.

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 aimed at ensuring 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 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 accountability. Risk management is an integral and ongoing component of Group business planning, development and performance management.

For each risk category, risk management follows the following 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 procedures

Policies and delegation arrangements are in place for the Group's various areas of operation. These are established and revised annually and otherwise as required by the Board. Various governing documents are also adopted and revised on an ongoing basis by the CEO, as well as 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 28-30.

Dividend policy

Stockholm Exergi's dividend policy, decided on in April 2023, stipulates 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.

Group 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: CEO

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

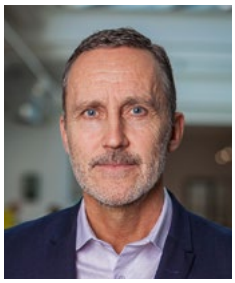
Born: 1978
Employed since: 2023
Title: Executive assistant to CEO

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.

Charlotte Gamnis

Born: 1973
Employed since: 2024
Titel: CHRO

Charlotte holds a degree in business administration and has extensive experience as a leader in HR, Finance, and Shared Services in several large global companies across various industries.



Thomas Gibson

Born: 1965
Employed since: 2017
Title: Communications Director

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: Vice President, Energy Trading

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 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.

Carl Lidholm

Born: 1979
Employed since: 2021
Title: Sales Director

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: Production Director

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: 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: Distribution Director

Andreas 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.

Anna Vidlund

Born: 1973
Employed since: 2024
Titel: Acting manager Business Development

Anna is a Master of Science in Engineering and holds a Licentiate degree in Energy Processes. She has a broad background in the energy industry and has worked in both strategic and operational roles, primarily in the Nordic region but also internationally. Anna is one of those who have returned to Stockholm Exergi after some time outside the company.

Per Ytterberg

Born: 1971
Employed since: 1996
Title: Business Development

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 matters.

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.

Petra Engman

Born: 1964
Elected since:2020
Title: 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.

Jonas Abrahamsson

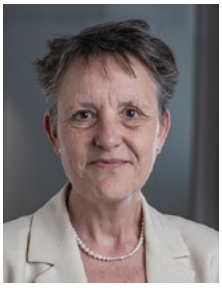
Born: 1967
Elected since: 2021
Title: Deputy Chairman

Jonas Abrahamsson has an MSc in Business and Economics from the University of Lund and has been President and CEO of Sweden's main airport 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.

Fredrik Adolfsson

Born: 1965
Elected 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.



Tove Feld

Born: 1964
Elected since: 2024
Titel: Board member

Tove Feld has an Ph.D. in Engineering, E.MBA and is a certified Board Member. She has 30 years leadership experience from the Energy and Infrastructure business, with a focus on renewables. Experience includes International C-suite positions with Ørsted, SGRE and DNV. Today she is a Board Professional and serves as Chair & Non-executive Director on a number of International Boards (listed and private) across the Nordics and UK within Energy, Agriculture & Water all supporting the Green Energy Transition.

Christofer Fjellner

Born: 1976
Elected since: 2023
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
Elected since: 2021
Title: Board member

Irina A. Frolova is a CFA charter holder and an INSEAD-certified board member and holds two Master degrees in business administration and economics. She has more than 20 years international experience in investing and financing of infrastructure companies. She is impact investing and sustainability expert and chair of investment committees. Irina serves on the boards and on the audit & risk committees of international companies operating in financial services, energy and agriculture sectors.

Rickard Hjort Warlenius

Born: 1970
Elected since: 2019
Title: Board member

Rickard Hjort Warlenius (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
Elected since: 2021
Title: Board member

Carlo Maddalena is a Senior Director 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
Elected 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.

Katarina Rundqvist

Born: 1973
Elected since: 2024
Title: Employee representative

Katarina Rundkvist has been with the company since 2007. She has held many different roles, including Maintenance Engineer, Production Manager, Process Analyst, and Operations Communicator. Katarina now works as a Planning Engineer in Distribution.

Katarina Karlsson

Born: 1966
Elected 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 Hässelby-verket.

Managing risks

All business activities involve risks. Stockholm Exergi has a systematic, structured and proactive approach to addressing and managing these risks. The identification and management of risks is an integrated responsibility in all parts of the organization and is addressed through business planning, governance and monitoring. 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. Properly managed, risks can be converted into opportunities and can add business value. Unmanaged risks can lead to loss.

Goals, process and framework

Stockholm Exergi uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk framework, including 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. Application of the framework and Enterprise Risk Management (ERM) is aimed at ensuring complete, structured and transparent risk management at Stockholm Exergi. Another aim of the risk framework is to govern and support the implementation of Stockholm Exergi's strategies, business plan and operational activity plans, and thus 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. These are reported below based on the overall risk categories: operational, market, financial, strategic, political, regulatory and sustainability-related risks.

Operational risks

Operational risks refer to the adverse consequences of inadequate processes, system failures, undesirable behavior or external events that affect the operation's goals. Operational risks are managed through procedures including process documentation and automation, clearly defined decision-making processes, and separation of decision-making and control functions. Stockholm Exergi's internal controls are also focused on reducing operational risks. Risks are regularly assessed and corrective action is taken on an ongoing basis.

The most significant operational risks for Stockholm Exergi pertain to plant availability. Technical equipment can break down, causing production loss and additional production costs. To reduce the risk of this occurring, we work continuously and systematically on preventive maintenance and, where possible, ensure that we have redundant solutions in place. We are closely monitoring the geopolitical situation and its development. Insurance schemes are in place to reduce risk exposure for insurable operational risks.

Security, IT and information security is a risk area that has gained importance in recent years, which is why we have continued to focus sharply on this area. These risks are further described as follows:

IT and security, and information security

Stockholm Exergi's business operations and customer-related services are reliant on effective IT and information management systems. After Stockholm Exergi took over the entire IT environment from Fortum, the previous owner, in 2023 and implemented a new business system, focus in 2024 has been on stabilizing the IT environment, supplementing with additional system solutions and verifying the security of the solutions selected.

Cybersecurity risks, including risks related to information, industrial control systems, digitalization and privacy, are managed centrally by the Head of IT in collaboration with the operations. Existing instructions and procedures include requirements for the management and mitigation of cybersecurity risks. Intensive work has been underway since the fall of 2023 to prepare Stockholm Exergi for requirements that will take effect based on the NIS2 Directive.

Security protection legislation

The Security Protection Act specifies the duties incumbent on operators of security-sensitive activities and clarifies the importance of such operators conducting security protection analyses. Stockholm Exergi continuously conducts groupwide security analyses to ensure compliance with the Act. Work on implementing the measures identified in the security analyses is underway and will continue in 2025, led by Stockholm Exergi's Head of Security Protection in collaboration with the operations. Stockholm Exergi is also closely monitoring the situation in the world at large, as well as developments regarding threats to Sweden and security-sensitive operations (e.g., risk of sabotage).

Crisis readiness – 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, therefore we have plans and procedures in place to secure operations in various types of critical scenarios.

Market risks

Market risks for Stockholm Exergi and its district heating operations include the development of competing heating alternatives and risks associated with fuel supply.

Competition from alternative heating solutions, such as heat pumps and solar energy, can impact the need for district heating. Technological changes and innovations that provide more efficient or less expensive heating solutions can also reduce demand for traditional district heating.

In addition to these normal market risks, short-term sales volumes depend primarily on customer needs that vary with the outdoor temperature. In the longer term, sales volumes can also be impacted by changes in customers' consumption patterns and by climate change. These risks are managed mainly by offering customers different pricing models and complementary services to improve efficiency and optimize the use of district heating.

Stockholm Exergi produces electricity in CHP plants and consumes electricity mainly in heat pump plants, which limits the company's net exposure. Risk management in this context is addressed with financial derivative instruments.

Stockholm Exergi uses a range of different fuels procured on the national and international markets. Stockholm Exergi's flexible production options limit price risks for fuel to some extent. Fixed price agreements for physical deliveries, along with financial electricity derivatives, are also used to a large degree to limit price risks.

A key component of Stockholm Exergi's business involves the well-timed securing and optimization of availability for various types of fuel at any given time, to ensure continuous delivery to customers. Fuel market volatility has increased in recent years, prompting a review of the situation. Some adjustments have been made to delegated mandates in order to optimize Stockholm Exergi's capacity to secure sufficient amounts of fuel at any given time at the best possible price.

Financial risks

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

Liquidity and financing 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 that 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 and the strategy for hedging interest rates. The interest rate risk exposure is monitored by limits established in the company's finance 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 may for example include billing and phone fraud or AI-generated fraud. Stockholm Exergi has routines and internal control procedures to maintain resilience to financial fraud.

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. The development of competing alternatives is one example of a strategic risk. Stockholm Exergi has detailed and well-developed plans to build a Bio Energy Carbon Capture and Storage (BECCS) plant. The project represents a major opportunity for Stockholm Exergi to reduce environmental footprint, while simultaneously laying the foundation to generate revenue from the sale of negative emissions to companies interested in promoting climate change mitigation. At the same time, the development project is exposed to strategic risks, which are in turn associated with multiple risk categories, including financial risks, operational risks, regulatory risks, market risks, reputational risks, and social and political risks.

Political and regulatory risks

Stockholm Exergi's operations are subject to many laws, directives and regulations, so any changes in these areas present a risk. Political decisions – e.g., market regulations and decisions related to emissions, energy and environmental policy – can impact Stockholm Exergi's ability to achieve its set targets. Changes to emission standards or renewable energy incentives can have both positive and negative impacts on the business and its future profitability. The need to invest in new technology and infrastructure to meet future environmental requirements can result in major financial costs.

These risks are managed through well-developed internal frameworks and decision support systems that indicate,

among other things, when legal support should be obtained. Stockholm Exergi applies its own Code of Conduct to ensure good quality control and high business ethics in its daily work.

Stockholm Exergi closely monitors developments and actively participates in the energy debate by highlighting the benefits of its cogeneration operations, including relieving the electricity system.

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.

Sustainability risks

Stockholm Exergi conducted a double materiality assessment in 2024 to identify the company's material impacts, risks and opportunities from a sustainability perspective. The assessment covers Stockholm Exergi's value chain, both upstream and downstream, and the company's own operations. Results are presented in the company's Sustainability Report (Page 84-157).

Climate change is the company's largest sustainability area, from both an impact and a financial perspective. For Stockholm Exergi, the topic is both negative (the company's operations emit green gases) and positive (the company's products and services are designed to counteract climate impact, presenting a potential financial opportunity). Stockholm Exergi's operations and business development are sensitive to the way policy instruments are designed; accordingly, transition risks (regulatory and policy instrument risks) have a natural, very strong connection to the climate issue.

Resource use and circular economy are also critical areas for Stockholm Exergi. In our waste treatment service, we use incineration and energy recovery to make use of resources that would otherwise be lost. Our operations therefore help reduce Stockholm's resource requirements for heating, which is in itself positive. But incineration emits climate-impacting carbon dioxide, which constitutes a real financial and market risk. The company supports activities and takes its own measures to reduce emissions, including collaborating on automated post-sorting of waste and applying a waste treatment pricing structure that provides incentives for sorting more plastic.

Corporate responsibility is another key risk area from a sustainability perspective. The company needs to be able to attract people with the right skills, and wants to build a corporate culture that benefits our employees. A safe and inclusive work environment is therefore a target area highlighted by the company, and developments are closely monitored. The company's sustainability policy also includes a policy on diversity (clause 5). The company has explicit targets for gender distribution and proportion of employees with a foreign background and is working actively to achieve these targets. Efforts in this area are described in the Sustainability Report under the ESRS S1 standard (Own workforce). The company runs industrial operations, so the risk of work-related accidents needs to be minimized through a combination of good safety culture, procedures for safe working methods, and technical protection and barriers. Results from our health and safety work during 2024 are presented in the Sustainability Report.

Risk of irregularities and corruption

Stockholm Exergi is well aware of the risk of corruption and other irregularities. All activities have been analyzed based on these considerations, and the Company's Code of Conduct aims to minimize these risks. All employees are required to undergo e-training in anti-corruption and Stockholm Exergi's Code of Conduct as part of the onboarding process, and to repeat this training every three years. As of December 31, 2024, 97 percent of all employees completed this digital training program during the period 2022-2024. Stockholm Exergi's purchasing departments, where there is generally a higher level of exposure, received more comprehensive skills development during 2024 in the area of business ethics.

Stockholm Exergi has procedures and processes in place 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 Stockholm Exergi's operating systems and are available to all employees.

Auditor’s report on the Corporate Governance Statement

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

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 who is responsible for the corporate governance statement for the year 2024 on pages 22-30 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR’s standard Rev 16 The auditor’s examination of the corporate governance statement. This means that our examination of the corporate governance statement 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. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

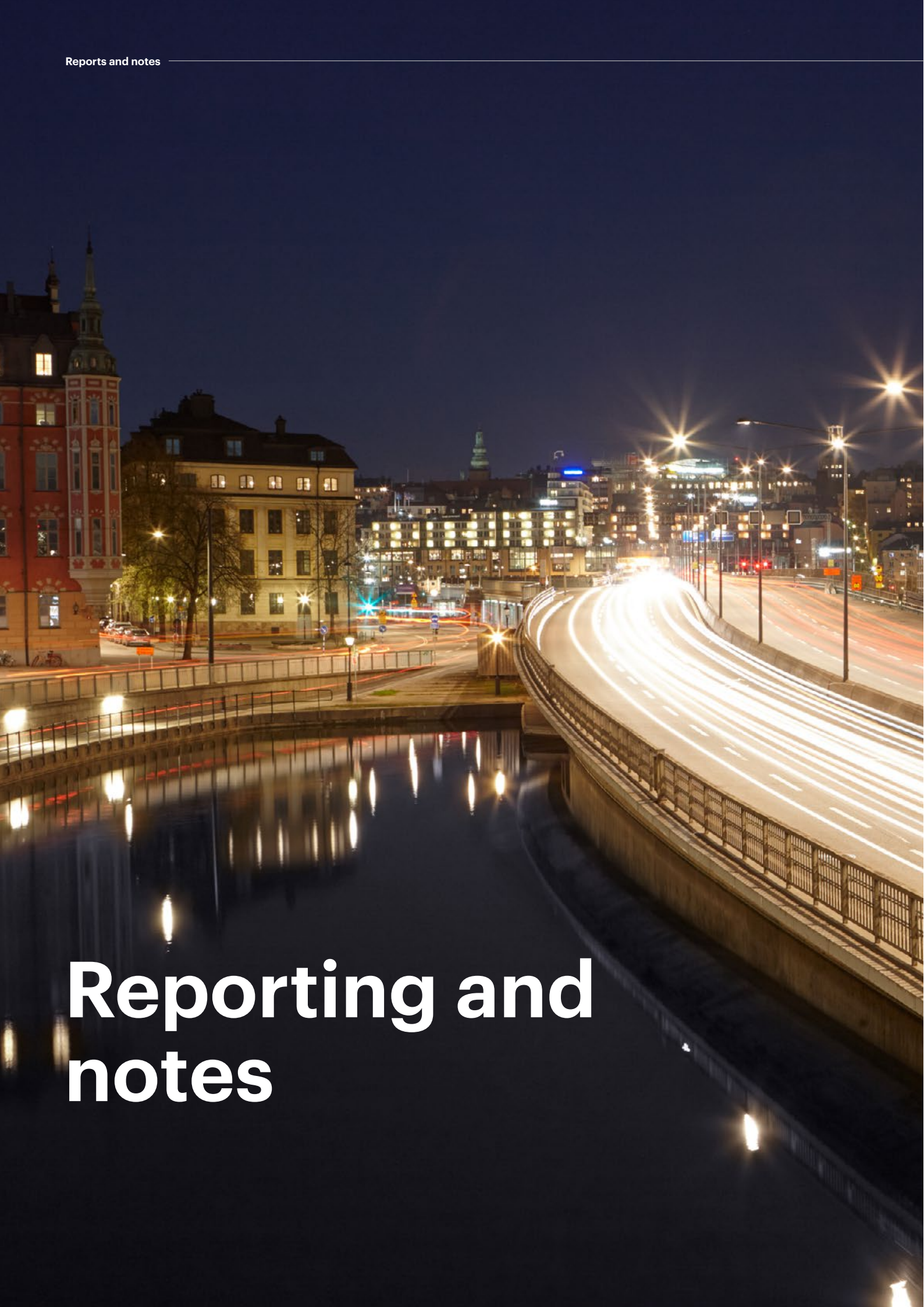
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 27 of March 2025

Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson

Authorized Public Accountant



Reporting and notes

Directors' Report

The Board of Directors and the Chief Executive Officer of Stockholm Exergi Holding AB (publ) hereby present their annual report for the 2024 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 a consortium agreements.

Operations

Stockholm Exergi Holding AB (publ) is a parent company in a group. The Group produces and supplies low-carbon and resource-efficient 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

Group net sales for the period January to December 2024 amounted to 8,381 MSEK (8,289), an increase of 92 MSEK, mainly explained by price increases. Sold volumes amounted to 8,714 GWh (9,151), of which 7,849 GWh (8,137) heating, 522 GWh (680) electricity, and 343 GWh (335) related to district cooling.

Stockholm Exergi has a large and flexible production system where different fuels may be optimized based on demand as well as market parameters. This has, compared to peers in the industry, supported Stockholm Exergi through the energy crisis that followed the Russian full scale invasion of Ukraine in 2022.

Fuel market prices are now gradually decreasing, but are still on higher levels than before the energy crisis. Fuel is generally procured well in advance of the high season which means that sharp price changes are not immediately seen in the P&L, which goes for both increases and decreases.

Operating profit before depreciation amounted to 2,511 MSEK (2,143), an increase of 368 MSEK compared to previous year. The increase is mainly explained by decreasing fuel prices.

The Group's profit before tax amounted to 450 MSEK (161), or 359 MSEK (123) after tax.

Liquidity and financial position

Group

Cash flow from operating activities amounted to 2,116 MSEK (1,358), while funds used for investment activities amounted to -2,134 MSEK (-1,849). Cash flow before financing activities was -17 MSEK (-491). The deviation compared to previous year is explained by a higher operating profit and lower working capital.

During the period, bonds with a nominal value of 3,490 MSEK were issued. In December, the company issued its first NOK bond for an amount equivalent to 990 MSEK, which gives the company access to new parts of the capital market. During the year, bank loans amounting to 1,000 MSEK were repaid, bond loans of 600 MSEK were repaid, and bank loans were amortized by 664 MSEK. Borrowing via commercial paper was reduced.

During 2025 bonds amounting to 1,974 MSEK will be repaid, they all mature in February

At 31 December 2024, the Group had interest-bearing liabilities totaling 15,757 MSEK (14,939) and cash and cash equivalents of 873 MSEK (130). Net interest-bearing liabilities therefore amounted to 14,884 MSEK (14,809). At year-end, cash and cash equivalents and unused credit facilities amounted to 4,373 MSEK (3,430). The credit facilities consist of a revolving credit facility (RCF) of 3,000 MSEK and an overdraft facility of 500 MSEK.

At 31 December 2024, equity amounted to 11,607 MSEK (11,400), giving an equity ratio of 35 (36) per cent.

Parent Company

Cash and cash equivalents at 31 December 2024 amounted to 865 MSEK (128). Equity amounted to 5,484 MSEK (4,672) at the end of the year, which corresponds to an equity ratio of 27 (25) per cent.

Staff

The average number of employees 2024 was 792 (769).

Investments

Stockholm Exergi is constantly investing in the production and distribution assets to ensure availability, increased energy efficiency and improved environmental performance. Investments in the Group amounted to SEK 2,167 million (1,880), 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 as well as 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 be wasted. Stockholm Exergi's products shall help society to evolve in a sustainable direction. The move towards fossil free energy production with declining environmental impact is ongoing. In January 2025, the Swedish Energy Agency announced that Stockholm Exergi is the only company to be awarded governmental support to create permanent negative carbon emissions. The support is awarded for our project at Värtan in Stockholm.

Information on risks and uncertainties

Stockholm Exergi provides the Stockholm region with heating, cooling and electricity which are critical societal functions. Therefore, it is our responsibility to ensure continuous and reliable deliveries and we have plans and routines in place to ensure these deliveries in a number of different, critical scenarios.

During 2024 the geopolitical situation has deteriorated and Stockholm Exergi is carefully following the development in the world. Threats toward Sweden in general and to sensitive infrastructure specifically have increased.

A central part of Stockholm Exergi's operations is to secure access to continuous and timely deliveries at all times in order to provide reliable services to our customers

In addition to normal variations in temperature during the year, the situation in the surrounding world in recent years has had a particular impact on this work, even if the risk regarding supply-related market risks has stabilized in 2024, i.e. risks that are primarily linked to changes in volume and price. New risks of tariffs and similar trade barriers have emerged as a new threat.

For a more detailed description of significant risks and uncertainties, see pages 28-30 and notes 3 and 4 for financial risks.

Effect of climate risks on financial reporting

During 2022 an analysis of the physical climate risks has been conducted for the Värtan, Högdalen and Brista. The Akalla plant has also been assessed previously. Work is under way at the other plants to define the necessary activities and plan implementation.

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

The Company's short-term business planning includes investments and local technical modifications that increase fuel flexibility. Included in this, amongst others, are investments aimed to replace the remaining need of fossil oils with bio-oil. The long-term strategic plan includes continued investments in fuel flexibility as well as CCS technology applied on 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 reinvestments and new investments 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 30.

Environmental information

The Group runs 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 the Annual Accounts Act and the EU's Taxonomy Directive and draws inspiration from the Corporate Sustainability Reporting Directive's (CSRD) European Sustainability Reporting Standards (ESRS). 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 index presented on pages 85 to 88 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 23-30.

Events after the balance sheet date

On 27 January 2025 Stockholm Exergi was awarded financial support in the Swedish Energy Authority's reverse auction. The approved support amounts to just over 20 billion SEK and will be disbursed continuously over a maximum of 15 years, starting from the commencement of geological storage. The support is an important part of the funding to enable the permanent removal of 800,000 tons of carbon dioxide per year, which is more than Stockholm's road traffic emitsduring the same period.

On 27 March 2025 the Board decided to invest in a bio-CCS facility.

Appropriation of earnings

Earnings per share for the fiscal year 2024 amounted to SEK 19,478 (6,247). The Board proposes a dividend of SEK 19 922 per share.

The Board of Directors proposes that the available earnings of the Parent Company, SEK 4,482,138,462 be appropriated as follows:

Proposed appropriation of earnings, SEK	
Retained earning	3,670,226,871
Profit for the year	811,911,592
Dividend	359,000,000
Carried forward	4,123,138,462
Closing balance unrestricted equity	**4,482,138,462**

The proposed dividend reduces the equity ratio from 27% to 25% based on 31 December 2024 numbers. The Board of Directors deems this to acceptable taking into account the stability of the industry in which the company operates. Further, the Board deems that the proposed dividend will not have a negative impact on the company's ability to fulfill its commitments and that the group has a good readiness to handle changes as well as unexpected events.

Group – five-year summary

SEK million	**2024**	**2023**	**2022**[1)]	**2021**	**2020**
Net sales	8,381	8,289	7,996	7,294	6,180
Operating profit before depreciation	**2,511**	**2,143**	**2,818**	**2,919**	**2,811**
Operating profit/loss	**910**	**587**	**1,280**	**1,424**	**1,302**
Financial items – net	-460	-422	-226	-170	-190
Results from shares in associated companies		-5			
Profit/loss before tax	**450**	**161**	**1,054**	**1,254**	**1,111**
Income tax	-91	-38	-210	-284	-234
Profit for the year	**359**	**123**	**843**	**970**	**878**
Total assets	32,837	31,626	32,057	29,784	29,479
Total shareholders' equity	11,607	11,400	12,568	12,037	11,646
Interest-bearing liabilities	15,757	14,939	13,471	12,476	12,363
Net debt	14,884	14,809	13,469	12,475	12,352
Capital employed	27,363	26,339	26,039	24,513	24,009
Working capital	1,924	2,342	2,119	1,300	1,366
Investments	2,167	1,880	1,621	1,411	1,734
Cash flow before financing activities	-17	-491	-131	732	1,100
Return on equity, %	3,1	1,0	6,9	8.2	7.5
Return on capital employed, %	3,5	2,3	5,1	5.9	5.4
Equity/assets ratio, %	35	36	39	40	40
Debt/equity ratio	1,5	1,8	1,6	1.5	1.5
Net debt/EBITDA	5,9	6,9	4,8	4.3	4.4

[1)] Figures for 2022 have, in accordance with IAS 8, been adjusted following a change in accounting principles related to fuel stock valuation.

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.

The key performance indicators presented are not defined in IFRS but are considered to facilitate stakeholders' analysis of profit and financial position.

Consolidated Income Statement

SEK million	Note	2024	2023
Net sales	5	8,381	8,289
Work performed by the company for its own use and capitalised		46	38
Other incomes	7	115	174
Raw materials and consumables		-3,735	-4,177
Other external costs	8	-1,421	-1,375
Personnel costs	10	-875	-807
Operating profit before depreciation		**2,511**	**2,143**
Depreciation, amortisation and impairment of tangible fixed assets and intangible assets	11	-1,602	-1,556
Operating profit/loss		**910**	**587**
Financial income	12	69	8
Financial expenses	6, 12	-528	-430
Results from shares in associated companies		0	-5
Profit/loss before tax		**450**	**161**
Income tax	13	-91	-38
Profit for the year		**359**	**123**
Profit attributable to:			
Parent Company shareholders		351	113
Non-controlling interests		8	10
Profit for the year		**359**	**123**

Consolidated report on comprehensive income

SEK million	2024	2023
Profit for the year	**359**	**123**
Other comprehensive income:		
Items not to be reversed in the income statement		
Revaluation of the net pension liability	-77	-4
Tax effect	16	1
Items that can subsequently be reversed in the income statement		
Cash flow hedges		
Fair value gains/losses for the year	42	-469
Reversal to the income statement	-162	-49
Reversal to inventories/tangible fixed assets	1	-33
Tax effect	27	113
Other comprehensive income for the year, net of tax	**-153**	**-441**
Total comprehensive income for the year	**206**	**-318**
Total comprehensive income attributable to:		
Parent Company shareholders	208	-328
Non-controlling interests	-2	10
Total comprehensive income for the year	**206**	**-318**

Consolidated Balance Sheet

SEK million	Note	31 Dec 2024	31 Dec 2023
TILLGÅNGAR			
Non-current assets			
Intangible assets	15	429	334
Tangible assets	16	26,921	26,310
Shares in associated companies		265	246
Managed assets (pension assets)	26	0	52
Other non-current assets		4	4
Derivative instruments	3, 14	127	35
Total non-current assets		**27,746**	**26,981**
Current assets			
Stocks	18	1,661	1,656
Derivative instruments	3, 14	53	204
Accounts receivable	19	1,126	1,105
Prepaid expenses and accrued income	19	1,357	1,511
Other receivables	19	16	38
Current tax return		6	0
Cash and cash equivalents	20	873	130
Total current assets		**5,091**	**4,645**
Total assets		**32,837**	**31,626**
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	21	2	2
Reserves		43	135
Retained earnings		11,537	11,238
Total		**11,582**	**11,374**
Non-controlling interests	22	25	26
Total shareholders' equity		**11,607**	**11,400**
SKULDER			
Non-current liabilities			
Interest-bearing liabilities	23	13,056	11,904
Derivative instruments	3, 14	117	44
Deferred tax liabilities	24	2,979	3,139
Other provisions	25	31	37
Pension provisions	26	3	3
Total non-current liabilities		**16,186**	**15,127**
Current liabilities			
Interest-bearing liabilities	23	2,700	3,036
Derivative instruments	3, 14	29	22
Accounts payable	27	1,107	739
Accrued expenses and prepaid income	27	661	826
Other liabilities	27	546	475
Other provisions	25	1	1
Total current liabilities		**5,044**	**5,099**
Total liabilities		**21,231**	**20,227**
Total equity and liabilities		**32,837**	**31,626**

Consolidated report of changes in equity

SEK million	Share capital	Reserves Cash flow hedges	Retained earnings	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening balance at 1 January 2023	**2**	**573**	**11,977**	**12,552**	**16**	**12,568**
Profit for the year			113	113	10	123
Other comprehensive income for the year		-437	-3	-441		-441
Total comprehensive income		**-437**	**110**	**-328**	**10**	**-318**
Transaction with shareholders						
Dividends			-850	-850		-850
Closing balance at 31 December 2023	**2**	**135**	**11,238**	**11,374**	**26**	**11,400**
Opening balance at 1 January 2024	**2**	**135**	**11,238**	**11,374**	**26**	**11,400**
Profit for the year			361	361	-2	359
Other comprehensive income for the year		-92	-61	-153		-153
Total comprehensive income		**-92**	**300**	**209**	**-2**	**206**
Transactions with shareholders						
Dividends						
Closing balance at 31 December 2024	**2**	**43**	**11,537**	**11,582**	**25**	**11,607**

Consolidated cash flow statement

SEK million	Note	2024	2023
Operating profit before depreciation (EBITDA)		**2,511**	**2,143**
Adjustments for items not included in cash flow[1)]		-88	4
Interest received		38	5
Paid interest		-542	-439
Paid tax		-202	-131
Cash flow from operating activities before changes in working capital		**1,716**	**1,582**
Changes in operating receivables		92	353
Changes in operating liabilities		309	-576
Cash flow from current operations		**2,116**	**1,358**
Cash flow from investing activities			
Acquisitions of tangible fixed assets and intangible assets		-2,134	-1,658
Acquisitions of associated companies	17		-191
Cash flow from investing activities		**-2,134**	**-1,849**
Cash flow before financing activities		**-17**	**-491**
Cash flow from financing activities			
Loans raised	23	3,792	3,100
Repayment of loans	23	-3,036	-1,459
Change in short-term operating finance	23	4	-172
Dividends paid			-850
Cash flow from financing activities		**760**	**619**
Total increase (+)/decrease (-) in cash and cash equivalents		**743**	**128**
Cash and cash equivalents, at beginning of the year		**130**	**1**
Cash and cash equivalents at year-end	20	**873**	**130**

[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	2024	2023
Change in non-interest-bearing receivables, decrease (+)/increase (-)	92	353
Change in inventories, decrease (+)/increase (-)	132	-37
Change in non-interest-bearing liabilities, decrease (-)/increase (+)	177	-539
Total	**400**	**-224**

Acquisitions of property, plant and equipment and intangible assets

SEK million	Note	2024	2023
Investments	15, 16	-2,169	-1,880
Interest capitalised on major investment projects		37	31
Total		**-2,134**	**-1,849**

Investments in intangible- and tangible assets in the balance sheet amounted to SEK 2,169 million (1,880). Cash flow impact investments SEK -2,134 million (-1,849) 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 37 million (31), which is adjusted towards the interest paid item in the cash flow statement.

Parent Company Income Statement

SEK million	Note	2024	2023
Operating expenses			
Other operating expenses		-8	-6
Operating profit/loss		**-8**	**-6**
Profit/loss from financial items			
Other interest income and similar income	38	190	138
Interest costs and similar costs	38	-519	-439
Profit/loss after financial items		**-338**	**-306**
Appropriations			
Group contributions		1,360	757
Profit/loss before tax		**1,023**	**451**
Income tax	39	-211	-93
Profit for the year		**812**	**358**

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 2024	31 Dec 2023
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		0	16
Total non-current assets		**15,622**	**15,638**
Current assets			
Receivables from Group companies		4,137	3,308
Current tax receivables		6	0
Other receivables		35	8
Cash and cash equivalents	43	865	128
Total current assets		**5,042**	**3,445**
Total assets		**20,664**	**19,083**
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		3,670	3,313
Profit for the year		812	358
Total unrestricted equity		**4,482**	**3,670**
Total shareholders' equity		**5,484**	**4,672**
Non-current liabilities			
Interest-bearing liabilities	42	12,461	11,333
Total non-current liabilities		**12,461**	**11,333**
Current liabilities			
Interest-bearing liabilities	42	2,633	2,974
Accounts payable		2	0
Liabilities to Group companies		5	19
Current tax liabilities		0	1
Accrued expenses and deferred income		78	85
Total current liabilities		**2,718**	**3,078**
Total liabilities		**15,180**	**14,411**
Total equity and liabilities		**20,664**	**19,083**

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 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**
Opening balance at 1 January 2024		**2**	**1,000**	**3,670**	**4,672**
Profit for the year				812	812
Transactions with shareholders					
Dividends					
Closing balance at 31 December 2024		**2**	**1,000**	**4,482**	**5,484**

Parent Company Cash Flow Statement

SEK million	Note	2024	2023
Operating activities			
Profit/loss after financial items		-338	-306
Adjustments for items that are not included in cash flow		16	12
Total		**-322**	**-294**
Paid tax		-7	-92
Cash flow from operating activities before changes in working capital		**-329**	**-386**
Changes in working capital			
Increase (-)/Decrease (+) in operating receivables		1	-13
Increase (+)/Decrease (-) in operating liabilities		-194	
Cash flow from current operations		**-521**	**-399**
Cash flow before financing activities		**-521**	**-399**
Cash flow from financing activities			
Loans raised		3,762	3,100
Repayment of loans		-2,990	-1,450
Group contribution received		757	1,185
External change in Group account		4	-172
Change in balance sheet of subsidiaries, Group account		-275	-1,288
Dividends paid			-850
Cash flow from financing activities		**1,258**	**525**
Cash flow for the year		**737**	**126**
Cash and cash equivalents, at beginning of the year		**128**	**1**
Cash and cash equivalents at year-end		**865**	**128**

Supplementary information on the Parent Company's cash flow statement

SEK million	2024	2023
Adjustments for items that are not included in cash flow		
Change in accrued interest income/expenses, and deferred tax	16	12
	16	**12**

SEK million	2024	2023
Interest received and paid		
Interest received	35	150
Interest paid	-517	-460
Net	**-482**	**-310**

List of notes

Group

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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, with its registered office is in Stockholm. The Stockholm Exergi Holding AB (publ) Group, hereinafter referred to as the Group, produces and supplies low-carbon and resource-efficient 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 handling the Group-wide financing solutions. The financial statements were approved by the Board of Directors on 27 March 2025.

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

Several changes to existing accounting standards have come into effect during the year. None of these have had any material impact on Stockholm Exergi.

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.

The IASB has issued IFRS 18 Presentation and Disclosure in Financial Statements which shall be applied from accounting year s beginning on 1 January 2027. IFRS 18 will not affect the accounting and estimations, but it will effect how they are presented. Stockholm Exergi has begun evaluating how it will affect the Groups financial reporting

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 considerable accounting principles. Further amendments to IAS1 is to explain how a company can identify a significant accounting principle.

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 percent of the votes, either directly or indirectly. 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.

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.

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 and liability is valued at 0. 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 liability 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.

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. 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
Tunnels	40years
Machinery and other technical installations	5 to 30 years
Heat pumps	25 years
Heat only boilers	25 years
Electricity boilers	25 years
Control - and regulation equipment	10-15 years
Remote cooling pipes	30 years
District heating pipes	40 years
Pump stations	25 years
Customer stations	20 years
Customer meter	10 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 licenses 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 10 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 determined by the board.

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 and we have business plans that extend over 20 years with available and assumed market prices, the forecast period is longer.

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 placements 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 as they are only deposited with large banks. 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. Borrowing is done through the issuance of bonds, commercial papers and bank loans. Borrowing is done in the parent company

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 SEK 50,000 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 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.

1.22 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.

1.22.1 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.

1.22.2 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.

1.23 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.

1.23.1 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.

1.23.2 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".

1.23.3 Group contributions

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

1.23.4 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.

1.23.5 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.

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 2024.

2.3 Defined benefit plans

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.

2.4 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.

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 2024 (31 December 2023). All outstanding 2024 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	2024	2023
+/- 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	3.1

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 2024						
Electricity – Sales swaps (GWh)	77	0	77	12	7	5
Electricity – Purchasing swaps (GWh)	231	166	397	28	36	-8
Electricity – EPAD Sales CFD (GWh)						
Electricity – EPAD Purchase CFD (GWh)	59		59	1		1
Total	**367**	**166**	**533**	**42**	**43**	**-2**
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 classification 2024						
Electricity derivatives meeting hedge accounting requirements (GWh)	367	166	533	42	43	-2
Total	**367**	**166**	**533**	**42**	**43**	**-2**
Derivatives classification 2024						
Electricity derivatives – long-term				10	26	36
Electricity derivatives – short-term				32	17	49
Total				**42**	**43**	**85**
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**

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, emitted bonds in NOK on the Norwegian capital market 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 500 MSEK, which was unused at the balance sheet date. In addition to the Group overdraft limit, the Group has a committed revolving credit facility of 3,000 MSEK which was undrawn at the balance sheet date. The total liquidity reserve at year-end was 4,373 MSEK of which 873 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.

	2024				2023			
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	3,282	7,721	6,865	17,868	3,516	8,894	4,114	16,524
Accounts payable	1,107			1,107	739			739
Gross derivatives (liabilities)					1,501	280		1,781
Gross derivatives (receivables)					-1,506	-280		-1,786
Net derivatives (liabilities)	0	1	0	1	43	158	39	240
Net derivatives (receivables)	-16	-61	-72	-149	-72	-264	-71	-407
Total	**4,373**	**7,661**	**6,793**	**18,827**	**4,221**	**8,788**	**4,082**	**17,091**

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 40-75% fixed or secured interest rates must be sought, seen across the entire loan portfolio. As of 31 December 2024, 55 percent (55) 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 44 million (60). The average interest rate on loans and derivatives amounted to 3.16 percent (3.63)*. As of 31 December 2024, the average interest rate on loans (excluding derivatives) amounted to 3.04 percent (2.55).

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 3 MSEK.

Group transaction exposure

	2024			2023		
SEK million	**Exposure**	**Hedges**	**Open**	**Exposure**	**Hedges**	**Open**
EUR	1,080	-1,076	4	674	-703	-29
GBP	33	-42	-9	180	-168	12
USD	2	-2	0	0	0	0
Total	**1,115**	**-1,120**	**-5**	**854**	**-871**	**-17**

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 , 2024							
Foreign exchange forward contract	1,063	56	0	1,119	21	-11	10
Interest rate swaps	0	1,650	2,865	4,515	34	-69	-35
Total	**1,063**	**1,706**	**2,865**	**5,634**	**55**	**-80**	**-25**
Of which							
- long-term					14	-42	-27
- short-term					36	-5	31
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

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 13 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 2024, 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 873 million (130), and derivative instruments recognised as assets amount to SEK 180 million (239), of which current SEK 53 million (35). 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.

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 profitability of the entire industry, has indicated Stockholm Exergi's outlook to negative. In the credit assessment of Stockholm Exergi, the development of the ratio between Net Debt and EBITDA is continuously followed.

Net debt / EBITDA ratio

SEK million	Note	2024	2023
Interest-bearing liabilities	23	15,697	14,939
Minus: Cash and cash equivalents	20	873	130
Net debt		**14,824**	**14,809**
Operating profit/loss		910	587
Plus: Depreciation and impairment charges		1,602	1,556
EBITDA		**2,511**	**2,143**
Net debt / EBITDA		**5.9**	**6.9**

NOTE 5 Segment information

5.1 Stockholm Exergi

Stockholm Exergi's 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.

Group net sales by major product

SEK million	2024	2023
Heating	7,158	6,665
Electricity	753	1,136
Cooling	233	219
Other net sales	238	269
Total	**8,381**	**8,289**

5.3 Group-wide information

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 obtained emission guarantees as well as revenues for electricity power and electricity readiness. Electricity revenues arise from net supplies of electricity to Nord Pool at market prices. **Other net sales** include the provision of services and the sale of fuels.

NOTE 6 Changes in fair value of derivative instruments

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 2024.

SEK million	2024	2023
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	2024	2023
Rental revenue	44	36
Other items	71	103
Total	**115**	**174**

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.

NOTE 8 Other external costs

SEK million	2024	2023
Property costs	-175	-167
Repairs and maintenance	-631	-546
Marketing, public relations and other selling expenses	-23	-14
IT and telecommunications costs	-138	-126
Other external services	-57	-72
Consultancy services	-296	-323
Other operating expenses	-101	-125
Total	**-1,421**	**-1,375**

NOTE 9 Remuneration to auditors

TSEK	2024	2023
Öhrlings PricewaterhouseCoopers AB		
Auditing services	-2,510	
Auditing activities other than the audit assignsment		
Tax advice		
Other services	-11,300	
Deloitte		
Auditing activities other than the audit assignment	-973	-1,933
Other services	-568	-418
Other services	-1,009	-330
Total	**-16,360**	**-2,682**

Audit assignments refer to the review of the annual report and accounting and the administration of the board and the CEO, other tasks that it is incumbent on the company's auditor to perform, and advice or other assistance that is prompted by observations during such review or the implementation of such other tasks. Audit activities in addition to the audit assignment refer to fees for statements and other assignments that must be performed by the external auditor by law or that are relatively closely associated with the audit and that are normally performed by the external auditor, including consultations regarding advisory and reporting requirements and internal control. Other services refer to other assignments such as the review of the sustainability report of SEK 800 thousand (418).

NOTE 10 Employee benefits

SEK million	2024	2023
Salaries	-557	-527
Pensions		
Defined contribution plans	-92	-90
Defined benefit plans (see note 26)	3	-1
Social security contributions	-201	-188
Total employee benefits	**-853**	**-807**
Other personnel-related costs	-23	-22
Total personnel costs	**-875**	**-828**

Salaries, other benefits and social security costs

	2024		2023	
SEK million	**Salaries and other benefits**	**Pension costs**	**Salaries and other benefits**	**Pension costs**
Board members, CEO and other senior executives	-25	-9	-25	-8
Other employees	-532	-86	-502	-83
Group total	**-557**	**-95**	**-527**	**-91**

	2024		2023	
Average number of employees	**Total**	**Of whom men**	**Total**	**Of whom men**
Sweden	792	76%	769	78%
Group total	**792**	**76%**	**769**	**78%**

	2024		2023	
Gender distribution in the Group	**Number at balance sheet date**	**Of whom men**	**Number at balance sheet date**	**Of whom men**
Board members	10	7	10	8
CEO and other senior executives	10	8	10	8
Group total	**20**	**15**	**20**	**16**

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.

Compensation and other benefits, 2024

SEK thousand	Benefits	Pension cost [1]	Total compensation and benefits
Petra Engman (Chair of the Board)	178		**178**
Jonas Abrahamsson (Vice Chair)	137		**137**
Fredrik Adolfsson (Board member)	55		**55**
Christofer Fjellner (Board member)	55		**55**
Irina Frolova (Board member)	39		**39**
Carlo Maddalena			
Tove Feld (Board member) elected in 2024	29		**29**
Rickard Hjort Warlenius (Board member)	55		**55**
Anders Egelrud (Chief Executive Officer)	5,555	2,048	**7,603**
Other senior executives (9 positions) [2]	18,898	6,513	**25,410**
Total	**25,001**	**8,561**	**33,562**

The difference in remuneration to the board members is due to extra compensation for those who are part of committees and that some members only has been members of the board for part of the year and accordingly only received compensation for part of the year.

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			
Christofer 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	1,920	**6,996**
Other senior executives (9 positions) [2]	19,613	5,905	**25,518**
Total	**25,255**	**7,825**	**33,080**

[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 performance targets for the Stockholm Exergi Group (financial performance , CSI, safety at work and CO_2 emissions).

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 half of the maximum bonus mentioned above.

Severance pay

The notice period for the CEO is 6 months. From the company's side the notice period is 12 months and 12 months severance pay. There is no severance pay for other senior executives beyond the agreed notice period. A notice period at least six 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 for over 10 IBB (defined contribution scale).

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

The retirement age for the CEO is 65 years . The CEO is covered by an individual pension scheme with the possibility to select any of the pension funds available for Stockholm Exergi.

NOTE 11 Depreciation and amortisation of tangible and intangible fixed assets

SEK million	2024	2023
Depreciation of tangible fixed assets		
Buildings and ground installations	-225	-218
Machinery, other technical installations, furniture and tools	-1,292	-1,260
Right-of-use assets	-26	-23
Amortisation of intangible assets	-60	-55
Total depreciation and amortisation of tangible and intangible fixed assets	**-1,602**	**-1,556**

NOTE 12 Financial income and expenses

SEK million	2024	2023
Financial expenses		
Interest expenses on loans	-506	-387
Interest expenses on lease debt	-16	-16
Other	-6	-0
Total	**-528**	**-404**
Financial income		
Other interest income	69	8
Total	**69**	**8**
Financial income and expenses – net	**-460**	**-395**

NOTE 13 Income tax

SEK million	2024	2023
Current tax on profit for the year	-208	-113
Temporary tax reduction		0
Adjustments to current tax relating to previous years		0
Total current tax	**-208**	**-113**
Deferred taxes		
Accrual and reversal of deferred taxes	117	75
Effect of change in future tax rates		
Total deferred tax	**117**	**75**
Total income tax	**-91**	**-38**

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	2024	%	2023	%
Profit/loss before tax	450		161	
Tax calculated at the applicable tax rate for the Parent Company, 20.6%	-93	-20.6%	-33	-20.6%
Non-deductible expenses	-8	-1.8%	-18	-10.9%
Non-taxable income	10	2.3%.	12	7.6%
Revaluation of deferred tax – change in the Swedish tax rate		0.0%	0	0.2%
Other	0	0.0%	0	0.0%
Tax cost	**-91**	**-20,2%**	**-38**	**-23.7%**

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 20,2 per cent (23.7).

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, 2024

	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			127	127
Financial assets, short-term				
Derivative instruments			53	53
Accounts receivable	1,126			1,126
Other short-term receivables	500			500
Cash and cash equivalents	873			873
Total	**2,498**		**180**	**2,678**

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 liabilities by category, 2024

SEK million	Financial liabilities at fair value through profit or loss: Holdings for trading	Financial liabilities at fair value through profit or loss: Derivatives in hedge accounting	Other financial liabilities: Amortised cost	Total financial liabilities
Non-current liabilities				
Interest-bearing liabilities			13,056	13,056
Derivative instruments		117		117
Current liabilities				
Interest-bearing liabilities			2,700	2,700
Derivative instruments		29		29
Accounts payable			1,107	1,107
Total		**146**	**16,863**	**17,009**

Financial liabilities by category, 2023

SEK million	Financial liabilities at fair value through profit or loss: Holdings for trading	Financial liabilities at fair value through profit or loss: 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 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

	Level 2	
SEK million	**2024**	**2023**
In fixed assets		
Derivative instruments		
Hedge accounting	127	35
No hedge accounting		
In current assets		
Derivative instruments		
Hedge accounting	53	204
No hedge accounting		
Total	**180**	239

Financial liabilities

	Level 2	
SEK million	**2024**	**2023**
In long-term liabilities		
Interest-bearing liabilities	13,056	11,904
Derivative instruments	117	44
Hedge accounting		
In current liabilities		
Interest-bearing liabilities	2,700	3,036
Derivative instruments		
Hedge accounting	29	22
No hedge accounting		
Total	**15,902**	**15,009**

NOTE 15 Intangible assets

	Capitalised expenditure on software		Emission rights and goodwill		Work in progress of intangible assets		Total	
SEK million	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Cost at 1 January	576	419	140	169	0	0	716	588
Investments								
Disposals and retirements								
Change of emission rights			75	-29			75	-29
Reclassifications	79	157					79	157
Cost at 31 December	**655**	**576**	**216**	**140**	**0**	**0**	**870**	**716**
Accumulated depreciation at 1 January	**-382**	**-327**	**0**	**0**	**0**	**0**	**-382**	**-327**
Disposals and retirements								
Depreciation for the year	-59	-55					-59	-55
Reclassifications			0	0				
Accumulated depreciation at 31 December	**-441**	**-382**	**0**	**0**	**0**	**0**	**-441**	**-382**
Carrying amount at 31 December	**213**	**194**	**216**	**140**	**0**	**0**	**429**	**334**

NOTE 16 Tangible assets

Tangible fixed assets, 2024

SEK million	Land	Buildings, plants and ground installations	Machinery and equipment	Construction in progress and advances	Right-of-use assets	Total
Cost at 1 January 2024	**2,844**	**8,164**	**40,928**	**2,756**	**573**	**55,264**
Investments				2,150		2,150
Net change in right-of-use assets					18	18
Disposals and retirements			-16			-16
Transferred from construction in progress	153	76	628	-936		-79
Reclassifications						
Cost at 31 December 2024	**2,997**	**8,239**	**41,540**	**3,970**	**591**	**57,337**
Accumulated depreciation at 1 January 2024		**-4,005**	**-24,841**		**-108**	**-28,954**
Transfers						
Disposals and retirements			2			2
Depreciation and amortisation for the year		-233	-1,293		-26	-1,571
Reclassifications						
Accumulated depreciation at 31 December 2024		**-4,228**	**-26,132**		**-133**	**-30,493**
Carrying amount at 31 December 2024	**2,997**	**4,011**	**15,408**	**3,970**	**458**	**26,843**

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
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**
Adjustment of opening balance						
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**		**-108**	**-28,954**
Carrying amount at 31 December 2023	**2,844**	**4,158**	**16,086**	**2,756**	**465**	**26,310**

16.1 Capitalised loan costs

	Capitalised assets and construction in progress	
SEK million	**2024**	**2023**
1 January	254	235
Increases	37	31
Depreciation	-12	-12
31 December	**279**	**254**

Borrowing costs of an additional SEK 37 million were capitalised in 2024 (31) for ongoing major construction projects in Stockholm. The weighted interest rate for capitalisation was 3.51 per cent (3.26).

16.2 Investments

Investments include both intangible and tangible fixed assets. Investments in 2024 and 2023 consisted mainly of investments in renewable electricity and heat. Maintenance investments in 2024 amounted to SEK 615 million (462). Investments due to regulatory requirements amounted to SEK 203 million (228). Investments that increased productivity amounted to SEK 109 million (131). Growth investments amounted to SEK 1,223 million (1,058).

Major ongoing projects in 2024 included the conversion of a combined heat and power plant in Värtan and some generators.

Total investments in renewable generation, including the distribution network and waste sorting plant, amounted to SEK 1,947 million (1,382), which gives a share of total investments of 89 per cent (74).

Investment categories

SEK million	**2024**	**2023**
Growth	1,223	1,058
Maintenance	615	462
Laws and requirements	203	228
Productivity	109	131
Acquisition	17	
31 December	**2,150**	**1,879**

NOT 17 Shares in associated companies

Sek million	**2024**	**2023**
Shares in associated companies	265	246
Total	**265**	**246**

Sek million	**2024**	**2023**
Profit/loss from associated companies	-12	-5
Total	**-12**	**-5**

Information regarding associated companies

Associated companies consists 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 264 million.

Effektbolaget i Sverige AB. Is owned 50% by Stockholm Exergi and 50% by the effect operator Polar Capacity. The book value amounts to SEK -2 million.

Sek million Associated companies	**Effect cash flow**	**Other**	**Booked value**
Acquisition price	91		91
Shareholder contribution	128		128
Transferred operating assets at fair value		59	59
Share of associated companies results		-17	-17
Total	**219**	**42**	**265**

NOTE 18 Inventories

SEK million	2024	2023
Oil	247	277
Biofuels	718	736
Woodchips and pellets	361	355
Coal	11	11
Other fuel	2	
Materials and spare parts	321	277
Total	**1,661**	**1,656**

No incurrence during 2024

NOTE 19 Trade and other receivables

SEK million	2024	2023
Accounts receivable	1,126	1,105
Accrued income electricity	131	168
Other prepaid expenses and accrued income	1,226	1,343
Other short-term receivables	16	15
Total	**2,499**	**2,631**

Ageing analysis of trade receivables

	2024		2023	
SEK million	Net trade receivables	Expected credit loss (ECL)	Net trade receivables	Expected credit loss (ECL)
Not due	1,018	7	1,073	7
Past due 1–90 days	107	0	27	0
Past due 91–180 days	0	0	3	0
Past due more than 181 days	1	0	2	0
Total	**1,126**	**7**	**1,105**	**7**

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

19.1 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 -7 MSEK (-7)

The Group had not received any bank guarantees as collateral for trade receivables in 2024 (0).

See note 3.2.4 for further information on credit risk management.

NOTE 20 Cash and cash equivalents

SEK million	2024	2023
Cash and bank balances	873	130
Total	**873**	**130**

The Group has a Group account system with an overdraft facility of 500 MSEK. Credit balances at the balance sheet date are included in Cash and cash equivalents, while drawdowns are included in Other current interest-bearing liabilities. Cash at balance day amounted to 873 MSEK (130). The utilisation of the credit facility at the balance sheet date was 0 MSEK (0).

NOTE 21 Share capital

	2024		2023	
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 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		2024	2023
Brista 2 KB	Sweden	25	26
Brista 2 AB	Sweden	0	0
Total non-controlling interests		**25**	**26**

NOTE 23 Interest-bearing liabilities

SEK million	2024	2023
Bond loans	10,958	9,489
Loans from credit institutions	1,485	1,844
Lease liabilities	524	475
Other long-term interest-bearing liabilities	90	96
Total long-term interest-bearing liabilities	**13,056**	**11,904**
Bond loans	1,974	600
Current portion of loans from credit institutions	361	1,614
Current portion of other long-term interest-bearing liabilities	36	46
Leasing liabilities	31	16
Other current interest-bearing liabilities	298	759
Total current interest-bearing liabilities	**2,700**	**3,035**
Total interest-bearing liabilities	**15,757**	**14,939**

During March and June, Green bonds were issued amounting to a nominal amount of SEK 1,000 million on each occasion. The green bonds are issued against a framework according to which it may be allocated for investments During September, a bond loan of SEK 600 million was repaid, During October, a long term loan was repaid to SEB for a nominal amount of SEK 1,000 million. During November and December Green bonds of SEK 500 million and NOK 1,000 million were issued. The borrowing via commercial paper has decreased by SEK461 million during the year. Fluctuations in the working capital has been financed with commercial papers, money market loans and the credit facility. In total, bonds with a nominal amount of SEK 12,964 million were outstanding on the balance sheet date, of which 86 percent were green.

There are no covenants or other variable conditions. No loans have been repaid early.

On 31 December 2024, the average remaining capital commitment period on the debt portfolio was 51.3 months (41.3). 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 15,202 million (14,449). The short-term share of interest-bearing liabilities increased and amounted to SEK 2,669 million (2,706) on the balance sheet date.

23.1 Interest-bearing liabilities excluding leasing liabilities

			Interest rate renegotiation					
SEK million	Effective interest rate, %	Carrying value, 2024	Less than 1 year	1 to 5 years	Over 5 years	Fair value, 2024	Carrying value, 2023[1)]	Fair value, 2023
Bond loans	3,4	10,957	5,842	1,651	3,464	9,360	9,489	9,360
Loans from credit institutions	5,4	1,486	1,486			2,384	1,844	2,384
Non-current interest-bearing liabilities	3,3	90		90		99	96	99
IFRS 16 Long term	5,7	524		131	393			
Total long-term interest-bearing liabilities	**3,8**	**13,056**	**7,328**	**1,871**	**3,857**	**11,843**	**11,429**	**11,843**
Short-term interest-bearing liabilities	4,6	2,669	2,669	-	-	2,637	3,020	2,637
IFRS 16 Short-term	5,7	31	31					
Total current interest-bearing liabilities	**4,6**	**2,700**	**2,669**			**2,637**	**3,020**	**2,637**
Total interest-bearing liabilities	**3,9**	**15,757**	**10,028**	**1,871**	**3,857**	**14,480**	**14,449**	**14,480**

Interest-bearing liabilities (excluding leases) falling due:

SEK million	2024	2023
2024		3,020
2025	2,669	2,391
2026	2,218	2,217
2027	1,634	1,629
2028	1,478	1,447
2029	1,098	3,745
2030 or later	6,105	
Total	**15,202**	**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 2024**	**Changes affecting cash flow**	**Accrual of borrowing costs**	**Reclassifications**	**Closing balance, 31 December 2024**
Bond loans	9,489	3,464	-22	-1,974	10,957
Loans from credit institutions	1,844		3	-361	1,486
Lease liabilities	475			49	524
Other long-term interest-bearing liabilities	96	30		-36	90
Total long-term interest-bearing liabilities	**11,904**	**3,494**	**-19**	**-2,322**	**13,057**
Bond loans	600	-600		1,974	1,974
Current portion of loans from credit institutions	1,614	-1,614		361	361
Current portion of other long-term interest-bearing liabilities	46	-46		36	36
Lease liabilities	16	-16		31	31
Other current interest-bearing liabilities	759	-461	-2		298
Total current interest-bearing liabilities	**3,035**	**-2,738**	**0**	**2,402**	**2,700**
Total interest-bearing liabilities	**14,939**	**757**	**-19**	**80**	**15,757**

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**

NOTE 24 Deferred tax

Changes in deferred tax assets and liabilities in 2024

SEK million	1 Jan 2024	Recognised in the income statement	Recognised in other comprehensive income	Reclassification	31 Dec 2024
Deferred tax assets					
Derivative instruments	0				0
Pension obligations	0				0
Change in accounting principle stock					0
Remaining negative net interest	16	-16			0
Leasing debt	106	1			106
Other	1	0	0	0	1
Total deferred tax assets	**123**	**-15**	**0**	**0**	**108**
Offset against deferred tax liabilities	0				0
Net deferred tax assets	**123**	**-15**	**0**	**0**	**108**
Deferred tax liabilities					
Buildings and land	69	-1			68
Machinery and equipment	3,033	-135	-10		2,887
Usufruct rights	99				99
Derivative instruments	36	0	-10		8
Pension obligations	10	6	-5		11
Other	15	-2	0	0	14
Total deferred tax liabilities	**3,262**	**-132**	**-43**	**7**	**3,087**
Offset against deferred tax asset	-123	15	0	7	-108
Net deferred tax liabilities	**3,139**	**-117**	**-43**	**7**	**2,979**

Changes in deferred tax assets and liabilities in 2023

SEK million	1 Jan 2023	Recognised in the income statement	Recognised in other comprehensive income	Reclassification	31 Dec 2023
Deferred tax assets					
Derivative instruments	0	0			0
Pension obligations	0	0	0	0	0
Change in accounting principle stock	27	-27	0	0	0
Remaining negative net interest	0	16			16
Leasing debt	110	-5	0	0	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
Usufruct rights	105	-6	0	0	99
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**

NOTE 25 Other provisions

	2024			2023		
SEK million	**Environmental debt**	**Other**	**Total**	**Environmental debt**	**Other**	**Total**
1 January	**36**	**2**	**38**	**41**	**3**	**44**
Provisions for the period		1	1		1	1
Used during the year	-5	-2	-7	-5	-2	-7
31 December	**31**	**1**	**32**	**36**	**2**	**38**
Of which short-term provisions		1	1		1	1
Of which long-term provisions	31	1	32	36	1	37

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 162 per cent (157).

A total of 9 (11) 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 800 (816) individuals. Amounts recognised in the income statement in respect of defined benefit pensions under IAS 19 amounted to SEK -3 million (-2). 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 0 million (-4).

Amounts recognised in the income statement

SEK million	**2024**	**2023**
Current year service costs	-5	-2
Reductions	3	1
Total items recognised as employee benefits	**-2**	**-1**
Net interest income/expense	-1	-2
Total amount recognised in the income statement relating to pensions	**-3**	**-2**

Changes in the present value of defined benefit obligations

SEK million	2024	2023
1 January	**219**	**216**
Current year service costs	-5	-2
Interest expenses	6	8
Actuarial gains/losses due to changes in financial assumptions	10	21
Regulations	-9	-2
Benefits paid from the plan	-24	-22
31 December	**198**	**219**

Changes in fair value of plan assets

SEK million	2024	2023
1 January	269	257
Interest income	8	10
Actuarial gains/losses on plan assets	10	16
Regulations	-12	-3
Withdrawals	-24	-22
Deposit	24	10
31 December	**274**	**269**

Fair value of plan assets

SEK million	2024	2023
Equity instrument	112	86
Interest-bearing securities	111	128
Cash and cash equivalents other than cash and bank balances	0	0
Property	29	32
Other assets	22	23
Total	**274**	**269**

At 31 December 2024, plan assets amounted to SEK 274 million (269) and the corresponding pension obligations to SEK 198 million (219), corresponding to a consolidation level of 123% (123%).

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. 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.

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.

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.

The main actuarial assumptions used

	2024	2023
Discount rate, %	2,90	3.00
Future wage increases, %	2,70	2.50
Future pension increases, %	2,70	1.50
Inflation rate, %	1,70	1.50

	2024	2023
Men – 45 years	24	23
Women – 45 years	25	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 2024, other assumptions remaining constant, is presented in the table below.

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

Change of assumption	2024	2023
0.5% increase in the discount rate	-5.9%	-5.8%
0.5% reduction in the discount rate	6.4%	6.3%
0.5% increase in the inflation rate	6.1%	6.0%
0.5% reduction in the inflation rate	-5.7%	-5.6%
0.5% increase in the wage growth rate	0.2%	0.3%
0.5% reduction in the wage growth rate	-0.2%	-0.3%

NOTE 27 Trade and other payables

SEK million	2024	2023
Accounts payable	1,107	739
Accrued expenses and deferred income		
Accrued personnel expenses	106	113
Accrued interest expenses	81	87
Other accrued expenses and deferred income	474	627
Other liabilities		
VAT liabilities	119	114
Energy taxes and excise duties	131	148
Advances received and other liabilities	98	51
Emission rights	198	162
Total	**2,314**	**2,040**

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

NOTE 28 Pledged assets

SEK million	2024	2023
Pledged assets	None	None

See note 31 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 under IFRS 16 in 2024 was SEK 46 million (33), which of interest 16 (16). Total profit impact attributable to IFRS 16 leases amounts to SEK 42 million, of which SEK 26 million relates to depreciation and SEK 16 million relates to interest expenses.

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	2024	2023
Property, plant and equipment	367	406
Total	**367**	**406**

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.

The majority of the investment commitment relates to 2025.

NOTE 31 Contingent liabilities

SEK million	2024	2023
Liability as a shareholder in Brista 2 KB	471	706
Total	**471**	**706**

NOTE 32 Legal actions and administrative procedures

In March 2024 Stockholm Exergi received permission from the Land and Enviromental Court to build a large scale facility for capture of carbon dioxide through bio-CCS in Värtahamnen.

Stockholm Exergi is also planning for a new CHP plant in western Stockholm for production of electricity and heat through the recycling of residual waste and biofuel. In 2022, the Land and Enviromental Court denied permission to allow the new plant to be build. The permit process now is in the Land and Enviromental Court of Appeal for decision.

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 has transactions with companies owned or administrated by the City of Stockholm. These contracts are on the same terms as for other external customers. Of this year's turnover of SEK 8,381 million, 13 percent (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 0,2 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 of 31 December 2024.

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

On 27 January 2025 Stockholm Exergi was awarded financial support in the Swedish Energy Authority's reverse auction. The approved support amounts to just over 20 billion SEK and will be disbursed continuously over a maximum of 15 years, starting from the commencement of geological storage.

The support is an important part of the funding to enable the permanent removal of 800,000 tons of carbon dioxide per year, which is more than Stockholm's road traffic emitsduring the same period.

On 27 March 2025 the Board decided to invest in a bio-CCS facility.

NOTE 35 Composition of the Group

Composition of the Group 2024-12-31

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	6 649 827 / 1 699	11 888 000
Fortum Vindvärme AB	556915-3686	Stockholm	100 000 / 100	6 555 / 1 884	100
Stockholm Exergi Tunnlar AB	556981-9187	Stockholm	100 000 / 100	52 223 / 13 810	1 645 866
Brista 2 Kommanditbolag	969720-4254		- / 85	471 036 / 54 406	-543 553
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	117 / 3	50

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

Composition of the Group 2023-12-31

TSEK

Företagsnamn	Org nr	Säte	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 / 1 08	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

Parent Company

NOTE 36 Remuneration to auditors

Audit fees for the Parent Company amounted to 235,000 SEK. Audit fees for the Parent Company were invoiced last year to the subsidiary Stockholm Exergi AB.

NOTE 37 Employee benefits

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

	2024		2023	
	Number at balance sheet date	Of whom men	Number at balance sheet date	Of whom men
Board members	10	7	10	8
CEO and other senior executives	1	1	1	1
Group total	**11**	**8**	**11**	**9**

The CEO is employed by the subsidiary Stockholm Exergi AB

NOTE 38 Financial income and expenses

SEK million	2024	2023
Interest income		
Interest income, Group companies	190	138
Total	**190**	**138**
Interest expenses		
Interest charges on external debt	-512	-428
Other financial expenses	-7	-10
Total	**-519**	**-439**
Financial income and expenses – net	**-329**	**-380**

NOTE 39 Income tax

SEK million	2024	2023
Current tax on profit for the year	-195	-109
Total current tax	**-195**	**-109**
Deferred tax	-16	16
Total income tax	**-211**	**-93**

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	2024	%	2023	%
Profit/loss before tax	1,023		450	
Tax calculated at the applicable tax rate for the Parent Company, 20,6%	-211	20,6%	-93	20.6%
Tax cost	**-211**	**20,6%**	**-93**	**20.6%**

NOTE 40 Participations in Group companies

SEK million	2024	2023
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	6,649/ 2	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	2024	2023
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	2024	2023
Bond loans	10,976	9,489
Loans from credit institutions	1,485	1,844
Total long-term interest-bearing liabilities	**12,461**	**11,333**
Bond loans	1,974	600
Current portion of long-term loans from credit institutions	361	1,614
Other current interest-bearing liabilities	298	759
Total current interest-bearing liabilities	**2,633**	**2,974**
Total interest-bearing liabilities	**15,095**	**14,306**

The long-term bond loans mature with a nominal amount of 6,150 MSEK between 1-5 years and 4,840 MSEK after 5 years from the balance sheet date.

The long-term portion of loans from credit institutions matures with 502 MSEK between 1-5 years from the balance sheet date.

The parent company has a group account system in Danske Bank with a credit of 500 MSEK. 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. 2024-12-31 was the balance 865 MSEK (128).

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	2024	2023
Credit limit granted	500	300
Unutilised portion	-500	-300
Amount of credit used	**0**	**0**

Interest-bearing liabilities (excluding leases) falling due:

SEK million	2024
2025	2 633
2026	2 444
2027	1 598
2028	1 194
2029 and later	7 226
Total	**15 095**

NOTE 43 Cash and cash equivalents

SEK million	2024	2023
Cash and bank balances	865	128
Total cash and cash equivalents	**865**	**128**

NOTE 44 Derivative instruments

	Nominal amount Remaining maturity		
SEK million	1 to 5 years	Over 5 years	Total
Interest rate derivatives at 31 December 2024	1,650	2,865	4,515
Interest rate derivatives at 31 December 2023		1,808	1,808

NOTE 45 Appropriation of earnings

Earnings per share for the fiscal year 2024 amounted to SEK 19,478 (6,247). The Board proposes a dividend of 19 922 per share.

The Board of Directors proposes that the available earnings of the Parent Company, SEK 4,482,138,465 be appropriated as follows:

Proposed appropriation of earnings, SEK	
Retained earning	3,670,226,871
Profit for the year	811,911,592
Dividends	359,000,000
Carried forward	4,123,138,462
Closing balance unrestricted equity	**4,482,138,462**

Certification by the Board

The board and the CEO hereby certify that the annual report has been prepared in accordance with good accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in European Parliament and Council Regulation number 1606/2002 of 19 July 2002 on the application of international accounting standards. The annual report and consolidated financial statements, give a fair over of the parent company's and the group's position and results. The management report for the parent company and the group provide a fair overview of the development of the parent company and the group's operations, position and results as well as describe significant risks and uncertainty factors that the group and the parent company are facing.

Annual report and consolidated financial statements and the statutory Sustainability Report have been approved for issuance by the board 27 March 2025. The group's income statement including report on other comprehensive income and the group's balance sheet as well as the parent company's income statement, including report on other comprehensive income and the parent company's balance sheet will be up for approval at the annual general meeting on April 28, 2025.

Stockholm, 27 March 2025

Petra Engman
Chair

Jonas Abrahamsson
Vice Chair

Carlo Maddalena
Board member

Irina A. Frolova
Board member

Fredrik Adolfsson
Board member

Tove Feld
Board member

Christofer Fjellner
Board member

Rickard Hjorth Warlenius
Board member

Katarina Rundkvist
Board member
(Employee representative)

Tobias Alvaeus
Board member
(Employee representative)

Anders Egelrud
CEO

Our audit report was submitted on 27 March 2025
Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson
Authorised Public Accountant

Auditor’s report

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

To the general meeting of the shareholders 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) for the year 2024. The annual accounts and consolidated accounts of the company are included on pages 32-78 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2024 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 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and the Annual Accounts Act. 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/EU) Article 11.

Basis for Opinion

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/EU) 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

Our audit approach onsansats

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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.

Key audit matter

Valuation of tangible fixed assets

In the consolidated balance sheet, the item 'tangible fixed assets' amounts to SEK 26,843 million as of December 31, 2024, which corresponds to 82% of the group's total assets and 231% of its reported equity. The assets primarily consist of production and distribution facilities for district heating. As stated in Note 1, these are reported at acquisition cost less accumulated historical depreciation and impairment losses.

When there is an indication of impairment, the recoverable amount is calculated in accordance with IAS 36. An impairment test in accordance with IAS 36 requires management to make subjective assessments of the recoverable amount based on available information on future cash flows and other significant assumptions. Based on the inherent complexity and subjectivity in the calculation of the recoverable amount for tangible fixed assets, we have assessed that the valuation of these assets constitutes a particularly significant area in our audit.

How our audit addressed the particularly significant area

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

- Evaluation of management's assessment of the smallest cash-generating units.
- Evaluation of the applicability and accuracy of management's method for calculating the recoverable amount of tangible fixed assets.
- Recalculating a selection of management's estimated recoverable amounts and assessing these assumptions and forecasts for future cash flows from the assets
- Evaluation of historical outcomes in relation to forecasts.
- Evaluation of management's model for determining discount rates.
- Performing sensitivity analyses.
- Evaluating whether the group's applied accounting policies for recognizing and valuing tangible fixed assets are consistent with IFRS as adopted by the EU.
- Evaluating whether the information presented in the annual report and the consolidated financial statements is consistent with the requirements of the Annual Accounts Act and IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-21 and pages 82-154. 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 consoldated 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.

Other information

The audit of the annual accounts and consolidated accounts for 2024 was performed by another auditor who submitted an auditor's report dated 26 of March 2024, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

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 year 2024 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm, 27 of March 2025
Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant


stockholm
exergi

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 stakeholder.

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
Net debt	Interest-bearing liabilities less cash and cash equivalents	
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	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)

	2024	2023	2022	2021	2020
EBITDA					
Operating profit	910	587	1 280	1 424	1 302
Depreciation	1 602	1 556	1 539	1 495	1 509
EBITDA	**2 511**	**2 143**	**2 818**	**2 919**	**2 811**
Net debt					
Non-current interest-bearing liabilities	13 056	11 904	11 069	9 680	10 631
Short-term interest-bearing liabilities	2 700	3 036	2 402	2 796	1 732
Cash and cash equivalents	-873	-130	-1	-1	-11
Net debt	**14 884**	**14 809**	**13 469**	**12 475**	**12 352**
Capital employed					
Shareholders' equity	11 607	11 400	12 568	12 037	11 646
Interest-bearing liabilities	15 757	14 939	13 470	12 476	12 363
Capital employed	**27 363**	**26 339**	**26 038**	**24 513**	**24 009**
Equity/assets ratio					
Shareholders' equity	11 607	11 400	12 568	12 037	11 646
Balance sheet total	32 837	31 626	32 057	29 784	29 479
Equity/assets ratio, %	**35**	**36**	**39**	**40**	**40**
Working capital					
Operating assets					
Inventories	1 661	1 656	1 619	724	1 019
Derivative instruments (portion not designated for hedge accounting)	0	0	1	0	0
Accounts receivable	1 126	2 033	1 738	1 640	1 293
Other receivables	12	622	1 292	816	392
Total operating assets	**2 799**	**4 296**	**4 649**	**3 180**	**2 704**
Operating liabilities					
Other non-current liabilities	0	0	0	0	0
Derivative instruments (portion not designated for hedge accounting)	0	0	0	0	0
Accounts payable	-1 107	-739	-988	-814	-568
Other liabilities (less accrued interest)	-465	-1 215	-1 541	-1 066	-770
Total operating liabilities	**-1 572**	**-1 954**	**-2 530**	**-1 880**	**-1 338**
Working capital	**1 228**	**2 342**	**2 119**	**1 300**	**1 366**
Return on equity					
Equity IB	11 400	12 568	12 037	11 646	11 762
Equity UB	11 607	11 400	12 568	12 037	11 646
Average equity	**11 503**	**11 984**	**12 303**	**12 841**	**11 704**
Profit for the period	359	123	843	970	878
Return on equity, %	**3,1**	**1,0**	**6,9**	**8,2**	**7,5**
Return on capital employed					
Capital employed IB	26 339	26 038	24 513	24 009	24 357
Capital employed UB	27 363	26 339	26 039	24 513	24 009
Average capital employed	**26 851**	**26 189**	**25 276**	**24 261**	**24 183**
Operating profit	910	587	1 280	1 424	1 302
Interest income	40	8	2	1	1
Return on capital employed, %	**3,5**	**2,3**	**5,1**	**5,9**	**5,4**
Debt/equity ratio					
Non-current liabilities	16 186	15 127	14 469	12 987	14 660
Current liabilities	5 044	5 099	5 020	4 760	3 173
Total liabilities	**21 231**	**20 226**	**19 489**	**17 747**	**17 833**
Shareholders' equity	11 607	11 400	12 568	12 037	11 646
Debt/equity ratio, multiple	**1,8**	**1,8**	**1,6**	**1,5**	**1,5**

2024

Sustainability reporting

Stockholm Exergi Holding AB (publ)

Content

Index

Stockholm Exergi's sustainability report has been prepared with inspiration from the ESRS issued by the European Financial Reporting Advisory Group (EFRAG). All quantitative data points in the report's tables in the sections on environmental factors, social factors, and business ethics, marked with an asterisk after the heading and indicated in the table below, are covered by the limited assurance review conducted by our auditor Öhrlings PriceWaterhouse-Coopers AB . See the auditor's report on limited assurance on p. 155-157. Accounting principles can be found where the metrics are presented.

Index		
Disclosure requirements	*Page*	*Covered by limited review*
E1 Climate change		
Energy use and energy mix E1-5	127	Yes
Own disclosure - Direct and indirect emissions of greenhouse gases scope 1, 2 and 3 (market based and location based)	125	Yes
Own disclosure - Emissions intensity	126	Yes
Own disclosure - Volume of reductions/uptake of greenhouse gas emissions through the purchase of carbon credits	126	Yes
Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems	126	Yes
E2 Environmental pollution		
Pollution of air, water and soil E2-4	133	Yes
Own disclosure - Significant environmental incidents	133	Yes
E5 Resources and circular economy		
Resource inflows E5-4	140	Yes
Resource outflows E5-5	141	Yes
Own disclosure - Supplier audits 2024	142	Yes
Own disclosure - Biofuels 2024	142	Yes
Own disclosure - Proportion of solid biofuels claimed, certified or verified in 2024	142	Yes
Own disclosure - Assurance of Renewable Energy Directive (REDII 2018/2001) for solid biofuels	142	No

Index		
Disclosure requirements	*Page*	*Covered by limited review*
S1 Own workforce		
Information about the company's employees S1-6	147	Yes
Information about workers in the own workforce who are not employees S1-7	147	Yes
Collective agreement coverage and social dialogue S1-8	147	No
Diversity indicators S1-9	147	Yes
Social protection S1-11	148	No
Measures for occupational health and safety S1-14	148	No
Compensation measures (wage differences and total compensation) S1-16	149	Yes
Incidents, reports, and serious impacts on human rights S1-17	149	Yes
Own disclosure - Sick leave	147	Yes
Own disclosure - LWIF	148	Yes

Index		
Disclosure requirements	*Page*	*Covered by limited review*
S4 Consumers and end-users		
Own disclosure - Customer Satisfaction Index (CSI)	152	Yes
Own disclosure - SAIDI District heating	152	Yes
Own disclosure - SAIDI District cooling	152	Yes
Own disclosure - Connected area	152	Yes
Own disclosure - Newly connected district heating	152	Yes
Own disclosure - Newly connected district cooling	152	Yes
Own disclosure - Win back district heating	152	Yes
G1 Business conduct		
Cases of corruption or bribery G1-4	154	Yes

Stockholm Exergi's sustainability agenda

Our operations and business development require us to be able to offer energy solutions that meet the needs of both society and the energy markets. This also applies to our offering regarding final treatment of residual waste. Expectations are high – energy supplies must be maintained in all weathers, all year round, at a competitive price. The fuel we use need to be not only sustainable, but also reliable. In times of geopolitical uncertainty, this is becoming an increasingly important factor to bear in mind.

The climate issue is very much alive, and our products and services must be clearly focused on the realisation of the conditions in the global climate goal – the Paris Agreement. Emissions have to be reduced, ideally using solutions and technology that can be distributed globally so that the things we do have a significant impact.

To succeed with this, we have to attract and retain experts who can operate and maintain increasingly advanced energy plants, but also individuals who can and want to be involved in developing the completely new technologies we need in order to achieve the climate goal. We need to be an attractive workplace and an actor and partner that creates value for society, customers, suppliers and our employees.

Our value chains often span several nations, including outside the EU, and we need to work actively with our suppliers to ensure that our offerings bear the mark of sustainability, as well as to reduce our business risks. It is therefore natural for our sustainability strategy to be weighted towards climate and environmental issues as well as our social responsibility along our entire value chain.

Our sustainability strategy is an integral part of our business strategy. For ourselves and the operations we conduct, sustainability aspects, in particular climate change and the use of resources, are the very foundations of the energy and waste treatment services that are the reason we exist as a company. It is within these areas that we are developing the new concepts and offerings that will have a decisive impact on our financial performance. We have to nurture and develop our efficient production apparatus in order to achieve high levels of availability and minimal disruption, as well as to introduce increasingly circular solutions. The spread of microplastics, along with emissions of carbon dioxide caused by plastics in residual waste, need to be met with cost-effective solutions for increased recycling and lower climate impact. Our investment in CCS (Carbon Capture and Storage) technology, both for biofuel-based energy production and final treatment of residual waste, is the cornerstone of the long-term business strategy we are now steering towards.

In the Sustainability Report, we describe in summary the way we work at present, as well as how we are moving forward in regards of sustainability. This report differs from sustainability reporting in previous years, which has been based on principles in the Global Reporting Initiative (GRI). The Sustainability Report complies with the Swedish Annual Accounts Act and the EU Taxonomy Regulation, and is inspired by the CSRD Regulation's reporting standards, ESRS. The principles we have applied are described below in the General Information chapter.

The matrix below outlines our environmental and social responsibility as well as our corporate governance priorities. More information regarding each area can be found in this report.

Environment		Social responsibility	Governance
Climate goal supporting the Paris Agreement	District heating improving Stockholm's environment	A safe and inclusive workplace	Sustainable working methods for a sustainable business
Our strategy		**Our strategy**	**Our strategy**
We will offer competitive energy services and waste treatment with net zero greenhouse gas emissions, thereby making it possible for our customers to achieve their climate goals step by step We will also offer permanent carbon credits on the voluntary market, through the capture and geological storage of biogenic carbon dioxide generated by our energy production using biofuels	By using the best available technology, we are reducing emissions to air and water, both locally and regionally We are protecting the environment by taking responsibility and imposing requirements along the entire value chain We are a good neighbour who takes our local environment into consideration when operating and developing our production facilities	We will attract and retain dedicated employees with our sustainable working environment Through long-term collaborations, we are contributing to an inclusive labour market with a clear link to our skills requirements We will have a positive social impact on our environment, and thereby be a company that our customers appreciate and other companies want to collaborate with	We work safely and smartly, employing shared working methods and continuous improvements, to achieve greater efficiency, growth and development of our business We implement our sustainability policy and business ethics guidelines by integrating them into our processes, business development and decision-making
Priorities		**Priorities**	**Priorities**
Development of products and services that meet our customers' climate goals and drive the transition Phasing out fossil oils by 2032 Starting-up BECCS to produce permanent negative emissions in 2028 Preparatory work for CCS during waste incineration Reducing emissions from transport	New distribution solutions for more resource-efficient district heating Energy management systems to optimise our own use of energy in our production processes Developing the control system for sustainable biofuels Circular solutions: Recycling bio-ash, introducing a cost model for waste treatment that provides incentives for increased sorting of plastic Phasing out chemical products that are hazardous to health or the environment Systematically working to eliminate operational disruptions that reduce the availability of core production facilities and cause environmental incidents	Sustainable employees: Ensuring a healthy and safe working environment for our own workforce, as well as for suppliers carrying out work within our operation Attractive employer: We will increase our employees' engagement by being an equal workplace with inclusive leadership, smart working methods and opportunities for skills development New frameworks will be implemented to ensure respect for human rights internally and at our suppliers	Developing processes and practices that ensure compliance with our business ethics principles throughout the business Ensuring that our suppliers meet our code of conduct and relevant sustainability requirements
Goals		**Goals**	**Goals**
-Target 2024: Climate performance of district heating (VMK) < 45 grams CO_2eq per kWh - Target as from 2025: CO_2eq emissions per kWh total energy < 65 - Negative emissions through BECCS from 2028 - Phasing out fossil oil by 2032 - Stockholm Exergi's operations throughout the entire value chain will have a net zero greenhouse gas emissions by 2035	No more than 5 major environmental incidents, in the long term 0	- LWIF: 1.0 - TRIF: 8.0 - Gender balance 2024: 25/75 (women/men) with long term goal of 40/60 (women/men) - Employees with foreign background: 27% - Engagement index: 75	- No deviations from our business ethics guidelines - Effective certified management systems that support employees in their day-to-day work
Results 2024		**Results 2024**	**Results 2024**
Climate performance of district heating (VMK) : 48 grams CO_2eq per kWh	Number of major environmental incidents: 4	- LWIF: 3.5 TRIF: 11.1 - Gender balance: 24/76 (women/men) - Employees with foreign background: 26% - Engagement index: 76	No confirmed cases of bribery or corruption
See more: ESRS E1, Climate goals	See more: ESRS E2 and E5	See more: ESRS S1 and S4	See more: ESRS G1

General information

General reporting principles

Standards and data selection

The Sustainability Report prescribed by law is presented on pages 84-157. The Sustainability Report is inspired by ESRS, which has been issued by the European Financial Reporting Advisory Group (EFRAG). In order for Stockholm Exergi to address the new reporting requirements according to the CSRD Regulation in stages, we have opted to publish a limited report this year. The report includes a selected number of the topics that emerged as material for Stockholm Exergi according to the double materiality assessment. Within these topics, a selection of disclosure requirements have been prepared to be reported on. The Sustainability Report for the 2025 financial year will include all material topics as well as material disclosure requirements.

All data points included in the sections for E (environmental), S (social responsibility) and G (corporate governance) have been deemed material according to our double materiality assessment (DMA), based on our operations and our value chain. The DMA is based on our analysis of the outside world and our stakeholder analysis. Material topics are those that are relevant to our stakeholders and/or to Stockholm Exergi as a company. Topics may be material from an impact perspective, in which case they are assessed as positive or negative, as well as from a financial perspective, when they are assessed as a risk or an opportunity.

All data points for greenhouse gases (GHG scope 1-3) are reported in accordance with the Greenhouse Gas Protocol.

Calculation principles

This Sustainability Report refers to 2024. The accounting principles that have been applied have been consistent during the financial year and for the comparative figures. Historical values have been calculated for disclosure requirements that differ from previous accounting (which was performed in accordance with GRI). For disclosure requirements that are the same as the previous reporting, the same calculation methods as previously have been used. Calculation factors that have been used are listed in the Appendix together with references.

Consolidation

Stockholm Exergi Holding AB (publ) is the parent company of the Stockholm Exergi Group. In the Annual and Sustainability Report, we refer to the Group as 'Stockholm Exergi'. Data and information in the Sustainability Report cover Stockholm Exergi Holding AB (publ) and its subsidiaries, unless otherwise indicated. The information covers plants where Stockholm Exergi is the legal holder of the environmental permit or is counted as an operator. The data for the plants is reported in full. Only plants that are financially consolidated are included in the report. The scope is the same as for the financial statements.

Disclosures with regard to special circumstances

We use templates and estimates for the reporting of certain data points. For example, the calculations for the performance of our district heating product are based on the Värmemarknadskommittén's (Heating Market Committee, VMK) fuel templates, and scope 3 emissions on purchased goods and services are based on templates from the National Agency for Public Procurement. Descriptions of templates and estimates are presented along with relevant data. We regularly evaluate our use of estimates and assessments based on experience, the development of sustainability reporting and several other factors. In the event of a change in estimates that form the basis for data points, the change is recognised during the period in which the estimate in question is revised. We also make assessments when applying the accounting policies.

Restatements of information

The 2023 reporting Climate account, direct and indirect greenhouse gas emissions, has been adjusted down by a total of 2 kilotons. Corrections have been made within various categories, after the final verification of EU-ETS, after the verification of the product Climate-neutral heating, and after the verification of VMK.

External audit

All quantitative data points in the tables in the Environmental, Social Factors and Business Ethics sections that are marked with an asterisk after the heading are covered by the general review conducted by our auditor, Öhrlings PriceWaterhouseCoopers AB. See auditor's report on defined security on page 155-157.

Double materiality assessment

Introduction

Stockholm Exergi conducted a double materiality assessment (DMA) in 2024 to map the Company's significant impacts, risks and opportunities from a sustainability perspective. The assessment covers Stockholm Exergi's value chain both upstream and downstream, as well as the Company's own operations. The double materiality assessment is based on a survey of the value chain (see pages 102-103) as well as a stakeholder dialogue conducted in 2023.

Stakeholder dialogue

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. In the stakeholder dialogue conducted in 2023, we asked a number of stakeholders to describe, both qualitatively and quantitatively, what our most important sustainability-related issues were for them as stakeholders. 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:

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

- Climate change
- Environmental pollution
- Working environment for own workforce
- Diversity, gender equality and inclusiveness for own workforce
- Biodiversity in the value chain
- Human rights in the value chain

Double materiality assessment

The assessment was carried out in the following steps:

Step 1:

All topics, subtopics and sub-subtopics in Appendix A - AR 16 of the ESRS were compiled in a list. For each subtopic or sub-subtopic, an assessment was made whether it was relevant or not, based on Stockholm Exergi's operations and value chain.

Step 2:

Each relevant subtopic or sub-subtopic was assessed with regards to its impact, risks and opportunities. An assessment was made of where in the value chain the impact and the risk or opportunity occurred; upstream, in Stockholm Exergi's own operations or downstream. Impacts, risks and opportunities can also occur in several parts of the value chain. The scoring that was used as the basis for the assessment was on a scale of 1-5 for all parameters, with 1 being the lowest and 5 the highest in each assessment category.

Impact

Based on subtopics and sub-subtopics in Appendix A - AR 16 of the ESRS impact in own operation, upstream and downstream was identified. The impact was assessed as positive or negative, whether it is actual or potential, as well as the time horizon over which it is expected to occur (short, medium, long term). The scale was then assessed, i.e. how detrimental or beneficial the impact is for people or the environment, as well as the extent, i.e. how widespread the impact is. For negative impacts, the recoverability was also assessed, i.e. the difficulty in remedying or recovering the negative impact. The level of severity was calculated as a mean value of scale and extent for positive impacts, and scale, extent and recoverability for negative impacts. After this, the probability of impacts occurring was estimated. For actual impacts, the probability was set to 5. The mean value of severity and probability was calculated. This was then the impact for the subtopic or sub-subtopic. An impact of three and above was considered to be material.

An assessment was also made of which subtopics and sub-subtopics could have a potential negative impact on human rights, and in such cases the severity of the impact was considered before its probability.

Risks and opportunities

Risks and opportunities were identified based on subtopics and sub-subtopics in Appendix A - AR 16 of the ESRS. In cases where both a risk and an opportunity were identified under a single area, these were assessed separately. Some were classified as both risks and opportunities, in which case they were assessed twice from different perspectives. An assessment was also made of the time horizon for a risk/opportunity. The extent of the risk/opportunity was then assessed, i.e. the potential extent of the risk's/opportunity's financial impact. This scale is the same as that used by Stockholm Exergi for its corporate risks. The probability of the risk/opportunity occurring was then assessed. The mean value of scale and probability was calculated to obtain financial materiality. A value of three and above meant that the risk/opportunity was classified as material.

Results, DMA

The results of the double materiality assessment at an interdisciplinary level are presented below. A plus (+) after the topic indicates that Stockholm Exergi has a material positive impact or that the topic represents a financial opportunity for the Company. A minus (-) after the topic indicates a material negative impact or that the topic represents a financial risk. Detailed information about impacts, risks and

opportunities can be found in the chapter Material sustainability-related risks and impacts, on pages 94-99.

Material from both an impact and a financial perspective:

- E1 Climate change + -
- E5 Resource use and circular economy + -
- S1 Own workforce + -
- S4 Consumers and end-users +-
- G1 Business conduct + -

Material from an impact perspective only:

- E2 Environmental pollution -
- E3 Water and marine resources -
- E4 Biodiversity and ecosystems -
- S2 Workers in the value chain -

Not material:

- S3 Affected communities

In order to address the new CSRD Directive in stages, Stockholm Exergi has chosen to report in 2024 on the material topics E1 (climate change), E2 (environmental pollution), E5 (resource use and circular economy), S1 (own workforce), S4 (consumers and end-users) and G1 (business conduct). E3 (water and marine resources), E4 (biodiversity and ecosystems) and S2 (workers in the value chain) are also material, but will not be reported on until 2025.

Climate change is the Company's most material issue, both from an impact and a financial perspective. For Stockholm Exergi, this issue is both negative as the business emits climate gases, as well as a potential financial opportunity as a result of the investment in BECCS.

Resource use and the circular economy is also a business critical area. Our waste treatment service, we harness resources that would otherwise have been wasted through heat recovery. Residual waste is generated, regardless of whether we recover the energy during final treatment. As a result, our operations contribute to a reduction of the required resources for heating Stockholm, which in itself is positive. The Company considers that it mainly has a positive impact on consumers and end-users, as we offer our customers products and solutions that reduce their energy consumption. Stockholm Exergi also sets the district heating price according to our public pricing policy, which is based on alternative pricing and price stability. As a result, district heating in Stockholm is a competitive heating option.
For Stockholm Exergi, responsible business conduct is key. The Company is dependent on being able to attract the right skills, and we want to build a corporate culture that benefits our employees. The Company is also committed to influencing decision-makers to make decisions that benefit society and the environment.

Material sustainability-related risk and impact

E1 Climate change

Subtopic	Material impact or risk/opportunity	Description
Adaptation to climate change		
Physical climate risks	Risk	Risk of physical effects on production and distribution systems caused by climate change, which may lead to increased costs for prevention and a need for investment, as well as possible disruptions in energy production.
Greenhouse gas emissions in own operations	Opportunity	Existing large-scale CHP (Combined Heat and Power) based on biofuels and thermal final treatment of residual waste can be complemented with CCS technology, leading to permanent negative emissions, CDR (Carbon Dioxide Removal), that are in demand in a voluntary market. Alignment of operations for new products that are in demand for climate-related global goals. CCU (Carbon Capture and Utilization) for waste is also considered to be a competitive advantage in the procurement of waste treatment services.
Climate change mitigation		
Greenhouse gas emissions in own operations and in the value chain	Negative impact	Negative impacts on climate change occur both upstream through the purchase of fuels, goods and transport, as well as in own production.
Greenhouse gas emissions in own operations	Risk	Investments in the operation will be required in order to reduce greenhouse gas emissions and meet the Company's climate targets.
Energy		
Energy use in own operations	Negative impact	Stockholm Exergi's largest greenhouse gas emissions occur in its own operations, as high energy consumption is required for the production of district heating, district cooling and electricity.
	Risk	Poorer conditions for access to sustainable fossil-free fuels can lead to increased fuel costs.
Energy mix	Negative impact	Climate change can affect the availability of biofuel due to altered growing conditions and access. Increased demand for biofuels can also affect the market.
	Risk	Future investments are required in order to safeguard power as well as address uncertainties in the fuel market.
	Opportunity	Efficient production equipment reduces the cost per produced MWh.

E2 Environmental pollution

Subtopic	Material impact or risk/opportunity	Description
Environmental pollution of air		
Emissions to air from own operations and upstream in the value chain	Actual negative impact	Emissions to air occur primarily in own production, although also upstream during the production, transport and manufacture of raw materials. According to dispersion calculations, emissions from own activities do not normally counteract the achievement of environmental quality standards in respect of air pollutants. Annual emissions of eutrophying or acidifying substances contribute to a regional environmental impact through wet and dry deposition.
Environmental pollution of water		
Discharges to water from own operations and upstream in the value chain	Actual negative impact	Discharges to water occur both upstream and in our own operations. Discharges to water occur when process water leaves the installation, both upstream during the production and transport of fuel, as well as in our own operations.
Environmental pollution of soil		
Environmental pollution of soil caused by spillages from our own operations as well as upstream in the value chain	Potential negative impact	The spillage of environmental pollutants can occur in our own operations as well as upstream in the value chain. The risk of contamination exists above all when handling oils and operating chemicals. Alarm systems, as well as barriers such as bunds and impermeable surfaces, reduce the risk of dispersion outside the Company's own areas of operation, reduce environmental impacts and simplify decontamination.

E5 Resource use and circular economy

Subtopic	Material impact or risk/opportunity	Description
Input of resources including resource consumption		
Linear resource system	Potential negative impact	Stockholm Exergi has a potential negative impact, as there is a risk that our operations will contribute to a lock-in in linear resource systems. This is because part of the waste that we treat should be possible to recycle, but has not been sorted. We use biofuels, materials in construction projects and district heating distribution, as well as chemicals in production.
Relevant waste treatment service	Risk	With increased resource efficiency, the amount of residual waste should decrease per person. In the event that we do not adjust our waste treatment service at the same rate that resource consumption is changing, for example through an increased catchment area, we risk reducing the turnover of our treatment
Waste heat is recovered	Actual positive impact	Stockholm Exergi treats such waste and sludge that cannot or should not be recirculated in society, and also recovers the heat that is released during incineration. In addition, waste heat from operations such as data centres is recovered and used as heat in the Company's district heating product.
	Risk	In the event of a shortage of heat that we can recover, alternative energy sources would have to be used, which would be much more expensive. The risk of this is small, as our business is based on utilising energy that would otherwise have been wasted, but the financial consequences if it should occur are great.
Outflow of resources related to products and services		
Recycling of waste	Actual positive impact	Metals and plastics from fractions of the residual waste received by Stockholm Exergi are sorted mechanically at Brista Eftersortering. Metal is also sorted from the bottom ash. The plastic and metal can be recycled, thereby contributing to a reduced need for virgin raw materials.
CCS/US	Opportunity	By introducing CCS/US technology in the waste treatment and with Bio-CCS at the bioenergy-fired CHP plant, it is possible to capture 90 per cent of the carbon dioxide (i.e. 90 per cent of the carbon atoms) in order to sell it as raw material, which can be reprocessed to make new products or to create technical carbon sinks.
Returning ash to the forest	Potential positive impact	Potential positive impact of returning ash to the forest. There are currently projects in progress investigating the feasibility and results of enriching ash from the bio-CHP plant with nutrients and then returning it as a nutrient to the forest.
Waste		
Waste from own operations	Risk	Few landfills and facilities are able to receive hazardous waste, fly ash and bottom ash. These gradually become full, which entails a risk of it becoming more difficult and more costly to handle the ash safely.

S1 Own workforce

Subtopic	Material impact or risk/opportunity	Description
Working conditions		
Health and safety	Potential negative impact	Stockholm Exergi has a well-developed programme of preventive work in relation to health and safety, although despite this working environment accidents do sometimes occur. The business complies with legislation and industry agreements.
Working conditions in general	Actual positive impact	Stockholm Exergi has a positive impact on its own workforce thanks to good working conditions that go beyond that required by legislation and industry agreements. Examples of this include shorter working hours, extra supplements to those on parental leave, access to wellness and gyms at our facilities, flexible bridging days, etc.
Working conditions in general	Opportunity	Good benefits and good working conditions contribute positively to the ability to attract and recruit talented individuals, and to employees choosing to stay with and also return to Stockholm Exergi.
Equal treatment and equal opportunities for all		
Equal treatment in general	Potential negative impact	Stockholm Exergi works actively to promote equal treatment and equal opportunities for all. These are important issues for us as we operate in an industry where there is inequality, harassment and a lack of diversity and participation.

S4 Consumers and end-users

Subtopic	Material impact or risk/opportunity	Description
Social inclusion for consumers and/or end-users		
Non-discrimination	Actual positive impact	Stockholm Exergi offers the same standard price list for all customer segments, regardless of the areas to which district heating is being supplied. The standard price list is set according to value-based pricing, where the cost of district heating is compared with the customer's alternative to ensure competitiveness. In some cases, Stockholm Exergi may enter into special agreements or framework contracts with certain customers. These agreements arise out of the parties' mutual commitments, the scale or quality of the supply, or other specific commercial considerations.
Non-discrimination	Actual negative impact	The price of district heating is set on a free market, in competition with alternative forms of heating. The price is not regulated. However, some district heating customers do not have the technical conditions to replace district heating with alternatives, such as ground source heat pumps. The standard price list is offered to all customers, regardless of their technical conditions for alternatives. The pricing policy means that all customers benefit from the competition in the heating market. In the case of a new connection, a connection fee is added if necessary, which reflects Stockholm Exergi's investment and expenses associated with the connection and can vary from case to case.
Access to goods and services	Actual positive impact	Stockholm Exergi has both an opportunity and an obligation to notify and help its customers to use energy efficiently. Furthermore, the Company's intention is to be able to offer all customers a district heating and district cooling solution. However, economic conditions may put obstacles in the way (the solution is not economical/the customer does not want to pay).
Sales and development of services	Opportunity	Stockholm Exergi develops services and options together with customers and according to demand. It is important in order to maintain credibility and look after our customers.
Responsible marketing practices and customer contacts	Potential negative impact	Stockholm Exergi builds and develops infrastructure in Stockholm and the surrounding area. If we fail to run a long-term and responsible business, we risk losing customers and hence the investments we have already made.
Responsible marketing practices	Opportunity	Stockholm Exergi communicates regularly and frequently regarding the benefits of district heating to existing & new customers. A strong brand, a transparent pricing model, reliable deliveries and the Company's contribution to efficient use of resources and a cleaner Stockholm are all important factors for retaining customers and achieving new sales.

G1 Business conduct

Subtopic	Material impact or risk/opportunity	Description
Corporate culture		
Good corporate culture	Potential positive impact	Stockholm Exergi is a company that promotes responsible business conduct, a good corporate culture and corporate values, as well as a code of conduct. We have the opportunity to influence our suppliers in a positive direction by implementing our code of conduct and sustainability requirements during procurement. We continually develop our social responsibility internally, as well as e.g. launching training packages for managers that address gender equality, inclusion and the ability to address abuse and similar situations that are not in accordance with our code of conduct.
Lack of corporate culture	Risk	Lack of corporate culture is a risk. In case we are not able to attract, engage and retain employees, this may negatively impact the Company's results.
Political engagement and lobbying		
Impact on political decisions	Actual positive impact	Stockholm Exergi continually notifies decision-makers about how existing and new frameworks are affecting the Company's ability to nurture and develop the business. The Company strives to provide factual and clear information about the environmental and climate impacts that may arise from various changes to these frameworks, in order decision-makers can make informed decisions.
Impact on political decisions	Opportunity	Stockholm Exergi notifies decision-makers about the Company's potential to contribute to political objectives, and highlights obstacles in the form of existing frameworks or a lack of incentives that are preventing the Company from realising potential measures. Climate policy frameworks are fundamental and crucial for both ongoing business operations as well as our planned business development. The formulation of incentives and frameworks can have a significant impact on performance.
Business ethics, corruption and bribery		
Risk of corruption and bribery	Risk	Stockholm Exergi operates and has a large number of business partners, as well as purchases products, in sectors where there is a risk of corruption and bribery. The financial risk associated with bribery and corruption is primarily considered to be linked to damage to the brand, although financial risks also exists in the event of violations of competition law or sanctions. We have zero tolerance for bribery and other forms of corruption.
Whistleblowing	Risk	Potential risk if we fail to protect whistleblowers. Stockholm Exergi has a publicly available, anonymous whistleblowing function, which can be used by people both inside and outside our business.

Sustainability management

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 annual management 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 linked to human rights, and these are operationalised in the codes of conduct. The governance documents are reviewed once a year and revised as necessary. The codes of conduct were last updated and were re-approved by the Board in May 2024.

In order to strengthen and ensure responsible purchases of fuels, we updated our sustainability policy in 2023 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.

The Board of Directors approves the Sustainability Report and will make a decision annually on the DMA. 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. Seminars are organised as required for educational purposes, in order to build knowledge about sustainability aspects and future legal and reporting requirements.

Reports regarding accidents, safety and the environment are submitted to the Board monthly. The Company's risk analysis is reported to the Board annually, which means that sustainability risks, opportunities and measures are reviewed. Significant deviations and measures related to sustainability work are reported to the Board of Directors if they occur.

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. The Head of Sustainability, who reports to Director HR and Sustainability, is responsible, together with the Sustainability unit, for identifying and ensuring that the Company manages its sustainability impact, and for coordinating and supporting the organisation in its work on sustainability strategies and goals. The unit is also responsible for monitoring compliance with the sustainability policy, accomplishment of the sustainability strategy and goals, and ensuring that we are aware of and comply with current and emerging legislation in the field of sustainability.

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.


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We demonstrate our impact on sustainability through the value chain

We have an important part to play in society, and a major responsibility to make a contribution to sustainable development. For this reason, we regularly analyse where our

The assessment is known as a materiality assessment, and we conducted our most recent assessment in 2024. The purpose is to find out what those who are affected by or who affect our business consider we should focus on, as well as what we can improve and develop. This will be an important foundation both for the development of our company and for the business plan process. We also have to create financial value for our owners, customers, suppliers, employees and society, in order to know that we can continue operating in the 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 provider, and those of us who work here have many different skills and work duties. Our common driving force is to reduce the impact on the climate. Our most important sustainability issues relating to our employees are health and wellness, diversity and inclusion, as well as a safe working environment.

We contribute to the UN Sustainable Development Goals:

Production

With efficient and flexible production, we are meeting Stockholm's needs for heating, electricity and cooling. Stockholm Exergi has some 30 production plants that, working in coordination with each other and also with our partners' plants, ensure that Greater Stockholm can enjoy cost-effective and sustainable energy regardless of the weather or temperature. Our most significant sustainability issues linked to our production are waste from operations, emissions to air and water, climate impact and disruptions in the local environment caused by our plants.

We contribute to the UN Sustainable Development Goals:

Distribution

From our production plants, we pump hot water into a distribution network that reaches thousands of properties across Greater Stockholm. The plants and our customers are connected by large and flexible networks, which allow us to optimise operations. Our most important sustainability issue linked to our distribution of district heating is disruption in the local environment caused by operations.

We contribute to the UN Sustainable Development Goals:

Customers and society

Our customers have many different needs, but are united by the fact that using district heating should be easy, affordable and sustainable. Our most important sustainability issues linked to customers and society are responsible behaviour based on Stockholm Exergi's position in the heating market and the offering of sustainable products and services.

We contribute to the UN Sustainable Development Goals:

Society's residual products

We offer a public service that takes care of the residual waste left over when the community has finished sorting at source – and we do this in a resource-efficient way. Thanks to incineration, we produce electricity and heat from the residual waste, in a process known as energy recovery. Our most important sustainability issue linked to society's residual products is waste treatment combined with energy recovery.

We contribute to the UN Sustainable Development Goals:

Suppliers

Our choice of suppliers is crucial in our work to achieve sustainable value chains. We focus our monitoring efforts on those areas where the sustainability risks are greatest, and our ambition is to develop alongside our suppliers. We accept responsibility and manage risks in the value chain by specifying sustainability requirements and inspecting our suppliers. Our most important sustainability issues linked to suppliers are anti-corruption, renewable fuels, sustainable purchasing and investments, transport and the extraction of the Earth's resources.

We contribute to the UN Sustainable Development Goals:

Our stakeholders

	Type of dialogue	Purpose of the dialogue	Examples of impacts of the dialogue
Employees *(Affected stakeholders and users of sustainability information)*	• 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 as working practices change (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 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)	• Contribute to a sustainable workplace and working life • Make use of employees' experiences in the development of the business	• Communication with the management team • Improvements in operations • Business understanding • Safer workplace
Customers *(Affected stakeholder and user of sustainability information)*	• Two price dialogue meetings • We have had more than 140 different campaign initiatives in relation to customers, aimed at offering advice, support and opportunities to upgrade to modern and digital energy solutions • Digital seminars and events. Participated in various external events and trade fairs. • Nearly 700 physical and digital energy consultations • Just over 1,200 other customer meetings • Customer surveys (ongoing) and Customer Satisfaction Index (CSI) surveys twice a year	• Build trust • Provide sustainable products • Help customers to reach their goals	• Improvements in goods and services • Adaptation of market strategies

	Type of dialogue	Purpose of the dialogue	Examples of impacts of the dialogue
Residents living near production plants *(Affected stakeholder)*	• Digital channels – website, Facebook, Instagram, YouTube and LinkedIn, 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)	• Build trust • Provide sustainable products • Help customers to reach their goals • Build trust • Be good neighbours • Manage concerns, answer questions and provide feedback	• Understanding the business
Owners *(User of sustainability information)*	• 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)	• ESG data is reported regularly to the owners in order to meet their requirements	• Information to support decisions • For example, greater focus or particular initiatives
Investors, banks, bilateral lenders and rating agencies *(User of sustainability information)*	• Investors: • Dialogue via banks and direct contact (ongoing) • Sustainability ratings • Banks: Analysis of Stockholm Exergi (annually) and dialogue and negotiations (ongoing) • Bilateral lenders: Dialogue and negotiations (ongoing) • Rating agencies: Review (annual) and contact (ongoing)	• Understanding sustainability expectations • Attract responsible investors • Improve transparency	• Plans to improve sustainability ratings • Answering investor questions • Adapted internal communication on sustainability procedures
Trade union organisations *(Affected stakeholder and user of sustainability information)*	• 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	• Co-determination	• Developed agreements for employees

	Type of dialogue	Purpose of the dialogue	Examples of impacts of the dialogue
Partners in the region's energy supply *(Affected stakeholder and user of sustainability information)*	• Meetings 15–20 times a year in different forums	• Promote efficient and sustainable production	• Energy and cost savings
Suppliers of goods, services and fuels *(Affected stakeholder and user of sustainability information)*	• Meetings and contract negotiations (ongoing) • Supplier due diligence • Ongoing supplier inspections based on risk, ensuring compliance and random checks	• Compliance with our code of conduct • Promoting responsible procurement, including fuel • Protection of workers' human and labour rights • Ensuring a respectful working environment • Reduced climate impact from our supply chain	• Selection of suppliers based on information • Supplier improvement plans • Recognised expectations of suppliers
Policymakers, officials and public authorities *(User of sustainability information)*	• Discussions and meetings (ongoing)	• Promoting sustainable development • Ensuring compliance with rules and regulations • Managing climate-related transition risks and opportunities	• Legislation facilitating sustainable development • Adaptation of business model and strategy • Value creation and minimisation of risks through compliance
Voluntary organisations and opinion-makers *(Affected stakeholder and user of sustainability information)*	• Meetings and interviews (as necessary) • Collaborations and work group meetings (ongoing)	• Address concerns • Coordinate efforts to achieve improved sustainability work	• Align projects with best practice

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.

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 4.10 'Electricity storage'. 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', CCM 4.24 'Production of heat/cool from bioenergy' and CCM 4.25 'Production of heat/cool using waste heat'. Furthermore CCM 7.3 'Installation, maintenance and repair of energy efficiency equipment' and CCM 7.5 'Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings´ are also encompassed.

Stockholm Exergi has assessed which of our operations meet the Taxonomy descriptions. 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. The distribution networks also include pumping stations.

A total of 59 (50) per cent of turnover, 62 (64) per cent of capital expenditure and 38 (19) per cent of the operating expenditure that are defined as according to the EU Taxonomy for Stockholm Exergi's activities have been deemed as being Taxonomy aligned in 2024.

The turnover indicator

In terms of turnover, Stockholm Exergi is deemed to have revenues associated with 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', CCM 4.24 'Production of heat/cool from bioenergy' and 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 expenditure associated with the six activities CCM 4.10 'Electricity storage', 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', CCM 4.24 'Production of heat/cool from bioenergy' and CCM 4.25 'Production of heat/cool using waste heat'. In addition, a survey of the following has been conducted for the purpose of accounting for expenditure:

- 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.

Except this, expenditure related to activity CCM 7.3 'Installation, maintenance and repair of energy efficient equipment' and CCM 7.5 'Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings´ are deemed to be included in the Taxonomy. The expenditure concerns individual measures for lighting and ventilation systems that are not included in the Taxonomy and the development of systems and interface to steer the customer's energy systems to be more energy efficient.

No significant capital expenditure or operating expenditure has been identified for the climate change adaptation target (environmental objective 2, CCA) in 2024.

Assessment of Taxonomy alignment

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 4.10, CCM 4.15, CCM 4.20, CCM 4.24, CCM 4.25, CCM 7.3 and CCM 7.5.

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 2024 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 district cooling in the Energy Efficiency Directive (2012/27/EU) is met.

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.

Our investment in BECCS has been moved from CCM 9.1 "Research and Development" to CCM 4.20 "Combined Heat/Cooling and Power Production from Bioenergy" for 2024, as the project has entered a preparatory phase and the plant is included as part of the taxonomy aligned heating plant eight at Värtaverket.

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.

Waste incineration is not currently included in the EU Taxonomy as a separate activity, which means that income, investments 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. Waste incineration, which is a necessary process for the final treatment of residual waste produced by society, should therefore be distinguished from 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 operational description, whether or not they are linked to other activities in their value chain. Our interpretation of the 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'.

DNSH – climate change adaptation

For activities CCM 4.10, CCM 4.15, CCM 4.20, CCM 4.24, 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 and the majority of the pump stations for district heating and district 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.

A climate risk analysis has been performed and an action plan has been developed for two of Stockholm Exergi's plants, Värtaverket including residing plant for bio-CCS and Bristaverket power stations, under activity CCM 4.20, and for Akallaverket, Hammarbyverket and Vilundaverket power stations under activity CCM 4.24. A climate risk analysis with an action plan has also been conducted for Högdalenverket power station, where the waste heat from the plant is deemed to be aligned under activity CCM 4.25. The DNSH criterion for these facilities is therefore considered to have been met.

DNSH – biodiversity and ecosystems, and water and marine resources

Activities CCM 4.15, CCM 4.20, CCM 4.24 require management of risks related to water and marine resources (environmental objective 3) and biodiversity and ecosystems (environmental objective 6, BIO) 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 4.10, CCM 4.10, CCM 4.20 and CCM 4.24, environmental impact assessments have been carried out in connection with the permit application process for the aligned plants. Furthermore, Stockholm Exergi has no production facilities located within nature conservation areas. For the Taxonomy-aligned installations that are located adjacent to a nature conservation area, this has been taken into account in the environmental impact assessment of each plant's environmental impact, and measures are in place to ensure there is no negative impact. 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, WTR and 6, BIO.

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. For CCM 4.10, there are agreements in order to secure that material is taken care of in the end of the life cycle. Our conclusion is that the activity does not cause significant harm to environmental objective 4, CE.

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).

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 based on the UN Guiding Principles on Business and Human Rights were also identified as part of the survey.

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 the code of conduct and the supplier code of conduct. Stockholm Exergi has an established process for monitoring suppliers within the business. Read more about our requirements during the purchasing process in section E5 'Resource use and circular economy'.

Our overall conclusion is that the Company applies minimum safeguards in accordance with the requirements of the Taxonomy.

During 2024, we have focused on conducting risk assessments and monitoring suppliers based on risk. The Sustainability Policy and the Sustainability Appendix were updated in 2023 in relation to procurement with the integration of requirements relating to human rights. These are binding on employees and the entire value chain. Employees continually carry out training in the code of conduct, and our suppliers' compliance with the code of conduct is reviewed.

Read more about how Stockholm Exergi works with our supply chains and the demands placed on suppliers in section E5 on pages 134-142. Read about how Stockholm Exergi works with anti-corruption issues on pages 153-155 of this report, as well as fair competition in section S4 on pages 150-152 and taxation on page 48 in Stockholm Exergi's financial accounts.

Accounting policies

Turnover

Principles for allocating turnover per installation/production unit are the same as for 2023. 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).

The distribution of revenue between district heating production (CCM 4.20, CCM 4.24 och CCM 4.25) and district heating distribution (CC5 4.15) is based on the total costs associated with the distribution network for heating and heat production. The distribution of revenue covered by the taxonomy is done in relation to the production in facilities that are covered. The portion of revenue allocated to CCM 4.15 'District heating/cooling distribution' corresponds to the share of Stockholm Exergi's total operating expenses that are covered by the Taxonomy and can be attributed to distribution (heating and cooling networks, respectively).

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 36 and note 5 on page 55 in Stockholm Exergi's financial accounts.

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 has been excluded from the numerator.

Capital expenditure refers 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 62-63.

Operating expenditure

The share of Taxonomy-eligible economic activities refers to maintenance and repair costs related to production and distribution installations with applicable

activities. 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 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 conservative allocated. Operating expenditure that cannot be attributed to any production or distribution installation has been excluded from the numerator.

Analysis

Stockholm Exergi has conducted a thorough assessment of its operations in accordance with the Taxonomy Regulation. The purpose of the analysis is to identify which parts of Stockholm Exergi's operations are aligned with the Taxonomy and are thus considered to contribute to the EU's climate and environmental goals. For 2024, 59 (50) percent of revenue, 62 (64) percent of capital expenditures, and 38 (19) percent of operational expenditures defined as eligible under the EU Taxonomy Regulation have been assessed to be in line with the taxonomy.

The increased share of Taxonomy-aligned operations compared to the previous year reflects Stockholm Exergi's efforts to adapt investments and operational expenditures to better meet the taxonomy's criteria. However, the significant increase in taxonomy-aligned operational expenditures is believed to partly be due to an improved reporting method.

Rationale Behind the Assessment

1. Substantial Contribution to Climate Goals

Stockholm Exergi's operations play a central role in Stockholm's climate transition by:

- Reducing carbon dioxide emissions through a transition to biofuels and residual heat in heat production.
- Enhancing energy efficiency through upgrades to the district heating network and digitized control systems.
- Developing bio-CCS technology (Carbon Capture and Storage), which allows for negative emissions in the future.

The assessment is based on the premise that these measures lead to a real reduction in greenhouse gas emissions and more efficient resource use, aligning with the taxonomy's purpose.

2. DNSH (Do No Significant Harm) – No Significant Harm to Other Environmental Objectives

The taxonomy requires that an operation does not cause significant negative impacts on other environmental objectives. Stockholm Exergi has evaluated these risks and ensured that:

- Climate adaptation is considered in investments and operations.
- Energy efficiency and circular solutions are prioritized to minimize resource use.
- Water and soil impacts are managed through strict environmental requirements at facilities and in the district heating network.

This means that the operations meet the DNSH criteria and do not cause environmental disadvantages in other areas.

3. Minimum Safeguard Measures

Stockholm Exergi complies with the taxonomy's requirements for minimum safeguard measures by:

- Sustainability governance and adherence to Stockholm Exergi's code of conduct.
- Supplier monitoring to ensure compliance with social and environmental requirements.
- Occupational health and safety efforts to minimize risks in operations.

These measures have been reviewed at the group level and ensure that Stockholm Exergi follows international guidelines for sustainable business practices.

Conclusion and Outlook

Stockholm Exergi has increased the share of taxonomy-aligned operations, reflecting a greater alignment with the taxonomy's requirements. This demonstrates a strategic focus on investing in sustainable energy and efficient operations.

To further strengthen taxonomy alignment, Stockholm Exergi will:

- Further develop bio-CCS to enable negative emissions.
- Increase resource efficiency and circularity in heat production.
- Continue to improve taxonomy reporting to ensure transparency and compliance with the taxonomy's regulations.

	Taxonomy eligible, %	**Taxonomy aligned, %**
Turnover	80 (74)	59 (50)
CapEx	72 (70)	62 (64)
OpEx	42 (23)	38 (19)

Nuclear energy 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 the 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 best 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 activities		
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

2024	Year			Substantial contribution criteria					
Economic activities	Code	Turnover Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
		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"
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
District heating/cooling distribution	CCM 4.15	784	9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1599	19%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	267	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool using waste heat	CCM 4.25	2344	28%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4954**	**59%**	**59%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which enabling		2344	28%	28%	0%	0%	0%	0%	0%
Of which transitional		0	0%	0%					
A.2. Taxonomy-eligible but not environmentally sustainable activities (non 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
Installation and operation of electric heat pumps	CCM 4.16	892	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
'Cogeneration of heat/cool and power from bioenergy'	CCM 4.20	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	24	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool using waste heat	CCM 4.25	863	10%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover for the activities covered		1786	21%	21%	0%	0%	0%	0%	0%
A. Turnover for activities covered by the Taxonomy (A.1 + A.2)		**6740**	**80%**	**80%**	**0%**	**0%**	**0%**	**0%**	**0%**
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
Turnover for Taxonomy non-eligible activities (B)		**1641**	**20%**						
TOTAL		**8381**	**100%**						

	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) turnover, 2022	Category (enabling activity)	Category (transitional activity)
	Y/N	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	Y/N	%	E	T
	Y	Y	Y	Y	-	Y	Y	7%	-	-
	Y	Y	Y	Y	-	Y	Y	18%	-	-
	Y	Y	Y	Y	-	Y	**Y**	1%	-	-
	Y	Y	-	Y	Y	Y	**Y**	24%	E	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**50%**		
	Y	Y	Y	Y	Y	Y	Y	-	E	
	-	-	-	-	-	-	-	-		T
								0%		
								11%		
								0%		
								2%		
								11%		
								24%		
								74%		

Capital expenditure

2024		Year		Substantial contribution criteria					
Economic activities	**Code**	**Turnover**	**Proportion of turnover, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**
		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"**
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Electricity storage	CCM 4.10	43	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
District heating/cooling distribution	CCM 4.15	385	19%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
'Cogeneration of heat/cool and power from bioenergy'	CCM 4.20	761	37%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	90	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool using waste heat	CCM 4.25	3	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Research, development and innovation	CCM 7.3	2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1284**	**62%**	**62%**	**0%**	**0%**	**0%**	**0%**	**0%**
Of which enabling		2	0%	0%	0%	0%	0%	0%	0%
Of which transitional		0	0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities)									
				"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"	"EL; N/EL"
Electricity storage	CCM 4.10	134	6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
District heating/cooling distribution	CCM 4.15	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation and operation of electric heat pumps	CCM 4.16	32	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	7	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.5	40	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		**213**	**10%**	**10%**	**0%**	**0%**	**0%**	**0%**	**0%**
A. Capital expenditure of Taxonomy eligible activities (A.1 + A.2)		**1498**	**72%**	**73%**	**0%**	**0%**	**0%**	**0%**	**0%**
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
Capital expenditure of Taxonomy non-eligible activities		**558**	**28%**						
TOTAL		**2055**	**100%**						

	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) capital expenditure, 2022	Category (enabling activity)	Category (transitional activity)
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y				0%		
	Y	Y	Y	Y	-	Y	Y	21%	-	-
	Y	Y	Y	Y	-	Y	Y	39%	-	-
	Y	Y	Y	Y	-	Y	**Y**	1%	-	-
	Y	Y	-	Y	Y	Y	**Y**	0%	-	-
	Y	Y	Y	Y	Y	Y	**Y**	0%	E	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**64%**		
	Y	Y	Y	Y	Y	Y	Y	0%	E	
	-	-	-	-	-	-	-	0%		T
								0%		
								0%		
								4%		
								2%		
								0%		
								6%		
								70%		

Operating expenditure

2024		Year		Substantial contribution criteria					
Economic activities	Code	Turnover	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
		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"
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
District heating/cooling distribution	CCM 4.15	84	9%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	191	22%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	33	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool using waste heat	CCM 4.25	23	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**331**	**38%**	**44%**	**0%**	**0%**	**0%**	**0%**	**0%**
'Of which enabling activities'		23	3%	3%	0%	0%	0%	0%	0%
'Of which transitional'		0	0%	0%					
A.2 Taxonomy-eligible but not environmentally sustainable activities (non 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
Installation and operation of electric heat pumps	CCM 4.16	32	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool from bioenergy	CCM 4.24	5	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Production of heat/cool using waste heat	CCM 4.25	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (non Taxonomy-aligned activities) (A.2)		**37**	**4%**	**4%**	**0%**	**0%**	**0%**	**0%**	**0%**
A. Operating expenditure of Taxonomy eligible activities (A.1 + A.2)		**369**	**42%**	**42%**	**0%**	**0%**	**0%**	**0%**	**0%**
B. TAXONOMY NON-ELIGIBLE ACTIVITIES									
Operating expenditure of Taxonomy non-eligible activities		**506**	**58%**						
TOTAL		**874**	**100%**						

	Do no significant harm (DNSH) criteria									
	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) operating expenditure, 2022	Category (enabling activity)	Category (transitional activity)
	Y/N	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	Y/N	%	E	T
	Y	Y	Y	Y	-	Y	Y	4%	-	-
	Y	Y	Y	Y	-	Y	Y	12%	-	-
	Y	Y	Y	Y	-	Y	**Y**	1%	-	-
	Y	Y	-	Y	Y	Y	**Y**	1%	-	-
	Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**19%**		
	Y	Y	Y	Y	Y	Y	Y	0%	E	
	-	-	-	-	-	-	-	-		T
								0%		
								3%		
								0%		
								1%		
								0%		
								4%		
								23%		

E1 Climate change

Policy

In Stockholm Exergi's sustainability policy, we state that we will reduce our climate impact in line with scientific advances.

According to the sustainability policy, we will reduce climate-impacting emissions throughout our value chain, as well as create significant permanent negative emissions. The policy also includes endeavouring to achieve resource-efficient operations through energy efficiency improvements, primarily recovering energy that would otherwise have been lost. Stockholm Exergi has a process for energy auditing designed to meet the requirements of the Energy Efficiency Directive. The process includes comprehensive and detailed energy audits depending on the operation's energy consumption.

Our risk policy states that Stockholm Exergi regards climate change as a significant risk, and that it integrates managing climate risks into the risk management framework.

Climate strategy

In December 2024, Stockholm Exergi's Board of Directors decided to revise the Company's climate targets. Our climate target of reaching net zero climate impact by 2035 is in line with the Paris Agreement climate target. The objective of causing net zero climate impact remains unchanged, and the measures needed to achieve this target are still relevant. However, this climate target must now be reached by 2035 and not as early as 2032, according to the previous target. The climate target requires that an investment decision can be made during the first half of 2025 regarding the carbon capture initiative at our KVV8 bio-CHP plant in Ropsten.

The process of developing and launching the governing frameworks required for BECCS in the EU and Sweden has not proceeded as quickly as we had deemed feasible when adopting the previous climate target. The climate target requires, for example, three extremely large investments in CCS technology. A decision on the investment that is planned first, BECCS in Värtaverket power station in Ropsten, cannot be made until the start of 2025 when all the conditions are in place. As a result, the entire investment plan is being delayed slightly.

Stockholm Exergi is planning to achieve net zero climate impact as a company. This climate target is based on two main pillars: Reduce greenhouse gas emissions from our own operations and indirect emissions along the value chain, and create negative emissions by capturing and permanently storing biogenic carbon dioxide from our own operations. The greenhouse gas emissions that remain once a series of emission reduction measures have been implemented, known as residual emissions, will be compensated by permanent negative emissions, so that the Company has no net impact on the climate.

The strategy includes measures in all three scopes under the Greenhouse Gas Protocol (GHGP). It is estimated that Stockholm Exergi's own emissions will be able to be reduced by over 85% compared to 2023, while negative emissions of approximately 1.5 million ton of CO_2eq will be produced each year. The Company intends to utilise a small proportion of these negative emissions itself to neutralise its residual emissions, thereby achieving the climate target of net zero emissions. The remaining excess negative emissions will be certified and offered on the voluntary market.

Funding the climate strategy

The climate target is based on the Company's business plan and business strategy, which is to offer energy services with an attractive cost and climate performance, offer final treatment of residual waste with net zero climate impact, and produce negative emissions that can be certified and purchased on a voluntary market. The business plan and associated climate target were approved by the Company's Board of Directors on 16 December 2024. It is assumed that the measures will be implemented in a specific order. The measures that are required in the longer term form part of the business plan's long-term strategy. The business plan includes a plan for investments, as well as costs and revenues that are initially very precise and in the longer term somewhat more general.

The transition involves the profitable development of existing businesses and the development of entirely new business areas, the two most significant of which are offering certified negative emissions as well as final treatment of residual waste with no net climate impact. A market for negative emissions is growing strongly globally, and specific frameworks for this are now being developed within the EU.

The investments in the existing generating facilities represent an adaptation to the market's expectations for better climate performance, and are being funded within the framework of the ongoing energy business. Investments in carbon capture devices will mainly be funded through a combination of initial state support, the sale of certified negative emissions, as well as new offerings and business concepts in relation to waste treatment. All in all, the climate strategy up to 2035 will encompass significant investments. Work is being carried out to clarify the overall investment requirement in the short and long term.

The investments that are envisaged under the transition plan will be subject to EU Taxonomy to varying degrees. However, the final treatment of residual waste by means of incineration is not currently covered by the Taxonomy.

Measures that are included in the transition plan and that require significant investments will be submitted separately to the Company's Board of Directors for a decision, in line with the Company's decision-making procedure.

Overview of how the transition plan affects the Company's direct and indirect emissions

The residual waste that the Company treats by incineration with energy recovery contains significant amounts of fossil material, despite society's efforts to sort plastic for recycling. This fossil material gives rise to the Company's most significant remaining climate-impacting emissions at present, totalling approximately 350 ktonnes per year. These emissions are difficult to avoid when residual waste is generated in society and needs to be dealt with. Stockholm Exergi's assessment is that fossil materials will remain in residual waste in the future, which will give rise to fossil carbon emissions if no countermeasures are taken. Our assessment is that these emissions need to be reduced in order for Stockholm Exergi's climate target to be aligned with the Paris Agreement's temperature rise target of 1.5°C. For this reason, the introduction of carbon capture (CCS) during waste incineration is included in the transition plan. In order for this to be realised, the waste treatment service needs to be developed, based on CCS technology.

Stockholm Exergi currently uses fossil fuel oil both for start-up and support combustion in our CHP plants, as well as in special hot water boilers in certain situations where there is an extra high demand for heat output in the district heating network due to cold weather. The use of oil in CHP plants is limited to start-up and operational disruptions, and normally represents less than 1% of the energy input specifically in these units. Stockholm Exergi's overall use of fossil oils, including in heating boiler plants, normally corresponds to around 2-3 per cent of the energy input and thus constitutes a small part of the total energy mix. The transition plan includes activities to phase out fossil oils and replace them with renewable alternatives by 2032. Emissions from fossil oil vary from year to year. This is because the use of oil in the hot water boilers can vary greatly between the years, depending on the heating requirement. One challenge, therefore, is to ensure that extensive investments in oil-fired hot water boilers do not necessarily have a major impact on emissions from these production units. On the other hand, the use of start-up and support oil in CHP plants is relatively stable, which is why the measures in this respect will have a more predictable climate benefit. The phasing out of fossil oil is planned to be implemented according to a sequence that has the greatest impact on emissions.

Below is a summary of the key measures planned for each scope under the GHGP:

Scope 1

Our target is to gradually reduce fossil carbon emissions by phasing out the remaining use of fossil oil. This is expected to be achieved by 2032 by adapting equipment for start-up and support combustion with oil in such a way that bio-oils can be used. Oil-fired CHP plants and heating plants (hot water boilers) used at peak load times and in the event of disruptions will also be converted to bio-oil.

The plan is to commission a large-scale plant for capturing biogenic carbon dioxide from our bio-CHP plant at Värtaverket power station by the end of 2028. The biogenic carbon dioxide will be transported for geological final storage. This creates permanent negative emissions. The technology that the Company is planning to use is bio-CCS (Bio Energy Carbon Capture and Storage, or BECCS). This technology involves the flue gases from the combustion of biofuels in the CHP plant being channelled into a new plant, where a large compressor captures and compresses the flue gases generated in production. The flue gases containing the biogenic carbon dioxide are then subjected to a chemical reaction, where the carbon dioxide is bound to potassium carbonate and converted to a liquid. The carbon dioxide is initially stored in intermediate tanks on the site. The liquid carbon dioxide can subsequently be transported by boat to a permanent storage location deep below the sea, where it is mineralised in the long term. According to the UN's Intergovernmental Panel on Climate Change (IPCC), technical carbon sinks created through the BECCS technology are necessary, in addition to the natural carbon sinks deemed to arise from afforestation, in order to achieve the 1.5 °C target. Both carbon sink types are necessary.

Between 2030 and 2035, the plan is to introduce the same technology at Stockholm Exergi's facilities for the final treatment of residual waste by incineration with energy recovery. The carbon dioxide that is captured will consist of a mixture of biogenic carbon dioxide and fossil carbon dioxide. In this way, the CCS technology reduces fossil emissions from the incineration of residual waste by 90%, which means that a permanent carbon sink is created by the biogenic carbon dioxide that is stored permanently. As an alternative to permanent storage, the captured carbon dioxide can also be reprocessed to become a secondary raw material (Carbon Capture and Utilization, CCU).

In addition, emissions of climate-impacting refrigerants from heat pumps are expected to be reduced through conversion into refrigerants with a lower climate impact.

Scope 2

Emissions from purchased energy will be gradually reduced to zero by using only fossil-free or renewable electricity.

Scope 3

Emissions arising upstream and downstream in the value chain will be reduced by gradually improving the climate performance of the goods, products and services that are purchased or used. The emission factor for imported district heating from other energy companies in the region also needs to be reduced. It is estimated that the specific emissions from transport can be reduced by using more energy-efficient vessels, fuels with no or with lower fossil emissions per tonne transported, as well as through lower emissions from road transport, machinery and other activities that are required to collect and transport biofuels or residual waste.

The past year, 2024

During the year, work has been carried out to prepare for the investments and refurbishments required to replace fossil fuel oil with renewable alternatives. The largest oil-fired CHP plant, KVV1 at the Värtaverket power station, has been modernised and equipped with new combustion technology that will make it possible to produce electricity and heat using bio-oil with a higher

power output than has previously been possible. Project planning aimed at replacing oil-based start-up and support oil combustion in the Högdalenverket power station has been conducted during the year.

Stockholm Exergi has also been working intensively to prepare for and enable an investment decision for our carbon capture project BECCS Stockholm. At the end of March, we received the go-ahead from the Land and Environment Court to build a large-scale plant for capturing biogenic carbon dioxide. This is one of the cornerstones for the implementation of the project. The BECCS project will be funded independently of our district heating market. For this reason, new, different revenue streams are needed to implement the project. During 2024, we have entered into a number of agreements with various companies, and also signed a letter of intent with the City of Stockholm regarding the purchase of future permanent negative emissions from BECCS.

The purpose of these purchases is to compensate for historic emissions or to neutralise emissions that cannot be reduced for technical or economic reasons. Winning the reverse auction announced by the Swedish Energy Agency regarding investment support for bio-CCS projects in Sweden is crucial for us to be able to make a final investment decision regarding the BECCS project. We submitted a tender in November 2024.

Targeted activity	Targets in 2024	Results	Comment (tentative)
Climate performance of district heating	45 grams CO_2eq per kWh, of which 37 grams from waste treatment for the network as a whole	• 48 grams CO_2 per kWh • 39 grams per kWh	Emissions per kWh of district heating were slightly higher than planned, due to a large heating demand in January and a break-down at a heat pump plant
Own and indirect absolute emissions of CO_2eq **Scopes 1, 2 and 3 including from the production of imported district heating**	637 kton Of which 514 kton from waste treatment 24 kton from use of fossil oil	• 677 kton • 399 kton • 68 kton	As above

Governance and measures

Stockholm Exergi's use of carbon credits

At present, Stockholm Exergi does not produce carbon credits. However, our climate target, i.e. net zero greenhouse gas emissons by 2035, is based on the fact that, by this time, we intend to be producing certified negative emissions (carbon credits) through CCS technology. We also intend to use only a small proportion of these to achieve the target, while the majority will be sold on the voluntary market.

Carbon offsetting through the cancellation of carbon credits based on emission reductions will not be used to achieve the target of net zero greenhouse gas emissions.

Climate change adaptation

Climate risk management process

Stockholm Exergi manages climate risks along with other risks in an integrated risk management process. According to this process, climate risk workshops will be conducted. Priority climate risks are then transferred to Stockholm Exergi's overall risk list, which means they are managed by the unit that will primarily be affected should the risk occur. The unit in question quantifies the risk and reviews it at least twice a year at the risk workshop. Risk Management reports these risks generally by internal risk category, as well as by unit twice a year to the management and once a year to the Board of Directors via the Audit Committee.

In November each year, the Risk Management function conducts a risk workshop with the management, which includes prioritising the risks it wishes to highlight in the business plan based on Stockholm Exergi's overall risk list. The purpose of the risk management that is generally conducted according to Stockholm Exergi's framework is to manage risks and opportunities in order to minimise the consequences of the risks, as well as to maximise the opportunities – related to our business model, strategy and our operational and financial targets. By addressing the climate risks integrated with other risks, these are included in the existing process. Every year, Stockholm Exergi's top ten risk list (the ten highest risks) is also reported to the Board of Directors when determining the Company's business plan. The Audit Committee also conducts an annual review of risk management and the risk process, including prioritisation of the top ten risk list.

Choice of scenarios

Several scenarios have been used to identify potential climate risks. For production risks and production planning, SRES scenario B2 has been considered. For physical risks in production facilities, RCP 4.5 and RCP 8.5 have been used. The analysis included scenarios with a time horizon up to the year 2100.

Below is a summary of the most significant identified risks.

Climate risks

Risk area	Potential impact	Measures to reduce the impact
Transition risks and opportunities **Examples of risks and opportunities linked to a low-carbon economy**		
Policies and legislation	Risks: • Increasing price of greenhouse gas emissions • Increased environmental requirements for sustainable biofuels, combined with greater demand due to the increased pricing in the EU-ETS, are driving the transition from fossil fuels to renewable fuels, which could lead to increased costs for bioenergy	• Phasing out fossil fuels • Incorporating pricing models for the incineration of residual waste with a fossil content, which incentivises waste treatment customers to increase sorting • Contributes proposals, supporting data and impact assessments to the process for bioenergy legislation
Technology	Risk: • Costs for switching to technologies with lower emissions Opportunities: • BECCS, CCS	• The production system is designed to be both economically and environmentally robust on account of its diversification across different energy raw materials and types of production
Market	Risks: • Reduced need for heating causes a reduced heat demand • Increased raw material and fuel costs • Customers want better climate performance more quickly than the Company's transition plan Opportunity: • Heat optimisation services • Increased need for cooling • Contribution to Sweden's electricity supply through Svenska Kraftnät's support services and energy storage in batteries	• Development of new services such as negative emissions, building management and heat recovery • New heating products that meet customers' climate requirements up until the net zero target is achieved • Climate scenario projections in respect of temperature and weather variation are used to take into account long-term climate risks when planning major investments. • Developed strategy for purchasing biofuels to reduce risk exposure

Reputation	Risks: • Changes in consumer preferences • Increased concern among stakeholders or negative feedback from stakeholders • Decreased revenue due to reduced demand Opportunity: • Attracting positive attention thanks to the development of new technologies for climate prevention measures	• Climate goals with action plans to meet customer demand • Communication regarding BECCS • Carbon offsetting of fossil emissions in heat production (and certain emissions in the value chain)
Physical risks (opportunities)		
Acute	Risks: • Risk of fuel supply being affected due to acute climate risks (e.g. storms, torrential rain, drought) in the value chain • Risk of disruptions to production due to the impact on sensitive parts of the plant as a result of accumulations of water during torrential rain • Risk of high temperatures during heat waves affecting key components	• Through climate risk analysis, Stockholm Exergi has identified a need for adaptation solutions in order to manage physical climate risks. Required measures are planned within the framework of ongoing investments • The purchasing of biofuels is spread geographically to reduce risk exposure
Chronic	Risk: • Reduced access to cold water for production of free cooling in the event of increased temperatures at lake and seabeds Opportunity: • Increased cooling demand due to warmer summers	• Climate scenario projections in respect of temperature and weather variations are used to take into account long-term climate risks when planning major investments

Principle of carbon offsetting

Stockholm Exergi will be carbon offsetting direct emissions from its own use of fossil oil for the production of district heating until such time these fuels have been phased out. For the district heating product Climate-neutral heating, we are reducing our carbon footprint even further by carbon offsetting emissions throughout the value chain in our district heating production process. Offsetting is performed through the purchase and cancellation of credits from emission reduction projects. A key feature is that the emission reductions should be additional, i.e. dependent on funding through the issuing and sale of verified credits. The calculations are conducted in accordance with the ISO 14021 standard, which clarifies what is required for a product to be marketed as 'climate neutral'.

The projects for carbon offsetting should, as a minimum, be covered by the UN schemes' regulations, CERs (Certified Emission Reduction Credits) or be part of the voluntary market's framework for verification.

We prioritise projects for renewable energy and reduced emissions. In addition, many projects protect biologically valuable countryside, address social and economic sustainable development, or enable the more rapid spread of green technologies. Through these investments, we are contributing to the UN Sustainable Development Goals, which entail us reducing inequalities in the world, promoting peace and justice, eliminating extreme poverty and solving the climate crisis, all by 2030.

Total fossil emissions per year, and consequently the need for carbon offsetting, have decreased dramatically since 2020, when our last coal-based production plant was decommissioned.

Internal carbon price

Stockholm Exergi does not apply an internal carbon pricing system.
The vast majority of our direct emissions of greenhouse gases, approximately 96%, are currently covered by the EU Emissions Trading System (EU-ETS), which means that the costs for emissions increase as the permitted scope for emissions within the EU is reduced. This constitutes an important incentive in the transition plan described in E1-1.

For the BECCS initiative, i.e. the plan to capture and store biogenic carbon dioxide, there is in practice a clear cost for fossil emissions along the relevant BECCS value chain. This is because the certified negative emissions that are to be sold correspond to minus one tonne of carbon dioxide net. For every tonne of negative emissions that is certified as a carbon credit, the value chain's emissions of greenhouse gases, both own direct emissions and indirect upstream and downstream emissions, will first need to be neutralised in accordance with the framework currently being drawn up within the EU. As capturing and storing biogenic carbon dioxide on a permanent basis entails a high cost, there are very strong incentives to seek technological solutions that reduce greenhouse gas emissions along the entire value chain for the production and certification of negative emissions. The cost of producing a carbon credit with BECCS currently far exceeds the costs resulting from the EU's emissions trading. In practice, this gives rise to an additional internal cost for carbon dioxide emissions, initially within the framework of the BECCS activities, and then gradually within our activities for the final treatment of residual waste.

Greenhouse gas emissions in own operations

Stockholm Exergi has been preparing climate accounts for a number of years, in accordance with the methodology in 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 waste treatment. Residual waste contains plastics and other fossil materials. Incineration of residual waste accounts for about 27 (27) per cent of the energy supplied, and about 83 (82) per cent of Stockholm Exergi's own local greenhouse gas emissions.

Approximately 9 (10) per cent of Stockholm Exergi's total greenhouse gas emissions occur upstream (scope 3) 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 87 (85) per cent of total greenhouse gas emissions, of which 81 (75) per cent are Stockholm Exergi's own emissions (scope 1) and the rest arise from partners (scope 3). The remaining indirect greenhouse gas emissions come from purchased goods and services, as well as business travel.

Carbon dioxide emissions in the Company's own installations are calculated in accordance with each plant's permit for greenhouse gas emissions. Carbon dioxide data from own production had not undergone final verification according to the EU-ETS at the time of reporting.

Metric

Own disclosure - Direct and indirect greenhouse gas emissions, scope 1, 2 and 3, market and location based*

Emissions from operations (kton CO_2eq)	2024	Breakdown 2024 (%)[14]	2023	2022	2021[12]	2020
Scope 1 [1]	**482**	**71%**	**433**	**492**	**450**	**382**
Production[2]	482	71%	433	492	450	381
- CO_2 from coal combustion	0	0%	0	0	0	1
- CO_2 from oil combustion	68	10%	59	71	52	18
- CO_2 from combustion of fossil fraction in the residual waste	399	59%	356	400	377	342
- Other greenhouse gas emissions[3]	15	2%	18	21	21	20
Business travel[4]	0,14	0,02%	0.12	0.10	0.16	0.18
Scope 2 (Market based)[5]	**65**	**10%**	**68**	**69**	**72**	**63**
Scope 2 (Location based)[6]	**81**	**12%**	**92**	**74**	**75**	**64**
Scope 3	**129**	**19%**	**160**	**276**	**120**	**103**
Business travel[7]	0,11	0,02%	0.10	0.04	0.02	0.02
Commuting tripsl[8]	0,39	0,06%				
Production by another district heating producer supplied by Stockholm Exergi[9]	44	6%	66	84	77	62
Production and distribution of energy and automotive fuels[10]	60	9%	66	59	43	41
Goods and services purchased[11]	24	4%	26	29		
Ownership share in subsidiaries[12]	1,1	0,2%	1,8			
Sale of fuel[13]	0	0%	0	104		
Total 'Market based'	**677**	**100%**	**660**	**837**	**642**	**548**
Total 'Location based'	**693**		**685**	**842**	**645**	**549**

[1] At the time of reporting, the emissions had not been fully verified according to the EU-ETS.
[2] Stockholm Exergi's own production, emissions of carbon dioxide, nitrous oxide, methane, and refrigerants. The biogenic emissions amount to 1,638 kilotons.
[3] 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.
[4] Refers to cars on official business.
[5] Market-based: Greenhouse gas emissions for electricity purchased for district heating and cooling production are calculated based on the emission factors for the certified renewable electricity purchased. For the electricity consumption allocated to electricity production and local load, emissions are calculated using the emission factor for the residual mix.
[6] Location-based: Greenhouse gas emissions are calculated based on the emission factor for the Nordic average mix.
[7] Refers to air travel on official business.
[8] Emissions from commuting have been included since 2024.
[9] Emissions from another actor than Stockholm Exergi during production collaboration for district heating. The emissions include both emissions from the facility and from the extraction and distribution of fuels to these facilities.
[10] Refers to, in addition to the production and transport of fuels, also the transport of additives and ash, as well as upstream emissions from purchased electricity and fossil emissions from thermography by airplane.
[11] Includes the manufacture of chemicals, additives, spare parts, machine services, consumables and more.
[12] Emissions, scope 1 and 2, in proportion to the ownership share in subsidiaries.
[13] Emissions from fuel sales.
[14] The distribution refers to 'Market based.

Own disclosure - Emissions intensity*

Emissions intensity	Unit	Goals	2024	2023	Change (%)
District heating					
VMK total[1)]	gCO_2-eq/kWh	45	48	44	8%
VMK residual[2)]	gCO_2-eq/kWh	-	51	46	10%
VMK residual, contribution from waste incineration	gCO_2-eq/kWh	37	42	39	7%
Emissions from treated residual waste					
Carbon dioxide emissions from waste incineration per ton of treated residual waste	$kgCO_2$/ton		493	460	7%
Total production - Scope 1, 2					
Total greenhouse gas emissions per total energy supplied [3)]	gCO_2-eq/kWh	--	66	64	4%
Total production - Scope 1, 2 & 3					
Total greenhouse gas emissions per total energy supplied [4)]	gCO_2-eq/kWh	--	76	71	7%
Total greenhouse gas emissions per net income[5)]	tonnes CO_2eq/	--	81	80	1%

[1)] CO_2eq/supplied kWh of district heating calculated according to the Heating Market Committee (Värmemarknadskommitteen)(with no consideration for special agreements).
[2)] CO_2eq/supplied kWh of district heating, residual mix, calculated according to the Heating Market Committee (Värmemarknadskommitteen) (with consideration for special agreements).
[3)] Total emissions from Scope 1, 2 market based plus emissions from production cooperation divided by total supply of district heating, electricity and district cooling (before carbon offsetting).
[4)] Total emissions from Scope 1, 2 and 3 market based divided by total supply of district heating, electricity and district cooling (before carbon offsetting).
[5)]Total emissions from scope 1, 2 and 3 market based divided by net income.

Own disclosure - Volume of reductions/uptake of greenhouse gas emissions through the purchase of carbon credits*

	Unit	Goal	2024	2023	Change (%)
Purchase of carbon credits[1)]	ktonnes CO_2-e	--	97	84	13%

[1)] Preliminary unverified value for 2024.

Own disclosure - Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems*

	Unit	Goal	2024	2023	Change (%)
Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems[1)]	%	--	97	96	1%

[1)] Preliminary unverified value for 2024.

Energy consumption and energy mix E1-5*

Energy consumption and energy mix*	Unit	2024	2023	Change (%)
Fossil sources				
Fuel consumption from crude oil and petroleum products	Gwh	256	219	15%
Energy from residual waste of fossil origin	GWh	1022	959	6%
Consumption of purchased electricity	GWh	97	90	7%
Consumption of heat acquired from production cooperation	GWh	92	152	-65%
Total non-renewable energy consumption	GWh	1467	1420	3%
Share of fossil sources in total energy consumption (%)	%	16,0%	14,3%	2%
Share of fossil sources in total electricity consumption (%)	%	8,3%	6,6%	2%
Nuclear energy sources				
Consumption of purchased electricity from nuclear energy sources	GWh	763	1092	-43%
Share of nuclear energy sources in total energy consumption (%)	%	8,3%	11,0%	-3%
Share of nuclear energy sources in total electricity consumption (%)	%	65,2%	80,4%	-15%
Renewable sources				
Energy from residual waste of renewable origin	GWh	1499	1428	5%
Fuel consumption of solid biofuels	GWh	2455	2740	-12%
Fuel consumption of bio-oils	GWh	443	494	-12%
Consumption of purchased electricity	GWh	310	175	43%
Use of heat acquired from treated wastewater	GWh	733	884	-21%
Use of heat acquired from seawater and lake water	GWh	535	617	-15%
Use of heat acquired from district cooling return	GWh	133	138	-4%
Use of heat acquired heat from Open District Heating	GWh	22	25	-13%
Use of free cooling from seawater and lake water	GWh	119	110	8%
Consumption of heat acquired from production cooperation	GWh	726	800	-10%
Total renewable energy consumption	**GWh**	6975	7411	-6%
Share of renewable sources in total energy consumption (%)	%	75,8%	74,7%	1%
Share of renewable sources in total electricity consumption (%)	%	26,5%	12,9%	14%
Total energy consumption	**GWh**	9205	9923	-7%

Energy intensity*	Unit	2024	2023	Change (%)
Energy consumption per net income	MWh/MSEK	1098	1252	-14%

Energy production and energy mix*	Unit	2024	2023	Change (%)
Energy production from non-renewable sources				
Heat production	GWh	1814	1879	-4%
Electricity generation	GWh	125	131	-5%
Total energy production from non-renewable sources	GWh	1939	2010	-4%
Energy production from renewable sources				
Heat production	GWh	5480	5656	-3%
Electricity generation	GWh	579	735	-27%
Cooling production	GWh	373	303	19%
Total energy production from renewable sources		6432	6694	4%
Total energy production		8371	8704	-4%
Share of production from renewable sources	tonnes CO_2eq/MSEK	77%	77%	

Calculation principles

E 1-5 - Energy consumption and energy mix

Energy consumption and production in own operations are obtained from Stockholm Exergi's database for production data. Imports of heat from other district heating producers and useful heat from the Company's Open District Heating concept are measured and processed in a separate system. The proportion of renewable or fossil energy recovered from the incineration of residual waste is calculated from the proportion of measured fossil carbon dioxide in the flue gases. The breakdown (proportion of fossil carbon dioxide) is based on the latest verified EU-ETS report. Thermal energy from flue gas condensation is classified as renewable or fossil energy based on the mix of fuel inputs in the CHP plants, including used start-up/support oil. The proportion of energy from renewable sources in total electricity consumption is calculated from data regarding the electricity mix (see below on scope 2).

Net Income

Net income are recognized as an amount that reflects the expected compensation and compensation the company is entitled to for the transfer of goods and/or services to customers. Stockholm Exergi recognizes the income when the group transfers control over a product or service to a customer. The group's income primarily consist of delivered energy to the end customer. incomes are reported net of discounts and price reductions, and exclusive of value-added tax.

Own key performance indicators

Percentage of Scope 1 Greenhouse Gas Emissions from Regulated Emission Trading Systems

The emissions covered by the regulated emission trading system are carbon dioxide emissions from production. The Scope 1 emissions that are not covered and are calculated separately are methane, nitrous oxide, and refrigerants, as well as business trips (company car).

Total greenhouse gas emissions

Scope 1

Carbon dioxide emissions from own production with oil and waste are based on data that is used for reporting under the European Emissions Trading System. In the case of EU-ETS Other greenhouse gases, verified measurement data for methane or nitrous oxide is used in the first instance when available. Otherwise templates from the Swedish Environmental Protection Agency are used for stationary incineration/electricity and district heating production. Emissions of refrigerant (losses) are calculated by weighing the amount of refrigerant in the heat pump plants. The same data regarding refrigerant losses (emissions) is reported annually to environmental authorities in line with legal requirements. Conversion to carbon dioxide equivalents for methane, nitrous oxide and refrigerants takes place in accordance with IPCC AR6. For lease cars, data on fuel consumption is collected from the service provider. For privately owned vehicles that are used for business purposes, information regarding mileage allowances is employed, which is multiplied by emission factors for the consumed fuels. The emission factors are obtained from the Swedish Energy Agency.

Scope 2

Market based: Electricity that is consumed to produce district heating and district cooling is calculated, and guarantees of origin for renewable and/or fossil-free electricity corresponding to this consumption are purchased and cancelled. Emission factors for nuclear power, hydropower and wind power are obtained from the respective EPDs. The emission factor for electrical energy produced in-house is based on the allocated emissions for the production of electrical energy in the plant in question. The calculation of the amount of electrical energy used for the production of district heating, and for the emissions that will subsequently be charged to the district heating product, is performed according to allocation principles in the GHGP. For electrical energy that is consumed to produce electricity in CHP plants (i.e. that is not allocated to heat production), the volume is multiplied by an emission factor for the Nordic residual mix obtained from the Swedish Energy Market Inspectorate. The allocation of carbon dioxide emissions thereby takes place with no residues.

Location based: Total electricity consumption is multiplied by the current emission factor for the Nordic electricity mix, where no consideration is given to allocation-based products such as guarantees of origin.

Scope 3

Imports of heat from other district heating producers: Emissions are based on the import's fuel mix and emission factors according to VMK.

Transporting fuel, own waste, chemicals: The calculations are based on the fuel transactions and on the best available data (known consumption, known vehicle fuel, or transport work such as tonne-km multiplied by emissions standards from the NTM).

Production of fuel: Emissions are calculated on the basis of fuel consumed in the Company's energy production and various emission standards (Swedish Energy Agency, supplier data, EPDs).

Purchase of goods: The calculation is based on monetary data in the form of purchase volumes (SEK) that have been registered in the Company's business system and emission standards from the National Agency for Public Procurement.

Production of chemicals: Emissions are calculated on the basis of the amount of consumed chemicals and emission standards from e.g. the IPCC.

Business travel (flights): The emissions are based on registered information from the Company's travel agency regarding distances travelled. Emissions are calculated in a dedicated flight calculation tool based on emission factors from the NTM, RFI 1.9.

Investments: The emissions relate to the Company's ownership in the associated company TMAB. The emissions are calculated by multiplying the fuel inputs by emission factors according to VMK (Scope 1 + 2), and consist of Stockholm Exergi's ownership of these (47.5%)

VMK key performance indicator – gCO_2e/supplied kWh district heating residual, with consideration for separate customer agreements, which means that the key performance indicator shows the residual mix's emission factor. The key performance indicator is also reported in a separate customer report at the end of January each year and to Swedenergy. Based on VMK standards as well as the latest EU-ETS verified emission factor for residual waste. The calculations are verified by Swedenergy during the spring.

VMK key performance indicator – gCO_2e/supplied kWh district heating total, same calculation as above but without consideration for separate customer agreements. The key performance indicator can be said to correspond with the location-based method according to the GHGP.

$kgCO_2$ emissions per tonne of treated (incinerated) waste. This key performance indicator is also communicated to waste treatment customers in a separate report. Encompasses all residual waste incinerated by Stockholm Exergi. Calculated on the basis of measured CO2 emissions from all waste incineration, which are also reported under the EU-ETS. Any fossil CO2 emissions from the use of support/start-up fuel (EO1) are subtracted and not included in the key performance indicator, which consequently only reflects the amount of fossil material in residual waste (e.g. plastic). The total emissions of carbon dioxide (kg) are divided by the total amount of incinerated residual waste (kg).

Amount of Reductions/Sequestration of Greenhouse Gas Emissions through the Purchase of Carbon Credits

Forecast for the year and results from previous years for the amount of carbon dioxide compensated for direct emissions from the company's own use of fossil oil for district heating production, as well as for the product climate-neutral heat (KNV). The calculations are made in accordance with ISO 14021.

E2 Environmental pollution

Policy

Stockholm Exergi's operations may have a significant environmental impact, which could entail major risks if the Company falls short in its environmental work. The environmental impact of our operations consists mainly of emissions to air and water; partly from energy conversion at the production plants, partly from the extraction and transport of fuels to the plants and the management of the waste that is generated.

Stockholm Exergi's environmental impact is generally governed by our sustainability policy. When we are developing and determining the direction of our business, we start from the impact we can have on people, society and the environment. We consider the best possible technology in our plants to reduce emissions to air and water, both locally and regionally.

Our sustainability policy also governs the risk of environmental impact in our value chain. This is assessed when we are making decisions, and we protect the environment by imposing sustainability requirements along our value chain. Our operations help to reduce the environmental impact in Stockholm, and we work actively to avoid disturbing our neighbours in the local environment with our production facilities, transport activities or construction work. We never begin work or operations without first taking action to prevent possible pollution and minimise potential environmental risks. We also endeavour to use chemicals that have an as low environmental impact as possible.

Environmental impact in own operations

Governance and measures

A large proportion of Stockholm Exergi's energy production takes the form of treating residual waste through energy recovery. Within our waste treatment service, incineration with energy recovery, we treat waste that cannot or should not be recirculated in society. This waste may contain harmful substances that we are largely able to capture or destroy through incineration and advanced treatment technology. In this way, we have an opportunity to remove harmful substances from the ecosystem. The ash and slag that are generated through incineration are safely handled by authorised recipients, as described in Chapter E5 Resource and circular economy.

It is important for the plants to be managed correctly, as there is otherwise a risk of spread of pollution. Most of our energy production takes place under the umbrella of operations requiring permits and is regulated by laws and environmental permits. These set limits as regards the levels of substances that may be released to the air and water, with the aim of ensuring that the operations do not harm people or the environment. 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 plants' environmental permits govern areas such as noise levels and the amount of substances that may be released to air and water. A breach of a condition may consequently entail permitted air pollution levels or discharges to water being exceeded, and is therefore classified as a serious environmental incident. Discharges involving contamination of soil may also be classified as a serious environmental incidents, based on specific loads.

In the case of investments in the business, an assessment is always made of the opportunities and risks of environmental impact that the investment entails, and how it will contribute to meeting Stockholm Exergi's targets.

The significant risks are governed by instructions in order to reduce the impact.

The organisation for our district heating and district cooling production is responsible for ensuring that the plants are designed according to requirements and comply with applicable environmental permits, laws and procedures relating to the environment. Proper operation and maintenance of our plants, in combination with prevention, are crucial to our environmental performance. To ensure this, we carry out environmental inspection walks aimed at identifying possible risks and preventing the occurrence of environmental anomalies. These environmental inspection walks primarily reduce the risk of soil contamination, as well as the improper handling of chemicals and waste. Stockholm Exergi monitors the number of walks that are performed each year.

We also work systematically on the anomalies that occur, in order to reduce the risk of serious environmental incidents associated with air, water and soil pollution. By also following up and thoroughly investigating low-severity environmental incident that have occurred repeatedly, targeted improvement measures can be implemented in the operations that ultimately also prevent the occurrence of serious environmental incidents. Another target that relates indirectly to emissions of air pollutants is our target regarding availability within our core production. Our core production comprises our large CHP plants offering the most advanced treatment, as well as continuous monitoring of our emissions. When we achieve a high level of availability in our core plants, this means we are maximising operations with our best facilities. A high level of availability consequently means better environmental performance.

To measure the effectiveness of our preventive work, Stockholm Exergi's overall goal is to not exceed five serious environmental incidents in one year. The most common environmental incidents that are classified as serious are air, soil or water pollution. Four major environmental incidents occurred in 2024. The serious environmental inci-

dents that occurred in 2024 included three cases of the limits for emissions to air being exceeded. There was also one case of measuring equipment at one of our peak load plants failing. The serious environmental incidents are presented in the table on page 131.

Air, soil and water pollution

Every year, Stockholm Exergi reports the incidences of pollution that have occurred from our operations in accordance with environmental permits and current environmental regulations. These are presented in the Environmental Report, the Sustainability Report and the Emissions Trading Report. We also conduct ongoing reporting to the supervisory authority in the event of accidental emissions or breaches. Since our operations primarily consist of incineration plants, the occurrence of microplastics is considered to be negligible or non-existent, both in flue gases and in water discharges. When it comes to packaging materials etc., we employ separation at source.

For emissions to air, our large plants apply the most accurate measurement method, i.e. continuous measurement, where measurement values are accumulated and presented in the environmental reporting system (MRS). For smaller plants where continuous measurement is not required and not economically justifiable, as well as for emissions to water, we apply periodic measurement that is weighted against energy input or flow to calculate emissions. In dialogue with the supervisory authority, we also apply periodic measurement in larger installations if the parameter in question is stable at very low levels. Long-term sampling is used for certain parameters.

Prior to construction or soil-related projects, soil samples are always taken before the work commences, as well as groundwater samples where applicable. In this way, it is possible to plan the handling of the generated spoil, and we can avoid building in unwanted contamination at the site. Existing contaminants at the plants are monitored through status reports. Soil samples are also taken on a case-by-case basis in the event of incidents, as well as according to requirements in environmental permits when operations are being decommissioned.

The total amount of pollution emitted in the course of a year depends on several factors. The most crucial factor is the temperature during the year. A cold year entails increased production in our peak load plants that offer less efficient treatment. Availability in our core plants and fuel quality can also affect emission levels. In the event of periodic monitoring of emissions, a single measurement can also have a major impact on the calculation of the total emissions for the year.

Environmental impact in our value chain

Governance and measures

Fuel and goods are transported to our plants by sea, rail or road. The impact of these relates to emissions of pollutants to air and water that can potentially harm the environment.

Calculation principles

E2-4 Pollution of air, soil and water

Pollution of air

Reported emissions of NOx must reflect actual emissions from the plant. If methods are used in the NOx charging system which mean reported emissions do not reflect actual emissions, this must be replaced or supplemented with emissions that have been measured or calculated as accurately as possible. The values are obtained according to the following order of priority: measurement of continuous emissions from chimneys, measurement of continuous emissions before flue gas treatment supplemented with a calculation of capture in flue gas treatment, individual measurements that are extrapolated ("periodic measurement" is conducted annually for those plants that this method is used for), calculation of emissions based on fuel input. In the case of continuous measurement, an environmental reporting system is used to compile and calculate NOx emissions.

Reported emissions of sulphur dioxide must reflect actual emissions. This means that the values are obtained according to the following order of priority: measurement of continuous emissions from chimneys, measurement of continuous emissions before flue gas treatment supplemented with a calculation of capture in flue gas treatment, individual measurements that are extrapolated ("periodic measurement" is conducted annually for those plants that this method is used for), calculation of emissions based on fuel input. Emissions of sulphur in forms other than SO2, for example S or SO3, are converted to SO2. In the case of continuous measurement, an environmental reporting system is used to compile and calculate SO2 emissions.

Reported emissions of dust must reflect actual emissions. This means that the values are obtained according to the following order of priority: measurement of continuous emissions from chimneys, measurement of continuous emissions before flue gas treatment supplemented with a calculation of capture in flue gas treatment, individual measurements that are extrapolated ("periodic measurement" is conducted annually for those plants that this method is used for), calculation of emissions based on fuel input. In the case of continuous measurement, an environmental reporting system is used to compile and calculate dust emissions.

Reported emissions of mercury, cadmium and dioxins must reflect actual emissions. Reporting only takes place for plants where measurements are taken. The values are obtained according to the following order of priority: measurement of continuous emissions from chimneys, individual measurements that are extrapolated ("periodic measurement" is conducted two or four times per year for those plants that this method is used for.

Each plant's calculation of emissions to air can be found in the plants' internal inspection programme.

Emissions from transportation, covering the transport of fuel, residual waste, own waste, and chemicals. The calculations are based on the transport work for the transactions, where the number of ton-kilometers is multiplied by emission factors from NTM.

Metric

Pollution of air, soil and water E2-4*

Emissions to air from operations	2024	2023	2022	2021	2020
Emissions of nitrogen oxides (tonnes)	**1,025**	**1,073**	**1,215**	**1,178**	**759**
- Of which nitrogen oxides from electricity and heat production	687	696	831	884	589
- Of which nitrogen oxides from transport to and from the enterprise	338	376	384	294	170
Emissions of sulphur dioxide (tonnes)	**295**	**349**	**374**	**339**	**139**
- Of which sulphur oxides from electricity and heat production	50	74	91	142	23
- Of which sulphur oxides from transport to and from the enterprise	245	275	283	197	116
Emissions of dust (tonnes)	**42**	**49**	**50**	**35**	**21**
- Of which dust from electricity and heat production	17	21	21	15	9
- Of which dust from transport to and from the enterprise	25	28	29	20	12
Hg emissions from electricity and heat production (kg)	**12**	**6**	**5**	**13**	**11**
Cd emissions from electricity and heat production (kg)	**1**	**1**	**10**	**2**	**2**
Dioxin emissions from electricity and heat production (kg)	**129**	**87**	**86**	**117**	**205**

Own disclosure - Significant environmental incidents*

Type of incident	Substance	Recipient	Number	Comments
Exceeding the limit value	CO, NOx	Air	2	Exceeding the limit value according to the Regulation (2013:253) on the incineration of waste
Exceeding the limit value	CO, dust	Air	1	Exceeding the limit value according to the Regulation (2013:253) on the incineration of waste
Measurement loss with observable environmental impact from emissions	Dust	Air	1	Measurement loss with observable combustion disturbance
Total			**4**	

E5 Resources and circular economy

Our resources

Key performance indicators relating to energy are presented in E1 Climate change. In this chapter, our energy conversion will be described from a resource perspective.

As a district heating operator, we have considerable opportunities to contribute to a resource-efficient energy system, as the district heating system enables recovery of energy in the form of heat.

The 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 bio-energy in the form of 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 for biofuel, uranium for nuclear power, coal and fossil oil. Production uses other natural resources such as lime, activated carbon and sand, which are needed in different combustion and treatment processes. These resources are necessary to achieve optimal purification and reduce emissions of eutrophying, acidifying and toxic substances.

The essential resources for Stockholm Exergi are shown in Figure 1.

Purchases

Purchasing policy

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. In our sustainability policy, we make it clear that we cooperate with suppliers who comply with our supplier code of conduct. Our supplier code of conduct, which is available on our website and as an agreement appendix, sets out clear demands. Stockholm Exergi's supplier code of conduct is based on the ten principles of the UN Global Compact on human rights, labour issues, the environment and anti-corruption.

Our whistleblowing service is available through our website and can be used by everyone in our value chain. Our Whistleblowing guideline explains that those responsible for the whistleblowing service decide when and how a whistleblowing message should be escalated, and that the individuals responsible for the whistleblowing service within Stockholm Exergi are the Chief Legal Officer, the Legal Counsel and the HR Director. This can be used to report serious risks and cases of wrongdoing that could harm individuals, the company, society or the environment, in respect of accounting, internal accounting control, auditing, anti-bribery, criminality in banking and finance, or other serious irregularities affecting the vital interests of the organisation or the life and health of individuals, such as serious abuse or harassment.

Governance and measures

We have processes in place to identify risks, impose supplier requirements, follow up random sampling of suppliers, communicate the results, as well as the whistleblowing service as a complaint mechanism, reflecting the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Practice, see Figure 2.

Risk assessment in respect of human rights is carried out for categories of suppliers where the risk of human rights violations is deemed to be high. When purchasing biofuels originating from forests, risks related to responsible forestry are also assessed. We have appropriate sustainability-related requirements in our agreements, for instance relating to the traceability of biofuel, health and safety issues for hired contractors and chemicals. The units for the purchasing of goods, services and fuels are responsible for ensuring that our suppliers comply with Stockholm Exergi's sustainability requirements. Monitoring suppliers' compliance with the requirements is performed, for example, by requiring specific certifications or by conducting supplier audits. The requirements mainly address the supplier's organisation and working methods, in order to protect human rights, labour issues, the environment and anti-corruption, as well as requirements relating to the origin of fuels. The Sustainability Criteria Act (2010:589) will be updated and the EU Deforestation Regulation will enter into force during 2025, entailing a greater need for audits to ensure that suppliers are complying with the new requirements in 2025. For this reason, we have carried out only three audits this year, compared to 14 in the previous year.

Before major investments are made, a separate risk assessment is 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.

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 based on a common sustainability standard which includes employment conditions, working environment, safety and environmental issues.

One positive observation is that the average result from all the audits within RSI has gradually increased from 87% in 2022 to 92% in 2024.

Figure 1.
Critical resources for Stockholm Exergi.

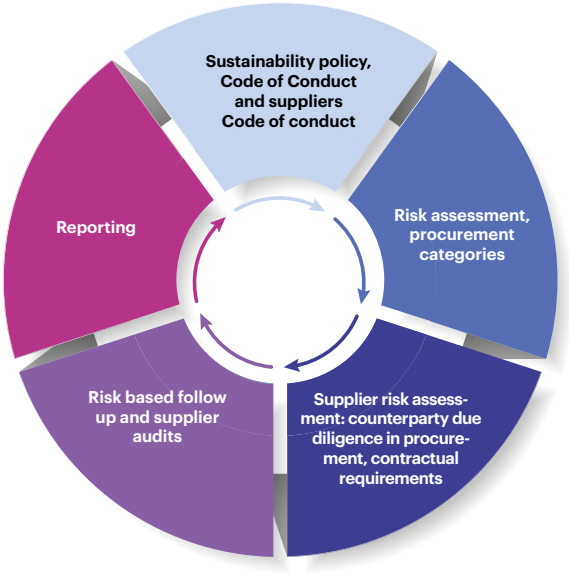
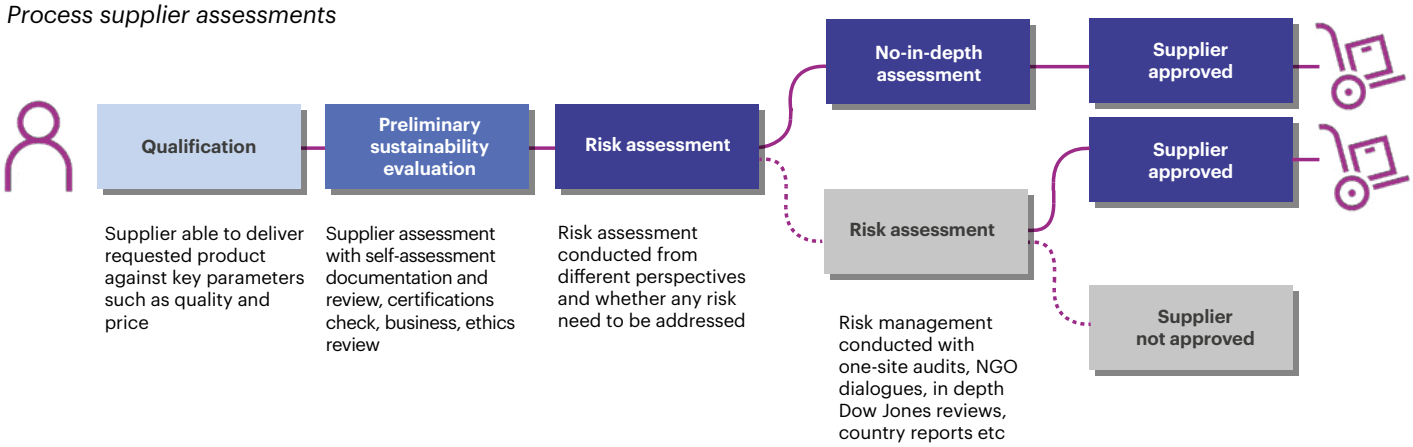


Figure 2.
Due diligence for reducing risks to people and the environment in the purchasing process. Our policy applies to all purchasing. We risk assess our purchasing categories and perform counterparty checks, as well as requiring compliance with our supplier code of conduct. Following up is risk-based, i.e. we prioritise purchasing where we consider the risks to be the greatest. For biofuels, due diligence is also applied in respect of sustainable raw materials accordance with the Act on Sustainability Criteria for Biofuels and the EU Timber Regulation.

Figure 3.
Process supplier assessments



Electricity and waste heat

Our district heating network enables the recovery of energy that is of low quality and that would otherwise have been lost. Our district heating product is therefore 52% recovered heat from our waste treatment service, flue gas condensation, waste heat from wastewater, data centres and other operations. The Environmental Product Declaration (EPD) for our district heating product clearly describes the environmental impact of the district heating product throughout its life cycle. An EPD is produced according to standard (PCR 2007:08, version 5.0.0) and gives a comparable result. The production of district heating, electricity and district cooling takes place in a complex system where many production units are connected to the same district heating network. In this way, production can be constantly optimised based on needs and costs. Our production resources are thus used efficiently.

Policy

Point 6 of Stockholm Exergi's sustainability policy relates to the operation's use of resources. According to the policy, we should aim to be as resource efficient as possible and, in the first instance, to recover energy that would otherwise be lost and utilise energy from society's residual waste.

Governance and measures

The production of energy services is constantly being optimised to ensure minimal resource consumption. There are strong incentives for this, because lower resource consumption generally entails lower production costs. Regional cooperation regarding production and the Open District Heating concept are examples of initiatives that are helping to limit the operation's resource requirements.

A new generation of district heating networks has been developed and is currently in the planning stage. The aim is to enable a lower system temperature through a new distribution strategy, which in turn makes it possible for us to recover waste heat from more sources and also to recirculate heat that has already been 'used' for heating in properties (district heating return) that do not have the new generation of district heating. The greater recovery of waste heat and the lower return temperatures also enable us to produce more power in the CHP plants. The new generation of district heating has a third pipe (in addition to the traditional supply and return pipes) called the collector. The collector is a second supply that maintains a temperature of approximately 40 °C. It is used for heating properties that have been prepared for this, while the first, higher temperature supply is used for heating domestic hot water.

Our production system is integrated with the electricity system, which means it can contribute to the supply of more renewable electrical energy. By integrating our heat pumps, electric boilers, and battery parks into the balancing market, we enhance the electricity system's ability to manage intermittent power sources like wind and solar more effectively. These measures entail increased system efficiency (industrial symbiosis) for the energy system.

Biofuel

Policy

Renewable fuels from biomass are key in the strategy of reducing dependency on and use of fossil fuels, but producing these fuels does have its challenges. In our sustainability policy, we undertake to use sustainable bioenergy, which mainly consists of residual products. Sustainable biofuels are covered by the Act on Sustainability Criteria for Biofuels and Bioliquids (2010:598), which is the Swedish implementation of the Renewable Energy Directive (REDII 2018/2001). For solid fuels, there is a requirement to meet soil criteria, and suppliers can demonstrate that these are being met through a certification that is approved by the European Commission, such as SBP or SURE. Just like other certifications, these certificates involve annual audits by a third party to demonstrate compliance with the requirements. For Swedish fuel suppliers, it is possible to have a voluntary sustainability statement from the Swedish Energy Agency, demonstrating that a control system is in place to comply with the legislation. Our guideline states that all solid biofuels should be covered by a certification or a Swedish sustainability statement. In exceptional cases, we conduct our own inspection, carried out by an external auditor with expertise in respect of forestry and legal compliance.

Stockholm Exergi is certified according to the Forest Stewardship Council® standard for traceability (certificate no.: DNV-COC-001495, license no.: FSC-C126045). This means that we can sell FSC® certified material, and every year the FSC® conducts an audit in which we have to demonstrate that we are meeting the FSC® traceability 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. The guideline clarifies our focus on sourcing fuel from Swedish forest fuel suppliers that are certified according to the FSC® standard Controlled Wood or PEFC Controlled Sources.

Governance and measures

We are continuing to pursue our strategy of purchasing forest by-products and industrial residual products in form of solid and liquid fuels.

All of our fuel suppliers provide declarations that the fuel is sustainable after delivery or at the end of the year, and this forms the basis for our statutory reporting to the Swedish Energy Agency.

The FSC® and PEFC forest certifications are common within forestry. They mean that the forestry complies with voluntary requirements for responsible forestry that go above and beyond the legal requirements. In order to retain certification, an annual audit is conducted by an external auditor that includes legal compliance. For Swedish suppliers of solid fuel with sustainability statements, FSC® or PEFC certification is an additional quality assurance that they are complying with applicable laws and conducting responsible forestry.

In 2024, we have contracted newly built vessels from the Dutch shipping company Longship, for the transport of biofuel. Thanks to an optimised hull

shape, hold design and diesel-electric propulsion, the vessels' fuel consumption is as much as 45 per cent lower than that of the existing fleet of ships in the same class. The agreement has been entered into for three years, with the option of a further two years.

Final treatment of residual waste

One of Stockholm Exergi's services is waste treatment by incineration with energy recovery. Once households and businesses have sorted as much as possible for material recycling, and prior to that have minimised their use of resources, residual waste still remains. There should be as little as possible per person and per business, thereby enabling our waste treatment service to accommodate more people.

In 2024, Stockholm Exergi processed a total of 808,549 tonnes of waste, of which 73% was from Sweden, 25.4% from the UK, 0.7% from Norway, 0.6% from Finland and 0.3% from France.

Policy

According to our sustainability policy, we must, in the first instance, recover energy that would otherwise be lost and utilise energy from society's residual waste. The sustainability policy involves us working to reduce the amount of waste in our own operations, as well as contributing to increased recycling of society's residual waste through mechanical sorting.

Governance and measures

During 2024, we have primarily been working to adjust our gate fees so that they are dependent on the fossil content, primarily all plastic, in the residual waste. Those who are good at sorting for recycling are charged a lower carbon dioxide fee. This change in gate fee is expected to create incentives for increased sorting of plastics and reduced plastic usage. For the coming years, one key measure will be to introduce this amended gate fee in our waste treatment agreements.

Since 2020, we have an arrangement in place with Brista Eftersorteringsanläggning, a mechanical sorting plant. The residual waste we receive for final treatment by incineration contains recyclable materials. This represents a sorting failure upstream (in households and businesses), and we are only able to sort out more material for recycling to a certain extent. At Brista Eftersortering, metal and plastic are sorted out from the residual waste. This outflow from our operation is sent to recycling companies for material recycling. The sorting process contributes to increased material recycling and consequently reduces the amount of residual waste per person that needs to undergo final treatment by incineration.

Our production facilities consume resources other than fuels

Operating chemicals are important to our operations, as they are used in treatment processes for flue gases and wastewater from our CHP plants. For example, ammonia is used to clean the flue gases of nitrogen oxides. The amount is presented in key performance indicator E5-4.

Stockholm Exergi's infrastructure, including our plants, is essential for our business to function. Major construction projects, as well as new installation and maintenance of district heating pipelines, are the activities that have the greatest impact on our consumption of resources. The district heating pipes consist of steel, insulation material and a plastic cover. At the moment we are reviewing how materials for construction projects worth more than SEK 50 million can be followed up, with the intention of being able to report the flows, but this option is not currently available. The district heating pipes consist of steel, insulation material and a plastic cover. Our intention is to report inflows of these resources for 2025 and beyond.

Policy

In the sustainability appendix for purchasing, we impose demands for measures to minimise the use of hazardous chemicals. In the construction project for BECCS, the City of Stockholm's demands for construction projects are applied.

Governance and measures

Operating chemicals are used in our CHP plants, for example to treat flue gases and wastewater, in order to limit emissions so that they do not exceed the requirements in the environmental permits. During the year, projects have been launched within the operating organisation in order to optimise the use of operating chemicals, as this not only entails the consumption of resources but also involves costs. In certain cases, however, stricter environmental requirements mean that the consumption of operating chemicals will inevitably increase slightly, although better governance and monitoring may reduce the need in other cases. A good example of the latter is boiler 1 in Hässelbyverket power station, where a new SNCR system for the reduction of nitrogen oxides will lead to a reduced need for ammonia.

Fossil oil

Fossil oil is a finite resource that also entails carbon dioxide emissions that affect the climate. Stockholm Exergi has an action plan to phase out the use of fossil oil by 2032. This is described in E1.

During 2024, a completely new fuel system from the fuel tank and new burners with new emission requirements have been installed in KVV1. The plant has also been modernised, with the result that its service life has been extended. The plant will be commissioned during 2025 and will be used for electricity and heat generation with bio-oil.

Carbon dioxide and the element carbon

The element carbon is present in the majority of products and goods consumed in society. A significant amount comes from finite fossil reserves in the Earth's crust, and when products containing fossil carbon become waste and are incinerated, carbon dioxide emissions are produced that have an impact on the climate. To achieve the global climate target, these losses to the atmosphere have to be drastically reduced.

At present, carbon dioxide is an outflow from our CHP production and waste treatment services that is not recovered, rather it is emitted and (in part) causes a climate impact (as reported in E1). In 2023, we emitted a total of 2,165 ktonnes of CO2, of which 1,750 ktonnes were of biogenic and renewable origin. Emissions of climate-impacting carbon dioxide of fossil origin consequently amount to more than 400 ktonnes per year. These emissions of carbon dioxide can be viewed not only as a climate impact that needs to be reduced (the fossil share), but also as a loss of resources. The need for carbon as a secondary recycled input to be reprocessed to create a new raw material is expected to increase significantly in future. Similarly, the need to create carbon sinks (negative emissions) from biogenic carbon dioxide will increase, as these, along with natural terrestrial carbon sinks, are required in order to reduce the amount of carbon dioxide in the atmosphere. We have good opportunities to both recover carbon dioxide to be reprocessed to make new raw materials, as well as to create a carbon sink, as our plants are relatively large and represent large point sources where carbon dioxide can be efficiently captured.

Waste

Policy

Stockholm Exergi's sustainability policy includes us working to reduce the amount of waste in our own operations. As regards ash (our primary waste fraction), the environmental permit for the biomass-fired CHP plant KVV8 states that "SE must endeavour to utilise the residual products during incineration (ashes) to the extent that is technically feasible and economically reasonable".

In the respective agreements with Stockholm Exergi's suppliers, Stockholm Exergi's sustainability requirements apply. Section 4.2 imposes requirements for reporting and treating the waste that is generated, so that the treatment complies with the Waste Regulation.

Quantities of waste

The ESRS key performance indicators regarding waste (key performance indicators with designation E5-5) are broken down on the basis of the business's main waste flow: ash, excavated material and other waste. Stockholm Exergi reports actual amounts of waste.

Ash

The largest waste fractions are bottom ash and slag gravel. This is a non-hazardous waste from the waste incineration process. The slag gravel consists primarily of inert material, i.e. that which has not been incinerated in the waste treatment process but which remains, as well as some metal. The metal is sorted out and then proceeds to material recycling. The remaining slag gravel is currently used as covering and construction material in landfills.

The product from flue gas treatment in the CHP plants is that which remains after the flue gases have been treated. The material that is collected, or in other words separated from the flue gases leaving the plant, is categorised as a hazardous waste. At present, most of the product from flue gas treatment is sent to NOAH, a treatment facility in Norway, which uses it in a neutralisation process with residual acid from the production of titanium oxide. The neutralised product is being used to refill a limestone quarry, helping to restore the island of Langøya in the Oslo Fjord.

A proportion of the product from flue gas treatment is processed at Ragn-Sell's Ash2Salt plant in Högbytorp. There, 200 kg of salt is extracted per tonne of ash, which is used in fertiliser or as road salt. Heavy metals and chlorides are treated as hazardous waste and deposited in a landfill for hazardous waste, with the remainder being used as final cover for landfills.

Bio-ash is a non-hazardous waste product that is currently used as final cover in landfills.

Excavated material

When laying district heating pipes, material is excavated to lay the pipes. This excavated material is now recycled. As a result of reduced amounts of material being excavated and the potential to return excavated spoil, recycling stands at almost 100%.

Other waste

Other waste from our operations consists primarily of waste from construction projects (construction and demolition waste) and waste from our day-to-day operations.

Governance and measures

We are developing our waste management in line with the waste hierarchy. The nature of this work varies for the different types of waste generated in our operations.

Ash

Our operations generate large amounts of waste, primarily ash. Resources can be recovered from this ash. The resources that can be recovered, and how much, are evolving in order to circulate resources to a greater extent in society and thereby reduce the need to extract virgin raw materials. Stockholm Exergi is participating in a research project regarding the return of ash from bio-CHP plants to the forest. Last year, a letter of intent was signed with a forest company regarding the return of ash to the forest. Research into the potential to use slag gravel as a construction material in areas such as roadbuilding has also continued. At present, the majority of the ash is recycled as a cover material for landfills.

Excavated material

During 2023 and 2024, the technical manual regarding excavation for district heating and district cooling distribution was updated, working alongside the City of Stockholm. The amended requirements have now entered into force. The changes that have been implemented mean that the excavations for the pipes can now be shallower and narrower. As a result, the volume of excavation material is decreasing.

Another change that has been implemented is that Stockholm Exergi can now backfill using the excavated soil or backfill with crushed material, for example from the blasting work conducted for the expansion of the subway system. This is a result of changes that have been made to the EU standard SS-EN-13941. Contaminated soil is

sent to MassLogikCenter (MLC) locally in Stockholm for treatment, and if it cannot be stored where the pipes are being laid, it can be temporarily stored at MLC. These changes entail reduced amounts of excavated material going to landfill, as well as increased recycling of local soil (crushed material). Stockholm Exergi has amended the requirements in the internal General Technical Regulations (ATB).

Other waste

We comply with the requirements imposed by Swedish and EU legislation regarding the management of both non-hazardous and hazardous waste. We facilitate and support this work through clear instructions, templates and clear labelling of containers etc. in waste sorting stations.

Calculation principles

E5-4 Resource inflows
Total weight of products and materials used

The total weight of the key resource flows (residual waste, solid biofuels, bio-oils, fossil oils, additives and chemicals) is obtained from the operations. The amount of residual waste input and solid fuel is calculated in tonnes, while liquid and gaseous fuels are calculated in nm3. This is entered into the IT system BSU by production analysts. For any installations that report in MWh rather than tonnes or nm3, the MWh figure is converted to tonnes or nm3 using the calorific value MWh/tonne or MWh/nm3. This data refers to Stockholm Exergi's entire electricity and heat production. The amounts of supplied additives and chemicals are compiled by environmental specialists, with the purchased amount of each additive being presented. The limit for a new type of chemical to be declared is 1 tonne.

E5-5 Resource outflows
Total amount of waste generated

E5-5 gathers a number of key performance indicators regarding volumes of waste generated by our operations during the year. All waste is weighed and reported in accordance with the coding system for the form of treatment and the type of waste. For all ash except for that from Högdalen, environmental specialists gather data from the waste contractor regarding shipped ash volumes broken down by waste code. Environmental specialists check that the categorisation of the ash is correct. At Högdalen power station, each outgoing ash shipment is weighed on scales, and the amount of each category is documented by staff from the fuel group.

For all other waste from the plants, environmental specialists gather data from the waste contractor regarding shipped waste volumes broken down by waste code. Environmental specialists check that the categorisation of the waste is correct. Environmental specialists also check whether waste has been generated from other operations, such as large construction projects, and gather data from suppliers regarding waste volumes by category.

Own key performance indicators

Number of audited suppliers: Suppliers are audited in accordance with our supplier code of conduct for all suppliers, and in line with EUTR and EUDR legislation for fuel suppliers. Boat transport providers are audited through the RSI collaboration. The annual risk assessment and evaluation of suppliers form the basis for which suppliers are audited. The number of audits is based on saved audit reports.

Proportion of suppliers of solid biofuels secured in relation to the Act on Sustainability Criteria for Biofuels and Bioliquids: Suppliers of solid biofuels are calculated as the total number. SBP, SURE and RED are voluntary certification schemes that are approved by the European Commission. Swedish sustainability statements are a legal decision pursuant to the Swedish implementation of the directive, and are issued by the Swedish Energy Agency. A third-party audit is an audit by an independent party, ensuring that the supplier meets the requirements set out in the Act on Sustainability Criteria for Biofuels and Bioliquids.

Proportion of supplied certified solid fuel as well as total supplied energy: Information about certified and verified fuel is obtained from invoices and entered into the business system. The total indicates supplied solid fuel in MWh. The reported certifications are FSC 100, FSC Mix and FSC Controlled Wood, as well as PEFC100 and PEFC Controlled Sources. The amount of energy supplied encompasses all biofuels. The breakdown is based on Table 3 in the guidance on sustainability criteria for biofuels and bioliquids, v1.0.

Metric

Resource inflows E5-4*

Inputs for own activities	2024	2023
Renewable or recycled fuels		
- Residual waste (tonnes)	808,549	773,336
- Bio-oils (Nm^3)	46,083	48,747
- Solid biofuels (tonnes)	852,834	908,229
Fossil fuels		
- Fossil oil (Nm^3)	25,726	21,903
Additives and chemicals (tonnes)	24,366	23,266

Other key performance indicators for waste E5-5*

	2024 (tonnes)	2024 (%)	2023 (tonnes)	2023 (%)
Total amount and proportion of non-recycled waste	40,858	16	2,183	95
Total amount of hazardous waste	23,179	N/A	22,443	N/A
Total amount of radioactive waste	0	N/A	0	N/A

Resource outflows E5-5*

(tonnes)	2024	2023
Total amount of waste	**250,539**	**228,571**
Diverted from disposal	**209,681**	**226,389**
Hazardous waste	*20,005*	*20,821*
Preparation for reuse	0	0
- Ash	0	0
- Excavated material	0	0
- Other waste	0	0
Material recycling	19,416	19,982
- Ash	18,901	19,108
- Excavated material	0	0
- Other waste	515	874
Other recycling procedures	589	839
- Ash	0	0
- Excavated material	0	0
- Other waste	589	839
Non-hazardous waste	189,676	205,568
Preparation for reuse	0	0
- Ash	0	0
- Excavated material	0	0
- Other waste	0	0
Material recycling	185,400	202,639
- Ash	142,636	168,877
- Excavated material	21,448	16,018
- Other waste	21,316	17,744
Other recycling procedures	4,276	2,929
- Ash	2,963	17
- Excavated material	14	0
- Other waste	1,299	2,912
Intended for disposal	**40,858**	**2,183**
Hazardous waste	3,174	1,622
Incineration	14	42
- Ash	0	0
- Excavated material	0	0
- Other waste	14	42
Landfill	3,161	1,580
- Ash	350	840
- Excavated material	1,267	449
- Other waste	1,544	291
Other disposal procedure	0	0
- Ash	0	0
- Excavated material	0	0
- Other waste	0	0
Non-hazardous waste	37,684	561
Incineration	4	63
- Ash	0	0
- Excavated material	0	0
- Other waste	4	63
Landfill	37,680	498
- Ash	35,845	0
- Excavated material	1,066	53
- Other waste	768	445
Other disposal procedure	0	0
- Ash	0	0
- Excavated material	0	0
- Other waste	0	0

Own disclosure - Supplier audits 2024*

	Number of inspections of Stockholm Exergi	Third-party inspections
Requirements in the code of conduct and working environment suppliers	5	
Requirements of the code of conduct - fuel suppliers		3
Responsible Shipping Initiative*		3

* Within RSI, 26 inspections (of which 3 are for suppliers used by Stockholm Exergi) and 304 deviations were conducted within the RSI collaboration in 2024.

Own disclosure - Biofuel 2024*

	Description	GWh (Supplied)	Origin
Forest			
Solid biofuels from forestry	Branches and crowns, energy wood, wood with insect infestation or from management measures	2,111	Estonia, Latvia, Spain, Sweden
Solid biofuels, industrial residual product	Sawdust, bark, pellets made from sawdust from sawmills	741	Estonia, France, Latvia, Lithuania, Sweden, United States
Liquid biofuel, industrial residual product	Tall oil pitch	149	France, USA
Agriculture			
Liquid biofuel, industrial residual product	MFA, HVO from industrial residual products	383	50% from the EU, remainder from South America, Asia, Africa
Liquid biofuels	RME and HVO from e.g. rapeseed oil	0	-

Own disclosure - Proportion of solid biofuels claimed, certified or verified in 2024*

In 2024, the following proportions of our fuel were certified as follows: 7% PEFC 100, 4% FSC Mix, 42% FSC CW, 2% PEFC CS. 34% of the fuel is certified with SBP version 1, which means that the suppliers have FSC Chain of Custody or PEFC Chain of Custody certification and that the origin of the fuel is FSC/PEFC certified or controlled according to FSC Controlled Wood or PEFC Controlled sources.

Own disclosure - Assurance of the Renewable Energy Directive (REDII 2018/2001) for solid biofuels

For solid biofuels from forests, all suppliers meet legal compliance requirements. Our suppliers are certified with SBP or SURE, have a Swedish voluntary sustainability statement or have been audited by Stockholm Exergi.

In 2024, approximately 4.5% of the solid biofuel was from suppliers that we have audited in respect of RED II with the help of an external auditor. These suppliers have certified their products with FSC CW, as well as FSC Mix or PEFC 100%. An audit performed on the supplier's premises means that the supplier is demonstrating that they comply with REDII by presenting their internal procedures and documentation based on samples.

Social factors

S1 Own workforce

Policy

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 as well as create well-being among everyone who works for us. The code's principles must be respected and adhered to by our employees and throughout our suppliers' operations. Suppliers are also responsible for ensuring that their subcontractors comply with the code. Stockholm Exergi's suppliers confirm their consent to comply with the code of conduct, both by continually documenting compliance with its requirements as well as by providing Stockholm Exergi with information on request. They also allow on-site audits by Stockholm Exergi, or by an accredited auditing firm representing Stockholm Exergi. The code of conduct governs proceedings and describes our values and how we conduct ourselves in relation to each other and our partners. For our employees and all suppliers, the code of conduct makes it possible to reduce the number of occupational accidents at the workplace.

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. The unit draws up processes and structures for the employment lifecycle, to ensure that we succeed in attracting, developing, retaining and terminating employees. Wellness and health interventions are part of promoting a sustainable working life that the unit proactively promotes.

Employees can turn to their line manager or the HR function regarding matters of abuse or discrimination. It is also possible to submit anonymous reports to our whistleblowing function, which are dealt with by the Chief Legal Officer and Director HR and Sustainability.

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, while the HR and Sustainability Unit supports all managers in the issues raised.

Our motto is: 'We work safely or not at all and we look after each other'. 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.

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 safety training course that includes the working environment, and which 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. During 2024, we have further developed our working environment training courses. The aim of this has been to increase the knowledge of managers and clients regarding how we carry out systematic working environment management activities in practice, in order that our managers can assume the responsibility that their work duties entail.

Governance and measures

The HR and Sustainability Unit has overall responsibility for Stockholm Exergi's work within all areas of HR, sustainability including social sustainability, working environment, safety and process development. There are clear links between the areas, with the focus on Stockholm Exergi's employees.

Working conditions

During 2024, we have been working actively regarding our provision of skills, and we are witnessing a continued high level of interest in the services we advertise. We have been working with skills-based recruitment for a number of years, and consider it is important to have rapid processes where all candidates feel they are treated similarly and are judged on the basis of their experience and expertise. Some roles require us to adopt a proactive approach, in which case we contact potential candidates directly, through our networks and platforms such as LinkedIn. We have already begun the journey of strengthening ourselves for future carbon capture plants. This is creating development opportunities for existing staff, as well as creating new jobs.

We consider that our initiatives within the framework of social sustainability and employer branding, such as the various entry-level jobs we offer, have a direct positive impact on our future skills supply. We are pleased about the important, long-term collaborations we conduct with identified schools, and we are continuing to work actively with school collaborations and internships within the Company. The route into the sector through an internship as part of a vocational course is and will continue to be one of our leading sources of skills provision in future within our production-related operations.

In 2023, we launched our trainee programme with ten places – six women and four men. The programme extended throughout 2024 through fixed and optional rotations within the organisation, thereby creating conditions to broaden expertise and provide the trainees with development opportunities within the Company. Through a structured programme lasting 10 months, the trainees gain wide-ranging knowledge and experience of the industry. Right from the start, the trainees are employed on a permanent basis, with a probationary period of six months.

"Transform your energy into a sustainable future" is our employee promise, as well as being the answer when we are asked what employees at Stockholm Exergi do. During 2024, we took the business's pulse on two occasions, and have continued to increase engagement within the Company as a whole. We are delighted to report that we have exceeded this year's target level of 75 for the engagement index. We have been working actively to strengthen our managers in respect of inclusive leadership and to ensure mental well-being in their teams. We have identified deviations in each team and have drawn up measures to address these deviations.

Sick leave remains at a normal level, at 2.8. We monitor this quarterly and gather data from our business system, IFS. Since April 2023, we have had access to the tool 'Sjuk och Frisk' ('Sick and Healthy') through the occupational health care service. Among other things, this tool gives our employees the opportunity to obtain advice in the event of sick leave. It also provides the potential to analyse the causes of sick leave on an aggregated level, in order to facilitate preventive measures.

According to Nyckeltalsinstitutet, an HR analysis institute, we remain competitive thanks to our positive working conditions and benefits. By having good working conditions and benefits over and above that required by the legislation, we realise that we have a positive opportunity to attract employees.

At Stockholm Exergi, we want to accept our corporate responsibility within social sustainability and be a positive force in society and for the people we work for, i.e. all Stockholmers. This means that we want to help reduce unemployment and promote diversity, which we believe will be reflected in the long term among our employees, in all parts of the Company.

Our primary focus in the field of social sustainability is the human rights aspect, where we ensure that we work according to the rule of law internally within the Company and in the value chain. We also make sure that we work in line with our sustainability policies, guidelines and procedures, such as our code of conduct, and that we look after each other.

During the year, we have adopted a number of initiatives to promote inclusion in society, several of which are also directly linked to our future skills provision:

- Together with the City of Stockholm, we have employed 4 people in 'warm-up jobs', working in different roles within the Company.
- We have coached primary school classes through My Dream Now, and have received study visits and taken part in the Future Day to inspire young people to join our industry.
- Several employees have acted as mentees and mentors via Kraftkvinnorna, with the aim of promoting the share of women in the industry.
- "We work safely or not at all and we look after each other." Working preventively to minimise risks is a natural part of all the work performed at Stockholm Exergi, and we obviously have a long-term vision of zero accidents and serious incidents. As part of our journey

towards a strengthened safety culture, we have worked over the past three years to consistently identify and focus on safe forms of behaviour. Everyone at the Company should be committed to this approach. As a result of the work we are doing, we are witnessing a downward trend as regards the number of accidents, and there were no serious accidents in 2024.

Stockholm Exergi's operations entail an inherent risk of accidents in the workplace. 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.

Monitoring of health and safety work includes employee surveys and safety walks. We monitor key performance indicators such as the number of safety walks, the safety index, LWI (Lost Workday Injuries, i.e. workplace accidents resulting in sick leave) and LWIF (Lost Workday Injuries Frequency, i.e. workplace accidents resulting in sick leave in relation to millions of hours worked). Despite the continued positive trend in our preventive HSE work, we unfortunately failed to reach our working environment target for LWIF in 2024, with the number of accidents that have resulted in absence increasing compared to 2023. We are not satisfied with this, of course, and the working environment is therefore an areas of focus in 2025, with a clear shift towards the vision of zero accidents and sustainable employees over time. In 2025, we will continue to measure the key performance indicator TRIF (Total Recordable Injury Frequency, i.e. workplace accidents resulting in more than one day's absence, medical treatment or occupational injury leading to restricted working capacity in relation to millions of hours worked) as well as healthy attendance.

In our work to improve mental well-being in each team, we can see that this is contributing to a better working environment and culture, where employees can and dare to call attention to risks they see at work. We are proud of the number of safety walks that were conducted in 2024, which came to an impressive 3,661. We feel that the number of safety walks gives us improved opportunities to achieve our vision of zero accidents, and that our employees are embracing the notion that we work safely or not at all. We are encouraging all employees to make their contributions count, to make every per cent count.

Equal treatment and equal opportunities

We know that there are major challenges in the sector in general when it comes to equality and diversity, and for this reason, in our overall strategy for our goals and key performance indicators, we have KPIs regarding gender balance, foreign background and the proportion of women who are managers, in order to continue to strengthen the positive development at Stockholm Exergi. Our goal is to increase the proportion of women in the Company and to achieve a more even gender balance. As a result, we have challenged our recruitment managers to ensure that every other new recruit is a woman.

We naturally have zero tolerance when it comes to discrimination and harassment. This is clearly set out in our code of conduct and our guideline "We care for each other", and our employees are able to report discrimination and harassment. We have handled fewer than five cases, which is on a par with the previous year. We work preventively by requiring employees to attend our mandatory working environment training courses and by having in-depth training courses for managers. We are witnessing a shift and more positive results in our health and safety pulse survey. During the year, we have conducted in-depth interviews, focus groups and workshops to address the challenges and deviations that exist. Results from our latest health and safety pulse survey show that 5.1 per cent of employees perceived that they had been subjected to harassment or abuse during the year. This is a slightly lower percentage compared to the previous survey, which means that our actions have produced positive results.

By developing an inclusive corporate culture and promoting a range of perspectives, we are not only creating a better working environment, but also a more robust and secure organisation. This work is strengthening our ability to make informed decisions, attract and retain the right skills, and is improving our understanding of our customers and their needs. We want our employees to enjoy their work, perform at their best and stay with the Company.

Calculation principles

Social data is gathered through the IFS reporting system, and we obtain statistics regarding the proportion of employees with a foreign background from Statistics Sweden (SCB).

• S1-6 Total number of employees who left the company during the reporting period and staff turnover during the reporting period: The number of people who left the Company includes all employees whose end date fell within the reporting year, regardless of their form of employment. Staff turnover has been calculated as the number of people who have left divided by the average number of employees during the year. The average number of employees has been calculated as an average of the number of employees in the reporting year/number of employees in the previous reporting year.

• Total number of people or FTEs by gender: Employees are those whose period of employment includes the last day of the reporting year (31 December). Full-time employees are those with an employment level of 100%; all others are considered part-time employees. Employees with a permanent contract are considered permanent employees, whereas others are considered temporary staff.

S1-7 Number of workers who are not employees in the company's own workforce: Non-employees belonging to the workforce include hired consultants with an active assignment during some part of the final month of the reporting year (December).

• S1-8 Proportion of all employees who are covered by the collective bargaining agreement: 'Branschavtal Energi' includes all employees except the CEO.

• S1-9 Gender distribution in numbers and proportion at management level: Management level includes the CEO and the directors (Stockholm Exergi's management team).

• S1-9 Distribution of employees by age group: The breakdown by age category is based on age as at the final day of the reporting year (31 December).

• S1-11 Employees covered by social security against loss of income: According to Swedish legislation, all employees are covered by social security.

• S1-14 Percentage of people in the company's own workforce who are covered by the company's health and safety system: All employees are covered by the company's health and safety system.

• S1-14 Number of deaths caused by occupational injuries and occupational ill health: This calculation covers all deaths caused by occupational injuries. The monitoring also covers externally hired staff replacing staff on leave of absence and parental leave, as well as vacancies. In 2024, the number caused by work-related ill health is not included.

• S1-14 Number and frequency of documented occupational accidents (TRIF): The number of accidents is calculated in terms of whether occupational accidents have resulted in more than one day's absence (LWI), require medical treatment by healthcare workers (Medical treatment care (MTC)), as well as where other work duties than normal can be carried out and where the accident consequently does not result in any sick leave (Restricted Workday Cases (RWC)). The frequency is based on 1,000,000 hours worked.

• S1-14 Number of days lost due to occupational injuries and deaths resulting from occupational accidents, occupational ill health and deaths resulting from ill health: The number of reported days of sick leave as a result of an accident that has resulted in more than one day's absence and/or deaths occurring in connection with work. The number of reported days of sick leave is compiled from information provided by the person off sick or their employer. In 2024, the number caused by work-related ill health is not included.

• S1-16 The gender pay gap: Median salaries for women and men have been used in the calculation (population all employees). For the comparison, monthly full-time salary has been used as the calculation basis.

• S1-16 Annual total rate of remuneration: The calculation is based on the median salary for all employees except the highest paid person, as well as the salary for the highest paid person.

• S1-17 Total number of discrimination cases, including harassment: The number of cases that have been reported during the reporting year via the whistleblowing function or the HR department.

• S1-17 the number of complaints raised through internal grievance mechanisms that are found to be substantiated by the undertaking: The number of complaints that have been reported during the reporting year via the whistleblowing function or the HR department and/or the legal department.

• S1-17 Total amount of fines, penalties and compensation for the incidents and complaints reported relating to human rights: The number of fines, penalties or compensation, and the amounts that the company has been ordered to pay.

• S1-17 The number of serious human rights incidents involving the company's employees: The number of incidents that have been reported during the reporting year via the whistleblowing function or the HR department and/or the legal department.

Own key performance indicators

• Sick leave: The number of reported sick leave hours divided by the number of hours worked by permanent and temporary employees Reported for women, men and total.

• LWIF (Lost Work Injury Factor): refers to the frequency of accidents resulting in more than one day's absence per 1 million hours worked.

Metric

Information about the company's employees S1-6*

Employees by employment type, gender (number)	Women	Men	Total
Permanent employees	194	610	804
Temporary staff	3	12	15
Total	197	622	819

Staff turnover, S1-6*

A total of 102 employees left the Company in 2024. Staff turnover in 2024 was 12% for the total number of employees and 10% when excluding temporary employment.

Information about workers in the own workforce who are not employees*

	2024	2023
Number of people	589	834

Own key performance indicator Sick leave*

	Women		Men		Total	
Type of incident	2024	2023	2024	2023	2024	2023
Sick leave (%)	2.9	3.0	2.8	2.5	2.8	2.6

Collective agreement coverage and social dialogue S1-8

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

Diversity indicators S1-9*

Stockholm Exergi's management team, including the CEO, consists of 2 women and 8 men. The proportion of women is 20%.

Age distribution, employees S1-9*

Employees by age (number)	Number
< 30	86
30–50	425
> 50	308

Employees are expressed in terms of FTE (Full Time Equivalents), as at 31 December 2024.

Social protection S1-11

All employees are covered by the Swedish social insurance model.

S1-14 Measures of occupational health and safety

Proportion of people in the company's own workforce who are covered by the company's occupational health and safety system, S1-14

The entire workforce is covered by the Company's health and safety system

Number of deaths that have been caused by occupational injuries and occupational ill-health, S1-14*

Type of incident (number)	2024	2023
Fatal accidents	0	0

Number and frequency of documented occupational accidents, S1-14*

	Employees		Non-employees		Total	
Type of incident	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
TRIF [1)]	10	11	12	7	11	9
TRI [2)]	13	14	19	11	32	25

1) The frequency is based on a calculation with 1,000,000 hours worked.
2) 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.

Own disclosure - LWIF*

	Employees		Non-employees		Total	
Type of incident (number)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
LWIF [1)]	1.6	2.4	5.0	1.2	3.5	1.8

1) The frequency is based on a calculation with 1,000,000 hours worked. LWI (Lost workday work-related injuries) refers to accidents that have resulted in more than one day's absence.

Number of days lost, S1-14*

Stockholm Exergi's employees have lost 12 days due to occupational injuries and deaths due to occupational accidents.

S1-16 Compensation indicators (wage differences and total compensation)*

Gender pay gaps, S1-16*

The median salary for men in relation to women is -6.57 (-5.97) per cent for the whole of Stockholm Exergi AB.

The presence of women at higher levels of the organisation is slightly higher than at lower levels, which is contributing to the increase in the median. Stockholm Exergi works actively to achieve an equal gender distribution throughout the Company.

Annual total rate of remuneration, S1-16*

	2024	2023
Ratio of highest paid to median pay	11	11

The median value excludes the highest paid.
Highest 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 information is calculated from 'compensation by month', two comparable periods, December 2022 and December 2023.

S1-17 Incidents, reports, and serious impacts on human rights*

Total number of discrimination cases, including harassment, S1-17*

Type of incident (number)	2024	2023
Cases of discrimination	0	0

Number of complaints raised through internal grievance mechanisms that are found to be substantiated by the undertaking, S1-17*

Type of incident (number)	2024	2023
Complaints	0	0

Total amount of fines, penalties and compensation for the incidents and complaints reported relating to human rights, S1-17*

Type of incident (number and amount)	2024	2023
Fines, penalties and compensation	0	0

Number of serious human rights incidents involving the Company's employees, S1-17*

Type of incident (number)	2024	2023
Serious human rights incidents	0	0

S4 Consumers and end-users

Non-discrimination

Stockholm Exergi has a strong position in the district heating market in the areas where we have a well-developed district heating network. We comply with 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 product.

Policy

Stockholm Exergi has a public pricing policy that aims to establish the principles for Stockholm Exergi's pricing of district heating. These principles, in turn, are ultimately intended to nurture and develop customers' trust in the district heating product and Stockholm Exergi. In this way, the policy is helping to increase the value of district heating, both for customers and for Stockholm Exergi. The pricing policy is determined by Stockholm Exergi's Board of Directors and administered by the Marketing Director.

The policy covers Stockholm Exergi's pricing of the district heating product within Stockholm Exergi AB and in wholly-owned subsidiaries of this company. Stockholm Exergi has two standard price lists. Price list Houses and smaller properties is used for individual houses and smaller domestic customers, Normal price list District heating is used for other customers, i.e. housing associations, companies and other organisations.

Governance and measures

Stockholm Exergi uses value-based pricing. This means that the price should reflect the total value of the product for the customer, and that both the price level and the price structure are linked to the benefits that the product creates for the customers. To achieve this in practice, Stockholm Exergi bases its pricing on two main interacting principles — the alternative pricing principle and the price stability principle.

In order to ensure compliance with the alternative pricing principle, Stockholm Exergi carries out an analysis of the cost of district heat and of customers' most common options on the Stockholm market every year. Calculation assumptions and sources are presented on Stockholm Exergi's website. The price stability principle aims to satisfy the customer's interest in stable and predictable long-term price development relative to the cost development of the alternative. This is maintained, for example, by annually specifying a price forecast for the standard price list in connection with the Price Dialogue. The purpose of the price forecast is to indicate the projected price development for the two calendar years following the year for which the standard price list applies.

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.

Two Price Dialogue meetings were held between 23 May and 5 September 2024, in which Stockholm Exergi explained background data and calculations, as well as price adjustments for 2025. Price Dialogue meeting 2 on 5 September was split into two parts, focusing on apartment buildings and offices/premises respectively, in order to conduct clearer meetings based on our customers and their properties' circumstances. In addition, a housing association seminar was held in September to inform our customers about SE's pricing and our new pricing model for district heating, which will enter into force in 2025.

Stockholm Exergi has two standard price lists. One is used for individual houses and smaller domestic customers, while the other is used for other customers, including housing associations, companies and other organisations. The standard price list is generally offered to all existing and new customers without any restrictions as to location.

The district heating network is being developed and expanded as Stockholm grows. In the event of a new connection, a connection fee is added if necessary, which reflects Stockholm Exergi's investment, earnings and expenses associated with the connection. Stockholm Exergi calculates and quotes for the connection costs and the amount of the connection fee in each case.

Access to goods and services

Our market offerings mainly involve district heating, district cooling, energy recovery through Open District Heating, and waste treatment. New sales of district heating totalled 49.2 GWh and district cooling 4.5 GWh, while win back (returning former district heating customers) totalled 7.6 GWh of district heating during 2024. Stockholm Exergi also produces electrical energy for the electrical energy market, supplies electricity and develops business models for negative carbon emissions, known as carbon sinks.

Policy

Our sustainability policy describes how we should achieve customer satisfaction, and we have a quality management system, ISO 9001, that governs how we meet our customers' needs. Through

CSI surveys, we measure our customers' satisfaction levels and identify areas for improvement. CSI stands for Customer Satisfaction Index. We use the Swedish company SKI (Svenskt Kvalitetsindex) to conduct the surveys. Based on the results and free text responses from the survey, we develop action plans to make improvements in selected areas. The sales department is responsible for customer satisfaction (CSI) and measures it regularly.

In 2024, two CSI measurements were conducted, one in the spring (result 69.9) and one in the autumn (result 57.4). For 2025, we will be conducting CSI measurements on a monthly basis in order to monitor our customers' perceptions of us and our operations much more clearly. This allows a more proactive approach in relation to our customers, where deviations and noted shortcomings can be operationalised more frequently.

Governance and measures

We meet our customers regularly throughout the year, through digital and physical meetings, in order to determine how we can become even better. The sales and business development departments are working to develop new products and services that meet the needs of customers and society. Our customers have different needs, but are united by the fact that using district heating should be easy, affordable and sustainable.

In 2025, we will be implementing a new pricing model for district heating in Stockholm. The world is changing, Stockholm is growing and we want to promote an efficient district heating system. Our current pricing model 'District heating baseline', for business and housing association customers, has not been updated since 2018. The purpose of the new pricing model is to better reflect external factors and the structure of the district heating system, as well as to benefit those customers who make power and energy savings during those periods when demand for district heating is at its highest. The updated pricing model has an added component, called Energy price, which is activated when the daily average temperature in Stockholm drops below -3 °C.

When developing the new pricing model, we have involved a number of major property customers in the discussions and development work regarding the pricing model. During Price Dialogue meeting 1 on 23 May, customers were notified about this possibility. Interested parties were given the opportunity to sign up to a customer group to discuss the pricing model in greater depth.

Stockholm Exergi offers a variety of energy services to simplify our customers' day-to-day lives. This includes, for example, energy studies, the replacement and installation of district heating centres, as well as control services aimed at improving indoor comfort and reducing energy costs. We are also devising and developing new products and services along with our customers. Market testing is an important part of our product development process, where the purpose is to test new ideas with our customers and get feedback during the development work.

Responsible marketing practices

The primary areas that we market are the fact that district heating contributes to significant social benefits through e.g. local electricity production, incineration of society's residual waste and the recovery of waste heat from wastewater, as well as the fact that district heating is a simple and safe heating solution for the customer. When it comes to price, we market district heating as a competitive heating solution (see the Non-discrimination section).

In addition, we are working actively alongside our district heating customers to increase recycling and reduce the amount of waste per person that becomes residual waste. However, these benefits do not form the basis for our pricing.

Our customers rarely experience disruptions in the district heating supply. We provide notification of planned and emergency interruptions by e-mail and text message to those subscribers who are affected by the interruption. We publish all information regarding interruptions and about disruptions in supplies on our customer portal My Pages and on our public interruptions webpage. We measure the interruption statistics annually in the form of the key performance indicator SAIDI (System Average Interruption Duration Index). For 2024, the figure for this KPI was 163 minutes for district heating and 133 minutes for district cooling.

Stockholm Exergi has its own customer service department, whose task is to deal with our customers in respect of their questions about district heating and district cooling, to handle complaints and to respond when something is not working properly. Our internal guideline is that all customer questions and issues must have received a response within 48 hours. Customer service is staffed during normal working hours on weekdays, while fault reports and emergency problems can be notified around the clock.

We want our customers to be satisfied with Stockholm Exergi and the products we supply. In our customer portal My Pages, our customers can see and download information about their district heating usage, invoices and analysis material.

Calculation principles

Customer Satisfaction Index (CSI). CSI is a standardised measure that is used to evaluate customer satisfaction with a product, service or company. Customers are asked to answer three questions, rated on a scale of 1 to 10, regarding various aspects of their experience. Each question is given an average rating based on the answers received. These averages are then summarised and divided by the number of questions to arrive at an overall average. The results are converted to a scale of 0 to 100, where a higher value indicates greater customer satisfaction. Stockholm Exergi engages an external party, the company Svenskt Kvalitetsindex, which conducts the CSI survey.

SAIDI District heating. The System Average Interruption Duration Index (SAIDI) is a reliability index that records the duration of interruptions in minutes per customer per year. This key performance indicator is calculated by Stockholm Exergi, at the end of each year, compiling all planned and unplanned interruptions

that have occurred during the year in minutes, and then dividing this figure by the number of affected delivery points. The delivery point is the location where the billing meter is located, so customers with larger properties may have multiple delivery points.

SAIDI District cooling. See section SAIDI District heating.

Connected area. This key performance indicator is measured in square metres and refers to how much heated area (Atemp) is heated by Stockholm Exergi's district heating. The key performance indicator is calculated annually in January by summarising the property area of all existing district heating customers. The property area comes from energy declarations, property registers or other sources, and is updated manually in connection with new connections or in dialogue with a customer, i.e. not regularly for existing customers. The results are presented as a five-year average, so the figure should be considered an approximation of the total connected area.

Newly connected district heating. This key performance indicator covers newly signed district heating agreements that have been registered during the year. Each district heating agreement includes an estimated annual consumption of district heating, and this key performance indicator is a summary of this energy volume. The estimated annual district heating consumption is determined either through the customer's project planning documentation, or through standard calculations based on key performance indicators prepared in-house in respect of heat consumption per property category and the year of construction.

Newly connected district cooling. See section Newly connected district heating.

Win back district heating. This key performance indicator corresponds to newly subscribed district heating volumes that have been registered during the year based on returning former district heating customers. The key performance indicator also includes the district heat volume of existing customers who have previously installed an alternative heat source, and who have decided during the year to increase their district heat purchase again through cooperation with Stockholm Exergi.

Metric

Own key performance indicators*

- Customer Satisfaction Index (CSI): 69.9 spring and 57.4 autumn 2024 (73.5 spring 2023, no autumn measurement was performed)
- SAIDI District heating: 163 minutes 2024 (70 minutes)
- SAIDI District cooling: 133 minutes 2024 (599 minutes)
- Connected area: 74.3 million m2 in 2024 (73.8 million m2)
- Newly connected district heating: 49.2 GWh 2024 (64 GWh)
- Newly connected district cooling 4.5 GWh in 2024 (5.6 GWh)
- Win back district heating: 7.6 GWh 2024 (1.2 GWh)

Business ethics

G1 Business conduct

Policy

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 and supplier code of conduct aim to reduce these risks. A new code of conduct was launched for Stockholm Exergi in autumn 2018, and this has since been updated in 2024.

Governance and measures

Corporate culture

Stockholm Exergi works to promote responsible business practices, corporate culture and values, and by incorporating our code of conduct. For further information about our working culture, see S1 Own workforce, pages 141-147.

Political engagement and lobbying

Our operations are largely regulated in detail and depend on incentives and policy instruments in areas such as waste, climate and energy.

We have built up our business and are constantly developing it based on applicable frameworks, although also in line with assumptions about how these frameworks may be developed in the future. The business is relatively robust in the face of minor changes to the frameworks, but significant changes or new or amended detailed requirements could have major consequences.

Our district heating system is based on us integrating a number of societal needs into technical solutions that, at system level, provide efficient use of resources and mean that Stockholm's heating needs can be resolved with good climate performance. Global frameworks, or frameworks within the EU, are not always designed in such a way as to create the conditions for technical solutions that are favourable at a system level. It is therefore crucial that we as a company, as well as in tandem with other district heating companies, monitor and analyse the work on new policies and directives, and highlight their consequences for decision-makers. We have developed cutting-edge expertise in certain areas, and our views and suggestions have therefore often been sought. We are actively working at both EU and domestic level to develop documentation and analyses that highlight our opportunities to contribute to various goals, but also point out risks associated with proposals where relevant. We regularly publish our opinion (our positions) on the Company's website, as well as participating in public forums for debate.

Over the past year, we have prioritised the issue of how CCS technology should be implemented and used sensibly to create negative emissions as well as reduce emissions. We have also prioritised waste treatment issues, where we see serious shortcomings in how the climate impact of waste management is currently being presented to stakeholders. We have also worked to demonstrate how district heating, which is based on energy that would otherwise be lost, can indirectly contribute to society's target regarding the electrification of road traffic and industry by relieving the load on electricity grids in areas where capacity challenges currently exist. Within these areas, we have also identified potential new business areas for our company, as we consider that we are uniquely placed to contribute to the achievement of climate and waste targets. On the other hand, we see a business risk associated with any significant lowering of the climate policy ambitions that currently apply.

Corruption and bribery

Stockholm Exergi works preventively on these issues through training initiatives. As part of the onboarding process, all employees must complete e-training regarding anti-corruption and our code of conduct. In 2024, the e-training has also been sent to all employees once more as a reminder that it is mandatory to complete the training again if, according to our training system, they have not done so in the past three years. In total, 99 per cent of all employees who were employed as at 31 December 2024 have completed the digital training during 2022-2024. The one per cent who have completed the training before 2022, but who have not renewed it in 2024, will have to attend a mandatory workshop.

Our purchasing departments, where there is generally a higher level of exposure, have undergone a more extensive course/workshop in business ethics in 2024, working in small groups (around ten targeted training courses for about 100 people).

Whistleblower protection

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; alternatively, 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. Whistleblowers enjoy statutory protection against reprisals. All received cases are handled confidentially.

There are also procedures and processes for reporting and dealing with suspected cases of corruption and conflicts of interest. All applicable

policies are published in the Company's operating systems and are available to all employees.

Metric

ESRS G1-4 Cases of corruption or bribery*

Number of convictions and fines for violations of anti-corruption and anti-bribery laws.

Stockholm Exergi had no convictions for violations of anti-corruption and anti-bribery laws in 2024.

Number and type of confirmed cases of corruption and bribery.

There have been no confirmed cases of corruption or bribery in 2024 at Stockholm Exergi.

Number of confirmed cases where own employees have been dismissed or disciplinary measures have been imposed for incidents relating to corruption or bribery.

Stockholm Exergi has not dismissed any of its employees or imposed disciplinary measures on any of its employees for incidents relating to corruption or bribery in 2024.

Number of confirmed cases involving agreements with business partners.

Stockholm Exergi has not terminated (or failed to renew) any agreements with business partners due to crimes related to corruption or bribery in 2024.

Calculation principles

G1-4 Cases of bribery and corruption

Information regarding knowledge of confirmed cases of bribery or corruption is requested from the Chief Legal Officer, Director HR and Sustainability, Manager Purchasing and Portfolio Manager Physical Fuel Trading. Whistleblower cases in the whistleblowing function are reviewed and assessed as to whether they relate to crimes linked to bribery and corruption.

Limited assurance sustainability report

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Auditor's Limited Assurance Report on Stockholm Exergi Holding AB (publ) specific ESRS quantitative data and entity specific quantitative data and opinion on the statutory sustainability report 2024.

To the annual general meeting of Stockholm Exergi Holding AB (publ), org.nr 556016-9095

Introduction

We have been engaged by the board and CEO of Stockholm Exergi Holding AB (publ) to undertake a limited assurance of specific ESRS quantitative data and entity specific quantitative data (see below) in Stockholm Exergi Holding AB (publ) sustainability report 2024. The engagement also includes our statement of the statutory sustainability report. The statutory sustainability report is defined on page 91.

Responsibilities of the Board and CEO for sustainability report

The Board of Directors and the CEO of Saab are responsible for the preparation of the specific ESRS quantitative data and entity specific quantitative data in accordance with applicable criteria and the statutory sustainability report in accordance with the Annual Accounts Act according to prior wording that was in effect before 1 July 2024. The company has defined the reporting criteria and accounting principles on page 86-88. The criteria consist of the following specific ESRS quantitative data and entity specific quantitative data (see below) based on the European sustainability reporting standard (ESRS), the company's own developed accounting principles.

Specific ESRS quantitative metrics and entity specific quantitative metrics

ESRS quantitative metrics:

E1-5 Energy consumption and mix

-37a Total energy consumption from fossil sources

-37b total energy consumption from nuclear sources;

-37c Total energy consumption from renewable sources disaggregated by type

-39 Non-renewable energy production

-39 Renewable energy production

-40 Energy intensity (total energy consumption per net revenue)

E2–4: Pollution of air, water and soil

-28a Pollutants emitted to air, water and soil with the exception of emissions of GHGs

E5-4:Resource inflows

-31a The overall total weight of products and technical and biological materials used during the reporting period

E5-5 Resource outflow

-37a Total Waste generated

-37b Total Waste diverted from disposal, breakdown by hazardous and non-hazardous waste and treatment type

-37c Total Waste directed to disposal, breakdown by hazardous and non-hazardous waste and treatment type

-37d Total amount and percentage of Non-recycled waste

-39 Total amount of hazardous and radioactive waste

S1-6 Characteristics of the entity's employees

-50a Total number of employees by headcount and breakdown by county and gender

-50b Total number of employees by headcount or FTE and breakdown by employee type and gender

-50c The total number of employees who have left the undertaking during the reporting period and the rate of employee turnover in the reporting period

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

-55a Number of non-employees in own workforce

S1-9 Diversity metrics

-66a Gender distribution in number and percentage of employees at top management level

-66b Distribution of employees by age group

S1-14 Health and safety metrics

-88b Number of fatalities as a result of work-related injuries and work-related ill health

-88c Number and rate of recordable work-related accidents

-88e The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health

S1-16 Remuneration metrics (pay gap and total remuneration)

-97a Gender pay gap

-97b Annual total remuneration ratio

S1-17 Incidents, complaints and severe human rights impacts

-103a The total number of incidents of discrimination, including harassment

-103b The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms)

-103c The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints

-104a The number of severe human rights incidents connected to the undertaking's workforce

G1-4 Incidents of corruption or bribery

-24a Number of convictions and the amount of fines for violation of anti-corruption and anti- bribery laws

-25a The total number and nature of confirmed incidents of corruption or bribery

-25b The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents

-25c The number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery

Entity specific quantitative metrics:

-Direct and indirect emissions of greenhouse gases scope 1, 2 and 3 (market based and location based)

-Emissions intensity

-Volume of reductions/uptake of greenhouse gas emissions through the purchase of carbon credits

-Percentage of scope 1 greenhouse gas emissions from regulated emissions trading systems

-Significant environmental incidents

-Supplier audits

-Biofuels

-Proportion of solid biofuels claimed, certified or verified in 2024

-LWIF (Lost Workday Injuries Frequency)

-Sick leave

-Customer Satisfaction Index (CSI)

-SAIDI District heating

-SAIDI District cooling

-Connected area

-Newly connected district heating

-Newly connected district cooling

-Win back district heating

This responsibility also includes the internal control which is relevant to the preparation of the specific ESRS quantitative metrics and entity specific quantitative metrics and the Annual Accounts is free from material misstatement, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the specific ESRS quantitative data and entity specific quantitative data (see below) based on our review and our statement of the statutory sustainability report.

We conducted our limited review in accordance with ISAE3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". A limited review involves making inquiries, primarily with individuals responsible for the preparation of metrics in scope for the review, performing analytical procedures, and carrying out other review procedures. We have conducted our examination of the statutory sustainability report in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. A limited review and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQM 1 (International Standard on Quality Management), that require 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 in relation to Stockholm Exergi Holding AB (publ) according to generally accepted auditing standards in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

The review procedures performed in a limited review and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. Therefore, the opinion based on a limited review and an examination in accordance with RevR 12 does not provide the same level of assurance as an opinion based on an audit.

Our review of the sustainability report is based on the criteria defined by the Board of Director's and company management, as described above. We consider these criteria suitable for the preparation of the specific ESRS quantitative metrics and entity specific quantitative metrics.

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 review, nothing has come to our attention that causes us to believe that Stockholm Exergi Holding AB (publ) for the specific ESRS quantitative data and entity specific quantitative data, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and CEO.

Our statement does not include forward-looking statements.

A statutory sustainability report has been prepared.

Other information

Our engagement does not include information regarding previous periods.

Stockholm 27 March 2025
Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson
Authorized Public Accountant

STOCKHOLM EXERGI I N 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 800 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: April 28, 2025
January–June Interim Report 2024: August 2025
Year-end Report 2025: February 2026

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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