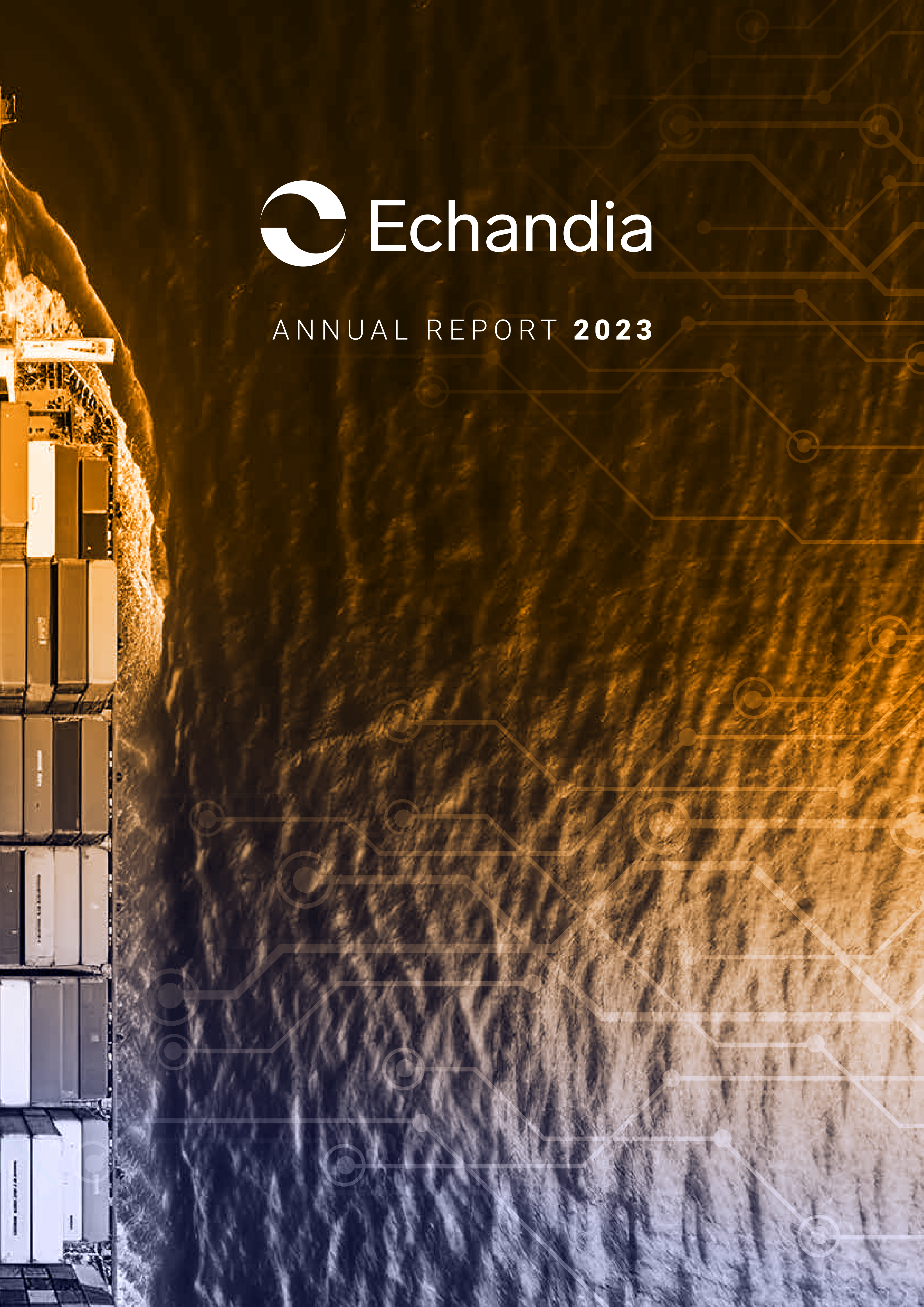

Echandia

ANNUAL REPORT **2023**

> *We have a strong position, the safest and most reliable system on the market, and a fantastic team. Now we aim to significantly increase our market share, conquer new markets, and continue contributing to emission-free shipping.*
>
> **FREDRIK HELLSTRÖM** CEO

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A Word from the CEO

Echandia is a growing company driving the transition to a more sustainable maritime sector. Echandia's energy storage systems are the safest on the market, and every battery system we deliver results in reduced emissions and less climate impact from shipping. For the projects we have delivered so far and those we have orders for, the total savings in CO_2 emissions amount to approximately 400,000 tons over the battery systems' lifespan. The fact that our systems also have superior longevity is another win for the environment. As the maritime classification societies now tighten safety requirements, it further strengthens Echandia's competitiveness.

FREDRIK HELLSTRÖM CEO

PhD in fluid mechanics and MSc in naval architecture. Previously worked at FMV and has extensive experience in marine design and large-scale project management. Joined Echandia in 2021.

Echandia entered 2023 with high ambitions. The market for maritime electrification is growing as regulations for shipping tighten and the efficiency gains from reducing dependence on fossil fuels increase. This development drives demand for Echandia's technology, and we have secured several major orders during the year, including an order to deliver battery systems for a military submarine rescue vessel for a European NATO country, as well as the delivery of energy systems for the electrification of two vessels from Swedish Ö-varvet. During the year, we also delivered a container-based battery system to be used for an offshore application, which is a new segment for us.

The growing market demand throughout the year has also meant that projects have become larger and more complex. Each order requires more time and preparation before the contract is signed. Despite strong long-term momentum for the business, growth in the order backlog for the financial year is therefore lower than we had anticipated, and a number of projects have been postponed to 2024.

Echandia has grown as an organization over the year, both in terms of the number of employees and the efficiency of our processes. Improvements in production mean that we now have a significantly smoother production rate and can produce with higher quality and efficiency.

Even though we are growing, we are still a relatively small organization. Therefore, the quality of our recruitment is very important. We have exceeded expectations in this area, and I am very pleased that we now have a strong and competent team and a culture where our employees thrive and develop.

Segment-Based Sales Organization Bears Fruit

Over the past year, we have seen how our segment-based sales organization strengthens our ability to continue expanding. We are working more closely with end customers, which allows us to enter the sales process earlier and more customers to realize the benefits of Echandia's solution.

In the important navy segment, we received our second and third orders this year. We are set to deliver battery systems for a military submarine rescue vessel for a European NATO country. Our continued success in the navy segment is particularly positive as the requirements for safety and reliability are high. It is a clear indication that our product and delivery capabilities meet the highest standards.

The RoRo/RoPax and passenger ferry segments are also developing well, and we have received an order from Swedish Ö-varvet to deliver systems for two vessels, Älvsnabben 4 and 5, which will operate on the Göta Älv outside Gothenburg.

> During the year, we also delivered a container-based battery system for use in an offshore application. This is a step into a completely new segment and an exciting new market where Echandia has a clear competitive advantage due to our delivery of battery systems with very high safety levels and superior longevity.

Our various segments are developing at different paces, and it is clear that the maritime industry is largely driven by regulations. The electrification of the tugboat and workboat segment is progressing slower than expected, likely because emission requirements are not as strict and mandatory in this segment compared to larger boats and vessels. Authorities and legislators could do much more to ensure cleaner and more efficient shipping.

Successful Product Development Prepares for the Future

Our product development has made great strides over the past year, and we are well-prepared for the future. Our new system, which we call ERS 3, is fully developed and class-approved. The new system will significantly simplify and improve our ability to monitor and diagnose the systems, thereby further increasing their lifespan. The development also means that we have prepared to expand our product portfolio with additional solutions to meet our customers' needs. This makes it easier for us to work with more suppliers of battery modules in the future and to integrate different types of battery cells into ERS 3. ERS 3 is not just a battery system; it is also Echandia's future battery system architecture.

Increased Regulatory Requirements Drive Growth in Echandia's Markets

Echandia's market is largely driven by increased regulatory requirements to reduce the use of fossil fuels and lower emissions in the maritime sector. In the EU, the Fit for 55 climate package is driving this development, a regulatory framework aimed at reducing the EU's carbon emissions by at least 55 percent by 2030 compared to 1990 levels. This framework entails extensive changes across many sectors, including transportation, energy, and industry. For example, emissions trading has been gradually introduced for ships over 5000 dwt operating within the EU, as well as for ships on routes to and from the EU, which is unique in the shipping industry. Companies that do not adapt to the new requirements risk heavy fines.

In the American market, the development is also driven by increasingly stringent climate and environmental legislation. The federal government, along with several states, has implemented strict regulations and incentives to reduce carbon emissions and promote the use of renewable energy sources. This creates a similar momentum as in Europe, where companies see the necessity to invest in emission-free technologies both to meet growing customer demand and to comply with government requirements. Investments in new technology and sustainable solutions are increasingly becoming a business-critical issue for long-term survival and growth.

Due to the significant business opportunities that the development in the American market presents, we appointed a new Sales Director responsible for the regional market in October. We are already very advanced in several major deals, particularly on the American West Coast. This means that we will need to adapt to American procurement regulations and are highly likely to establish production capacity in the USA in 2024.

We also see the Chinese market as highly interesting. We have established a local sales representative to work with the Chinese export market and to monitor the development of the rapidly expanding battery market on-site.

Strong Start to 2024

Echandia has had a strong start to 2024, with significant order intakes and a strengthening of our position in the USA. At the beginning of the year, we also secured additional financing through bridge loans, demonstrating that our existing owners believe in Echandia and the growth we foresee in the expanding market for maritime electrification. We hold a strong position, with the safest and most reliable system on the market and a fantastic team.

Or as Kristian Durhuus, CEO of Molslinjen, says:

> "Echandia's battery systems offer a combination of long lifespan and low weight, ensuring the lowest costs and the lowest climate impact over the entire battery system's lifetime."

Now, we aim to significantly increase our market share, conquer new markets, and continue contributing to emission-free shipping.

USA – An Important Strategic Market

The American market for electrification in the maritime sector is growing rapidly. Although it initially took somewhat longer to get started compared to Europe, the American market is quickly approaching the size of the European market, and the number of significant projects is steadily increasing.

Foreign companies wanting to supply to the American market must adapt to specific requirements and regulations. One such regulation is the Buy America Act, which means federal agencies prioritize the purchase of materials and products produced in the USA. This is particularly important in public transportation systems, where Echandia's solutions have clear advantages over its competitors. To compete for these contracts, products must be produced in the USA, which means manufacturing or substantial transformation within the USA. For Echandia, this means some operations need to be established in the USA.

An important step toward establishing a presence in the American market was taken in 2023 with the appointment of a Sales Director for the region. This individual has extensive expertise in sustainable solutions for industrial sectors, focusing on zero-emission and hybrid solutions.

As Sales Director, the primary task is to establish relationships with key customers and partners to secure future business. This also includes identifying suitable facilities and infrastructure to meet American procurement requirements.

During the year, Echandia participated in the prestigious American SkyDeck program, which only six Swedish companies were invited to join. SkyDeck is a business accelerator program run by the University of California, Berkeley, offering rapidly growing startups and small companies the opportunity to develop their operations and establish themselves more quickly in the American market. Participation has given Echandia access to a vast network of advisors, industry partners, and investors.

Currently, Echandia has several ongoing collaborations and contract negotiations, especially on the American West Coast, where the company sees great potential. With a strong position, an attractive offering, and the right organization, Echandia is ready to lead in this strategically important market.

New Business

February 2023

In February, Echandia won an order for battery systems to reduce emissions and increase energy efficiency on a jack-up drilling rig in the Middle East. There is growing pressure on oil and gas producers, especially from their customers, to minimize their carbon emissions. Hybridizing the drilling platform allows for smoother operations, reduced fuel consumption, and lower maintenance costs. Additionally, it provides an attractive return on investment.

The 860 kWh energy storage system, based on Echandia's battery system, was chosen for its unparalleled safety, long lifespan, and high power capacity. The container-based storage solution allows for easy plug-and-play installation onboard.

Additionally, a repeat order was secured for battery systems for five Crew Transportation Vessels from the Dutch shipyard DAMEN. The battery systems will have a total capacity of 945 kWh.

May – June 2023

The vessels Älvsnabben 4 & 5 are operated by the shipping company Styrsöbolaget and used for passenger traffic on both sides of the Göta älv river in Gothenburg. Echandia will supply the vessels with battery systems to enable full electric propulsion. Each battery system will have a capacity of 496 kWh. The ordered systems will include 16 battery strings per vessel and handle 18 cycles per day, 365 days a year, with an expected lifespan of at least 17 years.

The low ownership cost, combined with Echandia's high safety standards and exceptional lifespan of its battery systems, were decisive factors in choosing Echandia as the battery supplier.

Additionally, Echandia received an options order for battery systems for a Heavy Lift Crane Vessel. The system will have a capacity of approximately 220 kWh.

August 2023

Echandia is a leader in the electrification of the maritime defense sector. Over the past two years, the company has received several orders to equip new naval vessels within NATO.

In August, a contract was secured for the delivery of a battery system to be installed in a submarine rescue vessel for a Southern European NATO member country.

In September, Echandia also secured contracts to deliver battery systems for a total of four frigates for two different NATO countries. The maritime defense sector is known for its extensive requirements for reliability, safety, and robustness, making it a market segment that demands the highest standards. Echandia worked closely with a leading global systems integrator to secure these significant orders.

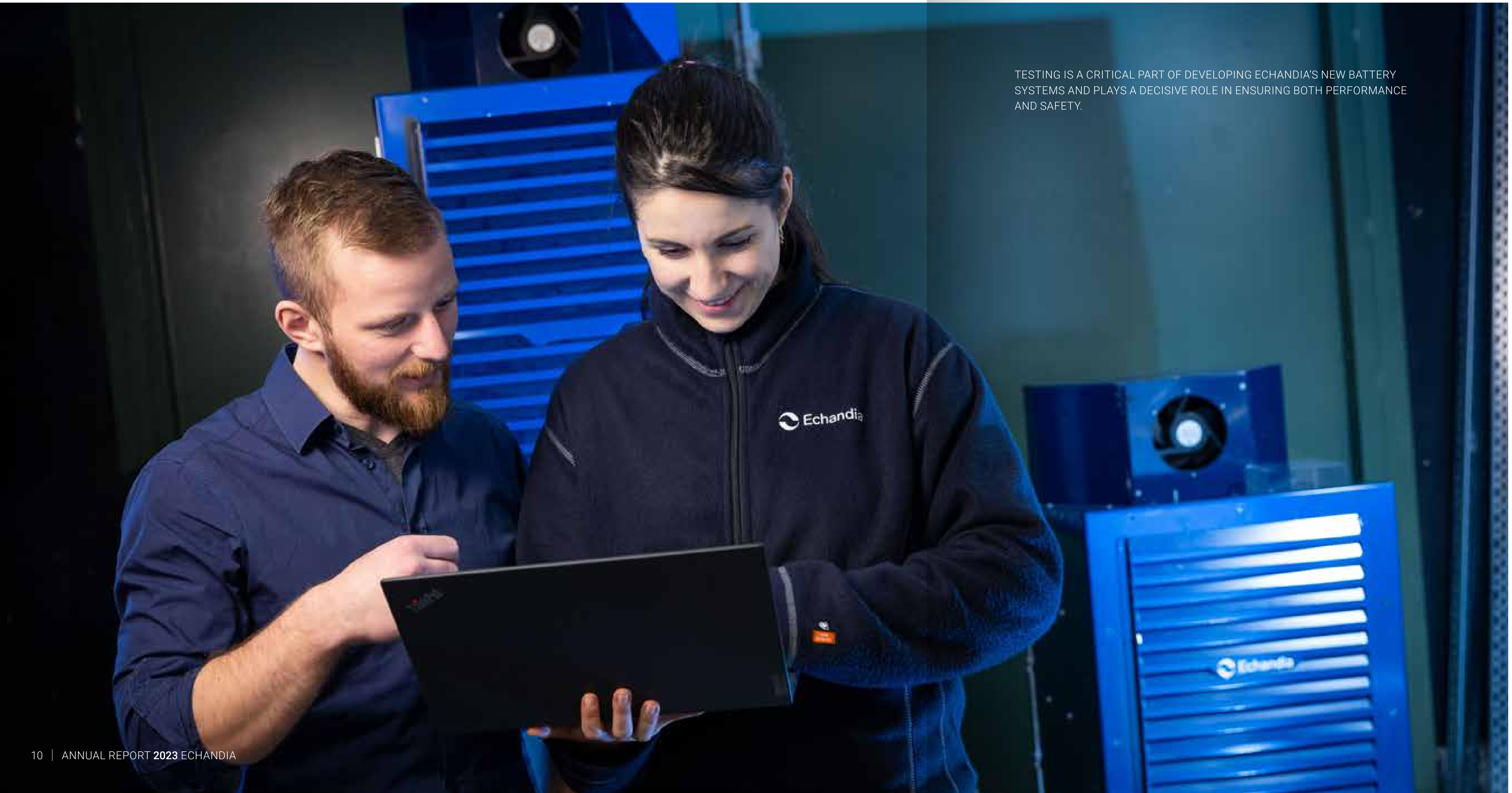
December 2023

India continues to be a growing and important market for Echandia, with a track record that includes successful delivery of battery systems for 23 modern electric ferries for the public transit network in the South Indian city of Kochi.

In 2023, Echandia received a significant order from Marine Electricals (India) Limited for the delivery of six advanced battery systems to be installed in hybrid-electric catamaran vessels. These vessels are intended for operation by the Inland Waterways Authority of India (IWAI) and will ply the inland waterways of Varanasi. The battery systems are scheduled for delivery in the second and third quarters of 2024.

Technological Advancements in 2023

Significant strides were made in 2023 regarding the development of the new generation battery system architecture, particularly on the software side, where Echandia has developed a completely new, proprietary control system. This means that Echandia now, apart from the individual battery modules, owns the entire design and production process and will be able to incorporate other battery solutions more easily into the products. Echandia's new system architecture provides the company with the opportunity to capture even greater market share.



TESTING IS A CRITICAL PART OF DEVELOPING ECHANDIA'S NEW BATTERY SYSTEMS AND PLAYS A DECISIVE ROLE IN ENSURING BOTH PERFORMANCE AND SAFETY.

One of the most significant advancements this year is the new BMS, Battery Management System. The new BMS platform has enabled Echandia to offer unique customized solutions more easily than before. The BMS is also designed to handle very large systems and summarizes data in a clear manner. It is built flexibly to facilitate future updates if needed.

Since the new generation BMS is scalable for larger systems, customers' integration work does not become more extensive just because they have a larger battery system. This is because Echandia have enabled multiple strings to act together intelligently, reducing the number of BMS units the customer needs to integrate.

The robustness of the new generation BMS has increased because critical components are located at a hierarchically lower level in the system. This provides a more robust and redundant system with local-level safety functionality, enabling continued delivery of safe power to the vessel despite external disturbances.

By connecting the battery system to the outside world, Echandia can now ensure reliable access to user data and thereby observe how products are used. Together with the customer, improvements can be made to increase efficiency and lifespan. It also allows for system updates without physically being at the ship.

The diagnostic process is now much simpler and faster, resulting in quicker responses. Through diagnostics, Echandia can monitor components and functions, plan maintenance and updates to increase availability, safety, and lifespan of the systems.

Developing a new customized circuit board allows for faster and more cost-effective construction of string controls. Moreover, increased inventory for the same capital makes Echandia less dependent on suppliers and better prepared for potential component crises.

The new generation battery systems that Echandia is now delivering provide an adaptable technical architecture offering increased redundancy and modularity. Echandia's system architecture ensures that the company continues to lead in technical development. The focus has always been on increased safety, robustness, and long lifespan, benefiting both customers and the environment.

A Growing Company

In recent years, Echandia has embarked on a growth journey on many fronts. The company has expanded into several markets, seen an increase in delivery volumes, strengthened its workforce, and refined its approaches to new processes, tools, and methods. This transformational journey is crucial for a growing company like Echandia, where the goal is to continuously ensure deliveries of the right quality, within budget, and on time.

While Echandia continues to expand, it is crucial to maintain the corporate culture characterized by innovation, cost-effectiveness, and an open climate for initiative. It's a challenging balancing act but necessary for Echandia's success as a challenger in the maritime sector, with a focus on safety, long lifespan, robustness, and world-class technical innovation.

Being at the forefront of technical innovation is one of Echandia's primary driving forces. Echandia also constantly strives to strengthen its ability to deliver optimal solutions for customer needs with superior quality. This requires a diversified set of competencies and approaches within the company's various departments but with a common goal: to electrify the maritime market.

Echandia's development department is pioneering and continuously challenges established approaches. It draws inspiration from and implements techniques from a variety of industries. The sales department balances having a broad understanding of the market and being specialists in the company's product portfolio, enabling them to understand and meet customer needs both today and tomorrow.

The production department aims to deliver efficiently with high standardization based on Echandia's modular solution, while also having the flexibility to make customizations when required. Echandia also sees a growing importance in aftermarket work and has therefore begun to build up this unit to strengthen the company's aftermarket offering.

Ultimately, Echandia's success revolves around building a skilled team with diverse competencies and experiences, where each individual plays a crucial role in Echandia's continued development and success in the market. Employees are the key to achieving set goals and driving the company forward.

Board of Directors’ Report

THE BOARD OF DIRECTORS AND THE CEO OF ECHANDIA GROUP AB (PUBL), WITH ORGANIZATION NUMBER 556939-0320, HEREBY PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL REPORT FOR THE FISCAL YEAR 2023-01-01 TO 2023-12-31. ALL AMOUNTS ARE STATED IN THOUSANDS OF SEK (KSEK) UNLESS OTHERWISE INDICATED.

About Echandia

Echandia Group AB (publ) is engaged in the development of battery systems and other energy storage systems, as well as in the ownership and management of shares in companies with related operations. Since 2018, Echandia has focused on meeting the growing demand for large-scale maritime electrification. Since then, Echandia has developed energy storage solutions primarily used in the maritime transport and shipping industries. Echandia collaborates with some of the world’s largest shipyards and system integrators to deliver battery systems for both retrofits and new builds of ships for hybridization, fully electric propulsion, and increased energy efficiency, aiming to reduce fuel consumption and greenhouse gas emissions. Echandia Group AB is headquartered in Solna, Stockholm County, where the group also currently conducts its main operations. Echandia Group AB (publ) is the parent company of the wholly-owned subsidiaries Echandia Marine AB (organization number 556704-1529) and Echandia Marine UK Limited (SC738077).

Key Ownership Structure

Green Ferry Stockholm AB	15%
Holmsvanen AB	19%
Övriga (under 10%)	66%

Significant Events During the Fiscal Year

In 2023, Echandia Group AB established a subsidiary in the United Kingdom, while the branch in Norway was dissolved. To strengthen our presence in both new and existing markets and to ensure the quality of our deliveries under existing contracts, we have increased the number of employees and hired consultants. At the end of the year, Echandia had 30 employees, compared to 21 at the end of 2022.

In 2023, we developed a new product, ERS 3.0, which received DNV and Bureau Veritas certifications in May 2024. This product, which is an important intangible asset for Echandia, is now available and being delivered to the market. ERS 3.0 features a newly developed control system that improves control and diagnostics of the battery system. This enables Echandia to own the entire production process. The new control system also facilitates future integration of new battery solutions into the ERS 3 architecture.

Echandia’s new Battery Management System (BMS), included in the control system, offers customized solutions and increased robustness while reducing integration work during the installation of larger battery systems. Additionally, we have improved the diagnostic process and enabled remote updates, increasing the efficiency and lifespan of our products. These innovations further strengthen our intangible assets.

Echandia Group AB has acquired all intellectual property rights from its subsidiary Echandia Marine AB. The transfer was made at a value corresponding to the book value. Subsequent development of intellectual property has been carried out by the subsidiary on behalf of the parent company.

Expected Future Development and Risks

Echandia has expanded rapidly through market growth, increased delivery volumes, and a strengthened workforce. We strive to deliver high-quality products within budget and timeframes while maintaining a corporate culture characterized by innovation and cost-efficiency. Our focus on technological leadership and customized solutions makes us the optimal choice for our customers. Our success is based on a competent team that contributes to continued development and success.

We are aware of financial risks such as currency fluctuations and financing needs, which could affect our financial stability. Since a significant portion of our operations is conducted internationally and business is conducted in foreign currencies, this presents both opportunities and risks related to exchange rate changes. Currency hedging is therefore a central tool that we implemented in 2023 and have actively worked with throughout 2024. Echandia also faces market and technological risks. Operational and regulatory risks, such as component shortages and changes in legislation, could disrupt our production and business strategy. To avoid brand risks, careful planning and ensuring high quality and safety in our products are crucial.

Results and Financial Position

The Group’s net revenue for the fiscal year 2023 amounted to SEK 28.2 million (SEK 14.4 million in 2022). The increase in net revenue can be attributed to increased order intake in 2022. The Group has an order book for deliveries scheduled between 2024 and 2028 totaling EUR 34.6 million.

The Group’s result for the same period shows a deficit of SEK 44.6 million (SEK 51.1 million in 2022). The parent company, Echandia Group AB, reported a deficit of SEK 81.8 million (SEK 55.5 million in 2022). The result for Echandia Group AB includes a write-down of capital contributions to the subsidiary Echandia Marine AB of SEK -76.7 million (SEK 41.0 million in 2022).

Echandia Group AB prepared a control balance sheet as of December 31, 2023, which showed that equity was depleted. At the extraordinary general meeting on June 7, 2024, a new control balance sheet as of April 30, 2024, was presented, where it was confirmed that equity had been restored.

Financing, Liquidity, and Capital Requirements

During 2023 and further into 2024, Echandia’s board has worked on finding various financing solutions. As part of this effort, the company entered into investment agreements through convertible loans totaling SEK 31.8 million in 2023. In the first half of 2024, additional financing through further convertible loans with mandatory conversion was secured. In total, this has contributed SEK 70.8 million in equity and SEK 37.5 million in liquidity to the company. An additional SEK 11.4 million is secured but not yet paid in. The Group’s liquidity is strained but under control. Cash and cash equivalents amounted to SEK 20.6 million as of December 31, 2023 (SEK 41.8 million in 2022). According to the current business plan, the company needs further financing for expansion and working capital, where the board intends to finance the company primarily through a combination of additional financing via new share issues and operating credit or project financing totaling at least SEK 80 million.

The board is actively working on finding various short- or long-term options, and the report is based on the assumption of continued operations. The board is in discussions with both investors and lending institutions as well as government guarantors.

Significant Events After the End of the Fiscal Year

Since the turn of the year, Echandia has secured orders from customers totaling EUR 16.6 million. One of these orders involves battery systems for product oil tankers, with deliveries scheduled for 2024 and 2025. Additionally, we have signed two contracts for battery systems for the conversion of two RoPax ferries to electric propulsion, with delivery planned for 2025. Beyond this, we have received an additional order for an existing contract.

The development of ERS 3.0 has now been completed, and we have received type approvals from DNV and Bureau Veritas. The intangible asset has therefore been put into use, and depreciation will begin in May 2024. During 2024, we have delivered several systems, with the largest ongoing delivery being to Cemre.

Our efforts in the American market last year have started to yield results, and we now see several interesting opportunities in the USA with planned contracts in 2024. To strengthen our position, we established a company in the USA in 2024 and plan to initiate local production, which is necessary to operate in this growing market.

Consolidated

KSEK	2023	2022	2021	2020
Order intake	95 150	136 535	35 769	37 834
Net revenue	28 174	14 356	29 953	18 840
Operating expenses	-42 540	-49 888	-26 657	-11 813
Operating result	-44 627	-51 074	-26 986	-11 894
Solvency	Neg	22 %	71 %	Neg

Parent company

KSEK	2023	2022	2021	2020
Net revenue	583	476	1062	967
Operating result	-2 685	-13 989	-5 703	-4 096
Solvency	Neg	73%	88%	66%
Operating result	-81 775	-55 470	-3 015	-4 125

Proposed distribution of earnings

The following funds are at the disposal of the annual general meeting:

SEK	
Share premium reserve	124 357 658
Result brought forward	-95 800 416
Operating result	-81 775 011
	-53 217 769

The board proposes that the loss is

carried forward	-53 217 769
	-53 217 769

Regarding the results and financial position of the group and the parent company, reference is made to the income statement, balance sheet, cash flow statement, and additional disclosures below.

Financial reports

INCOME STATEMENT

KSEK	Not	CONSOLIDATED 2023	CONSOLIDATED 2022	PARENT COMPANY 2023	PARENT COMPANY 2022
Net revenue		28 174	14 356	583	-
Capitalized work		660	610	-	-
Other operating income		686	655	236	476
Total revenue		**29 520**	**15 621**	**819**	**476**
Operating expenses					
Raw materials and consumables		-23 074	-11 931	-	-23
Other external expenses		-23 579	-16 118	-2 418	-2 890
Personnel expenses	4	-21 903	-25 506	-460	-331
Depreciation, amortization and impairment losses of tangible and intangible assets	5,6,7	-1 504	-11 872	-626	-11 197
Other operating expenses		-	-82	-	-22
Total operating expenses		**-72 060**	**-65 508**	**-3 504**	**-14 464**
OPERATING LOSS		**-42 540**	**-49 888**	**-2 685**	**-13 987**
Financial items					
Result from participations in Group companies	9	-	-	-76 739	-41 005
Interest income		78	27	19	555
Interest expenses	10	-2 165	-1 213	-2 370	-1 033
Profit and loss from financial items		**-2 087**	**-1 186**	**-79 090**	**-41 482**
Profit and loss after financial items		**-44 627**	**-51 074**	**-81 775**	**-55 471**
LOSS FOR THE YEAR		**-44 627**	**-51 074**	**-81 775**	**-55 471**

BALANCE SHEET
Assets

KSEK	Not	CONSOLIDATED 2023-12-31	CONSOLIDATED 2022-12-31	PARENT COMPANY 2023-12-31	PARENT COMPANY 2022-12-31
Fixed assets					
Intangible assets		**-**	**-**	**-**	**-**
Capitalized development	5	21 117	6 575	21 117	-
Total intangible assets		**21 117**	**6 575**	**21 117**	**-**
Tangible assets					
Equipment, tools and installations	6	2 765	2 489	-	461
Total tangible assets		**2 765**	**2 489**	**-**	**461**
Financial assets					
Shares in subsidiaries	9	-	-	133	46 071
Other long-term receivables	8	3 362	3 535	-	228
Total financial assets		**3 362**	**3 535**	**133**	**46 299**
TOTAL FIXED ASSETS		**27 244**	**12 599**	**21 250**	**46 759**
Current assets					
Raw materials and consumables		11 679	2 584	-	-
Work in progress		4 259	2 060	-	-
Finished Goods		3 563	191	-	-
Accounts receivables		9 224	1 665	-	-
Prepaid suppliers		1 604	-	-	-
Other current receivables		5 348	1 945	4 786	596
Income taxes recoverable		251	77	-	-
Prepaid expenses and accrued income		3 730	12 823	194	1 644
Cash and cash equivalents		20 633	41 822	6 605	17 222
Total current assets		**60 291**	**63 167**	**11 585**	**19 463**
TOTAL ASSETS		**87 535**	**75 766**	**32 835**	**66 223**

Equity and liabilities

KSEK	Not	CONSOLIDATED 2023-12-31	CONSOLIDATED 2022-12-31	PARENT COMPANY 2023-12-31	PARENT COMPANY 2022-12-31
Equity consolidated					
Share capital		855	855	-	-
New share issue in progress		7	-	-	-
Other injected capital		124 358	123 772	-	-
Other equity including loss for the period		-158 542	-115 275	-	-
Total restricted equity		**-33 322**	**9 352**	**-**	**-**
Equity Parent Company					
Restricted equity					
Share capital		-	-	855	855
New share issue in progress		-	-	7	-
Development fund		-	-	21 117	-
Total restricted equity		**-**	**-**	**21 979**	**855**
Non-restricted equity					
Share premium reserve		-	-	124 358	122 411
Loss brought forward		-	-	-95 800	19 213
Loss for the year		-	-	-81 775	-55 471
Total non-restricted equity		-	-	**-53 217**	**47 727**
TOTAL EQUITY		**-33 322**	**9 352**	**-31 238**	**48 583**
Liabilities					
Non-Current liabilities					
Provisions	13	655	709	-	-
Debts to credit institutions	12	7 667	9 333	-	-
Total non-current liabilities		**8 322**	**10 042**	**-**	**-**
Current liabilities					
Debts to credit institutions	12	2 000	667	-	-
Intercompany debt	11	-	-	36 494	6 521
Advance payments from customers		65 707	-	84	-
Accounts payable		6 226	12 758	140	178
Convertible loans		26 803	10 082	26 803	10 082
Other current liabilities		4 206	1 861	-	453
Accrued expenses and deferred income		7 593	31 004	553	407
Total current liabilities		**112 535**	**56 372**	**64 073**	**17 641**
TOTAL LIABILITIES		**120 857**	**66 414**	**64 073**	**17 641**
TOTAL EQUITY AND LIABILITIES		**87 535**	**75 766**	**32 835**	**66 223**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	Share capital	Not yet registered share capital	Other contribution	Other equity capital	Sum equity capital
Opening balance, 1 January 2022	**806**	**-**	**120 324**	**-62 840**	**58 290**
Loss for the period	**-**	**-**	**-**	**-51 074**	**-51 074**
Prepaid share issue registered	49	-	-49	-	-
Issued warrants	-	-	2 298	-	2 298
Re-purchased warrants	-	-	-162	-	-162
CLOSING BALANCE, 31 DECEMBER 2022	**855**	**-**	**122 411**	**-113 914**	**9 352**
Opening balance, 1 January 2023	**855**	**-**	**122 411**	**-113 914**	**9 352**
Loss for the period	-	-	-	-44 626	-44 626
Not yet registered share capital	-	7	-7	-	-
Issued warrants	-	-	1 165	-	1 165
Re-purchased warrants	-	-	-272	-	-272
Convertible loans	-	-	1 302	-	1 302
Cost share issue	-	-	-242	-	-242
CLOSING BALANCE, 31 DECEMBER 2023	**855**	**7**	**124 357**	**-158 541**	**-33 322**

PARENT COMPANY STATEMENT OF CHANGE IN EQUITY

	RESTRICTED EQUITY			NON-RESTRICTED EQUITY		
KSEK	Share capital	Not yet registered share capital	Development fund	Share premium reserve	Loss brought forward	Sum equity capital
Opening balance, 1 January 2022	**806**	**49**	**-**	**120 276**	**-19 212**	**101 918**
Loss for the period	-	-	-	-	-55 471	-55 471
Share issue dec 2022 registered	49	-49	-	-	-	-
Issued warrants	-	-	-	2 298	-	2 298
Bought back warrants	-	-	-	-163	-	-163
CLOSING BALANCE, 31 DECEMBER 2022	855	-	-	**122 411**	**-74 683**	**48 583**
Ingående balans, 2023-01-01	**855**	**-**	**-**	**122 411**	**-74 683**	**48 583**
Loss for the period	-	-	-	-	-81 775	-81 775
Share issue	-	7	-	-7	-	-
Development fund	-	-	21 117	-	-21 117	-
Convertible loans	-	-	-	1 302	-	1 302
Issued warrants	-	-	-	1 165	-	1 165
Re-purchased warrants	-	-	-	-272	-	-272
Cost share issue	-	-	-	-242	-	-242
CLOSING BALANCE, 31 DECEMBER 2023	**855**	**7**	**21 117**	**124 357**	**-177 575**	**-31 239**

Total conditional shareholder contribution amounts to 3,000 TSEK (3,000)

CACHFLOW CONSOLIDATED

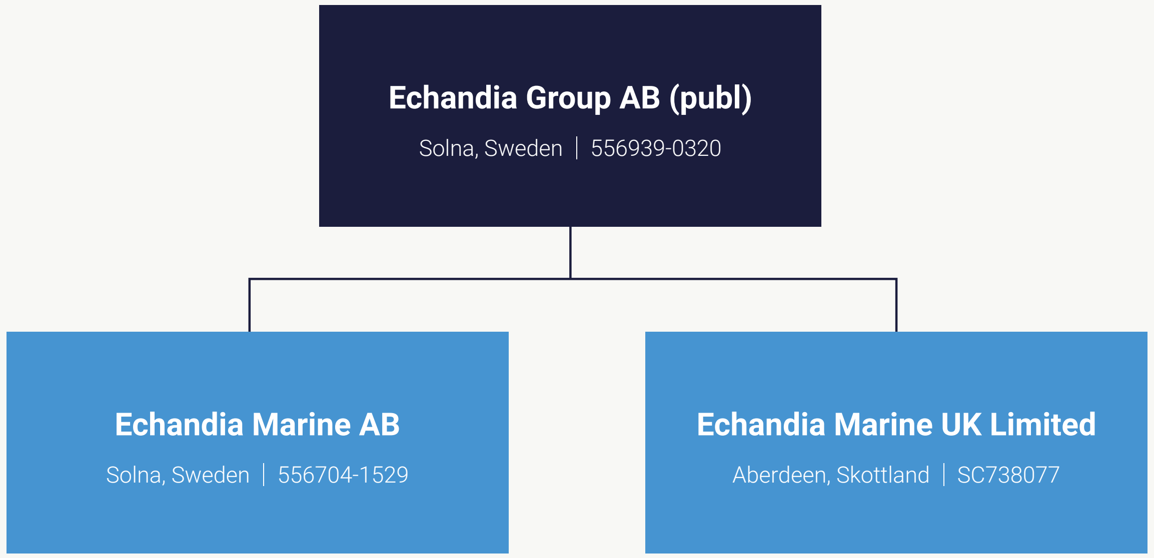
KSEK	2023	2022
Cash flow from operating activities		
Operating loss	-42 540	-49 888
Adjustments for:		
Depreciations and impairments	1 504	11 872
Stock impairment	295	284
Other	-109	318
Interest received	59	21
Interest paid	-946	-464
Cash flow from operating activities before changes in working capital	**-41 737**	**-37 856**
Cash flow from changes in working capital		
Decrease (+)/increase (-) in inventory	-14 960	2 120
Decrease (+)/increase (-) in operating receivables	-3 834	-639
Decrease (-)/increase (+) in operating liabilities	35 029	32 235
Cash flow from operating activities	-25 502	**-4 139**
Investing activities		
Investments in tangible and intangible assets	-16 321	-10 646
Investments in financial assets	228	-188
Cash flow from investing activities	**-16 093**	**-10 834**
Financing activities		
New share issue/warrants issue	1 165	5 062
Bought back warrants	-66	-
New debt	21 720	14 882
Amortization of debt	-2 413	-5 200
Issued debt	-	-597
Cash flow from financing activities	**20 406**	**14 147**
CASH FLOW FOR THE YEAR	**-21 189**	**-827**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**41 822**	**42 649**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**20 633**	**41 822**

Notes

Note 1 – General Information

This consolidated financial statement covers the Swedish parent company Echandia Group AB (publ), with organization number 556939-0320, and its subsidiaries. The parent company is a public limited company with its registered office in Solna, Stockholm County, and headquarters located at Karlbergs Strand 4L, 171 73 Solna.

Group Structure



Note 2 – Significant Accounting Policies

The consolidated financial statements and the parent company's financial statements have been prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's general advice BFNAR 2021:1 Annual Report and Consolidated Financial Statements (K3).

The most important accounting and valuation principles used in preparing the annual report are summarized on the next page.

Basis of Consolidation

The consolidated financial statements include the companies in which the parent company holds more than 50% of the voting rights or otherwise controls. Consolidation of a subsidiary begins when the company gains control and ceases when the company loses control of the subsidiary. The consolidated financial statements have been prepared in accordance with the acquisition method, meaning that the equity of subsidiaries at the time of acquisition, valued as the difference between the fair value of assets and liabilities, is completely eliminated. Consequently, the group's equity includes only the portion of the subsidiaries' equity that has accrued after the acquisition.

All intra-group transactions, assets, and liabilities are eliminated and are therefore not included in the consolidated financial statements.

Foreign Currencies

Monetary asset and liability items in foreign currency are valued at the exchange rate on the balance sheet date. Transactions in foreign currencies are translated at the spot rate on the balance sheet date.

Revenue

Goods

Revenue from the sale of goods is recognized when the significant risks and rewards have been transferred from the seller to the buyer in accordance with the terms of sale. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

Services

Revenue attributable to a service assignment is recognized when the service is performed.

Income Tax

Current tax is valued based on the tax rates and tax rules that apply on the balance sheet date. Deferred tax is valued based on the tax rates and tax rules that have been decided upon before the balance sheet date. Deferred tax liabilities related to temporary differences associated with investments in subsidiaries are not recognized in the consolidated financial statements, as the parent company can, in all cases, determine the timing of the reversal of the temporary differences, and it is not considered likely that reversal will occur in the foreseeable future.

Deferred Tax

Deferred tax is recognized on the balance sheet date in accordance with the balance sheet liability method for temporary differences between the tax and reported values of assets and liabilities. Deferred tax assets are recognized for all deductible temporary differences, including loss carryforwards, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The valuation of deferred tax assets is reviewed at each balance sheet date and adjusted to the extent that it is no longer probable that sufficient profit will be generated to allow the deferred tax assets to be utilized. Deferred tax assets and liabilities are determined at the tax rates applicable for the period in which the asset is realized or the liability is settled based on the tax rates (and legislation) that have been enacted or substantively enacted by the balance sheet date.

Leases

Lease agreements in which the economic benefits and risks associated with the leased asset essentially remain with the lessor are classified as operating leases in the consolidated financial statements. Payments under such agreements are recognized as an expense on a straight-line basis over the lease term.

Lease agreements where the economic risks and benefits associated with ownership of an asset are substantially transferred from the lessor to a company within the group are classified as financial leases in the consolidated financial statements. Financial leases result in the rights and obligations being recognized as an asset and a liability in the balance sheet. The asset and liability are initially measured at the lower of the asset's fair value and the present value of the minimum lease payments. Costs directly attributable to the lease agreement are added to the value of the asset. Variable charges are recognized in the period in which they arise. The leased asset is depreciated on a straight-line basis over its estimated useful life. The group only has operating leases.

Employee Benefits

Employee benefits such as salaries, vacation pay, paid sick leave, etc., as well as pensions, are recognized when they are earned. The group only has defined contribution pension plans. There are no other long-term employee benefits.

Defined Contribution Pension Plans

A defined contribution pension plan is a plan for post-employment benefits under which a company pays fixed contributions to a separate entity and has no legal or informal obligation to pay additional contributions if the fund does not hold sufficient assets to pay all benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense in the income statement in the periods during which employees render services.

Intangible Assets

Intangible assets are recognized at cost, less accumulated amortization and any impairment losses. The cost includes expenditures directly attributable to the acquisition of the asset. Intangible assets are amortized on a straight-line basis over the asset's estimated useful life. The useful life is reviewed at the end of each reporting period and adjusted if necessary. Amortization is recognized as an expense in the income statement.

Capitalized Development Costs

The main criteria for capitalizing development costs are that the asset is expected to generate probable future economic benefits or cost savings, and that there are technical and commercial conditions for completing the development. Capitalized development costs are generated both externally and internally and include direct costs for utilized services. Directly attributable costs that are capitalized include expenses for third parties and employees. All projects are marketed and sold to our customers.

Amortization begins when the asset is available for use, meaning when it is in the location and condition necessary for it to operate as intended by management.

The following amortization periods are applied:

- Capitalized development costs: 5 years

- Licenses: 3 years

Tangible Fixed Assets

Equipment, tools, and installations are recognized at cost, less accumulated depreciation and impairment losses. The cost includes expenditures directly attributable to the acquisition of the asset. Expenditures for repair and maintenance activities are recognized in the income statement when incurred. Expenditures that enhance the performance of an asset increase its value.

Equipment, tools, and installations are depreciated on a straight-line basis over their estimated useful life. The useful life is reviewed at the end of each reporting period and adjusted if necessary. The residual value is considered when determining the depreciable amount of an asset. A straight-line depreciation method is used for all types of assets.

The following depreciation periods are applied:

- Equipment, tools, and installations: 5 years

- Vessels: 10 years

Financial Instruments

Financial assets and liabilities are recognized in accordance with Chapter 11 (Financial Instruments Measured at Cost) of BFNAR 2012:1. A financial asset or liability is recognized in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets are removed from the balance sheet when the rights to receive cash flows from the instrument have expired or been transferred, and the company has substantially transferred all the risks and rewards of ownership. Financial liabilities are removed from the balance sheet when the obligations in the contract have been fulfilled or otherwise extinguished.

Accounts Receivable and Other Receivables

Receivables are recognized as current assets, except for items maturing more than 12 months after the balance sheet date, which are instead classified as non-current assets. Receivables are recognized at the amount expected to be collected, less individually assessed doubtful receivables.

Loans and Accounts Payable

Loans and accounts payable are initially recognized at cost, less transaction costs. If the recognized amount differs from the amount to be repaid at maturity, the difference is amortized as interest expense or interest income over the loan's term. This means that on the maturity date, the recognized amount corresponds to the amount to be repaid.

Impairment Testing of Intangible and Tangible Assets

At each balance sheet date, an assessment is made of whether there is any indication that the value of an asset is lower than its carrying amount. If there is any indication of impairment of an asset or a group of assets, the recoverable amount of the asset is calculated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An internally generated intangible asset that is not yet ready for use or sale as of the balance sheet date is always tested for impairment. The recoverable amount is the higher of net selling price and value in use. A recoverable amount test is performed for cash-generating units. Impairments recognized in previous periods are reversed (except for goodwill) if the recoverable amount of the asset is estimated to exceed the carrying amount. The impairment is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment had been recognized for the asset in previous years.

Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is determined using the FIFO method (first in, first out). The inventory consists of materials and assets that are in production. The cost of inventories includes all purchase costs as well as customs and freight costs. Net realizable value is the estimated selling price less the estimated cost of goods sold.

Provisions

Provisions are recognized when the group has a legal or constructive obligation as a result of past events, and when it is probable that a payment will be required to settle the obligation, and the amount can be reliably estimated. In cases where the company expects that a provision made will be reimbursed by a third party, such as under an insurance contract, the reimbursement is recognized as a separate asset, but only when it is virtually certain that the reimbursement will be received.

Cash Flow Statement

The cash flow statement shows the changes in the group's cash and cash equivalents during the financial year. The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that result in cash inflows and outflows.

Definitions of Key Figures

Order intake refers to signed customer contracts for the delivery of Echandia's energy storage solutions, quantified in installed capacity MWh.

Equity ratio: Total equity / Total assets

Differences Between the Group's and the Parent Company's Accounting Policies

Differences between the group's and the parent company's accounting policies are described below.

Shareholder Contributions and Group Contributions

The company recognizes provided shareholder contributions as an increase or decrease in the value of shares in subsidiaries. All provided and received group contributions are recognized as appropriations.

Shares in Subsidiaries

Investments in subsidiaries are valued in the parent company at cost, less impairment losses. Acquisition-related costs and contingent consideration (if any) are included in the recognized value.

If there is any indication of impairment of shares in subsidiaries, the recoverable amount of the asset is calculated. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment is recognized and included in "Income from shares in group companies.

Note 3 – Estimates and Judgments

When preparing financial reports, the board of directors and the CEO must make certain estimates, judgments, and assumptions that affect the recognition and valuation of assets, provisions, liabilities, revenue, and costs, in accordance with applicable accounting and valuation principles. The areas where such estimates and judgments may have significant effects on the company, and therefore may impact future results and balance sheets, are described below.

Significant Judgments

The following significant judgments have been made in applying the company's accounting policies that have the most significant effect on the financial statements:

Valuation of Intangible Assets

To assess any impairment of the company's intangible assets, a recoverable amount is calculated based on the expected future cash flow and an appropriate discount rate. In this assessment, which extends several years into the future (up to 2028), there are uncertainties regarding future cash flows and the appropriate discount rate.

In addition to the financial risk, there is, as with all businesses, a long-term risk that goals may not be achieved within the time frame on which the group's forecasts are based. If sales do not meet the set targets, so that the assumed cash flows do not occur at the rate assumed by the board and management, or if other assumptions that underlie the impairment testing by management change negatively, this could lead to intangible assets being written down more quickly than planned.

Note 4 – Average number of employees

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Average number of employees	20	21	-	-

Wages and benefits in Echandia Group AB concerns board remuneration

Note 5 – Capitalized development

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	**8 502**	**3 575**	**-**	**-**
Capitalization	12 781	4 927	21 283	-
Disposals	-	-	-	-
CLOSING BALANCE	**21 283**	**8 502**	**21 283**	**-**
Opening balance	**-1 927**	**-1 172**	**-**	**-**
Internal transfer of IP	2 295	-	-	-
Reclassification	-	-199	-	-
Depreciations for the year	-534	-556	-166	-
Disposals	-	-	-	-
CLOSING BALANCE	**-166**	**-1 927**	**-166**	**-**
Opening balance	**-**	**-199**	**-**	**-**
Impairment for the year	-	199	-	-
CLOSING BALANCE	**-**	**-**	**-**	**-**
CARRYING AMOUNT	**21 117**	**6 575**	**21 117**	**-**

Note 6 – Equipment, tools and installations

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	**10 350**	**8 243**	**8 044**	**8 044**
Acquisitions	1 246	2 108	-	-
Disposals	-	-	-	-
CLOSING BALANCE	**11 596**	**10 350**	**8 044**	**8 044**
Opening balance	**-7 861**	**-6 938**	**-7 583**	**-6 779**
Depreciations for the year	-970	-923	-461	-804
Disposals	-	-	-	-
CLOSING BALANCE	**-8 831**	**-7 861**	**-8 044**	**-7 583**
CARRYING AMOUNT	**2 765**	**2 489**	**-**	**461**

Note 7 – Investments

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Opening balance	**-**	**6 781**	**-**	6 781
Investments during the year	-	4 817	-	4 817
Disposals	-	-10 392	-	10 392
Reclassification	-	-1 206	-	-1 206
CLOSING BALANCE	**-**	**-**	**-**	**-**
CARRYING AMOUNT	**-**	**-**	**-**	**-**

In 2022, Echandia divested its fuel cell business with Vdot Cleantech, which resulted in an impairment.

Note 8 – Other long-term receivables

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
OPENING BALANCE	**3 535**	**3 105**	**228**	**-**
New deposits	55	1 223	-	1 001
Repayment	-	-565	-	-545
Short term	- 228	-228	-228	-228
CLOSING BALANCE	**3 362**	**3 535**	**-**	**228**

Note 9 – Shares in subsidiaries

	PARENT COMPANY	
	2023	2022
Opening balance	**87 076**	**46 071**
Shareholder contributions	30 801	41 005
CLOSING BALANCE	**117 877**	**87 076**
OPENING BALANCE	**-41 005**	**-**
Impairment for the year	-76 739	-41 005
CLOSING BALANCE	**-117 744**	**-41 005**
CARRYING AMOUNT	**133**	**46 071**

		2023				
Name	**Corporate registration number**	**Proportion of ownership and voting rights**	**Number of shares**	**Equity**	**Profit or loss**	**Book Value**
Echandia Marine AB	556704-1529	100%	1 333	-1 854	-39 528	133
Echandia Marine UK Limited	SC738077	100%	1	-	-33	-

		2022				
Name	**Corporate registration number**	**Proportion of ownership and voting rights**	**Number of shares**	**Equity**	**Profit or loss**	**Book Value**
Echandia Marine AB	556704-1529	100%	1 333	6 873	-36 575	46 071
Echandia Marine UK Limited	SC738077	100%	1	-	-63	-

Note 10 – Intercompany receivables

	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Interest expense convertible loans	1 303	1 033	1 303	1 033
Interest expense non-current liabilities	825	178	-	-
Other interest expense	37	2	-	-
Inter-company interest	-	-	1 067	-
CLOSING BALANCE	**2 165**	**1 213**	**2 370**	**1 033**

Note 11 – Intercompany debt

	PARENT COMPANY	
	2023	2022
Opening balance	6 521	-
From receivables	-	-15 875
Additions	29 973	22 396
CLOSING BALANCE	**36 494**	**6 521**

Note 12 – Long-term debt

	CONSOLIDATED	
	2023	2022
Year 1	2 167	667
Year 2	2 000	2 000
Year 3	2 000	2 000
Year 4	2 000	2 000
Year 5	1 500	2 000
Onwards	-	1 333
TOTAL DEBT	**9 667**	**10 000**
Analyzed as:		
Non-current	7 500	9 333
Current	2 167	667
TOTAL DEBT	**9 667**	**10 000**

Note 13 – Provisions

	CONSOLIDATED	
Warranty risk reserve	2023	2022
OPENING BALANCE	709	384
Used warranty	-776	-541
New provisions	722	866
CLOSING BALANCE	**655**	**709**

A warranty reservation is made at the final delivery of installed ESS installations. The reservation amounts to 2.5 percent of the system's material cost.

Note 14 – Pledged assets

PLEDGED ASSETS	CONSOLIDATED		PARENT COMPANY	
	2023	2022	2023	2022
Chattel mortgage	15 000	7 500	7 500	-
Bank guarantee	3 147	3 091	-	-
Contingency for subsidiary	-	-	10 000	15 000
CLOSING BALANCE	**18 147**	**10 591**	**17 500**	**15 000**

The parent company, Echandia Group AB, has issued a capital adequacy guarantee to its wholly-owned subsidiary, Echandia Marine AB, under which the company is obligated to ensure that Echandia Marine AB's equity, calculated according to the rules for preparing a control balance sheet (Swedish Companies Act, Chapter 25, Section 14), at all times amounts to at least the registered share capital. The capital adequacy guarantee is valid until January 1, 2025.

Note 15 – Significant Events After the Balance Sheet Date

Since the turn of the year, Echandia has secured orders from customers totaling EUR 16.6 million. One of these orders involves battery systems for product oil tankers, with deliveries scheduled for 2024 and 2025. Additionally, we have signed two contracts for battery systems for the conversion of two RoPax ferries to electric propulsion, with delivery planned for 2025. Beyond this, we have received an additional order for an existing contract.

The development of ERS 3.0 has now been completed, and we have received type approvals from DNV and Bureau Veritas. The intangible asset has therefore been put into use, and amortization will commence from May 2024. During 2024, we have delivered several systems, with the largest ongoing delivery being to Cemre. In addition, we have delivered systems to several other customers.

Our efforts in the American market last year have started to yield results, and we now see several promising opportunities in the USA with planned contracts during 2024. To strengthen our position, we established a company in the USA in 2024 and plan to initiate local production, which is necessary to operate in this growing market.

In 2023, the company entered into investment agreements through convertible loans totaling SEK 31.8 million. In the first half of 2024, additional financing through further convertible loans with mandatory conversion was secured. In total, this has contributed SEK 70.8 million in equity and SEK 37.5 million in liquidity to the company. An additional SEK 11.7 million is secured but not yet paid in.

The company prepared a control balance sheet as of December 31, 2023, and at an extraordinary general meeting on June 7, 2024, a new control balance sheet as of April 30, 2024, was presented, and the meeting confirmed that the equity had been restored.

Stockholm, as per the date of electronic signing.

BJÖRN GUNNERHOLM
CHAIRMAN OF THE BOARD

JAN ERIK DANTOFT
BOARD MEMBER

LARS BERGKVIST
BOARD MEMBER

MAGNUS ERIKSSON
BOARD MEMBER

JOHAN RANSTAM
BOARD MEMBER

FREDRIK HELLSTRÖM
CEO

Our audit report has been issued according to the date for electronic signing

GRANT THORNTON SWEDEN AB

ANNIE SANDE
AUTHORIZED PUBLIC ACCOUNTANT

Grant Thornton

Auditor's report

N.B. The English text is a translation of the official version in Swedish. In the event of any conflict between the Swedish and English version, the Swedish shall prevail.

To the general meeting of the shareholders of Echandia Group AB

Corporate identity number 556939 - 0320

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Echandia Group AB for the year 2023.

The annual accounts and consolidated accounts of the company are included on pages 14 - 33 in this document.

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

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

Basis for Opinions

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

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

Material Uncertainty Related to Going Concern

We would like to draw attention to the text in the Administration report under section Financing, liquidity and capital requirements, which states that the company does not have sufficient capital to finance its operations in 2024, and that the Board of Directors is actively working to solve the need of capital. If the outcome does not meet the Board of Directors' expectations, there is a material uncertainty of the company's ability to continue its operations.

We would also like to draw attention to the text in the section Valuation of intangible assets, where it is stated that there is a risk that if the company's budgets and forecasts are not achieved within the planned timeframe, it may lead to increased or complete write offs of the intangible assets. The company's non-current assets as of December 31, 2023 were SEK 21,250 thousand or 65% of the balance sheet total.

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 - 13. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Echandia Group AB for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm, according to the date indicated by the electronic signature.
Grant Thornton Sweden AB

Annie Sande
Authorised Public Accountant

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