inission | 2022

YEAR-END REPORT 2022

2022 in summary

1 921
Net sales (MSEK)

87.5
Operating profit EBIT (MSEK)

917
Employees

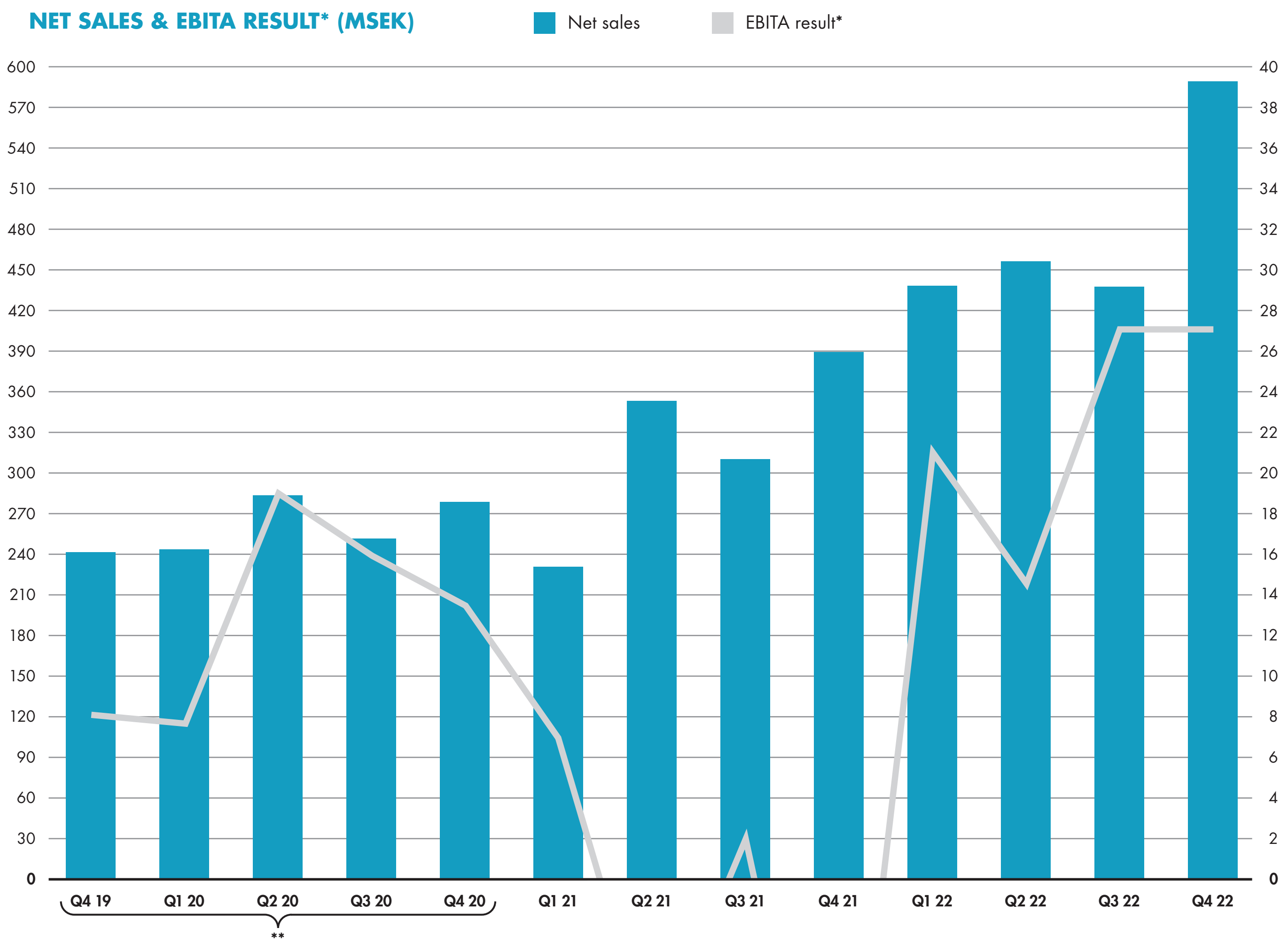
Q4 (OCTOBER 1–DECEMBER 31, 2022)

Net sales (MSEK)	589	(389)
EBITA* result (MSEK)	27.5	(-18.5)
Operating profit EBIT (MSEK)	26.7	(-19.3)
Cash flow from operating activities (MSEK)	-10.3	(12.1)
Equity ratio (%)	27%	(32)
Earnings per share before dilution (SEK)	0.76	(-1.30)
Earnings per share after dilution (SEK)	0.75	(-1.30)

TWELVE MONTHS (JANUARY 1–DECEMBER 31, 2022)

Net sales (MSEK)	1 921	(1 283)
EBITA* result (MSEK)	90.6	(-18.2)
Operating profit EBIT (MSEK)	87.5	(-20.5)
Cash flow from operating activities (MSEK)	70.7	(-39.4)
Equity ratio (%)	27%	(32)
Earnings per share before dilution (SEK)	2.57	(-2.34)
Earnings per share after dilution (SEK)	2.57	(-2.34)

NET SALES & EBITA RESULT* (MSEK)



* EBITA – operating profit adjusted for amortization of intangible assets arising from acquisitions

** Reporting 2019–2020 according to K3 accounting principles

CEO review

Profitable growth

With great pride, I announce that for the first time, the Inission Group's net sales exceed MSEK 500 in a quarter. In our first quarter as a listed company (Q2 2015), we had net sales of MSEK 69 and now MSEK 589. This means we have increased the pace by almost nine times in seven years. Another noteworthy event is that we have changed our accounting standard from K3 to IFRS, with a retroactive effect from 2021-01-01. The aim is, among other things, to enable a list change in the future. However, this makes comparisons with previous quarters difficult. They are therefore recalculated as if we had adopted IFRS at the beginning of 2021.

Shareholding in Enedo increased to 96% in quarter four. A process to compulsorily redeem the remaining shares and delist Enedo is underway. The Inission Group now consists of two business areas: Inission, a manufacturing partner in advanced industrial electronics, mechanics, and development services; and Enedo, which develops, markets, sells, and manufactures power supply electronics. In short, Enedo is an OEM company with its own products, unlike Inission, which is a contract manufacturer. Both business areas target the same type of customers in the sense that they offer advanced and customized industrial electronics in relatively small series. Hence, there are a number of opportunities to leverage synergies in sales, purchasing, and manufacturing. Now that the restructuring of Enedo has been completed, this work will be intensified.

Inission

Inission reports its best quarter ever with MSEK 437 in net sales and an EBITA result of MSEK 25.9. Measured as a margin, however, we are not satisfied. Net sales are diluted by approximately MSEK 60 with material sales and adjusted for this, EBITA is 6.8%.

Our customers continue to place orders at a rapid pace. After a few months of a declining order book, it increased again in December to near-record levels. Material supply challenges remain, but our biggest challenge at the moment is to increase capacity fast enough to meet customer demand. To increase capacity, we are expanding our workforce. Meanwhile, we continue to face challenges with too high inventory levels. Difficulties in supplying components and organic growth are major reasons for this.

Our work with Part Development, to increase efficiency by developing our working methods and increasing flow, is progressing positively. We continue with our factory in Løkken, where a pilot study started in January.

Enedo

Enedo achieves a terrific quarter and reaches net sales of MSEK 152. Operationally, we are following the trend from the third quarter and holding it together well. However, the quarter is sadly burdened by a number of one-off items, resulting in a reported EBITA of only MSEK 1.9. If we adjust for these one-off items, the EBITA margin amounts to 3.6%.

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The restructuring of Enedo was completed during the third quarter. Now begins the next phase. This includes developing the factory in Tunisia through investments in production equipment and competence. We also need to strengthen the organization in Tunisia further. We identify and quantify synergies with Inission. We will start with financing and purchasing. Enedo has a healthy order intake and a strong order book.

Acquisition activities

Our latest acquisition MLB Electronics performed well in 2022. Efforts are now underway to merge the company with Inission Lohja. In 2023, the plan is to co-locate the businesses, which are both located in Lohja. We are constantly building a pipeline of potential acquisition candidates. We have expanded our geography and are systematically looking also outside the Nordic region in Northern Europe. Our ambition is to grow by around 5% annually through acquisitions. Once the acquisition of Enedo is mature, we will also start looking for acquisitions in power electronics and systems.

The future

Visibility and order levels remain excellent. The component problem persists, but capacity is the main driver. We believe the component situation will gradually improve in the year's second half. However, we fear the war in Ukraine will be protracted and, thus, its consequences. The fact that Covid-19 restrictions have eased in China will increase the availability of components. Inflation and spiraling interest rates will lead to lower economic activity, which can already be seen on the consumer side. However, we are not seeing any of that yet with our customers. Inission, with its positioning, proximity, flexibility, and performance, is well-equipped for the future.

Fredrik Berghel, Chief Executive Officer
Inission AB. Karlstad March 1, 2023

Business areas

Inission – Contract manufacturing of electronics and mechanics

Inission is a manufacturing partner with services and products that cover the entire product lifecycle, from development and design to industrialization, volume production, and aftermarket. Inission has production units in Stockholm, Västerås, Borås, Munkfors, Malmö, Trondheim (Norway), Lohja (Finland), Lagedi, and Tallinn (Estonia), with a total of 570 employees.

KEY-FIGURES		Q4 2022	Q4 2021	FULL YEAR 2022	FULL YEAR 2021
Net sales	(TSEK)	437 440	287 269	1 429 253	1 003 200
Growth	(%)	52.3%	3.0%	42.5%	-5.3%
of which acquired	(%)	7.0%	0.0%	9.6%	0.0%
EBITA	(TSEK)	25 519	6 660	85 079	46 550
EBITA	(%)	5.8%	2.3%	6.0%	4.6%
Assets	(TSEK)	1 315 332	855 967	1 315 332	855 967
Liabilities	(TSEK)	879 531	548 539	879 531	548 539

Net sales and results

Net sales amounted to MSEK 437.4, up from MSEK 287.3 in the corresponding period a year before. Of the increase in sales of MSEK 150.2, 7.0% relates to acquisitions, which means that organic growth amounted to 45.3%. The EBITA result for the period was MSEK 25.5 compared to MSEK 6.7 the previous year, corresponding to an EBITA margin of 5.8% compared to 2.3% the year before. The EBITA margin over the last 12-month period thus amounts to 6.0%.

Enedo – Power electronics and systems

Enedo is a product company that develops, manufactures, and sells high-quality electronic power supplies and system solutions. Enedo has operations in Finland, Italy, the USA, and Tunisia, with a total of 350 employees.

KEY-FIGURES		Q4 2022	Q4 2021	FULL YEAR 2022	FULL YEAR 2021
Net sales	(TSEK)	151 629	102 249	493 210	369 700
Growth	(%)	48.3%	5.4%	33.4%	-5.5%
of which acquired	(%)	0.0%	0.0%	0.0%	0.0%
EBITA	(TSEK)	1 934	-25 196	5 542	-64 758
EBITA	(%)	1.3%	-24.6%	1.1%	-17.5%
Assets	(TSEK)	282 050	376 597	282 050	376 597
Liabilities	(TSEK)	293 536	286 071	293 536	286 071

Net sales and results

Net sales amounted to MSEK 151.6, up from MSEK 102.2 in the corresponding period a year before. Of the increase in sales of MSEK 49.4, 0.0% relates to acquisitions, which means that organic growth amounted to 48.3%. The EBITA result for the period was MSEK 1.9 compared to MSEK -25.2 the previous year, corresponding to an EBITA margin of 1.3% compared to -24.6% the year before. The EBITA margin over the last 12-month period thus amounts to 1.1%.

Inission Løkken entered into a significant manufacturing agreement with NoFence AS. From left, Inission Løkken's Head of Market Department Jo Nordvoll with CEO Erik Dragset.

Significant events

THE PERIOD OCTOBER-DECEMBER 2022

On October 3, Inission announced the final result of the mandatory public offer for all shares issued by Enedo Plc. The shares submitted in the takeover bid represented approximately 15.42% of all shares and votes in Enedo. Of these, a total of 295 Enedo shareholders (3 932 851 shares in Enedo) opted for a stock consideration, and a total of 1 824 Enedo shareholders (6 630 428 shares in Enedo) opted for a cash consideration. Inission now owns ca. 95.85% of all shares and votes in Enedo and has initiated the process of compulsory redemption of the remaining shares. This is scheduled for completion in the first half of 2023.

On October 21, Inission Løkken AS announced that it had entered into a significant manufacturing agreement with NoFence AS. The agreement is worth MNOK 70 over two years and includes printed circuit board production, assembly into finished products, and delivery of approximately 17 000 cattle collars and 27 000 sheep and goat collars. Deliveries are expected in 2023 and 2024.

On November 1, Nadežda Dementjeva became the new CEO of Inission Tallinn. Nadežda most recently comes from the role of plant manager and board member of Ensto Building Systems OÜ.

On November 10, the Inission innovation award was held during Ny Teknik's 33-listan Live at Epicentrum in Stockholm. The price included development and manufacturing services with a value of MSEK 1. The winner of the year was Brinja AB, with its IoT platform for construction sites.

On December 22, Involve was presented, a conference founded by Inission to change and improve the industry. Involve will offer networking, inspiring speakers, and a unique opportunity to influence the industry through a new engaging approach. Involve will premiere on April 20, 2023.

AFTER THE END OF THE PERIOD

On January 16, Inission held an Extraordinary General Meeting. The Meeting authorized the Board of Directors to decide on a new issue of shares and voted in favor of the Board's proposal to carry out a directed issue of a maximum of 200 000 series B shares to key management personnel, subject to the conditions laid down.

On January 19, Inission held a live Capital Markets Day. Inission's CEO Fredrik Berghel and Marketing Manager Olle Hulteberg discussed Inission's strategic direction, business, financial development, and financial targets.

On February 16, Inission announced that it is changing its accounting policy to International Financial Reporting Standards (IFRS). IFRS enables a long-term, fair, quality-assured structure matching Inission's size, maturity, growth, and market expectations. The transition also allows a possible future change in the listing.

For more information:
www.inission.com

Comments

INCOME STATEMENT Q4 2022 (TSEK)

Group: This quarterly report is Inission's first financial report prepared under IFRS. Historical financial information has been recalculated from January 1, 2021, the transition date to IFRS reporting. Explanations of the transition from the previous accounting policy to IFRS and the impact of the conversion on the statements of comprehensive income and equity are presented in note 9.

On October 1, an additional 15.42% of Enedo Oyj was acquired, bringing Inission's total shareholding to 95.85%. Under IFRS, Enedo is now accounted for as a subsidiary from April 1, 2021, when Inission acquired 49.6%, as Inission is considered to have a controlling influence. This means that Enedo's entire income statement and balance sheet are included in Inission from April 1, 2021.

Unowned shares in Enedo between April 1, 2021, and September 30, 2022, are reported as non-controlling interests. As of October 2022, the shareholding in Enedo is not reported as a non-controlling interest, as the shareholding exceeds 90%. Inission will acquire the remaining 4.15% of shares in Enedo through compulsory redemption, most likely in Q2 2023.

MLB Electronics Oy was 100% acquired as of January 31. The effect of acquired companies is presented below for each significant income and balance sheet item.

Net sales in the quarter amounted to 589 069 (389 463), of which the acquired company MLB contributed 20 097 in Q4. This means that excluding currency impact (+19 817) and acquired companies, organic growth for the quarter amounts to +41%.

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Acquisitions

BALANCE SHEET ITEMS AT 2022-12-31 RELATING TO COMPANIES ACQUIRED BETWEEN 2022-01-01 » 2022-12-31 (TSEK)

Fixed assets	
Goodwill	15 129
Licenses and other intangible assets	0
Improvement costs to third-party property	0
Tangible fixed assets	4 462
Financial fixed assets	0
Total fixed assets	**19 591**
Current assets	
Inventories	17 416
Trade receivables	8 257
Other receivables	0
Prepayments and accrued income	601
Total current assets	**26 274**
Cash and bank (netted against the Group's overdraft facility)	**8 491**
Provisions	
Provisions for taxes	0
Other provisions	0
Total provisions	**0**
Non-current liabilities	
Liabilities to credit institutions	7 912
Other liabilities	6 393
Total non-current liabilities	**14 305**
Current liabilities	
Liabilities to credit institutions	0
Accounts payable	9 370
Overdraft facility	0
Invoice discounting credit	0
Advances from customers	0
Tax liabilities	2 949
Other current liabilities	545
Accruals and deferred income	3 706
Total current liabilities	**16 570**

Change in inventories of work in progress and finished goods amounts to an increase of 4 227 (-7 299), of which 1 365 relate to MLB. Other operating income amounts to 5 707 (1 774), of which -46 relates to MLB.

The cost of raw materials and supplies, together with the change in inventories during the quarter, amounts to 381 587 (233 097), of which MLB contributes 9 619, an increase of 60% excluding acquired companies. The material share, excluding Enedo and material sales but considering the change in inventories, lands at a slightly lower level compared to the previous year, 57.2% (58.8%), while Enedo's material share amounts to 76.6%. Other external costs for the period amount to 49 404 (43 677), of which MLB contributed 2 223, an increase of 8% excluding acquired companies. Personnel costs amount to 104 144 (105 751), of which MLB has contributed 5 812, a decrease of 7% excluding acquired companies, mainly linked to Enedo's reduced costs. Other operating expenses amount to 12 039 (8 842). Depreciation of fixed assets amounts to 20 945 (19 166), of which MLB contributes 944.

MLB positively impacts the quarter's operating profit with 12 484. Overall, this gives an operating profit for the Group of 26 657 (-19 296) and a profit after financial items of 18 898 (-22 375). Other comprehensive income amounts to 5 743 (1 204), which gives a total comprehensive income for the quarter of 21 055 (-22 340). Of the total comprehensive income, 21 233 (-6 556) is attributable to Parent Company owners and -178 (-15 784) to non-controlling interests.

Parent Company: To mitigate the currency impact, Inission AB buys US dollar futures continuously. The Company hedges up to 60% of the Group's future net outflow. In the event of hedging, the hedging instruments are remeasured, and in case of changing exchange rates, at the rate prevailing on the balance sheet date. The value of these futures at the end of the quarter was negative at -1 440, as opposed to the previous quarter's value of 1 066. This means that the profit for the period was affected by -2 507.

Net debt

FINANCIAL POSITION (TSEK)	DEC 31, 2022	SEP 30, 2022	DEC 31, 2021
Cash at the end of the period	14 603	61 251	27 832
Used overdraft facility	-32 408	-13 210	-42 305
Non-current liabilities, interest-bearing	-194 778	-73 621	-53 120
Non-current liabilities, leasing	-187 611	-124 690	-131 026
Current liabilities, interest-bearing	-95 648	-215 798	-70 603
Current liabilities, leasing	-31 925	-28 297	-31 428
Invoice discounting credit	-69 484	-82 738	-44 692
Net cash (+) / Net debt (-)	**-597 251**	**-477 104**	**-345 342**
Net cash (+) / Net debt (-) excl. leasing	-377 715	-324 116	-182 888
Unused overdraft facility	67 592	86 790	32 695
Total overdraft facility	100 000	100 000	75 000
Equity	424 554	435 959	397 953
Balance sheet total	1 579 789	1 511 340	1 231 905
Equity ratio (%)	27%	29%	32%

BALANCE SHEET DECEMBER 31, 2022 (TSEK)

Goodwill amounts to 178 532 (149 924). The acquisition of MLB on January 31 resulted in an increase of goodwill by 15 129.

Other intangible assets amount to 101 583 (100 522), and licenses amount to 4 250 (3 528).

The total value of tangible fixed assets has increased to 86 957 (81 263) related to investments in production equipment less depreciation, of which MLB contributed 4 462. Right-of-use assets amount to 224 532 (168 962). Financial fixed assets amount to 4 195 (3 105).

Inventories amount to 642 235 (421 913), of which MLB contributes 17 416. Excluding acquired companies, this is an increase of 48% compared to the same period of the previous year, and it is entirely related to the component shortage situation in the market and the increasing order intake.
Trade receivables have increased to 288 295 (236 210), of which MLB contributes 8 357, an increase of 19% excluding acquired companies. Total assets thus increased to 1 579 789 (1 231 905), of which MLB contributed 44 892, an increase of 25% excluding acquired companies.

Total equity amounts to 424 315 (397 953), of which non-controlling interests amount to 1 267 (128 856). This gives an equity ratio of 27% (32%).

Non-current liabilities have increased to 429 983 (233 179), of which MLB has contributed 8 012. Inission has requested tax and VAT deferrals for the Swedish companies under special rules related to the pandemic amounting to 118 834, which are recognized under other non-current liabilities, while the use of the overdraft facility has decreased. This has a positive impact on cash flow by the same amount. It also means that adjusted for the deferral of tax/VAT and acquired companies, non-current liabilities have increased by 30%. The change is mainly due to amortizations, a new acquisition loan for purchasing the shares in MLB, and leases for investments in machinery and equipment.

Current liabilities amount to 725 490 (600 772), of which MLB contributed 16 570, an increase of 18% excluding acquired companies. The change is mainly attributable to increased accounts payable, increased liabilities to credit institutions, raised invoice discounting credit, decreased overdraft facility, increased other current liabilities, and customer advances.

Parent Company information

The Parent Company, Inission AB, is entirely focused on the management and development of the Group. The Parent Company's net sales consist almost exclusively of the sale of management services to its subsidiaries. There are no significant purchases from any of these.

Transactions with related parties

During the quarter, a deposit from the main shareholders of MSEK 9.4 was made to acquire Enedo shares. Uncharged interest amounts to MSEK 0.2. The loans bear interest at 7.0%.

Presentation of the Interim Report

The consolidated accounts of Inission AB have been prepared according to the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the EU. This Interim Report has been prepared under IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act.

These consolidated accounts are Inission's first financial statements prepared under IFRS. Historical financial information has been recalculated from January 1, 2021, the transition date to IFRS reporting. Explanations of the transition from the previous accounting policy to IFRS and the impact of the conversion on the statements of comprehensive income and equity are presented in note 9.

The consolidated accounts have been prepared under the cost model, except:

- financial assets and liabilities at fair value through profit or loss

Important estimates and assessments for accounting purposes

In preparing the Interim Report, the Company has reviewed and assessed the risks and uncertainties described in the Annual Report 2021 and determined that there have been no material changes.
For information on the risks and uncertainties affecting the Group, please refer to the Annual Report 2021 and Note 2 of this Interim Report.

Dividends

The Board of Directors of Inission proposes that no dividend be paid at the Annual General Meeting 2023. The grounds for this proposal are that Inission shall use existing working capital for continued growth.
Inission's dividend policy is, if liquidity permits, to distribute 30 percent of the Group's profit after tax.

Upcoming reports

Annual Report:	April 5, 2023
Interim Report Q1:	May 4, 2023
Annual General Meeting:	May 4, 2023
Interim Report Q2:	August 17, 2023
Interim Report Q3:	November 9, 2023

The Board of Directors of Inission AB submits this Interim Report 2023-03-01. This report has not been reviewed by the Companys auditors. The report has been prepared in a Swedish original and an English translation. In the event of any discrepancies between the two, the Swedish version is to apply.

Financial statements

Consolidated statement of comprehensive income in summary (TSEK)

	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales	3	589 069	389 463	1 921 173	1 283 172
Change in inventories of work in progress and finished goods incl. capitalized work for own account		4 227	-7 299	68 857	-8 983
Other operating income		5 707	1 774	21 252	10 631
Operating income		**599 002**	**383 938**	**2 011 282**	**1 284 819**
Raw materials and consumables		-385 814	-225 799	-1 254 829	-752 000
Other external costs		-49 404	-43 677	-162 876	-125 800
Personnel costs		-104 144	-105 751	-380 638	-341 003
Amortization and depreciation of intangible assets and tangible fixed assets		-20 945	-19 166	-82 351	-67 948
Other operating expenses		-12 039	-8 842	-43 126	-18 557
Total operating expenses		**-572 346**	**-403 235**	**-1 923 820**	**-1 305 309**
Operating profit		**26 657**	**-19 296**	**87 462**	**-20 489**
Financial income		1 533	908	4 318	2 193
Financial costs		-9 292	-3 986	-28 488	-18 826
Financial items – net		**-7 759**	**-3 078**	**-24 170**	**-16 633**
Income before tax		**18 898**	**-22 375**	**63 292**	**-37 122**
Income tax		-3 587	-1 169	-13 712	-5 138
Profit for the period		**15 311**	**-23 544**	**49 580**	**-42 260**
Profit for the period attributable to:					
Parent Company owners		15 687	-7 724	56 154	-4 759
Non-controlling interest		-375	-15 820	-6 574	-37 502

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cont'd. Consolidated statement of comprehensive income in summary (TSEK)

	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Translation differences for the year		4 885	1 337	14 814	2 874
Items not to be reclassified to profit or loss					
Remeasurement of the net defined benefit liability		858	-133	858	-133
Income tax relating to the above item					
Other comprehensive income for the year		**5 743**	**1 204**	**15 672**	**2 741**
Total comprehensive income for the year		**21 055**	**-22 340**	**65 252**	**-39 519**
Total comprehensive income for the year related to:					
Parent Company owners		21 233	-6 556	68 311	-1 505
Non-controlling interest		-178	-15 784	-3 059	-38 014
Total		**21 055**	**-22 340**	**65 252**	**-39 519**
Earnings per share, based on the profit attributable to Parent Company shareholders for the period:					
Earnings per share before dilution		0.76	-1.30	2.57	-2.34
Earnings per share after dilution		0.75	-1.30	2.57	-2.34
Weighted average no. of shares before dilution		20 263 042	18 105 735	19 305 170	18 052 447
Weighted average no. of shares after dilution		20 310 682	18 105 735	19 328 990	18 052 447
Number of shares at the end of the period		20 263 042	18 105 735	20 263 042	18 105 735

Consolidated balance sheet in summary (TSEK)

ASSETS	Note	2022-12-31	2021-12-31	2021-01-01*
Fixed assets				
Intangible assets				
Goodwill		178 532	149 924	33 180
Capitalized development expenditure		0	0	0
Other intangible assets		101 583	100 522	0
Licenses etc.		4 250	3 528	3 326
Total intangible assets		**284 365**	**253 974**	**36 506**
Tangible fixed assets				
Buildings and land		0	0	0
Machinery and other technical equipment		79 839	73 320	44 785
Equipment, tools, fixtures, and fittings		4 566	5 781	5 509
Assets under construction				
Improvement costs to third-party property		2 552	2 162	2 178
Total tangible fixed assets		**86 957**	**81 263**	**52 472**
Right-of-use assets		224 532	168 962	154 805
Financial fixed assets				
Other non-current securities		1 090	354	5 377
Other non-current receivables		3 105	2 751	700
Total financial fixed assets		**4 195**	**3 105**	**6 077**
Deferred tax assets		18 732	17 266	1 213
Total fixed assets		**618 782**	**524 569**	**251 074**
Current assets				
Inventory		642 235	421 913	211 415
Trade receivables		288 295	236 210	148 265
Derivative instruments		0	315	0
Current tax receivables		0	1 085	2 971
Other receivables		4 341	12 872	0
Prepayments and accrued income		11 533	7 108	1 600
Cash and cash equivalents		14 603	27 832	44 267
Total current assets		**961 007**	**707 336**	**408 518**
» TOTAL ASSETS		**1 579 789**	**1 231 905**	**659 591**

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* 2021-01-01 reported due to the conversion to IFRS.

cont'd. Consolidated balance sheet in summary (TSEK)

EQUITY AND LIABILITIES	Note	2022-12-31	2021-12-31	2021-01-01*
Equity				
Share capital		845	755	751
Other contributed capital		195 271	125 126	123 482
Reserves		14 618	3 320	0
Capitalized earnings incl. profit for the period		212 313	139 897	144 773
Total equity attributable to Parent Company shareholders		**423 048**	**269 097**	**269 006**
Non-controlling interest		1 267	128 856	754
Total equity		**424 315**	**397 953**	**269 760**
Non-current liabilities				
Liabilities to credit institutions		75 944	53 120	18 762
Lease liabilities		187 611	131 026	123 167
Other non-current liabilities		135 230	16 083	31 800
Deferred tax liabilities		23 514	21 611	9 976
Provision for pensions		6 863	10 431	0
Other provisions		821	908	0
Total non-current liabilities		**429 983**	**233 179**	**183 705**
Current liabilities				
Liabilities to credit institutions		95 648	70 603	6 450
Derivative instruments		1 440	184	405
Customer advances		32 300	26 308	597
Accounts payable		344 252	273 657	86 310
Lease liabilities		31 925	31 428	22 637
Overdraft facility (Limit 100 000)		32 408	42 305	0
Invoice discounting credit		69 484	44 692	9 257
Current tax liabilities		16 243	5 084	3 583
Other current liabilities		34 385	29 603	28 173
Other provisions		2 415	1 411	0
Accruals and deferred income		64 991	75 497	48 716
Total current liabilities		**725 490**	**600 772**	**206 126**
» TOTAL EQUITY AND LIABILITIES		**1 579 789**	**1 231 905**	**659 591**

* 2021-01-01 reported due to the conversion to IFRS.

Consolidated statement of changes in equity (TSEK)

	Share capital	Other contributed capital	Reserves	Capitalized earnings including profit for the period	Total equity relating to shareholders of the Parent Company	Non-controlling interest	Total equity
OPENING BALANCE AT 2021-01-01	**751**	**123 482**	**0**	**144 773**	**269 006**	**754**	**269 760**
Profit for the period				-4 759	-4 759	-37 502	-42 260
Other comprehensive income			3 320	-66	3 254	-512	2 741
Total comprehensive income for the period	**0**	**0**	**3 320**	**-4 824**	**-1 505**	**-38 014**	**-39 519**
Shareholder transactions							
Transactions with non-controlling interest					0	166 115	166 115
Changed holding of employee stock options				-51	-51		-51
New issue on termination of option scheme	4				4		4
Premium fund at end of option scheme		1 644			1 644		1 644
Total shareholder transactions	**4**	**1 644**	**0**	**-51**	**1 597**	**166 115**	**167 712**
CLOSING BALANCE AT 2021-12-31	**755**	**125 126**	**3 320**	**139 897**	**269 098**	**128 856**	**397 953**

	Share capital	Other contributed capital	Reserves	Capitalized earnings including profit for the period	Total equity relating to shareholders of the Parent Company	Non-controlling interest	Total equity
OPENING BALANCE AT 2022-01-01	**755**	**125 126**	**3 320**	**139 897**	**269 098**	**128 856**	**397 953**
Profit for the period				56 154	56 154	-6 574	49 580
Other comprehensive income			11 298	858	12 157	3 515	15 672
Total comprehensive income for the period	**0**	**0**	**11 298**	**57 013**	**68 311**	**-3 059**	**65 252**
Shareholder transactions							
New issue	0	225			225		225
Changed holding of employee stock options				541	541		541
Dividends				-5 432	-5 432		-5 432
Transactions with non-controlling interest / New share issue	90	69 920		27 617	97 627	-124 529	-26 902
Transaction costs for buy-outs of non-controlling interest				-7 323	-7 323		-7 323
Total shareholder transactions	**90**	**70 145**	**0**	**15 403**	**85 639**	**-124 529**	**-38 890**
CLOSING BALANCE AT 2022-12-31	**845**	**195 271**	**14 618**	**212 313**	**423 048**	**1 267**	**424 315**

Consolidated statement of cash flows in summary (TSEK)

	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
The operating activities					
Profit after financial items		18 899	-22 376	63 292	-37 123
Depreciation of assets		20 945	19 167	82 351	67 949
Tax paid		-1 610	-4 495	-3 184	-10 516
Other non-cash items		-231	4 589	2 666	23 926
Cash flow from operating activities before changes in working capital		**38 003**	**-3 116**	**145 125**	**44 235**
Cash flow from changes in working capital					
Increase/decrease of inventories		14 432	-45 512	-195 310	-138 599
Increase/decrease operating receivables		-56 380	-2 694	-39 517	-48 790
Increase/decrease operating liabilities		-6 405	63 451	160 396	103 712
Total change in working capital		**-48 353**	**15 245**	**-74 431**	**-83 677**
Cash flow from operating activities		**-10 350**	**12 129**	**70 694**	**-39 441**
Cash flow from investing activities					
Acquisitions of subsidiaries, net of cash acquired		0	0	-18 569	54 106
Acquisitions of tangible and intangible fixed assets		-6 649	-10 720	-25 077	-30 600
Divestment/reduction of financial fixed assets		-800	0	-800	0
Cash flow from investing activities		**-7 449**	**-10 720**	**-44 446**	**23 506**
Cash flow from financing activities					
New share issue, net of transaction costs		0	0	225	0
Loans contracted		9 797	55 797	47 425	77 357
Amortization of loans		-6 265	-35 024	-29 045	-112 988
Amortization of lease liabilities		-8 714	-7 891	-34 753	-28 718
Dividends paid		0	0	-5 432	0
Transactions with non-controlling interest		-18 821	0	-18 821	0
Transaction costs non-controlling interests		-5 781	0	-7 323	0
Increase/decrease in current financial liabilities		936	482	7 221	63 848
Cash flow from financing activities		**-28 848**	**13 364**	**-40 503**	**-500**
Cash flow for the period		**-46 647**	**14 773**	**-14 255**	**-16 436**
Cash flow for the period					
Cash at the beginning of the period		61 249	13 059	27 832	44 267
Cash flow for the period		-46 647	14 773	-14 255	-16 436
Exchange rate difference in cash		0	0	1 026	0
Cash at the end of the period		**14 602**	**27 832**	**14 603**	**27 832**
Cash flow information					
Interest paid		-8 398	-3 986	-21 788	-18 826
Interest received		1 573	908	4 319	2 193

Parent Company income statement in summary (TSEK)

	Note	Oct–Dec 2022	Oct–Dec 2021	Jan–Dec 2022	Jan–Dec 2021
Net sales		6 793	6 321	26 691	22 754
Other operating income		-4 166	752	-3 064	1 789
Total		**2 627**	**7 073**	**23 626**	**24 543**
Other external costs		-4 052	-3 236	-13 576	-10 995
Personnel costs		-3 751	-4 187	-15 241	-13 977
Other operating expenses		-2 507	-317	-3 006	-333
Total operating expenses		**-10 310**	**-7 740**	**-31 824**	**-25 305**
Operating profit		**-7 683**	**-668**	**-8 197**	**-762**
Profit from shares in Group companies		0	0	50 000	0
Interest receivable and similar income		2 034	478	5 575	1 889
Interest expense and similar charges		-814	-406	-2 872	-1 701
Total income from financial items		**1 220**	**72**	**52 703**	**188**
Profit before tax		**-6 463**	**-596**	**44 506**	**-574**
Appropriations					
Changes in amortization fund		0	400	0	400
Group contributions received		3 800	0	3 800	0
Tax on profit for the year		488	10	257	-32
Profit for the period		**-2 175**	**-186**	**48 563**	**-206**

In the Parent Company, no items are recognized as other comprehensive income. Therefore, the total comprehensive income is consistent with the profit for the year.

Parent Company balance sheet in summary (TSEK)

ASSETS	Note	2022-12-31	2021-12-31	2021-01-01
Fixed assets				
Financial fixed assets				
Shares in Group companies		304 275	240 104	152 748
Receivables from Group companies		62 737	504	25 322
Other non-current receivables		3	3	3
Total financial fixed assets		**367 015**	**240 610**	**178 073**
Deferred tax assets		297	38	0
Total fixed assets		**367 311**	**240 648**	**178 073**
Current assets				
Current receivables				
Trade receivables		0	2 087	0
Receivables from Group companies		48 600	13 268	19 088
Derivative instruments		0	315	0
Other current receivables		194	743	586
Prepayments and accrued income		1 908	2 289	1 166
Total current receivables		**50 702**	**18 701**	**20 840**
Cash and bank		**0**	**0**	**0**
Total current assets		**50 702**	**18 701**	**20 840**
» **TOTAL ASSETS**		**418 014**	**259 349**	**198 913**

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cont'd. Parent Company balance sheet in summary (TSEK)

EQUITY AND LIABILITIES	Note	2022-12-31	2021-12-31	2021-01-01
Equity				
Restricted equity				
Share capital		845	755	751
Total restricted equity		**845**	**755**	**751**
Unrestricted equity				
Share premium fund		195 270	125 125	123 481
Capitalized earnings incl. profit for the period		74 525	30 853	31 109
Total unrestricted equity		**269 795**	**155 978**	**154 590**
Total equity		**270 639**	**156 733**	**155 341**
Tax-free reserves		1 855	1 855	2 255
		1 855	**1 855**	**2 255**
Non-current liabilities				
Liabilities to credit institutions		15 580	17 386	0
Liabilities to Group companies		69 500	0	0
Deferred tax liabilities		0	65	0
Other non-current liabilities		15 134	12 000	31 800
Total non-current liabilities		**100 214**	**29 451**	**31 800**
Current liabilities				
Overdraft facility		16 433	63 795	3 263
Accounts payable		4 147	2 842	1 511
Liabilities to Group companies		10 677	46	268
Current tax liabilities		0	0	454
Derivative instruments		1 440	184	405
Other current liabilities		9 625	561	530
Accruals and deferred income		2 983	3 882	3 086
Total current liabilities		**45 305**	**71 311**	**9 517**
» TOTAL EQUITY AND LIABILITIES		**418 013**	**259 350**	**198 913**

Notes

Note 1 – General information

These consolidated accounts comprise the Parent Company Inission AB (publ), corporate ID number 556747-1890, and its subsidiaries. Inission AB (publ) is a Parent Company registered in Sweden based in Karlstad with the address Lantvärnsgatan 4. Unless otherwise stated, all amounts are in TSEK. The figures in brackets refer to the comparison period. Rounding-off differences may occur.

Note 2 – Summary of significant accounting principles

The note contains a list of the significant accounting principles adopted in the preparation of these consolidated accounts. These principles have been applied consistently for all the years presented. The consolidated accounts comprise the legal Parent Company Inission AB (publ) and its subsidiaries.

The consolidated accounts of Inission AB have been prepared according to the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRS IC) as adopted by the EU. This Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

These consolidated accounts are Inission's first financial statements prepared in accordance with IFRS. Historical financial information has been recalculated from January 1, 2021, which is the date of transition to IFRS reporting. Explanations for the transition from the previous accounting policy to IFRS and the impact of the conversion on the statements of comprehensive income and equity are presented in note 9.

The consolidated accounts have been prepared under the cost model, except:

- financial assets and liabilities at fair value through profit or loss

Preparing reports in accordance with IFRS requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Group's accounting principles. The areas involving a high degree of assessment and complexity, or areas where assumptions and estimates are significant to the consolidated accounts, are disclosed in the "Important estimates and assessments for accounting purposes" section of this report.

PARENT COMPANY

The Parent Company applies RFR 2 Accounting for Legal Entities and the Annual Accounts Act. The application of RFR 2 means that the Parent Company, in the interim report of the legal entity, applies all IFRS and statements adopted by the EU to the extent possible within the framework of the Swedish Annual Accounts Act, the Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation.

In connection with the transition to accounting under IFRS in the consolidated accounts, the Parent Company has adopted RFR 2. Explanations for the transition from the previous accounting policy to RFR 2 and the impact of the conversion on the statements of comprehensive income and equity are presented in note 9.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, management is required to make certain assessments when applying the Parent Company's accounting principles. The areas involving a high degree

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of assessment and complexity, or areas where assumptions and estimates are significant to the Annual Report are disclosed at the end of this note.

The Parent Company applies different accounting principles than the Group in the cases listed below:

Forms of presentation

The income statement and balance sheet follow the format of the Swedish Annual Accounts Act. The statement of changes in equity follows the Group's format but must contain the columns specified in the Swedish Annual Accounts Act. Furthermore, there are differences in designations, compared with the consolidated accounts, particularly in respect of financial income and expenses and equity.

Shareholder and Group contributions

Group contributions provided by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries are recognized as appropriations. Shareholder contribution provided is recognized in the Parent Company as an increase in the carrying amount of the investment and in the recipient company as an increase in equity.

Financial instruments

The accounting principles for financial instruments described in this note are also applied in the Parent Company, except that the rules concerning financial guarantee contracts in favor of subsidiaries are not applied. The recognition and measurement rules in IAS 37 Provisions, Contingent Liabilities, and Contingent Assets are applied instead.

Leased assets

The Parent Company has chosen not to apply IFRS 16 Leases but has instead chosen to apply RFR 2 (IFRS 16 Leases, pp. 2–12). This decision means that no right-of-use asset and lease liability are recognized in the balance sheet, and instead, the lease payments are recognized as an expense on a straight-line basis over the lease term.

Shares in subsidiaries

Shares in subsidiaries are measured at cost, if appropriate less impairment losses.

Other types of income

Interest income in the Parent Company relates, in addition to interest received from third parties, to imputed interest from subsidiaries on financial claims.

NEW AND AMENDED STANDARDS NOT YET APPLIED BY THE GROUP

A series of new standards and interpretations come into effect for financial years beginning on or after January 1, 2023, and they have not been applied in preparing this financial report. No published standards that have not yet entered into effect are considered to have any impact on the Group.

CONSOLIDATED ACCOUNTS

Subsidiaries

Subsidiaries are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed to, or is entitled to a variable return from its holding in the company, and has the power to affect the return through its influence in the company. Subsidiaries are included in the consolidated accounts from the day on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts from the day on which the controlling interest ceases.

The Group has assessed that it has had controlling interest in Enedo from the date of acquisition (April 2021), although 49.6% of the voting rights and capital are held. As there is a controlling interest, Enedo is accounted for as a subsidiary from the date of acquisition. This is based on the presumption of de facto control (see further description under estimates and assessments). In 2022, the remaining shares in Enedo have been acquired. The acquisition of the remaining shares is accounted for as a transaction with shareholders (see below).

Intra-Group transactions, balance sheet items, and unrealized gains and losses on transactions between Group companies are eliminated. Intra-Group losses may indicate impairment losses that must be recognized in the consolidated accounts. Where applicable, the accounting principles of subsidiaries have been amended to ensure a consistent application of the Group's principles.

Non-controlling interests in the results and equity of subsidiaries are reported separately in the consolidated income statement, the statement of comprehensive income, the statement of changes in equity, and the balance sheet.

In cases where the Group acquires additional shares in an entity over which it already has controlling interest, the transaction is accounted for as a transaction with shareholders in equity. The same applies if the Group disposes of shares in a company but still has a controlling interest.

SEGMENT REPORTING

The CEO has been identified as the chief operating decision maker, for the reason that it is primarily the CEO who is responsible for allocating resources and evaluating performance. The assessment of the Group's operating segments shall be based on the financial information

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reported to the CEO. The financial information reported to the CEO, as a basis for allocating resources and assessing the Group's performance, relates to Inission and Enedo. The chief operating decision maker decides on the allocation of resources and assesses results on the basis of Inission and Enedo, respectively, which is why these are considered in the Group's reports of its segments and operating segments.

FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency

The items included in the financial statements of the various entities in the Group are measured in the currency used in the economic environment in which each entity is principally active (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is used, which is the functional currency of the Parent Company and the Group's reporting currency.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rate that applies on the transaction date or the date on which the items are remeasured. Foreign exchange gains and losses arising from the payment of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency at closing rate are recognized in the income statement.

Exchange rate gains and losses relating to loans and cash are recognized in the income statement as financial income or expenses. All other exchange rate gains and losses are recognized in the item Other operating income or Other operating expenses in the income statement.

Group companies

The results and financial position for all Group companies that have a different functional currency than the reporting currency are translated into the Group's reporting currency as follows:

- assets and liabilities for each of the balance sheets are translated at closing rate;
- income and expenses for each of the income statements are translated at the average exchange rate (provided that this average rate reasonably approximates the cumulative effect of the rates applicable on the date of the transaction; otherwise, income and expenses are translated at the exchange rate on the date of the transaction); and
- all exchange rate differences arising are recognized in other comprehensive income.

In the consolidated accounts, exchange differences arising from the translation of a net investment in a foreign operation, together with exchange differences relating to borrowings or other financial instruments designated as hedging instruments for such investments, are recognized in other comprehensive income. Accumulated profits and losses in equity are recognized in the income statement when the foreign operation is fully disposed of in whole or in part

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and translated at closing rate.

REVENUE RECOGNITION

The Group predominantly manufactures electronic and mechanical products.

Sales of goods are recognized as revenue at a specific point in time when control of the products has been transferred, which occurs when the goods are delivered to the customer. Delivery takes place when the products have been transported to a specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the terms of acceptance have expired, or there is objective evidence that all acceptance criteria have been met. In practice, the transfer of control and hence revenue recognition normally depends on the delivery terms.

A receivable is recognized when the goods are delivered because it is at that point that consideration is unconditional as it is only a matter of time before payment is due. If the consideration is conditional on further performance, a contract asset is recognized. If the Group receives advances from customers, a contract liability is recognized.

The most common guarantee commitment for the Group is to replace a defective product in accordance with statutory and general practice. In these cases, the guarantee commitment is reported as a provision.

In most cases, freight charges are included in the price of the product sold and the revenue is recognized at the same time as the revenue from product sales.

For certain customers, the Group stores products in the customer's warehouse or point of sale. Transfer of control of the products is made when the customer lifts the product from the warehouse or when the product is sold to the end

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customer. The Group recognizes revenue when control has been transferred or when there is a legal right to conduct a sale transaction.

No financing component is deemed to exist at the time of sale as the credit period is usually 30–60 days.

GOVERNMENT GRANTS

Government grants are recognized at fair value when there is reasonable certainty that the grants will be received and the Group will meet the conditions associated with the grants.

Government grants relating to the recovery of costs are accrued and recognized in the income statement over the same periods as the costs they are intended to compensate.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period includes current tax calculated on the period's taxable profit at the applicable tax rates adjusted for changes in deferred tax assets and liabilities related to any temporary differences and unused deficits.

The current tax expense is calculated on the basis of the tax rules enacted or substantively enacted at the balance sheet date in the countries where the Parent Company and its subsidiaries operate and generate taxable income. The management regularly evaluates the claims made in tax returns with regard to situations where applicable tax rules are subject to interpretation and assesses whether it is likely that a Tax Authority will deem an uncertain tax treatment as acceptable. The Group measures its recognized taxes either based on the most likely amount or the expected value, depending on which method best predicts the outcome of the uncertainty.

Deferred tax is reported on all temporary differences arising between the value for tax purposes of assets and liabilities and their carrying amounts in the consolidated accounts. However, a deferred tax liability is not recognized if it arises from the initial recognition of goodwill. Deferred tax is also not recognized if it arises from a transaction that is the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred income tax is calculated by applying the tax rates (and laws) adopted or announced at the balance sheet date and is expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary deductible differences can be utilized.

Deferred taxes relating to temporary differences arising from interests in subsidiaries, associates, and joint ventures are not recognized if the Parent Company can control the timing of the reversal of the temporary differences, and it is not considered probable that such reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are netted when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities pertain to taxes levied by the same Tax Authority and relate either to the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments.

Current and deferred tax is recognized in the income statement, except when it relates to items recognized in other comprehensive income or directly in equity. In such cases, the tax is also recognized in other comprehensive income and equity, respectively.

LEASES

The Group leases office premises, industrial premises, warehouses, cars, and machinery as well as low-value assets in the form of trucks, printers, containers, and feeders. Leases normally specify a fixed period ranging from 36 months to 5 years, but there may be an option to extend the lease.

Contracts may contain both leasing and non-leasing components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease payments of properties where the Group is the lessee, it has chosen not to separate the lease and non-lease components. Instead, they are recognized as a single lease component.

The terms are negotiated separately for each contract and contain a large number of contractual terms. The leases do not contain any specific conditions or restrictions except that the lessor retains the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

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Assets and liabilities arising from leases are initially recognized at their present value.

Lease liabilities include the present value of the following lease payments:

- fixed charges (including substantive fixed charges), less any lease incentives to be received
- variable lease charges that depend on an index or a price, initially measured using the index or price at the commencement date
- amounts expected to be paid by the lessee under residual value guarantees
- the exercise price of any call option if the Group is reasonably certain to exercise such a possibility
- lease termination penalties, if the lease term indicates that the Group will exercise an option to terminate the lease.

If the Group is reasonably certain of exercising an option to extend a lease, then any lease payments for that extension period are included in the measurement of the liability.

Lease payments are discounted at the implicit interest rate of the lease. Suppose this rate cannot be determined easily, as is typical for Group leases. In that case, the lessee's incremental borrowing rate shall be used, which is the interest rate that the individual lessee would have to pay to borrow the funds necessary to purchase an asset of similar value to the right of use in a similar economic environment with similar terms and collateral.

The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they become effective. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right of use.

Lease payments are apportioned between the reduction of the outstanding liability and the finance charge. The latter is recognized in profit or loss over the lease term in a manner that results in a fixed interest rate for the lease liability recognized in the respective period.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability; and
- payments made on or before the date the leased asset is made available to the lessee.

The right-of-use assets are amortized on a straight-line basis over the shorter of the useful life of the asset and the lease term. If the Group is reasonably certain to exercise a call option, the right of use is amortized over the useful life of the underlying asset.

Lease payments attributable to short-term leases and leases for which the underlying asset has a low value are recognized as an expense on a straight-line basis over the lease term. Short-term leases are contracts where the lease term is 12 months or less. Leases for which the underlying asset is of low value relate mainly to trucks, printers, containers and feeders.

Options to extend and terminate contracts

Options to extend or terminate contracts are included in the Group's lease contracts for cars and office premises. These conditions are used to maximize flexibility in managing the contracts. Options to extend or terminate contracts are included in the asset and the liability where it is reasonably certain they will be exercised.

Accounting in subsequent periods

The lease liability is remeasured if there are any amendments to the lease contract or changes in the cash flow based on the original contractual terms. Changes in cash flows based on original contractual terms occur when the Group changes its initial assessment of whether extension and/or termination options will be exercised; there are changes in previous estimates of whether a call option will be exercised; changes in lease payments arise due to changes in the index or interest rate.

A revaluation of the lease liability leads to a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining revaluation is recognized in the income statement. The right-of-use asset is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset is not recoverable.

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Note 2 continued.

BUSINESS COMBINATION

The purchase method is used to account for the Group's business combinations, whether the combination consists of equity interests or other assets. The purchase price for the acquisition of a subsidiary comprises the fair values of:

- assets transferred
- liabilities incurred by the Group to previous owners
- shares issued by the Group
- assets or liabilities resulting from a contingent consideration arrangement
- previous equity interest in the acquiree

Identifiable assets acquired, liabilities assumed, and contingent liabilities assumed in a business combination are, with rare exceptions, measured initially at their fair values on the acquisition date. For each acquisition, i.e., on an acquisition-by-acquisition basis, the Group determines whether non-controlling interests in the acquiree are recognized at fair value or the non-controlling interest's proportionate share of the carrying amount of the acquiree's net identifiable assets.

Acquisition-related costs are expensed as incurred.

Goodwill is the amount by which the consideration transferred and any non-controlling interest in the acquiree exceeds the fair value of the identifiable net assets acquired. If the amount is less than the fair value of the net assets acquired, in the case of a bargain purchase, the difference is recognized directly in the income statement.

Contingent consideration is classified either as equity or as a financial liability, depending on whether it is payable in shares or in cash. Within the Group, there are only contingent considerations settled in cash. Amounts classified as financial liabilities are remeasured each period at fair value. Any revaluation gains and losses are recognized in profit or loss.

If the business combination is completed in several stages, the previous equity interests in the acquiree are remeasured to their fair values on the acquisition date. Any gain or loss arising from the revaluation will be recognized in profit or loss.

INTANGIBLE ASSETS

Goodwill

Goodwill arising from business combinations is included in intangible assets. Goodwill is not amortized but instead tested for impairment annually or more frequently if events or changes in circumstances indicate a possible impairment. Goodwill is recognized at cost less accumulated impairment losses. On selling an entity, the carrying amount of goodwill is included in the resulting profit/loss.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management purposes.

Brands and customer relationships

Brands and customer relationships acquired through a business combination are recognized at fair value on the acquisition date. Only customer relationships have a finite useful life and are stated in subsequent periods at acquisition cost less accumulated amortization and depreciation. The amortization period for customer relationships is 13 years. The brand is considered to have an indefinite useful life. The acquired brands are well-established, and the business is expected to be conducted under these brands for the foreseeable future, which supports the assessment of the indefinite useful life. Brands are not amortized but tested annually for impairment.

Other intangible assets

Other intangible assets consist of capitalized costs for IT projects and licenses. These are initially recognized at cost. In subsequent periods, they are reported at cost less accumulated amortization and depreciation. The amortization period for other intangible assets is 3–10 years (5 years in Inission and 3–10 years in Enedo for other intangible assets and 3–5 years for intellectual property rights).

Capitalized expenditures for development costs

Research costs are expensed as incurred.

Expenditure directly attributable to the development and testing of identifiable

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and unique products controlled by the Group is recognized as intangible assets when the following criteria are met:

- it is technically feasible to finalize the product so that it can be used;
- the company's intention is to finalize the product and to use or sell it;
- there are opportunities to use or sell the product;
- it can be shown how the product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the product are available; and
- expenditure relating to the product during its development can be meas ured reliably.

Directly attributable expenditure balanced as part of capitalized development expenditure includes expenses for staff and a fair share of indirect costs. Capitalized development costs are recognized as intangible assets and amortized from when the asset is ready for use. The amortization period for capitalized development expenditure amounts to 5 years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized at cost less depreciation. The cost includes expenditures directly attributable to the acquisition of the asset.

Additional expenditure is added to the carrying amount of the asset or recognized as a separate asset, as appropriate, only where it is probable that the future economic advantages associated with the asset benefit the Group and the cost of the asset can be measured in a reliable manner. The carrying amount of the replaced part is removed from the balance sheet. All other types of repairs and maintenance are recognized as expenses in the statement of comprehensive income during the period in which they are incurred. Depreciation is performed on a straight-line basis to allocate the cost less estimated residual value over the estimated useful life. The useful lives are as follows:

- Buildings and land 20–40 years
- Machinery and other technical equipment 3–10 years
- Equipment, tools, fixtures and fittings 3–7 years
- Improvement costs to third-party property 20 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted as necessary. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount exceeds the estimated recoverable amount of the asset. Gains and losses on disposal are determined by comparing the sales revenue with the carrying amount and are included in the item depreciation and amortization of intangible assets and tangible fixed assets in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets that have an indefinite useful life or intangible assets not ready for use are not amortized but are tested for impairment annually, or when there is an indication of impairment. Assets that are amortized are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value, less cost of sales, and its value in use. When assessing the need for impairment, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have been previously impaired, an assessment is made at each closing date to determine whether a reversal should be made.

FINANCIAL INSTRUMENTS

The Group's financial assets and liabilities consist of the following items: Other non-current securities, Other receivables (part of the item), Trade receivables, Accrued income, Cash and bank, Liabilities to credit institutions, Accounts payable, Overdraft facility, Other liabilities (part of the item), Invoice discounting credit, and Accrued expenses (part of the item).

Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the instrument's contractual terms. Purchases and sales of financial assets and liabilities are recognized on the trade date, which is the date on which the Group commits to buy or sell the asset.

Financial instruments are recognized at fair value on initial recognition plus, for an asset or financial liability not recognized at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and liabilities recognized at fair value through profit or loss are expensed in the income statement.

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Financial assets – Classification and valuation

The Group classifies and values its financial assets at amortized cost and fair value through profit or loss. The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms of the assets' cash flows.

Financial assets at amortized cost

Assets held to collect contractual cash flows and where those cash flows consist only of principal and interest are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit losses recognized. The Group's financial assets measured at amortized cost consist of the items: Other receivables (part of the item), Trade receivables, and Accrued income.

Financial assets at fair value through profit or loss

The Group measures all equity instruments at fair value. These are also carried at fair value in subsequent periods and the change in value is recognized in profit or loss. Financial assets, other than derivatives, measured at fair value through profit or loss relate to shareholdings and are included in the item Other non-current securities.

Derivatives are recognized in the balance sheet on the trade date and are measured at fair value, both initially and on subsequent remeasurements. All changes in fair value of derivative instruments that do not qualify for hedge accounting are recognized directly in the items Other operating income or Other operating expenses in the income statement.

Financial liabilities – Classification and valuation

The Group classifies and values its financial liabilities at amortized cost and fair value through profit or loss. Financial liabilities are classified as current liabilities if they fall due within 12 months of the balance sheet date. If they fall due after 12 months of the balance sheet date, they are classified as non-current liabilities.

Financial liabilities at amortized cost

The Group's financial liabilities are measured after initial recognition at amortized cost using the effective interest method. Any difference between the amount received (net of transaction costs) and the repayment amount is recognized in profit or loss over the loan period. Charges paid for borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the credit line will be utilized. The charge is recognized when the credit line is used in such cases. When there is no evidence that it is probable that part or all of the credit line will be utilized, the charge is recognized as an upfront payment for financial services and is spread over the term of the loan commitment in question.

Financial liabilities measured at amortized cost consist of liabilities to credit institutions, other non-current liabilities, overdraft facilities, invoice discounting credits, accounts payable, other current liabilities (part of the item), and accrued expenses (part of the item).

Financial liabilities at fair value through profit or loss

Derivatives and other non-current and current liabilities in the form of earn-out payments are recognized in the balance sheet on the trade date and measured at fair value, both initially and on subsequent remeasurements. All changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized directly in the items Other operating income or Other operating expenses in profit or loss. Financial liabilities at fair value through profit or loss consist entirely of derivative instruments and earn-out payments.

Derecognition of financial assets and financial liabilities

Financial assets are derecognized from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred, and the Group has transferred practically all the risks and rewards associated with the ownership.

Financial liabilities are derecognized from the statement of financial position when the obligation under the contract has been met or otherwise extinguished. When the terms of a financial liability are renegotiated, and not derecognized from the balance sheet, a profit or loss is recognized in the income statement. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

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Set-off of financial instruments

Financial assets and liabilities are offset and recognized at a net amount in the balance sheet only when there is a legal right to offset the carrying amounts and there is an intention to settle them at a net amount or simultaneously realize the asset and settle the liability. The legal right may not depend on future events and must be legally binding for the company and counterparty in the ordinary course of business and in the event of default, insolvency, or bankruptcy.

Impairment of financial assets

Assets recognized at amortized cost

The Group assesses the future expected credit losses related to assets recognized at amortized cost. The Group recognizes a loan loss reserve for such expected credit losses at each reporting date. For trade receivables, the Group applies the simplified credit provisioning approach, i.e., the reserve will correspond to the expected loss throughout the life of the trade receivable. To measure the expected credit losses, trade receivables have been grouped based on allocated credit risk characteristics and days overdue. The Group utilizes forward-looking variables for expected credit losses. Expected credit losses are recognized in the consolidated income statement in the item Other external costs.

INVENTORIES

Inventories are carried at the lower of cost and net realizable value. The cost comprises direct cost of goods sold, direct remuneration, and attributable indirect production costs (based on standard manufacturing capacity). Borrowing costs are not included. The cost of individual items in inventory is allocated based on weighted average costs. The cost of goods for resale is determined after deducting rebates. The net realizable value is the estimated sales price in the operations, less applicable variable selling costs.

TRADE RECEIVABLES

Trade receivables are initially recognized at the unconditional amount unless significant financing components are included when they are carried at fair value. They are subsequently carried at amortized cost using the effective interest method less credit provision. See the description of financial instruments above.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank deposits in both the balance sheet and the cash flow statement. Overdraft facility is recognized in the balance sheet as part of the current liabilities.

SHARE CAPITAL

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or options are recognized, net of tax, in equity as a deduction from the issue proceeds.

ACCOUNTS PAYABLE

Accounts payable are obligations to pay for goods or services that have been acquired from suppliers in operating activities. The amounts are unsecured and are usually paid within 30–60 days. Accounts payable and other liabilities are classified as current liabilities if they fall due within one year or sooner (or within the normal operating cycle if this is longer). If not, they are presented as non-current liabilities. Liabilities are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

BORROWINGS

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently carried at amortized cost and any difference between the amount received (net of transaction costs) and the repayment amount is recognized in the income statement over the loan period, applying the effective interest method. Charges paid for borrowing facilities are recognized as transaction costs of the borrowing to the extent that it is probable that some or all of the credit line will be utilized. The charge is recognized when the credit line is used in such cases. When there is no evidence that some or all of the credit line is likely to be used, the charge is recognized as an upfront payment for financial services and is spread over the term of the loan commitment in question.

Borrowings are derecognized when the obligations are settled, canceled, or otherwise terminated. The difference between the carrying amount of a financial liability (or part of a financial liability)

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that is extinguished or transferred to another party, and the consideration paid, including non-cash assets transferred or liabilities incurred, is recognized in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

PROVISIONS

Provisions for legal claims, guarantees, and restoration measures are recognized when the Group has a legal or constructive obligation due to past events. An outflow of resources will probably be required to settle the commitment, and the amount has been reliably calculated. No provisions are made for future operational losses. If there are a number of similar commitments, the likelihood that an outflow of resources will be required in settlement is assessed in aggregate for this entire group of commitments. A provision is recognized even if the probability of an outflow for a particular item in this group of commitments is low.

Provisions are measured at the present value of the amount expected to be required to settle the obligation. For this purpose, a discount rate before tax is used, reflecting a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase of the provision due to the passing of time is carried as an interest expense.

EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for salaries and remuneration, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are recognized as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is recognized in the statement of comprehensive income as the employees perform the services. The liability is recognized as an obligation regarding employee benefits in the consolidated balance sheet.

Pension obligations

The Group has both defined benefit and defined contribution pension plans.

For defined contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as personnel costs when they fall due. Prepaid contributions are recognized as an asset to the extent that the cash refund or reduction in future payments may be credited to the Group.

The Group has a defined benefit pension plan in Italy. Under Italian law, if an employment contract is terminated, each employee shall receive a severance payment (Trattamento Fine Rapporto, TRF) which is paid from a fund held by the company or by an external institution. The annual amount is 6.9% of the gross annual salary, and this amount is deducted each month as a personnel cost. The contribution to the fund is recognized as a personnel cost in profit or loss, and the interest from the fund is recognized in net financial items. The revaluation of the fund is recognized in equity. The provision for pensions corresponds to the accumulated defined benefit obligation at the employment termination date. The commitment is measured at fair value and index adjusted annually. The value is based on actuarial calculations, which consider actuarial assumptions such as demographic assumptions about the future regarding current and potential employees and financial assumptions based on market expectations.

For civil servants in Sweden, the ITP 2 plan's defined-benefit pension commitments for retirement and family pensions are secured by an insurance policy from Alecta. According to a statement by the Swedish Financial Reporting Board, UFR 10 Reporting of the Retirement Plan, ITP 2, which is financed via insurance in Alecta, this is a defined-benefit plan covered by several employers. For the financial year 2022, the Company did not have the information needed to report its proportionate share of the plan's obligations, plan assets, and expenses, making it impossible to recognize the plan as a defined-benefit plan. The ITP 2 pension plan, secured by an insurance policy from Alecta, is therefore reported as a defined contribution plan. The premium for the defined-benefit retirement and family pension is calculated individually and depends, among other things, on salary, previously earned retirement benefits, and expected remaining length of service.

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Note 2 continued.

EARNINGS PER SHARE

Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- profit attributable to Parent Company shareholders
- by a weighted average number of ordinary shares outstanding during the period, adjusted for the bonus issue element of ordinary shares issued during the year and excluding repurchased shares held as treasury shares by the Parent Company.

Earnings per share after dilution

For the calculation of earnings per share after dilution, the amounts used for calculating earnings per share before dilution are adjusted by taking into account:

- the effect, after tax, of dividends and interest expenses on potential ordinary shares; and
- the weighted average of the additional ordinary shares that would have been outstanding upon conversion of all potential ordinary shares.

DIVIDENDS

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial statements during the period in which the dividend is approved by the Parent Company's shareholders.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that result in receipts or payments.

SHARE-BASED PAYMENTS

The fair value of the service that entitles employees to the allocation of options is recognized as a personnel cost with a corresponding increase in equity. The total amount to be expensed is based on the fair value of the options granted.

The fair value of options granted is calculated using the Black & Scholes valuation model. The options are granted free of charge and are settled in shares. The total cost is recognized on a straight-line basis over the vesting period. At the end of each reporting period, the Group reassesses its estimates of the number of shares expected to be earned based on vesting conditions. Any deviation from the original estimates is recognized in profit or loss with a corresponding adjustment to equity.

IMPORTANT ESTIMATES AND ASSESSMENTS FOR ACCOUNTING PURPOSES

The Inission Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes will, by definition, rarely correspond to the actual outcome. The estimates and assumptions that pose a significant risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are outlined below.

IMPAIRMENT TESTING OF GOODWILL

The Group tests goodwill for impairment annually in accordance with the accounting policy described in this report. The recoverable amount of the cash-generating units has been determined by calculating the value in use. This calculation requires certain estimates to be made. The calculation is based on cash-flow projections based on forecasts set by management for the next ten years. Cash flows beyond the ten-year period are extrapolated at a growth rate of 2.0% (2.0%).

The growth rate used is consistent with industry forecasts. For each CGU to which a significant amount of goodwill has been allocated, the key assumptions underlying the value-in-use calculations are set out below:

- Discount rate before tax 11.6% (11.9%) for the Inission segment and 11.1% (12.0%) for the Enedo segment
- Long-term growth rate 2.0% (2.0%)

INVENTORY OBSOLESCENCE

In the financial statements, an impairment loss is recognized for obsolescence, meaning that materials that have not been moved for 12 months and have no orders are considered obsolete. Obsolescence assessments are based on individual assessments Determining any impairment requirements is a significant and difficult assessment issue.

DE FACTO CONTROL

The Group's Board considers that the Group has a controlling interest in Enedo Plc at the date of acquisition (April 1, 2021), even though the Group holds less than half (49.6%) of the voting rights in Enedo. This is because the Group is the largest shareholder in Enedo with 49.6% of the voting rights, while the remaining shares are spread over a large number of shareholders. Furthermore, there is no history of shareholders coming together to exercise their votes collectively.

DEFERRED TAX ASSETS

Deferred tax assets for the carry-forward of unused tax losses or other future tax credits are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilized.

Note 3 – Segment reporting and disclosure of net sales

The Group's chief operating decision maker is the CEO, who assesses the performance of the operating segments based on the type of production, and the operations are monitored from Enedo and the rest of Inission. The CEO monitors performance based on operating profit. The Group's operations are managed and reported on the basis of the following operating segments:

1. Inission – Contract manufacturing of electronics and mechanics
Inission is a manufacturing partner with services and products that cover the entire product lifecycle, from development and design to industrialization, volume production, and aftermarket. Inission has production units in Stockholm, Västerås, Borås, Munkfors, Malmö, Trondheim (Norway), Lohja (Finland), Lagedi, and Tallinn (Estonia), with a total of 570 employees.

2. Enedo – Power electronics and systems
Enedo is a product company that develops, manufactures, and sells high-quality electronic power supplies and system solutions. Enedo has operations in Finland, Italy, the USA, and Tunisia, with a total of 350 employees.

2022-10-01 » 2022-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Revenue per segment	151 629	437 440	0	589 069
Revenue from other segments	0	0	0	0
Revenue from external customers	**151 629**	**437 440**	**0**	**589 069**
Operating profit	1 382	19 494	0	26 657
Financial items	0	0	-7 759	-7 759
Profit before tax	**1 382**	**19 494**	**-7 759**	**18 898**

2021-10-01 » 2021-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Revenue per segment	102 249	287 269	0	389 518
Revenue from other segments	0	0	-55	-55
Revenue from external customers	**102 249**	**287 269**	**-55**	**389 463**
Operating profit	-26 608	7 312	0	-19 296
Financial items	0	0	0	-3 078
Profit before tax	**-26 608**	**7 312**	**0**	**-22 375**

2022-01-01 » 2022-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Revenue per segment	493 210	1 429 253	0	1 922 463
Revenue from other segments	0	0	-1 290	-1 290
Revenue from external customers	**493 210**	**1 429 253**	**-1 290**	**1 921 173**
Operating profit	1 372	78 827	0	87 462
Financial items	0	0	0	-24 170
Profit before tax	**1 372**	**78 827**	**0**	**63 292**

2021-01-01 » 2021-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Revenue per segment	280 082	1 003 200	0	1 283 282
Revenue from other segments	0	0	-111	-111
Revenue from external customers	**280 082**	**1 003 200**	**-111**	**1 283 171**
Operating profit	-55 318	34 829	0	-20 489
Financial items	0	0	0	-16 633
Profit before tax	**-55 318**	**34 829**	**0**	**-37 122**

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Note 3 continued.

SEGMENT ASSETS AND LIABILITIES 2022-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Assets	282 050	1 315 332	-17 593	1 579 789
Liabilities	-293 536	-879 531	17 593	-1 155 474
Total	**-11 486**	**435 801**	**0**	**424 315**

SEGMENT ASSETS AND LIABILITIES 2021-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Assets	376 597	855 967	-659	1 231 905
Liabilities	-286 071	-548 539	659	-833 951
Total	**90 526**	**307 428**	**0**	**397 954**

Inission AB uses operating profit as a measure of operating segment performance. Interest income and expenses are not allocated to the segments, as this activity is driven by the central financing function, which manages the Group's liquidity.

Sales between segments are made at market prices and are eliminated on consolidation. The amounts provided to the CEO with respect to segment revenue are measured in a manner consistent with the financial statements.

The main revenue streams of the Group are sales of goods. The sales are recognized as revenue when control of the goods is transferred, which occurs when the risk is transferred under the applicable delivery terms. Revenue is, therefore, essentially recognized at a point in time.

Revenue from external customers by country, based on the location of the customers:

2022-10-01 » 2022-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Sweden	888	194 387	0	195 275
Finland	11 033	62 020	0	73 053
Estonia	2 067	14 689	0	16 756
Other EU countries	63 021	46 413	0	109 434
Norway	1 061	112 613	0	113 674
USA	30 559	3 132	0	33 691
Other non-EU countries	43 000	4 186	0	47 186
Total	**151 629**	**437 440**	**0**	**589 069**

Revenue from external customers by country, based on the location of the customers:

2021-10-01 » 2021-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Sweden	1 340	160 083	-55	161 368
Finland	15 448	33 856	0	49 305
Estonia	1 047	14 503	0	15 550
Other EU countries	39 647	25 550	0	65 198
Norway	734	47 155	0	47 889
USA	23 562	5 442	0	29 005
Other non-EU countries	20 471	678	0	21 150
Total	**102 249**	**287 269**	**-55**	**389 463**

Continued on next page »

Note 3 continued.

Revenue from external customers by country, based on the location of the customers:

2022-01-01 » 2022-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Sweden	3 835	630 439	-1 290	632 985
Finland	41 808	244 745	-0	286 553
Estonia	4 691	80 119	0	84 810
Other EU countries	234 539	144 367	0	378 906
Norway	2 441	303 006	0	305 447
USA	102 598	11 455	0	114 053
Other non-EU countries	103 298	15 122	0	118 420
Total	**493 210**	**1 429 253**	**-1 290**	**1 921 173**

Revenue from external customers by country, based on the location of the customers:

2021-01-01 » 2021-12-31	ENEDO	INISSION	ELIMINATIONS	TOTAL
Sweden	3 952	562 333	-111	566 174
Finland	35 166	104 622	0	139 788
Estonia	2 399	56 390	0	58 789
Other EU countries	127 879	69 385	0	197 264
Norway	2 098	178 562	0	180 660
USA	59 327	5 541	0	64 868
Other non-EU countries	49 260	26 367	0	75 627
Total	**280 082**	**1 003 200**	**-111**	**1 283 171**

Note 4 – Financial instruments

FAIR VALUE MEASUREMENT AND DISCLOSURE (TSEK)

The table below shows financial instruments measured at fair value based on how they are classified in the fair value hierarchy. The different levels are defined as follows:

(a) Level 1 financial instruments
Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 financial instruments
Observable data for the asset or liability other than quoted prices included in level 1, either directly (i.e., as price quotes) or indirectly (i.e., derived from price quotes).

(c) Level 3 financial instruments
In cases where one or more significant inputs are not based on observable market data.

The table below shows Inission's financial assets measured at fair value and the level in the fair value hierarchy at which they are recognized:

2022-12-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivative (foreign exchange forwards)				**0**
Other non-current securities			1 090	**1 090**
Total	**0**	**0**	**1 090**	**1 090**

2021-12-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivative (foreign exchange forwards)		315		**315**
Other non-current securities			353	**353**
Total	**0**	**315**	**353**	**668**

The table below shows Inission's financial liabilities measured at fair value and the level in the fair value hierarchy at which they are recognized:

2022-12-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivative (foreign exchange forwards and interest rate swaps)		1 440		**1 440**
Contingent consideration			6 677	**6 677**
Total	**0**	**0**	**6 677**	**6 677**

2021-12-31	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivative (foreign exchange forwards and interest rate swaps)		184		**184**
Total	**0**	**184**	**0**	**184**

Continued on next page »

Note 4 continued.

The following tables show the reconciliation of the opening and closing carrying amounts of the contingent considerations and other non-current securities and other non-current receivables valued at level three.

FINANCIAL LIABILITIES, LEVEL THREE	CONTINGENT CONSIDERATION
Carrying amount 2021-01-01	**0**
Additional amount	0
Change recognized in the income statement	0
Amounts paid	0
Carrying amount 2021-12-31	**0**
Additional amount	6 293
Change recognized in the income statement	384
Amounts paid	0
Carrying amount 2022-12-31	**6 677**

Level 3 fair value measurement inputs and the valuation process.

Contingent consideration: The fair value of the contingent consideration agreement is based on management's assessment of what is likely to be paid given the terms of the share transfer agreement. Management has determined that 100% of the stated amount will be paid.

FINANCIAL ASSETS, LEVEL THREE	OTHER NON-CURRENT SECURITIES AND LONG-TERM RECEIVABLES (UNLISTED SHARES)
Carrying amount 2021-01-01	**5 377**
Additional amount	51
Change recognized in the income statement	-5 075
Amounts paid	0
Carrying amount 2021-12-31	**353**
Additional amount	737
Change recognized in the income statement	0
Amounts paid	0
Carrying amount 2022-12-31	**1 090**

The carrying amount of the Group's borrowings essentially corresponds to its fair value since interest rates are on par with current market rates.

The carrying amount of the Group's short-term financial instruments measured at amortized cost substantially corresponds to its fair value as the discounting effect is not material.

Note 5 – Business combinations

BUSINESS COMBINATIONS DURING THE FINANCIAL YEAR 2022-01-01 » 2022-12-31

MLB Electronics Oy

On January 31, 2022, Inission AB, through its wholly-owned subsidiary Inission Lohja Oy, acquired 100% of the share capital in MLB Electronics AB. MLB Electronics is one of Finland's most experienced contract manufacturers and offers a wide range of services throughout the manufacturing process. The following table summarizes the purchase price paid for MLB Electronis AB and the fair value of acquired assets and assumed liabilities recognized at the acquisition date.

Purchase price paid	
Cash and cash equivalents	18 852
Earn-out	6 293
Total purchase price paid	**25 145**

Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	283
Tangible fixed assets (incl. right-of-use assets)	5 066
Inventory	20 441
Trade and other receivables	8 548
Deferred tax liabilities	0
Accounts payable and other liabilities (incl. lease liabilities)	-24 322
Total identifiable net assets	**10 016**
Goodwill	**15 129**

Goodwill

Goodwill is mainly attributable to synergies. No part of the recognized goodwill is expected to be tax deductible.

Revenues and profits of business acquired

The revenue from MLB Electronics Oy included in the consolidated statement of comprehensive income since January 31 amounts to 97 216. MLB Electronics Oy also contributed a profit of 11 412 for the same period. If the acquisition had been completed on January 1, the pro-forma consolidated revenue and profit on December 31 would have been 105 116 and 13 279, respectively. These amounts have been calculated using the results of the subsidiary adjusted for differences in accounting principles between the Group and the subsidiary.

Contingent consideration

This acquisition includes contingent considerations related to the net sales of a number of customers. Maximum outcome of the earn-out is TEUR 600.

Purchase price – cash outflow to acquire subsidiaries net of cash and cash equivalents	**2022-01-01 » 2022-12-31**
Cash purchase price	18 852
Less: Acquired cash and cash equivalents	-283
Net cash outflow – investing activities	**18 569**

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Note 5 continued.

BUSINESS COMBINATIONS DURING THE FINANCIAL YEAR 2021-01-01 » 2021-12-31

Enedo Plc

On April 1, 2021, Inission AB acquired 49.62% of the shares in the listed company Enedo Plc. Enedo manufactures high-quality electronic power supplies, with operations in Finland, Italy, and the USA, and a production facility in Tunisia.

The Group has determined that controlling interest exists in Enedo Plc already from the date of acquisition even if the holding does not amount to 50% of the voting rights. This is because the Group is the largest shareholder in Enedo Plc with 49.6% ownership and 49.6% of the votes, while the remaining shares are spread over a large number of shareholders. The Group has therefore assessed that de facto control exists, and controlling interest is thus deemed to be present. (see also estimates and assessments and accounting principles). Non-controlling interests are carried at fair value on the date of acquisition.

The following table summarizes the purchase price paid for Enedo Plc and the fair value of acquired assets and assumed liabilities and non-controlling interest recognized at the acquisition date:

Purchase price paid	
Cash and cash equivalents	69 615
Total purchase price paid	**69 615**
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	123 722
Intangible assets incl. customer relationships and brand	113 114
Tangible fixed assets (incl. right-of-use assets)	34 996
Financial fixed assets	2 700
Deferred tax assets	15 807
Inventory	84 185
Trade and other receivables	54 486
Deferred tax liabilities	-14 802
Provision for pensions	-11 692
Other provisions	-3 794
Liabilities to credit institutions	-118 114
Derivative instruments	0
Accounts payable and other liabilities (incl. lease liabilities)	-160 960
Total identifiable net assets	**119 649**
Non-controlling interest	**166 114**
Goodwill	**116 080**

Continued on next page »

Note 5 continued.

Goodwill

Goodwill is attributable to synergies. No part of the recognized goodwill is expected to be tax deductible.

Revenues and profits of business acquired

The revenue from Enedo Plc included in the consolidated statement of comprehensive income since April 1, 2021, amounts to 282 329. Enedo Plc also contributed a profit of -62 902 for the same period.

If the acquisition of Enedo Plc had been completed on January 1, the pro-forma consolidated revenue and profit on December 31 would have been 375 410 and -45 481, respectively.

Purchase price - cash outflow to acquire subsidiary, net of cash and cash equivalents	**2021-01-01 » 2021-12-31**
Cash purchase price	70
Less: Acquired cash and cash equivalents	-124
Net cash outflow – investing activities	**-54**

Note 6 – Transactions with non-controlling interest

At the time of acquisition, Inission AB held 49.62% in Enedo but is considered to have a controlling interest as mentioned in note 2. Two further acquisitions of shares in Enedo were made in 2022. On July 1, 2022, an additional 30.81% was acquired in Enedo, and on October 1, 2022, an additional 15.42% was acquired in Enedo. As Inission's shareholding in Enedo after the second acquisition amounts to 95.85%, i.e., is over 90%, a process for compulsory redemption of the remaining shares has now been initiated. Therefore, no minority interest attributable to Enedo is recognized after the acquisition. The effects of transactions with non-controlling interests are described below. The acquisition on July 1, 2022, was paid for with shares in Inission through a new issue by Inission. The second acquisition was paid partly in cash and partly with shares in Inission. In connection with the acquisition, transaction costs of TSEK 7 323 were incurred.

	2022-01-01 » 2022-12-31 (TSEK)
Acquisition July 1, 2022 (additional 30.81%), carrying value of non-controlling interest	75 702
Purchase price	-58 880
Effect on equity	**16 822**
Acquisition October 1, 2022 (additional 15.44%), carrying value of non-controlling interest	48 827
Purchase price	-29 951
Minority liability	-8 081
Effect on equity	**10 795**
Total effect on equity	**27 617**

In 2021, there were no transactions with non-controlling interests.

Note 7 – Transactions with related parties (TSEK)

Inission AB is the most senior Parent Company that prepares consolidated accounts. No single party has control over Inission AB. The companies IFF Konsult AB and FBM Consulting AB, which individually have significant interests in Inission AB, are both owned by key management personnel and are therefore associated with Inission. In addition to the companies mentioned above, related parties are all the subsidiaries of the Group and key management personnel in the Group and their related parties. Transactions are carried out on market terms.

Transactions with related parties consist of two shareholder loans from the above-mentioned companies. Amounts owed to shareholders on 2022-12-31 amounts to 9 380 (12 000). Interest expense attributable to shareholder loans in 2022 amounts to 164 (720).

Note 8 – Events after the reporting period

2023-01-16 – Extraordinary General Meeting

On January 16, Inission held an Extraordinary General Meeting. The Meeting authorized the Board of Directors to decide on a new issue of shares and voted in favor of the Board's proposal to carry out, on the given terms, a directed issue of a maximum of 200 000 series B shares to key persons in a leading position.

2023-01-19 – Capital Markets Day

On January 19, Inission held a live Capital Markets Day. Inission's CEO Fredrik Berghel and Marketing Manager Olle Hulteberg discussed Inission's strategic direction, business, financial development, and financial targets.

2023-02-16 – Inission AB switches to IFRS

The Board of Inission AB decided that the Group will change accounting principles from K3 to International Financial Reporting Standards (IFRS). Switching to IFRS paves the way for a long-term fair and quality-assured structure that matches the Company's size, maturity, growth, and market expectations. The transition to IFRS aims to increase comparability with other listed companies and create increased transparency and understanding for international investors regarding the financial reports. The transition also enables a possible future change in listing.

Note 9 – Effects of transition to International Financial Reporting Standards (IFRS)

EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This year-end report is Inission AB's (Inission) first interim report prepared in accordance with IFRS. The accounting principles described in note 2 Summary of significant accounting principles have been applied in the preparation of the consolidated accounts of Inission on December 31, 2022, and for the comparative information presented on December 31, 2021, and in the preparation of the opening statement of financial position for the period (opening balance sheet) on January 1, 2021 (the Group's date of transition to IFRS).

When the opening balance sheet on January 1, 2021, and the balance sheet on December 31, 2021, under IFRS were prepared, amounts reported in previous financial statements in accordance with BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3) were adjusted. An explanation of how the transition from previous applied accounting principles to IFRS has affected the Group's performance and position is shown in the tables below and in the accompanying notes.

DECISIONS TAKEN IN THE TRANSITION TO IFRS

The transition to IFRS is accounted for in accordance with IFRS 1 First-time Adoption of IFRS. The general rule is that all applicable IFRS and IAS standards that have entered into force and have been endorsed by the EU should be applied retrospectively. However, IFRS 1 contains transitional provisions that give companies a certain amount of choice.

The exemptions from full retrospective application of all standards permitted by IFRS, which Inission has chosen to apply in the transition from previous applied accounting principles to IFRS, are listed below:

i) Leases

The Group has opted for the exemption to apply IFRS 16 from the transition date (January 1, 2021) onwards. The selected exemption means that the lease liability is measured at the present value of the remaining lease payments discounted at the lessee's incremental borrowing rate. The right-of-use asset is measured at an amount corresponding to the lease liability adjusted for deferred lease payments.
Moreover, the Group has made the following decisions based on IFRS 1 at the time of transition:

- Leases for which the lease term is short (less than 12 months) and leases for which the underlying asset is of low value are not recognized in the right-of-use asset or lease liability.
- Hindsight estimates are used to determine the lease term when the lease contains options to extend or terminate the lease.

ii) Exemption for business combinations

IFRS 1 provides the option to apply the principles of IFRS 3, Business Combinations, either prospectively from the date of transition to IFRS or from a specific time before the transition date. This provides relief from a full retrospective application that would require a restatement of all business combinations prior to the transition date.

The Group has elected to apply IFRS 3 prospectively to business combinations occurring after the IFRS transition date. Business combinations occurring before the transition date have, therefore, not been restated.

iii) Exemption for cumulative translation differences

IFRS 1 permits cumulative translation differences recognized in equity to be reset to zero at the transition date to IFRS. This provides relief from determining cumulative translation differences in accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary was formed or acquired. Inission has elected to reset all cumulative translation differences in the translation reserve to zero and reclassify them to capitalized earnings at the transition date to IFRS on January 1, 2021.

RECONCILIATION BETWEEN PREVIOUS APPLIED ACCOUNTING PRINCIPLES AND IFRS

IFRS 1 requires the Group to present reconciliations between equity and total comprehensive income reported under previous applied accounting principles and equity and total comprehensive income under IFRS.

The transition to IFRS has impacted the total cash flow of TSEK 27 832 due to the consolidation of Enedo from April 1, 2021, see note a) below. In addition, there has been a reclassification of cash flow between financing activities and cash flow from operating activities as the amortization of the lease liability is recognized in financing activities following the transition to IFRS.

Continued on next page »

Note 9 continued.

Under the current accounting policy, only the amortization of lease liabilities related to leases classified as finance leases was recognized in financing activities. The remaining leases have been fully recognized in cash flow from operating activities. The tables below show the reconciliation between the previous applied accounting principles and IFRS for each period for equity and total comprehensive income. The corresponding notes can be found below the tables.

RECONCILIATION OF EQUITY ON JANUARY 1, 2021, AND DECEMBER 31, 2021

	2021-01-01				2021-12-31			
	Notes	According to previous accounting principles	Total effect of transition to IFRS excl. reclassifications	According to IFRS	Notes	According to previous accounting principles	Total effect of transition to IFRS excl. reclassifications	According to IFRS
ASSETS								
Intangible assets								
Goodwill		33 180	0	33 180	b)	24 781	125 143	149 924
Customer relationships (included in other intangible assets in the balance sheet)		0	0	0	c)	0	37 584	37 584
Brands (included in other intangible assets in the balance sheet)		0	0	0	c)	0	13 295	13 295
Licenses etc.		3 326	0	3 326		3 528	0	3 528
Other intangible assets		0	0	0	a)	0	49 643	49 643
Tangible fixed assets								
Improvement costs to third-party property	a)	2 178	0	2 178	a)	1 989	173	2 162
Machinery and other technical equipment	e)	55 930	-11 145	44 785	a,e	71 304	2 016	73 320
Equipment, tools, and installations		5 509	0	5 509		5 781	0	5 781
Rights of use	e)	0	154 805	154 805	a,e	0	168 962	168 962
Financial fixed assets								
Shares in associated companies		0	0	0	d)	35 962	-35 962	0
Other non-current receivables		700	0	700	a)	763	1 988	2 751
Other non-current securities		5 377	0	5 377	a)	302	51	353
Deferred tax assets		1 213	0	1 213		1 036	16 230	17 266
Total fixed assets		**107 413**	**143 660**	**251 073**		**145 446**	**379 123**	**524 569**
Current assets								
Inventory		211 415	0	211 415	a, c	326 165	95 748	421 913
Trade receivables		148 265	0	148 265	a)	191 319	44 891	236 210
Current tax receivables		2 971	0	2 971	a)	0	1 085	1 085
Other receivables		0	0	0	a)	7 387	5 485	12 872
Derivative instruments		0	0	0	f)	0	315	315
Prepayments and accrued income	e)	8 260	-6 660	1 600	a,e	10 791	-3 683	7 108
Cash and cash equivalents		44 267	0	44 267		0	27 832	27 832
Total current assets		**415 178**	**-6 660**	**408 518**		**535 662**	**171 674**	**707 336**
TOTAL ASSETS		**522 592**	**136 999**	**659 591**		**681 108**	**550 797**	**1 231 905**

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Note 9 continued.

	2021-01-01				2021-12-31			
	Notes	According to previous accounting principles	Total effect of transition to IFRS excl. reclassifications	Accor-ding to IFRS	Notes	According to previous accounting principles	Total effect of transition to IFRS excl. reclassifications	Accor-ding to IFRS
EQUITY AND LIABILITIES								
Share capital		751	0	751		755	0	755
Other contributed capital		123 482	0	123 482		125 126	0	125 126
Reserves		0	0	0	h)	0	3 320	3 320
Capitalized income (including net profit for the year)		144 556	217	144 773		138 750	1 147	139 897
Total equity attributable to Parent Company shareholders		**268 789**	**217**	**269 006**		**264 631**	**4 467**	**269 098**
Non-controlling interest		754	0	754	c)	838	128 018	128 856
Total equity		**269 543**	**217**	**269 760**		**265 469**	**132 485**	**397 954**
Non-current liabilities								
Provisions for pensions		0	0	0	a)	0	10 431	10 431
Deferred tax liabilities		9 976	0	9 976	a, g	10 770	10 841	21 611
Lease liabilities	e)	0	123 167	123 167	a, e	0	131 026	131 026
Liabilities to credit institutions	e)	26 337	-7 575	18 762	a,e	47 274	5 846	53 120
Other non-current liabilities		31 800	0	31 800	a	13 521	2 562	16 083
Non-current provisions		0	0	0	a	0	908	908
Total non-current liabilities		**68 113**	**115 592**	**183 705**		**71 565**	**161 614**	**233 179**
Current liabilities								
Overdraft facility		0	0	0		42 305	0	42 305
Current provisions		0	0	0	a	0	1 411	1 411
Liabilities to credit institutions	e)	8 059	-1 609	6 450	a,e	8 755	61 848	70 603
Derivative instruments	f)	0	405	405	f)	0	184	184
Customer advances		597	0	597	a)	19 928	6 380	26 308
Accounts payable		86 310	0	86 310	a)	166 442	107 215	273 657
Lease liability	e)	0	22 637	22 637	a, e	0	31 428	31 428
Current tax liabilities		3 583	0	3 583	a)	1 716	3 368	5 084
Invoice discounting credit		9 257	0	9 257	a)	33 134	11 558	44 692
Other current liabilities		28 578	-405	28 173	a)	21 415	8 188	29 603
Accrued expenses and deferred income		48 553	163	48 716	a)	50 379	25 118	75 497
Total current liabilities		**184 937**	**21 191**	**206 128**		**344 074**	**256 698**	**600 772**
TOTAL EQUITY AND LIABILITIES		**522 592**	**136 999**	**659 591**		**681 108**	**550 797**	**1 231 905**

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Note 9 continued.

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE PERIOD JANUARY–DECEMBER 2021 AND OCTOBER–DECEMBER 2021	JAN-DEC 2021				OCT-DEC 2021			
	Notes	Income statement (according to previous accounting principles)	Total effect of transition to IFRS	According to IFRS	Notes	Income statement (according to previous accounting principles)	Total effect of transition to IFRS	According to IFRS
Net sales	a)	1 003 200	279 971	1 283 171	a)	287 269	102 194	389 463
Change in inventories of work in progress and finished goods and capitalized work for own account	a, c	6 400	-15 383	-8 983	a, c	-230	-7 069	-7 299
Other operating income	a,f	7 043	3 588	10 631	a,f	1 235	539	1 774
Total		**1 016 643**	**268 176**	**1 284 819**		**288 274**	**95 664**	**383 938**
Raw materials and consumables	a)	-578 631	-173 369	-752 000	a)	-166 426	-59 373	-225 799
Other external costs	a,e	-111 739	-14 061	-125 800	a,e	-31 231	-12 446	-43 677
Personnel costs	a)	-256 787	-84 216	-341 003	a)	-71 889	-33 862	-105 751
Goodwill amortization	b)	-8 503	8 503	0	b)	-2 051	2 051	0
Share of profit from associates	d)	-33 654	33 654	0	d)	-24 132	24 132	0
Other operating expenses	a, j	-636	-17 921	-18 557	a, j	-565	-8 277	-8 842
Depreciation and amortization of intangible and tangible fixed assets	i)	-16 113	-51 835	-67 948	i)	-4 366	-14 800	-19 166
Total operating expenses		**-1 006 063**	**-299 246**	**-1 305 309**		**-300 660**	**-102 575**	**-403 235**
Operating profit		10 580	-31 069	-20 489		-12 386	-6 910	-19 296
Financial income	a)	2 184	9	2 193	a)	907	1	908
Financial costs	a, e, j	-12 513	-6 313	-18 826	a, e, j	-3 485	-501	-3 986
Financial items – net		-10 329	-6 304	-16 633		-2 578	-500	-3 078
Profit before tax		251	-37 373	-37 122		-14 964	-7 411	-22 375
Income tax	a, g	-9 123	3 985	-5 138	a, g	-2 879	1 710	-1 169
Net result for the year		**-8 872**	**-33 388**	**-42 260**		**-17 843**	**-5 701**	**-23 544**
Profit for the year attributable to:								
Non-controlling interest		28	-37 530	-37 502		26	-15 846	-15 820
Shareholders of the parent company		-8 900	4 141	-4 759		-17 869	10 145	-7 724
Other comprehensive income:								
Translation differences for the year		0	2 874	2 874		0	1 337	1 337
Remeasurement of the net defined benefit liability		0	-133	-133		0	-133	-133
Other comprehensive income for the year		0	2 741	2 741		0	1 204	1 204
Total comprehensive income for the year		**-8 872**	**-30 647**	**-39 519**		**-17 843**	**-4 497**	**-22 340**
Total comprehensive income for the year attributable to:								
Non-controlling interest		28	-38 042	-38 014		26	-15 810	-15 784
Shareholders of the parent company		-8 900	7 395	-1 505		-17 869	11 313	-6 556

Continued on next page »

Note 9 continued.

A) EFFECT OF CONSOLIDATION OF ENEDO FROM APRIL 1, 2021

In April 2021, Inission AB acquired 49.62% of the shares in the Finnish-listed company Enedo through a directed new share issue. The current accounting principles applied are more specifically structured and strictly linked to the holding of voting rights. In accordance with current accounting principles applied, Enedo has been recognized as an associated company since it held less than 50% of the votes. Apart from Inission, there are approximately 4 600 additional shareholders, of which approximately 10 own shares corresponding to 35% of the votes. Inission owns less than half of the voting rights but is nevertheless deemed to have sufficient voting rights to have a controlling interest in Enedo. This assessment is mainly based on the fact that Inission is deemed to have de facto control over Enedo, as it is not reasonably practicable for the other shareholders to come together to obtain a majority of the votes at a General Meeting. This is because there are a large number of shareholders in addition to Inission, about 4 600 in total.

The current accounting principles applied do not have the concept of de facto control, but rather assess control on the basis of legal ownership, which is why this becomes a difference in the transition to IFRS. From the date of acquisition, April 1, 2021, Inission has thus consolidated Enedo as a subsidiary. The acquisition is a business combination that has been accounted for in accordance with IFRS 3 Business Combinations. For effects of IFRS 3 Business Combinations, see c) below. The effect of the consolidation of Enedo is described below on various lines of the consolidated income statement and balance sheet.

Effect of the consolidation of Enedo on the consolidated income statement

Net sales	279 971
Change in inventories of work in progress and finished goods	-3 213
Other operating income	3 124
Total	**279 882**
Raw materials and consumables	-173 369
Other external costs	-39 057
Personnel costs	-84 378
Other operating expenses	-12 265
Depreciation and amortization of intangible and tangible fixed assets	-26 898
Total operating expenses	**-335 967**
Operating profit	**-56 085**
Financial income	9
Financial costs	-7 549
Financial items – net	-7 540
Income tax	722
Net result for the year	**-62 902**

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Note 9 continued.

The following assets and liabilities (excluding the effects of IFRS 3) have been added as a result of the consolidation of Enedo	2021-12-31
Fixed assets	
Other intangible assets	49 643
Tangible fixed assets	26 716
Right-of-use assets	7 692
Financial fixed assets	2 039
Deferred tax assets	15 790
Total fixed assets	**101 880**
Current assets	
Inventory	95 748
Trade receivables	44 891
Current tax asset	1 085
Other receivables and prepayments and accrued income	7 279
Cash and cash equivalents	27 832
Total current assets	**176 835**
Total assets	**279 374**
Liabilities	
Provisions for pensions	10 431
Other provisions (long and short-term)	2 319
Deferred tax liabilities	600
Lease liabilities (short and long-term)	8 799
Liabilities to credit institutions (short and long-term)	88 697
Other non-current liabilities	2 562
Accounts payable	107 215
Customer advances	6 380
Current tax liabilities	3 368
Invoice discounting credit	11 558
Other current liabilities and accrued expenses and deferred income	33 306
Total liabilities	**275 895**

B) GOODWILL

According to previous accounting principles, goodwill has been amortized over the estimated useful life. Under IFRS, goodwill is not amortized, rather annual impairment tests are performed. As goodwill is not amortized under IFRS, the amortization of goodwill made under the previously applied accounting principles will be reversed from January 1, 2021.

In the balance sheet, the goodwill item has been affected in part by the reversal of goodwill amortization and in part by additional goodwill from the acquisition of Enedo of TSEK 116 080.

Continued on next page »

Note 9 continued.

C) BUSINESS COMBINATION

In 2021, only one business combination has been completed: the acquisition of Enedo (see a) above). The business combination has been accounted for in accordance with IFRS 3 Business Combinations. Fair value has been identified for all net assets, resulting in the identification of additional intangible assets in the form of customer relationships and brands, and an excess value related to inventories. Furthermore, a deferred tax liability related to these assets has been incurred. Customer relationships and brands are recognized in the balance sheet under Other intangible assets. For detailed information on the acquisition, see note 5 Business combinations. In the business combination, non-controlling interests are recognized for the 50.5% stake that Inission does not own. Non-controlling interests have been recognized using the full goodwill method. The fair value of non-controlling interests on the acquisition date was TSEK 166 114 and the carrying amount of non-controlling interests in Enedo on 2021-12-31 amounted to TSEK 128 018.

Customer relationships have an estimated useful life of 13 years, while brands have been assessed as having an indefinite useful life. The surplus value in inventories is dissolved over a period of 9 months. Additional amortization of customer relationships was TSEK -2 282 for 2021. For Oct-Dec 2021, additional amortization of customer relationships amounts to TSEK -761. The entire identified surplus value in inventories of TSEK 12 170 will be released in 2021, and the dissolution has been recognized in the item Change in inventories of work in progress and finished goods during 2021. The effect Oct-Dec 2021 is TSEK -4 058. Dissolution of deferred tax liabilities related to the above items are recognized in the income tax item and amounts to TSEK 2 890 for 2021 and TSEK 964 for the period Oct-Dec.

D) SHARES IN ASSOCIATED COMPANIES/SHARE OF PROFIT FROM ASSOCIATED COMPANIES

As Inission is deemed to have control over Enedo (see a) above), the accounting entries made for investments in associates in the balance sheet and the share of profit from associates recognized in the income statement are reversed.

E) LEASE AGREEMENTS

Under the current accounting principles applied, the Group has classified leases as either operational or financial. All effects of previously recognized finance leases have been reversed from 2021-01-01, and from this date, all leases are accounted for under IFRS 16.

Pursuant to IFRS 16, all the Group's leases (except short-term leases and leases where the underlying asset is of low value) will now be recognized in the statement of financial position as lease liabilities and right-of-use assets.

Right-of-use assets are recognized at an amount corresponding to the lease liability adjusted for deferred lease payments (including first increased charges). A long-term and a short-term lease liability are recognized on the liability side.

The leases classified under current accounting principles applied as financial leases and recognized in the item Machinery and other technical equipment and on the liability side in the item Liabilities to credit institutions have been reversed and are instead recognized under IFRS 16 from January 1, 2021. At the time of the transition to IFRS, this adjustment has resulted in a positive effect on retained earnings of TSEK 380.

In profit or loss, other external expenses are decreased by TSEK 24 996 in 2021 and TSEK 5 076 in Oct-Dec 2021 as a result of the reversal of lease payments. Instead, depreciation is recognized (depreciation increases) (see i) below) and interest expenses related to the lease liability amounting to TSEK -4 088 for 2021 and TSEK -885 for October-December 2021.

F) FINANCIAL INSTRUMENTS

Under the currently applied accounting principles, only derivative instruments with a net negative value are recognized in the balance sheet. Upon transition to IFRS, derivative instruments are recognized at fair value on a gross basis, meaning an asset and a liability are recorded on a gross basis in each period. The change in the fair value of derivative instruments is recognized as other operating income and other operating expenses in profit or loss. Inission holds derivative instruments in the form of forward foreign exchange contracts. On transition to IFRS, the fair value of all derivative instruments is negative, therefore the adjustment consists of a reclassification between other current liabilities and the item derivative instruments. On 2021-12-31 a liability of TSEK 184 and a receivable of TSEK 315 was added. In the income statement for 2021, a positive effect in other operating income of TSEK 464 and in other operating expenses of TSEK -333 was added. The effect in the period Oct-Dec was an effect in other operating expenses of TSEK -317.

G) DEFERRED TAX

Deferred tax adjustments mainly comprise the effects on deferred tax arising from the translation of business combinations and deferred tax attributable to right-of-use assets and lease liabilities, as well as derivative instruments. Furthermore, deferred tax related to the acquisition of Enedo is added. See a) above.

Continued on next page »

Note 9 continued.

H) TRANSLATION DIFFERENCES

Amounts moved in the Statement of comprehensive income and reclassified from "Retained earnings" to "Reserves" in the balance sheet relate to translation differences attributable to foreign subsidiaries which, under previously applied accounting principles, were recognized directly against retained earnings. In addition, there is an adjustment for translation differences due to IFRS corrections of mainly goodwill, other additional intangible assets and leases as well as translation differences related to the translation of the previously unconsolidated Finnish subsidiary Enedo. According to previous accounting principles applied, translation differences were recognized in equity instead of in other comprehensive income.

I) ADJUSTMENTS TO DEPRECIATION IN THE INCOME STATEMENT

The table below shows all adjustments made to the depreciation item:

Specification of depreciation adjustments	Notes	2021	Oct–Dec 2021
Additional depreciation customer relationships	c)	-2 282	-761
Additional depreciation right-of-use assets	e)	-26 736	-6 969
Depreciations Enedo	a)	-26 898	-9 565
Reversal of financial lease depreciation	e)	4 080	2494
Total impact on depreciation and amortization of tangible and intangible fixed assets		**-51 836**	**-14 801**

J) RECLASSIFICATIONS

Balance sheet

The following balance sheet items have been reclassified: "Cash/bank" is now referred to as "Cash and cash equivalents." According to IFRS, provisions should not be reported under a separate heading called "Provisions", but under one of the headings "Non-current liabilities" or "Current liabilities", depending on the nature of the provision. Deferred tax liabilities have therefore been reclassified to "Non-current liabilities".

Statement of comprehensive income

Compared to previous accounting principles, there are additional items recognized in Other comprehensive income. Inission has decided to present the report as a report entitled "Statement of comprehensive income". Furthermore, a reclassification of TSEK 5 323 has been made relating to the revaluation of other non-current securities, which according to currently applied accounting principles, are recognized in net financial items, but for which changes in fair value are reported as Other operating income/Other operating expenses.

Continued on next page »

Note 9 continued.

EFFECTS OF THE PARENT COMPANY'S TRANSITION TO RFR 2 ACCOUNTING FOR LEGAL ENTITIES

This is Inission AB's (the Parent Company's) first Interim Report prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act.

The accounting principles set out in note 2 have been applied in preparing the financial statement of Inission AB on December 31, 2022, and for the comparative information presented on December 31, 2021, as well as in preparing the opening statement of financial position (opening balance sheet) on January 1, 2021 (the Parent Company's date of transition to RFR 2).

When the opening balance sheet on January 1, 2021, and the balance sheets on December 31, 2021, were prepared under RFR 2, amounts reported in previous Annual and Interim Reports were adjusted under BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

Inission AB has not applied any exemptions in the transition to RFR 2.

RECONCILIATION BETWEEN PREVIOUSLY APPLIED ACCOUNTING PRINCIPLES (K3) AND RFR 2

The table below shows the reconciliation between the previously applied accounting principles in K3 and RFR 2 for each equity period:

Reconciliation of equity in the Parent Company 2021-12-31	Notes	According to previous accounting principles	Total effect of transition to IFRS excl. reclassifications	According to RFR 2
Shares in Group companies		170 488	69 616	240 104
Shares in associated companies		69 616	-69 616	0
Other fixed assets		507	0	507
Deferred tax assets		0	38	38
Derivative instruments (current)		0	315	315
Other current receivables		18 386	0	18 386
Cash and bank		0	0	0
Total assets		**258 997**	**353**	**259 350**
				0
Equity and liabilities				0
Restricted equity		755	0	755
Premium fund and retained earnings		156 183	0	156 183
Net result for the year		-310	104	-206
Total equity		**156 628**	**104**	**156 732**
Tax-free reserves		**1 855**	**0**	**1 855**
Non-current liabilities		25 226	0	25 226
Deferred tax liabilities		0	65	65
Derivative instruments		0	184	184
Other current liabilities		75 287	0	75 287
Total liabilities		100 513	249	100 762
Total equity and liabilities		**258 996**	**353**	**259 349**

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Note 9 continued.

The explanation for effects arising from the Parent Company's transition to RFR 2 in 2021 is as follows:

- The Parent Company has opted to apply IFRS 9 Financial instruments, therefore all derivative instruments are recognized at fair value. All derivative instruments are held by the Parent Company, hence the description of the effects of financial instruments in the Group's description of the transition to IFRS in this note (see note f) Financial instruments above).
- The holding in Enedo was previously classified as investments in associates. Upon transition to RFR 2, the holding is instead classified as holdings in subsidiaries. For further details, see note a) Effect of consolidation of Enedo from April 1, 2021, above.

The effect on profit or loss comprises a positive effect on other operating income of TSEK 464 and an increase of other operating expenses of TSEK -333 due to the change in the value of the derivatives and an effect on the deferred tax of TSEK -27 on the change in value. In the Parent Company, there is no effect of the transition to RFR 2 in the opening balance sheet, as all derivative instruments at that time had a negative value.

About Inission

What

Inission is a total supplier of tailored manufacturing services and products in the field of advanced industrial electronics and mechanics. Our services cover the entire product lifecycle, from development and design to industrialization, volume production and aftermarket services. Inission has operations in Sweden, Norway, Finland, Estonia, Italy, USA and Tunisia. Total net sales in 2022 amounted to SEK 1.9 billion with 917 employees. Inission is listed on Nasdaq First North Growth Market with Nordic Certified Adviser AB as certified adviser.

Why

What makes Inission outstanding is that we know why we do what we do. We have a strong belief that our industry can be changed and improved and that we constantly have to deliver an even higher value to our customers. To achieve this, we have decided, among other things, never to be content. We have committed ourselves to take the lead and drive the development and we will never allow our commitment to be reduced. Furthermore we make sure we utilize all the positive energy that is generated and in the end drives the business.

In short. Why is crucial. What we do is important, just as how we do things, but we are nothing without remembering why we do what we do. Join us and discover the difference!

Operations

- Inission – Contract manufacturing of electronics/mechanics
- Enedo – Power electronics and systems

Inission AB (publ) Year-end report 2022. Text and graphic design: Inission AB (publ)

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This information is such that Inission AB is obliged to make it public pursuant to the EU Market Abuse Regulation.
The information was submitted, through the care of the above contact person, for publication at 7:00 CET on March 1, 2023.
Inission AB (Reg. No. 556747-1890), Lantvärnsgatan 4, 652 21 Karlstad, Sweden. Reports are archived at:

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