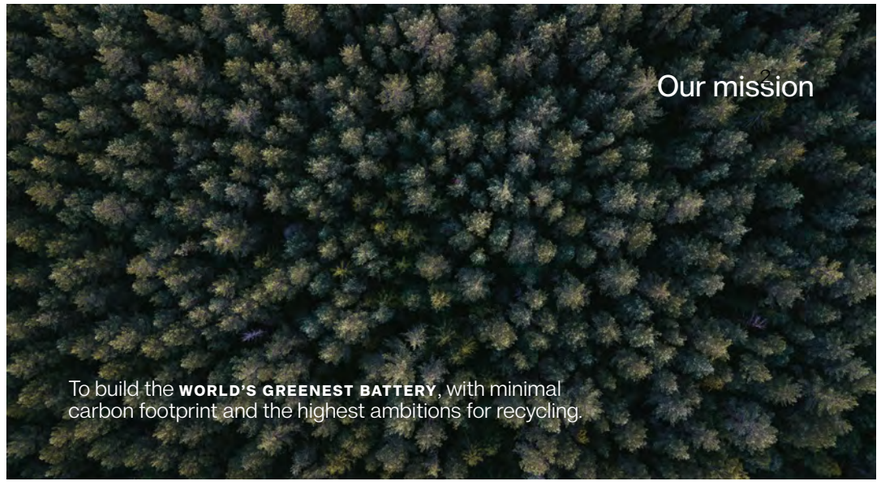
Sustainability and Annual report
2023

northvolt

Defining a new model for its industry, **Northvolt is Europe's fastest-growing battery producer.**



Our vision

To enable the future of energy.

Our values

Bold
Passionate
Excellent

Our world

Our impact

Our people and culture

Our structure

Our performance

This is Northvolt's second Sustainability and Annual report. It outlines what we are doing, how we are doing it and the challenges we face in our mission and work to **enable the future of energy**.

The audited annual accounts and consolidated accounts can be found on pages 54-102. Our voluntary corporate governance report can be found on pages 32-37. Northvolt reports its sustainability work for 2023 in accordance with Global Reporting Initiative (GRI) Standards. The sustainability report, together with Northvolt's voluntary taxonomy report, constitutes the statutory sustainability report in accordance with the Swedish Annual Account Act, chapter 6, paragraph 11. The sustainability information that has been reviewed by the auditors can be found on pages 3-30, 38-39 and 103-118. The assurance report issued by the auditors can be found on page 118 and a detailed GRI and other sustainability reporting standards index can be found on pages 116-118.

Our world

This is Northvolt

Northvolt was founded to enable the transition to a decarbonized future by establishing a sustainable battery industry.

In leading the development of a new battery industry, Northvolt is determined to set the benchmark for sustainability. To deliver on this ambition, and to do so at scale and at speed, Northvolt has taken the unique approach of integrating significant portions of the battery value chain, including cathode production, cell manufacturing and recycling, into its own operations.

Since its founding in 2016, considerable progress has been made. The company is engaged in partnerships with leading automotive manufacturers and industry players, with several facilities across Europe and North America.

With an order book of over $50 billion and supported by $15 billion in funding secured, Northvolt has assembled a world-class team of over 5,800 employees from 116 countries, as of the end of 2023.

Northvolt is today delivering cells from Northvolt Ett, its first gigafactory in northern Sweden.

Total financing secured (EQUITY, DEBT AND GRANTS)

$15bn

2023 $15 billion

2022 $8 billion

Installed cell production capacity

16GWh

2023 16GWh

2022 7GWh

Fossil-free energy

99%

2023 99%

2022 95%

Gender split

28/72%

2023 72% men 28% women

2022 71% men 29% women

Order book

$50bn+

2023 $50 billion+

2022 $50 billion+

Lithium-ion cell carbon footprint

33kg

2023 33kg

2022 33kg

Capital employed

$7.6bn

2023 $0.8 billion+

2022 $1.4 billion+

Employees

5,860

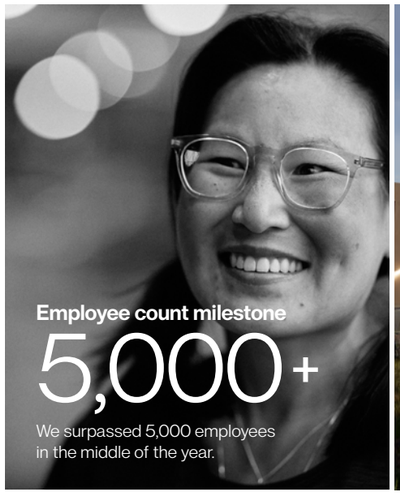
2022 4,176

2023 5,860

The year in brief

New cell chemistry – sodium-ion

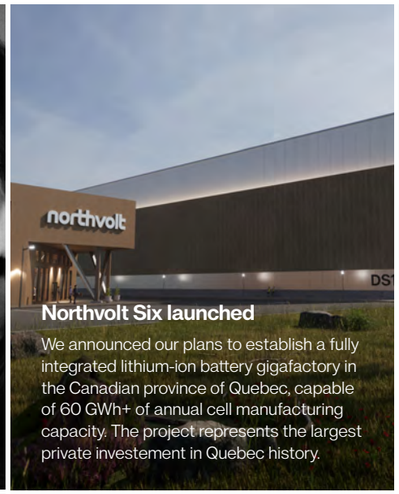
We launched a state-of-the-art sodium-ion battery, developed for the expansion of cost-efficient and sustainable energy storage systems worldwide.



Employee count milestone

5,000+

We surpassed 5,000 employees in the middle of the year.

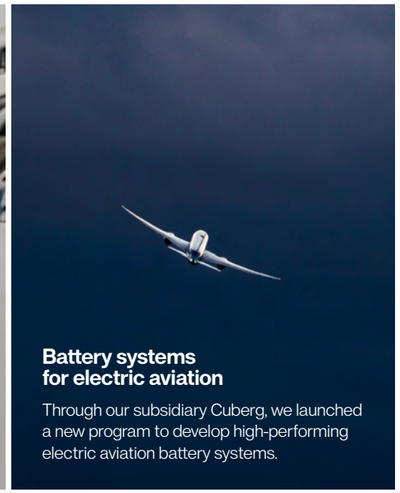


Northvolt Six launched

We announced our plans to establish a fully integrated lithium-ion battery gigafactory in the Canadian province of Quebec, capable of 60 GWh+ of annual cell manufacturing capacity. The project represents the largest private investement in Quebec history.

Scania cell revealed

We unveiled a high-performance cell developed with Scania for electric trucks. At full serial production, the cell's carbon footprint is approximately one third that of a comparative industry reference.[1]



Battery systems for electric aviation

Through our subsidiary Cuberg, we launched a new program to develop high-performing electric aviation battery systems.

Additional funding secured

$7 bn

We secured an additional $1.9 billion via our convertible instrument, $1 billion in government support and a $5 billion debt package partly for refinancing, in 2023.

Northvolt Dwa ESS construction concluded

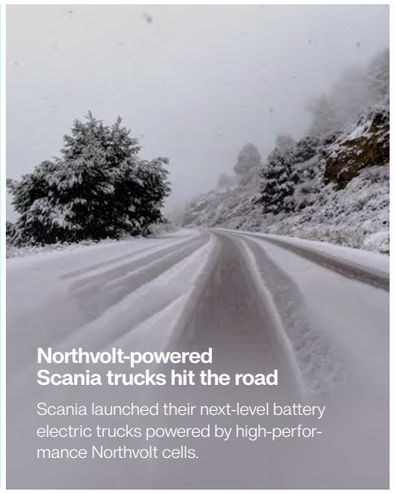
Northvolt Dwa ESS concluded construction and produced its first energy storage system.

Northvolt Labs campus expansion

Our new R&D 2.0 facility has been brought online to expand our capabilities in materials engineering and cell design.

Northvolt received industry-leading ESG rating from Sustainalytics

Our ESG risk profile was rated as the lowest among our peers in the battery industry.

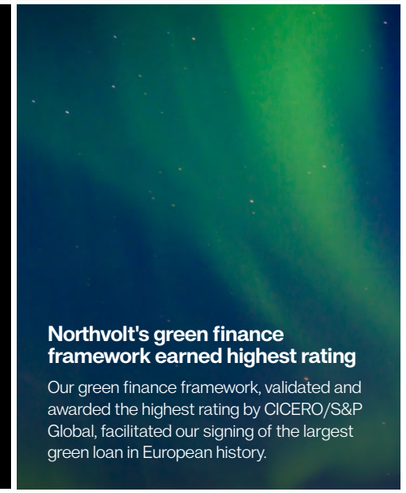


Northvolt-powered Scania trucks hit the road

Scania launched their next-level battery electric trucks powered by high-performance Northvolt cells.

Revolt Ett entered commissioning

We completed construction and installation at our full-scale recycling plant, Revolt Ett. The plant will come online early 2024.



Northvolt's green finance framework earned highest rating

Our green finance framework, validated and awarded the highest rating by CICERO/S&P Global, facilitated our signing of the largest green loan in European history.

1 *Industry reference based on IVL 2019 lithium-ion NMC 111 cell.*

Letter from our CEO

As I look back on 2023, I am proud of where we stand as a company. Northvolt is the only independent, automotive-grade, Western battery producer, with unique commitments from key customers, partners, investors and governments. Our position is stronger than ever, and we are leading in setting the benchmark for sustainability in our industry.

Our primary focus through the year has been to secure the ramp-up in production at Northvolt Ett to deliver on commitments to our automotive customers. We faced multiple challenges and setbacks, not least two tragic accidents at Northvolt Ett, which led to us strengthening our existing workplace safety policies and routines, further presented in this report.

Through the year, what has proven critical is our ability to adapt in response to our experiences. The overall progression was towards more stable production, and by the end of the year we were delivering tens of thousands of cells to customers each week. We see rewards from our learnings in how efficiently we ramp up production on new lines, and while challenges remain, I expect the positive returns of our learnings will be magnified as we move towards launching additional production blocks at Northvolt Ett, and new factories in the future.

As we look forward to continued growth, we take confidence from how well our company has been supported this year by investors. Through 2023, we secured $7 billion in additional financing, bringing us to $15 billion of funding raised to date. We have further invested behind our platform in both CapEx and OpEx, with $1.8 and $1.4 billion respectively, in order to build up a scaleable model that enables swift production ramp-up of our facilities in Europe and North America.

We were excited to reveal the Northvolt-Scania cell this year, which is being integrated into regional trucks by the Swedish manufacturer. It is market-leading in terms of performance and a powerful illustration of what Northvolt can deliver — a competitive product, that blends performance with sustainability.

Our launch of a novel sodium-ion battery technology program was a standout achievement. Sodium-ion meets the energy density needs of growing energy storage markets and is free of critical metals like lithium, nickel and cobalt. Now we look toward the exciting task of commercializing this technology, one which substantially enhances Northvolt's offering to customers and strengthens our position as a sustainability leader.

Our position is stronger than ever, and we are leading in setting the benchmark for sustainability in the battery industry.

Importantly, we have the foundations of a highly competitive three-chemistry cell portfolio enabling us to engage in all key battery market segments. While sodium-ion and lithium-metal are less mature than lithium-ion, we stand in an excellent position to bring them to market in the coming years.

Common to all cell technologies we offer is our commitment to sustainability. Through actions taken this year across our operations, supply chain and procedures, we have strengthened our position as a sustainability frontrunner. As a testament to this, we were proud to receive both an industry-leading ESG risk rating by Sustainalytics as well as the highest possible rating by CICERO/S&P Global on our green finance framework, enabling us to sign the largest green loan in Europe to date.

Through the year, we strengthened our capabilities in both mass-volume manufacturing and R&D. At Northvolt Labs in Sweden, we expanded our R&D capabilities, ensuring we remain at the leading edge of battery science and have capacities to industrialize our products. We also concluded construction of Northvolt Dwa ESS in Poland — a facility which is set to enable the production of energy storage systems at a scale previously unheard of in Europe.

Additionally, we strengthened our foothold in Europe by creating robust foundations for our third gigafactory, Northvolt Drei, which is set to enter construction in early 2024.

A great milestone in Northvolt's history arrived at the end of September with the announcement of Northvolt Six in Canada. This fully-integrated gigafactory will be the core of the new group Northvolt North America, which provides a foundation for our expansion beyond Europe.

Through the year, we had the privilege to welcome over 2,500 people into Northvolt. This is challenging for any company, but most especially one that is scaling up its operations across multiple countries as quickly as we are. We have acted accordingly and strengthened our company structure and processes.

Finally, I want to thank all Northvolt employees for their hard work and commitment this year. With the company's evolution, I am happy to see that something which remains constant is the sense of spirit displayed by our people. We face great challenges in our work to pioneer a sustainable model for battery manufacturing, but through a determined effort, with passion and collaboration, we are securing progress. This is work for which I am deeply grateful and proud to share insights on through this report.

↑ **PETER CARLSSON** Chief Executive Officer

Letter from our Chair

This has been a remarkable year for Northvolt. Like so many, I have been impressed by Northvolt since its founding, and followed it with great interest. Since taking up the role of Chair of the Board at the beginning of this year, I have had the privilege to witness the company's activities and growth from the inside. I can say that with this new perspective, I'm all the more impressed by the company, its employees and the spirit with which it approaches its endeavours.

Northvolt is a unique kind of company, one built around equal parts industrial logic and moral conviction. Adding weight to this opening proposition, the rationale for the company has only grown more relevant since it was first set forth in 2016.

By establishing a sustainable battery industry in Europe, Northvolt aims not only to deliver a necessary supply of a critical technology for the energy transition, but also to support technological sovereignty and job creation within the region.

Considering the boldness of this endeavor, it is tremendous to have seen clear developments this year in the company's capabilities. To be sure, it has been a year in which Northvolt really began delivering on its promise, not least through delivery of cells to its customers. What's more, we have seen developments which strengthen the positioning of the company and broaden its ability to enable its customers' decarbonization.

Further to the ramp-up of production at Northvolt Ett, what I take great assurance in is how Northvolt seeks to lead in other ways through its determination to establish a truly sustainable model for the battery industry.

The company embodies quite precisely what I believe is required of modern industry. What is key, and plainly evident in Northvolt's approach, is the adoption of an end-to-end perspective across the value chain and engagement with external partners to drive change.

Meaningful activities to reduce Scope 1 and 2 emissions are necessary but not sufficient on the path to net-zero — there is a need to address Scope 3 emissions, those generated through value chain activities. Northvolt is doing just this, in part through the expectations it places on its suppliers. And the year brought with it developments on this very front.

Northvolt is poised to emerge as one of the most significant companies of our time.

The signing of a new partner which will be supplying copper foil produced at a new factory in Europe with 100% renewable energy is just one notable example – illustrating how Northvolt is acting as a force for positive change within its sphere of influence.

While its approach is having a direct impact on reducing the carbon footprint and environmental profile of the company and its products, I am sure that the methods themselves being employed by Northvolt will come to seen by many, even those beyond the battery industry, as the gold standard.

Away from its development of high-performance batteries, the company's development of novel lifecycle environmental modeling, due diligence procedures and other frameworks to support its commitment to sustainability, are silent, unsung heroes, which I believe this report lays testament to.

Considering the value of bringing Northvolt products to market, together with it being a force for positive change in the environments in which it is engaged, it is exciting to be able to acknowledge how Northvolt is set to expand its presence in the coming years.

In September, we announced our first expansion beyond Europe. The launch of Northvolt North America, which begins with the Northvolt Six gigafactory in Canada, marks the beginning of a new chapter for the company, which may be accompanied by new partners and customers.

The Canadian government's financial support for Northvolt Six warrants highlighting. Against the backdrop of the US Inflation Reduction Act, which I believe should be welcomed as an accelerator of clean technologies, Canada's willingness to step forward and embrace clean industries is a welcome sign of global leadership, which we should hope to see far more of.

Between its leading position within Europe and a new foothold in North American markets, I believe the business opportunities for Northvolt are vast and that the company is poised for emergence as one of the most significant companies of our time. Something which has always stood out for me is how Northvolt inspires vested belief and interest in its success, beyond its employees, customers and immediate stakeholders. As a snapshot of the company, I believe that this report also inspires.

↑ **JIM HAGEMANN SNABE** Chair of the Board

Key ratios

In 2023, Northvolt's spending continued according to plan, adjusted for inventory write-downs due to fluctuating raw material prices on the global market. With a monthly investment rate of $200-$300 million per month, it was the heaviest investment year in our company's history.

The main focus of our spending was the expansion and ramp-up of Northvolt Ett, reaching 16 GWh of installed capacity which will be fully utilized in the next two years. Production output was low due to the commissioning and start-up of our first lines, but moved into a more stable phase with tens of thousands of cells in weekly customer deliveries at the end of the year.

What has been built through these heavy investments is an entire production platform, from R&D, customer programs and industrialization to mass production – which many of our competitors have built over a longer period of time and at much larger costs. This platform, and the key learnings from our ramp-up of both Northvolt Labs and Northvolt Ett, is the foundation that facilitates our swift scaling in both Europe and North America in the upcoming years.

Throughout the next years, we will continue this heavy investment, expansion and ramp-up oriented phase in close collaboration with our customers and partners, executing on a large orderbook that is still expected to grow. These investments into a vertically integrated production model will not only allow us to reach the same margins as other cell makers in the industry in the long-term, but enable a slightly higher profitability with additional earnings from our in-house cathode material production, battery systems development and recycling.

Our position as the fastest growing battery producer in the Western market, with a massive and continuously increasing demand for regionally produced battery cells and systems with a minimal carbon footprint, has also attracted new commitments from both existing and new top-tier global investors during 2023.

We are grateful for their confidence in us and will continue to utilize those funds to continue our expansion and deliver over $50 billion worth of what is currently the greenest, mass-produced lithium-ion battery in the world.

USDm	2023	2022
Revenue[1]	128	107
Adjusted gross loss[2]	-258	-234
Adjusted EBITDA[2]	-569	-276
Adjusted EBIT[2]	-662	-322
CapEx invested[2]	1,804	1,405
R&D spend[2]	-274	-179
Cash and Cash Equivalents[1]	2,134	2,550
Installed capacity [GWH], end of period[3]	16	7
Order book, USD billion, end of period[3] [4]	53	55
Number of employees, end of period	5,860	4,167
Energy consumption [GWH][3]	384	222
whereof fossil-free percentage [%][3]	99	95
Cell carbon footprint [KG CO2E/ KWH], end of period[3]	33	33
Lost time injury frequency rate (LTIFR)[3]	2.11	3.56
Total recordable injury frequency rate (TRIFR)[3]	3.73	5.88
Share of women employees [%][3]	28	29
Women in leadership [%][3] [5]	25/25/26	25/38/29

1 IFRS measure 2 Non-IFRS performance measure 3 Non-financial performance measure 4 Order book change due to stricter orderbook definition of flex volume assumptions, therefore referred to as "over 50 billion" throughout the report. 5 Women in leadership reported on Board of Directors/ Exec. Management/Middle Management level

A growing market

The path to net-zero requires a global scale-up of battery manufacturing. We're emerging as a significant player in this new landscape, offering high-quality products which set a new standard for sustainability within the industry.

The global demand for battery solutions is increasing at an exponential rate. Several key market segments exist and others are emerging, each bringing particular requirements for battery performance. We are establishing ourselves with the in-house competence and capabilities to work across three battery chemistries, in order to serve segments of industry with the battery solutions they require.

Today, we are primarily delivering into the European automotive industry with customers including Audi, BMW, Volvo Cars and Scania. A clear characteristic of this segment is that each customer has unique requirements for cell design, format and bespoke optimization of performance criteria in accordance with their needs, making it anything but a commodified product.

These customers have high requirements on battery capabilities, which we are meeting through solutions based around lithium-ion nickel, manganese, cobalt (NMC) cathode chemistry — a technology with the highest energy density currently available for commercial production. The battery represents roughly 40% of the total cost of an electric vehicle, and between 30-40%[1] of its production carbon footprint — making this a critical component in vehicle manufacturers' final offering to their customers.

We are also delivering lithium-ion battery systems for industrial vehicle segments. Here, our customers include Finnish lifting solutions and service provider Konecranes, and Swedish mining company, Epiroc.

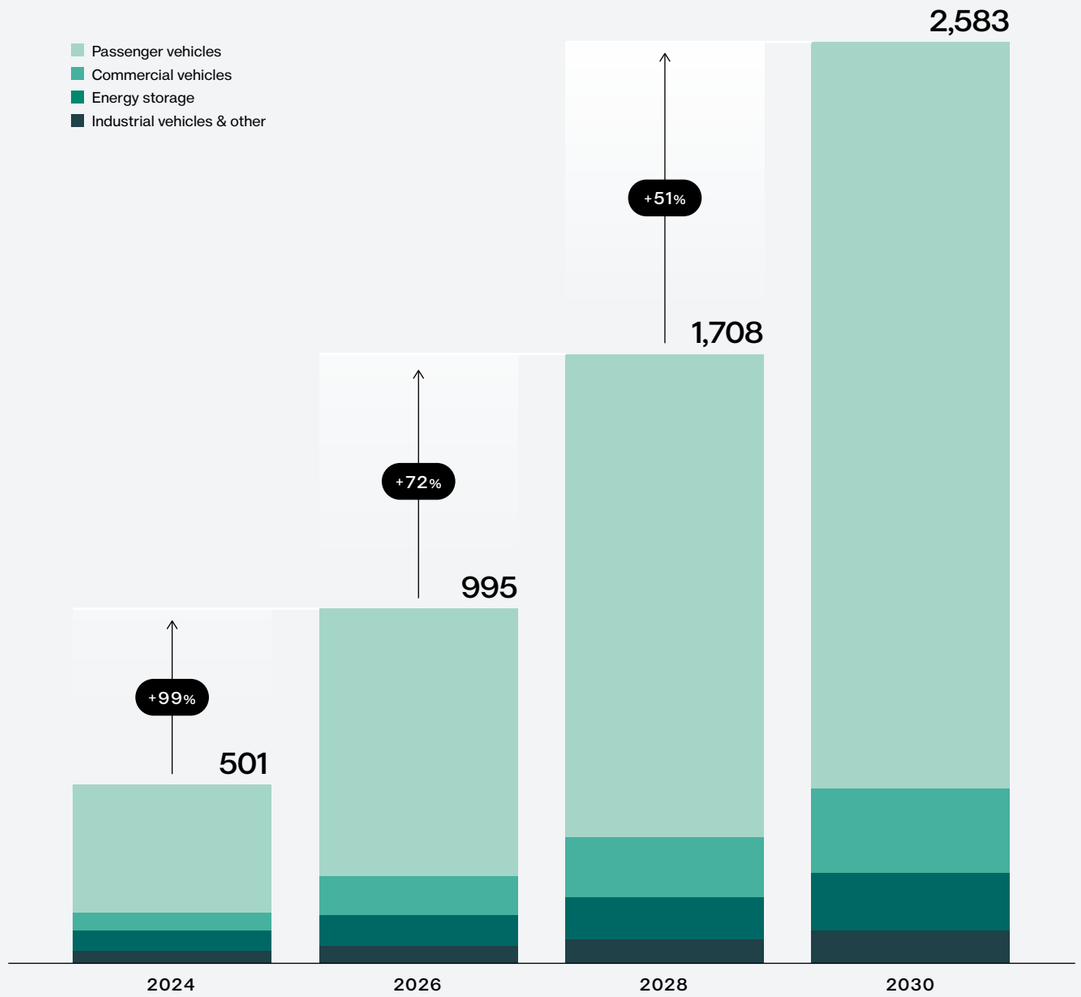
For the emerging market of electric aviation, we are developing a next-generation lithium-metal battery technology, through Cuberg, our fully-owned subsidiary in California, USA. Here we see Northvolt already establishing an early leading position.

Finally, a market pitched for tremendous growth is battery energy storage, which has a key role to play in enabling the integration of renewable energy by providing flexibility and stability to electricity grids. Today, we offer lithium-ion solutions into this market. However, the recent addition of sodium-ion battery technology into our portfolio, leaves us perfectly positioned to further cater to this rising market segment at scale going forward.

OUR KEY MARKET SEGMENTS

Passenger vehicles	
Commercial vehicles	TRUCKS, BUSES AND LIGHT COMMERCIAL VEHICLES
Energy storage	
Industrial vehicles	AGRICULTURE, MINING AND CONSTRUCTION MACHINERY

Battery demand by application type (GWH)
Europe and North America[2]



1 Source: Published passenger vehicles LCA 2 Source: IHS, Bloomberg, P3, Northvolt's internal market models

Global trends

Across industry and society, an unprecedented momentum for change is driving the transition to a sustainable economy. We have identified four key trends which are impacting the markets in which we operate. Our approach leaves us in a strong position to navigate this landscape, remain resilient and deliver valuable solutions to our customers.

Trend	Description	Northvolt approach	
Decarbonization	• A rapidly accelerating industrial and societal shift towards reducing dependence on fossil-fuels, driving the adoption of renewable energy. • Increased attention being paid by market actors to environmental, social and governance (ESG) performance. • A general heightening of expectations that the sourcing of raw materials and manufacturing of products is undertaken in a sustainable manner.	Position ourselves as ESG market leader. Focus on differentiating on the key aspects that the customers value, enabling a green price premium. Leverage a vertically integrated and circular model with recycling to reduce dependence on virgin raw materials.	Mature system to control and trace the sourcing of sustainable critical materials. Close collaboration with our customers and suppliers to support fossil-free energy and decarbonization across the full value chain.
Raw material dependence	• Securing raw materials for battery manufacturing continues to be key to meet demand, and players along the value chain are making moves to secure supply. • Raw material sourcing is affected by increased regionalization, geopolitical development, entry of new liquid feeds, and increased demand for regional and ESG-proof materials. • Continued extraction and usage of unsustainable minerals by incumbent players.	Secure long-term supply agreements with resilient and sustainable suppliers and qualify multiple feed types to capture opportunities in varying market conditions. Develop circular recycling capabilities to reduce dependence on virgin materials.	Develop and industrialize sodium-ion, a novel battery cell chemistry which can be produced without critical raw metals to cater to ESS and low-cost markets.
Regional resilience & independence	• Customers increasingly value local and resilient supply chains, lowering their risk amidst an environment with geopolitical uncertainty and historic supply chain disruptions. • Regulations and subsidy schemes seek to protect regional interests, increase sovereignty and incentivize local and sustainable value creation.	Unique position as Western industry leader with European roots. Operating with technology developed in Europe, close customer collaboration and a leading position in building up the Western battery minerals and components value chain.	Use strong fundamental Western and sustainable position to leverage emerging subsidy schemes for future sites. Allocation of capital and resources to areas with highest potential, including acceleration of expansion to North America.
Electrification & tech innovation	• An increase in the number of vehicle manufacturers phasing out combustion engine production in favor of electric transportation, creating strong demand for battery solutions. • Electrification of other industrial areas gaining momentum e.g., mining, maritime, manufacturing and aviation. • Rapid technological development in the battery sector and broader industrial ecosystem. • Shift towards renewable energy sources and high load on energy grid resulting in increased demand for energy storage capacity.	Establish a world-leading platform for battery innovation through cutting-edge R&D and close collaboration with customers, academic institutions and industry actors	Advance a three chemistry cell portfolio to cater to a wider market.

Our strategy

By combining a commitment to sustainability with a novel approach to manufacturing, we are building a new kind of battery company.

Strategic pillars	Description	Key components
World's greenest battery	Our mission influences every decision taken at Northvolt. From selecting suppliers to locating and designing our factories, the goal of continuing to improve the sustainability of our batteries provides us with a guiding light. Our mission also provides a foundation for talent attraction, and is a prominent reason why many of our employees choose to work at Northvolt.	Fossil-free energy Responsibly sourced raw materials Recycled materials Lowest CO_2 footprint
Unique vertical integration	By combining cathode active material production, cell assembly and recycling into our own business, we gain the level of control required to secure our environmental goals and work unhindered to innovate battery technologies. This ecosystem enables significantly reduced carbon footprint, increased product quality control, margin enhancement and creates a strong competitive advantage.	Active materials Battery cells Battery systems Battery recycling
Western market leadership	To facilitate the global energy transition, we need to establish local battery manufacturing supply chains, enabled by regional expertise. We aim to establish a leadership position within this new industry, grounded in close collaboration with local partners. We nurture the professional growth of our existing talent and continue to attract new colleagues to support our plans.	Deep partnerships with top-tier customers Localized supply chain Global talent and expertise Western ecosystem
Industry-leading technology	To ensure we remain at the forefront of the battery industry, we leverage a world-class technology roadmap combined with expertise assembled from around the globe. We have established and continue to expand a comprehensive ecosystem of capacities to enable delivery on our roadmap and ability to innovate across three cell chemistries.	Europe's leading battery R&D campus High-performance products Material development Factory blueprint

Northvolt value creation model

The resources we put in

TALENT & KNOWLEDGE

- 5,800+ employees with multi-disciplinary expertise
- In-house battery science academy to upskill existing talent

ENERGY

- 384 GWh of which 99% was fossil-free in 2023

RAW MATERIALS

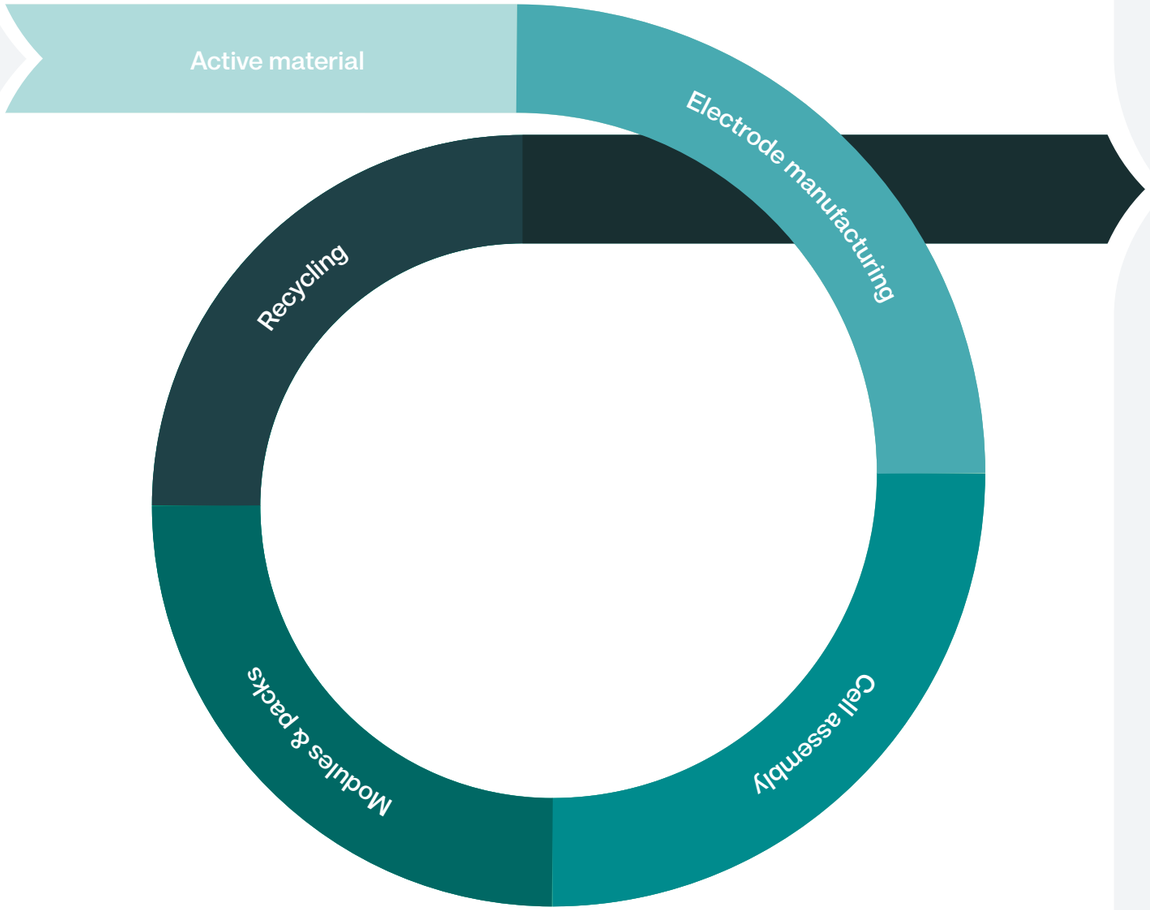
- Sourcing with a focus on collaborating with as sustainable partners as possible.

CAPITAL

- $7+ billion capital employed by year end 2023

NORTHVOLT'S STRATEGIC PILLARS

- World's greenest battery
- Unique vertical integration
- Western market leadership
- Industry-leading technology



↑ Our unique vertically integrated production setup

The value we create

SOCIETY & EMPLOYEES

- Creating job opportunities and nurturing an unparalleled talent base within the battery industry
- Expanding and actively engaging with local communities

ENVIRONMENTAL VALUE

- High control of the value chain enabling sustainable operational targets
- TARGET: 10 kg CO_2e/kWh by 2030 at cell level
- TARGET: 50% recycled material by 2030
- Incentivize partners and suppliers to adopt more sustainable practices

CUSTOMER VALUE

- Enabling electrification of customer portfolios, with a target of 150 GWh+ installed cell manufacturing capacity by 2030
- Validated performance of a next-generation lithium metal cell
- Expanding our customer offering to include sodium-ion battery chemistry

Our goals

We aim to build a company which is market-leading in terms of its product offering, cost-competitive and designed to scale. As we do this, we strive to set a benchmark for transparency and sustainability in the battery industry and to foster a workplace that is inclusive and diverse.

	Goal 2030	Status 2023	Description
Climate	**10 kg CO_2e/kWh** at cell level on a life cycle basis	**33 kg CO_2e/kWh** at cell level on a life cycle basis[1]	To achieve the lowest possible carbon footprint of our battery cells
Energy	**100%** fossil-free energy on an annual basis	**99%** fossil-free energy on an annual basis	To use fossil-free energy for all of our operations
Recycling	**50%** recycled material in cells	**6%** recycled material in cells	To reduce our dependence on virgin material through use of recycled materials in cell production
Equality	**40%** women	**28%** women	To have an inclusive workplace, and encourage more women to join our industry
Supply chain	**90%** cell components sourced locally in Europe[2]	**35%** cell components sourced locally in Europe[1]	To foster a European battery supply chain to strengthen local competence and mitigate risks
Cell supply	**150 GWh+** installed cell manufacturing capacity	**16 GWh** installed cell manufacturing capacity	To be a global leader in cell manufacturing

↑ **A SELECTION OF OUR COMPANY'S GOALS**
Full overview of our sustainability goals (page 105-106)
Delivery of these goals is enabled through our funding plan (page 15)

1 At full serial production using internally produced CAM. 2 Does not include raw materials required for anode or cathode manufacturing. Includes Gen 1 products.

Funding plan

To meet our objectives, it is crucial that we strategically expand our manufacturing capacity as well as our research and development capabilities. This necessitates a strong and well thought-out approach to financing.

OUR APPROACH TO FINANCING To ensure our factory projects develop in a risk-controlled and replicable way, each project holds its own:

- Customer off-take contracts
- Supply contracts
- Limited recourse financing

Using a limited recourse debt structure enables us to grow in a modular and risk-controlled way. If necessary, we could at any point in time suspend expansion investments into new factories and allow financed factories to continue delivering against the contracted customer order book.

FINANCING OF NORTHVOLT ETT By the end of 2023, the project financing of Northvolt Ett was signed and consisted of a group of 25 lenders and financial institutions for a total of $5 billion. This new financing package is planned to replace the existing $1.6 billion package by mid-2024.

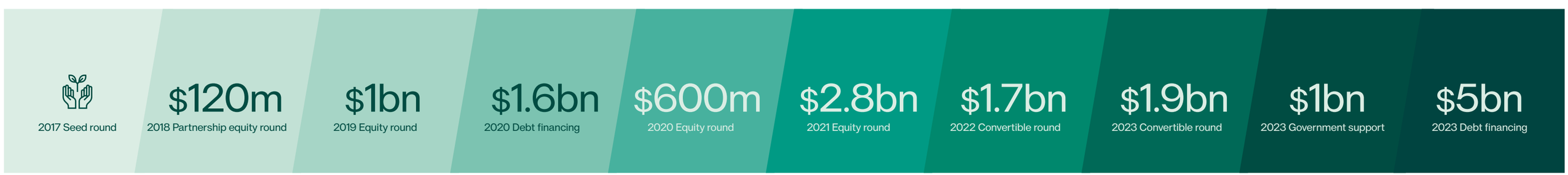
FINANCING OF NORTHVOLT DREI For Northvolt Drei, we plan to set in a place a similar project financing as we have for Northvolt Ett. During 2023, Northvolt AB secured €1.3 billion from German governmental institutions, consisting of convertible instruments and grants, dedicated to the development of Northvolt Drei.

FINANCING OF NORTHVOLT SIX With our entry into Canada, a comprehensive federal and provincial support package was provided, comprised of a blend of grants, debt, convertible instruments and other contributions, totaling $5.8 billion. Repayment of this sum will be structured over time, with a portion subject to partial forgiveness contingent upon meeting specified milestones. Additionally, a segment of this debt will be converted into shares.

NORTHVOLT'S SHAREHOLDERS On the shareholder side, Northvolt's investors provide highly valuable support and collaboration in executing our expansions. We continue to offer all employees the opportunity to invest into Northvolt, not least through participation in our warrant program. By the end of 2023, we have secured $15 billion in a combination of debt, equity and grants.

Northvolt shareholders	% ownership[1]
Volkswagen Finance Luxemburg S.A.	21.0%
Goldman Sachs Asset Management funds	19.2%
Vargas Holding AB	7.2%
Rocarma Consulting AB	6.7%
Arbejdsmarkedets Tillægspension	5.1%
Baillie Gifford funds	4.8%
4 to 1 Investments Kommanditbolag	3.5%
AMF Pensionsförsäkring AB	2.8%
BMW España Finance S.L.	2.8%
Stichting IMAS Foundation	2.4%
10 largest shareholders	**75.5%**
Northvolt Executive Management, Employees, Advisors, Board members	9.2%
Other investors	15.2%
Total	**100.0%**

1 as % of all shares, warrants and options outstanding, excluding convertible notes



Our sites and track record

Operational sites	Location	Employees	Start of construction	Start of production	Products to customers
1 Northvolt Labs R&D and Industrialization	VÄSTERÅS, SWEDEN	639	2018	2019	2020
2 Northvolt Ett – 16 GWH Fully-integrated battery gigafactory	SKELLEFTEÅ, SWEDEN	2,727	2018	2021	2022
3 Northvolt Dwa Industrial Battery systems production	GDAŃSK, POLAND	342	2018	2019	2020
4 Northvolt Dwa ESS Energy storage systems production	GDAŃSK, POLAND	342[1]	2021	2023	–
5 Hydrovolt Battery recycling joint venture with Hydro	FREDRIKSTAD, NORWAY	n/a[2]	2020	2022	2023
6 Cuberg Northvolt's lithium-metal battery subsidiary	SAN LEANDRO, CALIFORNIA	222	n/a	2018	2019

Projects under development	Location	Employees	Start of construction
Revolt Ett Battery recycling	SKELLEFTEÅ, SWEDEN	170	2022
Northvolt Ett – 45 GWH Fully-integrated battery gigafactory	SKELLEFTEÅ, SWEDEN	2,727[3]	2022
Northvolt Drei Battery gigafactory	HEIDE, GERMANY	34	–
Northvolt Fem CAM manufacturing	BORLÄNGE, SWEDEN	11	–
Northvolt Six Fully-integrated battery gigafactory	MONTREAL REGION, QUEBEC, CANADA	35	–
Aurora Lithium² Lithium conversion joint venture with Galp	SETÚBAL, PORTUGAL	n/a	–
NOVO² R&D and cell assembly joint venture with Volvo Cars	GOTHENBURG, SWEDEN	n/a	2023

1 Northvolt had a total of 342 employees in Northvolt Dwa Industrial and Northvolt Dwa ESS, Gdańsk in 2023. 2 Employee count excluded for joint ventures. 3 Northvolt had a total of 2,727 employees at Northvolt Ett, Skellefteå in 2023.

Innovation

We're establishing ourselves as a fully-integrated battery company, with the necessary expertise and capacities to innovate across the entire battery technology space.

We intend to enable the energy transition through delivery of high-performance batteries into our key markets. Positioning ourselves to be at the leading edge of the industry, we are prepared to meet evolving customer requirements and enable new end applications for batteries, offering our partners competitive, sustainable, safe and high-quality products.

NORTHVOLT LABS As our battery campus for cell development, industrialization, validation and recycling, Northvolt Labs provides a base for much of our research & development. Through 2023, the campus was instrumental in securing multiple key accomplishments relating to ongoing customer projects and cutting edge battery technology.

At a new facility called R&D 2.0, we added 15,650 square meters of laboratory and production space. Through the year, the dedicated state-of-the-art platform enabled development and validation of two new cell designs for the automotive segment.

NEXT-GENERATION MATERIALS Significant accomplishments were also made in our development of next-generation materials for anode and cathode, which contributed to a new high performance cell, combining fast charging and high volumetric energy density.

A highlight of the year was our finalization of several proof-of-concepts for advanced electrode manufacturing. With promising results, we now move into an industrialization phase for the technology, which is intended to reduce costs of manufacturing and improve efficiencies.

SODIUM-ION In one of our largest announcements this year, we launched a novel low-cost sodium-ion battery chemistry into our portfolio alongside lithium-ion and lithium-metal. Behind the announcement, a tremendous display of ingenuity went into the cell. This was necessary in order to enable our use of a Prussian White cathode and biobased hard carbon anode within the cell design. The work resulted in a cell with a validated best-in-class energy density of over 160 Wh/kg, that is more safe, cost-efficient, and sustainable than conventional nickel, manganese and cobalt (NMC) or iron phosphate (LFP) chemistries. It is a game-changing technology, which will provide the foundation for the next generation of our energy storage solutions.

AI AND MACHINE LEARNING In 2023, we established a new multidisciplinary Machine Intelligence & Software team to accelerate next-generation battery technologies using machine learning and AI-driven sensing and software. The team is working cross-functionally to add a critical intelligence layer to our R&D activities, covering equipment, cell design, cell performance analysis, cell inspection and other sensing technologies.

We are confident in our holding a leading position in the Western battery space, not only in terms of product offering but potential to innovate. Moving forward, gaining experience and expertise, our abilities will only strengthen to ensure we remain capable of delivering battery solutions for virtually every corner of electrification, across land, air or sea.

Enabling Northvolt's three chemistry cell portfolio

Directing our engineering resources to accelerate innovation across multiple domains of battery science, to support a cell portfolio that offers solutions to all key markets of electrification.

AREAS OF INNOVATION

- Chemistry & materials engineering
- Cell design
- Manufacturing process engineering
- AI & machine learning

	Lithium-ion (NMC)	Sodium-ion	Lithium-metal
CHEMISTRY	Proven high-performance technology	Sustainable, safe and cost-effective	Highest energy & power without compromise on safety
APPLICATION	Accelerating adoption of electric passenger and commercial vehicles, and high-performance energy storage	Low-cost energy storage enabling transformation of global energy systems	Enabling electric air mobility and other future high-performance applications

Our impact

Delivering on our Carbon Roadmap

We continue to see the positive environmental impact of adopting a data and action-driven approach to managing our value chain.

Through 2023, we continued working to fulfill ambitions set out in our Carbon Roadmap, as introduced in 2022. This data-driven approach intends to secure a reduction of our cell production carbon footprint from 33 kg to 10 kg CO_2e/kWh by 2030, through coordinated actions across our value chain.

SECURING SUSTAINABLE RAW MATERIALS As a key component to our approach, we aim to collaborate with the most sustainable suppliers possible. For key materials, we have integrated decarbonization into the request for quote (RFQ) process in order to more effectively assess current carbon impact, and areas for potential reduction measures. Furthermore, we have set sustainability targets and localization conditions for new signed contracts, including ones for copper and aluminum foils, cell lids and smaller parts.

For new chemical contracts, we have included decarbonization targets, and introduced additional specific sustainability targets. Relatedly, we are actively exploring collaborations with external stakeholders to support a circular flow of chemicals within our cathode active material production process.

IMPROVING ENERGY EFFICIENCY IN PRODUCTION With the next generation of factory blueprint designs to be built at Northvolt Ett, Northvolt Drei and Northvolt Six in the future, we are working to improve the resource efficiency and energy consumption of our battery production processes. This year we identified battery material production waste from the can stamping process and established a clear action plan to recirculate the flows in order to improve resource efficiency.

CHOOSING LOW-CARBON MODES OF TRANSPORT We are continuously working to lower the emissions from transport and logistics activities and prioritizing sea and rail transport routes.

DEVELOPING NEW MATERIALS For the sodium-ion battery program which was launched in 2023, we were proud to have embedded sustainainability into our development of the technology from the earliest stages possible. Significantly, an internal lifecycle assessment (LCA) has been critical in informing product development, design choices and sustainable decision-making.

Our aspirations are ambitious and in places rely on technological development and further implementation of fossil-free energy infrastructure which could be leveraged by our suppliers to electrify and decarbonize their operations. Additionally, we highlight the importance of decarbonizing aluminium, steel, smelting and hydrogen industries.

CARBON ROADMAP: KEY FOCUS AREAS

- Securing sustainable, low carbon raw materials and components
- Defining component specific and supplier specific footprint targets
- Improving energy efficiency in production
- Sourcing locally produced fossil-free energy
- Upscaling of recycling and circular practices
- Fostering a local supply chain
- Optimizing the inbound logistics flows and choosing low carbon modes of transport

Climate impact

OUR GOALS

90 % Cell components sourced locally[1]

50 % Recycled content in cells by 2030

100 % Fossil-free energy on an annual basis

KEY HIGHLIGHTS

- Our Sustainalytics ESG risk rating is strong. Specifically, we were top 5 out of 283 companies in the electrical equipment sub-industry and top among battery manufacturers.
- As we grow, the need for data increases and during the year we have continued to develop our sustainability data management.
- Our roadmap for recycled content by 2030 was established in 2023.
- Northvolt Dwa ESS signed its first Power Purchase Agreement (CPPA), providing the facility with 100% green electrical energy consumption coverage and providing positive impulses to the Polish market.

THE VALUE WE CREATE

- ✓ Driving fossil-free electricity generation around our sites
- ✓ Demonstrating the viability of a low-carbon approach to battery manufacturing
- ✓ Supplying solutions which enable the decarbonization of the transport and energy sectors
- ✓ Driving innovation in the use of recycled content in the battery industry

1 35% components sourced locally in 2023 and 2022.
Does not include raw materials required for anode or cathode manufacturing.

Accounting for our climate impact

Only by accurately accounting for the impact across our entire value chain can we enhance our holistic, strategic approach to impact reduction.

CARBON FOOTPRINT REDUCTION By actively reducing carbon emissions through our own as well as our partners' operations, we ensure the promotion of sustainable practices throughout the value chain, without relying on carbon offsets.

We acknowledge the role that negative emission technologies will play in the necessary drive to net-zero. However, carbon removal cannot be a substitute for immediate and deep emission reductions. We are convinced that environmental impacts can most effectively be minimized by reducing emissions at their source.

Northvolt's products will enable the decarbonization of energy and transport sectors, and we aim to be industry-leading in delivering lithium-ion cells with the lowest carbon footprint on the market. However, staying within the boundaries of the Paris Agreement requires a rapid scale-up of technologies needed for climate change mitigation, such as batteries. Scaling up production capacity will lead, also for Northvolt, to an absolute increase of GHG emissions in the near term.

Therefore, Northvolt has so far committed to a very ambitious intensity-based reduction target of 10 kg CO_2e/kWh at cell level by 2030 in order to decouple the increase of absolute GHG emissions from the growth of battery production capacity. In order to reach this target, Northvolt has developed a detailed roadmap and is investigating opportunities to go beyond our commitments from today.

BEYOND CARBON We are taking a holistic approach to lowering our environmental footprint, and reducing carbon emissions is not our only point of focus. We are taking decisions and implementing solutions that minimize other environmental impacts wherever possible. Here, being resourceful and efficient with the materials we consume has an important role to play. Alongside our work to recirculate materials such as NMP within production, recycling should be highlighted. Through this year, construction and installation concluded at our first full-scale recycling plant, Revolt Ett, which will be instrumental in enabling reduction of environmental impacts of Northvolt Ett and its cell products, and the fulfilment of our Carbon Roadmap.

While battery recycling supports environmentally sustainable and circular production processes, large-scale recycling also carries with it a carbon footprint. Seeking to adopt the most sustainable solutions possible, our innovative hydrometallurgical recycling process has a significantly lower carbon footprint than other methods of recycling, such as pyrometallurgical processes. The process was designed to limit the requirement for process chemicals,. For the chemicals we do use, we have selected suppliers that can produce with a minimal carbon footprint. In addition, we have identified improvement actions within our decarbonization roadmap to reduce the environmental impact of recycling and, consequently, of recycled material even further.

Understanding climate impact

Understanding our climate impact enables us to take meaningful actions, aligned with our commitment to sustainability and goal of 10 kg CO_2e/kWh at cell level by 2030.

Scope 1 (DIRECT)

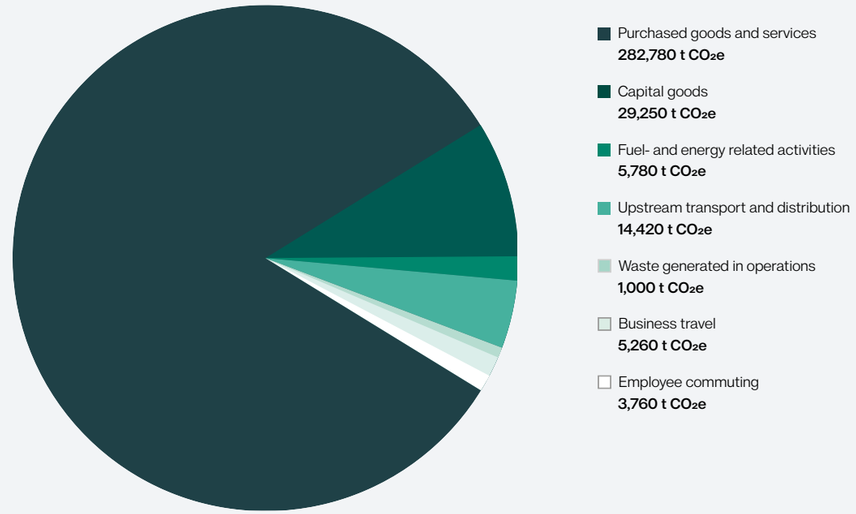
FUELS: **610 t CO_2e**
FUGITIVE EMISSIONS: **124 t CO_2e**

Scope 2 (INDIRECT)

MARKET BASED
DISTRICT HEATING: **980 t CO_2e**
ELECTRICITY: **0 t CO_2e**

LOCATION BASED
DISTRICT HEATING: **980 t CO_2e**
ELECTRICITY: **8,080 t CO_2e**

Scope 3 (INDIRECT)



↑ **READ MORE** about our **environmental performance** (page 107-109)

Calculated in accordance with the Greenhouse Gas Protocol, and reported in accordance with the GRI Standards

Life cycle assessment

Understanding precisely where our carbon footprint exists is key to the development, design and delivery of our battery cells and systems.

We account for the environmental impact of our cells and systems by calculating 16 impact categories covering climate change impact, water use, ecotoxicity, land use and resource use amongst others. We have certified LCAs of eight Northvolt battery cell models to quantify their cradle-to-gate environmental impacts.

CELLS In total, the carbon footprint of our lithium-ion NMC battery cells is projected to be 33 kg CO2e/kWh at full serial production, with internally produced CAM. This is a reduction of 67% compared to an industry reference cell[1]. With the use of recycled materials in cell production, our cell carbon footprint can be further reduced to 22 kg CO_2e/kWh (as indicated by cradle-to-cradle LCA).

Our continued collection of primary data from suppliers will result in more accurate and transparent accounting of environmental impact, and we advocate for this practice throughout the industry.

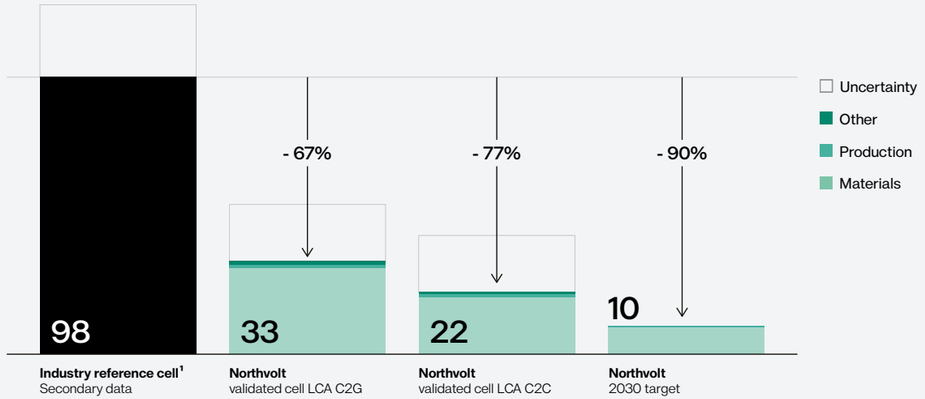
What we have learned from our LCA work reinforces our belief in the value of our vertically integrated strategy and the result serves as the baseline to guide and quantify our decarbonization actions to reach 10 kg CO_2e/kWh by 2030.

SYSTEMS We have completed LCA studies for one energy storage system (ESS) and one industrial battery system in accordance with the EU Battery Regulation. Excluding cells, the cradle-to-gate carbon footprint of our ESS amounts to 14 kg CO_2e/kWh. This is around 46% lower compared to an industry reference scenario characterized by ESS manufacturing powered by an average Polish energy mix and a product featuring aluminium produced in China. This advantage is mainly a result of our choice to source aluminium from Europe, as well as the PPA (POWER PURCHASE AGREEMENT) that ensures a supply of renewable electricity for our battery assembly plant in Poland. Our battery systems constitute steel and aluminium, materials that can be recycled indefinitely, and as a result, cradle-to-grave carbon footprint is identified to be 10.5 kg CO_2e/kWh. In addition, we have collected data from all our significant suppliers, enabling us to set targets and a roadmap for 2030 carbon footprint reduction.

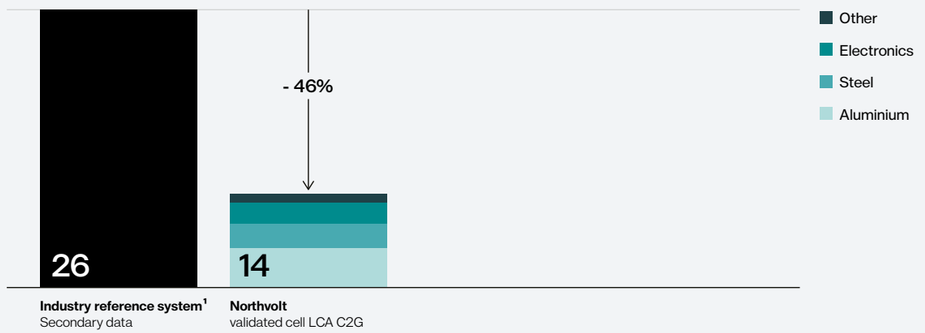
DESIGN FOR DISASSEMBLY Recognizing the importance of battery recycling, we are designing our battery systems for optimal disassembly and recycling. During 2023, we developed a method to evaluate the ease of cell disassembly. The method enables us to calculate the disassembly time as well as the modularity of our battery system products – insights which we leverage in the design phase to ensure we optimize the recycling stage. Our activities in this area are significantly enabled through the close collaboration between our teams in Northvolt Systems and Revolt.

Battery cell and system carbon footprint per 1 kWh

Projected cell carbon footprint (kg CO_2e/kWh)



ESS carbon footprint (kg CO_2e/kWh rated energy, excluding cell)



↑ **AS INDICATED** by 'uncertainty' in the graphic above, by replacing secondary data (PEF EF2.0) with primary data collected from suppliers we estimate total cell carbon footprints of 130 kg (EXTERNAL REFERENCE CELL), 52 kg (NORTHVOLT CELL CRADLE-TO-GATE, C2G) and 41,7 kg (NORTHVOLT CELL CRADLE-TO-CRADLE, C2C.)

1 Industry reference based on IVL 2019 lithium-ion NMC 111 cell

Understanding the impact of climate change

Through 2023, we strengthened our Climate Scenario Analysis process to identify, understand and mitigate risks resulting from climate change in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and EU taxonomy. This year, we have conducted climate risk assessments for all our sites.

We utilized two scenarios, Net Zero Emissions by 2050 (NZE) and RCP 8.5 scenario to investigate a variety of potential risks and opportunities related to climate change. While both scenarios are accepted widely and are recommended by the TCFD for Climate Scenario Analysis, we acknowledge that any scenario is based on a set of restrictive assumptions. Due to the variety of risks and their potential financial impact, we approach Climate Scenario Analysis as an ongoing activity.

The results of our initial Climate Scenario Analysis are summarized in the table to the right. We aim to strengthen the internal process of Climate Scenario Analysis, and utilize the outcomes to a greater extent to inform our strategic decision-making. The results presented in the table to the right will be used to increase awareness of climate-related risks and opportunities for our company and inform key decision-makers.

	Scenario	Climate risk	Climate opportunity	Potential financial impact	Example of mitigation actions
LOW EMISSIONS SCENARIO	**Net Zero Emissions by 2050** (NZE) The NZE represents a scenario with a fast transition to a net zero emissions economy with the achievement of universal energy access by 2030. Developed by the International Energy Agency, the goal of the Paris Agreement to limit global warming to 1.5°C is achieved in this scenario. **KEY SCENARIO CHARACTERISTICS** • Energy projection: share of renewable energy rising from 28% in 2021 to 88% in 2050 • Increased demand for minerals for electric vehicles and battery storage, up from 0.4 Mt in 2020 to 21.5 Mt in 2040 • Annual battery demand for electric vehicles growing from 0.16 TWh in 2020 to 14 TWh in 2050	• Increased competition and increased demand for securing access to renewable energy supply as major industry players shift their energy supply • Scarcity of raw materials due to accelerated transition to electric vehicles with demand for key minerals in batteries exceeding supply • Fuel taxation impacting logistics in upstream supply chains with limited ability for Northvolt to change their dependency on fossil-fuels • Protectionalism causing disruptions in the access to raw materials	• Increased production of fossil-free energy could increase the availability of low-carbon raw materials, and new opportunities for expansion of factories on a low-carbon grid • Vertical integration of raw material supply chains enables a higher degree of traceabilty which strengthens Northvolt's competiveness. Vertical integration in production enables flexibility and control of Northvolt's product development • Increased demand for battery cells with low carbon footprint as a result of regulatory requirements • European localization of suppliers, shorter supply chains, less exposure to ESG risks and lower CO_2 footprint • New products and market segments due to increased demand for electric vehicles brings Northvolt into a favourable competitive position	• Increased cost of raw materials • Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon • Business interruption • Increased revenue from higher demand for batteries • Increased capital availability • Better competitive position • Increased R&D expenditures • Reputational benefits	• Long-term energy supply agreements • Power purchase agreements • Expanded and localized supplier base • Develop capacity to process material • Testing of new battery chemistries • In-house recycling • Close collaboration with suppliers to limit ESG risks • Focus on production ramp-up
HIGH EMISSIONS SCENARIO	**RCP 8.5** The RCP 8.5 is a high-emission scenario developed by the Intergovernmental Panel on Climate Change (IPCC) that represents a pathway with limited climate policy, an energy-intensive industry and dependence on fossil-fuels. **KEY SCENARIO CHARACTERISTICS** • Increase of extreme heatwaves beyond current levels with higher frequency, intensity and duration • Increase in level and frequency of extreme precipitation • Increase in global average temperatures • Increased number of extreme weather events such as wildfires and flooding	• Water damage to equipment and infrastructure at battery manufacturing sites as well as suppliers in the upstream value chain, in particular raw materials • Outages in supply of power and water at battery manufacturing sites causing production process disruptions • Geopolitical tension causing disruptions in supply chains. • Damage of exposed harbours and mines as a result of rising sea levels, with potential disruption to the availability of key supplies such as raw materials for cathode production • Heatwaves impacting health of employees, equipment efficiency and causing disruption to production processes • Regulatory landscape that does not promote green industry • Lack of incentives for suppliers to transition from fossil fuels to fossil-free energy sources	• Increased demand for battery storage, industrial battery solutions and cells • Integrated climate adapted solutions at site	• Reduced revenue from disturbance in production • Reduced revenue and higher costs from negative impacts on workforce • Write-offs and early retirement of existing assets • Increased operating and capital costs • Increased insurance premiums and potential for reduced availability of insurance on assets	• Localization of supply chain • Decarbonization strategy with our suppliers • Improve facility ventilation and temperature systems • Political lobbying for more extensive climate legislation

Responsible sourcing

Our supply chain holds our highest sustainability impact, but also the greatest potential for meaningful change.

In 2023, we introduced our new supplier risk assessment and due diligence procedure. With this, we now expect all suppliers to undergo sustainability due diligence, with the depth of evaluation depending on the perceived risk of the supplier. We have also made significant improvements to the broader integration of sustainability in the supplier selection process for the materials we buy.

SUSTAINABILITY DUE DILIGENCE At the beginning of the year, we updated our cell material contract templates to include a broader set of sustainability requirements, in addition to those outlined within our Supplier Code of Conduct. This includes setting specific carbon reduction targets, and expectations around purchasing of renewable energy, or other category-specific sustainability measures.

We have continued to integrate risk assessment and due diligence into our existing purchasing systems to facilitate the due diligence process for purchasing teams. In mid-2023, we implemented methods to allow us to capture supply chain sustainability data in a more streamlined and simplified manner in our supplier collaboration platform.

For our cell material contracts, we are rolling out a solution to ensure we place sustainability as a key decision-making factor during the sourcing process. Previously, we have focused on risk, due diligence, and ensuring that minimum standards on human rights, environment and ethics are met. Now, we have shifted our focus to evaluating supplier sustainability performance through a scoring system that provides clear comparisons between suppliers. While we previously prioritized sustainability in decision-making by selecting materials with a low carbon impact, our new approach expands our performance criteria to include water usage, biodiversity, eco-design, and other sustainability aspects.

LOCALIZATION TO EUROPE An important part of Northvolt's strategy to create the world's greenest battery is to encourage subcontractors to produce materials and components within Europe, where they benefit from the region's relative availability of fossil-free electricity and high environmental standards. Asian manaufacturers like Dongjin, Kedali and Senior Material have previously set up factories in Sweden, and in 2023, these groups were joined by PTL Group, which is taking significant steps towards a localized supply chain.

For raw materials, we actively review and prioritize EU based projects. However, as the exploration, mining and refining industry for battery raw materials in Europe is still facing several developmental challenges, we are required to supplement our feed with global supplies sourced in the manner described above.

OUR GOALS

10 kg
CO_2e/kWh by 2030

50 %
Recycled content in cells by 2030

100 %
Traceability to mine for raw materials

KEY HIGHLIGHTS

- We deepened our assessment of sustainability risks across our supply chain. In addition, for our raw material feed, we have conducted 11 enhanced due diligence assessments of both current and potential suppliers.
- We rolled out new procedures for sustainbility risk assessments across our supply chain alongside relevant training and a due diligence manual.
- We commenced active engagement in the Democratic Republic of Congo to support sustainable development in the region.
- We strengthened our holistic approach to sustainable supplier selection, addressing areas such as water stewardship, biodiversity, recyced content and sustainaibiltiy aspirations as well as increased inclusion of sustainability requirements in contracts.

THE VALUE WE CREATE

- ✓ Driving fossil-free electricity generation around our sites
- ✓ Demonstrating the viability of a low-carbon approach to battery manufacturing
- ✓ Supplying solutions which enable the decarbonization of the transport and the energy sector
- ✓ Driving innovation in inclusion of recycled content in the battery industry

Screening and monitoring of suppliers

We cannot secure a sustainable energy transition without respecting human rights and ensuring the protection of the environment.

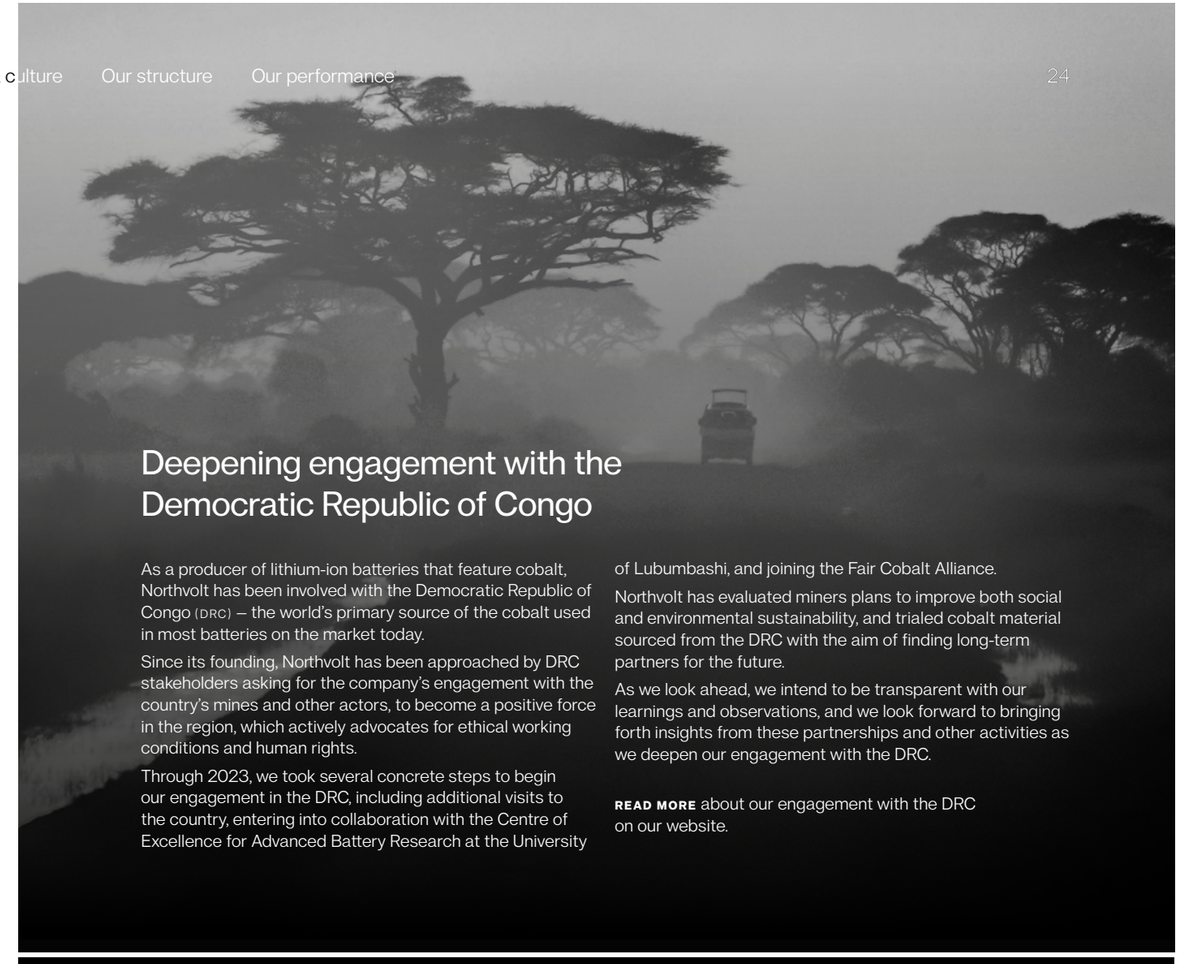
Our supply chain has a critical role to play in Northvolt's mission to produce as environmentally friendly batteries as possible and our work in this area aims to ensure that we work with suppliers that not only support our operations and growth, but uphold our commitment to sustainability.

SUPPLIER SCREENING AND SELECTION Effective implementation of our sourcing practices is supported through a holistic management system, covering supplier screening and selection, monitoring and reporting. Regardless of category, suppliers are selected against a robust set of criteria, including ability to meet our high standard of product quality, stable production output, growth potential and cost competitiveness. Further to this, suppliers are selected against their environmental and social performance, and their ability to work within our standards and expectations for continued improvement. Suppliers, regardless of category, are screened for sustainability and compliance risks. Based on the level of risk assigned to a specific supplier transaction, the supplier then undergoes further screening and due diligence in a risk-based approach. We require our suppliers to comply with our Supplier Code of Conduct, which outlines our sustainability requirements.

SIMPLIFIED AND SHORTENED SUPPLY CHAINS Ensuring transparency in our supply chain is a challenge. For our integrated cathode production, Northvolt's strategy is to source raw materials directly from mines and refineries (integrated suppliers) that can provide us with full traceability and transparency. By simplifying and shortening our supply chains, we also enable more direct relationships with material suppliers, increasing our ability to drive positive change. When a need for external active material arises, for example during ramp-up or development of new battery formats, we leverage the same due diligence process established for raw materials contracts.

AUDITING OF OUR SUPPLIERS For cobalt, nickel and lithium, we have long-term contracts with eight suppliers, all of which have been assessed for sustainability risks. In 2023, we conducted 11 assessments of suppliers and sub-suppliers. Three of these suppliers are located in low-risk countries where we have performed the assessment ourselves. The remaining eight audits were performed by third-party consultants. While no critical risks have been identified in any of the audits, several improvement areas have been identified and corrective action plans have been agreed on with suppliers. Improvement areas are related to overtime work, payment calculations, traceability (including documentation and procedures), chemical management, ESG policy and documentation, and waste management.

In addition to audits, we continuously and systematically monitor risks and impacts in our supply chain. This is undertaken in multiple ways, always emphasizing close collaboration and continuous dialogue, including regular follow ups on corrective action plans and ongoing media screening. Any new risks or impacts identified follow our escalation route, including referral to our Sustainability & Compliance Committee.



Deepening engagement with the Democratic Republic of Congo

As a producer of lithium-ion batteries that feature cobalt, Northvolt has been involved with the Democratic Republic of Congo (DRC) – the world's primary source of the cobalt used in most batteries on the market today.

Since its founding, Northvolt has been approached by DRC stakeholders asking for the company's engagement with the country's mines and other actors, to become a positive force in the region, which actively advocates for ethical working conditions and human rights.

Through 2023, we took several concrete steps to begin our engagement in the DRC, including additional visits to the country, entering into collaboration with the Centre of Excellence for Advanced Battery Research at the University of Lubumbashi, and joining the Fair Cobalt Alliance.

Northvolt has evaluated miners plans to improve both social and environmental sustainability, and trialed cobalt material sourced from the DRC with the aim of finding long-term partners for the future.

As we look ahead, we intend to be transparent with our learnings and observations, and we look forward to bringing forth insights from these partnerships and other activities as we deepen our engagement with the DRC.

READ MORE about our engagement with the DRC on our website.

Suppliers for our internally produced CAM

↗ Mine ◇ Refinery

	EU	Canada	Australia	China	Madagascar
Cobalt	↗ ◇	— —	— —	— —	↗ ◇
Nickel	↗ ◇	↗ ◇	↗ ◇	— —	— —
Lithium	— —	— —	↗ ◇	— ◇	— —

Health & Safety

The health, safety and well-being of our employees is our highest priority. We want everyone to return home safely every day. Our goal is to prevent work-related injuries and illnesses, and to create conditions for proven safety for all current and future operations.

Everyone at Northvolt, both employees and contractors, has a role to play in ensuring a safe working environment.

At all Northvolt sites, we have designated HSE responsibilities throughout the organizational structures. This includes health and safety committees responsible for implementing and following up our systematic approach to securing a safe working environment throughout our company.

HSE ROADMAP This year we continued to develop and implement the Northvolt HSE Roadmap, which sets the direction for our HSE work across the company. The roadmap provides clear guidelines as we delegate responsibility to the HSE teams across our sites. Topics prioritized include:

- Strengthening the use of the reporting system (TIA)
- Further developing our processes and procedures. Including emergency preparedness and response, chemical handling, and occupational health measures
- Increasing the HSE capabilties of our teams through enhanced training

We have also continued to strengthen our Northvolt HSE Network, which was launched in 2022. The network consists of HSE managers from our sites, and serves as a platform for sharing best practices, and setting standards and ways of working with HSE throughout the company.

REPORTING SYSTEM Through our HSE reporting system (TIA), our employees can report risk observations, near misses, injuries and environmental incidents. Reported incidents are investigated and actions are taken to prevent recurrences. HSE data is collected from the sites and is regularly reported to Executive Management and the Board. Collecting data in this manner allows us to learn from each other and continuously improve. All sites are required to systematically identify safety risks and carry out mitigation actions to minimize risks in the working environment. However, should employees find any situation unsafe, they have a responsibility to stop work in accordance with our Work Environment Policy.

During the year, we launched a new way of working with Northvolt Safety & Environmental Lessons Learned which enables the sharing of root cause investigations and mitigating actions for injuries and environmental incidents between sites.

SAFETY TRAINING Safety training sets the foundation for a safe workplace and has continued to be a main priority during this year. To ensure that everyone receives the required introduction to HSE when joining Northvolt, we have improved the HSE onboarding training required for all new Northvolt employees and consultants.

Included in this, we launched Charge Onboarding Manager Day, which provides all managers with an all-encompassing introduction to HSE processes and ways of working. At Northvolt Ett, we have made it mandatory for all employees to take our safety introduction training, which focuses on safety culture, basic health and safety rules and risk management.

OUR GOALS

Proven safety for all current and future operations.

2025 GOALS

- Zero critical incidents
- LTIFR below 2.0
- TRIFR below 4.0

KEY HIGHLIGHTS

- Our new **Fire Safety and Rescue team** was launched at Northvolt Ett. The team consists of several full-time Fire Officers and many part-time first responders.
- The **HSE team grew** and was strengthened by a range of additional competencies to cover the full scope of HSE.
- We made safety training mandatory for all employees across our sites.
- We launched **Northvolt Safety & Environmental Lessons Learned**. This enables the further sharing of information across sites to encourage knowledge transfer and the sharing of best practices.

THE VALUE WE CREATE

- ✓ A safe work environment for our employees and contractors where we involve our partners and reduce risk through leadership awareness

LTIFR AND TRIFR The two main safety performance indicators that we use are lost time injuries frequency rate (LTIFR) and total recordable injuries frequency rate (TRIFR) per million working hours of employees and contractors.

For 2023, the results were an LTIFR of 2,11 and a TRIFR of 3,73. The most common types of accidents at Northvolt result in injuries to finger, hand, head, arm and back. The most common root causes for injuries at Northvolt are related to human and organizational factors, and the objects that often are involved are chemicals and slippery surfaces. All contractor incidents are included in Northvolt's safety statistics.

We are continuously working to improve our HSE work and avoid all work-related injuries, while striving to reduce and eliminate risks at an early stage before they lead to an accident.

UNION COLLABORATION This year, we made it possible for the main union safety representatives to work full-time with safety topics at Northvolt Ett and Northvolt Labs. These individuals participate in safety rounds, incident investigations and in everyday safety dialogues, and help ensure that our employees feel safe in their working environment. We also continued to collaborate in the safety committees.

SYSTEMATIC WORK ENVIRONMENT MANAGEMENT The procedure for systematic work environment management was further developed during the year. Safety walks and rounds are performed on all sites and are important tools for identifying risks at work so that accidents and ill health are prevented. Risk assessments are used regularly for identifying and handling risks. Fire safety is also prioritized due to the risks involved with handling flammable chemicals and charged battery cells.

ORGANIZATIONAL AND SOCIAL WORK ENVIRONMENT To strengthen the organizational and social work environment, we work proactively with various initiatives to create a more sustainable work life balance. Through company-wide surveys we examine the overall health and well-being of our employees and identify improvement areas. This year, we provided training opportunities focused on stress and work life balance, and restructured our shift patterns to ensure more manageable hours.

OCCUPATIONAL HEALTH SERVICES We offer a healthcare allowance aimed at encouraging our employees to take care of their physical health. We also offer occupational health services to all our employees. Medical health checks and occupational hygiene measurements are carried out to ensure a healthy work environment.

INCIDENTS ON SITE AT NORTHVOLT ETT Despite focused efforts, two fatal accidents occurred at Northvolt Ett during the year.

The first accident involved a Northvolt employee performing a routine procedure in one of our downstream facilities. In the immediate aftermath of the accident, production was halted for two weeks to investigate the cause. Only when employee safety was assured was production restarted. Following an internal investigation, we undertook a range of mitigation measures, including updating safety training and routines for those who work in risk-heavy environments.

The second accident involved a construction worker engaged by the global construction company NCC, building a temporary tent structure outside of the production facilities at Northvolt Ett. Analysis and conclusions from that accident are being presented in due course by NCC.

Environmental responsibility

We are committed to reducing our environmental footprint by addressing both our production impact and our impact on the environments in which we operate.

Fundamental to our approach to battery manufacturing is our aim to minimize our environmental impact. In this work, we are focused on advancing environmental management techniques while harnessing cutting-edge technologies.

At our production sites, we are committed to being efficient with all resources we use, including energy and water. We have robust measures in place to limit emissions and effluent to the greatest extent possible, and advanced purification technologies play a key role in our facilities.

Responding to the fact that battery production processes are energy-intensive, our target is 100% fossil-free energy across all our operations. In 2023 we used 99% fossil-free energy. In addition, we work systematically with energy efficiency and energy recovery at all sites to ensure efficient use of energy.

This year, Northvolt Dwa signed its first Power Purchase Agreement (CPPA). With this, we have a contract with a renewable energy producer to provide 100% of the facility's annual electrical energy consumption. The hourly coverage provided by the contract is currently set to 60% from renewables. However, through the addition of solar power into the agreement, we will enable 100% coverage on a yearly basis, and increase the hourly coverage to the greatest extent possible.

We treat byproducts and manufacturing waste as finite and valuable. Several byproducts are recirculated back into our own processes, or are upcycled or recycled, thereby reducing the need for fresh materials and chemicals while enabling reductions in our environmental impact.

As we scale our research and manufacturing capabilities, environmental aspects are key to our site selection strategy.

KEY FOCUS AREAS INCLUDE:

- Avoidance of locations within biodiversity-sensitive areas
- Ensuring acceptance by local communities
- Identification of novel circular solutions
- Availability of 100% fossil-free energy
- Formation of partnerships to embed our industry within a larger ecosystem

CHEMICAL MANAGEMENT In 2023, we enhanced our chemical procurement process by implementing a more systematic approval and rejection system, complemented by useful tools. We've established robust training programs and a streamlined chemical ordering process, complete with supplier Safety Data Sheet (SDS) assessments prior to approval. Chemical exposures are regularly monitored, informing adjustments to processes. Moreover, there's a heightened emphasis on hazard communication through CLP labels, supplier collaborations, and substitution projects.

Changes in the REACH Candidate list of Substances of Very High Concern (SVHC) are regularly included in a list outlining chemicals which are restricted, prohibited or to be avoided where possible within Northvolt operations. Our suppliers are expected to comply with this list, as it is a part of Northvolt's Supplier Code of Conduct, together with relevant national and international legislation. We also monitor announced and proposed changes in legislation and inform the organization through internal networks and monthly newsletters.

PERMITTING Our operations, including the impact Northvolt has on the environment, are regulated by European, US (for Cuberg) and Canadian legislation and by the permits which apply to each site.

IN 2023, THE FOLLOWING KEY EVENTS HAVE TAKEN PLACE:

- Northvolt received an environmental permit for battery production in February for Northvolt Fem (Borlänge, Sweden). Due to a change of manufacturing scope for the site, Northvolt has readied the site for a new environmental permit application for production of cathode active material and recycling capabilities.
- Northvolt Labs (Västerås, Sweden) initiated a process to apply for a new environmental permit in 2024, to allow for the handling of larger amounts of chemicals and hazardous waste in accordance with the Seveso directive.
- Northvolt Revolt pilot plant (Västerås, Sweden) initiated a process to apply for a new permit that would allow the storage of additional battery cells prior to recycling.
- During the year, Northvolt has had five cases of non-compliance with environmental regulations. The issues have been solved and, with the exception of one case, no further action is needed. Read more (page 109).
- We received ISO 14001 certification for Northvolt Ett.

Responsible production

Alongside making safety our top priority, how we construct our factories and how we operate them are cornerstones of being a responsible producer.

Our iterative approach to manufacturing entails incorporating learnings and experiences from each project into the design and engineering of the next. This philosophy aids in reducing our costs and improves resource efficiency within our production as we scale.

MATERIALS We have a particular focus on ensuring that we are efficient with all materials we handle. As an overarching principle, we intend to recirculate byproducts wherever possible and recycle waste, either ourselves or with partners.

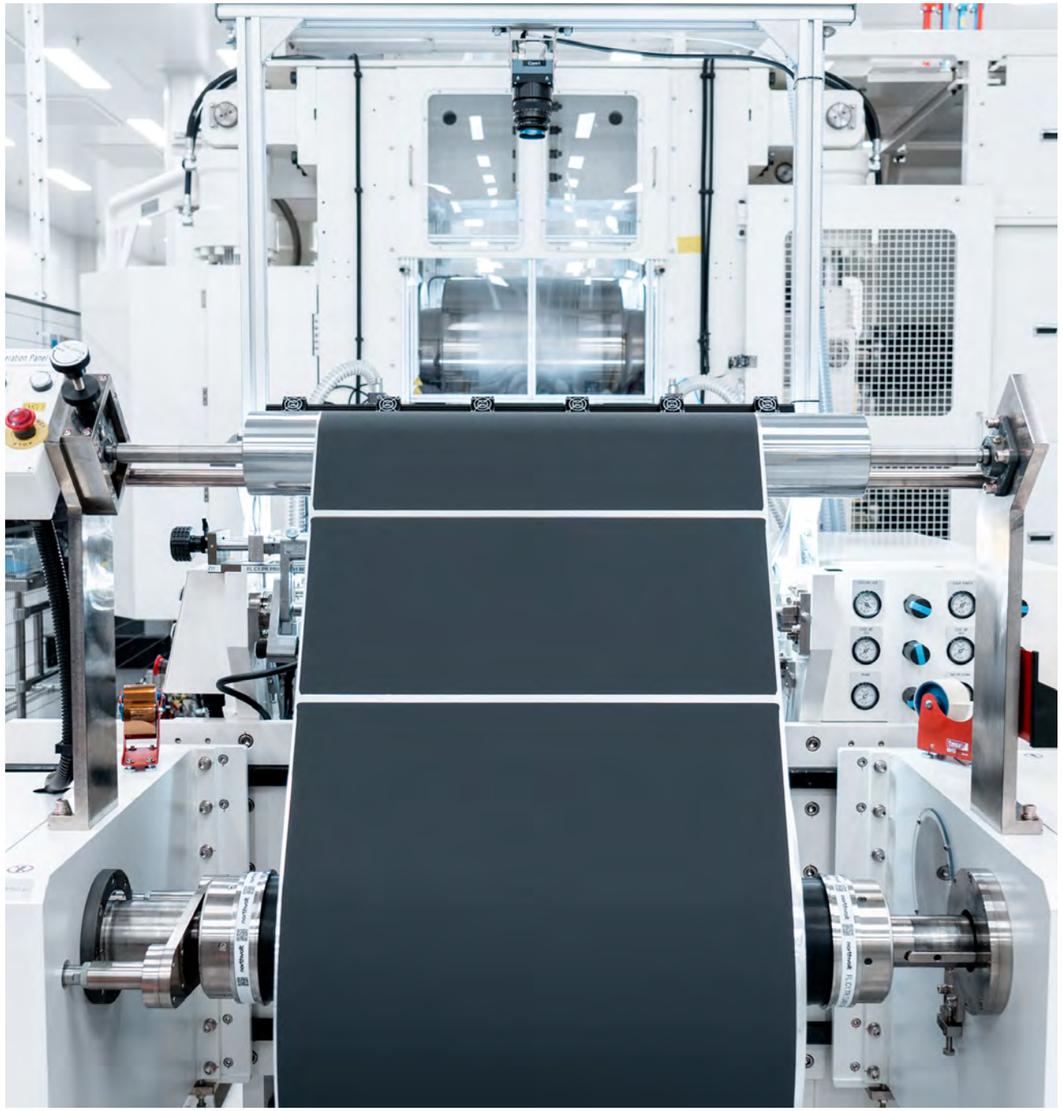
Through this year, the first phase of Revolt Ett recycling plant was brought into the final stages of commissioning. This is a major step, as it will enable the recycling of battery manufacturing waste from adjacent production lines at Northvolt Ett, and the handling of some waste from cathode manufacturing. In its first phase, Revolt Ett will be capable of processing approximately 8,500 tonnes of material, with 75% of its feed coming from Northvolt Ett. The recycling facility will ultimately be expanded, using our latest generation of recycling technologies, to recycle around 125,000 tonnes of material per year. This year, we were also excited to commence our engagement with Cinis, our offtake partner for sodium sulfate byproduct from cathode production at Northvolt Ett.

How we receive materials into and ship products from Northvolt Ett are also points of focus, and we prioritize sustainable logistics solutions in our planning, both in relation to factory development and production. Here, we have several projects underway, including ones to increase our use of rail transportation and support the expansion of the Port of Skellefteå into an intermodal terminal.

CONSTRUCTION Responsible production begins with smart designs and responsible construction. In September, we commenced construction on our fourth cell manufacturing block at Northvolt Ett. Planned to have a volume close to one million cubic meters, the block features an innovative design which reduces costs and material consumption through construction.

Significantly, unlike our previous designs, we have now integrated formation & aging into the production block. Through this and other refinements, we expect to double the footprint efficiency of the block in comparison to phase one of Northvolt Ett. Another development surrounding the expansion of Northvolt Ett to its full size involved our second cathode manufacturing block. Here, we have engaged in supply contracts providing lower carbon concrete, which is used for foundations, and recycled steel rebar.

Engaging in large construction projects requires effective control, insight and management of our construction supply chain. We continue to work proactively with all players involved in the development of Northvolt Ett, including subcontractors and Swedish Unions. Through 2023, these engagements proved especially important as we refined our practices relating to the hiring of contractors.



Our people and culture

Our people and culture

We strive for agility and inclusivity at Northvolt, constantly evolving as we grow. ‘Challenge accepted’ is not just a motto; it is the Northvolt way.

We have grown from less than ten to over 5,000 employees in about seven years. This rapid growth has required nurturing the culture which has been with us since our earliest days and which has been so crucial to our success.

ATTRACT As we are building a new industry, we are recruiting for a range of competencies. In our approach to recruitment we embrace diversity and strive to build a workforce that reflects the world in which we operate.

We have a strategy in place to attract more women throughout our recruitment process in order to reach our target, but the challenge remains. We have high hiring demands in a male-dominated industry, and we receive few applications from women for certain roles. In response, we work a lot with awareness during the recruitment process, educating teams about the benefits of a diverse workforce, and leverage tools to ensure our language is attractive to women. We are also engaged in several initiatives to connect to women’s networks. Our internship program has nearly met its goal of a 50:50 gender balance for the past three years, with an average of 45% women.

The main focus of our recruitment is on Northvolt Ett, where significant efforts are being made to hire locally and support education and training programs as required. While around 50% of our employees at Northvolt Ett have been hired from the region, the remaining half of our workforce has been recruited into Skellefteå, a small town which is growing at a rapid pace. Our in-house relocation team supports by helping new hires find housing, and engaging with entrepreneurs and housing developers to encourage further investment in the region.

RETAIN This year we have placed an increased focus on employee retention and satisfaction. Through company-wide surveys we have gained insights into the well-being of our people, and have conducted activities to continue to enhance employee satisfaction. Offering tools which enable our people to develop as leaders and managers is a key aspect of our focus on employee retention and is part of a broader strategic initative which will be implemented in 2024. To allow employees to share in the value created by their own work and be part of owning the company, we offer a warrants program.

Our official Leadership Expectations are integrated into all leadership programs across our sites, ensuring adherence to Northvolt’s culture and values. Employee upward feedback on leadership has been included in the annual impact summary, promoting alignment of expectations between managers and employees for the upcoming year.

DEVELOP As Northvolt grows, we want our people to grow with us. We encourage our employees to be self-driven and create learning opportunities for themselves and others. We nurture an environment of self-leadership, in which every Northvolter can develop their skill-set.

Through 2023, we launched the Greenhouse Academy, an in-house program offering our employees a curriculum on battery science, technology and manufacturing. By the end of the year, we made the first course mandatory for all employees, thereby enabling us to further nurture our in-house talent, and lessen dependance on hiring new external talent.

OUR 2030 GOALS

40%	Women by 2030
10,000	Total employees by 2030
25	NPS Engagement Index[1]

KEY HIGHLIGHTS

- We hired 2,550+ employees in 2023, 29% were women.
- We have implemented our Northvolt Leadership Expectations across all our sites and embedded them into all of our manager trainings across our Swedish sites.
- We are now 5,860 employees from 116 different countries.
- The Northvolt training academy was implemented and cross-functional working groups have begun work to ensure training is thorough, consistent and meets the needs of the business.

THE VALUE WE CREATE

- ✓ An unparalleled talent base within the battery industry
- ✓ A culture in which kindness and inclusivity are acknowledged as a benefit in the workplace
- ✓ Empowered leaders who build people and engagement

1 Based on question: “In general, I feel engaged working at Northvolt.” Nov 2023: 20 (first time measured in this specific way)

Our structure

Governance report

GOVERNANCE AT NORTHVOLT Corporate governance refers to the system of rules, practices and processes by which Northvolt is directed and controlled. The purpose of Northvolt's corporate governance structure is to ensure a clear division of responsibilities between the company's highest decision-making bodies to achieve value creation in line with Northvolt's values. As Northvolt AB is a Swedish limited liability company, its corporate bodies and the decision-making process are governed by the Swedish Companies Act. Since the shares of Northvolt AB are not listed on a regulated marketplace in Sweden, Northvolt is not required to apply the Swedish Code of Corporate Governance (THE "CODE") or to comply with Nasdaq Stockholm's rulebook for issuers nor other relevant laws and regulations applicable to companies with publicly traded shares. This Corporate Governance Report, which describes Northvolt's corporate governance activities during 2023, is submitted in accordance with the Swedish Annual Accounts Act.

SHARES AND SHAREHOLDERS Northvolt AB has three classes of shares, namely ordinary shares of Class A, preference shares of Class D and preference shares of Class E. Each share of Class A, Class D and Class E represents ten votes each. The only shareholders representing 10 percent or more of the outstanding shares and votes in Northvolt AB at year-end were Volkswagen owning 21.0% and Goldman Sachs owning 19.2% of the outstanding shares, warrants and options. Read more about Northvolt's shareholders (page 15).

SHAREHOLDER MEETINGS The shareholder meeting is Northvolt's highest decision-making body, where all shareholders are entitled to directly exercise their influence. A shareholder may vote for all shares owned by the relevant shareholder, without any restrictions on number of votes. The annual general meeting (AGM) is the shareholder meeting at which the annual report is presented and where the income statements, balance sheets and the suggested disposition of Northvolt's profit or loss are approved. During the AGM 2023, the represented shareholders resolved to elect Sven Fuhrmann as new board member as replacement for Jürgen Rittersberger. Furthermore the shareholders resolved to re-elect the remaining seven members of the Board as well as Northvolt's auditor. The shareholders also resolved to discharge all members of the Board from liability for their respective management of Northvolt AB's affairs during the previous financial year.

THE BOARD The Board is Northvolt's second-highest decision-making body, after the shareholders meeting. The Board consists of eight members. As the Code is not formally applicable to Northvolt, Northvolt does not have a formal nomination committee in accordance with section 2 of the Code. Instead, the members of the Board are nominated jointly by Northvolt's founders and by each of Volkswagen and Goldman Sachs in accordance with an agreement between the shareholders. Upon election of the members of the Board, the relevant shareholders considered rule 4.1 of the Code as guidance in its nomination work.

The Board is, amongst other things, responsible for Northvolt's organization, management of its operations in the interest of the company and all shareholders and for ensuring compliance with guidelines and applicable regulations related to internal control. The Board approves strategies and targets and decides on material strategic matters such as certain acquisitions and divestments. The Board also has overall responsibility for overseeing Northvolt's strategies for sustainable development and compliance matters, including approval of key policies. Read more about Northvolt's Sustainability governance (page 38).

The work of the Board, which is governed by its rules of procedure, follows an annual cycle to ensure that certain areas of material importance are reviewed on a yearly basis. The Board is expected to meet at least six times per year. The CFO and the General Counsel, who is the secretary of the Board, also attend the board meetings. Northvolt's Articles of Association includes no provisions regarding appointment or dismissal of the members of the Board or amendments to the Articles of Association.

AUTHORIZATIONS At the AGM 2023 the shareholders resolved to authorize the Board to, until the next annual general meeting, resolve on issuance of up to(i) 45,000,000 ordinary shares of Class A, (ii) 517,162,500 warrants in respect of share of Class A and (iii) on one or several occasions and without pre-emption rights for the shareholders, to adopt resolutions to issue convertible notes. The authorizations include the right to issue new shares for cash consideration, by contribution in kind or payment by set-off with or without considering the pre-emption rights of the shareholders. The purpose of the authorizations is to (i) allow for issuance of shares upon exercise of outstanding employees stock options, (ii) enable issuance of warrants as part of Northvolt's incentive programs available to its employees and (iii) facilitate an investment in Northvolt 3 by a reputable German bank, where the issuance of convertible notes is part of the agreement.

CHAIR OF THE BOARD The Chair of the Board oversees the work of the Board and is responsible for ensuring that the Board's work is carried out efficiently and in accordance with applicable laws and regulations. This includes continuously ensuring that other Board members receive information that will enable high-quality discussion and decisions by the Board. The Chair is not a member of the Executive Management team.

BOARD COMMITTEES To improve efficiency, the Board has appointed an Audit, Risk & Sustainability Committee (THE "ARS") and a People Committee. The Committees' responsibilities and decision-making powers are regulated in Committee instructions. The Committees monitor and assess certain areas of Northvolt's operations, prepare recommendations to the Board and make proposals on matters that require the Board's approvals. The committees are also responsible for ensuring that the Board is kept informed of the work of and issues encountered by the relevant Committee.

AUDIT, RISK & SUSTAINABILITY COMMITTEE The ARS Committee assists the Board in fulfilling its responsibilities to monitor and assess, as well as improve the quality of, Northvolt's audit, accounting and financial reporting, sustainability and compliance matters, internal control, financing and risk management. Further, the committee is responsible for managing liquidity. The ARS committee shall also keep itself informed and assess Northvolt's liquidity needs, approve certain key contracts and monitor Northvolt's whistleblowing system. The ARS committee is responsible for identifying and reporting relevant issues to the Board within the Committee's areas of responsibility.

PEOPLE COMMITTEE The People Committee assists the Board in fulfilling its responsibilities to monitor and assess the frameworks for talent management, talent acquisition and succession planning as well as remuneration principles, employment terms and levels of remuneration for the CEO, Northvolt's Executive Management and other employees of Northvolt. The Committee also handles all incentive programs including warrant programs.

CEO AND THE EXECUTIVE MANAGEMENT TEAM Northvolt's CEO is responsible for and manages the day-to-day operations of Northvolt in accordance with the Board's guidelines and instructions. The CEO is supported by the Executive Management team which, as per April 2024 consists of 12 members presented in the table on pages 36-37. The work of the Executive Management team has been focused on executing Northvolt's strategic priorities for 2023.

Northvolt adheres to the principle of distinct responsibility and authority. Each business area and function is responsible for its performance against the budget. This responsibility is typically broken down into lower-level cost-centers, for which the corresponding cost-center owners are responsible. The

position of the business and results are followed up by reporting to the Executive Management team and the Board on a monthly basis. In addition, business review meetings are conducted monthly during which the management of each business area and function meet with the CEO, CFO, Vice President of Business Control, and Chief Strategy Officer. These meetings function as a complement to the daily monitoring of operations.

CONFLICT OF INTEREST Northvolt strives to avoid conflict of interest and to ensure integrity and transparency in all related party transactions. The conflict of interest policy commits employees to report all personal relationships and other circumstances that could potentially result in conflict of interest to their manager and HR when applicable, or Northvolt's compliance department. All related party transactions shall be approved in accordance with the procedures specified in Northvolt's related party transactions and conflict of interest policy to ensure that all related party transactions are entered into on arm's length terms. Each manager at Northvolt is responsible for implementing the conflict of interest policy, and to take adequate steps with Northvolt's HR and compliance departments to address risks.

EXTERNAL AUDITORS The auditor reviews Northvolt's accounting, Northvolt's annual report and the Board's and the CEO's administration and submits an audit report to the AGM. The audit is performed in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, International Standards on Auditing (ISA) and generally accepted auditing principles in Sweden. TThe auditor has also performed a limited review on Northvolt's sustainability report in accordance with GRI Standards, and provided an opinion on the statutory sustainability report in accordance with the Swedish Annual Accounts Act. The voluntary EU Taxonomy report is excluded. For details on remuneration to the auditors, please see note 6 Fees and remuneration to the Group's auditors.

INTERNAL CONTROL OVER FINANCIAL REPORTING The purpose of internal control is to achieve an efficient operation that reaches its targets and to ensure reliable internal and external financial reporting and compliance with applicable laws, rules, policies and steering documents. Internal control refers to the systems, processes and procedures contributing to the control in these areas.

The processes and procedures for Northvolt's internal control are based on the Committee of Sponsoring Organizations of the Treadway Commission's guidelines on internal control (COSO). Northvolt has adopted the COSO framework as guidance and in the design, implementation and evaluation of risks and controls throughout the organization. COSO defines internal control as a process that is designed to provide reasonable assurance of the achievement of specified objectives. The internal control processes are implemented by the Board, the Executive Management team and other employees. The COSO definition relates to the aggregated control system of the organization, which is composed of many individual control procedures meaning that all employees have a responsibility to ensure sufficient internal control.

The COSO framework is based on the following five components: control environment, risk assessment, control activities, information and communication and monitoring as further described below.

CONTROL ENVIRONMENT The control environment establishes the overall tone for the organization and sets the structure for the other four components of the internal control system.

INTERNAL RULES AND REGULATIONS INCLUDE

- Articles of Association
- Rules of procedures for the Board of Directors
- Other policy documents established by the Board and instructions established by the CEO

EXTERNAL RULES AND REGULATIONS INCLUDE

- Other policy documents established by the Board and instructions established by the CEO
- The Swedish Annual Accounts Act
- International Financial Reporting Standards (IFRS)

The ARS committee assists the Board as well as reviews and prepares matters pertaining to Internal Control with respect to financial reporting. The CFO has ultimate operational responsibility for the financial reporting including ensuring adequate Internal Control over Financial Reporting ("ICFR") as well as overall responsibility for coordination, execution, monitoring and reporting of internal control within the Group. The internal control function at Northvolt supports the CFO with coordination, monitoring and reporting the Internal Control activities throughout the Group. Global process owners ("GPOS") are responsible for ensuring that the processes are accurately described and that all significant risks and controls have been identified and documented.

The control environment for the financial reporting is ensured through different governing documents, such as the internal control policy and ICFR instruction, process documentation for significant processes, policies, procedures, and guidelines related to the governance of operations, financial accounting, and reporting.

RISK ASSESSMENT Risk management is an integral part of business management, and the risk management objectives support the achievement of Northvolt's strategic objectives. Northvolt applies a holistic risk management perspective conducting both top-down and bottom-up risk management inspired by COSO Enterprise risk management framework and ISO 31000 for risk management. Risk management related to financial reporting is an integrated part of the risk management program with a specific risk area for managing financial risks. Read more about Northvolt's Risk Management program (pages 40-45).

Northvolt applies a risk-based approach towards internal controls over financial reporting, with specific procedures in place for risk identification and risk evaluation. Identification, assessment and management of risks within the company are central to financial reporting. A ICFR risk assessment is performed in order to identify where significant risks exist in the financial reporting. The basis for the internal control is identifying and assessing risks. A review of identified risks is conducted every year with the addition of any new identified risks.

The risk of material errors when reporting Northvolt's financial position and results is considered the primary risk. To minimize this risk, control activities for accounting and financial reporting has been established. The Board and Executive Management assess the financial reporting from a risk perspective on an ongoing basis.

CONTROL ACTIVITIES Northvolt has specific procedures in place for design and implementation of controls required to mitigate risks identified during the risk assessment. Such procedures include control activities for initiation, approval, recording and accounting of relevant financial transactions. Material internal control processes including related risks and key controls are documented in a common and structured way. Risk of misstatements are identified in the transaction flows for each process and controls are designed to ensure that actions are taken to prevent or detect material misstatement and to safeguard Northvolt's assets.

INFORMATION AND COMMUNICATION The information and communication component in the internal control framework includes systems and procedures to support the identification, capture and exchange of information in a form and time frame that enables employees to carry out their responsibilities and financial reports to be generated accurately and in a timely manner.

Group policies, process descriptions, instructions regarding accounting and reporting, risks and internal controls are available to all employees concerned through Northvolt Intranet and internal channels. GPO forums are held on a quarterly basis with the update of the processes, results of the self-assessments and ongoing initiatives within process development.

MONITORING ACTIVITIES The internal control system is monitored through a process that assesses the quality of the system performance over time. GPOs, which are responsible for ensuring that control owners carry out their work in accordance with the applicable guidelines, are appointed for each major business process. GPOs are also responsible for monitoring changes in working methods or Northvolt's organization- al environment that may affect previous risks assessments and for ensuring implementation of necessary amendments to the internal control framework due to the aforesaid. Self-assessments of the efficiency of the internal control system are performed on a regular basis. The Group's internal control function reports the result of the self-assessments and applicable remedial action plans to the ARS Committee.

Board of directors

Jim Hageman Snabe
CHAIR OF THE BOARD

Carl-Erik Lagercrantz
VICE CHAIR OF THE BOARD

Michael Bruun
BOARD MEMBER

Susanna Campbell
BOARD MEMBER

Born	1965	1964	1980	1973
Education	MA Operational Research and Finance, Aarhus School of Business, Denmark		BA MSc Economics, University of Copenhagen, Denmark Studies at Cornell University, USA	MSc Stockholm School of Economics, Sweden
Other relevant assignments	Chair of Siemens, Board member of C3.ai, Member of the Board of Trustees of the World Economic Forum and Adjunct Professor at Copenhagen Business School, Vice Chairman Urban Partners	Chair of Polarium and Vice Chairman of H2 Green Steel	Board member of Advania, LRQA, Kahoot!, Parexel and Norgine	Director of Kinnevik, Indutrade, H2 Green Steel and Estrid Studios. Chair of Network of Design (NOD). Chairman of Syre.
Previous positions	Former CEO and Board Member of SAP. Former Chairman at A. P. Moller Maersk, Former Vice Chairman Allianz	Multiple executive roles at Utfors, Telenor, and British Telecom Nordics, among others	Multiple executive roles at Goldman Sachs	Former CEO of Ratos
Elected	2022	2016	2019	2018
Board meetings	8/8	8/8	7/8	8/8
Audit, Risk & Sustainability Committee	7/7	–	6/7	7/7
People Committee	9/9	–	9/9	9/9

Barbara Frei-Spreiter
BOARD MEMBER

Tom Johnstone
BOARD MEMBER

Sven Fuhrman
BOARD MEMBER

Peter Carlsson
BOARD MEMBER

Born	1970	1955	1970	1970
Education	Master of Mechanical Engineering, Federal Institute of Technology, Zurich, Switzerland. Dr. sc. techn. (Doctoral Degree), Federal Institute of Technology, Zurich, Switzerland. MBA, International Institute for Management Development, Lausanne, Switzerland.	MA University of Glasgow, Scotland. Honorary Doctorate, Business Administration, University of South Carolina, USA. Honorary Doctorate, Science, Cranfield University, UK.	Diplom-Kaufmann University Hamburg, Germany German and U.S. Certified Public Accountant German Certified Tax Advisor	BSc Business Administration, Luleå University of Technology, Sweden. Honorary Doctorate, Philosophy and Technology, Luleå University of Technology, Sweden.
Other relevant assignments	Executive Vice President Industrial Automation and Member of the Executive Committee at Schneider Electric.	Chair of Collegial, Combient, Husqvarna and Wärtsilä. Board member of Investor.	Board member of CARIZON and XPeng	Board member of Gränges, Orbital Systems and Q Group.
Previous positions	Multiple executive roles at ABB.	Multiple executive roles at SKF Group including President and CEO of AB SKF.	Senior Executive Vice President leading VW's Global Investment Group, formerly Senior Partner at Deloitte, Chief Restructuring Officer at MAN Truck & Bus SE.	Vice President Supply Chain and Chief Procurement Officer at Tesla Motors. Senior Vice President and Chief Procurement Officer at NXP Semiconductors. Head of Sourcing at Sony Ericsson.
Elected	2022	2018	2023	2016
Board meetings	7/8	7/8	8/8	8/8
Audit, Risk & Sustainability Committee	–	–	7/7	7/7
People Committee	8/9	–	–	7/9

Executive management team

Peter Carlsson
CHIEF EXECUTIVE OFFICER
CO-FOUNDER

Paolo Cerruti
CEO NORTHVOLT NORTH AMERICA
CO-FOUNDER

Emma Nehrenheim
PRESIDENT BU MATERIAL

Sami Haikala
SVP RESEARCH & DEVELOPMENT

Alexander Hartman
CHIEF FINANCE OFFICER

Daniela Maniaci
CHIEF PEOPLE OFFICER

Born	1970	1970	1979	1979	1980	1981
Education	BSc Business Administration, Luleå University of Technology, Sweden	MSc Aerospace Engineering, Politecnico di Torino, Italy MSc General Engineering & Science, Cenrale Supélec, France	PhD Energy and Environmental Engineering, Mälardalen University, Sweden Licentiate of Technology in Energy and Environmental Engineering, Mälardalen University, Sweden MSc Environmental Engineering, Mälardalen University, Sweden	MSc Engineering, University of Turku, Finland	MSc Corporate Finance, Stockholm School of Economics, Sweden BBA Corporate Finance, University of Mississippi, United States	MSc East Asian Languages and Culture, Ca Foscari, Venice, Italy
Background	VP Supply Chain at Tesla Motors SVP & CPO at NXP Semiconductors Head of Sourcing at Sony Ericsson	VP Global Supply Chain & Operations Planning, Tesla Motors Director of Global Purchasing Renault Nissan (Powertrain)	ABB, Global Product Line Manager Mälardalen University, Professor Environmental Engineering and Senior lecturer	Senior Manager within Electronics and Batteries at BAT and Foxconn	Investment professional at Altor Equity Partners Goldman Sachs, Investment Banking Division	Director of Talent Acquisition and Employer Branding at Northvolt Exec. recruitment at Michael Page APAC HR at manufacturing firm in China
Member since	2016	2016	2017	2022	2016	2023

Fredrik Hedlund
SVP EXPANSIONS

Christofer Haux
SVP BUSINESS DEVELOPMENT
CEO NORTHVOLT DREI

Patrik Andreasson
CHIEF STRATEGY OFFICER

Barbara Thierart
PRESIDENT BU SYSTEMS

Dennis van Schie
CHIEF SUPPLY CHAIN OFFICER

Mark Duchesne
SVP ETT OPERATIONS
CEO NORTHVOLT ETT

Born	1974	1974	1987	1977	1967	1963
Education	MBA, Halmstad University, Halland, Sweden	MSc Engineering, Chalmers University of Technology, Gothenburg, Sweden	BSc Economics, University of Gothenburg, Sweden	MSc Mechanical engineering, École des Hautes Études d'Ingénieur, Lille, France Commercial business and international marketing at Saginaw Valley State University, United States	MSc Mechanical Engineering, Delft University of Technology, the Netherlands MBA, IMD, Lausanne, Switzerland	Electrical technology, Conestoga College, Ontario, Canada
Background	CEO Sigma Connectivity AB, VP Corporate Strategy Sony.	Atlas Copco Group, various management postions, Managing Director Atlas Copco Desoutter Germany, CEO NCS AB	Principal at Boston Consulting Group; Associate Product Marketing Manager at Google	Nissan and Renault, various positions, including VP Product & Programs at Nissan	Sony Mobile Communications, various positions, including Chief Commercial officer. CEO of Colart	Toyota and Tesla, various positions, including Director of Manufacturing. Head of Global Manufacturing, Nikola Motors
Member since	2017	2019	2021	2023	2023	2024

Sustainability governance

Northvolt's business model and operations are based on sustainability and our sustainability governance ensures that we uphold commitments to our stakeholders, including customers, employees, suppliers, investors, decision makers and representatives from society.

We see sustainability governance as an evolving core discipline that underpins our success. We have implemented key policies and procedures which work in concert with our governance structures to support effective business operations performed in line with our values. Sustainability and compliance is overseen by several groups: the Board, the Executive Management team, the Audit, Risk & Sustainability Committee (ARS), the Sustainability Compliance Committee and the Compliance Council.

The Board and our CEO has overall responsibility for overseeing sustainability and compliance matters, approval of key policies and goals, as well as approval of strategies related to sustainable development. The ARS is a sub-committee of the Board, overseeing the identification, evaluation, and management of risks, including sustainability and compliance risks and overseeing the process of the Sustainability report. The Committee and the Board also review and approve key contracts and review our whistleblowing system. Northvolt´s Sustainability Compliance Committee responsibility is to oversee, on behalf of Northvolt's Management, the effectiveness of our systems and processes for environmental, social and governance management, including whether Northvolt is living up to regulatory and legal requirements within sustainability and ESG.

Northvolt's sustainability work is led by our Head of Sustainability together with several cross-functional networks and teams to manage and coordinate matters such as the environment, ethics, health and safety.

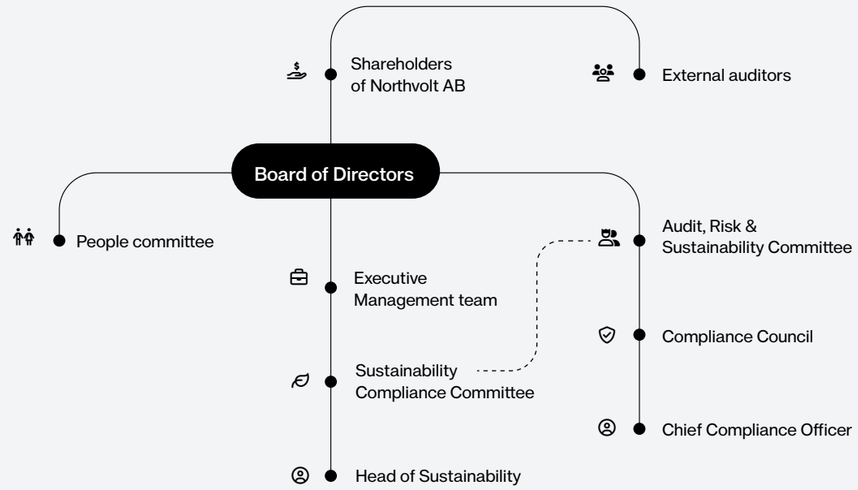
The sustainability work is based on Northvolt's vision and mission and is regulated through the group's policies, where the Code of Conduct and Environmental policy form the basis for the sustainability work. Northvolt's company goals, where sustainability is a key part, are based on the results from the materiality assessment as well as strategic priorities. These company goals are then broken down into business unit-specific targets at the local level to ensure engagement and contribution from all areas of the business.

Risks linked to the area of sustainability are included in the group's corporate risk management, which is reported under pages 40-45.

Follow-up of the sustainability work

Follow-up and evaluation of sustainability goals and targets is done on a quarterly basis. For this purpose, a live dashboard across all relevant business units has been created, and is updated on working level and aggregated to group level. The outcome of the group-wide goals is followed up by the Head of Sustainability in the management meeting and with the Board. Through internal controls, deviations are detected, and corrective measures are identified and taken.

SUSTAINABILITY GOVERNANCE



KEY SUSTAINABILITY RELATED POLICIES AND EXTERNAL REQUIREMENTS

Policy listed with an asterix can be found on northvolt.com
Listed key internal policies has been approved by the Board of Directors.

KEY INTERNAL POLICIES

- Code of Conduct*
- Supplier Code of Conduct*
- Anti-Corruption Policy
- Environmental Policy*
- Energy Policy
- Trade sanctions policy
- Quality policy*

KEY EXTERNAL LAWS AND REGULATIONS

- The Swedish Companies Act
- The Swedish Annual Accounting Act
- The Swedish Environmental Code
- The Swedish Work Environment Act
- EU Battery Regulation
- EU Taxonomy Regulation
- REACH and CLP

KEY EXTERNAL INITIATIVES

- GRI Standards
- TCFD
- ISO 14001 and ISO 9001
- UN Global Compact International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work and ILO Basic Terms and Conditions of Employment
- UN Guiding Principles for Business and Human Rights (UNGPS)
- OECD Guidelines for Multinational Enterprises and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- Equator principles 4
- IFC Performance Standard

Ethical business conduct

RESPONSIBLE BUSINESS CONDUCT At Northvolt, ways of working are governed by our values, as outlined in our Code of Conduct and disseminated in our wider policy framework.

POLICIES AND GUIDELINES Our governing documents are set up across three levels: policies, guidelines and instructions. Policies, including our Code of Conduct and Supplier Code of Conduct, outline the principles and strategic direction by which we operate and are approved by the Board. Guidelines specify recommendations for the effective implementation of our policies. Instructions outline procedures detailing how we operate.

The responsibility for implementing our policy commitments for responsible business conduct is distributed across various levels within the organization. The oversight of Northvolt's compliance program is the responsibility of the Board of Director's and the Audit, Risk and Sustainability Committee. The CEO and Group Compliance Council oversee the overall strategy and commitment dissemination. The General Counsel and Chief Compliance Officer are responsible for the governance and daily work with the compliance program. The Northvolt Executive Management team and all managers ensure alignment with policies in their part of the organizations. Each policy has an appointed owner who is responsible for communicating, implementing, and following up on the policy within the company. All employees are responsible for incorporating policy commitments in their daily tasks. Our policy commitments are integral to our corporate strategy, emphasizing sustainability, ethical practices, and social responsibility. The policies are communicated through both internal and external.

Our Code of Conduct provides a framework for employees and stakeholders to put business principles into practice with utmost integrity. Our Supplier Code of Conduct applies to all suppliers, contractors and sub-contractors of goods and services. The Code of Conduct and some of Northvolt's key policies are communicated to and signed off by all new hires upon joining the company, and updates to policies are communicated to all employees. Amongst other matters, the Code of Conduct commits employees to incorporate sustainability and compliance into all aspects of our operations and ensure health and safety at our workplaces. All employees are required to accept the Code of Conduct before joining the company. The Executive Management team is responsible for implementing and ensuring compliance with the Code of Conduct.

Other governing documents describing expected ethical behaviours are:

- Anti-Corruption Policy, Expenses and Representation Policy
- Conflict of Interest Guideline
- Sponsoring and Charitable Contributions Guideline
- Business Partner Guideline, Mandatory Training Guideline
- Sexual Harassment Guideline
- Employee Misconduct Guideline
- Whistleblowing Guideline
- Whistleblowing Investigations Guideline
- Trade Sanctions Policy

We care as much about how results are achieved as we do about the results themselves. We are following the precautionary principle, which is integrated into policies and business processes and is monitored by our environmental management system.

OUR COMPLIANCE PROGRAM Our compliance program has been in place since 2019 and covers business ethics areas, for example anti-corruption, competitive behavior, conflicts of interest and whistleblowing. It has subsequently been externally reviewed.

ANTI-BRIBERY AND CORRUPTION Many of our suppliers and partners operate in parts of the world where there is a high risk of bribery and corruption. We make our position on the matter clear to all of our employees, contractors, suppliers and partners: Northvolt has zero tolerance for bribery and corruption. This message is stated explicitly in our Code of Conduct and Supplier Code of Conduct. Our Anti-Corruption Policy, Expenses and Representation Policy and Business Partner Guideline for intermediaries and agents include procedures and processes to identify red flags, understand roles and responsibilities in the organization as well as relevant laws and processes for reporting concerns.

We assess any exposure and risks of bribery and corruption when working with suppliers and other partners. We also conduct on-site audits of key high-risk suppliers against our Supplier Code of Conduct, including bribery and corruption.

IMPLEMENTATION THROUGH BUSINESS RELATIONSHIPS We engage our suppliers through collaborative initiatives, due diligence processes and ensure that they are aligned and committed to our responsible business conduct. Our commitments extend to supply chain partners, and we work closely to enhance transparency and ethical practices. The Northvolt Supplier Code of Conduct and contractual terms relating to ethical behaviour are included as requirements in all contracts with suppliers and subcontractors.

TRAINING We conduct regular training programs, which cover topics such as ethical decision-making, diversity and inclusion, and environmental stewardship. These programs are evaluated on an ongoing basis to measure comprehension and effectiveness. All employees, including managers, are required to undergo training. Additionally, our supply chain partners are encouraged to participate.

To ensure that our employees are trained on our Code of Conduct, Northvolt has a mandatory Code of Conduct training (e-learning), focusing on key risk areas such as anti-corruption, trade sanctions, fraud, antitrust, conflict of interest and GDPR. The training includes practical examples of dos and don'ts for conducting business and working with integrity. The training is mandatory for existing white-collar employees and new employees (white-collar and blue-collar) need to complete the training within 30 days of joining Northvolt.

In 2023, 84% (74% in 2022) of white-collar employees completed the Code of Conduct training. In addition, Code of Conduct is also included in the mandatory onboarding face-to-face training program for both blue and white-collar employees.

WHISTLEBLOWING SYSTEM To achieve transparency and a high level of business ethics, Northvolt maintains a whistleblowing process in accordance with the EU Whistleblowing Directive, also known as the Directive on the protection of persons who report on breaches of EU law. The whistleblowing process offers a possibility for internal and external parties to anonymously inform Northvolt of suspected misconduct, while being protected from retaliation, which enables Northvolt to act at an early stage. All messages sent through the channel are encrypted to ensure the anonymity of the person sending a message, the service provider does not save IP addresses or other meta-data. Northvolt encourages reporting of all incidents that are not in line with Northvolt's values, rules or the law. Northvolt's Code of Conduct, Supplier Code of Conduct and Whistleblowing Guideline is available on Northvolt's external website. The Whistleblowing Guideline describes the various channels that employees and other stakeholders can use to either seek advice or report potential allegations of misconduct. Our employees can also raise concerns through our internal channels.

Risk management

Through risk management we aim to find proactive and preventative measures to balance risks and opportunities in line with our company risk appetite.

Our operations are exposed to internal and external risks, or uncertainty factors, that could impact our ability to achieve our objectives for sustainable growth and to develop the company. A comprehensive approach to risk management has therefore been established.

HOLISTIC AND INTEGRATED RISK PERSPECTIVE We apply a holistic risk management perspective, conducting both top-down and bottom-up risk management inspired by the COSO Enterprise Risk Management framework and ISO 31000 Risk Management standard. In a structured manner, we work to identify, analyze, assess, and manage relevant and significant risks that our business operations encounter. The annual risk management cycle is integrated and connected to the company's objectives and budget process.

RISK GOVERNANCE Northvolt's Board is accountable for overseeing risk management and ensuring responsible and adequate risk management throughout the entire organization.

Northvolt's Audit, Risk & Sustainability (ARS) Committee reviews the company's risk assessment principles and follows up and reports on how the Executive Management team governs risk management.

The Executive Management team is ultimately responsible for risk management and for the implementation of the enterprise risk management program. Every Business Unit and Function is responsible for managing risk in their respective area of responsibility and in line with the risk management framework report and escalate risk in budget and forecast process.

Northvolt's Group Risk Management team is responsible for maintaining a common risk management framework. The team also provides support and acts as a sounding board for risk assessments of the organization.

TOP-DOWN APPROACH The top-down risk management approach is done through collaboration and discussion with relevant members of the Executive Management team. A key outcome of this process is the collection of a comprehensive list of the most significant risks faced by the company. In addition to this, as part of our yearly budget and forecast process, risks with direct impact on liquidity planning are identified. Through a cross-functional scenario-based approach, each risk's probability of materialising and potential impact on budget and forecast are quantified. Applying simulations gives an overall distribution of risk outcomes. The Executive Management team reviews identified risks and outcomes of risk simulations on a regular basis and determines the need for any mitigating actions or other business decisions to be taken.

BOTTOM-UP APPROACH AND RISK CULTURE We foster a company-wide culture where there is a shared understanding of our approach to risk and risk management, where informed risk taking is imperative and where we not only identify risks but also build organizational resilience to withstand and adapt to unforeseen challenges. Empowering our employees with an understanding of the role they play in risk management is key to achieving this. Therefore, we are developing platforms to improve risk awareness and deliver training to our employees on risk assessments and mitigations relevant to their work areas.

Risk management life cycle

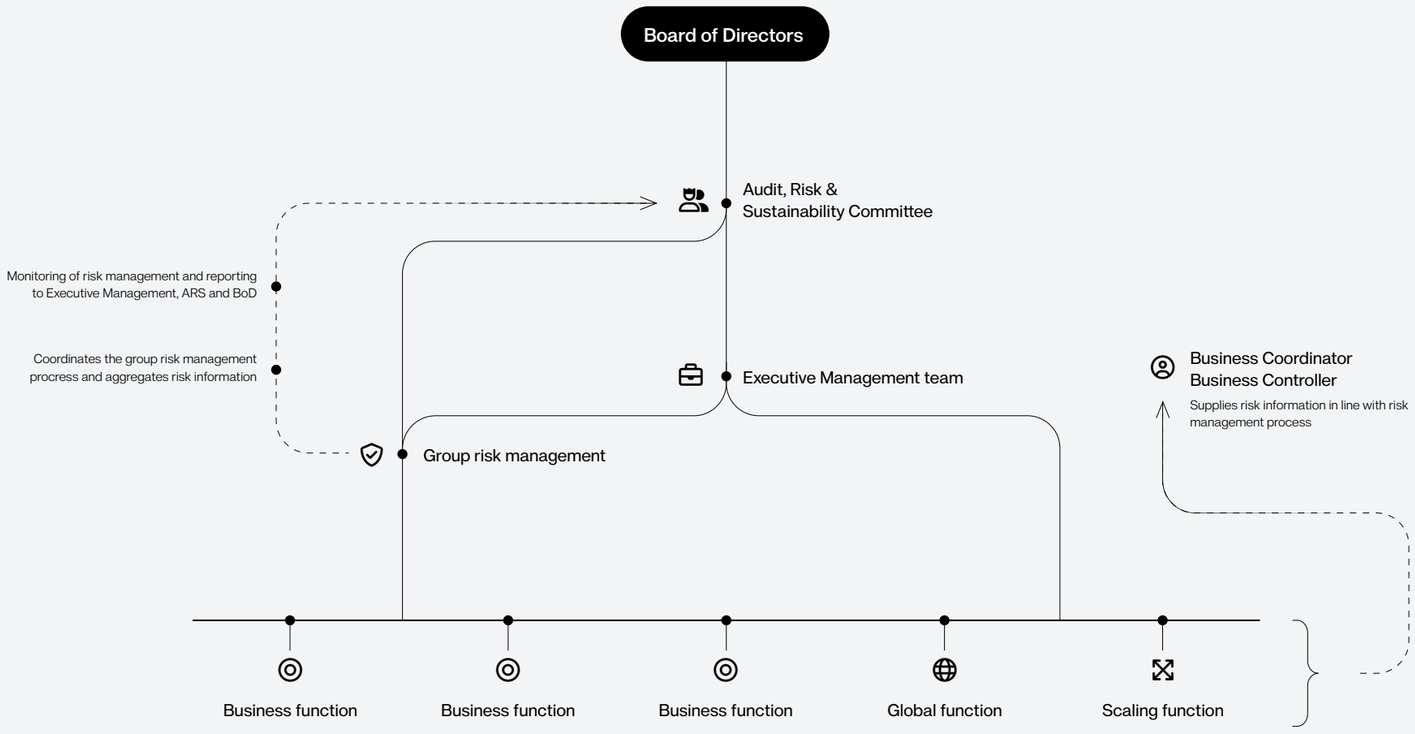
RISKS AND UNCERTAINTIES Selected top risks and uncertainties presented in the following overview are a summary of prioritized risks during 2023. Each risk is described and examples of mitigating actions are highlighted. These risks, or other risk factors discussed elsewhere in the report, could have a material adverse effect on Northvolt's business, strategy, reputation and financial metrics and performance.

Effective risk management is essential for Northvolt's operations, and an effective risk management is a necessity for a stable and profitable future.

Risks are classified into four areas: strategic, operational, financial and compliance. We use a risk universe to ensure these risks are captured in a consistent way.

- **STRATEGIC RISKS** Strategic risks are considered to be risks relating to changes in the business environment with potentially significant effects on our ability to achieve the high-level goals that are aligned with our mission and long-term objectives.
- **OPERATIONAL RISKS** Operational risks are considered to be risks directly impacting business operations, including effectiveness, efficiency and resource use, which could impact company objectives.
- **FINANCIAL RISKS** Financial risks are considered to be risks directly impacting the financial result and the reliability of internal and external reporting of financial information.
- **COMPLIANCE RISKS** Compliance risks are those associated with conforming to laws, regulations, and internal compliance protocols. This encompasses the risk of non-compliance with commercial and financing agreements with customers, suppliers, lenders, and other counterparties, as well as with licenses, patents, and other intangible property rights.

Northvolt risk organization



Risk overview

	Key risk	Description	Key mitigating actions
STRATEGIC	**Competition and product development**	Northvolt encounters competition from new and existing market participants. To be well positioned to protect and grow our market share, Northvolt must successfully execute on our current projects, scale up and expand our company according to plan. We strive to be at the forefront of technology and deliver the next generation of products in line with demand and regulations at competitive prices. Not doing so could have an adverse effect on the business, operating profit and market share.	• Focused project execution to ensure delivery on plan and in line with customer requirements. • Reinforcing the standardization of project plans and factory layouts, coupled with a feedback loop to implement improvements in future projects. • Investment in research and development, primarily through Northvolt Labs and Northvolt Cuberg. • Close collaboration with customers, whom in several instances also are investors, in developing the next generations of products. • Cooperating with academic institutions on a global scale, taking the latest research and scientific findings on-board in our product development work. • Closely monitoring our competitors and any other risks that could jeopardize Northvolt's strategic growth plans, taking timely and appropriate actions.
STRATEGIC	**Geopolitical tension and macroeconomic developments**	Political instability, wars and armed conflicts, as well as protectionism and geopolitical tensions have increased over the last few years. These increased uncertainties have resulted in sanctions, inflation, supply chain re-routing and increased raw material component and freight prices. Increasing energy prices and risk of power outages is also a general concern. Escalating geopolitical tensions could lead to further and unforeseen consequences.	• Continuously monitoring geopolitical developments and taking appropriate actions with suppliers and other stakeholders to reduce potential impacts. • Further diversifying our supplier base with long-term contracts. • Strong monitoring with indicators to steer balance sheet as well as liquidity reserves. • Close monitoring of the energy situation at our operating and prospective locations. • Maintaining and establishing long-term electricity contracts and power purchase agreements. • Collaborating closely with customers, ensuring alignment and transparency.
OPERATIONAL	**Production risks and business interruption**	Executing production according to our business plan and reaching overall equipment effectiveness is important for our ability to sustainably produce battery cells and meet customer delivery timelines. Our strategy of vertical integration stipulates a certain degree of internal dependencies and a business model that is reliant upon successful component and product deliveries between facilities. A high level of internal dependencies could impact production and customer delivery timelines if equipment effectiveness is not reached, or if production is delayed or disrupted.	• Further standardizing equipment, operating procedures and cross-functional process improvements as well as taking an iterative approach to projects through key learnings. • Maintaining strong business control and inventory management, while nurturing internal collaboration. • Undertaking business continuity measures to enable agile response to potential disruptive events. • Cooperating closely with equipment suppliers during commissioning and ramp-up. • Working closely with our customers to increase mutual understanding and prepare in case of potential delays or changes in supply. • Strengthening Sales Inventory and Operations Planning (SIOP) processes. • Conducting impact assessments regarding natural hazards and climate change, as well as identifying adaptation measures.
OPERATIONAL	**Customer uncertainties**	Customers may face changes to their battery cell needs and the timing of deliveries, which may impact our business operations and timelines. Potential delays in the ramp-up of our customers' production or any other events negatively impacting the contractual relationship with our customers could impact our financial and operational business plan.	• Working closely with our customers to increase mutual understanding and prepare in case of potential delays or changes in demand. • Rebalancing volumes to accommodate for any potential delay. • Broadening customer base, geographical markets and product platform to be able to offer available volumes to other customers. • Maintaining strong contractual obligations in customer supply contracts.

	Key risk	Description	Key mitigating actions
OPERATIONAL	**Supply chain**	The sourcing and supply of raw materials is currently highly dependent on countries outside of the European Union. Regulatory changes, restrictions on imports, tariffs or other reprisals as a result of trade barriers, as well as disruption due to catastrophic events or other external factors could lead to lack of supply. Holding increased stock levels to secure business continuity will also result in increased working capital requirements. If suppliers fail to fulfill their contractual obligations, or otherwise fail to comply with the Northvolt Supplier Code of Conduct, applicable laws, guidelines and industry standards, including aspects which could potentially lead to production interruptions, lower output and delays that may result in a negative financial impact and also have a negative impact on our customers.	• Further diversifying our supplier base with long-term contracts. • Working to continuously strengthen relationships with suppliers. Auditing of raw material down to mine level and requiring and monitoring adherence to Northvolt Supplier Code of Conduct. • Accelerating technical developments in Europe and other geographies through joint development activities with suppliers and partners. • Engaging with logistics service providers and carriers to ensure capacity and equipment availability. • Further increasing our focus on planning and forecasting as well as undertaking business continuity measures to enable agile response to potential disruptive events.
OPERATIONAL	**People and safety**	Our employees are our most valuable asset. We take a holistic approach to our work environment, in everything from physical, physiological and social conditions which are of importance and considered in everything we do. Given the nature of our business and the risks involved with handling chemicals, charged batteries and other hazardous substances, industrial accidents and other incidents that may lead to personal injuries or fatalities, have occurred in the past and may occur in the future. Many of our sites are currently under construction, which carry additional sets of risks to employees and contractors. We evaluate and strengthen our safety work in this area on a regular basis and have designated health and safety teams on each site.	• Having a strong Code of Conduct policy in place and ensuring stakeholder adherence. • Ensuring that we maintain a strong safety culture and working methods including safety training and our chemical handling process. • Operating safety training during onboarding and regular refresher trainings. • Maintaining good control of incident reporting and continuously work with a proactive approach towards corrective and preventive actions.
OPERATIONAL	**Recruitment and upskilling**	Our ability to maintain and grow according to our business plan and to produce high-quality products is dependent upon the contributions of qualified employees. Northvolt operates in a relatively young industry, where competition for skilled employees is intense. To execute on our business objectives, we must prioritize retention, upskilling and developing employees as well as attracting additional competent talent. Should we be unable to recruit sufficient competent staff and execute on our existing internal development pathways, we may face difficulties in achieving our objectives.	• Consistently developing and improving our recruitment and retention strategy through a strong internal talent and acquisition team. • Attracting talent from a wider geographical area, with a market competitive compensation package. • Having a centralized steering and training strategy to ensure a holistic approach across sites as well as an efficient way of working and sharing resources and program elements. • Enacting specific internal training programs to enable knowledge transfer and support professional development of employees to encourage employee retention.
OPERATIONAL	**Information management and cybersecurity related risks**	Northvolt relies on information technology for everyday business and the operation of most of our business processes. Disruptions, an inability to reach data or information in the event of a significant IT system failure or a cyberattack could impact our ability to produce or deliver products on time for customers. Lost or damaged assets could result in financial loss and potentially impact the company and relevant stakeholders. Our vigilance towards cybersecurity risks is of increased importance as cyberattacks become more sophisticated.	• Using a risk-based approach and established Information Technology governance policies and procedures to ensure the availability, integrity, and confidentiality of information. • Maintaining strong defensive capabilities and ability to detect and prevent cyber risks. • Enhancing the content and delivery of relevant trainings and updates on security awareness. • Retaining preventative measures and efficient continuity planning, incident management and crisis management are continuously improved. • Working with standardized frameworks and external auditors to verify security certifications, i.e., TISAX (Trusted Information Security Assessment eXchange) certified in 2022.

	Key risk	Description	Key mitigating actions
COMPLIANCE	**Business ethics and compliance risks**	We adhere to corporate social responsibility, compliance and business ethics by working in a systematic and transparent way to prevent any violations of anti-bribery, antitrust laws, trade sanctions, competition law, human rights and rules relating to work environment, financial and sustainability reporting and business ethics. As part of our commitment to the highest standards for ethical conduct, social and environmental responsibility and human rights, our Code of Conduct and Supplier Code of Conduct highlight what we stand for and give a clear direction for how we operate throughout the value chain and how we expect our employees and stakeholders to act. Should we be found in non-compliance, we may experience potentially severe impacts such as fines, criminal charges, brand damage, debarment and loss of trust from investors, customers, suppliers and employees.	• Mandatory Code of Conduct training for all personnel. • Continue implement and strengthen our compliance program and continuing to extend the comprehensive training plan across the company. • Monitoring, testing and assessing effectiveness and adherence of policies, guidelines and processes for responsible business conduct. • Further focus on remediation strategies and strengthening effective Whistleblowing and Compliance reporting. • Conducting human rights due diligence and human rights risk assessments. • Embedding human rights into applicable processes through our Code of Conduct and Supplier Code of Conduct. • Operating a supply chain management system in line with best practices, including extensive due diligence on our suppliers and business partners, and enforcing adherence to the Northvolt Supplier Code of Conduct.
COMPLIANCE	**Product compliance**	There is growing complexity of regional laws and regulations as well as an increased number of product withdrawals and litigations seen globally. Product quality and safety are cornerstones of our approach to sustainable production. In addition to potential harm to third parties, such as end users of electric vehicles, product safety issues and non-compliant products involve a risk of compensational claims costs, withdrawal of customer products and legal expenses as well as potential damage to our reputation.	• Enabling the creation of robust cells and cell production processes and mitigating the risk of deficient cells entering the market through various risk-assessments, testing and validation, quality control and assurance. • Monitoring products on the market including issues experienced by peers. • Maintaining and further strengthening our Global Market Access (GMA) measures. • Maintaining contractual risk management with an adequate and strong negotiating position. • Comprehensive insurance management.
FINANCIAL	**Financing and refinancing**	Risk of reduced access to funding driven by capital market volatility which could impact the speed of Northvolt's expansion projects. Rigid capital structures and debt service obligations risk creating less flexibility to maneuver in the future. Furthermore, it is of utmost importance that we comply with our obligations and commitments in accordance with our financing agreements. Consequences of not adhering to such obligations and commitments may affect Northvolt's reputation and could also lead to renegotiations and changes in terms with lenders.	• Focused project execution with comprehensive governance and control to monitor performance and contractual arrangements on a regular basis, including quick feedback processes and mitigation plans if necessary. • Managing relationships with current stakeholders, investors and lenders as well as further building and strengthening relationships with new investors. • Maintain strong treasury and financial risk management policies and procedures, and work with risk mitigating tools such as hedging foreign exchange, interest rates and raw material prices.
FINANCIAL	**Overrun of plan given multiple expansion projects**	Not meeting timeline or budget for our expansion projects may result in additional financial requirements, either from additional cash generation or through delay of other planned projects, and have a negative impact on our business operations and costs. Delays could put customer commitments and contracts at risk which could result in changed conditions for finance agreements and increased costs. Supply chain agreements could also impact our working capital requirements in case of project execution or production delays.	• Providing frequent cash and liability oriented reporting. Plan and execute projects using reasonable toll-gates. • Using adequate buffers in group level capital planning, ensuring ability to absorb set-back on individual projects. • Applying sufficient forward-looking horizon in capital planning and consider down-side- scenarios, safeguarding agility in the short term. • Negotiate flexibility into our new supply chain contracts. • Work closely with our existing suppliers, to jointly find the best possible solution in case of delay.

REFERENCE TO OTHER KEY FINANCIAL RISKS *The financial risks outlined in this Risk Overview only focus on selected financial risks of the group. The company conducts extensive risk management on an ongoing basis within several areas. Financial risks constitute a major risk area, which are highly regulated with regard to transparency of reporting. A sensitivity analysis of selected financial risks and further details can be found in Note* 3 Financial risks management.

REFERENCE TO KEY SUSTAINABILITY RISKS *Northvolt's sustainability risks are integrated into the selected top risks in above tables and also more detailed described under our* material topics *(pages 105-106). Northvolts* human rights risks *are described in more details on pages 53 and Northvolt's* climate risks *are described on page 22.*

Our performance

Taxonomy report

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities with the aim of scaling up sustainable investments.

This is our second EU Taxonomy report, prepared and published on a voluntary basis. To align with the Taxonomy, eligible economic activities must make a substantial contribution to at least one of the objectives, as defined in the Substantial Contribution (SC) criteria. In addition, the activity must comply with the criteria for not harming any of the other environmental objectives (Do No Significant Harm criteria, DNSH) and comply with the Minimum Safeguards.

ELIGIBILITY ANALYSIS: MANUFACTURE OF BATTERIES We have identified our taxonomy-eligible activities by screening the economic activities in the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Commission Delegated Regulation (EU) 2022/1214), the Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486), and the amendments to the Climate Delegated Act (Commission Delegated Regulation (EU) 2023/2485).

Throughout the year, we have examined the four new environmental objectives to identify any eligible activities as well as additions to the existing objectives. No new eligible activities were identified. Our business is located within Chapter 3, Manufacturing in Annex I of Climate Delegated Act (EU 2022/1214) Northvolt's core business and main turnover, capital expenditure and operating expenses are located under 3.4 Manufacture of batteries in Annex I.

PRINCIPLES FOR REPORTING As a key principle, Northvolt has assessed that all our revenue, investments, and operating expenses relate to one economic activity – the manufacturing of batteries. In line with the Commission Delegated Act 2020/852, the manufacturing of batteries is an enabling activity in that it plays a crucial role in the decarbonisation of the economy by directly enabling other activities, in our case primarily automotive, industrial and energy storage solutions, to be carried out at a low carbon level of environmental performance. The accounting principles underlying the key metrics presented follow the principles that apply for the company's consolidated financial statements and can be referred to in the financial part of this report. Only transactions with third parties have been considered. The currency of reporting has changed compared to the previous reporting period to USD (SEK). The EU Taxonomy Regulation contains wording and terms that are subject to interpretation and could have to be reassessed in light of subsequent guidance and clarification from the EU. Northvolt's interpretation is presented in the following sections.

DEFINITIONS
TAXONOMY-ELIGIBLE
Economic activities described in the delegated acts and for which technical evaluation criteria for one of the six environmental objectives are available. All other economic activities are so-called non-taxonomy economic activities.
TAXONOMY-ALIGNED
Activities that have passed the technical assessment criteria, meet the minimum safeguards criteria and have passed the analysis of do no significant harm (DNSH) of one or more environmental objectives as defined in the Taxonomy Regulation.

	NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES	
	NUCLEAR ENERGY RELATED ACTIVITIES	
1	The undertaking carries out, funds or has exposures to research, NO development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	FOSSIL GAS RELATED ACTIVITIES	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat and cool using fossil gaseous fuels.	No

Scope of financials

Northvolt's assessment is that the entire group contributes to one single activity that is Taxonomy eligible – the manufacturing of batteries (3.4). All subsidiaries and overhead efforts go towards making a vertically integrated cycle of battery manufacturing possible. The three taxonomy KPIs are therefore presented based on this assessment, i.e., all costs, irrespective of how they are accounted for (expensed or capitalized) or the part of the business they relate to (e.g., manufacturing, R&D, or support functions), are accounted for as part of the same activity. This means that operations taking part at the Headquarter are also included in the aligned portion calculation. There are a couple of exception to this rule, that we would like to highlight here.

Firstly, despite supporting the same activity, we have assessed Cuberg, our fully-owned subsidiary in California, USA, that was acquired in 2021, to be not aligned with the EU Taxonomy for the purpose of this report. Given the small relative size of its operations, different regulatory landscape and recency of the EU Taxonomy regulation that is continuously evolving, we have not prioritized finalizing the same in-depth assessment as we have conducted for our other, relatively larger sites, in this reporting period. With that in mind, we cannot verify that Cuberg activities are fully aligned with the EU Taxonomy in the same manner as our European subsidiaries. This assessment process is ongoing. For the purpose of this report, Cuberg is presented as a Taxonomy-eligible but not Taxonomy-aligned activity.

Secondly, in the fall of 2023, we announced our expansion in to North America with Northvolt Six, to be built in Quebec, Canada. Earlier, in the spring of 2022, we announced our expansion to Germany, where we plan to build a 60 GWh lithium-ion battery manufacturing plant, powered by the cleanest electricity grid in Germany. Similarly to Cuberg, Six is located in a different regulatory landscape than our other sites and the EU Taxonomy. Moreover, both Six and Drei are two of our youngest sites. In this regard, we have not been able to formally finalize our assessment in the same manner as for our other more established sites. However, given partial assessment, clear timeline for finalizing the assessment in Q1 2024, and Board commitment to build the gigafactories in a clear timeline and in a manner no less Taxonomy-aligned than our other sites, we aim to include both Six and Drei operations as both Taxonomy-eligible and Taxonomy-aligned hereafter.

To determine the percentages, the taxonomy-eligible and taxonomy-aligned turnover, capital expenditure, and operating expenditure are each set in relation to total turnover, total capital expenditure, and total operating expenditure, following the definitions of the EU Taxonomy. Northvolt uses the equity method to consolidate the financials of its joint ventures. Therefore, on a line-by-line basis, the Joint Ventures are not included in key items such as Revenue, OpEx and CapEx, that are used to calculate the financial EU Taxonomy KPIs. Instead, the results of the Joint Ventures are presented on a net basis in the financial statements.

		2023		SUBSTANTIAL CONTRIBUTION CRITERIA						DNSH CRITERIA (DOES NOT SIGNIFICANT HARM)									
Economic activities [1]	Code(s) [2]	Absolute turnover [3]	Proportion of turnover [4]	Climate change mitigation [5]	Climate change adaptation [6]	Water and marine resources [7]	Circular economy [8]	Pollution [9]	Biodiversity and ecosystems [10]	Climate change mitigation [11]	Climate change adaptation [12]	Water and marine resources [13]	Circular economy [14]	Pollution [15]	Biodiversity and ecosystems [16]	Minimum safeguards [17]	Taxonomy - aligned proportion of turnover YEAR 2022 [18]	Category enabeling activity [19]	Category transitional activity [20]
		KUSD	%	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	118,897	92,6%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	98,9%	E	—
Turnover of environmentally sustainable activities (TAXONOMY-ALIGNED) (A.1)		118,897	92,6%	92,6%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	98,9%		
Of which enabling			92,6%	92,6%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	98,9%	E	—
Of which transitional			0,0%	0%						Y	Y	Y	Y	Y	Y	Y	0,0%	—	T
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	9,448	7,4%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								1,1%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (NOT TAXONOMY-ALIGNED ACTIVITIES) (A.2)		9,448	7,4%	100%	0%	0%	0%	0%	0%								1,1%		
Total (A.1 + A.2)		**128,345**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities (B)	-	0,0%
Total (A + B)	**128,345**	**100,0%**

TURNOVER Turnover consists of revenue from contracts with customers in the financial year 2023 which in turn consists of project sales, product sales and other revenue such as service and aftermarket products. The total turnover is consistent with the figures presented in the Group's consolidated statement of profit or loss, derived according to IFRS guidelines. The group revenue is driven by the sale of sample cells and industrial solutions and a breakdown of revenue is available in Note 4 Revenue from contracts with customers of this report. The share that is both eligible and aligned with the Taxonomy covers 92.6% (98.9% in 2022) of the total turnover and has, therefore, decreased compared to the previous reporting period. This comes as a result of increasing sales in our subsidiary Cuberg, which we previously defined to conduct a Taxonomy eligible, but not Taxonomy-aligned activity due to being unable to finalize the alignment assessment in the reporting period. The respective revenue increase was driven by reaching the final milestone in a customer program. As we aim to finalize the alignment assessment of Cuberg in 2024 and expect to conclude that the subsidiary and respective site are indeed aligned, we expect our Taxonomy-aligned share to increase.

Economic activities [1]	Code(s) [2]	2023 Absolute CapEx [3]	2023 Proportion of CapEx [4]	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation [5]	Climate change adaptation [6]	Water and marine resources [7]	Circular economy [8]	Pollution [9]	Biodiversity and ecosystems [10]	DNSH CRITERIA (DOES NOT SIGNIFICANT HARM): Climate change mitigation [11]	Climate change adaptation [12]	Water and marine resources [13]	Circular economy [14]	Pollution [15]	Biodiversity and ecosystems [16]	Minimum safeguards [17]	Taxonomy - aligned proportion of CapEx YEAR 2022 [18]	Category enabling activity [19]	Category transitional activity [20]
		KUSD	%	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	1,860,349	99,1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	99,2%	E	—
CapEx of environmentally sustainable activities (TAXONOMY-ALIGNED) (A.1)		1,860,349	99,1%	99,1%	0%	0%	0%	0%	0%								99,2%		
Of which enabling			99,1%	99,1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	99,2%	E	—
Of which transitional			0%	0%						Y	Y	Y	Y	Y	Y	Y	0%	—	T
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	16,125	0,9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	0,8%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (NOT TAXONOMY-ALIGNED ACTIVITIES) (A.2)		16,125	0,9%	100%	0%	0%	0%	0%	0%								0,8%		
Total (A.1 + A.2)		**1,876,474**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
CapEx of Taxonomy-non-eligible activities (B)	—	0,0%
Total (A + B)	**1,876,474**	**100%**

CAPEX Capital expenditures consist of additions to tangible and intangible assets during the financial year 2023, including the expenditures resulting from business combinations or divestments, excluding translation differences for the year. Additions to goodwill are not included in neither the denominator nor the nominator. The metric is calculated before any depreciation, amortization, or other fair value changes and includes leases which lead to the recognition of a right-of-use assets. The total capital expenditure is consistent with the figures presented in the Group's consolidated balance sheet, derived according to IFRS guidelines. Tangible assets expenditures include mainly Construction in progress, intangible assets expenditures consist of capitalized R&D expenditure and right-of-use assets expenditures comprise mainly the leasing of land and buildings. As presented below, the capital expenditure is largely driven by significant pace of construction throughout 2023:

TAXONOMY-ALIGNED CAPEX, MUSD, OF WHICH ATTRIBUTABLE TO	2023	2022
TANGIBLE ASSETS	1,780	1,388
INTANGIBLE ASSETS	49	45
RIGHT-OF-USE ASSETS	48	25

While capital expenditure in Drei and Six was significant as a result of land acquisitions, construction in Skellefteå, covering Ett, Ett Expansion and Revolt Ett, was in focus and jointly accounted for over 70% of the increase in property, plant and equipment compared to the previous reporting period. Refer to notes 10 Intangible assets and goodwill, 11 Property, plant and equipment and 12 Leases with Northvolt as lessee for additional information related to tangible, intangible, and right-of-use assets respectively. The share that is both eligible and aligned with the Taxonomy covers 99.1% (99.2% in 2022) of the total capital expenditure and has in this regard remained broadly unchanged from the previous reporting period.

Economic activities [1]	Code(s) [2]	2023 Absolute OpEx [3]	2023 Proportion of OpEx [4]	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation [5]	Climate change adaptation [6]	Water and marine resources [7]	Circular economy [8]	Pollution [9]	Biodiversity and ecosystems [10]	DNSH CRITERIA (DOES NOT SIGNIFICANT HARM): Climate change mitigation [11]	Climate change adaptation [12]	Water and marine resources [13]	Circular economy [14]	Pollution [15]	Biodiversity and ecosystems [16]	Minimum safeguards [17]	Taxonomy - aligned proportion of OpEx, YEAR 2022 [18]	Category enabling activity [19]	Category transitional activity [20]
		KUSD	%	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N/N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	235,533	86,5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	87,4%	E	—
OpEx of environmentally sustainable activities (TAXONOMY-ALIGNED) (A.1)		235,533	86,5%	86,5%	0%	0%	0%	0%	0%								87,4%		
Of which enabling			86,5%	86,5%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	87,4%	E	—
Of which transitional			0%	0%						Y	Y	Y	Y	Y	Y	Y	0%	—	T
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)																			
3.4 MANUFACTURE OF BATTERIES	CCM 3.4	36,874	13,5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	N	12,6%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (NOT TAXONOMY-ALIGNED ACTIVITIES) (A.2)		36,874	13,5%	100%	0%	0%	0%	0%	0%										
Total (A.1 + A.2)		**272,407**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**										

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy-non-eligible activities (B)	—	0,0%
Total (A + B)	**272,407**	**100%**

OPEX Operating expenses consist mainly of non-capitalized research and development expenses, maintenance, and repair costs necessary to ensure the continued and effective functioning of property, plant and equipment, as well as short-term leases and associated lease costs, such as heating and electricity that are part of the tenant contract. The expenses included in the calculation of the denominator do not include cost for raw materials or labour expenses incurred in the running of our property, plant, and equipment. As internal processes are enhanced and further guidance and advice on interpretation of the regulation is provided, the total relevant operating expenses as well as share of Taxonomy eligible operational expenses may be adjusted. Please note that the comparison period (2022) was restated downwards (from 88.3% to 87.4%) to account for previous minor double-counting of short-term lease costs. The total operating expense calculated is consistent with the figures presented in the Group's consolidated statement of profit or loss, derived according to IFRS guidelines. Refer to Note 10 Intangible assets and goodwill for details on non-capitalized R&D expenses and Note 11 Property, plant and equipment for details on expenses associated with short-term leases. Expensed lease costs, maintenance and repair costs are not presented on a standalone basis in this report; however, the metrics have been derived in a manner consistent with the consolidated financial statements. The share that is both eligible and aligned with the Taxonomy covers 86.5% (87.4% in 2022) of the total operating expenses as it excludes R&D expenses incurred in Cuberg. Despite excluding the expensed research and development costs of Cuberg, our subsidiary that focuses entirely on the development of the next-generation lithium metal battery technology for the aviation sector, the OpEx KPI remains high and broadly unchanged from the previous reporting period. Furthermore, the share of expensed research and development costs of the nominator is over 90%, indicating the high focus Northvolt places on investing in leading technology expertise to enable the future of green energy. The group conducts development activities in three core areas: Advanced Materials, Cell Design and System Design and research and development continues to be an important focus for Northvolt. and development continues to be an important focus for Northvolt.

Tabular presentation according to the EU Taxonomy Regulation – extent of eligibility and alignment per environmental objective

Objective[2]	CCM	CCA	WTR	CA	PPC	BIO
PROPORTION OF TURNOVER/TOTAL TURNOVER[1]						
Taxonomy-aligned per objective	92,6%	0%	0%	0%	0%	0%
Taxonomy-eligible per objective	92,6%	0%	0%	0%	0%	0%
PROPORTION OF CAPEX/TOTAL CAPEX[1]						
Taxonomy-aligned per objective	99,1%	0%	0%	0%	0%	0%
Taxonomy-eligible per objective	99,1%	0%	0%	0%	0%	0%
PROPORTION OF OPEX/TOTAL OPEX[1]						
Taxonomy-aligned per objective	86,5%	0%	0%	0%	0%	0%
Taxonomy-eligible per objective	86,5%	0%	0%	0%	0%	0%

1 Percentage refers to the total turnover, Capex and Opex in accordance with EU taxonomy Regulation 2 Abbreviations used in the table: CCM: Climate Change Mitigation, CCA: Climate Change Adaptation, WTR: Water and Marine Resources, CE: Circular Economy; PPC: Pollution Prevention and Control, BIO: Biodiversity and ecosystems

Alignment with the technical screening criteria and compliance with minimum safeguards

Northvolt has assessed its eligible business activities in accordance with the technical screening criteria in the EU Taxonomy including compliance with the Minimum Safeguards. The assessment determines that Northvolt Ett, Northvolt Labs, Northvolt Dwa, Northvolt Drei, Northvolt Six and Northvolt Stockholm fulfil the substantial contribution criteria of aligned activity 3.4 Manufacture of batteries and completely fulfil the criteria for the environmental objectives (DNSH): Climate change adaptation, Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; and Protection and restoration of biodiversity and ecosystems.

		Ett	Labs	Dwa	Stockholm	Drei	Six
Significant contribution	Climate change mitigation	✓	✓	✓	✓	✓	✓
Do no significant harm	Climate change adaptation	✓	✓	✓	✓	✓	✓
	Water and marine resources	✓	✓	✓	✓	✓	✓
	Circular economy	✓	✓	✓	✓	✓	✓
	Pollution prevention and control	✓	✓	✓	✓	✓	✓
	Biodiversity and ecosystems	✓	✓	✓	✓	✓	✓
Minimum safeguards		✓ COMPLIANCE WITH MINIMUM SAFEGUARD					

Substantial Contribution alignment

Taxonomy objectives	Alignment criteria	Statement of alignment with the taxonomy's criteria or substantial contribution to climate change mitigation	Example of evidence for alignment
Climate change mitigation	The economic activity manufactures rechargeable batteries, battery packs, and accumulators (and their respective components), including from secondary raw materials that result in substantial GHG emission reductions in transport, stationary and off-grid energy storage, and other industrial applications. The economic activity recycles end-of-life batteries.	Northvolt manufactures battery cells and battery systems that aim to both have the lowest possible carbon footprint and serve as an enabling technology for GHG emission reductions in other sectors. The majority of our batteries are delivered to the automotive industry for integration into electric vehicles (EVS), but we also deliver to clients in the energy and industrial sectors. Northvolt also recycles end-of-life batteries through Revolt. Revolt started as an in-house program for recycling and developed into a pilot recycling plant at Northvolt Labs dedicated for developing and refining the recycling process. We are now establishing industrial-scale recycling capacities in parallel to our battery manufacturing capacity – Hydrovolt in Norway and Revolt Ett recycling plant alongside Northvolt Ett gigafactory in Sweden. Fully built, Revolt Ett will recycle some 125,000 tonnes of battery materials per year, including production scrap from its neighboring facility. The facility is by far the largest recycling plant of its type in Europe, recovering metals such as nickel, cobalt, manganese and lithium, and will ultimately be able to provide Northvolt Ett with 50% of its raw materials for cathode production.	• LCA analysis and results • Revolt

Do No Significant Harm alignment

Taxonomy objectives	DNSH criteria	How Northvolt aligns with the criteria		Example of evidence of alignment
Climate change adaptation	The physical climate risks that are material to the activity have been identified by performing a robust climate risk and vulnerability assessment, following the steps described in Appendix A of the EU Taxonomy Annex 1 of the Delegated Act for Climate Change Mitigation. Robust climate risk and vulnerability assessment according to Appendix A: • Screening of the activity to identify relevant physical climate risks • Risk and vulnerability assessment for identified relevant climate risks • Assessment of adaptation solutions to reduce the risks and a plan for implementing them	Understanding both our impact on climate and how a changing climate can affect our operations is an integrated part of our risk management. To support our processes and align with the technical screening criteria set out in the Appendix A of the EU Taxonomy Delegated Act for climate change mitigation, we have created and implemented procedures, work instructions and risk assessment tools to identify, assess and mitigate climate-related risks. All our existing sites under the taxonomy report have been screened for climate-related risks and opportunities and future sites will be screened according to the procedures.	Under 2022-2023 we have performed a climate risk and vulnerability assessment and developed plans in line with Appendix A of the EU Taxonomy Annex 1 of the Delegated Act for climate change mitigation. The assessment has followed the steps outlined in Appendix A.	• Procedure for Environmental Social Impact Assessment (ESIA) • Work instruction for climate impact risk assessment • Environmental impact assessment (EIA) (SITE-SPECIFIC) • Climate impact risk assessment (COMPANY AND SITE-SPECIFIC)
Sustainable use and protection of water and marine resources	Environmental degradation risks related to preserving water quality and avoiding water stress are identified and addressed. Risk assessment can be conducted through an EIA or through a separate assessment	All Northvolt´s currently in operation have gone through an EIA apart from Northvolt Dwa, were an EIA was not required and instead went through a separate water impact assessment living up to national law.	The assessment concludes that none of Northvolts site are located in water stressed areas or at risk of harming water quality.	• Environmental impact assessment (EIA)
Protection and restoration of biodiversity and ecosystems	An EIA or screening has been completed and the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas, an appropriate assessment has been conducted and based on its conclusions, the necessary mitigation measures are implemented.	Northvolt conducts EIAs for its sites where this is required by the EU or local regulation. EIAs cover the assessment of direct and indirect environmental impacts of a planned activity, including on biodiversity and ecosystems, and set out compensation measures to be implemented if needed. Northvolt Ett and Northvolt Labs have not had any requirement on	compensation measures and for those sites where compensation measures were required, each site has managed it within their permit. EIA is under development for Northvolt Drei and Northvolt Six follows the permitting procedure of Québec and Canada. Northvolt is monitoring the topic of biodiversity and is investigating how to engage more on this topic.	• Environmental impact assessment (EIA)
Transition to circular economy	For the manufacturing of new batteries, components and materials, the acitivity assesses the availability of and, where feasible, adopts techniques that support: A reuse and use of secondary raw materials and reused components in products manufactured; B design for high durability, recyclability, easy disassembly and adaptability of products manufactured; C information on and traceability of substances of concern throughout the life cycle of the manufactured products Recycling processes meet the conditions in the EU Battery Directive and, where applicable, recycling facilities meet the requirements in the Industrial Emissions Directive.	Scaling battery recycling in parallel to the ramp-up of our battery manufacturing capacity is at the core of Northvolt's strategy and we apply the following approach to align with the criteria A Northvolt runs an in-house program focused on developing and refining our battery recycling process and we are in the process of establishing industrial-scale recycling capacities. B Northvolt's product development and design process ensures that our products have a high durability, recyclability, and are easy to disassemble and adapt. Furthermore, Northvolt works	cross-functionally with our recycling team and external suppliers to continuously improve the recyclability of our products; C Northvolt is required to declare chemical substances, materials and components used in our products in international data systems for our customers to meet its obligations. In addition, our target is 100% traceability of the raw materials we use and that all suppliers are screened for sustainability risks. As for compliance with the referenced EU directives, these are integrated into the national laws and regulations that Northvolt's production and operations need to comply with.	• Northvolt list of declarable and restricted substances • Internal data system for chemical management • Recycled content roadmap
Pollution prevention and control	Batteries comply with the applicable sustainability rules on the placing on the market of batteries in the Union, including restrictions on the use of hazardous substances in batteries and other regulations.	Northvolt complies with the European directives and regulations relevant to pollution, prevention, and control criteria, including national laws applicable for manufacture and placing batteries on the European market. We continuously monitor the regulatory list of chemicals that are part of the relevant EU regulations and have guidelines in place outlining chemicals that are restricted, prohibited or to be avoided where possible	within our operations. Relevant stakeholders are expected to comply with these as well, together with all relevant national/international legislations, and compliance is monitored through our supplier portal. Lastly, all introductions of new chemicals in the production require approval from the local Chemical Committee, and we continuously monitor our emissions and working with substitution of chemicals.	• Internal data system for chemical management • Supplier material declaration • Legal monitoring and compliance tool

Minimum Safeguards

Northvolt's policies and due diligence procedures are aligned with best practice from international standards and follow the steps outlined in the OECD Guidelines and the UNGPs:

1. EMBED RESPONSIBLE BUSINESS CONDUCT INTO POLICIES AND MANAGEMENT SYSTEMS Northvolt's policies and procedures have embedded the commitments outlined in the OECD Guidelines, UN Guiding Principles, UN Global Compact, ILO Declaration of Fundamental Principles and Rights at Work, ILO Basic Terms and Conditions of Employment, and the International Bill of Human Rights. These commitments are applied across our operations and value chain. Our Supplier Code of Conduct also includes an added requirement on adherence to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas for Northvolt's suppliers of conflict minerals and cobalt. Northvolt has a zero tolerance approach to corruption and bribery, set out in our Anti-Corruption policy which is applicable across our operations and beyond. Taxation and Fair competition are covered in separate policies.

2. IDENTIFY AND ASSESS ADVERSE IMPACTS IN OPERATIONS, SUPPLY CHAINS AND BUSINESS RELATIONSHIPS Suppliers are assessed against our Supplier Code of Conduct and Anti-Corruption policy during a tender as required, and we conduct Know Your Counterpart assessments where the Ultimate Beneficial Owners and other key individuals are screened for sanctions in our third-party database. For high-risk materials, such as raw material suppliers and certain cell material suppliers, a deep assessment against our policies is conducted, e.g. in the form of an audit. For raw material suppliers, the audit scope also incorporates the requirements under the IFC Performance Standards. The full process for assessing third parties and requirements during the contracting and monitoring of them are set out in Northvolt's internal procedures for assessing risk and conducting due diligence on third parties. Northvolt has conducted human rights risk assessments in line with Equator principles, IFC performance standards and EU Taxonomy.

3. CEASE, PREVENT OR MITIGATE ADVERSE IMPACTS Any adverse potential or actual impacts identified during the initial due diligence of third parties and projects are assessed in terms of severity and likelihood. For third parties, potential or actual impacts are raised to the Sustainability Compliance Committee who will approve or deny the third party based on the results. Third parties are expected to implement any improvement plan created by Northvolt as a result of the due diligence in order to prevent or mitigate adverse impacts. A similar approach is taken for our operational sites.

4. TRACK IMPLEMENTATION AND RESULTS Northvolt closely monitors high-risk third parties to ensure they are closing any improvement measures identified during the due diligence phase as well as having ongoing dialogues with key suppliers to understand changes in risks and impacts. Northvolt is required to monitor performance of any project related to addressing and minimizing identified risks and impacts. We frequently report to authorities on environmental performance and are required to notify in case of deviations with the requirements of the permit, or any accidents, within 24 hours of the event occurring.

5. COMMUNICATE HOW IMPACTS ARE ADDRESSED Northvolt reports annually on our due diligence efforts and wider impacts in our Sustainability and Annual report.

6. PROVIDE FOR OR COOPERATE IN REMEDIATION WHEN APPROPRIATE Northvolt will provide for or cooperate in remediation where required. Northvolt has a grievance mechanism via the whistleblowing hotline established to allow for all stakeholders (internal and external) to raise complaints, including in projects. Consultation and collaboration with relevant authorities, unions, or other relevant bodies supports the process for remediation.

7. TAXATION AND FAIR COMPETITION A key tax principle for Northvolt is to be compliant with applicable tax rules, regulations and guidelines, including paying taxes promptly and in accordance with regulations in the countries in which we operate. When considering our approach, we take into account both the letter and the spirit of the law, including international transparency and anti-tax avoidance initiatives. Tax governance and tax compliance are considered important elements of Northvolt's broader risk management system and align with Northvolt's principle of being a responsible corporate citizen. In regards to fair competition, Northvolt complies with applicable laws and is implementing a competition policy that will include e-learning for employees.

Respecting human rights is fundamental to Northvolt. Therefore, we are assessing our human rights impact in both our own operation and in our value chain.

We work to assess human rights risks throughout our operations and value chain to avoid causing and contributing to adverse human rights impacts. Our assessments take geographic and local contexts into account, and we seek to engage with affected communities where needed as part of our assessments. We implement preventative measure to counteract possible liability claims and reputational impact, proportional to the risk posed. Over the past year we have completed human rights risk assessments in accordance with the Equator principles, IFC performance standards and EU taxonomy. The human rights risk assessment is primarily site specific but also covered company level and supply chain related areas. Read more about our supply chain activities (pages 23-24).

Key human rights risk	Example of risk response
RIGHT TO NOT BE SUBJECT TO SLAVERY, SERVITUDE OR FORCED LABOR Risk of human rights breaches in supply chain especially relating to raw material feed.	• Ongoing monitoring and dialogue with current suppliers • Engagement with NGOs and local communities
RIGHTS OF MINORITIES Northvolt maintains close dialogues with indigenous groups near its operational sites, including ongoing engagement with the Mausjaur Sami Village near Northvolt Ett in Sweden and the Mohawk Council of Kahnawake in Canada.[1]	• Ongoing dialogue • Agreement reached between Northvolt and the Mausjaur Sami Village until 2030
RIGHT TO AN ADEQUATE STANDARD OF LIVING Increased influx of individuals to Skellefteå through the establishment of Northvolt has wider societal impacts such as driving up the cost of living (housing) which may impact locals position on the housing market.	• Set up temporary housing for new employees • Engage in close, ongoing dialogue with the municipality, real estate owners and construction companies
RIGHT TO ENJOY JUST AND FAVORABLE CONDITIONS OF WORK, RIGHT TO FAMILY LIFE Risk of employees working excessive working hours and commuting between cities, especially during the ramp up phase.	• Set up of temporary housing, engage in close, ongoing dialogue dialogue with the municipality, real estate owners and construction companies • Shift schedule and overtime regulated by collective bargaining agreement (CBA) • Mechanisms for grievance and whistleblowing • Occupational health checks and health insurance • Feedback mechanisms for further improvement of processes
RIGHT TO ENJOY JUST AND FAVORABLE CONDITIONS OF WORK Risk of uncontrolled sub-contractors working excessive hours and not registered according to applicable working laws.	• Contractual agreement clauses on limiting number of subcontractors • Monitoring of workers on site via ID06 • Mechanisms for grievance and whistleblowing • Due diligence by supply chain team on construction companies • Collaboration with unions and police to conduct inspections on site • Training for new workers on rights of workers

NORTHVOLT ETT The identified key human rights risks for Northvolt Ett relate to sourcing of raw materials, construction work and impacts from the rapid growth of Skellefteå. In order to manage and mitigate the identified risks we work closely with the affected stakeholders, government agencies and unions to proactively develop the correct response strategy. Moreover, we are conducting gap assessments of international conventions and regulations against national law to understand if there are any legislative shortcomings that may impact the protection of human rights in Northvolt's business context.

1 In 2024, the Mohawk Council of Kahnawake has filed a lawsuit against the Quebec and Canadian governments for allegedly failing to adequately consult before approving the construction of the Northvolt Six site. Northvolt is monitoring the situation and has expressed its clear intention to continue working with the Mohawk Council despite the legal proceedings.

Directors' report

Information about the operations

Northvolt is a supplier of sustainable, high-quality batteries. The parent company was founded in 2016 to enable the European transition to electrification and has since taken major steps towards achieving the goal of producing the world's greenest battery cells with a minimal carbon footprint.

The Northvolt Group produces and sells lithium-ion cells and battery systems for use in various customer segments, including transport, storage and industry. Northvolt surpassed 5000 employees during 2023, originating from over 100 countries.

Northvolt AB is the parent company of the group and is responsible for coordinating research and development activities related to all products. The parent company's revenue mainly comes from the sale of lithium-ion battery cells to customers within the automotive sector. The parent company is based in Stockholm, Sweden.

Significant events during the financial year

- Production ramp-up of Northvolt Ett in Skellefteå continued, and while impacted by challenges, cell shipments from Northvolt Ett in 2023 increased significantly compared to the previous year.
- Northvolt unveiled its high-performance cell developed with Scania for electric trucks. At full serial production, the cell's carbon footprint is approximately one third that of a comparative industry reference.
- Northvolt's subsidiary Cuberg launched a new program to develop high-performing electric aviation battery systems.
- Northvolt closed financing of convertible debt totaling USD 1,701 m during the year. Another USD 25 m and EUR 400 m was secured but not yet received.
- The Northvolt Dwa factory in Poland concluded construction and installed the first production line for final testing in early 2024.
- Northvolt announced its plans to establish a fully integrated lithium-ion battery gigafactory, just outside of Montreal, in the Canadian province of Quebec, capable of 60 GWh of annual cell manufacturing capacity. Northvolt received a loan of USD 1,819 m, enabling the Northvolt Six project to progress.
- Revolt Ett construction and installation completed as the plant entered hot commissioning. Having achieved several key milestones by the end of the year, the plant will come online during 2024.
- Northvolt announced a state-of-the-art sodium-ion battery, developed for the expansion of cost-efficient and sustainable energy storage systems worldwide.
- Northvolt signed a USD 5 billion non-recourse project financing to enable the expansion of Northvolt Ett in northern Sweden. The deal represents the largest green loan raised in Europe to date. Closing is expected in 2024.

Expected future developments

In 2024, Northvolt Group will focus on further expanding the large-scale production of the gigafactory in Skellefteå. With help from future financing and fundraising, the Group aims to reach a market share in Europe of around 25 per cent by 2030, which means an estimated 150 GWh in production capacity.

Significant risks and uncertainties

The management of strategic, operational, financial and compliance risks is essential for Northvolt's operations, and effective risk management is a necessity for a stable and profitable future. Refer to the Risk management section (page 40) for further details on Northvolt's risk assessment, with a brief overview below.

STRATEGIC RISKS Strategic risks are risks relating to changes in the business environment with potentially significant effects on Northvolt's ability to achieve the high-level goals that are aligned with our mission and long-term objectives. Northvolt is affected by international, national, and regional economic conditions. Strategic risks further include market uncertainties and geopolitical tensions; most recently the war in Ukraine and the armed conflicts and increased political tension in the Middle East, have impacted our decision-making, and operations. This includes disruptions to the financial markets, supply chain and logistics.

Increased protectionism and global trade disputes are expected challenges that Northvolt will have to manage. Other strategic risks include changes to the new energy landscape and competitor actions, customer behavior and reputational risk. The management team continuously monitors developments across risk areas and proactively assesses macroeconomic and political risks as well as opportunities that may influence Northvolt's strategies.

OPERATIONAL RISKS Operational risks are risks directly impacting business operations, including effectiveness, productivity , and resource use, which could impact the company's financial performance. These are risks mainly associated with Northvolt's business operations such as internal Cathode Active Material production, recruitment and upskilling of employees and the execution and launch of cell production activities. Acknowledging the current global situation shortages of material and freight challenges resulting in increasing costs and longer delivery times have been added as operational risks relating to business interruption. Operational risks also include certain sustainability risks, for example, health and safety, environmental risks, dependence on human resources, business ethics and human rights risks. Northvolt's sustainability activities are further described in the Sustainability section.

COMPLIANCE RISKS Compliance risks are risks relating to not conforming with laws, regulations and Northvolt's internal compliance. Compliance risks entail a risk of financial and legal penalties as a result of non-compliance with laws and regulations, including non-compliance with commercial and financing agreements with customers, suppliers, lenders and other counterparties and also by license, patents and other intangible property rights.

FINANCIAL RISKS AND USE OF FINANCIAL INSTRUMENTS Through its comprehensive operations and complex financing structure, Northvolt is exposed to financial risks. The Board of Directors is responsible for the Treasury and Financial Risk Policy, which comprises guidelines, objectives and limits for financial management and the management of financial risks within Northvolt. Financial risks comprise cash management and liquidity risks interest rate risks, currency risks, commodity risks, credit risks (including counterparty risk) and financial reporting and financing risks. The Northvolt Finance department is the functional organization that primarily handles Northvolt's financial risks.

Financial instruments are used to hedge currency exposures into their anticipated future underlying currency where there is an anticipated forecast that this expenditure will occur in the underlying currency. Movements on the fair value of the currency derivatives are taken to the Profit and loss account. When Northvolt enters into a floating rate loan, the interest rate is hedged to fixed rate in order to mitigate variations in the underlying cash flows. Northvolt uses hedge accounting to account for the movements in the fair value of the interest rate derivatives when the hedge can be designated as effective under IFRS 9. The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The use of financial instruments and financial risks are further described in note 3 Financial risk management.

RESEARCH AND DEVELOPMENT Northvolt's technology platform spans the entire battery value chain and is made possible by leading battery technology expertise. Northvolt conducts de-

The Board of Directors and the CEO of Northvolt AB hereby submits the following parent company annual report and consolidated financial statements for the financial year 2023.
The annual report and the consolidated financial statements for the Group are presented in United States Dollars (USD) and all values are rounded to the nearest thousand (000), except when otherwise indicated.
The annual report for the Parent Company has been prepared in Swedish Kronor (SEK) and all values are rounded to the nearest thousand (000), except when otherwise indicated. Amounts in brackets refer to the previous year.

velopment activities in three core areas: Advanced Materials, Cell Design and System Design and it continues to be an important focus for Northvolt.

ENVIRONMENTAL IMPACT Northvolt has a fundamental commitment to being a responsible company with a clear focus on sustainability and the environment and works continuously to ensure minimal environmental impact with the ambition to produce the world's greenest battery. This commitment is further reflected in the integrated Sustainability Report with reference to international reporting guidelines. All our businesses have permits regulating the environmental impact of their operations. Read more about our environmental responsibility (page 27).

SUSTAINABILITY The Sustainability Report has been prepared by the parent company Northvolt AB to meet the statutory requirements in accordance with the Swedish Annual Accounts Act, chapter 6, section 11. This report is an integrated part of Northvolt's Sustainability and Annual report 2023 as defined on page 118.

OWNERSHIP Owners at the end of the year 2023 with more than 10% of the shares in the company are Volkswagen Finance Luxembourg S.A. (B166745) and Goldman Sachs Asset Management LP through various investment funds.

Multi-year overview

USDm	2023	2022	2021	2020	2019
GROUP					
Net sales	128	107	79	22	10
Profit/loss before tax	-1,167	-318	-128	-132	-56
Total assets	8,491	7,295	5,717	2,453	634
Equity ratio (%)	25.3 %	44.6 %	68.8 %	55.3 %	32.7 %

SEKm	2023	2022	2021	2020	2019
PARENT COMPANY					
Net sales	326	1,116	348	191	91
Profit/loss before tax	-4,349	-929	745	-600	-448
Total assets	72,646	60,869	41,602	15,446	4,533
Equity ratio (%)	45,1 %	60,8 %	90,3 %	76,8 %	45,5 %

Proposal for profit/loss allocation

In the parent company the unrestricted shareholders equity amounts to (SEK):

Share Premium Reserve	38,528,950,918
Profit (loss) brought forward	-1,778,820,339
Profit (loss) for the year	-4,348,755,599
Total unrestricted equity	**32,401,374,980**

The Board of Directors and the Chief Executive Officer propose that the parent company's unrestricted equity is carried forward and that no dividend be paid for the financial year (SEK):

Carried forward	**32,401,374,980**

Consolidated statement of **profit or loss**

USD'000	Note	2023	2022
Revenue	4	128,345	106,995
Cost of goods sold		-690,602	-341,254
Gross profit/loss		**-562,257**	**-234,259**
Research and development expenses		-225,085	-133,388
Selling, general and administrative expenses		-249,892	-144,971
Other operating income	5	62,348	25,125
Other operating expenses	5	-33,664	-10,768
Result from participation in joint ventures	14	-24,918	-6,732
Result from sale of subsidiaries	14	—	182,807
Operating profit/loss	6, 7	**-1,033,468**	**-322,186**
Finance income	8	280,140	325,935
Finance expense	8	-413,963	-321,721
Profit/loss before tax		**-1,167,291**	**-317,972**
Income tax	9	-281	33,107
Profit/loss for the period		**-1,167,572**	**-284,865**
Profit/loss for the period attributable to:			
Owners of the parent company		**-1,167,572**	**-284,865**

Consolidated statement of **comprehensive income**

USD'000	Note	2023	2022
Profit/loss for the year		**-1,167,572**	**-284,865**
Other comprehensive income/loss			
Items that can be reclassified to profit/loss for the year (net of tax):			
Exchange differences on translation of foreign operations	17	48,860	-509,413
Fair-value changes in cash flow hedges (net)	17	5,631	68,691
Net gain/loss on equity instruments designated at fair value	17	—	2,136
Total other comprehensive income/loss for the year (net of tax)		**54,491**	**-438,586**
Total comprehensive income/loss (net of tax)		**-1,113,081**	**-723,451**
Attributable to the owners of the parent company		**-1,113,081**	**-723,451**

Consolidated statement of **financial position**

USD'000	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Non-current assets			
Intangible assets and goodwill	10	134,864	120,712
Property, plant and equipment	11	5,206,630	3,245,167
Right-of-use assets	12	89,788	52,571
Participation in joint ventures	14	206,573	178,373
Derivative financial instruments	20	—	100,481
Deferred tax asset	9	80,964	79,319
Other non-current assets		12,203	8,739
Total non-current assets		**5,731,022**	**3,785,362**
Current assets			
Inventories	15	451,580	383,636
Trade receivables	4	40,407	37,911
Other current receivables		73,475	79,759
Prepaid expenses and accrued income		49,139	26,797
Derivative financial instruments	20	11,294	16,095
Other current financial assets	16	—	415,559
Cash and cash equivalents	16	2,134,333	2,549,613
Total current assets		**2,760,228**	**3,509,370**
Total assets		**8,491,250**	**7,294,732**

USD'000	Note	Dec 31, 2023	Dec 31, 2022
Equity and liabilities			
Equity			
Share capital		35	35
Other paid-in capital		4,324,090	4,317,287
Reserves		-424,119	-478,610
Retained earnings incl. profit/loss for the period		-1,755,293	-587,721
Equity attributable to owners of the parent company		**2,144,713**	**3,250,991**
Total equity	17	**2,144,713**	**3,250,991**
Non-current liabilities			
Interest-bearing loans and borrowings	20	1,544,494	1,418,717
Convertible loan	20	3,767,357	2,042,568
Lease liability	12	67,229	36,822
Provisions		11,080	6,804
Government grants	18	19,845	20,340
Derivative financial instruments	20	2,176	—
Other non-current liabilities		32,206	102
Deferred tax liability	9	7,556	29,778
Total non-current liabilities		**5,451,943**	**3,555,131**
Current liabilities			
Interest-bearing loans and borrowings	20	214,529	—
Trade payables		321,832	323,251
Lease liability	12	23,013	15,499
Provisions		12,156	—
Government grants	18	4,285	6,130
Derivative financial instruments	20	1,209	9,977
Income tax liabilities		2,195	2,632
Other current liabilities		35,652	11,627
Accrued expenses and deferred income	19	279,723	119,494
Total current liabilities		**894,594**	**488,610**
Total liabilities		**6,346,537**	**4,043,741**
Total equity and liabilities		**8,491,250**	**7,294,732**

Consolidated statement of **changes in equity**

		EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY						
USD'000	**Note**	**Share capital**	**Other paid-in capital**	**Reserve for hedges**	**Translation reserve**	**Net gain (loss) on equity instruments designated at fair value**	**Retained earnings incl. Profit (loss) for the year**	**Total**
Equity at Jan 1, 2022	17	34	4,209,802	15,174	3,344	—	-292,952	3,935,402
Translation to USD		—	68,446	817	-59,359	—	-9,904	—
Adjusted opening balance, Jan 1 2022		**34**	**4,278,248**	**15,991**	**-56,015**	—	**-302,856**	**3,935,402**
Profit/loss for the year		—	—	—	—	—	-284,865	-284,865
Other comprehensive income/loss for the year		—	—	68,691	-509,413	2,136	—	-438,584
Total comprehensive income/loss for the year		**—**	**—**	**68,691**	**-509,413**	**2,136**	**-284,865**	**-723,451**
Issuance of shares	17	1	28,305	—	—	—	—	28,306
Warrants issue		—	10,734	—	—	—	—	10,734
Equity at Dec 31, 2022	17	**35**	**4,317,287**	**84,682**	**-565,428**	**2,136**	**-587,721**	**3,250,991**
Equity at Jan 1, 2023	17	35	4,317,287	84,682	-565,428	2,136	-587,721	3,250,991
Profit/loss for the year		—	—	—	—	—	-1,167,572	-1,167,572
Other comprehensive income/loss for the year		—	—	5,631	48,860	—	—	54,491
Total comprehensive income/loss for the year		**—**	**—**	**5,631**	**48,860**	—	**-1,167,572**	**-1,113,081**
Issuance of shares	17	—	2,960	—	—	—	—	2,960
Warrants issue		—	3,391	—	—	—	—	3,391
Equity-settled share-based payments		—	452	—	—	—	—	452
Equity at Dec 31, 2023	17	**35**	**4,324,090**	**90,313**	**-516,568**	**2,136**	**-1,755,293**	**2,144,713**

Consolidated statement of **cash flow**

USD'000	Note	2023	2022
Cash flow from operating activities			
Profit/loss before tax		-1,167,291	-317,972
Adjustment for non-cash items	22	682,120	-417,509
Interest received		106,915	36,396
Interest paid		-88,424	—
Cash flow from operating activities before changes in working capital		**-466,680**	**-699,085**
Change in inventories		-444,174	-341,745
Change in trade receivables, other current receivables, prepaid expenses		-15,215	-65,578
Change in trade payables, other current liabilities, accrued expenses		133,718	230,645
Cash flow from operating activities, net		**-792,351**	**-875,763**
Cash flow from investing activities			
Purchase of intangible assets		-49,064	-45,374
Purchase of property, plant and equipment		-1,605,841	-1,405,301
Proceeds from sale of property, plant and equipment		339	550
Investment in financial assets		-6,221,123	-239,144
Proceeds from sale of financial assets		6,597,316	1,058,694
Receipt of government grants for assets		23,554	15,028
Proceeds from settlement of derivative financial instruments (assets) held for hedging purposes		86,636	—
Cash flow from investing activities, net		**-1,168,183**	**-615,547**

USD'000	Note	2023	2022
Cash flow from financing activities			
New share issue		2,961	27,587
Warrants issue		3,391	10,366
Proceeds from liabilities to credit institutions		1,585,321	2,015,232
Repayment of liabilities to credit institutions		-24,388	-1,909
Payment of principal portion of lease liability		-16,198	-17,321
Cash flow from financing activities, net		**1,551,087**	**2,033,955**
Cash flow for the year		-409,477	542,645
Cash and cash equivalents at beginning of year		2,549,613	1,886,473
Exchange rate differences on cash and cash equivalents		-5,833	120,495
Cash and cash equivalents at the end of year	16	**2,134,333**	**2,549,613**

Notes to the consolidated financial statement

1 Corporate information

The consolidated financial statements of Northvolt AB and its subsidiaries (collectively, the Group) for the year ended December 31, 2023, were authorized for issue in accordance with a resolution of the directors on April 16, 2024, and will be subject to adoption by the Annual General Meeting. Northvolt AB (Swedish corporate identity number 559015-8894) is a limited liability company incorporated and domiciled in Sweden. The registered office is located at Alströmergatan 20, Stockholm, Sweden.

Information on the Group's structure is provided in Note 13 Group Information. Information on other related party relationships of the Group is provided in Note 25 Related party.

2 Accounting policies, judgments, estimates and assumptions

Material accounting policies used in the preparation of the consolidated financial statements are described within the relevant notes. These accounting policies have been applied consistently unless otherwise stated.

Significant accounting judgments, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described within the relevant notes. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Area	Note
Income tax	9
Intangible assets and goodwill	10
Inventories	15
Government grants	18

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), as well as the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as endorsed by the European Commission for application within the European Union (EU). As a result, the consolidated financial statements comply with IFRS as issued by the IASB and with IFRS as adopted by the EU. The Group also applies the Swedish Annual Accounts Act (1995:1554) and RFR 1, Supplementary Accounting Rules for Groups, issued by the Swedish corporate reporting board. The parent company's financial statements are prepared in accordance with the Swedish corporate reporting board's recommendation RFR 2, Reporting by Legal Entities and the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The consolidated financial statements are presented in United States Dollars (USD) and all values are rounded to the nearest thousand (000), except when otherwise indicated. See separate section 2.5 Changes in accounting policies and disclosures for more information on the change in presentation currency.

Income is reported in positive figures and expenses are reported as negative figures. Both assets and liabilities are reported in positive figures.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as at December 31, 2023. Subsidiaries are all entities over which Northvolt Group has control.

2.3 Foreign currencies

The Group's consolidated financial statements are presented in USD, and the parent company's functional currency is Swedish Kronor (SEK). For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

TRANSACTIONS AND BALANCES Foreign currency transactions are initially recorded by the Group's entities at their respective functional currency at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items recognized at historical cost in a foreign currency are translated using the exchange rates at the initial transaction date. Exchange gains/loss on operating receivables and liabilities are recognized in operating profit, while exchange gains/losses on financial assets and liabilities are recognized as financial items.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rate for the period. Equity is translated to USD based on spot rates of exchange at the transaction date. Effects of exchange rate differences to USD are accounted for in the translation reserve in equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.4 Classification of asset and liabilities

An asset is classified as current when it is held primarily for the purpose of trading, is expected to be realized within twelve months after the reporting period or consists of cash or cash equivalents, provided it is not subject to any restrictions. All other assets are classified as non-current.

A liability is classified as current when it is held primarily for the purpose of trading or is expected to be settled within twelve months after the reporting period and the Group does not have the right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Changes in accounting policies and disclosures — Change in accounting principle

PRESENTATION CURRENCY In connection with the preparation of the consolidated financial statements for the year ended December 31, 2023, the Group has chosen to change the presentation currency for the consolidated financial statements from SEK to USD. The change represents a change in accounting policy and has been applied retrospectively.

Swedish legislation does not allow the annual report for the parent company to be presented in USD and, as such, the parent company's presentation currency is still SEK.

GOVERNMENT GRANTS From January 1, 2023, the Group changed its accounting policy with respect to the presentation of government grants related to assets from gross to net, where government grants related to the purchase of assets have been reclassified from Government grants (liabilities) to the related asset class in Property, plant and equipment (assets), thereby reducing the value of the asset and the corresponding depreciation. As the Group receives significant government grants for the acquisition of assets, the change in presentation provides more relevant information about the financial performance of the asset. The change constitutes a voluntary change of accounting policies and has been applied retrospectively. Accordingly, the Group has conformed to current year presentation the consolidated statement of financial position as at December 31, 2022 to reflect the changes adopted for the year ended December 31, 2023. The change in accounting policies had no material impact on the Group's consolidated statement of financial position, results of operations or liquidity. Below are the effects of the previously issued consolidated statement of financial position and consolidated statement of profit or loss that were reclassified for the year ended December 31, 2022 in the Group:

	Dec 31, 2022		
USD '000	Before adjustments	Adjustments	After adjustments
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Assets			
Non-current assets			
Property, plant and equipment	3,260,745	-15,578	3,245,167
Liabilities			
Non-current liabilities			
Government grants	34,502	-14,162	20,340
Current liabilities			
Government grants	7,546	-1,416	6,130
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Research and development expenses	-133,937	549	-133,388
Other operating income	25,674	-549	25,125

NEW AND AMENDED IFRS ACCOUNTING STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR In the current year, the Group has applied the amendments to IFRS Accounting Standards issued by the IASB and adopted by the EU that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements, except if indicated below.

Amendments to IAS 1 Presentation of Financial Statements

EFFECTIVE DATE: IASB AND EU - JANUARY 1, 2023

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendment change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendment replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information related to material transactions, other events or conditions is itself material.

The Group has performed an assessment of its accounting policy information and disclosed only accounting policy information that would be material and reasonably expected to influence the decisions of the primary users of the consolidated financial statements. All immaterial accounting policy information has not been disclosed.

NEW AND REVISED IFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE At the date of authorization of these consolidated financial statements, the Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective as the directors do not expect that the adoption of these Standards will have a material impact on the consolidated financial statements of the Group in future periods, except if indicated below.

Amendments to IAS 7 *Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements*

EFFECTIVE DATE: IASB - JANUARY 1, 2024, EU - OPEN

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

The directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

Amendments to IFRS 16 *Leases - Lease Liability in a Sale and Leaseback*

EFFECTIVE DATE: IASB AND EU - JANUARY 1, 2024

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

The directors anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

3 Financial risk management

3.1 Financial risk management objectives and policies

Through its operations, aside from business risk, Northvolt is exposed to various financial risks such as market risk, credit risk, liquidity risk, financing and refinancing risk. The majority of the Group's financial liabilities comprise of loans and borrowings, derivative financial instruments and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, other receivables, derivative financial instruments and cash and short-term deposits that derive from its operations and cash from equity investments.

The Group's risk management is managed by a central finance department according to policies established by the Board. The finance function has the operational responsibility for managing liquidity, as well as managing the financial risks of the Group. A centralized function ensures that Northvolt can benefit from economies of scale and synergies within the entire Group.

The Group defines capital as equity attributable to the equity holders of the parent company, which on December 31, 2023 totaled USD 2,145 m (2022: USD 3,251 m). The Group's policy is to have capital structure to support future development of the business and the Group's capital management is intended to maximize shareholder value. The Group manages its capital structure and adjusts it subject to changes in economic conditions. To adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There are no external capital requirements imposed on the Group.

3.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

FOREIGN CURRENCY RISK Foreign exchange risk is defined as the risk of a negative impact on the Group's consolidated statement of profit or loss and consolidated statement of financial position due to changes in exchange rates. These risks can be divided into transaction exposure resulting from net operating and financial cash flows, and translation exposure related to net investments in foreign subsidiaries and debt denominated in currencies other than SEK.

Northvolt is predominantly funded in USD and the vast majority of both the forecast revenues towards its customer base and the raw material inputs to the product will be in USD which limits Northvolt's USD exposure to a large extent. However, as a consequence of its capital expenditure (CAPEX) for projects and operational expenditure, Northvolt is exposed to fluctuations in foreign exchange rates. The Finance function is responsible for the active management of foreign exchange risk.

TRANSACTION EXPOSURE Transaction exposure arises when inflows and outflows of foreign currencies are not matched. Northvolt hedges foreign currency outflows predominantly by holding funds in the underlying currencies to match the expected outflows. Northvolt may also enter into forward currency contracts where nominal amounts, timing and currency is evaluated. Hedge accounting has not been applied to currency hedging instruments that have been entered into as changes in timings of the transactions and also changes in the nominal amounts can lead to ineffectiveness in the hedges.

Northvolt uses a layered hedging approach with a continuous 12 month horizon. In general, over this 12 month horizon forecasted cash flow are hedged to a minimum of 50% and a maximum of 85%. In relation to capex in projects Northvolt will hedge 90-110% of placed purchase orders and 50%-100% of future or planned purchase orders.

The fair value changes of hedging instruments affect profit or loss, as hedge accounting is not applied. Effect from the hedging instruments on equity and profit or loss of an appreciation or depreciation of +/- 10% on USD/SEK was USD 40 m and USD -40 m in 2023, respectively (2022: USD/SEK, USD/EUR and USD/JPY was USD 69 m and USD -69 m, respectively).

TRANSLATION EXPOSURE Northvolt is exposed to translational foreign exchange rate risk when non-SEK denominated assets and liabilities are translated back to SEK. Northvolt is primarily funded in USD and to a lesser extent EUR. See table below for the Group's exposure to USD/SEK, USD/EUR, USD/CAD.

Translation exposure in profit or loss summary

	Dec 31, 2023			Dec 31, 2022	
USD'000	USD/SEK	USD/EUR	USD/CAD	USD/SEK	USD/EUR
Cash	953,007	322,619	172,344	1,902,000	147,139
Liabilities to credit institutions	1,179,500	397,756	182,662	1,078,807	339,909
Convertible loan	3,186,537	557,395	—	1,726,970	315,598

Northvolt is also exposed to translation exposure due to net investment in foreign entities which affects other comprehensive income.

Foreign exchange sensitivity effecting profit or loss, on cash, liabilities to credit institutions and convertible loan

USD'000	Dec 31, 2023	Dec 31, 2022
Effect on Equity and P&L of USD/SEK exchange rate + 10%	-345,895	-87,276
Effect on Equity and P&L of EUR/SEK exchange rate + 10%	-64,573	-47,793
Effect on Equity and P&L of CAD/SEK exchange rate + 10%	-1,032	—

Hedges with financial instruments are not considered in the above analysis. The hedging instrument regards transaction exposure, see section above. Translation exposure from net investment in foreign entities is not included in the effect on equity in table above.

Summary of interest-bearing debt

				RECOGNIZED AMOUNT	
Interest-bearing debt	Currency	Maturity	Interest terms	Dec 31, 2023	Dec 31, 2022
Term loan 1	USD	2029-12-31	SOFR 6 months +3.00%	424,468	386,525
Term loan 2	USD	2029-12-31	SOFR 6 months +3.50%	47,427	43,268
Term loan 3	USD	2029-12-31	SOFR 6 months +1.30%	707,605	649,015
Term loan 4	EUR	2030-06-30	Fixed 12%	397,756	339,909
Convertible loan 1	EUR	Exit or 2025-12-31	Fixed 5.50%	335,928	315,598
Convertible loan 2	USD	Exit or 2nd half 2027	Fixed 8.00%[1]	3,209,962	1,726,970
Convertible loan 3	EUR	Exit of 1st half 2028	Fixed 7.00%[2]	221,467	—
Term loan 5	CAD	2nd half 2038	Fixed 4.99%	181,767	—

1 The fixed rate of interest on convertible loan 2 steps up by 1% every 6 months from February 2024. The interest rate is capped at 12%. 2 The fixed rate of interest on convertible loan 3 steps up by 1% yearly from December 2025.

INTEREST RATE RISK Interest rate risk is the risk that changes in market interest rates will have an adverse effect upon the Group's financial items and cash flows (cash flow risk) or the fair value of financial assets and liabilities (fair value interest rate risk). To limit the risk, interest rate maturities for financial assets and liabilities are matched to the maximum extent possible in the respective borrowing currencies. Interest rate risk in relation to projects or Business Units (BU) with high debt structures (>50% debt to equity) are hedged from floating rate to fixed rate using interest rate derivatives.

INTEREST RATE SENSITIVITY Total interest-bearing loans and borrowings outlined in the table above are exposed to interest rate fluctuations in the SOFR rate. Borrowing costs pertaining to the financing of long term construction projects are capitalized and included in the asset. See Note 11 Property, plant and equipment for further information on capitalized borrowing costs. Northvolt has entered into interest rate hedges covering 80% of the planned drawdown profile. As per year end 2023 a + 1% change in the interest rate would affect the equity and profit and loss with approximately USD -21 m (2022: USD 0 m)

Hedge accounting is applied for interest rate derivatives,
see separate section 3.1.5 Derivatives and hedge accounting.

EFFECT OF IBOR REFORM As of July 1, 2023, the Group adopted transition into Interest Rate Benchmark Reform (IBOR) in US, for which IBOR Phase 2 amendments to certain IFRS were applied. The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 address issues that might affect financial reporting as a result of the IBOR reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. In accordance with the amendments, changes made to a financial instrument that relate directly to the interest rate benchmark reform and that are economically equivalent, do not result in derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark without adjusting the carrying amount. The effect of any other changes are recognized immediately in the consolidated statement of profit or loss. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

See separate section 3.1.5 Derivatives and hedge accounting for the impact to the Group.

COMMODITY PRICE RISK Commodity risk is the risk that an adverse movement in commodity prices will increase the cost of process inputs or diminish the value thereof. Through the natural course of business Northvolt group will be exposed to fluctuations in the prices of commodities it uses in the battery production process. Northvolt will mainly be exposed to cobalt, lithium and nickel. During 2023, Northvolt has not hedged commodity price risk, but may do so in the future when business will increase.

As per year end 2023 a +/- 10% change in the main commodity prices would affect equity and profit or loss with approximately USD +/-5 m (2022: USD +/-17 m).

Electricity price risk relating to electricity consumption is handled with physical delivery contracts for both Sweden and Poland. The majority of the forecasted consumption is secured via the physical contracts and direct agreements with the suppliers. Price risk arising from volumes in excess of the fixed price volumes is considered immaterial for all sites.

3.1.2 Credit risk

Credit risk is defined as the risk that a counterparty is not able to fulfil its financial obligations and consequently does not pay its financial obligations (or liabilities) to Northvolt. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions, and counterparty risk in foreign exchange transactions, foreign exchange derivatives and interest rate derivatives.

TRADE RECEIVABLES Northvolt works with well-established and creditworthy counterparties who are able to fulfil their commitments towards the company.

It is the responsibility of the Head of the BU to continuously evaluate counterparties to ensure compliance and creditworthiness via credit reports e.g., Dun & Bradstreet, Bisnode. Where credit quality is not adequate and there is a strong justification to work with the supplier, Northvolt will ensure that suitable credit guarantees, or other such support mechanisms, are in place.

Northvolt applies a rating-based measurement of expected credit losses, based on public rating if available with consideration to any additional relevant information, e.g. days past due and economic environment. The loss reserve calculated under this model, as well as the amounts that are more than 90 days past due in the table below, was deemed to be non-material for the years ending December 31, 2023 and December 31, 2022 and not recognized.

Age analysis of trade receivables

USD'000	Dec 31, 2023	Dec 31, 2022
Trade receivables	40,407	37,911
Whereof:		
Current	27,623	11,864
1–30 days past due	4,343	19,955
31-90 days past due	3,741	4,508
More than 90 days past due	4,700	1,584

IMPAIRMENT The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For other items subject to ECL, such as cash and cash equivalents and other assets, the general impairment model with a three-stage approach is applied depending on credit risk changes.

The Group has established a rating-based model for measurement of ECL. The probability of default is based on external credit rating and default studies, and loss given default is assessed based on Basel-framework input. The product of these measures applied on the exposure gives the ECL before discounting. The measurement based on rating is adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. An asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

CASH AND CASH EQUIVALENT, AND OTHER ASSETS Northvolt works with a number of well-established and creditworthy counterparties who are able to fulfil their commitments towards the Group. Cash and cash equivalents and investments in deposits have counterparties that have a credit rating of at least A- or equivalent.

Cash and cash equivalent and other financial assets classified at amortized cost are subject to impairment for expected credit losses. Northvolt applies a rating based measurement of expected credit losses, based on public rating if available, with consideration to any additional relevant information, e.g. economic environment. The loss reserve calculated under this model was deemed to be non-material for the years ending December 31, 2023 and December 31, 2022.

CREDIT RISK EXPOSURE AND IMPAIRMENT FOR EXPECTED CREDIT LOSSES Northvolt is exposed to credit risk concentration in trade receivables, and in short-term bank deposits and cash and cash equivalents. The majority of Northvolt customers are a few large companies in the automotive sector, which is also representative in the trade receivables. Northvolt's finance policy mandates a Standard & Poor's (S&P) credit rating of minimum "A" for financial counterparties when entering into new transactions and sets a maximum deposit of cash and cash equivalents per counterparty.

Northvolt's credit risk exposure is presented in the table below. Assessment is made that the assets and receivables are in stage 1, i.e. there has not been any material increase of the credit risk since initial recognition.

3.1.3 Liquidity risk

Liquidity risk is defined as the risk of Northvolt not being able to meet its payment obligations due to lack of liquidity as a result of difficulties in obtaining external financing either through debt or equity instruments.

Northvolt's objective is to ensure suitable liquidity reserve available to achieve the Group's business objectives for a minimum of the next 12 months held in cash, cash equivalents or available via committed credit facilities. All funds deposited will have a maximum tenor of 12 months.

Year ended Dec 31, 2023	Trade receivables	Other receivables and deposits	Cash and cash equivalents	Total
Without /not specified credit rating	24,894	—	—	24,894
Credit risk rating (S&P):				
AAA to AA-	82	—	151,307	151,389
A+ to A-	4,211	—	1,983,026	1,987,237
BBB+ to BBB-	8,913	—	—	8,913
BB+ to BB-	2,307	—	—	2,307
Total	**40,407**	**—**	**2,134,333**	**2,174,740**

Year ended Dec 31, 2022	Trade receivables	Other receivables and deposits	Cash and cash equivalents	Total
Without /not specified credit rating	11,757	—	—	11,757
Credit risk rating (S&P):				
AAA to AA-	—	150,000	252,155	402,155
A+ to A-	17,948	265,559	2,297,458	2,580,965
BBB+ to BBB-	8,014	—	—	8,014
BB+ to BB-	192	—	—	192
Total	**37,911**	**415,559**	**2,549,613**	**3,003,083**

3.1.4 Financing and refinancing risk

The financing risk and re-financing risk refer to the risk of not being able to meet the Group's financing needs in the medium- and long-term, not at all, partially or at higher costs. The risk may depend on the Group's creditworthiness and/or the market situation at the time of financing or re-financing.

Northvolt's policy is to ensure it has adequate funding to meet its business objectives of the Group and this is achieved through an appropriate mix of financing in the form of internally generated funds, equity financing and external debt instruments. Refinancing risk is mitigated by starting the process well ahead of any financing need.

Northvolt utilizes project finance based lending within the Group BU companies to finance new production facilities where these projects will generate stand-alone cash flows that support any underlying debt service and repayment without the support required from the parent company (non-recourse financing). Project finance loans by nature carry low refinancing risk as they are repaid by the cash flows of the projects that they are financing. This 'modular' approach on a project by project basis also reduces risk.

Northvolt formally manages and reviews its compliance with all requirements under its financing and lending documentation on an ongoing basis. As per year end 2023 Northvolt was compliant with all covenants under this documentation. There are no financial covenants linking interest rates to credit rating or financial covenants apart from those noted under convertible loan 2.

The use of a Capital allocation model within the Group allocates sufficient funding towards the business units to enable them to achieve their business objectives and to enable any capital expenditures towards new production facilities that are planned as part of Northvolt's business model as approved by the Board of Directors.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Maturity profile of financial liabilities based on contractual undiscounted payments

Year ended Dec 31, 2023	< 3 months	4 - 12 months	1 - 2 years	2 - 5 years	After 5 years	Total
Interest-bearing loans and borrowings	—	304,429	293,967	762,076	1,386,801	2,747,273
Convertible loan	—	—	—	5,295,934	—	5,295,934
Lease liability	5,992	17,976	21,876	47,821	13,175	106,840
Derivative financial instruments	—	1,209	867	1,309	—	3,385
Trade payables	321,832	—	—	—	—	321,832
Total	**327,824**	**323,614**	**316,710**	**6,107,140**	**1,399,976**	**8,475,264**

Year ended Dec 31, 2022	< 3 months	4 - 12 months	1 - 2 years	2 - 5 years	After 5 years	Total
Interest-bearing loans and borrowings	—	93,855	260,219	726,253	1,166,147	2,246,474
Convertible loan	—	—	—	2,804,450	—	2,804,450
Lease liability	4,507	13,248	11,778	18,460	11,823	59,816
Derivative financial instruments	7,000	2,977	—	—	—	9,977
Trade payables	323,251	—	—	—	—	323,251
Total	**334,758**	**110,080**	**271,997**	**3,549,163**	**1,177,970**	**5,443,968**

The convertible loans are generally subject to mandatory conversion to shares. Only if Northvolt becomes insolvent or initiates insolvency proceedings the convertible loans are to be repaid.

3.1.5 Derivatives and hedge accounting

Northvolt enters into derivatives to hedge market risks. As per year end 2023 Northvolt had foreign currency derivatives and interest rate derivatives. Derivatives are entered into under ISDA agreements with counterparties that have at least an investment grade credit rating, with the vast majority having a credit rating of A- or higher.

Cash flow hedge accounting is applied for interest rate derivatives with terms that match the hedged liability, with respect to the nominal amounts, currency, reference interest rate, date of maturity and the payment and interest adjustment date. The effectiveness of the hedging relationship is evaluated when the transactions are entered into and on an ongoing basis. The hedge ratio is 80%. Ineffectiveness may arise if creditworthiness of counterparties affects the fair value of the hedge and the hedged loan differently.

Hedging instruments designated in hedge accounting

	in 3 months	3 - 12 months	1 - 3 years	> 3 years	Total
HEDGING INSTRUMENTS Hedge accounting is applied, 2023					
Interest rate swaps in USD - cash flow hedge (USD)	—	346,668	558,124	65,685	970,477
Average USD fixed rate	4.6500 %	4.6500 %	4.6500 %	4.6500 %	
HEDGING INSTRUMENTS Hedge accounting is applied, 2022					
Interest rate swaps in USD - cash flow hedge (USD)	—	156,162	908,600	60,238	1,125,000
Average USD fixed rate	0.7027 %	0.7027 %	0.7027 %	0.7027 %	

Due to the cessation of USD LIBOR, the Group restructured its existing swap and, with the new swaps, wished to re-strike the fixed rate of the existing swaps and release the positive Mtm value from the historical swaps. This resulted in the release of cash of USD 85 m from historical swaps, which will remain in the accumulated cash flow reserve until the hedged cash flows occur.

The hedging instruments include forward starting forwards. The peak nominal amount of USD 970 m is amortizing down to 0 in 2027, matching the contractual nominal amount of the hedged USD liability.

Effects of hedge accounting on financial position and performance - Actual hedge accounting relationships

	HEDGING INSTRUMENTS DESIGNATED IN HEDGE ACCOUNTING AS PER DEC 31, 2023			**HEDGED ITEM** AS PER DEC 31, 2023	**PERIOD** - CHANGE OF FAIR VALUE, MEASUREMENT OF INEFFECTIVENESS	
Year 2023	Nominal amount	Carrying amount	Item in the statement of financial position	Carrying amount	Hedging instrument	Hedged item
CASH FLOW HEDGE OF INTEREST RATE RISK						
Interest rate swaps in USD - cash flow hedge, hedging liabilities in USD	970,477	90,313	Derivative financial instrument	-1,759,022	5,631	-5,631

No ineffectiveness was recognized in profit or loss during the year.

	HEDGING INSTRUMENTS DESIGNATED IN HEDGE ACCOUNTING AS PER DEC 31, 2022			**HEDGED ITEM** AS PER DEC 31, 2022	**PERIOD** - CHANGE OF FAIR VALUE, MEASUREMENT OF INEFFECTIVENESS	
Year 2022	Nominal amount	Carrying amount	Item in the statement of financial position	Carrying amount	Hedging instrument	Hedged item
CASH FLOW HEDGE OF INTEREST RATE RISK						
Interest rate swaps in USD - cash flow hedge, hedging liabilities in USD	1,125,000	84,682	Derivative financial instrument	-1,418,717	68,691	-68,691

No ineffectiveness was recognized in profit or loss during the year.

Effects of hedge accounting on financial position and performance - Reconciliation of cash flow hedge reserve (INTEREST RATE RISK)

USD'000	2023	2022
Opening balance, carrying amount	**84,682**	**15,991**
Additional items during the period		
Fair value changes on interest rate swaps	-11,525	88,715
Reclassified amounts to profit or loss statement (as hedged item affect profit or loss statement)	-657	-2,202
Sum additional items, recognized in other comprehensive income during the period	**-12,182**	**86,513**
Taxes, recognized in other comprehensive income during the period	17,813	-17,822
Closing balance, carrying amount	**90,313**	**84,682**
whereof ongoing hedging relationships	2,731	84,682
whereof discontinued hedging relationships	93,044	—

4 Revenue from contracts with customers

Accounting policies

The Group's revenue consists of sales to customers from various industries. As contract terms and requirements vary between these customers, each contract is assessed individually. The main stream of revenue is from product sales of standardized battery system modules and cells, often derived as a result of historical development projects. Other revenue streams include project sales through developing customized battery systems and cells to long-term partners, and one-off sales classified as "Other".

Product sales

For contracts that require the sale of cells and battery systems, the Group's performance obligations are determined by each customer order, which usually stipulates the required quantity and price as agreed between the two parties under the supply agreement. The transaction price for the product sales are fixed and reflects the consideration to which the Group expects to be entitled to for those goods. Revenue from the sale of cells and battery systems are recognized at the point in time when the customer gains control of the goods, generally when the product is delivered to the customer at the agreed-upon location and delivery terms.

Project sales

Project sales are generated through developing customized battery systems and cells to long-term partners. Development projects attributable to the battery system and cell business are often long-term and may consist of several performance obligations related to separate components in the development phase. The transaction price for development contracts, which is fixed and does not include any variable components, is allocated to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer. Revenue from project sales are recognized at the point in time when the customer gains control of the distinct development component, generally when (1) the component is delivered to the customer at the agreed-upon location and delivery terms and (2) meets the customer requirements and is accepted by the customer. Delivered goods are normally invoiced in connection with delivery and may trigger the payment, but the present right to payment itself does not indicate a transfer of control until the customer approves the product.

4.1 Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Year-ended 31 December	2023	2022
Revenue from contracts with customers		
Product sales	91,073	95,559
Project sales	12,350	7,327
Other[1]	24,922	4,109
Total revenue from contracts with customers	**128,345**	**106,995**
Geographic markets[2]		
Sweden	60,499	64,181
Germany	14,009	11,674
Luxembourg	13,506	9,260
Norway	1,792	10,859
Other countries within Europe	28,118	6,780
USA	10,216	4,240
Asia	205	—
Total revenue from contracts with customers	**128,345**	**106,995**

1 Includes sale of raw materials 2 Net sales are broken down by country based on where the customer is located

As at year-end	Dec 31, 2023	Dec 31, 2022
Trade receivables	40,407	37,911
Contract assets	6,457	6,601
Contract liabilities	13,425	8,437

5 Other operating income and expenses

USD'000	2023	2022
Operating income		
Government grants	29,917	12,022
Exchange rate gains	11,152	5,485
Other operating income	21,279	7,618
Total	**62,348**	**25,125**
Operating expenses		
Exchange rate losses	-5,260	-9,067
Extraordinary expenses	-28,056	—
Other operating expenses	-348	-1,701
Total	**-33,664**	**-10,768**
Net operating income and expenses	**28,684**	**14,357**

See Note 2.5 Changes in accounting policies and disclosures and 18 Government grants for further information on government grants.

6 Fees and remuneration to the Group's auditors

USD'000	2023	2022
EY		
Audit fees	836	460
Audit activities other than the audit assignment	70	40
Tax consultancy services	—	21
Other services	586	216
Total	**1,492**	**737**

Audit fees refer to the statutory audit of the annual accounts and accounting documents as well as the Board of Directors and the CEO, and audit and other review work conducted according to agreements or contracts. This includes other tasks that are incumbent upon the Group's auditors as well as advisory services or other assistance required as a result of observations made during such review work or the completion of such other tasks. Other services performed refer to other ongoing advisory fees

7 Employee benefit expense

Accounting policies

Employee benefits refer to all forms of remuneration that the Group provides to employees, including short-term and long-term benefits.

In addition to this, a warrant program is offered to all new employees. As employees pay market value for these warrants, the programs are not measured in accordance with IFRS 2.

Further details are provided in Note 7.4 Share-based compensation and warrants.

As part of the acquisition of Cuberg, Inc ("Cuberg") in 2021, the Group granted share options to Cuberg's employees under the Employee Stock Option Plan (2021) as well as shares to certain employees with a buy-back option contingent on their continued employment.

Further details can be found in Note 7.4 Share-based compensation and warrants.

7.1 Salaries, other remuneration and social security contributions

USD'000	2023	2022
Salaries	299,105	197,816
Social costs	92,273	62,131
Pension costs	28,704	20,973
Share-based compensation	2,777	6,426
Other personnel cost	19,170	16,621
Total	**442,029**	**303,967**
of which to Boards of Directors, Chief Executive Officer and Other Officers		
Salaries	4,873	3,252
Social costs	1,697	1,178
Pension costs	704	624
Total	**7,274**	**5,054**
Total salary, other remuneration and social security contributions included in:		
Cost of goods sold	163,071	93,228
Research and development expenses	126,175	79,391
Selling, general and administrative expenses	152,783	131,348
Total	**442,029**	**303,967**

7.2 Average number of employees

	2023		2022	
	Average employees	of which women %	Average employees	of which women %
Sweden	4,761	33 %	3,092	30 %
Poland	327	31 %	283	25 %
Germany	25	28 %	10	15 %
Total Europe	**5,113**	**32 %**	**3,385**	**30 %**
USA	185	30 %	126	28 %
Japan	1	— %	1	— %
Canada	13	41 %	—	— %
Total Other	**199**	**31 %**	**127**	**28 %**
Total Northvolt Group	**5,312**	**32 %**	**3,512**	**30 %**

7.3 Gender distribution in senior management

	Dec 31, 2023		Dec 31, 2022	
Gender distribution	Total	of which women %	Total	of which women %
Board of directors	8	25 %	8	25 %
CEO and senior executives	12	25 %	13	31 %

7.4 Share-based compensation and warrants

WARRANT PROGRAM The Group offers all new employees to purchase warrants to subscribe for new shares in Northvolt AB. Each warrant grants a right to purchase (convert to) an ordinary Northvolt series A share at a certain time in the future. The employee is given the right to acquire a warrant for a market price determined by a third-party valuation. At the strike date, the employee has the right to buy one share at the strike price from the valuation and as set out in the terms for the warrants. The warrants vest over a four-year period with 25% vesting each year. Vesting for a new employee starts with the first working day at Northvolt. The employee must remain in services during the vesting period.

The following table illustrates the outstanding warrants for each year.

Warrants outstanding	2023	2022
Balance at January 1	1,314,044,371	1,493,196,464
Issued	152,680,834	560,928,532
Forfeited[1]	-4,718,750	-33,028,500
Exercised	-29,946,713	-707,052,125
Balance at December 31	**1,432,059,742**	**1,314,044,371**
Exercisable at December 31	—	—

1 Unvested warrants that have been bought back from employees who have left the company.

The weighted average remaining contractual life for the warrants outstanding as at December 31, 2023 was 1.19 years (2022: 2.38 years).
The weighted average exercise price of warrants exercised during the year was SEK 0.7118 (2022: SEK 0.1501).
The weighted average exercise price of warrants outstanding during the year was SEK 2.3949 (2022: SEK 2.1715).
The range of exercise prices for warrants outstanding for the two years 2022- 2023 was SEK 0.3211 to SEK 4.0970.

EMPLOYEE STOCK OPTION PLAN (2021) Under the Employee Stock Option Plan (ESOP), share options of the parent company are granted to employees of Cuberg, Inc - "Cuberg". Each stock option granted gives the holder the right to buy one ordinary share of series A in Northvolt at a certain time in the future. The exercise price of the share options is equal to the market price of the underlying shares on the date of the grant. The share options vest over a four-year period, with 25% vesting after the first year and monthly vesting thereafter. The employee must remain in services during the vesting period.

The fair value of the share options granted is estimated at the grant date using a Black Scholes pricing model, taking into account the terms and conditions on which the share options were granted.

The share options can be exercised up to one year after the four-year vesting period and therefore, the contractual term of each option granted is five years. There are no cash settlement alternatives. The Group accounts for the ESOP as an equity-settled plan.

The expense recognized for employee services received during the year is shown in the following table:

USD'000	2023	2022
Expense arising from equity-settled share-based payments	308	124
Total expense	**308**	**124**

There were no modifications to the options in 2023.

MOVEMENTS DURING THE YEAR The following table illustrates the number and weighted average exercise price (WAEP) of, and movement in share options during the year.

	Number	WAEP
Outstanding at January 1, 2023	**100,166,339**	**3.63**
Granted	74,920,327	3.97
Forfeited	-3,181,268	3.80
Exercised	-1,743,176	3.43
Expired	—	—
Outstanding at December 31, 2023	**170,162,222**	**3.78**
Exercisable at December 31, 2023	41,931,338	3.55

	Number	WAEP
Outstanding at January 1, 2022	**20,101,334**	**3.07**
Granted	84,932,500	3.73
Forfeited	-3,903,055	3.10
Exercised	-964,440	3.05
Expired	—	—
Outstanding at December 31, 2022	**100,166,339**	**3.63**
Exercisable at December 31, 2022	12,731,712	3.29

The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 was 3.84 years (2022: 4.00 years).
The weighted average fair value of options granted during the year was SEK 0.13 (2022: SEK 0.06).
The range of exercise prices for options outstanding at the end of the year was SEK 3.05 to SEK 4.12.
The following table illustrates the input to the valuation model used to calculate the fair value of the equity-instrument per the grant date.

	2023	2022
Dividend yield (%)	— %	— %
Expected volatility (%)	36.0 %	36.0 %
Risk–free interest rate (%)	4.1 %	— %
Forfeiture rate (%)	17.0 %	9.0 %
Weighted average share price	SEK 1.504	SEK 1.369

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

CUBERG CONTINGENT EMPLOYMENT (2021) Per IFRS 3, consideration related to continuing employment is treated as remuneration for future services and not part of the consideration transferred in the business combination. The contingent payment is affected by employment termination and is therefore accounted for as share-based compensation. The shares vest over a four-year period, with 25% vesting after the first year and monthly vesting thereafter. The remuneration for future services amounted to USD 18 m, of which the expense recorded in the period ending December 31, 2023 was USD 2 m (2022: USD 6 m). The remaining USD 1 m to be released as share-based compensation over the vesting period are recorded under non-current assets and current assets in the consolidated statement of financial position. For the period ending December 31, 2023 USD 0 m was recorded as non-current asset and USD 1 m recorded as current asset.

Shares issued to founders as part of acquisition of Cuberg	2023	2022
Number of shares vested during the year	1,533,073	1,651,001
Number of shares subject to buy-back option	1,798,413	3,331,486

8 Net financial items

USD'000	2023	2022
Finance income		
Exchange rate gains	172,207	271,985
Interest income measured at amortized cost	97,594	39,720
Gain on currency derivatives measured at fair value through profit or loss	10,339	14,230
Total	**280,140**	**325,935**
Finance expense		
Interest on debts and borrowings measured at amortized cost	-396,287	-110,596
Interest on lease liability	-4,001	-2,965
Loss on currency derivatives measured at fair value through profit or loss	-7,781	-44,855
Exchange rate losses	-5,648	-162,865
Other financial expenses	-246	-440
Total	**-413,963**	**-321,721**
Net financial items	**-133,823**	**4,214**

9 Income tax

Accounting judgments, estimates and assumptions

TAXES Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has USD 1,339 m of tax losses carried forward as of December 31, 2023 (2022: USD 650 m). The group assesses on an ongoing basis as well as at the end of the year the possibility of recognizing deferred tax assets related to loss carry-forwards. Deferred tax assets attributable to loss carry-forwards are reported only if it is probable that they will be used towards taxable profits in the foreseeable future. Deferred tax assets are only recognized in countries and by amounts where the Group expects to be able to generate, in the foreseeable future, sufficient taxable income to benefit from tax reductions. The deferred tax assets attributable to the loss carry-forwards, primarily consist of losses carried forward existing in Sweden. In Sweden, subject to observing rules in regard to change of control, these losses can be carried forward indefinitely.

9.1 Consolidated profit or loss

Current income tax	2023	2022
Current tax	—	—
Deferred tax income (losses carried forward)	9,494	38,763
Deferred tax expense (temporary differences)	-9,775	-5,656
Income tax benefit/expense reported in the statement of profit or loss	**-281**	**33,107**

9.2 Consolidated other comprehensive income

Income tax expense	2023	2022
Deferred tax related to items recognized in OCI during the year:		
Net gain/loss on cash flow hedges	-19,697	-17,822
Net gain/loss on investment in equity instrument	—	-554
Deferred tax charge to OCI	**-19,697**	**-18,376**

9.3 Reconciliation of effective tax

Reconciliation of effective tax	2023	2022
Profit/loss before income tax	-1,167,291	-317,972
Income tax calculated in accordance with national tax rates applicable in each country	-244,668	-67,415
Non tax deductible expenses	134,283	23,088
Tax deductible items not booked in profit or loss	-40,715	-10,565
Unrecognized taxable losses	151,100	54,892
Recognition of previously unrecorded tax losses carried forward	—	35,489
Other deferred tax effects	-281	-2,382
Reported tax income/expense	**-281**	**33,107**

9.4 Deferred tax assets and liabilities recognized in the balance sheet

Deferred tax assets	Tax losses carried forward	Buildings	Lease Liability	Warranty	Fair value of financial instruments	Total
Opening balance Jan 1, 2022	49,073	1	10,005	—	—	59,079
Recognized:						
In profit or loss	35,489	2	2,712	559	—	38,762
Exchange rate differences	-7,614	—	-1,417	-17	—	-9,048
Closing balance Dec 31, 2022	**76,948**	**3**	**11,300**	**542**	—	**88,793**
Recognized:						
In profit or loss	—	2	7,713	-491	—	7,224
Through other comprehensive income	—	—	—	—	660	660
Exchange rate differences	3,031	0	884	-7	38	3,946
Closing balance Dec 31, 2023	**79,979**	**5**	**19,897**	**44**	**698**	**100,623**

Deferred tax liabilities	Buildings	Intangible assets	Right-of-use assets	Fair value of financial instruments	Total
Opening balance Jan 1, 2022	948	3,884	9,628	3,937	18,397
Recognized:					
In profit or loss	841	231	1,167	3,972	6,211
Through other comprehensive income	—	—	—	17,822	17,822
Exchange rate differences	-152	-525	-1320	-1,178	-3,175
Closing balance Dec 31, 2022	**1,637**	**3,590**	**9,475**	**24,553**	**39,255**
Recognized:					
In profit or loss	-154	-566	9,283	-1,059	7,504
Through other comprehensive income	—	—	—	-20,356	-20,356
Exchange rate differences	56	108	901	-252	813
Closing balance Dec 31, 2023	**1,539**	**3,132**	**19,659**	**2,886**	**27,216**

Deferred tax liabilities attributable to right-of-use assets amounting to USD 20 m in 2023 (2022: USD 10 m) have been offset against deferred tax assets attributable to lease liabilities amounting to USD 20 m in 2023 (2022: USD 11 m) in accordance with the requirements for offsetting. Thus, the consolidated statement of financial position presents the following net deferred tax assets and tax liabilities, respectively:

Net deferred tax in the balance sheet	Dec 31, 2023	Dec 31, 2022
Net deferred tax asset	80,964	79,319
Net deferred tax liability	7,556	29,778

9.5 Distribution of expiry dates of tax losses carried forward

Year	2023	2022
Expires 2025	1,329	1,393
Expires 2026	1,572	1,648
Expires 2027	842	883
Expires 2028	1,341	1,406
Expires 2029	6,539	—
No expiry date	1,327,169	644,608
Total	**1,338,792**	**649,938**

The losses displayed are total loss carry-forwards, including both losses for which a deferred tax asset has been recognized and those for which a deferred tax asset has not been recognized. The Group capitalized USD 80 m of carry-forward losses as at December 31, 2023 (2022: USD 77 m).

Deferred tax assets relating to loss carry-forwards are recognized to the extent that there is a high probability that they will be utilized in the future. Loss carry-forwards are not recognized as deferred tax assets where there is uncertainty relating to their future utilization.

10 Intangible assets and goodwill

Accounting policies

The Group's intangible assets consist of those that are separately acquired, such as developed technology and goodwill, and those that are internally generated, such as capitalized R&D expenditure and patents and licenses.

Acquired in a business combination, developed technology and goodwill are measured at their fair value at the date of acquisition. Following initial recognition, developed technology is carried at cost less any accumulated amortization and accumulated impairment losses, and goodwill is carried at cost less any accumulated impairment losses.

RESEARCH AND DEVELOPMENT COSTS To capitalize R&D expenditure as internally generated intangible assets, judgement is involved to determine whether future economic benefits will flow to the Group and if costs can be reliably estimated. Costs related to research undertaken with the prospect of gaining new scientific or technical knowledge in the Group's operations are expensed as they are incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed. Each project will go through project gates, which are executed based on collective inputs from the project team during the overall project lifecycle, from initiation to completion. Once the project has reached a defined project gate, it will be considered as the development phase and, as long as it meets the relevant recognition criteria, the costs will begin to be capitalized.

Amortization of internally generated intangible assets begins when the project is completed and the product is capable of operating in the manner intended by management, which is when the asset is activated after having passed all tests rendering it ready for use. Judgement is involved in determining the useful life of the asset, which is finite and usually coincides with the period of expected future sales from the related project.

Accounting judgments, estimates and assumptions

IMPAIRMENT OF NON-FINANCIAL ASSETS Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on cash flows derived from the budget or business plan for the coming years. The recoverable amount is calculated based on the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units are disclosed and further explained below.

Estimated useful life

	Developed technology	Development costs, patents
Useful lives	**Finite (15 years)**	**Finite (5 years)**
Amortization method used	Straight line over the useful of the technology	Straight line over period of expected future sales from related project
Internally generated or acquired	Acquired	Internally generated

USD'000	Capitalized R&D expenditure	Patents, and licenses	Developed technology	Goodwill	Total
Cost					
At Jan 1, 2022	35,297	11	13,700	37,740	86,748
Additions - Internally generated	45,364	10	—	—	45,374
Exchange rate differences	-6,083	-2	—	-1,167	-7,252
At Dec 31, 2022	**74,578**	**19**	**13,700**	**36,573**	**124,870**
Amortization and impairment					
At Jan 1, 2022	-2,239	-11	-685	—	-2,935
Amortizations for the year	-632	—	-895	—	-1,527
Impairment	-8	—	—	—	-8
Exchange rate differences	310	2	—	—	313
At Dec 31, 2022	**-2,569**	**-9**	**-1,580**	—	**-4,158**
Net carrying amounts					
At Dec 31, 2022	**72,009**	**10**	**12,120**	**36,573**	**120,712**
Cost					
At Jan 1, 2023	74,578	19	13,700	36,573	124,870
Additions - Internally generated	49,003	61	—	—	49,064
Exchange rate differences	5,756	1	—	1,680	7,437
At Dec 31, 2023	**129,337**	**81**	**13,700**	**38,253**	**181,371**
Amortization and impairment					
At Jan 1, 2023	-2,569	-9	-1,580	—	-4,158
Amortizations for the year	-567	-1	-933	—	-1,501
Impairment	-38,512	—	—	—	-38,512
Exchange rate differences	-2,336	—	—	—	-2,336
At Dec 31, 2023	**-43,984**	**-10**	**-2,513**	—	**-46,507**
Net carrying amount					
At Dec 31, 2023	**85,353**	**71**	**11,187**	**38,253**	**134,864**

Total depreciation, amortization and impairment included in:

	2023	2022
Cost of goods sold	—	—
Research and development expenses	39,458	892
Selling, general and administrative expenses	555	643
Total	**40,013**	**1,535**

During the year ended December 31, 2023, the Group incurred USD 274 m of research and development expenditures, of which USD 49 m were capitalized and USD 225 m were recognized in the consolidated statement of profit or loss. The Group incurred USD 179 m of research and development expenditures in 2022, of which USD 45 m were capitalized and USD 133 m were recognized in the consolidated statement of profit or loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there are indications of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. Impairment is recognized at the amount by which the carrying amount of the asset exceeds its recoverable amount.

When determining value in use, future cash flows are discounted to their present value using a discount rate that takes into account a risk-free interest rate and the risks specific to the asset. The Group bases its impairment calculation on the most recent budgets and business plans, which are prepared separately for each of the Group's cash generating units. A cash-generating unit is the smallest level where cash inflows that are largely independent of the cash inflows from other assets exist, typically a business unit or subsidiary.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or cash generating units recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the consolidated statement of profit or loss.

Goodwill, intangible assets with an indefinite useful life and intangible assets under development not ready for use are tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment test

The table below specifies goodwill allocated to each CGU:

Goodwill allocated to each CGU	2023	2022
Systems	15,750	14,069
Cuberg	22,503	22,504
Total goodwill	**38,253**	**36,573**

The Group considers the relationship between carrying value and the recoverable amount when reviewing indicators of impairment. If the carrying value of a CGU exceeds its recoverable amount the CGU is considered impaired and is written down to its recoverable amount. The recoverable amount has been determined based on value-in-use calculations using cash-flow projections from long term forecasts approved by management covering an 10-year period. In determining the appropriate length of projections consideration has been given to i) the intrinsic long-term nature of development and production cycles within cell and system manufacturing and ii) the significant attention the Group has allocated to developing and reviewing the same long-term financial projections. The Cash flows beyond year 10 are extrapolated using the estimated growth rate.

For both Systems and Cuberg, assumptions on long-term revenue growth and margins strongly influence the value in use. These assumptions have been developed based on the Group's current assessment of the sectors in question, being energy storage solutions for Systems, and electrification of the aviation sector for Cuberg. As these are developing markets, historical data offers limited guidance. Given higher performance requirements the aviation segment is assumed to allow for above average margins. In addition, the calculation is sensitive to the following key assumptions:

	2023	2022
Discount rate:		
Weighted average cost of capital (pre-tax), Systems	14.1 %	13.0 %
Weighted average cost of capital (pre-tax), Cuberg	14.4 %	12.8 %
Terminal growth rate, both Systems and Cuberg	2.0 %	2,0 %

As at December 31, 2023, the calculation of value in use did not demonstrate any requirement for impairment and did not indicate that any reasonably possible changes in key assumptions would result in an impairment requirement.

In addition to the annual impairment testing of the cash-generating units and goodwill, the Group also performed an annual impairment testing of internally generated intangible assets and patents. Other assets are also tested for impairment when there is an indication of an impairment need. An impairment loss of USD 39 m was recorded for the period ending December 31, 2023.

11 Property, plant and equipment

Accounting policies

Property, plant and equipment are recognized as assets if it is probable that future economic benefits from them will flow to the Group and the costs of the assets can be reliably measured. Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment losses, if any.

The Group's property, plant and equipment is mainly attributable to construction in progress, which includes advance payments, where the construction of large-scale battery factories are underway and, in some locations, nearing completion. The cost of construction includes the purchase price plus all expenses directly attributable to the factories in order to bring it to the condition to be used in the manner intended. The directly attributable costs include works to be performed under agreement with suppliers, purchase of equipment, installation, assembly, consultancy fees, legal and advisory fees. Where it is considered directly attributable, the cost of employees and materials are also included in the asset. Materials could also be those related to commissioning of the production lines. Borrowing costs pertaining to the financing of these long term construction projects are included in the asset.

Depreciation of construction in progress will only begin when the gigafactories are capable of operating in the manner intended by management, which is when the asset is activated after having passed all tests rendering it ready for use. Depreciation is then carried out on a straight-line basis over the expected useful life for all classes of property, plant and equipment, taking into account material residual value. Certain parts of the building, such as the frame and foundations, are depreciated over 75 years, and all other building components have a useful life between 10 and 40 years. Division into different components occurs only if major components with different useful economic lives can be identified. Plant and machinery used in production and R&D activities have a useful life between 3 and 15 years, whereas equipment and tools have a useful life between 3 and 5 years.

GOVERNMENT GRANTS RELATING TO ASSETS For government grants relating to the construction or purchase of property, plant and equipment, the Group has elected to reduce the carrying amount of the asset with the grant related to it. The grant is then recognized in the consolidated statement of profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

There are no unfulfilled conditions or contingencies attached to these grants.

USD'000	Land and buildings	Plant and machinery	Equipment and tools	Construction in progress	Total
Cost					
At Jan 1, 2022	137,101	201,146	10,825	1,925,312	2,274,384
Additions	10,497	—	6,856	1,387,948	1,405,301
Divestment and disposals	—	-500	-223	—	-723
Reclassifications	6,765	28,086	4,484	-55,486	-16,151
Exchange rate differences	-18,431	-27,553	-533	-293,933	-340,450
At Dec 31, 2022	**135,932**	**201,179**	**21,409**	**2,963,841**	**3,322,361**
Accumulated depreciation and impairment losses					
At Jan 1, 2022	-5,173	-22,387	-1,269	-25,141	-53,970
Divestment and disposals	—	89	84	—	173
Reclassifications	—	548	1	—	549
Depreciation for the year	-4,646	-24,669	-2,655	—	-31,970
Exchange rate differences	829	3,668	170	3,357	8,024
At Dec 31, 2022	**-8,990**	**-42,751**	**-3,669**	**-21,784**	**-77,194**
Net carrying amounts					
At Dec 31, 2022	**126,942**	**158,428**	**17,740**	**2,942,057**	**3,245,167**

USD'000	Land and buildings	Plant and machinery	Equipment and tools	Construction in progress	Total
Cost					
At Jan 1, 2023	135,932	201,179	21,409	2,963,841	3,322,361
Additions	244,082	6,408	1,902	1,551,256	1,803,648
Divestment and disposals	—	-392	—	-25	-417
Reclassifications	39,712	35,136	1,998	-100,399	-23,553
Exchange rate differences	13,326	9,561	1,366	202,411	226,664
At Dec 31, 2023	**433,052**	**251,892**	**26,675**	**4,617,084**	**5,328,703**
Accumulated depreciation and impairment losses					
At Jan 1, 2023	-8,990	-42,751	-3,669	-21,784	-77,194
Divestment and disposals	—	78	—	—	78
Reclassifications	67	21	4	—	92
Depreciation for the year	-4,878	-31,649	-3,182	—	-39,709
Exchange rate differences	-632	-3,443	-407	-858	-5,340
At Dec 31, 2023	**-14,433**	**-77,744**	**-7,254**	**-22,642**	**-122,073**
Net carrying amount					
At Dec 31, 2023	**418,619**	**174,148**	**19,421**	**4,594,442**	**5,206,630**

The net reclassifications relates to the change in accounting policy for government grants, where government grants related to the purchase of assets have been reclassified from Government grants (liabilities) to the related asset class in Property, plant and equipment (assets), thereby reducing the value of the asset and the corresponding depreciation.

Total depreciation, amortization and impairment included in:	2023	2022
Cost of goods sold	22,501	29,672
Research and development expenses	15,176	1,510
Selling, general and administrative expenses	2,032	788
Total	**39,709**	**31,970**

IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT No impairment losses were recognized for the period ending December 31, 2023 and December 31, 2022.

CAPITALIZED BORROWING COST Northvolt Group has received external funding for the development of large-scale battery factories. In relation to this funding, the borrowing cost capitalized amounted to USD 109 m in 2023 (2022: USD 79 m). Borrowing costs were capitalized at an interest rate of around 7.1 % in 2023 (2022: 5.4%).

CAPITALIZED COST The Group capitalized personnel cost of USD 75 m in 2023 (2022: USD 42 m). The Group also capitalized cost related to commissioning of USD 221 m in 2023 (2022: USD 51 m).

PURCHASE COMMITMENTS Contractual commitments for the acquisition of property, plant and equipment amounted to USD 2 bn (2022: USD 1 bn) as at December 31, 2023.

12 Leases with Northvolt as lessee

12.1 Right-of-use assets

Right-of-use assets	Land and buildings	Plant and machinery	Equipment and tols	Total
Accumulated acquisition cost				
At Jan 1, 2022	61,240	1,182	—	62,422
Additions	8,574	7,844	—	16,418
Remeasurements	6,173	2,452	—	8,625
Exchange rate differences	-8,351	110	—	-8,241
At Dec 31, 2022	**67,636**	**11,588**	—	**79,224**
Depreciation and impairment losses				
At Jan 1, 2022	-15,759	-54	—	-15,813
Depreciation for the year	-11,295	-1,311	—	-12,606
Exchange rate differences	1,850	-84	—	1,766
At Dec 31, 2022	**-25,204**	**-1,449**	—	**-26,653**
Net carrying amount				
At Dec 31, 2022	**42,432**	**10,139**	—	**52,571**

Right-of-use assets	Land and buildings	Plant and machinery	Equipment and tols	Total
Accumulated acquisition cost				
At Jan 1, 2023	67,636	11,588	—	79,224
Additions	30,080	—	9,471	39,551
Remeasurements	8,092	-478	567	8,181
Reclassifications	—	-974	974	—
Exchange rate differences	3,120	410	541	4,071
At Dec 31, 2023	**108,928**	**10,546**	**11,553**	**131,027**
Depreciation and impairment losses				
At Jan 1, 2023	-25,204	-1,449	—	-26,653
Depreciation for the year	-10,924	-1,443	-1,481	-13,848
Reclassifications	—	148	-148	—
Exchange rate differences	-530	-139	-69	-738
At Dec 31, 2023	**-36,658**	**-2,883**	**-1,698**	**-41,239**
Net carrying amount				
At Dec 31, 2023	**72,270**	**7,663**	**9,855**	**89,788**

12.2 Lease liability

As at year-end	Dec 31, 2023	Dec 31, 2022
Non-current	67,229	36,822
Current	23,013	15,499
Total	**90,242**	**52,321**

See Note 3 Financial risk management for the maturity profile of the lease liability.

12.3 Amounts recognized in the statement of profit or loss

USD'000	2023	2022
Depreciation for the year	**13,848**	**12,606**
Interest expenses related to lease liabilities	4,023	2,965
Expenses for low value assets	2,247	1,235
Expenses for short-term assets	1,481	167
Expenses related to variable lease expenses not included in the lease liability	472	560
Total amounts recognized in the income statement	**22,071**	**17,533**
The total cash outflow for leases during the year	**16,198**	**17,321**

13 Group information

The consolidated financial statement of the Group as per the balance sheet date include:

Company Name	Corp.Reg.No	Registered Office	Country of incorporation	% Voting and equity interest Dec 31, 2023	% Voting and equity interest Dec 31, 2022
Northvolt Japan K.K	1209-01-038637	Osaka	Japan	100	100
Northvolt Labs AB	559144-2891	Stockholm	Sweden	100	100
Västerås Effekten 12 AB	559150-0391	Västerås	Sweden	100	100
Northvolt Ett AB	559154-7715	Stockholm	Sweden	100	100
Northvolt Ett Fastighetsförvaltning AB	559118-2935	Stockholm	Sweden	100	100
Northvolt Ett Expansion AB	559237-8078	Stockholm	Sweden	100	100
Northvolt Ett Expansion Fastighetsförvaltning AB	559280-7415	Stockholm	Sweden	100	100
Northvolt Systems AB	559244-0282	Stockholm	Sweden	100	100
Northvolt Systems Poland Sp.z.o.o	KRS 000075226	Gdansk	Poland	100	100
Northvolt Revolt AB	559237-8060	Stockholm	Sweden	100	100
Northvolt Fem AB	559381-5391	Stockholm	Sweden	100	100
Northvolt Fem Fastighetsförvaltning AB	559281-4767	Stockholm	Sweden	100	100
Northvolt Germany TopCo GmbH	HRB 178044	Hamburg	Germany	100	—
Northvolt Drei HoldCo GmbH	HRB 178034	Hamburg	Germany	100	—
Northvolt Germany GmbH	HRB 253048	Hamburg	Germany	100	100
Cuberg, Inc.	5769258	Delaware	USA	100	100
Aurora Lithium AB	559163-0610	Stockholm	Sweden	100	100
Northvolt America, Inc.	6863285	Delaware	USA	100	100
NVC Energy V AB	559344-2642	Stockholm	Sweden	100	100
NVC Energy VI AB	559344-2402	Stockholm	Sweden	100	100
Northvolt Batteries North America Inc.	1178460136	Montreal	Canada	100	—
9500-9511 Quebec Inc.	1179171047	Montreal	Canada	100	—
MCMSB General Partnership	1165907230	Montreal	Canada	100	—

14 Interest in joint ventures

Accounting policies

The Group's investments in its joint ventures are accounted for using the equity method, where the investment in a joint venture is initially recognized at cost and when Northvolt's share of losses in the joint venture exceeds its interest in the joint venture, further losses are not recognized unless there is a legal or contractual obligation to do so.

The Group has committed to future funding for all joint ventures.

Company name	Corp.Reg.No	Registered office	Country of incorporation	% Voting and equity interest Dec 31, 2023	% Voting and equity interest Dec 31, 2022
HydroVolt AS	925 266 817	Fredrikstad	Norway	50	50
NOVO Energy AB	559344-2600	Gothenburg	Sweden	50	50
Aurora Lithium S.A	516610422	Lisbon	Portugal	50	50

Summarized financial information for the Group's joint ventures

As at year ended Dec 31, 2023	HydroVolt AS	NOVO Energy Holding AB	Aurora Lithium SA	Total
Net sales	2,455	19	—	2,474
Operating profit	-11,320	-33,701	-5,277	-50,298
Depreciation and amortization	-621	—	—	-621
Interest income	21	1,432	—	1,453
Other finance income	801	—	—	801
Interest cost	-519	—	—	-519
Other finance cost	-904	—	-4	-908
Profit/loss before tax	-12,542	-32,269	-5,281	-50,092
Income tax benefit/expense	-1	-19	1,081	1,061
Profit/loss for the year	**-12,543**	**-32,288**	**-4,200**	**-49,031**
Groups share of profit/loss	**-6,272**	**-16,144**	**-2,100**	**-24,516**
Cash and cash equivalents	188	38,188	5,672	44,048
Other current assets	3,379	4,653	2,952	10,984
Non-current assets	16,048	440,400	22,765	479,213
Current financial liabilities	—	—	—	—
Other current liabilities	-8,878	-28,312	-7,928	-45,118
Non-current financial liabilities	-8,847	—	—	-8,847
Other non-current liabilities	—	—	—	—
Equity	-1,890	-454,929	-23,461	-480,280
Group's share in equity 50%	**-945**	**-227,465**	**-11,731**	**-240,140**
Reconciliation to carrying amount				
Balance at Jan 1, 2023	—	176,976	1,397	178,373
Remeasurement	—	—	—	—
Acquisitions during the year	7,023	25,559	12,436	45,018
Share of profit/loss for the year	-6,290	-16,144	-2,485	-24,919
Unrecognized share of losses	—	—	—	—
Exchange rate differences	212	7,506	383	8,101
Balance at Dec 31, 2023	**945**	**193,897**	**11,731**	**206,573**

As at year ended Dec 31, 2022	HydroVolt AS	NOVO Energy Holding AB	Aurora Lithium SA	Total
Net sales	376	—	—	376
Operating profit	-8,025	-6,160	-1,012	-15,197
Depreciation and amortization	—	—	—	—
Interest income	46	65	—	111
Other finance income	15	—	—	15
Interest cost	-339	—	—	-339
Other finance cost	-97	-230	-1	-328
Profit/loss before tax	-8,400	-6,325	-1,013	-15,738
Income tax benefit/expense	—	—	215	215
Profit/loss for the year	**-8,400**	**-6,325**	**-798**	**-15,523**
Groups share of profit/loss	**-4,200**	**-3,163**	**-399**	**-7,762**

As at year ended Dec 31, 2022	HydroVolt AS	NOVO Energy Holding AB	Aurora Lithium SA	Total
Cash and cash equivalents	282	5,428	348	6,058
Other current assets	2,613	473	2,070	5,156
Non-current assets	9,909	364,640	3,128	377,677
Current financial liabilities	—	—	—	—
Other current liabilities	-4,916	-4,119	-2,532	-11,567
Non-current financial liabilities	-6,078	—	—	-6,078
Other non-current liabilities	—	—	—	—
Equity	-1,810	-366,422	-3,014	-371,245
Group's share in equity 50%	**-905**	**-183,211**	**-1,507**	**-185,623**
Reconciliation to carrying amount				
Balance at Jan 1, 2022	163	—	—	163
Remeasurement	—	182,807	—	182,807
Acquisitions during the year	3,024	2,795	1,839	7,658
Share of profit/loss for the year	-4,200	-3,163	-399	-7,762
Unrecognized share of losses	1,030	—	—	1,030
Exchange rate differences	**-17**	**-5,463**	**-43**	**-5,523**
Balance at Dec 31, 2022	—	**176,976**	**1,397**	**178,373**

15 Inventories

Accounting policy

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

The Group's inventories are mainly comprised of raw materials held in inventory, as well as those in transit from suppliers. Transfer of control of goods in transit is determined by the delivery terms agreed with suppliers, where the Group is, in most cases, considered to have control of the inventory once it is placed on the ship or other similar modes of transportation.

Manufactured cells and batteries and work in progress includes the cost of direct materials and labor and a reasonable proportion of manufacturing overheads based on the normal operating capacity and utilization, but excluding borrowing costs.

Accounting judgments, estimates and assumptions

Inventories, and particularly raw materials, could become impaired if their cost is not recoverable to the Group and such inventories must be written down to their net realizable value. This includes cases of increased volatility in the market prices of the raw materials as a result of changes in demand patterns for certain commodities, which could expose those inventories to greater risk of impairment.

As at year-end	Dec 31, 2023	Dec 31, 2022
Raw materials and consumables	315,389	315,012
Finished goods	9,471	6,508
Work in progress	11,693	3,949
Goods in transit	115,027	58,167
Total	**451,580**	**383,636**

The carrying amount of inventories includes a provision of USD 364 m as of December 31, 2023 (2022: USD 23 m), of which a write-down of USD 322 m (2022: USD 0) reflects the lower market value of raw materials held in inventory.

16 Cash and cash equivalents

Accounting policy

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term deposits form part of the Group's liquidity management in the form of short-term investments with several well rated counterparties. These deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Where short-term deposits have a maturity greater than three months but less than a year from the date of acquisition, it is classified as other current financial assets.

As at year-end	Dec 31, 2023	Dec 31, 2022
Cash at banks	1,546,594	1,801,877
Short-term deposits	587,739	747,736
Total	**2,134,333**	**2,549,613**

Short-term deposits with maturity of between three to twelve months of USD 0 m as of December 31, 2023 are included in other current financial assets in the consolidated statement of financial position (2022: USD 416 m).

17 Equity and number of shares

Accounting policy

The Group's equity consists of the following items:

SHARE CAPITAL	Represents the nominal value of issued and registered shares.
OTHER PAID- IN CAPITAL	Premiums received in the event of a new share issue. Transaction costs associated with the new issue of shares also reduce contributed equity, taking into account any income taxes. The item is called Share premium reserve in the parent company.
RESERVES FOR HEDGES	The hedging reserve comprises the effective portion of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.
TRANSLATION RESERVE	The translation reserve includes exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports.
OTHER RESERVE	Other reserves include gains and losses arising from changes in fair value of equity instruments designated as fair value through OCI.
RETAINED EARNINGS INCL. PROFIT/LOSS FOR THE YEAR	Profit/loss brought forward, all balanced gains/losses and profit/loss for the year.

	Number of A-shares	Number of D-shares	Number of E-shares	Total
Balance at Jan 1, 2022	**6,182,779,210**	**12,994,112,865**	**11,511,201,435**	**30,688,093,510**
New share issue	707,916,454	—	53,911,624	761,828,078
Balance at Dec 31, 2022	**6,890,695,664**	**12,994,112,865**	**11,565,113,059**	**31,449,921,588**
New share issue	57,786,835	—	—	57,786,835
Balance at Dec 31, 2023	**6,948,482,499**	**12,994,112,865**	**11,565,113,059**	**31,507,708,423**

The share capital of the parent company consists of 6,948 m common A-shares and 24,559 m preference D- and E- shares. All outstanding shares were registered as of December 31, 2023. All shares have the same voting rights. As of the year ended December 31, 2023, the par value per share was SEK 0.00001.

Preference D-shares carry an 8% interest per year and is capitalized annually where not paid.

Preference E-shares carry a 6% interest per year and is capitalized annually where not paid.

Dividends payable are allocated between the preference D-shares and E-shares until each outstanding class has received an amount equal to the preference amount for the relevant class of shares at the relevant time of distribution. Remaining proceeds should be allocated to the A-shares until each outstanding A share has received an amount equal to their nominal amount. Remaining proceeds should on a pro rata basis be allocated between the A-shares, D-shares and E-shares. Upon liquidation of the company the above allocation shall be applied on the proceeds available.

All D-shares and E-shares are automatically converted into ordinary shares on or around the first day of trading of the Company's ordinary shares on any major stock exchange.

During 2023, 58m A-shares were issued through warrants exercise that was converted into A-shares.

Specification of the equity items reserves	Dec 31, 2023	Dec 31, 2022
Translation reserve		
At the beginning of the year	-565,428	-56,015
Exchange rate differences	48,860	-509,413
At the end of the year	**-516,568**	**-565,428**
Hedging reserve		
At the beginning of the year	84,682	15,991
Change in value during the year	5,631	68,691
At the end of the year	**90,313**	**84,682**
Other reserves		
At the beginning of the year	2,136	—
Change in value during the year	—	2,136
At the end of the year	**2,136**	**2,136**
Total reserves		
At the beginning of the year	-478,610	-40,024
Change in reserves during the year:		
Translation reserve	48,860	-509,413
Hedging reserve	5,631	68,691
Other reserve	—	2,136
At the end of the year	**-424,119**	**-478,610**

18 Government grants

Accounting policy

Government grants relating to costs that are not subject to requirements for future performance are deferred and recognized in other income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to assets are deferred and subsequently reclassified to Property, plant and equipment when the asset has been purchased.

Accounting judgments, estimates and assumptions

Management uses judgment in assessing whether Northvolt is in compliance with the conditions in the contract or not, and if there is a potential risk of repayment during the contract period of the grant. Northvolt has regular reporting to the grant agencies, sharing information about technical and financial performance of each grant. These reports are reviewed and approved by the agencies and payment disbursements are subject to satisfactory delivery of said conditions. As of the reporting date, Northvolt's assessment is that there are no grants where there is a risk of material repayments.

USD'000	Dec 31, 2023	Dec 31, 2022
At January 1	**26,470**	**44,378**
Received during the year	48,302	14,975
Released to the statement of profit or loss	-27,892	-11,767
Reclassifications	-23,462	-15,578
Exchange rate differences	712	-5,538
At December 31	**24,130**	**26,470**
Current	4,285	6,130
Non-current	19,845	20,340

The reclassifications relates to the change in accounting policy for government grants, where government grants related to the purchase of assets have been reclassified from Government grants (liabilities) to the related asset class in Property, plant and equipment (assets), thereby reducing the value of the asset and the corresponding depreciation.

Government grants have been received for research and development projects.
There are no unfulfilled conditions or contingencies attached to these grants.

19 Accrued expenses and deferred income

USD'000	Dec 31, 2023	Dec 31, 2022
Contract liability	13,425	8,437
Accrued personnel expenses	59,148	33,605
Accrued expenses for construction	89,617	40,620
Other accrued expenses (including finance related items)	117,533	36,832
Total	**279,723**	**119,494**

20 Financial assets and liabilities

Accounting policies

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

20.1 Financial assets

INITIAL RECOGNITION AND MEASUREMENT The Group's financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables are measured at the transaction price as disclosed in Note 4 Revenue from contracts with customers.

FINANCIAL ASSETS AT AMORTIZED COST (DEBT INSTRUMENTS) Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is recognized, modified or adjusted for any loss allowance.

The Group's financial assets at amortized cost include trade receivables, cash and cash equivalent and other current financial assets.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss. This category includes derivative foreign currency forward instruments that are not subject to hedge accounting.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through OCI. Designation at fair value through OCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through OCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity instrument. Instead, it is transferred to retained earnings.

IMPAIRMENT Refer to Note 3 Financial risk management for further information on expected credit loss related to trade receivables.

20.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortized cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of liabilities classified at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

For subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost (loans and borrowings).

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss, both of which are derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on these liabilities are recognized in the consolidated statement of profit or loss.

FINANCIAL LIABILITIES AT AMORTIZED COST Financial liabilities at amortized cost are the category most relevant to the Group, and generally applies to interest-bearing loans and borrowings, as well as trade payables and other liabilities.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized or modified, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the consolidated statement of profit or loss.

The Group capitalizes borrowing costs that are directly attributable to product development projects. The borrowing costs, measured at effective interest rate method, are included in the cost of the product development and are not recognized in the consolidated statement of profit or loss as interest rate cost.

20.3 Derivative financial instruments and hedge accounting

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT The Group may use derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. At present, the Group only applies hedge accounting to its interest rate derivatives. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

CASH FLOW HEDGE ACCOUNTING The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For hedging of non-financial assets or liabilities, amounts in the cash flow hedge reserve are reclassified via other comprehensive income to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss (for example, in the periods that interest income or interest expense is recognized).

Hedge accounting may not be voluntarily discontinued. Hedge accounting is discontinued:

- when the hedging instrument expires or is sold, terminated, or exercised,
- when there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk dominates the value changes that result from the economic relationship, or
- when the hedge accounting no longer meets the risk management objectives.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

20.4 Convertible loans

The Group's convertible loans are interest bearing at the rates disclosed in Note 3.1.1 Market risk and are generally subject to mandatory conversion into a variable number of shares. This precludes the convertible loans from being recognized as equity, and is thus recognized as a non-current liability in its entirety.

20.5 Financial assets & liabilities

The fair value for assets and liabilities at amortized cost are approximately the same as the carrying amount due to their short maturities or variable interest. The fair value for liabilities at amortized cost with fixed interest, such as some of the interest bearing loans to credit institutions and convertible loans, is USD 1 bn and USD 4 bn, respectively, as at December 31, 2023.

Financial assets and liabilities by category

As at December 31, 2023	Amortized costs	Fair value through profit or loss	Fair value through OCI	Derivatives designated as hedging instrumentsl	Total carrying amount
Financial assets					
Trade receivables	40,407	—	—	—	40,407
Other receivables	73,475	—	—	—	73,475
Derivative financial instruments	—	11,294	—	—	11,294
Financial investments	—	—	11,298	—	11,298
Short-term bank deposits	—	—	—	—	—
Cash and cash equivalents	2,134,333	—	—	—	2,134,333
Total financial assets	**2,248,215**	**11,294**	**11,298**	—	**2,270,807**
Financial liabilities					
Interest bearing loans to credit institutions	1,759,023	—	—	—	1,759,023
Convertible loan	3,767,357	—	—	—	3,767,357
Derivative financial instruments	—	—	—	3,385	3,385
Trade payables	321,832	—	—	—	321,832
Other current liabilities	35,652	—	—	—	35,652
Total financial liabilities	**5,883,864**	—	—	**3,385**	**5,887,249**

As at December 31, 2022	Amortized costs	Fair value through profit or loss	Fair value through OCI	Derivatives designated as hedging instruments	Total carrying amount
Financial assets					
Trade receivables	37,911	—	—	—	37,911
Other receivables	79,759	—	—	—	79,759
Derivative financial instruments	—	16,095	—	100,481	116,576
Financial investments	—	—	7,880	—	7,880
Short-term bank deposits	415,559	—	—	—	415,559
Cash and cash equivalents	2,549,613	—	—	—	2,549,613
Total financial assets	**3,082,842**	**16,095**	**7,880**	**100,481**	**3,207,298**
Financial liabilities					
Interest bearing loans to credit institutions	1,418,717	—	—	—	1,418,717
Convertible loan	2,042,568	—	—	—	2,042,568
Derivative financial instruments	—	9,977	—	—	9,977
Trade payables	323,251	—	—	—	323,251
Other current liabilities	11,627	—	—	—	11,627
Total financial liabilities	**3,796,163**	**9,977**	—	—	**3,806,140**

Northvolt has no financial assets or liabilities that are presented net in the financial statements. Northvolt's derivatives are subject to agreements about possible netting (ISDA agreements).

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below presents financial instruments classified at fair value, regarding the fair value hierarchy within which the fair value measurements are categorized in. The different fair value hierarchy levels are the following:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2 - Other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 - Unobservable inputs for the asset or liability.

Financial instruments measured at fair value

as per Dec 31, 2023	Level 1	Level 2	Level 3	Total
Financial investments	—	—	11,298	11,298
Derivative financial instruments (assets)	—	11,294	—	11,294
Derivative financial instruments (liabilities)	—	3,385	—	3,385

as per Dec 31, 2022				
Financial investments	—	—	7,880	7,880
Derivative financial instruments (assets)	—	116,576	—	116,576
Derivative financial instruments (liabilities)	—	9,977	—	9,977

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of foreign currency forwards is determined using quoted forward currency rates at the reporting date. These investments are classified as Level 2 and comprise derivative financial instruments.

In circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3. The unobservable inputs are developed using the information available to the Group, such as the Group's own data adjusted for reasonably available information about other market participants assumptions.

There were no transfers between Level 2 and Level 3 during the years ending December 31, 2023 and December 31, 2022.

Reconciliation of Level 3 fair value measurements of financial instruments

USD'000	Financial investments	Derivative financial instruments (liabilities)
Opening balance at Jan 1, 2022	**—**	**10,587**
Fair value changes recognized in OCI	2,691	—
Purchases	5,432	—
Settlements	—	-9,173
Exchange rate differences	-243	-1,414
Closing balance at Dec 31, 2022	**7,880**	**—**
Purchases	2,941	—
Exchange rate differences	477	—
Closing balance at Dec 31, 2023	**11,298**	**—**

21 Changes in liabilities arising from financing activities

USD'000	Convertible loan	Interest-bearing loans and borrowinga	Lease liability
Opening balance Jan 1, 2022	**303,118**	**1,094,439**	**48,276**
Cash flow from financing activities	1,723,838	291394	-17,321
New and amended leases	—	—	15,284
Exchange rate differences	-92,518	-12,220	-5,297
Other	108,130	45,104	11,379
Closing balance Dec 31, 2022	**2,042,568**	**1,418,717**	**52,321**
Cash flow from financing activities	1,285,801	271,018	-16,198
New and amended leases	—	—	46,826
Exchange rate differences	60,340	18,776	3,270
Other	378,648	50,512	4,023
Closing balance Dec 31, 2023	**3,767,357**	**1,759,023**	**90,242**

22 Supplementary information to the cash flow statement - Adjustment for non- cash items

USD'000	2023	2022
Depreciation, amortization and impairment	92,930	46,155
Change in other provisions	379,225	2,949
Exchange rate differences	-112,405	-349,418
Share of profit/loss in joint venture	24,919	6,732
Share-based payment expense	2,787	2,447
Change in fair value of derivative financial instruments	-5,576	-199,751
Other non-cash adjustments (including finance related items)	300,240	73,377
Total in the cash flow statement	**682,120**	**-417,509**

23 Contingent liabilities

There are no identified contingent liabilities for the years 2022 - 2023.

24 Pledged assets

USD'000	2023	2022
Shares in subsidiaries	2,599,638	1,531,543
Pledged blank balances	289,547	572,637
Total	**2,889,185**	**2,104,180**

25 Related party

Group structure

Note 13 Group Information provides information about the Group's structure, including details of the subsidiaries and Note 14 Interest in joint ventures provides information on joint ventures related to Northvolt Group.

ENTITIES WITH SIGNIFICANT INFLUENCE OVER THE GROUP Volkswagen Finance Luxembourg S.A. (B166745) owns 21.0 % of the shares outstanding in Northvolt AB. Volkswagen Finance Luxembourg S.A and all its subsidiaries are considered related parties.

Goldman Sachs Asset Management owns 19.2 % of the shares outstanding in Northvolt AB through various controlled funds. Goldman Sachs Asset Management and all its controlled funds are considered related parties.

Related party transactions

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

During 2019, Volkswagen Finance Luxembourg S.A. provided Northvolt AB with convertible loan facilities of EUR 240 m which were fully drawn in 2020. The interest rate of this loan is 5.5%. Volkswagen Group and Goldman Sachs Asset Management through various funds participated in the convertible loan issued during 2022.

Terms and conditions are described in Note 3 Financial risk management.

Related party transactions also include board remuneration to certain members of the Board of Directors. Information on remuneration to the Board of Directors, CEO and senior executives is found in Note 7.1 Salaries, other remuneration and social security contributions.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

USD'000		Sales to related parties[1]	Purchases from related parties	Recievables from related parties[2]	Liabilities to related parties[2]	Long term liabilities to related parties
ENTITY WITH SIGNIFICANT INFLUENCE OVER THE GROUP						
Volkswagen Group[3]	2023	28,248	5,405	7,249	56	398,330
	2022	26,020	10,032	9,280	1,980	365,598
Goldman Sachs Asset Management	2023	—	2,660	—	—	497,637
	2022	—	—	—	—	401,131
JOINT VENTURES IN WHICH THE PARENT IS A VENTURER						
Novo Energy AB	2023	19	—	—	—	—
	2022	256	88	79	—	—
Novo Energy Production AB	2023	21	142	5	73	—
	2022	590	78	108	—	—
Novo Energy R&D AB	2023	—	27	—	11,126	—
	2022	362	—	—	—	—
JOINT VENTURES IN WHICH A SUBSIDIARY IS A VENTURER						
HydroVolt AS	2023	692	42	292	—	—
	2022	1,625	—	1,849	—	—
Aurora Lith, S.A.	2023	147	—	39	—	—
	2022	—	—	—	—	—

1 The amounts include other income. 2 The amounts are classified as trade receivables and accrued income, and trade payables and deferred income, respectively. 3 Related party transactions between Volkswagen Group and Northvolt AB (parent company).

26 Events after the reporting period

Both local municipalities, Lohe-Rickelshof and Norderwöhrden in Schleswig-Holstein approved the construction of the Northvolt Drei gigafactory for lithium-ion battery cells in Heide, Germany. This follows a EUR 902 m funding approval from the EU commission under the TCTF framework.

Parent company – Statement of **profit or loss**

SEK'000	Note	2023	2022
Revenue	28	325,897	1,116,257
Cost of goods sold		-319,444	-1,154,108
Gross profit/loss		**6,453**	**-37,851**
Research and development expenses		-1,314,581	-971,175
Selling, general and administrative expenses		-2,457,380	-1,697,043
Other operating income	29	1,726,651	705,850
Other operating expenses	29	-305,995	-2,758
Operating profit/loss	30, 31, 32, 33	**-2,344,852**	**-2,002,977**
Finance income	34	2,083,123	3,110,634
Finance expenses	35	-4,206,405	-1,135,223
Profit/loss after financial items		**-4,468,134**	**-27,566**
Appropriations		119,378	-901,149
Profit/loss before tax		**-4,348,756**	**-928,715**
Income tax	36	—	—
Profit/loss for the year		**-4,348,756**	**-928,715**

Parent company – Statement of **comprehensive income**

SEK'000	Note	2023	2022
Profit/loss for the year		**-4,348,756**	**-928,715**
Other comprehensive income/loss		—	—
Total other comprehensive income/loss for the year (net of tax)		—	—
Total comprehensive income/loss (net of tax)		**-4,348,756**	**-928,715**

Parent company – Statement of **financial position**

SEK'000	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Non-current assets			
Intangible assets	37	353,057	214,100
Property, plant and equipment	38	3,294,249	1,983,609
Shares in group companies	39	52,402,405	30,475,842
Shares in joint ventures	40	299,557	28,303
Receivables from group companies	41	174,967	170,853
Other non-current assets		86,208	54,998
Total non-current assets		**56,610,443**	**32,927,705**
Current assets			
Inventories		—	14
Trade receivables	28	76,048	77,116
Receivables from group companies		2,250,955	1,020,298
Other current receivables		1,496	103,524
Prepaid expenses and accrued income		66,295	83,684
Current financial assets		—	4,242,027
Cash and cash equivalents	42	13,640,884	22,414,337
Total current assets		**16,035,678**	**27,941,000**
Total assets		**72,646,121**	**60,868,705**

SEK'000	Note	Dec 31, 2023	Dec 31, 2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital		315	314
Development fund		353,057	214,099
Total restricted equity		**353,372**	**214,413**
Non-restricted equity			
Share premium reserve		38,528,951	38,456,435
Retained earnings		-1,778,819	-711,146
Profit/loss for the year		-4,348,756	-928,715
Total non-restricted equity		**32,401,376**	**36,816,574**
Total equity	43	**32,754,748**	**37,030,987**
Non-current liabilities			
Convertible loan	44	37,830,290	21,318,483
Other liabilities		297,753	—
Total non-current liabilities		**38,128,043**	**21,318,483**
Current liabilities			
Trade payables		352,351	501,424
Liabilities to group companies		465,418	1,384,647
Income tax liabilities		8,289	9,440
Other current liabilities	45	87,242	51,987
Accrued expenses and deferred income	46	850,030	571,737
Total current liabilities		**1,763,330**	**2,519,235**
Total liabilities		**39,891,373**	**23,837,718**
Total equity and liabilities		**72,646,121**	**60,868,705**

Parent company – Statement of **changes in equity**

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY			
SEK'000	Share capital	Development fund	Share premium reserve	Retained earnings	Profit (loss) for the year	Total
Equity at Jan 1, 2022	**307**	**114,586**	**38,072,188**	**-1,356,628**	**744,995**	**37,575,448**
Profit/loss) for the year(	—	—	—	—	-928,715	-928,715
Other comprehensive income	—	—	—	—	—	—
Total comprehensive income/loss for the year	**—**	**—**	**—**	**—**	**-928,715**	**-928,715**
Proposition for profit allocation	—	—	—	744,995	-744,995	—
Issuance of shares	7	—	279,294	—	—	279,301
Capitalized development cost	—	99,513	—	-99,513	—	—
Warrants issue	—	—	104,953	—	—	104,953
Equity at Dec 31, 2022	**314**	**214,099**	**38,456,435**	**-711,146**	**-928,715**	**37,030,987**
Equity at Jan 1, 2023	**314**	**214,099**	**38,456,435**	**-711,146**	**-928,715**	**37,030,987**
Profit/loss for the year	—	—	—	—	-4,348,756	-4,348,756
Other comprehensive income/loss for the year	—	—	—	—	—	—
Total comprehensive income/loss for the year	—	—	—	—	**-4,348,756**	**-4,348,756**
Proposition for profit allocation	—	—	—	-928,715	928,715	—
Issuance of shares	1	—	31,746	—	—	31,747
Capitalized development cost	—	138,958	—	-138,958	—	—
Warrants issue	—	—	35,974	—	—	35,974
Equity-settled share-based payments	—	—	4,796	—	—	4,796
Equity at Dec 31, 2023	**315**	**353,057**	**38,528,951**	**-1,778,819**	**-4,348,756**	**32,754,748**

Parent company – Statement of **cash flow**

SEK'000	Note	2023	2022
Cash flow from operating activities			
Profit/loss before tax		-4,348,756	-928,715
Adjustment for non-cash items	48	-5,125,912	-2,078,911
Interest received		568,000	368,487
Cash flow from operating activities before changes in working capital		**-8,906,668**	**-2,639,139**
Change in inventories		14	5,429
Change in trade receivables, other current receivables, prepaid expenses		-1,110,171	-574,984
Change in trade payables, other current liabilities, accrued expenses		-942,764	1,305,259
Cash flow from operating activities, net		**-10,959,589**	**-1,903,435**
Cash flow from investing activities			
Purchase of property, plant and equipment		-1,455,968	-1,247,948
Proceeds from sale of property, plant and equipment		—	170
Purchase of intangible fixed assets		-138,957	-99,514
Proceeds of borrowings to group companies		—	-298,841
Investment in group companies		-21,926,563	-16,866,907
Investment in financial assets		-54,594,199	-2,272,237
Proceeds from sale of financial asset		58,483,272	10,718,750
Cash flow from investing activities, net		**-19,632,415**	**-10,066,527**

SEK'000	Note	2023	2022
Cash flow from financing activities			
New share issue		31,746	279,302
Warrants issue		35,974	104,954
Proceeds from liabilities to credit institutions		13,645,946	17,452,995
Cash flow from financing activities, net		**13,713,666**	**17,837,251**
Cash flow for the year		-16,878,338	5,867,289
Cash and cash equivalents at the beginning of year		22,414,337	15,189,896
Exchange rate differences in cash and cash equivalents		8,104,885	1,357,152
Cash and cash equivalents at the end of year	42	**13,640,884**	**22,414,337**

Parent Company Notes

27 Parent company accounting policies

General information

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish corporate reporting board's recommendation RFR 2 Accounting for Legal Entities.

The applied accounting policies for Northvolt Group are outlined in Note 2 Accounting policies, judgments, estimates and assumptions. The deviations between the parent company and the Group are described below.

Investments in subsidiaries

Shares in subsidiaries are reported according to the cost method, which means that the holdings are recognized in the balance sheet at cost less any write-downs. The acquisition value includes acquisition-related costs and any additional purchase consideration. When there is an indication that participation in subsidiaries have decreased in value, a calculation of the recoverable amount is made. If this value is lower than the carrying amount, a write-down is recorded.

Investment in joint venture

Investments in joint ventures are reported according to the cost method, which means that the holdings are recognized in the balance sheet at cost less any write-down. When there is an indication that the investment in joint venture have decreased in value, a calculation of the recoverable amount is made. If the value is lower than the carrying amount, a write-down is recorded.

Group contribution

Group contributions received and provided are recognized as appropriations in the statement of profit or loss.

Financial Instruments

IFRS 9 is not applied in the parent company. Instead, the parent company applies the cost method in accordance with the Swedish Annual Accounts Act. Financial instruments are measured at amortized cost. In subsequent periods, current financial assets acquired with the intention of being held in the short term will be reported in accordance with the principle of the lowest value at the lower of acquisition value and market value. Derivative instruments with a negative fair value are reported at this value. When calculating the net sales value of debt instruments, the principles for impairment and expected credit losses (ECL) in IFRS 9 shall be applied. The parent company applies the ECL method in accordance with IFRS 9 for financial assets that

are debt instruments. Receivables from group companies are also subject to ECL and recognized unless the amount is considered non-material. Northvolt applies the exception not to measure ECL on any financial guarantees in favor of subsidiaries, associates and joint ventures, but to apply IAS 37.

Leases

The parent company has elected not to apply IFRS 16 Leases, according to the exemption permitted under RFR 2. This exception means that no right-of-use asset and lease liability are reported in the statement of financial position. Leases in which the parent company is the lessee are recognized as an expense on a straight-line basis over the lease term.

Capitalized costs for own development work

For costs for own development work that are capitalized, a corresponding amount is transferred from non-restricted equity to the fund for development costs pertaining to restricted equity.

28 Revenue from contracts with customers

Set out below is the disaggregation of Northvolt AB's revenue from contracts with customers:

SEK'000	2023	2022
Revenue from contracts with customers		
Product Sales	272,133	1,082,656
Project Sales	—	21,933
Other	53,764	11,668
Total	**325,897**	**1,116,257**
Revenue by geographical markets		
Sweden	236,298	984,769
Germany	52,086	106,275
Other countries within Europe	37,443	25,213
USA	70	—
Total	**325,897**	**1,116,257**

Net sales are broken down by country based on where the customer is located.

Revenue from contracts with customers is recognized when control has transferred to the customer and the performance obligation is satisfied. Payment recognized may not match the revenue earned for the period. This results in the recognition of trade receivables, contract assets or contract liabilities.

As at year-end	Dec 31, 2023	Dec 31, 2022
Trade receivables	76,048	77,116
Contract assets	15,173	—
Contract Liabilities	111,606	—

Northvolt AB may receive advance payments from customers anWd those advance payments are recorded as a contract liability until the performance obligation is fulfilled. Advance payments from customers are normally recognized as revenue in the subsequent fiscal year.

29 Other operating income and expenses

SEK'000	2023	2022
Operating income		
Invoicing group companies	1,634,248	640,608
Government grants	29,307	14,152
Exchange rate gains	3,841	18,120
Other operating income	59,255	32,970
Total	**1,726,651**	**705,850**
Operating expenses		
Extraordinary expenses	-297,753	—
Exchange rate losses	-8,242	-2,758
Total	**-305,995**	**-2,758**
Net operating income and expenses	**1,420,656**	**703,092**

Invoicing to group companies is related to overhead allocations invoiced from the parent company to its subsidiaries.

30 Related party transactions

SEK'000	2023	2022
Share of total purchases made this year from other companies in the Group	26.97 %	29.01 %
Shares of total sales for the year made to other companies in the Group	54.84 %	84.21 %
Sales (including other income)		
To subsidiaries	1,873,128	1,479,451
To joint ventures	1,857	12,238
Purchases		
From subsidiaries	468,454	999,494
From joint ventures	1,371	1,686

31 Leases – Lessee

The parent company enters into lease agreements mainly for offices. Lease expenses for the year amount to SEK 94 m (2022: SEK 51 m). Future lease payments, for non-cancellable leases, are due as follows:

SEK'000	2023	2022
Within one year	130,013	60,408
Between one and five years	333,730	136,626
Later than five years	70,975	49,153
Total	**534,718**	**246,187**

32 Fees and remuneration to the Group's auditors

SEK'000	2023	2022
EY		
Audit fees	8,360	4,261
Audit activities other than the audit assignment	743	400
Tax consultancy services	—	208
Other services	6,217	2,187
Total	**15,320**	**7,056**

Audit fees refer to the statutory audit of the annual accounts and accounting documents as well as the Board of Directors and the CEO, and audit and other review work conducted according to agreements or contracts. This includes other tasks that are incumbent upon the parent company's auditors as well as advisory services or other assistance required as a result of observations made during such review work or the completion of such other tasks. Other services performed refer to other ongoing advisory fees.

33 Employee benefit expense

33.1 Salaries, other remuneration and social security contributions

	2023	2022
Salaries	1,073,317	897,980
Social costs	359,891	299,365
Pension costs	144,988	115,193
Other personnel cost	55,348	42,425
Total	**1,633,544**	**1,354,963**
of which to Boards of Directors, CEO and Senior Executives		
Salaries	42,195	29,916
Social Security	15,229	10,820
Pension costs	6,799	5,685
Total	**64,223**	**46,421**

33.2 Average number of employees

	2023	2022
Average number of employees	1,493	1,242
of which women %	34 %	35 %

33.3 Gender distribution in senior management

	2023		2022	
Gender distribution	**Total**	**of which % women**	**Total**	**of which % women**
Board of Directors	8	25 %	8	25 %
Senior Executives	9	22 %	12	33 %

34 Finance income

SEK'000	2023	2022
Interest income measured at amortized cost, Group companies	12,342	27,091
Interest income and similar items measured at amortized cost	817,066	368,716
Exchange rate gains	1,248,120	2,714,827
Other	5,595	—
Total	**2,083,123**	**3,110,634**

35 Finance expense

SEK'000	2023	2022
Interest expense measured at amortized cost, Group companies	-4,205,391	-1,118,907
Interest expense and similar items measured at amortized cost	-1,014	-4,685
Exchange rate losses	—	-8,423
Other	—	-3,208
Total	**-4,206,405**	**-1,135,223**

36 Income tax

36.1 Reconciliation of effective tax

SEK'000	2023	2022
Profit/loss before tax	-4,348,756	-928,715
Income tax calculated in accordance with national tax rate	-895,844	-191,315
Tax effect of		
Non-deductible expenses	867,476	156,945
Capital gains or losses, non-taxable	-169,051	—
Carried forward losses from prior year utilized in period	—	—
Unrecognized taxable losses	197,419	34,370
Reported tax expense	**—**	**—**

36.2 Distribution of expiry dates of tax losses carried forward

The tables below specify carried forward losses not recognized as a deferred tax asset.

SEK'000	2023	2022
No expiry date	1,186,676	197,665
Total	**1,186,676**	**197,665**

37 Intangible assets

SEK'000	Capitalized Development Cost
Cost	
At Jan 1, 2022	114,586
Additions (internally generated)	99,514
Divestment and disposals	—
At Dec 31, 2022	**214,100**
Accumulated amortization	
At Jan 1, 2022	—
Amortization for the year	—
At Dec 31, 2022	**—**
Net carrying amount	
At Dec 31, 2022	**214,100**

SEK'000	Capitalized Development Cost
Cost	
At Jan 1, 2023	**214,100**
Additions (internally generated)	138,957
At Dec 31, 2023	**353,057**
Accumulated amortization	**—**
At Jan 1, 2023	—
Amortization for the year	—
At Dec 31, 2023	**—**
Net carrying amount	
At Dec 31, 2023	**353,057**

Impairment test of internally generated intangible assets that are not in use yet is performed on an annual basis. As at December 31, 2023, there was no impairment identified. No impairment losses were recorded in prior periods.

38 Property, plant and equipment

SEK'000	Land and buildings	Plant and machinery	Equipment and tools	Construction in progress and advance payments	Total
Cost					
At Jan 1, 2022	8,422	422,402	3,608	493,419	927,851
Additions	—	—	—	1,247,948	1,247,948
Divestments and disposals	—	-311	8	—	-303
Reclassifications	—	236,430	2,764	-239,194	—
At Dec 31, 2022	**8,422**	**658,521**	**6,380**	**1,502,173**	**2,175,496**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At Jan 1, 2022	-176	-97,557	-3,151	—	-100,884
Divestment and disposals	1	135	—	—	136
Depreciation for the year	-421	-89,180	-1,538	—	-91,139
At Dec 31, 2022	**-596**	**-186,602**	**-4,689**	**—**	**-191,887**
Net carrying amount					
At Dec 31, 2022	**7,826**	**471,919**	**1,691**	**1,502,173**	**1,983,609**
Cost					
At Jan 1, 2023	8,422	658,521	6,380	1,502,173	2,175,496
Additions	—	—	—	1,455,968	1,455,968
Reclassifications	—	110,078	37,181	-147,259	—
At Dec 31, 2023	**8,422**	**768,599**	**43,561**	**2,810,882**	**3,631,464**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At Jan 1, 2023	-596	-186,602	-4,689	—	-191,887
Depreciation for the year	-421	-136,138	-8,769	—	-145,328
At Dec 31, 2023	**-1,017**	**-322,740**	**-13,458**	**—**	**-337,215**
Net carrying amount					
At Dec 31, 2023	**7,405**	**445,859**	**30,103**	**2,810,882**	**3,294,249**

39 Shares in group companies

The following list includes directly owned shares owned by the parent company.

				2023			2022		
Company name	**Corp. Reg. number**	**Registered office**	**Country of incorporation**	**No. of shares**	**% Voting and quity interest**	**Carrying Amount**	**No. of shares**	**% Voting and equity interest**	**Carrying Amount**
Northvolt Japan K.K	1209-01-038637	Osaka	Japan	100	100 %	79	100	100 %	79
Northvolt Labs AB	559144-2891	Stockholm	Sweden	50,000	100 %	4,997,631	50,000	100 %	4,997,631
Northvolt Ett AB	559154-7715	Stockholm	Sweden	50,000	100 %	26,104,522	50,000	100 %	15,984,869
Northvolt Ett Expansion AB	559237-8078	Stockholm	Sweden	25,000	100 %	8,106,121	25,000	100 %	4,120,283
Northvolt Systems AB	559244-0282	Stockholm	Sweden	25,000	100 %	3,513,403	25,000	100 %	2,375,988
Northvolt Revolt AB	559237-8060	Stockholm	Sweden	25,000	100 %	2,770,480	25,000	100 %	1,864,723
Aurora Lithium AB	559163-0610	Stockholm	Sweden	50,000	100 %	153,071	50,000	100 %	21,150
Northvolt Germany GmbH	HRB 253048	Hamburg	Germany	—	— %	—	25,000	100 %	110,362
Cuberg, Inc.	5769258	Delaware	USA	1,000	100 %	1,373,869	1,000	100 %	914,581
Northvolt Fem AB	559381-5391	Stockholm	Sweden	25,000	100 %	164,779	25,000	100 %	86,025
NVC Energy V AB	559344-2642	Stockholm	Sweden	25,000	100 %	213	25,000	100 %	50
Northvolt America, Inc.	6863285	Delaware	USA	1,000	100 %	101	1,000	100 %	101
Northvolt Germany TopCo GmbH	HRB 178044	Hamburg	Germany	25,001	100 %	2,973,867	—	— %	—
Northvolt Batteries North America Inc.	1178460136	Montreal	Canada	100	100 %	2,244,269	—	— %	—
Total carrying amount						**52,402,405**			**30,475,842**

SEK'000	**Dec 31, 2023**	**Dec 31, 2022**
Cost at the beginning of the year	**30,475,842**	**13,176,836**
Acquisitions	559	126
Reclassifications	—	-75
Capital contributions	22,036,366	17,299,005
Divestment	-110,362	-50
Cost at the end of the year	**52,402,405**	**30,475,842**
Carrying amount at year-end	**52,402,405**	**30,475,842**

40 Shares in joint ventures

SEK'000	Dec 31, 2023	Dec 31, 2022
At January 1	**28,303**	—
Capital contributions	271,254	28,303
At December 31	**299,557**	**28,303**

Specification shares in joint ventures

	2023			2022		
Company	**No. of shares**	**Share %**	**Carrying Amount**	**No. of shares**	**Share %**	**Carrying Amount**
NOVO Energy AB	12,500	50 %	299,557	12,500	50 %	28,303

Company	Corp. Reg. number	Domicile	Country of incorporation
NOVO Energy AB	559344-2600	Gothenburg	Sweden

See Group Note 14 Interest in joint ventures for further information on equity and result of each joint venture for the years presented in the table above.

41 Recievables from group companies

SEK'000	Dec 31, 2023	Dec 31, 2022
At January 1	**170,853**	**289,331**
New recievables	4,114	313,621
Debt to equity conversion	—	-432,099
At December 31	**174,967**	**170,853**

42 Cash and cash equivalents

SEK'000	Dec 31, 2023	Dec 31, 2022
Cash at banks	8,104,884	14,610,140
Short-term deposits	5,536,000	7,804,197
Total	**13,640,884**	**22,414,337**

43 Share capital

See Group Note 17 Equity and number of shares.

44 Convertible loan

SEK'000	Dec 31, 2023	Dec 31, 2022
Convertible loan 1	3,373,258	3,293,927
Convertible loan 2	32,233,150	18,024,556
Convertible loan 3	2,223,882	—
Total	**37,830,290**	**21,318,483**

LOAN 1
The loan can be converted in December 2025, or in connection with an IPO. Until the loan is repaid or converted, the annual interest amounts to 5.5%.

LOAN 2
The loan can be converted in the second half of 2027 or in connection with an IPO. Until the loan is repaid or converted, the annual interest amounts to 8% and steps up by 1% every 6 months from February 2024. The interest rate is capped at 12%.

LOAN 3
Loan 3: The loan can be converted in the first half of 2028 or in connection with an IPO. Until the loan is repaid or converted, the annual interest amounts to 7% and steps up by 1% every year from December 2025.

45 Other currrent liabilities

SEK'000	Dec 31, 2023	Dec 31, 2022
Employee related costs	59,223	49,615
Other liabilities	28,019	2,372
Total	**87,242**	**51,987**

46 Accrued expenses and deferred income

SEK'000	Dec 31, 2023	Dec 31, 2022
Contract liability	111,606	—
Government grants	204,659	228,515
Employee related costs	216,941	168,145
Other accrued expense	316,824	175,077
Total	**850,030**	**571,737**

47 Changes in liabilities attributable to financing activities

Changes in liabilities from financing	Convertible loan
Opening balance Jan 1, 2022	**2,741,308**
Cash flow from financing activities	17,452,995
Exchange differences	29,421
Other	1,094,759
Closing balance Dec 31, 2022	**21,318,483**
Cash flow from financing activities	13,645,946
Exchange differences	-1,152,653
Other	4,018,514
Closing balance Dec 31, 2023	**37,830,290**

48 Adjustment for non-cash items

SEK'000	2023	2022
Depreciation and amortization	145,328	91,139
Unrealized exchange rate differences	-9,273,562	-2,367,175
Non-cash financial items	4,002,322	197,125
Total adjustment	**-5,125,912**	**-2,078,911**

49 Contingent liabilities and pledged assets

Pledged Assets	2023	2022
Shares in subsidiaries	26,104,522	15,984,869
Pledged receivables with subsidiaries	174,967	170,583
Pledged cash for subsidiaries	1,506,240	5,864,025
Pledged bank guarantees	45,601	48,846
Total	**27,831,330**	**22,068,323**

The Board of Directors has not identified any contingent liabilities.

50 Events after the reporting period

No significant events after the reporting period.

51 Proposed appropriation of profits

In the parent company the unrestricted shareholders equity amounts to (SEK):

Share premium reserve	38,528,950,918
Profit (loss) brought forward	-1,778,820,339
Profit (loss) for the year	-4,348,755,599
Total unrestricted equity	**32,401,374,980**

The Board of Directors and the Chief Executive Officer propose that the parent company's unrestricted equity are carried forward and that no dividend be paid for the financial year.

Carried forward	**32,401,374,980**

Focus on our material topics

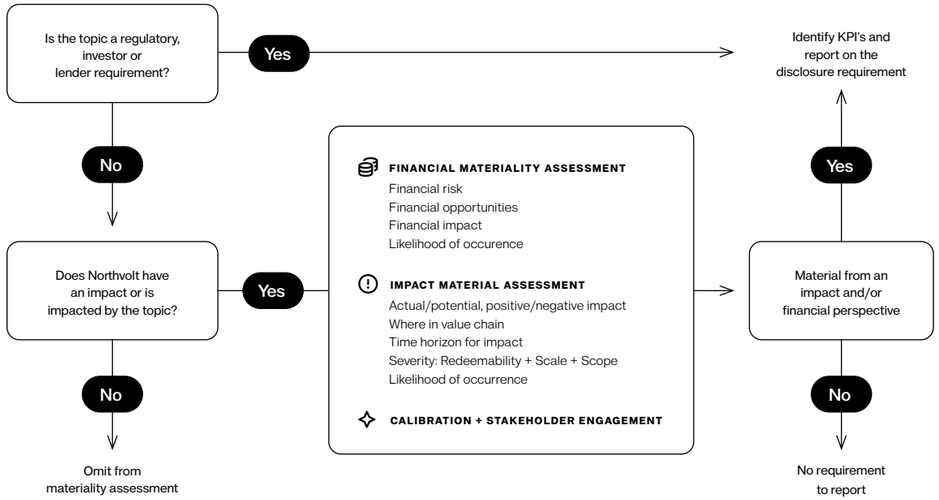
A materiality assessment provides crucial guidance in determining where we focus our sustainability efforts, balancing positive impact with what matters most to our business and stakeholders.

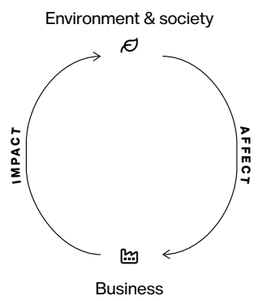
In preparation for the upcoming CSRD regulation, and to create a better understanding of our ESG impact and dependencies, a double materiality assessment was performed in 2023. The assessment shows the areas where Northvolt's business and sustainability work has the greatest impact on the economy, the environment and individuals, including human rights. The analysis provides a picture of our stakeholders' priorities, the development of the market, and acts as a review of the company's strategic priorities in sustainability.

The assessment was conducted through a bottom-up approach, where a range of sustainability topics were gathered primarily through ESRS 1 General Requirements, GRI standard and industry context. A list of sustainability topics were assessed on a sub-sub topic level, where an initial screening was conducted to ensure focus on the most relevant areas to Northvolt's business context and impact. These topics were assessed according to the figure to the right.

The assessment was conducted by Northvolt's sustainability, risk, strategy, finance and HR teams in order to provide an initial ranking of the topics. The ranking was then calibrated to weigh in the score of the impact materiality and financial materiality as well as the results from the stakeholder engagement to provide the final list of material topics.

Northvolt's process for determine materiality according to CSRD





The double materiality assessment is a central pillar in CSRD reporting where the material topic risks and opportunities are assessed against their interaction with the entity's strategy and business model. A double materiality assessment seeks to understand two perspectives of ESG (ENVIRONMENT, SOCIAL, GOVERNANCE) topics, impact and affect, through stakeholder engagement.

IMPACT What positive and negative impact does Northvolt's business operations have ESG topics.

AFFECT What financial risks and opportunities do ESG topics pose to Northvolt's business performance.

Conclusions

The double materiality assessment forms the basis for Northvolt's strategic direction and priorities of the sustainability work. The assessment was presented and verified by Northvolt's Management Team and Board of Directors in February 2024.

The assessment reveals where Northvolt has the greatest impact and dependencies (ranked in descending order):

- Health, safety and well-being
- Responsible sourcing
- Climate change and climate risk management
- Product sustainability and innovation
- Circularity
- Talent attraction & retention
- Ethical business conduct

We will review the double materiality annually to ensure that it is aligned with the business's development and stakeholders' expectations. Progress and results on double materiality on a sub-sub topic level will be presented in the 2024 sustainability report.

Our stakeholders

We value the input from our stakeholders to ensure a holistic development of the company. The consolidated stakeholders include affected stakeholders. Among them, Northvolt employees and users of sustainability statements are displayed to the right. The survey was distributed to our stakeholders during the summer 2023 and included questions on their view of Northvolt's impact on ESG topics, and topics of strategic business impact to Northvolt. Respondents were also asked to mark which of the selected topics they believed may gain importance in the future. Furthermore, Northvolt asked for input on its current sustainability performance. Employees were also asked questions relating to their understanding of Northvolt's sustainability work, as well as where they see areas of improvement. The open questions provide guidance on how we can develop our work on sustainability both internally and externally. The response from the stakeholders was weighted between the different groups and aggregated in order to create the most accurate view of prioritized topics. This list was then consolidated when determining the final selection and ranking of most materials topics.

Affected stakeholders

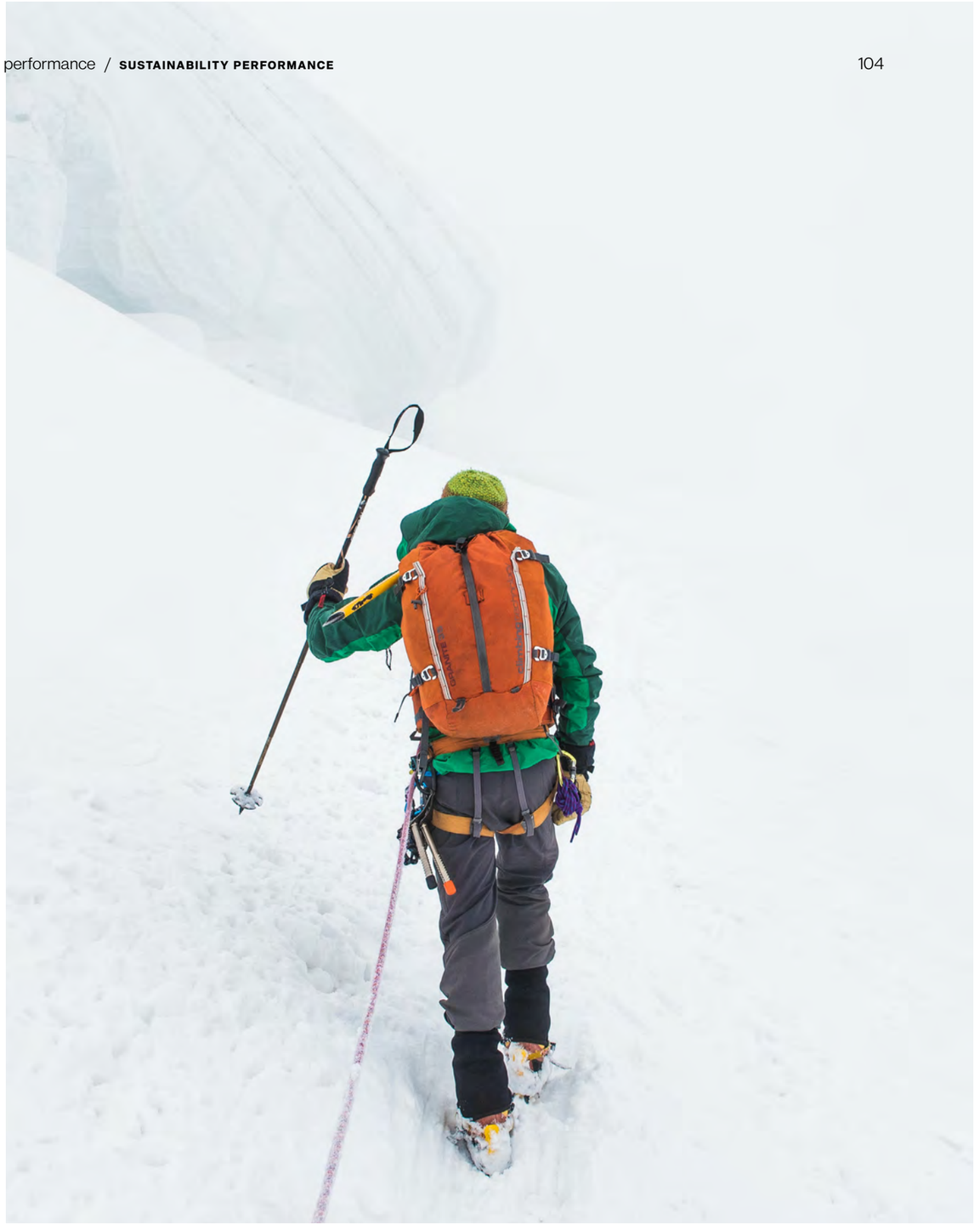
- Employees
- Authorities
- Civil society
- Suppliers
- Vulnerable groups
- Joint venture
- Customers

Users of sustainability statements

- Investors
- Lenders
- Credit institutions
- Board of Directors
- Business partners
- Trade Unions
- Civil society and NGOs
- Governments
- Academia

Most important areas

- Product sustainability and innovation
- Circularity
- Climate change and climate risk management
- Responsible sourcing
- Ethical business conduct
- Talent attraction and retention
- Health, safety and well-being
- Economic performance and taxation
- Local market presence
- Construction management



Sustainability performance 2023

Our material topics: the impact and management approach

We are committed to contributing to long-term sustainable development through our sustainability goals. Our goals are set on a visionary, 'hard to achieve' basis and we are convinced that ambitious goals of this kind are necessary for the wider industry moving forward. We aim to promote the achievement of these goals through our operations and value chain.

Below table present our material topics based on our materiality assessment conducted in 2021..

The UN Sustainability Development Goals

The UN Sustainable Development Goals (SDGs) set a global framework for countries, businesses and other stakeholders to address society's most important challenges and encourage everyone to work together to create a sustainable future.

Our business activity involves a majority of the SDGs and we are focusing our efforts on those that we could make the most impactful contribution to. These are integrated into our business model, strategy and our material topics.

Our green batteries & factories

Topics	Why is it material?	Connection with the impact	Key policy	How we manage the impact	Goals	UN SDGs
Climate change & climate risk management	Climate change presents a critical challenge for businesses, governments and society. Mitigating the impact of climate change has to be done through innovation and with a sense of urgency. Northvolt was founded to play a part in providing a new and better way forward.	Batteries are a key enabling technology for decarbonization of transport, energy and industry. At the same time, battery manufacturing can incur a high cost on the environment, global resources and climate if it is undertaken in an unsustainable manner. We intend to set a global standard for a low-carbon approach to battery manufacturing.	• Energy Policy • Environmental Policy	• Through our work on LCA and GHG accounting, we look to understand our full climate impact and take necessary measures to improve footprint. • Climate risk assessment • Environmental management system	**100% fossil-free energy supply for production on annual basis** PROGRESS 99% (95%) **10 kg CO_2e/kWh in cells by 2030[1]** PROGRESS 33 kg CO_2e/kWh (33 kg CO_2e/kWh)	7 13
Product sustainability & safety	Our products must carry as low an environmental burden as possible and be designed with production, use phase and end-of life impacts in mind, to support the low-carbon transition in a sustainable manner.	Primarily, performance affects our downstream value chain. Producing batteries with a low environmental and social impact also underpins our wider climate change work.	• Energy Policy • Environmental Policy • Quality Policy	• Rapid scale up of recycling volumes through Northvolt's recycling program, Revolt • Stringent safety design and testing programs and monitoring of performance at site and during use • Monitoring of Revolt output and integration with new Northvolt cells • Integrated management system for quality and environment • Assessing and selecting best-in-class suppliers from a sustainability perspective	**50% recycled material in cells by 2030** PROGRESS 6% (6%)	7 9 11 12 13

1 At cell level on a life cycle basis

	Topics	Why is it material?	Connection with the impact	Key policy	How we manage the impact	Goals	Connection to UN SDGs
Our responsibility	**Responsible sourcing**	The majority of battery manufacturing's social and environmental impact occurs in upstream activities of the supply chain. While our vertically integrated model enables control over how we engage with upstream activities, we still rely on a network of suppliers for materials, equipment and services.	Sourcing raw materials inherently contributes to environmental and social impact – both positive and negative. Some impact in the raw material supply chain is systemic and we need to continuously engage with our suppliers to identify, measure and mitigate these risks.	• Anti-corruption Policy • Business Partner Policy • Code of Conduct • Supplier Code of Conduct • Sourcing and procurement Policy	• Pursuing a vertically integrated model for lower complexity and greater transparency • Risk assessment of supply chain • Due Diligence of suppliers • Mitigating and corrective actions included in supplier agreements • Ongoing monitoring of risks • KYC and sanctions screening	**100% traceability down to mine for raw materials** PROGRESS 89% (89%) **100% of significant suppliers screened for sustainability risks** PROGRESS 67% (N/A) **100% Supplier Code of Conduct acceptance by significant suppliers** PROGRESS 84% (84%)	11 12 13
Our responsibility	**Ethical business conduct**	We address ethical business conduct as a part of our compliance program and have always had a strong focus on business ethics in our corporate values.	We operate in a business context were ethical misconduct is a possibility. Misconduct may arise either internally or in external contexts (e.g., within the supply chain).	• Anti-corruption Policy • Business Partner Policy • Code of Conduct • Gift Policy • Supplier Code of Conduct • Trade Sanctions Policy	• Risk assessment • Learning management system and training in for example anti-corruption, trade sanctions and bribery • Monitoring instances of noncompliance • Whistleblowing System	**100% of employees adhere to our Code of Conduct** PROGRESS 11 substantiated reports [1] (26) **100% of employees conducted ABC training** PROGRESS 84% [2] (74%)	8
Our people & culture	**Occupational health & safety**	As a company in a heavy industry which requires significant use of hazardous substances, creating and maintaining a safe work environment is of critical importance for the well-being of our employees.	Construction and operation at our sites exposes workers to real and potential health and safety risks such as chemical exposure and fires. Throughout our supply chain we are also exposed to potential health and safety risks where our suppliers are not compliant with expected standards.	• Code of Conduct • Salary Policy Supplier • Supplier Code of Conduct • Work Environment Policy	• Weekly reviews by the Executive Management Team • Reviews in each Board of Directors meeting • Quarterly review in safety committee on site level • Established HSE teams on site to monitor H&S performance, conduct risk assessments and incident investigations	**Proven safety for all current and future operations** PROGRESS LTIFR 2,11 (3,56) TRIFR 3,73 (5,88)	8
Our people & culture	**Talent attraction & retention**	Northvolt needs to continue to attract and develop a diverse and competent workforce to stay competitive and to deliver on the objectives set out by the company.	As we are creating a new industry in Europe, there are talent constraints. As we grow, we will create new job opportunities in our sector, and strive to encourage people to join our mission. We aim to be an attractive employer for top talent.	• Code of Conduct • Salary Policy • Work Environment Policy	• Learning Management system • Employee branding • Working with our values and culture • Working with leadership and employees satisfaction • Proactive approach to attracting female talent • Engagement with local community	**40% women by 2030** PROGRESS 28% (29%) **Local communities >75% positive to Northvolt [3]** PROGRESS Skellefteå: 75% positive Västerås: 73% positive	5 8 11

1 Confirmed incidents of non-compliance 2 White collar employees who completed ABC training 3 Survey conducted in November 2022. 4.5% of respondents indicated that they felt that Northvolt was negative for the development of their municipality, the remainder indicated that they either did not know of Northvolt or had no firm view.

Notes on our sustainability performance

52 Environmental performance

52.1 Emissions

Our carbon footprint is calculated on an annual basis, using the methodological framework established by the Greenhouse Gas (GHG) Protocol. We report according to the operational control approach specified in the GHG protocol. We promote a comprehensive approach to our carbon footprint by including direct (Scope 1) and indirect (Scope 2 and 3) GHG emissions which cover the full value chain of our operations. For our Scope 3 GHG emission accouting we focus on the most material categories. This is complemented by our ongoing Life Cycle Assessment (LCA) work, which provides us with enhanced granularity compared to standard databases. Over the year, a gradual improvement of data as well as amended accounting principles have led to an increase in the scope of which emissions are included in reporting. We aim to continue to strengthen our GHG accounting over time and to include more categories and a higher degree of granularity. Read more under How we report (pages 114-115).

	Measure unit	2023	2022
Scope 1			
Fuels	Tonnes CO_2e	610	2,190
Of which:			
CO_2	Tonnes CO_2e	554	2,160
CH_4	Tonnes CO_2e	36	0,3
N_2O	Tonnes CO_2e	21	30
Fugitive emission	Tonnes CO_2e	124	80
Total scope 1	**Tonnes CO_2e**	**735**	**2,270**
Scope 2			
District heating (market based)	Tonnes CO_2e	980	990
District heating (location based)	Tonnes CO_2e	980	990
District cooling (marked based)	Tonnes CO_2e	0	0
District cooling (location based)	Tonnes CO_2e	0	0
Electricity (marked based)	Tonnes CO_2e	0	190
Electricity (location based)	Tonnes CO_2e	8,080	3,320
Total scope 2 Market based	**Tonnes CO_2e**	**980**	**1,180**
Total scope 2 Location based	**Tonnes CO_2e**	**9,060**	**4,310**

	Measure unit	2023	2022
Scope 3			
Purchased goods and services	Tonnes CO_2e	282,780	168,560
Capital goods	Tonnes CO_2e	29,250	29,520
Fuel and energy related activity	Tonnes CO_2e	5,780	3,140
Upstream transportation & distribution	Tonnes CO_2e	14,420	6,900
Waste generation	Tonnes CO_2e	1,000	820
Business travel	Tonnes CO_2e	5,260	3,860
Employee commuting	Tonnes CO_2e	3,760	–
Total Scope 3	**Tonnes CO_2e**	**342,250**	**212,800**
Total GHG emissions – Market based	**Tonnes CO_2e**	**343,965**	**216,250**
Total GHG emissions – Location based	**Tonnes CO_2e**	**352,045**	**219,670**

COMMENT For all categories in Scope 1, 2 and 3, the emissions have increased for several reasons, notably our scaling up operations and our employee numbers continuing growing in size. We have also strengthened our data processes and added more data points and sites into the scope. For Scope 1, 2 and 3 we have used external emission factors that account for all gases listed in GRI 305-1/305-2/305-3. Category Employee commuting has been added in 2023.

In 2023 we used both biodiesel and biomass for on-site energy generation resulting in direct GHG emissions from biological sequestered carbon (biogenic emissions) of 1,780 tonnes CO_2. We have not yet established a base year for carbon emissions as we are still extending our scope for emission calculations in order to prove a holistic view of our carbon footprint.

52.2 Other emissions

VOC (NMP, Electrolyte and emission from can stamping)

Measure unit	Tonnes
2023	2
2022	2

COMMENT VOC emission only cover Northvolt Ett, Northvolt Labs and Northvolt Dwa.

52.3 Environmental and Quality Management System

Northvolt's Environmental Policy is the steering document for managing risks and opportunities for improvement in areas such as emissions, waste, resource use and chemicals. It is based on the principles of green batteries and green factories with a holistic view of establishing a sustainable benchmark for our industry. Northvolt's ISO 14001 certified Environmental Management System covers listed sites below. Environmental Management is also part of our supplier assessments.

Northvolt´s Quality Policy is the steering document for managing our quality work, with the commitment to deliver reliable, safe, and high-performance products and services to help achieve customers' targets. Northvolt is developing and maintaining a Management System according to ISO9001 / IATF 16949 to secure a standard way of working, achieving high quality levels for it customers. All our sites below are certified according to ISO 9001.

	ISO 14001	ISO 9001
Northvolt AB	✓	✓
Northvolt Labs	✓	✓
Northvolt Ett	✓	✓
Northvolt Dwa Industrial	✓	✓
Northvolt Dwa ESS	X	✓
Northvolt Revolt AB	✓	✓
Northvolt Systems	✓	✓

52.4 Energy

Battery production is energy intense, and our focus is to reach and maintain 100% fossil-free energy in our operation and to optimize our energy use. Energy is measured and calculated on actual data received from energy suppliers.

	Measure unit	2023	2022
Total energy consumption	MWh	384,370	222,280
Out of which is fossil-free	MWh	381,480	212,670
Out of which is renewable	MWh	376,870	-
Total share of fossil-free energy of the total energy consumption	**%**	**99%**	**95%**
Total share of renewable energy of the total energy consumption	**%**	**98%**	–
Fuel consumption	MWh	7,910	9,600
Out of which is fossil-free	MWh	5,270	1010
Out of which is renewable	MWh	5,270	–
Electricity consumption	MWh	323,810	168,260
Out of which is fossil-free	MWh	323,810	167,480
Out of which is renewable	MWh	323,810	–
District heating consumption	MWh	34,660	27,620
Out of which is fossil-free	MWh	34,410	27,390
Out of which is renewable	MWh	29,800	–
District cooling consumption	MWh	17,990	16,810
Out of which is fossil-free	MWh	17,990	16,810
Out of which is renewable	MWh	17,990	–

COMMENT Energy consumption has increased preliminary due ramp up of production of Northvolt Ett and expansion projects.

52.5 Water and waste

Our battery production is dependent on freshwater. Risks relating to effluent are mitigated through active environmental management and control in our operations. We do not operate in water stressed areas. Waste is generated from the operations and construction of our sites. Both water and waste is covered under our environmental permit. Our recycling operations will have the capacity to recycle waste containing nickel, manganese, cobalt and lithium. For the remaining waste, we rely on partnerships to enable re-use and recycling of all types of waste where this is possible. We have internal target to reduce our hazardous waste generation.

	Measure unit	2023	2022
Water consumption	m^3	545,700	1,645,670
Waste (non-hazardous)	Tonnes	18,180	8,690
Waste (hazardous)	Tonnes	10,350	4,800
Wastewater (hazardous) sent to external waste treatment company	Tonnes	N/A	8,760
Emissions to water	Kg	1	–

COMMENT Due to improved wastewater treatment at the Northvolt Labs facility, the majority of wastewater that previously required external treatment can now be discharged directly into the local sewage system. The remaining share is reported under 'Waste.' Regarding the 2022 disclosure on water consumption, it's likely overstated because the data availability for the amount of water withdrawn differs from that of the amount discharged. This discrepancy in timing may have led to an inaccurate representation of water consumption.

52.6 Recycled input materials used

We acknowledge the recycled materials play a key role in decoupling fresh resource use from economic development. During the year we have established a roadmap to reach our targeted recycled content level.

The upcoming start of production of Revolt Ett will enable an increase in the amount of recycled raw material which is fed into our cathode active material and thereby into our battery cell production. In the current reporting we are following ISO 14021 definition, in line with GRI reporting standards where only pre-consumer (not reclaimed within the same process step) and post-consumer materials are to be considered as recycled materials.

	Measure unit	2023	2022
Recycled material per cell (weight based)	%	6[2]	6[1]

COMMENT Recycled material consists of recycled copper and aluminium.

1 Recycled copper 2 Recycled copper, aluminium

53 Compliance with laws and regulations

During the year, Northvolt incurred five cases of non-compliance with environmental regulations. Four non-compliance cases related to leakage control and reporting was not done within specified interval and treated wastewater at Northvolt Ett had too high temperature respectively pH when released. The issues have been solved and no further action is needed with the exception of the temperature case where Northvolt is waiting for a decision from the County Administrative Board. A fifth case related to non-compliance with the environmental permit at Northvolt Labs, and involved release of treated process water to the municipality waste water treatment plant which featured too high a concentration of lithium. Correction has been made but the case is notified to prosecutor, who has not yet delivered any decision. Total fines were 165,000 SEK (212,500 SEK) during 2023.

Northvolt has all relevant permits in place and conducted audits have been passed during the year. In June 2023 Northvolt received a permit for its joint venture with Volvo Cars, NOVO.

54 Employee performance and development

54.1 Number of employees

	Measure unit	2023	2022
Total headcount	Number	5,860	4,167

54.2 Number of nationalities

	Measure unit	2023	2022
Nationalities	Number	116	114

54.3 Number and percentage of employees by gender

	Measure unit	2023	2022
Women	Number	1,659	1162
Men	Number	4,173	2 861
Women	%	28%	29%
Men	%	72%	71%

COMMENT Due to Northvolt's expansion, many new employees join the company every month and sometimes their gender is not registered in the HR system. By end of the year, Northvolt had 28 (18) employees not defined in the HR system by gender.

54.4 Permanent employees by gender and region

	Measure unit	2023	2022
Women	**Number**	**1,603**	**1095**
Sweden	Number	1,444	1019
Poland	Number	65	39
Germany	Number	12	2
Canada	Number	16	N/A
US	Number	66	35
Men	**Number**	**4,071**	**2732**
Sweden	Number	3,727	2521
Poland	Number	145	111
Germany	Number	25	10
Canada	Number	18	N/A
US	Number	156	90
Undefined permanent	**Number**	**23**	**9**

COMMENT Some employees are not registered by gender or legal entities and are therefore categorized as undefined. The total number of permanent and temporary employees does not equate to the total number of Northvolt employees due to data complexity

54.5 Temporary employees by gender and region

	Measure unit	2023	2022
Women	Number	**58**	**64**
Sweden	Number	24	30
Poland	Number	33	34
Germany	Number	0	0
Canada	Number	1	N/A
US	Number	0	0
Men	Number	**122**	**123**
Sweden	Number	48	37
Poland	Number	74	86
Germany	Number	0	0
Canada	Number	0	N/A
US	Number	0	0
Undefined temporary	Number	**14**	**6**

COMMENT Some employees are not registered by gender or legal entities and are therefore categorized as undefined. The total number of permanent and temporary employees does not equate to the total number of Northvolt employees due to data complexityd.

Total workforce	Measure unit	2023	2022
Permanent	%	97%	94%
Temporary	%	3%	7%
Employees working full-time	%	100%	100%
Employees working part-time	%	0%	0.05%

COMMENT The majority of the employees are working full-time at Northvolt. For 2022, some employees converted to permanent employment which explains why the percentage is higher than 100%.

54.6 New employees hires

	Measure unit	2023	2022
New employees hires, total	Number	2,559	2,093
By age group (% of total staff)			
18-25	%	16%	18%
26-30	%	21%	23%
31-40	%	41%	35%
41-50	%	14%	13%
>50	%	6%	6%
By gender			
Women	Number	744	623
Men	Number	1,796	1,455
By country			
Sweden	Number	2,287	1,922
Poland	Number	134	165
Germany	Number	25	6
Canada	Number	33	N/A
US	Number	125	N/A
% of which are women	%	29%	30%
% of which are men	%	71%	70%

COMMENT Cuberg is not included in the numbers for 2022. Northvolt had 37 (94) employees undefined age groups and 19 (15) employees undefined by gender for new hires in 2023. As some employees are hired at two legal entities, this creates duplications in the system. This explains why the new hire by country does not sum up correct.

54.7 Employee turnover

	Measure unit	2023	2022
Employee turnover total			
Men	%	13,9%	13,5%
Women	%	18,2%	16,4%
Total	%	15,1%	14,3%
By age group			
18-25	%	22,3%	16,3%
26-30	%	13,5%	12,4%
31-40	%	12,8%	13,0%
41-50	%	17,1%	17,4%
>50	%	20,6%	22,2%
By country			
Sweden	%	15,4%	15,0%
Poland	%	10,7%	5,9%
Germany	%	4,0%	N/A
Canada	%	22,2%	N/A

COMMENT Employee turnover at Cuberg is not included in table above. Turnover rate Cuberg 2023: 19,71%.

54.8 Workers who are not employees

	Measure unit	2023	2022
Consultants	Number	1,205	835
Interns	Number	85	79

COMMENT Consultant and interns performs the same task as Northvolt employees. Consultant and interns are not included in our FTE headcount but they have a separate headcounts shown in the table above. The numbers of consultants have increased due to high need for experts within our industry. Cuberg is not included in the numbers.

54.9 Diversity

The organization's governance bodies and employee category by gender and age group

		2023			2022		
Measure unit		**Board of Directors**	**Executive Management**	**Middle management**	**Board of Directors**	**Executive Management**	**Middle management**
Total	**Number**	**8**	**12**	**500**	**8**	**13**	**395**
% of which are women	%	25%	25%	26%	25%	38%	29%
% of which are men	%	75%	75%	74%	75%	62%	71%
18-25	Number	0	0	0	0	0	1
26-30	Number	0	0	28	0	0	26
31-40	Number	0	1	232	0	2	195
41-50	Number	2	8	170	2	8	131
>50	Number	6	3	70	6	3	42

COMMENT *Middle management consists of four job levels M3, M4, M5 and M6; standard job titles begin with Manager, Senior Manager, Director and Senior Director respectively. Cuberg is not included in the numbers.*

54.10 Independent Board member

Since the shares of Northvolt AB are not listed on a regulated marketplace in Sweden, Northvolt is not required to consider the independence requirement for Directors stipulated in the Code. However, upon election of the members of the Board, the relevant shareholders considers rule 4 of the Code as guidance in its nomination work.

54.11 Collective bargaining agreement

The Collective Bargaining Agreement (CBA) provides Northvolt employees in Sweden with a number of benefits. We are connected to Teknikavtalet CBA, meaning that employees' work conditions and salaries are regulated and protected by the labor unions behind the agreement. In addition to this, the CBA provides employees with an occupational pension and various insurances. 100 percent of Northvolt's employees in Sweden are covered by CBA.

Northvolt's employees in Poland are supported by the national Labor Law in place of a CBA or unions. Our employees in Germany are covered by a liability insurance (Berufsgenossenschaft) for incidents at the workplace or on the way to/from the workplace. Additionally, our working conditions comply with German Labor Law. Since our site in Germany is still in the start-up phase, we are continuing to add benefits for our employees (e.g. occupational pension). Northvolt employees in Canada are supported by Quebec labour law (the Act Respecting Labour Standards), as well as the Commission des Normes, de l'Équité, de la Santé et de la Sécurité du Travail (CNESST). Northvolt offers employees in Canada to partake in our group benefits such as extended health care, telemedicine, dental care, insurance and pension program.

Northvolt employees in our subsidiary Cuberg, US are covered by fully funded group health benefits, life insurance, short- and long-term disability benefits through several insurance companies, workers' compensation coverage for any workplace injury or illness, paid, job-protected parental leave required by the US Family Medical Leave Act and enjoy an employer matched 401k retirement tax deferred plan. Workplace conditions are governed by Cal OSHA, with which Cuberg is fully compliant.

All Northvolt employees in Sweden are insured. This means everyone with a Northvolt employment agreement (including non-permanent and interns) in Sweden are covered by insurances established by the collective bargaining agreement. Additionally, Northvolt provides two additional types of insurance as a benefit to employees in Sweden, as well as the opportunity to join our incentive program.

	Measure unit	2023	2022
Percentage of Northvolt employees covered by CBA	%	89	93

54.12 Parental leave

All our employees in Sweden, Poland, Germany, Canada and in our subsidiary Cuberg are entitled to take parental leave and parental leave benefits according to the relevant national regulations.

54.13 Training and education

	Measure unit	2023	2022
Employees (white collar) participated in training in anti-corruption	%	84	74
Executive Management team participated in training in anti-corruption	%	100	100
Employees who have read and agreed to our Code of Conduct (CoC)	%	100	100
Average hour training (per employee)	Number	19	19

54.14 Regular performance and career development reviews

New hires at Northvolt in Sweden and Poland are included in an onboarding review which includes a two- and a five-month check-in with their manager on performance and growth. Team and individual business and behavior goals are set on an annual basis and updated once a quarter. 360° feedback is sourced through the year to provide input to target setting and growth plans. Managers are required to follow up on performance and development in 1:1s through the year. Irrespective of employment type, all employees with at least three months tenure are included in an annual performance and development review to reflect on past performance and set a future focus for growth. Employees may then create individual growth plans to keep on track with their desired development path. Once a year there is also a leadership review with upward feedback from employees to their managers. Northvolt aims to include all sites in the system for review.

55 Membership associations

Northvolt is an active partner in several alliances and industry collaborations. The company engages in dialogue with industry peers on issues relating to technology and innovation across relevant short- and long-term aspects relating to economic, governance, environmental and social dimensions. Northvolt maintains a central list of the organizations we are a member of, which is reviewed annually to ensure that memberships are in line with our values and commitments.

In Europe, Northvolt is a member of the European Battery Alliance as well as the Platform for Electromobility, amongst others. In Sweden, Northvolt is a member of the Association of Swedish Engineering Industries, the Confederation of Swedish Enterprise and Fossil Free Sweden.

56 Whistleblowing

	Measurement unit	2023	2022
Number of substantiated reports	Number	25	26

COMMENT In 2023, the Chief Compliance Officer received 112 concerns through several available reporting channels. 57 of these concerns are currently under investigation. All remaining reports have been investigated. 25 of these reported cases have been categorized as substantiated or partially substantiated cases of inappropriate or unlawful behaviour, with appropriate disciplinary and remediation actions taken. The cases concerned the workplace environment, fraud or conflict of interest or concerned theft or misuse of company assets. None of the reported concerns were critical to our business or caused adjustments to our financial results.

Remediation plans are put in place to prevent certain previously reported incidents from reoccurring. Adequate corrective actions are further undertaken, as necessary, by way of, for example, the strengthening of internal controls, enhancing training, revising policies, feedback and coaching, or different forms of disciplinary actions.

57 Supply chain

	Measurement unit	2023	2022
Significant suppliers screened against ESG criteria	%	67%	N/A
Direct significant suppliers screened against ESG criteria	%	98%	98%
New significant suppliers screened against ESG criteria	%	84%	N/A
New direct suppliers screened againstESG criteria	%	100%	78%
Suppliers with integrated, traceable feed (excluding graphite)	%	89%	89%
Significant suppliers who have accepted Northvolt's Supplier CoC or equivalent standard	%	84%	84%
Number of sustainability site visits and audits conducted of raw material suppliers			
Site visit	Number	4	3
Audit Northvolt lead	Number	3	2
Audit Third part lead	Number	8	6

COMMENT | As of January 2023, our new, scalable due diligence process applicable to all purchasing categories was introduced and training and roll-out has been carried out throughout the year. We are therefore measuring compliance for more categories in 2023 compared to 2022. As part of this improvement of procedures we have also introduced new ways of filing and tracking compliance with the sustainability screening and acceptance of our Supplier Code of Conduct. Due to its recent roll out, the measured progress will continue to increase over time. Read more about our developments and changes in our supply chain sourcing process on pages 23-24 and on page 115.

58 Occupational Health & Safety

58.1 Work-related injuries

	Measure unit	2023	2022
Fatalities	Number	2	0
Northvolt employees	Number	1	0
Contracted	Number	1	0
Lost time injury	Number	32	49
Northvolt employees	Number	26	30
Contracted	Number	6	19
LTIFR		2,11	3,56
Restricted work injury	Number	7	4
Northvolt employees	Number	3	1
Contracted	Number	4	3
Medical treatment injury	Number	19	28
Northvolt employees	Number	11	11
Contracted	Number	8	17
TRI	Number	60	81
TRIFR		3,73	5,88
Minor injury	Number	479	313
Northvolt employees	Number	441	265
Contracted	Number	38	48
Near miss	Number	1,144	773
Northvolt employees	Number	1,050	667
Contracted	Number	94	106
Risk observation	Number	4,630	3,053
Northvolt employees	Number	3,465	2,121
Contracted	Number	1,165	932
Total worked hours	Number	16,105,066	13,782 294

58.2 Sick-leave rate

	2023	2022
Sick-leave rate, share of ordinary working hours	3,05	2,07
Sick-leave rate, share of ordinary working hours, short-term	2,26	1,57
Sick-leave rate, share of ordinary working hours, long-term	0,79	0,50

How we report

Northvolt's Sustainability Report 2023 covers Northvolt AB and its subsidiaries where we have operations and in some instances this differs from the list of entities covered in the consolidated financial statements. The report has been prepared in accordance with GRI standards, guiding readers to information on relevant indicators.

Sustainability is our core business and in this report, we outline our impact on the economy, environment and people, together with our priorities and responses. The report covers fiscal year 2023 and was published in June 2024. In accordance with the Swedish Annual Accounts Act chapter 6,§11, Northvolt has chosen to establish its statutory Sustainability Report integrated in the Sustainability and Annual report. All required information as defined by the Swedish Annual Accounts Act is incorporated in this document on pages 3-30, 38-39 and 103-118. EY has provided limited assurance on Northvolt´s sustainability report in accordance with GRI Standards and expressed an opinion on the statutory sustainability report in accordance with the Swedish Annual Accounts Act. See Auditor´s limited review report (page 118). Unless otherwise indicated, standard disclosures include all operations excluding joint ventures.

OUR APPROACH This report sets out the ways in which we are measuring progress and details our approach to managing sustainability risks. Based on our materiality assessment, the topics most relevant to Northvolt and our value chain are presented. A double materiality assessment was conducted according to CSRD during 2023 and the result will serve as a basis for our report 2024.

Data was collected through calendar year 2023, and 2021 represented our baseline year. This report has been reviewed and approved by Executive Management and the Board of Director's.

FRAMEWORKS This report has been prepared in accordance to the Global Reporting Initiative (GRI) Standard, with guidelines from the Task Force on Climate-Related Financial Disclosures (TCFD) and in line with SASB standard - Fuel Cells & Industrial Batteries. Greenhouse gas emissions were calculated according to the Greenhouse Gas Protocol.

ENVIRONMENTAL DATA COLLECTION Environmental data pertains to Northvolt and its significant operating subsidiaries, excluding joint ventures and entities where we do not have operating control, as well as smaller offices with fewer than 10 employees. Emissions data from joint ventures will be collected once they become operational. All data is compiled either monthly, quarterly, or annually.

The following facilities have therefore been included within the scope of the reporting for 2023:

SWEDEN	Stockholm	Volthouse and Tomeboda
SWEDEN	Västerås	Labs, Revolt, P&L, S&E and R&D
SWEDEN	Skellefteå	Ett, Rented office building
SWEDEN	Borlänge	Fem
POLAND	Gdańsk	Dwa ESS and Dwa Industrial
USA	San Leandro	Cuberg
GERMANY	Heide	Drei

We work continuously to improve data quality and precision by using a combination of primary and secondary data. We will continue to be transparent on how we calculate, learn and adapt our approach as methods and data quality improve.

GHG EMISSION REPORTING All greenhouse gases listed in GRI 305-1/305-2/305-3 are covered in our GHG reporting. Our reporting approach as well as activity data and emission factor sources are described below. For GHG emissions, we have not yet established a baseline year because we are still extending our emission calculation scope in order to provide a holistic view of our carbon footprint.

SCOPE 1 At Northvolt, direct GHG emissions occur from fuel combustion in stationary applications for on-site energy generation and mobile applications in internal combustion engine vehicles as well as in the form of fugitive emissions from refrigeration. Direct GHG emissions are reported under "Scope 1" according to the GHG protocol. Fuel types used at Northvolt are natural gas, gasoline and diesel as well as biomass and biobased liquid fuels such as biodiesel. For the calculation of direct GHG emissions from stationary and mobile combustion, activity data derived from fuel supplier invoices and car mileage readings were used in combination with DEFRA Greenhouse gas reporting: conversion factors 2023. For biobased fuels, both solid and liquid, the biogenic emissions account for 1,780 t CO_2e. Direct GHG emissions from refrigeration are derived from service reports for refrigeration systems.

SCOPE 2 Northvolt purchases electricity, district heating as well as district cooling in addition to fuel-based on-site energy generation. Indirect GHG emissions from the generation of purchased energy are reported under "Scope 2" according to the market-based as well as the location-based reporting approach in alignment with the GHG protocol. For the calculation of indirect GHG emissions from the generation of purchased energy, activity data derived from supplier invoices & supplier portals were used in combination with supplier specific as well as location specific average emission factors.

SCOPE 3 Following the GHG protocol, remaining indirect GHG emissions are reported under "Scope 3". In 2023, GHG emission reporting covers the Scope 3 categories listed below.

Categories included in the Scope 3 GHG emissions reporting:

- Purchased goods and services
- Capital goods
- Fuel- and energy-related activities
- Upstream logistics and distribution
- Waste generated in operations
- Business travel
- Employee commuting

We are continuously working to increase our reporting scope as well as the underlying data quality in line with the GHG protocol accounting and reporting principles for future reports.

PURCHASED GOODS AND SERVICES Emissions from this category are based on total volume of purchased cathode active raw material, graphite, copper foil, aluminium foil and electrolyte for the year, as these are considered our most material purchases. Emission factors applied consist of a mix of Ecoinvent 3.8, academic literature and supplier specific factors. The data is based on purchases for our production at Northvolt Labs and Ett only.

CAPITAL GOODS Emissions from this category are emissions from our construction activities at Northvolt Ett only and consist of the total volume of concrete, steel and insulation panels purchased for FY 2023. Emission factors used are Ecoinvent 3.8 taken from the climate database from Boverket as well as supplier specific factors.

FUEL- AND ENERGY-RELATED ACTIVITIES Emissions from fuel and energy-related activities are calculated based on the same activity data as the emissions reported under Scope 1 and Scope 2. For emissions related to purchased energy, upstream emissions as well as emissions related to transmission and distribution of energy are covered.

For emissions related to fuel combustion including biobased fuels, upstream emissions are included in the scope. Emission and distribution loss factors used are taken from publicly available sources including DEFRA, EU JRC and Worldbank as well as supplier specific information.

UPSTREAM LOGISTICS AND DISTRIBUTION Indirect GHG emissions reported for upstream logistics and distribution activities are based both on GHG emission reports provided by suppliers as well as, in case such reports are not available, on internal calculations based on activity data provided by suppliers. In cases where the GHG emissions where calculated by Northvolt, Ecoinvent 3.8 emission factors were used.

GHG emissions reported under this category cover upstream logistics and distribution activities associated with Northvolt facilities in Sweden as these are considered by far the most material for the time being.

BUSINESS TRAVEL Data on GHG emissions associated with business travel activities was gathered from Northvolt's external travel agencies. This data includes travel via rail and flights as well as GHG emissions related to hotel stays. Hired cars are not included. The data covers travel by employees employed from our entities in Sweden and Poland.

WASTE GENERATED IN OPERATIONS For the emissions caused by waste generated in our operations, the amount of waste from all sites within the reporting scope are aggregated in 4 groups based on the waste type and treatment method:

- Energy recovery
- Landfill
- Recycling
- Other treatment

When available, emissions factors are taken from waste treatment suppliers. In other cases, emission factors from the EPA GHG Emission Factors Hub for 2022 were used.

EMPLOYEE COMMUTING During 2023, Northvolt has carried out a survey on the commuting behaviour of its employees. Based on the survey results, average commuting distances for four different modes of transport (Car, Bus, Train, Bike/Walking) were determined for the five different locations (Stockholm, Västerås, Skellefteå, Gdansk & Heide). GHG emissions associated with employee commuting were calculated based on these average commuting distances in combination with headcount information for the five different locations, with the average number of working days and with Ecoinvent 3.8 emissions factors for the four different modes of transport.

WATER USE & EMISSIONS TO WATER Disclosures on water use are based on supplier invoices & supplier portals in case of municipal water usage as well as internal measurements where water is withdrawn and discharged directly from and to the environment. The latter is the case in Skellefteå, where water from the adjacent river is used both in the production process itself and to a larger extent for cooling purposes. Water used in the production process undergoes extensive wastewater treatment before it is discharged back to the river. Data collection for water consumption differs between sites due to the different designs of water systems. Disclosures on water use cover facilities in Skellefteå, Västerås, Borlänge and Gdansk.

To date, Northvolt Ett is the only facility where water is discharged to the environment. Additionally, during 2023, Northvolt Labs has started to discharge process water that has undergone waste water treatment to the local sewage system. Thus Northvolt Ett and Northvolt Labs are the only two facilities covered n disclosures on emissions to water.. Thus, Northvolt Ett is the only facility covered in disclosures on emissions to water. The following substances from the list of priority substances were considered relevant for Northvolt and are therefore covered in the disclosures on emissions to water:

- Cadmium and its compounds
- Lead and its compounds
- Mercury and its compounds
- Nickel and its compounds

The disclosed figures are calculated based on external test results for regularly taken water samples in combination with average values for the amount of water discharged. For Northvolt Ett, all four substances listed above are included in the disclosed figures while for Northvolt Labs, only Nickel and its compounds is included.

WASTE GENERATION Disclosures on hazardous and non-hazardous waste are based on activity data provided by waste treatment suppliers.

CORRECTION FROM LAST YEAR In the 2022 Sustainablity & Annual report, for calculating the Scope 2 GHG emissions caused by our district heating consumption, we have used emission factors that represent the national average in Sweden. However, district heating networks are locally concentrated and closed networks. Therefore, emission factors that represent the local district heating network are more suitable in order to calculate the emissions where they occur. Thus, in the 2023 Sustainability & Annual report, we have used emission factors representing the district heating networks specifically for the calculation of the Scope 2 GHG emissions caused by our district heating consumptions and have restated 2022 Scope 2 GHG emission accordingly.

LCA CALCULATION We will conduct LCAs on all of our products and certify these according to ISO 14040:2006 and 14044:2006 standards, using as much primary data as possible. In addition to quantifying the current impacts of our products, we proactively use LCAs as tools for decision making and eco-design across the organization. By conducting LCAs, we identify hotspots and inefficiencies in our production processes where improvements can be made.

HEALTH AND SAFETY Disclosures on health and safety cover activities on Northvolt Ett, Northvolt Labs, Northvolt Dwa, Northvolt Stockholm (Volthouse, Tomeboda) and include both Northvolt employees as well as contractors. A workplace accident is the direct result of a work-related activity causing injury or illness. Disclosures are based on data obtained from a web-based system that Northvolt uses for reporting workplace accidents, near misses, risk observations as well as environmental incidents. Injury frequency rates (LTIFR & TRIFR) are ex-pressed per million hours worked.

HUMAN RESOURCE DATA The employee data cover all sites excluding joint ventures. Employee data is collected with every new hire Northvolt takes on. All data is aggregated in the Company's HR system. Access to edit in the HR system is limited to a few people to ensure the information is reliable and correct. The employee data is gathered from the HR system based on the employee's position which shows the employee's current status, manager, legal entity, FTE, and cost center. In addition, other information is imported from the employee's profile. This enables us to define the employee's status whether they are active or have left the company or will be leaving in the future or are a future hire and analyzing the data by gender, location, year, age etc. During the year, we have secured more resources and strengthened processes in data management, and we have therefore made minor adjustments to last year's HR data.

REPORTING BOUNDARIES HR DATA Northvolt collects and reports data from Northvolt AB, Northvolt Systems AB, Northvolt Ett AB, Northvolt Labs AB, Northvolt Revolt AB, Northvolt Poland Sp.z.o.o., Northvolt Six, and Northvolt Germany GmbH. Cubergs data is collected separatly and included in the table if otherwise is not stated.

SUSTAINABLE SUPPLY CHAIN As in the previous reporting year, for the 2023 data we are calculating the suppliers screened as a percentage of our existing suppliers. It is a cumulative figure and includes suppliers who were contracted before 2023. By adjusting our methodology to look at the cumulative figure we have a better understanding of how we are progressing to the target of 100% suppliers screened. We continue to include a separate KPI on new suppliers screened for ESG criteria to ensure the year-on-year tracking of progress. We have also reported on the percentage of suppliers screened for sanctions this year to highlight the focus and importance of this work for Northvolt.

Sustainability reporting frameworks and indices

Statement of use: Northvolt has reported in accordance with the GRI Standards for the period 1 of January until 31 of December.
GRI 1 used: GRI 1: Foundation 2021

GRI standard		Disclosure	Location	Omission/comments
GENERAL DISCLOSURES				
GRI 2: General Disclosures 2021	2-1	Organizational details	15, 32-37, 55-56, 114-115	
	2-2	Entities included in the organization's sustainability reporting	55-56, 114-115	
	2-3	Reporting period, frequency and contact point	55-56, 114-115	
	2-4	Reporting period, frequency and contact point	114-115, 120	
	2-5	External assurance	114-115, 118	
	2-6	Activities, value chain and other business relationships	5, 13, 23-24	
	2-7	Employees	109-112	
	2-8	Workers who are not employees	109-112	
	2-9	Governance structure and composition	32-39	
	2-10	Nomination and selection of the highest governance body	32-39	
	2-11	Chair of the highest governance body	32-39	
	2-12	Role of the highest governance body in overseeing the management of impacts	32-39	
	2-13	Delegation of responsibility for managing impacts	32-39	
	2-14	Role of the highest governance body in sustainability reporting	32-39	
	2-15	Conflicts of interest	32-39	
	2-16	Communication of critical concerns	32-39	
	2-17	Collective knowledge of the highest governance body	32-39	
	2-18	Evaluation of the performance of the highest governance body	32-39	
	2-19	Remuneration policies	-	*Information unavailable*
	2-20	Process to determine remuneration	-	*Information unavailable*
	2-21	Annual total compensation ratio	-	*Information unavailable*
	2-22	Statement on sustainable development strategy	7-8	
	2-23	Policy commitments	38-39, 53	
	2-24	Embedding policy commitments	38-39, 53	
	2-25	Processes to remediate negative impacts	39, 53	
	2-26	Mechanisms for seeking advice and raising concerns	39	
	2-27	Compliance with laws and regulations	109	
	2-28	Membership associations	112	
	2-29	Approach to stakeholder engagement	103-105	
	2-30	Collective bargaining agreements	112	
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	103-105	
	3-2	List of material topics	103-105	
ANTI-CORRUPTION				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	39, 112	
MATERIALS				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	
GRI 301: Materials 2016	301-2	Recycled input materials used	108	
ENERGY				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	108	
EMISSIONS				
GRI 3: Material Topics 2021	3-3	Management of material topics	105	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	20, 107	
	305-2	Energy indirect (Scope 2) GHG emissions	20, 107	

GRI standard		Disclosure	Location	Omission/comments
	305-3	Other indirect (Scope 3) GHG emissions	20, 107	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	23-24, 106	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	106, 113	
EMPLOYMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	30, 105	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	110-111	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	25-26, 112	
OCCUPATIONAL HEALTH AND SAFETY				
GRI 3: Material Topics 2021	3-3	Management of material topics	25-26, 106	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	25-26	
	403-2	Hazard identification, risk assessment, and incident investigation	25-26	
	403-3	Occupational health services	25-26	
	403-4	Worker participation, consultation, and communication on occupational health and safety	25-26	
	403-5	Worker training on occupational health and safety	25-26	
	403-6	Promotion of worker health	25-26	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	25-26	
	403-9	Work-related injuries	113	
SUPPLIER SOCIAL ASSESSMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	106	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	113	

TCFD index

TCFD Index		Location
GOVERNANCE		
A	Describe the board's oversight of climate-related risks and opportunities.	38
B	Describe the management's role in assessing and managing climate-related risks and opportunities.	38
STRATEGY		
A	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	22
B	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	19-22
C	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	22
RISK MANAGEMENT		
A	Describe the organization's processes for identifying and assessing climate-related risks.	40-44
B	Describe the organization's processes for managing climate-related risks.	40-44
C	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	40-44
METRICS AND TARGETS		
A	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	19-22
B	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions, and the related risks.	20
C	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	19-22

SASB

Topic	Accounting metric	Location
Energy Management	Total energy consumed	108
	Percentage grid electricity	108
	Percentage renewable	108
Workforce Health & Safety	Total recordable incident rate (TRIR)	113
	Fatality rate	113
Product efficiency	Average storage capacity of batteries, by product application and technology type	*Confidentiality constraints*
	Average battery efficiency as coulombic efficiency, by product application and technology type	*Confidentiality constraints*
	Average operating lifetime of batteries, by product application and technology type	*Confidentiality constraints*
Product End-of-life Management	Percentage of products sold that are recyclable or reusable	100%
	Weight of end-of-life material recovered, percentage recycled	TBD
	Description of approach to manage use, reclamation, and disposal of hazardous materials	51-52, 108
Material sourcing	Description of the management of risks associated with the use of critical materials	23-24, 106, 113

Auditor's limited review report

Auditor's Limited Review Report on Northvolt AB's Sustainability Report and opinion regarding the Statutory Sustainability Report 2023

To Northvolt AB, corporate identity number 559015-8894

INTRODUCTION We have been engaged by the Board of Directors of Northvolt AB to undertake a limited assurance engagement of Northvolt AB's Sustainability Report for the year 2023. Northvolt AB has defined the scope of the Sustainability Report on pages 116-117 in this document and the Statutory Sustainability Report on page 3

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 114-115 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

RESPONSIBILITIES OF THE AUDITOR Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our review is limited to the information in this document and to the historical information and does therefore not inclvude future oriented information. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires that the firm design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Northvolt AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

CONCLUSION Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared

Stockholm, 8 May 2024
Ernst & Young AB

Hamish Mabon
Authorized Public Accountant

Outi Alestalo
Specialist member in FAR

Principal Adverse Impact - PAI indicator

Adverse sustainability indicator			Metrics	Northvolt response	Measure unit	2023	Comment
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS							
Greenhouse gas emission	1	GHG emissions	Scope 1 GHG emissions	Scope 1 GHG emissions	Tonnes CO_2e	735	
			Scope 2 GHG emissions	Scope 2 GHG emissions	Tonnes CO_2e	9,060	Location-based
			Scope 3 GHG emissions	Scope 3 GHG emissions	Tonnes CO_2e	342,250	
			Total GHG emissions	Total of Scope 1, 2 and 3 GHG emissions	Tonnes CO_2e	352,045	Location-based
	2	Carbon footprint	Carbon footprint	Total of Scope 1, 2 and 3 GHG emissions	Tonnes CO_2e	352,045	
	3	GHG intensity of investee companies	GHG intensity of investee companies	Total of Scope 1, 2 and 3 GHG emissions	Tonnes CO_2e	352,045	
	4	Exposure to companies active in the fossil fuel sector	Share of investemnts in companies active in the fossil fuel sector	Exposure in fossil fuel related activities	Yes / No	No	
	5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy soruces compared to renewable energy sources, expressed as a percentage of total energy sources	Non-renewable energy consumption	GWh	8	
				Total energy consumption	GWh	384	
				Share of non-renewable energy consumption	%	2	
	6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Exposure in high impact climate sector	Yes / No	Yes	
				Total energy consumption	GWh	384	
Biodiversity	7	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activites of those investee companies negatively affect those areas	Operational sites in or near to biodiversity sensitive areas	Yes / No	No	
Water	8	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Direct emissions to water of priority substances as well as direct emissions of nitrates, phosphates and pesticides	Tonnes	0,001	
Waste	9	Hazardous waste and radioactive waste ration	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Hazardous waste generated	Tonnes	10,350	
SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS							
Social & employee matters	10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Involvement in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Yes / No	No	
	11	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Availability of policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Yes / No	No	
	12	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Unadjusted gender pay gap	%	6	
	13	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Share of female board members	%	25%	
	14	Exposure to controversial weapons (anti - personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Exposure to controversial weapons	Yes / No	No	

Definitions

ACTIVE MATERIAL The active materials in a battery cell are those participating in the electrochemical charge/discharge reaction.

ANODE The positively charged electrode.

BATTERY MODULE An electrical energy storage device consisting of any number of battery cells.

BATTERY PACK An electrical energy storage device consisting of any number of individual battery modules connected in series and in parallel, to achieve a desired voltage and energy capacity to power a device or other application.

BLACK MASS (BM) A metal powder recovered from the crushing of end-of-life batteries and/or production scrap during battery recycling. Black mass contains valuable materials including nickel, manganese, cobalt and lithium which can be recovered through hydromet processing.

CARBON FOOTPRINT A sum of greenhouse gas emitted in a product or material life cycle, expressed as CO_2 equivalents (CO2e)

CATHODE The negatively charged electrode.

CELL ORDER BOOK [USD BN] Total dollar value of orders placed by customers for future delivery of cells. Cell volumes are translated to USD at agreed prices, using anticipated long-term raw material prices (updated annually) and year-end currency rates. Orders placed with JV:s are included without consideration to ownership share. Orders placed under contracts which allow for later stage volume adjustments are included based on the average of min and max outcome.

CELL SHIPMENTS [MWH] The number of cells shipped from Northvolt's Giga-factories to customers in the period, translated into Watt hours [Wh] using design energy per cell for respective cell type. Shipments of cells to Northvolt Systems are included when shipped to DWA, regardless of the later shipment date of system to end-customer. Shipment from Northvolt Labs are excluded.

CRADLE-TO-CRADLE (G2C) In relation to life-cycle assessment, re- fers the full lifecycle of a product, together with its end-of-life (excludes use phase).

CRADLE-TO-GATE (G2G) In relation to life-cycle assessment, refers to the production of a product, from raw materials and supply chain through to end of production.

CYCLE LIFE A measure of the useful lifetime of a battery or cell, expressed as the number of charge-discharge cycles the battery or cell can deliver before depleting to a certain level of performance.

DIRECT MATERIALS Bill of material suppliers, where the material ends up in Northvolt products.

DOWNSTREAM In the context of Northvolt, refers to manufacturing activities occurring after manufacturing of cathode active material.

ELECTRODE Conductive materials in a cell in which electrochemical reactions occurs.

ENERGY DENSITY Volumetric density, specifies the amount of energy a cell can hold in volume.

FATALITY Death as a consequence of a workplace accident.

HIGH-RISK SUPPLIER Supplier located in a country where the Transparency International Corruption Perception Index (CPI) score is be- low 50.

HYDROMET Hydrometallurgy 'hydromet' is a chemical technique used for the extraction of metals from materials or solutions applied within battery recycling process it is used to treat black mass to re- cover nickel, manganese, cobalt and lithium.

INSTALLED CAPACITY [GWH], END OF PERIOD The annualized cell production capacity of production lines for which installation is complete as per end of period. The metric is measured in GWh, and includes deductions for assumed steady-state yield. It does not reflect the extent of lines being commissioned, staffed or scheduled for production. The metric does not include capacity in R&D or the Labs pilot facility.

KYC Know your customers.

LOST TIME INJURY (LTI) Workplace accident resulting in the injured party being absent from their next scheduled period/day of working or any future working day if caused by an outcome of the original accident.

LOST TIME INJURY FREQUENCY RATE (LTIFR) Number of lost time injuries per 1 million hours worked.

MEDICAL TREATMENT INJURY (MTI) Workplace accident requireing treatment by a medical professional.

MIDDLE MANAGEMENT Middle management consists of four job lev- els M3, M4, M5 and M6 which their standard jobs start with Manag- er, Senior Manager, Director and Senior Director respectively.

MINOR INJURY Workplace accident not requiring treatment by a medial professional but that is treated by the injured party or by a first aid trained colleague.

NEAR MISS Incident in which no injury, harm or damage was sustained, but where, given a slight shift in time or position, injury, harm or damage easily could have occurred.

NMC Nickel Manganese Cobalt.

RESTRICTED WORK INJURY (RWI) Workplace accident not resulting in the injured party being absent but in the injured party being restricted in their capabilities so that planned normal duties cannot be carried out.

RISK OBSERVATION An object, situation, or behaviour that has the potential to cause injury, ill health, environment or property damage but not event or incident has taken place.

SIGNIFICANT SUPPLIER Suppliers where we have a spend over 200,000 USD or are located in countries where the Corruption Perception Index (CPI) score is below 50

SUPPLIER AUDIT CONDUCTED Northvolt performs sustainability audits on certain high-risk suppliers. For this we use an internal au- dit checklist developed based on IFC performance standard.

TOTAL RECORDABLE INJURY (TRI) A measure that encompasses all fatalities, lost time injuries, restricted work injuries and medical treatment injuries.

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR) Number total recordable injuries per 1 million hours worked.

TRACEABILITY Our definition of traceability is strict. While we always have transparency of our sources, we only consider materials fully traceable when we have a direct supply from a refinery which is integrated down to the mine. In a few cases, we have transparency of suppliers but a mass balance approach is used which is why we do not currently reach 100% fulfilment of the target. In the future, we may explore alternative forms of receiving assurance of the full traceability of our materials.

UPSTREAM In the context of Northvolt, refers to chemical manufac- turing of cathode active material.

VERTICAL INTEGRATION The act of consolidating distinct supply chain activities within the operations of a company, typically to facilitate cost efficiency.

VOLTPACK A battery subpack developed by Northvolt.

VOLTPACK MOBILE SYSTEM A complete battery system developed by Northvolt for the mobile energy storage market.

Description of financial performance measures

(INCLUDING ALTERNATIVE PERFORMANCE MEASURES)

ADJUSTED EBITDA Adjusted for items affecting comparability.

ADJUSTED GROSS PROFIT/LOSS Adjusted for items affecting comparability.

CAPITAL EMPLOYED Capital employed is derived by subtracting current liabilities from total assets

CAPITAL EXPENDITURES (CAPEX) INVESTED Capital expenditures is cash paid for the acquisition of tangible assets.

EBIT Operating profit/loss before interests and taxes.

EBITDA Operating profit/loss before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets.

EBITDA MARGIN Operating profit/loss before interest, taxes, depreciation and amortization of property, plant and equipment and intangible assets as a percentage of revenue for the period.

GROSS MARGIN Gross profit/loss as a percentage of revenue for the period.

GROSS PROFIT/LOSS Profit/loss after cost of goods sold.

NET DEBT Net debt is defined as interest-bearing loans and borrowings, convertible loans and lease liability less cash and cash equivalents, and short-term bank deposits.

GET IN TOUCH

If you need more information about our sustainability work or this report please contact: **hi@northvolt.com**