

# YEAR END REPORT

JANUARY 1 - DECEMBER 31, 2022

Q4  
2022

## GROWING INTEREST IN HEATPOWER 300, NOW FULL-SCALE TESTING BASED ON CUSTOMER DATA

During the quarter, Climeon continued the work to commercialize the new product HeatPower 300. Full-scale tests, where operational data from customers were used to verify performance, were carried out at the company's facility in Kista. Since the launch in the marine market in September 2022, Climeon has deepened customer dialogues with different market participants. In parallel with the marine market, Climeon has also initiated and deepened the dialogues with various customers in the energy and industrial markets. Climeon's Icelandic customer, Varmaorka, has decided to wind down its operations and as a result Climeon has chosen to write down the order backlog by SEK 131.6 million. For the Energy and Industry business areas, a new manager was recruited, Patrik Engstrand Kemi, who most recently comes from Vattenfall.

### OCTOBER - DECEMBER

- Order intake amounted to SEK 0.6 million (2.2) and pertained to service and aftermarket work.
- Net sales amounted to SEK 9.1 million (3.2)
- Operating profit/loss amounted to SEK -40.5 million (-35.0) including non-recurring, non-cash generating, items of SEK -15.4 million (-3.8).
- Profit/loss after financial items amounted to SEK -38.9 million (-36.2)
- Earnings per share, before and after dilution, amounted to SEK -0.41 (-1.93)
- Cash flow from operating activities after changes in working capital amounted to SEK -26.6 million (-28.6) where the negative change in working capital of (-6 MSEK) mainly consisted of an adjustment of previously paid-in customer advances.

### IMPORTANT EVENTS DURING THE PERIOD

- Climeon commissioned a HeatPower 150 module onboard Havila Voyage's vessel, Polaris, during the quarter. Climeon also delivered two more modules to Havila Capella and Havila Castor, respectively, which are planned to be commissioned during the first half of 2023.
- Climeon's Icelandic customer Varmaorka announced that they intend to wind down their operations. Climeon has therefore chosen to write down the order backlog regarding Iceland by SEK 131.6 million before exchange rate changes. In addition, a further SEK 10.4 million was reserved in costs for anticipated customer losses.
- Patrik Engstrand Kemi was recruited to the newly created role of Executive Vice President Energy & Industry and thus becomes overall commercially responsible for Climeon's business within energy and industry and will be part of the management team. He most recently came from a position as Head of Industry segments, Network Solutions at Vattenfall Eldistribution.

- The company's EVP, R&D, Jonas Måhlén, takes overall responsibility for the technical operations ranging from research and development to delivery and service of products in operation. At the same time, Robin Goodoree has chosen to leave Climeon to pursue new challenges.

### JANUARY - DECEMBER

- Order intake amounted to SEK 3.6 million (2.3)
- Net sales amounted to SEK 13.9 million (28.8)
- Order backlog amounted to SEK 37.1 million (179.7)
- Operating profit amounted to SEK -115.8 million (-150.3)
- Profit/loss after financial items amounted to SEK -125.9 million (-107.3)
- Earnings per share, before and after dilution, amounted to SEK -1.46 (-1.93)
- Cash flow from operating activities after changes in working capital amounted to SEK -70.7 million (-126.9)
- Total cash and cash equivalents amounted to SEK 139.3 million (152.0)
- The board proposes that no dividend will be paid for the financial year 2022 (0).

A WORD FROM OUR CEO:



Lena Sundquist, CEO of Climeon

***"Where there is residual heat, we can continuously produce renewable electricity, regardless of the weather."***

## ONGOING CUSTOMER DIALOGUES - HEATPOWER 300 IS TESTED AGAINST ACTUAL CUSTOMER DATA

The final quarter of the year has passed, and we can look back on an eventful quarter and an eventful year. The world has been turbulent with growing geopolitical tensions with a war in our vicinity and rapidly rising prices for electricity and fossil fuels. It is even more obvious that we must speed up the transition towards significantly more efficient, and renewable, electricity production and reduce our dependency on fossil fuels. I am convinced that Climeon's technology will play an important role in that transition. Where there is residual heat, we can continuously produce renewable electricity, regardless of the weather.

All markets are surrounded by uncertainty ahead of the coming year, but I can state that interest in us and our technology increased consistently during 2022, not least during the last quarter of the year. The interest came from the marine, energy, and industrial markets as well as from several different parts of the world.

For us, the marine industry is interesting because it has a clearly identified need for energy efficiency to reduce both emissions and operating costs. It is also an industry in which we have extensive experience, as well as an existing customer base. During the fall and winter, our marine sales team worked on following up and identifying interesting projects and partners, which meant traveling in Europe, Asia, and North America. We have concluded that it is customers with large ships, with a large production of residual heat, where we see that our technology fits particularly well.

In the field of energy and industry, our collaboration with Landmark Power Holdings, our partner in the UK, continued. At the end of October, we were able to participate in the ground-breaking ceremony for the facility that is now being built in Nottinghamshire. In November, Landmark's CEO, Michael Avison, visited Climeon's headquarters in Kista to discuss collaboration on potential future projects. In connection with the visit, we also demonstrated HeatPower 300. Dialogues with several other actors that are interested in the possibilities that the new product enables, continued during the quarter.

When it comes to the geothermal market, we receive a lot of inquiries, mainly from North America and Eastern Europe, however these projects are often in early phases and lie far in the future. In the future, geothermal may become interesting for Climeon again, but currently we are focusing on other markets that can be realized earlier. As was announced during the quarter, Varmaorka, our client in Iceland, announced that they intend to wind down their operations. When this will happen is not yet decided, but we chose, as a natural consequence, to write down our order backlog by SEK 131.6 million in December.

We continue to commission, install and service HeatPower 150 in ongoing and previously commissioned customer installations. There are a number of HeatPower 150s that have been running for many years and will continue to produce electricity for a long time to come. However, future sales efforts will be focused on the HeatPower 300, as it is a more cost effective and profitable product for our customers and for us.

Regarding the technical development work on HeatPower 300, during the quarter we continued to develop a product that meets the requirements of maritime customers, as well as select customers within the energy and industry markets. Tests based on technical customer data and our own practical experience of how the system needs to function in operation, were carried out on a full scale at our facility in Kista.

We have also spent, and continue to spend, a lot of time on customer documentation and adapting our product to the requirements set by authorities and organizations, as well as preparing our supply and production chain. It is work that may not be visible from the outside, but necessary.

Our net sales for the fourth quarter amounted to SEK 9.1 million and the operating profit to SEK -40.5 million, including non-recurring items. The negative operating result is understandable as we are in a transition phase, but of course not sustainable in the long term. The efficiency program implemented in 2022 gave us a more optimized organization, both in terms of competence and cost mass, and we continue to maintain strict cost control. The funds we gained access to through the completed rights issue have given us the requisites to complete and commercialize our new product, HeatPower 300. I am thankful for the support we have received. Together with the board, we now continue to work to ensure long-term funding.

I am also happy to say that Climeon, with two dedicated business area managers, is getting a clear and focused management team for the new phase we are in. Fredrik Thorén leads the Marine business, while the Energy and Industry group will shortly be led by Patrik Engstrand Kemi. Patrik most recently comes from Vattenfall and brings with him extensive experience from commercial work in the energy sector. At the same time, since Robin Goodoree has left Climeon to take up new challenges, our R&D manager, Jonas Måhlén, takes on the overall responsibility for our technical operations, from research and development to delivery and service of products in operation. I look forward to continue working together with them and the entire Climeon team.

*Lena Sundquist, CEO, Climeon*



## MARKETS AND DEVELOPMENT

An increasing number of customer inquiries from the maritime industry, as well as various types of industrial players came in during the quarter. Thanks to the fact that the pandemic-related restrictions are now largely gone as of the turn of the year, including in China, we could continue customer contact, both directly and in connection with fairs and other events.

The international maritime industry has a major focus on energy efficiency and reducing fuel consumption. This is partly for cost reasons and partly because authorities and organizations are setting new and tougher requirements for energy efficiency and reduced emissions from shipping companies' fleets.

During the year, Climeon has chosen to focus primarily on the maritime market and on the new product, HeatPower 300, which was launched in September 2022. In parallel with the maritime market, Climeon has intensified the dialogue with several selected European customers, mainly in energy production and industrial processes, where HeatPower is suitable both technically and in terms of profitability.

### *EU Shipping Carbon Tax*

In December of 2022, as a part of the EU's pledge to reach climate neutrality by 2050, it was resolved that the EU's Emissions Trading Scheme (ETS) would expand to include the shipping industry. The shipping industry will need to reduce operating emissions and/or pay 'carbon tax' to account for their greenhouse gas production. As of 2024, ships will, for instance, be required to report 100% of their CO<sub>2</sub> emissions on voyages between and within EEA ports. The EU ETS maritime carbon tax will be introduced gradually but the EU ETS maritime expansion means the shipping industry doesn't have long to address its greenhouse gas emissions and reduce excess carbon taxes, further improving Climeon's business strategy with focus on customers within this industry.



### MARITIME MARKET

During the quarter, another HeatPower 150 was commissioned, this time onboard Havila Voyage's ship, Havila Polaris. Two more were delivered for commissioning on Havila Capella and Havila Castor, which are expected to be completed in the first half of 2023. The launch of HeatPower 300 in connection with the maritime fair, SMM in Hamburg, as well as the "Product of the Year 2022" being awarded to the HeatPower 300 Marine during the event Seatrade Cruise Awards 2022, generated great interest from potential customers and partners. Climeon continued and intensified the follow-up of this interest during the autumn and winter.

Interest on the part of shipping companies in future-proofing their fleets continues to increase. They primarily want to achieve increased energy efficiency, reduced fuel consumption and thus lower fuel costs - at the same time, they want to reduce their carbon dioxide emissions in accordance with stricter requirements from authorities and organizations such as the IMO. Primarily, European and American ship owners are at the forefront of this work. Climeon sees it as one of its tasks to help customers reach profitability and environmental goals, and the company's technology is well positioned to constitute an important component in the ongoing transition.

Climeon continued to carry out technical analysis and calculations with customers to ensure that the HeatPower 300 has an optimal configuration for various envisaged vessel operational profiles. The ship owners have a key role in the projects, as they are the ones who specify which systems and equipment are to be included, while the shipyards that build the ships are responsible for the procurement. This, combined with various current certification requirements, means that the process from inquiry to actual sales, installation and commissioning generally takes a long time.



Top: Climeon engineers at Tersan Shipyard in Turkey for commissioning work onboard Havila Polaris.

Bottom: Havila Polaris at Tersan Shipyard, ready for delivery.



### ENERGY AND INDUSTRIAL MARKET

Landmark Power Holdings, Climeon's partner in the UK, continued construction work for the 'Rhodesia' engine power station near the town of Worksop in the county of Nottinghamshire. The power plant, with a planned output of ten megawatts, is expected to be put into operation in 2023 and equipped with Climeon's technology, as well as with a system for carbon dioxide separation, so-called "Carbon Capture". In addition to ongoing dialogues with Landmark Power Holdings, Climeon has several ongoing customer dialogues with customers in selected countries in the rest of Western Europe, including Sweden.

During 2022, interest in geothermal solutions gradually increased mainly in the North American market. Climeon's assessment is that the market can become interesting in the long term and does not rule out the company getting involved further in geothermal at a later stage, even if the focus, as previously emphasized, is currently in other markets. In November, Climeon decided to write down its order backlog regarding Iceland, by SEK 131.6 million before exchange rate changes, after the company's customer Varmaorka announced that they will wind down their operations. Behind Climeon's decision is also the clear strategic focus on the new product HeatPower 300 and on customers in the maritime industry, engine power stations and industrial processing plants.



Landmark Power Holdings' CEO, Michael Avison, at a demonstration of HeatPower 300 during a visit at Climeon's test site in Kista.



## TECHNOLOGY DEVELOPMENT

During the quarter, full-scale tests of the new product, HeatPower 300, continued at the company's facility in Kista. To verify the system's performance, the tests are carried out using operational data from various customers. The development work shows that Climeon's ambitious goal of halving the cost per produced kilowatt hour, kWh, compared to the predecessor, HeatPower 150, is on track to being achieved. The estimated total cost for the customer includes, in addition to the cost of the product, the costs of installation and commissioning. In addition to this, the customer's running costs for operation and maintenance must also be as low as possible. The intention is to give the customer an attractive payback period, while Climeon, through a more cost-effective product, can achieve increased profitability. Furthermore, during the quarter, the company produced the first commercial HeatPower 300 module and thus took another step in moving from development to completion of a commercial product.

### *Applications*

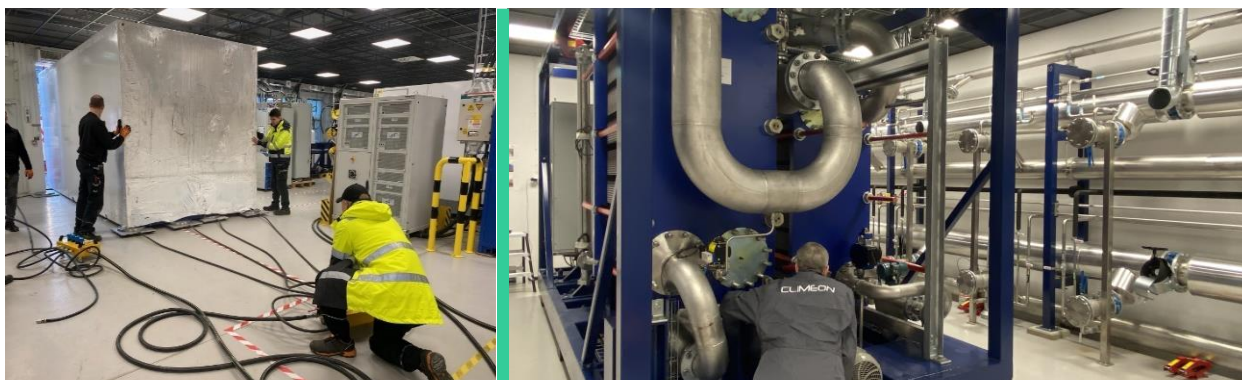
Heat Power 300 is adapted to the requirements set by the Maritime market, motor-driven power plants and other selected industrial applications where there is sufficient low-temperature residual heat.

### *Certification and Adaptation*

An extensive part of the technology development work consists of verifying that the product meets the regulatory requirements set by authorities and organizations. On board ships, Climeon's HeatPower system needs to meet the marine classification requirements from, for example, DNV, Lloyd's or ABS, depending on which classification requirements the ship has. There are other requirements for land-based equipment. In Europe, CE marking is required and, in addition to this, so-called Grid Codes are also applied, i.e., special adaptation requirements for a facility to be connected to a public electricity grid. The specifications for Grid Codes vary from country to country, and Climeon has therefore, for cost reasons, chosen to adapt the HeatPower 300 to a number of countries in Europe that are deemed relevant from a market point of view. In the same way, Climeon has prioritized the three most influential organizations on the naval side.

### *External Influence*

The impacts of the Coronavirus, along with certain technical challenges, resulted in delays in the development work. However, the assessment is that the delay will not have a significant impact on the overall schedule. Climeon also does not have any suppliers directly affected by the ongoing war in Ukraine. However, the company continuously monitors developments and will act to prevent any negative effects, as far as is practically possible.



Left: Delivery of the first customer version of HeatPower 300 at Climeon's test site. Right: Preparation of HeatPower 300 before tests based on customer data.

## ORDER ENTRY AND ORDER BACKLOG

During the fourth quarter of 2022, no new orders were signed for HeatPower modules (0.0), while service and aftermarket orders were signed for SEK 0.6 million. At the end of the period, the order backlog amounted to SEK 37.1 million (179.7), corresponding to 9 (54) HeatPower modules and associated services. The quarter's changes in the order backlog consisted primarily of a write-down of approx. SEK 131.6 million (before exchange rate changes) regarding a customer in Iceland and delivery of two modules to Havila Voyages. The order book consists largely of orders in euros, which are revalued at the end of the period.

## THE GROUP'S FINANCIAL DEVELOPMENT

### OCTOBER - DECEMBER

#### NET SALES AND EARNINGS

Net sales amounted to SEK 9.1 million (3.2) . The turnover is mainly attributable to the delivery of modules to Havila Voyages as well as service and aftermarket revenues.

Operating profit/loss amounted to SEK -40.5 million (-35.0) . The quarter includes approx. SEK -15.4 million (3.8) in non-recurring items relating to accounts receivable reserves regarding the company's Icelandic customer Varmaorka (-10.4 MSEK) and write-down of development work (-5.0 MSEK). Excluding these items, the operating profit is in line with previous quarters in 2022 but also corresponds to a considerable improvement, +20%, compared to the corresponding period in 2021.

Net financial income/expense amounted to SEK 1.6 million (-1.2) , whereof SEK 0.0 million (-2.1) related to a revaluation of the investment in Baseload Capital. Most of the positive financial net can be derived from a positive exchange rate change, primarily in Euro.

Profit/loss after financial items amounted to SEK -38.9 million (-36.2) . Depreciations and amortizations amounted to SEK -11.6 million (-8.6) .

#### CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -23.1 million (-28.6) , whereof the change in working capital amounted to SEK -6.0 million (0.0) . The negative change in working capital was mainly the result of adjusting previously paid customer advances as well as an increase in inventory as a result of the completion of the first commercial version of the HeatPower 300.

Cash flow from investing activities amounted to SEK -9.0 million (-7.2) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -10.1 million (-3.8) .

Cash flow from financing activities amounted to SEK -16.4 million (26.0) and corresponded to amortization and interest regarding the company's bank loans.

Cash flow for the quarter thus amounted to SEK -48.3 million (-9.8)

#### RECLASSIFICATIONS

When the company's Icelandic customer announced that they intend to wind down their operations, previously made provisions and debt reserves of a total of SEK 15.5 million have been reclassified as anticipated customer losses. As of the balance sheet date, there is thus no remaining profit exposure regarding outstanding accounts receivable against this customer.

### JANUARY - DECEMBER

#### NET SALES AND EARNINGS

Net sales amounted to SEK 13.9 million (28.8) . The turnover is mainly attributable to the delivery and commissioning of HeatPower modules as well as service and aftermarket revenues.

Operating profit/loss for the period amounted to SEK -115.8 million (-150.3) . Total operating costs, excluding raw materials and supplies and depreciation, have been reduced during the period by 27% compared to the corresponding period last year, which has had a positive effect on the operating result.

Net financial income/expense amounted to SEK -10.1 million (43.0) , whereof SEK SEK -9.1 million (46.9) related to a revaluation of the holding in Baseload Capital. Profit/loss after financial items amounted to SEK -125.9 million (-107.3) . Depreciations and amortizations amounted to SEK -33.9 million (-26.6) .

#### CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -67.2 million (-126.9) whereof the change in working capital amounted to SEK 3.0 million (-4.4) and is attributable to business-related changes in inventories, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -40.8 million (-42.0) derived from capitalization of development expenses and expenses for patents SEK -37.8 million (-31.0) .

Cash flow from financing activities amounted to SEK 95.2 million (21.6) . The item consists of the net proceeds from the rights issue of SEK 138.8 million and repayments of bank loans of SEK -27.3 million.

Cash flow for the period amounted to SEK -12.6 million (-147.3)

#### FINANCIAL POSITION

At the end of the period, cash and cash equivalents amounted to SEK 139.3 million (152.0) . The equity ratio amounted to 72.6 percent (64.6) and the net debt ratio amounted to -0.3 times (-0.3) Shareholder's equity amounted to SEK 365.5 million (352.4) or SEK 3.8 (5.9) per share.

#### DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 698.2 million (599.5) , of which the tax effect has not been recognized as a deferred tax asset in the balance sheet. The deductions have no time limit for utilization.

#### THE PARENT COMPANY

The parent company's net sales during the period amounted to SEK 12.8 million (27.5) . Operating profit/loss amounted to and profit/loss after financial items amounted to SEK -120.7 million (-97.5)

## OTHER INFORMATION

### FINANCIAL CALENDAR

Annual report 2022  
April 19, 2023

Interim Report of the first quarter  
2023  
May 4, 2023

AGM 2023  
May 16, 2023

Interim Report of the second quarter  
2023  
July 18, 2023

Interim Report of the third quarter  
2023  
November 1, 2023

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This report contains information Climeon AB (publ) is required to publish in accordance with the EU Market Abuse Regulation.

The information was published, through the care of the above contact persons, for publication February 9, 2023 at 07:30 (CET).

After publication, the report is available on the company's website, [www.climeon.com](http://www.climeon.com)

### PERSONNEL AND ORGANIZATION

The average number of employees during the period of January to December amounted to 43 (60), of which 24 (18) percent are women and 76 (82) percent men. At the end of the year, the number of employees amounted to 41 (46). In addition to the parent company Climeon AB (publ), the group also includes the subsidiaries Climeon Japan K.K. in Japan as well as Climeon Taiwan Inc. in Taiwan.

### WARRANT PROGRAMS

The purpose of share incentive programs is to encourage an ownership interest in the company through a long-term financial interest, and subsequently to strengthen the bonds between the shareholders and the employees. Over the years, Climeon has established several share incentive programs based on capital-taxed warrants. As of September 30, 2022, the company has two outstanding warrant programs as shown below.

The 2022/2025 warrant program was approved at the 2022 annual general meeting and the allocation of warrants took place in August 2022. Subscription took place for 100% of the determined number of warrants. An external valuation of the warrants per the day of subscription has been done according to Black & Scholes. Additional information regarding the warrant programs can be found on page 71 of the annual report for 2021 and on the company's website ([www.climeon.com/agm22](http://www.climeon.com/agm22)).

Warrant program	Number of warrants	Number of B-shares		Issue price	Subscription period
		Number of warrants	warrants entitle to		
Program 2019/2022	596 500		596 500	164,90	1 dec 2022 - 30 dec 2022
Program 2022/2025	997 500		1 117 200	16,68	1 sept 2025 - 30 sept 2025
<b>Totalt</b>	<b>1 594 000</b>		<b>1 713 700</b>		

### MATERIAL RISKS AND UNCERTAINTIES

As a relatively newly founded company with a limited number of Heat Power systems in operation, the company is exposed to several operational and financial risks. A presentation of the company's significant risks and risk management can be found on pages 42-44 in the 2021 annual report as well as in the prospectus for the rights issue that can be found on the company's website.

### ADDITIONAL INFORMATION IN RESPECT OF COVID-19 AND THE WAR IN UKRAINE

The situation in Europe has eased considerably in recent quarters in terms of the effects of the Corona pandemic, and for travel to the USA and most of Asia, although it still requires a lot of extra planning. The war in Ukraine does not currently affect Climeon, but any far-reaching effects are still too early to predict. However, there are some signs that the conflict together with lingering effects due to the Corona pandemic may have negative effects on our supply chains in terms of components and other important inputs. We follow developments closely and take measures to minimize the effects. During the quarter, disruptions related to the Corona pandemic caused some delays in the development work. However, the assessment is that the delay will not have a significant impact on the overall schedule.

### COMPARATIVE FIGURES

Comparative figures for income statement items and order intake refer to the corresponding period of the previous financial year. Comparative figures for balance sheet items and order backlog refer to the end of the previous fiscal year.

### RELATED-PARTY TRANSACTIONS

No transactions between Climeon and related parties that affected the financial status of the Group have been taken place during the period.

### SEASONAL EFFECTS

Presently, there appears to be no significant seasonal variations in Climeon's sales.

### OTHER INFORMATION

This report has been published in a Swedish and an English version. The Swedish version shall prevail in the event of differences between the two.

## FINANCIAL REPORTS IN SUMMARY

## CONSOLIDATED INCOME STATEMENT

SEK, thousand	Note	Oct-Dec		Jan-Dec	
		2022	2021	2022	2021
Net sales	2	9,078	3,197	13,932	28,765
Capitalized work for own account		2,449	2,715	8,911	28,925
Other operating income		123	51	146	133
<b>Total income</b>		<b>11,651</b>	<b>5,963</b>	<b>22,990</b>	<b>57,822</b>
<b>Operating expenses</b>					
Raw material and consumables		-10,052	-6,875	-12,226	-53,696
Other external expenses		-18,048	-7,753	-40,442	-43,945
Personnel expenses		-12,402	-16,179	-52,264	-81,979
Depreciation and amortization		-11,614	-8,623	-33,864	-26,599
Other operating expenses		-	-1,582	-7	-1,931
<b>Operating profit/loss</b>		<b>-40,465</b>	<b>-35,050</b>	<b>-115,812</b>	<b>-150,327</b>
<b>Profit/loss from financial items</b>					
Net financial income	5	1,591	-1,196	-10,093	43,014
<b>Profit/loss after financial items</b>		<b>-38,874</b>	<b>-36,246</b>	<b>-125,905</b>	<b>-107,313</b>
Tax		-4	12	12	65
<b>Profit/loss for the period</b>		<b>-38,877</b>	<b>-36,233</b>	<b>-125,893</b>	<b>-107,248</b>
<b>Earnings per share, SEK</b>					
Before dilution		-0.41	-0.64	-1.46	-1.93
After dilution		-0.41	-0.64	-1.46	-1.93

SEK, thousand	Note	Oct-Dec		Jan-Dec	
		2022	2021	2022	2021
Profit/loss for the period		-38,877	-36,233	-125,893	-107,248
<b>Other comprehensive profit/loss for the period</b>					
Translation differences		-451	49	-166	146
<b>Other comprehensive profit/loss for the period</b>		<b>-451</b>	<b>49</b>	<b>-166</b>	<b>146</b>
<b>Comprehensive income/loss for the period</b>		<b>-39,328</b>	<b>-36,184</b>	<b>-126,058</b>	<b>-107,102</b>
<b>Comprehensive income/loss for the period attributable to Shareholders of the parent company</b>		<b>-39,328</b>	<b>-36,184</b>	<b>-126,058</b>	<b>-107,102</b>



**CONSOLIDATED BALANCE SHEET**

SEK, thousand	Note	31 Dec 2022	31 Dec 2021
<b>Assets</b>			
Intangible non-current assets	3	117,760	106,365
Tangible non-current assets	4	34,294	41,619
Financial assets	5	104,249	114,304
<b>Total non-current assets</b>		<b>256,303</b>	<b>262,288</b>
Inventories		48,250	56,239
Accounts receivable		11,272	39,605
Other current receivables	6	33,076	35,672
Cash and cash equivalents		139,341	151,984
<b>Total current assets</b>		<b>231,939</b>	<b>283,500</b>
<b>Total Assets</b>		<b>488,242</b>	<b>545,788</b>
<b>Equity and liabilities</b>			
Share capital		1,427	892
Other contributed capital		1,103,030	964,689
Retained earnings		-613,377	-506,117
Profit/loss for the period		-125,893	-107,102
<b>Total shareholder's equity</b>		<b>365,187</b>	<b>352,362</b>
Other provisions		7,886	23,686
<b>Total provisions</b>		<b>7,886</b>	<b>23,686</b>
Other non-current liabilities		28,062	33,537
<b>Total non-current liabilities</b>		<b>28,062</b>	<b>33,537</b>
Advance payments from customers		15,682	29,765
Accounts payable		12,149	5,692
Other current liabilities		59,276	100,747
<b>Total current liabilities</b>		<b>87,107</b>	<b>136,203</b>
<b>Total equity and liabilities</b>		<b>488,242</b>	<b>545,788</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Statement of changes in total equity	Contributable to the parent company's owners			Total equity
	Share capital	Other contributed capital	Retained earnings incl profit/loss for the period	
Opening balance equity 2022-01-01	892	964,689	-613,219	352,362
<b>Comprehensive profit/loss</b>				
Profit/loss for the period	-	-	-125,893	-125,893
<b>Other comprehensive profit/loss for the period</b>				
Translation differences	-	-	-166	-166
<b>Other comprehensive profit/loss for the period:</b>	-	-	-166	-166
<b>Total comprehensive profit/loss</b>	-	-	-126,058	-126,058
Transactions with share holders:				
Rights issue	535	138,269	-	138,804
Warrants	-	80	-	80
<b>Sum of transactions with shareholders</b>	<b>535</b>	<b>138,349</b>	<b>-</b>	<b>138,884</b>
Closing balance equity 2022-12-31	1,427	1,103,038	-739,277	365,187

Statement of changes in total equity	Contributable to the parent company's owners			Total equity
	Share capital	Other contributed capital	Retained earnings incl profit/loss for the period	
Opening balance equity 2021-01-01	817	929,764	-506,117	424,464
<b>Comprehensive profit/loss</b>				
Profit/loss for the period	-	-	-107,248	-107,248
<b>Other comprehensive profit/loss for the period</b>				
Translation differences	-	-	146	146
<b>Other comprehensive profit/loss for the period:</b>	-	-	146	146
<b>Total comprehensive profit/loss</b>	-	-	-107,102	-107,102
Transactions with share holders:				
Rights issue	75	34,925	-	35,000
<b>Sum of transactions with shareholders</b>	<b>75</b>	<b>34,925</b>	<b>-</b>	<b>35,000</b>
Closing balance equity 2021-12-31	892	964,689	-613,219	352,362

## CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Operating activities</b>				
Operating profit/loss	-40,465	-35,050	-115,812	-150,327
Adjustments for items not included in cash flow	24,585	8,245	46,399	33,472
Financial items	-1,271	-1,798	-788	-5,659
<b>Cash flow from operating activities before changes in working capital</b>	<b>-17,151</b>	<b>-28,603</b>	<b>-70,201</b>	<b>-122,514</b>
Change in working capital	-9,417	-15	-509	-4,409
<b>Cash flow from operating activities</b>	<b>-26,568</b>	<b>-28,618</b>	<b>-70,710</b>	<b>-126,923</b>
<b>Investing activities</b>				
Investments in intangible assets	-5,533	-3,808	-33,262	-31,042
Investments in tangible assets	-431	-3,927	-4,928	-12,171
Change in financial assets	395	496	899	1,200
<b>Cash flow from investing activities</b>	<b>-5,569</b>	<b>-7,239</b>	<b>-37,291</b>	<b>-42,013</b>
<b>Cash flow after investing activities</b>	<b>-32,137</b>	<b>-35,857</b>	<b>-108,001</b>	<b>-168,936</b>
<b>Financing activities</b>				
Change in short-term debt	-16,353	-8,958	-43,695	-13,354
Share issue	-	35,000	138,804	35,000
<b>Cash flow from financing activities</b>	<b>-16,351</b>	<b>26,042</b>	<b>95,189</b>	<b>21,646</b>
<b>Cash flow for the period</b>	<b>-48,324</b>	<b>-9,815</b>	<b>-12,648</b>	<b>-147,290</b>
Cash and cash equivalents at the beginning of the period	187,650	161,785	151,984	299,217
Exchange rate differences in cash and cash equivalents	15	14	5	57
<b>Cash and cash equivalents at the end of the period</b>	<b>139,341</b>	<b>151,984</b>	<b>139,341</b>	<b>151,984</b>

**PARENT COMPANY'S INCOME STATEMENT IN SUMMARY**

SEK, thousand	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	8,823	3,043	12,758	27,546
Capitalized work for own account	2,449	2,715	8,911	28,925
Other operating income	123	50	146	50
<b>Total income</b>	<b>11,396</b>	<b>5,808</b>	<b>21,815</b>	<b>56,520</b>
<b>Operating expenses</b>				
Raw material and consumables	-9,944	-6,852	-11,987	-53,583
Other external expenses	-19,043	-8,346	-44,536	-46,813
Personnel expenses	-12,138	-14,716	-49,444	-75,384
Depreciation and amortization	-10,444	-7,185	-28,276	-20,710
Other operating expenses	-	-1,582	-7	-1,931
<b>Operating profit/loss</b>	<b>-40,172</b>	<b>-32,873</b>	<b>-112,434</b>	<b>-141,900</b>
<b>Profit from financial items</b>				
Net financial income	2,186	-811	-8,230	44,425
<b>Profit/loss after financial items</b>	<b>-37,986</b>	<b>-33,684</b>	<b>-120,664</b>	<b>-97,475</b>
Tax	-	-	-	-
<b>Profit/loss for the period 1)</b>	<b>-37,986</b>	<b>-33,684</b>	<b>-120,664</b>	<b>-97,475</b>

1) Other comprehensive income for the period correspond to net result for the period

**PARENT COMPANY'S BALANCE SHEET IN SUMMARY**

SEK, thousand	31 Dec 2022	31 Dec 2021
<b>Assets</b>		
Intangible non-current assets	117,760	106,365
Tangible non-current assets	17,686	19,311
Financial assets	126,318	131,177
Inventories	48,243	56,239
Current receivables	46,611	76,676
Cash and cash equivalents	138,789	151,407
<b>Total Assets</b>	<b>495,407</b>	<b>541,174</b>
<b>Equity and liabilities</b>		
Shareholder's equity	390,088	371,864
Provisions	7,886	23,686
Non-current liabilities	10,381	10,381
Current liabilities	87,053	135,244
<b>Total equity and liabilities</b>	<b>495,407</b>	<b>541,174</b>

# THE CLIMEON SHARE

## LARGEST SHAREHOLDERS PER SEPTEMBER 30, 2022

Shareholders	Number of shares			Number of votes	Voting rights, %
	Series A	Series B/BTA B	Capital, %		
Cidro Förvaltning	-	11,169,874	11.7	11,169,874	6.2
Thomas Öström	7,900,000	1,575,344	10.0	80,575,344	44.7
SEB AB, Luxembourg Branch, W8IMY	-	6,902,447	7.3	6,902,447	3.8
SEB-Stiftelsen	-	5,130,781	5.4	5,130,781	2.8
Clearstream Banking S.A. W8IMY	-	4,475,685	4.7	4,475,685	2.5
Försäkringsbolaget, Avanza Pension	-	4,252,086	4.5	4,252,086	2.4
Joachim Karthäuser	1,550,000	2,225,411	4.0	17,725,411	9.8
Nordnet Pensionsförsäkringar AB	-	2,161,312	2.3	2,161,312	1.2
Olle Bergström	-	1,726,754	1.8	1,726,754	1.0
Swedbank försäkring	-	808,017	0.8	808,017	0.4
Karolina Tham Von Heidenstam	-	640,400	0.7	640,400	0.4
Carl-Johan Sjögren	-	586,675	0.6	586,675	0.3
Per Olofsson	-	582,648	0.6	582,648	0.3
Strand småbolagsfond	-	538,157	0.6	538,157	0.3
Klas Händel	-	536,867	0.6	536,867	0.3
Others	-	42,342,628	44.5	42,342,628	23.5
<b>Total</b>	<b>9,450,000</b>	<b>85,655,086</b>	<b>100.0</b>	<b>180,155,086</b>	<b>100.0</b>

## SHARE PRICE DEVELOPMENT



	Oct-Dec		jan-dec	
	2022	2021	2022	2021
Total number of issued shares at period end	95,105,086	59,440,679	95,105,086	59,440,679
Average number of shares outstanding	95,105,086	56,940,679	86,188,984	55,690,679
Earnings per share, before and after dilution, SEK	-0.41	-1.93	-1.46	-1.93
Equity per share, SEK	3.84	5.93	3.84	5.93

## SHARE INFORMATION

The number of shares in Climeon amounts to 95,105,086 with quota value of 0.015 SEK, of which 9,450,000 are Class A shares, 10 votes/share, and 57,686,422 are Class B shares, 1 vote/share. There are also 27,968,664 non-registered BTA B from the newly carried out rights issue.

Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 3.04 at the end of the period.

## NOTER

### NOTE 1 ACCOUNTING PRINCIPLES

Climeon prepares consolidated statements in accordance with the Swedish Annual Accounts Act (1995: 1554), RFR 1 completing rules for consolidated groups and IFRS, International Financial Reporting Standards with IFRIC-interpretations as adopted by EU as applied by IAS 34 Interim reporting. Information is given both in notes and in other parts of the report.

The parent company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Complete information on principles applied by the parent company is found in the annual report 2021 pages 56-64.

### NOTE 2 DISTRIBUTION OF NET SALES

#### CONSOLIDATED

SEK, thousand	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
<b>Revenue type</b>				
Hardware	8,560	1,174	10,984	39,348
Consulting and support services	518	2,023	2,948	3,826
<b>Total</b>	<b>9,078</b>	<b>3,197</b>	<b>13,932</b>	<b>43,174</b>
<b>Geographic market</b>				
Sweden	109	81	413	125
Europe	8,112	919	9,844	37,030
Asia	855	2,197	3,673	6,019
<b>Total</b>	<b>9,078</b>	<b>3,197</b>	<b>13,932</b>	<b>43,174</b>

### NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 112.5 million (100.5) and patents SEK 5.3 million (5.9). Depreciations during the quarter amounted to SEK

4.0 million (3.8) and amortizations to SEK 5.0 million (2.8). Accumulated depreciations of the period amounted to SEK 16.6 million (12.8) and amortizations of the period amounted to SEK 6.4 million (2.8).

### NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 12.8 million (12.3), right-of-use assets according to IFRS 16, SEK 16.1 million (21.6), equipment SEK 1.8 million (2.4), technical equipment SEK 3.1 million (4.1) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.5 million (0.6). Depreciations during the quarter amounted to SEK 2.9 million (1.4). Accumulated depreciations of the period amounted to SEK 11.0 million (5.2).

### NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 104.2 million (114.3) and consist of shares in the finance company Baseload Capital of SEK 99.9 million (109.0), corresponding to 12 percent ownership of the company. The holding of the shares is valued at fair value through the profit/loss statement. Revaluation has affected the quarter by SEK 0.0 million (-0.2). Accumulated revaluation of the year amount to SEK -9.1 million (46.6). The valuation is based on Baseload's forecasts and results with a certain lag. Baseload uses a valuation model that Climeon deems consistent with fair value. The profit/loss effect is reported as a financial item. Warrants in Baseload Capital have at the balance sheet date been assigned a value of zero in the financial statements.

Other financial assets consist of deferred tax SEK 0.3 million (0.3), rental deposits SEK 0.1 million (0.2) and personnel loans of SEK 3.9 million (4.8).

### NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 22.8 million (0.0) and refer to business mortgages related to the Groups bank loans.

## SIGNATURES

The Board of Directors and the CEO guarantees that the interim report provides a fair overview of the company's operations, position and earnings and describes material risks and factors of uncertainty which the company is facing.

Kista, February 9, 2023

Håkan Osvald  
Chairman of the Board

Thomas Öström  
Board member

Liselotte Duthu Törnblom  
Board member

Anders Lindberg  
Board member

Peter Carlberg  
Board member

Lena Sundquist  
CEO

## KEY NUMBERS FOR THE GROUP

	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Order intake, SEK million	0.6	2.2	3.6	2.3
Order backlog, SEK million	37.1	179.7	37.1	179.7
Equity ratio (%)	74.8	64.6	74.8	64.6
Debt ratio (times)	0.3	0.5	0.3	0.5
Net debt ratio (times)	-0.4	-0.3	-0.4	-0.3
Earnings per share, before and after dilution, SEK	-0.41	-0.64	-1.46	-1.93
Equity per share, SEK	3.84	5.93	3.84	5.93
Share price at period end, CLIME B, SEK	3.04	12.40	3.04	12.40
Cash and cash equivalents, SEK million	139.3	152.0	139.3	152.0

Climeon presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures. Climeon believes that these measures provide valuable supplemental information to investors and the company's management as they allow for evaluation of trends and the company's performance. Since all companies do not calculate financial measures in the same way, they are not always comparable to measures used by other companies. For definitions of the performance measures that Climeon uses, please see below.

## DEFINITIONS

<b>Order intake</b>	The value of assignments received where agreements have been signed during the relevant period.
<b>Order backlog</b>	The value at the end of the period of the remaining unearned income in outstanding assignments.
<b>Equity ratio</b>	Shareholders' equity as a percentage of total assets.
<b>Debt ratio</b>	Liabilities including deferred tax liabilities and provisions divided by shareholders' equity (times).
<b>Net debt ratio</b>	Interest-bearing net debt including cash and cash equivalents divided by shareholders' equity (times). Negative net debt ratio means that cash and cash equivalents exceed interest-bearing liabilities.
<b>Earnings per share, before dilution</b>	Profit/loss for the period divided by the weighted average number of outstanding shares during the period.
<b>Earnings per share, after dilution</b>	Earnings per share adjusted by the number of outstanding warrants.
<b>Equity per share</b>	Shareholders' equity divided by the number of outstanding shares at end of the period.
<b>Availability</b>	$\text{Availability [\%]} = \frac{\text{Average availability for Climeon modules}}{\sum_{i=1}^n \text{Available time}} \times 100$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <p>where n= number of Climeon modules, and Unscheduled down-time = total of all unscheduled down-time due to failures caused by Climeon</p>



## QUARTERLY FIGURES, CONSOLIDATED

### INCOME STATEMENT

SEK, million	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	9.1	1.2	1.8	1.8	3.2	1.5	8.5	15.5
Capitalized work for own account	2.4	2.0	2.3	2.2	2.7	9.3	9.8	7.0
Other operating income	0.1	0.0	0.0	0.0	0.1	0.0	0.1	-
<b>Operating expenses</b>								
Raw material and consumables	-10.1	-0.3	-1.8	-0.0	-6.9	-8.9	-15.6	-22.3
Other external expenses	-18.0	-8.8	-7.7	-5.9	-7.8	-7.6	-17.8	-10.8
Personnel expenses	-12.4	-10.7	-14.7	-14.5	-16.2	-20.3	-23.4	-22.1
Depreciation and amortization	-11.6	-7.4	-6.9	-7.9	-8.6	-6.1	-6.3	-5.5
Other operating expenses	-	-	-	-0.0	-1.6	0.0	0.0	-0.4
<b>Operating profit/loss</b>	<b>-40.5</b>	<b>-24.0</b>	<b>-27.0</b>	<b>-24.3</b>	<b>-35.0</b>	<b>-32.0</b>	<b>-44.7</b>	<b>-38.5</b>
Net financial income	1.6	0.8	-3.8	-8.7	-1.2	-3.3	-3.7	51.2
<b>Profit/loss after financial items</b>	<b>-38.9</b>	<b>-23.2</b>	<b>-30.8</b>	<b>-33.0</b>	<b>-36.2</b>	<b>-35.4</b>	<b>-48.4</b>	<b>12.7</b>
Tax	-0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit/loss for the period</b>	<b>-38.9</b>	<b>-23.2</b>	<b>-30.8</b>	<b>-33.0</b>	<b>-36.2</b>	<b>-35.3</b>	<b>-48.4</b>	<b>12.7</b>
Earnings per share, before and after dilution, SEK	-0.41	-0.24	-0.40	-0.56	-0.62	-0.65	-0.89	0.23

### BALANCE SHEET

SEK, million	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Intangible non-current assets	117.8	117.0	117.2	111.1	106.4	108.4	101.8	95.3
Tangible non-current assets	34.3	36.8	39.1	40.7	41.6	42.0	40.9	39.5
Financial assets	104.2	104.6	104.8	107.4	114.3	115.0	117.2	119.8
<b>Total non-current assets</b>	<b>256.3</b>	<b>258.4</b>	<b>261.0</b>	<b>259.3</b>	<b>262.3</b>	<b>265.4</b>	<b>260.0</b>	<b>254.6</b>
Inventories	48.2	52.8	52.4	56.4	56.2	62.1	63.6	59.8
Current receivables	44.3	69.2	69.3	74.9	75.3	81.4	89.7	97.8
Cash and cash equivalents	139.3	187.6	221.6	116.6	152.0	161.8	198.1	232.6
<b>Total current assets</b>	<b>231.9</b>	<b>309.7</b>	<b>343.3</b>	<b>247.9</b>	<b>283.5</b>	<b>305.3</b>	<b>351.4</b>	<b>390.3</b>
<b>Total assets</b>	<b>488.2</b>	<b>568.1</b>	<b>604.3</b>	<b>507.1</b>	<b>545.8</b>	<b>570.7</b>	<b>611.4</b>	<b>644.9</b>
Shareholder's equity	365.2	404.5	428.0	319.8	352.4	353.5	389.1	437.3
Non-current liabilities and other provisions	35.9	48.0	50.2	55.3	57.2	106.5	116.0	119.2
Current liabilities	87.1	115.6	126.1	132.1	136.2	110.6	106.4	88.4
<b>Total equity and liabilities</b>	<b>488.2</b>	<b>568.1</b>	<b>604.3</b>	<b>507.1</b>	<b>545.8</b>	<b>570.7</b>	<b>611.4</b>	<b>644.9</b>

### CASH FLOW STATEMENT

SEK, million	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-17.2	-15.0	-19.5	-18.6	-28.6	-28.1	-34.4	-31.4
Changes in working capital	-6.0	-3.9	8.5	4.3	-0.0	6.9	15.2	-26.5
<b>Cash flow from operating activities</b>	<b>-23.1</b>	<b>-18.9</b>	<b>-11.0</b>	<b>-14.3</b>	<b>-28.6</b>	<b>-21.3</b>	<b>-19.2</b>	<b>-57.8</b>
Investing activities	-9.0	-6.1	-13.7	-11.9	-7.2	-13.6	-13.7	-7.5
<b>Cash flow after investing activities</b>	<b>-32.1</b>	<b>-24.9</b>	<b>-24.7</b>	<b>-26.2</b>	<b>-35.9</b>	<b>-34.9</b>	<b>-32.9</b>	<b>-65.3</b>
Financing activities	-16.4	-9.1	129.7	-9.1	26.0	-1.4	-1.6	-1.4
<b>Cash flow for the period</b>	<b>-48.3</b>	<b>-34.0</b>	<b>105.0</b>	<b>-35.3</b>	<b>-9.8</b>	<b>-36.3</b>	<b>-34.5</b>	<b>-66.6</b>
Cash and cash equivalents at the beginning of the period	187.6	221.6	116.6	152.0	161.8	198.1	232.6	299.2
Exchange rate differences in cash and cash equivalents	0.0	0.0	-0.0	-0.0	0.0	0.0	-0.0	0.0
Cash and cash equivalents at the end of the period	139.3	187.6	221.6	116.6	152.0	161.8	198.1	232.6

## THIS IS CLIMEON

Climeon is a Swedish product company within energy technology. The company's unique technology for thermal power - Heat Power - makes accessible a largely unused energy source and provides sustainable electricity from hot water, around the clock, all year round. Heat Power is a cheap and renewable energy source with the potential to replace much of the energy that today comes from coal, nuclear power, oil and gas. The B share is listed on the Nasdaq First North Premier Growth Market. FNCA Sweden AB is a Certified Adviser.

### BUSINESS IDEA

Climeon contributes to the future of renewable energy with innovative heat power solutions that are profitable for customers – Business for a better world.

### LONG-TERM OPERATIONAL GOALS

Climeon aims to become the leading provider of low temperature heat power solutions by offering competitive products with the lowest possible levelized cost of energy (LCOE) for customers. In order to do this, Climeon will focus on:

- Becoming the low temperature de facto standard in chosen segments
- Maintaining the Heat Power system's market leading conversion efficiency
- Optimize the Heat Power system to give users a lower electricity cost (LCOE)

### CORE VALUES



DO GOOD



BE A TEAMPLAYER



ALWAYS DELIVER

# CLIMEON