

INTERIM REPORT

JANUARY 1 - SEPTEMBER 30, 2022

Q3
2022

HEATPOWER 300 MARINE LAUNCHED IN HAMBURG, NAMED "PRODUCT OF THE YEAR" BY SEATRADE CRUISE

At the beginning of September, the new product, HeatPower 300 Marine, was successfully launched at the world's largest marine fair, SMM, in Hamburg. Shortly afterwards, it received the award for "Product of the Year 2022" in connection with the Seatrade Cruise Awards 2022 in Malaga, Spain. The number of customer inquiries, regarding both the new marine product and land-based applications for energy and industrial use, increased significantly during the quarter. Climeon's rights issue, which brought the company SEK 160 million before issue costs, was successfully completed.

JULY - SEPTEMBER

- Order intake amounted to SEK 0.7 million (0.0) and pertained to service and aftermarket work.
- Net sales amounted to SEK 1.2 million (1.5)
- Operating profit/loss amounted to SEK -24.0 million (-32.0)
- Profit/loss after financial items amounted to SEK -23.2 million (-35.4)
- Earnings per share, before and after dilution, amounted to SEK -0.24 (-0.65)
- Cash flow from operating activities after changes in working capital amounted to SEK -18.9 million (-21.3)

IMPORTANT EVENTS DURING THE PERIOD

- HeatPower 300 was launched at the world's largest marine exhibition, SMM in Hamburg, and was greeted with great interest from potential customers and partners.
- HeatPower 300 was awarded "Product of the Year" at the Seatrade Cruise 2022 Awards event, where industry experts recognized Climeon for its technological innovations that contribute to a sustainable and energy-efficient cruise industry.
- The approved rights issue was completed with 100 percent of the shares subscribed. The issue brought Climeon SEK 160 million before issue costs. The funds will be used for completion and commercialization of HeatPower 300.
- The credit agreement with Swedish Export Credit (SEK), and DNB was extended. The original loan of EUR 7.5 million was taken in the autumn of 2020 with a term of two years. The extension runs over 12 months from the original due date.

JANUARY - SEPTEMBER

- Order intake amounted to SEK 3.0 million (0.0)
- Net sales amounted to SEK 4.9 million (25.6)
- Order backlog amounted to SEK 185.9 million (179.7)
- Operating profit amounted to SEK -75.3 million (-115.3)
- Profit/loss after financial items amounted to SEK -87.0 million (-71.1)
- Earnings per share, before and after dilution, amounted to SEK -1.05 (-1.30)
- Cash flow from operating activities after changes in working capital amounted to SEK -44.1 million (-98.3)
- Total cash and cash equivalents amounted to SEK 187.6 million (152.0)

A WORD FROM OUR CEO:



Lena Sundquist, CEO of Climeon

"The award "Product of the Year 2022" is proof that we are right in time."

HEATPOWER 300 MARINE LAUNCHED DURING SMM AND AWARDED "PRODUCT OF THE YEAR" BY SEATRADE CRUISE 2022

In August, it was a year since I took office as the new CEO at Climeon. In short, it has been an eventful year, both for Climeon and the world around us. We have all faced sharply increased electricity and fuel prices, as well as inflation and interest rates that are far higher than what we have been used to. Not far from us, a full-scale war is going on. We see how the need for increased production of electricity is steadily growing, but also that it must be done in a significantly more energy-efficient and environmentally friendlier way than before.

We are convinced that our HeatPower technology has an important place in the ongoing energy transition and for the future reduction of carbon dioxide emissions. For all renewable energy types, it is important that they are cost-efficient, while also contributing to the reduction of emissions. For Climeon, we set a very ambitious goal when developing our new HeatPower 300 platform. It would, compared to its predecessor, have half the cost per produced kilowatt-hour, kWh, including the costs of installation and operation. It is a goal that we now seem to be reaching, which gives our customers attractive repayment periods, but also profitable business for us at Climeon. The tests of our prototype at our extended test site in Kista continue and have developed well. We have therefore started the commercialization of HeatPower 300.

If I start with the HeatPower 300 for the marine market, we launched our new product to a collective international marine industry, during the SMM in Hamburg at the beginning of September. SMM is the largest trade fair for the marine industry. In 2022 around 50,000 people visited it. The fair is a natural meeting point for all stakeholders – from the shipbuilding industry to shipping companies and authorities – and among these are of course both existing and potential customers and partners. In addition to the dialogues that are already underway with shipping companies, shipyards, and design institutes and that continued during the fair, we were met by a very large interest from many different actors, which was very gratifying. After SMM, we had a large number of interesting contacts and projects to follow up on, something our dedicated marine sales team has been working on continuously since the exhibition. Sales processes in the marine market, on the other hand, are often relatively long as they usually have to go through shipowners, design institutes and shipyards. Anyone who is interested will find the presentations and the material we showed at SMM on our website, <https://climeon.com>.

Just one week after SMM, our HeatPower 300 for the marine market received the prestigious award "Product of the Year 2022" at the Seatrade Cruise Award event in Malaga, Spain. The jury emphasized both our level of technical innovation and what we can contribute to a more environmentally friendly and cost-effective cruise industry. For me, it is once again proof that our product is just right for the times and delivers what our customers are asking for – fuel savings, more energy efficient ships and reduced carbon dioxide emissions.

In addition to the marine market, during the quarter we met with a number of potential customers in the UK and some countries in the rest of Western Europe, including Sweden, among others. We now see that the HeatPower 300 platform is very well suited, both for larger engine-driven power plants and in several types of industrial processes where HeatPower 300 can be used to produce renewable electricity from waste heat.

In parallel with the development and the initiated commercialization of HeatPower 300, we are of course working further with ongoing and existing installations of HeatPower 150, as well as building up an aftermarket business.

The restructuring program completed earlier this year has given us an organization that is more optimized for our new focus, in size, as well as skills and cost base. But transition takes time and requires resources. Our net sales during the third quarter of the year amounted to SEK 1.2 million and the operating loss to SEK -24.0 million, which everyone realizes is not sustainable in the long

term. Therefore, I am happy that we were able to successfully complete the rights issue that the annual general meeting and the board approved earlier this spring. It means that we received approximately SEK 160 million before issue costs, funds that we use for the finalization and commercialization of HeatPower 300. We have also, after discussions with Svensk Exportkredit and DNB, extended our credit agreement by up to one year, which further strengthens our position. Together with our board, we continue working on a more long-term financing of our operations.

I would like to thank the shareholders and the board for the trust you show. I also extend an equally big thank you to all of Climeon's fantastic employees for the efforts made during an intense and successful quarter.

Lena Sundquist, CEO Climeon



MARKETS AND DEVELOPMENT

During the period, electricity costs, like the costs of fossil fuels, have continued to increase, not least as a result of the ongoing war in Ukraine. At the same time, the realization is growing that a transition to renewable and more energy-efficient electricity production, with greatly reduced carbon dioxide emissions, is a necessity from a climate point of view.

From this perspective, Climeon's HeatPower technology is an important piece of the puzzle in the coming transition. It makes it possible to recover residual heat from industrial processes, engines that are on land, or installed in ships, and from geothermal sources, heat that today is largely wasted, to create emission-free electric power. For Climeon, the development in recent quarters has resulted in a significantly increased number of requests from both marine and industrial actors. The fact that during the past six months the pandemic-related restrictions have been eased in Europe and the USA, although they still remain in parts of Asia, enabled continued and expanded customer contacts and the holding of fairs such as SMM, something that has also benefited Climeon.

Climeon has chosen to initially focus on the marine market. Here, clear requirements from the shipping organization, IMO, regarding increased energy efficiency and reduced emissions, are in place. There is also a great focus and desire from shipowners to make their ships more energy efficient and reduce their fuel costs. On board ships there is access to both the residual heat and the cooling water required to generate electricity with Climeon's technology. In addition, in engine-driven larger power plants, as well as in various industrial processes, residual heat is created, which with the help of Climeon's HeatPower 300 can be recycled and used to produce electricity.

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 apply. For applications in energy production and industrial processes on land, the system needs to meet other requirements. For sales within Europe, the system must comply with the European health, safety, and environmental protection standards to receive a CE marking, but country specific "grid code" requirements must be met in order to facilitate a connection to the public electricity grid. Both in the shipping industry and for industrial applications, the decision-making processes from inquiry to decision, installation and commissioning are often relatively long.



MARITIME MARKET

At the beginning of September, Climeon launched its new product HeatPower 300 for the marine market at the marine fair SMM in Hamburg. The fair, which is held every two years, is the world's largest of its kind and an important meeting point for the entire marine industry. In 2022, 50,000 visitors gathered in Hamburg, many of them potential customers or partners to Climeon. (The presentations and the technical documentation that were handed out in connection with the SMM are available on Climeon's website, <https://climeon.com>).

A short time later, at the Seatrade Cruise Awards 2022 event, in Malaga, Spain, Climeon's HeatPower 300 Marine was awarded "Product of the Year 2022". The panel, consisting of industry experts, recognized Climeon for the company's technical innovations that contribute to a sustainable and energy-efficient cruise industry.

Market activity remained high and the number of customers who see HeatPower as a way to future-proof ships and fleets, financially, environmentally, and marketing-wise, is continuously increasing. The interest in waste heat recovery reflects the entire sector's search for new ways to increase energy efficiency, reduce fuel consumption and thereby reduce costs, but also to reduce carbon dioxide emissions. "Decarbonization" is today a buzzword. The internal combustion engines will remain and form the basis for the foreseeable future. Today they run on fossil fuels, but the use of carbon dioxide-free fuels, such as methanol, biomethane, ammonia and hydrogen will increase in scope. Climeon's technology is well situated to be included as an important component in the ongoing transition to more energy-efficient ships.

During the quarter, the company continued to deepen its discussions about collaboration with a number of shipowners, shipyards, and design institutes. When the dialogue with a potential customer is deepened, a confidentiality agreement is currently always written between the shipowner and shipyard and Climeon. This is so that the various parties can share more information with each other, for example about the vessel's operational profile, or more detailed information about Climeon's new HeatPower 300. This way it is possible to calculate the amount of electricity produced and the potential for fuel savings, as well as determine the best possible configuration of Climeon's technology for each ship project.



Top: Climeon launched its new product, the HeatPower 300 Marine, at SMM in Hamburg, Germany.

Bottom: Climeon received the award for product of the year at the Seatrade Cruise Awards 2022 event.



ENERGY AND INDUSTRIAL MARKET

During the quarter, Climeon has intensified dialogues with a number of actors interested in using Climeon's HeatPower 300 technology to produce renewable electricity, both from engine-driven power plants and from various industrial processes with access to residual heat. In Great Britain, Climeon's partner Landmark Power Holdings continued construction work for the engine-driven power plant where Climeon's HeatPower is included as part of the solution. Together with equipment for carbon dioxide separation, so-called "Carbon Capture", Climeon's HeatPower technology will contribute to a climate-smart solution for electricity production.

Climeon is actively working with selected customers in the UK, where there are a range of stakeholders with different types of processes that generate waste heat that is suitable for recycling with Climeon's HeatPower technology and thus can be used to produce renewable electricity. Interest in Climeon's technology is also growing day by day and Climeon has a number of ongoing customer dialogues in countries throughout the rest of Western Europe, including Sweden.



Climeon's team members attended the ground-breaking ceremony for the start of construction on a low-carbon flexible power project in Rhodesia, Worksop, UK.



TECHNOLOGY DEVELOPMENT

During the quarter, tests on the first HeatPower 300 prototype continued successfully at the company's extended test site in Kista. For the HeatPower 300, Climeon has set a very ambitious goal, to halve the cost per produced kilowatt-hour, kWh, compared to its predecessor. Climeon now sees that this goal can be achieved. This will give the company's customers attractive repayment periods, while at the same time creating a basis for profitable business for Climeon. To succeed, Climeon has adopted a holistic perspective when setting requirements, designing, and producing the new HeatPower 300 platform which, in addition to being as cost-effective as possible to manufacture, must also be as simple as possible for customers to install and maintain low operating costs.

The new product generation will be adapted to marine requirements but should also be well suited for use on, for example, larger engines used in power plants to generate electricity, as well as in certain industrial and geothermal processes. The common denominator is that there is low-temperature residual heat that can be converted into renewable electricity with Climeon's technology. For these applications, the HeatPower 300 will primarily be adapted to the European market, in terms of CE marking and the fulfillment of Grid Code requirements in selected European countries, such as the United Kingdom.

The war in Ukraine and continued Corona lockdowns in parts of Asia may negatively affect the company's supply chains in terms of both components and various input goods, which could potentially delay the continued development work. Climeon monitors developments and is taking steps to, as much as possible, prevent such effects. It should be added that the company has so far not been significantly affected by this.



PRODUCTS IN OPERATION AND AFTERMARKET

Climeon's British partner Landmark Power Holdings Ltd continued construction work for its power project, where gas engines will be used to produce electricity. Climeon's technology is included, together with equipment for carbon dioxide separation (carbon capture) with the aim of increasing the energy efficiency of the finished plant. During the quarter, Climeon continued its preparations for delivery. The installation and commissioning work for marine customers continued according to plan on two of Havila Voyage's total of four ships and on Virgin Voyage's fourth ship.

Climeon continued to support both existing land-based installations in geothermal, as well as marine installations, and offered its customers good availability from the HP150. The Climeon service concept "Remote Support" was implemented during the quarter in Japan, where a customer underwent training to become HP150 certified, which means that the customer will be able to perform ongoing service and maintenance on their own in the future. Climeon also continued to generate aftermarket revenue through service in the form of spare parts, software, and remote support. The situation in Ukraine has not affected Climeon's deliveries financially or in terms of time, but the company has taken such risks into account in its planning for the near future.

ORDER ENTRY AND ORDER BACKLOG

During the second quarter of 2022, no new orders were signed for modules (0.0), while service and aftermarket orders were signed for SEK 0.7 million. At the end of the period, the order backlog amounted to SEK 185.9 million (179.7), corresponding to 54 (55) HeatPower modules. The order book mainly consists of orders in euros, which are revalued at the end of the period. During the year, the order backlog was revalued by +9.3 MSEK due to currency fluctuations.

THE GROUP'S FINANCIAL DEVELOPMENT

JULY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 1.2 million (1.5). Net sales are mainly attributable to service commitments for existing customers.

Operating profit/loss amounted to SEK -24.0 million (-32.0). This level is in line with previous quarters in 2022 but also corresponds to a considerable improvement, +25%, compared to the corresponding period in 2021.

Net financial income/expense amounted to SEK 0.8 million (-3.3), whereof SEK 0.0 million (-2.1) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -23.2 million (-35.4). Depreciations and amortizations amounted to SEK -7.4 million (-6.1).

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -18.9 million (-21.3), whereof the change in working capital amounted to SEK -3.9 million (6.9).

Cash flow from investing activities amounted to SEK -6.1 million (-13.6), derived from capitalization of internally generated development expenses and expenses for patents of SEK -5.4 million (-9.8).

Cash flow from financing activities amounted to SEK -9.1 million (-1.4) and corresponded to amortization and interest regarding the company's bank loans.

Cash flow for the quarter thus amounted to SEK -34.0 million (-36.3).

JANUARY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 4.9 million (25.6). Sales are mainly attributable to commissioning of previously delivered HeatPower modules and services.

Operating profit/loss for the period amounted to SEK -75.3 million (-115.3). Total operating costs, excluding raw materials and supplies, have been reduced during the period by 30% compared to the corresponding period last year, which has had a positive effect on operating profit. The main reason is the restructuring program that the company implemented in 2021.

Net financial income/expense amounted to SEK -11.7 million (44.2), whereof SEK -9.1 million (46.9) related to a revaluation of the holding in Baseload Capital.

Profit/loss after financial items amounted to SEK -87.0 million (-71.1). Depreciations and amortizations amounted to SEK -22.3 million (-18.0).

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -44.1 million (-98.3) whereof the change in working capital amounted to SEK 8.9 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 -31.7 million (-34.8) derived from capitalization of development expenses and expenses for patents SEK -27.7 million (-27.2).

Cash flow from financing activities amounted to SEK 111.5 million (-4.4). 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 35.7 million (-137.5)

FINANCIAL POSITION

At the end of the period, cash and cash equivalents amounted to SEK 187.6 million (152.0). The equity ratio amounted to 71.2 percent (66.7) and the net debt ratio amounted to -0.4 times (-0.5). Shareholder's equity amounted to SEK 404.5 million (352.4) or SEK 4.3 (7.1) per share. During the second quarter of 2022, the company completed a rights issue which provided the company with a net SEK 138.8 million after transaction costs.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 672.7 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 3.9 million (24.5). Operating profit/loss amounted to and profit/loss after financial items amounted to SEK -82.7 million (-63.8).

OTHER INFORMATION

FINANCIAL CALENDAR

Interim Report of the third quarter
2022

November 2, 2022

Interim Report of the fourth quarter
2022

February 9, 2022

CONTACT INFORMATION

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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 November 2, 2022 at 07:30 (CET).

After publication, the report is available on the company's website, www.climeon.com

PERSONNEL AND ORGANIZATION

The average number of employees during the period January to June amounted to 43 (60), of which 24 (18) percent women and 76 (82) percent men. At the end of June, the number of employees amounted to 41 (46).

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. Furthermore, a recalculation of the exercise price and ratio for the number of options per new share has also taken place due to the completed rights issue. 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).

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	596 500	164,90	1 dec 2022 - 30 dec 2022
Program 2022/2025	997 500	997 500	1 117 200	16,68	1 sept 2025 - 30 sept 2025
Totalt	1 594 000	1 594 000	1 713 700		

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 terms of the effects of the Corona pandemic, and also for travel to the USA and major parts of Asia, although it still requires a lot of extra planning. The war in Ukraine does not affect Climeon at present, but it is still too early to make predictions about potentially extensive effects. However, there are some indications that the conflict, together with ongoing lockdowns in parts of Asia due to the Corona pandemic, could have negative effects on our supply chains in terms of components and other important inputs. We monitor the development closely and take measures to minimize the effects. So far, the company has not been significantly affected.

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	Jul-Sep		Jan-Sep		Jan-Dec
		2022	2021	2022	2021	2021
Net sales	2	1,170	1,510	4,855	25,568	28,765
Capitalized work for own account		1,974	9,330	6,462	26,210	28,925
Other operating income		1	0	23	81	133
Total income		3,145	10,841	11,340	51,859	57,822
Operating expenses						
Raw material and consumables		-301	-8,916	-2,174	-46,820	-53,696
Other external expenses		-8,750	-7,553	-22,394	-36,192	-43,945
Personnel expenses		-10,726	-20,270	-39,862	-65,800	-81,979
Depreciation and amortization		-7,383	-6,132	-22,250	-17,975	-26,599
Other operating expenses		-	4	-7	-349	-1,931
Operating profit/loss		-24,015	-32,026	-75,347	-115,277	-150,327
Profit/loss from financial items						
Net financial income	5	849	-3,326	-11,684	44,210	43,014
Profit/loss after financial items		-23,167	-35,352	-87,031	-71,067	-107,313
Tax		8	16	16	53	65
Profit/loss for the period		-23,158	-35,336	-87,015	-71,014	-107,248
Earnings per share, SEK						
Before dilution		-0.24	-0.65	-1.05	-1.30	-1.93
After dilution		-0.24	-0.65	-1.05	-1.30	-1.93

SEK, thousand	Note	Jul-Sep		Jan-Sep		Jan-Dec
		2022	2021	2022	2021	2021
Profit/loss for the period		-23,158	-35,336	-87,015	-71,014	-107,248
Other comprehensive profit/loss for the period						
Translation differences		-190	-219	285	96	146
Other comprehensive profit/loss for the period		-190	-219	285	96	146
Comprehensive income/loss for the period		-23,349	-35,555	-86,730	-70,918	-107,102
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-23,349	-35,555	-86,730	-70,918	-107,102

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
Assets				
Intangible non-current assets	3	117,015	108,384	106,365
Tangible non-current assets	4	36,781	42,004	41,619
Financial assets	5	104,642	115,036	114,304
Total non-current assets		258,438	265,424	262,288
Inventories		52,792	62,136	56,239
Accounts receivable		35,150	42,655	39,605
Other current receivables	6	34,098	38,703	35,672
Cash and cash equivalents		187,650	161,785	151,984
Total current assets		309,690	305,279	283,500
Total Assets		568,127	570,704	545,788
Equity and liabilities				
Share capital		1,427	817	892
Other contributed capital		1,103,036	929,764	964,689
Retained earnings		-612,934	-506,117	-506,117
Profit/loss for the period		-87,015	-70,918	-107,102
Total shareholder's equity		404,514	353,546	352,362
Other provisions		18,563	25,589	23,686
Total provisions		18,563	25,589	23,686
Other non-current liabilities		29,419	80,941	33,537
Total non-current liabilities		29,419	80,941	33,537
Advance payments from customers		33,918	31,206	29,765
Accounts payable		3,712	11,353	5,692
Other current liabilities		78,003	68,069	100,747
Total current liabilities		115,632	110,628	136,203
Total equity and liabilities		568,127	570,704	545,788

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
Comprehensive profit/loss				
Profit/loss for the period	-	-	-87,015	-87,015
Other comprehensive profit/loss for the period				
Translation differences	-	-	285	285
Other comprehensive profit/loss for the period:	-	-	285	285
Total comprehensive profit/loss	-	-	-86,730	-86,730
Transactions with share holders:				
Rights issue	535	138,269	-	138,804
Warrants	-	78	-	78
Sum of transactions with shareholders	535	138,347	-	138,882
Closing balance equity 2022-09-30	1,427	1,103,036	-699,949	404,514

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 2021-01-01	817	929,764	-506,117	424,464
Comprehensive profit/loss				
Profit/loss for the period	-	-	-71,014	-71,014
Other comprehensive profit/loss for the period				
Translation differences	-	-	96	96
Other comprehensive profit/loss for the period:	-	-	96	96
Total comprehensive profit/loss	-	-	-70,918	-70,918
Closing balance equity 2021-09-30	817	929,764	-577,035	353,546

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Operating activities					
Operating profit/loss	-24,015	-32,026	-75,347	-115,277	-150,327
Adjustments for items not included in cash flow	7,746	5,395	21,814	25,227	33,472
Financial items	1,289	-1,502	483	-3,861	-5,659
Cash flow from operating activities before changes in working capital	-14,980	-28,133	-53,050	-93,911	-122,514
Change in working capital	-3,875	6,879	8,908	-4,394	-4,409
Cash flow from operating activities	-18,855	-21,254	-44,142	-98,305	-126,923
Investing activities					
Investments in intangible assets	-5,403	-9,771	-27,729	-27,234	-31,042
Investments in tangible assets	-812	-3,965	-4,497	-8,244	-12,171
Change in financial assets	144	93	504	704	1,200
Cash flow from investing activities	-6,071	-13,643	-31,722	-34,774	-42,013
Cash flow after investing activities	-24,926	-34,897	-75,864	-133,079	-168,936
Financing activities					
Change in short-term debt	-9,143	-1,435	-27,342	-4,396	-13,354
Share issue	-	-	138,804	-	35,000
Cash flow from financing activities	-9,065	-1,435	111,540	-4,396	21,646
Cash flow for the period	-33,991	-36,332	35,676	-137,475	-147,290
Cash and cash equivalents at the beginning of the period	221,621	232,613	151,984	299,217	299,217
Exchange rate differences in cash and cash equivalents	19	25	-10	44	57
Cash and cash equivalents at the end of the period	187,650	198,092	187,650	161,785	151,984

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	743	534	3,934	24,503	27,546
Capitalized work for own account	1,974	9,330	6,462	26,210	28,925
Other operating income	1	-	23	-	50
Total income	2,718	9,864	10,419	50,713	56,520
Operating expenses					
Raw material and consumables	-269	-8,865	-2,043	-46,731	-53,583
Other external expenses	-9,871	-8,346	-25,493	-38,467	-46,813
Personnel expenses	-10,475	-18,573	-37,306	-60,668	-75,384
Depreciation and amortization	-5,976	-4,559	-17,832	-13,525	-20,710
Other operating expenses	-	4	-7	-349	-1,931
Operating profit/loss	-23,873	-30,474	-72,262	-109,027	-141,900
Profit from financial items					
Net financial income	1,274	-2,951	-10,416	45,236	44,425
Profit/loss after financial items	-22,599	-33,425	-82,678	-63,791	-97,475
Tax	-	-	-	-	-
Profit/loss for the period 1)	-22,599	-33,425	-82,678	-63,791	-97,475

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

PARENT COMPANY'S BALANCE SHEET IN SUMMARY

SEK, thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Assets			
Intangible non-current assets	117,015	108,384	106,365
Tangible non-current assets	18,753	18,091	19,311
Financial assets	124,837	130,451	131,177
Inventories	52,786	62,136	56,239
Current receivables	72,690	81,930	76,676
Short-term investments	-	-	-
Cash and cash equivalents	186,828	161,339	151,407
Total Assets	572,908	562,332	541,174
Equity and liabilities			
Shareholder's equity	428,072	370,547	371,864
Provisions	18,563	25,589	23,686
Non-current liabilities	10,381	56,286	10,381
Current liabilities	115,892	109,910	135,244
Total equity and liabilities	572,908	562,332	541,174

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	-	10,895,888	11.5	10,895,888	6.0
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	-	4,326,183	4.5	4,326,183	2.4
Försäkringsbolaget, Avanza Pension	-	4,224,066	4.4	4,224,066	2.3
Joachim Karthäuser	1,550,000	2,225,411	4.0	17,725,411	9.8
Nordnet Pensionsförsäkringar AB	-	1,978,427	2.1	1,978,427	1.1
Olle Bergström	-	1,709,634	1.8	1,709,634	0.9
Modelio Equity	-	1,550,000	1.6	1,550,000	0.9
Swedbank försäkring	-	737,522	0.8	737,522	0.4
Karolina Tham Von Heidenstam	-	640,400	0.7	640,400	0.4
Carl-Lohan 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
Others	-	42,051,503	44.2	42,051,503	23.3
Total	9,450,000	85,655,086	100.0	180,155,086	100.0

SHARE PRICE DEVELOPMENT



	Jul-Sep		jan-dec
	2022	2021	2021
issued shares at period end	95,105,086	54,440,679	59,440,679
shares outstanding	95,105,086	54,440,679	55,690,679
Earnings per share, before and after dilution, SEK	-0.91	-0.48	-1.93
Equity per share, SEK	4.25	7.80	7.14

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 3.35 at the end of the period.

NOTER

NOTE 1 ACCOUNTING PRINCIPLES

Climeon prepares consolidated statements since the first of January 2020 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

TSEK	jul-sep		jan-sep		jan-dec
	2022	2021	2022	2021	2021
Intäktsslag					
Hårdvara	354	-	2,424	39,384	39,348
Konsult- och supporttjänster	816	1,509	2,430	3,507	3,826
Summa	1,170	1,509	4,854	42,891	43,174
Geografisk marknad					
Sverige	111	20	304	66	125
Europa	517	273	1,732	36,860	37,030
Asien	542	1,216	2,818	5,965	6,019
Summa	1,170	1,509	4,854	42,891	43,174

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 110.9 million (100.5) and patents SEK 6.1 million (5.9). Depreciations during the quarter amounted to SEK

4.3 million (3.2). Accumulated depreciations of the period amounted to SEK 12.6 million (9.0) and amortizations of the period amounted to SEK 1.4 million (0.7).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 13.4 million (12.3), right-of-use assets according to IFRS 16, SEK 17.4 million (21.6), equipment SEK 1.8 million (2.4), technical equipment SEK 3.0 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 2.7 million (3.0). Accumulated depreciations of the period amounted to SEK 8.1million (8.2).

NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 104.8 million (114.3) and consist of shares in the finance company Baseload Capital of SEK 99.9 million (109.0), corresponding to 12.2 percent (12.2) ownership of the company. The holding of the shares is not reported as a "Hold to Collect" as other financial assets but as other and are valued at fair value through the profit/loss statement. Revaluation has affected the quarter by SEK 0.0 million (-2.1). Accumulated revaluation of the year amount to SEK -9.1 million (46.9). 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 4.3 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 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, November 2, 2022

Håkan Osvald
Chairman of the Board

Thomas Öström
Deputy Chairman

Liselotte Duthu Törnblom
Styrelseledamot

Anders Lindberg
Styrelseledamot

Peter Carlberg
Styrelseledamot

Lena Sundquist
CEO

AUDITOR'S REVIEW REPORT

INTRODUCTION

We have reviewed the interim report for Climeon AB (publ) by September 30, 2022 and the nine months period that ended by this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 2, 2022

Deloitte AB

Daniel Wassberg

Authorized Public Accountant

KEY NUMBERS FOR THE GROUP

	Jul-Sep		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Order intake, SEK million	0.7	-	3.0	-	2.2
Order backlog, SEK million	185.9	181.1	185.9	181.1	179.7
Equity ratio (%)	71.2	61.9	71.2	61.9	66.7
Debt ratio (times)	0.4	0.6	0.4	0.6	0.5
Net debt ratio (times)	-0.4	-0.2	-0.4	-0.2	-0.5
Earnings per share, before and after dilution, SEK	-0.24	-0.65	-1.05	-1.30	-1.75
Equity per share, SEK	4.25	6.49	4.25	6.49	7.14
Share price at period end, CLIME B, SEK	3.35	8.95	3.35	8.95	12.40
Cash and cash equivalents, SEK million	187.6	161.8	187.6	161.8	299.2

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

Order intake	The value of assignments received where agreements have been signed during the relevant period.
Order backlog	The value at the end of the period of the remaining unearned income in outstanding assignments.
Equity ratio	Shareholders' equity as a percentage of total assets.
Debt ratio	Liabilities including deferred tax liabilities and provisions divided by shareholders' equity (times).
Net debt ratio	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.
Earnings per share, before dilution	Profit/loss for the period divided by the weighted average number of outstanding shares during the period.
Earnings per share, after dilution	Earnings per share adjusted by the number of outstanding warrants.
Equity per share	Shareholders' equity divided by the number of outstanding shares at end of the period.
Availability	$\text{Availability [\%]} = \frac{\text{Average availability for Climeon modules}}{\sum_{i=1}^n \text{Available time}} \times 100$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1.2	1.8	1.8	3.2	1.5	8.5	15.5
Capitalized work for own account	2.0	2.3	2.2	2.7	9.3	9.8	7.0
Other operating income	0.0	0.0	0.0	0.1	0.0	0.1	-
Operating expenses							
Raw material and consumables	-0.3	-1.8	-0.0	-6.9	-8.9	-15.6	-22.3
Other external expenses	-8.8	-7.7	-5.9	-7.8	-7.6	-17.8	-10.8
Personnel expenses	-10.7	-14.7	-14.5	-16.2	-20.3	-23.4	-22.1
Depreciation and amortization	-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
Operating profit/loss	-24.0	-27.0	-24.3	-35.0	-32.0	-44.7	-38.5
Net financial income	0.8	-3.8	-8.7	-1.2	-3.3	-3.7	51.2
Profit/loss after financial items	-23.2	-30.8	-33.0	-36.2	-35.4	-48.4	12.7
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss for the period	-23.2	-30.8	-33.0	-36.2	-35.3	-48.4	12.7
Earnings per share, before and after dilution, SEK	-0.24	-0.40	-0.56	-0.62	-0.65	-0.89	0.23

BALANCE SHEET

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

CASH FLOW STATEMENT

SEK, million	2022			2021			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-15.0	-19.5	-18.6	-28.6	-28.1	-34.4	-31.4
Changes in working capital	-3.9	8.5	4.3	-0.0	6.9	15.2	-26.5
Cash flow from operating activities	-18.9	-11.0	-14.3	-28.6	-21.3	-19.2	-57.8
Investing activities	-6.1	-13.7	-11.9	-7.2	-13.6	-13.7	-7.5
Cash flow after investing activities	-24.9	-24.7	-26.2	-35.9	-34.9	-32.9	-65.3
Financing activities	-9.1	129.7	-9.1	26.0	-1.4	-1.6	-1.4
Cash flow for the period	-34.0	105.0	-35.3	-9.8	-36.3	-34.5	-66.6
Cash and cash equivalents at the beginning of the period	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
Cash and cash equivalents at the end of the period	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

HEADQUARTERS

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