

INTERIM REPORT

JANUARY 1 - JUNE 30, 2022

Q2
2022

SUCCESSFULLY COMPLETED RIGHTS ISSUE, ELECTED A NEW BOARD OF DIRECTORS AND INTRODUCED HEATPOWER 300 TO THE CRUISE INDUSTRY

During the quarter, Climeon successfully completed a fully guaranteed rights issue, which provided the company with approximately SEK 160 million, before issue costs. At the Annual General Meeting, Liselotte Duthu Törnblom, Peter Carlberg and Håkan Osvald were elected as new members of the board, together with the reelection of Thomas Öström and Anders Lindberg. Håkan Osvald was appointed new Chairman of the Board. Completion of the new product HeatPower 300 proceeded according to plan and was introduced to the cruise industry at the Seatrade cruise industry trade show in Miami. The efficiency program initiated in the summer of 2021 was completed during the spring.

APRIL - JUNE

- Order intake amounted to SEK 1.6 million (0.0) and pertained to service and aftermarket work.
- Net sales amounted to SEK 1.8 million (8.5)
- Operating profit/loss amounted to SEK -27.0 million (-44.7)
- Profit/loss after financial items amounted to SEK -30.8 million (-48.4)
- Earnings per share, before and after dilution, amounted to SEK -0.40 (1.39)
- Cash flow from operating activities after changes in working capital amounted to SEK -11.0 million (-19.2)

IMPORTANT EVENTS DURING THE PERIOD

- Climeon AB introduced the HeatPower 300 Marine to the cruise industry at the Seatrade Cruise Global in Miami in April 2022.
- At the company's Annual General Meeting on May 18, Board members Thomas Öström and Anders Lindberg were re-elected, while Liselotte Duthu Törnblom, Peter Carlberg and Håkan Osvald were elected as new members. Håkan Osvald was appointed new Chairman of the Board at the meeting.
- The Board of Directors of Climeon AB decided, with authorization from the Annual General Meeting, to carry out a fully guaranteed new issue of a maximum of 35,664,407 Series B shares with preferential rights for existing shareholders.
- At the end of the rights issue subscription period on June 17, 2022, 100 percent of the offered shares had been allotted. The issue will provide Climeon with approximately SEK 160 million before issue costs, funds that will primarily be used for the completion and commercialization of HeatPower 300.

- Climeon signed agent agreements for sales services with three new partners, based in Southern Europe, Germany and the USA.

JANUARY - JUNE

- Order intake amounted to SEK 2.3 million (15.4)
- Net sales amounted to SEK 3.7 million (24.1)
- Order backlog amounted to SEK 184.6 million (647.9)
- Operating profit amounted to SEK -51.3 million (-83.3)
- Profit/loss after financial items amounted to SEK -63.9 million (-35.7)
- Earnings per share, before and after dilution, amounted to SEK -0.83 (-0.66)
- Cash flow from operating activities after changes in working capital amounted to SEK -25.3 million (-77.1)
- Total cash and cash equivalents amounted to SEK 221.6 million (152.0)

IMPORTANT POST-CLOSING EVENTS

- On July 12th 2022, the company announced that it had extended the company's credit agreement with Svensk Exportkredit and DNB with up to 12 months from 1 October 2022.

A WORD FROM OUR CEO:



Lena Sundquist, CEO of Climeon

"We are happy and proud of the owners' trust in the completed rights issue."

SUCCESSFUL NEW ISSUE, NEW BOARD OF DIRECTORS AND HEATPOWER 300 INTRODUCED TO THE CRUISE INDUSTRY

The second quarter of 2022 was eventful in several ways. At the end of May, the Board decided on a rights issue which could then be successfully completed in June. The issue was fully guaranteed, which means that Climeon has now received approximately SEK 160 million before issue costs. The increased liquidity that the issue provides is an important component in our continued work, and these are funds that must be managed well. We will use them to continue implementing our strategy and for the completion and commercialization of HeatPower 300. We are very happy and proud of the trust that old and new shareholders have shown us, and we thank you for your support.

Just before the issue, another important change occurred. At Climeon's Annual General Meeting, we acquired a largely new board when Liselotte Duthu Törnblom, Peter Carlberg and Håkan Osvald were elected as new members and Håkan Osvald was also elected as the new chairman of the board. Together, they add new industrial and financial expertise to our board, which also includes our founders Thomas Öström and Anders Lindberg. I look forward to a continued good and fruitful collaboration with the new board constellation.

We need to continue to maintain a strong focus on our financial development. In the second quarter of 2022, Climeon's net sales amounted to SEK 1.8 million and the operating profit to SEK -27.0 million, which is of course not sustainable in the long term. We have an incredible opportunity to develop as a company and achieve the profitability we strive for and it feels satisfying that during the quarter we were able to complete the efficiency program, which Climeon communicated before I took office as CEO almost a year ago. It is gratifying to see that the measures we have implemented during the program have had an effect in the form of reduced costs. We are now continuing, together with the board, the work to ensure our long-term growth, stability, and profitability.

Climeon now has an organization that is better adapted to our current business, both in size and competence, and not least in terms of cost. We have reduced the number of employees abroad and instead gathered strength at our head office, which is the hub of our business. We will continue to work with partners globally in strategic locations for sales and aftermarket services. During the quarter, we signed three important agent agreements with partners in Southern Europe, Germany and the USA, markets which, through their shipbuilding and shipping industries, are very interesting to us.

During the quarter, we introduced our new HeatPower 300 Marine to the cruise industry in conjunction with the Seatrade Cruise Global cruise industry show in Miami. The response to our new product is great from potential marine customers and shows the industry's growing interest in making their vessels more energy efficient. The vessels' fuel costs have a direct impact on the shipping companies' profitability and new, more environmentally friendly fuels are almost always more expensive. Everyone is therefore looking for new ways to reduce fuel costs, CO2 emissions and to make ships even more energy efficient. We should soon be able to offer a new product that meets these needs. Our offer to the marine industry is, simply put, getting stronger.

The latest year's sharp electricity price increases, combined with an increasing need for renewable and efficient power generation, means that we are now experiencing a higher number of inquiries, including those from players outside the marine industry. A good example of this is the United Kingdom, where electricity prices are very high and where renewable energy in the form of wind power is expanding exponentially. As a result, the need for balancing power that can compensate for the varying production of wind power is increasing. Our partner Landmark Power Holdings has, as we previously said, started the construction work for its first power plant, which will produce such balancing power and where Climeon's technology is included to increase energy efficiency. Landmark is now planning for additional power plants, and there is also great interest from other players in the UK to increase energy efficiency at existing power plants using Climeon's technology. Outside the UK, we see great interest from various

industries, both in Sweden and the rest of Europe, who want to make their processes more energy efficient. Here, too, interesting new business opportunities are opening for Climeon.

We now have an expanded and improved test site in Kista. The ongoing development work with HeatPower 300 is currently underway there - and we are on schedule. We are focusing on a product that meets customers' requirements and expectations regarding efficient energy production, in relation to the customer's investment. Simply put: Customers want as many kilowatt hours as possible per krona, dollar or euro invested. This means that in addition to the price of the product, the HeatPower 300 must also be easy to install and require as little maintenance as possible. Climeon, on the other hand, wants a product that is more profitable for us to produce and maintain. No simple equation, but we are on the way, and we know that the potential market is large.

Beyond the purely technical challenges, I can confirm that eased pandemic restrictions is now making life a little easier for us, at least as far as Europe and the United States are concerned. We can meet customers again, trade fairs are happening, and now we can plan to showcase the HeatPower 300 Marine at the premier marine trade fair, SMM in Hamburg this September. At the same time, as is well known, restrictions remain, mainly in China.

The ongoing war in Ukraine is a terrible humanitarian catastrophe. Climeon has neither customers nor operations in the affected areas, but there are fears that the war, together with the pandemic situation in Asia, could have negative effects on our supply chains. We are doing what we can to anticipate and work our way around any potential obstacles.

I am still very impressed with the drive and competence that exists in Climeon's organization, as well as with the motivation that everyone showed during the tough change we made during the year. We can stand tall. We already have products across the world that, every day, all year round, produce renewable electricity for our customers. And now, soon, the next product will come, even more cost-effective and adapted to customer needs.

I would like to thank you again for the trust that existing and new owners have given us through the completed rights issue. We at Climeon will do everything we can to manage that trust and are happy and proud that you want to accompany us on our continued journey.

Lena Sundquist, CEO Climeon

MARKETS AND DEVELOPMENT

The sharp price increases in electricity in combination with society's desire for more renewable electricity production and reduced CO2 emissions mean that many are now looking for new ways to produce electricity and reduce fuel costs. For Climeon, this is reflected in an increasing number of inquiries, not only from the marine market, but also from land-based power generation and various types of industries.

Climeon's HeatPower technology, which cost-effectively captures residual heat to produce renewable electricity, is an important part of the effort to mitigate the ongoing climate change. For Climeon's customers, whether it is marine or land-based applications, it is primarily the payback period that is crucial for the investment decision.

The eased pandemic restrictions, primarily in Europe and the United States, in general facilitated resumed customer contacts and the holding of trade fairs. The HeatPower 300 Marine could thus be introduced to the cruise industry in conjunction with the Seatrade Cruise Global in Miami, USA. Climeon is now preparing to participate in one of the world's largest shipping fairs, SMM in Hamburg, Germany.





FOCUS AREA MARITIME

For the marine industry, fuel cost is one of the most significant expenses. At the same time, the International Maritime Organization (IMO) is placing increasing demands on ships' energy efficiency and on reduced CO₂ emissions. All in all, this means that the industry is looking for new solutions to meet the challenges, which contributes to a growing interest in Climeon's HeatPower technology.

The HeatPower 300 Marine was introduced to the cruise industry during Seatrade Cruise Global in Miami, USA, at the end of April 2022. The response was good, which further underlines the shipbuilding and shipping industry's strong focus on increased energy efficiency.

Market activity remained high and Climeon has increasingly received inquiries from customers who want to future-proof their vessels. During the quarter, Climeon focused on a continued dialogue with a small number of selected players, interested in participating at an early stage.

Work on installations and commissioning of existing customers is continuing according to plan, including Havila Voyage's first two vessels and Virgin Voyage's fourth vessel.



FOCUS AREA GEOTHERMAL

Despite the ongoing pandemic and continued restrictions, Climeon was able to deploy two HeatPower 150 modules in Japan. Together with the customer Baseload Power Japan, the modules were installed at the end customer Furusato Power Generation, in connection with a geothermal source. The modules now supply renewable electricity to the Japanese electricity grid.



FOCUS AREA INDUSTRY

Climeon's British partner Landmark Power Holdings Ltd began construction work earlier this year on a new power project where gas-powered engines will be used for electricity production. Climeon's technology increases the energy efficiency of the process and, together with carbon dioxide capture, so-called Carbon Capture, it contributes to reduced CO₂ emissions. During the quarter, Climeon began preparations for the delivery of the products to be installed at the facility. A dialogue is currently underway on the construction of another power plant. There is also an interest from other, existing energy plants in the UK to increase energy efficiency with Climeon's HeatPower technology.

In parallel with this, there is also a growing interest from industries, in Sweden and the rest of Europe, who want to streamline their processes, make cost savings, and reduce their emission levels by using residual heat for electricity production. This development means new business opportunities for Climeon.



TECHNOLOGY DEVELOPMENT

During the quarter, Climeon's expanded test site in Kista was completed. The first HeatPower 300 prototype is now in place and further development is progressing according to plan.

In the development of the new product generation, Climeon has focused on meeting the market's requirements, initially from the marine market, in order to continue to adapt the product to other existing, or potential, markets in the next stage. Both selected existing customers and potential ones, together with marine certification bodies, have had the opportunity to follow the work to ensure that the final product meets their expectations.

The strength of HeatPower 300 Marine is that the product, which is optimized for energy conversion from low temperatures where renewable electricity can be produced already at 80 degrees Celsius, increases energy efficiency and contributes to lower fuel consumption, as well as reduced CO₂ emissions. This gives shipowners

and operators opportunities to reduce their fuel consumption and climate impact and meet new legal requirements.

The product has a modular design, which means that it can be optimized for different types of vessels and operating profiles. In addition to meeting the marine specifications, the HeatPower 300 Marine is also designed to have as low a cost per kilowatt hour produced as possible, including the cost of installation and operation, which is crucial for the customer's investment decision.

The ongoing conflict in Ukraine, as well as the continued Corona lockdowns in parts of Asia, affect the company's supply chains in terms of components and inputs, which could lead to delays in the development work. Climeon monitors developments and acts to prevent such effects as much as possible.

PRODUCTS IN OPERATION AND AFTERMARKET

Climeon continued to provide aftermarket services for the systems already installed and in operation with customers. Power plants in operation both on land and onboard ships continued to deliver according to plan and showed good availability. At marine installations, electricity production varies, mainly because of the vessels' different operating profiles.

In Iceland, the service concept "Remote Support" was also implemented, where a customer undergoes training to become certified for HeatPower 150 and thus approved to perform ongoing service. In other respects, Climeon continued to generate aftermarket revenue by offering spare parts, software, and support.

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 1.6 million. At the end of the period, the order backlog amounted to SEK 184.6 million (647.9), corresponding to 54 (176) HeatPower modules. In July 2021, the company's Icelandic customer Varmaorka submitted a new plan for the expansion of geothermal power plants with a significantly lower roll-out rate for the coming years, reducing the order backlog by SEK 467.5 million. The order backlog mainly consists of orders in euros, which are revalued at the end of the period. During the year, the order backlog was revalued by SEK +6.1 million due to currency changes.



Climeon engineers arrive at Tersan Shipyard to install Climeon's HeatPower-system onboard a Havila Voyages vessel.



Climeon engineer onboard Viking Line Glory.

THE GROUP'S FINANCIAL DEVELOPMENT

APRIL - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 1.8 million (8.5) . Net sales are mainly attributable to service commitments for existing customers.

Operating profit/loss amounted to SEK -27.0 million (-44.7) .

Net financial income/expense amounted to SEK -3.8 million (-3.7) , whereof SEK -2.1 million (-2.2) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -30.8 million (-48.4) . Depreciations and amortizations amounted to SEK -6.9 million (-6.3) .

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -11.0 million (-19.2) , whereof the change in working capital amounted to SEK 8.5 million (15.2) .

Cash flow from investing activities amounted to SEK -13.7 million (-13.7) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -12.5 million (-10.2) .

Cash flow from financing activities amounted to SEK 129.7 million (-1.6) .

Cash flow for the quarter thus amounted to SEK 105.0 million (-34.5) .

JANUARY - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 3.7 million (24.1) . Sales are mainly attributable to commissioning of previously delivered HeatPower modules and services.

Operating profit/loss for the period amounted to SEK -51.3 million (-83.3) .

Net financial income/expense amounted to SEK -12.5 million (47.5) , whereof SEK SEK -9.1 million (51.2) related to a revaluation of the holding in Baseload Capital.

Profit/loss after financial items amounted to SEK -63.9 million (-35.7) . Depreciations and amortizations amounted to SEK -14.9 million (-11.8) .

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -25.3 million (-77.1) whereof the change in working capital amounted to SEK 12.8 million (-11.3) and is attributable to business-related changes in inventories, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -25.7 million (-21.1) derived from capitalization of development expenses and expenses for patents SEK -22.3 million (-17.5) .

Cash flow from financing activities amounted to SEK 120.6 million (-3.0)

Cash flow for the period amounted to SEK 69.7 million (-101.1)

FINANCIAL POSITION

At the end of the period, cash and cash equivalents amounted to SEK 221.6 million (152.0) . The equity ratio amounted to 70.8 percent (66.7) and the net debt ratio amounted to -0.4 times (-0.5) . Shareholder's equity amounted to SEK 428.0 million (352.4) or SEK 4.5 (7.1) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 650.2 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 3.2 million (24.0) . Operating profit/loss amounted to and profit/loss after financial items amounted to SEK -60.1 million (-30.4) .

OTHER INFORMATION

FINANCIAL CALENDAR

Interim Report of third quarter 2022
November 2, 2022

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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 July 19, 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 23 (18) percent women and 77 (82) percent men. At the end of June, the number of employees amounted to 39 (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 June 30, 2022, the company has one outstanding warrant program as described below. For further information regarding the warrants, see page 71 in the 2021 annual report. In addition, the Annual General Meeting in May 2022 decided on a new warrant program for the years 2022–2025, which for the day of this report has not yet been implemented.

Warrant programs	Number of warrants	Number of B-shares warrants entitle to*	Issue price	Subscription period
Program 2019/2022	596,500	596,500	164.90	Dec 1 2022 - Dec 30 2022
Total	596,500	596,500		

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	Apr-Jun		Jan-Jun		Jan-Dec
		2022	2021	2022	2021	2021
Net sales	2	1,839	8,534	3,685	24,057	28,765
Capitalized work for own account		2,269	9,844	4,488	16,880	28,925
Other operating income		3	81	22	81	133
Total income		4,111	18,459	8,195	41,018	57,822
Operating expenses						
Raw material and consumables		-1,823	-15,648	-1,873	-37,904	-53,696
Other external expenses		-7,710	-17,846	-13,644	-28,639	-43,945
Personnel expenses		-14,686	-23,423	-29,136	-45,530	-81,979
Depreciation and amortization		-6,943	-6,304	-14,868	-11,844	-26,599
Other operating expenses		-	43	-7	-353	-1,931
Operating profit/loss		-27,050	-44,720	-51,332	-83,252	-150,327
Profit/loss from financial items						
Net financial income	5	-3,788	-3,666	-12,533	47,536	43,014
Profit/loss after financial items		-30,838	-48,386	-63,865	-35,715	-107,313
Tax		3	14	8	37	65
Profit/loss for the period		-30,835	-48,372	-63,857	-35,679	-107,248
Earnings per share, SEK						
Before dilution		-0.40	1.39	-0.83	-0.66	-1.93
After dilution		-0.40	1.39	-0.83	-0.66	-1.93

SEK, thousand	Note	Apr-Jun		Jan-Jun		Jan-Dec
		2022	2021	2022	2021	2021
Profit/loss for the period		-30,835	-48,372	-63,857	-35,679	-107,248
Other comprehensive profit/loss for the period						
Translation differences		208	211	683	315	146
Other comprehensive profit/loss for the period		208	211	683	315	146
Comprehensive income/loss for the period		-30,627	-48,161	-63,173	-35,363	-107,102
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-30,627	-48,161	-63,173	-35,363	-107,102

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
Assets				
Intangible non-current assets	3	117,159	101,823	106,365
Tangible non-current assets	4	39,071	40,943	41,619
Financial assets	5	104,777	117,221	114,304
Total non-current assets		261,006	259,987	262,288
Inventories		52,414	63,615	56,239
Accounts receivable		35,959	46,028	39,605
Other current receivables	6	33,307	43,708	35,672
Short-term investments		-	-	-
Cash and cash equivalents		221,621	198,092	151,984
Total current assets		343,301	351,443	283,500
Total Assets		604,307	611,430	545,788
Equity and liabilities				
Share capital		1,427	817	892
Other contributed capital		1,048,514	929,764	964,689
Retained earnings		-558,041	-506,117	-506,117
Profit/loss for the period		-63,857	-35,363	-107,102
Total shareholder's equity		428,042	389,100	352,362
Other provisions		19,471	26,326	23,686
Total provisions		19,471	26,326	23,686
Other non-current liabilities		30,741	89,627	33,537
Total non-current liabilities		30,741	89,627	33,537
Advance payments from customers		32,906	31,328	29,765
Accounts payable		3,864	14,370	5,692
Other current liabilities		89,283	60,679	100,747
Total current liabilities		126,053	106,377	136,203
Total equity and liabilities		604,307	611,430	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	-	-	-63,857	-63,857
Other comprehensive profit/loss for the period				
Translation differences	-	-	683	683
Other comprehensive profit/loss for the period:	-	-	683	683
Total comprehensive profit/loss	-	-	-63,173	-63,173
Transactions with share holders:				
Rights issue	535	138,319	-	138,854
Sum of transactions with shareholders	535	138,319	-	138,854
Closing balance equity 2022-06-30	1,427	1,103,008	-676,392	428,042

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 year	
Opening balance equity 2021-01-01	817	929,764	-506,117	424,464
Comprehensive profit/loss				
Profit/loss for the period	-	-	-35,679	-35,679
Other comprehensive profit/loss for the period				
Translation differences	-	-	315	315
Other comprehensive profit/loss for the period:	-	-	315	315
Total comprehensive profit/loss	-	-	-35,363	-35,363
Closing balance equity 2021-06-30	817	929,764	-541,480	389,101

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Operating activities					
Operating profit/loss	-27,050	-44,720	-51,332	-83,252	-150,327
Adjustments for items not included in cash flow	6,190	12,380	14,067	19,832	33,472
Financial items	1,388	-2,085	-806	-2,359	-5,659
Cash flow from operating activities before changes in working capital	-19,472	-34,425	-38,071	-65,779	-122,514
Change in working capital	8,454	15,188	12,783	-11,273	-4,409
Cash flow from operating activities	-11,018	-19,237	-25,288	-77,052	-126,923
Investing activities					
Investments in intangible assets	-12,515	-10,208	-22,326	-17,463	-31,042
Investments in tangible assets	-1,715	-3,856	-3,685	-4,279	-12,171
Change in financial assets	526	401	360	611	1,200
Cash flow from investing activities	-13,704	-13,663	-25,651	-21,131	-42,013
Cash flow after investing activities	-24,722	-32,900	-50,939	-98,183	-168,936
Financing activities					
Change in short-term debt	-9,079	-1,598	-18,199	-2,961	-13,354
Change in long-term debt	-	-	-	-	-
Share issue	138,804	-	138,804	-	35,000
Cash flow from financing activities	129,725	-1,598	120,605	-2,961	21,646
Cash flow for the period	105,003	-34,498	69,666	-101,144	-147,290
Cash and cash equivalents at the beginning of the period	116,627	232,613	151,984	299,217	299,217
Exchange rate differences in cash and cash equivalents	-8	-22	-29	19	57
Cash and cash equivalents at the end of the period	221,621	198,092	221,621	198,092	151,984

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Net sales	1,577	8,499	3,191	23,968	27,546
Capitalized work for own account	2,269	9,844	4,488	16,880	28,925
Other operating income	3	-	22	-	50
Total income	3,849	18,343	7,701	40,848	56,520
Operating expenses					
Raw material and consumables	-1,796	-15,641	-1,774	-37,867	-53,583
Other external expenses	-8,579	-18,731	-15,622	-30,121	-46,813
Personnel expenses	-13,363	-21,595	-26,831	-42,096	-75,384
Depreciation and amortization	-5,538	-4,896	-11,856	-8,966	-20,710
Other operating expenses	-	43	-7	-353	-1,931
Operating profit/loss	-25,428	-42,478	-48,389	-78,553	-141,900
Profit from financial items					
Net financial income	-3,373	-3,365	-11,690	48,187	44,425
Profit/loss after financial items	-28,801	-45,843	-60,079	-30,366	-97,475
Tax	-	-	-	-	-
Profit/loss for the period 1)	-28,801	-45,843	-60,079	-30,366	-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 Jun 2022	30 Jun 2021	31 Dec 2021
Assets			
Intangible non-current assets	117,159	101,823	106,365
Tangible non-current assets	19,635	15,465	19,311
Financial assets	124,502	130,127	131,177
Inventories	52,414	63,615	56,239
Current receivables	72,831	90,649	76,676
Short-term investments	-	-	-
Cash and cash equivalents	220,256	197,293	151,407
Total Assets	606,797	598,973	541,174
Equity and liabilities			
Shareholder's equity	450,589	403,972	371,864
Provisions	19,471	26,326	23,686
Non-current liabilities	10,381	63,537	10,381
Current liabilities	126,356	105,138	135,244
Total equity and liabilities	606,797	598,973	541,174

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER JUNE 30, 2022

Shareholders	Number of shares			Number of votes	Voting rights, %
	Series A	Series B/BTA B	Capital, %		
Thomas Öström	7,900,000	1,130,900	9.5	80,130,900	44.5
Cidro Förvaltning	-	6,809,930	7.2	6,809,930	3.8
Joachim Karthäuser	1,550,000	2,114,300	3.9	17,614,300	9.8
Clearstream Banking S.A. W8IMY	-	3,506,962	3.7	3,506,962	1.9
Försäkringsbolaget, Avanza Pension	-	1,679,814	1.8	1,679,814	0.9
SEB AB, Luxembourg Branch, W8IMY	-	1,144,239	1.2	1,144,239	0.6
Olle Bergström	-	1,081,022	1.1	1,081,022	0.6
SEB-Stiftelsen	-	1,000,000	1.1	1,000,000	0.6
Nordnet Pensionsförsäkringar AB	-	650,686	0.7	650,686	0.4
Per Olofsson	-	580,000	0.6	580,000	0.3
Modelio Equity	-	559,000	0.6	559,000	0.3
Strand småbolagsfond	-	538,157	0.6	538,157	0.3
Klas Händel	-	536,867	0.6	536,867	0.3
Andreas Billström	-	440,816	0.5	440,816	0.2
Karolina Tham Von Heidenstam	-	432,200	0.5	432,200	0.2
Others and non-registered BTAs class B	-	63,450,193	66.7	63,450,193	35.2
Total	9,450,000	85,655,086	100.0	180,155,086	100.0

SHARE PRICE DEVELOPMENT



	Apr-Jun		jan-dec
	2022	2021	2021
issued shares at period end	95,105,086	54,440,679	59,440,679
shares outstanding	77,272,883	54,440,679	55,690,679
Earnings per share, before and after dilution, SEK	-0.40	1.39	-1.93
Equity per share, SEK	4.50	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 4.29 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

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Revenue type					
Hardware	1,007	8,081	2,070	26,735	39,348
Consulting and support services	831	588	1,614	2,943	3,826
Total	1,838	8,669	3,684	29,678	43,174
Geographic market					
Sweden	28	26	193	66	125
Europe	982	8,119	1,215	23,750	37,030
Asia	828	523	2,276	5,862	6,019
Total	1,838	8,669	3,684	29,678	43,174

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 111.1 million (100.5) and patents SEK 6.1 million (5.9). Depreciations during the quarter

amounted to SEK 4.2 million (3.2). Accumulated depreciations of the period amounted to SEK 8.3 million (5.8) and amortizations of the period amounted to SEK 1.0 million (0.0).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 13.9 million (12.9), right-of-use assets according to IFRS 16, SEK 18.8 million (21.6), equipment SEK 2.5 million (2.5), technical equipment SEK 3.3 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 2.8 million (2.6). Accumulated depreciations of the period amounted to SEK 5.6 million (5.2).

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 -2.1 million (-2.2). Accumulated revaluation of the year amount to SEK -9.1 million (49.0). 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 4.5 million (4.8).

NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 0.0 million (0.0) and refer to prepayment guarantees to customers.

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, July 19, 2022

Håkan Osvald
Chairman of the Board

Thomas Öström
Deputy Chairman

Liselotte Duthu Törnblom
Styrelseledamot

Anders Lindberg
Styrelseledamot

Peter Carlberg
Styrelseledamot

This interim report has not been subject to review by the company's auditors.

KEY NUMBERS FOR THE GROUP

	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Order intake, SEK million	1.6	-	2.3	15.4	17.7
Order backlog, SEK million	184.6	647.9	184.6	647.9	728.5
Equity ratio (%)	70.8	66.7	70.8	66.7	66.7
Debt ratio (times)	0.4	0.5	0.4	0.5	0.5
Net debt ratio (times)	-0.4	-0.5	-0.4	-0.5	-0.5
Earnings per share, before and after dilution, SEK	-0.40	1.39	-0.83	-0.66	-1.75
Equity per share, SEK	4.50	7.80	4.50	7.80	7.14
Share price at period end, CLIME B, SEK	4.29	25.00	4.29	25.00	12.40
Cash and cash equivalents, SEK million	221.6	314.9	221.6	314.9	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	$\text{Availability [\%]} = \text{Average availability for Climeon modules}$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <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			
	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1.8	1.8	3.2	1.5	8.5	15.5
Capitalized work for own account	2.3	2.2	2.7	9.3	9.8	7.0
Other operating income	0.0	0.0	0.1	0.0	0.1	-
Operating expenses						
Raw material and consumables	-1.8	-0.0	-6.9	-8.9	-15.6	-22.3
Other external expenses	-7.7	-5.9	-7.8	-7.6	-17.8	-10.8
Personnel expenses	-14.7	-14.5	-16.2	-20.3	-23.4	-22.1
Depreciation and amortization	-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	-27.0	-24.3	-35.0	-32.0	-44.7	-38.5
Net financial income	-3.8	-8.7	-1.2	-3.3	-3.7	51.2
Profit/loss after financial items	-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
Profit/loss for the period	-30.8	-33.0	-36.2	-35.3	-48.4	12.7
Earnings per share, before and after dilution, SEK	-0.40	-0.56	-0.62	-0.65	-0.89	0.23

BALANCE SHEET

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

CASH FLOW STATEMENT

SEK, million	2022		2021			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-19.5	-18.6	-28.6	-28.1	-34.4	-31.4
Changes in working capital	8.5	4.3	-0.0	6.9	15.2	-26.5
Cash flow from operating activities	-11.0	-14.3	-28.6	-21.3	-19.2	-57.8
Investing activities	-13.7	-11.9	-7.2	-13.6	-13.7	-7.5
Cash flow after investing activities	-24.7	-26.2	-35.9	-34.9	-32.9	-65.3
Financing activities	129.7	-9.1	26.0	-1.4	-1.6	-1.4
Cash flow for the period	105.0	-35.3	-9.8	-36.3	-34.5	-66.6
Cash and cash equivalents at the beginning of the period	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
Cash and cash equivalents at the end of the period	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, +46(0)8-528 00 399 info@fnca.se.

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 leveled 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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