

INTERIM REPORT

JANUARY 1 - JUNE 30, 2023

Q2
2023

CLIMEON SUPPORTS THE TRANSITION TO SUSTAINABLE ELECTRICITY PRODUCTION - HEATPOWER 300 ORDER FOR INDUSTRY IN LITHUANIA

During the quarter, Climeon signed a contract comprised of two HeatPower 300 modules for a total value of 1.1 million EUR. The customer, Termolink, will install the modules at NEO GROUP's PET resins production facility in Klaipeda, Lithuania. In parallel to this, discussions and concrete negotiations continued with customers in the industrial, energy and maritime industries surrounding further deliveries of HeatPower 300.

APRIL - JUNE

- Order intake amounted to SEK 12.8 million (1.6) and pertained to service and aftermarket work.
- Net sales amounted to SEK 0.6 million (1.8)
- Operating profit/loss amounted to SEK -23.0 million (-27.0) including non-recurring, non-cash generating, items of SEK -0.8 million (-0.0).
- Profit/loss after financial items amounted to SEK -25.0 million (-30.8)
- Earnings per share, before and after dilution, amounted to SEK -0.26 (-0.32)
- Cash flow from operating activities after changes in working capital amounted to SEK -22.0 million (-11.0) .

IMPORTANT EVENTS DURING THE PERIOD

- Climeon signed a contract, worth approximately EUR 1.1 million, regarding the delivery of two HeatPower 300 modules to the PET resins manufacturer, NEO GROUP, where, they will produce sustainable electricity from waste heat.
- Climeon attended two maritime exhibitions, Norshipping in Norway and Maritime Day on Åland. Meanwhile, a number of customer dialogues were intensified with concrete negotiations at various stages.
- Shipowners and shipyards have completed approved audits of the company's operations, the test facility in Kista, and the company's module manufacturer in southern Sweden.

- Two new patent applications regarding HeatPower 300 were submitted during the quarter.
- On May 16, Climeon's Annual General Meeting was held at the head office in Kista. In addition to participating in the usual general meeting proceedings, the attendants also had the opportunity to visit the company's test facility for a guided tour, including a demonstration of HeatPower 300.

JANUARY - JUNE

- Order intake amounted to SEK 13.0 million (2.3)
- Net sales amounted to SEK 1.1 million (3.7)
- Order backlog amounted to SEK 49.6 million (37.1)
- Operating profit amounted to SEK -46.0 million (-51.3)
- Profit/loss after financial items amounted to SEK -62.0 million (-63.9)
- Earnings per share, before and after dilution, amounted to SEK -0.65 (-0.67)
- Cash flow from operating activities after changes in working capital amounted to SEK -46.1 million (-25.3)
- Total cash and cash equivalents amounted to SEK 57.6 million (139.3)

POST-CLOSING EVENTS

- Climeon has completed amortization of its credit agreement with Svensk Exportkredit, which in Q3 2022 was extended by up to one year, by EUR 1.25 million.

A WORD FROM OUR CEO:



Lena Sundquist, CEO of Climeon

"The increased energy efficiency that HeatPower 300 allows, means that carbon dioxide emissions are reduced, and by that, we support end customers in their transition to a more environmentally friendly operation."

On our marine side, operations are also intense. We discuss and negotiate with both shipping companies and shipyards, mainly concerning cruise ships and newbuilding of container ships. There are concrete discussions about everything from fuel and environmental savings, technical solutions, and specifications, to delivery times and payment models. We have potential customers who have already completed audits at our test facility in Kista and at our module manufacturer in southern Sweden.

When we engage with analysts and journalists, we often get questions about how big the potential market is for our product. Between 1,500 and 1,800 ships with a size over 3,000 gross tons are built each year. We consider 30 percent of these, i.e., 500 - 600 vessels, to be suitable for Climeon's technology. Added to this is a very large number of existing ships. As for the market for land-based facilities, we estimate that it is larger than the marine industry.

At the same time, it is important to keep in mind that it is a protracted sales process. It usually takes at least a year from a first contact, until the customers are ready to sign an agreement. During this time, calculations are made at various levels regarding, for example, energy and emission savings, initial installation design and calculations of installation costs. In the final phase, the necessary audits and negotiations are conducted with all involved parties - both with Climeon and with those who will carry out the actual installation.

The HeatPower 300 product platform is adapted to meet technical, profitability and legal requirements, in the maritime market and land-based European market. The maritime market is a good starting point, as it places very stringent demands on function, reliability, and price. Now that we can satisfy the demands of the maritime market, it is easier to adapt the product to other markets, as we recently did with our Lithuanian industrial customer.

We continue to commission units and provide service, maintenance, and spare parts to all customers on land and at sea who operate our previous model HeatPower 150. During the quarter we worked with tuning and commissioning on the marine side with cruise lines Virgin Voyages and Havila Voyages. We also continued preparations for the Rhodesia Power plant in Great Britain.

ORDER OF EUR 1.1 MILLION FOR PRODUCTION OF SUSTAINABLE ELECTRICITY – FULL FOCUS ON ADDITIONAL CUSTOMER PROJECTS

During the quarter, we signed a contract for two HeatPower 300 modules, for a total value of EUR 1.1 million. The customer is the Lithuanian development and construction company Termolink, which will install two HeatPower 300 modules at the Lithuanian industrial manufacturing company NEO GROUP's facility in Klaipeda. There they will use waste heat from NEO GROUP's production of PET resins to generate environmentally friendly electricity, at the same place where the electricity is to be used. The order is an important step in the continued commercialization work towards the large market for industrial applications.

Our technology gives the industry a perfect opportunity to produce sustainable electricity. The increased energy efficiency that HeatPower 300 allows, means that carbon dioxide emissions are reduced, and by that, we support end customers in their transition to a more environmentally friendly operation. NEO GROUP is one of Europe's largest producers of PET resins which, among other things, is used to make PET bottles. Every year, the company produces over 450,000 tons of resins, 14 percent of the European total. In addition to the products themselves, Climeon is responsible for the commissioning, and we look forward to collaborating with the expert teams at both Termolink and NEO GROUP.

From a financial perspective, long-term profitability is our primary goal. We see that the order we have now won for HeatPower 300, as well as others still in the negotiation stage, have better profitability than its predecessor. We also continue to conduct strict cost control and follow the financial plan we have laid out in terms of both costs and cash flow.

Our team continues to conduct customer discussions and negotiations, tests, certification work, customer documentation and production drawings - and not least the activation of our supply chain. The competence and experience we have gained, and the processes we have developed through our work with HeatPower 150, means that we can quickly initiate a low serial production and then quickly increase the pace. To improve cash flow in the short and long term, we are continuously working on a number of different options, including signing of new orders, working capital improvements and reviewing the value of other assets. We have also built up our organization during the year and quarter. We now have two dedicated sales teams in place for our respective markets which, thanks to having a competent technical and execution team at home, can continue Climeon's commercialization journey. It will be an exciting summer and autumn!

Lena Sundquist, CEO, Climeon



MARKETS AND DEVELOPMENT

Interest in Climeon's technology continued to increase among potential customers, both as a given consequence of the increasing demands for more sustainable energy production, energy efficiency and reduced emissions, but also to some extent prompted by the announcement of the HeatPower 300 sale to an industrial customer in Lithuania. Within the energy and industrial markets, there are ongoing dialogues with several potential customers. Climeon has chosen to focus on the European market in this area, although other geographical markets may be of interest in the longer term.

In the maritime market, demand continues to grow for more energy-efficient ships, with a focus on reduced fuel consumption and thus also lower emission levels.

Dialogues with shipowners, as well as shipyards, continued to intensify during the quarter. With HeatPower 300, Climeon has focused on larger ships, including cruise and container ships. The HeatPower 300 is designed to meet marine certification requirements, as well as the high demands on operational reliability, quality, and payback time of the maritime industry.



MARITIME MARKET

Climeon continued to intensify dialogues with shipping companies and shipyards, focusing on larger ships, such as cruise ships and container ships. The maritime market today has an increasing focus on energy efficiency, both to reduce fuel consumption and minimize carbon dioxide emissions from the global fleet.

The shipowners specify which equipment should be on their ships, while the shipyards are responsible for the procurement of products and components for new construction, based on those specifications. This means that Climeon's sales processes need to be directed towards both shipowners and shipyards. Initially, the focus is on the shipping companies to calculate and clarify potential fuel savings and reduced carbon dioxide emissions, payback times and technical requirements, then for the shipyards to calculate installation costs. In the final negotiation phase, negotiations are conducted with both parties. It is the shipyard that Climeon has a contract with, while the shipowner always needs to submit a final approval. During the quarter, both shipowners and shipyards conducted so-called audits of Climeon, which is part of the final phase of approving a new supplier.

For existing HeatPower 150 customers, Climeon worked in batches with Virgin Voyage's cruise ship, Brilliant Lady, to support Fincantieri with electrical and mechanical work prior to commissioning. Its sister ship, Resilient Lady's, HeatPower 150 modules were adjusted during the ship's passage in the Mediterranean. On behalf of the Norwegian shipping company, Havila Voyages, Havila Pollux is now awaiting final adjustments for operation, while the recently retrofitted sister ship, Havila Castor, is awaiting commissioning.

During the quarter, Climeon attended the Åland Maritime Day in Mariehamn and the Nor-Shipping fair in Lilleström, Norway.



Top: Climeon engineers conducting electrical and mechanical work at the Fincantieri shipyard onboard Brilliant Lady.

Bottom: Climeon's marine sales team at the Maritime Day exhibition on Åland.



ENERGY AND INDUSTRIAL MARKET

At the beginning of May, the development and construction company Termolink signed a contract worth approximately 1.1 million euros with Climeon. The contract includes the delivery of two HeatPower 300 modules which, during the first half of 2024, are to be installed by Termolink at NEO GROUP's facility in Klaipeda to produce sustainable electricity directly on site, based on the residual heat generated during the manufacturing of PET resin. The modules will contribute to increased energy efficiency in the company's production, so that the manufacturing plant can reduce its electricity costs. Climeon is responsible for the delivery of the modules, as well as for commissioning. Preparations for this, as well as the design process for the integration into the existing facility in Lithuania, have begun.

For customers in the energy and industrial markets, the possibility of sustainable electricity production and lower emissions is what primarily determines the purchasing decision.

The HeatPower150 modules which will be installed at the Rhodesia power plant project in Nottinghamshire, UK, have been prepared for installation and grid code tests for the UK electrical grid were conducted during the quarter.



Climeon's team visiting NEO GROUP's facility together with Termolink for planning of next year's delivery of two HeatPower 300 units.



TECHNOLOGY DEVELOPMENT

During the quarter, the evaluation of both individual components and entire systems according to actual operational profile data and customer specifications continued. This is done to ensure that HeatPower 300 meets market expectations and customer requirements. The work with CE marking documentation, as well as with the adaptation to the various grid codes, both of which are necessary for the equipment to be connected to the electricity grids in European countries, continued according to plan. Production documents, drawings and other customer documentation are being prepared and preparations for future certifications are ongoing. Climeon's HeatPower has received a so-called "Approval in Principle" from the Norwegian classification company DNV, which means that the design itself is approved in principle for installation on ships. The next step is that each unit is assessed and approved at Climeon's test facility in Kista, prior to delivery. Finally, the device is tested and approved on board the ship. All these tests are carried out together with the marine classification society that is relevant for each ship.

Production

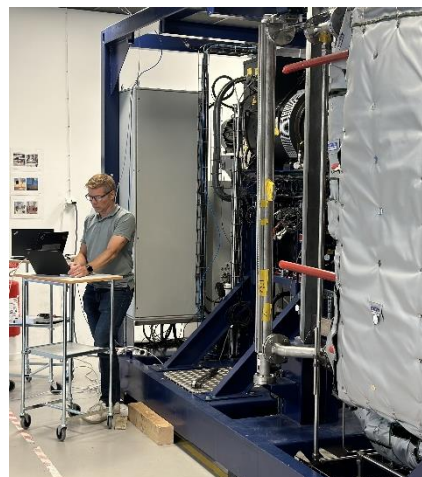
Climeon has, in parallel with ongoing and continued tests, started production planning for the start of an initial short series production of HeatPower 300 at our module manufacturer. The first two modules are intended for NEO GROUP. Preparations have also been made to be able to scale production capacity over time. This includes, for example, preparing and ensuring the availability of components and capacity from suppliers and partners, and synchronizing production drawings, documentation, and instructions. In this ongoing work, Climeon can draw on existing collaborations and relationships, reducing ramp-up time.

Patents and IP

During the development work with HeatPower300, a number of new technical possibilities have been identified. For Climeon as a company, it is important to protect its proprietary solutions. Two further patent applications were submitted during the quarter. The number of dedicated patent families that have been filed to protect HeatPower 300 is now five, and the company has a total of ten patent families protecting both HeatPower 300 and HeatPower 150.

External Influence

Climeon's suppliers are not directly affected by the ongoing war in Ukraine, however, a general lack of electronic components can create disruptions in the longer term, a situation which Climeon shares with a large number of other companies. The company follows developments and acts, as much as possible, to prevent negative effects.



Climeon's engineers optimizing the HeatPower 300-system.

ORDER ENTRY AND ORDER BACKLOG

During the second quarter of 2023, one new order was signed for two modules for EUR 1.1 million (0.0), while service and aftermarket orders were signed for SEK 0.1 million. At the end of the period, the order backlog amounted to SEK 49.6 million (184.6), corresponding to 11 (9) HeatPower modules and associated services. The quarter's other changes in the order backlog consisted primarily of minor service deliveries to Havila Voyages and Maersk Line, as well as exchange rate changes. The order book consists largely of orders in euros, which are revalued at the end of the period.

THE GROUP'S FINANCIAL DEVELOPMENT

APRIL - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 0.6 million (1.8). The turnover is mainly attributable to commissioning, as well as service and after-market revenues. In addition, SEK 3.1 million was reported as compensation received and SEK -2.4 million in costs related to development work carried out within an EU project.

Operating profit/loss amounted to SEK -23.0 million (-27.0). Total operating costs, excluding raw materials and supplies as well as depreciations, have been reduced during the period by -17% compared to the corresponding period last year, which has positively affected the operating profit and the operating cash flow. The main reason for this is increased cost control and a slightly lower workforce than previous year.

Costs for raw materials and consumables amounted to SEK -1,6 million (-1,8) where obsolescence write downs of items in stock of SEK -0,8 million made up the majority.

Net financial income/expense amounted to SEK -2.0 million (-3.8), whereof SEK -4.4 million (-2.1) related to a revaluation of the investment in Baseload Capital. The remaining financial net can be derived from a positive exchange rate change, primarily in Euros.

Profit/loss after financial items amounted to SEK -25.0 million (-30.8). Depreciations and amortizations amounted to SEK -6.4 million (-6.9).

CASH FLOW

The cash flow from operating activities *before* change in working capital improved by approx 46% to -10.5 MSEK (-6.9).

Cash flow from operating activities *after* changes in working capital amounted to SEK -22.0 million (-11.0), whereof the change in working capital amounted to SEK -11.5 million (8.5). The negative change in working capital was mainly the result of adjusting previously paid customer advances as well as an increase in inventory of approx SEK 7.5 million for machinery components as well as increased accounts receivables of approx SEK 10.2 million related to the company's customer projects in the UK.

Cash flow from investing activities amounted to SEK -4.1 million (-13.7), derived from product development expenses and expenses for patents of SEK -5.2 million (-12.5).

Cash flow from financing activities amounted to SEK -12.1 million (129.7) and corresponded to amortization and interest regarding the company's bank loans. The corresponding figure in 2022 contained paid share issue of SEK 138.8 million.

Cash flow for the quarter thus amounted to SEK -38.2 million (105.0) where the increase in working capital and the paid share issue, as described above, were the main reasons for the development versus the previous year.

JANUARY - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 1.1 million (3.7). The turnover is mainly attributable to commissioning of HeatPower modules as well as service and aftermarket revenues.

Operating profit/loss for the period amounted to SEK -46.0 million (-51.3). Total operating costs, excluding raw materials and supplies and depreciations, have been reduced during the period by -12% compared to the corresponding period last year, which has had a positive effect on the operating result. The main reason for this is increased cost control and a slightly lower workforce than previous year.

Net financial income/expense amounted to SEK -16.0 million (-12.5), whereof SEK SEK -18.0 million (-9.1) related to a revaluation of the holding in Baseload Capital. Profit/loss after financial items amounted to SEK -62.0 million (-63.9). Depreciations and amortizations amounted to SEK -12.7 million (-14.9).

CASH FLOW

Cash flow from operating activities *after* change in working capital amounted to SEK -46.1 million (-25.3) whereof the change in working capital amounted to SEK -19.3 million (12.8) and is mostly attributable to increase in inventories and increased accounts receivables.

Cash flow from investing activities amounted to SEK -11.7 million (-25.7) derived from product development expenses and expenses for patents SEK -12.2 million (-22.3). Cash flow from financing activities amounted to SEK -23.9 million (120.6). The item consists of repayments of bank loans including interest of SEK -22.0 million (-17.0).

Cash flow for the period amounted to SEK -81.7 million (69.7).

FINANCIAL POSITION

At the end of the period, cash and cash equivalents amounted to SEK 57.6 million (139.3). The equity ratio amounted to 76.3 percent (74.8) and the net debt ratio amounted to -0.1 times (-0.4). Shareholder's equity amounted to SEK 304.3 million (365.2) or SEK 3.2 (3.8) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 739.6 million (698.2), 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 1.1 million (3.2). Operating profit/loss amounted to SEK -45.6 million (-48.4) and profit/loss after financial items amounted to SEK -60.9 million (-60.1).

OTHER INFORMATION

FINANCIAL CALENDAR

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 July 18, 2023 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 of April to June amounted to 41 (43), of which 27 (19) percent are women and 73 (81) percent men. At the end of June, the number of employees amounted to 37 (41). 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 June 30, 2023, the company has one outstanding warrant programs as shown below. In addition to this, the annual general meeting in May 2023 decided on a new warrant program for the years 2023–2026, which as of the date of this report has not yet been implemented. Additional information regarding the warrant programs can be found on page 72 of the annual report for 2022 and on the company's website (www.climeon.com/agm22).

Warrant program	Number of warrants	Number of B-shares		Subscription period
		warrants entitle to	Issue price	
Program 2022/2025	997 500	1 117 200	16,68	1 sept 2025 - 30 sept 2025
Totalt	997 500	1 117 200		

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 43-45 in the 2022 annual report as well as in the prospectus for the rights issue from 2022 that can be found on the company's website.

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

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.

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
		2023	2022	2023	2022	2022
Net sales	2	557	1,839	1,069	3,685	13,932
Capitalized work for own account		2,371	2,269	5,515	4,488	8,911
Other operating income		3,051	3	3,057	22	146
Total income		5,978	4,111	9,641	8,195	22,990
Operating expenses						
Raw material and consumables		-1,646	-1,823	-2,793	-1,873	-12,226
Other external expenses		-5,908	-7,710	-13,124	-13,644	-40,442
Personnel expenses		-12,667	-14,686	-24,564	-29,136	-52,264
Depreciation and amortization		-6,425	-6,943	-12,721	-14,868	-33,864
Other operating expenses		-2,358	-	-2,398	-7	-7
Operating profit/loss		-23,025	-27,050	-45,959	-51,332	-115,812
Profit/loss from financial items						
Net financial income	5	-2,019	-3,788	-16,013	-12,533	-10,093
Profit/loss after financial items		-25,045	-30,838	-61,972	-63,865	-125,905
Tax		-25	3	-49	8	12
Profit/loss for the period		-25,070	-30,835	-62,020	-63,857	-125,893
Earnings per share, SEK						
Before dilution		-0.26	-0.32	-0.65	-0.67	-1.32
After dilution		-0.26	-0.40	-0.65	-0.83	-1.46

SEK, thousand	Note	Apr-Jun		Jan-Jun		Jan-Dec
		2023	2022	2023	2022	2022
Profit/loss for the period		-25,070	-30,835	-62,020	-63,857	-125,893
Other comprehensive profit/loss for the period						
Translation differences		703	208	1,101	683	-166
Other comprehensive profit/loss for the period		703	208	1,101	683	-166
Comprehensive income/loss for the period		-24,367	-30,627	-60,919	-63,173	-126,058
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-24,367	-30,627	-60,919	-63,173	-126,058

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
Assets				
Intangible non-current assets	3	121,401	117,159	117,760
Tangible non-current assets	4	28,749	39,071	34,294
Financial assets	5	84,740	104,777	104,249
Total non-current assets		234,890	261,006	256,303
Inventories		42,926	52,414	48,250
Accounts receivable		26,065	35,959	11,272
Other current receivables	6	37,158	33,307	33,076
Cash and cash equivalents		57,599	221,621	139,341
Total current assets		163,747	343,301	231,939
Total Assets		398,637	604,307	488,242
Equity and liabilities				
Share capital		1,427	1,427	1,427
Other contributed capital		1,103,030	1,048,514	1,103,030
Retained earnings		-738,168	-558,041	-613,377
Profit/loss for the period		-62,020	-63,857	-125,893
Total shareholder's equity		304,268	428,042	365,187
Other provisions		7,886	19,471	7,886
Total provisions		7,886	19,471	7,886
Other non-current liabilities		25,305	30,741	28,062
Total non-current liabilities		25,305	30,741	28,062
Advance payments from customers		20,333	32,906	15,682
Accounts payable		6,368	3,864	12,149
Other current liabilities		34,477	89,283	59,276
Total current liabilities		61,178	126,053	87,107
Total equity and liabilities		398,637	604,307	488,242

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in total equity	Contributable to the parent company's owners			
	Share capital	Other contributed capital	Retained earnings incl profit/loss for the period	Total equity
Opening balance equity 2023-01-01	1,427	1,103,038	-739,277	365,188
Comprehensive profit/loss				
Profit/loss for the period	-	-	-62,020	-62,020
Other comprehensive profit/loss for the period				
Translation differences	-	-	1,101	1,101
Other comprehensive profit/loss for the period:	-	-	1,101	1,101
Total comprehensive profit/loss	-	-	-60,919	-60,919
Closing balance equity Friday-06-30	1,427	1,103,038	-800,196	304,268

Statement of changes in total equity	Contributable to the parent company's owners			
	Share capital	Other contributed capital	Retained earnings incl profit/loss for the period	Total equity
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

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2023	2022	2023	2022	2022
Operating activities					
Operating profit/loss	-23,026	-27,050	-45,959	-51,332	-115,812
Adjustments for items not included in cash flow	11,841	6,190	18,269	14,067	46,399
Financial items	712	1,388	903	-806	-788
Cash flow from operating activities before changes in working capital	-10,472	-19,472	-26,787	-38,071	-70,201
Change in working capital	-11,512	8,454	-19,349	12,783	-509
Cash flow from operating activities	-21,985	-11,018	-46,136	-25,288	-70,710
Investing activities					
Investments in intangible assets	-5,168	-12,515	-12,210	-22,326	-33,262
Investments in tangible assets	-47	-1,715	-951	-3,685	-4,928
Change in financial assets	1,096	526	1,474	360	899
Cash flow from investing activities	-4,119	-13,704	-11,687	-25,651	-37,291
Cash flow after investing activities	-26,104	-24,722	-57,823	-50,939	-108,001
Financing activities					
Change in short-term debt	-12,081	-9,079	-23,949	-18,199	-43,695
Share issue	-	138,804	-	138,804	138,804
Cash flow from financing activities	-12,081	129,725	-23,949	120,605	95,189
Cash flow for the period	-38,185	105,003	-81,729	69,666	-12,648
Cash and cash equivalents at the beginning of the period	95,792	116,627	139,341	151,984	151,984
Exchange rate differences in cash and cash equivalents	-9	-8	-13	-29	5
Cash and cash equivalents at the end of the period	57,599	221,621	57,599	221,621	139,341

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2023	2022	2023	2022	2022
Net sales	557	1,577	1,069	3,191	12,758
Capitalized work for own account	2,371	2,269	5,515	4,488	8,911
Other operating income	3,051	3	3,057	22	146
Total income	5,978	3,849	9,641	7,701	21,815
Operating expenses					
Raw material and consumables	-1,646	-1,796	-2,793	-1,774	-11,987
Other external expenses	-7,218	-8,579	-15,764	-15,622	-44,536
Personnel expenses	-12,563	-13,363	-24,232	-26,831	-49,444
Depreciation and amortization	-5,036	-5,538	-10,089	-11,856	-28,276
Other operating expenses	-2,358	-	-2,398	-7	-7
Operating profit/loss	-22,843	-25,428	-45,636	-48,389	-112,434
Profit from financial items					
Net financial income	-1,651	-3,373	-15,257	-11,690	-8,230
Profit/loss after financial items	-24,494	-28,801	-60,892	-60,079	-120,664
Tax	-	-	-	-	-
Profit/loss for the period 1)	-24,494	-28,801	-60,892	-60,079	-120,664

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 2023	30 Jun 2022	31 Dec 2022
Assets			
Intangible non-current assets	121,401	117,159	117,760
Tangible non-current assets	14,759	19,635	17,686
Financial assets	106,427	124,502	126,318
Inventories	42,919	52,414	48,243
Current receivables	65,730	72,831	46,611
Cash and cash equivalents	57,456	220,256	138,789
Total Assets	408,693	606,797	495,407
Equity and liabilities			
Shareholder's equity	329,239	450,589	390,088
Provisions	7,886	19,471	7,886
Non-current liabilities	10,381	10,381	10,381
Current liabilities	61,187	126,356	87,053
Total equity and liabilities	408,693	606,797	495,407

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER JUNE 30, 2023

Shareholders	Number of shares			Number of votes	Voting rights, %
	Series A	Series B/BTA B	Capital, %		
Cidro Förvaltning AB	-	11,317,832	11.9	11,317,832	6.3
Thomas Öström	7,900,000	1,575,344	10.0	80,575,344	44.7
SEB AB Luxembourg Branch	-	6,705,399	7.1	6,705,399	3.7
Skandinaviska Enskilda Banken SEB-Stiftelsen	-	5,130,781	5.4	5,130,781	2.8
Clearstream Banking S.A.	-	5,105,653	5.4	5,105,653	2.8
Avanza Pension	-	4,410,994	4.6	4,410,994	2.4
Joachim Karthäuser	1,550,000	2,225,411	4.0	17,725,411	9.8
Nordnet Pensionsförsäkring AB	-	2,272,492	2.4	2,272,492	1.3
Olle Bergström	-	1,812,743	1.9	1,812,743	1.0
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
Thomas Lundstedt	-	579,500	0.6	579,500	0.3
Swedbank Försäkring	-	555,861	0.6	555,861	0.3
Strand Småbolagsfond	-	538,157	0.6	538,157	0.3
Others	-	41,615,196	43.8	41,615,196	23.1
Total	9,450,000	85,655,086	100.0	180,155,086	100.0

SHARE PRICE DEVELOPMENT



	Apr-Jun		jan-dec
	2023	2022	2022
Total number of issued shares at period end	95,105,086	95,105,086	95,105,086
Average number of shares outstanding	95,105,086	77,272,883	86,188,984
Earnings per share, before and after dilution, SEK	-0.26	-0.32	-1.32
SEK	3.20	4.50	3.84

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 85,655,086 are Class B shares, 1 vote/share.

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.

NOTES

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 2022 pages 57-64.

NOTE 2 DISTRIBUTION OF NET SALES

CONSOLIDATED

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2023	2022	2023	2022	2022
Revenue type					
Hardware	470	1,007	965	2,070	10,984
Consulting and support services	3,137	831	3,161	1,614	2,948
Total	3,608	1,838	4,127	3,684	13,932
Geographic market					
Sweden	55	28	120	193	413
Europe	3,552	982	4,006	1,215	9,844
Asia	-	828	-	2,276	3,673
Total	3,608	1,838	4,127	3,684	13,932

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 116.3 million (112.5) and patents SEK 5.1 million (5.3). Depreciations during the quarter amounted to SEK 3.1 million (4.2) and write-downs during the period amounted to SEK 0.0 million (0.0). Accumulated depreciations of the period amounted to SEK 6.2 million (8.3) and accumulated write downs of the period amounted to SEK 0.0 million (1.0).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 9.6 million (12.8), right-of-use assets according to IFRS 16, SEK 13.5 million (16.1), equipment SEK 1.6 million (1.8), technical equipment SEK 2.5 million (3.1) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.4 million (0.5). Depreciations during the quarter amounted to SEK 1.9 million (2.8). Accumulated depreciations of the period amounted to SEK 3.8 million (2.8).

NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 84.7 million (99.9) and consist of shares in the finance company Baseload Capital of SEK 81.9 million (99.9), corresponding to 10 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 -4.4 million (-2.1). Accumulated revaluation of the year amount to SEK -18.0 million (-9.1). 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. The write-down during the year can mostly be explained by a higher interest rate in the valuation model used. 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 (0.1) and personnel loans of SEK 2.4 million (3.9).

NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 22.8 million (22.8) and referred to business mortgages related to the Groups bank loans. This loan has been fully amortized after the balance day and the business mortgages are now in the company's possession.

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 18, 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

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
	2023	2022	2023	2022	2022
Order intake, SEK million	12.8	1.6	13.0	2.3	3.6
Order backlog, SEK million	49.6	184.6	49.6	184.6	37.1
Equity ratio (%)	76.3	70.8	76.3	70.8	74.8
Debt ratio (times)	0.3	0.4	0.3	0.4	0.3
Net debt ratio (times)	-0.1	-0.4	-0.1	-0.4	-0.4
Earnings per share, before and after dilution, SEK	-0.26	-0.32	-0.65	0.67	-1.32
Equity per share, SEK	3.20	4.50	3.20	4.50	3.84
Share price at period end, CLIME B, SEK	3.35	4.29	3.35	4.29	3.04
Cash and cash equivalents, SEK million	57.6	221.6	57.6	221.6	139.3

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	$\text{Availability [\%]} = \frac{\text{Average availability for Climeon modules}}{\text{Average availability for Climeon modules}} \times 100$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <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	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	0.6	0.5	9.1	1.2	1.8	1.8
Capitalized work for own account	2.4	3.1	2.4	2.0	2.3	2.2
Other operating income	3.1	0.0	0.1	0.0	0.0	0.0
Operating expenses						
Raw material and consumables	-1.6	-1.1	-10.1	-0.3	-1.8	-0.0
Other external expenses	-5.9	-7.2	-18.0	-8.8	-7.7	-5.9
Personnel expenses	-12.7	-11.9	-12.4	-10.7	-14.7	-14.5
Depreciation and amortization	-6.4	-6.3	-11.6	-7.4	-6.9	-7.9
Other operating expenses	-2.4	-0.0	-	-	-	-0.0
Operating profit/loss	-23.0	-22.9	-40.5	-24.0	-27.0	-24.3
Net financial income	-2.0	-14.0	1.6	0.8	-3.8	-8.7
Profit/loss after financial items	-25.0	-36.9	-38.9	-23.2	-30.8	-33.0
Tax	-0.0	-0.0	-0.0	0.0	0.0	0.0
Profit/loss for the period	-25.1	-37.0	-38.9	-23.2	-30.8	-33.0
Earnings per share, before and after dilution, SEK	-0.26	-0.39	-0.41	-0.24	-0.40	-0.56

BALANCE SHEET

SEK, million	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
Intangible non-current assets	121.4	121.7	117.8	117.0	117.2	111.1
Tangible non-current assets	28.7	32.0	34.3	36.8	39.1	40.7
Financial assets	84.7	90.2	104.2	104.6	104.8	107.4
Total non-current assets	234.9	243.9	256.3	258.4	261.0	259.3
Inventories	42.9	46.6	48.2	52.8	52.4	56.4
Current receivables	63.2	49.6	44.3	69.2	69.3	74.9
Cash and cash equivalents	57.6	95.8	139.3	187.6	221.6	116.6
Total current assets	163.7	192.0	231.9	309.7	343.3	247.9
Total assets	398.6	436.0	488.2	568.1	604.3	507.1
Shareholder's equity	304.3	328.6	365.2	404.5	428.0	319.8
Non-current liabilities and other provisions	33.2	34.6	35.9	48.0	50.2	55.3
Current liabilities	61.2	72.8	87.1	115.6	126.1	132.1
Total equity and liabilities	398.6	436.0	488.2	568.1	604.3	507.1

CASH FLOW STATEMENT

SEK, million	2023		2022			
	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-10.5	-16.3	-17.2	-15.0	-19.5	-18.6
Changes in working capital	-11.5	-7.8	-9.4	-3.9	8.5	4.3
Cash flow from operating activities	-22.0	-24.2	-26.6	-18.9	-11.0	-14.3
Investing activities	-4.1	-7.6	-5.6	-6.1	-13.7	-11.9
Cash flow after investing activities	-26.1	-31.7	-32.1	-24.9	-24.7	-26.2
Financing activities	-12.1	-11.9	-16.4	-9.1	129.7	-9.1
Cash flow for the period	-38.2	-43.5	-48.3	-34.0	105.0	-35.3
Cash and cash equivalents at the beginning of the period	95.8	139.3	187.6	221.6	116.6	152.0
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	57.6	95.8	139.3	187.6	221.6	116.6

THIS IS CLIMEON

Climeon is a Swedish product company operating within the energy technology sector. Climeon's proprietary technology, the Climeon HeatPower system, uses an Organic Rankine Cycle (ORC) process to convert low-temperature heat into clean, carbon free electricity. Providing access to dependable and cost-effective sustainable power, HeatPower enables industries to increase energy efficiency, decrease fuel consumption, and reduce emissions. As a non-weather-dependent source of green energy, HeatPower has the potential to diversify and safeguard the renewable energy mix and, therefore, accelerate the global transition to a net-zero future. Climeon's B shares are listed on the Nasdaq First North Premier Growth Market. FNCA Sweden AB is a Certified Adviser.

OUR MISSION

To make sustainable power accessible, dependable, and cost-effective through the development of industry-leading, low-temperature waste heat recovery technologies.

OUR VISION

To reduce global CO2 emissions and accelerate the use of sustainable power with world leading HeatPower solutions.

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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CLIMEON

POWERING A SUSTAINABLE FUTURE