

INTERIM REPORT

JANUARY 1 - MARCH 31, 2023

Q1
2023

Commercialization Phase Continues

INTENSIFIED NEGOTIATIONS WITH CUSTOMERS

The work with documentation and certification for the adaptation of the new product Heat Power 300 for various markets continued during the quarter. The negotiations with potential customers were intensified and now focus, among other things, on delivery times, technical specifications and concrete areas of responsibility. In Energy and Industry, HeatPower 150 units were delivered to Landmark Power Holding's ongoing power plant project Rhodesia in the UK.

SIGNIFICANT EVENTS DURING THE PERIOD

- Climeon has rewritten the HeatPower system contract, originally signed in 2019, with a new contractor, Smith Brothers (Contracting) Limited, which has been appointed as responsible for the procurement and construction of Landmark Power Holdings' Rhodesia power plant project in Nottinghamshire, UK.
- Climeon's HeatPower 150 system has been installed and will be delivered in protective containers for the upcoming placement at the partner Landmark Power Holding's power plant in Rhodesia.
- Climeon attends Seatrade Cruise Global in Fort Lauderdale, Florida.
- Patrik Engstrand Kemi takes up the post of Executive Vice President Energy & Industry, head of the Energy & Industry business area.

IMPORTANT POST-CLOSING EVENTS

- Further call-offs within the previously communicated order regarding the power plant project Rhodesia were made during April, which means that Climeon will generate revenue and receive payment for another, approx. SEK 5 million, from the company's order book during 2023.

JANUARY - MARCH

- Order intake amounted to SEK 0.2 million (0.7)
- Net sales amounted to SEK 0.5 million (1.8)
- Order backlog amounted to SEK 36.9 million (37.1)
- Operating profit amounted to SEK -22.9 million (-24.3)
- Profit/loss after financial items amounted to SEK -36.9 million (-33.0)
- Earnings per share, before and after dilution, amounted to SEK -0.39 (-0.56)
- Cash flow from operating activities after changes in working capital amounted to SEK -24.2 million (-14.3)
- Total cash and cash equivalents amounted to SEK 95.8 million (139.2)

A WORD FROM OUR CEO:



Lena Sundquist, CEO of Climeon

“We have several projects ongoing where we have detailed dialogues with customers regarding price, delivery conditions and technical specifications.”

CONTINUED AND DEEPENING NEGOTIATIONS WITH CUSTOMERS

The world around us is still turbulent, and no one can say with certainty how the situation will develop during the year. What I can say, however - and with full force - is that Climeon continued its commercialization process at a high pace during the first quarter. We have intensified dialogues and negotiations with several potential customers across the Energy, Industry and Maritime sectors, and, today, are in advanced discussions with multiple viable leads regarding technical conditions, delivery, pricing and payment plans. Additionally, we have assisted potential clients in undertaking detailed performance and financial analysis to determine their ROI in relation to the cost of Climeon's equipment, installation, operating costs, electricity production and emissions reductions. As the majority of our target audience demand a repayment period of less than five years, we are investing exclusively in customer segments and geographical markets where this is achievable.

As customer specifications become even more material, our development team has an even tighter focus on ensuring that the HeatPower 300 platform meets specifications in everything from performance and customer documentation to certification and regulatory requirements. The certification and regulatory requirements that we must fulfill in the first stage include the conditions set by marine classification societies, CE marking and adaptation to grid codes for various European countries and markets. Our purchasing department is now working intensively with our subcontractors to ensure delivery times, price, and technical requirements are met. It is work that is not always visible to the outside, but which is fundamental to our business.

During the development of HeatPower 300, we have consistently worked to ensure patent and IP opportunities are addressed. We have evaluated what our competitors are doing to ensure that we are not infringing on existing patents, but also to be sure that we are patenting what is patentable. During the first quarter, we applied for a new patent and are evaluating three more applications.

Within Energy & Industry, we continue to focus on selected countries in Europe, including the United Kingdom, that all share important prerequisites, such as high electricity and fuel prices and increasing environmental requirements. We have several projects where we have ongoing detailed dialogues with customers regarding price, delivery conditions and technical specifications. These customers have carried out, and continue to conduct, detailed studies of the installation costs of Climeon's HeatPower system.

As far as our Marine business is concerned, we continue to target both shipping companies and shipyards, mainly those that are focused on larger vessels, such as cruise and container ships. There is great interest from shipping companies, mainly in Europe and the USA, to make both existing and newly built ships more energy efficient. It is most efficient to integrate the systems into new ships and therefore it is gratifying to see that shipping companies now increasingly request systems for waste heat recovery in the specifications for their new ships.

The shipyards are responsible for the procurement of components and equipment for the construction of new ships and are therefore our actual main customers. We work closely with them and maintain a dialogue to help them make energy calculations and calculations of installation costs. At the same time, we negotiate delivery times and responsibilities, as well as price and other terms. The goal is that, in the long term, this will contribute to Climeon's system for waste heat recovery becoming a standard in newly built ships.

In parallel with the commercialization and development of the HeatPower 300 platform, we are fulfilling our commitments to existing customers in terms of the installation, commissioning, and service of our previous product, HeatPower 150. The HeatPower 150 systems in the field will continue to be in operation and produce environmentally friendly electricity for many years to come, and we have therefore ensured the future handling of service and spare parts.

Following the rewriting of the original 2019 contract with the new partner Smith Brothers (Contracting) Limited, appointed for the construction and procurement of the Rhodesia Power Project, the Heat Power 150 units are now being installed in the protective containers that are to be placed at the Nottinghamshire power station.

I often get questions about our financial development. What I can say now is that, from a financial perspective, we are continuing according to our strategy. We continue to have strict cost control and follow the set budget for both earnings and cash flow.

Finally, with Climeon clearly now in a new and commercial phase, where the first patent applications are ready, we can finally open the doors of our test and development facility to a much wider audience. In connection with our annual general meeting, which takes place in Kista on May 16, there is an opportunity for shareholders who wish to visit our test facility right next to the meeting room. In order to join, the only thing you need to do is to register in advance in connection with the registration for the annual general meeting.

Welcome!

Lena Sundquist, CEO, Climeon



MARKETS AND DEVELOPMENT

Despite the uncertainty that has characterized almost all markets during the past year, ongoing discussions and negotiations with new and existing customers could be deepened and intensified during the first quarter of the year.

Within Energy and industry, interest continues to grow, following an increased global interest in energy efficiency and more sustainable electricity production. The first Heat Power 150 units to be part of Landmark Power Holding's Nottinghamshire power station project have been delivered to the UK and are now being installed and delivered in protective containers ahead of commissioning later this year. In parallel with this, the number of requests and dialogues from various industries and potential customers, who strive to become more energy efficient and climate friendly, is increasing.

On the marine side, leading shipyards and shipping companies continued the search for technical solutions that can increase fuel efficiency and reduce emissions from ships. Work is now underway to bring about the first installations on ships and to create a standard for the installation and utilization of so-called ORC technology for the recovery of residual heat on new and existing ships.



ENERGY AND INDUSTRIAL MARKET

High electricity prices and increasing environmental focus has led to growing interest in environmentally friendly electricity and energy efficiency technologies. The UK is one of the nations that Climeon has been focused on for some time, and where there is interest in increasing efficiency in both existing and newly built motor-driven power stations. Climeon is engaged in concrete negotiations with customers where the aim is that Climeon’s HeatPower, by utilizing low-temperature residual heat from the power plant’s engines, can contribute to improved energy efficiency and thus more sustainable electricity production. The negotiations encompass delivery times, technical specifications, standards, prices, responsibilities, and certification.

The HeatPower 150 modules that will be part of the power plant currently under construction, for Climeon’s UK partner, Landmark Power Holdings, in Rhodesia, Nottinghamshire in the UK, are now being installed and delivered in containers that will protect them from outdoor conditions. The modules, which are to be commissioned later in the year, were delivered after a previous contract was reformulated with the new contractor Smith Brothers (Contracting) Limited, which is now responsible for procurement and construction of the power plant.

The industrial sector faces increasing demands in terms of both energy efficiency and environmental adaptation. This makes Climeon’s HeatPower technology interesting for a number of different industries, with Climeon now mainly focusing on the European market. The number of customer dialogues continued to increase during the quarter. The new business area manager, Patrik Engstrand Kemi, who started during the quarter, will allow Climeon to increase its focus on the energy and industrial markets.



Above: Aerial view of the progress ongoing at Landmark Power Holdings Rhodesia power plant.

Below: Climeon engineers prepare HeatPower 150 modules for installation at the Rhodesia power plant.



MARITIME MARKET

During the quarter, Climeon continued to target suitable shipping companies, mainly those with larger vessels, with the aim of getting them to specify ORC technology in their procurement of new vessels, as well as for updating and refurbishing existing ones. It is easier to integrate Climeon’s system into newly built ships and therefore it is important that such equipment is included in the vessel specifications sent by shipowners to the shipyard. The goal is for Climeon’s system for waste heat recovery to become standard in newly built ships.

At the same time, Climeon continues to advance discussions with shipyards which are focused on larger vessels. An increasing number of shipyards are requesting technical specifications in order to be able to assess the total cost of equipment and installation, together with the production capacity of the systems. Climeon now has dialogues with a number of shipyards to enable the inclusion of Climeon’s system as a standard solution.



Left: Climeon’s Maritime team exhibited at the Cruise Industry’s largest event, Seatrade Cruise Global.

Right: Alexandra Widelund, Climeon’s IP & Product Manager presented HeatPower 300 at the Innovations Forum: Technical Advances in Safe and Sustainable Cruising at Seatrade Cruise Global.

Shipyards that build cruise ships are mainly located in Europe, while container ships and other types of cargo ships are largely built in Asia. Shipyards are responsible for the procurement of components and equipment for new ships and are therefore Climeon's main customers for new-build vessels. Climeon works closely with shipyards to support them in the analysis of how the total cost of equipment and installation relate to the benefits in the form of increased energy efficiency and reduced emissions. Discussions with potential customers were intensified and deepened during the quarter. In parallel with this, the sale of systems to the large number of existing vessels deemed suitable for Climeon HeatPower 300 Marine was also underway.

The HeatPower 150 units delivered to Havila Voyage's ships Havila Castor and Havila Capella are being installed for upcoming commissioning. The units that have been installed and put into operation onboard Virgin Voyage's ships are monitored via Climeon Live, which continuously delivers operating data from the various ships to Climeon, and via ongoing cooperation with those in charge on each ship.

Representatives from Climeon also attended the Seatrade Global Cruise trade show in Fort Lauderdale, Florida, where many major cruise lines are based. The fair, which is the largest in the cruise industry, offered great opportunities to meet, visit and discuss with potential customers.



TECHNOLOGY DEVELOPMENT

The development department is today working to ensure that the HeatPower 300 platform meets customer specifications for performance, documentation, and certification, as well as applicable regulatory requirements. The certification and market requirements that Climeon will initially fulfill are marine classification requirements, CE marking and adaptation to the grid codes that apply for connection to the electricity grids in various European countries and markets. HeatPower 300 meets the CE marking requirements for the European market and has received preliminary approval from prevalent international marine classification bodies. Further certification work continues to ensure that the product meets the requirements of all our focus markets.

Production

In parallel with continued testing of the product, Climeon worked to build a safe and cost-effective supply chain with suitable suppliers of components and equipment. During the quarter, customer documentation and production documents were drawn up for initial production. Climeon applies, where possible, "dual sourcing", that is to say that there must be at least two different suppliers of components and subsystems.

Patents and IP

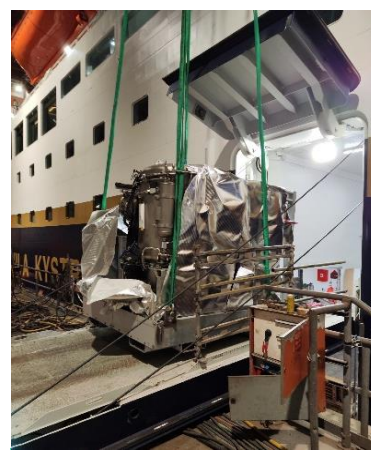
During 2022, several new technical opportunities were identified, which resulted in a new patent application during the quarter. Three additional such applications are being processed.

External impact

Climeon's suppliers are not directly affected by the ongoing war in Ukraine, but a general shortage of electronic components could create disruptions further down the line, a situation Climeon shares with a large number of other companies. The company follows these developments closely and acts to prevent such negative effects as much as possible.

ORDER ENTRY AND ORDER BACKLOG

During the first quarter of 2023, no new orders regarding modules (0.0) were signed, while service and aftermarket orders were signed for SEK 0.2 million. At the end of the period, the order backlog amounted to SEK 36.9 million (37.1), corresponding to 9 (9) HeatPower modules and associated services. The quarter's changes in the order book consisted primarily of a delivery of services to Havila Voyages. The order book consists largely of orders in euros, which are revalued at the end of the period.



Above: A HeatPower 150 module is loaded onboard one of Havila's cruise vessels ahead of installation

Below: Climeon's R&D team performs testing on HeatPower 300

THE GROUP'S FINANCIAL DEVELOPMENT

JANUARY - MARCH

NET SALES AND EARNINGS

Net sales amounted to SEK 0.5 million (1.8). The turnover is mainly attributable to the delivery and commissioning of HeatPower modules as well as service and aftermarket revenues.

Operating profit/loss for the period amounted to SEK -22.9 million (-24.3). Total operating costs, excluding raw materials and supplies and depreciation, have been reduced during the period by 6% compared to the corresponding period last year, which has had a positive effect on the operating result as well as the operating cash-flow. The main reason for this is a thorough cost control and slightly less FTEs than previously anticipated.

Costs for raw materials and consumables amounted to -1,1 MSEK (0,0) and was mainly related to obsolescence write downs of items in stock.

Net financial income/expense amounted to SEK -14.0 million (-8.7), whereof SEK SEK -13.6 million (-9.1) related to a revaluation of the shareholding in Baseload Capital.

Profit/loss after financial items amounted to SEK -36.9 million (-33.0). Depreciations and amortizations amounted to SEK -6.3 million (-7.9).

CASH FLOW

The cash flow from operating activities *before* change in working capital declined by approx 12% to -16,3 MSEK (-18,6).

Cash flow from operating activities *after* change in working capital amounted to SEK -24.2 million (-14.3) whereof the change in working capital amounted to SEK -7.8 million (4.3) and is attributable to an increase of accounts receivables, related to the company's customer projects in the UK, as well as lower accounts payables compared to previous period.

The increase in accounts receivable is primarily attributable to deliveries during the quarter to the company's customer in the UK, which will now mean that new and historical, and unsettled, accounts receivable will be able to be settled during the second quarter of 2023.

Cash flow from investing activities amounted to SEK -7.6 million (-11.9) derived from capitalization of development expenses and expenses for patents for the new product generation HeatPower 300 of SEK -7.0 million (-9.8).

Cash flow from financing activities amounted to SEK -11.9 million (-9.1). The item consists of repayments of bank loans including interest of SEK -11.0 million (-8.7).

Cash flow for the period amounted to SEK -43.5 million (-35.3) where the higher working capital was the main reason behind the decrease compared to previous year.

FINANCIAL POSITION

At the end of the period, cash and cash equivalents amounted to SEK 95.8 million (139.2). The equity ratio amounted to 75.4 percent (72.0) and the net debt ratio amounted to -0.2 times (-0.4). Shareholder's equity amounted to SEK 328.6 million (365.2) or SEK 3.5 (3.8) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 720.3 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 0.5 million (1.6). Operating profit/loss amounted to SEK -22.8 million (-23.0) and profit/loss after financial items amounted to SEK -36.4 million (-31.3)

OTHER INFORMATION

FINANCIAL CALENDAR

Annual General Meeting 2023
May 16, 2023

Interim Report of the 2nd quarter
2023
July 18, 2023

Interim Report of the 3rd 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 May 4, 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 January to March amounted to 44 (43), of which 27 (27) percent are women and 73 (73) percent men. At the end of March, the number of employees amounted to 44 (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 March 31, 2023, the company has one outstanding warrant programs as shown below.

The 2022/2025 warrant program was approved at the 2022 annual general meeting and the allocation of warrants took place in August 2022. Subscription took place for 100% of the determined number of warrants. An external valuation of the warrants per the day of subscription has been done according to Black & Scholes. Additional information regarding the warrant programs can be found on page 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		Issue price	Subscription period
		warrants entitle to			
Program 2022/2025	997 500	1 117 200		16,68	1 sept 2025 - 30 sept 2025
Total	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 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	Jan-Mar		Jan-Dec
		2023	2022	2022
Net sales	2	512	1,846	13,932
Capitalized work for own account		3,144	2,219	8,911
Other operating income		7	18	146
Total income		3,662	4,084	22,990
Operating expenses				
Raw material and consumables		-1,147	-49	-12,226
Other external expenses		-7,216	-5,934	-40,442
Personnel expenses		-11,897	-14,450	-52,264
Depreciation and amortization		-6,296	-7,925	-33,864
Other operating expenses		-40	-7	-7
Operating profit/loss		-22,933	-24,282	-115,812
Profit/loss from financial items				
Net financial income	5	-13,993	-8,744	-10,093
Profit/loss after financial items		-36,927	-33,026	-125,905
Tax		-23	5	12
Profit/loss for the period		-36,950	-33,022	-125,893
Earnings per share, SEK				
Before dilution		-0.39	-0.56	-1.46
After dilution		-0.39	-0.56	-1.46

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2023	2022	2022
Profit/loss for the period		-36,950	-33,022	-125,893
Other comprehensive profit/loss for the period				
Translation differences		398	475	398
Other comprehensive profit/loss for the period		398	475	398
Comprehensive income/loss for the period		-36,553	-32,547	-125,495
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-36,553	-32,547	-125,495

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets				
Intangible non-current assets	3	121,692	111,137	117,760
Tangible non-current assets	4	32,012	40,702	34,294
Financial assets	5	90,242	107,417	104,249
Total non-current assets		243,946	259,256	256,303
Inventories		46,622	56,370	48,250
Accounts receivable		15,886	39,219	11,272
Other current receivables	6	33,729	35,669	33,076
Cash and cash equivalents		95,792	116,627	139,341
Total current assets		192,029	247,884	231,939
Total Assets		435,975	507,140	488,242
Equity and liabilities				
Share capital		1,427	892	1,427
Other contributed capital		1,103,030	964,689	1,103,030
Retained earnings		-738,872	-612,744	-613,377
Profit/loss for the period		-36,950	-33,022	-125,893
Total shareholder's equity		328,635	319,815	365,187
Other provisions		7,886	23,164	7,886
Total provisions		7,886	23,164	7,886
Other non-current liabilities		26,691	32,087	28,062
Total non-current liabilities		26,691	32,087	28,062
Advance payments from customers		15,682	32,906	15,682
Accounts payable		6,929	9,427	12,149
Other current liabilities		50,152	89,741	59,276
Total current liabilities		72,764	132,074	87,107
Total equity and liabilities		435,975	507,140	488,242

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 2023-01-01	1,427	1,103,038	-739,277	365,188
Comprehensive profit/loss				
Profit/loss for the period	-	-	-36,950	-36,950
Other comprehensive profit/loss for the period				
Translation differences	-	-	398	398
Other comprehensive profit/loss for the period:	-	-	398	398
Total comprehensive profit/loss	-	-	-36,553	-36,553
Closing balance equity Friday-03-31	1,427	1,103,038	-775,830	328,635

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	-	-	-33,022	-33,022
Other comprehensive profit/loss for the period				
Translation differences	-	-	475	475
Other comprehensive profit/loss for the period:	-	-	475	475
Total comprehensive profit/loss	-	-	-32,547	-32,547
Closing balance equity Thursday-03-31	892	964,689	-645,765	319,815

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Jan-Mar		Jan-Dec
	2023	2022	2022
Operating activities			
Operating profit/loss	-22,933	-24,282	-115,812
Adjustments for items not included in cash flow	6,428	7,877	46,399
Financial items	191	-2,194	-788
Cash flow from operating activities before changes in working capital	-16,315	-18,599	-70,201
Change in working capital	-7,837	4,329	-509
Cash flow from operating activities	-24,151	-14,270	-70,710
Investing activities			
Investments in intangible assets	-7,042	-9,811	-33,262
Investments in tangible assets	-904	-1,970	-4,928
Change in financial assets	378	-166	899
Cash flow from investing activities	-7,568	-11,947	-37,291
Cash flow after investing activities	-31,719	-26,217	-108,001
Financing activities			
Change in short-term debt	-11,868	-9,120	-43,695
Share issue	-	-	138,804
Cash flow from financing activities	-11,868	-9,120	95,189
Cash flow for the period	-43,544	-35,337	-12,812
Cash and cash equivalents at the beginning of the period	139,341	151,984	151,984
Exchange rate differences in cash and cash equivalents	-4	-21	5
Cash and cash equivalents at the end of the period	95,792	116,627	139,177

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	512	1,615	12,758
Capitalized work for own account	3,144	2,219	8,911
Other operating income	7	18	146
Total income	3,662	3,853	21,815
Operating expenses			
Raw material and consumables	-1,147	21	-11,987
Other external expenses	-8,546	-7,042	-44,536
Personnel expenses	-11,670	-13,468	-49,444
Depreciation and amortization	-5,052	-6,318	-28,276
Other operating expenses	-40	-7	-7
Operating profit/loss	-22,793	-22,961	-112,434
Profit from financial items			
Net financial income	-13,605	-8,316	-8,230
Profit/loss after financial items	-36,398	-31,278	-120,664
Tax	-	-	-
Profit/loss for the period 1)	-36,398	-31,278	-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	31 Mar 2023	31 Mar 2022	31 Dec 2022
Assets			
Intangible non-current assets	121,692	111,137	117,760
Tangible non-current assets	16,647	19,900	17,686
Financial assets	112,167	125,527	126,318
Inventories	46,616	56,370	48,243
Current receivables	52,073	77,788	46,611
Cash and cash equivalents	95,533	115,553	138,789
Total Assets	444,729	506,273	495,407
Equity and liabilities			
Shareholder's equity	353,733	340,586	390,088
Provisions	7,886	23,164	7,886
Non-current liabilities	10,381	10,381	10,381
Current liabilities	72,729	132,142	87,053
Total equity and liabilities	444,729	506,273	495,407

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER MARCH 31, 2023

Shareholders	Number of shares		Capital, %	Number of votes	Voting rights, %
	Series A	Series B/BTA B			
Cidro Förvaltning AB	-	11,200,000	11.8	11,200,000	6.2
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
SEB-Stiftelsen	-	5,130,781	5.4	5,130,781	2.8
Clearstream Banking S.A.	-	4,781,447	5.0	4,781,447	2.7
Försäkringsbolaget, Avanza Pension	-	4,381,131	4.6	4,381,131	2.4
Joachim Karthäuser	1,550,000	2,225,411	4.0	17,725,411	9.8
Nordnet Pensionsförsäkring AB	-	2,178,339	2.3	2,178,339	1.2
Olle Bergström	-	1,726,754	1.8	1,726,754	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
Swedbank Försäkring	-	555,161	0.6	555,161	0.3
Thomas Lundstedt	-	549,500	0.6	549,500	0.3
Strand Småbolagsfond	-	538,157	0.6	538,157	0.3
Others	-	42,297,939	44.5	42,297,939	23.5
Total	9,450,000	85,655,086	100.0	180,155,086	100.0

SHARE PRICE DEVELOPMENT



	Jan-Mar		jan-dec
	2023	2022	2022
Total number of issued shares at period end	95,105,086	59,440,679	95,105,086
Average number of shares outstanding	95,105,086	59,440,679	86,188,984
Earnings per share, before and after dilution, SEK	-0.39	-0.56	-1.46
SEK	3.46	5.38	3.36

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 3.80 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	Jan-Mar		Jan-Dec
	2023	2022	2022
Revenue type			
Hardware	495	1,063	10,984
Consulting and support services	17	783	2,948
Total	512	1,846	13,932
Geographic market			
Sweden	65	165	413
Europe	447	233	9,846
Asia	-	1,448	-
Total	512	1,846	13,932

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 116.5 million (112.5) and patents SEK 5.1 million (5.3). Depreciations during the quarter amounted to SEK

3.1 million (4.1) and write-downs during the period amounted to SEK 0.0 million (1.0).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 12.1 million (12.8), right-of-use assets according to IFRS 16, SEK 14.9 million (16.1), equipment SEK 1.8 million (1.8), technical equipment SEK 2.8 million (3.1) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.5 million (0.5). Depreciations during the quarter amounted to SEK 1.9 million (1.3).

NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 86.3 million (99.9) and consist of shares in the finance company Baseload Capital of SEK 86.3 million (99.9), corresponding to 12 percent ownership of the company. The holding of the shares is valued at fair value through the profit/loss statement. Revaluation has affected the quarter by SEK -13.6 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 quarter is mainly related to an increased WACC in the valuation model used. Warrants in Baseload Capital Holding AB 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 3.4 million (3.9).

NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

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

SIGNATURES

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

Kista, May 4, 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

	Jan-Mar		Jan-Dec
	2023	2022	2022
Order intake, SEK million	0.2	0.7	3.6
Order backlog, SEK million	36.9	178.9	37.1
Equity ratio (%)	75.4	63.1	72.0
Debt ratio (times)	0.3	0.6	0.3
Net debt ratio (times)	-0.2	-0.2	-0.4
Earnings per share, before and after dilution, SEK	-0.39	-0.56	-0.41
Equity per share, SEK	3.46	5.38	3.84
Share price at period end, CLIME B, SEK	3.80	14.46	3.04
Cash and cash equivalents, SEK million	95.8	116.6	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	$\text{Availability [\%]} = \frac{\text{Average availability for Climeon modules}}{\sum_{i=1}^n \text{Available time}} \times 100$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <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	2023		2022		
	Q1	Q4	Q3	Q2	Q1
Net sales	0.5	9.1	1.2	1.8	1.8
Capitalized work for own account	3.1	2.4	2.0	2.3	2.2
Other operating income	0.0	0.1	0.0	0.0	0.0
Operating expenses					
Raw material and consumables	-1.1	-10.1	-0.3	-1.8	-0.0
Other external expenses	-7.2	-18.0	-8.8	-7.7	-5.9
Personnel expenses	-11.9	-12.4	-10.7	-14.7	-14.5
Depreciation and amortization	-6.3	-11.6	-7.4	-6.9	-7.9
Operating profit/loss	-22.9	-40.5	-24.0	-27.0	-24.3
Net financial income	-14.0	1.6	0.8	-3.8	-8.7
Profit/loss after financial items	-36.9	-38.9	-23.2	-30.8	-33.0
Tax	-0.0	-0.0	0.0	0.0	0.0
Profit/loss for the period	-37.0	-38.9	-23.2	-30.8	-33.0
Earnings per share, before and after dilution, SEK	-0.39	-0.41	-0.24	-0.40	-0.56

BALANCE SHEET

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

CASH FLOW STATEMENT

SEK, million	2023		2022		
	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-16.3	-17.2	-15.0	-19.5	-18.6
Changes in working capital	-7.8	-9.4	-3.9	8.5	4.3
Cash flow from operating activities	-24.2	-26.6	-18.9	-11.0	-14.3
Investing activities	-7.6	-5.6	-6.1	-13.7	-11.9
Cash flow after investing activities	-31.7	-32.1	-24.9	-24.7	-26.2
Financing activities	-11.9	-16.4	-9.1	129.7	-9.1
Cash flow for the period	-43.5	-48.5	-34.0	105.0	-35.3
Cash and cash equivalents at the beginning of the period	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
Cash and cash equivalents at the end of the period	95.8	139.3	187.6	221.6	116.6

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 sustainable 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 Certified Adviser.

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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