

The background of the entire page is a photograph of a large, modern glass greenhouse at night. The greenhouse is illuminated from within, creating a warm, yellow glow that contrasts with the deep blue of the night sky. The sky is filled with numerous stars, and the Milky Way is visible as a faint, glowing band of light. The greenhouse has a series of gabled roofs and is made of a grid of metal frames and glass panels. The overall mood is serene and futuristic.

INTERIM REPORT FOR THE PERIOD 1 JANUARY - 31 MARCH 2018

CLIMEON
Business for a better world

FIRST QUARTER 2018

Financial development, January - March

- Order intake amounted to SEK 51.5 (10.4) million in the first quarter
- Order backlog amounted to SEK 404.3 (44.6) million
- Net sales amounted as scheduled to SEK 0.0 million (0.6) as next deliveries are expected in second quarter 2018
- Operating profit/loss amounted to SEK -20.1 million (-10.2)
- Earnings per share amounted to SEK -0.46 (-0.29)
- Cash amounted to SEK 169.8 million (204.0)
- Cash flow from operating activities amounted to SEK -16.4 million (-15.1) with a positive contribution from changes in working capital SEK 1.4 million (-5.7) partly explained by advances from customers

Important events, January - March

- In January 2018 Climeon owners Gullspång Invest AB, LMK Forward AB and Blue AB decided to establish the financing company Baseload Capital Sweden AB (Baseload Capital) to accelerate global geothermal heat power projects. Climeon will participate through a minority stake of 19.9 percent
- A business agreement worth over EUR 5 million was signed in February 2018 with the German energy provider Geoenergie Kirchweidach, resulting from the Letter of Intent signed in the fourth quarter 2017
- A redemption of outstanding warrants, directed to key individuals and advisors in the company, during the quarter resulted in 1,455,800 new B shares

- The conditional agreement signed with Varmaorka (subsidiary to CP Energy) in August 2017 was converted into a firm order with delivery starting in the second quarter 2018. Climeon's previous financing commitments have been taken over by Baseload Capital

Important post-closing events

- During April, a new business agreement was signed with Borealis GeoPower, Canada, worth around EUR 1 million. Climeon has thus won the world's first order of geothermal power plant in Canada
- At the beginning of April Climeon was appointed "New Energy Pioneer" by Bloomberg New Energy Finance. After globally screening companies within the energy-, transport- and tech sectors, Bloomberg selected ten companies with potential of changing the world
- Karl Brodin started as Head of Research & Development during April 2018. His most recent employment was with Atlas Copco where he held leading roles within business and product development
- On April 19, 2018, Climeon's Annual General Meeting was conducted. In connection with the meeting, Climeon invited shareholders, analysts, media and others interested in a presentation of the company
- A representative office opened in Japan to investigate and evaluate Climeon's potential in the local market



CEO's comments

GEOTHERMAL ENERGY BREAKTHROUGH



CEO Thomas Öström receives the "New Energy Pioneer" award from Bloomberg on April 9, 2018.

We now have a clear breakthrough in our geothermal energy business after following up our first deal on Iceland in August 2017 with deals in the U.S. Germany and Canada. At the stock market listing in October, we thought progress would be slower, so we have been pleasantly surprised by the speed and width of the deals we have won since then.

The deal we closed during the first quarter amounted to over EUR 5 million and came from German energy provider Geoenergie Kirchweidach (GEK). The local community now receives electricity for both housing and 20 hectares of greenhouses cultivating for instance tomatoes, which gives both revenue and many jobs. Germany is the European leader in sustainable energy, and having a successful geothermal installation helps us close more deals both in Germany and beyond. We also fulfilled the key conditions in the deal with Icelandic Varmaorka, and will thus during the current quarter begin delivering the initial seven modules of the 100 in total.

In addition to geothermal heat power, we still see strong potential in waste heat from heavy industries and maritime. During the quarter, payment was received for delivery of the six first modules to Fincantieri/Virgin and we are well positioned within the Maritime segment. Even though the sales cycles in that segment are long, we also see that competitors are struggling to catch up.

At the end of the quarter, our order backlog had increased to SEK 404 million, of which Geothermal energy represented 88 percent. These order will start to be delivered from the second quarter with production increasing in line with sales. During the first quarter we have prepared the work with serial production, increasing purchasing volumes, tests and quality systems that need to be ready when the scale up really takes off with deliveries to Iceland as the first one out. During the first quarter, we had a positive contribution to our working capital, due in part to prepayments from customers.

Attractive deals

We see proof after proof that it is attractive for customers and financial backers to invest in geothermal heat power. The plants produce electricity around the clock, all year long, and electricity producers can sign long-term power-purchase agreements (PPA) with a fixed price (i.e. during 15 years) for the electricity supplied to the grid. A product that makes electricity from hot water thus makes money out of hot water with great predictability for a long time to come. Cash flow and investments can thereby be calculated, which also makes it easier for customers to obtain financing.

The existence of Baseload Capital is a clear advantage since customers frequently need to finance their investments externally. For understandable reasons, banks lack experience in financing our type of heat power, which means that the processes are slower when using a bank. Baseload Capital focuses entirely on sustainable baseload power, and can offer our customers pre-approved loans with favorable conditions. Baseload Capital provided financing for both Icelandic Varmaorka and U.S. Wendel, thereby freeing Climeon from its previous financing commitments to these customers.

Production in focus

Our focus is every bit as centered on production and the entire logistics chain as it is on generating business. In previous years, we have prepared for a future with delivery of much higher volumes and it has paid off. Now this has turned into a tangible plan with a strong organization executing on it together with partners and subcontractors. In addition to our contract manufacturer Mastec increasing its capacity, we are, for example, also expanding the testing capability with an addition site in Kista. Another important aspect involves securing volumes with specific key suppliers. The development unit has a structured approach aimed at enabling more efficient serial production.

The journey towards becoming the world's Climate Solver number one, involves many steps and intensive work for a long time. We have come a long way from the start-up we were, now taking several steps towards full serial production. The dream has become a vision, a vision with a clear plan.

Thomas Öström
CEO

MARKET, ORDERS RECEIVED, SALES AND DELIVERY

Market trends

From a global perspective, interest in renewable electricity continues to grow and in countries like Japan, the electricity companies pay significantly more per kilowatt hour for base load power around the clock than solar and wind power that vary significantly. Climeon's strategy is to pursue deals that offer the shortest path to profitable business for both the customer and Climeon. In practice, this means that Climeon is currently focusing our geothermal heat power activities on markets that already use geothermal heat or oil and gas. Addressing these markets allows us the use of existing bore holes and other infrastructure, which means financing becomes more attractive and thresholds are generally lower. A large share of sales efforts are consequently being directed to North America, Japan and some European markets.

Business dynamics vary in the different segments where the company operates.

Certification is an area where differences arise between various market segments and different geographic markets. Climeon currently has several certifications in place for both the Maritime and Geothermal energy segments, and we are working towards achieving geothermal related certification in the U.S. and Japan from several certification bodies. The company recently obtained certification for the biomass business, which was signed in 2017 in Japan, and will continue working towards obtaining general approval in Japan over the course of 2019. The processes are both time consuming and resource intensive, while creating barriers to entry for competitors and giving us clear quality seals.

Furthermore in April 2018, Bloomberg New Energy Finances appointed Climeon a New Energy Pioneer. An expert panel chooses the winners of the distinction based on three criteria: the level of innovation; to what extent the candidates have converted ideas into reality in the form of e.g. strong commercial partnerships, distribution channels and actual sales; and the extent to which the business can be scaled up to have a global impact.

Order intake, sales and delivery

In February, German energy provider Geoenergie Kirchweidach (GEK) from Bavaria placed an order worth over EUR 5 million, corresponding to SEK 51.5 million.

Icelandic energy operator Varmaorka gave the go-ahead for delivery of the initial seven modules of a total of 100, to begin. Deliveries will begin in the second quarter 2018.

The ownership group contributed SEK 100 million to Baseload Capital, and SEK 19.9 million of this amount was contributed by Climeon. Baseload Capital plans to increase its financing capacity by issuing different kinds of financial instruments, so Climeon does not plan on contributing any more funds to the company.

“Our government is proud to support Borealis and Climeon to discover how this demonstration project may lead to further geothermal energy deployments.”

Jim Carr, Canadian Minister of Natural Resources



FINANCIAL DEVELOPMENT

JANUARY - MARCH

Order intake, net sales and result

Order intake during the first quarter amounted to SEK 51.5 million (10.4), which meant that the order backlog increased to SEK 404.3 million (44.6). In February, an order worth more than EUR 5 million was received, from the German electricity supplier Geoenergie Kirchweidach (GEK) in Bavaria.

No deliveries was made during the first quarter, so net sales amounted to SEK 0.0 million (0.6).

The Icelandic energy operator Varmaorka gave clearance to begin delivering the first seven modules of a total of 100. These deliveries are planned to start in the second quarter. The company Maersk chose the vessel on which the first Climeon modules should be installed. Installation time has not been determined.

Operating profit/loss amounted to SEK -20.1 million (-10.2).
Net financial income/expense amounted to SEK -0.4 million (0.0).
Profit before tax amounted to SEK -20.5 million (-10.2).

The decrease in profit compared with the previous year was mainly attributable to increased expenses, as scheduled, and primarily related to the construction of the sales, delivery and service organization which is reflected in increased personnel costs and other external costs. The company has also done continued strategic investments towards serial production. During the quarter SEK 4.1 million of development expenses was capitalized, mainly related to continuous development of Climeon Heat Power.

During the period, depreciation amounted to SEK 2.7 million (0.9).
The amount includes a write-down of patents of SEK 0.6 million (0.0).

Cash flow

Cash flow from operating activities amounted to SEK -16.4 million (-15.1). Advances from customers had a positive effect on working capital, and contributed SEK 1.4 million (-5.7). However, this could not completely compensate for the cost increase during the quarter as a result of the buildup of the organization.

Cash flow from investing activities was SEK -24.9 million (-4.1), mainly due to investments in Baseload Capital of SEK -19.9 million (0.0) and continued capitalization of development expenses and patents SEK -4.4 million (-3.1). Financing activities generated cash flow of SEK 7.1 million (0.5) as a result of new issues in connection with redemption of warrants. Cash flow for the period thus amounted to SEK -34.2 million (-18.7).

Financial position

Cash and cash equivalents decreased to SEK 169.8 million, from SEK 204.0 million at year-end. The equity ratio declined slightly to 81.3 percent (82.3) and the net debt/equity ratio was -0.7 times (-0.8). Shareholders' equity amounted to SEK 208.5 million (221.8) or SEK 4.6 (5.1) per share.

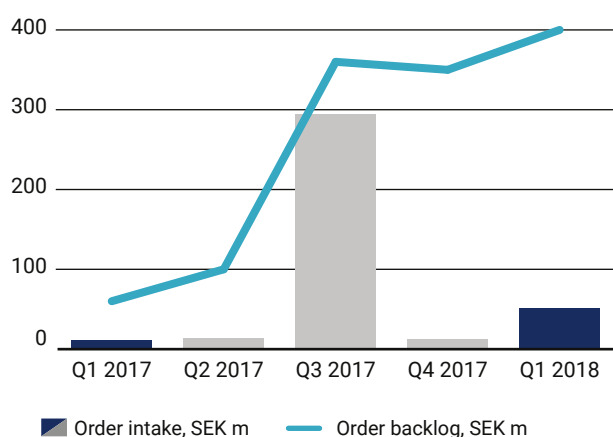
Investments

The company's investments in tangible and intangible assets amounted to SEK 5.0 million (26.7). These investments mainly consist of intangible assets in the form of capitalised development costs SEK 4.1 million (18.3), mainly related to continuous development of Climeon Heat Power, and patents.

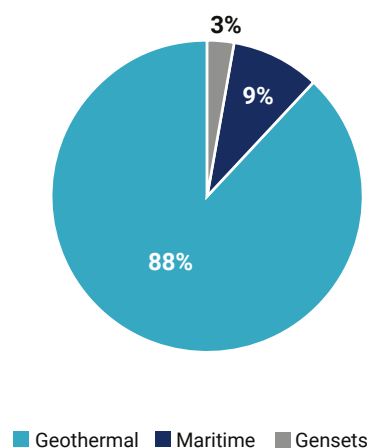
Deferred tax asset

The company has unutilised loss carryforwards amounting to SEK 121.8 million (117.4), of which the tax effect has not been recognised as a deferred tax asset in the balance sheet.

Order intake and order backlog, SEK m



Order backlog by segment



OTHER INFORMATION

Personnel and organisation

The average number of employees during the period January until March was 51 (30), of which 29 percent were women and 71 percent men. At the end of March, the number of employees was 53 (30). The company expanded the management team with Karl Brodin, Head of Research & Development.

Related party transactions

Related party transactions, in the form of purchases, amounted to SEK 0.3 million (0.2) during the period. Of these SEK 0.1 million (0.1) of consultancy fees was paid to Helen Öström Verksamhetsutveckling AB regarding administrative services. Helen is married to the company's CEO, Thomas Öström. In addition to regular Board fees, consulting services of B Garden AB (owned by board member Olle Bergström) are SEK 0.1 million (0.0) and Weseba AB (owned by chairman Per Olofsson) amounts to SEK 0.1 million (0.1).

In addition, the company has invoiced services to Baseload Capital worth SEK 0.6 million (0.0).

All related party transactions have been made on market terms.

There are outstanding warrant programs issued to Board of Directors and management team. During the quarter, redemption of outstanding warrants from Per Olofsson and Weseba AB has been redeemed, with 160,000 B shares being issued.

For further information regarding the warrants, refer to the company's website, <https://climeon.com/wp-content/uploads/2018/03/Warrant-programs-2018.png>.

Material risks and factors of uncertainty

Material financial risks and uncertainties of the company includes market risks related to agreements with customers and suppliers, liquidity and financing risks and credit and counterparty risks.

A detailed presentation of the company's material financial risks is found in the directors' report in the annual report for 2017.

Significant events subsequent to the reporting period

During April, a new business agreement was signed with Borealis GeoPower, Canada, worth around EUR 1 million. This is the world's first order of a geothermal power plant in Canada.

At the beginning of April Climeon was appointed "New Energy Pioneer" by Bloomberg New Energy Finance. After globally screening companies within the energy-, transport- and techsectors, Bloomberg selected ten companies with potential of changing the world.

Karl Brodin started as Head of Research & Development during April 2018. His most recent employment was with Atlas Copco where he held leading roles within Business and Product development.

On April 19, Climeon's Annual General Meeting was conducted. In connection with the meeting, Climeon invited shareholders, analysts, media and other interested in a presentation of the company.

A representative office was opened in Japan to investigate and evaluate Climeon's potential in the local market.

The share

Climeon's B-share has been listed on Nasdaq First North Premier since October 13, 2017.

Redemption of outstanding warrants during the quarter, resulted in new share issue of 1,455,800 B shares. Total number of shares at period end was 44,875,179 shares, whereof 14,250,000 A shares and 30,625,179 B shares.

Financial Calendar

Interim report second quarter 2018	August 29, 2018
Interim report third quarter 2018	November 22, 2018

Further information

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After publication the report is kept available at the company's website, climeon.com.

Review

This interim report has not been reviewed by the auditors of the company.



FINANCIAL REPORTS IN BRIEF

INCOME STATEMENT

SEK, thousand	Note	2018 Jan–Mar	2017 Jan–Mar	2017 Full year
Net sales	2	13	574	11,856
Capitalised work for own account		4,076	2,416	18,329
Other operating income		841	99	1,499
Operating expenses				
Raw material and consumables		-1,425	-132	-26,140
Other external expenses		-6,794	-4,321	-18,515
Personnel expenses		-14,118	-7,964	-39,760
Depreciation and amortisation		-2,669	-877	-3,933
Other operating expenses		-2	-1	-3
Operating profit/loss		-20,078	-10,206	-56,667
Profit from financial items				
Interest income and other financial items		-	0	101
Interest expenses and other financial items		-375	-37	-885
Profit before tax		-20,453	-10,243	-57,451
Tax		-	-	-
Profit/loss for the period¹⁾		-20,453	-10,243	-57,451
Result per share				
Result per share, before dilution, SEK		-0.46	-0.29	-1.54
Result per share, after dilution, SEK		-0.46	-0.29	-1.54

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

BALANCE SHEET

SEK, thousand	Note	Mar 31, 2018	Mar 31, 2017	Dec 31, 2017
ASSETS				
Intangible non-current assets	3	36,537	19,284	34,228
Tangible non-current assets	4	10,590	5,977	10,560
Financial assets	5	19,902	-	-
Total non-current assets		67,029	25,261	44,788
Inventories including work in progress		8,068	8,497	5,570
Accounts receivable		1,614	1,456	9,978
Other current receivables		9,801	2,449	5,273
Cash and cash equivalents		169,803	32,601	203,977
Total current assets		189,286	45,003	224,798
TOTAL ASSETS		256,315	70,264	269,586
EQUITY AND LIABILITIES				
Share capital		673	356	651
Reserve for development costs		29,792	12,684	26,874
Share premium reserve		343,587	111,878	336,491
Retained earnings		-165,546	-81,327	-142,175
Shareholders equity		208,506	43,591	221,841
Borrowings	6	28,081	16,081	28,081
Other provisions		1,524	-	1,524
Non-current liabilities		29,605	16,081	29,605
Advance payments from customers		2,912	886	1,984
Accounts payable		4,712	2,871	9,557
Other current liabilities		10,580	6,835	6,599
Current liabilities		18,204	10,592	18,140
TOTAL EQUITY AND LIABILITIES		256,315	70,264	269,586

CONSOLIDATED CHANGES IN TOTAL EQUITY

SEK, thousand	Share capital	Reserve for development costs	Premium reserve	Retained earnings	Net profit/loss	Total equity
Total equity at 2017-01-01	356	10,200	111,878	-33,502	-35,590	53,342
Appropriation of prior year's profit/loss				-35,590	35,590	-
Profit/loss for the period					-10,243	-10,243
Capitalisation of development expenditures		2,781		-2,781		-
Reversal due to depreciation of development costs		-297		297		-
Premiums received for warrants				492		492
Total equity at 2017-03-31	356	12,684	111,878	-71,084	-10,243	43,591
Profit/loss for the period					-47,208	-47,208
Capitalisation of development expenditures		15,548		-15,548		-
Reversal due to depreciation of development costs		-1,180		1,180		-
New issue	116		239,303			239,419
Issue Expenses			-15,419			-15,419
Bonus issue	178	-178				-
Premiums received for warrants				728		728
Exercise of warrants	1		729			730
Total equity at 2017-12-31	651	26,874	336,491	-84,724	-57,451	221,841
Total equity at 2018-01-01	651	26,874	336,491	-84,724	-57,451	221,841
Disposition as decided by annual general meeting				-57,451	57,451	-
Profit/loss for the period ²⁾					-20,453	-20,453
Capitalisation of development expenditures		4,076		-4,076		-
Reversal due to depreciation of development costs		-1,158		1,158		-
Exercise of warrants	22		7,096			7,118
Total equity at 2018-03-31	673	29,792	343,587	-145,093	-20,453	208,506

2) Other comprehensive income for the period correspond to net result for the period.

CASH FLOW STATEMENT

SEK, thousand	2018 Jan–Mar	2017 Jan–Mar	2017 Full year
OPERATING ACTIVITIES			
Operating profit	-20,078	-10,206	-56,667
Adjustments for non-cash items	2,669	839	5,457
Interest received	0	0	101
Interest paid	-375	1	-885
Cash flow from operating activities before changes in working capital	-17,784	-9,366	-51,994
Change in working capital			
Increase (-) / decrease (+) in inventory	-2,498	-3,946	-1,019
Increase (-) / decrease (+) of current receivables	3,836	-562	-11,908
Increase (+) / decrease (-) of current liabilities	64	-1,232	6,316
Cash flow from changes in working capital	1,402	-5,740	-6,611
Cash flow from operating activities	-16,382	-15,106	-58,605
INVESTING ACTIVITIES			
Investments in intangible assets	-4,425	-3,107	-20,250
Investments in tangible assets	-583	-998	-6,438
Investments in and additions to associated companies	-19,902	-	-
Cash flow from investing activities	-24,910	-4,105	-26,688
Cash flow after investing activities	-41,292	-19,211	-85,293
FINANCING ACTIVITIES			
Raise of long-term debt	-	-	12,000
New issue	7,118	-	224,730
Premiums received for warrants	-	492	1,220
Cash flow from financing activities	7,118	492	237,950
Cash flow for the period	-34,174	-18,719	152,657
Cash and cash equivalents at the beginning of the period	203,977	51,320	51,320
Cash and cash equivalents at the end of the period	169,803	32,601	203,977

THE CLIMEON SHARE

LARGEST SHAREHOLDERS, 31 MARCH 2018

	NUMBER OF SHARES		CAPITAL, %	NUMBER OF VOTES	VOTING RIGHTS, %
	SERIES A	SERIES B			
Thomas Öström	9,500,000	155,900	21.52	95,155,900	54.96
Joachim Karthäuser	4,750,000	218,300	11.07	47,718,300	27.56
Stefan Brendgen		1,300,000	2.90	1,300,000	0.75
Olle Bergström		1,050,000	2.34	1,050,000	0.61
Avanza Pension		1,005,185	2.24	1,005,185	0.58
BFV Förvaltning AB		982,200	2.19	982,200	0.57
Nordnet Pensionsförsäkringar AB		733,069	1.63	733,069	0.42
Handelsbanken Hållbar Energi		673,361	1.50	673,361	0.39
Frontcore Logic AB		649,677	1.45	649,677	0.38
Mathias Carnemark		644,977	1.44	644,977	0.37
Andreas Billström		631,020	1.41	631,020	0.36
Per Olofsson		580,000	1.29	580,000	0.34
LMK Stiftelsen		547,741	1.22	547,741	0.32
Klas Händel		543,700	1.21	543,700	0.31
SEB Life International		470,000	1.05	470,000	0.27
Others		20,440,049	45.54	20,440,049	11.81
Total	14,250,000	30,625,179	100.00	173,125,179	100.00

SHARE DATA³⁾

	2018 Jan–Mar	2017 Jan–Mar	2017 Jan–Dec
Total number of issued shares at period end	44,875,179	35,612,300	43,419,379
Average number of shares outstanding	44,701,846	35,612,300	37,416,863
Earnings per share, before dilution, SEK	-0.46	-0.29	-1.54
Earnings per share, after dilution, SEK	-0.46	-0.29	-1.54
Equity per share, SEK	4.65	1.22	5.11

3) Split 1:100 was executed during second quarter 2017, comparative data has been translated

Share data

Series A 14,250,000 pcs. Quota value is 0.015 SEK 10 votes/share.
Series B 30,625,179 pcs. Quota value is 0.015 SEK 1 vote/share.

Warrant programs

At March 31, 2018, the company has outstanding warrants, which entitle the holder to subscribe for 1,698,028 class B shares. A redemption of outstanding warrants during the period resulted in 1,455,800 new B shares.

The annual general meeting on April 19, 2018 decided to approve the Board of Director's decision to issue additional up to 400,000 warrants to current and future senior executives, key individuals and other employees. Current and future management will be offered to subscribe for a maximum of 20,000 warrants per person and in total a maximum of 60,000 warrants. Current and future other employees and key persons are offered to subscribe for a maximum of 10,000 warrants per person and in total a maximum of 340,000 warrants.

Each warrant may be exercised for subscription of one new B share at a subscription price of 99.20 SEK during the period September 1 to 15, 2021. The warrants can be subscribed up until December 28, 2018 and for each warrant a premium shall be paid that corresponds to the warrant's market value calculated in accordance with the Black & Scholes valuation model at the time of subscription.

For further information regarding the warrants, refer to the company's website, <https://climeon.com/wp-content/uploads/2018/03/Warrant-programs-2018.png>.

NOTES

Note 1 Accounting principles

This interim report has been prepared in accordance with the Swedish Financial Reporting Board Recommendation RFR 2. The same accounting principles and calculation methods have been used in the interim report as in the latest annual report, but from 1 January 2018, the company applies IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers.

New IFRS standards

IFRS 9 handles classification, valuation and accounting of financial assets and liabilities. Climeon applies the exempt from applying IFRS 9 to a legal entity and values its financial instruments based on the acquisition value. The company has no financial assets recognized as non-current assets, except shares in associate companies, and therefore the impairment rules in RFR 2 (IFRS 9) are not applicable. The company does not apply hedge accounting. The changes in RFR 2 (IFRS 9) have not had a material impact on the financial report.

IFRS 15 is new a model for revenue recognition (five-step model) based on when the control of goods or services are transferred to a customer. Climeon provides hardware and software (Heat Power system and system software Climeon Live™). In addition, Climeon offers consulting and support services for the Heat Power system. Revenues are recognized to an amount corresponding to the compensation that the company is expected to be entitled to in exchange for these products and services. Revenue relating to Heat Power modules is recognized when the significant risks and benefits associated with the modules have been transferred to the customer, normally at delivery. Operating revenues are reported when the units have been put into operation. The license revenue is recognized when control and right of use is handed over to the customer, typically at delivery of the license. Revenues from consulting and support services are reported in connection with these services. For support services, revenue is reported on a straight-line basis throughout the contract period. The changes in RFR 2 (IFRS 15) have not had a material impact on the financial report.

Note 2 Distribution of net sales

SEK, thousand	2018 Jan–Mar	2017 Jan–Mar	2017 Jan–Dec
Revenue type			
Hardware	-	560	11,598
Consulting and support services	13	14	258
Total	13	574	11,856
Geographic market			
Sweden	5	14	55
Europe	8	560	11,623
North America	-	-	-
Asia	-	-	178
Total	13	574	11,856

Note 3 Intangible assets

Intangible assets comprise capitalised expenditure on development SEK 31.7 million (29.6) and patents SEK 4.8 million (4.6). In the first quarter of 2018, a write-down of patents was made of SEK 596 thousands. Decisions regarding write-downs of patents have been based on the fact that they relate to products or business areas that are no longer used in the product or are in focus for the company's operations.

For a detailed discription of the company's depreciation principles for intangible assets see the annual report for 2017.

Note 4 Tangible assets

Tangible assets (Property, plant and equipment) comprise leasehold improvements SEK 2.3 million (2.5), equipment SEK 0.8 million (0.6), technical equipment SEK 2.7 million (2.7), and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 4.8 million (4.8).

For a detailed discription of the company's depreciation principles for tangible assets see the annual report for 2017.

Note 5 Financial assets

Financial assets consisted of investments in the finance company Baseload Capital Sweden AB, during the quarter, of SEK 19,902 thousand (0.0) in shareholdings, corresponding to 19.9 percent ownership in the company of which, the company has contributed SEK 18,907 thousand (0.0) in the form of conditional shareholder contributions, which increased the financial assets. The amounts are reported at acquisition cost.

Note 6 Borrowings

Long-term liabilities comprise a conditional loan from the Swedish Energy Agency for the development of Climeon Heat Power SEK 14.1 million (14.1), Almi Företagspartner SEK 2.0 million (2.0) and loan for order financing from Almi Företagspartner for SEK 12.0 million (12.0).

Note 7 Pledged assets and contingent liabilities

Pledged assets and contingent liabilities amount to SEK 22.8 million (22.8) and comprise a floating charge to Almi Företagspartner of SEK 20.8 million (20.8), and pledged bank deposits of SEK 2.0 million (2.0) for prepayment guarantees to suppliers and 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, May 17, 2018

Per Olofsson
Chairman

Olle Bergström
Board member

Stefan Brendgen
Board member

Thomas Öström
Board member/CEO

Vivianne Holm
Board member

Therese Lundstedt
Board member

KEY NUMBERS

	2018 Jan–Mar	2017 Jan–Mar	2017 Full year
Order intake, SEK million	51.5	10.4	330.1
Order backlog, SEK million	404.3	44.6	352.9
Operating margin (%)	neg	neg	neg
Profit margin (%)	neg	neg	neg
Return on equity (%)	neg	neg	neg
Return on assets (%)	neg	neg	neg
Return on capital employed (%)	neg	neg	neg
Interest coverage (times)	neg	neg	neg
Cash and cash equivalents, SEK million	169.8	32.6	204.0
Equity ratio	81.3	62.0	82.3
Debt ratio (times)	0.2	0.6	0.2
Net debt ratio (times)	-0.7	-0.4	-0.8
Earnings per share, before dilution, SEK	-0.46	-0.29	-1.54
Earnings per share, after dilution, SEK	-0.46	-0.29	-1.54
Equity per share, SEK	4.65	1.22	5.11
Stock price at end of period, CLIME B, SEK	48.00	-	53.00

DEFINITIONS

Operating margin	Operating profit as a procent of net sales.
Profit margin	Profit/loss for the period after financial items as a percentage of net sales.
Return on equity	Profit/loss for the period after financial items as a percentage of average shareholders' equity for the period.
Return on assets	Operating profit plus financial income as a percentage of total assets.
Return on capital employed	Operating profit plus financial income as a percentage of capital employed.
Capital employed	Total assets minus non interest-bearing liabilities (including other provisions).
Interest coverage	Operating profit plus financial income divided by financial expenses (times).
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).
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.
Order intake	Sum of the orders received during the period.
Order backlog	The value at the end of the period of all received and signed customer orders not invoice to customer at the end of the period.

QUARTERLY FIGURES

Income statement (SEK, million)

	2018	2017				
	Q1	Q1	Q2	Q3	Q4	Full year
Net sales	0.0	0.6	0.1	0.0	11.1	11.9
Capitalised work for own account	4.1	2.4	4.3	5.4	6.2	18.3
Other operating income	0.8	0.1	-	-	1.4	1.5
Operating expenses						
Raw material and consumables	-1.4	-0.1	-3.2	-4.8	-17.9	-26.1
Other external expenses	-6.8	-4.3	-4.1	-3.2	-6.8	-18.5
Personnel expenses	-14.1	-8.0	-9.5	-9.4	-12.9	-39.8
Depreciation and amortisation	-2.7	-0.9	-0.9	-0.9	-1.3	-3.9
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit/loss	-20.1	-10.2	-13.3	-12.9	-20.2	-56.7
Net financial income	-0.4	0.0	-0.1	-0.6	-0.1	-0.8
Profit before tax	-20.5	-10.2	-13.4	-13.5	-20.3	-57.5
Taxes	-	-	-	-	-	-
Profit/loss for the period	-20.5	-10.2	-13.4	-13.5	-20.3	-57.5
Earnings per share (SEK)	-0.46	-0.29	-0.37	-0.38	-0.48	-1.54

Balance sheet (SEK, million)

	2018	2017				
	Q1	Q1	Q2	Q3	Q4	Full year
Intangible non-current assets	36.5	19.3	23.0	27.0	34.2	34.2
Tangible non-current assets	10.6	6.0	5.6	8.0	10.6	10.6
Financial assets	19.9					
Total non-current assets	67.0	25.3	28.6	35.0	44.8	44.8
Inventories including work in progress	8.1	8.5	9.1	12.9	5.6	5.6
Current receivables	11.4	3.9	2.7	6.5	15.3	15.3
Cash and cash equivalents	169.8	32.6	27.2	33.7	204.0	204.0
Total current assets	189.3	45.0	39.0	53.1	224.8	224.8
TOTAL ASSETS	256.3	70.3	67.6	88.1	269.6	269.6
Shareholders equity	208.5	43.6	30.7	17.8	221.8	221.8
Long-term liabilities	29.6	16.1	16.1	28.1	29.6	29.6
Current liabilities	18.2	10.6	20.8	42.2	18.1	18.1
TOTAL EQUITY AND LIABILITIES	256.3	70.3	67.6	88.1	269.6	269.6

Cash flow statement (SEK, million)

	2018	2017				
	Q4	Q1	Q2	Q3	Q4	Full year
Cash flow from operating activities before changes in working capital	-17.8	-9.4	-12.5	-12.7	-17.5	-52.0
Changes in working capital	1.4	-5.7	2.0	2.6	-4.6	-6.6
Cash flow from operating activities	-16.4	-15.1	-10.5	-10.1	-22.1	-58.6
Investing activities	-24.9	-4.1	-5.0	-7.3	-11.1	-26.7
Cash flow after investing activities	-41.3	-19.2	-15.5	-17.4	-33.2	-85.3
Financing activities	7.1	-1.5	9.9	23.9	203.5	238.0
Cash flow for the period	-34.2	-20.8	-5.6	6.5	170.3	152.7
Cash at the beginning of the period	204.0	51.3	32.6	27.2	33.7	51.3
Cash at the end of the period	169.8	32.6	27.2	33.7	204.0	204.0



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