

INTERIM REPORT FOR THE PERIOD JANUARY 1–JUNE 30, 2018



Net sales increased to
SEK 12.2 million (0.1)



Entry to all defined key
countries and continued
high pace of scaling



Order intake increased to
SEK 322.0 million (13.2) and
order backlog amounted
to SEK 739.7 million (58.7)



Certification and permit
processes have taken somewhat
longer than expected

CLIMEON
Business for a better world

SECOND QUARTER 2018

Order intake increased significantly during the quarter to SEK 322.0 million (13.2), mainly attributable to the fact that Icelandic Varmaorka increased its order to a value of SEK 628.2 million from previous SEK 292.5 million. In total, the order backlog increased to SEK 739.7 million (58.7). Net sales increased to SEK 12.2 million (0.1), and Climeon has after the end of the quarter entered all five defined key countries. Climeon continues to scale up at a high pace, including establishment of a representative office in Japan and a branch office in Iceland. However, certification and permit processes have taken somewhat longer than expected during the period.

Financial development, April - June

- Order intake amounted to SEK 322.0 million (13.2)
- Net sales increased to SEK 12.2 million (0.1)
- Operating profit/loss amounted to SEK -25.8 million (-13.3)
- Earnings per share amounted to SEK -0.58 (-0.37)
- Cash flow from operating activities amounted to SEK -3.0 million (-10.5) with a positive contribution from changes in working capital of SEK 19.1 million (2.0), partly explained by advances from customers

Important events, April - June

- In April an order worth SEK 9.9 million was obtained from Borealis GeoPower, Canada
- Climeon was appointed "New Energy Pioneer" by Bloomberg New Energy Finance as one of ten energy, transport and tech companies globally with potential of changing the world
- A representative office was opened in Japan to evaluate Climeon's potential in the local market
- In June, Varmaorka increased their order of Heat Power modules to a value of SEK 628.2 million, from previous SEK 292.5 million

Financial development, January - June

- Order intake amounted to SEK 373.4 million (23.6)
- Order backlog amounted to SEK 739.7 million (58.7)
- Net sales amounted to SEK 12.2 million (0.7)
- Operating profit/loss amounted to SEK -45.8 million (-23.5)
- Earnings per share amounted to SEK -1.04 (-0.66)
- Cash and cash equivalents amounted to SEK 161.2 million (204.0)
- Cash flow from operating activities amounted to SEK -19.4 million (-26.4)

Significant post-closing events

- In July, Climeon received its first order within geothermal heat power in Japan worth SEK 19.5 million. The Heat Power modules are purchased by Baseload Capital Sweden on the behalf of a newly started Heat Power operator
- Climeon has established a branch office in Iceland, one of the most interesting geographical markets in the world for geothermal heat power



Ground breaking ceremony with Ann Linde, Minister for EU affairs and trade, among others in Iceland in June.

CEO's comments

FIRST STEPS INTO THE WORLD



CEO Thomas Öström closes a new deal with Ingvar Gardarsson, Chairman of the Board of Varmaorka, in Iceland.

This summer has clearly shown the importance of what we're doing. It has been an alarming summer with water shortage, extreme heat all over the globe and a tropical heat we've never seen before in Sweden. The debate about whether this is due to man is loud but having followed the debate for more than 12 years, the answer is, at least in my eyes, very clear. Therefore, it feels incredibly good that we have a solution that can help reverse the trend. We have a long way to go, but also a clear sense of urgency, which triggers thoughts on how we can scale up the business even faster.

Our goal and strategy in the geothermal segment is to win business in five key countries: Iceland, U.S., Canada, Germany and Japan. During the quarter and just after, this has fallen in place with the deals in Canada and Japan as well as the expanded order in Iceland. Within the maritime segment, the goal is to become a standard solution and work is proceeding according to plan. Within the industrial segment, we are also moving forward and see continued great potential.

Generating electricity with our technology is done at a low cost compared to other types of energy, but the customer's financing of the power plants they build is an important factor in rolling out the technology. Baseload Capital's work with this is at full speed and executed well above our high expectations. The financing solution Baseload Capital developed was an important component of the expanded order in Iceland.

The quarter's challenge can be summarized in certifications and permits. Within each new segment and on each new geographic market, certifications and permits are high entry thresholds that delay our deliveries. Both our customers and we have underestimated the time and effort required. These processes have affected each delivery so far and have involved a lot of work on the technical side, but we are continuously moving forward and the outlook is positive. Some examples of on-going activities are related to new requirements from the classification organizations ABS and DNV in the maritime segment for Viking and Maersk, certifications for the pressure vessel and electrical

installation in the U.S. and Canada, electrical coupling permits in Japan, construction permits in Iceland and approval from municipalities in Germany. In the short term, this means a lot of work and uncertain timetables, in the longer term, it is an advantage as it raises entry barriers to competitors.

We reached an important milestone at midsummer, when the first Heat Power modules were delivered to Iceland. They will soon generate green electricity year-round, 24 hours a day in Fludir. The electricity will be used locally, primarily in greenhouses where tomatoes are grown. The next modules for Iceland are in production with planned delivery during the fall 2018.

Our technology has attracted a great deal of attention in Iceland and across the globe. Minister for EU Affairs and Trade Ann Linde, Icelandic Minister for Foreign Affairs Guðlaugur Þór Þórðarson and several other politicians and officials as well as customers, suppliers and other partners attended the groundbreaking ceremony in Iceland that we organized in conjunction with delivering the initial modules. There is great support for what we want to achieve, and many are interested in helping us realize large-scale green electricity production through small-scale geothermal heat power.

With its large order, Varmaorka currently dominates our order backlog. This development is in line with our strategy to initially focus on markets where the path to profitability for both customers and Climeon is the shortest. Essentially, it is the availability of hot water, electricity prices and the local energy situation that determines profitability. All of these factors also clearly point to Japan, where we opened a representative office during the quarter to gain better access to the market. Japan has an abundance of hot springs, among the world's highest electricity prices and a strong desire to increase the share of domestically produced electricity. This implies a huge potential in Japan and we have so far won two deals there, one within Geothermal and one within Industrial. The first units to Japan are expected to be delivered in the first half of 2019, but even there, the schedule is dependent on local permits.

We are also doing very well within the maritime segment, to which we have delivered the most units so far. During the quarter, together with the shipyard we started the site preparation for the pilot installation on the Maersk ship and we are now waiting for a final certification to complete the installation. There is a great deal of pressure on the entire maritime segment to reduce its climate footprint.¹⁾

In summary, we have taken great steps forward. Despite delays in the form of extended permit and certification processes, we have continued to deliver according to our plan. This way we work towards our vision of delivering fossil-free heat power and become the world's number one climate solver.

Thomas Öström
CEO

1) imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx

MARKET AND MARKET DEVELOPMENT

Market

Climeon's strategy is to pursue business that offers the shortest path to profitability for both the customer and Climeon. In practice, this means that Climeon is currently focusing on markets that already use either geothermal heat or oil and gas together with Maritime and Industrial. In order to focus the company's efforts within geothermal, intensive work has been conducted during the period to estimate the total market potential of the geothermal low-temperature segment. 36 out of 195 countries have been examined and the aim has been to classify opportunities in the short and long term. Based on the availability of heat and how advanced the well needs to be built, the possibilities have been divided into five main areas where 1 MW electricity corresponds to 7-12 Climeon Heat Power modules and a typical plant is in the size range 1 to 30 modules per borehole/geothermal source. The numbers below can be compared to the global electricity production for 2017 which amounted to about 25,100 TWh according to the International Energy Agency, corresponding to an average power output of about 2,865 GW²⁾.

1. No drilling, that is existing sources on the surface such as in Japan and Iceland or existing boreholes. Potential 500 MW
2. Shallow drilling, simpler wells below 1,000 meters. Potential 18,000 MW
3. Shallow drilling, more advanced wells below 1,000 meters. Potential 41,200 MW
4. Medium depth drilling, more advanced wells, 1,000-2,500 meters. These include large parts of Europe, America and Asia. Potential 51,400 MW
5. A potential future opportunity is also EGS, engineered geothermal systems, where more advanced drilling technology creates a heat exchanger below ground with engineered piping systems that extract the heat from the earth's interior. Here lies the largest potential with an estimate of 440,000 MW. However, EGS is still a bit further ahead in time. The uncertainties are many and a number of projects are currently under way to verify technology and methods

Therefore, the main focus for geothermal sales today is where no or shallow drilling is needed and where the price of electricity is high, and the energy situation is favorable.

Certification is an area where differences arise between various market segments as well as between different geographic markets. Climeon currently has several certifications in place for both the maritime and geothermal energy segments and is working towards obtaining additional approval from more certification bodies and for more countries—for example for geothermal energy in the U.S. and Japan. The company is working towards having general approval for Japan in place in 2019, where there has been significant progress during the quarter. The processes are time consuming and resource intensive, which means they constitute a high barrier to entry for competitors and give a clear seal of quality.

Market development

During the quarter, a big step was taken in the Icelandic market as the first Heat Power modules were delivered to Varmaorka, who also chose to expand their existing order. In the North American market, a first order for a geothermal power plant in Canada was obtained. In June, a representative office was opened in Japan to get closer to the market and after the end of the quarter the first order within Geothermal in the country was obtained.

Within the maritime segment, efforts to become the standard solution are proceeding according to plan, and the company is being helped by the approaching sulfur directive, which takes effect in 2020³⁾, as well as rising oil prices. These factors increase the willingness to invest.

2) webstore.iea.org/electricity-information-2018-overview

3) imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx

ORDER INTAKE, SALES AND DELIVERY

Order intake and sales

Order intake during the second quarter amounted to SEK 322.0 million (13.2) and order intake for the period January - June amounted to SEK 373.4 million (23.6).

In April an order worth SEK 9.9 million was obtained from Borealis GeoPower, Canada. Climeon has thus won the world's first order of a geothermal power plant in Canada.

In June, Icelandic energy operator Varmaorka increased their order of Heat Power modules to a value of SEK 628.2 million, from previous SEK 292.5 million. The modules are to be placed in about 20 sites and delivered over a period of 36 months through June 2021.

At the end of the period the order backlog amounted to SEK 739.7 million (58.7), corresponding to 236 (25) Heat Power modules.

Delivery

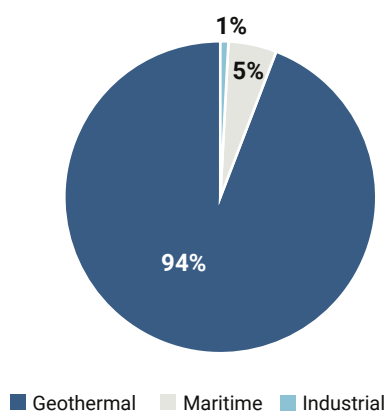
During the quarter, four out of the first seven Heat Power modules were delivered to Varmaorka in Iceland. The following three modules are in production with planned delivery during the fall.

The lead time from order to delivery of a module is normally around 6–9 months and the time from order to launch is typically around 12 months with the exception of orders from ship yards, where the lead time normally is in the order of 24–36 months.

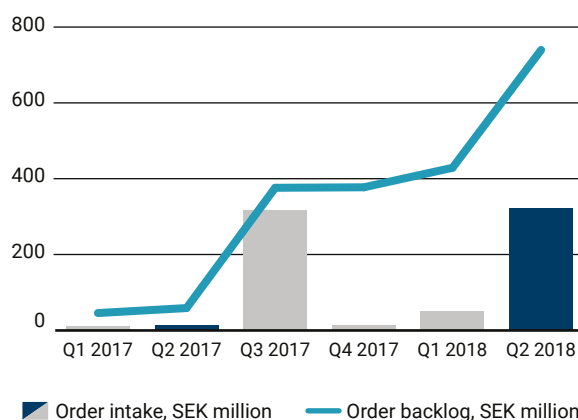
Larger deals, especially within the geothermal segment, are often divided into multiple installation projects over a longer period of time. One example is Climeon's deal with Varmaorka where 197 modules are to be delivered in groups of 2-15 units over a period of 36 months.

For further information regarding sales process and revenue recognition refer to the annual report for 2017.

Order backlog by segment



Order intake and order backlog, SEK million



FINANCIAL DEVELOPMENT

APRIL - JUNE

Net sales and result

Net sales amounted to SEK 12.2 million (0.1). The increase is related to partial delivery to Varmaorka in Iceland.

Operating profit/loss amounted to SEK -25.8 million (-13.3). Net financial income/expense amounted to SEK -0.2 million (-0.1). Profit/loss after financial items amounted to SEK -25.9 million (-13.3).

The decrease in profit compared with previous year is mainly attributable to increased expenses, as scheduled, 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 5.1 million of internally generated development expenses was capitalized mainly related to continuous development of Climeon Heat Power.

During the quarter, depreciations amounted to SEK 2.7 million (0.9). The amount includes a write-down of patents of SEK 0.3 million (0.0).

Cash flow

Cash flow from operating activities amounted to SEK -3.0 million (-10.5). Advances from customers had a positive effect on working capital, and contributed SEK 22.0 million (0.9). The percentage of advance varies between different contracts and industries. The advances during the quarter could not fully compensate for the cost increase as a result of the build-up of the organization.

Cash flow from investing activities amounted to SEK -6.3 million (-5.0), mainly due to continued capitalization of internally generated development expenses and patents SEK -5.7 million (-4.3). Financing activities generated cash flow of SEK 0.7 million (10.1) from premiums paid for warrants. Cash flow for the quarter thus amounted to SEK -8.6 million (-5.4).

JANUARY - JUNE

Net sales and result

Net sales during the period January - June amounted to SEK 12.2 million (0.7), a significant increase compared to previous year.

Operating profit/loss for the period January - June amounted to SEK -45.8 million (-23.5). Net financial income/expense amounted to SEK -0.5 million (-0.1). Profit/loss after financial items amounted to SEK -46.4 million (-23.6). Also accumulated earnings for the whole year to date was affected by the increase in expenses, which is mainly related to a successive build-up of the organization.

Cash flow

Cash flow from operating activities for the period January - June amounted to SEK -19.4 million (-26.4). Cash flow from investing activities amounted to SEK -31.2 million (-8.3), mainly due to investments in Baseload Capital of SEK -19.9 million (0.0) and continued capitalization of development expenses and patents. Cash flow from financing activities amounted to SEK 7.9 million (10.6). Cash flow for the period thus amounted to SEK -42.7 million (-24.1).

Financial position

Cash and cash equivalents decreased to SEK 161.2 million, from SEK 204.0 million at year-end. The equity ratio, at the same time, declined to 68.0 percent (82.3) and the net debt/equity ratio amounted to -0.7 times (-0.8). Shareholders' equity amounted to SEK 183.3 million (221.8) or SEK 4.1 (5.1) per share.

Investments

The company's investments in tangible and intangible assets during the quarter amounted to SEK 6.3 million (26.7). These investments

mainly consist of intangible assets in the form of capitalized development expenses SEK 5.4 million (18.3), mainly related to continuous development of Climeon Heat Power, and patents SEK 0.3 million (1.9).

Deferred tax asset

The company has unutilized loss carryforwards amounting to SEK 166.3 million (117.4), of which the tax effect has not been recognized as a deferred tax asset in the balance sheet.

OTHER INFORMATION

Personnel and organization

The average number of employees during the period January to June was 56 (32), of which 28 percent was women and 72 percent men. At the end of June, the number of employees was 64 (35). During the quarter 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 130 thousand (160) during the quarter. Of these, SEK 60 thousand (70) 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 provided by B Garden AB (owned by Board member Olle Bergström) amounted to SEK 50 thousand (50) and Weseba AB (owned by Chairman of the Board Per Olofsson) SEK 10 thousand (80).

In addition, the company has invoiced services to Baseload Capital worth SEK 110 thousand (0.0). The company's purchases from Baseload Capital amounted to SEK 210 thousand (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. For further information regarding the warrants, refer to the company's website, <http://www.climeon.com/warrantprograms>.

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 post-closing events

In July, Climeon received its first order within geothermal heat power in Japan worth SEK 19.5 million. The Heat Power modules are purchased by Baseload Capital Sweden on the behalf of a newly started Heat Power operator.

Climeon has established a branch office in Iceland, one of the most interesting geographical markets in the world for geothermal heat power.

The share

Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 61.77 at the end of the period.

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 third quarter 2018	November 22, 2018
Year-end report 2018	February 13, 2019

Further information

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

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.



Climeon Heat Power modules in production.

FINANCIAL REPORTS IN BRIEF

INCOME STATEMENT

SEK, thousand	Note	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Net sales	2	12,164	138	12,177	713	11,856
Capitalized work for own account		5,087	4,301	9,163	6,717	18,329
Other operating income		58	-	899	99	1,499
Operating expenses						
Raw material and consumables		-14,443	-3,268	-15,868	-3,400	-26,140
Other external expenses		-7,088	-4,093	-13,881	-8,414	-18,515
Personnel expenses		-18,872	-9,470	-32,990	-17,434	-39,760
Depreciation and amortization of tangible and intangible assets		-2,667	-875	-5,337	-1,752	-3,933
Other operating expenses		-	0	-2	-1	-3
Operating profit/loss		-25,761	-13,267	-45,839	-23,472	-56,667
Profit from financial items						
Interest income and other financial items		58	0	58	0	101
Interest expenses and other financial items		-224	-61	-599	-99	-885
Profit/loss after financial items		-25,927	-13,328	-46,380	-23,571	-57,451
Tax		-	-	-	-	-
Profit/loss for the period⁴⁾		-25,927	-13,328	-46,380	-23,571	-57,451
Earnings per share, SEK						
Before dilution		-0.58	-0.37	-1.04	-0.66	-1.54
After dilution		-0.58	-0.37	-1.04	-0.66	-1.54

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

BALANCE SHEET

SEK, thousand	Note	Jun 30, 2018	Jun 30, 2017	Dec 31, 2017
ASSETS				
Intangible non-current assets	3	40,402	22,979	34,228
Tangible non-current assets	4	10,360	5,585	10,560
Financial assets	5	19,902	-	-
Total non-current assets		70,664	28,564	44,788
Inventories		19,729	9,126	5,570
Accounts receivable		4,866	1,603	9,978
Other current receivables		13,300	1,069	5,273
Cash and cash equivalents		161,230	27,232	203,977
Total current assets		199,125	39,030	224,798
TOTAL ASSETS		269,789	67,594	269,586
EQUITY AND LIABILITIES				
Share capital		673	534	651
Paid up, non-registered share capital		-	225	-
Reserve for development costs		33,650	16,144	26,874
Share premium reserve		343,587	111,878	336,491
Retained earnings		-194,572	-98,034	-142,175
Total shareholder's equity		183,338	30,746	221,841
Other provisions		2,634	-	1,524
Total provisions		2,634	-	1,524
Other non-current liabilities	6	28,081	16,081	28,081
Total non-current liabilities		28,081	16,081	28,081
Advance payments from customers		22,021	886	1,984
Accounts payable		14,443	5,039	9,557
Other current liabilities		19,272	14,842	6,599
Total current liabilities		55,736	20,767	18,140
TOTAL EQUITY AND LIABILITIES		269,789	67,594	269,586

STATEMENT OF CHANGES IN TOTAL EQUITY

SEK, thousand	Restricted equity			Unrestricted equity			Total equity
	Share capital	Paid up, non-registered share capital	Reserve for development costs	Premium reserve	Retained profit/loss	Net profit/loss	
Opening balance equity 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						-23,571	-23,571
Capitalization of development expenditures			6,717		-6,717		-
Utilization as a result of the periods depreciation of development costs			-595		595		-
Other comprehensive income							-
Total comprehensive income/loss	-	-	6,122	-	-41,712	12,019	-23,571
<i>Transactions with shareholders:</i>							
Bonus issue	178		-178				-
Premiums paid for warrants					751		751
Paid up, non-registered share capital		225					225
Total transactions with shareholders	178	225	-178	-	751	-	976
Closing balance equity 2017-06-30	534	225	16,144	111,878	-74,463	-23,571	30,746

SEK, thousand	Restricted equity			Unrestricted equity			Total equity
	Share capital	Paid up, non-registered	Reserve for development costs	Premium reserve	Retained profit/loss	Net profit/loss	
Opening balance equity 2018-01-01	651	-	26,874	336,491	-84,724	-57,451	221,841
Appropriation of prior year's profit/loss					-57,451	57,451	-
Profit/loss for the period ⁵⁾						-46,380	-46,380
Capitalization of development expenditures			9,163		-9,163		-
Utilization as a result of the periods depreciation of development costs			-2,387		2,387		-
Other comprehensive income							-
Total comprehensive income/loss	-	-	6,776	-	-64,227	11,071	-46,380
<i>Transactions with shareholders:</i>							
Premiums paid for warrants					759		759
Exercise of warrants	22			7,096			7,118
Total transactions with shareholders	22	-	-	7,096	759	-	7,877
Closing balance equity 2018-06-30	673	-	33,650	343,587	-148,192	-46,380	183,338

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

CASH FLOW STATEMENT

SEK, thousand	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
OPERATING ACTIVITIES					
Operating profit	-25,761	-13,267	-45,839	-23,472	-56,667
Adjustments for items not included in cash flow	3,776	815	6,446	1,654	5,457
Interest received	58	0	58	0	101
Interest paid	-224	0	-599	0	-885
Cash flow from operating activities before changes in working capital	-22,151	-12,452	-39,934	-21,818	-51,994
Cash flow from changes in working capital					
Increase (-) / decrease (+) in inventories	-11,661	180	-14,159	-4,575	-1,019
Increase (-) / decrease (+) of current receivables	-4,657	1,234	-2,915	671	-11,908
Increase (+) / decrease (-) of current liabilities	35,439	574	37,597	-658	6,316
Cash flow from changes in working capital	19,121	1,988	20,523	-4,562	-6,611
Cash flow from operating activities	-3,030	-10,464	-19,411	-26,380	-58,605
INVESTING ACTIVITIES					
Investments in intangible assets	-5,745	-4,333	-10,170	-7,440	-20,250
Investments in tangible assets	-557	-655	-1,141	-844	-6,438
Investments in financial assets	-	-	-19,902	-	-
Cash flow from investing activities	-6,302	-4,988	-31,213	-8,284	-26,688
Cash flow after investing activities	-9,332	-15,452	-50,624	-34,664	-85,293
FINANCING ACTIVITIES					
Raise of short-term debt	-	9,600	-	9,600	-
Raise of long-term debt	-	-	-	-	12,000
New issue	-	-	7,118	-	224,730
Premiums paid for warrants	759	259	759	751	1,220
Paid up, non-registered share capital	-	225	-	225	-
Cash flow from financing activities	759	10,084	7,877	10,576	237,950
Cash flow for the period	-8,573	-5,368	-42,747	-24,088	152,657
Cash and cash equivalents at the beginning of the period	169,803	32,600	203,977	51,320	51,320
Cash and cash equivalents at the end of the period	161,230	27,232	161,230	27,232	203,977

THE CLIMEON SHARE

LARGEST SHAREHOLDERS, JUNE 30, 2018

	NUMBER OF SHARES		CAPITAL, %	NUMBER OF VOTES	VOTING RIGHTS, %
	SERIES A	SERIES B			
Thomas Öström	9,500,000	155,900	21.5	95,155,900	55.0
Joachim Karthäuser	4,750,000	218,300	11.1	47,718,300	27.6
Stefan Brendgen		1,300,000	2.9	1,300,000	0.8
Försäkringsbolaget, Avanza Pension		1,118,032	2.5	1,118,032	0.6
Handelsbanken Hållbar Energi		1,086,722	2.4	1,086,722	0.6
Olle Bergström		1,050,000	2.3	1,050,000	0.6
Nordnet Pensionsförsäkringar AB		784,481	1.7	784,481	0.5
Frontcore Logic AB		649,677	1.4	649,677	0.4
Mathias Carnemark		644,977	1.4	644,977	0.4
Andreas Billström		611,020	1.4	611,020	0.4
Per Olofsson		580,000	1.3	580,000	0.3
LMK Stiftelsen		547,741	1.2	547,741	0.3
Klas Händel		543,700	1.2	543,700	0.3
Ålandsbanken i ägares ställe		510,227	1.1	510,227	0.3
SEB Life International		470,000	1.0	470,000	0.3
Others		20,354,402	45.6	20,354,402	11.6
Total	14,250,000	30,625,179	100.00	173,125,179	100.00

SHARE DATA⁶⁾

	Apr -Jun 2018	Apr -Jun 2017	Jan-Dec 2017
Total number of issued shares at period end	44,875,179	35,612,300	43,419,379
Average number of shares outstanding	44,875,179	35,612,300	37,416,863
Earnings per share, before dilution, SEK	-0.58	-0.37	-1.54
Earnings per share, after dilution, SEK	-0.58	-0.37	-1.54
Equity per share, SEK	4.09	0.86	5.11

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

Share data

Series A 14,250,000 number of shares. Quota value is 0.015 SEK
10 votes/share.

Series B 30,625,179 number of shares. Quota value is 0.015 SEK
1 vote/share.

Warrant programs

At June 30, 2018, the company has outstanding warrants, which entitle the holder to subscribe for 1,990,929 class B shares.

For further information regarding the warrants, refer to the company's website, <http://www.climeon.com/warrantprograms>.

NOTES

Note 1 Accounting principles

This interim report is prepared in accordance with IAS 34 Interim report considering the exceptions and addition to IFRS stated in the Swedish Financial Reporting Board, RFR 2 Accounting for legal entities. The same accounting principles and calculation methods have been used in the interim report as in the latest annual report, but from January 1, 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 Baseload Capital, 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.

The company sells and markets a small number of products which are for the most part packaged and sold to the same customers. The company's operational organization and management are organized by function and the company's internal monitoring is currently at the aggregated level only. Monitoring of geographic areas is only done for sales in respective countries or regions. Considering the above, the company recognizes no operating segments in the financial statements.

Note 2 Distribution of net sales

SEK, thousand	Apr–Jun 2018	Apr–Jun 2017	Jan–Dec 2017
Revenue type			
Hardware	12,155	-	11,598
Consulting and support services	22	138	258
Total	12,177	138	11,856
Geographic market			
Sweden	22	48	55
Europe	12,155	-	11,623
North America	-	-	-
Asia	-	90	178
Total	12,177	138	11,856

Note 3 Intangible assets

Intangible assets comprise capitalized expenditure on development SEK 36.1 million (29.6) and patents SEK 4.3 million (4.6). In the second quarter of 2018, a write-down of patents was made of SEK 0.3 million. Decisions regarding write-downs of patents has 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. In the second quarter of 2018 depreciations amounted to SEK 1.6 million. During first half 2018 the depreciations amounted to SEK 3.1 million.

Note 4 Tangible assets

Tangible assets (Property, plant and equipment) comprise leasehold improvements SEK 2.9 million (2.5), equipment SEK 0.9 million (0.6), technical equipment SEK 3.9 million (2.7), and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 2.7 million (4.8). In the second quarter of 2018 depreciations amounted to SEK 0.8 million. During first half 2018 the depreciations amounted to SEK 1.3 million.

Note 5 Financial assets

Financial assets consist of investments in the finance company Baseload Capital Sweden AB of SEK 19.9 million (0.0), corresponding to 19.9 percent ownership in the company, of which the company has contributed SEK 18.9 million (0.0) in 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 of 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, August 28, 2018

Per Olofsson
Chairman of the Board

Olle Bergström
Board member

Stefan Brendgen
Board member

Thomas Öström
Board member/CEO

Vivianne Holm
Board member

Therese Lundstedt
Board member

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

KEY NUMBERS

	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Order intake, SEK million	322.0	13.2	373.4	23.6	330.1
Order backlog, SEK million	739.7	58.7	739.7	58.7	352.9
Equity ratio, (%)	68.0	45.5	68.0	45.5	82.3
Debt ratio (times)	0.5	1.2	0.5	1.2	0.2
Net debt ratio (times)	-0.7	-0.1	-0.7	-0.1	-0.8
Earnings per share, before dilution, SEK	-0.58	-0.37	-1.04	-0.66	-1.54
Earnings per share, after dilution, SEK	-0.58	-0.37	-1.04	-0.66	-1.54
Equity per share, SEK	4.09	0.86	4.09	0.86	5.11
Share price at end of period, CLIME B, SEK	61.77	-	61.77	-	53.00

DEFINITIONS

Order intake	Total signed customer 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.
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 current liabilities 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.

QUARTERLY FIGURES

INCOME STATEMENT

SEK, million	2018		2017				
	Q1	Q2	Q1	Q2	Q3	Q4	Full year
Net sales	0.0	12.2	0.6	0.1	0.0	11.1	11.8
Capitalized work for own account	4.1	5.1	2.4	4.3	5.4	6.2	18.3
Other operating income	0.8	0.0	0.1	-	-	1.4	1.5
Operating expenses							
Raw material and consumables	-1.4	-14.4	-0.1	-3.2	-4.8	-17.9	-26.1
Other external expenses	-6.8	-7.1	-4.3	-4.1	-3.2	-6.8	-18.5
Personnel expenses	-14.1	-18.8	-8.0	-9.5	-9.4	-12.9	-39.8
Depreciation and amortization of tangible and intangible assets	-2.7	-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	-25.7	-10.2	-13.3	-12.9	-20.2	-56.7
Net financial income	-0.4	-0.2	0.0	-0.1	-0.6	-0.1	-0.8
Profit/loss after financial items	-20.5	-25.9	-10.2	-13.4	-13.5	-20.3	-57.5
Tax	-	-	-	-	-	-	-
Profit/loss for the period	-20.5	-25.9	-10.2	-13.4	-13.5	-20.3	-57.5
Earnings per share, before dilution, SEK	-0.46	-0.58	-0.29	-0.37	-0.38	-0.48	-1.54
Earnings per share, after dilution, SEK	-0.46	-0.58	-0.29	-0.37	-0.38	-0.48	-1.54

BALANCE SHEET

SEK, million	2018		2017				
	Q1	Q2	Q1	Q2	Q3	Q4	Full year
Intangible non-current assets	36.5	40.4	19.3	23.0	27.0	34.2	34.2
Tangible non-current assets	10.6	10.4	6.0	5.6	8.0	10.6	10.6
Financial assets	19.9	19.9	-	-	-	-	-
Total non-current assets	67.0	70.7	25.3	28.6	35.0	44.8	44.8
Inventories	8.1	19.7	8.5	9.1	12.9	5.6	5.6
Current receivables	11.4	18.2	3.9	2.7	6.5	15.2	15.2
Cash and cash equivalents	169.8	161.2	32.6	27.2	33.7	204.0	204.0
Total current assets	189.3	199.1	45.0	39.0	53.1	224.8	224.8
TOTAL ASSETS	256.3	269.8	70.3	67.6	88.1	269.6	269.6
Shareholders equity	208.5	183.3	43.6	30.7	17.8	221.8	221.8
Non-current liabilities and other provisions	29.6	30.7	16.1	16.1	28.1	29.7	29.7
Current liabilities	18.2	55.8	10.6	20.8	42.2	18.1	18.1
TOTAL EQUITY AND LIABILITIES	256.3	269.8	70.3	67.6	88.1	269.6	269.6

CASH FLOW STATEMENT

SEK, million	2018		2017				
	Q1	Q2	Q1	Q2	Q3	Q4	Full year
Cash flow from operating activities before changes in working capital	-17.8	-22.1	-9.4	-12.5	-12.7	-17.5	-52.0
Cash flow from changes in working capital	1.4	19.1	-5.7	2.0	2.6	-4.6	-6.6
Cash flow from operating activities	-16.4	-3.0	-15.1	-10.5	-10.1	-22.1	-58.6
Investing activities	-24.9	-6.3	-4.1	-5.0	-7.3	-11.1	-26.7
Cash flow after investing activities	-41.3	-9.3	-19.2	-15.5	-17.4	-33.2	-85.3
Financing activities	7.1	0.7	0.5	10.1	23.9	203.5	238.0
Cash flow for the period	-34.2	-8.6	-18.7	5.4	6.5	170.3	152.7
Cash and cash equivalents at the beginning of the period	204.0	169.8	51.3	32.6	27.2	33.7	51.3
Cash and cash equivalents at the end of the period	169.8	161.2	32.6	27.2	33.7	204.0	204.0



CLIMEON

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