

CLIMEON

INTERIM REPORT

January 1 - September 30, 2021

Q3

THE EFFICIENCY PROGRAM HAS BEEN IMPLEMENTED

INCREASED FOCUS ON PROFITABILITY AND PRODUCT DEVELOPMENT

During the quarter, Climeon has implemented the cost efficiency program presented in July, with the target of creating stronger profitability and a more focused organization. In parallel, the company has continued the development of a new generation of Heat Power technology, with increased profitability as its main goal. Climeon will initially focus on optimizing the product for marine use, and then cost-effectively adapting it to existing and new markets. The collaboration with existing customers in marine, geothermal and industry continues.

JULY - SEPTEMBER

- Order intake amounted to SEK 0.0 million (0.0)
- Net sales amounted to SEK 1.5 million (13.2)
- Operating profit/loss amounted to SEK -32.0 million (-30.8)
- Profit/loss after financial items amounted to SEK -35.4 million (-32.4)
- Earnings per share, before and after dilution, amounted to SEK -0.65 (-0.66)
- Cash flow from operating activities after changes in working capital amounted to SEK -21.3 million (-35.0)
- Climeon implemented an efficiency program with the goal of significantly reducing the cost base. The program is expected to reach full effect within six months from mid July 2021
- During the summer, Climeon's Icelandic customer Varmaorka laid out a new plan for the expansion of its geothermal power plants, with a significantly lower roll-out rate for the coming years. As a consequence of this, Climeon chose to adjust the order backlog by SEK 467.5 million to SEK 181.1 million, which was communicated after the second quarter of 2021. The remaining order backlog is unchanged
- Climeon is in collaboration with the British project developer Landmark for innovative net-zero flexible power generation projects in the UK. Landmark's funding is committed via GSEO, a London-listed investment company

JANUARY - SEPTEMBER

- Order intake amounted to SEK 0.0 million (56.3)
- Net sales amounted to SEK 25.6 million (42.9)
- Order backlog amounted to SEK 181.1 million (728.5)
- Operating profit amounted to SEK -115.3 million (-99.5)
Operating profit/loss was affected by non-recurring items of SEK -6.0 million regarding provisions for loss contracts based on the in-depth experience gained in geothermal energy. Adjusted from this, operating profit/loss amounted to SEK -109.3 million
- Profit/loss after financial items amounted to SEK -71.1 million (-100.5)
- Earnings per share, before and after dilution, amounted to SEK -1.30 (-2.03)
- Cash flow from operating activities after changes in working capital amounted to SEK -98.3 million (-53.0)
- Total cash and cash equivalents amounted to SEK 161.8 million (299.2)

IMPORTANT POST-CLOSING EVENTS

- The pilot project together with Höganäs AB and Höganäs Energi AB will not be carried out as Climeon chooses, in a first step, to optimize the Heat Powder module for the marine market
- On November 1, Climeon made a directed new share issue encompassing 5 million Class B shares to the company wholly owned by Peter Lindell, Cidro Förvaltning AB. Through the new share issue, Climeon received an issue amount of SEK 35 million

FOCUS, FOCUS AND AGAIN FOCUS



Lena Sundquist, CEO of Climeon

“Climeon's technology is more relevant now than ever before.”

After my few months as CEO, it's time to summarize the third quarter. To begin with, Climeon's technology is more relevant now than ever before. We see a world where environmental awareness and requirements are increasing, while electricity and fuel prices are rising sharply. There is a growing demand for new energy-efficient solutions and environmentally friendly ways to produce electricity. All of these factors signal a positive market trend for Climeon. We will be an important part of the global transition towards clean energy.

Climeon has an established product. Heat Power modules are in operation onboard ships and at geothermal power plants in Iceland and Japan. Every day they deliver renewable electricity to our customers helping them cut costs and decrease emissions. We see the number of inquiries regarding our technology increasing steadily, mainly from the marine industry, but also from other industries. Personally, I think it is fantastic that a small Swedish company has been able to take such a strong position, both in terms of product and brand. As the restrictions following the corona pandemic begin to loosen, at least in Europe, it will become easier to meet both new and potential customers.

At the same time, the past year has been challenging. For the third quarter, net sales amounted to SEK 1.5 million and operating profit to SEK -32 million. For the entire period January - September, the corresponding figures were 25.6 million and -115.3 million, respectively. This is, of course, a development we cannot be happy with. Climeon must become profitable - and the way to get there is focus.

Climeon has been exploring different markets for several years and we know that we have a working technology. At the same time, the next generation of Heat Power needs to be more cost-effective. We need to improve the product's profitability, i.e. increase the number of kilowatt hours that can be produced, in relation to the cost of the product, in order to achieve the profitability that we and our customers want. Climeon is a small company that must make the most of its resources. This means we are now focusing on developing and optimizing Heat Power technology to meet the demands and requirements of the marine industry. The new product will be a platform that can be further developed and adapted for other existing and new markets.

We choose to focus on the marine industry for several reasons. In the marine industry, there is a growing demand driven by international legal requirements and rising fuel prices, as well as an established infrastructure that suits our business model and place in the value chain - selling products, spare parts and service. In the marine industry, we also have thorough knowledge of requirements, as well as an existing customer base. By focusing on optimizing the next generation of Heat Power modules for marine use, and developing a product that meets both customers' expectations and our own profitability requirements, we can in the next step adapt the product to other, land-based, markets.

In parallel with our increased focus on the marine market, we will proceed working within both geothermal and industry. We continue to work closely with Baseload and our other customers, we will of course fulfill all of our commitments. We also continue to follow developments in other industries, such as oil and gas, where interest in our technology is increasing.

The cost efficiency program that was launched in July has been implemented and already we can see the effects it will have. Just as we have applied a clearer focus to our product development strategy, the cost efficiency program has encouraged the same effort throughout all of our business practices. We have streamlined operations and will reduce our local presence in Japan, Taiwan and the UK, where we see collaborations with local partners and retailers as the way forward. Almost all costs for the implementation of the program are taken during the third quarter.

In conclusion, I would like to say that Climeon's purpose is unchanged. We will develop and provide solutions that make us part of the transition to a more sustainable world. What we have done now is that we have chosen a more focused way forward. Climeon is more relevant than ever before, but first we need to return to our core and develop a more profitable product, a more focused business model and a more efficient organization.

Lena Sundquist, CEO Climeon

MARKET, SALES AND DELIVERY

THE MARKET

Climeon's markets, are influenced by a number of factors, with the price of electricity and fuel, emission regulations and capital being among the most important. Various political initiatives in the form of rules and requirements for reduced environmental impact, constitute other influential factors. In the marine market, the International Maritime Organization (IMO) has set new energy efficiency indexes that drive the market towards more energy-efficient ships. Approximately 1,600 new ships are built each year. In addition, there are about 90,000 existing vessels, of which our product is suitable for an estimated 12,000.

The relationship between the amount of electricity produced and the price of the product, is crucial for our customers' investment decisions. Currently the marine market is the fastest developing market in which Climeon is active. Demand for new solutions is growing steadily as a result of increasing environmental requirements and higher fuel prices. After completing a number of installations onboard ships, Climeon has a thorough understanding of the maritime industry's requirements. This is the basis for Climeon's decision to initially focus on developing and adapting the Heat Power technology for marine use, in order to be able to make corresponding adaptations for land-based applications in the next stage. A market that is currently undergoing a major transformation is the oil and gas industry, where Climeon sees an increased interest in extracting heat energy from existing wells, as well as utilizing waste heat from the equipment and processes used in this industry.

As part of the cost-effectiveness program implemented during the third quarter, Climeon is changing our local presence in Japan, Taiwan and the United Kingdom. The marketing process will in the future take place from Climeon in Sweden, with support from local partners for sales, service and maintenance. The collaboration with Baseload and other customers continues.

The impacts of COVID-19

As the restrictions in place during the global pandemic have now begun to be lifted in Europe, commissioning work has been facilitated and the opportunities to meet customers and participate in trade fairs and seminars have been reopened. In Asia, however, a large part of the restrictions still remain, which continues to affect the possibilities of implementing commissioning and service. How long this will continue is unclear.

ORDER INTAKE AND ORDER BACKLOG

No new orders were signed during the third quarter of 2021. Order intake during the quarter amounted to SEK 0.0 million (0.0). At the end of the period, the order backlog amounted to SEK 181.1 million (728.5), corresponding to 55 (215) Heat Power modules. The order backlog mainly consists of orders in EUR, which are revalued at the end of the period.

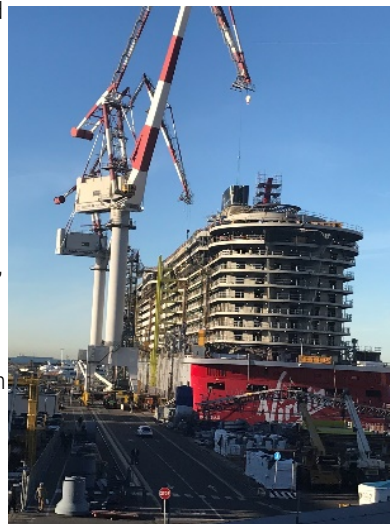
During the summer, Climeon's Icelandic customer Varmaorka laid out a new plan for the expansion of its geothermal power plants, with a significantly lower roll-out rate for the coming years. As a consequence of this, Climeon chose to adjust the order backlog by SEK 467.5 million to SEK 181.1 million, which was communicated after the second quarter of 2021. The remaining order backlog is unchanged.

DELIVERIES AND DEVELOPMENT BY FOCUS AREA

MARITIME

During the quarter, installation work on Havila Voyage's cruise ships, intended for traffic along the Norwegian coast, continued according to plan. The same applies to ongoing work with Virgin Voyage's third vessel Resilient Lady, as well as with the company's fourth vessel, which has not yet received its official name. The ongoing commissioning of a Heat Power module on a container vessel is expected to be completed before the end of the year. This provided that the pandemic situation does not change and that the current conditions for entry remain.

New environmental legal requirements and fuel types have contributed to an increased demand for the type of system that Climeon offers. Activity is high and Climeon has, at an increasing rate, received quotation requests from potential customers. The commissioning of the product continues, while the work on an improved and even more marine-adapted product proceeds.



Ongoing installation of Climeon's Heat Power system on Virgin Voyages.



Climeon Heat Power system on board Virgin Voyage's ship.

GEOHERMAL



Climeon modules shown at Varmaorka's Reykholt power plant.

During the quarter, in accordance with the plan, Climeon continued its work with commissioning, deliveries and service for existing customers, primarily in Japan and Iceland. Varmaorka's power plant Flúðir was able to report a continued high availability of 98.5 percent. For Climeon, geothermal projects, regardless of geographical location, have proven to take longer than expected, both to implement and to achieve profitability.

In the past, Climeon has taken a major role in designing and building geothermal power plants. Going forward, Climeon will primarily focus on selling the product and product-related services, such as service and spare parts.



Varmaorka power and district heating plant in Reykholt, Iceland.

INDUSTRY / LAND-BASED WASTE HEAT RECOVERY

Climeon's operations have so far mainly focused on industrial customers in the United Kingdom, Japan and Sweden, even though the market itself is international. As in geothermal energy, financing issues are crucial. Climeon's British partner, Landmark Power Holdings, has recently announced that they have secured funding for the development of a solution for innovative and climate-neutral energy projects in the UK.

TECHNOLOGY DEVELOPMENT

Climeon has a product that is well proven and is used for both marine and geothermal power production. The efficiency and reliability of the existing product is high, but Climeon sees that the cost of the product needs to be reduced for us to reach our profitability targets. Climeon's engineers have identified opportunities to greatly reduce product costs per amount of electrical energy produced, and it is a product with these properties that Climeon is now developing as the next generation of our Heat Power system.



Engineers working at Climeon's own test site in Kista

As the marine market is the one that today shows the greatest opportunities, Climeon has decided to initially further develop and optimize the Heat Power technology for the utilization of residual heat on ships. We are now optimizing our new Heat Power system to take as large a share of the market as possible in the marine sector. The new product will then be adapted to other segments in which Climeon operates. The customer is in focus when the new product is developed and the customer's need for short payback times and an attractive OPEX is an essential part of the product. The product also provides a better profitability for Climeon. In the spring of 2022, we expect to share further news about the upcoming the launch plan for the new marine Heat Power generation.

CLIMEON ARRANGES INVESTOR MEETING ON THE 6TH OF DECEMBER

Climeon's management will present the business and answer questions at an investor meeting scheduled for December 6, 2021. The meeting will take place digitally. Climeon's CEO Lena Sundquist, together with Chairman of the Board Thomas Öström and R&D Manager Jonas Mählen, will update investors, analysts and the media on Climeon's development and strategy. The investor meeting is the first opportunity for our newly appointed CEO Lena Sundquist to present her view of the company to a wider group of stakeholders. The presentations will address Climeon's strategic focus and plan forward. The meeting will end with a question and answer session. A detailed invitation with additional information about the program, as well as registration, will be published in November.

THE GROUP'S FINANCIAL DEVELOPMENT

JULY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 1.5 million (13.2) . Net sales are mainly attributable to Sales are mainly attributable to service commitments for existing customers.

Operating profit/loss amounted to SEK -32.0 million (-30.8) .

Net financial income/expense amounted to SEK -3.3 million (-1.6) , whereof SEK -2.1 million (-1.3) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -35.4 million (-32.4) . Depreciations and amortizations amounted to SEK -6.1 million (-4.5) .

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -21.3 million (-35.0) , whereof the change in working capital amounted to SEK 6.9 million (-9.5) .

Cash flow from investing activities amounted to SEK -13.6 million (-8.6) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -9.8 million (-8.5) .

Cash flow from financing activities amounted to SEK -1.4 million (-1.4) .

Cash flow for the quarter thus amounted to SEK -36.3 million (-45.0) .

JANUARY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 25.6 million (42.9) . Net sales are mainly attributable to deliveries of Heat Power modules to Havila Voyages and Virgin Voyages' fourth ship.

Operating profit/loss for the period amounted to SEK -115.3 million (-99.5) . Operating profit/loss was affected by non-recurring items of SEK -6.0 million regarding provisions for loss contracts based on the in-depth experience gained in geothermal energy. Adjusted from this, operating profit/loss amounted to SEK -109.3 million.

Net financial income/expense amounted to SEK 44.2 million (-1.1) , whereof SEK 46.9 million (0.6) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -71.1 million (-100.5) . Depreciations and amortizations amounted to SEK -18.0 million (-14.0) .

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -98.3 million (-53.0) , whereof the change in working capital amounted to SEK -4.4 million (31.2) and is attributable to business-related changes in inventories, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -34.8 million (-10.9) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -27.2 million (-29.7) .

Cash flow from financing activities amounted to SEK -4.4 million (-4.1) .

Cash flow for the period thus amounted to SEK -137.5 million (-68.0) .

FINANCIAL POSITION

Cash and cash equivalents amounted to SEK 161.8 million (299.2) . The equity ratio amounted to 61.9 percent (66.7) and the net debt ratio amounted to -0.3 times (-0.7) . Shareholder's equity amounted to SEK 353.5 million (424.5) or SEK 6.5 (7.8) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 569.6 million (459.3) , of which the tax effect has not been recognized as a deferred tax asset in the balance sheet. They have no limit in time.

THE PARENT COMPANY

The parent company's net sales during the period amounted to SEK 24.5 million (42.9) . Operating profit/loss amounted to SEK -109.0 million (-94.6) and profit/loss after financial items amounted to SEK -63.8 million (-94.5) .

OTHER INFORMATION

FINANCIAL CALENDAR

Year-End report 2021

February 9, 2022

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This report contains information Climeon AB (publ) is required to publish in accordance with the EU Market Abuse Regulation.

The information was published, through the care of the above contact persons, for publication November 11, 2021 at 07:30 (CET).

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

PERSONNEL AND ORGANIZATION

The average number of employees during the period January to September amounted to 68 (92), of which 19 (22) percent women and 81 (78) percent men. At the end of September, the number of employees amounted to 63 (76). Carl Arnesson has been appointed new CFO and will take office November 15, 2021.

WARRANT PROGRAMS

The purpose of share incentive programs is to encourage a long-term financial interest in an ownership interest in the company, in order 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 September 30, 2021, the company has one outstanding warrant program as described below. For further information regarding the warrants, see page 80 in the 2020 annual report.

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

MATERIAL RISKS AND UNCERTAINTIES

As a relatively newly founded company with a limited number of Heat Power systems in operation, the company is exposed to several operational and financial risks. A presentation of the company's significant risks and risk management can be found on pages 52-54 in the 2020 annual report.

ADDITIONAL INFORMATION IN RESPECT OF COVID-19

As the restrictions in place during the global pandemic have now begun to be lifted in Europe, commissioning work has been facilitated and the opportunities to meet customers and participate in trade fairs and seminars have been reopened. In Asia, however, a large part of the restrictions still remain, which continues to affect the possibilities of implementing commissioning and service. How long this will continue is unclear.

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

At present, no significant seasonal variations of Climeon's sales appears.

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	Jul-Sep		Jan-Sep		Jan-Dec
		2021	2020	2021	2020	2020
Net sales	2	1,510	13,177	25,568	42,891	43,334
Capitalized work for own account		9,330	8,500	26,210	28,973	36,680
Other operating income		0	437	81	1,954	2,044
Total income		10,841	22,114	51,859	73,818	82,058
Operating expenses						
Raw material and consumables *)		-8,916	-15,909	-46,820	-54,717	-61,909
Other external expenses		-7,553	-13,926	-36,192	-32,876	-41,591
Personnel expenses		-20,270	-18,583	-65,800	-71,696	-94,858
Depreciation and amortization		-6,132	-4,526	-17,975	-13,985	-19,351
Other operating expenses		4	-	-349	-	-
Operating profit/loss		-32,026	-30,831	-115,277	-99,456	-135,651
Profit/loss from financial items						
Net financial income	5	-3,326	-1,589	44,210	-1,073	-4,233
Profit/loss after financial items		-35,352	-32,420	-71,067	-100,529	-139,884
Tax		16	-0	53	57	77
Profit/loss for the period		-35,336	-32,421	-71,014	-100,472	-139,807
Earnings per share, SEK						
Before dilution		-0.65	-0.66	-1.30	-2.03	-2.76
After dilution		-0.65	-0.66	-1.30	-2.03	-2.76

SEK, thousand	Note	Jul-Sep		Jan-Sep		Jan-Dec
		2021	2020	2021	2020	2020
Profit/loss for the period		-35,336	-32,421	-71,014	-100,472	-139,807
Other comprehensive profit/loss for the period						
Translation differences		-219	138	96	219	677
Other comprehensive profit/loss for the period		-219	138	96	219	677
Comprehensive income/loss for the period		-35,555	-32,283	-70,918	-100,253	-139,130
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-35,555	-32,283	-70,918	-100,253	-139,130

*) In raw material capitalized costs relating to direct material are included to an amount of 6,467 (5,290) in the quarter and 16,096 (17,145) in the full period.

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets				
Intangible non-current assets	3	108,384	85,246	90,879
Tangible non-current assets	4	42,004	43,831	41,973
Financial assets	5	115,036	65,382	63,676
Total non-current assets		265,424	194,459	196,528
Inventories		62,136	43,884	55,437
Accounts receivable		42,655	28,717	27,194
Other current receivables	6	38,703	34,264	42,242
Short-term investments		-	15,700	15,700
Cash and cash equivalents		161,785	39,857	299,217
Total current assets		305,279	162,422	439,790
Total Assets		570,704	356,880	636,318
Equity and liabilities				
Share capital		817	742	817
Other contributed capital		929,764	684,974	929,764
Retained earnings		-506,117	-366,768	-366,987
Profit/loss for the period		-70,918	-100,472	-139,130
Total shareholder's equity		353,546	218,476	424,464
Other provisions		25,589	17,357	18,337
Total provisions		25,589	17,357	18,337
Other non-current liabilities		80,941	40,776	107,185
Total non-current liabilities		80,941	40,776	107,185
Advance payments from customers		31,206	30,895	31,195
Accounts payable		11,353	9,356	15,116
Other current liabilities		68,069	40,022	40,022
Total current liabilities		110,628	80,273	86,333
Total equity and liabilities		570,704	356,880	636,318

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 2021-01-01	817	929,764	-506,117	424,464
Comprehensive profit/loss				
Profit/loss for the period	-	-	-71,014	-71,014
Other comprehensive profit/loss for the period				
Translation differences	-	-	96	96
Other comprehensive profit/loss for the period:	-	-	96	96
Total comprehensive profit/loss	-	-	-70,918	-70,918
Closing balance equity 2021-09-30	817	929,764	-577,035	353,546

Statement of changes in total equity	Contributable to the parent company's owners			Total equity
	Share capital	Other contributed capital	Retained earnings incl profit/loss for the year	
Opening balance equity 2020-01-01	740	684,976	-366,987	318,729
Comprehensive profit/loss:				
Profit/loss for the period	-	-	-100,472	-100,472
Other comprehensive profit/loss for the period:				
Translation differences	-	-	219	219
Other comprehensive profit/loss for the period:	-	-	219	219
Total comprehensive profit/loss	-	-	-100,253	-100,253
Transactions with share holders:				
Warrants	2	-2	-	-
Closing balance equity 2020-09-30	742	684,974	-467,240	218,476

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Operating activities					
Operating profit/loss	-32,026	-30,831	-115,277	-99,456	-135,651
Adjustments for items not included in cash flow	5,395	6,891	25,227	16,370	23,681
Financial items	-1,502	-1,589	-3,861	-1,073	-7,743
Cash flow from operating activities before changes in working capital	-28,133	-25,530	-93,911	-84,159	-119,713
Change in working capital	6,879	-9,494	-4,394	31,164	12,076
Cash flow from operating activities	-21,254	-35,024	-98,305	-52,995	-107,637
Investing activities					
Investments in intangible assets	-9,771	-8,512	-27,234	-29,669	-38,046
Investments in tangible assets	-3,965	-124	-8,244	-549	-1,311
Change in financial assets	93	29	704	19,330	19,471
Cash flow from investing activities	-13,643	-8,607	-34,774	-10,889	-19,886
Cash flow after investing activities	-34,897	-43,631	-133,079	-63,883	-127,524
Financing activities					
Change in short-term debt	-1,435	-1,370	-4,396	-4,111	-5,455
Change in long-term debt	-	-	-	-	79,568
Share issue	-	-	-	-	244,863
Cash flow from financing activities	-1,435	-1,370	-4,396	-4,111	318,976
Cash flow for the period	-36,332	-45,001	-137,475	-67,994	191,452
Cash and cash equivalents at the beginning of the period	198,092	84,865	299,217	107,862	107,862
Exchange rate differences in cash and cash equivalents	25	-7	44	-11	-98
Cash and cash equivalents at the end of the period	161,785	39,857	161,785	39,857	299,217

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	534	13,177	24,503	42,891	43,209
Capitalized work for own account	9,330	8,500	26,210	28,973	36,680
Other operating income	4	437	-	1,954	2,044
Total income	9,868	22,114	50,713	73,818	81,933
Operating expenses					
Raw material and consumables	-8,865	-15,712	-46,731	-54,418	-61,585
Other external expenses	-8,346	-14,470	-38,467	-35,327	-44,437
Personnel expenses	-18,573	-17,264	-60,668	-69,028	-90,580
Depreciation and amortization	-4,559	-3,158	-13,525	-9,609	-13,547
Other operating expenses	-	-	-349	-	-
Operating profit/loss	-30,474	-28,490	-109,027	-94,565	-128,217
Profit from financial items					
Net financial income	-2,951	-1,274	45,236	39	-2,612
Profit/loss after financial items	-33,425	-29,764	-63,791	-94,526	-130,829
Tax	-	-	-	-	-
Profit/loss for the period 1)	-33,425	-29,764	-63,791	-94,526	-130,829

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

PARENT COMPANY'S BALANCE SHEET IN SUMMARY

SEK, thousand	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets			
Intangible non-current assets	108,384	85,246	90,879
Tangible non-current assets	18,091	14,562	14,115
Financial assets	130,451	66,938	73,266
Inventories	62,136	43,884	55,437
Current receivables	81,930	69,602	69,636
Short-term investments	-	15,700	15,700
Cash and cash equivalents	161,339	37,715	297,532
Total Assets	562,332	333,648	616,566
Equity and liabilities			
Shareholder's equity	370,547	225,777	434,338
Provisions	25,589	17,357	18,337
Non-current liabilities	56,286	10,381	78,134
Current liabilities	109,910	80,134	85,757
Total equity and liabilities	562,332	333,648	616,566

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER JUNE 30, 2021

Shareholders	Number of shares		Capital, %	Number of votes	Voting rights, %
	Series A	Series B			
Thomas Öström	8,900,000	130,900	16.6	89,130,900	60.0
Joachim Karthäuser	1,550,000	2,114,300	6.7	17,614,300	11.9
Clearstream Banking S.A. W8IMY	-	2,731,701	5.0	2,731,701	1.8
Försäkringsbolaget, Avanza Pension	-	1,907,143	3.5	1,907,143	1.3
Handelsbanken Hållbar Energi	-	1,863,233	3.4	1,863,233	1.3
SEB AB, Luxembourg Branch, W8IMY	-	1,156,851	2.1	1,156,851	0.8
Olle Bergström	-	1,057,624	1.9	1,057,624	0.7
SEB-Stiftelsen	-	1,000,000	1.8	1,000,000	0.7
Swedbank Robur Transition Sweden	-	831,688	1.5	831,688	0.6
Nordnet Pensionsförsäkringar AB	-	792,075	1.5	792,075	0.5
Erste Group Bank AG W8IMY	-	736,982	1.4	736,982	0.5
Per Olofsson	-	580,000	1.1	580,000	0.4
Mathias Carnemark	-	564,185	1.0	564,185	0.4
Strand Småbolagsfond	-	538,157	1.0	538,157	0.4
Klas Händel	-	536,867	1.0	536,867	0.4
Others	-	27,448,973	50.4	27,448,973	18.5
Total	10,450,000	43,990,679	100.0	148,490,679	100.0

SHARE PRICE DEVELOPMENT



	Jul-Sep		jan-dec
	2021	2020	2020
issued shares at period end	54,440,679	49,440,679	54,440,679
shares outstanding	54,440,679	49,440,679	50,682,452
Earnings per share, before and after dilution, SEK	-0.65	-0.66	-2.76
Equity per share, SEK	6.49	4.42	7.80

SHARE INFORMATION

The number of shares in Climeon amounts to 54,440,679 with quota value of SEK 0.015, of which 10,450,000 are Class A shares, 10 votes/share, and 43,990,679 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 8.95 at the end of the period.

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

Climeon prepares consolidated statements since the first of January 2020 in accordance with the Swedish Annual Accounts Act (1995: 1554), RFR 1 completing rules for consolidated groups and IFRS, International Financial Reporting Standards with IFRIC-interpretations as adopted by EU as applied by IAS 34 Interim reporting. Information is given both in notes and in other parts of the report.

The parent company has prepared the interim report in accordance with the Swedish Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities. Complete information on principles applied by the parent company is found in the annual report 2020 pages 61-72.

NOTE 2 DISTRIBUTION OF NET SALES

CONSOLIDATED

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Revenue type					
Hardware	-	12,613	22,800	39,384	39,348
Consulting and support services	1,510	564	2,768	3,507	3,826
Total	1,510	13,177	25,568	42,891	43,174
Geographic market					
Sweden	20	-	97	66	125
Europe	273	13,074	23,704	36,860	37,030
Asia	1,217	103	1,767	5,965	6,019
Total	1,510	13,177	25,568	42,891	43,174

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 101.0 million (84.1) and patents SEK 7.4 million (6.8). In the period and for the full year impairment of expenditure on development amounted to SEK

0.7 million (0.0). Depreciations during the quarter amounted to SEK 3.2 million (2.0). Accumulated depreciations of the period amounted to SEK 9.0 million (6.1).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 10.3 million (8.2), right-of-use assets according to IFRS 16, SEK 23.2 million (27.8), equipment SEK 2.6 million (0.9), technical equipment SEK 4.6 million (4.4) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.6 million (0.7). Depreciations during the quarter amounted to SEK 3.0 million (2.5). Accumulated depreciations of the period amounted to SEK 8.2 million (7.9).

NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 115.0 million (63.7) and consist of shares in the finance company Baseload Capital of SEK 109.2 million (45.4), corresponding to 12.2 percent (15.7) ownership of the company. The shares are reported as an Investment Entity and are valued at fair value through the result report. Revaluation has affected the quarter by SEK -2.1 million (-1.3). Accumulated revaluation of the year amount to SEK 46.9 million (0.6). The effect on the result is included under Interest income and other financial items. Warrants in Baseload Capital have at the balance sheet date been assigned a value of zero in the financial statements.

Other financial assets consist of deferred tax SEK 0.3 million (0.3), rental deposits SEK 0.2 million (0.1) and personnel loans of SEK 5.3 million (6.1).

NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 0.0 million (3.6) and refer to prepayment guarantees to customers.

SIGNATURES

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

Kista, November 11, 2021

Thomas Öström
Chairman of the Board

Jan Svensson
Deputy Chairman

Therese Lundstedt
Board member

Anders Lindberg
Board member

AUDITOR'S REVIEW REPORT

INTRODUCTION

We have reviewed the interim report for Climeon AB (publ) by September 30, 2021 and the nine months period that ended by this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, November 11, 2021

Deloitte AB

Johan Telander
Authorized Public Accountant

KEY NUMBERS FOR THE GROUP

	Jul-Sep		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Order intake, SEK million	-	-	-	56.3	56.3
Order backlog, SEK million	181.1	763.3	181.1	763.3	728.5
Equity ratio (%)	61.9	61.2	61.9	61.2	66.7
Debt ratio (times)	0.6	0.6	0.6	0.6	0.5
Net debt ratio (times)	-0.3	0.0	-0.3	0.0	-0.7
Earnings per share, before and after dilution, SEK	-0.65	-0.66	-1.30	-2.03	-2.76
Equity per share, SEK	6.49	4.42	6.49	4.42	7.80
Share price at period end, CLIME B, SEK	8.95	53.40	8.95	53.40	42.62
Cash and cash equivalents, SEK million	161.8	45.2	161.8	45.2	299.2

Climeon presents certain financial measures in the interim report that are not defined according to IFRS, so called alternative performance measures. Climeon believes that these measures provide valuable supplemental information to investors and the company's management as they allow for evaluation of trends and the company's performance. Since all companies do not calculate financial measures in the same way, they are not always comparable to measures used by other companies. For definitions of the performance measures that Climeon uses, please see below.

DEFINITIONS

Order intake	The value of assignments received where agreements have been signed during the relevant period.
Order backlog	The value at the end of the period of the remaining unearned income in outstanding assignments.
Equity ratio	Shareholders' equity as a percentage of total assets.
Debt ratio	Liabilities including deferred tax liabilities and provisions divided by shareholders' equity (times).
Net debt ratio	Interest-bearing net debt including cash and cash equivalents divided by shareholders' equity (times). Negative net debt ratio means that cash and cash equivalents exceed interest-bearing liabilities.
Earnings per share, before dilution	Profit/loss for the period divided by the weighted average number of outstanding shares during the period.
Earnings per share, after dilution	Earnings per share adjusted by the number of outstanding warrants.
Equity per share	Shareholders' equity divided by the number of outstanding shares at end of the period.
Availability	$\text{Availability [\%]} = \frac{\text{Average availability for Climeon modules}}{\text{Average availability for Climeon modules}} \times 100$ $= \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <p>where n= number of Climeon modules, and Unscheduled down-time = total of all unscheduled down-time due to failures caused by Climeon</p>

QUARTERLY FIGURES, CONSOLIDATED

INCOME STATEMENT

SEK, million	2021				2020		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	1.5	8.5	15.5	0.4	13.2	15.6	14.1
Capitalized work for own account	9.3	9.8	7.0	7.7	8.5	8.5	12.0
Other operating income	0.0	0.1	-	0.1	0.4	0.2	1.3
Operating expenses							
Raw material and consumables	-8.9	-15.6	-22.3	-7.2	-15.9	-18.2	-20.6
Other external expenses	-7.6	-17.8	-10.8	-8.7	-13.9	-9.1	-9.9
Personnel expenses	-20.3	-23.4	-22.1	-23.2	-18.6	-28.9	-24.2
Depreciation and amortization	-6.1	-6.3	-5.5	-5.4	-4.5	-4.5	-5.0
Other operating expenses	0.0	-	-0.4	-	-	-	-
Operating profit/loss	-32.0	-44.7	-38.5	-36.2	-30.8	-36.4	-32.2
Net financial income	-3.3	-3.7	51.2	-3.2	-1.6	-0.2	0.8
Profit/loss after financial items	-35.4	-48.4	12.7	-39.4	-32.4	-36.6	-31.5
Tax	0.0	0.0	0.0	0.0	-0.0	0.0	0.0
Profit/loss for the period	-35.3	-48.4	12.7	-39.3	-32.4	-36.6	-31.4
Earnings per share, before and after dilution, SEK	-0.65	-0.89	0.23	-0.73	-0.66	-0.73	-0.64

BALANCE SHEET

SEK, million	2021				2020		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Intangible non-current assets	108.4	101.8	95.3	90.9	85.2	78.7	71.8
Tangible non-current assets	42.0	40.9	39.5	42.0	43.8	46.8	50.4
Financial assets	115.0	117.2	119.8	63.7	65.4	54.4	55.5
Total non-current assets	265.4	260.0	254.6	196.5	194.5	179.9	177.6
Inventories	62.1	63.6	59.8	55.4	43.9	49.9	44.4
Current receivables	81.4	89.7	97.8	69.4	63.0	76.0	74.2
Short-term investments	-	-	-	15.7	15.7	15.7	50.7
Cash and cash equivalents	161.8	198.1	232.6	299.2	39.9	84.9	45.2
Total current assets	305.3	351.4	390.3	439.8	162.4	226.5	214.5
Total assets	570.7	611.4	644.9	636.3	356.9	406.5	392.1
Shareholder's equity	353.5	389.1	437.3	424.5	218.5	250.8	287.2
Non-current liabilities and other provisions	106.5	116.0	119.2	125.5	58.1	59.0	60.5
Current liabilities	110.6	106.4	88.4	86.3	80.3	96.7	44.5
Total equity and liabilities	570.7	611.4	644.9	636.3	356.9	406.5	392.1

CASH FLOW STATEMENT

SEK, million	2021			2020			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-28.1	-34.4	-31.4	-35.6	-25.5	-30.3	-28.4
Changes in working capital	6.9	15.2	-26.5	-19.1	-9.5	45.2	-4.6
Cash flow from operating activities	-21.3	-19.2	-57.8	-54.6	-35.0	15.0	-32.9
Investing activities	-13.6	-13.7	-7.5	-9.0	-8.6	26.0	-28.3
Cash flow after investing activities	-34.9	-32.9	-65.3	-63.6	-43.6	41.0	-61.3
Financing activities	-1.4	-1.6	-1.4	323.1	-1.4	-1.3	-1.4
Cash flow for the period	-36.3	-34.5	-66.6	259.4	-45.0	39.7	-62.7
Cash and cash equivalents at the beginning of the period	198.1	232.6	299.2	39.9	84.9	45.2	107.9
Exchange rate differences in cash and cash equivalents	0.0	-0.0	0.0	-0.1	-0.0	-0.0	0.0
Cash and cash equivalents at the end of the period	161.8	198.1	232.6	299.2	39.9	84.9	45.2

THIS IS CLIMEON

Climeon is a Swedish product company within energy technology. The company's unique technology for thermal power - Heat Power - makes accessible a largely unused energy source and provides sustainable electricity from hot water, around the clock, all year round. Heat Power is a cheap and renewable energy source with the potential to replace much of the energy that today comes from coal, nuclear power, oil and gas. The B share is listed on the Nasdaq First North Premier Growth Market. FNCA Sweden AB is a Certified Adviser, +46 (0) 8-528 00 399 info@fnca.se.

BUSINESS IDEA

Climeon contributes to the future of renewable energy with innovative heat power solutions that are profitable for customers – Business for a better world.

LONG-TERM GOALS

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



CLIMEON