

CLIMEON

INTERIM REPORT

January 1 - June 30, 2021

Q2

INCREASED FOCUS ON MARITIME AND ON ENSURED PROFITABILITY

During the quarter, Climeon carried out commissioning for customers within both maritime and geothermal energy. Six modules were commissioned on Virgin Voyages' ship Valiant Lady and four Heat Power modules at the Flúðir power plant. Climeon's Icelandic customer Varmaorka has laid out a new plan for expansion of geothermal power plants, with a significantly lower roll-out rate for the coming years. As a consequence of this, Climeon has decided, after the end of the quarter, to reduce the order backlog by SEK 467.5 million to SEK 180.3 million. Furthermore, Climeon decided to implement an efficiency program with the goal of ensuring a long-term profitable and sustainable company with top-class products. Interest from customers in the maritime market continues to grow, and Climeon is increasing its focus in that area.

APRIL - JUNE

- Order intake amounted to SEK 0.0 million (40.9)
- Net sales amounted to SEK 8.5 million (15.6)
- Operating profit/loss amounted to SEK -44.7 million (-36.4)
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 -38.7 million
- Profit/loss after financial items amounted to SEK SEK -48.4 million (-36.6)
- Earnings per share, before and after dilution, amounted to SEK -0.89 (-0.74)
- Cash flow from operating activities after changes in working capital amounted to SEK -19.2 million (15.0)
- Climeon has commissioned six modules on Virgin Voyages' ship Valiant Lady. In addition, DNV (Det Norske Veritas) has approved the two remaining modules for Havila Voyages' cruise ships
- Climeon has commissioned four more Heat Power modules in the power plant in Flúðir, thereby doubling the power plant's capacity
- Climeon has entered into an agreement with Höganäs AB and Höganäs Energi for a pilot installation of the next generation Heat Power

JANUARY - JUNE

- Order intake amounted to SEK 0.0 million (40.9)
- Net sales amounted to SEK 24.1 million (29.7)
- Order backlog amounted to SEK 647.9 million (728.5)
- Operating profit amounted to SEK -83.3 million (-68.6)
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 -77.3 million
- Profit/loss after financial items amounted to SEK -35.7 million (-68.1)
- Earnings per share, before and after dilution, amounted to SEK -0.66 (-1.38)
- Cash flow from operating activities after changes in working capital amounted to SEK -77.1 million (-18.0)
- Total cash and cash equivalents amounted to SEK 198.1 million (299.2)

IMPORTANT POST-CLOSING EVENTS

Climeon's Icelandic customer Varmaorka has laid out a new plan for the expansion of geothermal power plants with a significantly lower roll-out rate for the coming years. As a consequence of this, Climeon has decided to reduce the order backlog by SEK 467.5 million to SEK 180.3 million.

Climeon has also decided to implement an efficiency program with the goal of ensuring a long-term profitable and sustainable company.

INCREASED FOCUS ON MARITIME AND ON ENSURED PROFITABILITY



Jan Bardell, CEO of Climeon

"An increased focus on maritime is our means of achieving the profitability we strive for."

The second quarter has passed and Climeon can look back on an eventful period. In maritime, we commissioned six modules on Virgin Voyages' vessel Valiant Lady, and DNV (Det Norske Veritas) approved two modules for Havila Voyages' cruise ships. Interest from the maritime market has continued to grow and the number of inquiries is increasing. We also commissioned four modules at Varmaorka's Flúðir power plant in Iceland, which thus doubled its capacity. On the industry side, we signed an agreement with Höganäs AB and Höganäs Energi AB for a pilot installation where we can evaluate and test future technology solutions.

At the same time, during the quarter we thoroughly analyzed what is needed, commercially and technically, to ensure Climeon as a long-term profitable and sustainable company. There are several factors that affect Climeon's profitability. The Corona pandemic is of course one such, as it has delayed project rollouts and it has been difficult to meet customers in the field. We also see that the relationship between the price of the equipment and its performance is becoming increasingly important for our customers' investment decisions. The energy transition must take place, and we are part of it, but it requires profitability for both us and our customers if it is to work.

So far, Climeon has worked broadly in most areas and markets, and has now come to a consensus, to focus, be more selective and adapt our technology for different markets. Our lesson is that geothermal energy is a slow market, where it is challenging to achieve profitability. This is reinforced by the fact that our Icelandic customer Varmaorka has laid out a much less ambitious plan for the expansion of geothermal power plants. We have therefore, after the end of the quarter, decided to reduce our order backlog in Iceland by SEK 467.5 million. We continue the collaboration according to the new adapted plan.

Today we see a growing demand and more and more opportunities in maritime and will therefore increase our investments in that area. Demand for systems that reduce environmental impact is strong and the existing fleet of our potential customers is very large, while continuing to grow. Our assessment is that we have an offer and a technology that is more viable for this market. Another advantage is that maritime and industry, both technically and in terms of requirements, have more in common with each other than with geothermal energy, which facilitates our development work. The conclusion is therefore simple - we will in future have an increased focus on maritime. It will be an important means of achieving the profitability we strive for.

It is obvious that our technical solutions should be at the forefront, both in terms of price and performance. The next generation Heat Power modules will still be based on our HP150 design and module system, but will have a higher power output, a lower price and be easier to install.

Over the past year, we have worked in various ways to streamline our organization and reduce costs. We are now intensifying our work through a new efficiency program with the goal of significantly reducing the cost base and ensuring Climeon as a long-term profitable and sustainable company with top-class products. The program is expected to reach full effect within six months. We look forward to presenting more about this at a capital market day in the autumn.

As this is my last CEO letter, I would like to thank both employees and customers. I would also like to welcome Climeon's new CEO, Lena Sundquist. In conclusion, I emphasize that I am convinced Climeon has an increasingly important role to play in the green transition - and has the prerequisites to take on that role. In the future, I will follow that journey with great interest.

Jan Bardell, CEO Climeon

MARKET, SALES AND DELIVERY

MARKET

Climeon's different markets are affected by a number of factors and trends. Changes in oil and electricity prices, the price of emission rights as well as capital costs. Political initiatives in the form of laws, regulations and requirements for various industrial sectors to reduce their environmental impact, also plays a part. Initiatives from international industry organizations can have a major impact on how markets develop, nationally as well as globally. The International Maritime Organization, IMO, adopted in the year 2018 a decision regarding new emission restrictions for ships. This has, for example, led to increased interest in Climeon's technology. This opens up a huge potential market, as the restrictions on emission levels apply to the approximately 90,000 vessels that currently operate worldwide, as well as to the approximately 1,600 new vessels added each year.

The ongoing pandemic over the past year has generally reduced the willingness to invest in several different market segments. Restrictions imposed on travel and accessibility continue to contribute to delays and shifts in project schedules. Climeon has, under the prevailing conditions, continued to produce Heat Power modules to ensure deliveries to ongoing and planned projects.

ORDER INTAKE AND ORDER BACKLOG

Order intake during the quarter amounted to SEK 0.0 million (40.9). At the end of the period, the order backlog amounted to SEK 647.9 million (728.5), corresponding to 176 (214) Heat Power modules. The order backlog mainly consists of orders in EUR, which are revalued at the end of the period.

Climeon's Icelandic customer Varmaorka has laid out a new plan for the expansion of geothermal power plants, with a significantly lower roll-out rate for the coming years. As a consequence of this, Climeon has after the end of the quarter decided to reduce the order backlog by SEK 467.5 million to SEK 180.3 million, which corresponds to 53 Heat Power modules. The rest of the order backlog is fixed according to plan.

DELIVERIES AND DEVELOPMENT BY FOCUS AREA

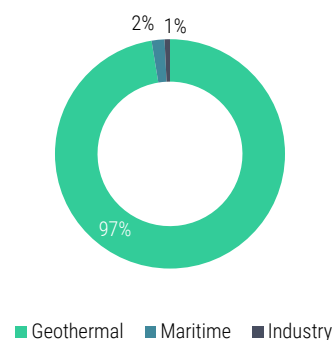
MARITIME

During the quarter, there was a high level of activity with a number of prospectuses and customer quotes, and Climeon's maritime team was strengthened. The IMO's work to reduce the environmental impact of international shipping clearly drives the demand for more environmentally efficient solutions.

Two modules were delivered to Havila Voyages' ships that will go on cruise traffic along the Norwegian coast and, just before the end of the quarter, DNV approved at its inspection the two remaining modules for Havila Voyages. The commissioning of a total of six modules on Virgin Voyages' Valiant Lady was also approved. In the next six months, Climeon plans to implement four modules and two ST turbines (Steam Turbines) on Viking Glory. The ongoing commissioning of a module on a container vessel is planned to be completed before the end of the year. This is given that the pandemic situation is unchanged and that the current conditions for entry remain.

The EU-funded project CHEK, where Climeon is one of the participants, has now started. The project aims, through new technology, to reduce emissions in shipping.

ORDER BACKLOG PER FOCUS AREA, %



Inspection in the test site. DNV approves the remaining modules for Havila Voyages

GEOTHERMAL



Four more modules have been commissioned at the Flúðir power plant in Iceland

Climeon has geothermal projects in Iceland, Japan and Taiwan. The lead times of the projects are affected by extensive and complex permit processes, for example in terms of power line placement, drilling and environmental consequences, but also by financing issues. The operation, where the modules are expected to operate 24 hours a day, all year round, is also technically complex, labor-intensive and requires ongoing service efforts. Customers' expectations of increased performance in relation to the product's price have also increased during the year.

At the beginning of the quarter, four more modules were put into operation at the Flúðir power plant in Iceland, which thus doubled its capacity. The expansion is an example of how modularity and standardization enable a gradual expansion and, seen over a rolling twelve months, the power plant has an availability of 98.3 percent. Climeon's Icelandic customer Varmaorka has laid out a new plan with an expansion of only 15 MW of power production until 2025, i.e. a significantly lower rate than previously planned. As a consequence of this, after the end of the quarter, Climeon decided to reduce the Icelandic part of the order backlog. Iceland is an important market and the country in the world with the most experience in geothermal power production.

INDUSTRY



Transport of Climeon's modules on the way to installation

Climeon works partly in the process industry and other industries where waste heat arises as a side effect of the business, partly in so-called gensets, land-based diesel engines, which produce a base power that will balance the variations in the supply of solar and wind power-produced electricity. The motors produce waste heat which, with the help of Climeon's technology, is converted into electricity.

The process industry focuses, partly as a result of the pandemic, on its core operations and cost reductions and, to a lesser extent, on new investments outside the core operations.

Climeon's customer in land-based engines in the United Kingdom, continued to work on financing its project, during the quarter. The protracted process will affect the installation of already delivered modules. Climeon continues to conduct dialogues with potential partners regarding sales partnerships with industrial customers, in Japan, Taiwan and the UK.

TECHNOLOGY DEVELOPMENT

During the quarter, Climeon entered into an agreement for a pilot installation of the company's next generation Heat Power technology. Together with Höganäs AB and Höganäs Energi AB, Climeon will evaluate and optimize the next generation Heat Power.

The next generation Heat Power product will be based on the HP150 and retain the modular system, but have a higher power outlet and an improved price-performance ratio, in order to meet customer requirements. Climeon will also continue the development work to make the product as easy and fast to install as possible, and thus further reduce costs.

THE GROUP'S FINANCIAL DEVELOPMENT

APRIL - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 8.5 million (15.6) . Net sales are mainly attributable to two Heat Power modules to Havila Voyages.

Operating profit/loss amounted to SEK -44.7 million (-36.4) . 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 -38.7 million.

Net financial income/expense amounted to SEK -3.7 million (-0.2) , whereof SEK -2.2 million (-1.1) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -48.4 million (-36.6) . Depreciations and amortizations amounted to SEK -6.3 million (-4.5) .

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -19.2 million (15.0) , whereof the change in working capital amounted to SEK 15.2 million (45.2) .

Cash flow from investing activities amounted to SEK -13.7 million (26.0) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -10.2 million (-8.9) .

Cash flow from financing activities amounted to SEK -1.6 million (-1.3) .

Cash flow for the quarter thus amounted to SEK -34.5 million (39.7) .

JANUARY - JUNE

NET SALES AND EARNINGS

Net sales amounted to SEK 24.1 million (29.7) . 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 -83.3 million (-68.6) . 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 -77.3 million.

Net financial income/expense amounted to SEK 47.5 million (0.5) , whereof SEK 49.0 million (1.9) related to a revaluation of the investment in Baseload Capital.

Profit/loss after financial items amounted to SEK -35.7 million (-68.1) . Depreciations and amortizations amounted to SEK -11.8 million (-9.5) .

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -77.1 million (-18.0) , whereof the change in working capital amounted to SEK -11.3 million (40.7) and is attributable to business-related changes in inventories, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -21.1 million (-2.3) , derived from capitalization of internally generated development expenses and expenses for patents of SEK -17.5 million (-21.2) .

Cash flow from financing activities amounted to SEK -3.0 million (-2.7) .

Cash flow for the period thus amounted to SEK -101.1 million (-23.0) .

FINANCIAL POSITION

Cash and cash equivalents amounted to SEK 198.1 million (299.2) . The equity ratio amounted to 63.6 percent (66.7) and the net debt ratio amounted to -0.3 times (-0.7) . Shareholder's equity amounted to SEK 389.1 million (424.5) or SEK 7.1 (7.8) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 548.4 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 24.0 million (29.7) . Operating profit/loss amounted to SEK -78.6 million (-66.1) and profit/loss after financial items amounted to SEK -30.4 million (-64.8) .

OTHER INFORMATION

FINANCIAL CALENDAR

Interim report third quarter 2021
November 11, 2021

Year-End report 2021
February 9, 2022

CONTACT INFORMATION

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

The information was published, through the care of the above contact persons, for publication July 19, 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 June amounted to 73 (93), of which 18 (23) percent women and 82 (77) percent men. At the end of June, the number of employees amounted to 72 (76). Carl Arnesson has been appointed new CFO and will take office no later than November 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 June 30, 2021, the company has three outstanding warrant programs 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 2017/2021	15,764	15,764	137.10	Sep 1 2021 - Sep 15 2021
Program 2018/2021	292,901	292,901	99.20	Sep 1 2021 - Sep 15 2021
Program 2019/2022	596,500	596,500	164.90	Dec 1 2022 - Dec 30 2022
Total	905,165	905,165		

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

The outbreak of the covid-19 pandemic is affecting people and businesses around the world. Climeon monitors the development and effects of the pandemic closely and is prepared to take action and adjust the operation if necessary. The pandemic has had a negative impact on Climeon's business, both regarding order intake, revenue and the rate of installations. Restrictions continue to make it challenging to travel and meet customers, and sometimes even to carry out planned installations and commissioning.

Climeon's highest priority is to care for the health of its employees and at the same time maintain and develop the company's operations. Climeon has implemented the security measures prescribed by the authorities, among other things, a virtual work environment with homework and digital meetings. The technical solution Climeon Live handles tuning and controlling of the power plants remotely, and thus avoid travelling while maintaining our commitments to customers.

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	Apr-Jun		Jan-Jun		Jan-Dec
		2021	2020	2021	2020	2020
Net sales	2	8,534	15,584	24,057	29,714	43,334
Capitalized work for own account		9,844	8,472	16,880	20,473	36,680
Other operating income		124	170	81	1,517	2,044
Total income		18,501	24,226	41,018	51,704	82,058
Operating expenses						
Raw material and consumables		-15,648	-18,205	-37,904	-38,807	-61,909
Other external expenses		-17,846	-9,091	-28,639	-18,950	-41,591
Personnel expenses		-23,423	-28,868	-45,530	-53,112	-94,858
Depreciation and amortization		-6,304	-4,454	-11,844	-9,459	-19,351
Other operating expenses		-	-	-353	-	-
Operating profit/loss		-44,720	-36,392	-83,252	-68,624	-135,651
Profit/loss from financial items						
Net financial income	5	-3,666	-240	47,536	516	-4,233
Profit/loss after financial items		-48,386	-36,632	-35,715	-68,108	-139,884
Tax		14	19	37	57	77
Profit/loss for the period		-48,372	-36,613	-35,679	-68,051	-139,807
Earnings per share, SEK						
Before dilution		-0.89	-0.74	-0.66	-1.38	-2.76
After dilution		-0.89	-0.74	-0.66	-1.38	-2.76

SEK, thousand	Note	Apr-Jun		Jan-Jun		Jan-Dec
		2021	2020	2021	2020	2020
Profit/loss for the period		-48,372	-36,613	-35,679	-68,051	-139,807
Other comprehensive profit/loss for the period						
Translation differences		211	154	315	81	677
Other comprehensive profit/loss for the period		211	154	315	81	677
Comprehensive income/loss for the period		-48,161	-36,459	-35,363	-67,970	-139,130
Comprehensive income/loss for the period attributable to Shareholders of the parent company		-48,161	-36,459	-35,363	-67,970	-139,130

CONSOLIDATED BALANCE SHEET

SEK, thousand	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
Assets				
Intangible non-current assets	3	101,823	78,727	90,879
Tangible non-current assets	4	40,943	46,835	41,973
Financial assets	5	117,221	54,371	63,676
Total non-current assets		259,987	179,933	196,528
Inventories		63,615	49,936	55,437
Accounts receivable		46,028	34,727	27,194
Other current receivables	6	43,708	41,290	42,242
Short-term investments		-	15,700	15,700
Cash and cash equivalents		198,092	84,865	299,217
Total current assets		351,443	226,518	439,790
Total Assets		611,430	406,451	636,318
Equity and liabilities				
Share capital		817	742	817
Other contributed capital		929,764	685,055	929,764
Retained earnings		-506,117	-366,987	-366,987
Profit/loss for the period		-35,363	-68,051	-139,130
Total shareholder's equity		389,100	250,758	424,464
Other provisions		26,326	16,259	18,337
Total provisions		26,326	16,259	18,337
Other non-current liabilities		89,627	42,742	107,185
Total non-current liabilities		89,627	42,742	107,185
Advance payments from customers		31,328	30,168	31,195
Accounts payable		14,370	16,150	15,116
Other current liabilities		60,679	50,375	40,022
Total current liabilities		106,377	96,692	86,333
Total equity and liabilities		611,430	406,451	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 year	
Opening balance equity 2021-01-01	817	929,764	-506,117	424,464
Comprehensive profit/loss				
Profit/loss for the period	-	-	-35,679	-35,679
Other comprehensive profit/loss for the period				
Translation differences	-	-	315	315
Other comprehensive profit/loss for the period:	-	-	315	315
Total comprehensive profit/loss	-	-	-35,363	-35,363
Closing balance equity 2021-06-30	817	929,764	-541,480	389,101

CONSOLIDATED CASH FLOW STATEMENT

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Operating activities					
Operating profit/loss	-44,720	-36,392	-83,252	-68,624	-135,651
Adjustments for items not included in cash flow	12,380	6,481	19,832	9,479	23,681
Financial items	-2,085	-353	-2,359	516	-7,743
Cash flow from operating activities before changes in working capital	-34,425	-30,264	-65,779	-58,629	-119,713
Change in working capital	15,188	45,233	-11,273	40,659	12,076
Cash flow from operating activities	-19,237	14,969	-77,052	-17,971	-107,637
Investing activities					
Investments in intangible assets	-10,208	-8,856	-17,463	-21,157	-38,046
Investments in tangible assets	-3,856	-104	-4,279	-425	-1,311
Change in financial assets	401	35,000	611	19,300	19,471
Cash flow from investing activities	-13,663	26,040	-21,131	-2,282	-19,886
Cash flow after investing activities	-32,900	41,010	-98,183	-20,252	-127,524
Financing activities					
Change in short-term debt	-1,598	-1,305	-2,961	-2,740	-5,455
Change in long-term debt	-	-	-	-	79,568
Share issue	-	-	-	-	244,863
Cash flow from financing activities	-1,598	-1,305	-2,961	-2,740	318,976
Cash flow for the period	-34,498	39,704	-101,144	-22,993	191,452
Cash and cash equivalents at the beginning of the period	232,613	45,189	299,217	107,862	107,862
Exchange rate differences in cash and cash equivalents	-22	-28	19	-4	-98
Cash and cash equivalents at the end of the period	198,092	84,865	198,092	84,865	299,217

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Net sales	8,499	15,584	23,968	29,714	43,209
Capitalized work for own account	9,844	8,472	16,880	20,473	36,680
Other operating income	43	170	-	1,517	2,044
Total income	18,386	24,226	40,848	51,704	81,933
Operating expenses					
Raw material and consumables	-15,641	-18,103	-37,867	-38,706	-61,585
Other external expenses	-18,731	-9,738	-30,121	-20,857	-44,437
Personnel expenses	-21,595	-27,784	-42,096	-51,764	-90,580
Depreciation and amortization	-4,896	-3,061	-8,966	-6,452	-13,547
Other operating expenses	-	-	-353	-	-
Operating profit/loss	-42,478	-34,461	-78,553	-66,075	-128,217
Profit from financial items					
Net financial income	-3,365	149	48,187	1,314	-2,612
Profit/loss after financial items	-45,843	-34,312	-30,366	-64,761	-130,829
Tax	-	-	-	-	-
Profit/loss for the period 1)	-45,843	-34,312	-30,366	-64,761	-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 Jun 2021	30 Jun 2020	31 Dec 2020
Assets			
Intangible non-current assets	101,823	78,709	90,879
Tangible non-current assets	15,465	15,621	14,115
Financial assets	130,127	54,445	73,266
Inventories	63,615	49,936	55,437
Current receivables	90,649	79,888	69,636
Short-term investments	-	15,700	15,700
Cash and cash equivalents	197,293	84,388	297,532
Total Assets	598,973	378,686	616,566
Equity and liabilities			
Shareholder's equity	403,972	255,541	434,338
Provisions	26,326	16,259	18,337
Non-current liabilities	63,537	10,381	78,134
Current liabilities	105,138	96,505	85,757
Total equity and liabilities	598,973	378,686	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	53.5
Joachim Karthäuser	3,550,000	114,300	6.7	35,614,300	21.4
Clearstream Banking S.A. W8IMY	-	2,485,734	4.6	2,485,734	1.5
Handelsbanken Hållbar Energi	-	2,363,233	4.3	2,363,233	1.4
Försäkringsbolaget, Avanza Pension	-	1,654,222	3.0	1,654,222	1.0
SEB AB, Luxembourg Branch, W8IMY	-	1,156,851	2.1	1,156,851	0.7
Olle Bergström	-	1,024,045	1.9	1,024,045	0.6
SEB-Stiftelsen	-	1,000,000	1.8	1,000,000	0.6
Swedbank Robur Transition Sweden	-	954,350	1.8	954,350	0.6
Erste Group Bank AG W8IMY	-	844,800	1.6	844,800	0.5
Nordnet Pensionsförsäkringar AB	-	720,306	1.3	720,306	0.4
Mathias Carnemark	-	592,172	1.1	592,172	0.4
Per Olofsson	-	580,000	1.1	580,000	0.3
AMF Aktiefond Småbolag	-	539,067	1.0	539,067	0.3
Strand Småbolagsfond	-	538,157	1.0	538,157	0.3
Others	-	27,292,542	50.1	27,292,542	16.4
Total	12,450,000	41,990,679	100.0	166,490,679	100.0

SHARE PRICE DEVELOPMENT



	Apr-Jun		Jan-dec
	2021	2020	2020
issued shares at period end	54,440,679	49,440,679	54,440,679
Average number of shares outstanding	54,440,679	49,440,679	50,682,452
Earnings per share, before and after dilution, SEK	-0.89	-0.74	-2.76
Equity per share, SEK	7.15	5.07	7.80

SHARE INFORMATION

The number of shares in Climeon amounts to 54,440,679 with quota value of SEK 0.015, of which 12,450,000 are Class A shares, 10 votes/share, and 41,990,679 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 25.00 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	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Revenue type					
Hardware	8,081	12,746	22,800	26,770	39,383
Consulting and support services	588	2,838	1,168	2,943	3,826
Total	8,669	15,584	23,968	29,713	43,209
Geographic market					
Sweden	26	15	77	66	125
Europe	8,119	9,761	23,431	23,785	37,065
Asia	523	5,809	460	5,862	6,019
Total	8,669	15,584	23,968	29,713	43,209

NOTE 3 INTANGIBLE ASSETS

Intangible assets of the Group comprise capitalized expenditure on development SEK 94.6 million (84.1) and patents SEK 7.3 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 5.8 million (4.1).

NOTE 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 9.4 million (8.2), right-of-use assets according to IFRS 16, SEK 24.7 million (27.8), equipment SEK 1.2 million (0.9), technical equipment SEK 5.1 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 2.6 million (2.5). Accumulated depreciations of the period amounted to SEK 5.2 million (5.4).

NOTE 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 117.2 million (63.7) and consist of shares in the finance company Baseload Capital of SEK 111.3 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 -2.2 million (-1.1). Accumulated revaluation of the year amount to SEK 49.0 million (1.9). 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 5.4 million (6.1).

NOTE 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 2.9 million (3.6) and refer to prepayment guarantees to customers.

SIGNATURE

Kista, July 19, 2021
Jan Bardell, CEO

This interim report has not been subject to review by the company's auditors.

KEY NUMBERS FOR THE GROUP

	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Order intake, SEK million	-	40.9	-	40.9	56.3
Order backlog, SEK million	647.9	768.9	647.9	768.9	728.5
Equity ratio (%)	63.6	61.7	63.6	61.7	66.7
Debt ratio (times)	0.6	0.6	0.6	0.6	0.5
Net debt ratio (times)	-0.3	-0.2	-0.3	-0.2	-0.7
Earnings per share, before and after dilution, SEK	-0.89	-0.74	-0.66	-1.38	-2.76
Equity per share, SEK	7.15	5.07	7.15	5.07	7.80
Share price at period end, CLIME B, SEK	25.00	47.16	25.00	47.16	42.62
Cash and cash equivalents, SEK million	198.1	45.2	198.1	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	$\text{Availability [\%]} = \frac{\sum_{i=1}^n \text{Available time}}{\sum_{i=1}^n (\text{Available time} + \text{Unscheduled down-time})} \times 100$ <p><i>Average availability for Climeon modules</i> <i>where n = number of Climeon modules, and Unscheduled down-time = total of all unscheduled down-time due to failures caused by Climeon</i></p>

QUARTERLY FIGURES, CONSOLIDATED

INCOME STATEMENT

SEK, million	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	8.5	15.5	0.4	13.2	15.6	14.1
Capitalized work for own account	9.8	7.0	7.7	8.5	8.5	12.0
Other operating income	0.1	-	0.1	0.4	0.2	1.3
Operating expenses						
Raw material and consumables	-15.6	-22.3	-7.2	-15.9	-18.2	-20.6
Other external expenses	-17.8	-10.8	-8.7	-13.9	-9.1	-9.9
Personnel expenses	-23.4	-22.1	-23.2	-18.6	-28.9	-24.2
Depreciation and amortization	-6.3	-5.5	-5.4	-4.5	-4.5	-5.0
Other operating expenses	-	-0.4	-	-	-	-
Operating profit/loss	-44.7	-38.5	-36.2	-30.8	-36.4	-32.2
Net financial income	-3.7	51.2	-3.2	-1.6	-0.2	0.8
Profit/loss after financial items	-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
Profit/loss for the period	-48.4	12.7	-39.3	-32.4	-36.6	-31.4
Earnings per share, before and after dilution, SEK	-0.89	0.23	-0.73	-0.65	-0.74	-0.64

BALANCE SHEET

SEK, million	2021		2020			
	Q2	Q1	Q4	Q3	Q2	Q1
Intangible non-current assets	101.8	95.3	90.9	85.2	78.7	71.8
Tangible non-current assets	40.9	39.5	42.0	43.8	46.8	50.4
Financial assets	117.2	119.8	63.7	65.4	54.4	55.5
Total non-current assets	260.0	254.6	196.5	194.5	179.9	177.6
Inventories	63.6	59.8	55.4	43.9	49.9	44.4
Current receivables	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	198.1	232.6	299.2	39.9	84.9	45.2
Total current assets	351.4	390.3	439.8	162.4	226.5	214.5
Total assets	611.4	644.9	636.3	356.9	406.5	392.1
Shareholder's equity	389.1	437.3	424.5	218.5	250.8	287.2
Non-current liabilities and other provisions	116.0	119.2	125.5	58.1	59.0	60.5
Current liabilities	106.4	88.4	86.3	80.3	96.7	44.5
Total equity and liabilities	611.4	644.9	636.3	356.9	406.5	392.1

CASH FLOW STATEMENT

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

THIS IS CLIMEON

Climeon is a Swedish product manufacturing company within energy technology. The company's unique technology for geothermal heat power - Heat Power - makes a large untapped energy resource available and provides sustainable electricity around the clock all year round. Heat Power is a cheap and renewable energy source with the potential of replacing much of the energy that comes from coal, nuclear, oil and gas, today. Climeon aims to become a global leader and the world's number one climate solver. The B share is listed on Nasdaq First North Premier Growth Market. Certified Adviser is FNCA Sweden AB, +46(0)8-528 00 399 info@fnca.se.

VISION

Climeon's vision is to become the number one climate solver, empowering a fossil-free world with heat power.

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 C3 technology and surrounding systems to give users of the Heat Power system a lower electricity cost (LCOE)

FINANCIAL GOALS

A long-term gross margin of 50 percent and an EBITDA margin of 35 percent.

CORE VALUES



DO GOOD



BE A TEAMPLAYER



ALWAYS DELIVER



CLIMEON