

CLIMEON

INTERIM REPORT

1 January - 31 March 2021

Q1

AN EVENTFUL QUARTER WITH SEVERAL OPERATING PROGRESS

The first quarter 2021 was characterized by deliveries and installations. Net sales amounted to SEK 15.5 million (14.1) making the quarter the best in terms of revenue in 15 months. Chevron's investment into Baseload Capital increased the value of Climeon's shareholding and had a positive earnings effect in net financial items of SEK 51.2 million. Profit/loss after financial items amounted to SEK 12.7 million (-31.5). During the first quarter, Climeon put two Heat Power modules into operation at the Reykholt geothermal power plant in Iceland, and we participated in sea trials for Virgin Voyages' second vessel where the Heat Power modules were approved for operation. Around the same time, we also delivered six modules to the fourth Virgin Voyages ship. Shortly after the end of the quarter, four more Heat Power modules were put into operation at the power plant in Flúðir, Iceland.

JANUARY - MARCH

- Order intake amounted to SEK 0.0 million (15.4)
- Net sales amounted to SEK 15.5 million (14.1)
- Order backlog amounted to SEK 662.6 million (728.5)
- Operating profit/loss amounted to SEK -38.5 million (-32.2)
- Profit/loss after financial items amounted to SEK 12.7 million (-31.5)
- Profit/loss per share amounted to SEK 0.23 (-0.64)
- Cash flow from operating activities after change in working capital amounted to SEK -57.8 million (-32.9)
- Total cash and cash equivalents amounted to SEK 232.6 million (299.2)
- Climeon is a participant in the EU-funded research project CHEK with the aim of reducing emissions in shipping
- Climeon has signed a memorandum of understanding with Tomoe Engineering with the aim of establishing an industrial sales collaboration in Japan
- Climeon has been named the winner of the Royal Swedish Academy of Engineering's competition Smart Industry
- Climeon has commissioned the second power plant in Iceland, Reykholt
- Climeon's Heat Power modules aboard Virgin Voyages' second vessel, the Valiant Lady, have been approved during sea trials

- Climeon's shareholding in Baseload Capital increased to SEK 113.5 million (45.4) whereof SEK 16.9 million is attributable to the conversion of the convertible loan into shares and SEK 51.2 million to a new issue in which Chevron entered as new shareholder. The increase in value associated with the issue had a positive earnings effect in net financial items corresponding to SEK 0.94 per share
- Lena Sundquist has been appointed new CEO of Climeon. Lena Sundquist will take office on 1 August 2021 and most recently comes from the role as CEO of Kivra Sverige
- Christina Bäck has been appointed Head of Sales & Markets at Climeon
- Climeon's CFO Christina Kassberg has requested to leave her position and remains until September 30, 2021 for handover

IMPORTANT POST-CLOSING EVENTS

- Climeon has put four more Heat Power modules into operation at the Flúðir power plant, thus doubling the power plant's capacity
- Climeon has convened an Annual General Meeting on May 19, 2021. Due to the corona pandemic, the meeting will be held by postal ballot, for more information see the company's website, www.climeon.com

AN EVENTFUL QUARTER WITH OPERATIONAL PROGRESS



Jan Bardell, CEO for Climeon

"This quarter is, in terms of revenue, the best in 15 months."

Just like 2020, the first quarter of the year offered achievements as well as challenges. We have continued the efficiency work that started in 2020, commissioned several Heat Power installations and received an award from the Royal Swedish Academy of Engineering Sciences (IVA). At the same time, we have had to continue living with the restrictions the pandemic implies. Practical restrictions still make it difficult to travel and meet customers, and sometimes even to carry out planned installations and commissioning.

Revenues for the quarter are in full parity with, and even slightly above, revenues for the first quarter of 2020. This makes this quarter the best, in terms of revenue, in 15 months. Seen over a rolling twelve-month period, we have not been able to move forward as fast as we would have liked. Of course, we are working to make up for this as the conditions normalize. A more efficient organization, where we both reduce the management team and add new competence, is one such measure.

Interest in green solutions is growing all over the world, not least within the EU, which aims to make a "green restart" after the pandemic. It is also interesting that Chevron joins as a partner in our partner Baseload Capital. Chevron adds knowledge about exploration and drilling that can help open up the market within geothermal energy. The investment also increases the value of our ownership in Baseload Capital, which had a positive effect on earnings of SEK 51.2 million in the quarter.

In geothermal, we commissioned our second installation in Iceland, at the Reykholt geothermal power plant. Shortly after the end of the quarter, we were also able to put four more modules into operation at the Flúðir power plant, which thereby doubled its capacity. The expansion in Flúðir is a practical example of how modularity and standardization enable a step-by-step expansion. In Taiwan, the customer continues their drilling work for the first power plant and Climeon contributes with consulting and design work.

In maritime, we see a growing activity and an increasing interest, where the International Maritime Organization's work to reduce greenhouse gas emissions from international shipping is driving development. During the quarter, we participated in sea trials for Virgin Voyages' second vessel, and the modules were approved for operation. At the same time, we also delivered modules to the fourth Virgin Voyages vessel.

Within industrial, we initiated an interesting sales cooperation with Tomoe Engineering during the quarter, with the intention of selling Climeon's technology to industrial customers in Japan. Furthermore, our customer within land-based engines in the UK, is now in the final stages of having their financing solution in place.

In practical terms, we continue to produce to be in phase with future deliveries and to be able to support our customers with shortened project timelines. We also continue to develop our technology to create even more efficient solutions with better performance and higher profitability. This is something a company such as Climeon always must work with. As part of this, we intend to build a first pilot installation within the industry this year, where we will test our new solution with more than 50 percent higher power output.

Climeon has a unique technology and is currently developing a new market. There is still a lot to do, and it will require continued hard work, but we both can and will play an important role in the green transition. I look forward to a continued exciting and rewarding 2021.

Jan Bardell, CEO Climeon

MARKET, SALES AND DELIVERY

MARKET

Climeon's different markets are affected by a number of different factors and trends. For example, changes in oil and electricity prices and in the price of emission rights, as well as capital costs, but also political initiatives in the form of laws, regulations and requirements for various industrial sectors to reduce their environmental impact. Initiatives from international industry organizations can also have a major impact on how markets develop, both nationally and globally. The decision adopted 2018 by the International Maritime Organization, IMO, regarding new emission restrictions for ships, has, for example, led to an increased interest in Climeon's technology. This opens 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.

Over the past year, the ongoing pandemic has generally reduced the willingness to invest in several different market segments. The restrictions imposed on travel and accessibility continually add to delays and shifts in project time plans. Climeon has, under the prevailing conditions, continued to produce Heat Power modules to ensure deliveries to ongoing and planned projects.

ORDER ENTRY AND ORDER STOCK

Order intake during the first quarter amounted to SEK 0.0 million (15.4). The order backlog was written down by SEK 65 million in the quarter, from SEK 728 million to SEK 663 million, as two older orders within geothermal, one in Germany and one in Hungary, will not be realized by the end customer. The rest of the order backlog remains, according to plan.

At the end of the period, the order backlog amounted to SEK 662.6 million (728.5), corresponding to 190 (214) Heat Power modules. The order backlog mainly consists of orders in EUR, which are revalued at the end of the period.

DELIVERIES AND DEVELOPMENT BY FOCUS AREA

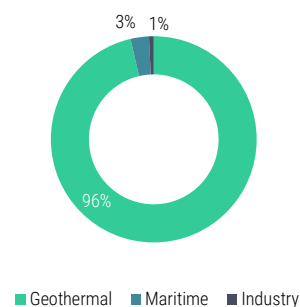
GEOHERMAL

Climeon currently has ongoing geothermal projects in three countries; Iceland, Japan, and Taiwan. Within geothermal, the lead times of the projects are affected by various permit processes, for example in terms of power lines, drilling and environmental assessments.

Work on the roll-out of the Icelandic power plants continues. In February, Varmaorka's second power plant, located in Reykholt, was commissioned. The power plant has a capacity of 300 kW and is connected to the local district heating network. Shortly after the end of the quarter, four more new Heat Power modules were commissioned at Varmaorka's power plant in Flúðir, which now has a total of eight modules with a total maximum capacity of 1.2 MW in operation. The expansion of the power plant is thus complete and now the final optimization of the power plant is in progress. In parallel, work is underway on another power plant in Efri Reykir.

In Japan, the two geothermal power plants that were installed in the spring of 2020 are commissioned and in production. In Taiwan, the customer continues their drilling work for the first power plant and Climeon contributes with consulting and design work.

ORDER BACKLOG PER FOCUS AREA, %



During the quarter, Climeon and Varmaorka's second power plant in Iceland, Reykholt, was commissioned.



Climeon successfully completed sea trials together with Virgin Voyages.



Climeon received the Royal Swedish Academy of Engineering's award for smart industry. Climeon was praised for its software solution Climeon Live.

MARITIME

In the maritime sector, the price of oil is a decisive factor for the introduction of energy-saving and emission-reducing measures. Oil is used for electricity production on board and a low oil price reduces the incentive for the introduction of possible measures. Instead, the waste heat is often released into the sea.

At present, the pandemic has halted virtually the entire cruise industry, but at the same time the marine industry as a whole was able to record the best financial quarter since the financial crisis in 2008. New shipbuilding continues unabated, and Climeon has noted an increasing number of concrete inquiries from potential customers regarding installations in existing as well as in new vessels.

Just before the end of the quarter, a test run was successfully carried out with Virgin Voyages' and Fincantieri's ship Valiant Lady, which has been equipped with a total of six Heat Power modules. Previously, modules have also been installed on Virgin Voyages Scarlet Lady, both installations are now commissioned and approved by the customer. Climeon has previously also delivered Heat Power modules to Virgin Voyages' third vessel, Resilient Lady, which is currently being built by Fincantieri in Italy. During the first quarter of 2021, Climeon delivered six Heat Power modules to Virgin Voyages' fourth vessel.

The Heat Power modules for the first two of Havila Voyages' vessels that will cruise along the Norwegian coast are in a test and certification phase, for delivery in the spring. The installation of Heat Power modules and steam turbines on Viking Line's new vessel, Viking Glory, has been postponed due to the corona pandemic, but work can now be resumed. The module to be installed on one of Maersk's vessels is on board the vessel, but due to the current restrictions from the customer, commissioning has been postponed.

INDUSTRIAL

Within industrial, Climeon works in two sectors, partly in the process industry and other industries where waste heat is generated in the business, partly in so-called gensets, land-based engines that produce a stable baseload power that balances the variations in solar and wind-produced electricity. These motors produce waste heat that can be gathered and converted into electricity, using Climeon's technology.

The process industry, partly because of the pandemic, currently focuses more on its core business and on cost reductions, than on systems for increased efficiency and reduced environmental impact. In both sectors, as in the case of geothermal power, there are extensive permit requirements that must be met before roll-out, which affects project planning.

During the quarter, Climeon has initiated an interesting sales collaboration with Tomoe Engineering with the intention of selling Climeon's technology to industrial customers in Japan. Within gensets, the focus today is mainly on the UK and, in 2020, employees within the sales organization moved from Sweden to the UK to strengthen the organization. Our customer is now in the final stages of having their financing solution in place. The first installation is expected to be completed in 2021.

The project in the steel industry together with SSAB, which was granted approximately SEK 12 million in grants from the Swedish Energy Agency in April 2020, has been discontinued, why the grant will not be paid out. Climeon has therefore submitted a new grant application together with another industrial partner.

THE GROUP'S FINANCIAL DEVELOPMENT

JANUARY - MARCH

NET SALES AND EARNINGS

Net sales amounted to SEK 15.5 million (14.1). Net sales are mainly attributable to deliveries of six Heat Power modules to Virgin Voyages' fourth ship.

Operating profit/loss for the period amounted to SEK -38.5 million (-32.2). Net financial income/expense amounted to SEK 51.2 million (0.8), whereof 51,2 MSEK (3.0) referred to the increase in value of the holding in Baseload Capital Sweden AB. Profit/loss after financial items amounted to SEK 12.7 million (-31.5). Depreciations and amortizations amounted to SEK -5.5 million (-5.0).

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -57.8 million (-32.9) whereof the change in working capital amounted to -26,5 MSEK (-4.6) and is attributable to business-related changes in inventories, accounts receivable and accounts payable.

Cash flow from investing activities amounted to SEK -7.5 million (-28.3), derived from capitalization of internally generated development expenses and expenses for patents of SEK 7.3 million (12.3).

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

Cash flow for the quarter thus amounted to SEK -66.6 million (-62.7).

FINANCIAL POSITION

Cash and cash equivalents amounted to SEK 232.6 million (299.2). The equity ratio amounted to 67.8 percent (66.7) and the net debt ratio amounted to -0.3 times (-0.7). Shareholder's equity amounted to SEK 437.3 million (424.5) or SEK 8.0 (7.8) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 494.9 million (370.9), 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 15.5 million (14.1). Operating profit/loss amounted to SEK -36.1 million (-31.6) and profit/loss after financial items amounted to SEK 15.5 million (-30.4).

OTHER INFORMATION

FINANCIAL CALENDAR

Annual general meeting 2021

May 19, 2021

Interim report second quarter 2021

July 19, 2021

Interim report third quarter 2021

November 11, 2021

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 4 May 2021 at 07:30 (CET).

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

PERSONNEL OCH ORGANIZATION

The average number of employees during the period January to March amounted to 73 (95), whereof 18 (23) percent women and 82 (77) percent men. At the end of March, the number of employees amounted to 71 (93). Work to strengthen and streamline Climeon's organization continued during the quarter. Lena Sundquist has been appointed new CEO from 1 August 2021. During the quarter, Christina Bäck has been appointed Sales and Marketing Manager and Mikael Augustinson as Head of Operations.

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 March 31, 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 covid-19-related security measures prescribed by the authorities in all parts of its operations. This means, among other things, that the company to a large extent conducts its operations in a virtual work environment with homework and digital meetings. We use our technical solution Climeon Live to tune and control the power plants remotely and thus avoid travel while maintaining our commitments to customers.

COMPARATIVE FIGURES

Comparative figures for income statement items and order backlog refer to the corresponding period of the previous financial year. Comparative figures for balance sheet items 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, we do not see any significant seasonal variation of Climeon's sales of Heat Power systems.

OTHER INFORMATION

This report has been published in a Swedish and an English version. In the event of differences between the two, the Swedish version shall prevail.

FINANCIAL REPORTS IN SUMMARY

CONSOLIDATED INCOME STATEMENT

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2021	2020	2020
Net sales	2	15,524	14,130	43,334
Capitalized work for own account		7,036	12,001	36,680
Other operating income		-	1,347	2,044
Total income		22,559	27,478	82,058
Operating expenses				
Raw material and consumables		-22,256	-20,603	-61,909
Other external expenses		-10,792	-9,859	-41,591
Personnel expenses		-22,107	-24,245	-94,858
Depreciation and amortization		-5,540	-5,004	-19,351
Operating profit/loss		-38,532	-32,233	-135,651
Profit/loss from financial items				
Net financial income	5	51,203	756	-4,233
Profit/loss after financial items		12,671	-31,476	-139,884
Tax		23	38	77
Profit/loss for the period		12,694	-31,438	-139,807
Earnings per share, SEK				
Before dilution		0.23	-0.64	-2.76
After dilution		0.23	-0.64	-2.76

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2021	2020	2020
Profit/loss for the period		12,694	-31,438	-139,807
Other comprehensive profit/loss for the period:				
Translation differences		104	-73	677
Other comprehensive profit/loss for the period		104	-73	677
Comprehensive income/loss for the period		12,798	-31,512	-139,130
Comprehensive income/loss for the period attributable to:				
Shareholders of the Parent company		12,798	-31,512	-139,130

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK, thousand	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
Assets				
Intangible non-current assets	3	95,262	71,766	90,879
Tangible non-current assets	4	39,520	50,357	41,973
Financial assets	5	119,826	55,490	63,676
Total non-current assets		254,608	177,613	196,528
Inventories		59,844	44,394	55,437
Accounts receivable		54,762	31,225	27,194
Other current receivables	6	43,063	42,970	42,242
Short-term investments		-	50,733	15,700
Cash and cash equivalents		232,613	45,189	299,217
Total current assets		390,282	214,512	439,790
Total Assets		644,890	392,125	636,318
Equity and liabilities				
Share capital		817	742	817
Other contributed capital		929,764	684,900	929,764
Retained earnings		-506,117	-366,987	-366,987
Profit/loss for the period		12,798	-31,438	-139,130
Total shareholder's equity		437,262	287,217	424,464
Other provisions		20,041	15,341	18,337
Total provisions		20,041	15,341	18,337
Other non-current liabilities		99,199	45,114	107,185
Total non-current liabilities		99,199	45,114	107,185
Advance payments from customers		32,539	4,764	31,195
Accounts payable		5,609	8,644	15,116
Other current liabilities		50,240	31,044	40,022
Total current liabilities		88,388	44,453	86,333
Total equity and liabilities		644,890	392,125	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	-	-	12,694	12,694
Other comprehensive profit/loss for the period:				
Translation differences	-	-	104	104
Other comprehensive profit/loss for the period:	-	-	104	104
Total comprehensive profit/loss	-	-	12,798	12,798
Closing balance equity 2021-03-31	817	929,764	-493,319	437,262

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

SEK, thousand	Jan-Mar		Jan-Dec
	2021	2020	2020
Operating activities			
Operating profit/loss	-38,532	-32,233	-135,651
Adjustments for items not included in cash flow	7,452	2,998	23,681
Financial items	-274	869	-7,743
Cash flow from operating activities before changes in working capital	-31,353	-28,366	-119,713
Change in working capital	-26,461	-4,574	12,076
Cash flow from operating activities	-57,814	-32,940	-107,637
Investing activities			
Investments in intangible assets	-7,255	-12,301	-38,046
Investments in tangible assets	-423	-321	-1,311
Change in financial assets	210	-15,700	19,471
Cash flow from investing activities	-7,468	-28,322	-19,886
Cash flow after investing activities	-65,282	-61,262	-127,524
Financing activities			
Change in short-term debt	-1,363	-1,435	-5,455
Change in long-term debt	-	-	79,568
Share issue	-	-	244,863
Cash flow from financing activities	-1,363	-1,435	318,976
Cash flow for the period	-66,645	-62,697	191,452
Cash and cash equivalents at the beginning of the period	299,217	107,862	107,862
Exchange rate differences in cash and cash equivalents	41	24	-98
Cash and cash equivalents at the end of the period	232,613	45,189	299,217

PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2021	2020	2020
Net sales	2	15,470	14,130	43,209
Capitalized work for own account		7,036	12,001	36,680
Other operating income		-	1,347	2,044
Total income		22,505	27,478	81,933
Operating expenses				
Raw material and consumables		-22,226	-20,603	-61,585
Other external expenses		-11,389	-11,119	-44,437
Personnel expenses		-20,501	-23,980	-90,580
Depreciation and amortization		-4,070	-3,391	-13,547
Operating profit/loss		-36,076	-31,614	-128,217
Profit from financial items				
Net financial income	5	51,552	1,165	-2,612
Profit/loss after financial items		15,476	-30,449	-130,829
Tax		-	-	-
Profit/loss for the period 1)		15,476	-30,449	-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	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
Assets				
Intangible non-current assets	3	95,262	71,766	90,879
Tangible non-current assets	4	13,340	16,664	14,115
Financial assets	5	131,139	55,574	73,266
Inventories		59,844	44,394	55,437
Current receivables	6	97,552	76,034	69,636
Short-term investments		-	50,733	15,700
Cash and cash equivalents		232,241	44,836	297,532
Total Assets		629,378	360,001	616,566
Equity and liabilities				
Shareholder's equity		449,815	289,853	434,338
Provisions		20,041	15,341	18,337
Non-current liabilities		71,807	10,381	78,134
Current liabilities		87,715	44,425	85,757
Total equity and liabilities		629,378	360,001	616,566

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER MARCH 31, 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
Handelsbanken Hållbar Energi	-	2,520,203	4.6	2,520,203	1.5
Clearstream Banking S.A. W8IMY	-	2,168,293	4.0	2,168,293	1.3
Försäkringsbolaget, Avanza Pension	-	1,551,383	2.8	1,551,383	0.9
SEB AB, Luxembourg Branch, W8IMY	-	1,156,851	2.1	1,156,851	0.7
Olle Bergström	-	1,020,000	1.9	1,020,000	0.6
SEB-Stiftelsen	-	1,000,000	1.8	1,000,000	0.6
Swedbank Robur Transition Sweden	-	941,350	1.7	941,350	0.6
Erste Group Bank AG W8IMY	-	855,767	1.6	855,767	0.5
JP Morgan Luxembourg S.A.	-	690,322	1.3	690,322	0.4
Nordnet Pensionsförsäkringar AB	-	643,538	1.2	643,538	0.4
Mathias Carnemark	-	639,143	1.2	639,143	0.4
Per Olofsson	-	580,000	1.1	580,000	0.3
AMF Aktiefond Småbolag	-	539,067	1.0	539,067	0.3
Others	-	27,439,562	50.4	27,439,562	16.5
Total	12,450,000	41,990,679	100.0	166,490,679	100.0

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 Class B shares, 1 votes/share.

Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 35.62 at the end of the period.

SHARE PRICE DEVELOPMENT



	Jan-Mar		Jan-dec
	2021	2020	2020
Total number of issued shares at period end	54,440,679	49,440,679	54,440,679
Average number of shares outstanding	54,440,679	49,407,771	50,682,452
Earnings per share, before and after dilution, SEK	0.23	-0.64	-2.76
Equity per share, SEK	8.03	5.81	7.80

NOTES

NOT 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.

NOT 2 DISTRIBUTION OF NET SALES

CONSOLIDATED

SEK, thousand	Jan-Mar		Jan-Dec
	2021	2020	2020
Revenue type			
Hardware	14,720	14,024	39,383
Consulting and support services	804	105	3,826
Total	15,524	14,129	43,209
Geographic market			
Sweden	51	52	125
Europe	15,311	14,024	37,065
Asia	161	54	6,019
Total	15,524	14,129	43,209

NOT 3 INTANGIBLE ASSETS

Intangible assets of the Group and the parent company comprise capitalized expenditure on development SEK 88.5 million (65.9) and patents SEK 6.7 million (5.9). In the period impairment of expenditure on development amounted to SEK 0.3 million (0.0). Depreciations during the quarter amounted to SEK 2.6 million (2.2).

NOT 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 7.6 million (8.2), right-of-use assets according to IFRS 16, SEK 26.1 million (27.8), equipment SEK

1.1 million (0.8), technical equipment SEK 4.2 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 (2.6).

Tangible assets of the parent company comprise leasehold improvements SEK 7.6 million (8.2), equipment SEK 1.1 million (0.8), technical equipment SEK 4.1 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 1.2 million (1.2).

NOT 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 119.8 million (63.7) and consist of shares in the finance company Baseload Capital Sweden AB of SEK 113.5 million (45.4). During the quarter, a convertible loan, including interest, was converted into shares and increased the acquisition value by SEK 16.9 million. Also, during the quarter, an issue was carried out in Baseload Capital, where Chevron Technology Ventures entered as a new owner, which increases the value of the holding by an additional SEK 51.2 million. After dilution, Climeon's stake in Baseload Capital amounts to 12.2 percent. As of December 31, 2020, Climeon's ownership share was 15.7 percent.

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 51.2 million (3.0). 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 5.8 million (6.1).

Financial assets of the parent company consist of shares in subsidiaries of SEK 1.9 million (1.9), shares in the finance company Baseload Capital Sweden AB of SEK 113.5 million (45.4) and personnel loans of SEK 5.8 million (6.1). Revaluation has affected the quarter by SEK 51.2 million (3.0). The effect on the result is included under financial items.

NOT 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 3.0 million (3.8) and refer to prepayment guarantees to customers.

SIGNATURE

Kista, May 4, 2021
Jan Bardell, CEO

This interim report has not been reviewed by the Company's auditors.

KEY NUMBERS FOR THE GROUP

	Jan-Mar		Jan-Dec
	2021	2020	2020
Order intake, SEK million	-	15.4	56.3
Order backlog, SEK million	662.6	778.8	728.5
Equity ratio (%)	67.8	73.2	66.7
Debt ratio (times)	0.5	0.4	0.5
Net debt ratio (times)	-0.3	-0.0	-0.7
Earnings per share, before and after dilution, SEK	0.23	-0.64	-2.76
Equity per share, SEK	8.03	5.81	7.80
Share price at period end, CLIME B, SEK	35.62	36.35	42.62
Cash and cash equivalents, SEK million	232.6	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	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 invoiced 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 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

CONSOLIDATED INCOME STATEMENTS

SEK, million	2021	2020			
	Q1	Q4	Q3	Q2	Q1
Net sales	15.5	0.4	13.2	15.6	14.1
Capitalized work for own account	7.0	7.7	8.5	8.5	12.0
Other operating income	-	0.1	0.4	0.2	1.3
Operating expenses					
Raw material and consumables	-22.3	-7.2	-15.9	-18.2	-20.6
Other external expenses	-10.8	-8.7	-13.9	-9.1	-9.9
Personnel expenses	-22.1	-23.2	-18.6	-28.9	-24.2
Depreciation and amortization	-5.5	-5.4	-4.5	-4.5	-5.0
Operating profit/loss	-38.5	-36.2	-30.8	-36.4	-32.2
Net financial income	51.2	-3.2	-1.6	-0.2	0.8
Profit/loss after financial items	12.7	-39.4	-32.4	-36.6	-31.5
Tax	0.0	0.0	-0.0	0.0	0.0
Profit/loss for the period	12.7	-39.3	-32.4	-36.6	-31.4
Earnings per share, before and after dilution, SEK	0.23	-0.73	-0.65	-0.74	-0.64

CONSOLIDATED BALANCE SHEETS

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

CONSOLIDATED CASH FLOW ANALYSIS

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

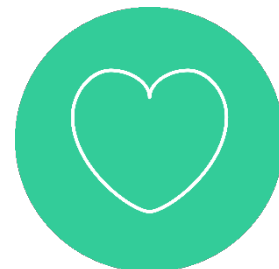
CORE VALUES



BE AMAZING



ALWAYS DELIVER



DO GOOD

CLIMEON