



CLIMEON

INTERIM REPORT

1 January - 31 March 2020

Q1

FIRST QUARTER 2020

Net sales amounted to SEK 14.1 million (22.5) attributable to deliveries within geothermal. During the first quarter, significant progress was made in Japan and in Iceland, despite travel bans and quarantine rules. Climeon also won a new maritime order from the cruise company Havila Voyages. Operating profit amounted to SEK -32.2 million (-16.7). The order backlog totaled SEK 778.8 million (799.3) at the end of the quarter.

JANUARY - MARCH

- Net sales amounted to SEK 14.1 million (22.5)
- Order intake amounted to SEK 15.4 million (0.0)
- Order backlog totaled SEK 778.8 million (799.3)
- Operating profit/loss amounted to SEK -32.2 million (-16.7)
- Earnings per share was negative (negative)
- Cash flow from operating activities amounted to SEK -32.9 million (-20.6)
- Cash and cash equivalents amounted to SEK 45.2 million (107.9) and current investments to SEK 50.7 million (35.0)
- Climeon won an order from cruise company Havila Voyages worth SEK 15.4 million

IMPORTANT POST-CLOSING EVENTS

- Climeon has commissioned the first Heat Power module in a geothermal heat power plant in Japan
- Climeon has won a first order within geothermal in Taiwan. The order comes from Baseload Power Taiwan and includes Climeon Heat Power systems as well as design and consultancy services for the surrounding power plant. The total order value amounts to SEK 41 million.

FIRST POWER PLANT IN JAPAN PRODUCING ELECTRICITY



Thomas Öström, CEO and co-founder of Climeon

14

NET SALES, SEK MILLION

779

ORDER BACKLOG, SEK MILLION

The ongoing pandemic has affected us all, both as individuals and as a society. Despite the unusual global situation with tough conditions, Climeon has made great progress on the geothermal side. We have changed our ways of working and no longer send staff to Japan and Iceland in the same way as before. Delivery of components has taken longer than normal. Nevertheless, the team in Japan, with online support from Sweden, managed to complete the installation of the very first power plant in Japan. This is a fantastic milestone for us, and I am immensely impressed by my colleagues.

Japan is one of the toughest geographical markets to enter as a foreign company. In less than two years, we have succeeded in starting a Japanese subsidiary, building a team and setting up a first power plant in Japan, an achievement I am extremely proud of. Now the work continues with fine-tuning the first power plant, getting the second power plant started and then taking on the next projects.

In Iceland, the projects have moved forward and we have extended the contract with Varmaorka. Work on the first power plants took longer than first estimated and we have now agreed on a new plan that extends until the end of 2023. In addition to Heat Power systems, we will also supply control systems and pre-produced pipelines. The total order value remains as before. Work on the installations is also moving forward, in Reykholt we have now installed our prototype for standardized and pre-produced piping, the Backbone, which will make customer installations faster and easier. The goal remains to have the two new power plants up and running this summer.

The consequences of the coronavirus pandemic are still hard to grasp, but everything indicates that this can be a lengthy process. At Climeon, we see that the investment plans in both the maritime and the industrial segment have largely come to a standstill and thus also business negotiations. The all time low oil price in combination with tightened investment budgets result in energy efficiency and renewable energy investments having lower priority. At the same time, the many travel restrictions and quarantine rules affect a number of ongoing projects as installation work is delayed in time. The shipyards in the maritime industry have paused parts of their operations and our work onboard the vessels that we have already delivered Heat Power systems to, but have not completed the installation, is delayed.

Despite the challenges the cruise industry is facing, we won an order from Norwegian Havila Voyages during the quarter, which means that we in 2021 and 2022 will install Heat Power systems on their four new cruise ships.

To ensure our financial situation, we have actively renegotiated payment terms, reviewed our costs and slimmed down the organization of consultants. We continue to focus on this, as well as keeping our staff healthy and utilizing our technical solution Climeon Live to fine tune and control the power plants remotely and thus avoid travel. I feel content with the measures we have taken, although a prolonged crisis means uncertainties further into the future. The long-term feeling remains optimistic, especially as the world's investors now realize how volatile fossil investments are. Strong initiatives are being launched globally so that we can get out of this crisis in a green way. Renewable energy is needed to save us from the climate crisis - now let's get out of the global economic crisis that Covid-19 has created in a new, green and long-term sustainable way.

Thomas Öström, CEO Climeon

MARKET DEVELOPMENT

The market factors that mainly affect Climeon are energy situation, electricity prices and capital cost in each market. These, in turn, are affected by a number of factors such as oil prices, political initiatives and regulations, emission rights prices and access to experienced project developers.

Geothermal

Although the Japanese government has made policy changes to support geothermal installations below 10 MW, the processes still take many months. Many landowners in rural Japan have struggled to find a commercial use for their land as the spa market has been declining for several years. The interest in renting out their land for small-scale geothermal electricity generation remains high. In 2019, the Japanese government announced that they will try to further reduce the barriers to investment in geothermal energy.¹

Iceland has a strong demand for electricity, but wind power has had problems growing due to opposition from the public, just like new large hydropower plants and large geothermal projects. Contrary to this trend, Climeon's customer Varmaorka has received very positive feedback and has seen great interest in small-scale geothermal power plants. Both private landowners and municipalities have expressed interest in better utilizing their geothermal resources and producing more electricity locally.

Maritime

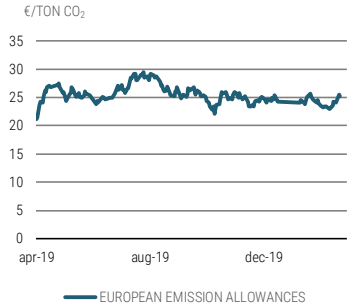
In the maritime segment, oil prices have a direct impact on the payback period for Climeon's customers, as the price of onboard electricity is determined by the fuel price. Oil prices have plummeted during the first months of the year and at the end of the first quarter, the price of Brent crude oil was USD 26 per barrel (68), corresponding to about USD 164 per tonne (428)², which makes energy efficiency investments less profitable. As of this year, the sulfur directive³ limits the permitted sulfur content in fuel. For example, this results in the need for a more expensive and more environmentally friendly fuel, such as Marine Gasoil (MGO). However, the price of MGO has also plummeted, and at the end of the quarter the price was USD 475 per tonne (712).⁴

Industrial

The on-going Covid-19 pandemic is affecting countries and companies globally. The climate issue has been put on hold, and at the same time many companies have cut down on all non-business-critical investments, which generally includes investments to increase energy efficiency.

The price of emission allowances has been relatively stable, although the trade of European Emission Allowances was paused due to Covid-19. At the end of the first quarter, European Emission Allowances cost about EUR 25 per tonne of CO2, compared to EUR 22 per tonne at the end of the first quarter 2019.⁵ A higher cost of emissions improves the return on investment for a Heat Power module, as each Heat Power module saves about 900 tonnes of carbon dioxide per year.

EUROPEAN EMISSION ALLOWANCES⁵



In Japan, installation work is underway at two different power plants, one of which was commissioned at the end of April.

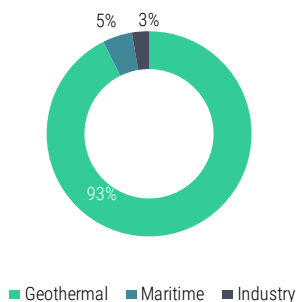


In Reykholt, Iceland, Climeon has started the installation of the Heat Power systems and the company's prototype for standardized pipelines, the Backbone.

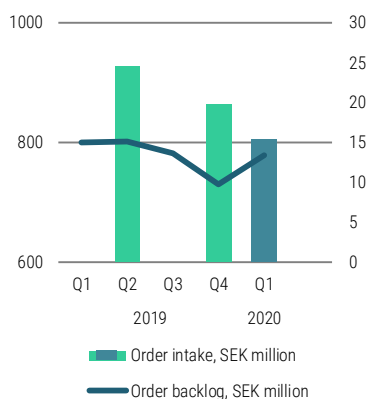
¹ Nikkei, asia.nikkei.com/Business/Energy/Geothermal-power-in-Japan-set-to-heat-up-as-government-drills-in
² BBC, bbc.com/news/topics/cmj223708t/oil
³ International Maritime Organization, imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx
⁴ Ship and Bunker, shipandbunker.com/prices/av/global/av-glb-global-average-bunker-price#MGO
⁵ Business Insider Markets, markets.businessinsider.com/commodities/co2-european-emission-allowances

ORDER INTAKE, SALES AND DELIVERY

ORDER BACKLOG PER MARKET SEGMENT



ORDER INTAKE AND ORDER BACKLOG, SEK MILLION



ORDER INTAKE AND SALES

Order intake during the first quarter amounted to SEK 15.4 million (0.0), attributable to an order from cruise line Havila Voyages.

At the end of the period the order backlog amounted to SEK 778.8 million (799.3), corresponding to 214 (228) Heat Power modules.

DELIVERY AND CERTIFICATION PROCESSES

During the first quarter, four Heat Power modules were delivered. Additional modules are in production for delivery in the coming quarters, which is reflected in the balance sheet Inventories.

The lead time between ordering and delivery of a module is expected to stabilize over time.

At present, however, the lead times in geothermal energy are longer depending on the customers' negotiations on land rights, completion of facilities and their permit processes. Among other things, building permits, drilling permits, electricity connection permits and environmental impact assessment are permits that can take several months for customers to get in place. All permits must be in place before the customer is ready to receive module deliveries, so lead times vary depending on project. This affects the rate at which Climeon can deliver modules.

Larger businesses, especially within the geothermal segment, are often divided into several installation projects over a longer period of time, where the majority of the respective sub-projects are recognized as revenue upon delivery. One example is Climeon's deal with Varmaorka, in Iceland, where 197 modules are to be delivered in groups of 2-15 units over a number of years. For large orders, the roll-out rate is also affected by the customer's ability to complete several installation sites in parallel.

For shipyard businesses, the lead time is on the order of 24 to 36 months.

In the maritime area, deliveries can be affected by product certifications by the major classification bodies. Climeon is already certified by the Lloyds Register.

For further information regarding the sales process and revenue model, please refer to the annual report for 2019.

FINANCIAL DEVELOPMENT

JANUARY - MARCH

NET SALES AND EARNINGS

Net sales amounted to SEK 14.1 million (22.5) .

Operating profit/loss for the period amounted to SEK -32.2 million (-16.7) . Net financial income/expense amounted to SEK 0.8 million (9.1) , positively affected by the increased value of SEK 3.0 million of the holding in Baseload Capital.

Profit/loss after financial items amounted to SEK -31.5 million (-7.5) . Profit/loss was affected by the increase in expenses, which is mainly related to a successive build-up of the organization.

Depreciations and amortizations amounted to SEK -5.0 million (-4.3) .

CASH FLOW

Cash flow from operating activities for the period amounted to SEK -32.9 million (-20.6) and is attributable to operating-related changes in inventories, accounts receivable and accounts payable. Cash flow from investing activities amounted to SEK -28.4 million (-7.8) , mainly related to the placement of surplus liquidity in current investments, continued capitalization of development expenses and patent expenses and the test center in Kista. Cash flow from financing activities amounted to SEK -1.4 million (10.3) . Cash flow for the period thus amounted to SEK -62.7 million (-18.1) .

CASH POSITION

Cash and cash equivalents amounted to SEK 45.2 million (107.9) and current investments to SEK 50,7 million (35,0) at

the period-end. The equity ratio, at the same time, amounted to 70.9 percent (82.2) and the net debt/equity ratio amounted to -0.2 times (-0.4) . Shareholder's equity amounted to SEK 287.2 million (318.7) or SEK 5.2 (6.1) per share.

INVESTMENTS

The company's investments during January–March amounted to SEK 28.4 million (7.8) . These investments mainly consisted of acquisition of intangible assets SEK 12.3 million (4.3) primarily related to continuous development of Climeon Heat Power and patents.

DEFERRED TAX ASSET

The company has unutilized loss carryforwards amounting to SEK 370.9 million (337.7), of which the tax effect has not been recognized as a deferred tax asset in the balance sheet.

LONG-TERM FINANCIAL GOALS

Climeon's long-term financial goal is that the gross margin should amount to 50 percent and the EBITDA margin to 35 percent.

The work towards a gross margin of 50 percent continues according to plan, but for deliveries within the maritime segment, it will take longer to reach the target. Within geothermal, and especially in Japan, the conditions are considerably better.

Climeon also works continuously to keep the cost base low as part of the effort towards profitability and the EBITDA target.

OTHER INFORMATION

FINANCIAL CALENDAR

Annual General Meeting 2020
May 19, 2020

Interim report second quarter 2020
August 18, 2020

Interim report third quarter 2020
November 4, 2020

CONTACT INFORMATION

Thomas Öström, CEO
+46 708 94 96 05,
thomas.ostrom@climeon.com

Carl Frykfeldt, acting CFO
+46 704 37 58 31
carl.frykfeldt@climeon.com

Charlotte Becker, Investor Relations
+46 730 37 07 07,
charlotte.becker@climeon.com

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 March amounted to 95 (74), of which 23 percent women and 77 percent men. At period-end the number of employees amounted to 93 (77).

WARRANT PROGRAMS

As of March 31, 2020, the company has outstanding warrants, which entitle the holders to subscribe for 987 129 class B shares.

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

MATERIAL RISKS AND FACTORS OF UNCERTAINTY

Material financial risks and uncertainties of the company include market risks related to agreements with customers and suppliers, liquidity and financing risks and credit and counterparty risks. A detailed presentation of the company's material financial risks is found in the directors' report in the annual report for 2019.

COMPARATIVE FIGURES

Comparative figures for income statement items refer to the corresponding period next to the previous financial year. Comparative figures for balance sheet items refer to the end of the previous fiscal year.

ÖVRIG INFORMATION

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

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.

The board and the CEO ensure that the interim report gives a true and fair view of the company's operations, position and results and describes the significant risks and uncertainties facing the company.

FINANCIAL REPORTS IN BRIEF

GROUP INCOME STATEMENTS

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2020	2019	2019
Net sales	2	14,130	22,490	116,758
Capitalized work for own account		12,001	4,070	26,350
Other operating income		1,347	1,277	3,904
Operating expenses				
Raw material and consumables 5)		-20,603	-17,089	-109,624
Other external expenses		-9,859	-6,254	-42,685
Personnel expenses 5)		-24,245	-16,914	-90,354
Depreciation and amortization of tangible and intangible assets		-5,004	-4,258	-21,918
Operating profit/loss		-32,233	-16,678	-117,569
Profit from financial items				
Interest income and other financial items		1,189	10,400	9,451
Interest expenses and other financial items		-432	-1,268	-4,552
Profit/loss after financial items		-31,476	-7,546	-112,669
Tax		38	51	172
Profit/loss for the period 6)		-31,438	-7,495	-112,498
Earnings per share, SEK				
Before dilution		neg	neg	neg
After dilution		neg	neg	neg

5) Includes costs for capitalized work for own account, item Raw material and consumables also includes costs for warranty and service

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

CONSOLIDATED BALANCE SHEETS

SEK, thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets				
Intangible non-current assets	3	71,766	44,556	61,683
Tangible non-current assets	4	50,357	59,388	52,823
Financial assets	5	55,490	48,100	52,493
Total non-current assets		177,613	152,044	166,999
Inventories		57,237	53,891	53,549
Accounts receivable		31,225	21,333	24,626
Other current receivables		30,127	10,514	32,474
Current investments		50,733	-	35,000
Cash and cash equivalents		45,189	71,858	107,862
Total current assets		214,512	157,595	253,511
Total Assets		392,125	309,640	420,510
Equity and liabilities				
Share capital		742	693	740
Reserves		64,636	38,253	54,461
Other paid in capital		253,278	369,732	376,026
Retained earnings		-31,438	-244,791	-112,498
Total shareholder's equity		287,217	163,887	318,729
Other provisions		15,341	7,416	14,363
Total provisions		15,341	7,416	14,363
Other non-current liabilities		45,114	51,228	46,549
Total non-current liabilities		45,114	51,228	46,549
Advance payments from customers		4,764	22,382	4,387
Accounts payable		8,644	31,079	7,861
Other current liabilities		31,044	33,647	28,621
Total current liabilities		44,453	87,107	40,869
Total equity and liabilities		392,125	309,640	420,510

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Statement of changes in total equity	Share capital	On-going issue	Reserve for development costs	Premium reserve	Retained earnings	Total equity
Opening balance equity 2019-01-01	676	11,582	34,653	347,366	-234,671	159,606
Profit/loss for the period	-	-	-	-	-7,495	-7,495
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	2,625	-	-2,625	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	2,625	-	-10,120	-7,495
<i>Transactions with shareholders</i>						
Exercise of warrants	16	-	-	22,367	-	22,383
Total transactions with shareholders	16	-10,606	-	22,367	-	11,777
Closing balance equity 2019-03-31	693	975	37,278	369,732	-244,791	163,887
Opening balance equity 2020-01-01	740	2	54,461	376,024	-112,498	318,729
Profit/loss for the period 7)	-	-	-	-	-31,438	-31,438
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	10,139	-	-10,139	-
Other comprehensive income	-	-	37	-	-110	-73
Total comprehensive income/loss	-	-	10,175	-	-41,687	-31,512
<i>Transactions with shareholders</i>						
New issue	2	-2	-	-	-	-
Total transactions with shareholders	2	-2	-	-	-	-
Closing balance equity 2020-03-31	742	-	64,636	376,024	-154,185	287,217

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

CONSOLIDATED CONDENSED CASH FLOW STATEMENTS

SEK, thousand	Jan-Mar		Jan-Dec
	2020	2019	2019
Operating activities			
Operating profit	-32,233	-16,678	-117,569
Adjustments for items not included in cash flow	2,998	4,258	28,398
Financial items	37	-1,268	-2,944
Cash flow from operating activities before changes in working capital	-29,198	-13,688	-92,115
Changes in working capital	-3,708	-6,916	-62,002
Cash flow from operating activities	-32,906	-20,604	-154,117
Investing activities			
Investments in intangible assets	-12,301	-4,312	-27,712
Investments in tangible assets	-320	-3,483	-7,486
Investments in financial assets	-15,733	-	-41,693
Cash flow from investing activities	-28,356	-7,795	-76,891
Cash flow after investing activities	-61,261	-28,399	-231,008
Financing activities			
Raise of short-term debt	-1,435	-	-
Raise of long-term debt	-	-1,479	-22,737
New issue	-	10,801	245,334
Premiums paid for warrants	-	-	26,314
Paid up, non-registered share capital	-	975	-
Cash flow from financing activities	-1,435	10,297	248,911
Cash flow for the period	-62,696	-18,102	17,903
Cash and cash equivalents at the beginning of the period	107,862	89,959	89,959
Exchange rate differences in cash and cash equivalents	24	-	-
Cash and cash equivalents at the end of the period	45,189	71,858	107,862

FINANCIAL STATEMENTS PARENT COMPANY

PARENT COMPANY INCOME STATEMENTS

SEK, thousand	Note	Jan-Mar		Jan-Dec
		2020	2019	2019
Net sales	2	14,130	22,490	116,758
Capitalized work for own account		12,001	4,070	26,350
Other operating income		1,347	-3	3,904
Operating expenses				
Raw material and consumables 5)		-20,603	-15,752	-109,624
Other external expenses		-11,119	-8,120	-49,154
Personnel expenses 5)		-23,980	-16,914	-90,245
Depreciation and amortization of tangible and intangible assets		-3,391	-2,666	-15,580
Operating profit/loss		-31,614	-16,895	-117,591
Profit from financial items				
Interest income and other financial items		1,189	10,400	9,451
Interest expenses and other financial items		-24	-813	-2,811
Profit/loss after financial items		-30,449	-7,308	-110,951
Tax		-	-	-
Profit/loss for the period 6)		-30,449	-7,308	-110,951
Earnings per share, SEK				
Before dilution		neg	neg	neg
After dilution		neg	neg	neg

5) Includes costs for capitalized work for own account, item Raw material and consumables also includes costs for warranty and service

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

PARENT COMPANY BALANCE SHEETS

SEK, thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
Assets				
Intangible non-current assets	3	71,766	44,556	61,683
Tangible non-current assets	4	16,664	20,154	17,516
Financial assets	5	55,574	48,100	52,626
Total non-current assets		144,004	112,810	131,825
Inventories		44,394	53,891	53,549
Accounts receivable		31,225	21,333	24,626
Other current receivables		44,809	10,463	33,232
Current investments		50,733	-	35,000
Cash and cash equivalents		44,836	71,858	107,657
Total current assets		215,997	157,544	254,063
Total Assets		360,001	270,354	385,888
Equity and liabilities				
Share capital		742	693	740
On-going issue		-	975	2
Reserve for development costs		64,610	37,278	54,471
Share premium reserve		630,530	369,732	630,530
Retained earnings		-406,029	-244,604	-365,441
Total shareholder's equity		289,853	164,075	320,302
Other provisions		15,341	7,416	14,363
Total provisions		15,341	7,416	14,363
Other non-current liabilities		10,381	11,756	10,381
Total non-current liabilities		10,381	11,756	10,381
Advance payments from customers		4,764	22,382	4,387
Accounts payable		8,644	31,079	7,852
Other current liabilities		31,017	33,647	28,603
Total current liabilities		44,425	87,107	40,842
Total equity and liabilities		360,001	270,354	385,888

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Statement of changes in total equity	Restricted equity			Unrestricted equity		Total equity
	Share capital	On-going issue	Reserve for development costs	Premium reserve	Retained earnings	
Opening balance equity 2019-01-01	676	11,582	34,653	347,366	-234,671	159,606
Profit/loss for the period	-	-	-	-	-7,308	-7,308
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	2,625	-	-2,625	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	2,625	-	-9,933	-7,308
<i>Transactions with shareholders</i>						
Exercise of warrants	16	-	-	22,367	-	22,383
Total transactions with shareholders	16	-10,606	-	22,367	-	11,777
Closing balance equity 2019-03-31	693	975	37,278	369,732	-244,604	164,074
Opening balance equity 2020-01-01	740	2	54,471	630,530	-365,441	320,302
Profit/loss for the period 7)	-	-	-	-	-30,449	-30,449
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	10,139	-	-10,139	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	10,139	-	-40,588	-30,449
<i>Transactions with shareholders</i>						
New issue	2	-2	-	-	-	-
Total transactions with shareholders	2	-2	-	-	-	-
Closing balance equity 2020-03-31	742	-	64,610	630,530	-406,029	289,853

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

CONDENSED PARENT COMPANY CASH-FLOW STATEMENTS

SEK, thousand	Jan-Mar		Jan-Dec
	2020	2019	2019
Operating activities			
Operating profit	-31,614	-16,895	-117,591
Adjustments for items not included in cash flow	2,218	2,666	22,527
Financial items	332	-813	-1,379
Cash flow from operating activities before changes in working capital	-29,064	-15,042	-96,443
Changes in working capital	-5,439	-6,916	-62,782
Cash flow from operating activities	-34,503	-21,958	-159,225
Investing activities			
Investments in intangible assets	-12,301	-4,312	-27,713
Investments in tangible assets	-321	-3,482	-7,486
Investments in financial assets	-15,696	-	-41,826
Cash flow from investing activities	-28,317	-7,795	-77,025
Cash flow after investing activities	-62,821	-29,753	-236,250
Financing activities			
Raise of long-term debt	-	-125	-17,700
New issue	-	10,801	254,779
Premiums paid for warrants	-	-	9,968
Paid up, non-registered share capital	-	975	6,901
Cash flow from financing activities	-	11,652	253,947
Cash flow for the period	-62,821	-18,102	17,697
Cash and cash equivalents at the beginning of the period	107,657	89,959	89,959
Cash and cash equivalents at the end of the period	44,836	71,858	107,657

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER MARCH 31, 2020

Shareholders	Number of shares		Capital, %	Number of votes	Voting rights, %
	Series A	Series B			
Thomas Öström	9,500,000	155,900	19.6	95,155,900	53.6
Joachim Karthäuser	4,690,000	4,300	9.5	46,904,300	26.4
Handelsbanken Hållbar Energi	-	2,027,833	4.1	2,027,833	1.1
Försäkringsbolaget, Avanza Pension	-	1,562,201	3.2	1,562,201	0.9
Stefan Brendgen	-	1,050,000	2.1	1,050,000	0.6
Olle Bergström	-	1,020,000	2.1	1,020,000	0.6
Mathias Carnemark	-	722,644	1.5	722,644	0.4
Skandia Sverige Hållbar	-	699,649	1.4	699,649	0.4
LMK-bolagen	-	625,000	1.3	625,000	0.4
Nordnet Pensionsförsäkringar AB	-	623,979	1.3	623,979	0.4
Per Olofsson	-	610,000	1.2	610,000	0.3
AMF Aktiefond Småbolag	-	609,067	1.2	609,067	0.3
Klas Händel	-	545,316	1.1	545,316	0.3
Andreas Billström	-	522,975	1.1	522,975	0.3
SEB AB, Luxembourg Branch, W8IMY	-	459,434	0.9	459,434	0.3
Others	60,000	23,822,181	48.4	24,422,181	13.8
Total	14,250,000	35,060,479	100.0	177,560,479	100.0

SHARE INFORMATION

The number of shares in Climeon amounts to 49,440,679 with quota value of SEK 0.015, of which 14,250,000 are Class A shares, 10 votes/share, and 35,060,479 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 36.35 at the end of the period.

SHARE PRICE DEVELOPMENT



	Jan-Mar		Jan-Dec
	2020	2019	2019
Total number of issued shares at period end	49,440,679	46,180,279	49,310,479
Average number of shares outstanding	49,407,771	45,180,279	49,295,179
Earnings per share, before dilution, SEK	neg	neg	neg
Earnings per share, after dilution, SEK	neg	neg	neg
Equity per share, SEK	5.17	3.55	6.13

NOTES

Note 1 ACCOUNTING PRINCIPLES

This interim report is prepared in accordance with IAS 34 Interim report. The same accounting principles and calculation methods have been used in the interim report as in the latest annual report, with the exception of IFRS 16, which is described below.

IFRS 16 LEASE

Since January 1, 2020, IFRS 16 has been applied since Climeon now reports as a group and the exceptions that apply to legal entities no longer apply. The introduction has been made retroactively from January 1, 2019. As of January 1, 2019, rights of use were added to the value of SEK 41.2 million and the corresponding lease liability. During Q1, the profit impact was SEK 0.1 million (0.2) and for the whole of 2019 the profit impact was SEK 0.7 million.

Other than that, there have been no significant effects on the financial reports.

FINANCIAL INSTRUMENTS

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms. A financial asset is derecognized from the balance sheet when the contractual right to the cash flow from the asset ceases, is transferred to a third party or when the company loses control of the asset. A financial liability, or part of a financial liability, is derecognized from the balance sheet when the contractual obligation is fulfilled or otherwise terminated.

Financial assets are classified based on the business model in which the asset is managed and the asset's cash flow character. Cash flow character determines whether the asset's cash flow is contractual, i.e. only consists of repayment of principal amount and interest where the interest consists of compensation for the time value of money and credit risk.

If the financial asset is held in a business model with the goal of collecting contractual cash flows (hold to collect), the asset is reported at amortized cost.

For business models where the purpose is speculation, holdings for trading or where the cash flow character excludes other business models, the assets are reported at fair value through the income statement.

Financial liabilities are valued at fair value through the income statement if they are held for trading or if they are initially identified as liabilities at fair value through the income statement. Other liabilities are valued at amortized cost.

The holding of the shares in Baseload Capital is reported at fair value through the income statement.

Climeon applies the simplified method for calculating expected loan losses. The method means that loss history and other known information about the customer's credit status are used as a basis for calculating historical credit losses. The calculation is then adjusted for changes in current and prospective factors.

THE FAIR VALUE OF THE FINANCIAL INSTRUMENT

The fair value of financial instruments is determined by various methods that are divided into a hierarchy that is governed by the degree to which input data is observable. The fair value of financial assets and liabilities traded on an active market is determined by reference to the listed market price, level 1 in the hierarchy. The fair value of other financial assets and liabilities is determined according to generally accepted valuation models such as discounting future cash flows and using information derived from current market transactions, level 2 in the hierarchy or by methods based on own assumptions, level 3 in the hierarchy.

The holding of the shares in Baseload Capital is reported as an Investment Entity and is since January 1, 2019, valued at fair value through the income statement. Baseload Capital has prepared a model for assessing fair value that is made quarterly as follows:

- Calculation of the annual cash flow
- The present value is the fair value of the holding

For all financial assets and liabilities that are not continuously valued at fair value, the carrying amount is deemed to be a good approximation of its fair value, unless otherwise specified.

AMORTIZED COST

Amortized cost refers to the amount to which the asset or liability was initially recognized, less deductions for amortization, additions or deductions for accumulated accrual according to the effective interest method of the initial difference between the received/paid amount and the amount to be paid/received on the due date and with deductions for impairment.

The effective interest rate is the interest rate that, when discounting all future expected cash flows over the expected maturity, results in the initially recognized value of the financial asset or financial liability.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and disposable balances with banks and other credit institutions and other short-term liquid investments that can easily be converted into cash and are subject to insignificant risk of value fluctuations.

In order to be classified as cash and cash equivalents, the term may not exceed three months from the date of the acquisition.

IFRS 8 OPERATING SEGMENTS

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

PARENT COMPANY

The 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.

Shares in Group companies are reported according to the cost method. Acquisition-related costs for group companies that are expensed in the consolidated financial statements are included in the acquisition value of shares in group companies.

The Parent Company reports Group contributions and shareholder contributions in accordance with the statement from the Swedish Financial Reporting Board RFR2. Group contributions are reported as financial statements. In the Parent Company, shareholder contributions are activated as shares and participations. If necessary, impairment testing is carried out of the shareholder contributions paid together with other holdings in the receiving company.

Note 2 DISTRIBUTION OF NET SALES

THE GROUP AND PARENT COMPANY

SEK, thousand	Jan-Mar		Jan-Dec
	2020	2019	2019
Revenue type			
Hardware	14,024	22,434	116,598
Consulting and support services	105	56	159
Total	14,129	22,490	116,758
Geographic market			
Sweden	52	503	627
Europe	14,024	1,150	38,971
North America	-	-	-
Asia	54	20,837	77,160
Total	14,129	22,490	116,758

Note 3 INTANGIBLE ASSETS

Intangible assets comprise capitalized expenditure on development SEK 65.9 million (39.7) and patents SEK 5.9 million (4.9). Depreciations year to date amounted SEK 2.2 million (1.8).

Note 4 TANGIBLE ASSETS

Tangible assets comprise leasehold improvements SEK 10.0 million (13.6), right-of-use assets according to IFRS 16, SEK 33.7 million (39.2), equipment SEK 1.2 million (0.9), technical equipment SEK 4.8 million (3.0) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.7 million (2.5). Depreciations during the period amounted to SEK 1.2 million (0.9).

Note 5 FINANCIAL ASSETS

Financial assets consist of investments in the finance company Baseload Capital Sweden AB of SEK 48.8 million (48.1), corresponding to 15.7 (15.7) percent ownership in the company. The value of the investment has increased by SEK 3.0 million during the first quarter. The amounts are reported at fair value. In addition, deposits SEK 0.1 million (0.0) and personnel loans to SEK 6.4 million (0.0).

Note 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 9.1 millions (21.6) for prepayment guarantees to suppliers and customers.

KEY NUMBERS

	Jan-Mar		Jan-Dec
	2020	2019	2019
Order intake, SEK million	15.4	-	44.2
Order backlog, SEK million	778.8	799.3	729.7
Equity ratio (%)	70.9	60.7	82.2
Debt ratio (times)	0.4	0.6	0.4
Net debt ratio (times)	-0.2	-0.4	-0.4
Earnings per share, before dilution, SEK	neg	neg	neg
Earnings per share, after dilution, SEK	neg	neg	neg
Equity per share, SEK	5.17	3.55	6.13
Cash and cash equivalents, SEK million	45.2	71.9	107.7
Share price at period end, CLIME B, SEK	36.35	95.15	68.40

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.

QUARTERLY FIGURES

CONSOLIDATED INCOME STATEMENTS

SEK, million	2020		2019			
	Q1	Q4	Q3	Q2	Q1	Full-year
Net sales	14.1	35.1	35.3	23.9	22.5	116.8
Capitalized work for own account	12.0	10.3	4.7	7.3	4.1	26.4
Other operating income	1.3	3.3	0.4	-1.1	1.3	3.9
Operating expenses						
Raw material and consumables	-20.6	-38.5	-28.5	-25.5	-17.1	-109.6
Other external expenses	-9.9	-14.0	-10.4	-12.0	-6.3	-42.7
Personnel expenses	-24.2	-27.5	-24.1	-21.8	-16.9	-90.4
Depreciation and amortization of tangible and intangible assets	-5.0	-5.3	-8.0	-4.3	-4.3	-21.9
Operating profit/loss	-32.2	-36.7	-30.6	-33.7	-16.7	-117.6
Net financial income	0.8	-5.3	2.5	-1.5	9.1	4.9
Profit/loss after financial items	-31.5	-41.9	-28.0	-35.1	-7.5	-112.7
Tax	0.0	0.0	0.0	0.0	0.1	0.2
Profit/loss for the period	-31.4	-41.9	-28.0	-35.1	-7.5	-112.5
Earnings per share, before dilution, SEK	neg	neg	neg	neg	neg	neg
Earnings per share, after dilution, SEK	neg	neg	neg	neg	neg	neg

CONSOLIDATED BALANCE SHEETS

SEK, million	2020		2019			
	Q1	Q4	Q3	Q2	Q1	Full-year
Intangible non-current assets	71.8	61.7	53.5	50.3	44.6	61.7
Tangible non-current assets	50.4	52.8	52.2	57.1	59.4	52.8
Financial assets	55.5	52.5	55.0	55.0	48.1	52.5
Total non-current assets	177.6	167.0	160.6	162.4	152.0	167.0
Inventories	57.2	53.5	47.6	63.2	53.9	53.5
Current receivables	61.4	57.1	48.7	50.6	31.8	57.1
Current investments	50.7	35.0	35.0	35.0	-	35.0
Cash and cash equivalents	45.2	107.9	166.3	178.9	71.9	107.9
Total current assets	214.5	253.5	297.6	327.7	157.6	253.5
Total assets	392.1	420.5	458.2	490.1	309.6	420.5
Shareholder's equity	287.2	318.7	351.1	381.0	163.9	318.7
Non-current liabilities and other provisions	60.5	60.9	48.9	47.9	58.6	60.9
Current liabilities	44.5	40.9	58.2	61.2	87.1	40.9
Total equity and liabilities	392.1	420.5	458.2	490.1	309.6	420.5

CONSOLIDATED CASH FLOW STATEMENTS

SEK, million	2020	2019				Full-year
	Q1	Q4	Q3	Q2	Q1	
Cash flow from operating activities before changes in working capital	-29.2	-29.0	-20.7	-28.7	-13.7	-92.1
Changes in working capital	-3.7	-17.9	14.7	-51.8	-6.9	-62.0
Cash flow from operating activities	-32.9	-46.9	-6.1	-80.5	-20.6	-154.1
Investing activities	-28.4	-13.8	-5.9	-49.3	-7.8	-76.9
Cash flow after investing activities	-61.3	-60.7	-12.0	-129.9	-28.4	-231.0
Financing activities	-1.4	2.3	-0.6	236.9	10.3	248.9
Cash flow for the period	-62.7	-58.5	-12.6	107.0	-18.1	17.9
Cash and cash equivalents at the beginning of the period	107.9	166.3	178.9	71.9	90.0	90.0
Exchange rate differences in cash and cash equivalents	0.0	-	-	-	-	-
Cash and cash equivalents at the end of the period	45.2	107.9	166.3	178.9	71.9	107.9

THIS IS CLIMEON

Climeon is a Swedish product 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.

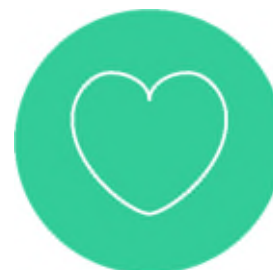
CORE VALUES



BE AMAZING



ALWAYS DELIVER



DO GOOD

CLIMEON