

CLIMEON

INTERIM REPORT

1 January - 30 September 2020

Q3

THIRD QUARTER 2020

During the quarter, Climeon delivered Heat Power modules to our first customer within land-based engines in the UK and established a local presence in the country. We have established a subsidiary in Taiwan and in cooperation with Baseload Capital we are developing the market and creating conditions for putting up power plants. The quarter was also characterized by intensive work with our financing, which resulted in an approved loan of EUR 7.5 million from the Swedish Export Credit Corporation and DNB, followed by a directed new share issue, raising net proceeds of SEK 245 million. The loan as well as the proceeds from the share issue will be available to the company in the fourth quarter and enables increased local presence in our focus markets, accelerated development of the next generation Heat Power system and a broader customer offering.

JULY - SEPTEMBER

- Order intake amounted to SEK 0.0 million (0.0)
- Net sales amounted to SEK 13.2 million (35.3)
- Operating profit/loss amounted to SEK -30.8 million (-30.6)
- Profit/loss per share amounted to SEK -0.66 (-0.62)
- Cash flow from operating activities after change of working capital amounted to SEK -35.0 million (-6.1)
- Climeon has established a subsidiary in Taiwan
- Climeon and Landsvirkjun, the national power company of Iceland, have signed a letter of intent and initiated a cooperation. The purpose is to evaluate the possibility of combining silica extraction with Climeon's technology
- Climeon has been granted a loan by The Swedish Export Credit Corporation and DNB. The loan amounts to 7,5 MEUR on a two year term

JANUARY - SEPTEMBER

- Order intake amounted to SEK 56.3 million (24.5)
- Net sales amounted to SEK 42.9 million (81.7)
- Order backlog amounted to SEK 763.3 million (781.6)
- Operating profit/loss amounted to SEK -99.5 million (-80.9)
- Profit/loss per share amounted to SEK -2.03 (-1.52)
- Cash flow from operating activities after change in working capital amounted to SEK -53.0 million (-107.2)
- Total cash and cash equivalents and short-term investments amounted to SEK 55.6 million (142.9)

IMPORTANT POST-CLOSING EVENTS

- Climeon has completed a directed new issue of 5,000,000 Class B shares with a net capital contribution of 245 MSEK. The directed new share issue implies that the conditions for the disbursement of the loan from The Swedish Export Credit Corporation and DNB are met

STEP BY STEP WE ARE DEVELOPING THE MARKET TOWARDS A GREENER WORLD



Thomas Öström, CEO and co-founder of Climeon

“With the loan and a heavily oversubscribed new share issue, we have created the conditions to implement our long-term plan”

So far, 2020 has implied major adjustments and changed plans for many companies and individuals around the world, Climeon included, and we are grateful that our employees have remained at good health. We see that the full year 2020 will be significantly affected by delays due to covid-19. Both net sales and operating profit/loss are affected by a lower roll-out rate and order intake.

However, operational progress has not been absent. During the third quarter, we delivered the first Heat Power modules to the UK and our first customer within landbased engines. We see promising prospects for landbased engines, specifically in the UK, and have during the quarter staffed employees locally to further develop our business on site.

Within geothermal, we are making progress in several geographies although deployment in new markets with a completely new technology entails challenges, including shifted time plans. We have now established a subsidiary in Taiwan and are working together with Baseload Capital to develop the market and create conditions for putting up power plants. In Taiwan, we are focusing on greenfield projects, which means that the customer drills to access the hot water. During the quarter, Baseload began drilling for the first power plant. Now, we are looking at the possibilities to start with greenfield also in Japan. In Iceland, the first power plant is being expanded while the second is approaching commissioning and construction of the third has just begun. In August, we initiated a cooperation with Landsvirkjun, the national power company of Iceland. The purpose is to evaluate a solution that combines the extraction of silica from the brine from large-scale geothermal power plants with Climeon's technology.

For the maritime industry, the third quarter was also characterized by covid-19 in the form of continued travel restrictions and a reduced focus on discussions with external suppliers such as Climeon. The situation is somewhat better within shipping where we have seen a cautiously increased interest during the end of the third quarter. Due to increased spread of infection in Europe, however, boarding the Maersk vessel has been postponed again and we are still waiting to be able to complete the installation work.

At the end of the quarter, we were granted a loan of EUR 7.5 million by The Swedish Export Credit Corporation (SEK) and DNB, with a guarantee from the European Investment Fund. We are very proud of our cooperation with SEK and DNB. The loan will be used to expand our offering through more complete power plant solutions.

Shortly after the end of the quarter, we also carried out a heavily oversubscribed directed new share issue, raising net proceeds of SEK 245 million. We thank our shareholders for continued support and welcome all new shareholders. One of the purposes of the share issue is to be able to increase our local presence in our focus markets in order to affect our deployment rate. We are convinced that a local presence creates the best possible conditions for doing business and with global travel restrictions, the need increases further. The second purpose is to accelerate the development of the next generation Heat Power system. Our development team has now found a way to increase the power output of the system significantly without considerably increasing the cost. This has a direct impact on both the customer's business case and our margins.

With the underlying demand in our focus markets and of our solutions, I feel hopeful for the future. 2020 will not be like any of us imagined, but with increased focus on, and large investments in, Greentech, the conditions for clean electricity production have never been better. The hard work continues and with one Heat Power plant at a time, we are developing the market step by step, towards a greener world.

Thomas Öström, CEO

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

In Japan, as well as Taiwan, there are financial incentives to increase the share of renewable electricity. The Japanese government has made policy changes to support geothermal installations below 10 MW and in 2019, they announced that they will try to further reduce the barriers to investment in geothermal energy.¹

In Iceland, there is a strong demand for electricity, and both private landowners and municipalities have expressed interest in better utilizing their geothermal resources and producing more electricity locally.

Within geothermal, Climeon has not seen any clear signs of lower demand due to Covid-19. However, the possibility to travel within and between countries has been severely limited, which increases the uncertainty in the time plans of our projects.

Maritime

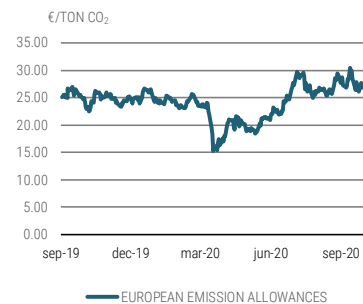
In the maritime sector, oil prices have a direct impact on the payback period for Climeon's customers, as the price of onboard electricity is determined by the fuel price. Oil prices have plummeted during the first months of the year and despite some recovery during the end of the second and third quarter, the price of Brent crude oil was USD 42 per barrel (63), corresponding to about USD 264 per tonne (390)², which short-term makes energy efficiency investments less profitable. The sulfur directive³ taken into effect 2020 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 452 per tonne (705).⁴

The maritime sector is still affected by Covid-19, and thereby the short term interest in new investments has been affected. We expect demand in the sector to return as the demands for energy efficiency and reduced emissions remain.

Industrial

Within industrial applications, Climeon primarily focuses on manufacturing industry and landbased engines. The on-going Covid-19 pandemic has affected many industrial companies. 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. At the same time, strong initiatives are being launched at EU level to get us out of this crisis in a green way. At the end of the third quarter, European Emission Allowances cost about EUR 27 per tonne of CO2 (26).⁵ Each Heat Power module saves approximately 900 tonnes of carbon dioxide per year, which provides a significant financial saving for the customer in the form of reduced needs for emission rights.

EUROPEAN EMISSION ALLOWANCES⁵



The construction of Vamarorka and Climeon's third power plant has begun.



Climeon held a speech at the Foreign Ministry's welcome lunch for the Icelandic Ambassador in Sweden.

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](https://www.bbc.com/news/topics/cmj223708t/oil)

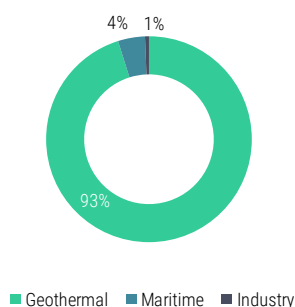
³ International Maritime Organization, [imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx](https://www.imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx)

⁴ Ship and Bunker, shipandbunker.com/prices/av/global/av-glb-global-average-bunker-price#MGO

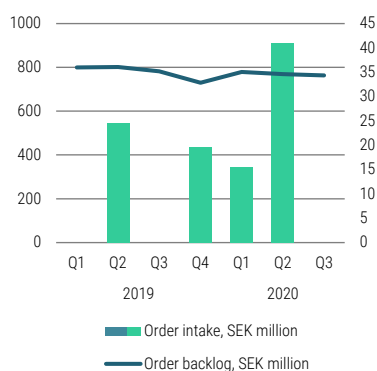
⁵ Business Insider Markets, markets.businessinsider.com/commodities/co2-european-emission-allowances

ORDER INTAKE, SALES AND DELIVERY

ORDER BACKLOG PER FOCUS AREA, %



ORDER INTAKE AND ORDER BACKLOG, SEK MILLION



ORDER INTAKE AND SALES

Order intake during the third quarter amounted to SEK 0.0 million (0.0).

At the end of the period the order backlog amounted to SEK 763.3 million (781.6), corresponding to 215 (218) Heat Power modules. The order backlog consists mainly of orders in EUR, which are revalued at the end of the period.

DELIVERY AND CERTIFICATION PROCESSES

During the third 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 item Inventories. The lead time between order and delivery of a module is expected to stabilize over time.

The lead times in the geothermal area are depending on the customers' negotiations of land rights, completion of facilities and their permit processes. Building permits, drilling permits, electricity connection permits and environmental impact assessments are examples of 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 the project. This affects the rate at which Climeon can deliver modules.

Larger businesses, especially within geothermal, 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. For large orders, the roll-out rate is also affected by the customer's ability to complete several installation sites in parallel.

In the maritime area, deliveries can be affected by product certifications by the major classification organizations. Climeon is already certified by the Lloyds Register. For maritime customers, the lead time is typically in the order of 24 to 36 months.

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

THE GROUP'S FINANCIAL DEVELOPMENT

JULY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 13.2 million (35.3). Net sales are attributable to deliveries of Heat Power modules to Great Britain and our first customer within gensets, power plants based on landbased engines.

Operating profit/loss amounted to SEK -30.8 million (-30.6). Net financial income/expense amounted to SEK -1.6 million (-0.1), whereof SEK -1.3 million (0.0) related to a revaluation of the investment in Baseload Capital Sweden AB. Profit/loss after financial items amounted to SEK -32.4 million (-30.7). Depreciations and amortizations amounted to SEK -4.5 million (-8.0).

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -35.0 million (-6.1), whereof the change in working capital amounted to SEK -9.5 million (14.7). Cash flow from investing activities amounted to SEK -8.6 million (-5.9), including capitalization of internally generated development expenses and expenses for patents of SEK -8.5 million (-5.1). Cash flow from financing activities amounted to SEK -1.4 million (-0.6). The adaption of IFRS 16 have led to an increase of cash-flow from operating activities with SEK 1.4 million, whilst the cash flow from financing decreased with the same amount from the amortization part of the lease expenses, as stated in IFRS 16. Cash flow for the quarter thus amounted to SEK -45.0 million (-12.6).

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.

Work towards a gross margin of 50 percent continues with the best conditions in geothermal energy, especially in Japan and Taiwan but also in applications for landbased engines. In the maritime area, it will take longer to achieve the goal. Climeon's ambition is to keep the cost base as low as possible as part of the work towards profitability and the EBITDA target.

JANUARY - SEPTEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 42.9 million (81.7). Net sales are mainly attributable to deliveries within geothermal to Japan and Iceland and within gensets, power plants based on landbased engines.

Operating profit/loss for the period amounted to SEK -99.5 million (-80.9). Net financial income/expense amounted to SEK -1.1 million (7.5), whereof SEK 0,6 million (10.7) related to a revaluation of the investment in Baseload Capital Sweden AB. Profit/loss after financial items amounted to SEK -100.5 million (-73.4). Depreciations and amortizations amounted to SEK -14.0 million (-16.6).

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -53.0 million (-107.2), whereof the change in working capital amounted to SEK 31.2 million (-44.1). The change comparing to previous year mainly derives from prepayment from customers. Cash flow from investing activities amounted to SEK -10.9 million (-62.6), including capitalization of internally generated development expenses and expenses for patents of SEK 29.7 million (17.0) and the change in short term investments of SEK 19.3 million. Cash flow from financing activities amounted to SEK -4.1 million (246.7). The adaption of IFRS 16 have led to an increase of cash-flow from operating activities with SEK 4.1 million, whilst the cash-flow from financing decreased with the same amount from the amortization part of the lease expenses, as stated in IFRS 16. Cash flow for the period thus amounted to SEK -68.0 million (76.8).

FINANCIAL POSITION

Cash and cash equivalents and short-term investments amounted to SEK 55.6 million (142.9) at the end of the period. Proceeds from the new share issue and the loan from The Swedish Export Credit Corporation and DNB has been received after the end of the quarter. The equity ratio, at the same time, amounted to 61.2 percent (75.8) and the net debt ratio amounted to 0.0 times (-0.2). Shareholder's equity amounted to SEK 218.5 million (318.7) or SEK 4.4 (6.5) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 432.2 million (310.6), 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 42.9 million (81.7). Operating profit/loss amounted to SEK -94.6 million (-81.6) and profit/loss after financial items amounted to SEK -94.5 million (-72.7)

OTHER INFORMATION

FINANCIAL CALENDAR

Year-end report 2020

February 2, 2021

Interim report first quarter 2021

May 4, 2021

Annual general meeting 2021

May 19, 2021

CONTACT INFORMATION

Thomas Öström, CEO

+46 708 94 96 05

thomas.ostrom@climeon.com

Christina Kassberg, CFO

+46 701 84 84 43

christina.kassberg@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 September amounted to 92 (80), of which 22 (24) percent women and 77 (76) percent men. At the end of September, the number of employees amounted to 91 (96), whereof 10 (0) employees were on dismissal, but had not yet terminated their employment.

WARRANT PROGRAMS

As of September 30, 2020, the company has outstanding warrants, which entitle the holders to subscribe for 889,401 Class B shares. For further information regarding the warrants, please refer to the company's annual report and website.

MATERIAL RISKS AND UNCERTAINTIES

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.

ADDITIONAL INFORMATION IN RESPECT OF COVID-19

The global outbreak of Covid-19 entails increased uncertainties and risks of negative economic impact. How large the financial and macroeconomic effects may be in the future depends on how extensive and lengthy this process will be. Climeon continuously monitors and analyzes the course of events with regard to both operational and financial impact with the intention of ensuring the company's continued development. As an example, continued travel restrictions within and between countries lead to increased uncertainty regarding the development and delivery of Climeon's projects.

Priority is given to caring for employees' health and the majority of the company's employees have worked from home. 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.

During the first half of 2020, we decided to carry out a cost review and a restructuring of the organization in Kista. Climeon has also taken advantage of the tax reliefs that authorities have offered without an application. Climeon is constantly exploring the additional opportunities available for financial support and financial relief.

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. The Swedish version shall prevail in the event of differences between the two.

FINANCIAL REPORTS IN SUMMARY

CONSOLIDATED INCOME STATEMENT

SEK, thousand	Note	Jul-Sep		Jan-Sep		Jan-Dec
		2020	2019	2020	2019	2019
Net sales	2	13,177	35,331	42,891	81,681	116,758
Capitalized work for own account		8,500	4,745	28,973	16,094	26,350
Other operating income		437	394	1,954	557	3,904
Operating expenses						
Raw material and consumables		-15,909	-28,456	-54,717	-71,077	-109,624
Other external expenses		-13,926	-10,393	-32,876	-28,677	-42,685
Personnel expenses		-18,583	-24,137	-71,696	-62,893	-90,354
Depreciation and amortization		-4,526	-8,049	-13,985	-16,604	-21,918
Operating profit/loss		-30,831	-30,565	-99,456	-80,919	-117,569
Profit/loss from financial items						
Interest income and other financial items	5	0	564	713	11,119	9,451
Interest expenses and other financial items		-1,589	-692	-1,786	-3,573	-4,552
Profit/loss after financial items		-32,420	-30,692	-100,529	-73,372	-112,669
Tax		-0	46	57	143	172
Profit/loss for the period		-32,421	-30,646	-100,472	-73,230	-112,498
Earnings per share, SEK						
Before dilution		-0.66	-0.62	-2.03	-1.52	-2.30
After dilution		-0.66	-0.62	-2.03	-1.52	-2.30

SEK, thousand	Note	Jul-Sep		Jan-Sep		Jan-Dec
		2020	2019	2020	2019	2019
Profit/loss for the period		-32,421	-30,646	-100,472	-73,230	-112,498
Other comprehensive profit/loss for the period:						
Translation differences		138	-	219	-	-27
Other comprehensive profit/loss for the period		138	-	219	-	-27
Comprehensive income/loss for the period		-32,283	-30,646	-100,253	-73,230	-112,524
Comprehensive income/loss for the period attributable to:						
Shareholders of the Parent company		-32,283	-30,646	-100,253	-73,230	-112,524
Comprehensive profit/loss for the period		-32,283	-30,646	-100,253	-73,230	-112,524

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK, thousand	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Assets				
Intangible non-current assets	3	85,246	53,459	61,683
Tangible non-current assets	4	43,831	52,226	52,823
Financial assets	5	65,382	54,514	52,493
Total non-current assets		194,459	160,199	166,999
Inventories		43,884	47,560	53,549
Accounts receivable		28,717	15,344	24,626
Other current receivables	6	34,264	33,350	32,474
Short-term investments		15,700	35,000	35,000
Cash and cash equivalents		39,857	166,770	107,862
Total current assets		162,422	298,023	253,511
Total Assets		356,880	458,223	420,510
Equity and liabilities				
Share capital		742	739	740
Other contributed capital		684,974	678,102	684,976
Retained earnings		-366,768	-254,489	-254,489
Profit/loss for the period		-100,472	-73,230	-112,498
Total shareholder's equity		218,476	351,122	318,729
Other provisions		17,357	11,477	14,363
Total provisions		17,357	11,477	14,363
Other non-current liabilities		40,776	37,385	46,549
Total non-current liabilities		40,776	37,385	46,549
Advance payments from customers		30,895	10,391	4,387
Accounts payable		9,356	10,979	7,861
Other current liabilities		40,022	36,868	28,621
Total current liabilities		80,273	58,238	40,869
Total equity and liabilities		356,880	458,223	420,510

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 2020-01-01	740	684,976	-366,987	318,729
Comprehensive profit/loss:				
Profit/loss for the period	-	-	-100,472	-100,472
Other comprehensive profit/loss for the period:				
Translation differences	-	-	219	219
Other comprehensive profit/loss for the period:	-	-	219	219
Total comprehensive profit/loss	-	-	-100,253	-100,253
Transactions with share holders:				
Warrants	2	-2	-	-
Closing balance equity 2020-09-30	742	684,974	-467,240	218,476

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Operating activities					
Operating profit/loss	-30,831	-30,565	-99,456	-80,919	-117,569
Adjustments for items not included in cash flow	6,891	9,966	16,370	20,664	28,398
Financial items	-1,589	-128	-1,073	-2,854	-2,944
Cash flow from operating activities before changes in working capital	-25,530	-20,727	-84,159	-63,108	-92,115
Change in working capital	-9,494	14,661	31,164	-44,091	-62,002
Cash flow from operating activities	-35,024	-6,065	-52,995	-107,199	-154,117
Investing activities					
Investments in intangible assets	-8,512	-5,094	-29,669	-17,008	-27,712
Investments in tangible assets	-124	-882	-549	-4,228	-7,486
Change in financial assets	29	27	19,330	-41,414	-41,693
Cash flow from investing activities	-8,607	-5,949	-10,889	-62,650	-76,891
Cash flow after investing activities	-43,631	-12,015	-63,883	-169,848	-231,008
Financing activities					
Change in short-term debt	-1,370	-	-4,111	-	-
Change in long-term debt	-	-1,372	-	-18,087	-22,737
Share issue	-	-	-	253,968	245,334
Premiums paid for warrants	-	-	-	9,968	26,314
Paid up, non-registered share capital	-	811	-	811	-
Cash flow from financing activities	-1,370	-561	-4,111	246,659	248,911
Cash flow for the period	-45,001	-12,575	-67,994	76,811	17,903
Cash and cash equivalents at the beginning of the period	84,865	179,346	107,862	89,959	89,959
Exchange rate differences in cash and cash equivalents	-7	-	-11	-	-
Cash and cash equivalents at the end of the period	39,857	166,770	39,857	166,770	107,862

PARENT COMPANY'S INCOME STATEMENT

SEK, thousand	Note	Jul-Sep		Jan-Sep		Jan-Dec
		2020	2019	2020	2019	2019
Net sales	2	13,177	35,331	42,891	81,681	116,758
Capitalized work for own account		8,500	4,745	28,973	16,094	26,350
Other operating income		437	394	1,954	557	3,904
Operating expenses						
Raw material and consumables		-15,712	-28,456	-54,418	-71,077	-109,624
Other external expenses		-14,470	-12,187	-35,327	-34,087	-49,154
Personnel expenses		-17,264	-24,137	-69,028	-62,893	-90,245
Depreciation and amortization		-3,158	-6,472	-9,609	-11,850	-15,580
Operating profit/loss		-28,490	-30,782	-94,565	-81,576	-117,591
Profit from financial items						
Interest income and other financial items	5	-	564	713	11,119	9,451
Interest expenses and other financial items		-1,274	-269	-673	-2,250	-2,811
Profit/loss after financial items		-29,764	-30,487	-94,526	-72,706	-110,951
Tax		-	-	-	-	-
Profit/loss for the period 6)		-29,764	-30,487	-94,526	-72,706	-110,951

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

PARENT COMPANY'S BALANCE SHEET IN SUMMARY

SEK, thousand	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
Assets				
Intangible non-current assets	3	85,246	53,459	61,683
Tangible non-current assets	4	14,562	15,507	17,516
Financial assets	5	66,938	54,953	52,626
Total non-current assets		166,747	123,919	131,825
Inventories		43,884	47,560	53,549
Accounts receivable		28,717	15,344	24,626
Other current receivables	6	40,885	33,207	33,232
Short-term investments		15,700	35,000	35,000
Cash and cash equivalents		37,715	166,331	107,657
Total current assets		166,901	297,442	254,063
Total Assets		333,648	421,361	385,888
Equity and liabilities				
Share capital		742	739	740
On-going share issue		-	811	2
Reserve for development costs		77,749	46,258	54,471
Share premium reserve		630,530	612,852	630,530
Retained earnings		-483,244	-309,014	-365,441
Total shareholder's equity		225,777	351,646	320,302
Other provisions		17,357	11,477	14,363
Total provisions		17,357	11,477	14,363
Other non-current liabilities		10,381	-	10,381
Total non-current liabilities		10,381	-	10,381
Advance payments from customers		30,895	10,391	4,387
Accounts payable		9,309	10,979	7,852
Other current liabilities		39,930	36,868	28,603
Total current liabilities		80,134	58,238	40,842
Total equity and liabilities		333,648	421,361	385,888

PARENT COMPANY'S STATEMENT OF CHANGES IN EQUITY

Statement of changes in total equity	Restricted equity			Unrestricted 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	-	-	-	-	-72,706	-72,706
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	11,605	-	-11,605	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	11,605	-	-84,311	-72,706
<i>Transactions with shareholders</i>						
Share issue	45	-	-	238,388	-	238,433
Premiums paid for warrants	-	-	-	-	9,968	9,968
Exercise of warrants	18	-11,582	-	27,099	-	15,535
Paid up, non-registered share capital	-	811	-	-	-	811
Total transactions with shareholders	63	-10,771	-	265,487	9,968	264,746
Closing balance equity 2019-09-30	739	811	46,258	612,852	-309,014	351,646
Opening balance equity 2020-01-01	740	2	54,471	630,530	-365,441	320,302
Profit/loss for the period 7)	-	-	-	-	-94,526	-94,526
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	23,278	-	-23,278	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	23,278	-	-117,803	-94,526
<i>Transactions with shareholders</i>						
Share issue	2	-2	-	-	-	-
Total transactions with shareholders	2	-2	-	-	-	-
Closing balance equity 2020-09-30	742	-	77,749	630,530	-483,244	225,777

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

PARENT COMPANY'S CASH-FLOW STATEMENT IN SUMMARY

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Operating activities					
Operating profit/loss	-28,490	-30,782	-94,565	-81,576	-117,591
Adjustments for items not included in cash flow	4,255	8,389	13,817	15,911	22,527
Financial items	-1,274	295	-1,174	-1,531	-1,379
Cash flow from operating activities before changes in working capital	-25,509	-22,099	-81,922	-67,195	-96,443
Change in working capital	-12,345	14,661	24,900	-44,091	-62,782
Cash flow from operating activities	-37,854	-7,437	-57,023	-111,286	-159,225
Investing activities					
Investments in intangible assets	-8,531	-5,094	-29,669	-17,008	-27,713
Investments in tangible assets	-106	-882	-549	-4,227	-7,486
Change in financial assets	-182	27	17,300	-41,853	-41,826
Cash flow from investing activities	-8,818	-5,949	-12,919	-63,088	-77,025
Cash flow after investing activities	-46,672	-13,386	-69,941	-174,374	-236,250
Financing activities					
Change in long-term debt	-	-	-	-14,000	-17,700
Share issue	-	-	-	253,968	254,779
Premiums paid for warrants	-	-	-	9,968	9,968
Paid up, non-registered share capital	-	811	-	811	6,901
Cash flow from financing activities	-	811	-	250,746	253,947
Cash flow for the period	-46,672	-12,575	-69,941	76,372	17,697
Cash and cash equivalents at the beginning of the period	84,388	178,907	107,657	89,959	89,959
Cash and cash equivalents at the end of the period	37,715	166,331	37,715	166,331	107,657

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER SEPTEMBER 30, 2020

Shareholders	Number of shares		Capital, %	Number of votes	Voting rights, %
	Series A	Series B			
Thomas Öström	8,900,000	130,900	18.3	89,130,900	51.7
Joachim Karthäuser	4,690,000	4,300	9.5	46,904,300	27.2
Handelsbanken Hållbar Energi	-	2,420,703	4.9	2,420,703	1.4
Försäkringsbolaget, Avanza Pension	-	1,420,285	2.9	1,420,285	0.8
SEB AB, Luxembourg Branch, W8IMY	-	1,151,851	2.3	1,151,851	0.7
Olle Bergström	-	1,020,000	2.1	1,020,000	0.6
Swedbank Robur Transition Sweden	-	844,000	1.7	844,000	0.5
Mathias Carnemark	-	720,871	1.5	720,871	0.4
Nordnet Pensionsförsäkringar AB	-	691,708	1.4	691,708	0.4
Per Olofsson	-	580,000	1.2	580,000	0.3
Klas Händel	-	545,316	1.1	545,316	0.3
Andreas Billström	-	507,959	1.0	507,959	0.3
AMF Aktiefond Småbolag	-	459,067	0.9	459,067	0.3
Fredrik Palmstierna	-	421,103	0.9	421,103	0.2
Strand Småbolagsfond	-	413,157	0.8	413,157	0.2
Others	60,000	24,459,459	49.6	25,059,459	14.5
Total	13,650,000	35,790,679	100.0	172,290,679	100.0

SHARE INFORMATION

The number of shares in Climeon amounts to 49,440,679 with quota value of SEK 0.015, of which 13,650,000 are Class A shares, 10 votes/share, and 35,790,679 are Class B shares, 1 vote/share. After the end of the quarter, the shareholder Joachim Karthäuser has converted 1,000,000 Class A shares into Class B shares.

Climeon's B share is listed on Nasdaq First North Premier since October 13, 2017. The share price amounted to SEK 53.40 at the end of the period.

SHARE PRICE DEVELOPMENT



	Jul-Sep		Jan-Dec
	2020	2019	2019
Total number of issued shares at period end	49,440,679	49,295,179	49,310,479
Average number of shares outstanding	49,440,679	49,295,179	49,295,179
Earnings per share, before dilution, SEK	-0.66	-0.62	-2.30
Earnings per share, after dilution, SEK	-0.66	-0.62	-2.30
Equity per share, SEK	4.42	7.12	6.46

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 2019 pages 51-55.

IFRS 16 LEASE

Since January 1, 2020, IFRS 16 has been applied retroactively from January 1, 2019. The Group accounts for a right of use and a corresponding lease liability for all material lease agreements in which the Group is the lessee. The liability is initially valued to the present value of the forthcoming lease expenses, discounted with the marginal interest rate. Initially the right to use is given the same value as the liability, paid lease expenses at or before starting date and any initial direct expenses.

As of January 1, 2019, rights of use were added to the value of SEK 41.2 million and the corresponding lease liability. Until end of Q3, the profit impact of IFRS 16 was SEK 0.2 million (0.5) and for the full year of 2019 the profit impact was SEK 0.7 million. Other than that, there have been no significant effects on the financial reports.

Note 2 DISTRIBUTION OF NET SALES

THE GROUP AND PARENT COMPANY

SEK, thousand	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Revenue type					
Hardware	12,613	35,305	39,384	81,596	116,598
Consulting and support services	564	26	3,507	121	159
Total	13,177	35,331	42,891	81,717	116,758
Geographic market					
Sweden	-	26	67	581	627
Europe	13,074	14,031	36,859	19,587	38,971
North America	-	-	-	-	-
Asia	103	21,273	5,965	61,549	77,160
Total	13,177	35,331	42,891	81,717	116,758

Note 3 INTANGIBLE ASSETS

Intangible assets of the Group and the parent company comprise capitalized expenditure on development SEK 78.5 million (48.0) and patents SEK 6.7 million (5.5). Depreciations

during the quarter amounted to SEK 2.0 million (1.9). Accumulated depreciations of the period amounted to SEK 6.1 million (5.5).

Note 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 8.9 million (10.8), right-of-use assets according to IFRS 16, SEK 29.3 million (36.7), equipment SEK 0.9 million (1.3), technical equipment SEK 4.1 million (2.6) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.7 million (0.8). Depreciations during the quarter amounted to SEK 2.5 million (2.8). Accumulated depreciations of the period amounted to SEK 7.9 million (7.7).

Tangible assets of the parent company comprise leasehold improvements SEK 8.9 million (10.8), equipment SEK 0.9 million (1.3), technical equipment SEK 4.1 million (2.6) and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 0.7 million (0.8). Depreciations during the quarter amounted to SEK 1.1 million (1.4). Accumulated depreciations of the period amounted to SEK 3.5 million (3.1).

Note 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 65.4 million (54.5) and consist of shares in the finance company Baseload Capital Sweden AB of SEK 46.6 million (48.1), corresponding to 15.7 (15.7) percent 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 -1.3 million (0.0). Accumulated revaluation of the year amount to SEK +0.6 million (+10.7). The effect on the result is included under Interest income and other financial items.

Other financial assets consist of long term accounts receivables SEK 12.3 million (0.0), deferred tax SEK 0.2 million (0.0), rental deposits SEK 0.1 million (0.0) and personnel loans of SEK 6.3 million (6.4).

Financial assets of the parent company consist of shares in subsidiaries of SEK 1.9 million (0.4), shares in the finance company Baseload Capital Sweden AB of SEK 46.4 million (48.1), long term accounts receivables 12.3 (0.0) and personnel loans of SEK 6.3 million (6.4). Revaluation has affected the quarter by SEK -1.3 million (0). Accumulated revaluation of the year amount to SEK +0.6 million (+10.7). The effect on the result is included under Interest income and other financial items.

Note 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 0.8 million (0.8) and refer to prepayment guarantees to customers.

SIGNATURES

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

Kista, November 4, 2020

Per Olofsson
Chairman

Jan Svensson
Deputy Chairman

Olle Bergström
Board member

Vivianne Holm
Board member

Therese Lundstedt
Board member

Charlotte Strand
Board member

Thomas Öström
Board member and CEO

AUDITOR'S REVIEW REPORT

INTRODUCTION

We have reviewed the interim report for Climeon AB (publ) by September 30, 2020 and the nine months period that ended by this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

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

CONCLUSION

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

Stockholm, November 4, 2020

Deloitte AB

Johan Telander
Authorized Public Accountant

KEY NUMBERS

	Jul-Sep		Jan-Sep		Jan-Dec
	2020	2019	2020	2019	2019
Order intake, SEK million	-	-	56.3	24.5	44.2
Order backlog, SEK million	763.3	781.6	763.3	781.6	729.7
Equity ratio (%)	61.2	76.6	61.2	76.6	75.8
Debt ratio (times)	0.6	0.3	0.6	0.3	0.3
Net debt ratio (times)	0.0	-0.4	0.0	-0.4	-0.2
Earnings per share, before dilution, SEK	-0.66	-0.62	-2.03	-2.30	-2.30
Earnings per share, after dilution, SEK	-0.66	-0.62	-2.03	-2.30	-2.30
Equity per share, SEK	4.42	7.12	4.42	7.12	6.46
Cash and cash equivalents and short-term investments	55.6	201.8	55.6	201.8	142.9
Share price at period end, CLIME B, SEK	53.40	70.50	53.40	70.50	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			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full-year
Net sales	13.2	15.6	14.1	35.1	35.3	23.9	22.5	116.8
Capitalized work for own account	8.5	8.5	12.0	10.3	4.7	7.3	4.1	26.4
Other operating income	0.4	0.2	1.3	3.3	0.4	-1.1	1.3	3.9
Operating expenses								
Raw material and consumables	-15.9	-18.2	-20.6	-38.5	-28.5	-25.5	-17.1	-109.6
Other external expenses	-13.9	-9.1	-9.9	-14.0	-10.4	-12.0	-6.3	-42.7
Personnel expenses	-18.6	-28.9	-24.2	-27.5	-24.1	-21.8	-16.9	-90.4
Depreciation and amortization	-4.5	-4.5	-5.0	-5.3	-8.0	-4.3	-4.3	-21.9
Operating profit/loss	-30.8	-36.4	-32.2	-36.7	-30.6	-33.7	-16.7	-117.6
Net financial income	-1.6	-0.2	0.8	-2.6	-0.1	-1.5	9.1	4.9
Profit/loss after financial items	-32.4	-36.6	-31.5	-39.3	-30.7	-35.1	-7.5	-112.7
Tax	-0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2
Profit/loss for the period	-32.4	-36.6	-31.4	-39.3	-30.6	-35.1	-7.5	-112.5
Earnings per share, before dilution, SEK	-0.66	-0.74	-0.64	-0.78	-0.62	-0.72	-0.16	-2.28
Earnings per share, after dilution, SEK	-0.66	-0.74	-0.64	-0.78	-0.62	-0.72	-0.16	-2.28

CONSOLIDATED BALANCE SHEETS

SEK, million	2020				2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full-year
Intangible non-current assets	85.2	78.7	71.8	61.7	53.5	50.3	44.6	61.7
Tangible non-current assets	43.8	46.8	50.4	52.8	52.2	57.1	59.4	52.8
Financial assets	65.4	54.4	55.5	52.5	54.5	54.5	48.1	52.5
Total non-current assets	194.5	179.9	177.6	167.0	160.2	161.9	152.0	167.0
Inventories	43.9	49.9	44.4	53.5	47.6	63.2	53.9	53.5
Current receivables	63.0	76.0	74.2	57.1	48.7	50.6	31.8	57.1
Short-term investments	15.7	15.7	50.7	35.0	35.0	35.0	-	35.0
Cash and cash equivalents	39.9	84.9	45.2	107.9	166.8	179.3	71.9	107.9
Total current assets	162.4	226.5	214.5	253.5	298.0	328.1	157.6	253.5
Total assets	356.9	406.5	392.1	420.5	458.2	490.1	309.6	420.5
Shareholder's equity	218.5	250.8	287.2	318.7	351.1	381.0	163.9	318.7
Non-current liabilities and other provisions	58.1	59.0	60.5	60.9	48.9	47.9	58.6	60.9
Current liabilities	80.3	96.7	44.5	40.9	58.2	61.2	87.1	40.9
Total equity and liabilities	356.9	406.5	392.1	420.5	458.2	490.1	309.6	420.5

CONSOLIDATED CASH FLOW STATEMENTS

SEK, million	2020				2019			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Full-year
Cash flow from operating activities before changes in working capital	-25.5	-30.3	-28.4	-29.0	-20.7	-28.7	-13.7	-92.1
Changes in working capital	-9.5	45.2	-4.6	-17.9	14.7	-51.8	-6.9	-62.0
Cash flow from operating activities	-35.0	15.0	-32.9	-46.9	-6.1	-80.5	-20.6	-154.1
Investing activities	-8.6	26.0	-28.3	-14.2	-5.9	-48.9	-7.8	-76.9
Cash flow after investing activities	-43.7	41.0	-61.3	-61.2	-12.0	-129.4	-28.4	-231.0
Financing activities	-1.4	-1.3	-1.4	2.3	-0.6	236.9	10.3	248.9
Cash flow for the period	-45.0	39.7	-62.7	-58.9	-12.6	107.5	-18.1	17.9
Cash and cash equivalents at the beginning of the period	84.9	45.2	107.9	166.8	179.3	71.9	90.0	90.0
Exchange rate differences in cash and cash equivalents	-0.0	-0.0	0.0	-	-	-	-	-
Cash and cash equivalents at the end of the period	39.9	84.9	45.2	107.9	166.8	179.3	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.

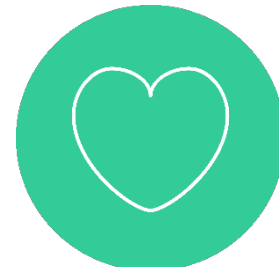
CORE VALUES



BE AMAZING



ALWAYS DELIVER



DO GOOD



CLIMEON