



CLIMEON

YEAR-END REPORT

1 January - 31 December 2020

Q4

INCREASED FOCUS ON EFFICIENCY TO REALIZE OUR POTENTIAL

During the fourth quarter the cash position was strengthened by a directed new share issue of net SEK 244.9 million and disbursement of a loan of SEK 78,9 million. This enables increased local presence in the company's focus markets and accelerated development of the next generation Heat Power system. The fourth quarter was also characterized by the pandemic, affecting order intake, revenue and installation rate. However, for the full year order intake increased to SEK 56.3 million (44.2). At the end of the fourth quarter, Jan Bardell was appointed CEO of Climeon.

OCTOBER - DECEMBER

- Order intake amounted to SEK 0.0 million (19.7)
- Net sales amounted to SEK 0.4 million (35.1)
- Operating profit/loss amounted to SEK -36.2 million (-36.7)
- Profit/loss per share amounted to SEK -0.72 (-0.76)
- Cash flow from operating activities after change of working capital amounted to SEK -54.6 million (-46.9)
- Climeon has completed a private placement of 5,000,000 Class B shares and a net contribution of SEK 244.9 million. The new share issue means that the conditions for disbursement of the loan of SEK 78.9 million from Svensk Exportkredit and DNB are met
- Climeon has begun the recruitment of a new CEO and Jan Bardell has been appointed CEO of Climeon until a permanent CEO is recruited. Thomas Öström continues his involvement in Climeon as a board member and the company's largest shareholder

JANUARY - DECEMBER

- Order intake amounted to SEK 56.3 million (44.2)
- Net sales amounted to SEK 43.3 million (116.8)
- Order backlog amounted to SEK 728.5 million (729.7)
- Operating profit/loss amounted to SEK -135.7 million (-117.6)
- Profit/loss per share amounted to SEK -2.76 (-2.30)
- Cash flow from operating activities after change in working capital amounted to SEK -107.6 million (-154.1)
- Total cash and cash equivalents and short-term investments amounted to SEK 314.9 million (142.9)

IMPORTANT POST-CLOSING EVENTS

- Christina Bäck has been appointed Head of Sales and Markets at Climeon. Christina Bäck was previously Head of Corporate Development and Globalization at Climeon and has extensive experience in sales, business development and marketing from companies with complex ecosystems
- The Board proposes that no dividend is to be paid for the 2020 financial year
- Climeon is participating in the EU-funded research project CHEK with the aim of reducing emissions in shipping
- Climeon has entered a Memorandum of Understanding with Tomoe Engineering, aiming to establish an industrial sales cooperation in Japan

INCREASED FOCUS ON EFFICIENCY TO REALIZE OUR POTENTIAL



Jan Bardell, CEO of Climeon

“Together with the management team, I will now build on the strengths and opportunities that Climeon has”

I took over as the new CEO of Climeon on December 15th. Climeon is a company with great potential and my job is to create the best possible conditions to be able to realize that potential. We have a challenging year behind us and there are many lessons we will take with us into 2021. I have strengthened the management team with a new sales manager and together we will now build on the strengths and opportunities that Climeon has in a cost-effective and fast-paced way.

The past year was characterized by the ongoing coronavirus pandemic. At both company and individual level, we have had to change our ways of living and working. Climeon is of course no exception. Travel restrictions, lockdowns and lower willingness to invest among customers have had a negative effect on order intake as well as revenues and installation rates. At the same time, despite the pandemic, we managed to set up two power plants in Japan and for the full year, order intake was greater than the year before.

We direct a significant part of our resources towards the development of the next generation of the product with the goal of reaching higher energy efficiency and better profitability for both the customer and Climeon. We are currently in the middle of the first phase of the development work and will during the spring be able to share more about our goal and concept for the upcoming system.

Within geothermal, we continued to face challenges during the quarter in the form of installations being postponed. In Iceland, we are collaborating with the customer to complete the second and third power plant constructions, Reykholt and Efri Reykir, as well as to expand the first power plant, Fludir. We are proud that we in Fludir had a high availability of 98.3 percent in 2020, which our service and support team successfully contributed to. In Japan, where the physical meeting culture is very strong, restrictions due to the pandemic have affected the possibilities to further develop new business and power plant projects during 2020. In Taiwan, the customer continues to drill for the first power plant. The drilling has taken a little longer than expected, which is why it has not yet been relevant to deliver Heat Power modules there during the quarter.

In the maritime sector, we are still limited by the coronavirus pandemic as we have neither been able to board Maersk's ships nor complete the installations on Viking Glory in China. However, the installation work on Virgin Voyages' next two vessels is progressing well, despite lockdowns in Italy earlier in 2020. During the quarter, we also produced modules to be able to deliver to Fincantieri and Havila Voyages in the spring. Another positive message during the quarter is that the International Maritime Organization has proposed new emission regulations that benefit Climeon, and the interest in sustainability in the industry has never been greater.

Within the industrial area, our main focus is on the development of our business linked to land-based engines in the UK. The customer is currently working on financing its concept, which includes land-based engines, waste heat recovery and carbon capture.

If we lift our gaze from the operational progress, we see that the growing interest in green energy and green investments continues. Around the world, discussions are had on how to get out of the coronavirus crisis in a green way, and in the EU alone, EUR 1 trillion has been dedicated to The European Green Deal and making the Union climate neutral. With a great interest in sustainable technology globally and a strong balance sheet, we continue to develop the Heat Power market, step by step towards a greener world.

Jan Bardell, CEO

MARKET DEVELOPMENT

The market factors that mainly affect Climeon are energy situation, electricity prices, capital cost as well as companies' willingness or need to reduce emissions 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 interest from both private landowners and municipalities to better utilize their geothermal resources and produce more electricity locally.

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

Maritime

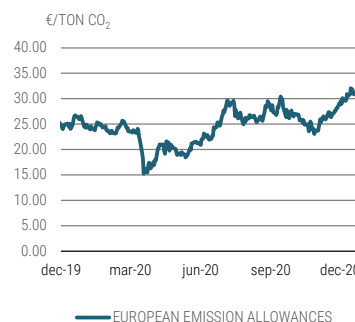
In the maritime sector, oil prices have a direct impact on the payback period for Climeon's customers, as the price of onboard electricity is determined by the fuel price. Oil prices have plummeted during the first months of the year and despite some recovery, the price of Brent crude oil was USD 51 per barrel (66) at year-end, corresponding to about USD 321 per tonne (415)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 year the price was USD 519 per tonne (723).⁴

The maritime sector is still affected by the coronavirus pandemic in the form of travel restrictions and canceled cruises, although some recovery has been seen during the end of the year. During the quarter, the International Maritime Organization published proposals for new, more far-reaching regulations on emissions and energy efficiency, and the industry's interest in sustainable solutions has increased significantly.

Industrial

Within industrial applications, Climeon primarily focuses on manufacturing industry and land-based engines used to balance solar and wind power. In several countries, including the United Kingdom, there are clear incentives and requirements for land-based engine operators to reduce their CO2 emissions. At the same time, the pandemic has affected many companies' willingness to invest. At EU level several initiatives are being launched to get us out of the coronavirus crisis in a green way, including the European Green Deal with EUR 1 trillion dedicated to making the EU climate neutral. At the end of the year, European Emission Allowances cost about EUR 32 per tonne of CO2 (25).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 Climeon modules in Varmaorka's power plant in Fludir had an availability of 98.3 percent in 2020, well above the target.



Climeon won The Industry's Award at Techarenan's entrepreneurship contest Techarenan Challenge 2020 in November.

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

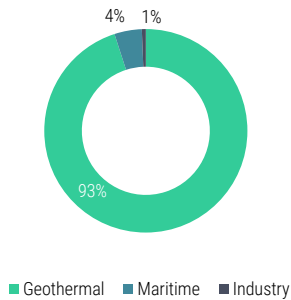
³ International Maritime Organization, imo.org/en/MediaCentre/HotTopics/Pages/Sulphur-2020.aspx

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

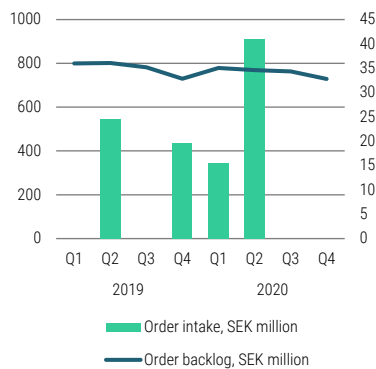
⁵ Business Insider Markets, markets.businessinsider.com/commodities/co2-european-emission-allowances

ORDER INTAKE, SALES AND DELIVERY

ORDER BACKLOG PER FOCUS AREA, %



ORDER INTAKE AND ORDER BACKLOG, SEK MILLION



ORDER INTAKE AND SALES

Order intake during the fourth quarter amounted to SEK 0.0 million (19.7). Travel restrictions, lockdowns and lower willingness to invest among customers has affected order intake, sales and installation rate.

At the end of the period the order backlog amounted to SEK 728.5 million (729.7), corresponding to 215 (214) 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 fourth quarter, no Heat Power modules were delivered due to delays in the customer's construction projects. During the quarter, Heat Power modules were produced in order to be able to deliver to Fincantieri and Havila Voyages in the next quarters, which is reflected in the balance sheet item Inventories.

The lead times in the geothermal area and for land-based engines, so called gensets, 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, which 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 range 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

OCTOBER - DECEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 0.4 million (35.1). Net sales are mainly attributable to consulting and support services for Heat Power modules. Travel restrictions and shutdowns have been obstacles in the quarter and no deliveries or installations have been completed.

Operating profit/loss amounted to SEK -36.2 million (-36.7). Net financial income/expense amounted to SEK -3.2 million (-2.6), whereof SEK -1.0 million (-2.3) related to a revaluation of the investment in Baseload Capital Sweden AB. Profit/loss after financial items amounted to SEK -39.4 million (-39.3). Depreciations and amortizations amounted to SEK -5.4 million (-5.3).

CASH FLOW

Cash flow from operating activities after changes in working capital amounted to SEK -54.6 million (-46.9), whereof the change in working capital amounted to SEK -19.1 million (-17.9). Cash flow from investing activities amounted to SEK -9.0 million (-14.2), including capitalization of internally generated development expenses and expenses for patents of SEK -8.4 million (-10.7). Cash flow from financing activities amounted to SEK 323.1 million (2.3), which mainly referred to paid-in issue proceeds of SEK 244.9 million (0.8) and changes in long-term loans received of SEK 79.6 million (-4.6). Cash flow for the quarter thus amounted to SEK 259.4 million (-58.9).

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 - DECEMBER

NET SALES AND EARNINGS

Net sales amounted to SEK 43.3 million (116.8). Net sales are mainly attributable to deliveries within geothermal to Japan and Iceland and within gensets, power plants based on landbased engines. Net sales are negatively affected by travel restrictions, shutdowns and lower willingness to invest among

customers, which means fewer deliveries and installations compared with the previous year.

Operating profit/loss for the period amounted to SEK -135.7 million (-117.6). Net financial income/expense amounted to SEK -4.2 million (4.9), whereof SEK -0.4 million (+8.1) related to a revaluation of the investment in Baseload Capital Sweden AB. Profit/loss after financial items amounted to SEK -139.9 million (-112.7). Depreciations and amortizations amounted to SEK -19.4 million (-21.9).

CASH FLOW

Cash flow from operating activities after change in working capital amounted to SEK -107.6 million (-154.1), whereof the change in working capital amounted to SEK 12.1 million (-62.0). The change comparing to previous year mainly derives from prepayment from customers. Cash flow from investing activities amounted to SEK -19.9 million (-76.9), including capitalization of internally generated development expenses and expenses for patents of SEK 38.0 million (27.7) and the change in short term investments of SEK 19.3 million. Cash flow from financing activities amounted to SEK 319.0 million (248.9) mainly from paid-in issue 244.9 (254.8) and change in long term loans of 79.6 (-22.7). The adaption of IFRS 16 have led to an increase of cash-flow from operating activities with SEK 5.5 million, whilst the cash-flow from financing decreased with the same amount. Cash flow for the period thus amounted to SEK 191.5 million (17.9).

FINANCIAL POSITION

Cash and cash equivalents and short-term investments amounted to SEK 314.9 million (142.9) at the end of the period. During the fourth quarter, Climeon carried out a directed new share issue that raised SEK 244.9 million and received a two-year loan agreement of SEK 78.9 million from Svensk Exportkredit (SEK) and DNB. The equity ratio, at the same time, amounted to 66.7 percent (75.8) and the net debt ratio amounted to -0.7 times (-0.2). Shareholder's equity amounted to SEK 424.5 million (318.7) or SEK 7.8 (6.5) per share.

DEFERRED TAX ASSET

The company has unutilized deficit carryforwards in Sweden amounting to SEK 459.3 million (337.7), 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 43.2 million (116.8). Operating profit/loss amounted to SEK -128.2 million (-117.6) and profit/loss after financial items amounted to SEK -130.8 million (-111.0)

OTHER INFORMATION

FINANCIAL CALENDAR

Annual report 2020

April, 2021

Interim report first quarter 2021

May 4, 2021

Annual general meeting 2021

May 19, 2021

Shareholders that wishes to contact the Nomination Committee, please use the following email:

nomination.committee@climeon.com,

or by mail:

Valberedningen Climeon AB,
Torshamnsgatan 44, 164 40 Kista

Interim report second quarter 2021

August 18, 2021

Interim report third quarter 2021

November 11, 2021

CONTACT INFORMATION

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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 December amounted to 85 (84), of which 19 (24) percent women and 81 (76) percent men. At the end of December, the number of employees amounted to 76 (96).

WARRANT PROGRAMS

As of December 31, 2020, the company has outstanding warrants, which entitle the holders to subscribe for 905,165 Class B shares. For further information regarding the warrants, please refer to the company's annual report of 2019.

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 at pages 44-45 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 2020, Climeon has also taken advantage of the common reliefs on taxes and fees 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.

DIVIDEND

The Board proposes no dividend to be paid for the 2020 financial year.

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	Oct-Dec		Jan-Dec	
		2020	2019	2020	2019
Net sales	2	443	35,077	43,334	116,758
Capitalized work for own account		7,707	10,257	36,680	26,350
Other operating income		90	3,347	2,044	3,904
Operating expenses					
Raw material and consumables		-7,192	-38,546	-61,909	-109,624
Other external expenses		-8,715	-14,009	-41,591	-42,685
Personnel expenses		-23,162	-27,461	-94,858	-90,354
Depreciation and amortization		-5,366	-5,315	-19,351	-21,918
Operating profit/loss		-36,195	-36,650	-135,651	-117,569
Profit/loss from financial items	5				
Interest income and other financial items		3,284	732	3,997	9,451
Interest expenses and other financial items		-6,445	-3,379	-8,230	-4,552
Profit/loss after financial items		-39,355	-39,297	-139,884	-112,669
Tax		20	29	77	172
Profit/loss for the period		-39,335	-39,268	-139,807	-112,498
Earnings per share, SEK					
Before dilution		-0.72	-0.76	-2.76	-2.30
After dilution		-0.72	-0.76	-2.76	-2.30

SEK, thousand	Note	Oct-Dec		Jan-Dec	
		2020	2019	2020	2019
Profit/loss for the period		-39,335	-39,268	-139,807	-112,498
Other comprehensive profit/loss for the period:					
Translation differences		458	-27	677	-27
Other comprehensive profit/loss for the period		458	-27	677	-27
Comprehensive income/loss for the period		-38,877	-39,294	-139,130	-112,524
Comprehensive income/loss for the period attributable to:					
Shareholders of the Parent company		-38,877	-39,294	-139,130	-112,524
Comprehensive profit/loss for the period		-38,877	-39,294	-139,130	-112,524

CONSOLIDATED BALANCE SHEET IN SUMMARY

SEK, thousand	Note	31 Dec 2020	31 Dec 2019
Assets			
Intangible non-current assets	3	90,879	61,683
Tangible non-current assets	4	41,973	52,823
Financial assets	5	63,676	52,493
Total non-current assets		196,528	166,999
Inventories		55,437	53,549
Accounts receivable		27,194	24,626
Other current receivables	6	42,242	32,474
Short-term investments		15,700	35,000
Cash and cash equivalents		299,217	107,862
Total current assets		439,790	253,511
Total Assets		636,318	420,510
Equity and liabilities			
Share capital		817	740
Other contributed capital		929,764	684,976
Retained earnings		-366,987	-254,489
Profit/loss for the period		-139,130	-112,498
Total shareholder's equity		424,464	318,729
Other provisions		18,337	14,363
Total provisions		18,337	14,363
Other non-current liabilities		107,185	46,549
Total non-current liabilities		107,185	46,549
Advance payments from customers		31,195	4,387
Accounts payable		15,116	7,861
Other current liabilities		40,022	28,621
Total current liabilities		86,333	40,869
Total equity and liabilities		636,318	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	-	-	-139,807	-139,807
Other comprehensive profit/loss for the period:				
Translation differences	-	-	677	677
Other comprehensive profit/loss for the period:	-	-	677	677
Total comprehensive profit/loss	-	-	-139,130	-139,130
Transactions with share holders:				
Rights issue	75	244,790	-	244,865
Warrants	2	-2	-	-
Sum of transactions with shareholders	77	244,788	-	244,865
Closing balance equity 2020-12-31	817	929,764	-506,117	424,464

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

SEK, thousand	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating activities				
Operating profit/loss	-36,195	-36,650	-135,651	-117,569
Adjustments for items not included in cash flow	7,311	7,734	23,681	28,398
Financial items	-6,670	-90	-7,743	-2,944
Cash flow from operating activities before changes in working capital	-35,554	-29,007	-119,713	-92,115
Change in working capital	-19,089	-17,911	12,076	-62,002
Cash flow from operating activities	-54,643	-46,918	-107,637	-154,117
Investing activities				
Investments in intangible assets	-8,377	-10,704	-38,046	-27,712
Investments in tangible assets	-762	-3,258	-1,311	-7,486
Change in financial assets	141	-279	19,471	-41,693
Cash flow from investing activities	-8,998	-14,242	-19,886	-76,891
Cash flow after investing activities	-63,640	-61,160	-127,524	-231,008
Financing activities				
Change in short-term debt	-1,344	-	-5,455	-
Change in long-term debt	79,568	-4,650	79,568	-22,737
Share issue	244,863	811	244,863	254,779
Premiums paid for warrants	-	-	-	9,968
Paid up, non-registered share capital	-	6,091	-	6,902
Cash flow from financing activities	323,087	2,252	318,976	248,911
Cash flow for the period	259,446	-58,908	191,452	17,903
Cash and cash equivalents at the beginning of the period	39,857	166,770	107,862	89,959
Exchange rate differences in cash and cash equivalents	-87	-	-98	-
Cash and cash equivalents at the end of the period	299,217	107,862	299,217	107,862

PARENT COMPANY'S INCOME STATEMENT

SEK, thousand	Note	Oct-Dec		Jan-Dec	
		2020	2019	2020	2019
Net sales		319	35,077	43,209	116,758
Capitalized work for own account		7,707	10,257	36,680	26,350
Other operating income		90	3,347	2,044	3,904
Operating expenses					
Raw material and consumables		-7,168	-38,546	-61,585	-109,624
Other external expenses		-9,110	-15,067	-44,437	-49,154
Personnel expenses		-21,552	-27,353	-90,580	-90,245
Depreciation and amortization		-3,938	-3,730	-13,547	-15,580
Operating profit/loss		-33,652	-36,015	-128,217	-117,591
Profit from financial items	5				
Interest income and other financial items		3,284	632	3,997	9,451
Interest expenses and other financial items		-5,936	-2,861	-6,610	-2,811
Profit/loss after financial items		-36,304	-38,244	-130,829	-110,951
Tax		-	-	-	-
Profit/loss for the period 6)		-36,304	-38,244	-130,829	-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	31 Dec 2020	31 Dec 2019
Assets			
Intangible non-current assets	3	90,879	61,683
Tangible non-current assets	4	14,115	17,516
Financial assets	5	73,266	52,626
Total non-current assets		178,260	131,825
Inventories		55,437	53,549
Accounts receivable		27,194	24,626
Other current receivables	6	42,443	33,232
Short-term investments		15,700	35,000
Cash and cash equivalents		297,532	107,657
Total current assets		438,306	254,063
Total Assets		616,566	385,888
Equity and liabilities			
Share capital		817	740
On-going share issue		-	2
Reserve for development costs		82,779	54,471
Share premium reserve		875,321	630,530
Retained earnings		-524,578	-365,441
Total shareholder's equity		434,338	320,302
Other provisions		18,337	14,363
Total provisions		18,337	14,363
Other non-current liabilities		78,134	10,381
Total non-current liabilities		78,134	10,381
Advance payments from customers		31,195	4,387
Accounts payable		14,897	7,852
Other current liabilities		39,665	28,603
Total current liabilities		85,757	40,842
Total equity and liabilities		616,566	385,888

PARENT COMPANY'S 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	13	34,653	358,935	-234,672	159,606
Profit/loss for the period	-	-	-	-	-110,951	-110,951
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	19,818	-	-19,818	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	19,818	-	-130,769	-110,951
<i>Transactions with shareholders</i>						
Share issue	45	-	-	238,388	-	238,433
Premiums paid for warrants	-	-	-	9,968	-	9,968
Exercise of warrants	18	-13	-	16,340	-	16,345
Paid up, non-registered share capital	-	2	-	6,899	-	6,901
Total transactions with shareholders	63	-11	-	271,595	-	271,648
Closing balance equity 2019-12-31	740	2	54,471	630,530	-365,441	320,302
Opening balance equity 2020-01-01	740	2	54,471	630,530	-365,441	320,302
Profit/loss for the period 7)	-	-	-	-	-130,829	-130,829
Capitalization and utilization as a result of the period's depreciation and amortization of development costs	-	-	28,308	-	-28,308	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/loss	-	-	28,308	-	-159,137	-130,829
<i>Transactions with shareholders</i>						
Share issue	75	-	-	244,790	-	244,865
Paid up, non-registered share capital	2	-2	-	-	-	-
Total transactions with shareholders	77	-2	-	244,790	-	244,865
Closing balance equity 2020-12-31	817	-	82,779	875,321	-524,578	434,338

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

PARENT COMPANY'S CASH-FLOW STATEMENT IN SUMMARY

SEK, thousand	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Operating activities				
Operating profit/loss	-33,652	-36,015	-128,217	-117,591
Adjustments for items not included in cash flow	4,064	6,616	17,881	22,527
Financial items	-5,021	152	-6,195	-1,379
Cash flow from operating activities before changes in working capital	-34,609	-29,248	-116,531	-96,443
Change in working capital	-12,874	-18,691	12,026	-62,782
Cash flow from operating activities	-47,482	-47,939	-104,505	-159,225
Investing activities				
Investments in intangible assets	-8,377	-10,705	-38,047	-27,713
Investments in tangible assets	-746	-3,258	-1,295	-7,485
Change in financial assets	-7,307	27	9,993	-41,826
Cash flow from investing activities	-16,430	-13,936	-29,349	-77,025
Cash flow after investing activities	-63,912	-61,875	-133,854	-236,250
Financing activities				
Change in long-term debt	78,864	-3,700	78,864	-17,700
Share issue	244,865	811	244,865	254,779
Premiums paid for warrants	-	-	-	9,968
Paid up, non-registered share capital	-	6,090	-	6,901
Cash flow from financing activities	323,729	3,201	323,729	253,947
Cash flow for the period	259,817	-58,675	189,876	17,697
Cash and cash equivalents at the beginning of the period	37,715	166,331	107,657	89,959
Cash and cash equivalents at the end of the period	297,532	107,657	297,532	107,657

THE CLIMEON SHARE

LARGEST SHAREHOLDERS PER DECEMBER 31, 2020

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	4,300	6.5	35,504,300	21.3
Handelsbanken Hållbar Energi	-	2,690,703	4.9	2,690,703	1.6
Försäkringsbolaget, Avanza Pension	-	1,457,165	2.7	1,457,165	0.9
SEB AB, Luxembourg Branch, W8IMY	-	1,171,851	2.2	1,171,851	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
Nordnet Pensionsförsäkringar AB	-	986,407	1.8	986,407	0.6
Swedbank Robur Transition Sweden	-	941,350	1.7	941,350	0.6
JP Morgan Luxembourg S.A.	-	911,970	1.7	911,970	0.5
Clearstream Banking S.A. W8IMY	-	778,662	1.4	778,662	0.5
Mathias Carnemark	-	700,767	1.3	700,767	0.4
Erste Group Bank AG W8IMY	-	620,800	1.1	620,800	0.4
Fredrik Palmstierna	-	610,000	1.1	610,000	0.4
Per Olofsson	-	580,000	1.1	580,000	0.3
Others	-	28,385,804	52.1	28,385,804	17.0
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 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 42.62 at the end of the period.

SHARE PRICE DEVELOPMENT



	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Total number of issued shares at period end	54,440,679	49,310,479	54,440,679	49,310,479
Average number of shares outstanding	54,440,679	49,310,479	50,682,452	49,295,179
Earnings per share, before and after dilution, SEK	-0.72	-0.76	-2.76	-2.30
Equity per share, SEK	7.80	7.12	7.80	7.12

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. In this financial year, the profit impact of IFRS 16 is SEK 0.3 million (0.7). 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	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Revenue type				
Hardware	-	35,038	39,384	116,598
Consulting and support services	443	39	3,951	159
Total	443	35,077	43,334	116,758
Geographic market				
Sweden	59	46	126	627
Europe	206	19,420	37,065	38,971
Asia	179	15,611	6,144	77,160
Total	443	35,077	43,334	116,758

Note 3 INTANGIBLE ASSETS

Intangible assets of the Group and the parent company comprise capitalized expenditure on development SEK 84.1 million (55.8) and patents SEK 6.8 million (5.9). In the period

and for the full year impairment of expenditure on development amounted to SEK 0.5 million (0.5). Depreciations during the quarter amounted to SEK 2.8 million (1.9). Accumulated depreciations of the period amounted to SEK 8.9 million (7.4).

Note 4 TANGIBLE ASSETS

Tangible assets of the Group comprise leasehold improvements SEK 8.2 million (10.4), right-of-use assets according to IFRS 16, SEK 27.8 million (35.3), equipment SEK 0.9 million (1.3), technical equipment SEK 4.4 million (5.0) 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 2.6 million (2.8). Accumulated depreciations of the period amounted to SEK 10.5 million (10.5).

Tangible assets of the parent company comprise leasehold improvements SEK 8.2 million (10.4), equipment SEK 0.8 million (1.3), technical equipment SEK 4.4 million (5.0) 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 1.2 million (1.1). Accumulated depreciations of the period amounted to SEK 4.7 million (4.2).

Note 5 FINANCIAL ASSETS

Financial assets of the Group amount to SEK 63.7 million (54.5) and consist of shares in the finance company Baseload Capital Sweden AB of SEK 45.4 million (45.8), 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 -1.0 million (-2.3). Accumulated revaluation of the year amount to SEK -0.4 million (8.1). The effect on the result is included under Interest income and other financial items.

Other financial assets consist of long term accounts receivables SEK 11.7 million (0.0), deferred tax SEK 0.3 million (0.2), rental deposits SEK 0.1 million (0.0) and personnel loans of SEK 6.1 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 45.4 million (45.8), long term accounts receivables 11.7 (0.0) and personnel loans of SEK 6.1 million (6.4). Revaluation has affected the quarter by SEK -1.0 million (-2.3). Accumulated revaluation of the year amount to SEK -0.4 million (8.1). The effect on the result is included under financial items.

Note 6 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets and contingent liabilities amount to SEK 3.6 million (0.8) and refer to prepayment guarantees to customers.

SIGNATURE

Kista, February 2, 2021
Jan Bardell, CEO

KEY NUMBERS FOR THE GROUP

	Oct-Dec		Jan-Dec	
	2020	2019	2020	2019
Order intake, SEK million	-	19.7	56.3	44.2
Order backlog, SEK million	728.5	729.7	728.5	729.7
Equity ratio (%)	66.7	75.8	66.7	75.8
Debt ratio (times)	0.5	0.3	0.5	0.3
Net debt ratio (times)	-0.7	-0.2	-0.7	-0.2
Earnings per share, before and after dilution, SEK	-0.72	-0.76	-2.76	-2.30
Equity per share, SEK	7.80	6.46	7.80	6.46
Cash and cash equivalents and short-term investments	314.9	142.9	314.9	142.9
Share price at period end, CLIME B, SEK	42.62	68.40	42.62	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.
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	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	0.4	13.2	15.6	14.1	35.1	35.3	23.9	22.5
Capitalized work for own account	7.7	8.5	8.5	12.0	10.3	4.7	7.3	4.1
Other operating income	0.1	0.4	0.2	1.3	3.3	0.4	-1.1	1.3
Operating expenses								
Raw material and consumables	-7.2	-15.9	-18.2	-20.6	-38.5	-28.5	-25.5	-17.1
Other external expenses	-8.7	-13.9	-9.1	-9.9	-14.0	-10.4	-12.0	-6.3
Personnel expenses	-23.2	-18.6	-28.9	-24.2	-27.5	-24.1	-21.8	-16.9
Depreciation and amortization	-5.4	-4.5	-4.5	-5.0	-5.3	-8.0	-4.3	-4.3
Operating profit/loss	-36.2	-30.8	-36.4	-32.2	-36.7	-30.6	-33.7	-16.7
Net financial income	-3.2	-1.6	-0.2	0.8	-2.6	-0.1	-1.5	9.1
Profit/loss after financial items	-39.4	-32.4	-36.6	-31.5	-39.3	-30.7	-35.1	-7.5
Tax	0.0	-0.0	0.0	0.0	0.0	0.0	0.0	0.1
Profit/loss for the period	-39.3	-32.4	-36.6	-31.4	-39.3	-30.6	-35.1	-7.5
Earnings per share, before and after dilution, SEK	-0.72	-0.66	-0.74	-0.64	-0.78	-0.62	-0.72	-0.16

CONSOLIDATED BALANCE SHEETS

SEK, million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Intangible non-current assets	90.9	85.2	78.7	71.8	61.7	53.5	50.3	44.6
Tangible non-current assets	42.0	43.8	46.8	50.4	52.8	52.2	57.1	59.4
Financial assets	63.7	65.4	54.4	55.5	52.5	54.5	54.5	48.1
Total non-current assets	196.5	194.5	179.9	177.6	167.0	160.2	161.9	152.0
Inventories	55.4	43.9	49.9	44.4	53.5	47.6	63.2	53.9
Current receivables	69.4	63.0	76.0	74.2	57.1	48.7	50.6	31.8
Short-term investments	15.7	15.7	15.7	50.7	35.0	35.0	35.0	-
Cash and cash equivalents	299.2	39.9	84.9	45.2	107.9	166.8	179.3	71.9
Total current assets	439.8	162.4	226.5	214.5	253.5	298.0	328.1	157.6
Total assets	636.3	356.9	406.5	392.1	420.5	458.2	490.1	309.6
Shareholder's equity	424.5	218.5	250.8	287.2	318.7	351.1	381.0	163.9
Non-current liabilities and other provisions	125.5	58.1	59.0	60.5	60.9	48.9	47.9	58.6
Current liabilities	86.3	80.3	96.7	44.5	40.9	58.2	61.2	87.1
Total equity and liabilities	636.3	356.9	406.5	392.1	420.5	458.2	490.1	309.6

CONSOLIDATED CASH FLOW STATEMENTS

SEK, million	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Cash flow from operating activities before changes in working capital	-35.6	-25.5	-30.3	-28.4	-29.0	-20.7	-28.7	-13.7
Changes in working capital	-19.1	-9.5	45.2	-4.6	-17.9	14.7	-51.8	-6.9
Cash flow from operating activities	-54.6	-35.0	15.0	-32.9	-46.9	-6.1	-80.5	-20.6
Investing activities	-9.0	-8.6	26.0	-28.3	-14.2	-5.9	-48.9	-7.8
Cash flow after investing activities	-63.6	-43.6	41.0	-61.3	-61.2	-12.0	-129.4	-28.4
Financing activities	323.1	-1.4	-1.3	-1.4	2.3	-0.6	236.9	10.3
Cash flow for the period	259.4	-45.0	39.7	-62.7	-58.9	-12.6	107.5	-18.1
Cash and cash equivalents at the beginning of the period	39.9	84.9	45.2	107.9	166.8	179.3	71.9	90.0
Exchange rate differences in cash and cash equivalents	-0.1	-0.0	-0.0	0.0	-	-	-	-
Cash and cash equivalents at the end of the period	299.2	39.9	84.9	45.2	107.9	166.8	179.3	71.9

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