INTERIM REPORT FOR THE PERIOD JULY – SEPTEMBER 2017

CLIMEON

Business for a better world

THIRD QUARTER IN SHORT

Financial development, July - September

- Order intake amounted to SEK 293.8 (34.2) million
- Net sales amounted to SEK 0.0 million (0.0)
- Operating profit/loss amounted to SEK -13.0 million (-7.0)
- Profit before tax amounted to SEK -13.5 million (-6.9)
- Earnings per share amounted to SEK -0.38 (-0.21)
- Cash flow from operating activities amounted to SEK -10.1 million (-3.8)
- Cash flow after investing activities amounted to SEK -17.4 million (-8.8)
- Cash flow from financing activities amounted to SEK 23.9 million (0.2)

Important events, July - September

- Maersk Line placed an order for a pilot installation of one Climeon Heat Power module. The Swedish Energy Agency has in parallel awarded a grant to verify the products application on bulk carriers
- In August 2017, Climeon received its first, conditional order in the geothermal energy segment from an Icelandic operator. The total order value, provided that the conditions are met, is in excess of EUR 30 million
- During September 2017 Climeon announced the intention to list the class B shares on Nasdaq First North Premier and to raise capital through a new share issue to finance the future growth of the Company
- In August 2017 Climeon received payment of loans for order financing from Collector Bank for SEK 8.8 million and Almi Företagspartner for SEK 12.0 million
- In July, the remaining part of the Company's shareholder loans was received (SEK 2.5 million)

Financial development, January - September

- Order intake amounted to SEK 317.5 (34.2) million. At the end of the third quarter the order backlog amounted to SEK 351.1 (36.8) million, consisting of 126 Heat Power modules
- Net sales amounted to SEK 0.7 million (0.4)
- Operating profit/loss amounted to SEK -36.4 million (-22.1)
- Profit before tax amounted to SEK -37.1 million (-22.2)
- Earnings per share amounted to SEK -1.04 (-0.68)
- Cash flow from operating activities amounted to SEK -36.5 million (-20.4)
- Cash flow after investing activities amounted to SEK -52.1 million (-30.5)
- Cash flow from financing activities amounted to SEK 34.4 million (4.2)

Important post-closing events

- During October Climeon signed a non-binding LOI covering a supply of Climeon Heat Power modules to a geothermal power plant project in the Municipality of Kirchweidach in Germany. The potential order value is estimated to be about EUR 5 million
- Climeon's class B share was listed on Nasdaq First North Premier on 13 October 2017 under the short name "CLIME". In connection to the listing, capital was raised through a new share issue of class B shares. In addition, the over-allotment option from the IPO was exercised in full 9 November 2017. The new share issue provided in total SEK 230 million excluding issue expenses
- Short-term shareholder loans SEK 12.1 million and loan from Collector Bank SEK 8.8 million where settled during October 2017
- During October 2017 Climeon received an award at Green Shipping Rotterdam Summit as "the most exceptional contribution to green shipping of the year"

COMMENTS FROM THE CEO

The third quarter of 2017 has been one of the best quarters in the Company's history and contained multiple milestones, with two orders in new areas (Geothermal and container shipping) and the order backlog increasing from 25 to reach 126 modules and over 350 MSEK at the end of the quarter. In parallel, thousands of hours of hard work to design, produce and deliver the top quality that our customers expect.

We are scaling up the business for sustainable and profitable future growth and investing in the build-up of our, sales, delivery and service organization, resulting in a higher operational loss. Our revenues during the quarter have, as expected, been modest due to varying time from contract to delivery. The successful capital raise has added a stable base to expand and together with the Nasdaq First North Premier listing will power the company to the next level.

Our increased sales focus on those prioritized geographical areas and segments where we see substantial competitive advantages continues. We are grateful for the trust our customers have shown us by giving us the opportunity to break new ground and enter important markets.

In August 2017, Climeon received its first, conditional order in the geothermal heat power segment from the Icelandic heat power operator, CP Energy. Provided that certain conditions are met, a total of 100 Heat Power modules are planned to be installed in two phases: (1) a pilot installation consisting of seven modules and (2) 10 to 15 full scale installations comprising of the remaining 93 modules. For the first phase, Climeon assists with complete financing, that is supplier credit and a promissory note. The total order value, provided that the two phases are completed, is in excess of EUR 30 million. The electricity will be used locally in multiple Icelandic municipalities, to power green houses and perhaps also spa facilities and hotels.

The maritime segment has for Climeon so far been concentrated to passenger ferries and cruise ships. In July 2017 the first step was taken towards the larger container shipping segment with the world's largest container shipping company Maersk Line as the first customer. The order is for one Climeon Heat Power module pilot installation co-financed by the Swedish Energy Agency.

During the April 2017 AGM, we communicated the aim to take Climeon to the stock market and on October 13th, this process was finalized and resulted in SEK 230 million before issue expenses and 1,400+ new shareholders added. The IPO was oversubscribed multiple times, and many did not receive any allocation at all or a substantially reduced allocation.The reason for listing the company was mainly to shorten sales cycles via the increased transparency and credibility with customers and to provide the company with a balance sheet for strong growth. In addition, several of the new investors have expressed interest in participating in project financing, for example for geothermal opportunities like the one on Iceland.

Financing solutions keep increasing in significance and we have during the third quarter taken additional steps and added new partners. We have a clear roadmap towards a future of bankable heat power that can become part of investment vehicles like green bonds in the same way as solar power and wind power. In addition to the CP Energy deal on Iceland, we signed a customer financing deal for SEK 12 million guaranteed by EKN with Almi Företagspartner for the earlier signed Viking Line order. Such EKN-guaranteed financing has previously been the privilege of large corporations with long product history, making Climeon a first of its kind being granted such financing solution. In general, in a solution where risks associated with production and receivables are covered by a guarantee from EKN, interest rates are lower than conventional debt financing.

With the first order in geothermal, a global leader like Maersk opening up the container shipping segment, a successful capital raise and an order backlog of over SEK 350 million, we have taken significant steps during the third quarter. The team has grown, we have added a range of experienced investors, and are ready for the next phase of creating business for a better world.

Kista November 29, 2017
Thomas Öström
CEO

THE MARKET, ORDERS RECEIVED, SALES AND DELIVERY

Market development

Climeon's market consist of two main application areas – waste heat recovery and low temperature geothermal energy, which are renewable baseload energy sources within the heat power category.

Geothermal heat power is a renewable baseload power source that uses heat from the ground, converted into electricity using a heat power system. Geothermal heat power has been around for many years but at high temperatures (150-300°C), limited to certain places on the planet. Now with Climeon enabling geothermal heat power at lower temperatures (70-120°C) this can be performed in many more places than before thus making the geothermal market bigger.

The current business segments within waste heat recovery are maritime transportation, cement and steel manufacturing and gensets (large engines, primarily for production of electricity).

The International Maritime Organization Sulphur Directive 2020, for the maritime sector, stipulates that the maritime operators are required to lower their sulphur emissions to 0,5 percent before the end of 2020.[1)] This means that maritime operators will have to use scrubbers in combination with waste heat recovery or liquid natural gas combined with waste heat recovery. Waste heat recovery is easier to motivate financially when choosing liquid natural gas due to the higher fuel price.

In some countries regulations and/or incentives for waste heat recovery have been introduced, for example in the UK where steel and cement plants are offered subsidies for their plant investments.[2)]

During the first quarter of 2017 Climeon focused its sales strategy towards fewer but larger opportunities and in distinct combinations of countries and industrial segments.

For the third quarter of 2017 the focus has primarily been on direct sales targeting 5 to 30 companies per customer segment, i.e. Maritime, Cement, Steel, Gensets and Geothermal.

For waste heat recovery in Maritime we have concentrated on the global leaders in ferry, cruise lines and container shipping. Our approach to the Cement segment has solely focused on the Indian market, more specifically on cement plants that have already completed projects in high temperature waste heat recovery. With the Steel segment, we have taken a broader country approach but with focus on major players within the industry that have installations across multiple markets, more specifically India, UK and Germany. The genset segment has involved a parallel approach to market that is both direct and indirect. For our direct approach, we have focused our efforts on the biogas and landfill gas applications within Japan, USA and UK. For our indirect approach, we have chosen to work with major global genset manufacturers. This implies a potentially longer route to market, however, this is justified due to the sheer scale of deployment once a partnership agreements have been finalised.

Our Geothermal energy business has focused on countries including USA, Canada, Iceland, Germany and Japan where the potential to provide distributed renewable baseload is substantial.

In all cases, we strive to minimise the number of companies in order to reduce the potential time to market and by focusing on companies with a larger volume potential, we maximise potential profits for both customers and Climeon.

Orders received, sales and delivery

The Climeon progress in Maritime was strengthened by the award "The most exceptional contribution to Green Shipping 2017" at the Green Shipping summit in Rotterdam in October.

Climeon strives to become the de facto standard for waste heat recovery within the maritime transportation market. The agreement with Maersk Line, a pilot installation comprising one Climeon Heat Power module supported by the Swedish Energy Agency means a step into a shipping segment with larger containers and bulk cargo.

The conditional order from CP Energy on Iceland provides us with a real reference case and a possibility to study and learn in order to assure the direction for our future business development. The geothermal energy potential in Iceland is vast and has been used for many years, primarily to heat households. Due to the easily accessible energy, mainly through hydro powered facilities and geothermal technology, Iceland has one of the world's lowest electricity prices. The case is also illustrating the power of distributed power generation which is a global trend driven by renewable sources like solar power and wind power.

The Japanese biomass pilot project announced in March 2017 has been initiated with the first module to be delivered in 2018 instead of fourth quarter 2017 as previously announced, owing to adaption to country specific standards.

In 2016 the preparation for high volume production was initiated together with Mastec, Vaggeryd. The first modules rolled out of the production site during September 2017 in line with set quality requirements. Fully ramped production rate at the Vaggeryd site is 2,500 modules per year. The test site in Norrköping has also been prepared to perform fully functional system production tests.

Drawing of geothermal site

1) imo.org/en/mediacentre/pressbriefings/pages/mepc-70-2020sulphur.aspx
2) gov.uk/government/consultations/industrial-heat-recovery-support-programme

FINANCIAL DEVELOPMENT

JULY - SEPTEMBER

Order intake

Third quarter order intake amounted to SEK 293.8 (34.2) million including a conditional order within geothermal segment of 292.5 million (100 modules). The project is conditioned to fullfilment of certain terms and conditions in the contract, such as obtaining regulatory permits and concluding agreements with certain third parties.

Net sales

Net sales during the third quarter amounted to SEK 0.0 million (0.0), in line with plan and previous year.

Operating profit/loss

Operating profit/loss for the third quarter amounted to SEK -13.0 million (-7.0). Net financial income/expense amounted to SEK -0.6 million (0.0). Profit before tax amounted to SEK -13.5 million (-6.9).

The change in operating loss compared to the previous year is mainly attributable to increasing expenses, primarily attributable to a build-up of our, sales, delivery and service organization in the form of personnel expenses and other external expenses.

Cash flow

Cash flow from operating activities amounted to SEK -10.1 million (-3.8) during the third quarter. Cash flow from investing activities amounted to SEK -7.3 million (-5.0). Cash flow from financing activities amounted to SEK 23.9 million (0.2). Cash flow for the period amounted to SEK 6.5 million (-8.6).

Cash flow from operating activities was positively affected by changes in working capital through an increase in current liabilities (SEK 10.2 million), mainly due to increased accounts payables with higher purchasing volume. Increased inventories due to ongoing customer deliveries and increase in current receivables have had a negative impact. Cash flow from investing activities was primarily attributable to capitalised development costs (SEK 4.1 million). Cash flow from financing activities refers to the remaining part of shareholder loans SEK 2.5 million, bank loans for customer financing from Collector Bank and Almi Företagspartner, which amounted to SEK 20.8 million and redemption of warrants of SEK 0.5 million.

JANUARY–SEPTEMBER

Order intake/order backlog

Order intake during the year amounted to SEK 317.5 (34.2) million including a conditional order within geothermal segment of 292.5 million (100 modules). The project is conditioned to fullfilment of certain terms and conditions in the contract, such as obtaining regulatory permits and concluding agreements with certain third parties.

At the end of the third quarter the order backlog amounted to SEK 351.1 (36.8) million, consisting of 126 Heat Power modules.

Net sales

Net sales during the period January - September amounted to SEK 0.7 million (0.4), an increase with 104% compared to the previous year.

Operating profit/loss

Operating profit/loss for the period January - September amounted to SEK -36.4 million (-22.1). Net financial income/expense amounted to SEK -0.7 million (-0.1). Profit before tax amounted to SEK -37.1 million (-22.2).

Accumulated earnings for the whole year to date was also affected by the increase in expenses, which was related to a successive build-up of the organisation.

Cash flow

Cash flow from operating activities for the period January - September amounted to SEK -36.5 million (-20.4). Cash flow from investing activities amounted to SEK -15.6 million (-10.1). Cash flow from financing acivities amounted to SEK 34.4 million (4.2). Cash flow for the period amounted to SEK -17.6 million (-26.3).

Financing activities is attributable to the payment ofshareholder loans amounting to SEK 12.1 million, order financing loans from Collector Bank and Almi Företagspartner amounting to SEK 20.8 million, premiums received for warrants amounting to SEK 0.8 million andexercise of warrants SEK 0.7 million.

Financial position and liquidity

As of 30 September, cash and cash equivalents amounted to SEK 33.7 million (51.3). At the end of September 2017, shareholders equity amounted to SEK 17.8 million (53.3) or SEK 0.5 (1.5) per share. The equity ratio amounted to 20.2 percent (65.7 percent). The debt ratio amounted to 4.0 (0.5) and the net debt ratio amounted to 0.9 (-0.7). At the end of the period, inventories amounted to SEK 12.9 million (4.6), of which SEK 8.5 million (1.1) consisted of work in progress.

Investments

The Company's investments in tangible and intangible assets from January until September amounted to SEK 15.6 million (16.3). These investments mainly consist of intangible assets in the form of capitalised development costs 10.9 (5.2), mainly related to continuous development of Climeon Heat Power, and patents.

Deferred tax asset

The Company has unutilised loss carryforwards amounting to SEK 97.4 million (59.4), of which the tax effect has not been recognised as a deferred tax asset in the balance sheet. This is because the Company assesses that it is uncertain whether these loss carryforwards will be able to be utilised, due to uncertainty about when in the future sufficient tax surpluses will be generated.

Personnel and organisation

The average number of employees during the period January until September amounted to 35 (24), of which 23 percent was women and 77 percent men. At the end of September, the number of employees was 42 (27). The Company has expanded the management team from 1 October 2017 with Carina Asplund, Head of Production and Sourcing.

Board of Directors

The Board of Directors consists of Per Olofsson (Chairman), Olle Bergström, Stefan Brendgen, Thomas Öström (CEO), Vivianne Holm and Therese Lundstedt.

Related party transactions

The members of the Board of Directors receive remuneration in accordance with the annual general meeting's resolution.

Related party transactions amounted to SEK 0.5 million (0.5) during the period January - September. These consist of SEK 0.2 million (0.3) attributable to consultancy fees to Helen Öström Verksamhetsutveckling AB for administrative services. Helen is married to the Company's CEO, Thomas Öström. In addition to ordinary Board of Director duties, consultancy services are performed by B Garden AB (owned by board member Olle Bergström) and amounts to SEK 0.1 million (0.1) and Weseba AB (owned by chairman Per Olofsson) and amounts to SEK 0.1 million (0.1). All purchases from related parties have been conducted at marked based terms.

Further, the Company has during the period received short- term shareholder loans from Thomas Öström, Joachim Karthäuser and Per Olofsson (via Weseba AB) amounting to SEK 1.2, 0.5 and 1 million, respectively. The loans run from 1 July until 31 December 2017 and carries an annual interest rate of 7.5 percent.

In addition there are outstanding warrant programs issued to Board of Directors and management team. For further information regarding the warrants, refer to the company's website (Investor/ The Share/Warrant programs).

Additional information can also be found under the section Climeon's share, warrant programs.

Material risks and factors of uncertainty

Material financial risks and uncertainties of the Company includes market risks related to agreements with customers and suppliers, liquidity and financing risks and credit and counterparty risks. In order to mitigate potential risk in relation to access to financing and thereby ensure continuous operation, a share issue has been carried out during the autumn where a proceed, including a fully exercised over- allotment option, of SEK 230 million excluding issue expenses were rendered.

A detailed presentation of the Company's material financial risks is found in the directors' report in the annual report for 2016.

Significant events subsequent to the reporting period

- During October Climeon signed a non-binding LOI covering a supply of Climeon Heat Power modules to a geothermal power plant project in the Municipality of Kirchweidach in Germany. The potential order value is estimated to be about EUR 5 million
- Climeon's class B share was listed on Nasdaq First North Premier on 13 October 2017 under the short name "CLIME". In connection to the listing, capital was raised through a new share issue of class B shares. In addition, the over-allotment option from the IPO was exercised in full 9 November 2017. The new share issue provided in total SEK 230 million excluding issue expenses. The offering attracted extensive interest and about 1,400 new investors was allocated B-shares in the offering
- Short-term shareholder loans SEK 12.1 million and loan from Collector Bank SEK 8.8 million where settled during October 2017
- During October 2017 Climeon received an award at Green Shipping Rotterdam Summit as "the most exceptional contribution to green shipping of the year". Approximately 300 people active in the maritime industry attended and voted. Nominated in the cathegory except Climeon was Espo, Rolls-Royce, Baltic Ports organization and Terntank

The share

Climeon is registered as a public company from May 2017. The B share was listed on Nasdaq First North Premier on 13 October 2017, after the period end.

Financial Calendar

Year-end report 2017, 23 February 2018
Annual General Meeting, 19 April 2018
Annual report published, week 18 2018
Interim report first quarter 2018, 18 May 2018
Interim report second quarter 2018, 29 Augusti 2018
Interim report third quarter, 22 November 2018

Further information

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After publication the report is kept available at the company's website, climeon.com.

Review

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

FINANCIAL REPORTS IN BRIEF

INCOME STATEMENT

TSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Change, %	Full year 2016
Net sales	8	42	721	354	104	2,888
Capitalised work for own account	5,417	3,900	12,134	6,814	78	10,596
Other operating income	-	-	99	500	80	1,357
Operating expenses						
Raw material and consumables	-4,835	-1,981	-8,236	-3,673	124	-10,769
Other external expenses	-3,260	-3,472	-11,674	-9,022	29	-15,170
Personnel expenses	-9,438	-4,991	-26,872	-15,877	69	-22,332
Depreciation and amortisation	-862	-458	-2,614	-1,224	114	-2,012
Other operating expenses	-1	-	-3	-3	1	-3
Operating profit/loss	**-12,971**	**-6,960**	**-36,445**	**-22,131**	-	**-35,445**
Profit from financial items						
Interest income and other financial items	-	0	0	0	-	51
Interest expenses and other financial items	-563	28	-661	-66	-	-197
Profit before tax	**-13,534**	**-6,932**	**-37,106**	**-22,197**	-	**-35,590**
Tax	-	-	-	-	-	-
Profit/loss for the period	**-13,534**	**-6,932**	**-37,106**	**-22,197**	-	**-35,590**
Result per share						
Result per share, before dilution, SEK	-0.38	-0.21	-1.04	-0.68		-1.06
Result per share, after dilution, SEK	-0.38	-0.21	-1.04	-0.68		-1.06

Other comprehensive income for the period correspond to net result for the year.

BALANCE SHEET

TSEK	Note	30 Sep 2017	30 Sep 2016	Full year 2016
ASSETS				
Intangible non-current assets	**2**	27,039	13,054	16,813
Tangible non-current assets	**3**	7,974	3,611	5,220
Total non-current assets		**35,013**	**16,665**	**22,033**
Inventories including work in progress		12,867	5,719	4,551
Accounts receivable		646	-	241
Other current receivables		5,886	1,045	3,102
Cash and cash equivalents		33,695	8,286	51,320
Total current assets		**53,094**	**15,050**	**59,214**
TOTAL ASSETS		**88,107**	**31,715**	**81,247**
EQUITY AND LIABILITIES				
Share capital		535	330	356
Reserve for development costs		19,985	5,185	10,200
Share premium reserve		112,608	57,905	111,878
Retained earnings		-115,365	-52,726	-69,092
Shareholders equity		**17,763**	**10,694**	**53,342**
Borrowings	**4**	28,081	14,081	16,081
Non-current liabilities		**28,081**	**14,081**	**16,081**
Advance payments from customers		1,984	1,420	-
Accounts payable		16,874	3,861	6,747
Other current liabilities	**5**	23,405	1,659	5,077
Current liabilities		**42,263**	**6,940**	**11,824**
TOTAL EQUITY AND LIABILITIES		**88,107**	**31,715**	**81,247**

CONSOLIDATED CHANGES IN TOTAL EQUITY

	Share capital	Reserve for development cost	Premium reserve	Retained earnings	Net profit/loss	Total equity
Total equity at 2016-01-01	329	-	57,706	-6,998	-18,346	32,691
Disposition as decided by annual general meeting				-18,346	18,346	-
Profit/loss for the period					-22,197	-22,197
Capitalisation of development expenditures		5,185		-5,185		-
Excercise of warrants	1		199			200
Total equity at 2016-09-30	**330**	**5,185**	**57,905**	**-30,529**	**-22,197**	**10,694**
Profit/loss for the period					-13,393	-13,393
Capitalisation of development expenditures		5,411		-5,411		
Reversal due to depreciation of development costs		-397		397		
New issue	20		52,699			52,719
Premiums received for warrants				2,042		2,042
Excercise of warrants	6		1,274			1,280
Total equity at 2016-12-31	**356**	**10,200**	**111,878**	**-33,502**	**-35,590**	**53,342**
Total equity at 2017-01-01	**356**	**10,200**	**111,878**	**-33,502**	**-35,590**	**53,342**
Disposition as decided by annual general meeting				-35,590	35,590	
Profit/loss for the period					-37,106	-37,106
Capitalisation of development expenditures		10,855		-10,855		
Reversal due to depreciation of development costs		-892		892		
Bonus issue	178	-178				
Premiums received for warrants				796		796
Excercise of warrants	1		730			731
Total equity at 2017-09-30	**535**	**19,985**	**112,608**	**-78,258**	**-37,106**	**17,763**

CASH FLOW STATEMENT

TSEK	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
OPERATING ACTIVITIES					
Operating profit	-12,972	-6,959	-36,445	-22,131	-35,444
Adjustments for non-cash items	941	487	2,596	1,157	1,866
Interest received	-	-	0	-	-
Interest paid	-643	-	-643	-	-
Cash flow from operating activities before changes in working capital	**-12,674**	**-6,472**	**-34,492**	**-20,974**	**-33,579**
Change in working capital					
Increase (-) / decrease (+) in inventory	-3,741	277	-8,317	-845	322
Increase (-) / decrease (+) of current receivables	-3,860	-119	-3,189	310	-1,988
Increase (+) / decrease (-) of current liabilities	10,196	2,536	9,539	1,146	6,031
Cash flow from changes in working capital	**2,595**	**2,694**	**-1,967**	**611**	**4,365**
Cash flow from operating activities	**-10,079**	**-3,778**	**-36,459**	**-20,363**	**-29,213**
INVESTING ACTIVITIES					
Investments in intangible assets	-4,696	-2,517	-12,136	-7,551	-11,974
Investments in tangible assets	-2,613	-2,525	-3,457	-2,565	-4,297
Cash flow from investing activities	**-7,309**	**-5,042**	**-15,593**	**-10,116**	**-16,271**
Cash flow after investing activities	**-17,388**	**-8,820**	**-52,052**	**-30,479**	**-45,485**
FINANCING ACTIVITIES					
Raise of short-term debt	11,300	-	20,900	-	-
Raise of long-term debt	12,000	-	12,000	4,008	6,008
New issue	506	200	731	200	54,199
Premiums received for warrants	45	-	796	-	2,042
Cash flow from financing activities	**23,851**	**200**	**34,427**	**4,208**	**62,249**
CASH FLOW FOR THE PERIOD	**6,463**	**-8,620**	**-17,625**	**-26,271**	**16,764**
Cash and cash equivalents at the beginning of the period	27,232	16,906	51,320	34,557	34,557
Cash and cash equivalents at the end of the period	**33,695**	**8,286**	**33,695**	**8,286**	**51,321**

CLIMEON'S SHARE

LARGEST SHAREHOLDERS, 30 SEPEMBER 2017

	NUMBER OF SHARES				
	SERIES A	SERIES B	CAPITAL, %	VOTING RIGHTS	VOTING RIGHTS, %
Thomas Öström	9,500,000	155,900	27.05	95,155,900	58.04
Joachim Karthäuser	4,750,000	218,300	13.92	47,718,300	29.11
Olle Bergström		1,050,000	2.94	1,050,000	0.64
BFV Förvaltning AB		982,200	2.75	982,200	0.60
Stefan Brendgen		650,000	1.82	650,000	0.40
Susanne Brendgen		650,000	1.82	650,000	0.40
Frontcore logic AB		640,000	1.79	640,000	0.39
Mathias Carnemark		635,300	1.78	635,300	0.39
Andreas Billström		629,300	1.76	629,300	0.38
Klas Händel		543,700	1.52	543,700	0.33
Per Olofsson		450,000	1.26	450,000	0.27
Others		14,842,100	41.58	14,842,100	9.05
Total	**14,250,000**	**21,446,800**	**100.00**	**163,946,800**	**100.00**

SHARE DATA[3)]

	30 Sep 2017	30 Sep 2016	31 Dec 2016
Average number of registered shares during the period	35,696,800	32,972,300	33,565,633
Average number of outstanding shares during the period	35,696,800	32,972,300	33,565,633
Earnings per share, before dilution SEK	-0.38	-0.21	-1.06
Earnings per share, after dilution SEK	-0.38	-0.21	-1.06
Equity per share, SEK	0.50	0.32	1.50

3) Split 1:100 was executed during second quarter 2017

Share data

Series A (14,250,000 pcs) Quota value is 0.015 SEK 10 votes/share
Series B (21,446,800 pcs) Quota value is 0.015 SEK 1 votes/share

Warrant programs

The total number of outstanding warrants is 30 561 pcs. The number of warrants exercised during the period was 845 pcs.

Allocation of warrants to employees decided at extraordinary general meeting 18 September 2017

The extraordinary general meeting on 18 September 2017 decided to approve the Board of Director's decision to issue up to 83,000 warrants to current and future senior executives, key individuals and other employees. The board has decided to allocate 81,964 warrants for further subscription by the employees in accordance with the decision at extraordinary general meeting, whereof totally 44,047 warrants have been allocated to 8 employees and 37,917 warrants have been allocated to a new employee who belongs to the management team. Each warrant may be exercised for subscription of one new B share at a subscription price of 125.60 SEK during the period 1-15 September 2020. The warrants can be subscribed up until 29 December 2017 and for each warrant a premium shall be paid that corresponds to the warrant's market value calculated in accordance with the Black & Scholes valuation model at the time of subscription.

The same extra general meeting decided also to issue warrants to the two new Board members, Therese Lundstedt and Vivianne Holm, who have notified that they will subscribe for 7,882 warrants each as per 1 December 2017. Each warrant may be exercised for subscription of one new B share at a subscription price of 137.10 SEK during the period 1-15 September 2021. The premium for the warrants to be paid by the Board members shall correspondingly be calculated using the Black & Scholes valuation model at the time of subscription.

For further information regarding the warrants, refer to the company's website (Investor/ The Share/Warrant programs).

Call options

Two of the Company's major shareholders, Joachim Karthäuser and Thomas Öström, has decided to grant totally 58,704 call options to 6 employees (of which 14,242 call options to one employee who belongs to the management team). The call options are scheduled to be granted during December 2017 on the same terms as for the Company's employees under the incentive program decided at the Extraordinary Meeting on September 18, 2017, i.e. each call option may be exercised for the purchase of one B shares at an exercise price of 125.60 SEK during the exercise period 1 September to 15 September 2020 and the premium to be paid for each call option is calculated in accordance with the Black & Scholes valuation model.

NOTES

Note 1 Accounting principles

This interim report has been prepared in accordance with recommendation RFR2 of the Swedish Financial Reporting Board.

The most recent annual report was prepared in accordance with the Swedish Accounting Standards Board's (BFN) General Guidelines ("K3"). The transition to RFR2 has not resulted in any material changes to the financial statements.

Note 2 Intangible assets

Intangible assets comprise capitalised expenditure on development SEK 23.0 million (14.1) and patents SEK 4.0 million (2.7).

Note 3 Tangible assets

Tangible assets (Property, plant and equipment) comprise leasehold improvements SEK 1.7 million (1.5), equipment SEK 0.6 million (0.6), technical equipment SEK 3.6 million (0.1), and systems located at customer premises and where the customers pay for the electricity generated ("As-a-Service") SEK 2.1 million (3.0).

Note 4 Borrowings

Long-term liabilities comprise a conditional loan from the Swedish Energy Agency for the development of Climeon Heat Power SEK 14.1 million (14.1), Almi Företagspartner SEK 2.0 million (2.0) and loan for order financing from Almi Företagspartner for SEK 12.0 million (0.0).

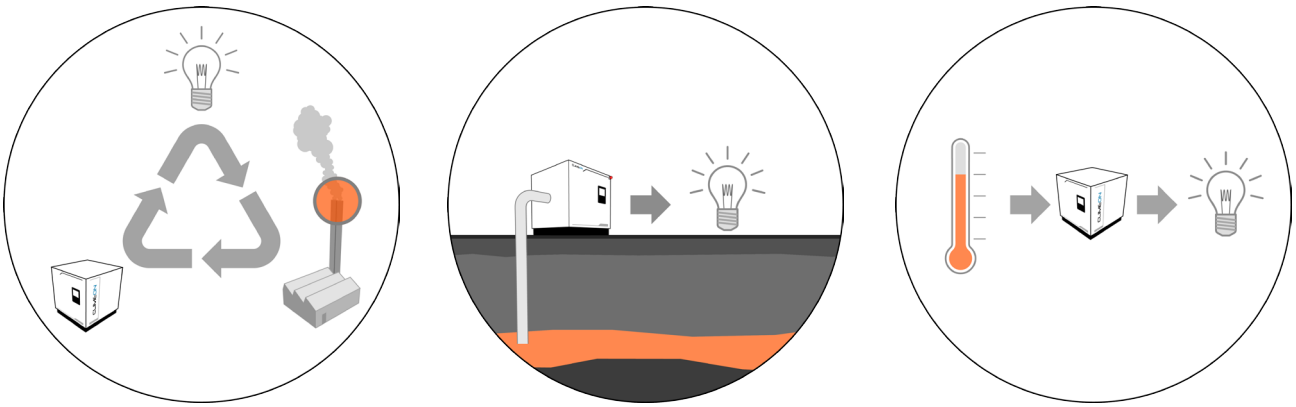
Note 5 Other current liabilities

Other current liabilities comprise a short-term loan with Collector Bank SEK 8.8 million and shareholder loans SEK 12.1 million.

Note 6 Pledged assets

Pledged securities amount to SEK 24.8 million (2.0) and comprise a floating charge to Almi Företagspartner and Collector Bank SEK 22.8 million, and pledged bank deposits of SEK 2.0 million (0.0) for guarantees to suppliers and customers.

Waste heat recovery | Geothermal heat power | Heat Power



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 29, 2017

Per Olofsson
Chairman

Olle Bergström
Board member

Stefan Brendgen
Board member

Thomas Öström
Board member/CEO

Vivianne Holm
Board member

Therese Lundstedt
Board member

KEY NUMBERS

	Jul–Sep 2017	Jul–Sep 2016	Jan–Sep 2017	Jan–Sep 2016	Full year 2016
Order intake, SEK million	293.8	34.2	317.5	34.2	34.2
Operating margin (%)	neg	neg	neg	neg	neg
Profit margin (%)	neg	neg	neg	neg	neg
Return on equity (%)	neg	neg	neg	neg	neg
Return on assets (%)	neg	neg	neg	neg	neg
Return on capital employed (%)	neg	neg	neg	neg	neg
Interest coverage (times)	neg	neg	neg	neg	neg
Equity ratio	20.2	33.7	20.2	33.7	65.7
Debt ratio (times)	4.0	2.0	4.0	2.0	0.5
Net debt ratio (times)	0.9	0.5	0.9	0.5	-0.7
Earnings per share, before dilution, SEK	-0.38	-0.21	-1.04	-0.68	-1.06
Earnings per share, after dilution, SEK	-0.38	-0.21	-1.04	-0.68	-1.06
Equity per share, SEK	0.50	0.32	0.50	0.32	1.50

DEFINITIONS

Operating margin	Operating profit as a procent of net sales.
Profit margin	Profit for the period after financial items as a percentage of net sales.
Return on equity	Profit after financial items as a percentage of average shareholders' equity for the period.
Return on assets	Operating profit plus financial income as a percentage of total assets.
Return on capital employed	Operating profit plus financial income as a percentage of capital employed.
Capital employed	Total assets minus non interest-bearing liabilities (including other provisions).
Interest coverage	Operating profit plus financial income divided by financial expenses (times).
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).
Earnings per share, before dilution	Profit 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

Income statement (MSEK)

	2017			2016				
	Q1	Q2	Q3	Q1	Q2	Q3	Q3	Full year
Net sales	0.6	0.1	0.0	0.3	0.0	0.0	2.5	2.9
Capitalised work for own account	2.4	4.3	5.4	1.5	1.5	3.9	3.8	10.6
Other operating income	0.1	0.0	0.0	0.4	0.1	0.0	0.9	1.4
Operating expenses								
Raw material and consumables	-0.1	-3.2	-4.8	-1.1	-0.6	-2.0	-7.1	-10.8
Other external expenses	-4.3	-4.1	-3.2	-3.2	-2.3	-3.5	-6.2	-15.2
Personnel expenses	-8.0	-9.5	-9.4	-5.1	-5.8	-5.0	-6.5	-22.3
Depreciation and amortisation	-0.9	-0.9	-0.9	-0.4	-0.4	-0.5	-0.8	-2.0
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating profit/loss	**-10.2**	**-13.3**	**-12.9**	**-7.6**	**-7.5**	**-6.9**	**-13.4**	**-35.4**
Net financial income	0.0	-0.1	-0.6	-0.1	0.0	0.0	-0.1	-0.1
Profit before tax	**-10.2**	**-13.4**	**-13.5**	**-7.7**	**-7.5**	**-6.9**	**-13.5**	**-35.6**
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss for the period	**-10.2**	**-13.4**	**-13.5**	**-7.7**	**-7.5**	**-6.9**	**-13.5**	**-35.6**
Earnings per share (SEK)	-0.29	-0.37	-0.38	-0.24	-0.23	-0.21	-0.38	-1.06

Balance sheet (MSEK)

	2017			2016				
	Q1	Q2	Q3	Q1	Q2	Q3	Q3	Full year
Intangible non-current assets	19.3	23.0	27.0	8.5	10.9	13.1	16.8	16.8
Tangible non-current assets	6.0	5.6	8.0	1.2	1.1	3.6	5.2	5.2
Total non-current assets	**25.3**	**28.6**	**35.0**	**9.7**	**12.1**	**16.7**	**22.0**	**22.0**
Inventories including work in progress	8.5	9.1	12.9	5.7	6.0	5.7	4.6	4.6
Current receivables	3.9	2.7	6.5	0.5	0.9	1.0	3.3	3.3
Cash and cash equivalents	32.6	27.2	33.7	24.3	16.9	8.3	51.3	51.3
Total current assets	**45.0**	**39.0**	**53.1**	**30.4**	**23.8**	**15.0**	**59.2**	**59.2**
TOTAL ASSETS	**70.3**	**67.6**	**88.1**	**40.1**	**35.9**	**31.7**	**81.2**	**81.2**
Shareholders equity	**43.6**	**30.7**	**-17.8**	**24.9**	**17.4**	**10.7**	**53.3**	**53.3**
Long-term liabilities	16.1	16.1	-28.1	10.1	14.1	14.1	16.1	16.1
Current liabilities	10.6	20.8	-42.2	5.1	4.4	6.9	11.8	11.8
TOTAL EQUITY AND LIABILITIES	**70.3**	**67.6**	**-88.1**	**40.1**	**35.9**	**31.7**	**81.2**	**81.2**

Cash flow statement (MSEK)

	2017			2016				
	Q1	Q2	Q3	Q1	Q2	Q3	Q3	Full year
Operating activities before changes in working capital	**-9.4**	**-12.5**	**-12.7**	**-7.4**	**-7.1**	**-6.5**	**-12.6**	**-33.6**
Changes in working capital	-5.7	2.0	2.6	-0.6	-1.5	2.7	3.8	4.4
Cash flow from operating activities	**-15.1**	**-10.5**	**-10.1**	**-8.0**	**-8.6**	**-3.8**	**-8.9**	**-29.2**
Investing activities	-4.1	-5.0	-7.3	-2.3	-2.8	-5.0	-6.2	-16.3
Cash flow after investing activities	**-19.2**	**-15.5**	**-17.4**	**-10.3**	**-11.4**	**-8.8**	**-15.0**	**-45.5**
Financing activities	-1.5	9.9	23.9	0.0	4.0	0.2	58.0	62.2
Cash flow for the period	**-20.8**	**-5.6**	**6.5**	**-10.3**	**-7.4**	**-8.6**	**43.0**	**16.8**
Cash at the beginning of the period	51.3	32.6	27.2	34.6	24.3	16.9	8.3	34.6
Cash at the end of the period	**32.6**	**27.2**	**33.7**	**24.3**	**16.9**	**8.3**	**51.3**	**51.3**

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