Directors' Report

General description of business
Cleanergy AB's operations encompass the development, manufacture and marketing of Stirling engines that are used to convert solar and gas energy into electricity and heat.

The company is registered in Gothenburg and has offices in Gothenburg, Åmål, Stockholm and Beijing, and production facilities in Uddevalla and Åmål.

The company conducts its research and development activities in Åmål and Gothenburg.

Cleanergy's technology

The sun's rays are concentrated to power Cleanergy's Stirling engine, which then generates electricity. The product is known as a SunBox. Alternatively, it can be powered by biogas or natural gas, in which case it also produces heat highly efficiently in addition to electricity. This product is known as the GasBox. Moreover, development is ongoing of a thermal energy storage (TES) solution whereby SunBox can generate electricity around the clock, or when demand peaks. Energy is stored using the thermal energy storage principle.

Cleanergy SunBox converts solar energy to electricity twice as efficiently as conventional photovoltaic (PV) systems. Stirling technology (like PV systems) does not need water for cooling, which gives Cleanergy SunBox a competitive advantage in relation to other thermal solar power when used in desert conditions. Today, the product has been successfully installed at demonstration sites in Morocco, Dubai and China as well as at R&D facilities in Spain, Portugal and Sweden.

Cleanergy GasBox converts gas to electricity and generates heat as a residual product. Conventional combustion engines require a methane concentration of at least 40%, while Cleanergy's technology enables the combustion of gas with a methane content as low as 18%. This means that landfill deposits that are currently flared off or released to the atmosphere can be harnessed for energy production. In recent years, around 130 units have been in operation at 100 different locations globally.

The Board of Directors of Cleanergy AB

The Board comprises seven members, of which two chose to step down in conjunction with the Extraordinary General Meeting (EGM) in October at which they were replaced by two new members. The Board members are as follows: Bo Dankis (Chairman), Bertil Villard, Pär Nuder, Kent Janér, Göran Gezelius (until the EGM), Alex Westlake (until the EGM), Mattias Bergman (from the EGM), Christopher Beaufait (from the EGM), and Gustav Bos (employee representative). In 2017, the Board held 35 Board meetings.

The company's largest shareholder is Blue Marlin AB, which owned 35.6% of Cleanergy AB in December 2017. At the same date, Thames Trust, which previously was also one of the company's largest shareholders, owned 13.6% of the company. Blasieholmen Investment Group Equity AB joined the ranks of shareholders in 2017 and held 13.5% of the shares at year end.

Development of the Company's business, profit and position

Group	*2017*	*2016*	*2015*	*2014*
Net sales	2 920 586	3 665 335	6 781 059	3 344 555
Net loss for the year	-97 443 281	-107 740 029	-91 131 598	-65 742 735
Total assets	286 793 967	230 996 952	199 684 153	89 984 580
Equity ratio, %	83%	57%	77%	58%

For definitions, see note 29

Parent company	*2017*	*2016*	*2015*	*2014*
Net sales	2 920 586	3 665 335	6 781 059	3 344 555
Net loss for the year	-94 230 036	-105 115 588	-92 178 732	-61 086 662
Total assets	289 824 326	236 902 364	202 585 399	94 428 075
Equity ratio, %	85%	58%	78%	60%

For definitions, see note 29

Significant events during the fiscal year

A groundbreaking project was initiated at the start of 2016 aimed at the storage of energy as thermal energy for later conversion to electricity. The project was based on a preparatory study from 2015. The unique combination of the Stirling engine's superior efficiency together with the technology's ability to store and utilize thermal energy instead of the considerably more expensive storage of electricity means that Cleanergy's offering will be much more competitive than solar panels and batteries. This is even after the cost of batteries has declined. In the beginning of 2017, leading engineering firms and large, international power companies verified that the concept was technically possible to realize and that the internally set cost targets were reachable. In 2017, Cleanergy started a development project, where the first stage is to produce a demonstrator of the new energy storage system and later, a fully industrialized product. The demonstrator will be presented in June 2018.

Just before the UN's Climate Change Conference, COP22, Cleanergy signed a collaboration agreement with the Moroccan company, Masen. As the first step in this partnership, we built a pilot installation in Morocco. The installation is outside of Masen's visitor and research center located next to NOOR, Ouarzazate solar facility. At 580 MW, the facility is currently one of the world's largest solar power stations. The pilot facility went operational in 2017 and has demonstrated positive results. While operational responsibility was transferred to Masen at year end, the operational data and findings are being integrated into Cleanergy's development projects. In January 2018, an agreement was signed for a closer collaboration with Masen, which has a focus on product development, industrialization and business development.

In January 2018, a collaboration agreement was signed with the Masdar Institute in Abu Dhabi that lays the foundation for a long-term partnership. In the short term, the focus is on research and development pertaining to the TES solution.

In June 2017, the Chinese firm Datang Holdings New Energy Technology Co. Ltd. paid RMB 5 million (SEK 6,321 million) as a prepayment for a planned order of SunBox engines for a 50 MW park to be followed by a further 150 MW. Cleanergy has started preparing an offer for this project. In 2017, Cleanergy, Datang and a Chinese engineering firm worked on the evaluation of several different sites available for Datang to build its first solar park. Since the end of 2017, one area has been chosen and the work on the offer has entered the next phase.

Key preconditions

At the end of 2016 and during the first part of 2017, the company was financed by loans totaling SEK 125 million from Blue Marlin AB. A new issue was completed in September that raised SEK 206 million, and whereby these loans were converted to shares and comprised SEK 125 million of the proceeds.

Expected future developments, and material risks and uncertainties

Since February 2017, efforts led by the Chairman Bo Dankis, main owner Kent Janér, Managing Director Jonas Eklind and the then CFO Anders Berg have been ongoing to raise new capital for the company. A rights issue in September raised SEK 206 million for the company, of which SEK 125 million was raised through converting Blue Marlin AB's loans to shares.

In conjunction with the above issue, the company undertook to refocus its operations and to reduce its operating costs until a demonstrator of its storage technology is ready in June 2018. Moreover, the company will investigate the possibility of a listing in 2018.

The first issue of warrants (type A) that were issued in conjunction with raising capital last year were exercised on January 31, 2018. Cleanergy received the full amount resulting in a capital contribution of SEK 41 million. This is assessed as being extremely positive and paves the way for exercising the second warrants program (type B), resulting in a capital contribution of SEK 55 million, and which is planned to take place in October 2018.

The Board has taken a policy decision to list Cleanergy in 2018. A decision regarding which exchange and the timing will be taken before the summer. The requisite support for the above has been secured and activities are in full swing.

The information flow to our shareholders and to a long line of new potential investors has intensified through regular meetings and presentations.

The agreement with Masan is highly significant for financing continued operations throughout 2018. In part, all of the type A warrants have been exercised and, in part, Masan has taken over and is conducting technical development, thus unburdening the company during the year. Masen has publicly announced its intent to invest in Cleanergy through conducting engineering operations that will be paid for with equity.

When the storage solution has been successfully demonstrated, we are planning for costs to once again rise as the necessary investments are made in continued development and production equipment at ourselves and our suppliers. The Board is convinced that following the successful demonstration of our revolutionary storage solution, there will be considerable interest in subscribing for shares in the following listing and the new share issue is expected to amount to SEK 150–200 million.

Depending on the timing of the listing, an issue of SEK 50 million might take place in the spring to secure liquidity until the

Depending on the timing of the listing, an issue of SEK 50 million might take place in the spring to secure liquidity until the listing date. With agreements in place with the right strategic partners, with good progress on the storage solution development project, positive publicity, and with new stakeholders and a pending listing, the chances of succeeding with such a listing are assessed as very positive.

The Board's current assessment is that the measures described above and the program to raise capital will succeed.

More information is available in Note 2 Estimates and assessments.

Research and development

In the first six months of 2017, the company's development efforts had two primary focuses:

- to industrialize the solar energy solution using direct, concentrated solar heat on the Stirling engine's solar receiver, including preparations to build a pilot facility with this technology; and

- to develop a technology for storing heat at high temperatures to thereby produce a system for generating electricity with the Stirling engine even when the sun isn't shining by providing stored solar heat to the Stirling engine from a heat store when electricity is needed.

In the late summer, in conjunction with securing financing for continued operations, a decision was taken to focus the company's operations on developing the heat storage system.
Development of the energy storage system has intensified since autumn 2017. A simulation model has been prepared for the system to enable the rapid identification of solutions and to be able to evaluate/optimize the system. Computer aided engineering (CAE) in the form of computational fluid dynamics (CFD) and the finite element method (FEM) have been used to design and dimension the system as well as for analytical verification. The design basis has been prepared and prototypes have been built and tested. The risks have been identified and managed. The design data has now been completed and the majority of the material is ordered for the demonstrator of a new and unique storage system, which is planned for May/June 2018.

Market and customers

For the last few years, Cleanergy has maintained a strong presence in the Chinese market through, inter alia, a subsidiary with six employees and a demonstration facility outside of Ordos, about 700 kilometers west of Beijing. Refer also to the information about the Chinese firm Datang Holdings New Energy Holding Co. Ltd. under the Significant events heading above.

The objective of the agreements with Masen and with Masdar is to build commercial solar parks in partnership. Refer to the Significant events heading above.

In 2017, the demonstration park in Dubai, which was inaugurated in October 2015 by Sweden's Minister for Enterprise and Innovation Mikael Damberg, has exhibited excellent results. The third generation of the SunBox installed in 2016 that utilizes Cleanergy's proprietary parabolic dish widely exceeded the performance of previous generations of equipment as well as our own calculations.

The pilot facility in Morocco has been used as a demonstrator for a number of stakeholders and customers.

Other solar parks and demonstration facilities are being negotiated by Cleanergy in Abu Dhabi, Morocco, Italy, Saudi Arabia and Greece.

The company has completed a few minor deliveries for the gas market during the year. Moreover, discussions are ongoing with several customers regarding larger deliveries, which can start at the end of 2018 with volumes increasing in 2019 and going forward

Sustainability

Systematic work environment efforts are intrinsic to our operations, and to efficiency and quality. At Cleanergy, this means we work actively to minimize risks for work injuries, accidents and incidents. Moreover, we also work with activities to promote employees' health, job satisfaction and efficiency. One step in these efforts comprises the continuous work on our processes aimed at enhancing employee efficiency and on focusing on the right tasks. In 2016, all managers received work environment training and were given tools for working with new rules pertaining to the psychosocial work environment (AFS 2015:4). The need for work environment training is reviewed on an ongoing basis.

Legislation and agreements set minimum requirements, and it is in Cleanergy's own interest to maintain an even higher standard. We see this as a profitable investment in the future resulting in high work motivation and low absence due to illness. We have contracted a healthcare insurance for our employees providing rapid support and specialist care.

Cleanergy strives to be perceived as an attractive workplace enabling both men and women to develop. As an employer, Cleanergy works consciously to promote equality and diversity, and accordingly, we strive to ensure that all work teams comprise both women and men. In 2017, all work teams were made up of women and men, and we are endeavoring to increase the number of women in the organization through recruitment and through contact with universities and other higher education institutes. Pay was mapped in 2017 and comparisons were made for work that could be seen as the same or similar. The findings showed that there were no unreasonable differences in pay between genders.

Cleanergy is affiliated to the Swedish Association of Engineering Industries and has collective agreements with Unionen (Sweden's largest trade union), Ledarna (Sweden's organization for managers) and the Swedish Association of Graduate Engineers.

We evaluate all suppliers in accordance with the Cleanergy Ethics Standard.

Employees

Changes occurred in 2017 at Cleanergy that affected employees and operations. Following the decision to focus operations on the development of a system for energy storage, Cleanergy conducted a successful kick-off with all employees. The aim was to create a shared vision of the new strategy, understanding of our operating environment and our future, and to increase collaboration between employees, departments and sites.

Cleanergy completed an organizational change to increase operational efficiency. The company also started efforts to build our internal values and to create closer ties between employees and operations.

Key performance indicators

At December 31, 2017, the Group had 70 full-time employees of which 10 were women and 60 men. A number of individuals were employed on a consulting basis to strengthen competence in defined areas. 65 people are employed by the Parent Company in Sweden and 5 are employed by the subsidiary in China.

During the year, staff turnover was higher than in previous years with four new hires, two retirements and ten leavers. Moreover, in the autumn nine individuals were made redundant following the change in strategy with regard to energy storage.

Absence due to illness was 3.6%, and despite having increased year-on-year remains low. The aim of Cleanergy's work environment efforts continues to be to create a developing, safe and secure workplace with healthy employees.

2018 goals

Cleanergy will remain an interesting company with an extremely positive outlook and with committed employees who collaborate and encourage each other. We strive to achieve a good balance in terms of age, gender and ethnicity. We work at the forefront of technology and drive development to promote tomorrow's sustainable energy solutions.

The ambition for 2018 is for Cleanergy to prioritize being a more attractive employer — we will develop and retain our employees in parallel with recruiting new employees to the business. We aim to provide clear leadership and to promote health and job satisfaction.

Activity for which a permit must be obtained or notification submitted under the Swedish Environmental Code

Group

No activity for which a permit must be obtained or notification submitted under the Swedish Environmental Code was conduc

Parent Company

No activity for which a permit must be obtained or notification submitted under the Swedish Environmental Code was conduc

Cleanergy AB

Corporate identity number 556714-7607

Equity - group

2017-12-31	*Share capital*	*Other contributed capital*	*Development fund*	*Profit-/loss brought forward incl. net profit-/loss for the year*	*Total equity*
Opening balance	2 895 622	691 730 855	85 950 103	-649 730 983	130 845 597
Effect of correction			-1 607 652	–	-1 607 652
Adjusted opening balance	2 895 622	691 730 855	84 342 451	-649 730 983	129 237 945
Net loss for the year				-97 443 281	-97 443 281
Changes in carrying amounts that are accpunted for driectly in equity					
Translation difference				-380 480	-380 480
Transactions with owners					
New share issue	6 857 715	198 873 738			205 731 453
Total	6 857 715	198 873 738	–	-380 480	205 350 973
Reallocations of items in equity					
Reallocation			72 909 285	-72 909 285	–
Total	–	–	72 909 285	-72 909 285	–
At year end	9 753 337	890 604 593	157 251 736	-820 464 030	237 145 637

Comparative figures for 2016 are adjusted with SEK 1 607 652 due to improper capitalization of developing expenditures.

Equity - parent company

2017-12-31	**Restricted equity**		**Non-restricted equity**		
	Share capital	*Development fund*	*Share premium reserve*	*Profit-/loss brought forward incl. net profit-/loss for the year*	*Total equity*
Opening balance	2 895 622	85 950 103	691 730 854	-643 770 762	136 805 817
Effect of correction		-1 607 652	–	–	-1 607 652
Adjusted opening balance	2 895 622	84 342 451	691 730 854	-643 770 762	135 198 165
Net loss for the year				-94 230 036	-94 230 036
Transactions with owners					
New share issue	6 857 715		198 873 739		205 731 455
Total	6 857 715	–	198 873 739	–	205 731 455
Reallocations of items in equity					
Reallocation		72 909 285		-72 909 285	–
Total	–	72 909 285	–	-72 909 285	–
At year end	9 753 337	157 251 736	890 604 593	-810 910 083	246 699 584

Comparative figures for 2016 are adjusted with SEK 1 607 652 due to improper capitalization of developing expenditures.

Proposed allocation of the Company's profit or loss

The Board of Directors propose that the non-restricted equity, SEK 79 694 510, is allocated as shown below:

Profit or loss brought forward	79 694 510
Total	79 694 510

Further information regarding the group and parent company's profit and financial position information can be found in the following income statement, balance sheet, cash flow statement and pretaining notes.

Income statement - group

Amounts in SEK	*Note*	*2017*	*2016*
Net sales	3	2 920 586	3 665 335
Work performed by the Company for its own use and capitalised		72 980 110	84 396 065
Other operating income	4	2 701 203	3 503 143
		78 601 899	91 564 543
Operating expenses			
Raw materials and consumables		-9 293 443	-5 073 719
Other external costs	5	-81 383 497	-105 550 864
Employee benefit expenses	6	-68 310 464	-65 812 453
Depreciation and write-downs of tangible and intangible assets		-15 193 785	-13 488 187
Other operating expenses		-65 237	–
Operating loss	7	-95 644 527	-98 360 680
Profit/loss from financial items			
Profit/loss from other securities and receivables accounted for as non-current assets	9	37 614	-9 161 951
Other interest income and similar profit/loss items	1	462 429	271 317
Interest expense and similar profit/loss items	1	-2 298 798	-488 715
Loss after financial items		-97 443 281	-107 740 029
Tax on profit for the year	1	–	–
Net loss for the year		-97 443 281	-107 740 029
Relating to			
the parent company’s shareholder		-97 443 281	-107 740 029

Cleanergy AB

Corporate identity number 556714-7607

Balance sheet - group

Amounts in SEK	*Note*	*2017-12-31*	*2016-12-31*
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditures for development and similar tasks	1	237 599 827	176 034 679
		237 599 827	176 034 679
Tangible assets			
Expenditures incurred on someone else's property	1	1 218 298	1 297 366
Equipment, tools, installations	1	9 670 103	7 094 795
		10 888 401	8 392 161
Total non-current assets		248 488 228	184 426 840
Current assets			
Inventories etc.			
Raw materials and consumables		11 090 584	11 915 680
Finished goods and goods for resale		3 528 945	4 296 270
Advance payments to suppliers		1 605 582	1 861 734
		16 225 111	18 073 684
Current receivables			
Receivables from customer		1 208 088	1 002 407
Current tax assets		714 955	599 746
Other receivables		1 060 970	3 002 302
Prepaid expenses and accrued income	1	1 077 072	1 425 373
		4 061 085	6 029 828
Cash and bank balances			
Cash and bank		18 019 543	20 858 948
		18 019 543	20 858 948
Total current assets		38 305 739	44 962 460
TOTAL ASSETS		286 793 967	229 389 300

Balance sheet - group

Amounts in SEK	*Not*	*2017-12-31*	*2016-12-31*
EQUITY AND LIABILITIES			
Equity	1		
Share capital		9 753 337	2 895 622
Other contributed capital		890 604 593	691 730 854
Reserves		157 251 736	84 342 451
Profit or loss brought forward		-820 464 030	-649 730 983
Equity relating to the parent company's shareholders		237 145 637	129 237 944
Total equity		237 145 637	129 237 944
Provisions			
Other provisions	20	71 287	2 330 570
		71 287	2 330 570
Longterm liabilities	2		
Other provisions		22 990 094	23 160 290
		22 990 094	23 160 290
Current liabilities			
Advance payments from customers		218 010	262 265
Accounts payable - trade		5 308 591	15 458 587
Other liabilities		10 189 640	47 630 487
Accrued expenses and deferred income	2	10 870 709	11 309 157
		26 586 950	74 660 496
TOTAL EQUITY AND LIABILITIES		286 793 968	229 389 300

Cash flow statement - group

Amounts in SEK	*Note*	*2017*	*2016*
Operating activities			
Profit/loss after financial items	2	-97 446 976	-104 524 724
Adjustments for non-cash items, etc.	2	15 405 094	27 682 621
		-82 041 882	-76 842 103
Income tax paid		-217 066	-277 416
Cash flow from operating activities before working capital changes		-82 258 948	-77 119 519
Cash flow from working capital changes			
Increase(-)/Decrease(+) of inventories		-622 000	-6 921 503
Increase(-)/Decrease(+) of current receivables		3 667 423	-539 194
Increase(+)/Decrease(-) of current liabilities		-4 662 271	8 549 214
Cash flow from operating activities		-83 875 796	-76 031 002
Investing activities			
Acquisition of tangible assets		-6 276 551	-4 411 739
Acquisition of intangible assets		-73 004 426	-87 611 365
Acquisition of financial assets		–	-9 161 251
Cash flow from investing activities		-79 280 978	-101 184 355
Financing activities			
New share issue		205 731 454	82 962 256
Borrowings		–	45 000 000
Repayment of borrowings		-45 170 195	-363 524
Cash flow from financing activities		160 561 259	127 598 732
Cash flow for the year		-2 595 515	-49 616 625
Cash and cash equivalents at the beginning of the year		20 858 948	70 366 749
Exchange rate differences in cash and cash equivalents		-243 890	108 824
Cash and cash equivalents at the end of the year	2	18 019 543	20 858 948

Income statement - parent company

Amounts in SEK	*Note*	*2017*	*2016*
Net sales	3	2 920 586	3 665 335
Work performed by the Company for its own use and capitalised		72 980 110	84 396 065
Other operating income	4	2 701 203	3 503 143
		78 601 899	91 564 543
Operating expenses			
Raw materials and consumables		-9 293 443	-5 073 719
Other external costs	5	-79 645 741	-102 604 989
Employee benefit expenses	6	-65 664 336	-62 656 159
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-15 169 492	-13 450 552
Other operating expenses		-65 237	-431 708
Operating loss	7	-91 236 350	-92 652 584
Profit/loss from financial items			
Profit/loss from participation in group companies	8	-1 150 063	-3 044 498
Profit/loss from other securities and receivables accounted for as non-current assets	9	37 614	-9 161 951
Other interest income and similar profit/loss items	1	446 490	232 160
Interest expense and similar profit/loss items	1	-2 327 727	-488 715
Profit/loss after financial items		-94 230 036	-105 115 588
Profit/loss before tax		-94 230 036	-105 115 588
Tax on profit for the year	1	–	–
Net profit/loss for the year		-94 230 036	-105 115 588

Cleanergy AB

Corporate identity number 556714-7607

Balance sheet - parent company

Amounts in SEK	*Note*	*2017-12-31*	*2016-12-31*
ASSETS			
Non-current assets			
Intangible assets			
Capitalised expenditures for development and similar tasks	1	237 599 827	176 034 679
		237 599 827	176 034 679
Tangible assets			
Expenditures incurred on someone else's property	1	1 218 298	1 297 366
Equipment, tools, installations	1	9 652 959	7 051 867
		10 871 257	8 349 233
Financial assets			
Participation in group companies	1	5 513 475	5 513 475
		5 513 475	5 513 475
Participation in group companies		253 984 559	189 897 387
Current assets			
Inventories etc.			
Raw materials and consumables		11 090 584	11 915 680
Finished goods and goods for resale		3 528 945	4 296 270
Advance payments to suppliers		1 605 582	1 861 734
		16 225 111	18 073 684
Current receivables			
Accounts receivable		1 208 088	1 002 407
Receivables from group companies		1 645 282	1 552 128
Current tax assets		714 955	599 745
Other receivables		941 844	2 904 080
Prepaid expenses and accrued income	1	859 632	1 083 775
		5 369 801	7 142 135
Cash and bank balances			
Cash and bank		14 244 855	20 181 506
		14 244 855	20 181 506
Total current assets		35 839 767	45 397 325
TOTAL ASSETS		289 824 326	235 294 712

Balance sheet - parent company

Amounts in SEK	*Note*	*2017-12-31*	*2016-12-31*
EQUITY AND LIABILITIES			
Equity	1		
Restricted equity			
Share capital		9 753 337	2 895 622
Development expenditure reserve		157 251 736	84 342 451
		167 005 073	87 238 073
Non-restricted equity			
Share premium reserve		890 604 593	691 730 854
Profit or loss brought forward		-716 680 047	-538 655 174
Net profit/loss for the year		-94 230 036	-105 115 588
		79 694 510	47 960 092
		246 699 584	135 198 165
Provisions			
Other provisions	20	71 287	2 330 570
		71 287	2 330 570
Long-term liabilities	2		
Other liabilities		22 990 094	23 160 290
		22 990 094	23 160 290
Current liabilities			
Advance payments from customers		218 010	262 266
Accounts payable - trade		5 308 591	15 442 249
Other liabilities		3 666 053	47 592 015
Accrued expenses and deferred income	2	10 870 708	11 309 156
		20 063 362	74 605 686
TOTAL EQUITY AND LIABILITIES		289 824 326	235 294 711

Cash flow statement - parent company

Amounts in SEK	*Note*	*2017*	*2016*
Operating activities			
Profit/loss after financial items	2	-94 230 036	-105 115 588
Adjustments for non-cash items, etc.	2	16 530 845	30 688 590
		-77 699 191	-74 426 998
Income tax paid		-217 066	-277 416
Cash flow from operating activities before working capital changes		-77 916 257	-74 704 414
Cash flow from working capital changes			
Increase(-)/Decrease(+) of inventories		-622 000	-6 921 503
Increase(-)/Decrease(+) of current receivables		1 909 659	-2 335 638
Increase(+)/Decrease(-) of current liabilities		-9 462 583	10 407 229
Cash flow from operating activities		-86 091 181	-73 554 326
Investing activities			
Acquisition of tangible assets		-6 276 551	-4 400 326
Acquisition of intangible assets		-72 980 114	-84 396 066
Acquisition of financial assets		-1 150 063	-12 205 749
Cash flow from investing activities		-80 406 728	-101 002 141
Financing activities			
New share issue		205 731 454	82 962 256
Borrowings		–	45 000 000
Repayment of borrowings		-45 170 196	-267 169
Cash flow from investing activities		160 561 258	127 695 087
Cash flow for the year		-5 936 651	-46 861 380
Cash and cash equivalents at the beginning of the year		20 181 506	67 042 886
Cash and cash equivalents at the end of the year	2	14 244 855	20 181 506

Notes

Amounts in SEK unless otherwise stated

Note 1 Accounting principles

The Annual Report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's generally accepted accounting principles BFNAR 2012:1 Annual Report and consolidated accounts (K3).

The parent company applies the same accounting principles as the group except in those cases given under the section ‘Accounting principles in the parent company’.

The accounting principles are unchanged compared to last year.

Assets, provisions and liabilities have been valued according to cost of acquisition unless otherwise is stated below.

Intangible assets

Expenditures for research and development

For accounting of expenditures regarding development, the capitalisation model is applied. This implies that expenditures that have arisen during the development period are accounted for as an asset when the conditions below are fulfilled:

- It is technically possible to finalise the intangible asset so that it can be used or sold.
- The aim is to finish the intangible fixed asset and to use or sell it.
- It exists prerequisites for using or selling the intangible asset.
- It is probable that the intangible asset will be generating future economic benefits.
- There are necessary and adequate technical, financial and other resources in order to complete the development and to use or sell the intangible asset.
- The expenditures attributable to the intangible asset can be estimated reliably.

Internally generated intangible assets are accounted for at acquisition cost less accumulated amortisations and impairments.

The acquisition cost for internally generated intangible assets consist of all directly attributable expenditures (e.g. material and salaries).

Indirect costs of production which amount to more than an immaterial part of the total expenditure for the production and amount to more than an insignificant amount are included in the acquisition value.

Amortisations

The amortisation is made linearly over the asset's estimated useful life. The amortisation is recognised as an expense in the income statement.

Internally generated intangible assets	*Useful life*
Capitalised expenditures for development and similar tasks	5 years

Property, plant and equipment

Property, plant and equipment are accounted for at acquisition cost less accumulated depreciations and impairments. The acquisition value includes, in addition to the purchase price, other expenditures directly attributable to the acquisition.

Additional expenditures

Additional expenditures that fulfil the criteria of an asset are included in the carrying amount of the asset. Expenditures for ongoing maintenance and repairs are recognised as expenses when incurred.

Depreciations

Depreciations are done linearly over the asset's estimated useful life, since it reflects the expected usage of the asset's future economic benefits. The depreciation is recognised as an expense in the income statement.

	Useful life
Incurred expenditures on others' properties	8 years
Equipment, tools and installations	3-8 years

Impairments - Property, plant, equipment and intangible assets and shares in group companies

At every closing date, an assesment is made concerning whether or not there is an indication of if the asset's value is lower than the carrying value. If an indication exists, the recoverable amount of the asset is calculated.

The recoverable amount is the highest of the fair value less cost to sell and the value in use. When calculating the value in use, future expected cash flows that the asset is expected to generate in the ongoing operations and when it is disposed are discounted to a present value. The discount rate used is before tax and reflects the marketable assessment the time value of money and the risks attributable to the asset. A previous impairment is only reversed if the reasons underlying the calculation of the recoverable amount at the last impairment have changed.

Leases

Lessee

All leasing agreements have been classified as financial or operational. A financial leasing agreement is one in which the risks and benefits that are linked to owning an asset in the main are transferred from the lessor to the lessee. An operational leasing-agreement is one that is not a financial leasing agreement.

There are no financial lease contracts in the company.

Operating lease contracts

The leasing fees according to the operating lease contracts, including increased first-time rent but excluding expenditures for services, such as insurance and maintenance, are accounted for as expenses linearly over the lease term.

Foreign currencies

Items in foreign currencies

Monetary items in foreign currencies are recalculated to the balance sheet date's rate. Non-monetary items are not recalculated, instead they are recognised at the acquisition date rate.

Non-monetary items that are valued according to fair value in foreign currencies should be recalculated to the currency rate at the time of the measurement of the fair value. Other non-monetary items are not recalculated, instead they are recognised to the acquisition date rate.

Foreign currency differences that arise due to settlement or recalculation of monetary items are recognised in the income statement for the fiscal year they arise.

Inventory

The inventory is recognised at the lowest of the acquisition cost and net realisable value. Thereby risks of obsolescence have been considered. The acquisition cost is estimated according to the principle of first-in-first-out. The acquisition cost consists of, except expenditures for purchases, expenditures for bringing the goods to their current location and condition.

The standard price is calculated through a model that takes into account: purchase price, exchange rates, quantities and replacement costs.

In some cases, major revisions or adjustments to a product are made. Acquisition value and net sales value are usually difficult to determine for these customized items. For semi- and finished goods made by the company, the acquisition value consists of the direct production costs and the indirect costs that make up a nominal part of the total costs of production. Normal capacity utilisation has been taken into account for the valuation. For these goods, a manual average estimate is made to determine the lowest value to which the goods are included in the report. In the absence of relevant purchase prices, the standard price is used when determining the lower of cost or market.

Financial assets and liabilities

Financial assets and liabilities are accounted for in accordance with chapter 11 (Financial instruments valued at acquisition cost) in BFNAR 2012:1.

Valuation of financial assets

Financial assets are at the first recognition date valued at their acquisition cost, including possible transaction expenditures that are directly attributable to the acquisition of the asset.

Financial current assets are at the first recognition date valued at the lowest of the acquisition cost and the net selling price at the balance sheet date.

Accounts receivable and other receivables that form current assets are valued individually at to the amount expected to be received.

Financial non-current assets are after the first recognition date valued at acquisition cost with deduction of potential impairments and with addition of potential revaluations.

Remuneration to employees
For defined contribution plans, determined fees are paid to another Company, normally an insurance company, and the Company does not have any obligation to the employee when the fee is paid. The size of the employee's remunerations after terminated employment is dependent on the fees that have been paid and the return on capital on those fees.

The fees for defined contribution plans are recognised as expenses. Unpaid fees are accounted for as a liability.

Provisions
A provision is recognised in the balance sheet when the Company has a legal or informal obligation due to an occurred event and it is possible that an outflow of resources are required in order to settle the obligation and a reliable estimation of the amount can be made.

At the first reporting date, the provision is valued at the best estimation of the amount that will be required in order to settle the obligation at the balance sheet date. The provision is reviewed at every balance sheet date.

Contingent liabilities
A contingent liability is:
- A potential obligation attributable to past events and which existence only will be confirmed by one or several uncertain events, which are not within the Company's control,
occur or absent, or
- A existing obligation due to past events, but has not been recognised as a liability or provision since it is not probable that an outflow of resources will be needed to settle the obligation or the obligation's size cannot be estimated with sufficient reliability.

Contingent liabilities is the common term for such warranties, financial obligations and contingent liabilities not presented in the balance sheet.

Revenues
The inflow of financial benefits that the Company receives or will receive on its own behalf are recognised as revenues. Revenues are valued at fair value of what has been received or will be received, less discounts.

Sale of goods
For sale of goods, the revenue is recognised at delivery.

Public grant
A public grant which is not associated with a demand on future performance is accounted for as a revenue when the terms for receiving the grant are fulfilled. A public grant which is combined with demands on future performance is recognised as a revenue when the performance is performed. If the grant has been received before the terms for recognising the grant as a revenue have been fulfilled, the grant is recognised as a liability.

Accounting of grants associated to non-current assets
Public grants related to assets are accounted for in the balance sheet by that the grant reduces the asset's carrying amount.

Group accounts
Subsidiaries
Subsidiaries are companies in which the parent company directly or indirectly holds more than 50 % of the voting rights or in some other way has a controlling interest. Controlling interest means a right to draw up a company's financial and operating strategies for the purpose of obtaining economic benefits. The accounts on company acquisitions are based on the entity view. This means that the acquisition analysis is drawn up according to the point in time when the acquirer attains a controlling interest. As from this point in time, the acquirer and the acquired entity are seen as an accounting entity. The application of the entity view also means that all assets (including goodwill), liabilities and income, and costs are included in full also for partly-owned subsidiaries.

The acquisition value of a subsidiary is calculated as the total of the actual value at the time of acquisition of assets given, adding accrued and assumed liabilities, and issued equity instruments, expenditure that is directly related to the company acquisition and any additional purchase sum. The actual value is established in the acquisition analysis, with a few exceptions, at the time of acquisition of the acquired identifiable assets and assumed liabilities and minority interests. Minority interests are valued at the actual value at the time of acquisition. As from the time of acquisition, the group accounts include the acquired company's income and costs, identifiable assets and liabilities, and any accrued goodwill or negative goodwill.

There has been no internal group trade during the current financial year.

Accounting principles in the parent company
The accounting principles in the parent company conform to the above accounting principles in the group accounts except in the cases given below.

Foreign currency
A currency difference that relates to monetary items that form part of the parent company's net investment in a foreign activity and that is assessed based on the acquisition value is entered in the profit and loss account if the difference has arisen in the parent company.

Group contribution and shareholders' contribution
Shareholders' contribution that have been issued without issued shares or other received equity instruments in exchange are recognised in the balance sheet as an increase of the shares' carrying amount.

Note 2 Estimates and assessments

"The current valuation of the company's assets in the form of capitalized development expenditure, inventory and shares in subsidiaries, presupposes that the business plan is followed. The expected future sales volumes are of such a scope that the discounted cash flows from these sales can with a healthy margin justify the current valuations. The Board's assessment is that the implementation of the business plan is highly likely and that the capitalized development expenditure will probably lead to future economic benefits. Accordingly, based on this assessment, there is no need for impairment pursuant to the impairment tests conducted of the company's capitalized development expenditure.

Until such a time as the company's sales gain momentum, there will remain a need for owner contributions (or external investors) to ensure continued operations. At the closing date, no binding commitments were in place to secure the company's financing for the next 12 months. However, based on the ongoing discussions with shareholders and external investors, the Board's assessment is that the company has the requisite financial resources to complete development of the assets until they are ready to go to market. The success level of the new issue will only be clear following subscription and payment, which means some degree of uncertainty exists in terms of the company's ability to continue operating.

The company's capitalization of development expenditure has been made in various technologies. However, all are linked to the Stirling engine, which is the technology the company builds its operations on. The Board's assessment is that, as a result of technical synergies, the development of the gas engine was a prerequisite for the current solar engine. Due to the close connection between the technical solutions, the machines are not divided into separate cash-generating units. The new solar engine is a further development of earlier technology and therefore, no impairment has been carried out for development expenditure on previous versions. Instead, inventory write-offs have been conducted for those components that were unique to earlier product versions."

Note 3 Net sales by business and geographic segments

	2017	*2016*
Group		
Net sales by business segments		
Gas	2 920 586	3 665 335
Sun	–	–
	2 920 586	3 665 335
Net sales by geographic segments		
Sweden	953 294	577 139
EU	809 857	1 333 407
Outside EU	1 157 435	1 754 789
	2 920 586	3 665 335

	2017	*2016*
Parent company		
Net sales by business segments		
Gas	2 920 586	3 665 335
Sun	–	–
	2 920 586	3 665 335
Net sales by geographic segments		
Sweden	953 294	577 139
EU	809 857	1 333 407
Outside EU	1 157 435	1 754 789
	2 920 586	3 665 335

Note 4 Other operating income

	2017	*2016*
Group		
Grant received	2 093 875	1 713 143
Income from dispute	–	1 790 000
Other	607 328	–
	2 701 203	3 503 143
Parent company		
Grant received	2 093 875	1 713 143
Income from dispute	–	1 790 000
Other	607 328	–

2 701 203	3 503 143

Note 5 Audit fees and expenses

	2017	*2016*
Group		
KPMG AB		
Audit services	415 156	476 000
Great Wall Certified Public Accountants Co. Ltd		
Audit services	44 247	47 000
Parent company		
KPMG AB		
Audit services	415 156	476 000

Audit services refer to the legally required examination of the annual report and the book-keeping, the Board of Director's and the Managing Director's management and other audit and examinations agreed-upon or determined by contract. This includes other work assignments which rest upon the Company's auditor to conduct, and advising or other support justified by observations in the course of examination orexecution of such other work assignments.

Note 6 Employees, personnel costs and remunerations to Board of Directors

Average number of employees	*2017*	*whereof men*	*2016*	*whereof men*
Parent company				
Sweden	79	84%	79	84%
Total in parent company	79	84%	79	84%
Subsidiary company				
China	5	80%	6	83%
Total in subsidiary company	5	80%	6	83%
Total Group	84	84%	85	84%

Disclosure of gender distribution in the company's management	*2017-12-31 Proportion of women*	*2016-12-31 Proportion of women*
Parent company		
Board of Directors	0%	0%
Other senior	17%	22%
Total Group		
Board of Directors	0%	0%
Other senior management	14%	20%

Salaries, other remunerations and social security expenses, including pension expenses

	2017			*2016*		
	Salaries and remunerations		*Social security expenses*	*Salaries and remunerations*		*Social security expenses*
Parent company	44 802 942		20 285 713	42 590 503		18 788 780
(of that pension expenses)		*1)*	*(5 512 078)*		*1)*	*(5 604 664)*
Subsidary company	2 116 115		532 255	2 809 398		346 897
(of that pension expenses)			*(–)*			*(–)*
Total Group	46 919 057		20 817 968	45 399 901		19 135 677
(of that pension expenses)		*2)*	*(5 512 078)*		*2)*	*(5 604 664)*

1) Of the parent company's pensions expenses 402 000 (p.y. 436 380) relate to the Company's Board of Directors and Managing Director. The Company's outstanding pension commitments amount to 0 (p.y. 0).

2) Of the groups' pensions expenses 402 000 (p.y. 436 380) relate to the Company's Board of Directors and Managing Director. The Company's outstanding pension commitments amount to 0 (p.y. 0).

Salaries and other remunerations divided between board members et al. and other employees

	2017		2016	
	Board of Directors and Managing Director	*Other employees*	*Board of Directors and Managing Director*	*Other employees*
Parent company	3 696 938	41 106 005	2 158 669	40 431 834
(of that bonuses)	(–)		–	
Subsidary company	900 000	1 216 115	1 118 070	1 691 328
(of that bonuses)	(–)		–	
Group total	4 596 938	42 322 120	3 276 739	42 123 162
(of that bonuses)	(–)		–	

Remuneration to senior management

Parent company	2017			
TSEK	*Base salary, board fee*	*Variable remuneration*	*Other benefits*	*Pensions expences*
Chairman of the board	500	–	–	–
Board member Kent Janér	150	–	–	–
Board member Göran Gezelius	150	–	–	–
Board member Pär Nuder	150	–	–	–
Board member Bertil Villard	150	–	–	–
Board member Alex Westlake	150	–	–	–
Managing Director	1 335	–	–	402
Other senior management (4 people)	6 105	–	–	785
Total	8 690	–	–	–

Parent company	2016			
Tkr	*Base salary, board fee*	*Variable remuneration*	*Other benefits*	*Pensions expences*
Chairman of the board	500	–	–	–
Board member Göran Gezelius	150	–	–	–
Board member Tomas Kåberger	150	–	–	–
Board member Pär Nuder	150	–	–	–
Board member Bertil Villard	150	–	–	–
Board member Alex Westlake	150	–	–	–
Managing Director	1 265	–	–	402
Other senior management (4 people)	6 147	–	–	757
Total	8 662	–	–	–

Share-based payments

Employee option program

The company has no employee option programs by 2017. During 2017, staff were offered to purchase share warrants at market rates. The options are purchased and registered in 2018.

Movements in the number of employee options (with pertaining exercise price) and share options

2016	Number of options	Average exercise price	Number of share options
Outstanding at the beginning of the year	294 000	29	294 000
Exercised during the year	-294 000	29	-294 000
Outstanding at the end of the year	–	–	–

Comparative figures for 2016 are adjusted.

The row *Outstanding at the beginning of the year* has been adjusted from 1 264 500 options, SEK 22 Average exercise price and number of of shares 1 264 500. The row *Exercised during the year* has been adjusted from -264 500 options and number of shares -264 500. The row *Outstanding at the end of the year* has been adjusted from 1 000 000 options, SEK 20 Average exercise price and number of shares 1 000 000.

Note 7 Operating lease

Lease contracts where the Company is the lessee

Group

Future minimum lease payments regarding non-cancellable operating lease contracts	*2017-12-31*	*2016-12-31*
Within one year	4 905 666	5 078 994
Between one and five years	3 856 754	4 154 179
Later than five years	–	–
	8 762 420	9 233 173

	2017	*2016*
The financial year's recognised lease expenses	7 612 402	5 991 647

Parent company

Future minimum lease payments regarding non-cancellable operating lease contracts	*2017-12-31*	*2016-12-31*
Within one year	4 905 666	5 078 994
Between one and five years	3 856 754	4 154 179
Later than five years	–	–
	8 762 420	9 233 173

	2017	*2016*
The financial year's recognised lease expenses	7 612 402	5 991 647

Comparative figures for 2016 are adjusted and now also contains expenditures for lease contract premises. Rental agreement are being extended automatically and the company intends to extend those agreements as they approach expiry date.

Note 8 Profit/loss from participation in group companies

	2017	*2016*
Impairments	-1 150 063	-3 044 498
	-1 150 063	-3 044 498

Note 9 Profit/loss from other securities and receivables accounbted for as non-current assets

	2017	*2016*
Group		
Impairment of securities	–	-9 161 951
Other	37 614	–
	37 614	-9 161 951
Parent company		
Impairment of securities	–	-9 161 951
Other	37 614	–
	37 614	-9 161 951

Note 10 Interest income and similar profit/loss items

	2017	*2016*
Group		
Other	462 429	271 317
	462 429	271 317
Parent company		
Other	446 490	232 160
	446 490	232 160

Note 11 Interest expense and similar profit/loss items

	2017	*2016*
Group		
Interest expense, other	-2 271 263	-488 715
Other	-27 535	–
	-2 298 798	-488 715
Parent company		
Interest expense, other	-2 271 263	-488 715
Other	-56 464	–
	-2 327 727	-488 715

Note 12 Tax on profit for the year

Reconciliation of effective tax rate

	2017		2016	
Group	*Per cent*	*Amount*	*Per cent*	*Amount*
Profit/loss before tax		-97 443 281		-107 740 029
Tax according to current tax rate for the parent company	-22,0%	-21 437 522	-22,0%	-23 702 806
Non-deductible expenses	0,8%	779 288	1,2%	1 245 985
Reversed non-deductible expenses from prior year	-0,1%	-57 042	-1,6%	-1 733 030
Increase of loss carry-forward without corresponding recognised deferred tax	21,3%	20 715 276	22,5%	24 189 851
Reported effective tax	0,0%	–	0,0%	–

	2017		2016	
Parent company	*Per cent*	*Amount*	*Per cent*	*Amount*
Profit/loss before tax		-94 230 036		-105 115 588
Tax according to current tax rate for the parent company	-22,0%	-20 730 608	-22,0%	-23 125 429
Non-deductible expenses	0,8%	779 288	1,2%	1 245 985
Reversed non-deductible expenses from prior year	-0,1%	-57 042	-1,6%	-1 733 030
Increase of loss carry-forward without corresponding recognised deferred tax	21,2%	20 008 362	25,1%	23 612 474
Reported effective tax	0,0%	–	2,6%	–

Tax deficit is estimated to 636 605 230 (545 658 128).

Note 13 Capitalised expenditures for developments and similar

	2017-12-31	*2016-12-31*
Group		
Accumulated acquisition costs		
At the beginning of the year	210 899 678	126 503 613
Internally developed assets	72 980 113	84 396 065
At the end of the year	283 879 791	210 899 678
Accumulated amortisation		
At the beginning of the year	-34 864 999	-23 461 729
Amortisation during the year	-11 414 964	-11 403 270
At the end of the year	-46 279 963	-34 864 999
Accumulated revaluations		
At the beginning of the year	–	-2 348 475
Reversed revaluations on divestments and disposals	–	2 348 475
At the end of the year	–	–
Carrying amount at the end of the year	237 599 827	176 034 679

	2017-12-31	*2016-12-31*
Parent company		
Accumulated acquisition costs		
At the beginning of the year	210 899 678	126 503 613
Internally developed assets	72 980 113	84 396 065
At the end of the year	283 879 791	210 899 678
Accumulated amortisation		
At the beginning of the year	-34 864 999	-23 461 729
Amortisation during the year	-11 414 964	-11 403 270
At the end of the year	-46 279 963	-34 864 999
Accumulated revaluations		
At the beginning of the year	–	-2 348 475
Reversed revaluations during the year	–	2 348 475
At the end of the year	–	–
Carrying amount at the end of the year	237 599 827	176 034 679

The comparative figures for internally developed assets for 2016 has been adjusted from SEK 86 003 717 to SEK 84 396 065.

Note 14 **Expenditures incurred on someone else's property**

	2017-12-31	*2016-12-31*
Group		
Accumulated acquisition costs		
At the beginning of the year	1 700 222	1 700 222
Purchases	150 989	–
At the end of the year	1 851 211	1 700 222
Accumulated depreciation		
At the beginning of the year	-402 856	-190 329
Depreciation during the year	-230 057	-212 527
At the end of the year	-632 913	-402 856
Carrying amount at the end of the year	1 218 298	1 297 366

	2017-12-31	*2016-12-31*
Parent company		
Accumulated acquisition costs		
At the beginning of the year	1 700 222	1 700 222
Purchases	150 989	–
At the end of the year	1 851 211	1 700 222
Accumulated depreciation		
At the beginning of the year	-402 856	-190 329
Depreciation during the year	-230 057	-212 527
At the end of the year	-632 913	-402 856
Carrying amount at the end of the year	1 218 298	1 297 366

Note 15 **Equipment, tools, and installations**

	2017-12-31	*2016-12-31*
Group		
Accumulated acquisition costs		
At the beginning of the year	21 631 755	17 220 910
Purchases	6 121 536	4 410 845
Divestments and disposals	-1 093 837	–
At the end of the year	26 659 454	21 631 755
Accumulated depreciation		
At the beginning of the year	-14 536 960	-12 664 571
Reversed depreciation of divestments and disposals	1 096 393	–
Depreciation during the year	-3 548 784	-1 872 389
At the end of the year	-16 989 351	-14 536 960
Carrying amount at the end of the year	9 670 103	7 094 795

	2017-12-31	*2016-12-31*
Parent company		
Accumulated acquisition costs		
At the beginning of the year	21 482 664	17 082 354
Purchases	6 121 536	4 400 310
Divestments and disposals	-1 093 837	–
At the end of the year	26 510 363	21 482 664
Accumulated depreciation		
At the beginning of the year	-14 430 797	-12 596 061
Reversed depreciation of divestments and disposals	1 095 277	–
Depreciation to acquisitions costs during the year	-3 521 884	-1 834 736
At the end of the year	-16 857 404	-14 430 797
Carrying amount at the end of the year	9 652 959	7 051 867

Note 16 Participation in group companies

	2017-12-31	2016-12-31
Accumulated acquisition costs		
At the beginning of the year	16 039 721	12 995 223
Acquisitions	1 150 063	3 044 498
At the end of the year	17 189 784	16 039 721
Ackumulerade nedskrivningar		
At the beginning of the year	-10 526 246	-7 481 748
Impairments during the year	-1 150 063	-3 044 498
At the end of the year	-11 676 309	-10 526 246
Carrying amount at the end of the year	5 513 475	5 513 475

Specification of the Company's participation in group companies

Subsidiary / Corp. Id. No. / Registered office	Number of shares	Share in % i)	2017-12-31 Carrying amount	2016-12-31 Carrying amount
Cleanergy (Beijing) New Energy Technology Co. Ltd	1	100,0	5 513 475	5 513 475
			5 513 475	5 513 475

i) Referring to the owners' share of the capital, which also is consistent with the share of the votes for the total amount of shares.

Note 17 Prepaid expenses and accrued income

	2017-12-31	2016-12-31
Group		
Prepaid insurance	176 812	104 175
Prepaid rent charge	671 495	979 600
Other items	228 764	341 598
	1 077 072	1 425 373
Parent company		
Prepaid insurance	176 812	104 175
Prepaid rental charge	671 495	979 600
Other items	11 325	–
	859 632	1 083 775

Note 18 Allocation of the Company's profit or loss

Proposed allocation of the Company's profit or loss

The Board of Directors propose that the non-restricted equity, SEK 79 694 510, is allocated as shown below:

Brought forward	79 694 510
Total	79 694 510

Note 19 Number of shares and quotient value

	2017-12-31	2016-12-31
number of shares	195 066 740	57 912 438
quotient value	5 penny	5 penny

Not 20 Other provisions

	2017-12-31	2016-12-31
Group		
Appealed legal dispute with owner	–	2 000 000
Warranty provision	71 287	330 570
	71 287	2 330 570
Parent company		
Appealed legal dispute with owner	–	2 000 000
Warranty provision	71 287	330 570
	71 287	2 330 570

Group

	2017-12-31	2016-12-31
Carrying amount at the beginning of the year	2 330 570	329 365
Provisions during the year[1]	–	2 001 205
Amounts used during the year	-1 420 077	–
Unused amounts reversed during the year	-839 206	–
Carrying amount at the end of the year	71 287	2 330 570

Parent company

	2017-12-31	2016-12-31
Carrying amount at the beginning of the year	2 330 570	329 365
Provisions during the year[1]	–	2 001 205
Amounts used during the year	-1 420 077	–
Unused amounts reversed during the year	-839 206	–
Carrying amount at the end of the year	71 287	2 330 570

1) Incl. Increase of existing provisions.

The warranty provision relates to estimated future guarantee commitments for sold products.

Note 21 Long-term liabilities

	2017-12-31	2016-12-31
Group		
Liabilities that mature later than five year from the balance sheet date		
Other liabilities	22 990 094	23 160 290
	22 990 094	23 160 290
Parent company		
Liabilities that mature later than five year from the balance sheet date		
Other liabilities	22 990 094	23 160 290
	22 990 094	23 160 290

Note 22 Accrued costs and prepaid incomes

	2017-12-31	2016-12-31
Group		
Accrued accounts payable - trade	4 927 562	4 028 510
Accrued holiday pay	4 446 162	4 484 015
Accrued social security contributions	1 396 984	2 591 215
Others	100 001	205 417
	10 870 709	11 309 157
Parent company		
Accrued accounts payable - trade	4 927 562	4 028 510
Accrued holiday pay	4 446 162	4 484 015
Accrued social security contributions	1 396 984	2 591 215
Others	100 000	205 416
	10 870 708	11 309 156

Note 23 Pledged assets and contingent liabilities - group

Amount in SEK	2017-12-31	2016-12-31
Pledged assets	Non	
Group		
For own liabilities and provisions		
Bank check	–	499 017
Total pledged assets	–	499 017
Contingent liabilities	Non	Non

Note 24 Pledged assets and contingent liabilities - parent company

Amount in SEK	*2017-12-31*	*2016-12-31*
Pledged assets	Non	
Parent company		
For own liabilities and provisions		
Bank check	–	499 017
Total pledged assets	–	499 017
Contingent liabilities	Non	Non

Note 25 Significant events after the financial year

At the beginning of January Cleanergy signed an agreement with the Moroccan company "Maroccan Agency for Sustainable Energy" (Masen) to jointly develop and industrialize a system for "Thermal Energy Storage" (TES) togheter with Cleanergys Stirling CSP (Concentrated Solar Power) system. Masen is a governmentally managed company that is a global leader of storage of solar energy.

On January 31th 2018 it was the last day to subscribe for shares in the warrantprogram TO17. Of a total of 27 866 186 possible shares 27 700 835 (99,4 %) were subscribed. As a result, the company received a total issue payment of SEK 41 551 254.

Furthermore, the Board has taken the decision of listing on the stock exchange during 2018. Decision on which exchange and at what time will be taken before summer. Parallel to this, discussions are taking place to broaden the ownership base which will add additional capital to the company. This is expected to be completed no later than May 2018.

Note 26 Paid interest and received dividend

	2017	*2016*
Group		
Paid interest	2 270 662	488 715

	2017	*2016*
Parent company		
Paid interest	2 270 662	488 715

Note 27 Cash equivalents

	2017-12-31	*2016-12-31*
Group		
The following sub-components are included in cash equivalents:		
Bank balance	18 019 543	20 858 949
	18 019 543	20 858 949

The above items have been classified as cash equivalents with the basis that:
- They have an immaterial risk for value fluctuations.
- They can easily be converted into cash.
- They have a maximum duration of 3 months from the acquisition date.

	2017-12-31	*2016-12-31*
Parent company		
The following sub-components are included in cash equivalents:		
Bank balance	14 244 855	20 181 506
	14 244 855	20 181 506

The above items have been classified as cash equivalents with the basis that:
- They have an immaterial risk for value fluctuations.
- They can easily be converted into cash.
- They have a maximum duration of 3 months from the acquisition date.

Note 28 Other disclosures to the cash flow statement

Adjustments for items not included in the cash flow etc.

	2017	*2016*
Group		
Depreciation and amortisation	15 193 805	13 489 081
Impairment of inventory	2 470 573	5 032 289
Provision	-2 259 283	–
	15 405 094	27 682 621

	2017	*2016*
Parent company		
Depreciation and amortisation	15 169 492	13 450 552
Impairments/reversal of impairments	1 150 063	12 205 749
Impairment of inventory	2 470 573	5 032 289
Provision	-2 259 283	–
	16 530 845	30 688 590

Note 29 Key ratios definitions

Balance sheet total: Total assets

Financial strength: (Total equity + 78 % of untaxed reserves) / Total assets

Gothenburg 2018- -

Bo Dankis *Chairman of the board*	Kent Janér
Bertil Villard	Pär Nuder
Mattias Bergman	Chris Beaufait
Jonas Eklind *Managing Director*	Teo Jörlén *Representative of Unionen*

Our audit report has been submitted 2018- -
KPMG AB

Fredrik Waern
Authorized public accountant