

THE BOARD OF DIRECTORS IN CLIMEON HAS RESOLVED ON A FULLY GUARANTEED RIGHTS ISSUE OF APPROXIMATELY SEK 100 MILLION

PRESS
RELEASE

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The Board of Directors of Climeon AB (publ) ("Climeon" or the "Company") has today, based on the authorization from the Extraordinary General Meeting on 26 October 2023, resolved to carry out a fully guaranteed rights issue of a maximum of 19,021,017 units with preferential rights for the Company's existing shareholders, in accordance with the previously published press release issued on 26 September 2023 (the "Rights Issue"). One unit consists of six class B shares and three warrants of series 2023:U. The subscription price in the Rights Issue has been set by the Board of Directors of the Company at SEK 5.28 per unit, corresponding to SEK 0.88 per class B share and will, if fully subscribed and paid, provide the Company with proceeds of approximately SEK 100 million before deduction of costs attributable to the Rights Issue. In addition, the Company may receive additional proceeds at exercise of the warrants that are issued as part of the units. The Rights Issue is fully guaranteed by subscription commitments and guarantee commitments from existing shareholders and new investors. The purpose of the Rights Issue is to finance deliveries of existing and expected orders and continued commercialization of HeatPower300, as well as to strengthen the Company's working capital. The Company's founders Joachim Karthäuser and Thomas Öström have ahead of the Rights Issue entered into customary lock-up agreements for a period ending 180 days after the announcement of the outcome of the Rights Issue. Joachim Karthäuser and Thomas Öström have also undertaken to, convert 1,550,000 and 4,000,000, respectively, of their class A shares into class B shares following the settlement date in the Right Issue in order to reduce voting concentration in the Company, which is considered to be positive in order to enable a further possible expansion of the ownership base in the Company.

Summary of the Rights Issue

- The Board of Directors of Climeon has today, based on the authorization from the Extraordinary General Meeting on 26 October 2023, resolved to carry out a fully guaranteed rights issue of a maximum of 19,021,017 units with preferential rights for the Company's existing shareholders.
- Each class A or class B share held on the record day will entitle to one unit right. Five unit rights are required to subscribe for one unit.
- Each unit consists of six class B shares and three warrants of series 2023:U.
- The Rights Issue will, upon full subscription and payment, provide the Company with proceeds of approximately SEK 100 million before deduction of costs attributable to the Rights Issue. In addition, the Company may receive additional proceeds at exercise of the warrants that are issued as part of the units.

- Climeon intends to use the net proceeds from the Rights Issue to finance deliveries of existing and expected orders and continued commercialization of HeatPower300, as well as to strengthen the Company's working capital.
- The record date for participation in the Rights Issue is 6 November 2023.
- The subscription period for the units is expected to commence on 8 November 2023 and end on 22 November 2023.
- The subscription period for the warrants is expected to commence on 3 June 2024 and end on 17 June 2024. One warrant entitles to subscription of one new class B share in the Company.
- Existing shareholders of the Company as of the record date of 6 November 2023 will receive one unit right for each class A share or class B share held. Five unit rights entitle the holder to subscribe for one unit. One unit consists of six class B shares and three warrants of series 2023:U entitling to subscription of class B shares in the Company.
- The subscription price in the Rights Issue is set at SEK 5.28 per unit, corresponding to SEK 0.88 per share, which corresponds to a discount to TERP (theoretical share price after separation of unit rights) of approximately 34.5 percent compared to the volume weighted average price for the Company's class B share on the Nasdaq First North Premier Growth Market for the three trading days preceding the Board of Director's resolution on the Rights Issue and its terms.
- The subscription price when subscribing for class B shares through the exercise of warrant(s) obtained when subscribing for units will correspond to 70 percent of the volume weighted average price for the Company's class B shares on Nasdaq First North Premier Growth Market during a ten-day measurement period which runs between 20 May 2024 and 31 May 2024, however not higher than 2.64 SEK, corresponding to a 200 percent increase in the part of the subscription price in the Rights Issue attributable to one share (i.e., the subscription price for one share in the Rights Issue multiplied by three).
- Trading in unit rights is expected to take place during the period 8 November 2023 to 17 November 2023.
- The Rights Issue is fully guaranteed by subscription commitments and guarantee commitments.
- Ahead of the Rights Issue, the Company, and the Company's founders Joachim Karthäuser and Thomas Öström have entered into customary lock-up agreements for a period ending 180 days after the announcement of the outcome of the Rights Issue.

Rationale for the Rights Issue

Climeon is a Swedish product company operating within the energy technology sector. Climeon's proprietary technology, the Climeon HeatPower system, uses an Organic Rankine Cycle (ORC) process to convert low-temperature heat into clean, carbon free electricity. Providing access to dependable and cost-effective sustainable power, HeatPower enables industries to increase energy efficiency, decrease fuel consumption, and reduce emissions. As a non-weather-dependent source of green energy, HeatPower has the potential to diversify and safeguard the renewable energy mix and, therefore, accelerate the global transition to a net-zero future.

On 27 July 2023, Climeon announced that the world's largest shipbuilder, HD Hyundai Heavy Industries (HD-HHI), has placed a EUR 2.5 million order for Climeon HeatPower 300 waste heat recovery systems to enhance energy efficiency on board a series of six A.P. Moller - Maersk (Maersk) 17,200 TEU capacity, methanol-fueled container ships, which will be built at HD-HHI's South Korean shipyard.

Climeon intends to use the proceeds from the Rights Issue to finance deliveries of existing and expected orders and the continued commercialization of HeatPower300, as well as to strengthen the Company's working capital.

Terms and conditions of the Rights Issue

Holders of class A and class B shares in the Company who on the record date of 6 November 2023 are registered in the share register maintained by Euroclear Sweden AB have preferential rights to subscribe for units in the Rights Issue in proportion to the number of class A and class B shares held on the record date. One unit right is obtained for each class A or B share, and five unit rights entitle the holder to subscribe for one unit. One unit consist of six class B shares and three warrants of series 2023:U. The subscription period for the Rights Issue will run from 8 November 2023 to 22 November 2023. The Company's Board of Directors has the right to extend the subscription and payment period, which will, if relevant, be announced separately.

The subscription price has been set at SEK 5.28 per unit, corresponding to SEK 0.88 per share, which corresponds to a discount to TERP (theoretical share price after separation of unit rights) of approximately 34.5 percent compared to the volume weighted average price for the Company's class B share on Nasdaq First North Premier Growth Market for the three trading days preceding the Board of Director's resolution on the Rights Issue and its terms. The subscription price when subscribing for class B shares through the exercise of warrant(s) obtained when subscribing to units will correspond to 70 percent of the volume weighted average price for the Company's class B shares on Nasdaq First North Premier Growth Market during a ten-day measurement period, however not higher than 2.64 SEK, which corresponds to a 200 percent increase of the part of the subscription price in the Rights Issue that is attributable to one share (i.e., the subscription price for one share in the Rights Issue multiplied by three).

Through the Rights Issue, the Company will receive approximately SEK 100 million before deduction of costs attributable to the Rights Issue. In addition, the Company may receive additional proceeds at exercise of the warrants that are issued as part of the units.

Shareholders who choose not to participate in the Rights Issue will have their shareholding diluted by approximately 54.5 percent upon full subscription in the Rights Issue (excluding remuneration to guarantors and exercise of warrants) based on the total number of shares in Climeon after the Rights Issue. By selling unit rights, shareholders who choose not to participate in the Rights Issue can be financially compensated.

Subscription and guarantee commitments

Climeon has received subscription commitments from a number of the Company's major existing shareholders and new investors, including Cidro Förvaltning AB, SEB-Stiftelsen, MP Pensjon, Fredrik Lundgren, Wilhelm Risberg, and parts of the Company's management team, amounting to approximately SEK 32 million, corresponding to approximately 32 percent of the Rights Issue. Of these, approximately 18 percent consist of pro-rata commitments and the remaining 14 percent consist of commitments in addition to pro rata, which have been provided by Cidro Förvaltning AB, MP Pensjon, Fredrik Lundgren, and Wilhelm Risberg.

Furthermore, the Company has entered into guarantee agreements with Fredrik Lundgren and Wilhelm Risberg of approximately SEK 68 million, corresponding to approximately 68 percent of the Rights Issue. In accordance with the terms of the guarantee agreements, it is guaranteed, provided that subscription takes place at least corresponding to the provided subscription commitments in the Rights Issue, that 100 percent of the Rights Issue is subscribed.

The Rights Issue is thus fully guaranteed.

For the guarantee commitments, a fee corresponding to 8.5 percent of the guaranteed amount is paid. In accordance with the terms of the guarantees, the guarantee fee will be paid in the form of newly issued class B shares in the Company (the "**Compensation Issue**"). The subscription price in the Compensation Issue shall correspond to 90 percent of the volume-weighted average price (VWAP) for the Company's class B share on the Nasdaq First North Premier Growth Market during the last three trading days of the trading period for the unit rights, however not lower than an amount corresponding to the part of the subscription price in the Rights Issue that is attributable to one share. The Compensation Issue is intended to be resolved upon based on the authorization that the Board of Directors obtained at the Extraordinary General Meeting on 26 October 2023.

Conversion of class A shares to class B shares

The Company's board director Thomas Öström, who holds 7,900,000 class A shares and 1,575,344 class B shares as of the date of this announcement, has, in connection with the Rights Issue, undertaken to convert 4,000,000 class A shares to class B shares. Furthermore, one of the Company's founders, Joachim Karthäuser, who as of the date of this announcement holds 1,550,000 class A shares and 2,225,411 class B shares, has undertaken to convert all his class A shares to class B shares. In both cases, the conversion shall be carried out after the settlement date of the Rights Issue. The conversion takes place to reduce the concentration of votes in the Company, which is considered to be positive in order to enable a further possible expansion of the ownership base. After the conversion, but before the Rights Issue, Thomas Öström will control approximately 24.74 percent of the votes in the Company and

approximately 9.96 percent of the capital in the Company, down from 44.73 percent of the votes and 10.0 percent of the capital. After the conversion, but before the Rights Issue, Joachim Karthäuser will control approximately 2.10 percent of the votes in the Company and approximately 3.97 percent of the capital in the Company, down from 9.84 percent of the votes and 4.0 percent of the capital.

Number of shares and share capital

The Rights Issue will, upon full subscription and payment and before any exercise of warrants issued as part of a unit, increase the Company's share capital by SEK 1,711,891.545, from SEK 1,426,576.29 to SEK 3,138,467.835 and the number shares in the Company will increase by 114,126,103 class B shares, from a total of 95,105,086 to 209,231,189. Upon full exercise of the warrants that are part of units, the number of shares will increase by a further 57,063,051 class B shares, to a total of 266,294,240. The number of votes will increase by 114,126,103, from the current 180,155,086 votes to 294,281,189 votes, disregarding the conversion of a total of 5,550,000 class A shares to class B shares that Joachim Karthäuser and Thomas Öström have undertaken to carry out after the settlement date in the Rights Issue. After the conversion, the number of votes in the Company will amount to 244,331,189.

Lock-up

Ahead of the Rights Issue, the Company's founders Joachim Karthäuser and Thomas Öström have entered into customary lock-up agreements for a period ending 180 days after the announcement of the outcome of the Rights Issue. Furthermore, the Company has undertaken, with certain exceptions, not to issue new shares or carry out other similar transactions during a period of 180 days after the announcement of the outcome of the Rights Issue.

Prospectus

Full information regarding the Rights Issue and information about the Company will be provided in a prospectus which is expected to be published on the Company's website on 7 November 2023.

Preliminary timetable for the Rights Issue

The following timetable is preliminary and may be subject to change.

Last day for trading in the Company's shares including the right to receive Unit rights	2 November 2023
First day of trading in the Company's shares excluding the right to receive Unit rights	3 November 2023
Record date for participation in the Rights Issue, i.e., shareholders who are registered in the share register maintained by Euroclear Sweden AB on this date will receive unit rights entitling them to participate in the Rights Issue	6 November 2023
Prospectus approved by Swedish Financial Supervisory Authority and published on the Company's website	7 November 2023
Trading in unit rights	8 November – 17 November 2023
Subscription period	8 November – 22 November 2023
Announcement of the final outcome of the Rights Issue	23 November 2023
Subscription period for exercise of warrants of series 2023:U	3 June – 17 June 2024

Advisors

DNB Markets, part of DNB Bank ASA, Sweden branch, is Sole Global Coordinator and Baker McKenzie is the legal advisor to the Company in relation to the Rights Issue.

IMPORTANT INFORMATION

The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such legal restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in Climeon in any jurisdiction, neither from Climeon nor from someone else.

This press release is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. A prospectus, corresponding to an EU Growth Prospectus, will be prepared by the Company in connection with the Rights Issue. The prospectus will be published on the Company's website after the prospectus has been reviewed and approved by the Swedish Financial Supervisory Authority. The Swedish Financial Supervisory Authority approves the prospectus only to the extent that it meets the requirements for completeness, comprehensibility and consistency specified in the Prospectus Regulation.

This announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Company. The information relating to the Rights Issue contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. DNB Markets, part of DNB Bank ASA, Sweden branch is acting for Climeon in connection with the Rights Issue and for no one else. DNB Markets, part of DNB Bank ASA, Sweden branch will not be responsible to anyone other than Climeon for providing the protections afforded to its clients nor for giving advice in relation to the Rights Issue or any other matter referred to herein.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offer of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into the United States of America, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea, or any other jurisdiction where such distribution would require additional prospectus, registration or other measures in addition to those required by Swedish law, is prohibited, or otherwise is unlawful or cannot be made without the application of an exemption from such action. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

In the United Kingdom, this document and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or that the assumptions on which it is based is correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies, and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of the date of this press release and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is required by law or Nasdaq First North Premier Growth Market's rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Company's shares have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**EU Target Market Assessment**"). Solely for the purposes of each manufacturer's product approval process in the United Kingdom, the target market assessment in respect of the shares in the Company has led to the conclusion that: (i) the target market for such shares is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of such shares to eligible counterparties and professional clients are appropriate (the "**UK Target Market Assessment**" and, together with the EU Target Market Assessment, the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Company's shares may decline and investors could lose all or part of their investment; the Company's shares offer no guaranteed income and no capital protection; and an investment in the Company's shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal, or regulatory selling restrictions in relation to the Rights Issue.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II or UK MiFIR; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Company's shares.

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Each distributor is responsible for undertaking its own target market assessment in respect of the Company's shares and determining appropriate distribution channels.

The English text is an unofficial translation of the original Swedish text. In case of any discrepancies between the Swedish text and the English translation, the Swedish text shall prevail.

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About Climeon AB (publ)

Climeon is a Swedish product company operating within the energy technology sector. Climeon's proprietary technology, the Climeon HeatPower system, uses an Organic Rankine Cycle (ORC) process to convert low-temperature heat into clean, carbon free electricity. Providing access to dependable and cost-effective sustainable power, HeatPower enables industries to increase energy efficiency, decrease fuel consumption, and reduce emissions. As a non-weather-dependent source of green energy, HeatPower has the potential to diversify and safeguard the renewable energy mix and, therefore, accelerate the global transition to a net-zero future. Climeon's B shares are listed on the Nasdaq First North Premier Growth Market. FNCA Sweden AB is a Certified Adviser. Learn more at climeon.com.

Image Attachments

[Climeon Announcement Image](#)

Attachments

[THE BOARD OF DIRECTORS IN CLIMEON HAS RESOLVED ON A FULLY GUARANTEED RIGHTS ISSUE OF APPROXIMATELY SEK 100 MILLION](#)