

CLIMEON INTENDS TO CARRY OUT A FULLY GUARANTEED RIGHTS ISSUE OF UNITS OF AT LEAST 100 MILLION SEK

PRESS
RELEASE

THIS PRESS RELEASE MAY NOT BE MADE PUBLIC, PUBLISHED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN 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. REFER TO THE SECTION "IMPORTANT INFORMATION" AT THE END OF THIS PRESS RELEASE.

The board of directors of Climeon intends to resolve on a fully guaranteed rights issue of units consisting of class B shares and warrants of approximately SEK 100 million and brings forward the publication of the interim report for the period January 1 – September 30, 2023

INSIDE INFORMATION: The board of directors of Climeon AB (publ) ("Climeon" or the "Company") hereby announces its intention to resolve on a new issue of units consisting of class B shares and warrants ("Units") with preferential rights for the Company's existing shareholders of approximately SEK 100 million (the "Rights Issue"). In addition, the Company may receive additional proceeds upon exercise of the warrants issued as part of the Units. The Company has received subscription undertakings from a number of the Company's major existing shareholders and new shareholders, including Cidro Förvaltning AB, SEB-Stiftelsen, MP Pensjon, Fredrik Lundgren and Wilhelm Risberg as well as members of the Company's management team, amounting to approximately SEK 32 million, equivalent to approximately 32 percent of the Rights Issue. Furthermore, the Company has entered into guarantee commitments of approximately SEK 68 million, which, together with the subscription undertakings, means that the Rights Issue is fully guaranteed and fully covered by subscription undertakings and guarantee commitments. Climeon intends to use the proceeds from the Rights Issue to finance deliveries of existing and anticipated orders and the continued commercialization of HeatPower300, as well as to strengthen the Company's working capital. The implementation of the Rights Issue is conditional upon the board of directors of the Company being authorized to resolve to carry out the Rights Issue. As such, the board of directors will issue a separate press release to convene an extraordinary general meeting to be held on 26 October 2023 (the "EGM"). Due to the Rights Issue, the board of directors of the Company has decided to bring forward the publication of the Company's interim report for the period 1 January – 30 September 2023, to 26 October 2023.

The board of directors intends to resolve on the Rights Issue around the end of October 2023 after the authorization, if resolved by the EGM expected to be held on 26 October 2023, has been registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*).

Prior to the EGM, the board of directors of Climeon therefore informs that the board intends to resolve on the Rights Issue under the following indicative conditions:

- The intention is that the Rights Issue, if fully subscribed, will provide Climeon with approximately SEK 100 million before deduction of costs attributable to the Rights Issue. In addition, the Company may receive additional proceeds through the exercise of warrants that are issued as part of the Units.
- 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.
- Existing shareholders will receive unit rights entitling them to subscribe for Units, which are intended to consist of class B shares and warrants that allow for further subscription of class B shares at a later date. It is expected that the Units will be structured with a 2:1 ratio of B shares and warrant(s), for example, for each two shares, one warrant will be included in a Unit, entitling to subscription of B shares in the Company.
- The subscription price in the Rights Issue is intended to be priced at a discount to TERP (theoretical ex-rights price) of at least 30 percent based on the volume-weighted average price of the Company's class B share on Nasdaq First North Premier Growth Market for the three trading days preceding the board of director's potential resolution on the Rights Issue and its terms.
- The subscription price for subscription of class B shares through the exercise of subscription warrant(s) obtained when subscribing for Units is intended to correspond to 70 percent of the volume-weighted average price during a certain fixed measurement period, but not higher than an amount corresponding to a 200 percent increase of the portion of the subscription price in the Rights Issue that applies to one share (i.e., the subscription price for one share in the Rights Issue multiplied by three). The subscription period is intended to commence in June 2024.
- Full terms and conditions for the Rights Issue will be disclosed as soon as the board of directors resolves to implement the Rights Issue. A prospectus will be published before the subscription period for the Rights Issue begins, and the Company will invite investor to a digital presentation from the Company's management in relation to the subscription period. An invitation to the digital presentation will be published on the Company's website.

Background and 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.

Subscription undertakings and guarantee commitments

Climeon has received subscription undertakings from several of the Company's major existing shareholders as well as new shareholders, including Cidro Förvaltning AB, SEB Foundation, MP Pensjon, Fredrik Lundgren and Wilhelm Risberg as well as members of the Company's management team, amounting to approximately SEK 32 million, corresponding to about 32 percent of the Rights Issue. Approximately 18 percent of the agreements consists of *pro rata*-commitments and the remaining 14 percent of commitments beyond *pro rata* from Cidro Förvaltning AB, MP Pensjon, Fredrik Lundgren and Wilhelm Risberg. Furthermore, the Company has entered into guarantee commitments with Fredrik Lundgren and Wilhelm Risberg of approximately SEK 68 million, corresponding to about 68 percent of the Rights Issue. In accordance with the terms of the guarantee commitments, 100 percent of the Rights Issue will be subscribed and paid for, provided that subscriptions occurs at least equivalent to the subscription undertakings in the Rights Issue.

PRESS RELEASE

For the guarantee commitment, a fee of 8.5 percent of the guaranteed amount will be paid. In accordance with the terms of the guarantee agreements, the fee shall be paid in the form of newly issued class B shares in the Company ("**Compensation Issue**"). The subscription price in the Compensation Issue shall correspond to 90 percent of the volume-weighted average share price (VWAP) of the Company's class B share on Nasdaq First North Premier Growth Market during the last three days in which unit rights can be traded in the Rights Issue. The Compensation Issue is intended to be resolved upon with the support of the authorisation proposed by the board of directors at the EGM.

Extraordinary general meeting

To enable the implementation of the Rights Issue, the board of directors of Climeon will convene an extraordinary general meeting on 26 October 2023 and will propose that the general meeting authorizes the board of directors to resolve on the Rights Issue (including the Compensation Issue) and to amend the Company's articles of association with regards to the limits for share capital and the number of shares.

Climeon has received voting commitments amounting to 64 percent of the total number of shares and votes in the Company that have undertaken to vote in favor of the proposed authorization at the Extraordinary General Meeting.

The notice for the EGM will be published through a separate press release and will be available on the Company's website, www.climeon.com.

Lock-up

In connection with the Rights Issue, the Company and founders Joachim Karthäuser and Thomas Öström will enter into customary lock-up agreements for a period ending on the date falling 180 days after the announcement of the outcome in the Rights Issue.

Prospectus and indicative timetable

If the Rights Issue is carried out, complete terms and conditions for the Rights Issue and other information about the Company will be included in a prospectus that the Company will publish before the subscription period begins.

Provided that the board of directors is authorized to resolve on the Rights Issue, it is envisaged that:

- the last day of trading in the class B shares including right to participate in the Rights Issue will be around 2 November 2023;
- the first day of trading in the class B shares excluding right to participate in the Rights Issue will be around 3 November 2023;
- the record date for participation in the Rights Issue will be around 6 November 2023;
- the prospectus will be published around 7 November 2023; and
- the subscription period will occur from 8 November 2023 to 22 November 2023.

Advisors

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

For more information, please contact:

Lena Sundquist, CEO, Climeon

+46 708 345 228

lena.sundquist@climeon.com

Carl Arnesson, CFO Climeon

+46 700 80 75 00

carl.arnesson@climeon.com

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. If the Rights Issue is carried out, a prospectus regarding the Rights Issue will be published by the Company before the subscription period in the Rights Issue begins.

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 in this press release is only intended to describe the background to the intended Rights Issue 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.

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 USA, Australia, Belarus, Hong Kong, Japan, Canada, New Zealand, Russia, Switzerland, Singapore, South Africa, South Korea or in any other jurisdiction where such announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. 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.

PRESS RELEASE

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.

This information is information that Climeon is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-09-26 08:00 CEST.

Image Attachments

[Climeon PR Img_En](#)

Attachments

[Climeon Intends to Carry Out a Fully Guaranteed Rights Issue of Units of at Least 100 Million SEK](#)