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CLIMEON COMPLETES A DIRECTED NEW SHARE ISSUE OF 5,000,000 CLASS B SHARES, RAISING PROCEEDS OF SEK 260 MILLION

The board of directors of Climeon AB (publ) ("Climeon" or the "Company") has, as communicated in the Company's press release earlier today, resolved to carry out a directed new share issue of 5,000,000 Class B shares. The Directed New Share Issue was substantially oversubscribed with large interest from a number of new and existing institutional investors. The subscription price was set to SEK 52 per share and Climeon will receive proceeds amounting to SEK 260 million.

The board of directors of Climeon has, based on the authorization given by the annual general meeting on 19 May 2020, and as communicated in the Company's press release earlier today, resolved to carry out a directed new share issue of 5,000,000 Class B shares, deviating from the shareholders' preferential rights, to Swedish and international institutional investors (the "**Directed New Share Issue**"). The Directed New Share Issue has been carried out as an accelerated book building procedure performed by the Company's financial advisers Carnegie Investment Bank AB (publ) and Pareto Securities AB (the "**Joint Bookrunners**").

The subscription price in the Directed New Share Issue is set to SEK 52 and has been determined through the book building procedure. Through the Directed New Share Issue, Climeon will raise proceeds amounting to SEK 260 million before transaction costs. The subscription price in the Directed New Share Issue constitutes a discount of approximately 2.26 percent compared to the closing price for the Company's Class B share on Nasdaq First North Premier Growth Market on 1 October 2020.

The Directed New Share Issue implies that the conditions for disbursement of the loan, which the Company was granted by SEK and DNB on 28 September 2020, have been fulfilled.

The Directed New Share Issue entails a dilution for existing shareholders of approximately 9.2 percent of the number of shares and approximately 2.8 percent of the number of votes in the Company, based on the total number of shares and votes in the Company following the Directed New Share Issue. Through the Directed New Share Issue, the number of outstanding shares will increase by 5,000,000 from 49,440,679 to a total of 54,440,679 divided between a total of 13,650,000 Class A shares and 40,790,679 Class B shares. The number of votes will increase from 172,290,679 to 177,290,679 and the share capital will increase by SEK 75,000 from SEK 741,610.185 to SEK 816,610.185.

The reasons for the deviation from the shareholders' preferential rights were to diversify the shareholder base among Swedish and international institutional investors and at the same time raise capital in a time and cost efficient manner at favorable terms. The net proceeds from the Directed New Share Issue is intended to be used to increase the Company's local presence in existing focus markets as well as new markets in order to accelerate sales. In addition, the net proceeds are intended to be used to accelerate time to market for the next generation Heat Power module, lowering the cost per kW produced for customers, increase the Company's gross margin and securing

product compliance with country regulations. The net proceeds will also enable strategic investments and be used as a risk mitigation buffer. The board of directors of the Company consider that the subscription price in the Directed New Share Issue is marketable since it was set through an accelerated book building procedure performed by the Joint Bookrunners.

In connection with the Directed New Share Issue, the Company has undertaken, with customary exceptions, not to issue additional shares for a period of 180 calendar days after the announcement of the outcome of the Directed New Share Issue. In addition, board members¹ and executive management² have undertaken not to sell any shares in Climeon for a period of 180 calendar days after the announcement of the outcome of the Directed New Share Issue, with customary exceptions.

Advisers

Carnegie Investment Bank AB (publ) and Pareto Securities AB act as Joint Bookrunners and Baker & McKenzie Advokatbyrå KB is legal adviser in connection with the Directed New Share Issue.

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This information is such that Climeon AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was released for public disclosure, through the agency of the contact persons above, at the time set out above.

About Climeon AB (publ)

Climeon is a Swedish product company within energy technology. The company's unique technology for geothermal heat power - Heat Power - makes a large untapped energy resource available and provides sustainable electricity around the clock all year round. Heat Power is a cheap and renewable energy source with the potential of replacing much of the energy that comes from coal, nuclear, oil and gas, today. The B share is listed on Nasdaq First North Premier Growth Market. Certified Adviser is FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se

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¹ Chairman Per Olofsson and board members Vivianne Holm, Therese Lundstedt, Charlotte Strand, Olle Bergström, Jan Svensson and Thomas Öström.

² Thomas Öström, CEO, Christina Kassberg, CFO, Christina Bäck, Corporate Development, Carl Frykfeldt, Head of Supply Chain, Robin Goodore, Head of Service, Jonas Måhlén, Head of R&D and Olle Tholander, Head of Customer Management.

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This press release is not a prospectus for the purposes of the Prospectus Regulation and has not been approved by any regulatory authority in any jurisdiction. Climeon has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the Directed New Share Issue.

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 new shares. Any investment decision in connection with the Directed New Share Issue must be made on the basis of all publicly available information relating to the Company and the Company's shares. Such information has not been independently verified by the Joint Bookrunners. The Joint Bookrunners are acting for the Company in connection with the Directed New Share Issue and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the Directed New Share Issue or any other matter referred to herein.

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This press release does not constitute an invitation to warrant, subscribe, or otherwise acquire or transfer any securities in any jurisdiction. This press release does not constitute a recommendation for any investors' decisions regarding the Directed New Share Issue. Each investor or potential investor should conduct a self-examination, analysis and evaluation of the business and information described in this press release and any publicly available information regarding the Company and its industry. The price and value of the securities can decrease as well as increase. Achieved results do not provide guidance for future results. Neither the contents of the Company's website nor any other website accessible through hyperlinks on the Company's website are incorporated into or form part of this press release.

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 future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company 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 prove to be 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 its date 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 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 shares in Climeon 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 “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in Climeon may decline and investors could lose all or part of their investment; the shares in Climeon offer no guaranteed income and no capital protection; and an investment in the shares in Climeon 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 Directed New Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

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 (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 shares in Climeon.

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