



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, NEW ZEALAND, HONG KONG, JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL OR WOULD REQUIRE REGISTRATION OR ANY OTHER MEASURES. PLEASE SEE IMPORTANT INFORMATION IN THE END OF THE PRESS RELEASE.

Press release November 19, 2018

Azelio publishes prospectus related to its intention to list the company's shares on Nasdaq First North

Azelio AB (publ) ("Azelio" or the "Company"), a technology company that offers a system of Stirling engine-based concentrated solar power with thermal energy storage that enables electricity production around the clock, announced on November 12, 2018 its intention to list the Company's shares on Nasdaq First North and to raise capital through an issue of new shares, in order to finance continued growth of the Company (the "Offering"). Azelio has applied for listing of the Company's shares on Nasdaq First North in Stockholm and today, November 19, 2018, Azelio publishes the prospectus and terms for the Offering. The Offering is directed to existing shareholders, the general public in Sweden and institutional investors in Sweden and internationally.

The Offering in brief:

- The price in the Offering is set to SEK 22 per share, corresponding to a total market value of the Company's shares of approximately SEK 690 million prior to the Offering.
- The Offering comprises a maximum of 13,636,363 new shares, corresponding to approximately 30 per cent of the total number of shares and votes in the Company upon completion of the Offering.
- In addition, aiming to cover any overallotment in the Offering, the Company commits to, upon Pareto Securities' request, issue a maximum of an additional 2,045,454 new shares in the Company, corresponding to a maximum of 15 percent of the shares included in the Offering (the "Overallotment Option").
- If the Overallotment Option is fully exercised, the Offering will comprise a maximum of 15,681,817 shares, corresponding to approximately 33 percent of the total number of shares and votes in the Company after the Offering.
- The Offering is expected to render proceeds of approximately SEK 300–345 million before transaction costs, depending on the extent of the exercise of the Overallotment Option.
- A number of institutional investors and persons, including persons of the Company's board of directors, management as well as existing shareholders, have prior to the Offering, under certain conditions and at the same price as other investors, committed to subscribe for shares corresponding to a total of SEK 138 million or 46 per cent of the Offering excluding the Overallotment Option. These subscription commitments include:



- LMK Venture Partners AB: SEK 30 million;
 - Byggmästare Anders J Ahlström Holding AB (publ): SEK 25 million;
 - Alfred Berg Kapitalförvaltning AB: SEK 25 million;
 - Back in Black Capital Ltd: SEK 22 million;
 - Kent Janér through Blue Marlin AB (board member of Azelio): SEK 15 million; and
 - Persons, including persons of the Company's board of directors, management as well as existing shareholders: SEK 21 million.
- Expected first day of trading for the Company's shares and the settlement day is December 10, 2018. The shares will trade under the ticker "AZELIO".

Jonas Eklind, CEO, comments:

"Azelio has made great progress during the last year and we are now close to offer our customers a highly competitive product. It will be the first solution for modular and distributed electricity production based on thermal solar power combined with thermal energy storage, which enables electricity generation based on solar power around the clock, at a very attractive price. In June of this year we demonstrated our thermal energy storage, which was the last unproven subsystem of our solution, together with our Stirling engine, and showed that we can produce electricity from stored heat. Since then, customer interest has increased considerably and we are now increasing the pace to industrialise the system and launch the product on the market. In the light of that, we are now carrying out a new share issue and a listing of the company's share. We have already seen a strong interest from reputable institutions that have signed subscription commitments. We now want to welcome other interested parties to subscribe for shares in the new share issue."

Bo Dankis, Chairman of the Board of directors, comments:

"Azelio has a solid industrial history with over ten years of development. I am pleased to say that we are very close to a market launch of a product that solves one of the major challenges in the energy market – long-term storage of renewable energy at a competitive price. We will be able to offer electricity from solar power around the clock at a price competing with fossil fuels. On the behalf of the board of directors, I welcome the new share issue and the listing of the company's share, and I am pleased to see a strong support from institutional investors as well as members of our management and board of directors, who together have committed to subscribe for shares corresponding to a total of SEK 138 million prior to the new share issue. Now we welcome institutions and the general public to subscribe for shares in the new share issue."

Background to the Offering

The purpose of the Offering is primarily to finance the Company's continued industrialisation of the system's design, construction and production, with the aim to achieve industrialised volume production. The Company also intends to establish a sales and marketing organisation that will work in a structured way to increase awareness of the Company and to establish, maintain and develop relationships with potential customers in the markets that the Company regards as being of interest. Azelio expects the first commercial order of the Company's system to be received during the first half of 2020, and by that time, the Company intends to make further investments in production, such as in tools and production equipment and in recruiting and training production personnel, and in computer and production systems.



About Azelio AB (publ)

Azelio is a technology company that offers a system of Stirling engine-based concentrated solar power with thermal energy storage that enables electricity production around the clock. The Company has its head office in Gothenburg, Sweden, with production in Uddevalla and a development center in Gothenburg and Åmål, as well as a sales office in Beijing, China and a representative office in Madrid, Spain. As of September 30, 2018, the Company had 75 employees.

Azelio's technology and development

The Company's Stirling engine is commercially applied, having accumulated over two million operating hours and 172 installations globally, while the subsystem for thermal energy storage has been validated in demonstration plant in June 2018, but has not yet been commercially applied. Over the period 2018–2020 the Company will focus on the industrialisation of the system's design, construction and production. In the fourth quarter 2019 three systems in a verification project will be installed in Morocco jointly with the state-controlled Masen. From 2020 onwards, another 8-16 system is expected to be installed in commercial projects, with volume production expected from 2021.

Azelio's market and customers

The technology is well suited for areas that today lack access to a power grid or have no reliable power grids. The Company assesses that Azelio's solution can be used to accelerate the rollout of electricity to the approximately one billion people around the sun belt who currently have no access to reliable electricity. The Company intends to sell its system to EPC-contractors which then install the system for the end customer. Future end customers may for instance be energy-intensive customers such as mining industry, cement industry and process industry.

Prospectus and application forms

A prospectus, containing complete terms and conditions of the Offering is published today on Azelio's website (www.azelio.com) and Pareto Securities' website (www.paretosec.com). Application forms are available on Azelio's and Pareto Securities' websites. Applications can also be made through the services of Avanza, Nordnet and Aktieinvest.

Preliminary timetable for the Offering

Application period for existing shareholders and the general public: November 20–December 4, 2018

Application period for institutional investors: November 20–December 5, 2018

First day of trading on Nasdaq First North and settlement: December 10, 2018

Advisors

Pareto Securities is the Sole Global Coordinator and Bookrunner, Vinge is the legal advisor to Azelio and Pareto Securities, Avanza, Nordnet and Aktieinvest are Selling Agents.



For further information, please contact:

Jonas Eklind, CEO, Azelio

Telephone: +46 709 40 35 80

E-mail: jonas.eklund@azelio.com

Kennet Lundberg, CFO, Azelio

Telephone: +46 705 24 47 79

E-mail: kennet.lundberg@azelio.com

The information was provided by the above contact persons for publication at 2:45 pm CET on November 19, 2018.

Important Information

This announcement is not and does not form a part of any offer for selling, or a request to submit an offer to buy or acquire, shares or other securities of the Company.

Copies of this announcement are not being made and may not be distributed or sent into the United States, Australia, Canada, New Zealand, Hong Kong, Japan, South Africa or any other jurisdiction in which such distribution would be unlawful or would require registration or other measures.

The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and accordingly may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the Securities Act and in accordance with applicable U.S. state securities laws. The Company does not intend to register any offering in the United States or to conduct a public offering of securities in the United States.

This press release constitutes promotion as is not a prospectus for the purposes of Directive 2003/71/EC (this Directive, together with all amendments thereto and applicable implementing measures in the relevant home Member State under this Directive, is referred to as the “**Prospectus Directive**”). A prospectus that is prepared in accordance with the Prospectus Directive will be published, and may, when published, be obtained from the Company. Investors should not invest in any securities referred to in this announcement except on the basis of information contained in the aforementioned prospectus.

In any EEA Member State other than Sweden that has implemented the Prospectus Directive, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Directive, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State.

This communication is only being distributed to and is only directed at persons in the United Kingdom that are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) high net worth entities, and other persons to whom this announcement may lawfully be communicated, falling within Article



49(2)(a) to (d) of the Order (all such persons together being referred to as “**Relevant Persons**”). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

Matters discussed in this announcement may constitute forward-looking statements. Forward looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should” and similar expressions. This applies in particular to statements relating to future results, financial position, cash flow, plans and expectations of the Company’s operations and management, future growth and profitability, general economic and regulatory environment and other factors affecting the Company, many of which are based on further assumptions, such as no changes in existing political, legal, fiscal, market or economic conditions or applicable law (including but not limited to accounting principles, accounting methods and tax policies), which may or may not be of importance to the Company results or its ability to operate. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. 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.

Potential investors should therefore not attach undue confidence to the forward-looking information herein, and potential investors are urged to read the parts of the prospectus that include a more detailed description of factors that may affect the Company’s operations and the market in which the Company operates.

The information, opinions and forward-looking statements contained in this announcement speak only as at its date, and could be subject to change without notice.

In connection with the offer or sale of securities referred to herein, the Pareto Securities may over-allot securities/conduct stabilisation or effect transactions with a view to supporting the market price of the securities at a level higher than that which might otherwise prevail. Any stabilisation action or over-allotment will be conducted by the Pareto Securities in accordance with all applicable laws and rules.