

Notice to annual general meeting in Azelio AB (publ)

The shareholders in Azelio AB (publ), reg.no. 556714-7607, with its registered office in Gothenburg, are hereby summoned to an annual general meeting to be held on 18 June 2019 at 11.00 at the World Trade Center, conference room Milano, 4th floor, staircase D, Klarabergsviadukten 70, 111 64 Stockholm.

Notification, etc.

Shareholders who wish to participate in the general meeting must:

- firstly* be included in the shareholders' register maintained by Euroclear Sweden AB as of 12 June 2019; and
- secondly* notify the company of their participation in the general meeting no later than 12 June 2019 at 16.00. The notification shall be in writing to Forsbrogatan 4, SE-662 34 Åmål, or by e-mail to info@azelio.com. The notification shall state the name, personal/corporate identity number, shareholding, address and daytime telephone number, and information about any assistants and, where applicable, representatives. When applicable, complete authorisation documents, such as powers of attorney for representatives, registration certificates or corresponding documents, shall be appended to the notification.

Nominee registered shares

Shareholders whose shares have been registered in the name of a bank or securities institute must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be entitled to participate in the general meeting. Shareholders wishing such re-registration must inform their nominee of this well before 12 June 2019, when such re-registration must have been completed.

Proxy, etc.

Shareholders represented by proxy shall issue a dated and signed power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a certified copy of a registration certificate or a corresponding document for the legal entity shall be appended. The power of attorney is valid for a maximum of one year after the issuance or for the duration indicated in the power of attorney, whichever is longer, but not for more than five years after issuance. The registration certificate, where applicable, may not be older than one year. The power of attorney in original and, where applicable, the registration certificate should be submitted to the company by mail at the address set forth above well in advance of the general meeting. The form to use for a power of attorney can be found on www.azelio.com.



Shareholders' right to request information

Shareholders are reminded of their right to request information in accordance with Chapter 7 Section 32 of the Swedish Companies Act (Sw. *aktiebolagslagen*).

Number of shares and votes

There are a total of 42,347,495 shares, with one vote per share, in the company as of the date of this notice.

Proposed agenda

1. Election of a chairman at the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons who shall approve the minutes of the meeting;
5. Determination of whether the meeting was duly convened;
6. Submission of the annual report and the auditors' report and, when applicable, the consolidated financial statements and the auditors' report for the group;
7. Resolutions regarding the adoption of the income statement and the balance sheet and the consolidated income statement and the consolidated balance sheet;
8. Resolutions regarding allocation of the company's profits or losses in accordance with the adopted balance sheet;
9. Resolutions regarding discharge of the members of the board of directors and the managing director from liability;
10. Determination of the number of members and deputy members of the board of directors and the number of auditors and deputy auditors;
11. Determination of fees for members of the board of directors and auditors;
12. Election of the members of the board of directors and chairman of the board of directors and auditors and deputy auditors;
13. The board of directors' proposal on principles for appointment of a nomination committee;
14. The board of directors' proposal on authorisation for the board of directors to resolve upon issue of shares;
15. Proposal to resolve on a long-term incentive program in the form of warrants;
16. Closing of the meeting.

Resolution proposals

Proposal regarding the chairman of the annual general meeting, the number of members of the board of directors, the number of auditors and deputy auditors, fees to the board of directors and auditors, and election of members of the board of directors and chairman of the board of directors, as well as election of auditors and deputy auditors (items 1 and 10-12)

The company's principal shareholder, Blue Marlin AB (the "Principal Shareholder") has submitted the following proposals:

- that Bo Dankis is elected chairman of the annual general meeting (item 1).



- that the board of directors shall consist of eight board members, as appointed by the annual general meeting, with no deputy members and that the company shall have one auditor, with no deputy auditors (item 10).
- that the fees to the board of directors shall amount to SEK 1,550,000 to be allocated as follows. SEK 500,000 to the chairman and SEK 150,000 to each of the other board members not employed by the company. It is proposed that auditor fees shall be paid against approved accounts (item 11). It can be noted that if the meeting resolves in accordance with the proposals in item 12 and item 15, Sigrun Hjelmquist will receive a onetime payment amounting to SEK 63,000 in order to cover the cost for subscription of warrants.
- that Bo Dankis, Bertil Villard, Kent Janér, Pär Nuder, Mattias Bergman, Hicham Bouzekri and Lars Thunell are re-elected and Sigrun Hjelmquist is elected as members of the board of directors, for the period up until the end of the next annual general meeting. Re-election of Bo Dankis as chairman of the board, for the period up until the end of the next annual general meeting. Re-election of the accounting firm KPMG AB as auditor for the time until the end of the next annual general meeting (item 12).

Sigrun Hjelmquist

Sigrun Hjelmquist, born in 1956 and a Swedish citizen, has worked at Ericsson in a number of senior positions over 20 years and most recently as CEO of Ericsson Components AB with a yearly revenue of SEK 9 billion. After her time at Ericsson she co-founded the venture capital firm BrainHeart Capital KB. Since 2005 she has mainly devoted herself to board work and is currently a member of the board of three companies listed on Nasdaq Stockholm (Addnode Group AB (publ), Eolus Vind AB (publ) and Edgeware AB (publ)) and one company listed on Nasdaq First North (Teqnon AB (publ)).

Sigrun is a member of IVA, Royal Swedish Academy of Engineering Sciences and Styrelsekollegiet. Previous assignments include member of the board of Svenska Handelsbanken AB, Sandvik AB and E.ON Sverige AB and chairman of the board of Almi Invest Stockholm and FourierTransform AB.

Sigrun holds a Master of Science in Engineering Physics as well as a Degree of Licentiate of Science in Applied Physics from KTH Royal Institute of Technology, Stockholm.

Proposal regarding allocation of the company's profits or losses in accordance with the adopted balance sheet (item 8)

The board of directors proposes that no dividends shall be paid for the financial year 2018.

The board of directors' proposal on principles for appointment of a nomination committee (item 13)

The board of directors proposes that the annual general meeting shall resolve on principles for appointment of a nomination committee for the annual general meeting 2020 in accordance with the below.



The nomination committee shall be composed of the chairman of the board of directors together with one representative of each of the three largest shareholders, based on ownership in the company as of the expiry of the third quarter of the financial year. Should any of the three largest shareholders renounce its right to appoint one representative to the nomination committee, such right shall transfer to the shareholder who then in turn, after these three, is the largest shareholder in the company. The chairman of the board of directors shall convene the nomination committee. The member representing the largest shareholder shall be appointed chairman of the nomination committee, unless the nomination committee unanimously appoints someone else.

Should a shareholder having appointed a representative to the nomination committee no longer be among the three largest shareholders, three months before the annual general meeting at the latest, the representative appointed by such shareholder shall resign and the shareholder who is then among the three largest shareholders shall have the right to appoint one representative to the nomination committee. However, unless there are special reasons otherwise, the already established composition of the nomination committee shall remain unchanged in case such change in the ownership is only marginal or occurs during the three-month period prior to the annual general meeting. Where a shareholder has become one of the three largest shareholders due to a material change in the ownership at a point in time falling later than three months before the annual general meeting, such shareholder shall in any event have the right to take part of the work of the nomination committee and participate in its meetings. Should a member resign from the nomination committee before his or her work is completed, the shareholder who has appointed such member shall appoint a new member, unless that shareholder is no longer one of the three largest shareholders, in which case the largest shareholder in turn shall appoint the substitute member. A shareholder who has appointed a representative to the nomination committee shall have the right to discharge such representative and appoint a new representative.

Changes to the composition of the nomination committee shall be announced immediately. The term of office for the nomination committee ends when the next nomination committee has been appointed. The nomination committee shall carry out its duties as set out in the Swedish Code of Corporate Governance.

The board of directors' proposal on authorisation for the board of directors to resolve upon issue of shares (item 14)

The board of directors proposes that the annual general meeting authorises the board to resolve – at one or several occasions and for the time period until the next annual general meeting – to increase the company's share capital by new share issues, to the extent that it corresponds to a dilution of not more than 15 percent of the number of shares outstanding at the time of the notice of the annual general meeting, after full exercise of the hereby proposed authorisation.

New share issues may be made with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. Pursuant to Chapter 16 of the Swedish Companies Act, the board of directors may not by



virtue of this authorisation resolve on issues to board members in group companies, employees, etc. The purpose of the authorisation is to increase the financial flexibility of the company and the acting scope of the board. Should the board of directors resolve on an issue with deviation from the shareholder's preferential rights, the reason shall be to enable the company to finance the operations in a fast and efficient way, acquire companies, businesses or parts thereof and to enable a broadening of the ownership of the company. Upon such deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions.

The board of directors or the CEO shall have the right to make such minor adjustments in this resolution that may be necessary in connection with the registration of the authorisation with the Swedish Companies Registration Office.

Proposal to resolve on a long-term incentive program in the form of warrants (item 15)

The Principal Shareholder of the company proposes that the annual general meeting resolves to issue not more than 60,000 warrants within the scope of a long-term incentive program to the new board member in Azelio. The incentive program is proposed to only be directed to the new board member.

The incentive program entails that the participant, conditional upon that a pre-emption agreement with the company has been entered into, is offered to subscribe for warrants at a price of SEK 0.49 per warrant. The basis for the subscription price is the market value of the warrant, which has been calculated according to the Black & Scholes valuation formulae.

Subscription of the warrants shall be made within four weeks from the date of the resolution to issue warrants. Payment for the subscribed warrants shall be made within four weeks of subscription.

The board of directors is entitled to extend the subscription period and time of payment.

Each warrant entitles the holder to subscribe for one new ordinary share in Azelio for an exercise price of SEK 40.

Subscription of shares can be done during two periods, both during two weeks from the day of publication of the interim report for the period 1 January – 31 March 2022 as well as during two weeks from the day of publication of the interim report for the period 1 January – 31 September 2022. However, subscription may not take place later than on 30 November 2022.

The complete terms and conditions for the warrants have been resolved by the board of directors and are available to the shareholders in accordance with the below.

The company has, in connection with the allocation of the warrants to the participant in the program, and with certain exceptions, reserved a pre-emption right regarding the warrants if the participant's employment or engagement within the group ceases or if the participant wishes to transfer its warrants prior to the exercise period.



Furthermore, in order to encourage participation in the incentive program, the company will make a one-time bonus payment to the participant in connection with subscription of the warrants, which after tax corresponds to the participant's full cost for subscribing for the warrants.

Effect on important key ratios and dilution

The company's profits per share is not affected by the warrant issue since the current value of exercise price is greater than the current market value of the company's share at the time of the issue.

Based on the number of shares in Azelio as of the date of the notice to the annual general meeting, the dilution effect of the warrant program will not exceed approximately 0.1 percent.

Costs

The total cost for the incentive program is estimated not to exceed SEK 200,000 during the term of the program.

The rationale for the incentive program

The reason for the deviation from the shareholders preferential rights is to retain a competent board of directors in the company by offering the board member a long-term ownership commitment in the company and thereby the opportunity to participate in and promote a positive value development of the company's shares and to increase the board member's sense of association with the company. The Principal Shareholder considers that the implementation of the incentive program as described above is in the favour of the group and the shareholders in the company.

Preparation of the proposal

The incentive program has been prepared by the Principal Shareholder together with advisors.

Other conditions

The resolution of the annual general meeting shall be conditional upon the meeting resolving to elect the new board member in accordance with the proposal in item 12 on the agenda.

Majority requirements

Resolution in accordance with item 14 above requires approval of at least two thirds (2/3) of the shares represented and votes cast at the general meeting. Resolution in accordance with item 15 above requires approval of at least nine tenths (9/10) of the shares represented and votes cast at the general meeting.

Miscellaneous

The annual report and the auditor's report will be available at the address of the company and on the company webpage www.azelio.com, no later than three weeks prior to the annual



general meeting. Copies of the documents will be sent to the shareholders who so request and who inform the company of their postal address.

For information on how your personal data is processed, see the integrity policy that is available at Euroclear's webpage

https://www.euroclear.com/dam/ESw/Legal/Privacy_notice_BOSS_20181023.pdf

Gothenburg in May 2019

Azelio AB (publ)

The board of directors

About Azelio

Azelio is a public Swedish company, specializing in thermal energy storage with dispatchable Stirling-based electricity production when and where it is needed, modular and to a low cost. The technology is revolutionary for its unique ability to store thermal energy for production of electricity at nominal effect for 13h. The company has just over 100 employees, headquartered in Gothenburg with production facilities in Uddevalla and development centres in Gothenburg and Åmål in Sweden, as well as international presence in China, Spain and Morocco. Since the start in 2008, the company has invested over one billion SEK in technical development. In June 2018, the company changed its name from Cleanergy to Azelio and in December 2018 the company was listed on Nasdaq Stockholm First North. FNCA Sweden AB, +46(0)8-528 00 399, info@fnca.se, is Certified Adviser.