

Azelio Business update

Continued progress and increased capital requirements due to Covid-19

Azelio has previously announced that Covid-19 will postpone the company's overall time plan by one quarter because of existing travel restrictions. At the same time, investments related to the start of production have been moved forward, which is why the company is now financed until December 2020 (earlier September 2020).

Three months' delay is also expected to be valid until Azelio reaches positive cashflow, leading to an increased funding need of approximately SEK 75 million. Concretization of the increased need has emerged after evaluating the project's impact from the postponed time plan. As a result, Azelio's remaining financing needs are now estimated to be SEK 375 million compared to the previously stated SEK 300 million.

Azelio is at an eventful and positive stage. The inauguration of the company's energy storage at the world-leading solar park Noor in Morocco has attracted considerable attention worldwide. This led to a large influx of interesting new opportunities from potential customers with relevant projects as well as potential partners. Commercial development continues with new Memorandums of Understanding. The latest is with VOGT, a leading supplier of pump systems in Latin America, including supply to the mining industry.

The verification of the company's energy storage technology began as planned during Q1 2020. Due to COVID-19 and travel restrictions, the verification is initially focused on the installation at the company's development centre in Åmål, Sweden instead of the identical installation in Morocco, which was the original plan. The adjustments for COVID-19 have been implemented without the need to cancel any projects or lay off personnel.

Azelio's storage technology can produce distributed electricity around the clock, completely without emissions and without the use of rare earth metals. The storage medium itself can be reused time and time again without lost capacity. The cost of Azelio's solution is very competitive in many applications. This applies not least as an alternative to diesel-powered generators that are used worldwide today for the approximately 3 billion people who do not have a reliable connection to an electricity grid.

In accordance with previous communications, Azelio expects the first commercial installation in Q4 2020 and the start of serial production in Q3 2021. At the RISE research institute, controlled by the Swedish state, a life-cycle analysis of Azelio's technology is now underway to determine its environmental effects. The ongoing evaluation of utilizing the heat from the system shows commercially interesting results for this part as well.

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About Azelio

Azelio is a public Swedish company specialising in thermal energy storage with dispatchable and low-cost Stirling-based electricity and heat production. The technology is revolutionary for its unique capability to produce electricity and heat from the storage at 13 hours on nominal power. The system stores energy in recycled aluminium and has a total efficiency of up to 90 % from energy to heat and electricity. It is scalable and cost-efficient from 0,1 MW up to 100 MW and the storage suffers no reduced capacity over time. Azelio has over 150 employees, is headquartered in Gothenburg with production facilities in Uddevalla, development centres in Gothenburg and Åmål, as well as a presence in Stockholm, Beijing, Madrid, and Morocco. Since its establishment in 2008, the company has invested over SEK 1,5 billion in technical development. Azelio is listed on Nasdaq Stockholm First North. FNCA Sweden AB is the company's certified adviser: +46(0)8-528 00 399, info@fnca.se. More about Azelio: www.azelio.com