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Alelion carries out a fully guaranteed rights issue of units of up to 68.2 MSEK, including an over-allotment option to finance ramp-up

The Board of Directors of Alelion Energy Systems AB (publ) ("Alelion" or "the Company") has today, August 18, 2020, subject to approval by the Extraordinary General Meeting, decided to carry out a rights issue of units consisting of shares and warrants ("Unit") with preferential rights for the Company's existing shareholders ("Rights Issue"). The initial issue proceeds amount to approximately 56.8 MSEK. In order to enable further capital injections and the possibility of increased ownership diversification, the Board may decide on an over-allotment option ("Over-allotment Option") which, on full subscription, initially contributes approximately 11.4 MSEK to the Company. Upon full exercise of the warrants, the Company will further receive approximately 21-44 MSEK (depending on any exercise of the Over-allotment Option and the final determined exercise price for the new shares that may be subscribed for through the exercise of the warrants). The company has received subscription commitments from the largest owner, Fouriertransform AB, of approximately 16.5 MSEK and Sammaj AB of approximately 1.5 MSEK, corresponding to approximately 31 per cent of the initial issue proceeds in the Rights Issue, as well as guarantee commitments from a small number of reputable qualified investors of approximately 40.5 MSEK, which ensures the initial issue proceeds in the Rights Issue to 100 per cent. Fouriertransform AB has the largest commitment of approximately 8 MSEK through a free peak guarantee. In the event of full subscription for the Rights Issue, full exercise of the Over-allotment Option and full exercise of the warrants, the Company will receive a total of approximately 93-112 MSEK before issue costs. The rights issue is subject to approval by the Extraordinary General Meeting on September 18, 2020, during which the Board is also authorized to decide on an Over-allotment Option. Notice of the Extraordinary General Meeting is published in a separate press release.

The rights issue will finance the ramp-up of production to secure deliveries to the existing customer base and to expand the customer base in material handling and special vehicles.

To finance the Company's operating costs in the short term, Alelion will take a bridge loan of 10 MSEK from Fouriertransform AB.

Summary

- For each share held on the record date of September 25, shareholders in Alelion receive three (3) unit rights. Seven (7) unit rights give the right to subscribe for one (1) Unit consisting of one (1) share and one (1) series TO2 warrant.
- The subscription period in the Rights Issue runs between 30 September and 14 October 2020.

- The subscription price is 0.90 SEK per Unit, corresponding to 0.90 SEK per share. The warrants are issued free of charge.
- Upon full subscription in the Rights Issue, Alelion will initially receive approximately 56.8 MSEK before issue costs.
- The initial issue proceeds of the Rights Issue are 100 per cent covered by subscription commitments and guarantee commitments from existing shareholders and a number of qualified investors.
- In the event that the Rights Issue is oversubscribed, the Company's Board can issue additional Units through an Over-allotment Option. Upon full exercise of the Over-allotment Option, Alelion will initially further receive approximately 11.4 MSEK before issue costs.
- The exercise period for exercise of series TO2 warrants is between 14 and 28 May 2021. The exercise price amounts to a minimum of 1.0 SEK and a maximum of 1.75 SEK per share. Upon full exercise of the warrants from the Rights Issue, Alelion will further receive between approximately 21-37 MSEK and an additional 4-7 MSEK will be received by the Company on full exercise of the attached warrants to the Over-allotment Option.

Reasons for the Rights issue

Alelion was founded in 2006 and has today grown to be one of the leading suppliers of industrial energy storage systems based on Lithium-Ion technology. Alelion develops, manufactures and sells lithium-ion systems for an industrial customer base that is transforming to electrified drivelines. Focus is primarily on the material handling segment with batteries for trucks to replace today's lead-acid batteries and diesel engines as well as for special vehicles in material handling, airports, ports and mines. The choice of special vehicles is in line with electrification in these segments and an increased focus on replacing fossil fuels with electrified drivelines. Highly automated manufacturing also allows built-in flexibility opening up for the use of different battery cells from different suppliers. This further strengthens the Company's competitiveness and ability to meet customer requirements.

The forthcoming Rights Issue enables the increase in production for existing customers when vehicles are launched on the market. The company will also grow with new customers in the material handling segment as well as special vehicles, demanding continued investments in sales and marketing and will continue to focus on working with testing, verification and certification of battery systems to maintain the longevity and safety requirements that Alelion has for its customers.

The issue proceeds from the Rights Issue, including any proceeds from the exercise of the Over-allotment Option and the warrants, are planned to be distributed as a percentage as follows and, in the event that not all measures can be implemented, according to the following priorities:

1. Raising production (80 per cent of the issue amount)
 - Capital to secure deliveries to existing customer base.
 - Expansion of the customer base within selected segments.
2. Testing, verification and certification (15 per cent of the issue amount)
 - To ensure future competitiveness and secure cell deliveries, continuous testing and certification are necessary. Through continued investments in the area, Alelion creates the right conditions to be at the forefront of cell selection and battery systems.
3. Sales and market growth (5 per cent of the issue amount)
 - Continued investments in sales and marketing will be required to increase in volume and reach the next level of scale economies in development and production.



Comments from Alelion CEO, Åsa Nordström

“Despite the fact that the on-going pandemic has meant delayed or halted business opportunities, we see that there is great interest in Alelion's products and in our expertise in electrification of vehicles. Our customers also maintain a high focus on completing electrification projects so that they reach the market. Under these conditions, it is with a humble optimism that I look to the upcoming Rights Issue. Continued hard work with our transition continues in a time of uncertainty but also many new opportunities.”

Åsa Nordström, CEO.

Rights Issue

The Board's decision regarding the Rights Issue of a maximum of 63,164,892 Units is subject to approval by the Extraordinary General Meeting on September 18, 2020. Notice of the Extraordinary General Meeting will be announced in a separate press release.

The Rights Issue shall be carried out with the following conditions:

Issue volume: Upon full subscription in the Rights Issue, Alelion will initially receive approximately 56.8 MSEK before deductions for issue costs.

Record date: The record date at Euroclear Sweden AB for determining which shareholders have the right to receive unit rights falls on 25 September 2020. The last day for trading in the Company's share, including the right to receive unit rights, falls on 23 September 2020. First day for trading in the Company's share excluding the right to receive unit rights falls 24 September 2020.

Unit rights: The Rights Issue shall take place with priority for those who are registered shareholders in the Company on the record date. One (1) existing share in the Company entitles to three (3) unit rights and seven (7) unit rights entitle to subscribe for one (1) Unit. One (1) Unit consists of one (1) share and one (1) series TO2 warrant.

Trading in unit rights: Trading in unit rights takes place on the Nasdaq First North Growth Market (“**Nasdaq First North**”) during the period from and including September 30, 2020 to and including October 12, 2020.

Subscription period: Subscription of Units shall take place during the period from and including 30 September 2020 to and including 14 October 2020. The Board has the right to extend the subscription and payment period. Subscription of Units with the support of unit rights shall take place through simultaneous cash payment. Subscription of Units without the support of unit rights shall take place on a separate subscription list and allotted Units shall be paid in cash no later than three banking days after notification of allocation has been sent to the subscriber.

Subscription price: 0.90 SEK per Unit, corresponding to 0.90 SEK per share. The warrants are received free of charge.

Trading in BTU: Trading in a paid subscription Unit (BTU) takes place on Nasdaq First North from and including 30 September 2020 until the Rights Issue is registered with the Swedish Companies Registration Office.

Right to dividend: The new shares are entitled to a dividend from and including the day the shares have been entered in the share register kept by Euroclear Sweden AB.

Allocation principles: Units that are not subscribed for with preferential rights shall be allocated to those who have subscribed without the support of unit rights. Allocation is on the following grounds:

- i. in the first instance to those who have also subscribed units with the support of unit rights, pro rata in relation to how many units have been subscribed with the support of unit rights, and to the extent that this can not be done, by drawing lots and
- ii. in the second instance to others who have subscribed units without preferential rights, pro rata in relation to how many units have been subscribed, and to the extent that this cannot be done, by drawing lots and
- iii. in the third instance the allocation of units subscribed for without the support of unit rights shall be made to the issue guarantors in relation to the size of the guarantee commitments provided, and to the extent that this cannot be done, by drawing lots.



The above allocation principles may be changed in accordance with the allocation principles decided by the Board.

Warrants: The series TO2 warrants are issued free of charge and can be used for subscription of new shares during the period 14-28 May 2021. Three (3) warrants give the right to subscribe for one (1) new share in the Company at an exercise price corresponding to 70 per cent of the volume-weighted average price paid for the Company's share on the Nasdaq First North Growth Market over a period of ten (10) trading days immediately preceding 11 May 2021, however, at a minimum of 1.0 SEK and a maximum of 1.75 SEK per share. In the event of a fully subscribed Rights Issue and full exercise of the series TO2 warrants, the Company will further receive 21-37 MSEK. The warrants will be admitted for trading on Nasdaq First North Growth Market Stockholm.

Over-allotment Option: In the event that the Rights Issue is oversubscribed, the Board intends to make a decision on the issue of an additional 12,632,978 Units in an Over-allotment Option. Upon full subscription, the Company will initially further receive approximately 11.4 MSEK. An additional 4-7 MSEK will be added to the Company upon full exercise of the attached warrants. The Over-allotment Option is conditional on the support of an authorization given by the Extraordinary General Meeting scheduled for September 18, 2020. The allotment will be made at discretion.

Subscription commitments and warranty commitments

Alelion has received subscription commitments from the Company's largest shareholders Fouriertransform AB of approximately 16.5 MSEK and Sammaj AB of approximately 1.5 MSEK, corresponding to approximately 31 per cent of the initial issue proceeds in the Rights Issue. In addition, the Company has entered into agreements on issue guarantees in the form of a so-called bottom guarantee of approximately 32.5 MSEK and a so-called top guarantee where Fouriertransform AB has guaranteed approximately 8 MSEK free of charge. The bottom guarantee ensures, provided that there is subscription at least corresponding to the subscription commitments, that approximately 86 per cent of the initial issue proceeds in the Rights Issue are subscribed and paid. The top guarantee ensures, provided that there is subscription at least corresponding to the subscription commitments and the bottom guarantee, that 100 per cent of the initial issue proceeds in the Rights Issue are subscribed and paid.

The CEO is authorized to make the minor adjustments to the Board's decisions that may prove necessary for the registration of the Rights Issue at the Swedish Companies Registration Office and at Euroclear Sweden AB.

Preliminary schedule for the Rights Issue

- 18 September 2020 – Extraordinary General Meeting for decision on new share issue
- 23 September 2020 – Last day for trading in the share incl. unit right
- 24 September 2020 – First day for trading in the share excl. unit right
- 25 September 2020 – Record date in the Rights Issue
- 29 September 2020 – Estimated date for publication of prospectus
- 30 September 2020 – 12 October 2020 – Trade in unit rights
- 30 September 2020 – 14 October 2020 – Subscription period
- 30 September 2020 – Until the Rights Issue is registered with the Swedish Companies Registration Office - Trade in BTU
- 19 October 2020 – Publication of preliminary results in the Rights Issue
- 14 May 2020 – 28 May 2021 – Redemption period warrants
- 31 May–6 June 2021 – Publication of outcome of redemption of warrants

Change in share capital and number of shares

Upon full subscription in the Rights Issue, the number of shares in the Company will initially increase from 147,384,750 to 210,549,642, meaning an increase in share capital of 1,263,297.84 SEK through the Rights Issue. In the event that the Over-allotment Option is also fully exercised, the number of shares will increase by an additional 12,632,978 shares and the share capital will increase by an additional 252,659.56 SEK. Upon full exercise of all warrants issued in the Rights Issue and the Over-allotment Option, the number of shares will increase by a further maximum of 25,265,956 shares, meaning an increase in the share capital of a maximum of 505,319.12 SEK.



Investor meetings

Investor meetings will be arranged during the subscription period. Invitation to these will be presented on Alelion's and Redeye's website.

Prospectus

The prospectus is expected to be published around 29 September 2020. Complete terms and conditions and information on subscription and guarantee commitments will be available in Alelion's prospectus which will be published on the Company's and Redeye AB's respective websites (www.alelion.com, www.redeye.se).

Alelion takes out bridge loans from related parties

Alelion has made an agreement to take a bridge loan of 10 MSEK from the Company's largest shareholder, Fouriertransform AB. The loan has a maximum term of 12 months and is intended to finance the Company's operating costs in the short term. The bridge loan will be fully offset against new shares in connection with the Rights Issue. The loan, which will be repaid in August, has an annual interest rate of 3.7 per cent.

Advisors

Redeye AB is financial advisor, Setterwalls Advokatbyrå Stockholm AB is legal advisor and Aktieinvest FK AB acts as the issuer in the transaction.

For further information, please contact:

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This is information that Alelion Energy Systems AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the agency of the above contact person, for publication on August 18, 2020 at 08:30 CEST.

Alelion

Alelion is a Lithium-Ion technology solution provider and manufacturer of battery systems. Alelion makes their clients succeed with their electrification of industrial vehicles and transformation to more sustainable use of energy. With powerful solutions, an automated production and an empowering approach, Alelion constantly strives forward, for a better tomorrow. Alelion is headquartered in Gothenburg, Sweden and listed at Nasdaq First North Growth Market. Alelion has and gives the power to change, more information at alelion.com

Alelion's major owners are Pegroco and Fouriertransform. The company's share (ALELIO) is traded on Nasdaq First North Growth Market, Stockholm with G&W Fondkommission as Certified Advisor, e-mail: ca@gwkapital.se, phone: +46 8-503 000 50.

IMPORTANT INFORMATION

The information in this press release does not constitute an offer to acquire, subscribe for or otherwise trade in shares or other securities in Alelion. No action has been taken and no action will be taken to allow an offer to the public in any jurisdiction other than Sweden. Invitation to the persons concerned to subscribe for shares in Alelion will only take place through the prospectus that Alelion expects to publish around 29 September 2020.

The information in this press release may not be disclosed, published or distributed, directly or indirectly, within or to the United States (including its territories and provinces, any state in the United States and the District of Columbia, ("USA")), Australia, Hong Kong, Japan, Canada, New Zealand, Switzerland, Singapore, the United Kingdom, South Africa or South Korea or any other jurisdiction where such action would be illegal, subject to legal restrictions or require action other than that provided by Swedish law. Measures in violation of these instructions may constitute a violation of applicable securities laws. This press release does not constitute an offer or invitation to acquire or subscribe for securities in the United States.



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This press release may contain some forward-looking information that reflects Alelion's current views on future events as well as financial and operational developments. Words such as "refer", "assess", "expect", "can", "plan", "consider", "estimate" and other expressions that express indications or predictions regarding future developments or trends, and that are not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties because it is dependent on future events and circumstances. Forward-looking information does not constitute a guarantee regarding future results or development and the actual outcome may differ materially from what is stated in forward-looking information. The information, perceptions and forward-looking statements in this press release apply only as of the date of this press release and are subject to change without notice.