

Azelio secures loan of SEK 30 million, intends to carry out a rights issue and continued cost reductions, and negotiates a strategic partnership

Azelio AB (publ) ("Azelio" or the "Company") is taking a number of measures to ensure that the company can take advantage of the opportunities that the ongoing transition to a more sustainable energy production brings.

- **The company has entered a conditional loan agreement corresponding to SEK 30 million from the Company's major shareholder, which ensures the company's short-term liquidity. The loan constitutes a subscription commitment in the upcoming rights issue. As security for the loan, Azelio will pledge certain patents and patent applications. The loan is subject to approval by an extraordinary general meeting.**
- **Azelio's Board of Directors intends to resolve on a rights issue of approximately SEK 80 million to further strengthen the company's financial position. The rights issue is partly secured through the loan to the amount stated above.**
- **The financing strengthens the Company's financial position and enables the Company to conclude negotiations on a strategic partnership that may include a significant commercial order as well as commercial and industrial cooperation.**
- **Azelio continues the work to adapt its cost structure through, among other things, staff reductions. The measures, when fully implemented, are expected to reduce the Company's costs by approximately SEK 100 million on an annualized basis.**
- **An extraordinary general meeting is intended to be held on June 2, 2023, to decide on approving the above-mentioned loan, amendment of the articles of association and reduction of the share capital in order to enable the board to make a decision on a rights issue. Notice of the extraordinary general meeting will be published separately.**

The loan secures the company's short-term liquidity and is obtained through the issuance of collateral in the company's intellectual property rights. The loan constitutes a subscription and guarantee commitment in the rights issue and repayment will be made of the part of the loan, if any, that cannot be used for settlement in the upcoming rights issue. Guarantor compensation is not issued. The lender is the Company's major shareholder, also board member, Kent Janér. The loan runs until 31 December 2023, but is redeemed early in connection with the rights issue. The interest rate on the loan is set at 8.0%. The company's Board of Directors considers the terms of the loan to be on market terms and assesses that the loan is the best alternative to solve the short-term liquidity needs of the Company. The loan is subject to approval by an extraordinary general meeting.

Azelio's Board of Directors intends to resolve on a rights issue of approximately SEK 80 million, of which SEK 30 million is guaranteed through the above-mentioned loan, provided that the loan is approved by the extraordinary general meeting. The financing strengthens the Company's financial position and enables the conclusion of negotiations with the potential strategic partner.

The strategic partnership is expected to include a significant order as well as both commercial and industrial cooperation. The strategic partner is an international major player with extensive ambitions in renewable energy. The negotiations on a long-term strategic partnership will take place in two stages where the parties share a common ambition to reach a declaration of intent during the summer and a final agreement in the autumn of this year. Azelio cannot currently make more detailed assumptions about how a possible partnership may affect the company financially.

At the same time Azelio implements several measures, including staff reductions and organizational changes, to reduce its costs. At present, the Company's assessment is that the measures, when fully implemented, will lead to cost reductions of approximately SEK 100 million on an annualized basis, of which staff reductions (employees and consultants) correspond to approximately SEK 65 million. Azelio now initiates negotiations with the trade unions about a new organization.

"To enable Azelio's long-term operations and competitiveness, the organization needs to continue to reduce the cost structure. It is painful to make decisions that affect colleagues, but it is a necessary measure to ensure the company's future competitiveness. The loan financing and the following rights issue give us the opportunity to conclude negotiations with a strategic and important partner. This potential partnership lays the foundation for the company's future development", says Jonas Wallmander, CEO of Azelio.

An extraordinary general meeting is intended to be held on June 2, 2023, to decide on approving the above-mentioned loan and enable the board's decision on a rights issue by amending the articles of association and reducing the share capital. Notice of the extraordinary general meeting will be published separately.

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About Azelio

Azelio specializes in energy storage with electricity and heat production. The technology is revolutionary in that renewable energy becomes dispatchable, making clean energy available around-the-clock. The energy is stored in recycled aluminium and converted into electricity and heat with a total efficiency of up to 90%. The solution is scalable, sustainable, and cost-efficient from 0.1 MW up to 20 MW. Azelio is headquartered in Gothenburg, Sweden. Production takes place in Uddevalla and the Company maintains development centers in Gothenburg and Åmål, has a presence in Stockholm, as well as Regional Directors for Australia, US, southern Africa and the MENA region. Azelio is listed on Nasdaq Stockholm First North Growth Market with FNCA Sweden AB as Certified Adviser: More about Azelio: www.azelio.com

This information is information that Azelio is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2023-05-02 08:30 CEST.

Attachments

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