



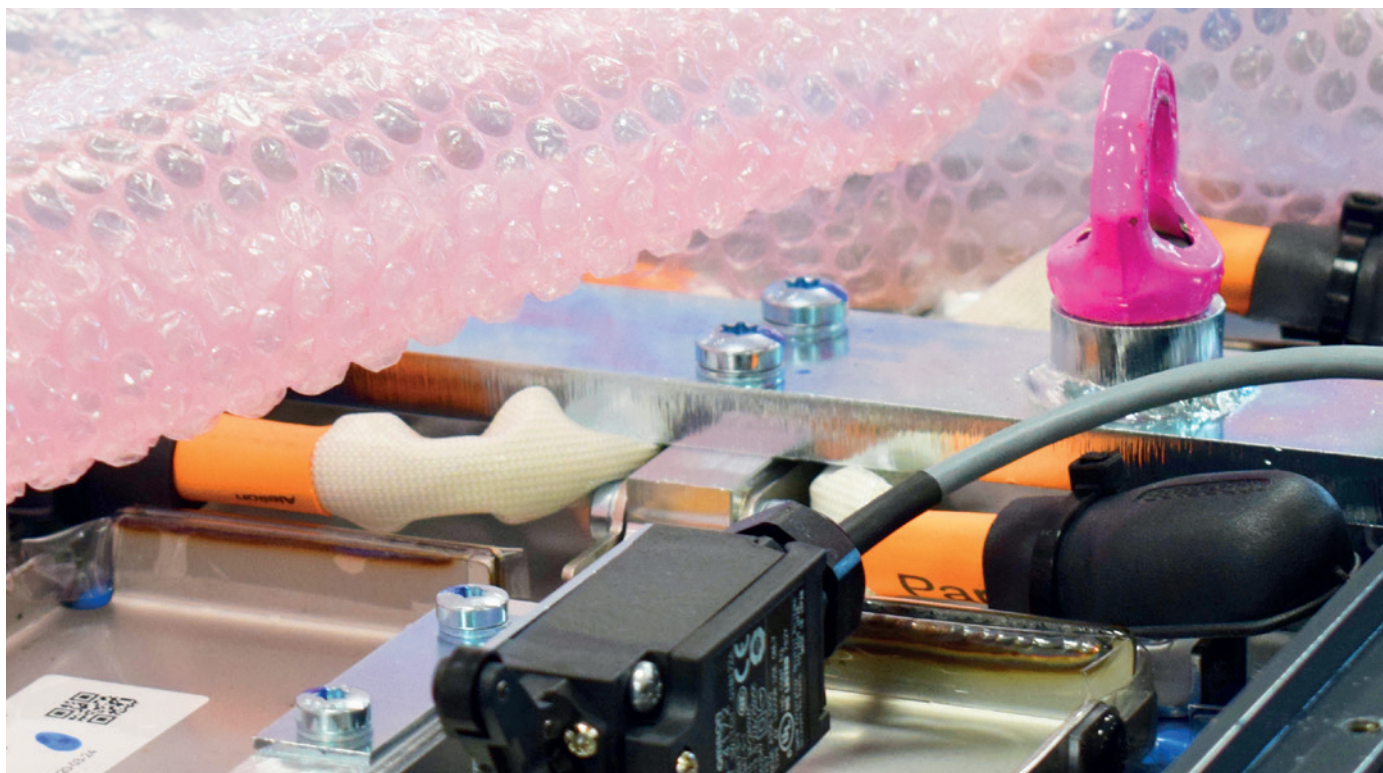
INFORMATION ABOUT SUBSCRIPTION OF UNITS

Alelion Energy Systems (publ)

*In this information folder
“Alelion” or “The Company”*

Climate smart lithium-ion battery systems





INTRODUCTION

Alelion is a technology-based Company that manufactures battery systems based on lithium-ion technology. The strategy behind these lithium ion battery systems is to develop and deliver energy storing systems where cost reductions and a reduced climate footprint fuse together. Alelion's business model is to sell standardized but also specialized lithium ion battery systems to an industrial customer base where primarily industrial vehicles and material handling are in focus. Alelion Energy Systems AB (ALELIO) is listed on the Nasdaq First North Growth Market.

Environmental issues have become a major focus in recent decades as a result of the clear environmental problems and climate change. This in turn has created an incentive to drive the world's companies to more environmentally friendly alternatives. Environmentally conscious products such as electric cars and engines have had an exponential increase over the years. This shows that consumers place more demands on companies to make environmentally conscious decisions and alternatives for the consumer to buy their products.

The growth in Alelions markets originates from the increased focus on environmental issues and the global transition to renewable energy and sustainability in energy products. The Company perceives that these trends and driving forces will have the biggest future impact on the demand and services that Alelion manufactures and provides.

Electrification of the automotive sector is a large part of the general development to counteract environmental and climate problems. Legislators are placing higher and higher demands on the reduction of carbon dioxide emissions. The legislation is also

seen as a driving factor in the ongoing electrification as companies are more or less forced to minimize their carbon dioxide emissions. Overall, this electrification trend means that demand for lithium-ion-based energy storage systems for vehicles offered by Alelion batteries is expected to increase in the future.

Alelion buys their battery cells from subcontractors in mainly Asia. Alelion then builds together the cells to cell models and battery packs with the right capacity, performance and physical design for the customer's applications and products. Through a self-developed software, Battery Management System (BMS) the battery cells are monitored and controlled and enables communication with the vehicle.

Standardized and tailor-made lithium ion batteries

Alelion currently offers standard products for the material handling and battery system segment from 24V, 36V, 48V and up to 80V. These products called "stand alone" can be used as a replacement for a lead-acid battery in a truck. Stand alone batteries do not depend on being connected to the truck's software system without being handled separately. A separate display is delivered together with the battery where reading of the battery's charge level can be read.

In the special vehicles segment, which includes ground support equipment (GSE) at airports, Alelion produces customized solutions but a start from 80V to 800V. The systems for special vehicles are usually more complex, placing higher demands on currents and environments. Special vehicle systems are often specialized for customers and can include both cooling systems and heating.

Strategy and goals

Alelion's strategy is to develop and offer energy storage systems where cost reductions and a reduced climate footprint fuse together. The Company's primary focus is within:

- ✓ Material Handling – Industrial trucks
- ✓ Special vehicles – Industrial vehicles

Alelion estimates that the materials handling segment with the industrial trucks is moving towards a greater standardization in the transition from lead acid batteries to lithium ion batteries. The transition has its roots in both the fact that lead acid batteries are not as environmentally friendly but also in the fact that batteries based on lithium-ion technology can store twice as much energy per weight and volume unit as other battery technologies. The previous investments the Company has made in in-house production and a highly automated production line have led Alelion to increase its competitiveness in the materials segment as well.

Special vehicles are seen as a suitable investment for Alelion's knowledge and innovation height and complement the offer, which is then customer-driven and project managed. The goal in sales is to increase sales in both business areas and achieve a good balance between standardized products and customized products.

The Company's long-term goal is profitable growth, which will be achieved through higher sales volumes and a conscious cost focus. Growth will take place primarily in the European and North American markets, where Alelion sees great interest in the Company's solutions and the Company's technical level and product quality.

MOTIVATION FOR THE RIGHTS ISSUE

The upcoming Rights Issue enables a ramp up of production which existing customers are facing when the vehicles are launched on the market. The Company will also grow with new customers in the material handling segment as well as special vehicles, which requires continued investments in sales, sales support and marketing. Continued focus is also required on the work of testing, verifying and certifying battery systems in order to maintain the longevity and safety requirements that Alelion has for its customers.

Through sales revenues and net liquidity from the Rights Issue, Alelion will be able to move closer to the long term strategy and actively contribute as a development partner to customers who are electrifying their vehicles and switching over to more effective usage of energy.

The Rights Issue is carried out as part of Alelion's plan to provide the resources required to take advantage of the Company's promising business opportunities and secure customer deliveries to existing customers as well as continued sales growth with a focus on reaching new customers. New customers will be reached with both existing solutions as well as through new

development projects. Alelion's goal is to create a breadth in its product portfolio to achieve higher volumes, better economies of scale and achieve profitable growth.

Motivation for the Rights Issue

The Board of Directors assesses that the Company's existing working capital is not sufficient to finance the Company's working capital needs as well as the following commitments for the coming twelve-month period from the date of the Prospectus. Alelion is now carrying out the Rights Issue in order to capitalize the Company and create the conditions for realizing the growth strategy.

Use of Proceeds

If fully subscribed, Alelion will receive approximately SEK 52.1 million, after deduction of issue costs of approximately SEK 6.7 million (of which costs for guarantee commitments totaling approximately SEK 2.3 million) but before redemption of warrants. In order to enable further capital injections as well as the possibility of increased dispersal in the Company's share, the Board may, in the event that the Rights Issue is oversubscribed, decide on an Overallotment option up to SEK 11.4 million. Upon full exercise of the warrants of series TO2, the Company will receive an additional approximately SEK 21–44 million after issue costs (depending on possible exercise of the Overallotment option and the final exercise price).

The issue proceeds from the Rights Issue, including any proceeds from the exercise of the warrants, will be used to strengthen working capital and are planned to be distributed as a percentage as follows and, in the event that the issue is not fully subscribed and all measures can therefore not be implemented, as follows:

1. Marketing and sales growth

(25 percent of the issue proceeds)

- Continued investments in sales, support and marketing will be required to increase volume and reach the next level of economies of scale in development and production.

2. Test, verification and certification of battery systems

(15 percent of issue proceeds)

- To ensure future competitiveness and secure deliveries of cells, continuous tests and certifications are necessary. Through continued investments in the area, Alelion creates the right conditions to be at the forefront of the choice of cells and battery systems.

3. Ram-up production

(60 percent av issue proceeds)

- Capital to secure deliveries to the existing customer base.
- Expand the customer base within selected segments.

The rights issue is 100 percent covered by subscription and guarantee commitments from existing shareholders and external investors.