



INVITATION TO SUBSCRIBE FOR SHARES IN MELTRON AB (PUBL)

- RIGHTS ISSUE SEPTEMBER-OCTOBER 2020

"Meltron is in an exciting growth phase, with an ongoing international expansion of a product portfolio comprising advanced LED-based lighting systems"



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Investment Highlights

- 1. BREAKTHROUGH ORDER** for the Company's heaviest and market-leading product, the gas explosion proof EX, from a leading global pharmaceutical company. The customer has performed a thorough evaluation and reached the conclusion that Meltron's EX offers the best properties. This seal of quality may pave the way to other global pharmaceutical companies in the coming years, and it is estimated that it could generate significant revenue in the long term.
- 2. A STRONG POSITIVE SIGNAL** is that the major owners of the Company are defending their share in the upcoming issue by providing subscription commitments of approximately MSEK 6.5. In addition, members of the Board of Directors have provided subscription commitments of approximately KSEK 600.
- 3. AN EXCITING COOPERATION** with an American security company is expected to start generating significant revenue for the Company this year.
- 4. A MATURE PRODUCT PORTFOLIO** where future investment needs are projected to be low, combined with a scalable business model.
- 5. THE COMPANY HAS AN EXTENSIVE BASE OF INSTALLATIONS** which provides a good platform for volume orders. The Company's list of customers includes renowned companies such as Stora Enso, Skanska and Akzo Nobel as well as public procurers in infrastructure and energy.

REASONS FOR THE FORTHCOMING RIGHTS ISSUE

Meltron develops, manufactures and sells LED light sources and systems based on more than 20 years of research that has resulted in a patent family covering optics, electronics and linear drivers as well as know-how related to material technology and thermal conductivity. The Company is in an exciting phase, with several pilot projects underway in collaboration with global, strategic partners. The Company has a particularly strong position in customer segments within illumination of demanding environments, such as mining, oil and gas, chemical and pharmaceutical industry and infrastructure. With several recent breakthrough orders, the Company now intends to strengthen its financial position for future growth by developing initial orders into wider framework agreements.

In 2019, the Finnish lighting company Oy Meltron merged with the Swedish company A Uni-light LED AB. The companies today form the Meltron AB Group. The rationale behind the business combination was what the product portfolios of the two companies complemented each other well and that synergies had been identified on the revenue side. Most importantly, the companies would together form a larger operator with more resources to capitalize on the strongly growing LED market. As a consequence of the merger, the Company has expanded into new segments with higher profitability. Meltron is today focusing on lighting systems based on advanced LED technology for use in particularly demanding environments, within four customer segments: industry, infrastructure, warehousing and logistics, and agriculture.

Following the business combination and the identification of new focus areas, the Company has received several strategically important and prestigious pilot orders. The majority of the contracts have been concluded with major, global companies, which requires a considerable resource injection to meet customer demands from the onset. Meltron has the ability to customize the Company's products to adapt to the wishes and circumstances of each individual pilot project, something that is highly appreciated by customers.

The Company considers the longer-term potential of the current pilot projects with the global customers to be high, but they are resource intensive initially. In order to be able to meet pilot customer demands while continuing to develop advanced and high-quality lighting systems, the Company needs to increase the working capital. This is the reason and background for the present offering. The capital injection would further provide an opportunity to take advantage of the positive momentum generated by the breakthrough order from the pharmaceutical company to win additional similar contracts.

The Company intends to use the net proceeds from the offering approximately as follows:

Expansion of the marketing organization	50 %
Research and development	21 %
Production capacity	20 %
Repayment of bridge financing	9 %
Total:	100 %

Introduction



Meltron develops, manufactures and sells LED light sources and systems based on more than 20 years of research that has resulted in a patent family covering optics, electronics and linear drivers as well as know-how related to material technology and thermal conductivity. The light from the Company's light sources can be optimized by means of both advanced calculation tools and advanced optical diffraction technology that ensures a more even distribution of the light, with no blind spots on the illuminated areas.

Meltron focuses on a number of strategic customer segments with high requirements for lighting in demanding environments: infrastructure, industry, logistics and agriculture.

LED lighting is the most efficient lighting technology available today. The abbreviation stands for "Light Emitting Diode". The design and efficiency of LED technology results in considerable energy savings and reduced maintenance needs, and gives it significantly longer life than any other light source.

BUSINESS CONCEPT

Meltron's business concept is to provide leading, high-quality and high-tech lighting technology based on LED. The Company's solutions shall contribute to sustainable development, protect people and property and increase security on roads and in public places as well as in demanding industrial environments.

The Company's product portfolio comprises around ten lighting solutions distributed throughout the four aforementioned customer segments. Within infrastructure, the Company offers two products with integrated software, so-called smart solutions. The lighting can be integrated with, e.g., surveillance cameras, which through the software can adjust the luminous intensity and focal area depending on

the movement of vehicles and persons in the area. A new installation can often be made with fewer lights compared with conventional lighting, which reduces the cost for columns and other infrastructure.

VISION

Meltron's vision is to become the leading European supplier of LED lighting solutions to the most selective corporate customers within selected segments such as industry, infrastructure, logistics and agriculture.

The product series reduces the operation costs due to decreased energy consumption, and improves the security of the local environment through the opportunity to perform real-time monitoring of, for example, a road with an adjacent footpath and bicycle lane.

The Company's product series that target selected industries are distinguished by their enhanced robustness and flexibility, ideal in, e.g., the mining industry, in oil refineries and in other demanding and sensitive environments. Meltron offers solutions that meet the highest safety standards with regard to explosion protection and resistance to chemicals, dirt, dust, humidity and corrosive substances.

In the industrial segment, the Company today offers four main products. The properties most frequently requested by industrial customers are performance and economy. In addition to energy-efficient LED luminaires of the highest quality, the Company offers a related software which optimizes the illumination depending on the current needs, the time of day and the natural lighting available in the specific environment. Meltron further strives to be at the forefront as regards the manufacture, development and marketing of maintenance-free LED solutions with long warranties.

REFERENCE CUSTOMERS

Meltron has a creditable list of reference customers from all four customer segments. Lighting is, to some extent, a slow-moving sector – but reference customers of a high order create legitimacy and facilitate the initiation of new projects with other major customers.

Among the several orders disclosed during the year, a pilot project with a Finnish oil and gas company with a turnover of more than SEK 10 billion can be mentioned. The initial order is relatively small, but it is important as a starting point for growth within the lucrative customer segment of demanding industries. When the oil



and gas company has evaluated the initial installation, Meltron hopes to be given the opportunity to install its custom-made lighting solution in all the customer's facilities. A breakthrough of that magnitude would have a significant positive impact on the Company's revenue and profitability. Advanced discussions on similar installations are underway with other leading companies in the pharmaceutical and energy industries, among others.

PRODUCT PORTFOLIO



INFRASTRUCTURE
Smart road lighting



MELTRON
RS



INDUSTRY
Smart lighting for explosive and demanding environments



MELTRON
EX



LOGISTICS
High performance, long durability and low cost



MELTRON
HB



MELTRON
PY



AGRICULTURE
Economically advantageous for the farmers, gentle on the livestock



MELTRON
DL

MARKET

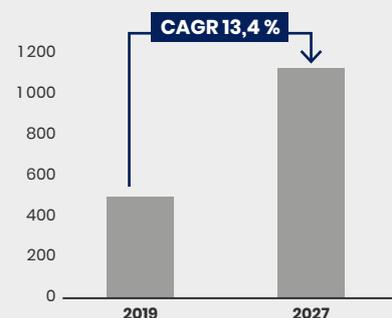
The Company operates in the LED lighting market. The market, which previously was dominated by incandescent light bulbs and halogen lamps, has during the 21st century seen the commercialization of the LED lamp, an invention that originally dates back to 1960 (for red light). The major benefits of the LED lamp and the primary driver of its high penetration are the economic and environmental aspects. As the awareness about environmental issues has grown among societal actors, the scalability and production capacity for LED lighting has also increased; the technology has experienced a strong growth over the past decades, in industrial and consumer markets alike.

In 2018, LED reached a milestone as a lighting technology, as it then matched traditional fluorescent tube luminaires with regard to penetration level, according to the IEA (International Energy Agency).

Attractive incentives from governments around the world are projected to increase demand further and promote future growth. In addition, the price trend in LED is continuously declining, which strengthens the technology's advantage over alternative lighting options.

The global LED market was worth approximately SEK 500 billion in 2019.

The global LED market
(SEK billion)



Source: Grand View Research

By 2027, the LED market is projected to have grown to a value of approximately SEK 1,136 billion, corresponding to an average annual growth (CAGR) of more than 13 percent.

Business model

At the heart of the Company's business model is innovative product development on the basis of more than 20 years of research. The LED market is extensive and is expected to show strong growth for many years to come. Nevertheless, growth and size does not always equal profitability. Many operators in different parts of the value chain are struggling to achieve profitability. The Company's niche strategy to ensure profitable growth is laid down below.

LED lighting basically comprises relatively generic products with low barriers to entry. It is challenging to develop differentiated products that can justify a price premium to customers and thus generate good margins and profitability. Meltron's DNA is formed by solid research and development conducted within LED lighting, optics, material technology and electronics since the early 90s. A significant part of the Company's business strategy and competitive advantage is the ability to supply custom-made solutions in response to customer-specific requirements, and in several recently received pilot orders, this has been a decisive factor. The Company's offer has proven particularly attractive to especially demanding final customers in speciality chemicals, where the Company's specialist qualifications and high-quality products provide substantial benefits for customers.

The production of certain products is currently carried out by a long-term partner in China. For several products, Meltron performs its own quality assessment and final assembly in Finland, on the basis of special componentry sourced from selected partners and suppliers in several European countries. Meltron involves its suppliers in the product development in order to ensure that the finalized products meet the same standards as the Company's prototypes, which are manufactured at Meltron's R&D laboratories in Finland. At the facility in Finland, the Company's technicians assemble the final products and make adaptations depending on which of the four customer segments they are intended for. Components from around the world are assembled with the aid of the Company's proprietary machinery and related software. The software acts as a bridge between the lighting and other add-on products such as cameras. Furthermore, an additional quality assessment is carried out in the Company's facility in Finland with regard to performance, safety, energy efficiency and heat, before the product is dispatched to the distribution level.

The Company's go-to-market strategy differs depending on the customer segment and geography. During the second half of 2019, the Company entered into a strategic agreement with a partner, Industrial Security Alliance Partners (ISAP), to canvas the U.S. market. The cooperation takes the form of a joint venture, where Meltron sells a license to ISAP granting the right to integrate the Company's lighting systems in ISAP's products. ISAP is a world leader in security and surveil-

lance, and the commercial logic behind the cooperation is that Meltron's equipment shall complement ISAP's products and together form an attractive comprehensive solution. The primary target group for the cooperation includes final customers in the oil and gas industry, nuclear power plants, airports and border control.

A sales organization built up internally is handling the Company's home market, Europe. This organization will be expanded and strengthened following the capital raising. The main focus so far has been on Sweden, Finland, Germany, Austria and Great Britain.

The Company's third geographical focus area is the Middle East, initially with a particular focus on Oman.

"Meltron's DNA is formed by solid research and development conducted within LED lighting, optics, material technology and electronics since the early 90s."

This is a market that the Company has targeted for a couple of years, mostly with regard to the infrastructure customer segment. The Company has had a local sales person in place for one year, who has established a pipeline of projects. An initial commercial

installation in a riding stadium in Muscat completed in the beginning of the year has attracted considerable attention, and a number of major stadiums have taken a close interest. Following the increased attention, a larger local company has approached Meltron to initiate dialogue regarding a long-term cooperation in Oman and throughout the MENA region, aiming initially to conduct sales and eventually to carry out local assembly and production. The market potential is considered substantial.

The R&D expenditure in relation to sales is expected to decrease firmly moving forward. In combination with a possible breakthrough order from one of the prestigious pilot projects in the four customer segments, the assessment is that this will act as a driver for the margin, cash flow and profitability in the future.

Summary of the Rights Issue

AMOUNT OF THE ISSUING	Rights issue of 100,069,720 shares, corresponding to approximately MSEK 25.0 before issuing costs. In the event of considerable interest in the rights issue, the Board of Directors is mandated to conduct an over-allotment of 16,000,000 shares, corresponding to MSEK 4.0, in an additional directed issue.
TERMS	One (1) subscription right will be obtained for each existing share held. Eight (8) subscription rights are required to subscribe for five (5) new shares at a subscription price of SEK 0.25 per share.
SUBSCRIPTION PRICE	SEK 0.25 per share. No commission is charged.
SUBSCRIPTION PERIOD	September 28 – October 13, 2020.
TRADING IN SUBSCRIPTION RIGHTS	September 28 – October 9, 2020.
WITH PREFERENTIAL RIGHTS	Meltron's existing shareholders will, through the allotment of subscription rights, obtain the right to subscribe for shares on a pre-emptive basis.
SUBSCRIPTION WITHOUT PREFERENTIAL RIGHTS	In addition, shareholders and others are offered to submit expressions of interest in subscribing for new shares in Meltron without preferential rights.
RIGHTS ISSUE GUARANTEES	In view of the present rights issue, guarantees of approximately MSEK 23.4 as well as subscription commitments of approximately MSEK 1.6 have been provided. The guarantees and commitments total MSEK 25.0, corresponding to the full amount of the rights issue. Additional subscription commitments of approximately MSEK 5.5 have subsequently been provided by the Company's major shareholders, which entails that Megabond Tallin exercises its rights in full.

Reference to the prepared memorandum for the rights issue: The material herein comprises an introduction to Meltron and the disclosed Offering to subscribe for shares. This does not constitute an exhaustive summary of the memorandum prepared in view of the Offering. For example, this introduction does not contain any description of the material risks that Meltron considers it important to evaluate before investing in the Company's shares.

These risks, as well as other information that is essential to take into account in order to conduct a full evaluation of the Offering or any investment in Meltron, are presented in the memorandum. Prior to making any investment decision, the memorandum for the rights issue should be reviewed carefully. It is available for download at www.meltron.com.



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