

Parans secures external financing of up to SEK 30 million and issues free warrants to its shareholders

Tuesday, 21 November 2017

Parans Solar Lighting AB (publ) ("Parans") has signed an agreement relating to an investment of up to SEK 30 million. The capital will be used to secure the ongoing launch of the new SP4 system relating to marketing investments and build-up of the production capacity. The transaction is carried out through a private placement of convertible notes (the "Notes") with warrants attached (the "Warrants") in several tranches spread over 36 months (each, a "Tranche").

- The agreement will be an important part of our work to secure sufficient funds to continue the launch of the new SP4 system, says Anders Koritz, Parans' CEO. We are now in a very positive and intense phase of this launch where we are working with many prospects in both the US, UAE and northern Europe. In parallel, we are also in the final phase of the establishment of our industrial production capacity for the SP4. The capital from L1 Capital will be part of our overall financing solution to secure the development of Parans as a company.

The Tranches are subscribed by a fund managed by L1 Capital Pty, Ltd. (the "Investor"). L1 Capital is a fund manager based in Melbourne, with over US\$ 1 billion under management. L1 Capital manages 5 funds with positions across the globe and sectors and has been one of Australia's top performing Australian equity fund managers since its inception in 2007. L1 Capital's investments in Europe focus on technology and healthcare smallcap companies presenting a strong growth potential.

The placement of the first Tranche of SEK 4 million is the first transaction launched under the issuance agreement entered into by Parans with the Investor dated 20 November 2017 (the "Agreement").

In connection with the Agreement, Parans will also issue free warrants to existing shareholders, to protect them against dilution (the "Shareholders Warrants"). For the first Tranche, one (1) warrant will be allocated for twenty-eight (28) shares held on 14 trading days after the date of this press release. The Shareholders Warrants will have the same characteristics as those of the Investor.

Highlights about the transaction:

- The first Tranche is a private placement of SEK 4 million launched through the issuance of Notes with Warrants attached to the Investor.
- Upon the full exercise of the Warrants and the Shareholders Warrants of the first Tranche the investment may provide Parans with an additional approximately SEK 3.9 million.
- Parans have the right (but no obligation) to request additional maximum potential financing of up to SEK 26 million (plus up to an approximately SEK 25.5 million upon exercise of all the Warrants and Shareholders' Warrants) through further Tranches of Notes with Warrants attached over the next 36 months, subject to fulfilment of certain conditions.
- As a technical measure in order to meet the Investor's demand for immediate access to its shares, certain shareholders will, during a transitional period, lend shares to the share agent engaged for this Agreement.
- Parans's board of directors has on the evening of 20 November 2017 approved the transaction with the Investor as well as the issuance of the Notes, Warrants and the Shareholders Warrants under the first Tranche as it is within the limitations of the authorization from the shareholder's meeting of 6 November 2017.

Main characteristics of the Notes, the Warrants and the Shareholders' Warrants:

- The Notes have a principal amount of SEK 10,000 each. They bear no interest and have a maturity of 12 months from the date of the registration of their issuance with the Swedish Companies Registration Office. During their term, the Investor may request to convert any or all of the Notes at a variable conversion price representing a 10% discount to the lowest daily closing bid price over the 15 trading days (the "Reference Price") preceding the conversion date.

- Upon such conversion request, Parans have the option to remit, at its discretion, cash, shares in Parans or a combination of both. This characteristic will enable Parans to manage the potential dilution resulting from the Notes.
- The Warrants have a maturity of five (5) years from the date of the registration of their issuance with the Swedish Companies Registration Office and will immediately be detached from the Notes. Each Warrant gives right to subscribe for one (1) new share (subject to standard adjustments in accordance with the terms and conditions of the Warrants) in Parans at a fixed strike price representing a 20% premium to the Reference Price on the date of the request from Parans to issue a new Tranche.
- In the specific case of the first Tranche, the strike price will be SEK 3.00.
- The Shareholders Warrants will have the same characteristics as the Warrants and will together be admitted to trading on Aktietorget.

Issuance of the subsequent Tranches

- Parans's board of directors has committed to the Investor that it will, at a general shareholders' meeting, propose to increase the maximum number of shares that can be issued, if necessary, and to delegate the authority to the board of directors to approve the issuance of further Tranches of Notes with Warrants attached.
- Each subsequent Tranche will amount to SEK 2.5 million (such amount may be increased upon mutual consent of the Investor and Parans).
- Subject to the fulfillment of the following conditions on the date of the request and the date of funding of the requested Tranche, Parans can request the Investor to subscribe a new Tranche:
 - all outstanding Notes have been converted or redeemed;
 - no material adverse change has occurred;
 - no event of default is in existence;
 - no impossibility for the conversion of the Notes has occurred over the 90 preceding calendar days;
 - no suspension of trading of the shares has occurred over the 90 preceding calendar days;
 - Parans has a sufficient number of shares authorized for issuance by the board of directors upon conversion of the Notes into shares and upon exercise of the Warrants;
 - the closing price and the daily volume weighted average price of the shares on each of the 5 preceding trading days is at least equal to SEK 1.50;
 - the average daily value traded of the shares over the 10 preceding trading days is at least equal to SEK 90,000 (condition not applying for the first Tranche);
 - post-subscription of the requested Tranche, the Investor does not hold more than 5% of the then resulting number of shares of Parans (condition not applying for the first Tranche).

The full terms and conditions of the Notes, the Warrants and the Shareholders' Warrants will be published on Parans's website.

Example based on one Tranche:

- Issuance of Tranche:
 - Tranche amount: SEK 4,000,000
 - Strike price of Warrants: $\text{SEK } 2.54 * 120\% \approx \text{SEK } 3.00$
 - Number of Notes: $4,000,000 / 10,000 = 400$ Notes
 - Number of Warrants: $4,000,000 * 50\% / 3.00 = 666,666$
 - Number of additional Shareholders' Warrants: 658,436
- Conversion of Notes:
 - Reference Price: SEK 2.82 (based on yesterday's closing share price)
 - Conversion Price: $\text{SEK } 2.82 * 90\% \approx \text{SEK } 2.54$
 - Number of shares: $\text{SEK } 4,000,000 / \text{SEK } 2.54 = 1,574,803$ shares
- Full exercise of warrants:

- Investment from Investor's Warrants at exercise: SEK 3.00 * 666,666 = ca. SEK 2 million
- Investment from Shareholders' Warrants at exercise: SEK 3.00 * 658 436 = ca. SEK 1.9 million
- Total number of shares from warrants: 1,325,102
- Total additional investment from warrants: ca. SEK 3.9 million
- Dilution of shareholders per current number of shares from Notes and at full exercise of all warrants (both the Investor's and the shareholders' warrants) based on the example above: ~ 7,4%

This information is such information that Parans Solar Lighting AB (publ) is obligated to publish according to EU regulation on market abuse. This information was provided by the contact person below for publication on November 21st 2017.

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About Parans Solar Lighting AB (publ)

Parans Solar Lighting offers sunlight for indoor environments through an innovative system that captures and leads the rays of the sun. Parans, which developed and patented the technology, turns mainly to property owners, architects and larger employers worldwide. Parans Solar Lighting is quoted on the stock exchange list Aktietorget and has offices in Gothenburg, Sweden.