

2015

Information Memorandum



Offer To Subscribe For Shares
In Drive-Energy AB (publ)
22 May, 2015

About The Information Memorandum

If nothing else is expressly stated the following definitions apply in this Memorandum. The “Company” or “Drive-Energy” refers to Drive-Energy AB (publ), (Swedish corporate registration number 556783-5458). “Mangold” refers to Mangold Fondkommission AB (Swedish corporate number 556585-1267) and “UCCU” refers to UCCU K/S (Danish CVR 25150260). The term “Recipient” refers to the Recipient of this Memorandum.

Preparation Of This Memorandum

This memorandum has been prepared by the management of Drive-Energy with (Swedish corporate registration number 556783-5458). UCCU K/S (Danish CVR 25150260) has assisted the Company with the preparation of this Memorandum. The Owners and the Board of Directors of the Company are responsible for the content of the Memorandum. UCCU is not in any way responsible for the content of this Memorandum.

UCCU is not responsible for any investments made in the Company.

Dissemination Of Memorandum

The purpose of the Memorandum is to assist in the valuation of a potential investment in the Company. The recipient of this Memorandum is encouraged to use it exclusively for this purpose.

Exemption From Prospectus Requirements

The Memorandum is exempt from the law regarding trading with financial instruments requiring a Prospectus in accordance with 2 Chapter. 4 § Law (1991:980) (Sweden). The exemption applies to share offerings with of a total value of no more than 2. 5 million EUR and where the subscription period is less than 12 months.

This Memorandum has not been examined by, nor approved by Finansinspektionen (Financial regulatory Agency in Sweden).

Dissemination Of Memorandum

This Memorandum is aimed at investors who do not need further prospectuses or other arrangements as per Swedish law. This Memorandum may not be disseminated in Australia, Japan, Canada, New Zealand, USA, and South Africa or any other country where further requirements must be met.

In regards to this Memorandum, Swedish law applies and any dispute shall be settled in a Swedish Court.

The Recipient of this Memorandum is encouraged to perform his own due diligence of the Company. This should also include consultation with professional advisors about the legal, financial, tax and other potential consequences that may arise through an investment in the Company.

Statements about The Future

Statements in this Memorandum concerning the future, or future events in all regards, reflects the board of directors’ current view of the future. The Recipient should realize that these projections are based on the facts as they were at the time of the writing of this Memorandum. These projections are based on the best available information, but are as always associated with a level of uncertainty.

Tax Deductions

A share subscription in the Company may qualify the investor for certain tax deductions. More information about this is available in the section *Tax Issues* later in the Memorandum.

Obtain The Memorandum

The Memorandum can be obtained from the Company, Mangold or UCCU.

The Board Assures

The Board hereby assures that all reasonable precautions have been taken, as far as the Board is aware, to ensure that all the information in the Memorandum complies with the facts and that no relevant information has been left out. The Board also assures that all information from external sources has been reproduced in a correct manner.

Stockholm 2015-05-13

The Board

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Authorization For Subscription

The board of directors of Drive-Energy AB has decided, conditional on a decision at the upcoming annual shareholders' meeting, to issue new shares in Drive-Energy AB, without preferential rights for existing shareholders, to achieve diversification of ownership for an upcoming market listing. The offering will be used primarily in preparation for a listing, certification, expansion, production, sale and delivery of its products. The issue is made in conjunction with a listing of the company on the Mangold list.

The share issue will encompass a maximum 833 334 Series B shares at a price of 6 SEK. The Company's share capital will after the issue amount to at most 7 653 557 SEK. The par value is 1 SEK per share. The subscription period is May 25, 2015 – June 15, 2015. The board retains the right to extend the subscription period.

The Board has also decided to contract UCCU to work on this Memorandum and the share issue. The capital acquisition fee is 10% of the subscribed settlement, which if fully subscribed, will amount to 500 000 SEK.



Subscription Offer In Brief

Subscription Time:	May 25, 2015 – June 15, 2015
Subscription Lot:	1000 Shares (6 000 SEK)
Subscription Price:	6 SEK Per Share
Issue Volume:	833 334 Shares
Issue Value:	5 000 004 SEK
Number Of Shares Pre-Issue:	6 820 223 Shares
Valuation (Pre-Money):	40 921 338 SEK



Terms And Conditions

Subscription Price

The subscription price is 6 SEK. No commission will be charged.

Number of lots

The offer includes a maximum of 833 lots.

Lot Size

Shares are subscribed to in lots. One (1) lot includes 1 000 shares at 6 SEK per share, for a total cost of 6 000 SEK per lot.

Subscription Period

Subscription of shares will take place during the period between 25 May, 2015 and 15 June, 2015. The Board of Directors has a mandate to extend the subscription period at their discretion.

Entitled To Subscribe

The general public as well as institutional investors are entitled to subscribe to the issue.

Preferential Rights

The subscription will be implemented without preferential rights for existing shareholders.

Valuation

The company is valued at 40 921 338 (Pre-Money)

Allocation of subscription

Notification of subscription of shares will be through the issuance of a bill in the form of a contract note. Payment is to be made no later than the date on the contract note. No notification is sent to those who are not allocated a part of the subscription. If payment isn't made by the stipulated date the shares may be allocated to another investor. If the sale price of such reallocation is lower than the subscription price, the person who originally subscribed may be held responsible for the difference.

Foreign Investors

Investors residing outside Sweden (not referring to investors living in USA, Canada, New Zealand, Australia, South Africa or Japan) and who are eligible to subscribe to the issue may contact the Company, Mangold or UCCU. Contact information can be found below. The above mentioned companies will assist with information concerning subscription and payment.

Publication Of The Result Of The Subscription

As soon as possible after the end of the subscription period, and no later than a week after the end of the subscription period, the company will notify those who have received an allocation of shares. Those who have not received an allocation will not be notified.

Subscription Application

The application to subscribe is binding and it should be made on the subscription form, which must have arrived at Mangold Fondkommission AB no later than June 15, 2015. The subscription form is available on Drive-Energy's website (www.drive-energy.se) and on Mangold's website (www.mangold.se). Only one (1) subscription form per person will be considered. If more than one has been submitted, only the last one will be considered. Changes and additions to this form may not be made. Note that the application is binding and it cannot be withdrawn.

Mangold Fondkommission AB

Share Issue/Drive-Energy

Box 55691

102 15 Stockholm

Sweden

Visiting address: Engelbrektsplan 2, 3RD FL

E-mail: emissioner@mangold.se

Fax: +46 8 503 015 51

Phone: +46 8 503 015 80

Subscription Form

Subscription forms can be obtained through contacting:

Drive-Energy AB

Box 24137
104 51 Stockholm
Phone: +46 8-22 40 00
E-mail: info@drive-energy.se
Homepage: www.drive-energy.se

Mangold Fondkommission AB

Emissioner/Drive-Energy
Box 55691
102 15 Stockholm
Sweden
Phone: +46 8- 50 30 15 80
E-mail: emissioner@mangold.se
Homepage: www.mangold.se

UCCU K/S

Kronprinsessegade 46 E
1306 København K
Phone: + 45 70 20 22 23
Phone: + 46 736-13 99 44
E-mail: info@uccu.dk
Homepage: www.uccu.dk

Allocation Of Shares

Allocation of shares will be decided by the board of Drive-Energy. The goal is to ensure a wide distribution of ownership amongst the public.

Notification Of Allocation

Notification of allocation of shares will be through the issuance of a bill in the form of a contract note, which is expected to take place during week 25. Those who do not receive an allocation will not be notified.

Delivery Of Shares

The allocated shares will be delivered as soon as the share issue has been registered by

Bolagsverket (the Swedish Companies Registration Office), which is expected to take place at the end of June.

Trading The Shares

The Company's shares are listed on the Mangold list. ISIN code SE0005795143.

Currency

All amounts in this memorandum are in Swedish Kronor (SEK).

Miscellaneous

All shares in this issue are newly issued. This means that no individual or legal entity will be selling any shares in conjunction with this offer

Issuing Institute

Mangold Fondkommission AB

Box 55691
102 15 Stockholm
Phone +46 8- 50 30 15 50
E-mail: emissioner@mangold.se
Homepage: www.mangold.se

Risk Factors

The following risk factors have been identified regarding the technology of the Company.

Changes In Automobile Design

Drastic changes in the design of automobiles in such a way that the Company's technology is no longer relevant and can no longer be used to refuel cars the way it is designed. In the long term there is a possibility that car manufacturers may design their vehicles differently than today resulting in the placement of the fuel cap in a different location, thereby making the Company's technology impossible to use. In the short and medium term perspective it is however hard to imagine that this would be a probable scenario. Furthermore, the Company works in close cooperation with Husky Corporation, a leading manufacturer of nozzles for gas stations on the North American market, and as such it has an intimate knowledge of trends in the industry. Every car that is manufactured needs to be able to be refueled in a simple and efficient manner which makes it highly improbable that car manufacturers would design car models which cannot be refueled with today's technology without first discussing this with the manufacturers of refueling technology. Such changes would result in major costs for both the manufacturers of gas stations as well as for the major oil companies and their chains of gas stations. The risk must therefore be considered low.

New Government Regulation

New government regulation from time to time is part of life for all companies, including this Company. New government regulation is in most countries concerned with increased safety for the public, lowering the risk of adverse effects on the environment, as well as increasing the accessibility of certain technology to various groups in society, one being people who suffer from physical disabilities. The Company's technology is designed to meet demands regarding these issues from society, with increased safety, reduced environmental impact and increased accessibility as the focus. The thought that government regulation would hit the Company's technology in a disproportionate way is therefore hard to imagine, but it is nevertheless a risk factor that needs to be considered.

Competition

The Company is small and has limited financial resources. Many of the big oil companies, with their vast financial resources, have worked on developing competing automatic refueling technologies since the nineties. Despite their best efforts these attempts have not been successful enough to bring to market. Nevertheless these companies have the resources to continue their projects or to start new ones. The oil companies, as well as the leading manufacturers of refueling technology, are for the most part major multinational corporations with vast financial resources. Even though the Company has extensive patent protection, in the long term, competing technology must be considered the main risk factor.

Legal Issues

The Company has developed its technology in line with the safety regulations that are in place in both the US and Europe. There is nevertheless the risk of litigation should the Company's technology lead to personal injury or environmental damage. There is also the risk that competing firms may choose to use litigation to dispute the patented technology. As the Company is small, such litigation could prove to be costly. The Company is not currently involved in any litigation.

Message From The CEO



The technical development process is moving ahead at a furious pace which leads to constant changes in our everyday processes. Just the other day I took my first Taxi ride with UBER in Stockholm. I ordered the Taxi with my phone and I could see on the screen as it was driving towards me through the streets and soon enough it arrived. When we reached my destination I just got out of the Taxi, said thank you and walked away. The fare for the trip was automatically debited to my credit card and I received a receipt to my e-mail account. It is difficult to imagine a more convenient way to experience a taxi ride.

Drive-Energy thinks in the same way when it comes to refueling your car. Refueling the car takes time and it's not something that most people look forward to. For this reason this process should be as quick and easy as possible and with our automatic technology it is no longer rocket science. The road to get to this point has however not been as easy as one might think. Many large multinational companies have poured a lot of money into developing a system that allows for fully automatic refueling, but only Drive-Energy has successfully developed a functional and economically viable system.

We are currently working on developing a phone app to manage the entire refueling process from the driver's seat. You drive your car into the Drive-Through lane and stop at the red light. The app is automatically activated and all you have to do is press "confirm refueling". After that the system takes care of the rest and when the process is completed you will see a green light and you can drive off. Your credit card will be charged and a receipt will be sent to your e-mail account. It is hard to imagine a simpler way to refuel your car.

Our system is mainly developed for cars and refueling stations and our target consists of 50 billion (that's right, 50 000 000 000) refuelings each year. In addition to this we have recently been contacted by a bus company in Asia which has several thousand busses which are refueled each day by special staff. Our system eliminates the need for unhealthy manual refueling.

We have also received inquiries from two car factories that would like to replace their refueling staff with an automatic system. Our system is certainly competitive as it is developed for one purpose only which is to refuel cars.

There is no doubt that our technology will spread far and wide in the same manner as other forms of automatic concepts such as the automatic car wash and the ATM have done in their respective industries. A wise person at BP once said "That which is boring, dirty and unhealthy and which can be automated, will be automated."

Our shares will be listed on the Mangold list at the end of May, and this should be seen as a first step towards a listing on one of the major exchanges.

Even if we only succeed in capturing a small part of the vast market, an incredibly exiting journey awaits our shareholders.

Welcome as a shareholder!

Sten Corfitzen, Ceo

Insight

A few consumer comments as to why the refueling process for our cars needs to be modernized.



Manually refueling a car takes on average 3.5 – 5.5 minutes. Automatic refueling takes 2.5 minutes on average, which is a saving of between 1-3 minutes.



Refueling your car often means getting dirty. Both the nozzles as well as the fuel caps are often dirty. Refueling a diesel vehicle is particularly unpleasant.



Many countries today have statutory requirements requiring refueling stations to have a so called vapor recovery system. Most systems today can only handle a small part of the toxic fumes which enter the air about 50 cm from the motorist's nose. With an automatic refueling system nearly 100 % of the fumes can be recovered and at the same time no one needs to be in the vicinity of the gas tank opening.



It is not pleasant to be outside in all weathers to refuel your car, even if it is only for a short time. In our country the problem is primarily cold and rain, but in other countries the opposite is often the case. No one wants to go outside to refuel the car in Dubai when the temperature is 55 degrees Celsius.



For many old people and for those with disabilities, getting in and out of the car is problematic. To refuel the car is thus perceived to be a problem. Many organizations for the disabled have lauded our venture, which gives the disabled an opportunity to refuel their car by themselves without needing someone to help them.



Refuel your car is something that you do when it's necessary, which sometimes is at night. To get out of the car to refuel it at a remote refueling station in the dark gives rise to anxiety for many people. To remain inside the car feels safer.

Summary

Drive-Energy has through its subsidiary Fuelmatics a completely unique system for automatic refueling also known as ADR (Automatic Drive-Through Refueling). The Company's business concept is to create uniquely competitive advantages in the international refueling market.

ADR has been under development for two decades with a vision to an improved refueling process for cars, which is something that is part of our daily lives and something that is performed billions of times each year. Other companies have invested heavily in competing systems to gain access to this vast market. Among them are leading oil companies such as Shell. Lacking in user friendliness and efficient technical solutions has delayed the establishment of this technology. Many of these projects have now been terminated. ADR is the only product with user-friendly functionality that is ready for a broad based market launch. The product was met with great enthusiasm at the PEI fair late last year in the USA and two orders are already on the books. Right now negotiations are under ways that are expected to result in several new orders in the near future.

The current product version differs from previous versions in that it is simple for the consumer to use. The only adaptation that the motorist needs to make is to replace the fuel cap with a so called Speed Fuel Cap. This need only be done one time and it is a simple process which only takes a few seconds to perform. In addition to enabling the ADR refueling process, another advantage for the motorist is that it's also quicker and better for the environment than to refuel manually.

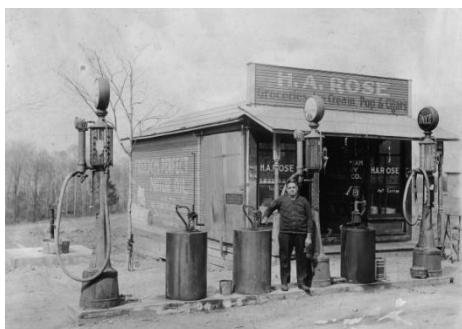
The Company will now issue shares to acquire the necessary number of shareholders ahead of the listing. The capital raised will be used to prepare for the listing, expansion, production, certification, sales and delivery.

With our new product version automatic refueling will become a reality. The Drive-Through concept means that the motorist can perform a number of errands without getting out of the car within a number of fields, such as banking, fast food, car wash and more. The driving force behind this is to save time and increase convenience. Automatic refueling is another natural Drive-Through process with obvious advantages for the motorist as compared to the manual process. Some of the advantages are to save time, minimize contamination and a more environmentally friendly process.

The demand for the Company's product will be created by the marketing value. With regards to retailers of fuel; for example oil companies, malls and independent gas stations, differentiation is an important factor in creating customer flow and loyalty. If the Company's goals are reached the Company expects to report a profit of 62 MSEK after tax within five years.

Background And History

Introduction



The idea that you should be able to refuel your car without actually getting out and doing it yourself started to gain ground in the nineties. At this time it had already been possible for a number of years to perform a number of services without leaving your car, for example your banking. In the mid nineties a number of actors began projects to develop a working ADR technology (Automatic Drive-Through Refueling). Some of the largest global oil companies were part of this effort (Shell Oil, BP/Aral, Tatsuno), but a Swedish company, Autofill, ultimately ended up with the

best product, both as far as the technology is concerned and also with an acceptable production cost. Unfortunately the company didn't have the financial strength to keep going, which to a large extent was caused by the fact that the technology wasn't developed enough to market and install on a large scale.

The Company later bought the patents from Autofill and has now developed them to what is today known as generation 3, which is markedly improved compared to the old version. The earlier generations employed a microwave based guidance system to bring the refueling nozzle into the correct position, which also required the car to be fitted with a so called transponder. The system turned out to be technically complicated and hard to sell. The current technology is based on a positioning system that doesn't require a transponder. The only adjustment that the motorist needs to make is to change the fuel cap to a so called Speed Fuel Cap, a process that only takes a few seconds.

The Company's business concept is to be able to offer refueling stations the ability to offer their end customer a comfortable and quick way to refuel that is also environmentally friendly and also more user-friendly for the disabled. These advantages put together gives the fuel retailer the ability to attract new customers and also increase the traffic as the refueling time is cut, leading to increased revenue.

So far the Company has assembled the refueling system on its own with components from Latvia as well as from other subcontractors. Eventually the entire production, including testing of the equipment, will be outsourced to subcontractors. During the first few years complete units will be sold, but eventually semi-manufactured units and licensing agreements will become a possibility. To sell manufacturing rights on license gives the Company an opportunity to grow faster than it would be able to otherwise.

The Company is very close to a major breakthrough as the technology has been tested at a number of locations recently and been on display at the PEI¹ fair in the US. The first delivery to a customer has been completed and the order book is filling up. The Company is thus in a position where the development work is more or less done and a new phase is about to begin where the focus will shift to marketing and selling the product.

¹ Petroleum Equipment Institute

The Product

Drive-Energy has through its product, Fuelmatics ADR, a completely unique system for automatic refueling, also known as ADR (Automatic Drive-Through Refueling).

With the use of the ADR the car is refueled automatically. The driver simply parks the car next to the payment station and while the driver prepares to pay via credit card or mobile phone, the ADR through the use of camera technology, locates the fuel cap. When the payment has been approved the ADR opens the fuel filler flap and begins the refueling process. When the refueling has been completed the ADR closes the flap and automatically retracts to its original position. The customer then receives a message that the refueling process has been completed and he/she can drive off. The entire process takes place without the customer ever having to get out of the vehicle. The ADR unit is flexible and can move in all directions. The vehicle doesn't have to be positioned in an exact spot. The driver just has to park the car at a convenient distance to access the payment station.



By adding a smartphone app to Fuelmatics (see figure below) the refueling process can be speeded up and further simplified to a near perfect process: Drive your car into the Drive-Through lane and stop the car when the red light comes on the display screen. The app is started automatically and all the driver has to do is to confirm the refueling process (or use a PIN code if that solution has been chosen) after which the entire refueling process can be followed on the screen in front of/above the car. When the refueling process has been completed the light turns to green and the car can drive away. A receipt is sent via e-mail.

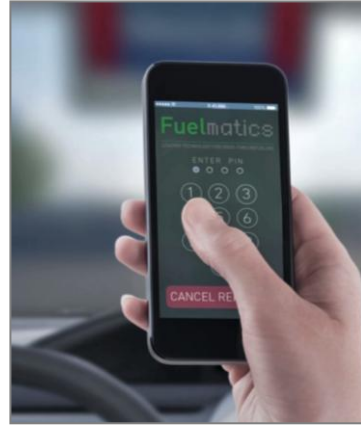
In this configuration the customer is identified via the app as the car's license plate is scanned (as in road tolls), and for this reason no PIN is needed in most cases.



Drive in

APP

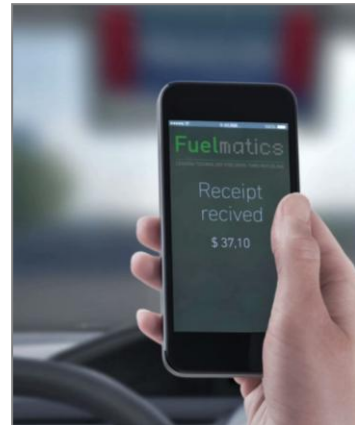
Solution



Confirming refueling



Refuel

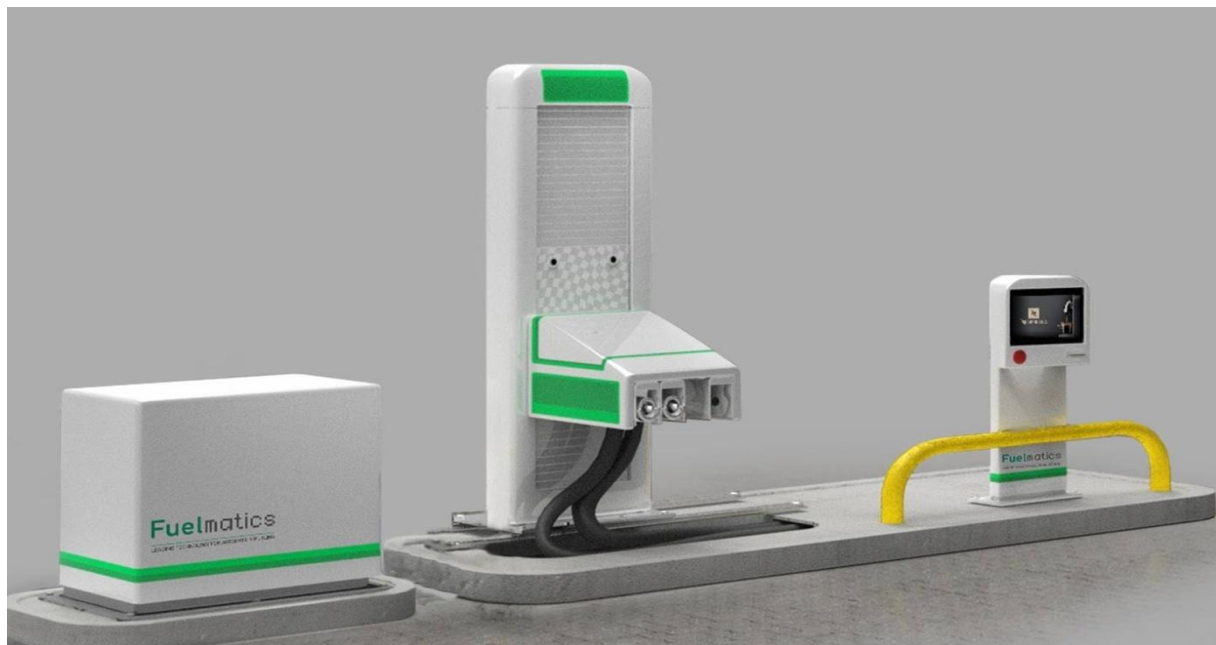


Receive receipt

"Our business concept is to create unique competitive advantages for the international fuel retail market by offering a modern and well developed concept for the refueling of vehicles with a focus on customer satisfaction and efficiency."

Fuelmatics automatic system

1. Automatic refueling station, FM 4000, left- or right sided model with 1-3 nozzles depending on the choice of fuel quality (gasoline, diesel, ethanol).
2. Fuel pump which can be shared by two refueling stations. Pumps are a commodity which can be obtained from many different manufacturers, Wayne, Gilbarco, Bennet and more. Fuelmatics is designed to function with all of these.
3. Payment terminal for communication with the driver, provided by companies such as Wayne, Gilbarco and Tokheim, etc. Each customer usually has a main supplier. Fuelmatics can work with all of them.
4. Fuel Cap (Speed Fuel Cap).
5. Payment app for smartphones including web based support (will be launched in the autumn of 2015). The app replaces the payment terminal above. Fuelmatics long term strategy is built on an increasing use of the payment app. As this alternative starts to be used the cost of the payment terminal, around 100 000 SEK, will disappear.



Pump

FM4002

Payment terminal

The ADR can be fitted with up to three nozzles; for example Petrol 95, Diesel and E85. With just some small adjustments other nozzles can be added as well, for example biogas and hydrogen.



Drive-Energy's Fuelmatics – a well-developed Drive-Through concept

The process of developing a realistic system for fully automated refueling has been under way for quite some time. The current Fuelmatics ADR is user friendly and well adapted for a quick breakthrough. The only thing the motorist needs to do to be able use the ADR system is to change the fuel cap to a Speed Fuel Cap. This is a simple procedure which only takes a few seconds to perform. No other adjustments need to be made. Nor does the new fuel cap stop you from using refueling stations that are manually operated. For manual refueling the driver simply inserts the nozzle into the fuel cap opening, which also means that there is no fuel cap that needs to be removed and then reattached. Many newer vehicles; among them Ford, Renault, Chrysler and Citroën are already outfitted with fuel caps that work with the ADR technology. This is a positive development for Drive-Energy since it further simplifies the process for the motorist.

Drive-Energy is thus able to deliver a fully functioning and revolutionary product that is useful in daily life. The market has shown a great acceptance of automatic solutions and Drive-Through processes which help simplify daily chores, in areas such as fast food and beverages, the automatic car wash and banking.



Starbucks and Bank of America Drive-Thru

Safety

The ADR system has a number of built in safety functions. The system is equipped with sensors that supervise and ensures the attachment process to the car, surveillance on how the car moves and if the car takes off during the refueling process, the flow of fuel, excess fuel and personal safety. Other safety regulations from various agencies are also met, such as electronic safety, personal safety and minimizing the risk of explosions.

Automatic refueling - Advantages

By utilizing the ADR many advantages are realized. For the motorist the refilling process is quicker, safer and more comfortable. The gas stations need fewer pump units as the refueling process is approximately 60 seconds quicker, reducing the risk of queues forming. If the customer chooses the ADR as opposed to paying in the store the process saves up to three minutes.

The above mentioned advantages with the ADR gives the gas station chains, and major oil companies which own most of these, a unique product differentiation towards their customers; which in turn creates loyalty and profitability.

The product differentiation in the industry is very low and customers feel that they receive the same product regardless of where they choose to fill the tank. The advantage of the ADR may be especially great in cities, where many refueling stations are congregated in small areas and where the driver's choice of refueling station is to a large degree a random process.

The market is ready for an automatic refueling process. According to surveys by the Company, the majority of customers are willing to switch over to refueling stations that offer automatic refueling.

The usefulness that automatic refueling offers can create loyalty among customers with disabilities: people who simply experience difficulty entering and exiting their vehicle. In many countries, the risk of robbery in connection with refueling is great, and the possibility of remaining in the vehicle during the refueling process is a question of added security. The question of convenience is also an important one. The Drive-Through concept has gained widespread acceptance during the past few decades in many different product and service areas. Refueling your car using a Drive-Through concept is every bit as natural as purchasing fast food or doing bank business in this fashion.

In addition to this the ADR concept also has a beneficial impact on the environment. As the refueling process takes place in an enclosed system there is no risk of fuel ending up on the ground, which normally evaporates but at the same time contaminates the ground. The vapor recovery system, which is installed on today's pumps, only manages to bring back a small part of the gasses that are emitted in connection with the refueling process. This is a result of the pressure in the tank which is released when you remove the fuel cap, but before inserting the nozzle, which means that most of the gasses have already been emitted into the environment. With the ADR system, 100 % of this gas emission will be contained.

To make the introduction process as smooth as possible, many refueling stations plan to offer the Speed Fuel Cap as a free gift in order to promote customer loyalty towards the company. The cost of the fuel cap is in most cases recuperated the first time the customer fills up the tank.

The fuel caps can also be fitted with the logo of the refueling company in order to promote customer loyalty. In the future new cars will not need any adjustment thanks to a growing trend among car

manufacturers to fit their vehicles with the new type of fuel cap which doesn't need to be removed.

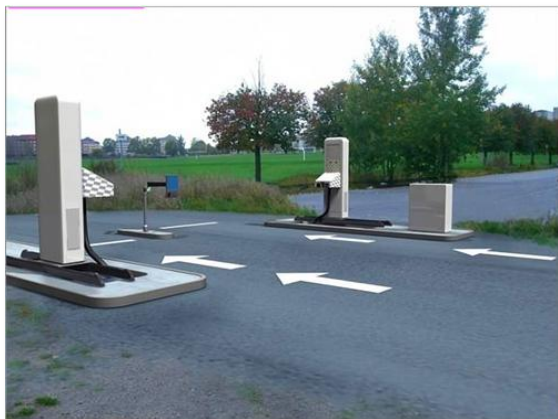


An example of how the fuel cap can be a place for advertisement.

Cost-Benefit Analysis Of The Product

The ADR unit costs more to install than a traditional fuel pump: the additional cost to install an ADR is in the order of 300 000 – 400 000 SEK. This additional cost needs to be put in relation to the increased marketing value and increased revenue which the fuel station will receive. During 2014 the profit margin for fuel has been on average 0.8 SEK/liter, which means that an investment in ADR technology will be recuperated with just a few more customers each day. An investment in ADR technology can, despite the added cost, be a good deal for the buyer as the advantages of the concept can bring in more business as well as increase the market share of the refueling station. The production cost of the ADR unit will decrease as the Company's production volume increases.

An ADR unit can also lead to cost savings during the construction of new refueling stations. With the use of ADR's there is no need to cover the entire area with a roof, for the simple reason that the drivers do not need to exit their vehicles. In climate zones where the weather isn't too extreme, a small roof which covers the payment terminal and the window of the car will suffice. A smaller roof represents a cost saving of approximately 400 000 SEK when compared to the cost of a full size roof.



As the risk of long queues forming will decrease, it will also be possible for the refueling station to manage with fewer pumps, which is another cost saving for the refueling station.

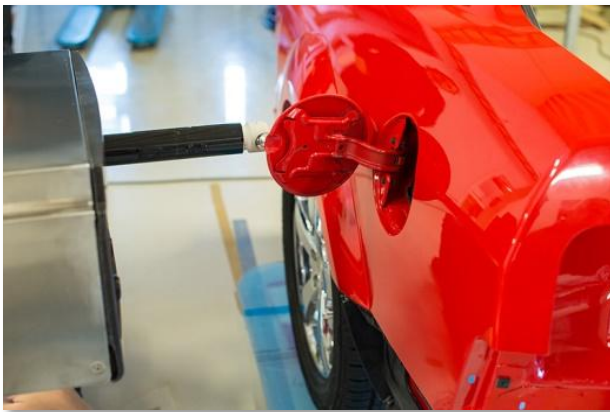
The ADR unit can be used together with all payment systems currently available on the market. The ADR unit can be connected to a traditional payment terminal for payment with credit cards, and in the near future the company will offer an app for Smartphone use. With the use of the Smartphone app for payment, the need for a payment terminal ceases to exist, representing a further significant saving to the refueling station.

The ADR system can also be used to increase revenue for the refueling station which makes use of this system. As the motorists aren't busy with the refueling process they can be exposed to advertisement on the display screens that the station can install.

Certifications

Ahead of a major market launch the company is currently in the process of attaining the CE and UL certifications. The previous version of the ADR received both CE and UL certification which means that the company is well prepared for the process that lies ahead. The CE-certification is expected to be completed during the third quarter of the year, and the UL-certification six months after that. The installation of the system can be performed without the UL-certification as provisional authorization can be given. The UL-certification process is much more comprehensive than the CE-certification. The cost for the UL-certification can reach 500 000 SEK.

In Europe the CE-certification is needed from day one, which is achieved by the company being held responsible for living up to the requirements that are stipulated in the EU directives. For the Company, this means that certain safety functions must be tested by the Technical Research Institute of Sweden. These tests are not comprehensive and will only take a few weeks. The UL-certification is the equivalent of the CE-certification in the United States, and UL stands for “Underwriters Laboratories”. This label means that the product is tested and approved in the US.



“Our vision is to create a lasting simplification of the refueling process for the billions of fill ups that take place each year.”

Other applications

Bus fleets

It is quite common that bus operators for public transportation have several thousand busses in their fleets, and these are usually refueled more than once each day by special staff.

In January the Company received a visit from a major bus company in Singapore which is looking for a solution to refueling their 3 000 busses. The sales potential for us to this customer is around 17 ADR:s and a tender for a first ADR has recently been delivered. This tender also includes the cost of a small adjustment, which is a simplification of the system.

As our tender indicates that a good profitability can be reached by the bus company, Drive-Energy will henceforth aim part of its marketing at the international bus market.



Manufacturing plants for cars

Before any car rolls out of any of the hundreds of car factories around the world, they need to be filled up with fuel. Commonly there is special staff which performs this work. In some factories this process is handled by industrial robots, but this is often not cost effective.

Drive-Energy has received several requests for information about the installation of a refueling system built in at the end of a production line. It has been shown that the Fuelmatics system is very cost effective as it is only developed for a single process, i.e. to refuel cars. Next week a tender will be sent to a manufacturing plant in Portugal which produces 100 000 – 150 000 cars a years.



The Market

General Information

There are currently about one billion cars worldwide and the number of annual refuelings amount to approximately 50 billion (50 000 000 000), spread out over 3 million refueling stations.

The number of refueling stations is broken down according to the following: approximately 150 000 stations in the USA, 130 000 stations in Europe, 50 000 stations in Japan, 95 000 stations in China and approximately 35 000 stations in India. The 15 largest companies in the US have together roughly 105 000 stations, with or without a convenience store. Each station in Europe has on average 5 refueling pumps and in the US the average is 6 pumps. The market is conservative with an estimated 10 % of stations being quick to introduce new technology, and 90 % who follow suit. It has however been shown that the “90 percent” are quick to follow suit when the market adopts new technology, as no one wants to be left behind the competition. As an example; when the possibility to “pay at the pump” was introduced in the US, the number of stations that offered this went from 19 % to 69 % in only four years.

In an effort to calculate future sales volumes a comparison with other innovations can often be useful. When the banks automated parts of their business, and installed millions of ATM's, a large number of these were accessible via Drive-Thru. Yet another example is the automatic car wash, which today is available at an estimated 40-50 % of all gas stations.

The Company's management expects the ADR to spread as quickly as payment at the pump did when this possibility was introduced. Assuming a 10 % market share in Europe or in the US would each mean more than 25 000 installed ADR's (2 per station), which would result in revenue of more than 10 billion SEK in each market. This number can be put in relation to the number of fuel pumps that are sold by the largest manufacturers, Gilbarco Dresser Wayne, Tokheim and Tatsuno, which together sell more than 100 000 units annually.



Competition

The competition as far as the company is concerned, consists of current manually operated refueling stations and the experimental projects that are under way to develop a competing automatic refueling technology.

The Company's engineers are the pioneers and the inventors. Ever since they started to develop this technology many others have tried to develop competing products for automatic refueling, without success. One common approach has been to take an industrial robot and customize it to the refueling process. The engineering team at the Company decided early on not to use industrial robots as this type of machine isn't adapted to the rough environment they would face at a refueling station. Furthermore, the Company discovered early on the many compromises that needed to be made, and was thus able to develop a balanced system both with regards to performance and production cost.

Shell Oil Company spent considerable time and effort to develop an automatic refueling system. At the beginning of the 2000s the company planned to launch the Shell Smart Pump, which functionally was very similar to the Company's solution, although the technical approach was very different. Due to the difficulties that resulted from the technical solution that Shell chose, the costs for the project became unacceptably high and Shell chose to discontinue the project after a few years.

BP/Aral together with partners in Germany attempted to develop a system for automatic refueling. Currently they have a test station running at the Munich Airport which is based on an industrial robot. At the time being it doesn't seem like they plan to bring their system to the market.

The Japanese pump manufacturer Tatsuno has developed a prototype of a refueling robot. The robot takes the nozzle from an ordinary pump and brings it to the tank of the car. According to the management at Tatsuno this is a developmental project and it will be years before a finished product has been developed. Tatsuno has not developed a technology to steer the nozzle into the correct position in relation to the position of the car.

The latest example of a modified robot has been developed in the Netherlands by Tankpit Stop. The system removes the fuel cap and places it next to the refueling unit. Compared to the system the Company has developed this is a very complicated way of doing things which requires many movements, and which takes a lot of time. The solution by Tankpit Stop isn't a contained system for the transfer of fuel such as the one developed by the Company.

To sum up, there is in reality no functioning competitive system out there other than the one the Company has, although there are tests and new projects that are started every so often. The Company can also conclude that there is no other team in the world with more knowledge and experience within this area.

The Company was the pioneer within this field and currently has a number of international patents covering the optimal solution for locating the tank and for transferring the fuel between the pump and the car.

Marketing Advantages

A refueling station equipped with Drive-Energy's ADR offers a number of advantages to the motorist and for the community. For the motorist the process is quicker, cleaner, safer, better for the environment and what's more, it's more convenient. This system also makes the refueling process easier for the disabled. The refueling station which sells the fuel will be able to attract more customers and thus increase its revenue. In the long run the station will be able to operate with fewer pumps on a smaller surface. The need for a large roof covering all the pumps will disappear as

the customers are inside their vehicles during the refueling process, and there will be no spillage of fuel on the ground. For the community the big win is the environmental aspect. As there is no spillage on the ground and no gasoline fumes in the air, the ADR is a big asset when it comes to reaching the environmental goals that are imperative for environmental sustainability.

When the motorized part of the population has experienced the ADR refueling process they will demand this from all refueling stations, which, in order to remain competitive, will install more and more ADR units.

A Way To Care

The traditional way to refuel the car is inconvenient for many motorists. It takes time to get into and out of the car and it can be associated with physical pain and great difficulty for some people. People who are dependent on a wheelchair experience great difficulty when refueling their car. For many of them manual refueling is for the most part impossible today. Only a small number of refueling stations are currently customized to suit the needs of the physically disabled. The ADR system is the solution to this problem. Regardless of what type of disability a person suffers from, the person will be able to refuel using the Company's system. Among this demographic those refueling stations that choose the ADR system can count on strong customer loyalty.

Safety At All Hours Of The Day

In Sweden refueling your car is relatively safe at all hours of the day, even though some people still find it unpleasant at night. In many other countries on the other hand, motorists experience a lack of safety whenever they refuel their car, regardless of what time of the day it is. ADR is an automatic process which gives the motorist the safety of remaining in the car during the refueling process. In many countries the motorists experience a sense of insecurity in a vehicle that is standing still, which means that anything that speeds up the refueling process will be appreciated by the customers.

Convenient Regardless Of The Weather

The ADR system improves the refueling process during extreme weather conditions. Regardless of whether its heat, wind, rain or snow an automatic refueling process whereby the motorist can remain inside the vehicle is optimal in bad weather. With the use of the payment app the customer doesn't even have to roll down the window. In those parts of the world where extreme weather is common, the refueling stations can do a lot to improve customer loyalty by installing ADR units.



The Next Breakthrough In Drive-Thru Technology

The Drive-Through concept isn't new and has been around in other consumer areas for decades. Motorists have already shown that they appreciate the Drive-Through as a concept for the purchase of other goods and services. In Sweden this is most common with regards to restaurants and car washes. In other countries this concept is well established in a number of different areas. In the US Drive-Through banking, and in the UK Tesco, offers food shopping via the Drive-Through. In Las Vegas it's possible to get married without leaving your car. Even alcohol and medicine can be purchased in Drive-Through stores in some countries.

The Drive-Through concept has however not been available in the refueling process, even though this is arguably the most natural use of the concept. One contributing factor could be the difficulty of developing a well-functioning, reliable and customer friendly system. Drive-Energy's ADR system might just change the way people view the refueling process.

International Trends

There is a surplus of refueling stations in most industrialized nations and the current trend is moving towards fewer and bigger stations, and unmanned stations which can be operated at a much lower cost. At the same time there is another trend where many large shopping malls and so called supermalls have started to sell fuel as a way to attract more customers. In the US Walmart and Costco are major sellers of fuel and in France the major grocery store chains now have close to 50 % of the fuel market.

In Eastern Europe many new refueling stations are built, and in order for these to be competitive they are anxious to use the latest technology.

In Spain there is a large deficit of refueling stations due to a previous monopoly, and many new stations are currently under construction.

Recently many of the major oil companies have announced that they will divest their refueling stations, and focus on the exploration of oil. This will in all likelihood result in the selling and buying of many stations in the near future, resulting in companies that are more focused on marketing and new technology.

How To Reach The Market

The Company's business plan is to develop markets and sell the ADR system to companies which sell fuel. Included in this group are oil companies, independent refueling stations, franchisees and other organizations which sell fuel to motorists. The target groups are both new and existing refueling stations with or without a convenience store. So called hypermarkets are also a growing part of the market with chains such as Walmart, Costco, Carrefour, Sainsbury and Tesco. They sell fuel at competitive prices as a complement to their main business.

Another market segment consists of manufacturers of pumps, in other words the companies that manufacture and sell the pumps which the refueling stations need. These companies are part of the second target group and will be potential distributors and resellers of the company's products. Drive-Energy predicts that the companies in this group will buy the technology, but resell it under their own label. The Company will in the future sell rights to companies to produce the technology on license as long as they purchase certain key components from the Company. As this will be cheaper for these companies than the process of developing their own technology, the company will stave off future competitors.

Market Introduction

Employees

The company will transform itself from being an engineering and development business to a sales and marketing driven organization. The first key employees that will be recruited will be sales personnel and a person responsible for marketing. The Company will also increase the technical support staff, in order to service the growing number of customers.

Sales, marketing and distribution

During the first few years the sales will take place directly from the Company to customers in the fuel retail business, but also through distributors. So far all contact with customers has been handled directly by the Company.

There is a long term plan to build up a distribution network in the US, and an agreement to this effect is in place with Glasgow Equipment, a reputable distributor of pumps and other systems from Gilbarco. Distribution will also take place through the partnership with Husky which has developed the nozzle in the ADR.

The marketing will be supported by extensive PR and at exhibitions. As the ADR system is newsworthy there is a lot of free publicity to be had.

Pilot project

Pilot projects in Sweden, Florida and Italy are in the planning stages and the plan is to start with a few refueling pumps at fuel retailers with strong brand names. The first pilot project will be close to Stockholm in the vicinity of the Drive-Energy office and the next one will be in southern Florida where an agent of Drive-Energy is established.

Adjustment and manufacturing

The latest version of the system has been improved from a manufacturing perspective and the number of parts has been reduced by 60 % compared to previous models. Despite this fact more adjustments need to be made in order to make the manufacturing process as economical as possible. The plan includes manufacturing tools for seven different parts made of plastic as well as parts for several different versions of fuel caps.

Manufacturing

Assembly and final testing will be handled by the Company in Sweden while most of the components will be manufactured by TTS-Avio in Latvia. The system is modular in construction and as demand grows certain modules will be manufactured by subcontractors in low cost countries. Manufacturing capacity will not be limited after the initial start-up phase.

Expansion through OEM and licensed production

The demand for units will start to grow after an introductory period of 1-2 years. At this point the major pump manufacturers; Wayne, Gilbarco, Tokheim and Tatsuno are expected to be interested in buying units from the Company. The Company can also offer these companies the opportunity to manufacture the pump system on license. This will mean a larger market share and the pump manufacturers will not need to start developing a similar system on their own. This way the Company always participates whenever an ADR unit is sold.

Service and maintenance

Drive-Energy will not build its own service organization, except to train and offer support to our contracted service partners. Spare parts will be warehoused by the Company and by regional distributors in remote markets.

Sales strategy

The Company will sell directly to the largest fuel retailers. Distributors will however be used on more remote markets such as southern Europe, the Middle East and in Asia. The Company is already in contact with potential customers in these areas. Sales by distributors are expected to grow in the coming years.

Marketing strategy

The Company's customers are easy to define and easy to find. The fuel retail business is a very competitive business with a tendency to "follow the leader." As soon as a company introduces a new product the other companies follow suit. The Company's customers are retailers of fuel who have a large capacity to market their business, which means that the Company can limit its own marketing budget. The publicity and news value of the ADR is enormous and the launch will benefit from the attention from media and articles in the press.

It is important that people at all levels have a chance to experience this new way of refueling. The launch of the ADR needs to be supported by participation at large fairs and exhibitions and other events in the industry.

As the ADR system spreads it might lead to synergies with other Drive-Through businesses such as fast food and banking (ATM).

As the driver isn't busy with the refueling process there is a great potential for advertising on screens close to the driver's side of the car, a new way for refueling stations to advertise their business. For unmanned refueling stations there is a great potential in the use of screens for advertisement, and the bigger the screens the more revenue they will bring in.

Screens for advertisement are not something new: consumers have for many years been used to this type of advertisement, above all where queues tend to form. This also means that the industry's knowledge of the viability of such screens is good. An estimated value, from the advertising industry, for such an advertising space is 0.5 – 1 SEK per refueling.



Organization

In order to be able to cater to the needs of the market, Drive-Energy has started to reorganize the Company from a technically oriented organization to a more market oriented organization. This means that the Company has a broad base consisting of technical know-how, sales competence, marketing savvy and corporate governance, which lays the foundation for a safe and close cooperation with the customer throughout the process – from the first contact to the start-up of ADR stations. Drive-Energy has established and works closely with a number of subcontractors and partners. Through these the Company has not only the organization, but also the production capacity, to start producing, installing and servicing the products of the Company.

Centrally Located

The headquarters in Sweden has a staff of about ten people, including consultants. It is from this office that the contacts with Europe, the Middle East and Asia are managed. For the American market the Company has an office in Miami, Florida. This is run by an agent whose job it is to develop future partners and contacts in the United States.

On the American market there will in the future be a need for more offices, initially on the west coast as well as in South America. On the Asian market the Company has started the process with a local company. This may lead to an outsourcing agreement for manufacturing and distribution on the Asian market.



Manufacturing, Installation And Maintenance

Assembly and final testing will be handled by the Company in Sweden while most of the components will be manufactured by TTS-Avio in Latvia, which is a subcontractor with about 300 employees. The units are modular, and as and when demand increases, some modules will be manufactured by subcontractors in low cost countries. The production capacity will not be limited during the initial phase.

Within a few years the entire production including final testing will be performed in Latvia and shipped directly to the customers.

The production costs in Latvia are approximately 40 % lower than in Sweden. In an effort to reach the lowest possible manufacturing costs it is likely that some of the manufacturing will take place in Asia, most likely in South Korea where Drive-Energy is involved in discussions with a company in the industry. If this results in a far reaching agreement, the Asian market may end up receiving deliveries from South Korea.

Quality is of the utmost importance and for this reason, critical components in the system including the software, will continue to be developed and manufactured in Stockholm and then sent on to Latvia, in the form of a module, for further assembly. This way the Company intends to secure the quality of the product which is essential for maintaining a solid reputation in the industry.

Final assembly will be made by local fitters on site. The time and cost of installing an ADR and the maintenance of the unit is comparable to that of a traditional pump: consequently the company will not build its own organization for this purpose. Most of the fitting and maintenance work will be performed by local installation companies. Most of these already have links with the leading service organizations in the industry. The Company and its regional distributors will only maintain and warehouse spare parts.

Partners

Drive-Energy has a close partnership with Husky Corporation from the US. This company manufactures the nozzle which is part of the ADR unit. Husky is a creative company which works with technology in innovative ways. Their goal is to exceed the expectations of their customers. Husky's broad network and many retailers mean that the company has many advantages as a partner.

Glasgow Equipment Service Inc. is Drive-Energy's main distributor in the US. This Company will through the use of their distribution network and their existing customers, install and maintain the ADR stations in the US as well as provide the peripheral equipment (pump and payment station).



Stant Manufacturing is the world leading manufacturer of fuel caps and they have developed the fuel cap for the ADR.

Glasgow Equipment Service, Inc.
Serving South Florida's Petroleum Industry Since 1952

Marketing

In a highly competitive business, such as the fuel retail business, a number of factors play an important role in attracting customers. Availability, service, customer friendliness, as well as price are four important points which are crucial when it comes to attracting customers. With the installation of ADR units the refueling station can differentiate itself from the competition and thereby win a greater market share. The development of the industry is controlled by the fact that new trends win market share, for example the selling of hot dogs and coffee. When a refueling station offers something new the others lose market share, forcing them to institute the same changes to regain market share.

Flagship Stations

The Company intends to build so called flagship stations; which it owns outright (owned or leased stations). The first one will be launched in Miami, Florida. These stations will act as a link between the product and the market. A fully functioning ADR station will be shown to the market and function as a “marketing window” towards the rest of the industry. Furthermore the Company will be able to test and run the operations under realistic conditions, as well as train staff. The advantage of the flagship station is that they represent the concept without having to compromise with other interests. Through the close contact with the customer that these stations offer, the Company will be able to fine-tune the business model and the concept.

The flagship stations will also give the rest of the industry a chance to study a fully operational automated station up close, which will increase sales and the interest in ADR units.

Launch

Drive-Energy has through its distribution network and its partners already reached the market. During the PEI² trade show (in Atlanta, Georgia in 2013) it was the ADR which received the most attention among the visitors, which ended up giving the Company great exposure in American media³.

The news value of the ADR unit turned out to be great and the concept appeals to the industry.

A great deal of the Company’s marketing has been implemented together with Husky Corporation⁴. Their worldwide market leadership and their attitude that atomization is the future for the refueling business, has helped the Company to build successful relations on the world market. Drive-Energy has together with Husky designed a winning PR platform.

Together with Glasgow Equipment⁵ the Company has developed a plan to build a distribution network in the US. Glasgow’s position as one of the leading distributors within service and installation in Southern Florida, means that the Company through them, and in turn their

² Petroleum Equipment Institute. Is held yearly in connection with the NACS-convention (National Association Convenience Stores)

³ <http://media.fuelmatics.com/2014/01/Businessweek-Fulematics.pdf>

<http://www.foxnews.com/leisure/2013/10/28/robot-gas-pumps-ready-to-fill-your-tank/>

http://www.stltoday.com/news/local/metro/robogas-pacific-company-s-robotic-fuel-pump-fills-%20the-tank/article_cbdbeee6-f167-51c0-a1fd-c9c65d715a1c.html

⁴ www.husky.com

⁵ www.glasgowequipment.com

distributors, is in direct contact with the US market. A strong expansion on the American market is thus expected. Glasgow Equipment has already ordered two ADR units.

Aside from the orders from Glasgow Equipment, the Company received its first order from a major oil company in Italy, which has over 4 000 refueling stations. Their goal is to increase their market share in Italy and a lot of work has gone into this. There is a good chance that the first major sales volumes will come from the Italian market.

Two Scandinavian companies are at the moment very close to placing their first orders. Both of them have shown a great deal of interest in the Company's ADR system and advanced discussions for purchase are underway. They believe in the concept and would like to be the first in Sweden, thereby winning market shares.

One of Russia's largest oil companies has started a project with the stated goal of being the first company in Russia to offer ADR. For their own internal process they have produced a video which shows the advantages in their own environment. The expected business deal will go through a Finish company which has done business with the Russian company for more than 30 years.

A major American chain of department stores⁶ which today has its own gas stations is also willing to bet on automatic refueling. Their general business strategy is however to never lead the technical development, but to let others try new things first. The Company has a good relationship with this department store chain and we believe that they will eventually become a major customer.

In France, Russia, South Korea, Norway, Turkey and the UAE we are in discussions with major fuel retailers and oil companies, which together own a total of 20 000 refueling stations.



⁶ For more information, please contact the Company.

Patent Protection

Drive-Energy has invested heavily in the development of new technology which is a foundation for the Company's ability to offer a new and unique process for the billions of refuelings that take place each year. The ability to stay ahead of the competition and remain alone on the world market can be achieved either by trying to hide the technical solutions, or to apply for patent protection. As Drive-Energy has acquired experience from the early stages of the process we have been able to protect several key technical solutions by patent, and this is expected to at least make it more difficult for would be competitors to develop similar solutions.

Our strategy to use patent protection has been, and will continue to be, to protect a number of fundamental principles and not the entire machine/system itself, which would be both difficult and costly. All of our patents are therefore focused on protecting the technology which is unique for the application – automatic refueling.

In connection with the recent development of the Fuelmatics 4 000, a number of older patents have run out or have been discontinued in favor of a renewed patent portfolio where we have a number of new patents pending.

In summary, the ADR-unit today has 6 “families” of patents covering a total of 12 patents in Sweden, EU, USA, Canada, Japan, and Australia. The two most recent patents, from 2013, also cover China and South Korea.

The patents cover the following areas:

- An optical system which can locate the fuel cap and direct the mechanical system on three axes X, Y, Z. The meaning of this is that no one else may use the optical parts in this application to detect and guide the unit to its target.
- Dockage of two units consisting of a male and a female, where the male is tailored in such a way that it automatically fits the female. Using this solution the need for mechanical parts and movement is reduced and there are fewer contact points between the unit and the vehicle.
- Fuel cap with built in sensors. This solution gives confirmation that the robot is in contact with the vehicle.
- The nozzle which is inserted into the tank. As different types and makes of cars have different types of tanks a high level of flexibility is required for insertion, while simultaneously maintaining its shape. The Company has tried more than 10 different solutions and has now found one which meets all specifications. A patent application has recently been filed.
- Controlling the entire process from inside the vehicle via a Smartphone is the most optimal solution imaginable today. Recently the Company has filed a patent application for the combination of automated refueling coupled with payment via an app.

The Company plans to continue to apply for patent protection, and we currently have two more applications ready to be filed. The principle of a functioning patent protection is to have a number of patents which makes it difficult and thus expensive for a would-be competitor to access the technology.

Apart from the patented technology the Company has hidden many of the most valuable functions inside the software.

The overall goal is to create a financial barrier against would be competitors. The cost of passing this barrier in order to develop a similar ADR-unit is estimated to be several hundred million SEK⁷.

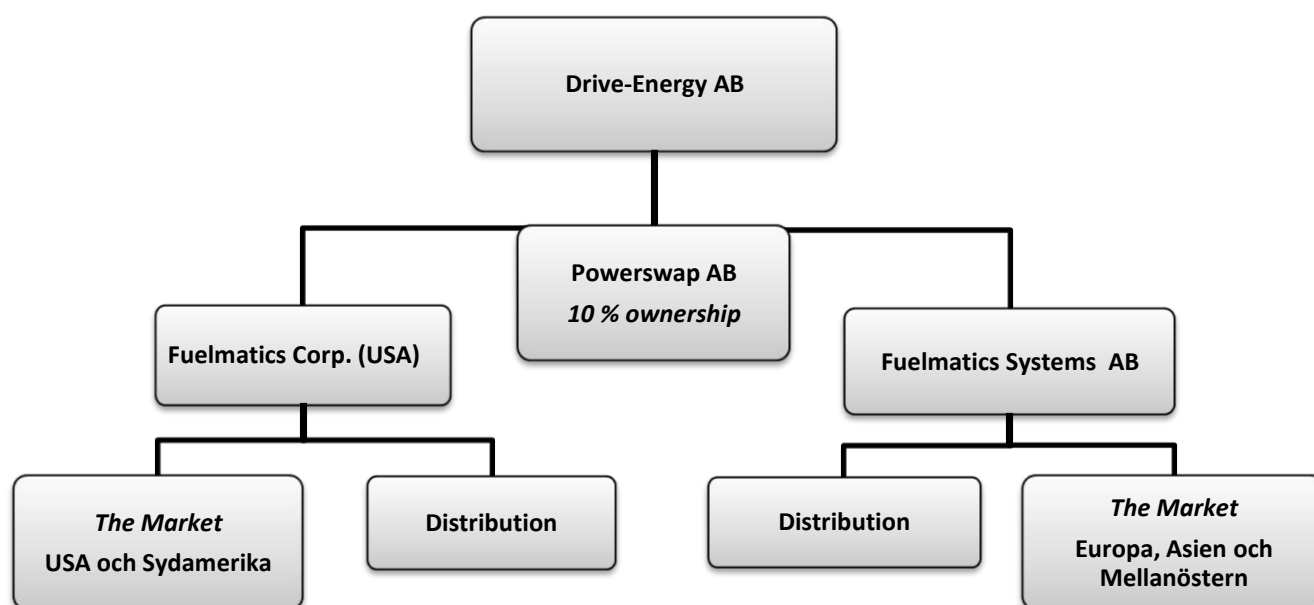


⁷ For more information regarding patent protection and registration, please contact the Company.

Corporate Structure

Drive-Energy AB (556783-5458) is a holding company and the main asset of the company is the subsidiary Fuelmatics AB in which the activities concerning the automated refueling system take place, which is described in detail in this memorandum. The Company owns just over 98 % of the subsidiary. The remaining outstanding shares will be acquired through a compulsory process. Fuelmatics System AB has 100 % ownership of the American company Fuelmatics (Corp.) (P10000057527). A change is ongoing which will move Fuelmatics Corp so that it is owned directly by Drive-Energy AB. Fuelmatics Corp owns the marketing rights for the American markets (Canada, USA, Central- and South America), while Fuelmatics System AB owns these right for the rest of the world.

Powerswap AB (556871-2854) is a company in which Drive-Energy owns 10 % of the shares. Powerswap develops a system for automated battery swaps for electric cars. The concept behind the company is the same as that for Fuelmatics: a safe, quick and convenient way for motorists to refuel their vehicles. Powerswap is focused on developing a solution to the re-charging problems facing battery powered cars. The distance that can be driven is short and the re-charging time is long. In reality battery powered cars are only suitable for city driving and for short distances. The solution that Powerswap offers is simple; a battery station keeps an inventory of charged batteries. It is the only realistic way to make battery operated cars a real alternative to gasoline powered cars. Only when battery operated cars can be driven the same distances as ordinary cars, and when the re-charging process is quick and the car can be driven long distances without losing significant time for re-charging will they be able to replace gas powered cars. By swapping batteries instead of re-charging them this is achieved. Drive-Energy allows Powerswap the use of its optical system, which will hopefully bring in license fees. The development process that Powerswap is involved in has been noticed by the Swedish Energy Agency which has given the company 8 MSEK in development assistance.



Board Members And Executives



Sten Corfitsen, CEO

Main profile: Entrepreneur/ marketing executive

Born in 1952. Civil Engineer in Machine Technology/ Industrial Economics. CEO for Drive-Energy AB and for the subsidiary Fuelmatics Systems AB and member of the board since 2014. Owns 3 998 957 shares.

Sten is the person responsible for many innovations, including the Company's system for automated refueling. Prior to this Sten was employed by Scandiaconsult AB (energy investigations), IBM Sweden AB (development of ATM), Inter Innovation AB (key account manager), Esselte Transaction Systems (head of production) and Philips Kistaindustrier (head of marketing for industrial products).



Johan Hove, Chairman Of The Board

Main profile: Business Executive/Legal counsel

Born in 1954. Resides in Jacksonville, Florida since 1990. Member of the board 2004 – 2009 and again since 2014. Owns 461 338 shares. Engineering and law degree from Stockholm University and a trained judge.

He is also the CEO and founder of Buffers Inc., one of the leading companies concerning various types of equipment for freight containers with a turnover of 200 MSEK. The company has manufacturing in China and a well-established distribution network across the American markets. Prior to this employed as an engineer at several technology companies, followed by employment at PK-Bank, the Stockholm District Court and Nevi Finans.



Peter Strömberg

Main profile: Head of operations/Engineer

Born in 1955. Deputy member of the board since 2014. Owns 12 400 shares. A trained engineer.

Extensive experience in R&D, management, and product and systems developer at Philips Elektronikindustri AB, CEO for a number of medium size companies such as Neos Robotics AB (development and sales of CNC-robots to the automobile and aviation industries), Peek Traffic AB and Swarco Sverige AB (leading producer of traffic control systems in Sweden and internationally). Peter has extensive experience from international business and has for the past four years been the vice president and head of operations for Drive-Energy AB.

**Susanne Engström**

Main profile: marketing specialist with her own agency.

Born in 1960. Deputy member of the board since 2014. Previously member of the Board. Trained at IHM. Owns 50 000 shares.

Auditor

Göran Magnusson, CPA, Revisab.

Corporate Information	
Holding Company	Drive-Energy AB
Registered Office	Stockholms Municipality
Founded In	2009
Registration Number	556783-5458
Country	Sweden
Legal Entity	Public Company
Homepage	www.drive-energy.se , www.fuelmatics.se , www.powerswap.se
Phone/E-mail	+46 8-22 40 00 , info@drive-energy.se
Address	Drive-Energy, Box 24137, Stockholm, Sweden

Ownership Structure

Drive-Energy AB:s major shareholders 2015-05-13

<u>Name</u>		<u>Number A</u>	<u>Number B</u>	<u>Number total</u>	<u>%</u>	<u>Votes %</u>
Corfitsen	Sten	2431755	1504352	3936107	51,71	65,95
Consensus Asset	Managemnt AB	436157	450123	886280	12,96	12,29
SEB Business	Support	183639	210340	393979	5,78	5,23
Corfitsen	Christian		300000	300000	4,44	0,77
Swedbank		135986	157445	293431	6,41	6,07
Gåhlthrop	Christer	115606	116206	231812	3,4	3,25
Glännefors	Roger	110413	115070	225483	3,31	3,11
SHB		63303	120620	183923	2,7	1,93
Parke	Ulf	77875	88475	166350	2,32	2,22
Yllö	Petri	52617	53217	105834	1,55	1,48
Hansen	Hans	13584	48284	61868	0,91	0,47
Thorelius	Lars	28300	28901	57201	0,84	0,8
Borggren	Eva	23635	27436	51071	0,75	0,67

Accounts Balance sheet and Income Statement⁸

Assets as of 2015-06-30	
Fixed assets	
Immaterial assets	420 305
Material assets	211 809
Financial assets	6 583 823
Fixed assets total	7 215 937
Current assets	
Inventories	0
Receivables	3 815 976
Cash & bank assets	64 511
Current assets total	3 880 487
Assets total	11 096 424
Shareholder Equity, Provisions, Debt	
Shareholder capital	7 215 659
Current liabilities	3 880 765
Shareholder Equity & Liabilities total	11 096 424

Income statement as of 2015-06-30	
Revenue	6 510 396
Production costs	-1 226 150
External costs	-3 488 826
Personnel costs	-1 570 208
Depreciation	-49 019
Costs total	-6 334 203
Operating profit	176 193
Financial income	261
Financial costs	-149 373
Result after financial items	-149 112
Result before tax	27 081
Tax on this year's result	-11 597
This year's result	15 484

⁸ All amounts are in Swedish Kronor, SEK. Balance sheet and income statement are a status report from 30 June 2015.

Forecast (the five coming fiscal years)

Income statement	2015/16	2016/17	2017/18	2018/19	2019/20
Number of ARU:s ⁹	14	50	200	800	1 000
Price/ARU	545 000	480 000	420 000	390 000	390 000
Revenue					
ARU	7 630 000	24 000 000	84 000 000	312 000 000	390 000 000
SFC ¹⁰	770 000	2 400 000	9 000 000	33 600 000	42 000 000
Total	8 400 000	26 400 000	93 000 000	345 600 000	432 000 000
Costs					
Personnel (8-50)	5 760 000	9 936 000	16 596 000	24 840 000	31 050 000
Consultants	2 745 000	1 262 000	2 399 000	2 583 000	2 675 000
Development	585 000	450 000	405 000	495 000	517 000
Marketing	1 170 000	1 485 000	1 890 000	2 250 000	2 500 000
Travel	459 000	594 000	891 000	1 251 000	1 458 000
Administration	72 000	108 000	180 000	270 000	338 000
Communication	86 000	130 000	216 000	324 000	405 000
Facilities	288 000	360 000	540 000	540 000	610 000
Patents	270 000	450 000	360 000	270 000	270 000
Factory warranties	176 000	542 000	1 868 000	6 682 000	8 345 000
Materials	5 376 000	17 688 000	64 170 000	241 920 000	302 400 000
Total Costs	16 987 000	33 005 000	89 515 000	281 425 000	350 568 000
Financial costs					
Depreciation	324 000	486 000	666 000	864 000	1 080 000
Issuance cost	1 999 680	0	0	0	0
Financing cost	2 323 680	486 000	666 000	864 000	1 080 000
Total amount	19 310 680	33 491 000	90 181 000	282 289 000	351 648 000
<i>Profit before tax</i>	-10 910 680	-7 091 000	2 891 000	63 311 000	80 352 000
Tax	0	0	0	8 054 000	17 677 440
Profit	-10 910 680	-7 091 000	2 819 000	55 257 000	62 674 560

Cash flow the coming five fiscal years

Cash flow	2015/16	2016/17	2017/18	2018/19	2019/20
Start	20 122 718	9 536 038	2 931 038	6 416 038	62 537 038
In	8 400 000	26 400 000	93 000 000	345 600 000	432 000 000
Out	18 986 680	33 005 000	89 515 000	289 479 000	368 245 440
Result	9 536 038	2 931 038	6 416 038	62 537 038	126 291 598

⁹ Automatic Drive-Through Units

¹⁰ Speed Fuel Caps

Tax Issues

Below is a summary of some current Swedish tax regulations which may arise in the offer. The summary should be viewed only as a general guide for investors who are tax resident in Sweden, unless otherwise indicated. The description below is based on current Swedish tax rules and case law, which is subject to change. Any tax liability abroad or links to other countries is not covered by the tax summary. The summary is not a complete description of the rules that may be relevant in this context. Taxation of each individual investor depends on his or her specific situation. Therefore a full tax impact review by a tax advisor is recommended prior to the subscription of the offer being made. The review should, where appropriate, also include the applicability and effect of foreign rules and tax implications.

Taxation on sale of shares and other listed securities

Individuals

Upon the sale of listed securities individuals and estates are taxed on the entire amount of the capital gain incurred as Income from Capital. Tax is levied at 30% of the gain. Capital gain or loss is calculated as the difference between the sales proceeds (after deduction of any sales charges) and the cost of the divested shares. Profit is calculated using the average method. Under this method, the tax basis (cost) of a share shall be the average tax basis for shares of the same class and type. With regards to listed shares, the so-called standard rule can be used as an alternative to the average method. A share is considered marketable if it is traded on a regulated market within the European Economic Cooperation Area, or without being admitted to trading on such a market, is subject to continuous publicly available listing on the basis of market-based sales. The standard rule means that the cost is equal to 20 % of the sales proceeds after deducting sales or commission costs. Capital losses are allowed up to 70 % of the loss against capital income. Capital loss on sale of listed shares can be offset in full against capital gains on shares in the same year. Such a set-off can also be made in full against capital gains on other equity securities other than shares, excluding shares in mutual funds containing Swedish receivables. If the net result is a loss then capital income tax reduction is allowed. This shall be charged against municipal and state income tax and the national property tax and the municipal property tax. The tax credit amounts to 30% of the loss, not exceeding

SEK 100 000, and 21% of the loss beyond this amount. Deficits may not be carried forward to future tax years.

Legal Persons

Limited liability companies and other legal entities, except for estates, are normally taxed on all income including investment income as income from business. The tax rate is 22%. Calculation of capital gains and losses follow the same rules as for individuals, see above. Capital losses on shares or other equity securities are granted only against capital gains on securities. Such capital losses may, if certain conditions are met, be offset against capital gains on shares and other equity securities that have arisen in companies within the same group, provided that the right to group contributions exists, and that the companies at the same year of assessment requests the allowance is granted to the other legal entity's capital gains. Capital losses that cannot be utilized during the fiscal year may be carried forward and offset against capital gains on shares and other securities in future years without any limitation in time. For limited companies, incorporated associations and partnerships / limited partnerships, however, capital gains on the so-called business-related shares tax exempt and capital losses on such shares are non-deductible. Listed shares are considered for business purposes, provided that ownership of shares representing 10% of the votes during at least one year or the holding relates to the business. Capital losses on listed business related shares held for less than one year are deductible. Such losses are, however,

subject to the deduction limitations described above. Special rules apply for shares of the same kind which have been acquired at different times. If holdings include both shares that do not meet the requirement of holding as well as shares that do meet this requirement they are not considered a unit and will not be of the same kind in the calculation using the average method.

Taxation Of Dividends

For individuals and estates there is a tax of 30% on dividends received. For legal entities, except for estates, the tax rate is 22%. For certain legal entities such as non-profit organizations, special rules apply. For limited liability companies and economic associations, dividends on business-related holdings are tax-free. Tax exemption on dividends from listed shares also assumes that the holdings are held during a consecutive period of one year from when they became business related by the holder. The requirement of holding need not be met at the time of distribution. IF holdings are sold prior to the requirement for the holding period is met, the dividend could be taxable.

Foreign Owners

Individuals who are neither residents nor ordinarily residing in Sweden and which have not previously been a resident here and have no known substantial connection here are normally not taxed in Sweden on the sale of Swedish shares or rights. Under a special rule, however, an individual who is resident outside Sweden can nevertheless be taxed in Sweden on the sale of Swedish shares if during the calendar year of sale, or at some point during the ten preceding calendar years the person has been residing in Sweden for a significant amount of time. This

rule's applicability is often limited by tax treaties which Sweden has concluded with other countries to avoid double taxation. Foreign legal entities are normally not liable for capital gains on Swedish shares or rights unless the gain is attributable to a permanent establishment in Sweden. Shareholders who are not tax resident in Sweden are subject to the Swedish withholding on all dividends from Swedish limited companies at a rate of 30%. This rate is generally reduced by tax treaties with other states, for the avoidance of double taxation. For shareholders that are legal entities resident in the EU there is normally no Swedish withholding tax if the shareholder holds 10 % or more of the capital in the distributed company. If the holding is less than 10%, the dividend may be tax exempt if the following conditions are met. Dividends on business-related shares are not normally taxed with Swedish withholding of shareholders who are foreign legal entities that are taxed in their country of residence and the taxation is similar to that of Swedish companies. However, the holding period of the shares must have lasted at least one year at the time of sale. This applies whether the recipient of the dividends is resident within or outside the EU. The same applies if the foreign shareholder is covered by a tax treaty between Sweden and the State concerned and the Company is domiciled there under the agreement. In this regard, for business purposes, means listed shares and listed shares of the holding which represents at least 10% of the voting rights in the Company. For listed shares this means that they must have been held for a continuous period of at least one year at the time of sale.

Article Of Association

Adopted by the Annual General Meeting 2013-05-13

§ 1

The name of the Company is Drive-Energy AB.
The Company is a public company (pub.)

number of shares already owned, and should this not be possible, through the casting of lots.

§ 2

The company shall have its registered address in Stockholm Municipality.

If the Company decides, either through a cash issue or an offset issue, to offer additional shares of either Series A or Series B, all shareholder, regardless of which type of shares they own, must be offered the option to subscribe to the new shares in relation to the number of shares currently owned.

§ 3

The company shall develop, manufacture, market, sell and maintain automatic systems for the transfer of energy to cars as well as consulting services within the same area, and other related business. The company will also have direct ownership in other associated companies as well as engage in the trading of patents within the above mentioned fields.

If the Company decides to issue warrants or convertibles through a cash issue or an offset issue, the shareholders have a right to subscribe to the warrants, as if the issue concerned the shares that may at a future date be acquired through the warrant or convertible.

§ 4

The share capital must be no less than 3 500 000 and no more than 14 000 000 SEK.

Regardless of the above, the Company still retains the right to make a cash issue which deviates from the preemptive right of the shareholders.

§ 5

The number of shares in the Company must be no less than 3 500 000 and no more than 14 000 000.

If the Company decides to increase the number of shares through a stock dividend issue, new shares must be issued of both Series A and Series B proportional to the number of existing shares of each class. Thus ownership of shares shall give a right to new shares of the same Series. Regardless of the above, the Company still retains the right to make a share dividend issue, or after changes in the Articles of Association, offer a new series of shares.

§ 6

The Company is allowed to issue two separate classes of shares, Series A and Series B. A maximum of 7 000 000 Series A shares can be issued and a maximum of 7 000 000 Series B can be issued. Series A shares carries ten votes and series B shares carries one vote.

If the Company decides, either through a cash issue or an offset issue, to offer additional shares of either Series A or Series B, the owners of Series A and Series B shares will have a right of preemption to acquire new shares in order to prevent dilution of their ownership (primary right of preemption). Shares which have not been subscribed to through the use of the right of preemption shall be offered to all shareholders (subsidiary right of preemption). If the number of shares offered through a subsidiary preemptive offer are insufficient, the shares shall be distributed in relation to the

§ 7

The board shall consist of three to five members, with no more than two deputies. The Company shall appoint one or two ordinary accountants, with no more than two deputies. The board and the deputies are elected annually at the annual shareholders meeting and serve until the end of the next ordinary annual meeting of the shareholders. The accountant is appointed until the ordinary annual shareholders meeting the fourth year after said appointment.

§ 8

The annual shareholders' meeting shall be held in Stockholm. At the annual shareholders meeting there is no restriction on the number of shares that may be voted by proxy. The annual shareholders meeting shall be opened by the chairman of the board or a person appointed to do so by the board.

§ 9

Summons to the annual shareholders meeting shall be made through advertisement in Post och Inrikes Tidningar and through the company's website. Simultaneously with the summons to the annual shareholders meeting an advertisement shall be made notifying of this fact in Dagens Nyheter. In order to be able to participate in the decisions at the annual shareholders meeting a shareholder must be a registered shareholder at least five days prior to the meeting, and also register with the Company no later than the day listed in the summons. This day may not be a Sunday or a public holiday, a Saturday, Midsummers Eve, Christmas Eve or New Years Eve and it may not be earlier than five business days prior to the meeting.

§ 10

The following matters shall be discussed at the ordinary annual shareholders meeting.

1. Election of chairman for the meeting
2. Preparation of voting lists and agenda for the Meeting.
3. Election of one or two persons who will check the minutes.
4. Determination of whether the meeting has been duly convened.
5. Presentation of the annual accounts for the parent company and the Group.
6. Decision regarding:
 - determination of balance sheet and the income statement.

- Dispositions regarding the Company's profits or losses in accordance with the balance sheet.
- discharge from liability for board members and CEO.

7. Determining the number of board members and deputies and whenever relevant number of ordinary accountants and deputies.
8. Determine the remuneration for the board and the accountants.
9. Election of board members, deputies, accountants and accountant's deputies.
10. Other matters which are the responsibility of the annual shareholders meeting in accordance with SFS (2005:551).

§ 11

The Company's fiscal year shall be July 1 - June 30.

§ 12

the Company's shares shall be registered in a securities register in accordance with the law (1998:1479) regarding the accounting of financial instruments.

§ 13

The owner of shares or the investment manager which on the day of record is registered in the securities register, in accordance with Chapter 4, Law (1998:1479) regarding accounting of financial instruments, or whoever is registered in a securities account in accordance with Chapter 4, § 18 first paragraph, shall be considered authorized to exercise the rights in Chapter 4, § 39 of the Companies act (2005:551).

Drive-Energy AB (publ)
Box 24137
104 51 Stockholm, Sweden

Visiting address:
Nytorpsvägen 6,
183 52 Täby, Sweden

Phone: +46 8-22 40 00
E-mail: info@drive-energy.se

Fax: +46 8-22 41 06
Homepage: www.drive-energy.se

