

## **AKASOL AG: Revenue growth in Q2 in spite of COVID-19 – strong second half of the year expected**

- **At EUR 10.2 million, Q2 2020 revenue 27.5% higher than Q1 – despite the COVID-19 pandemic**
- **EBIT at EUR -4.5 million in Q2 (Q2 2019: EUR -0.1 million) due to the burdens of COVID-19 conditions**
- **Expansion of production capacities progressing as planned**
- **Clear signs of a strong second half of the year**
- **Revenue forecast for 2020 in the range of EUR 60 to 70 million**

**Darmstadt, Germany, August 24, 2020 – AKASOL AG (hereinafter “AKASOL”; the “Company”; ISIN DE000A2JNWZ9) – a leading German developer and manufacturer of high-performance and high-energy lithium-ion battery systems as well as a supplier of Turnkey Solutions – records revenue growth of 27.5% compared to the first three months of the year, in spite of economic effects in the second quarter, and reached decisive milestones for continued, sustainable growth. In addition to the planned massive expansion of production capacities, important projects for the further development of existing and new products were also advanced, to further strengthen AKASOL’s technological leadership in the field of high-performance lithium-ion battery systems for the commercial vehicle market.**

“In the past six months, the effects of the COVID-19 pandemic have posed unprecedented challenges for numerous companies all over the world, including AKASOL and our customers. Given the challenging environment, the fact that our revenue of EUR 18.2 million during the first half of the year has remained roughly the same as previous year’s EUR 19.2 million is a solid result. But it falls well short of our original projections for the level of business development in the first half of 2020 that would have been possible if not for COVID-19. Nevertheless, based on what we now know following in-depth dialog with our customers, our Company’s dynamic prospects for growth remain intact. Looking toward the second half of the year, both our customers and we ourselves see clear signs of making up for revenue not realized during the first half of the year. This is supported not least by the on-time, as scheduled rollout of the second generation of battery-system series,” according to Sven Schulz, CEO of AKASOL AG. “So far, customers have adjusted their call-ups of products only minimally for the full year of 2020, in spite of a critical assessment of the overall situation. AKASOL thus expects a significant recovery in business in the second half of the year.

“Through the targeted implementation of various measures, we have successfully ensured the operational efficiency of the Company in the past months while at the same time ensuring the best possible health protection for our employees. In addition, we were not forced to interrupt our business operations or resort to short-time work during the second quarter. The Company is thus robustly positioned to continue to pursue its

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strategy of expansion in the months ahead, even under COVID-19 conditions,” Schulz added. Confirmed by long-term delivery agreements with series customers, AKASOL is continuing to pursue strategically important major investments and development projects.

At the beginning of the year, the Company commissioned its second series-production line (“Langen II”) at the series-production location in Langen (in the German state of Hesse), where the second generation of the AKASystem OEM PRC-type lithium-ion battery system has been produced in series since the second quarter. The new system, which has been delivered to the two series customers of AKASOL since July, offers 30% more energy and equal performance data in the same installation space as the first generation and provides the added appeal of significantly lower costs. At the same time, the completion of the new headquarters and Gigafactory 1 including the test and validation center in Darmstadt has so far been on schedule, so that the relocation will begin in autumn. Further developments, and the assembly lines for what are referred to as “Turnkey Solutions” (development of complete solutions), which in the future will be produced in series in Gigafactory 1, are also at a very advanced stage. The first delivery of the so-called “Powerpacks” (complete solution consisting of a powerful and robust battery system including heating and cooling devices, pre-installed in the underfloor housing) for Alstom’s worldwide unique hydrogen-powered train, the Coradia iLint, is still scheduled for the second half of 2020.

In the area research and development, AKASOL used the capacity gained due to customers’ suspension of operations and continued its work on existing development projects while at the same time acquiring new customer projects. For instance, one of the world’s leading bus manufacturers has commissioned the Company to develop the third generation of battery systems for its vehicles. In addition, since early 2020, 50 fuel-cell trucks of a globally operating Asian manufacturer of commercial vehicles have been successfully involved in fleet testing of AKASOL battery systems. Negotiations are still ongoing to expand the cooperation with this Asian customer.

During the second quarter, in spite of the tensions around COVID-19, the subsidiary AKASOL Inc., located in Hazel Park, Michigan (Detroit Metropolitan Area, USA), began construction of the first North American production facility. The facility it will cover an area of 5,000 sqm and have an annual maximum production capacity of up to 400 MWh. The Company ran into difficulties during commissioning in the second quarter, as the specialists who had been hired to set up and assist with commissioning of the production line were prevented from entering the US due to restrictions in connection with the COVID-19 pandemic. As part of the consistent digitalization of business processes, and in response to these circumstances, the American employees used augmented reality glasses on site. This, in tandem with real-time support from colleagues in Germany, enabled the smooth set up of the production equipment possible.

“Regarding the year as a whole, we currently do not expect significant reductions in call-ups of products by our customers. As a result, we have carefully produced battery

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systems in stock. This is an investment in rapid-delivery capacity for the remainder of 2020,” Carsten Bovenschen, CFO of AKASOL AG, points out. “In light of an expected rebound in our business during the second half of the year, we expect the total revenue to be in the range of EUR 60 to 70 million in 2020.”

Earnings before interest and taxes (EBIT) for the second quarter of 2020 totaled to around EUR -4.5 million (Q2 2019: EUR -0.1 million); this is below the initial management forecast, which, before the pandemic became known, had predicted lower losses in the second quarter and the first half of the year. At the beginning of the reporting period, this trend was forecast to reflect the influence of one-off expenses that took the form of measures for necessary structural development. As events unfolded, the global spread of the coronavirus and its consequences for the global economy also weighed on earnings at AKASOL, particularly because finished products and development services could not be delivered to customers – and, as a result, could not be invoiced – due to nearly two months of plant closures between mid-March and late May.

However, the AKASOL Management Board anticipates a positive operating EBIT margin in the second half of 2020 and an improvement in earnings when viewed over the full course of the year. The trend in revenue and EBIT currently forecast by AKASOL assumes no further significant new negative impacts on the global economy in the wake of the COVID-19 pandemic.

The 2020 half-year report is available for download online at <https://www.akasol.com/en/quarterly-reports>.

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### **About AKASOL**

AKASOL is a leading German developer and manufacturer of high-performance lithium-ion battery systems for use in buses, commercial vehicles, rail vehicles and industrial vehicles, as well as in ships and boats. With nearly 30 years of experience, AKASOL is a pioneer in the development and manufacture of lithium-ion battery systems for commercial applications. Shares of AKASOL AG stock have been traded on the Prime Standard segment of the Frankfurt Stock Exchange since June 29, 2018.

With headquarters in Germany, AKASOL operates a production plant in Langen (in the German state of Hesse), where its production capacity of up to 300 MWh per year is set to expanded to up to 800 MWh by 2020. Based on information available to AKASOL, this is Europe’s largest facility for the production of lithium-ion battery systems for use in

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commercial vehicles. From 2020 onwards, each year, it will be able to produce battery systems for up to 3,000 fully electric buses, or for up to 6,000 medium-sized commercial vehicles, depending on the battery size.

AKASOL systems are manufactured to the industry standards of leading OEM customers. Its current customers include two of the world's leading manufacturers of commercial vehicles, Alstom, Bombardier, Rolls-Royce Power Systems (MTU Friedrichshafen) and many more. The AKASOL product portfolio is technology-independent. This way, working on the basis of individual customer requirements, the Company can use the best battery cells and the best battery chemistry.

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