
Trollhättan
19 May 2014

Status update from Nevs

National Electric Vehicle Sweden (Nevs) is preparing an extensive investment to develop a new platform on the Phoenix architecture, which will be the base for future car models. This development will be done in cooperation with other global OEMs. These collaborations involve sharing cost of development and reduced costs of components through significantly higher volumes.

Nevs has recently signed a frame agreement with a major international automotive OEM regarding the cooperation in product development of the future platform. A negotiation with another major automotive OEM is also taking place regarding part ownership. The objective is to add significant resources to the development of Saab as a global premium car brand name. The partnerships will contribute to secure Nevs with the right financial and technical support to develop new products and distribution of cars on a global basis.

Even if the long term perspective of Nevs remains very exciting and promising it is a short term cash problem.

The root cause of the current situation is that Nevs' shareholder, Qingbo Investment Co. Ltd, has not fulfilled their contractual obligation to finance the operations.

As a consequence Nevs' main owner National Modern energy Holdings Ltd. (NME) has since the beginning of the year decided to enter into the position as the sole financier of the company. Recently NME had to conclude that despite enormous efforts it has not been possible to capitalize its assets in China as fast as needed to support Nevs. This has resulted in a time lag between the financing from China and the need of cash to pay suppliers. As of today NME has transferred over 3 Billion SEK to Nevs and made additionally large investments in China, i.e. in the new battery factory and the technology development center.

It is important to state that the assets are significantly higher than the debt but Nevs is planning to use short term credits to cover all outstanding and near term obligations until the long term financing is secured. This is bridge solution is planned to be realized within a near future.

To further support the situation financially and give Nevs time to align the strategy with the new OEM partners Nevs will also take short term measures to reduce cost. Among the measures to be taken are a short term stop of production, which today is six cars per day, and a reduction of hired consultants.