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## Alelion's Board of Directors defines a refocused strategy for the Company

### **A rapidly changing growth market**

Ever since 2006, Alelion has been a pioneer in lithium-ion technology, amassing solid experience by means of more than 5,000 battery system installations since 2014.

The electrified vehicles market reached breaking point in 2020 and has risen sharply with regard to the number of models as well as volume. In the European B2B segment, the market penetration of electrically-chargeable passenger cars has reached over 50 percent, surpassing 80 percent in individual markets. In our assessment, other segments will rapidly follow suit.

Due to Europe's efforts in battery production, driven by the European Battery Alliance, we now find ourselves in the right market. Electrification of vehicles shows the highest growth rate – which is fully in line with other climate measures in view of 2030.

### **Focus on special vehicles**

On the basis of its extensive experience, Alelion has now decided to focus on high-voltage battery solutions for special vehicles – a segment characterized by very high customer demands.

The special vehicles electrification process is still in its infancy, with penetration rates in the low single digits. Our assessment is that the penetration rate within the segment is set to rapidly rise to high double digits, and that regulatory requirements, often imposing a complete electrification, will act as a major driver. Our clear positioning has had its reward, as we received two significant orders from two of the ten major operators in the segment in a short space of time.

Right now, we are in the right industry, the right segment and the right geography. Moreover, we are excellently equipped to deal with the impending growth; with our previous investments in internal production capacity on Hisingen in Gothenburg, we expect to be able to generate turnover corresponding to five or six times the current production without further investments in additional production capacity.

In addition, we are reviewing our sourcing strategy in the light of the significant expansion of battery cell production in Europe, which will cut lead times from approximately 24 weeks today to approximately two weeks. At the same time, the amount of capital tied up will decrease accordingly.

### **Strategy for strengthened position in the long term**

We have now resolved to magnify our abilities at three levels.

Batteries: Drawing from our extensive experience in the development and production of lithium-ion battery systems, and with the aim of strengthening our position moving forward, we will focus more sharply on innovations.

Electrified vehicle platforms: In order to support our customers in the special vehicles segment in their long-term commitment to develop electrified vehicle platforms and autonomous vehicles, we have strengthened Alelion's skills within this highly strategic area. Our plan is to continue to enhance the Company with complementary vehicle-related competencies.



**Infrastructure:** In the future, our customers' electrified vehicles will have responsibilities beyond the tasks traditionally entrusted to special vehicles. They will be part of an infrastructure, with increasing calls for optimized energy consumption and energy storage. We own a patent portfolio comprising 17 patents, three of which are pending, in the field of Energy Management. The patents cover many aspects of the management of distributed energy storage systems. This is also central to solutions related to the reuse of batteries, a concept known as Second Life, which aims to extend the life of battery systems by reusing them in alternative applications prior to recycling.

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#### **About Alelion Energy Systems AB (publ)**

Alelion is a lithium-ion technology solution provider and manufacturer of battery systems. Alelion makes its clients succeed with their electrification of industrial vehicles and transformation to more sustainable use of energy. With powerful solutions, automated production and an empowering approach, Alelion constantly strives forward, for a better tomorrow. Alelion is headquartered in Gothenburg, Sweden.

We have and give the power to change. [alelion.com](http://alelion.com)

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