

Quarterly Statement Q1 2021



KEY FIGURES¹⁾

for the period from January 1 to March 31, 2021

	2021 3 Months KEUR	Change	2020 3 Months KEUR
Revenue	24,093	16,075	8,018
Total output	25,438	12,508	12,930
Costs of materials	16,854	8,118	8,736
Adjusted material ratio in % of revenue ²⁾	68.7	n.a.	59.8
EBITDA	270	2,000	-1,730
In % of revenue	1.1	n.a.	-21.6
EBIT	-1,334	1,070	-2,404
In % of revenue	-5.5	n.a.	-30.0
EBT	-1,472	975	-2,447
In % of revenue	-6.1	n.a.	-30.5
Net result for the period	-1,610	871	-2,481
Total assets (as of Mar. 31 / Dec. 31)	177,772	13,590	164,182
Equity ratio (%)	45.7	n.a.	50.4
Employees (as of Mar. 31)	331	+50	281
Operating cash flow ³⁾	-1,260	+4,073	5,333

¹⁾ Unaudited in accordance with IFRS

²⁾ Costs of materials of products sold in relation to revenue

Adjusted material ratio = (Costs of materials adjusted by increase or decrease in unfinished and finished goods and work in progress)/revenue

³⁾ Operating cash flow = cash flow from operating activities

Share	Mar. 31, 2021	Change	Mar. 31, 2020
Closing price in Xetra in EUR	119.44	+281.6 %	31.30
Number of shares issued	6,061,856	-	6,061,856
Market capitalization in EUR million	724.0	+281.6 %	189.7

FOREWORD

Dear Shareholders,
Dear Customers and Business Partners,
Dear Employees,

Even after more than a year, the COVID-19 pandemic continues to present us with major challenges, from which AKASOL AG is of course not spared. Even though we are already seeing a gradual easing of the situation in a few areas, we are still far from achieving what could be considered a “normal condition.”

As you know, we moved to our new headquarters in Darmstadt’s southwest in the fall of 2020, but our employees are still spending most of their time working from home. Although the processes continue to function smoothly, you can probably imagine how much we long for the day when we can finally welcome at least a large share of our AKASOL team to our new company headquarters.

We also continue to be affected – at least indirectly – by the consequences of the corona crisis with regard to the development and production of our high-performance and high energy battery systems. We continue to experience certain material bottlenecks in the supply of electronic components and in the steel sector. Nevertheless, against all odds, we have been able to avoid significant disruptions at our production sites so far through targeted management.

Despite these ongoing constraints due to COVID-19, we are pleased to report that our business performed positively overall in the first quarter of 2021. Revenue in the first quarter rose to EUR 24.1 million and thus tripled compared to the previous year (EUR 8.0 million). Adjusted earnings (adjusted for transaction costs of EUR 0.2 million) before interest and taxes (EBIT) were EUR -1.2 million (previous year: EUR -2.4 million). EBITDA was EUR 0.3 million and

improved by EUR 2.0 million compared to the previous year (EUR -1.7 million). This is at the upper end of our expectations for the first quarter.

The very strong first three months overall in 2021 were made possible by stable call-ups from our customers in line with the forecasts made previously. In addition, the increasing number of orders from smaller vehicle manufacturers had a positive impact on our overall results. The fact that we have built up a very good reputation as a reliable supplier of high-performance and high energy battery systems over the past few years really paid off here.

Around 60 to 70 percent of the AKASOL battery systems sold are currently being used in buses. But other areas are also slowly but surely gaining momentum. Demand is rising steadily, especially in the “Trucks” division. Nevertheless, the North American market still clearly lagged behind the developments in Europe, especially in the first quarter. We expect further growth here, particularly in the second and third quarters.

The starting signal for the construction of the fully automated production line for our high-energy modules with cylindrical cells at our new headquarters in Darmstadt was certainly an important milestone in the first quarter. We are currently fully on schedule with the construction of the production line, despite the ongoing restrictions caused by the coronavirus. Therefore, we currently expect the first battery systems to come off the production line at the end of the second quarter. By the end of the year, we will then already begin with the series ramp-up from the new production for the first customer.

In February of this year, the takeover bid from BorgWarner, which the main shareholders and

founders of AKASOL AG fully accepted, caused a big stir, of course. Through the strategic partnership with the US company and the resulting access to its comprehensive customer, supplier and site network, we have the opportunity to implement our ambitious growth strategy in the years ahead in an even more targeted manner.

Of course, it is of the utmost importance to us that AKASOL will continue to operate independently and remain a brand. The Management Board as well as all founders will remain on board and continue to pursue the Company's chosen path accordingly. The acquisition process is currently running according to plan and is likely to be completed on June 4, 2021.

All in all, these are very exciting, but also challenging times that we are currently

experiencing at AKASOL AG. On behalf of the Management Board, we would like to thank our shareholders, our customers and business partners, and especially our employees, whose great work has made our company one of the market leaders in the electrification of the commercial vehicle market. We are very much looking forward to our continued cooperation and the steps we will take together in the future.

Sincerely yours,



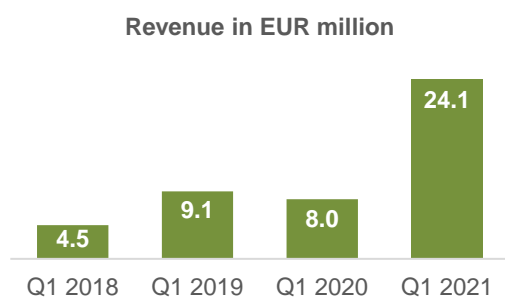
Sven Schulz
Chief Executive Officer



Carsten Bovenschen
Chief Financial Officer

BUSINESS PERFORMANCE

AKASOL generated revenue of EUR 24.1 million in the first quarter of financial year 2021, which continued to be impacted by the COVID-19 pandemic. Revenue thus increased by 201% or EUR 16.1 million compared to the prior-year quarter. Following a slight decline in revenue in the first quarter of 2020 compared to 2019 due to the first clearly noticeable COVID-19 burdens in AKASOL's economic environment, the comparison of first quarter quarterly revenue since 2018 now shows the overriding growth trend again, which the AKASOL Management Board expects to continue in the future.



Earnings before interest and taxes (EBIT) for the first quarter of 2021 amounted to EUR –1.3 million (previous year: EUR –2.4 million) and were thus in line with the expectations of the Management Board. It was mainly driven by expenditure in preparation for the company's further revenue growth as well as countervailing economies of scale already kicking in.

Electrification of buses and commercial vehicles not slowed down by COVID-19

The management of AKASOL AG considers the positive development of revenue in the first quarter of 2021 to be a further indicator that the COVID-19 crisis will not dissuade AKASOL's customers from electrifying their commercial vehicle fleets. This assessment is also supported by the sales successes achieved in the first months of the current year. AKASOL also recorded an increasing number of customer

inquiries from smaller vehicle manufacturers. The Management Board sees this as evidence that the electrification of buses and commercial vehicles is becoming increasingly widespread in the industry and no longer plays a strategically important role for market-leading groups alone.

Another large-volume follow-up order received

High demand from major customers continues to be the main factor influencing the economic success of the AKASOL Group, however. A few weeks after the end of the reporting period, AKASOL was able to announce on April 27, 2021, that a major European bus manufacturer from its existing customer base had signed another long-term follow-up order. Within the scope of this order, AKASOL will supply ultra-high-energy battery systems for new electric buses from the long-standing customer with a total volume in the high double-digit million euro range from mid-2022 until at least 2024. Should the extension option already agreed in the contract to supply additional battery systems through 2027 come into effect, the order volume will rise to a low triple-digit million euro amount.

Installation of automated production lines in the Gigafactory 1

Construction work on the production facilities at the new headquarters in Darmstadt has progressed further in recent months. AKASOL is also implementing fully automated production lines to ensure efficient process flows. For example, an automated production line for the manufacture of Li-ion battery modules with cylindrical cells has been installed in the meantime. The commissioning of this line is planned for the current second quarter of 2021. In addition, a fully automated production line for the manufacture of Li-ion battery systems was handed over at the supplier's site. The installation of this line at AKASOL's headquarters and its commissioning are also

scheduled for the second quarter of 2021. As a first step, these two lines will realize an expansion of AKASOL's production capacity by another 500 MWh per year by the fourth quarter of 2021. In the following year 2022, the cycle time for the production of battery modules on the automated line will be accelerated to 2 minutes per module. AKASOL will thus take a further step towards an annual production capacity of up to 2 GWh at its Darmstadt site.

Strategic partnership with BorgWarner

As announced on February 15, 2021, AKASOL and BorgWarner, a leading global automotive supplier, have entered into a Business Combination Agreement to form a strategic partnership. This partnership will provide AKASOL with the opportunity to leverage BorgWarner's global platform to implement its ambitious growth strategy in the electromobility environment and further strengthen its market position for commercial battery systems. The partnership with BorgWarner is expected to significantly accelerate AKASOL's expansion, particularly in the European and North American markets. In addition, there is the potential to gain better access to new customers in markets that have not yet been tapped.

As part of the intended business combination, BorgWarner, via the company ABBA BidCo AG, submitted a voluntary public takeover offer to the shareholders of AKASOL AG in the spring of 2021 for all outstanding shares of AKASOL at a price of EUR 120.00 per share. During the first acceptance period, which ended on May 7, 2021, the offer of ABBA BidCo AG was accepted by AKASOL shareholders for 71.74% of the shares outstanding.

On April 7, 2021, the Management Board and Supervisory Board of AKASOL AG had unanimously recommended to the shareholders of AKASOL that they accept the takeover offer. The boards agree that the merger with BorgWarner is the right step to enable AKASOL to better exploit future global market potential. Considering the growing trend towards electromobility worldwide and in conjunction with the advantages of cooperating with BorgWarner, there will be excellent opportunities for expansion which would not have been possible on this scale with AKASOL's previous company structure.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Revenue for the first three months of 2021 amounted to EUR 24.1 million (previous year: EUR 8.0 million). It was thus EUR 16.1 million higher than in the same period of the previous year, an increase of 200.5%. The positive development of revenue was driven by stable call-ups by AKASOL customers in line with previous forecasts. When comparing this figure with the first quarter of last year, it should also be noted that AKASOL's major customers had temporarily suspended production to contain the COVID-19 pandemic at that time. AKASOL was therefore temporarily unable to ship battery systems and accordingly posted only low sales in the previous year.

Total operating output (the total of revenue, changes in inventories and own work capitalized) increased by 96.7% to EUR 25.4 million in the first quarter of 2021 (previous year: EUR 12.9 million) in line with the growth in revenue.

The cost of materials increased from EUR 8.7 million in the previous year to EUR 16.9 million. This represents an increase of 92.9%. The adjusted cost of materials ratio was 68.7% (cost of materials adjusted for changes in inventories/ revenue; previous year: 59.8%). In terms of total output, the ratio was 66.3% (previous year: 67.6%).

Personnel expenses increased by 34.5% to EUR 6.2 million (previous year: EUR 4.6 million), mainly as a result of further scheduled recruitment to realize operational growth. The ratio of personnel expenses to revenue declined from 57.2% in the previous year to 25.6%. In relation to total operating output, the personnel expense ratio for the first quarter of financial year was 24.2% (previous year: 35.5%).

Other operating expenses also increased at a lower rate than revenue. They amounted to EUR 2.8 million for the first three months of 2021 (previous year: EUR 1.5 million). These expenses mainly include licenses and user fees, legal and consulting fees, and other operating expenses.

This results in earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 0.3 million for the reporting period (previous year: EUR -1.7 million). Depreciation and amortization amounted to EUR 1.6 million (previous year: EUR 0.7 million).

Earnings before interest and taxes (EBIT) for the first quarter of the current financial year were thus EUR -1.3 million (previous year: EUR -2.4 million).

The financial result for the first three months of 2021 amounted to KEUR -138, compared to KEUR -43 in the same period of the previous year.

After deducting income taxes of KEUR 0.0 (previous year: KEUR 36), the AKASOL Group generated a net result for the period of EUR -1.5 million for the first three months of 2021 (previous year: EUR -2.5 million). Earnings per share thus amounted to EUR -0.27 (previous year: EUR -0.41).

FINANCIAL POSITION

Cash and cash equivalents increased by EUR 7.6 million in the first three months of the current financial year and totaled EUR 20.8 million as of March 31, 2021 (December 31, 2020: EUR 13.2 million). The main reason for the increase was the raising of a KfW loan in the amount of EUR 20 million.

As of March 31, 2021, AKASOL had non-current financial liabilities of EUR 61.6 million. This represents an increase of EUR 18.6 million (December 31, 2020: EUR 43.0 million). Current and non-current liabilities totaled EUR 96.6 million (December 31, 2020: EUR 81.4 million). Net financial liabilities – cash and cash equivalents and marketable securities less current and non-current financial liabilities – amounted to EUR 48.0 million as of March 31, 2021 (December 31, 2020: EUR 37.2 million), which equates to an increase of EUR 10.8 million compared to the end of the year. The main reason for this development was the raising of a loan.

Due to the acquisition of property, plant and equipment, cash flow from investing activities for the first quarter was EUR -9.4 million (previous year: EUR 10.5 million). Cash flow from operating activities amounted to EUR -1.3 million (previous year: EUR -5.3 million).

Cash flow from operating activities in addition to cash flow from investing activities (free cash flow) amounted to EUR -10.7 million for the first three months of the current financial year (previous year: EUR 5.2 million).

Cash flow from financing activities amounted to EUR 18.3 million (previous year: EUR 4.3 million) and includes EUR 20 million in borrowings.

NET ASSETS

Current assets increased to EUR 69.9 million as of the reporting date March 31, 2021, in particular due to the increase in cash and cash equivalents (December 31, 2020: EUR 64.3 million).

Trade receivables amounted to EUR 15.9 million as of the balance sheet date (December 31, 2020: EUR 21.1 million). Of this amount, EUR 13.7 million relates to receivables that were invoiced and EUR 2.2 million to contract assets not covered by advance payments (percentage of completion).

Cash and cash equivalents increased by EUR 7.6 million in the first three months of the current financial year due to borrowings and totaled EUR 20.8 million as of March 31, 2021 (December 31, 2020: EUR 13.2 million).

Non-current assets increased by EUR 8.0 million and amounted to EUR 107.8 million as of March 31, 2021 (December 31, 2020: EUR 99.8 million). The increase in property, plant and equipment to a value of EUR 82.9 million (December 31, 2020: EUR 75.5 million) reflects the growth investments made, at the site of the new headquarters in Darmstadt, among other initiatives.

Intangible assets, which include in particular the capitalization of development costs, increased by EUR 0.6 million to EUR 12.0 million (December 31, 2020: EUR 11.5 million).

Non-current liabilities amounted to EUR 63.0 million as of March 31, 2021 (December 31, 2020: EUR 44.5 million). The increase is due to the raising of a loan.

Current liabilities decreased by EUR 3.4 million and amounted to EUR 33.6 million as of the balance sheet date (December 31, 2020: EUR 36.9 million).

Current trade payables decreased by EUR 5.2 million to EUR 10.9 million in the first three months of financial year 2021 (December 31, 2020: EUR 16.1 million). Non-current trade payables for an installment plan amounted to EUR 1.4 million as of the reporting date (December 31, 2020: EUR 1.5 million).

Current financial liabilities decreased slightly by EUR 0.1 million to EUR 7.2 million (December 31, 2020: EUR 7.3 million).

Other non-financial liabilities increased by EUR 1.8 million to EUR 13.9 million as of March 31, 2021 (December 31, 2020: EUR 12.1 million).

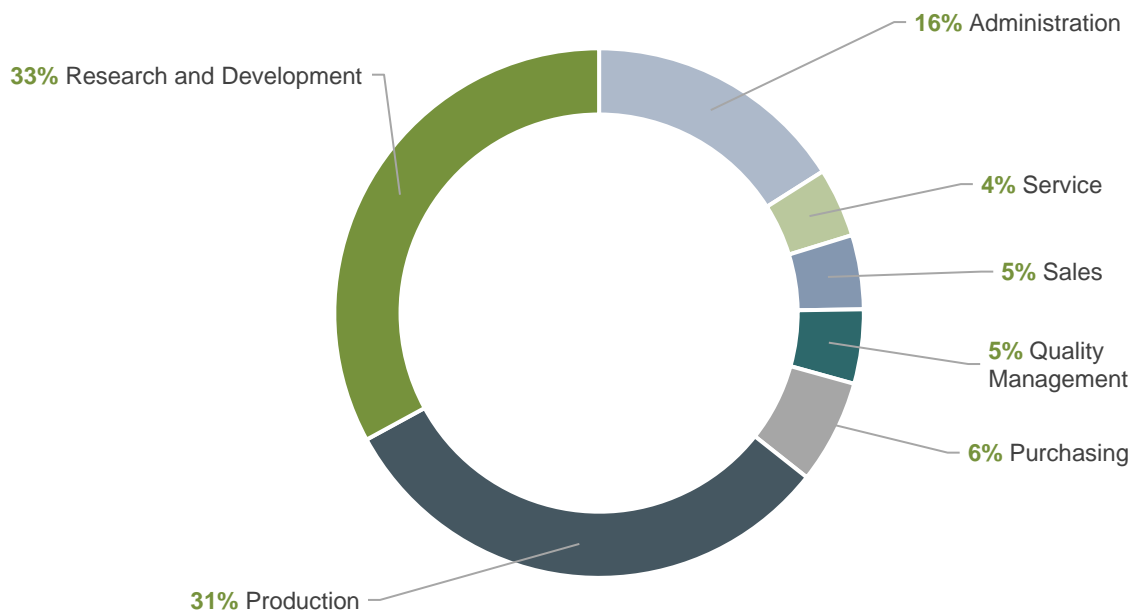
Equity amounted to EUR 81.2 million as of March 31, 2021 (December 31, 2020: EUR 82.8 million). The equity ratio at the end of the first quarter of 2021 thus remains at a solid 45.7% (December 31, 2020: 50.4%).

EMPLOYEES

AKASOL had 331 permanent employees – in addition to the members of the Management Board – at the end of the first quarter of 2021 (March 31, 2020: 281). Its personnel capacity has thus increased by 18% over the last twelve

months compared to the previous year. The Company had 295.1 employees on the basis of full-time equivalents, so-called FTEs (March 31, 2020: 252)

EMPLOYEE DISTRIBUTION BY FUNCTION



Personnel development by function	March 31, 2021	March 31, 2020
Administration	53	42
Research and Development	109	82
Production	104	107
Sales	15	11
Service	14	12
Purchasing	21	16
Quality Management	15	11
Total	331	281

FORECAST, OPPORTUNITY AND RISK REPORT

FORECAST REPORT

The expectations described by the Management Board of AKASOL AG in the 2020 Annual Report continue to apply. Against the backdrop of a global economic recovery –expected for 2021 according to the current status – the AKASOL Management Board assesses the prospects for financial year 2021 as fundamentally positive. The Management Board considers a significant increase in Group revenue of up to 50% year-over-year to be entirely within the scope of possibility. If revenue can be increased to this level, AKASOL AG also expects a significant improvement in EBIT. Please refer to the chapter entitled “Forecast Report” in the 2020 Annual Report (pages 80 to 82) for more detailed information.

OPPORTUNITY AND RISK REPORT

The opportunity situation of the AKASOL Group has not changed significantly compared to the presentation in the 2020 Annual Report (pages 68 and 69). Similarly, the risk situation of the AKASOL Group has not changed significantly

compared to the presentation in the 2020 Annual Report (pages 69 to 80). Potential risks that could jeopardize the continued existence of the Company as a going concern are still not discernible.

EVENTS AFTER THE BALANCE SHEET DATE

On April 27, 2021, a few weeks after the end of the reporting period, AKASOL was able to announce that a major European bus manufacturer from its existing customer base had signed another long-term follow-up order. As part of this order, AKASOL will supply ultra-high-energy battery systems for the new electric buses of the long-standing customer with a total volume in the high double-digit million euro range from mid-2022 through at least 2024. If the extension option already agreed in the contract to supply additional battery systems through 2027 comes into effect, the order volume will rise to a low triple-digit million euro amount.

There were no other significant events after the end of the reporting period (March 31, 2021).

CONSOLIDATED BALANCE SHEET

As of March 31, 2021

	Mar. 31, 2021¹⁾ KEUR	Dec. 31, 2020 KEUR
ASSETS		
Non-Current Assets		
Intangible assets	12,035	11,454
Property, plant and equipment	82,917	75,526
Other financial assets	12,840	12,830
Other non-financial assets	32	32
Total Non-Current Assets	107,824	99,842
Current Assets		
Inventories	31,339	29,426
Trade receivables	15,901	21,063
Other financial assets	0	0
Other non-financial assets	1,832	600
Income tax receivables	96	74
Cash and cash equivalents	20,780	13,177
Total Current Assets	69,948	64,340
Total Assets	177,772	164,182

¹⁾ Unaudited in accordance with IFRS

	Mar. 31, 2021¹⁾	Dec. 31, 2020
	KEUR	KEUR
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	6,062	6,062
Capital reserve	96,524	96,524
Result carried forward	-21,495	-20,023
Currency provisions	82	220
Total Equity	81,173	82,783
Non-Current Liabilities		
Financial liabilities		
Liabilities to banks	56,812	38,337
Other financial liabilities	4,786	4,686
Trade payables	1,440	1,457
Total Non-Current Liabilities	63,038	44,480
Current Liabilities		
Financial liabilities		
Liabilities to banks	6,525	6,547
Other financial liabilities	697	792
Trade payables	10,887	16,050
Other non-financial liabilities	13,860	12,081
Provisions	1,592	1,449
Total Current Liabilities	33,561	36,919
Total Equity and Liabilities	177,772	164,182

¹⁾ Unaudited in accordance with IFRS

CONSOLIDATED INCOME STATEMENT¹⁾

for the period from January 1 to March 31, 2021

	2021 3 Months KEUR	2020 3 Months KEUR
Revenue	24,093	8,018
Increase or decrease in unfinished and finished goods and work in progress	294	3,940
Own work capitalized	1,051	972
Other operating income	640	129
Cost of materials	16,854	8,736
Personnel expenses	6,165	4,585
Other operating expenses	2,789	1,468
Depreciation and amortization	1,604	674
Operating result (EBIT)	-1,334	-2,404
Financial income	104	99
Financial expenses	-242	-142
Financial result	-138	-43
Earnings before taxes (EBT)	-1,472	-2,447
Taxes on income	0	-36
Result for the period	-1,472	-2,483
Other comprehensive income	-138	2
Net result for the period	-1,610	-2,481
Earnings per share in EUR	-0.27	-0.41
Average number of shares outstanding	6,061,856	6,061,856

¹⁾ Unaudited in accordance with IFRS

CONSOLIDATED CASH FLOW STATEMENT¹⁾

for the period from January 1 to March 31, 2021

	2021 3 Months KEUR	2020 3 Months KEUR
Cash flow from operating activities		
Operating result (EBIT)	-1,334	-2,404
+ Depreciation on fixed assets	1,604	674
+/- Other non-cash changes	-487	5
Changes in net current assets		
-/+ Increase/decrease in inventories	-1,719	-6,343
-/+ Increase/decrease in trade receivables	5,162	2,828
-/+ Increase/decrease in other assets not attributable to investing or financing activities	-1,232	1,323
+/- Increase/decrease in trade payables	-5,198	-2,860
+/- Increase/decrease in accounts payable and other liabilities not attributable to investing or financing activities	1,948	1,431
+/- Increase/decrease in provisions	143	92
-/+ Interest paid/received	-125	-20
-/+ Taxes paid	-22	-59
= Cash flow from operating activities	-1,260	-5,333

¹⁾ Unaudited in accordance with IFRS*Continued on next page*

	2021 3 Months KEUR	2020 3 Months KEUR
Cash flow from investing activities		
- Production and purchase of intangible assets	-882	-984
- Purchase of tangible assets	-8,523	-8,489
+ Sale of financial assets	0	20,000
= Cash flow from investing activities	-9,405	10,527
Cash flow from financing activities		
+ Proceeds from financial liabilities	20,000	5,183
- Repayment of financial liabilities	-1,726	-906
= Cash flow from financing activities	18,274	4,277
Funds at the end of the period		
Change in funds	7,609	9,471
+/- Changes in cash and cash equivalents due to exchange rate and valuation	-6	-3
+/- Change in funds due to change in scope of consolidation	0	0
+/- Funds on 1 January	13,177	24,861
= Cash at end of period	20,780	34,329
Composition of funds		
Cash and cash equivalents	20,780	34,329

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY¹⁾

for the period from January 1 to March 31, 2021

	Subscribed capital KEUR	Capital reserve KEUR	Result carried forward KEUR	Currency provisions KEUR	Equity KEUR
Balance at Jan. 1, 2020	6,062	96,524	-7,535	-1	95,050
Result for the period	0	0	-2,483	2	-2,481
Balance at Mar. 31, 2020	6,062	96,524	-10,017	1	92,569
Balance at Jan. 1, 2021	6,062	96,524	-20,023	220	82,783
Result for the period	0	0	-1,472	-138	-1,610
Balance at Mar. 31, 2021	6,062	96,524	-21,495	82	81,173

¹⁾ Unaudited in accordance with IFRS

FINANCIAL CALENDAR 2021

EVENT	DATE	LOCATION
Annual General Meeting	June 30, 2021	Virtual
Publication 6-Month Financial Report	August 16, 2021	Digital
Publication Q3 Financial Results	November 08, 2021	Digital

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