Shaping the future of sustainable mobility

Half Year Financial Report | 2021

THE E IN MOBILITY

KEY FIGURES FOR THE 6-MONTHS (IFRS)

for the period from January 1, to June 30, 2021

TEUR	2021	Change	2020
Revenue	45,768	27,528	18,240
Total output	48,494	25,317	23,177
Costs of materials	35,390	19,355	16,035
Adjusted material ratio in % of revenue [1]	75.6	n.a.	73.6
EBITDA	-8,687	-3,094	-5,593
In % of revenue	-19.0	n.a.	-30.7
EBIT	-12,057	-5,105	-6,952
In % of revenue	-26.3	n.a.	-38.1
EBT	-12,520	-5,414	-7,106
In % of revenue	-27.4	n.a.	-39.0
Net result of the period	-12,626	-5,492	-7,134
Total assets (as of Jun. 30 / Dec. 31)	167,592	3,410	164,182
Equity ratio (%)	41.9	n.a.	50.4
Employees (as of Jun. 30)	374	84	290
Free cash flow [2]	-30,320	-15,289	-15,031

1 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

2 Free cash flow = cash flow from operating activities + cash flow from investment activities

Share	June 30, 2021	Change	Dec. 31, 2020
Closing price in Xetra in EUR	123.60	27.23 %	97.15
Number of share issued	6,061,856	n.a.	6,061,856
Market capitalization in EUR million	749.25	27.23 %	588.91

Everyday, we compete to provide outstanding value …

… TO OUR CUSTOMERS

45.8 mn €
Revenue

489,000 kWh
sold battery capacity

1.8 GWh
CAPACITY INSTALLED TODAY

5 GWh
CAPACITY INSTALLED UNTIL 2025

… TO OUR PLANET

1,304 mn km
electric range sold

671,286 t
CO_2 reduction
by AKASOL battery systems over CV lifetime

16.3 %
administration

83.7 %
of employees working on product (incl. R&D)

31.8 %
Research & Development

Foreword

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

We look back on a half-year that was still unusual for all of us: The effects and challenges of the COVID-19 pandemic continue to affect our economic environment and our social interactions. While there are signs of recovery, we at AKASOL AG are still a long way from the normal situation we were used to.

Many of our employees have spent most of their working hours working from home. Therefore, we will be happy when we can meet with more of our people in person at our new headquarters in Darmstadt in the summer months when the number of cases declines. Nevertheless, the past few months have shown that our processes and digital collaboration tools are working smoothly and that our employees have the resilience and motivation to overcome times of crisis together.

The global shortage of electronics and steel components, which is being exacerbated by the corona crisis, is also having an impact on our supply chain. In recent months, we have mastered the particular challenge of maintaining security of supply for these components. Against all odds, we were able to drive forward production of our high-performance and high-energy battery systems without any significant interruptions or restrictions and remain undeterred on our growth path.

Our review of how the business developed in the first half of the year is positive overall, despite the restrictions and ongoing challenges described above. At EUR 24.1 million in the first quarter of 2021, we were able to triple our revenue compared to the previous year (EUR 8.0 million). In the second quarter, revenues more than doubled from EUR 10.2 million to EUR 21.7 million. On a half-year basis, AKASOL thus managed to achieve a strong increase in sales revenues of 151% from EUR 18.2 million in the first half of the previous year to now EUR 45.8 million. Earnings before interest and taxes (EBIT) adjusted for transaction costs and one-time effects amounted to EUR -4.6 million for the first half of 2021 (previous year: EUR -7.0 million). The corresponding EBITDA was EUR -1.2 million (previous year: EUR -5.5 million). In connection with the acquisition by BorgWarner, AKASOL recorded one-time expenses for data room infrastructure and external consultants of around EUR 4.4 million in the first half of 2021.

The positive development of revenue in the first half of the year was made possible by stable customer orders, which were in line with the forecasts we issued in advance. Customer interest in AKASOL's battery systems thus remains high, which has also been reflected in new orders in the year to date. Most recently, we were able to sign a long-term framework contract in the mid double-digit-million euro range with a Belgian bus manufacturer who will purchase our second and third generation high-energy battery systems through 2026. Back in April, we were able to announce that a current long-standing customer from the bus sector had signed a follow-up order for ultra-high-energy battery systems in the high-double-digit-million euro range. With the contractually agreed extension option, the total volume could increase to a low triple-digit-million euro amount by 2027.

In addition to these strategically important major orders, the increase in orders from smaller vehicle manufacturers illustrates that the electrification of buses and commercial vehicles is gaining widespread acceptance. Our excellent reputation as a reliable supplier of high-performance and high-energy battery systems is significantly boosting customer confidence and our business development.

While our market position in the European market is very strong, business development in North America still fell a bit short of expectations in the first quarter. In the meantime, however, we are seeing promising trends in this very important market for us. We expect demand to increase in the „Trucks" segment in particular, after battery systems mainly for buses have driven AKASOL's expansion to date.

Since moving into the Gigafactory 1 in Darmstadt, we have consistently pursued the establishment of fully automated production lines for the manufacture of our high-energy modules. We currently expect to produce the first battery systems in the state-of-the-art Industry 4.0 environment in the third quarter, despite ongoing restrictions.

The strategic partnership with BorgWarner represents a significant milestone in our company's history. The acquisition process was successfully completed in June, as a result of which the US company secured more than 89 percent of the shares in AKASOL. It is particularly important for us to emphasize that AKASOL will continue to operate independently and remain as a brand. The Management Board as well as all executives and founders will continue to lead the company in the future and continue its successful expansion. The partnership gives us access to BorgWarner's extensive customer, supplier and site network and the opportunity to continue our dynamic growth with even more energy and focus in the attractive markets on the European and American continents.

In looking back, AKASOL's business development in the first half of the year was satisfactory from our perspective and in line with our expectations. Compared to the first half of 2019 as well as 2020, revenue increased and the growth path we announced was continued. On behalf of the Management Board, we would like to thank our shareholders, customers and business partners for their loyalty and trust in AKASOL. A special thanks goes to our employees, whose outstanding performance and motivation during the corona crisis helped to make AKASOL a market leader for battery systems in the commercial vehicle sector. We look forward to further cooperation and to writing the next chapter in our successful company history.

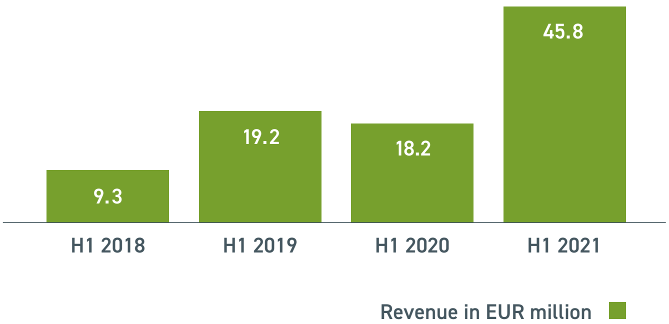
Sincerely yours,

Sven Schulz
Chief Executive Officer

Carsten Bovenschen
Chief Financial Officer

Business Performance

AKASOL generated revenue of EUR 45.8 million in the first half of financial year 2021, which continued to be impacted by the COVID-19 pandemic. Revenue thus increased by 151% or EUR 27.5 million compared to the first half of the previous year. Following a slight decline in revenue in the first half of 2020 compared to 2019 due to the clearly noticeable COVID-19 burdens in AKASOL's economic environment, the comparison of half-year revenue since 2018 now shows the overriding growth trend again, which the AKASOL Management Board expects to continue in the future.



The growth realized in the first half of 2021 can be considered very positive, especially against the backdrop of the clearly noticeable effects of the COVID-19 pandemic on the supplier side in the form of shortages in the availability of materials. Especially a shortage of electronic and steel parts is currently clearly noticeable in AKASOL's business environment due to COVID-19 related restrictions in manufacturing and logistics processes. However, AKASOL succeeded in maintaining security of supply with these parts over the first six months of the current financial year.

Earnings before interest and taxes (EBIT) for the first half of 2021 amounted to EUR -12.1 million (previous year: EUR -7.0 million) This result was mainly driven by expenditure in preparation for the company's further growth in revenue, countervailing economies of scale already taking effect, one-time expenses of around EUR 7.5 million in connection with the takeover by BorgWarner as well as other one-off expenses. Adjusted for these one-time expenses, EBIT amounted to EUR -4.6 million and were in line with the expectations of the Management Board.

ELECTRIFICATION OF BUSES AND COMMERCIAL VEHICLES CONTINUES AT HIGH SPEED

The good development of revenue in the first half of 2021 shows that AKASOL has further expanded its business volume and thus successfully continued on its chosen course of expansion. The strong growth meant a delivery volume of more than 2,400 battery systems for the first six months of 2021, up by a factor of 2.7 from just below 900 in the same period of the previous year. AKASOL expects a continued dynamic business development in the second half of 2021 and a delivery volume above that of the first half of the year. This assessment is supported by the sales successes achieved so far in the course of the year, as well as the customer call-offs that have been confirmed in the meantime. In this regard, AKASOL recently announced the conclusion of a framework agreement for a total volume in the mid-double-digit million euro range with a major Belgian manufacturer of buses and commercial vehicles. As part of this cooperation, AKASOL will supply the second and third generation of high-energy battery systems for this customer's new all-electric city bus from 2021 to 2026.

Furthermore, customer inquiries from smaller vehicle manufacturers also increased in the first half of the year. The AKASOL 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 the market-leading corporations alone.

CURRENT CUSTOMER BUSINESS FURTHER EXPANDED WITH LARGE-VOLUME FOLLOW-UP ORDER

High demand from major customers continues to be the main factor influencing the economic success of the AKASOL Group, however. In this regard, AKASOL announced on April 27, 2021, that a major European bus manufacturer from its current customer base had signed another long-term follow-up order. As part of this order, AKASOL will supply ultra-high-energy battery systems for new electric buses from this 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 AND COMMISSIONING 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 particularly implements fully automated production lines to ensure efficient process flows. For example, the installation of an automated production line for the manufacture of Li-ion battery modules with cylindrical cells was largely completed by the end of the second quarter. The commissioning of this line is well under way and AKASOL will produce the first battery modules on this production line during the third quarter as planned.

In addition, a fully automated production line for the manufacture of Li-ion battery systems was set up and largely commissioned at the Gigafactory Darmstadt as planned in the second quarter. Following the start of production of battery modules on their production line, the battery systems production line will also go into operation in the course of the third quarter of 2021.

In an initial step, these two lines will realize an expansion of AKASOL's production capacity by another 625 MWh per year by the fourth quarter of 2021. In 2022, the cycle time for the production of battery modules on the automated line will be accelerated to 2 minutes per module. AKASOL is thus taking a further step towards an annual production capacity of up to 2.5 GWh at its Darmstadt site.

STRATEGIC PARTNERSHIP WITH BORGWARNER AND SUCCESSFUL COMPLETION OF THE ACQUISITION PROCESS

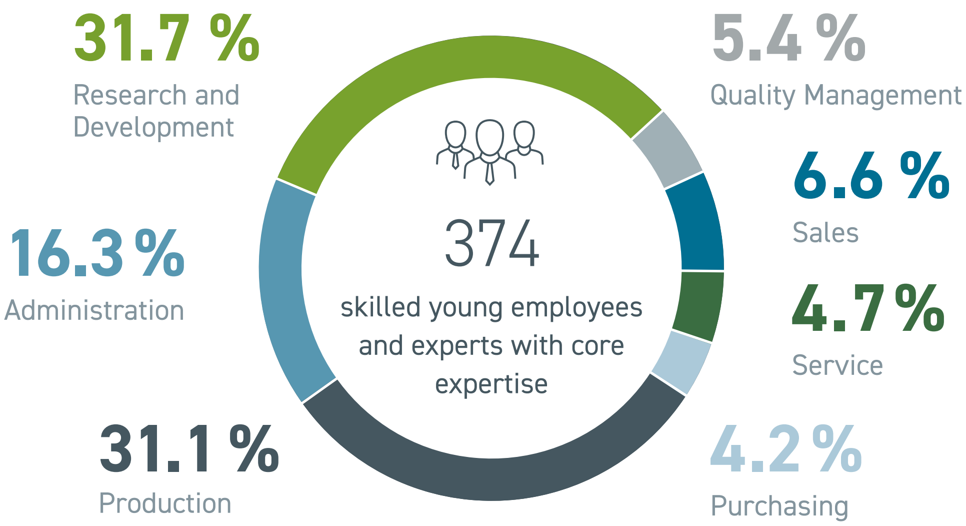
As announced on February 15, 2021, AKASOL and BorgWarner, a leading global automotive supplier, have entered into a Business Combination Agreement to form a strategic partnership. This partnership will provide AKASOL with the opportunity to leverage BorgWarner's global platform to implement its ambitious 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 AKASOL shares at a price of EUR 120.00 per share. According to BorgWarner's announcement dated May 31, 2021, the offer was accepted by AKASOL shareholders for 89.08% of the outstanding shares and the takeover process was thus successfully completed. Since then, BorgWarner has been the largest shareholder of AKASOL AG via the company ABBA BidCo AG.

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 within the framework of the cooperation with BorgWarner, there will be excellent opportunities for expansion that would not have been possible on this scale with AKASOL's previous corporate structure. At the beginning of August, the Management Board of AKASOL AG received the request of the majority shareholder to execute a merger squeeze-out. For further information, please refer to the ad hoc announcement of AKASOL AG dated August 3, 2021. According to its own information, ABBA BidCo held 5,634,459 AKASOL shares at that time, which corresponds to approximately 92.94% of AKASOL's share capital.

EMPLOYEES

AKASOL employed 374 permanent staff at the end of the first half of 2021 (June 30, 2020: 290), in addition to the members of the Management Board. The personnel capacity has thus increased by 29% over the last twelve months compared to the previous year. The Company employed 336.9 employees on a full-time equivalent basis, so-called FTEs (June 30, 2020: 255.9). In order to secure its technological edge and innovative entrepreneurial strength, a great deal of focus is placed on the area of research and development. This is reflected in the fact that around 32% of all AKASOL employees work in this area. Through the continuous stabilization of the employee base and the targeted reinforcement of middle management to include experienced experts, AKASOL has further professionalized its organizational structures in recent months in order to be optimally positioned for the dynamic growth that can be expected.



EMPLOYEE DISTRIBUTION BY FUNCTION

	Jun. 30, 2021	Jun. 30, 2020
Administration	61	42
Research and Development	119	87
Production	116	105
Sales	15	14
Service	18	13
Purchasing	25	17
Quality Management	20	12
Total	374	290

MARKETING AND SALES

AKASOL informs its target audiences and stakeholders regularly about current topics and developments related to the Company through an integrated marketing and communication strategy. Close cooperation between the areas of Marketing, Sales and Product Management makes it possible to focus on the broad product portfolio and address relevant customer interests and needs. Regular benchmarking enables the Company to quickly identify emerging trends, pick up on them and follow up with targeted measures. Due to the restrictions caused by the COVID-19 pandemic, all national and international industry and product trade fairs were cancelled in the first half of the year and compensated for by virtual events and digital communication activities. These include informative videos on use cases and quarterly results, which are posted on the social media channels. Customer success stories provide potential new customers with a comprehensive insight into technical details and deliver background information as well as customer testimonials on successful projects. In the first half of the year, we were able to further expand our presence at virtual conferences to enable an exchange with current customers and potential interested parties. The in-house webinars, in which customers were presented with specific information and solutions for various electromobility applications, were yet another great success. As the year progresses, we are optimistic that we will be able to resume with face-to-face events and combine them with self-organised and external digital event formats.

AKASOL SHARE

Share price development (as of June 30, 2021)

The AKASOL AG share has been traded on the regulated market (Prime Standard segment) of the Frankfurt Stock Exchange since June 29, 2018. It showed a positive overall development in the first half of 2021 and has remained largely constant at a level of around the offer price of EUR 120 per share since the announcement of the takeover bid by BorgWarner in mid-February. The acquisition process was successfully concluded at the beginning of June 2021 with the closing of the takeover bid. Since then, BorgWarner has been the largest shareholder of AKASOL AG.

The Xetra closing price of the AKASOL share of EUR 123.60 on June 30, 2021, was 27.2% higher than the closing price on December 30, 2020 (EUR 97.15). The AKASOL share thus outperformed the DAX (+13.2%), MDAX (+10.6%), SDAX (+8.5%) and TecDAX (+10.9%) indices during the same period.

During the period under review, the share reached its lowest closing price of EUR 96.00 on the Xetra trading system on January 29, 2021, and its highest closing price of EUR 127.58 on January 7, 2021.

Market capitalization as of June 30, 2021, was around EUR 749.2 million based on 6,061,856 shares outstanding.

The performance of the AKASOL share is monitored by eight analysts. At the time that the report was drawn up, the majority of analysts recommended that the stock continue to be held.

ANALYSTS
as of August 12, 2021

Institute	Last Update	Rating	Target Price (EUR)
Bankhaus Metzler	07/01/2021	Hold	130.00
Citi Research	01/26/2021	Buy	120.00
Deutsche Bank AG	06/01/2021	Hold	120.00
Hauck & Aufhäuser Privatbankiers AG	02/16/2021	Hold	120.00
JP Morgan	02/17/2021	Overweight	109.00
Stifel Europe	06/01/2021	Hold	120.00
EQUI.TS	06/01/2021	Neutral	110.50
Pareto Securities AS	05/28/2021	Buy	125.00

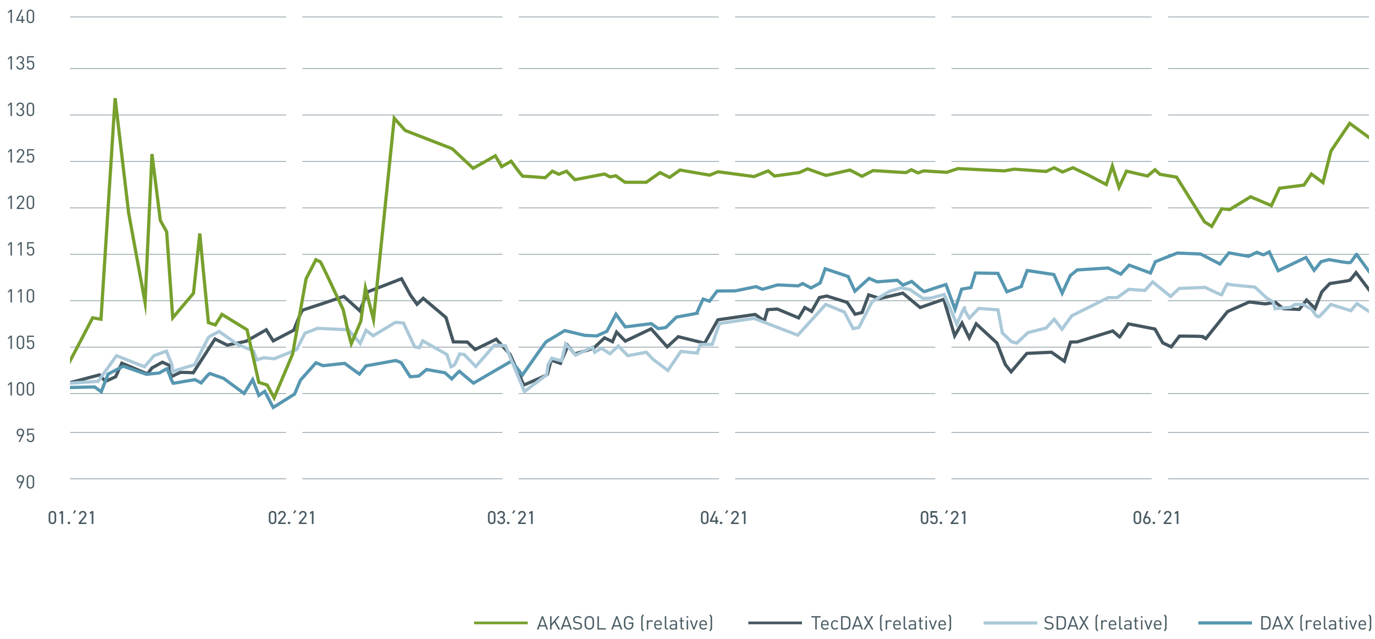
ANNUAL GENERAL MEETING

AKASOL AG held its 2021 Annual General Meeting on June 30, 2021. In the second year of the COVID-19 pandemic, the shareholder meeting was again held as a virtual event. 90.53% of the share capital was represented at the meeting. The Annual General Meeting expressed its confidence in the members of the Management Board and the Supervisory Board of AKASOL AG for financial year 2020 by a large majority. In the Supervisory Board elections, Mr. Gerd Merkel, formerly a long-standing executive at BorgWarner in Germany, was elected as a member of the Supervisory Board to succeed Dr. Christian Brenneke, who resigned from office with effect from the end of the

2021 Annual General Meeting. Against the backdrop of the increased demands on the Supervisory Board's control duties, the decision was also made to expand the Supervisory Board from the previous three members to five. To fill the two newly created positions, Mr. Anthony Daniel Hensel and Mr. Wolfgang August Schneider were newly elected to the Supervisory Board by the Annual General Meeting. Both new members are long-serving and highly regarded former BorgWarner executives. The Annual General Meeting also approved all other items on the agenda. Detailed voting results on individual agenda items are published on the AKASOL website.

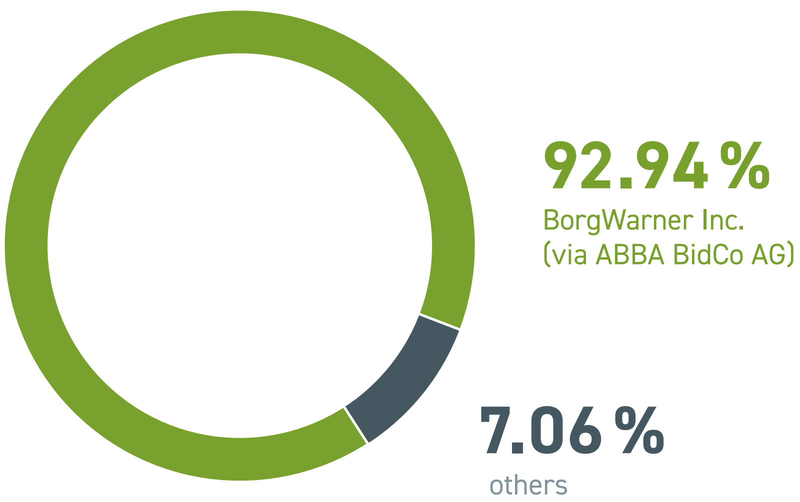
SHARE PRICE DEVELOPMENT

as of June 30, 2021; December 30, 2020 = 100; Xetra closing prices



SHAREHOLDER STRUCTURE

as of August 3, 2021



EARNINGS, FINANCIAL AND ASSET POSITION

EARNINGS POSITION

Revenue for the first six months of 2021 amounted to EUR 45.8 million (previous year: EUR 18.2 million). It was thus EUR 27.5 million higher than in the same period of the previous year, an increase of 151%. The positive development of sales was supported by stable call-offs by AKASOL customers in line with the forecasts previously made. In comparing the figures with the first half of the previous year, it should also be noted that AKASOL's major customers had temporarily paused production at that time as a way of containing the COVID-19 pandemic. AKASOL was then temporarily unable to ship battery systems and accordingly posted only low revenues.

Total operating performance (the sum of revenues, changes in inventories and own work capitalized) increased by 109% in the course of the revenue growth to a figure of EUR 48.5 million in the first half of 2021 (previous year: EUR 23.2 million).

Cost of materials increased from EUR 16.0 million last year to EUR 35.4 million. This represents an increase of 121%. The adjusted cost of materials ratio was 75.6% (cost of materials adjusted for changes in inventories / sales; previous year: 73.6%). In relation to total operating performance, the ratio was 73.0% (previous year: 69.2%).

Personnel expenses increased by 39.0% to EUR 12.7 million (previous year: EUR 9.1 million), mainly as a result of further scheduled recruitment to realize operational growth. The ratio of personnel expenses to sales decreased from 50.1% in the previous year to 27.8% in the first half of 2021 due to the strong growth in revenue.

In relation to total operating performance, the personnel expense ratio for the first half of the current year was 26.2% (previous year: 39.5%).

Other operating expenses increased to EUR 9.6 million (previous year: EUR 3.8 million) due to the inclusion of non-recurring expenses of around EUR 4.4 million especially in connection with the acquisition by BorgWarner. This expense item mainly includes licenses and user fees, legal and consulting costs and other operating expenses. The non-recurring expenses incurred as part of the acquisition by BorgWarner are mainly related to legal and consulting fees.

This results in earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR -8.7 million for the reporting period (previous year: EUR -5.6 million). Adjusted for one-off expenses the EBITDA for the first half of 2021 was EUR -1.2 million.

As expected, depreciation and amortization increased to EUR 3.4 million (previous year: EUR 1.4 million) due to the investments made in recent months, including at AKASOL's new headquarters in Darmstadt.

Earnings before interest and taxes (EBIT) for the first half of the current fiscal year were thus EUR -12.1 million (previous year: EUR -7.0 million). Adjusted EBIT for the first half of 2021 amounted to EUR -4.6 million.

The financial result for the first six months of 2021 amounted to EUR -463 thousand compared to EUR -154 thousand in the same period of the previous year. It is mainly influenced by interest payments for loans in connection with the construction of AKASOL's new headquarters that are recognized under financial expenses.

After deduction of taxes on income and earnings in the amount of EUR 0 thousand (previous year: EUR 36 thousand), the AKASOL Group generated a result for the period of EUR -12.5 million (previous year: EUR -7.1 million) for the first six months of 2021. Earnings per share thus amounted to EUR -2.08 (previous year: EUR -1.18).

FINANCIAL POSITION

Cash and cash equivalents were down by EUR 11.7 million in the first six months of the current fiscal year and totaled EUR 1.5 million as of June 30, 2021 (December 31, 2020: EUR 13.2 million). Investment activities for new production capacities as well as payments of supplier invoices were the main reason for the decrease.

As of the reporting date June 30, 2021, AKASOL had non-current financial liabilities of EUR 60.2 million (December 31, 2020: EUR 43.0 million). This is an increase of EUR 17.2 million. The most significant influencing factor for this increase was the raising of a KfW loan in the amount of EUR 20 million.

Current and non-current liabilities totaled EUR 97.4 million (December 31, 2020: EUR 81.4 million). Net financial liabilities – cash and cash equivalents and marketable securities reduced by current and non-current financial liabilities –amounted to EUR 68.4 million as of June 30, 2021 (December 31, 2020: EUR 37.2 million), an increase of EUR 31.3 million compared to the end of the year. The main reason for this development was the raising of a KfW loan and the incurrence of capital expenditure.

Due to the acquisition of property, plant and equipment, cash flow from investing activities for the first half of the year was EUR -16.6 million (previous year: EUR -6.6 million). Cash flow from operating activities amounted to EUR -13.7 million (previous year: EUR -8.5 million).

Cash flow from operating activities plus cash flow from investing activities (free cash flow) for the first six months of the current financial year thus amounted to EUR -30.3 million (previous year: EUR -15.0 million).

Cash flow from financing activities amounted to EUR 18.7 million (previous year: EUR 11.5 million) and includes the raising of a KfW loan in the amount of EUR 20 million.

ASSET POSITION

Current assets decreased to an amount of EUR 53.8 million as of the reporting date June 30, 2021 (December 31, 2020: EUR 64.3 million) in particular due to the decline in cash and cash equivalents.

Trade receivables amounted to EUR 16.9 million as of the reporting date (December 31, 2020: EUR 21.1 million). EUR 14.0 million of this amount relates to receivables that have been invoiced and EUR 2.9 million to contract assets not covered by progress payments (percentage of completion).

Cash and cash equivalents fell by EUR 11.7 million in the first six months of the current fiscal year and totaled EUR 1.5 million as of June 30, 2021 (December 31, 2020: EUR 13.2 million).

Non-current assets increased by EUR 14.0 million and amounted to EUR 113.8 million as of June 30, 2021 (December 31, 2020: EUR 99.8 million). The increase in property, plant and equipment to a value of EUR 88.4 million (December 31, 2020: EUR 75.5 million) mainly reflects the expansion of production in the U.S. and the growth investments made at the site of the new headquarters in Darmstadt.

Intangible assets, which include in particular the capitalization of development costs, increased by EUR 1.1 million to EUR 12.5 million (December 31, 2020: EUR 11.5 million).

Non-current liabilities amounted to EUR 61.6 million as of June 30, 2021 (December 31, 2020: EUR 44.5 million). The increase is due to the raising of a KfW loan.

Current liabilities fell by EUR 1.1 million to EUR 35.8 million as of the reporting date (December 31, 2020: EUR 36.9 million).

Current trade payables were down by EUR 5.6 million to EUR 10.4 million in the first six months of fiscal 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 were down by EUR 2.4 million to EUR 9.7 million (December 31, 2020: EUR 7.3 million).

Other non-financial liabilities increased by EUR 1.9 million to EUR 14.0 million as of June 30, 2021 (December 31, 2020: EUR 12.1 million).

Equity amounted to EUR 70.2 million as of June 30, 2021 (December 31, 2020: EUR 82.8 million). The equity ratio at the end of the first half of 2021 thus remained at a solid 41.9% (December 31, 2020: 50.4%).

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. Following a satisfactory development in the first half of the year, the second half of 2021 in particular is looking strong for AKASOL. For the full year, 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 – adjusted for transaction costs relating to the takeover by BorgWarner. 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.

In AKASOL's business environment, especially a shortage of electronic and steel components is currently having an impact due to COVID-19-related restrictions in manufacturing and logistics processes. However, over the first six months of the current financial year, AKASOL has succeeded in maintaining security of supply with these parts. In particular, the procurement of electronic components will remain challenging in the months to come. In addition, the availability of steel components and other parts and materials in demand on the world market will remain limited.

CONSOLIDATED BALANCE SHEET [1]

as of June 30, 2021

KEUR	Jun. 30, 2021	Dec. 31, 2020
ASSETS		
Current Assets		
Inventories	12,522	11,454
Trade receivables	88,437	75,526
Other financial assets	12,850	12,830
Other non-financial assets	32	32
Total Non-Current Assets	**113,841**	**99,842**
Current Assets		
Inventories	33,474	29,426
Trade receivables	16,864	21,063
Other non-financial assets	1,811	600
Income tax receivables	98	74
Cash and cash equivalents	1,504	13,177
Total Current Assets	**53,751**	**64,340**
TOTAL ASSETS	**167,592**	**164,182**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	6,062	6,062
Capital reserve	96,524	96,524
Result carried forward	-32,543	-20,023
Currency provisions	114	220
Total Equity	**70,157**	**82,783**
Non-Current Liabilities		
Financial liabilities		
Liabilities to banks	55,287	38,337
Other financial liabilities	4,932	4,686
Liabilities from goods and services	1,369	1,457
Total Non-Current Liabilities	**61,588**	**44,480**
Current Liabilities		
Financial liabilities		
Liabilities to banks	8,862	6,547
Other financial liabilities	861	792
Trade payables	10,449	16,050
Other non-financial liabilities	13,964	12,081
Provisions	1,711	1,449
Total Current Liabilities	**35,847**	**36,919**
TOTAL EQUITY AND LIABILITIES	**167,592**	**164,182**

1 Unaudited in accordance with IFRS

CONSOLIDATED INCOME STATEMENT [1]

for the period from January 1, to June 30, 2021

KEUR	H1 2021 6 Months	H1 2020 6 Months	Q2 2021 3 Months	Q2 2020 3 Months
Revenue	**45,768**	**18,240**	**21,675**	**10,222**
Inventory change	787	2,617	493	-1,323
Own work capitalized	1,939	2,320	888	1,348
Other operating income	520	216	-120	87
Cost of materials	-35,390	-16,035	-18,536	-7,299
Personnel expenses	-12,717	-9,147	-6,552	-4,562
Other operating expenses	-9,594	-3,804	-6,805	-2,336
Depreciation	-3,370	-1,359	-1,766	-685
Operating result (EBIT)	**-12,057**	**-6,952**	**-10,723**	**-4,548**
Financial income	73	138	-31	39
Financial expenses	-536	-292	-294	-150
Financial result	**-463**	**-154**	**-325**	**-111**
Earnings before taxes (EBT)	**-12,520**	**-7,106**	**-11,048**	**-4,659**
Taxes on income	0	-36	0	0
Result for the period	**-12,520**	**-7,142**	**-11,048**	**-4,659**
Other comprehensive income	-106	8	32	6
Total result	**-12,626**	**-7,134**	**-11,016**	**-4,653**
Earnings per share (diluted/basic)	-2.08	-1.18	-1.82	-0.77
Average number of shares outstanding	6,061,856	6,061,856	6,061,856	6,061,856

1 Unaudited in accordance with IFRS

CONSOLIDATED CASH FLOW STATEMENT [1]

for the period from January 1, to June 30, 2021

KEUR	H1 2021 6 Months	H1 2020 6 Months
Cash flow from operating activities		
Operating result (EBIT)	-12,057	-6,952
+ Depreciation on fixed assets	3,370	1,359
+/- Other non-cash changes	-344	3,006
Changes in net current assets		
-/+ Increase/decrease in inventories	-3,912	-7,827
-/+ Increase/decrease in trade receivables	4,203	3,893
-/+ Increase/decrease in other assets not attributable to investment or financing activities	-1,249	2,006
+/- Increase/decrease in trade payables	-5,701	-6,107
+/- Increase/decrease in accounts payable and other liabilities not attributable to investment or financing activities	2,145	1,969
+/- Increase/decrease in provisions	262	222
-/+ Gain/loss on disposal of fixed assets	0	0
-/+ Interest paid/received	-397	-113
-/+ Taxes paid	-24	77
= Cash flow from operating activities	**-13,704**	**-8,467**
Cash flow from investment activities		
- Production and purchase of intangible assets	-1,681	-1,981
- Purchase of tangible assets	-14,935	-24,583
+ Sale of financial assets	0	20,000
= Cash flow from investment activities	**-16,616**	**-6,564**
Cash flow from financing activities		
+ Capital increase through the issue of new shares	0	-1
+ Proceeds from financial liabilities	22,325	13,268
- Repayment of financial liabilities	-3,666	-1,808
= Cash flow from financing activities	**18,659**	**11,459**
Funds at the end of the period		
Change in funds	-11,661	-3,572
+/- Changes in cash and cash equivalents due to exchange rate and valuation	-12	-1
+/- 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	**1,504**	**21,288**
Composition of funds		
Cash and cash equivalents	1,504	21,288

1 Unaudited in accordance with IFRS

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY [1]

for the period from January 1, to June 30, 2021

KEUR	Subscribed capital	Capital reserve	Result carried forward	Currency provisions	Equity
Balance at January 1, 2020	**6,062**	**96,524**	**-7,535**	**-1**	**95,050**
Total result 2020	0	0	-7,142	221	-7,134
Balance at June 30, 2020	**6,062**	**96,524**	**-14,677**	**7**	**87,915**
Balance at January 1, 2021	**6,062**	**96,524**	**-20,023**	**220**	**82,783**
Total result 2021	0	0	-12,520	-106	-12,626
Balance at June 30, 2021	**6,062**	**96,524**	**-32,543**	**114**	**70,157**

1 Unaudited in accordance with IFRS

Notes

AKASOL AG (hereinafter also referred to as the Company) is a listed stock corporation under the laws of the Federal Republic of Germany and has its registered office in 64295 Darmstadt, Kleyerstraße 20, Germany. It is registered in the Commercial Register of the Darmstadt Local Court under the Commercial Register number HRB 97834. AKASOL AG develops and produces high-performance lithium-ion battery systems for buses, commercial vehicles, rail vehicles, industrial vehicles, as well as ships and boats.

The condensed interim financial statements as of June 30, 2021, have been prepared in euros (EUR), the functional and reporting currency. Amounts in the financial statements are presented in EUR thousands, unless stated otherwise. This can result in rounding

ACCOUNTING PRINCIPLES

These interim financial statements of AKASOL AG as of June 30, 2021, have been prepared in accordance with IAS 34 „Interim Financial Reporting" in compliance with the International Financial Reporting Standards (IFRS) applicable as of the reporting date and in the reporting currency EUR. The accounting policies and calculation methods applied in the annual financial statements as of December 31, 2020, have not changed. For further explanations, please refer to the annual financial statements of AKASOL AG as of December 31, 2020.

The scope of consolidation of the Company and thus of the Group includes the sole subsidiary AKASOL Inc. in Hazel Park (Detroit Metropolitan Area, Michigan, USA), in which AKASOL AG holds 100% of the shares as of June 30, 2021. The company in the USA was founded on October 17, 2017, and now combines all activities of AKASOL in North America under its umbrella. The object of the company is the production, manufacturing and distribution of lithium-ion battery systems.

AKASOL AG's business model is not seasonal. Therefore, no additional disclosure of financial information, which is required by IAS 34.21, to the interim financial statements is necessary.

The form and contents of the Half-Year Report comply with the reporting requirements of Deutsche Börse. Taking into account the reporting period, the report represents an update of the Annual Report. Its focus is on the current reporting period and should be read in conjunction with the Annual Report and the additional information on the Company contained therein. The Annual Report mentioned can be viewed on the Internet at www.akasol.com.

PROFIT AND LOSS, BALANCE SHEET, CASH FLOW STATEMENT

The chapters „Financial Position", „Asset Position" and „Earnings Position" provide a detailed overview and specific explanations of the income statement, balance sheet and cash flow statement of AKASOL AG.

CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent assets. There have been no significant changes in contingent liabilities compared to the reporting date of December 31, 2020.

ADDITIONAL DISCLOSURES CONCERNING FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities compared to their carrying amounts are as follows:

KEUR	Measurement category	Carrying amount on 06/30/2021	Balance sheet valuation in accordance with IFRS 9 Amortized acquisition costs	Fair value through profit or loss	Fair value
Financial assets	FAAC	12,850	12,850	0	13,282 [1]
Financial assets	FAFVTPL	0	0	0	0 [1]
Trade receivables	FAAC	16,864	16,864	0	16,864 [3]
Cash and cash equivalents	FAAC	1,504	1,504	0	1,504 [3]
Financial debt	FLAC	69,942	69,942	0	69,942 [3]
Trade accounts payable	FLAC	11,818	11,818	0	11,818 [3]
Thereof aggregated by measurement category					
Assets at amortized cost	FAAC	31,218	31,218	0	31,650 [1 3]
Liabilities at amortized cost	FLAC	81,760	81,760	0	81,760 [3]
Assets at fair value	FAFVTPL	0	0	0	0 [1]

FAAC: Financial assets measured at amortised costs
FAFVOCI: Financial assets measured at fair value through other comprehensive income
FAFVTPL: Financial assets measured at fair value through profit and loss
FLAC: Financial Liabilities measured at amortised cost
FLFVPL: Financial Liabilities at fair value through profit and loss

1 Level 1 of the fair value hierarchy
2 Level 2 of the fair value hierarchy
3 The figures stated for financial assets and financial liabilities are not measured at fair value, but at amortized cost/carrying amount, which is a reasonable approximation of fair value.

OTHER TRANSACTIONS WITH RELATED PARTIES

DISCLOSURES ON THE PURCHASE OR SALE OF SHARES BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Pursuant to Art. 19 of the Market Abuse Regulation (MAR), persons performing management duties and persons closely related to them are obliged to notify the Federal Financial Supervisory Authority (BaFin) and the Company of the acquisition and sale of AKASOL shares and, among other information, the other transactions described in more detail in Art. 10 (2) of the Delegated Regulation (EU) 2016/522 if the value limit of EUR 5,000 is exceeded within the calendar year. The following reportable transactions were carried out as a result of the public takeover bid by BorgWarner:

Name (legal form, if applicable)	Position / Status	Type of transaction	Price in EUR	Volume in EUR	Date
Schulz Group GmbH	Person is closely related to Sven Schulz, CEO	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	344,893,920.00	May 10, 2021
Stephen Raiser	Vice President Research & Development, CTO	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	31,476,600.00	May 10, 2021
Dr. Björn Eberleh	Vice President Product Management and Service	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	19,072,920.00	May 10, 2021
Dr. Christoph Reimnitz	Supervisory Board member	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	156,000.00	May 10, 2021
Carsten Bovenschen	Management Board member	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	120,000.00	May 10, 2021
Robert Pieronczyk	Vice President Purchasing	Sale of shares (ISIN DE000A2JNWZ9) outside a trading venue as a result of the acceptance of the takeover bid by ABBA BidCo AG	120.00	24,000.00	May 10, 2021

On January 1, 2009, an outsourcing agreement was concluded with Schulz Group GmbH for the outsourcing of finance and accounting, human resources, sales and marketing, and secretarial services. AKASOL AG is currently in the process of setting up these areas itself in order to no longer procure these services from Schulz Group GmbH.

The following table shows the total amounts from transactions between related parties for the reporting period:

As of 06/30/2021	Income from transactions with related parties	Expenses from transactions with related parties	Amounts owed by related parties	Amounts owed to related parties
h-kon GmbH	0.0	33.5	2,013.4	79.6
Schulz Engineering GmbH	0.0	538.2	0.0	242.9
Schulz Group GmbH	0.0	46.1	0.0	16.8
Soluware GmbH	0.0	223.9	0.0	210.5

SUPPLEMENTARY REPORT

As communicated on July 15, 2021, AKASOL AG has signed a strategically important framework agreement with a major bus and commercial vehicle manufacturer from Belgium with a total volume in the mid-double-digit million euro range. The Company will supply the second and third generation of its high-energy battery systems for a new all-electric city bus of the customer from 2021 to 2026.

At the end of July 2021, AKASOL was certified by Intertek for the two sites in Darmstadt and for the site in Langen according to DIN EN ISO 50001:2018 (standard for energy management systems) and DIN EN ISO 14001:2015 (standard for environmental management systems).

At the beginning of August 2021, the Management Board of AKASOL AG received a request from the main shareholder ABBA BidCo AG to carry out a squeeze-out under merger law. For further information, please refer to the ad hoc announcement of AKASOL AG dated August 3, 2021. According to its own information, ABBA BidCo held 5,634,459 AKASOL shares at that time, which corresponds to a share in the share capital of AKASOL of approximately 92.94%.

In August 2021, AKASOL AG concluded a service agreement with its main shareholder BorgWarner. On the basis of this agreement, AKASOL AG can access extensive resources of the BorgWarner Group. The services and their compensation will all be reviewed for their arm's length nature.

Also in August 2021, AKASOL AG concluded a loan agreement with the parent company. This agreement enables AKASOL AG to draw on a further financing facility of up to EUR 25 million.

AUDITOR'S REVIEW

The condensed interim financial statements as of June 30, 2021, and the interim management report have not been reviewed by an auditor.

ASSURANCE OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the AKASOL Group, and the interim management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

Darmstadt, August 16, 2021

The Management Board of AKASOL AG

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