



# **FREYR 4Q and Full Year 2022 Earnings Call**

February 27, 2023





# Important notices

## Forward looking statements

All statements, other than statements of present or historical fact included in this presentation, including, without limitation, regarding the Customer Qualification Plant (“CQP”) starting operations in 1Q 2023 and CQP machinery ramping of battery production in 2Q 2023; the development of 24M Technologies, Inc.’s technologies and their use in FREYR’s Gigafactories; FREYR’s ability to accelerate the Giga America project and realize the U.S. Inflation Reduction Act’s (“IRA”) expected benefits and growing energy storage system (“ESS”) opportunities; the progress of the development of the Giga Arctic facility; the IRA’s potential effect of triggering a policy response in the European Union and Norway; any illustrative or anticipated IRA project economics; the estimated size of state and local incentive packages for Giga America; the planned acceleration and anticipated benefits of fast-tracked projects developed in the U.S.; the projection that solar and wind will become leading sources of energy; the non-linear growth trajectories of long-term demand forecasts for battery storage; FREYR’s ability to build commercial progress in the electric vehicle market to augment FREYR’s traction in ESS; any expected effects of battery energy storage system (“BESS”); projected global cumulative BESS capacity and demand growth; and FREYR’s ability to (i) execute its business plan, (ii) create real option value, (iii) realize the anticipated results and success of FREYR’s strategic approach to capital formation, (iv) close multiple ongoing strategic and financial partner financing processes and (v) forge new strategic, operational and financial partnerships are forward-looking statements.

These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results. Most of these factors are outside FREYR’s control and are difficult to predict. Additional information about factors that could materially affect FREYR is set forth under the “Risk Factors” section in (i) FREYR’s Registration Statement on Form S-3 filed with the Securities and Exchange Commission on September 1, 2022 and (ii) FREYR’s annual report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2023, and available on the SEC’s website at [www.sec.gov](http://www.sec.gov). Except as otherwise required by applicable law, FREYR disclaims any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this press release. Should underlying assumptions prove incorrect, actual results and projections could differ materially from those expressed in any forward-looking statements.



# Today's Agenda

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- Key messages
- CQP spotlight
- Update on Giga Arctic
- Benefiting from 24M's technology and ecosystem
- Positioned to leverage U.S. IRA and potential EU / Norwegian responses
- Accelerating FREYR's U.S. development
- BESS demand growth update
- FREYR is creating real option value
- FREYR's expansion into commercial and passenger mobility
- Financial update
- Strategic priorities
- Q&A



# CHAPTER ONE

CLEAN BATTERY SOLUTIONS

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# Key messages

Focused on rapidly de-risking FREYR's business plan

## Customer Qualification Plant (CQP) Starting Up - Unlocking the SemiSolid™ Technology Platform at GWh Scale

- 🌀 Announcing the official opening of the Customer Qualification Plant (CQP) on March 28th, 2023
- 🌀 FREYR has conducted extensive and successful testing of CQP equipment enabling ramp-up of battery production in 2Q 2023
- 🌀 CQP ramp-up of production will mark initial GWh scale production of the SemiSolid™ technology platform
- 🌀 FREYR is deepening technical and commercial collaboration with 24M licensees to maximize CQP

## FREYR is Targeting Accelerated Giga America SOP in 2025 to Capture IRA Benefits and Growing ESS Opportunity

- 🌀 Accelerating development in U.S. to maximize benefits of the IRA targeting 2025 Giga America start-up
- 🌀 Surging ESS demand driven by U.S. Inflation Reduction Act (IRA) and energy security considerations in Europe
- 🌀 FREYR's LFP-based SemiSolid™ platform is expected to offer superior performance for ESS applications at GWh scale

## Geographic Diversification and Market Optionality Provide a Profitable Growth Platform for FREYR

- 🌀 FREYR has created real option value with parallel project development in Norway and U.S. catalyzed by CQP and IRA
- 🌀 FREYR is working together with Norwegian authorities and institutions to for a localized response to IRA incentives
- 🌀 FREYR is expanding into commercial and passenger mobility to augment early ESS success
- 🌀 FREYR is positioning as a partner of choice with alternative technology providers opening up additional end markets
- 🌀 Capital formation opportunities are broadening with strong interest from multiple strategic and financial partners



# CQP starting up operations in 1Q 2023

Major milestone to unlock SemiSolid™ platform at giga scale

- ☞ FREYR announces the formal opening of the CQP on March 28<sup>th</sup>, 2023
- ☞ The CQP is a core asset in the 24M ecosystem to validate performance of the SemiSolid™ technology platform at GWh scale
- ☞ FREYR is collaborating closely with 24M and co-licensees to optimize and further improve CQP performance and the SemiSolid™ platform
- ☞ Start and ramp-up of production at the CQP will catalyze key strategic milestones for FREYR and 24M licensees:
  - ☞ Conversion of COAs to firm offtake agreements
  - ☞ Condition Precedent for ongoing Project Financing
  - ☞ Demonstrate improvements in production yields and speeds
  - ☞ Unlocks FREYR's GWh scale facilities in Norway and the U.S.
  - ☞ Unlocks momentum for other 24M licensees in respective markets





# Giga Arctic Update

Construction ongoing in Mo i Rana

## Constructing one of Norway's largest buildings:

- Approximately 9,000 tons of concrete and 2,000 ton of rebar are in place for the foundations
- 2,500 tons of steel structures and 1,800 tons of concrete beams, floors and roofing in place

## Continued engineering ongoing:

- Continued improvement of layout, technical solutions and business case optimization based on product roadmap
- Interfaces between Production Line Equipment and optimization of Process Design in collaboration with all frame agreement contractors
- Continuous synergy capture, while enabling experience transfer and resource optimization with Giga America





# Strategic alignment with 24M Technologies

FREYR is benefitting from deepening technical and commercial collaboration across the 24M licensee ecosystem



- ☞ FREYR is working together with licensee partners to bring next-generation SemiSolid™ technology to scale via FREYR's CQP
- ☞ Simplified SemiSolid™ manufacturing process enables energy, people, and capital efficient development of clean battery solutions at scale
- ☞ Electrochemistry flexible platform supports current and next-generation cell technologies
- ☞ Expanding SemiSolid™ commercial opportunity in electric mobility and passenger EV market underscored by recent Impact COA
- ☞ Strong interest from licensee partners to explore commercial opportunities together
- ☞ 24M commercial partners include:





# Positioned to benefit from new policy tailwinds in batteries

U.S. Inflation Reduction Act likely to trigger a meaningful policy response from EU and Norway



## IRA subsidies appear readily accessible in stationary battery storage market

Production Tax Credits (PTCs) feature direct pay option (\$35/kWh for cell production, \$10/kWh for modules)

Monetization of PTCs for ESS applications is expected to be a straightforward process

Wave of new BESS projects in U.S. augmented by state and local incentives; customers' ITCs simplified and expanded

Some potential customers have expressed their willingness to share a portion of their ITCs with FREYR



## EU has presented the Green Deal Industrial Plan

The plan aims to enhance the competitiveness of Europe's net-zero industry and introduces new regulatory framework

Intended to extend and accelerate access to funding for net-zero projects

Batteries are one of the key clean technologies in focus



## FREYR is actively engaging with key stakeholders in Norway and EU

IRA subsidies have meaningfully altered the playing field and will improve project economics in a market short environment

FREYR will continue measured pace of investment at Giga Arctic ahead of formalized IRA response from Norway and the EU



# IRA will enhance FREYR's project economics

EU & Norwegian responses expected to improve local project economics in a market short battery environment

- FREYR has created real option value by initiating parallel development of Giga Arctic and Giga America
- The quantum and accessibility of the IRA PTCs has meaningfully altered the relative and absolute return potential of U.S.-based projects
- The considerable impact to project economics from the IRA is catalysing localized responses from Europe and Norway to enhance project economics
- IRA and anticipated EU and Norwegian responses coincide with growing interest from strategic partners to participate in FREYR's project development
- FREYR will continue capital spending on Giga Arctic at a measured pace in anticipation of a localized response to the IRA while project development at Giga America accelerates

## Illustrative IRA Project Economics

Giga America Nameplate Capacity (GWh)	34
# of Production Lines	8
OEE Target <sup>1</sup>	83%
Est. Production/Year at OEE Target (GWh)	28.22
45X Cell PTC (\$/kWh)	\$35
45X Module PTC (\$/kWh)	\$10
Cell PTC Cash Flow/Year (\$MM)	\$988
Module PTC Cash Flow/Year (\$MM)	\$282
Annual PTC Cash Flow/GWh of Namplate (\$MM/GWh)	\$37
Implied Giga America Annual 45x PTC Cash Flow/Year (\$MM)	\$1,270

<sup>1</sup> OEE equates to production yield less equipment downtime.



# Accelerating FREYR's Development in U.S.

FREYR's ambition is to maximize IRA incentives and to capture surging ESS demand

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## Updated U.S. development plan summary

- ☞ Exploring fast-track options to establish rapid production at Giga America in 2025 as an initial part of the larger Giga Factory
- ☞ FREYR's U.S. team is evaluating actions to optimize speed to market, product utility, and project economics
- ☞ Existing and expanding ESS customer base in urgent need of domestic cell supply
- ☞ Meaningful IRA incentives driving interest in project equity investment from strategic partners

## Benefits of fast-tracked U.S. development

- ☞ Fastest path to giga scale production and highest relative cash flow via participation in IRA incentives
- ☞ Focused on developing financing through pull-forward monetization of IRA PTCs with project level equity from strategic and/or financial sponsors
- ☞ Potential to circumvent lengthy project financing process
- ☞ Provides flexibility to maximize merchant sales exposure in undersupplied ESS market



# Giga America update

## Significant state and local incentive packages

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### Grants in process:

- 🌀 Coweta County grant of \$20MM approved on February 23<sup>rd</sup> with closing anticipated in short order
- 🌀 Application nearing completion for \$7MM state grant with final approval expected within 90 days

### Tax abatement incentives:

- 🌀 Closing of property tax abatement package of ~\$230MM over 20 years completed after passing public hearing
- 🌀 Documentation received and in process for State tax abatement package of ~\$140MM

**Total incentive package of ~\$410MM over multiple phases based on estimated long-term capex of ~\$2.6B**



# BESS is the essential net zero enabling technology

Use cases for batteries across the future energy system underpin exponential demand growth forecasts

## BESS demand growth potential is underappreciated

- ☞ Solar and wind displace all other sources of energy because of their inherent zero marginal cost structure, and they become dispatchable when paired with battery storage
- ☞ Nearly 140 GW of storage projects are in the California interconnection queue, which exceeds BNEF's cumulative U.S. storage installation forecast through 2030<sup>1</sup>
- ☞ Behind-the-meter installations create potential to establish distributed power to supplemental utility scale generation
- ☞ Distributed battery storage is a precursor to establishing virtual power plants





# BESS demand is surging and consistently underestimated

Long-term demand forecasts for battery storage reaching non-linear growth trajectories



As witnessed previously in several sectors, and illustrated below by solar pv deployments, technology shifts evolve exponentially after reaching tipping points in **system effects**



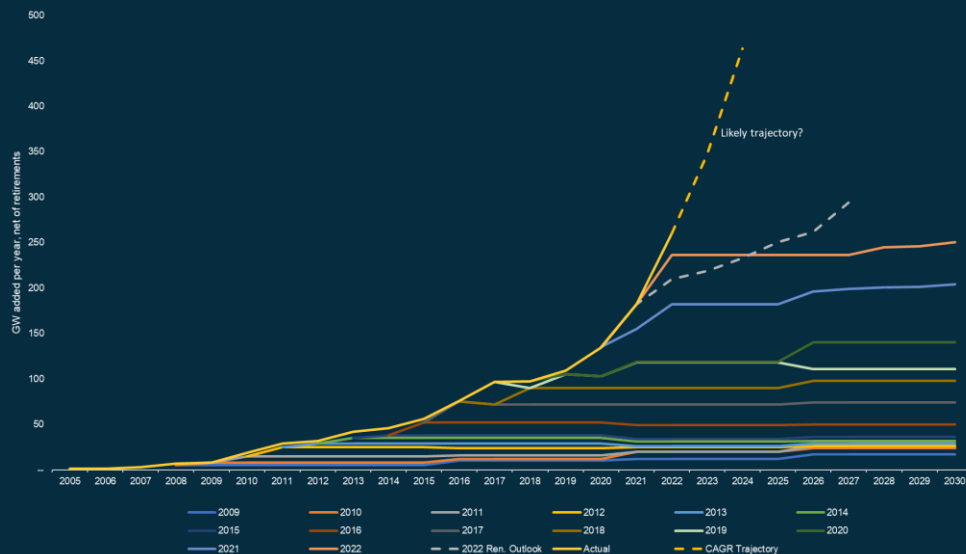
**System effects** result not only from the technology itself, but also from macro and industry developments that accelerate adoption



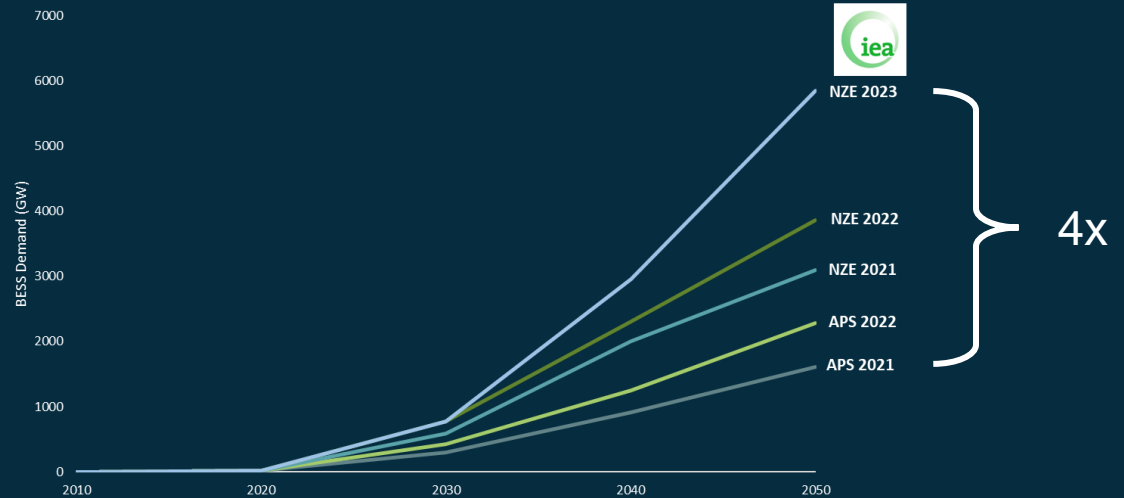
Battery energy storage **system effects** include:

- Development of correlated technologies such as renewables generation
- Reprioritization of capital allocation priorities by large energy companies
- Emergence of next-generation electricity grid solutions
- Increasingly ambitious climate policy initiatives
- Navigation of technological learning curves
- Paradigm shifts in energy economics

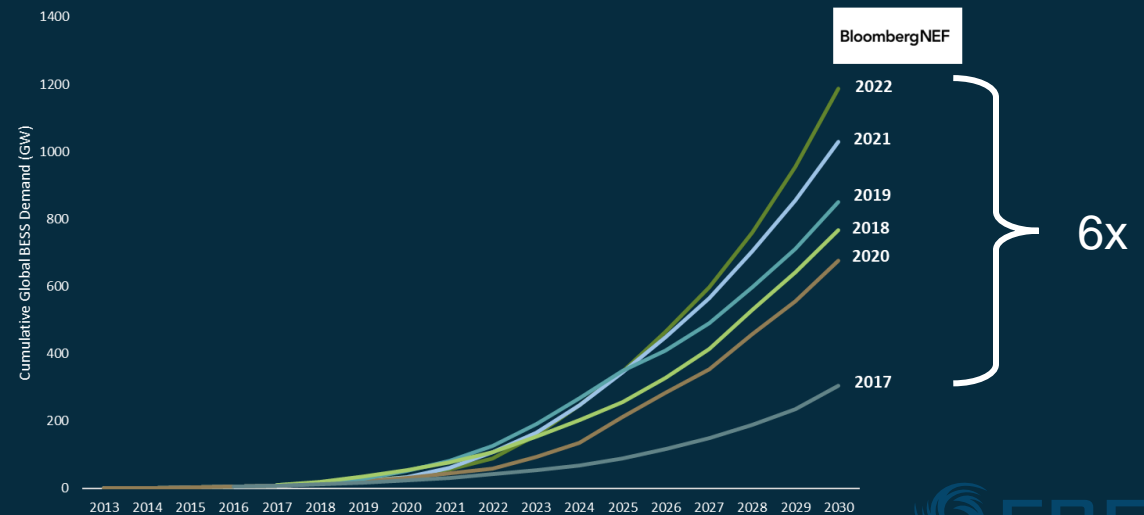
IEA solar deployment forecast (WEO 2009-2022), GW added per year



Global Cumulative BESS Capacity (IEA WEO 2021 – 2023), GW



Global Cumulative BESS Capacity (BNEF 2017 – 2022), GW











# FREYR is creating real option value

Strategic flexibility to pursue evolving geographic and end market opportunities in parallel


## Norway → Giga Arctic

	FREYR is working with various stakeholders to develop a localized response to the U.S. IRA incentives
	Giga Arctic will be using 100% clean electricity at prices which are amongst the most competitive globally
	Industrial heritage with skilled workforce enabling strong project execution and operational excellence
	Continuing to deploy capital expenditures at measured pace to develop Giga Arctic and optimize potential uplift in project economics from anticipated IRA response
	Letter of intent received from Eksfin indicating a guarantee of up to €400 million for Giga Arctic as part of in-progress project financing process


## United States → Giga America




# Inflation Reduction Act




**\$35 / kWh**  
Battery cell production tax credit




**\$10 / kWh**  
Battery module production tax credit




**10%**  
Separate tax credits for critical materials and active cathode / anode materials




FREYR customers can claim 30%+ ITC on stand-alone BESS projects




**Direct pay option through 2032**




## 24M brings U.S.-based technology



## Leveraging the Norwegian Industrial heritage



## Growth in key demand center amplified by IRA



## ~\$410 million gross financial incentive package from State of Georgia and Coweta County for Giga America



# Gaining traction in commercial and passenger EV verticals

Inaugural E-mobility COA signed and partnership discussions deepening with OEMs



## Commercial E-mobility

Announced COA with Impact Clean Power Technology in January to supply 10 – 14 GWh of next-generation cells

Clean battery cell solutions will be based on the 24M platform for European commercial vehicle applications

The cell form factor is identical to the fit-for-purpose ESS cells available for testing at the CQP in 2Q 2023

COA validates the broader applicability of 24M's SemiSolid™ technology platform for e-mobility markets



## Passenger EVs

Engaged in advanced technical discussions with multiple OEMs for potential demand of 50-100 GWh per year

FREYR is uniquely positioned as an LFP-focused cell producer with giga scale projects underway in Norway and the U.S.

**Building commercial progress in EV market to augment FREYR's traction in ESS**



# Financial update

Maintained high level of liquidity and while advancing FREYR's development throughout the year

## Strong Liquidity and Balance Sheet

- Ended 4Q 2022 with \$563 million of cash
- 2022 CapEx focused on the CQP, Giga Arctic and the U.S. site purchase

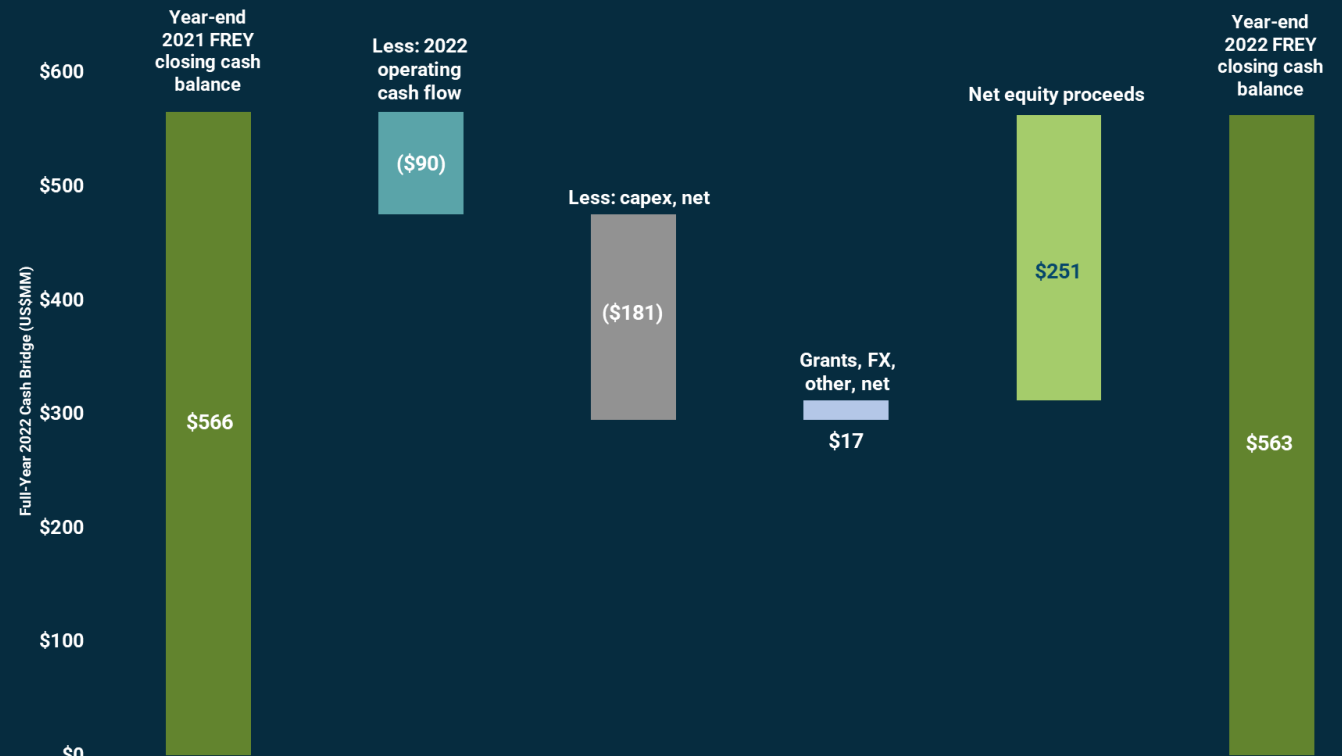
## Capital Allocation Priorities

- Evaluating options to accelerate capital deployment in the U.S. targeting 2025 startup to capture as much of the IRA as possible
- Proceeding at measured pace with capital spending at Giga Arctic in anticipation of EU and Norwegian response to IRA

## FREYR's Strategic Approach to Capital Formation

- Strong interest from potential strategic, industrial and financial partners at project and corporate levels; discussions ongoing
- Engaging with relevant governmental entities to access financing solutions including direct loans, grants, and incentive packages
- Giga Arctic project financing progressing in anticipation of CQP ramp-up and Norwegian IRA response

## FREYR Full-Year 2022 Cash Bridge



Note: Cash includes cash, cash equivalents and restricted cash; amounts do not reconcile to rounding.



# Key Priorities

Focused on delivery of FREYR's strategic objectives on the path to giga scale production



**Start Operations of CQP in 1Q 2023 and accelerate sample cell production**



**Accelerate investment in U.S. to maximize the financial and strategic benefits of the IRA**



**Optimize economic value of subsidies while developing Giga Arctic and Giga America in parallel**



**Close ongoing strategic and financial partner processes including financing to further fund our growth**



**Forge new strategic, operational and financial partnerships for giga scale production of clean batteries**

**Validate and scale technology; finance and execute FREYR's business plan**



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# Q&A

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