



**【Aleees (TPEX: 5227) Aleees announced that the number of customers in certification process significantly adding to 41, and the company is also promoting the licensing of its mass production technologies to meet the market demands\_ news letter】**

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Aleees announced that the number of customers in certification process significantly adding to 41, and the company is also promoting the licensing of its mass production technologies to meet the market demands.

Lithium iron phosphate (LFP) battery cathode materials manufacturer Aleees has updated its progress in customers' certification in 2022 on its website today. Aleees has completed final certification process with 5 customers who make energy storage system (ESS) batteries and/or electric vehicle (EV) batteries. With LFP battery becoming the mainstream energy storage solution globally, Aleees continues to make new achievements in customer development, especially in the field of energy storage. The number of customers that completed the Phase-4 certification and entering the mass production stage doubles from 2 in last year to 4 customers in 2022, who's products are not going to be made by Aleees, but to be made by technology-transfer licensee authorized by Aleees.

At present, Aleees has 41 customers, adding 24 customers compared with last year, with application covering energy storage, electric vehicle, and solid-state battery. Most of the customers are global established companies with end customers and sales distribution networks around the world. Among them, 13 customers worked on both ESS and EV batteries, 8 worked on ESS batteries only, 14 worked on EV batteries only, and 6 focused on solid-state battery. Compared with last year, the number of customers in various fields has increased significantly, as shown in the table below.

Number of clients under certification process, from 2021 to 2022:

| Application In:     | Aug. 2021 | May 2022 |
|---------------------|-----------|----------|
| ESS + EV            | 3         | 13       |
| ESS only            | 9         | 8        |
| EV only             | 4         | 14       |
| Solid State Battery | 1         | 6        |
| Total               | 17        | 41       |



Aleees said that the global ESS market has clearly shifted toward LFP batteries as the dominate solution, and almost all the 2025 shipments from its clients will be used for making ESS batteries. The certification of EV batteries takes much longer time than for the ESS batteries. The EV end-customers for Aleees’ LFP materials are international brand-name OEMs who require even longer time to get certification, and then it will take some years to ramp up the production volume. It is likely that the majority of Aleees’ shipment by 2028 will still go to the ESS batteries.

Despite of the growth limitation in EV application forecast, the estimated demand growth generated from international clients are still very strong. The demand will surpass 170,000 metric ton by 2025, and 500,000 metric ton by 2028. Comparing that to the current shipment level of just more than one thousand tons, it will be a huge leap of 100-fold to several hundred folds growth in the next few years.

Estimated future demands for LFP materials from clients who enter different stages of certification:

| No. of Clients who enter | Aug. 2021 | May 2022 | 2025 Estimated Demand (MT) | 2028 Estimated Demand (MT) |
|--------------------------|-----------|----------|----------------------------|----------------------------|
| Stage IV                 | 3         | 5        | 21,400                     | 70,400                     |
| Stage III                | 4         | 5        | 56,000                     | 170,000                    |
| The Rest                 | 10        | 31       | 95,100                     | 281,000                    |
| Total                    | 17        | 41       | 174,500                    | 521,400                    |

The company said that the above needs will mostly be produced by technology transfer licensees authorized by Aleees in the future. Aleees has been developing the licensing model with interested partners for over one year. Since almost the entire LFP battery supply chain now resides in China, that makes the U.S. and European end customers all worried about the supply-chain risks, and demand their governments and battery makers to set-up localized or international alliance in the LFP supply-chain. The build-to-produce business model that Aleees used in the past decade will no longer be able to meet the huge demand surge for the U.S. and European markets in the coming years. For that matter, Aleees has started to formulate a technology-licensing business model, looking for interesting licensees to build production capacities to meet the demands for each market.

Aleees said that this patent and production technology licensing strategy is an asset-light business model. It gives cathode material and/or battery makers their own discretion on the scale of their production capacity to meet market demands. In the meantime, Aleees will switch from its old model of expansion-and-production to customer development, which then leads to technology licensing and the running royalty collection business model. Aleees said there are about ten (10) potential



licensees who are now under detailed negotiation. Aleees may choose a handful of them to help them develop into major LFP cathode material makers with annual capacity well over 100,000 MT. More details on that will be announced in a series of presentation starting from late May.

**News Contacts:**

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**About Aleees :**

Aleees is a manufacturer of lithium iron phosphate battery cathode materials, with a number of world-famous battery, electric vehicles and energy storage customers in Japan, Korea, Europe, and the United States. Aleees develops and produces lithium iron phosphate battery cathode materials with high-quality, high cost-performance and high life-cycle. In the 17 years since its establishment, the cumulative shipment has exceeded 15,000 tons, and the cumulative revenue has been nearly USD 250 million. Adhering to the concept of "sustainable human survival and environment-friendly", Aleees won the "National Sustainable Development Award" in 2013. In respect of corporate governance, Taiwan Stock Exchange (TWSE) has jointly conducted governance evaluations, and Aleees has been ranked among the top 5% of all listed companies in Taiwan for seven consecutive years, remarkable achievements in corporate governance.