

## INTRODUCTION

The COVID-19 crisis is unprecedented in scope and disruption and as any business right now we are evaluating the impact to our existing business plans. While at this moment it is difficult to assess the full impact both on our local health system as well as on our global economic system, we stay optimistic that this crisis will be overcome in the year 2020 in a joint global effort.

During the coming period of uncertainty, it is important for us to operate as lean as possible, challenge all our prior assumptions and keep focused to make progress as much as possible towards our goals. This update will reflect on various aspects of our business.

## OUR VIEW

### **On business continuity**

While we have enacted a home office policy for all activities that do not require our lab, we are making full progress on all our development and testing efforts for battery design, electronics and firmware. We do not foresee substantial issues by remote working.

As betteries is currently in the pre-revenue phase, we do not have planned revenue breaking away. It is in our hands to accelerate or decelerate our business growth and we need to diligently monitor our spend and burn rate. We cannot change the past nor can we anticipate the future in these uncertain times. But we can act now to adjust our plans for the next weeks and months to ensure maximum progress towards our goals while minimizing spend. We have completed a full revision of our 12 months business plan for a lean scenario.

Our mantra of disciplined entrepreneurship serves us well in these times.

### **On supply chain**

We have established strong relationships with our key suppliers and have been in contact to discuss all our ongoing orders. Our supply chain largely consists of used battery module from car manufacturers, electronics components (PCBs for BMS and BMU), casings (plastic or metal) and various smaller parts. Our supply of 2<sup>nd</sup> life battery packs for the entire year is contractually guaranteed and can be delivered in batches as we need them. Our BMS supplier Reelectrify is working on our order to build out the entire pilot fleet for 2020 and we expect no disruption for this part with a delivery date of August 2020. Our own PCBs can be ordered from many sources without disruption. Lastly, the casings are built in rapid prototyping and we have received timely delivery even during the height of the crisis in China.

### **On pilots and target markets**

Early 2020 we met our milestone for a first working prototype of the entire system stack including multiple battery module, universal module and connect module. With this we could successfully prove out test cases like powering an outboard motor, a tuk-tuk or a light mast. We are completing a test fleet of further 12 battery modules in March. Our original plan to begin field testing with this fleet in Europe has been impacted by COVID-19 as activities have shifted for our partners (e.g. event camping provider DOMO will not have concert events this summer most likely).

More so, we expect remote pilots in Africa and other emerging markets to be hold for the foreseeable future as the impact of COVID-19 in these countries cannot be predicted but must be assumed to be substantial. Our planned pilots for 2021 in these countries must be re-evaluated. Equally, we need to re-assess our beachhead market analysis as the COVID-19 impact becomes clearer.

We will refocus our pilot efforts to EU based projects and are also evaluating possible markets in this zone. We anticipate that most of the insights for establishing a viable production standard of our system can be gained in 2020 without much disruption.

### **On funding**

We were planning a seed financing round to close in Q3/2020. Given the current volatility in the markets, many investors are focusing on their existing portfolios. We acknowledge that as a pre-revenue, impact-driven hardware startup for frontier markets, we fall into a category that not many investors easily digest. But we are determined to complete our mission to provide a robust, market ready product by end of 2020 and therefore we require additional capital by August 2020. Our strategy is to secure a form of bridge financing with a Convertible Loan and move the seed round into Q2/2021. Also, we are very active in grant applications and any other form of financial support to help us through the research and development phase to reach first revenue.

Most importantly, we see our investors as part of our team. Only together can we create a more sustainable future post COVID-19.

## **AN OUTLOOK**

The world after COVID-19 will undoubtedly not be the same as before. This must not conjure up fear of the unknown but can be seen as a chance for change. We must question our existing growth-driven, fossil-fuel based economy and envision a stronger, cleaner and more regenerative economy. Renewable energy such as solar or hydro must be a central element in how we power our lives. betteries was founded to enable just that and we hope to be a part on this transition now more than ever.

The crisis has come as an outright shock to many and people are stock piling goods in panic. This will trigger questions of resilience and self-reliance. Grid independent power systems can be a part of this, mobile power can be a part of this. We believe this opens up a market opportunity for us to provide small solar based power systems.

Unfortunately, the pandemic will hit the poorest countries the hardest. For us, this will create difficult market entry conditions in emerging economies. But for people in these countries, it means increased instability and less income. This can increase the number of refugees suffering from energy poverty. Continued historic low oil prices could sustain the usage of CO2 intensive generators as grid improvements will lack funding. All this makes a viable alternative for power system even more important than ever. We strive to provide just that.