

US Market Series

E-Mobility | Inflation Reduction Act (Overview)



Introduction

- o The Inflation Reduction Act (IRA) is a substantial stimulus package aiming to rejuvenate the U.S. economy and expedite the green transition through strategic investments of \$430 billion across key sectors, including clean energy (\$250.6 billion), advanced manufacturing (\$47.7 billion), and electric vehicles (EVs) & batteries (\$23.4 billion).
- o The IRA's transformative potential for the EV and battery sector is substantial, with Section 45X as a critical regulation for U.S. battery manufacturing. Upcoming editions of Enovado's US E-Mobility Market Series will provide comprehensive insights into incentive effects and the nuances of the application of Section 45X.
- o Structuring the pool of companies, Enovado analyzed around 150 E-Mobility corporations in Germany (details: <https://enovado.com/european-market-series-germany-e-mobility>) and categorized them into six key subsectors: EV OEMs, EV OEM part suppliers, batteries, charging stations, EV recycling, and EV software. The three upcoming editions of our US E-Mobility Market Series, in addition to this introduction, will offer subsector-specific insights addressing relevant market dynamics and business opportunities.
 1. EV OEMs, OEM part suppliers and battery suppliers – considering incentives and the existing EV OEM landscape
 2. Charging stations and EV recycling – considering criteria such as E-Mobility policies & incentives, the population's density or cultural mindset
 3. EV and battery related software – considering automotive OEM engineering locations or the availability of automotive focused IT developers

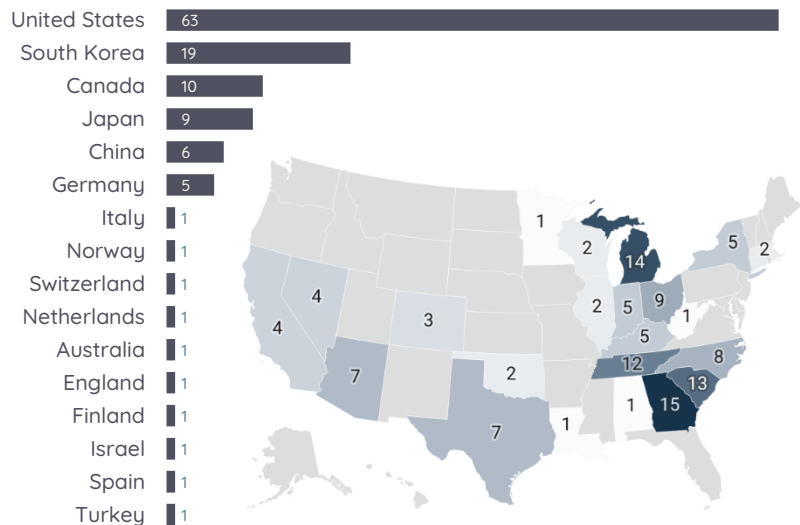
IRA driven Investments during Year 1

- o Of the 210 investment projects tracked over the past year, only 30 (14%) were realized by European companies. 12 of these 30 were EV & Battery related (see table next page), while the remaining related to renewables.
- o The map on the right shows the total project numbers per State for EV & Battery, with the Top 8 US-States receiving EV & Battery investments being:

State	EV & Bat.	EV	Bat.
GA	15	12	3
MI	14	14	0
SC	13	8	5
TN	12	10	2
OH	9	8	1
NC	8	6	2
AZ	7	4	3
TX	7	6	1

- o 125 of the 210 investment projects announced during the past 12 months were EV & Battery related. Almost 40% of those projects landed in the four Southeastern States GA, SC, TN and NC.

Number of IRA related EV & Battery projects in the US by top source countries



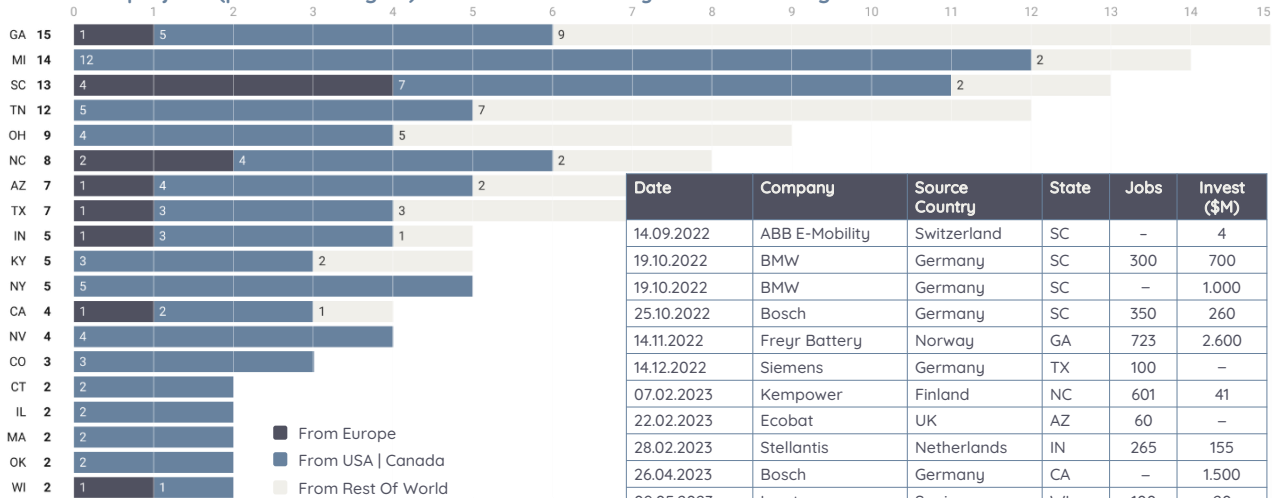
Source: E2.org and Enovado research

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Regional Distribution of EV & Battery Investments

- A possible conclusion from the regional distribution chart below is that investors from the United States and Canada frequently choose to establish their EV & Battery manufacturing sites in close proximity to the prominent “Motown” Detroit. Specifically, 12 projects were announced in Michigan, 4 in Ohio, and 3 in Indiana. In contrast, European (and other international) investors seem to have a preference for the South-Eastern States.
- The adjacent table (right) presents a compilation of 12 EV & Battery related projects initiated by European companies, arranged chronologically by the date of announcement. Notably, nearly half of these projects originate from German companies, with the remaining projects coming from seven different countries.

Number of projects (per source region) from the EV & Battery sector in leading US States



Date	Company	Source Country	State	Jobs	Invest (\$M)
14.09.2022	ABB E-Mobility	Switzerland	SC	-	4
19.10.2022	BMW	Germany	SC	300	700
19.10.2022	BMW	Germany	SC	-	1.000
25.10.2022	Bosch	Germany	SC	350	260
14.11.2022	Freyr Battery	Norway	GA	723	2.600
14.12.2022	Siemens	Germany	TX	100	-
07.02.2023	Kempower	Finland	NC	601	41
22.02.2023	Ecobat	UK	AZ	60	-
28.02.2023	Stellantis	Netherlands	IN	265	155
26.04.2023	Bosch	Germany	CA	-	1.500
09.05.2023	Ingeteam	Spain	WI	100	20
23.05.2023	Alpitronic	Italy	NC	300	18

Source: E2.org and Enovado research

Conclusions

- Despite contrary indications in recent news, European investments constitute a mere 14% of the 210 investments projects attracted during the first 12 months following the IRA's introduction. Narrowing the scope to EV & Batteries yields a mere 12 projects, predominantly realized by German companies.
- European EV & Battery investors, in many cases, seem to follow their peers or European OEMs and Tier1's. Notably, Southeastern States such as GA, SC, TN or NC attract the bulk of their investments, while the traditional Automotive States of MI, OH, IN or KY appeal mostly to North American investors. International investors that prefer to locate at a distance from the mainstream, e.g. to compete less on talent, might also consider States such as AZ, TX, or WI.

About the US Market Series

- Enovado's US Market Series supports European companies contemplating investments in the US market. It is meant to serve as a guideline to assess the market landscape and dynamics, strategic locations, and incentive opportunities, particularly in regards to the present state and evolving facets of the IRA.
- With extensive involvement with US State and regional economic development organizations (EDOs) as well as ongoing dialogue with European automotive suppliers contemplating a North American market entry, Enovado leverages its first-hand insights to add value to the Market Series.
- We intend to publish all three subsequent editions of the US E-Mobility Market Series by the end of 2023.

About ENOVADO

- Enovado offers FDI consulting services, such as strategy, marketing or lead generation support to investment promotion agencies, and also helps companies investing abroad with various market entry related services like market assessment, site selection or partner search.
- Founded in 2012 and headquartered in Berlin, Enovado is a young and dynamic organization striving to change the way FDI is being done.