



Conclusions

NORTHVOLT ETT EXPANSION-LARGE SCALE BATTERY PLAN INVEU-ICR-0029-2023 – Sustainable Infrastructure Window

Short description of the financing or investment operation and its objectives

Name of financial intermediaries	Northvolt Ett AB
Type of the final recipients	Special Purpose Vehicle
Countries of implementation	Sweden
Implementing partner	European Investment Bank (EIB)

This project concerns the financing of the expansion of the Northvolt Ett Gigafactory for the manufacturing of advanced lithium-ion cells in Skellefteå in northern Sweden.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 27 April 2023 for the above-mentioned operation.

The investment operation responds to market failures as Europe must master the decarbonisation of its transport sector. This passes through the transformation of its automotive industry from supplying vehicles running on carbon fuels to vehicles running on electricity. This, in turn, requires the build-up of a European battery industry. Europe lags in the industrialisation of battery technologies and the related know-how. In addition, the project has the nature of a public good for that the operator or company cannot capture sufficient financial benefits (knowledge dissemination through technology transfer and education and skills of the local labour, and a lasting specialised infrastructure being made available at no or negligible cost). It also generates externalities which the operator or company cannot internalise, such as climate mitigation.

In terms of additionality, the project will generate economic benefits that are greater than those captured by the investor's financial returns. The project's external benefits are potentially high as it contributes to the establishment of an industrial value chain in Europe of a competitive battery technology. The project will lead to important knowledge transfer to Europe. It will deploy advanced manufacturing activities and related skilled jobs in Europe. The project will furthermore help create the conditions for the deployment of e-mobility, and the development of a cleaner and more sustainable transport system in Europe and lead to lower emissions of pollutants (health benefits) and CO₂ (climate benefits) on the roads. The non-recourse structure is innovative for this type of project, traditionally financed through corporate loans by commercial banks at sponsors' level. EIB's capability to appraise and structure the project with unmatched terms and conditions on the commercial market would bring significant added value to the Promoter. EIB will not only close a large financing gap but also crowd in other financiers. The increased risk profile of the loan beyond what the Bank traditionally regards as



Investment Committee of the InvestEU Fund
Meeting no. 14
27 – 28 April 2023

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acceptable can be considered thanks to Invest EU protection. The operation would not be carried out to the same extent by the EIB without the InvestEU support.