

Conclusions

Project Northern Lights

INVEU-ICR-0051-2023 – Sustainable Infrastructure Window (SIW)

Short description of the financing or investment operation and its objectives

Name of the final recipients	Northvolt Ett
Countries of implementation	Sweden
Implementing partner	Nordic Investment Bank (NIB)

The operation will be a participation in the financing of the Northvolt battery plant expansion. The purpose of the investment is to increase the manufacturing capacity of the plant from the initial 16GWh to 60GWh with the addition of three new blocks, which altogether involve one upstream facility, three downstream facilities, three formation and aging facilities, and other supporting facilities.

The scope of the investment will also include the construction of a new 4GWh battery recycling facility, Revolt Ett ("RV1"). The investment in RV1 will further reduce the dependence on raw material supply chains, enable cost savings, and unlock CO2 footprint reduction. The planned mechanical and IP-protected hydro-mechanical processes are estimated to lead to up to 95% recovery of Lithium, Nickel, Cobalt and Manganese.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 15 September 2023 for the above-mentioned operation.

Northvolt manufactures Li-Ion battery cells primarily for the automotive sector. The operation will facilitate the expansion of the existing gigafactory for Li-Ion battery cells with the aim of scaling up production. The operation would contribute to limiting CO2 emissions during the manufacturing process and strengthen EU capacity, while lowering dependency on import of such batteries from third countries. The aim is to contribute to the acceleration of a transition towards zero-emission vehicles. In fact, the investment operation responds to urgent market failures as Europe must master the de-carbonisation 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 financial terms, the proposed operation is characterised by a higher risk profile which constrains NIB's ability to finance the project on uncovered basis. The InvestEU support enables NIB to increase its exposure to the project risk by participating in the uncovered debt tranche. As a result, NIB's exposure to the project risk will substantially increase from the current amount (which was signed in 2020) to a substantially higher participation in an uncovered facility to support the Northvolt expansion project. Additionally, NIB will participate in the ECA-covered facility with its own resources which will also include some residual project risk exposure.