

Galp and Northvolt establish joint venture 'Aurora' to develop a lithium conversion facility

- Galp and Northvolt set up joint venture 'Aurora' to develop opportunities related to the fast-growing battery value chain
- With a 50/50 stake, the joint venture is engaged in the development of Europe's largest and most sustainable lithium conversion plant, to be located in Portugal, with an annual production capacity of up to 35,000 tons of lithium hydroxide and a start of commercial operations in 2026.
- The project is aligned with the Portuguese and European industrialization efforts related to the energy transition, and is a milestone in the development of a European battery value chain
- The joint venture will also continue to explore other business opportunities along the value chain, and is committed to adopt the most environmentally sound approaches throughout all activities

Galp and Northvolt have agreed to set up a joint company, Aurora, that aims to become a steppingstone for the development of an integrated lithium-battery value-chain aligned with Portuguese and European ambitions.

With the main goal of establishing Europe's largest and most sustainable integrated lithium conversion plant, the JV will develop a plant set to have an initial annual production capacity of up to 35,000 tons of battery grade lithium hydroxide – a critical material required by the lithium-ion battery manufacturing industry, which is expected to grow more than tenfold by the end of the decade.

The plant will use a proven conversion process, leveraging recent process improvements and technologies to increase sustainability and efficiency. Additionally, the JV is seeking to enable use of green energy to power the conversion process, thereby minimizing and eventually avoiding reliance on natural gas as is the conventional approach.

The joint venture is currently conducting technical and economic studies and looking at several possible site locations. A final investment decision is yet to occur, but the JV is envisaging a start of operations by year's end 2025 and start of commercial operations in 2026. Based on similar projects, the plant could represent an investment estimated at around €700 million and create as many as 1,500 direct and indirect jobs. The JV is also exploring the adequate energy transition funding options to reinforce the development of the project.

Galp and Northvolt's proven track records, complementary experience and expertise are expected to be further enhanced with the establishment of key partnerships along the value chain, namely in securing the supply of high quality spodumene concentrate from key suppliers.

The plant will be able to deliver lithium hydroxide sufficient for 50 GWh of battery production per year (sufficient for approximately 700,000 electric vehicles). As part of the agreement, Northvolt will secure an offtake for up to 50% of the plant's capacity for use in its battery manufacturing.

The JV partners are unwavering on driving the highest standards of sustainability, notably in the extraction and concentration of spodumene, the processing of lithium hydroxide, as well as in all related processes. The partners are confident that Iberia hosts resources which can be recovered with a low greenhouse gas emission footprint, using the highest standards for environment and human rights protection, in compliance with best industry practices and environmental policies, ensuring a long-term sustainable value for all stakeholders.

Galp's participation within this JV is a result of the Company's strategy to develop new businesses aligned with the energy transition, taking advantage of its industrial competences and regional presence as an integrated energy player, and one of the largest solar power generation players in Iberia. The projects should fit within Galp's decarbonisation path as well on its capital allocation guidelines, as per announcements at the Company's latest Capital Markets Day.

Paolo Cerruti, Co-Founder and COO of Northvolt, comments: "The development of a European battery manufacturing industry provides tremendous economic and societal opportunity for the region. Extending the new European value chain upstream to include raw materials is of critical importance. This joint venture represents a major investment into this area, and will position Europe with not only a path to domestic supply of key materials required in the manufacturing of batteries, but the opportunity to set a new standard for sustainability in raw materials sourcing. This initiative comes to complement a global sourcing strategy based on high sustainability standards, diversified sources and reduced exposure to geopolitical risks".

"This is a once-in-a-generation opportunity to reposition Europe as a leader in an industry that will be vital to bringing down global CO₂ emissions, in line with European and Portuguese climate-change priorities," said Galp CEO Andy Brown. "To be successful in this drive, we must all work together, industry and decision makers, with a sense of urgency, because if we do not claim this role today, others will."

About Northvolt

Northvolt is a European supplier of sustainable, high-quality battery cells and systems. Founded in 2016 to enable the European transition to a decarbonized future, the company has made swift progress on its mission to deliver the world's greenest lithium-ion battery with a minimal CO₂ footprint and has grown to more than 2,300 people from over 100 different nationalities. Northvolt has to date secured in excess of \$27 billion worth of contracts from key customers, including BMW, Fluence, Scania, Volkswagen, Volvo Cars and Polestar, to support its plans, which include establishing recycling capabilities to enable 50 percent of all its raw material requirements to be sourced from recycled batteries by 2030.

About Galp

Galp is an energy company committed to the development of efficient and sustainable solutions in its operations and in the integrated offers to its customers that creates simple, flexible, and competitive solutions for the energy or mobility needs of large industries, as well as small and medium-sized businesses and individual consumers. Galp's offer includes various types of energy – from electricity produced from renewable sources to natural gas and liquid fuels. As a producer, the company extracts oil and natural gas from reservoirs located miles below sea level, while also being one of the largest Iberian producers of solar-based electricity. Leaders in its sector in the world's main sustainability indices, Galp contributes to the economic development of the 10 countries it operates and to the social progress of the communities. Galp has 6,360 employees. For more information, visit www.galp.com.

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