



Realignment of pepper's leadership team – Focus on development contracts for electrifying commercial vehicles

Denkendorf, 05/11/2023 – The hesitancy of the market in Germany for electrifying local public transport bus fleets persists. Progress in the truck sector is also slow. pepper is readjusting its sales strategy and reorganizing its management in response to the ever-changing industry requirements for the successful transformation of mobility toward zero-emission commercial vehicle traffic. The focus will remain on marketing the innovative, modular drive system for the cost-effective and sustainable electrification of commercial vehicles (buses, trucks, special-purpose vehicles, used and new vehicles) developed on an individual basis to meet customer requirements.

Realignment of the leadership team

The pepper leadership team now comprises CEO Andreas Hager and Till Hake, as new member of the management team. In his new role as Vice President IP and Technology, Dr. Matthias Kerler, previously CTO, will continue to head the Technology and Innovation departments and assumes responsibility of the technological-strategic development roadmap to maintain the company's position as a technology pioneer going forward. The investor structure remains unchanged (<https://www.peppermotion.com/en/pepper-completes-series-a-financing-round/>).

New addition Till Hake has been responsible for operations since April 1, 2023. The 60-year-old from North Rhine-Westphalia is an expert in business transformation, growth, and process optimization and will strengthen the management team with his many years of experience in the commercial vehicle and automotive sectors.

"I'm delighted to be part of this highly motivated and qualified team. Innovative concepts that address the current dynamic market environment are needed if we are to finally drive mobility transformation in the commercial vehicle industry in a meaningful way. pepper offers practical solutions and, working together with my colleagues, we will be bringing them to the streets on a large scale," explains Till Hake.

Dr. Vera-Maria Graubner, Chief Operating Officer, left the company by mutual agreement in April 2023. Hendrike Dreier, Chief Financial Officer, and Robert Reisenauer, Chief Sales Officer, both left the company at their own request in May 2023.

"We would like to express our sincere gratitude to our management colleagues. They shaped our company's philosophy of sustainability with tireless commitment and a tremendous amount of idealism, successfully guiding us through the initial start-up phase," says Hager, commenting on the change. "They built impressive teams with a high level of expertise and drive, which form the cornerstone for our business going forward," he adds. "At the same time, I am very much looking forward to fruitful collaboration and plenty of synergies with my



new colleague Till Hake." In addition to ongoing strategy development, Hager will concentrate on the areas of new business development and sales.

Market behavior and changing market requirements

The motivation for electrifying bus fleets and consequently for repowering, especially in the difficult overall economic situation of German public transport, remains low. Sustainability as a central requirement for achieving climate targets has so far played a totally secondary role in vehicle procurement for buyers and fleet managers. The same applies to freight transportation. And this is in spite of the clear requirements laid down in the European Clean Vehicles Directive (CVD), which will result in financial consequences from 2025 onwards if the required quotas for low- and zero-emission vehicles are not met.

Expected stimulus from funding program fails to materialize

Even the Federal Ministry of Transport, Innovation and Technology's funding program for light and heavy commercial vehicles with alternative, climate-friendly drive systems, which was launched in the fall of 2021 and also takes repowering into account, failed to trigger any noticeable development.

In particular, small and medium-sized bus operators, which make up the bulk of the market, often do not receive funding because of the stipulated criteria and therefore do not consider investing in the electrification of their fleets.

"Market behavior and industry requirements have developed in a way that is different from what we anticipated. We have learned from this and shifted our focus to the international truck market and public transport outside Germany. More and more of our competitors in the repower sector are also turning their backs on German public transport," says Hager, explaining the change of direction.

New focus on customer-specific development

In view of this, pepper is focusing on project business with contract development of electric drive systems from now on. Whereas new bus and truck models used to be developed in advance, this is now done exclusively after commissioning and individual requirements analysis with the customer.

With its Tier 1 electrification kit, pepper offers OEMs and special vehicle manufacturers a zero-emissions drive system that can be flexibly integrated into vehicle development or into existing vehicle series. This drastically shortens development times, and electric vehicles made in-house can be launched and marketed quickly and cost-effectively.



About pepper motion GmbH

pepper – electrifying transportation!

As the first digital OEM worldwide (without its own warehousing and manufacturing), pepper offers innovative solutions for the electrification (repowering) of used and new commercial vehicles. With its holistic approach to telematics, charging infrastructure, and fleet management, the company designs quickly implementable and cost-efficient solution packages for a sustainable mobility transformation.

By repowering existing commercial vehicles with certifiedetrofit kits for buses and trucks, vehicles are given an environmentally friendly "second life" and therefore enable the most sustainable form of mobility, both ecologically and economically, making an active contribution to reducing emissions in transport and implementing the Clean Vehicles Directive.

pepper is ISO 9001 certified and as such is the only supplier of conversion solutions to ensure operational safety according to international automotive industry standards such as ISO 26262 for functional safety. A network of international partners guarantees service and availability across Europe.

pepper motion GmbH with headquarters in Denkendorf and offices in Garching near Munich and Paderborn employs more than 100 people. The subsidiary pepper motion Austria GmbH, based in Vienna, is the pepper Group's software development center. pepper is represented with further sales partners in Italy, France, and Poland.

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