

# Rivian and Volkswagen Group Announce Plans for Technology Platform Joint Venture

RIVIAN

# Partnership Benefits

Today Rivian and Volkswagen Group announced its intention to form an equally controlled and owned joint venture to create next-generation electrical architecture and best-in-class software technology. The partnership is intended to focus on software, electronic control units (ECUs), and related network architecture design and development, with Volkswagen Group planning to utilize Rivian’s zonal ECU architecture and software stack beginning in the second half of the decade. Through this partnership, both companies will work to achieve further cost savings and deliver amazing customer experiences.

Underpinned by the vision of the strategic partnership, Volkswagen Group will make an initial investment of \$1 billion into Rivian, with up to \$4 billion in planned additional investment for a total expected deal size of \$5 billion. The initial and planned investments by Volkswagen Group in addition to our current cash, cash equivalents, and short-term investments are expected to provide the capital to fund Rivian’s operations through the ramp of R2 in Normal as well as the midsize platform in Georgia – enabling a path to positive free cash flow and meaningful scale.

As one of the largest and most respected vehicle manufacturers in the world, Volkswagen Group contributes outstanding experience and scale across many strong brands. Its breadth of offerings, global reach and knowledge of global market requirements is expected to enable the core technology to reach many more customers in many more places.

Today’s announcement validates our vertically integrated technology platform and is expected to substantially expand the market applications for our software and associated zonal electrical architecture. Rivian’s proven electronics and software platform is expected to serve as the foundation for future software development in the partnership.

## RIVIAN

Best-in-class technology stack.  
Clean sheet and speed of innovation.  
Fleet of software-defined vehicles.

## VOLKSWAGEN GROUP

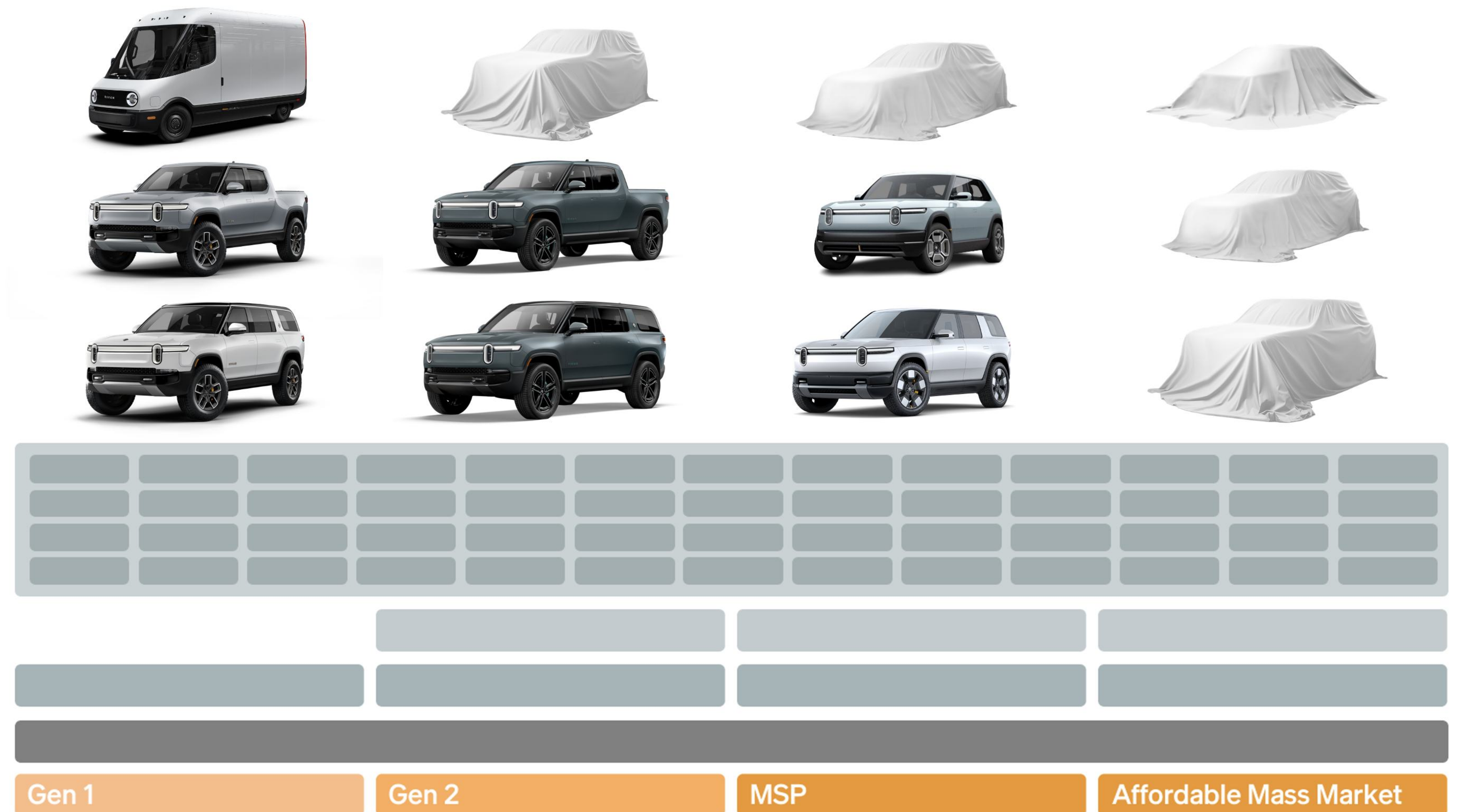
Global powerhouse with leading scale.  
Industry-leading vehicle architecture.  
Unrivaled portfolio with leading technology.

Combination of complementary strengths



## Scalable software across multiple platforms

Rivian Vehicles



## The Rivian Technology Stack

This strategic investment and planned joint venture was possible because of years of focus on vertically integrating our network architecture, topology of ECUs, and associated software platforms. The vertical integration of our hardware and software platforms equips us to seamlessly incorporate new features and enhancements that improve the customer experience. By using customer feedback and cloud data, our over-the-air technology can update and enable improvement across the entire vehicle architecture, including vehicle dynamics, battery management, thermal management, body controls, autonomy, and digital experience.

Importantly, our technology platform has been intentionally designed with modularity and scale in mind. We designed our software architecture with multiple abstraction layers to facilitate application across multiple hardware configurations. Our hardware architecture also has flexibility and is designed to flex across multiple vehicle configurations, from affordable mass market vehicles to premium vehicles. Preceding this was our transition from our Gen 1 to our Gen 2 architecture which was built to fully deliver on our vision of flexibility.

The proposed partnership with Volkswagen Group validates our vertically integrated technology approach and demonstrates the capability to create new business opportunities. As the auto industry transitions to smarter, more connected, and integrated vehicle architectures, we believe our technology is best positioned to deliver a modular and scalable platform that will help create highly compelling products and services that we expect will accelerate consumer's shift to electrification.

## Rivian's balance sheet expected to strengthen through partnership with Volkswagen Group

	Estimated Timing	Estimated Amount
Q1'24 ending cash balance <sup>1</sup>		\$7.9B
<b>Total contributions from Volkswagen Group<sup>2</sup></b>		<b>+\$5.0B</b>
Convertible Note	2024E	+\$1.0B
Payment at Inception of JV	2024E	+\$1.0B
Equity Investment (RIVN)	2025E	+\$1.0B
Equity Investment (RIVN)	2026E	+\$1.0B
Debt (JV)	2026E	+\$1.0B

<sup>1</sup> Reflects actual Q1'24 ending cash, cash equivalents, and short term investments.

<sup>2</sup> Subject to the formation of the joint venture, Rivian and Volkswagen Group executing definitive agreements, the achievement of certain milestones, and the receipt of regulatory approvals.

## Financial Benefits of the Transaction

Today's announcement is expected to create a robust capital roadmap to support our future growth. We believe the opportunity ahead is significant. The initial and planned investments by Volkswagen Group in addition to our current cash, cash equivalents, and short-term investments are expected to provide the capital to fund Rivian's operations through the ramp of R2 in Normal, as well as the midsize platform in Georgia – enabling a path to positive free cash flow and meaningful scale. In addition to the \$5 billion of capital to Rivian, we anticipate incremental benefits through material cost savings, operating expense efficiencies, and future revenue opportunities associated with the joint venture.

The total deal size is expected to be \$5 billion. It is composed of an initial investment by Volkswagen Group of \$1 billion and planned additional investment of \$4 billion. The initial \$1 billion investment will take the form of an unsecured convertible note that will be convertible into Rivian equity. Conversion will occur in two equally sized tranches that will convert at the same time: \$500 million of the note will convert into equity based on \$10.84 per share price and \$500 million will convert into equity based on the 45-trading day VWAP on the later of required regulatory approvals or December 1, 2024. The closing of the joint venture is expected to occur in the fourth quarter of 2024. The closing of the joint venture and the additional \$4 billion of capital is subject to the completion of the definitive agreements, the achievement of certain milestones, and the receipt of regulatory approvals.

The additional \$4 billion of capital is expected to be comprised of \$2 billion of investment into Rivian shares and \$2 billion related to the joint venture. The investment of \$2 billion into Rivian shares is expected to take place via two tranches of \$1 billion each in 2025 and 2026 subject to certain milestones. Each of these investments are expected to be priced based on the 30-trading day VWAP of Rivian shares prior to the date of investment. The investment of \$2 billion related to the joint venture is expected to be split between a payment at the inception of the joint venture and a loan available in 2026.

## Forward-Looking Statements

This shareholder letter contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding receipt of regulatory approvals, the parties entering into definitive agreements, the formation of the JV, the expected benefits from the partnership, the future investments in Climb shares and the investments related to the JV, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions, although not all forward-looking statements use these words or expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements, including, but not limited to, the important factors discussed in Part I, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 30, 2024, and our other filings with the Securities and Exchange Commission. The forward-looking statements in this press release are based upon information available to us as of the date of this press release, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements. While we may elect to update such forward-looking statements at some point in the future, we disclaim any obligation to do so, even if subsequent events cause our views to change.

