

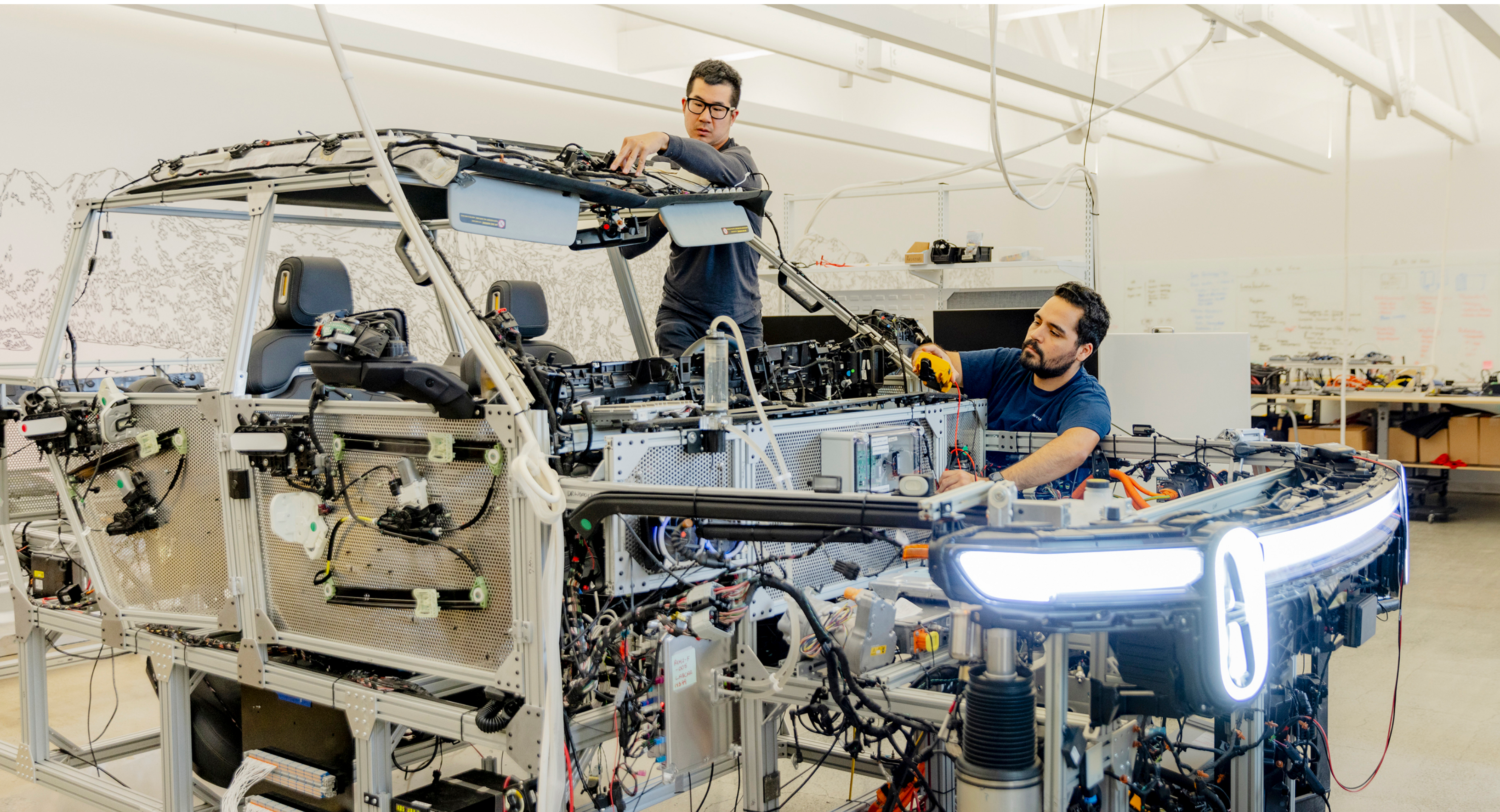
RIVIAN | VOLKSWAGEN GROUP  
TECHNOLOGIES



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# RIVIAN | VOLKSWAGEN GROUP TECHNOLOGIES



Today Rivian and Volkswagen Group entered into a transaction agreement to create their new joint venture Rivian and VW Group Technology, LLC, with a total deal size of up to \$5.8 billion. The joint venture is intended to create next-generation electrical architecture and vertically integrated software for electric vehicles. It is highly complementary reflecting Rivian's industry-leading software and electrical hardware technology as well as Volkswagen Group's significant global scale and industry-leading vehicle platform competencies across a variety of segments and price points.

We believe this partnership is a landmark development for the industry. The joint venture will benefit from differentiated and well-proven zonal network architecture and full-stack software technologies as well as enhanced consumer experience from innovation and scale. The combination of Rivian's electrical architecture and software platform and Volkswagen Group's global scale, broad segment coverage, and capabilities uniquely position the joint venture to be a leader in the development of software and associated zonal electrical architecture that is designed to create structural cost advantages and be scalable across multiple vehicle brands, segments, price points, and international markets.

Connected vehicles with powerful, rapidly iterating software capabilities drive unique advantages across customer experience, performance, and safety. As the auto industry transitions to smarter, more connected, and integrated architectures, we believe the joint venture's approach will deliver a modular platform that will help create highly compelling products and services that will accelerate consumers' shift to electrified software defined vehicles.

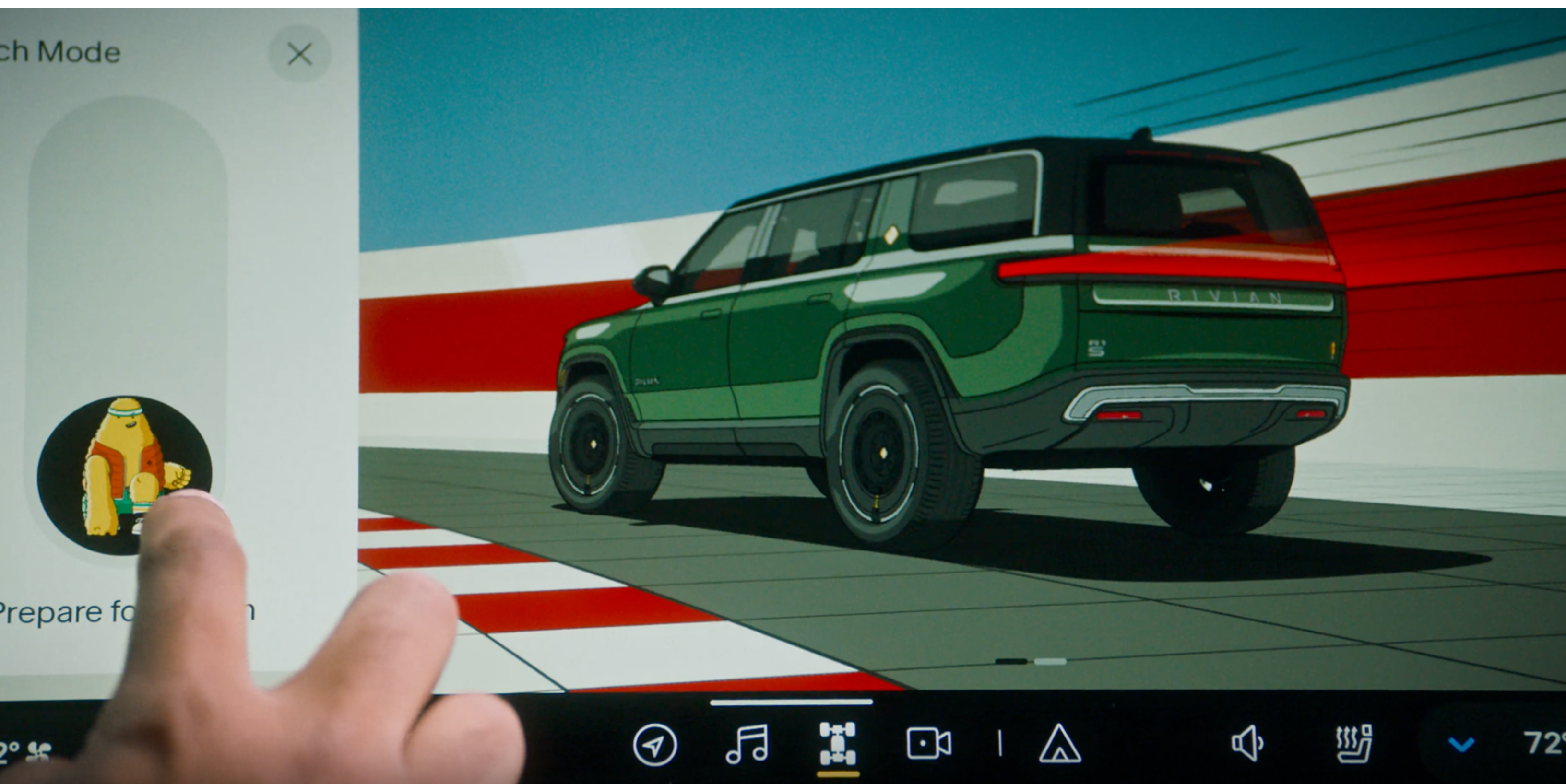


The opportunity ahead is significant. The creation of Rivian and VW Group Technology, LLC is validation of Rivian's approach to vertical integration and leadership in electrical hardware and vehicle software, which combines with Volkswagen Group's scaling capabilities and segment coverage. As we look ahead, we believe this partnership is an important step to positioning Rivian as a technology partner and OEM enabling the acceleration of electric vehicle adoption.

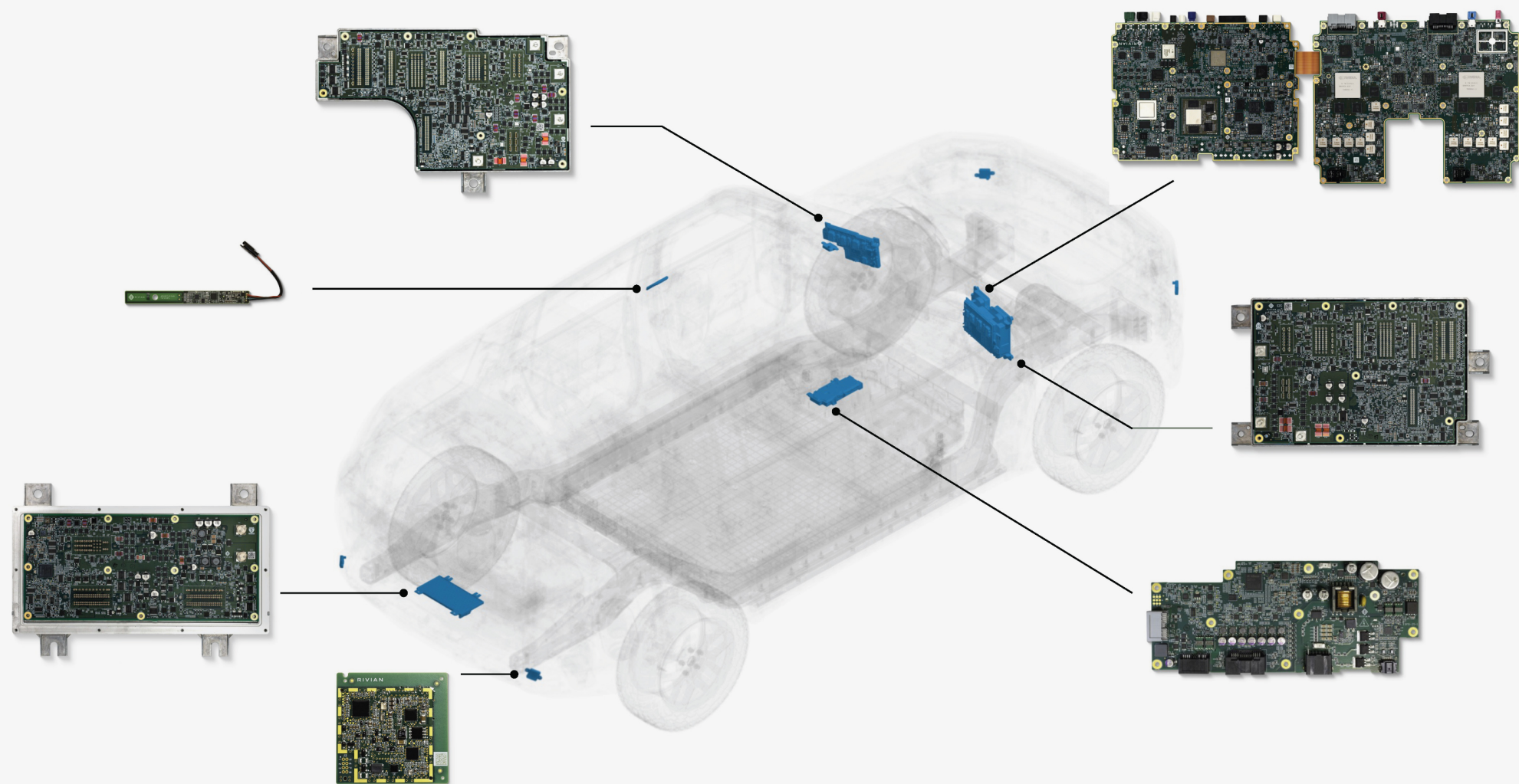
**Innovation** – We expect the joint venture to develop industry-leading software enabled features and capabilities to address global markets and segments across a variety of vehicle platforms; including mass market, premium, and modern-luxury. Rivian's well-proven electronics and software platform serve as the foundation for future technology development in the joint venture and will underpin the velocity of new features and capabilities. Ownership of the software stack and design control over nearly all computers in the vehicle will allow the joint venture, Rivian and Volkswagen Group to iterate quickly and deliver an outstanding customer experience.

**Scalable technology platform** – The joint venture has been made possible by the years of investment and development in vertically integrating Rivian's network architecture, topology of ECUs, and associated software platforms. Importantly, we have designed the platform to scale across multiple vehicle and hardware configurations. Within the joint venture, we are excited about the opportunity to design a lower cost architecture for affordable mass market vehicles. The combination of this technology and Volkswagen Group's leading global scale, segment coverage, and industry leading platform competencies is expected to enable more consumers the opportunity to make the transition to electric vehicles.

**Partner of choice for differentiated technology** – Over the long-term, we believe Rivian will be the partner of choice for differentiated technologies in the industry. The partnership with Volkswagen Group validates Rivian's technology approach and demonstrates our capability to create new growth opportunities. From the beginning, we have taken the approach to vertically integrate certain key areas of the vehicle. Our in-house technology includes software and electrical hardware which are part of the joint venture, as well as propulsion and autonomy which are not part of the joint venture and remain fully Rivian owned. All of these core technologies which underpin the second generation R1 vehicles have been designed to be scalable across vehicle platforms and set the foundation for the technology we plan to introduce in R2 and R3.







**Improved cost efficiency** – The joint venture is expected to apply scalable technology across both Volkswagen Group's and Rivian's combined electric vehicle volumes and lower Rivian's expenses while driving greater innovation. Members from Rivian's software and electrical hardware engineering teams will join the joint venture. Future development costs for the shared electrical architecture and software stack will be shared between Rivian and Volkswagen Group. In addition, the deal has other features which are expected to benefit Rivian's cost structure in the near and long-term.

- Through 2028, Volkswagen Group will fund 75% of the shared platform costs within the JV while Rivian will fund 25% of these costs; each business will fund 100% of the development costs exclusively designed for its own vehicles and businesses
- Shared costs will be split equally in 2029 and beyond; however, beginning in 2029 Volkswagen Group will fund an incremental \$100 million per year of the joint venture's shared costs which will reduce Rivian's shared costs
- Over the long-term, we also expect to see an opportunity for material cost savings across electrical hardware components, creating a highly competitive zonal architecture cost structure

**Capital roadmap for growth** – The expected capital associated with this partnership further strengthens Rivian's balance sheet. Importantly, it puts Rivian in a stronger position to fund key future growth opportunities such as R2 and R3, key vertically integrated technologies, manufacturing capacity expansion and our go-to-market footprint and capabilities. The initial and planned investments from 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.

## **Total deal size is up to \$5.8 billion and is composed of the following** (See Form 8-K and referenced documentation for additional details):

**Convertible note in the amount of \$1 billion (issued June 2024)** – Unsecured convertible note that was issued and funded in June 2024 and will automatically convert into Rivian equity on December 1, 2024. The pricing for the conversion will be calculated as follows: \$500 million of the note will convert into Rivian equity based on a price of \$10.84 per Rivian share and \$500 million plus the associated interest (interest inclusion is at Rivian's option) will convert into Rivian equity based on the 45-trading day VWAP leading up to the date of conversion.

**Payment in the amount of \$1.3 billion (November 2024)** – Volkswagen Group will make a cash payment to Rivian in connection with the closing of the joint venture, as consideration for licensing of background IP and a 50% equity stake in the joint venture. Payment timing is aligned with joint venture inception.



**Equity investment of \$1 billion (expected 2025) at a 33% premium** – Volkswagen Group will make an additional \$1 billion investment into Rivian equity no earlier than June 2025. This investment is conditioned upon Rivian’s achievement of either of the following (which can occur starting in the fourth quarter of 2024): 1) two quarters of \$50 million or greater of gross profit excluding the accounting impacts of the joint venture (the two quarters are not required to be consecutive) or 2) two consecutive quarters of \$1 million or greater gross profit excluding the impacts of the joint venture. Assuming successful completion of the gross profit milestone, the equity investment will be priced at a 33% premium to the 30-trading day VWAP leading up to the investment. Rivian will have 5 years to achieve this gross profit milestone.

**Equity investment of \$750 million (expected 2026)** – Volkswagen Group will make an additional \$750 million investment into Rivian equity no earlier than January 2026, conditioned upon the joint venture successfully testing the implementation of the joint venture’s technology in winter testing in one or more vehicles from the first package of in-scope Volkswagen Group vehicles. The joint venture has until March 2028 to achieve this milestone in order for Rivian to receive funding. Assuming successful completion of the winter testing milestone, this equity investment will be priced at the 30-trading day VWAP leading up to the investment.

**Equity or convertible note of \$250 million (expected 2026)** – Volkswagen Group will make an additional \$250 million investment into Rivian equity no earlier than January 2026, conditioned upon the joint venture successfully completing winter testing for a vehicle from the second package of in-scope Volkswagen Group vehicles prior to January 2026 or if Volkswagen Group fails to timely deliver a prototype vehicle from the second package of in-scope Volkswagen Group vehicles for testing. If Volkswagen Group timely delivers a prototype vehicle from the second package of in-scope vehicles for testing, but it is not successfully tested then Volkswagen Group will instead purchase a \$250 million convertible note from Rivian no earlier than January 2026. The convertible note converts to Rivian equity upon the successful completion of winter testing of a vehicle from the second package of in-scope Volkswagen Group vehicles, with the conversion priced at the 30-trading day VWAP leading up to the note conversion. The joint venture has until March 2027 to achieve this conversion milestone; if the joint venture does not timely achieve completion of this milestone, Rivian is required to repay the convertible note by September 2027.

**Loan of \$1 billion (expected 2026)** – Volkswagen Group will make available for the benefit of Rivian a \$1 billion loan in October 2026 which will be non-recourse to Rivian and backed by Rivian’s equity stake in the joint venture. If borrowed, the loan will be implemented through a back-to-back arrangement where Volkswagen Group will lend the capital to the joint venture and the joint venture will immediately lend it to Rivian. The loan will be repaid over a 10-year period but will not require principal repayment until 2029. The interest rate on the loan will be equal to Volkswagen Group’s cost of debt on a 7-year USD maturity in 2026 plus 0.25%.

**Equity investment of \$460 million (expected second half of 2027) at an 84% premium** – Volkswagen Group will make an additional \$460 million investment into Rivian equity which will be funded at the earlier of January 3, 2028 or the first production of a saleable Volkswagen Group vehicle using the joint venture’s technology. Upon issuance, this equity investment will be priced at a 84% premium to the 30-trading day VWAP leading up to the milestone.

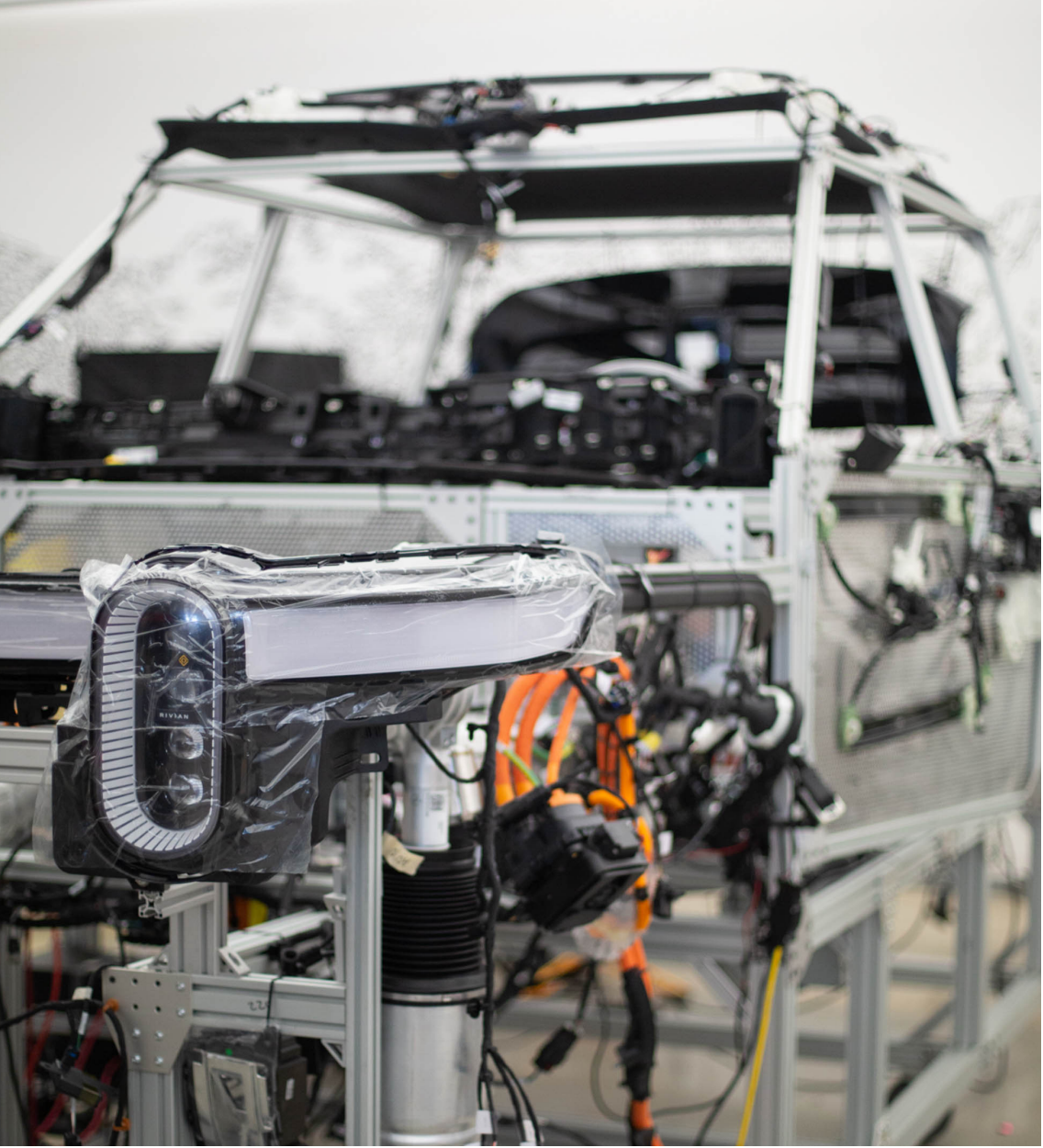
## Deal related financial benefits to Rivian\*



	2024	2025	2026	2027	2028	2029+
<b>Deal funding to Rivian (Total up to \$5.8B)</b>	<p><b>\$1.0B</b> Convertible Note</p> <p>Issued June 2024</p> <p>Conversion expected December 1, 2024</p> <p>\$500M converts at \$10.84</p> <p>\$500M converts at 45-day VWAP as of December 1, 2024</p>	<p><b>\$1.0B</b> Equity (33% premium to 30-day VWAP at time of issuance)</p> <p>Expected 2025</p> <p>Milestone: Two consecutive quarters of greater than \$1M of gross profit, or two quarters of gross profit greater than \$50M (not consecutive). Metric excludes impact of JV</p>	<p><b>\$1.0B</b> Equity &amp; Convert</p> <p>Expected 2026</p> <p>Issued upon successful winter testing of certain VW Group vehicles</p>		<p><b>\$460M</b> Equity (84% premium to 30-day VWAP at time of issuance)</p> <p>Expected earlier of January 3, 2028 or start of production of first VW Group vehicle</p>	
<b>\$1.32B Cash to Rivian</b>	<p>Expected payment November 2024 at JV closing</p> <p>For licensing of background IP and equity interest in JV</p>		<p><b>\$1.0B</b> Loan</p> <p>Expected 2026</p> <p>Interest rate equal to cost of VW Group 7-year maturity in 2026 plus 0.25%</p> <p>Loan will be repaid over a 10-year period but will not require principal repayment until 2029</p>			
<b>Ongoing payment to reduce Rivian shared costs</b>						<p><b>2029+</b></p> <p><b>\$100M</b> recurring annual to reduce Rivian's shared costs</p>
<b>Sharing of operating expenses</b>	<p><b>2024 – 2028 Rivian Pays</b></p> <p>25% of shared development expenses, 100% Rivian dedicated expenses, 0% VW Group dedicated expenses</p>					<p><b>2029+</b></p> <p><b>Rivian Pays</b></p> <p>50% of shared development expenses, 100% Rivian dedicated expenses, 0% VW Group dedicated expenses</p>

\*estimated dates of funding





## Organizational structure

**Management** – The joint venture will be governed by a co-CEO structure. Wassym Bensaid, Rivian’s Chief Software Officer, will serve as co-CEO and Chief Technology Officer of the joint venture in addition to maintaining his position as Chief Software Officer at Rivian. He will have technical responsibility including overseeing hardware and software development and vehicle integration and will lead all joint venture engineering resources. Carsten Helbing, Volkswagen Group’s Chief Technology Engineer, will serve as future co-CEO and Chief Operating Officer of the joint venture. He will have commercial responsibility including overseeing business, finance and administrative operations and will lead all operations functions. Mr. Bensaid and Mr. Helbing will each maintain responsibilities at Rivian and Volkswagen Group, respectively.

**Governance** – The joint venture Board will be composed of four members with Rivian and Volkswagen Group each designating two individuals.

**Employees** – Rivian will transfer the majority of the initial software and hardware teams responsible for developing the network architecture and full software stack within the joint venture. Technical and non-technical employees are also expected to join from Volkswagen Group.

**Location** – The joint venture will be headquartered in Palo Alto, California.



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 opportunities for the joint venture, the future investments in Rivian shares, future financial benefit of the joint venture to Rivian, 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 II, Item 1A, “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended September 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.



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## Move automotive onward.

Advance the capabilities of software-defined vehicles to create a world where every new vehicle becomes more intelligent, more sustainable and more enjoyable over time.



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