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PowerCo and QuantumScape Announce Landmark Agreement to Industrialize Solid-State Batteries

- Companies join forces to advance world-leading lithium-metal technology toward mass-manufacturing for passenger electric vehicles.
- The agreement supersedes an earlier joint venture between the Volkswagen Group and QuantumScape to co-manufacture batteries.
- Frank Blome, CEO of PowerCo: "We aim to bring the most sustainable and cutting-edge battery cells to our customers."

San Jose, United States/Salzgitter, Germany, 11th July 2024 – Volkswagen Group's battery company PowerCo and QuantumScape (NYSE: QS) today announced they have entered into a groundbreaking agreement to industrialize QuantumScape's next-generation solid-state lithium-metal battery technology. Upon satisfactory technical progress and certain royalty payments, QuantumScape will grant PowerCo the license to mass produce battery cells based on QuantumScape's technology platform.



Thomas Schmall, Volkswagen Group Board Member for Technology (center), and Frank Blome, CEO PowerCo SE (right), at the QuantumScape labs in San Jose, California

Under the non-exclusive license, PowerCo can manufacture up to 40 gigawatt-hours (GWh) per year using QuantumScape's technology with the option to expand up to 80 GWh annually, enough to outfit approximately one million vehicles per year. The companies believe this high-touch engagement represents the fastest way to achieve gigawatt-hour-scale production of solid-state technology to meet the growing global demand for better electric vehicle batteries. The agreement supersedes an earlier joint venture between the

Volkswagen Group and QuantumScape to co-manufacture batteries.

The agreement creates a highly collaborative partnership that amplifies the companies' core competencies – QuantumScape's cutting-edge technology and PowerCo's global capabilities in industrialization and manufacturing facilities. It will feature a combined workforce initiative to accelerate the industrialization of QuantumScape's technology. A large, dedicated scale-up team, composed of experts from both companies, will execute on the industrialization activities.

QuantumScape's technology platform is based on the company's proprietary solid-state ceramic separator, which enables the use of a pure lithium-metal anode – a transformative innovation that is designed for exceptional energy and power density, fast charging and a robust safety profile. Together, the companies will target a product that will be scaled-up for integration in a Volkswagen Group vehicle series.

"With this cooperation, we aim to bring the most sustainable and cutting-edge battery cells to our customers," said Frank Blome, CEO of PowerCo. "We have been collaborating and testing QuantumScape prototype cells for years now and we are looking forward to bringing this technology of the future into series production. QuantumScape's technology is poised to enter a pivotal stage where PowerCo's specialized expertise, resources and global factories can help facilitate the transition to industrial-scale production."

"Electric vehicles are the future of mobility, and this agreement with QuantumScape will ensure the Volkswagen Group's global fleet has access to this groundbreaking battery technology for years to come," said Thomas Schmall, Volkswagen Group Board Member for Technology. "We are committed to driving the industry forward to ensure that our electric vehicles set the benchmark for excellence and sustainability."

"This agreement is a major step in our long-term global scale-up strategy to bring QuantumScape's solid-state lithium-metal battery technology to market," said Dr. Siva Sivaram, CEO and president of QuantumScape. "Combining our cutting-edge technology with PowerCo's expertise in manufacturing and industrialization, this deal establishes a blueprint for a capital-light business approach and positions us at the forefront of energy storage innovation. Working closely with PowerCo as our first customer will help us accelerate commercialization and adoption of these game-changing batteries together."

To lead PowerCo in this next important phase of collaboration with QuantumScape, Frank Blome stepped off QuantumScape's board of directors. Blome had served on the board since 2020 as one of the two board members designated by the Volkswagen Group, which continues to be QuantumScape's largest shareholder. His successor on the QuantumScape board will be announced in the coming months.

"Frank Blome has been an exceptional partner for QuantumScape for many years," said Jagdeep Singh, co-founder and chairman of QuantumScape's board of directors. "He has provided invaluable contributions to QuantumScape's product portfolio strategy and key decisions about industrialization. As we move forward, Frank will continue to be an active partner in this relationship as an anchor manufacturer of our innovative battery technology, ensuring strength and continuity in our collaborative efforts."

Andreas Groß

PowerCo SE

Head of Communications

+49 (0) 1522 9-122413

andreas.gross@powerco.de | www.powerco.de | www.volkswagen-group.com

Stefan Ernst

Volkswagen AG

Spokesperson Battery

+49 (0) 1525 25 96 976

stefan.ernst1@volkswagen.de | www.volkswagen-group.com

Amy Scarlett

QuantumScape

Director of Communications

ascarlett@quantumscape.com | www.quantumscape.com



About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 114 production facilities in 19 European countries and 10 countries in the Americas, Asia and Africa. With around 684,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With an unrivalled portfolio of strong global brands, leading technologies at scale, innovative ideas to tap into future profit pools and an entrepreneurial leadership team, the Volkswagen Group is committed to shaping the future of mobility through investments in electric and autonomous driving vehicles, digitalization and sustainability.

In 2023, the total number of vehicles delivered to customers by the Group globally was 9.2 million (2022: 8.3 million). Group sales revenue in 2023 totaled EUR 322.3 billion (2022: EUR 279.1 billion). The operating result before special items in 2023 amounted to EUR 22.6 billion (2022: EUR 22.5 billion).

About PowerCo

PowerCo is a global battery cell manufacturer that was founded by the Volkswagen Group in 2022. Headquartered in Salzgitter, the company is responsible for the development and production of battery cells as well as the vertical integration of the value chain. PowerCo is currently building a total of three cell factories with a total volume of up to 200 gigawatt-hours per year: Salzgitter in Germany, Valencia in Spain and St. Thomas in Canada.

About QuantumScape Corporation

QuantumScape is on a mission to revolutionize energy storage to enable a sustainable future. The company's next-generation solid-state lithium-metal battery technology is designed to enable greater energy density, faster charging and enhanced safety to support the transition away from legacy energy sources toward a lower carbon future. For more information, visit www.quantumscape.com.
