VOLKSWAGEN GROUP

PowerCo

Media Information

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Volkswagen Group, PowerCo and Gotion deepen strategic partnership

- **The companies are expanding their long-standing strategic partnership to include the industrial production of LFP battery cells and cathode active materials.**
- **Accelerated development of a regional battery supply chain for Europe through the establishment of joint ventures at the Valencia (Spain), Šurany (Slovak Republic) and Kenitra (Morocco) sites.**
- **Valencia to be developed into European production hub for LFP batteries.**
- **Thomas Schmall: “Gotion has been a close partner of the Volkswagen Group for many years. We are now expanding our partnership into joint industrial production of LFP batteries to strengthen Europe’s battery industry. This marks a major breakthrough for both companies.”**

Salzgitter/Hefei/Valencia, September 28, 2026 – Volkswagen Group, PowerCo SE and Gotion High-tech have agreed to deepen their strategic partnership and jointly accelerate the development of a regional battery supply chain for Europe. Building on their cooperation since 2020, the partners agreed on establishing three joint ventures at the Valencia (Spain), Šurany (Slovak Republic) and Kenitra (Morocco) sites for the industrial production of LFP battery cells and cathode material. The agreement also covers joint procurement and sales activities in Europe. Separately, Volkswagen Group has announced that it has entered into definitive agreements to sell 5.3 % equity stake in Gotion to optimize equity structures and support long-term strategic synergies. Upon completion of the transaction, Volkswagen will continue to hold a significant stake in Gotion.

Illustrative image of large-scale battery cell production

LFP batteries offer competitive costs, a long service life and high levels of robustness, making them a key technology for affordable electric mobility in the volume segment. Demand in Europe is expected to grow strongly in the coming years: According to forecasts, LFP’s market share could rise from around 10 percent today to between 40 and 60 percent by 2030. At the same time, Europe currently has no relevant LFP battery production capacity.

The partnership with Gotion strengthens Europe's position in the global LFP battery market. Together, the partners will expand regional LFP battery production, diversify sources of supply for key cathode active materials, and thereby strengthen supply security and the competitiveness of the European battery industry.

Thomas Schmall, Member of the Board of Management of Volkswagen Group for Technology and Chairman of the Supervisory Board of PowerCo SE: "I am delighted that we are expanding our long-standing partnership with Gotion into the joint industrial production of LFP batteries to strengthen Europe's battery industry. This marks a major breakthrough for both companies and brings us one step closer to the forefront of electric mobility. Volkswagen is the first European automotive manufacturer to cover the entire battery value chain, from development and cathode materials through to production."

Li Zhen, Chairman of Gotion Hith-tech: "Six years of close collaboration between Volkswagen and Gotion have built deep mutual trust and a relationship that empowers both sides—one that has long since moved beyond ordinary business to become a partnership bound by a shared future. Today, together with Volkswagen Group and PowerCo, we are accelerating our global strategic cooperation. Through cross-shareholdings and three joint sites, we are anchoring our shared strategy to localise battery production in Europe, racing to seize the opportunities of global electric mobility, and jointly forging a new paradigm of world-class, win-win cooperation in the lithium battery industry."

Frank Blome, CEO of PowerCo SE: "Volkswagen and PowerCo are building Europe's battery industry. The partnership with Gotion is the next milestone on this path: It strengthens the resilience of our value chain, accelerates industrialization and combines PowerCo's capabilities with the strengths of a long-standing partner."

Diversifying the battery supply chain

Volkswagen Group, PowerCo and Gotion have been working closely and successfully together since 2020. Gotion is both a cell supplier to the Volkswagen Group and a strategic partner of PowerCo.

With the new joint ventures, the partners are strategically expanding this proven cooperation into the industrial production of LFP battery cells and cathode active material. Across the three sites, they will also share investments and industrial responsibilities. The agreement therefore supports Volkswagen Group's long-term plans to establish a European battery supply chain and strengthens PowerCo's growth plan.

- **Valencia / Spain: LFP battery cells**
  The PowerCo gigafactory currently under construction in Valencia is envisaged to be transferred to a joint venture. The agreement provides for PowerCo to hold a 51 percent stake in the joint venture and to remain the majority shareholder. The joint venture is intended to be jointly managed by PowerCo and Gotion. One major goal is to develop the

site into a European production hub for Unified Cells based on LFP technology. The planned investments and job creation measures remain as announced.

- **Šurany / Slovak Republic: LFP battery cells**
  The Gotion cell factory in Šurany is intended to be transferred to a joint venture. The agreement provides for Gotion to hold a 51 percent stake in the joint venture and to remain the majority shareholder. The joint venture is intended to be jointly managed by PowerCo and Gotion, with a focus on LFP cells for both EV applications and energy storage systems (ESS).

- Kenitra / Morocco: LFP cathode material
  The joint venture in Kenitra is planning to establish a new production facility to produce cathode material for LFP batteries. The facility is intended to contribute to the diversification of sources of supply for key cathode active materials, increase supply security and expand the regional value chain. Gotion will hold a 51 percent stake and be the majority shareholder of the joint venture. PowerCo and Gotion will manage the joint venture together.

Financial details

Under the terms of the agreement, PowerCo is expected to contribute in total around EUR 470 million to the Šurany and Kenitra sites by 2030 to acquire its 49 % stake. In return, the agreement provides for Gotion to invest around EUR 1.1 billion to acquire its 49 % stake in the Valencia site, reflecting the scale and strategic importance of the European production hub. The agreement remains subject to regulatory approvals and customary closing conditions, including approval by the Gotion shareholders' meeting.

Furthermore, building on the long-standing partnership, and with the view to optimizing shareholding structures and supporting long-term strategic synergy, Volkswagen Group, through its subsidiary Volkswagen (China) Investment Co., Ltd. (VCIC), has entered into definitive agreements to sell 5.3 % equity stake in Gotion. As Volkswagen had previously agreed not to exercise voting rights for part of its shareholding, the targeted transaction will not reduce the voting rights in Gotion exercised by Volkswagen Group. Volkswagen Group's Board of Directors representation in Gotion and other nomination rights remain unaffected by the targeted transaction. Following completion of the transaction, Volkswagen will continue to be engaged as a strategic investor in Gotion. The transaction is subject to all required regulatory clearances.

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About the Volkswagen Group:

The Volkswagen Group is one of the world's leading car makers, headquartered in Wolfsburg, Germany. It operates globally, with 111 production facilities in 16 European countries and 10 countries in the Americas, Asia and Africa. With around 663,000 employees worldwide. The Group's vehicles are sold in over 150 countries.

With a comprehensive 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. The goal: As a "Global Automotive Tech Driver", to make the best automotive technologies accessible to customers worldwide - from entry-level mobility to the luxury segment.

In 2025, the total number of vehicles delivered to customers by the Group globally was 9.0 million (2024: 9.0 million). Group sales revenue in 2025 totaled EUR 321.9 billion (2024: EUR 324.7 billion). The operating result in 2025 amounted to EUR 8.9 billion (2024: EUR 19.1 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.

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