Building a Global Battery Champion

PowerCo SE, March 2024
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**PowerCo: How we win.**

1. **De-risked entry into double-digit growth market**
   - Up to 4.5TWh global market in 2030
   - Favorable demand dynamics in EU & NA
   - A leading player from day one

2. **Unified Cell Design is our technology bedrock**
   - UFC format across leading chemistries
   - Competitive cell performance & cost
   - Strong innovation pipeline

3. **Global factory scale-up backed by integrated supply chain**
   - Launch in 2025
   - Standardized gigafactories in EU and NA
   - Vertical integration strategy

4. **Sustainability at our core**
   - Carbon-neutral production
   - Responsible mining and materials
   - Focused on closed-loop

5. **PowerCo and VW Group – partners with complementing strengths**
   - Significant demand
   - Aligned interest in successful scale-up
   - Industrialization track-record

6. **Credible business plan with competitive margins**
   - In execution for up to ~200 GWh capacity in 2030
   - Ambition of 10%+ EBIT margin
   - Plenty of upside
Our vision: Become a global battery champion.

- Setting standards
- Competitive cell performance & cost
- Leader in sustainability
- Execution in our DNA
- 1st address for global talent
1| Market: De-risked entry into double-digit growth market.

Global battery demand...

- Mobility
- Energy Storage Systems

2023A: ~1 [TWh]
2030E: ~3.5-4.5 [TWh]

VW Group demand...

- VW Group demand for PowerCo [GWh]

2025: ~50% of worldwide VW Group demand captured
2026
2027
2028
2029
2030

...outgrowing supply especially in EU and NA\(^2\)

... de-risks PowerCo baseline

1) Source: Bloomberg NEF; WoodMackenzie; McKinsey Battery Insights. 2) Takes capacity discounts into account due to expected ramp-up delays/feasibility.
2| Product: UFC design. Low complexity, high standardization.

Selected examples

- NMC
- Si-Anode
- ASSB
- LFP
- NMC-blends
- Na-Ion

Adaptable to all leading chemistries, tailored to automotive segments

Economies of scale unlocking cost advantages

Unique customer focus resulting in shorter time-to-market
**Product:** UFC is our bedrock. Ready for what is next.

<table>
<thead>
<tr>
<th>Best in Class</th>
<th>Volume</th>
<th>Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance optimum</td>
<td>Cost and performance</td>
<td>Cost optimum</td>
</tr>
<tr>
<td>High-end chemistry</td>
<td>Mainstream chemistry</td>
<td>Low-cost chemistry</td>
</tr>
<tr>
<td>Si-Anode – ASSB</td>
<td>NMC – NMC blends</td>
<td>LFP – Na-ion</td>
</tr>
</tbody>
</table>

**World-class R&D partnerships**

**Strong innovation pipeline**

**Highest standardization in the market**
...execution in full swing.

>70k cells already produced and tested

- Excellent fast charge
- Highest energy density
- High efficiency
- Superior safety
**Product:** Energy Storage Systems (ESS) diversifying PowerCo.

- **Entry into complementary growth market**
- **Supply term sheet signed** with leading system integrator\(^1\)
- **Local cell production** with EU/NA footprint
3| **Standard factory:** Global factory scale-up. Standard, but flexible.

3 factories in EU and NA totaling up to ~200 GWh by 2030

SOP in 2025\(^1\) ensured with VW industrialization expertise

-30% Capex per GWh, -50% launch time and process innovations\(^2\)

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\(^1\) First gigafactory Salzgitter (end of 2025). 2) E.g., Dry Coating.

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**Salzgitter progress**

- **07/22**
  - PowerCo foundation
- **Purchase order of building**
- **Start of construction**
- **Equipment installation**
- **Q3/24**
  - C-sample parts provision
- **2025**
  - Start of production
...execution in full swing.

1. Calendaring
2. Stacking
3. Assembly
4. Can closure
5. Plasma cleaning
6. Wrapping
**3| **Standard factory: Global execution started. Modular approach.

- **Equipment already validated**
- **Installation in Salzgitter (GER) ongoing**
- **Tendering process in CAN and ESP starting**

- **Our people are our asset**
  - From 0 to 1.5k employees in ~20 months
  - More than 50 nations
  - 30% share of women
  - 38 years average age

- **Up to 90 GWh/a SOP in 2027**
- **Up to 40 GWh/a SOP in 2025**
- **Up to 60 GWh/a SOP in 2026/27**

- **38 years average age**
- **From 0 to 1.5k employees in ~20 months**
- **More than 50 nations**
- **30% share of women**

- **Our people are our asset**
...execution in full swing.
### Vertical integration: Critical raw materials secured.

#### WHY do we focus on vertical integration?
- ESG responsibility
- Volume security
- Control of key cost driver

#### WHAT is our strategy?
- Setting standards in sustainable sourcing
- Smart capital allocation via LTAs\(^1\)/direct investments
- 80%+ of critical raw materials during ramp-up\(^2\) already secured

#### HOW are we engaged?
- JV for cathode material production, closed in March 2023
- €3bn joint invest to produce battery materials for 160 GWh/a by 2030

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1) Long-term agreement. 2) Until 2028.
...execution in full swing.

Ionway scale-up next to existing Umicore cathode plant
4| Sustainability: At our core. For generations to come.

- Sustainability strategy across supply chain
- Carbon-neutral production in standard factories
- Closed loop approach
5| VW Group: A partnership with complementary benefits.

- De-risked volume ramp-up
- Unique industrialization track record
- Direct access to VW Group platform customers
- Strategic technology partner
- Competitive and customized cost and product
- Local footprint in EU and NA
6| Financials: Credible business plan with competitive margins.

Illustrative

Up to ~200 GWh capacity in 2030s

EBIT margin ambition >10%

Plenty of upside potential

~50% of VW Group demand captured
In a nutshell: Batteries. For generations to come.

Battery tech champion
Sustainability at our core
Strong backbone with VW Group
Execution in our DNA
De-risked approach
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ASSB</td>
<td>All-solid-state batteries</td>
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<tr>
<td>EBIT</td>
<td>Earnings before interest and taxes</td>
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<td>ESG</td>
<td>Environmental, Social, and Governance</td>
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<tr>
<td>ESS</td>
<td>Energy Storage Systems</td>
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<tr>
<td>EU</td>
<td>Europe</td>
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<tr>
<td>GWh</td>
<td>Gigawatt hours</td>
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<tr>
<td>LFP</td>
<td>Lithium iron phosphate</td>
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<tr>
<td>LTA</td>
<td>Long-term agreement</td>
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<td>NA</td>
<td>North America</td>
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<tr>
<td>Na-ion</td>
<td>Sodium-ion</td>
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<tr>
<td>NMC</td>
<td>Lithium manganese cobalt oxide</td>
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<tr>
<td>Si</td>
<td>Silicon</td>
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<tr>
<td>SOP</td>
<td>Start of production</td>
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<tr>
<td>TWh</td>
<td>Terawatt hours</td>
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<tr>
<td>UFC</td>
<td>Unified Cell</td>
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