XPENG and the Volkswagen Group Announce Entry into Master Agreement on Strategic Technical Collaboration and Joint Sourcing Program

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- XPENG and the Volkswagen Group entered into Master Agreement on Platform and Software strategic technical collaboration
- XPENG and the Volkswagen Group entered into Joint Sourcing Program to jointly reduce the cost of the Platform
- The joint development of B-class BEVs under Volkswagen brand has achieved a major project development milestone

GUANGZHOU, China, Feb. 29, 2024 (GLOBE NEWSWIRE) -- XPeng Inc. (" **XPENG**," NYSE: XPEV and HKEX: 9868), a leading Chinese smart electric vehicle ("**Smart EV**") company and the Volkswagen Group, one of the world's leading automobile manufacturers, are pleased to announce today that, further to XPENG's news releases dated July 26, 2023 and December 6, 2023 in connection with the Volkswagen's share purchase of 4.99% shareholding in XPENG and the framework agreement on strategic technical collaboration, XPENG and the Volkswagen Group have entered into a Master Agreement on Platform and Software strategic technical collaboration ("**Master Agreement**"), marking a significant milestone in the strategic partnership of both parties. The executed agreements not only accelerate the joint development of the two B-class battery electric vehicles but also pave the way for an extended and deeper strategic collaboration in the future.

As part of the Master Agreement, both parties have also entered into a Joint Sourcing Program for the common parts of vehicles and platform that used by both parties. By sharing the scale of both parties combined and leveraging Volkswagen Group's world-class supply chain, the Joint Sourcing Program will target to jointly reduce the cost of the platform, achieving significant synergies for the strategic partnership and competitiveness of the B-class BEVs being jointly developed.

"The signing of the Master Agreement represents another significant milestone we achieved together with our partner Volkswagen Group. There is no precedent of the strategic partnership between Volkswagen and XPENG. However, the commitment by both companies and the trust built between our R&D teams over the past eight months have made the success of our project possible. Combining Volkswagen's highly reputable vehicle development and engineering capability with XPENG's Smart EV technologies, we will deliver the best smart EV products to Chinese consumers," said Mr. Xiaopeng He, Chairman and CEO of XPENG. "With the long-term vision of our strategic partnership, both parties contribute their best to the partnership. We have started to realize synergies through our Joint Sourcing Program. I firmly believe there is a lot of upside potential to this partnership that we can explore."

Ralf Brandstätter, Board Member of Volkswagen AG for China: "In the world's largest and fastest-growing EV market, speed is fundamental when it comes to tapping into promising market segments. To constantly increase our local portfolio, we are expanding our own development capacities in China. Thereby, consistently following our strong "in China, for China" approach focusing on the specific needs of the Chinese customers. Through the partnership with XPENG, we are not only accelerating development times, but also boosting efficiency and optimizing cost structures. This increases the competitiveness in a highly price sensitive market environment significantly."

Brandstätter added: "The fast finalisation of the Master Agreement after the strategic partnership announcement last year already shows the great potential of this collaboration. The two teams are working closely together with a clear goal: to combine the strengths of both parties to bring smart products onto the road for our customers."

About XPENG

XPENG is a leading Chinese Smart EV company that designs, develops, manufactures, and markets Smart EVs that appeal to the large and growing base of technology-savvy middle-class consumers. Its mission is to drive Smart EV transformation with technology, shaping the mobility experience of the future. In order to optimize its customers' mobility experience, XPENG develops in-house its full-stack advanced driver-assistance system technology and in-car intelligent operating system, as well as core vehicle systems including powertrain and the electrical/electronic architecture. XPENG is headquartered in Guangzhou, China, with main offices in Beijing, Shanghai, Silicon Valley, San Diego and Amsterdam. XPENG's Smart EVs are mainly manufactured at its plants in Zhaoqing and Guangzhou, Guangdong province. For more information, please visit https://www.xpeng.com.

About Volkswagen Group China

Volkswagen Group is one of the earliest and most successful international partners of China's automobile industry. The company's success story started in 1978 when the Volkswagen Group first began to engage with its Chinese counterparts. In 1984, SAIC Volkswagen Corporation Ltd., Volkswagen Group's first joint venture in China, was founded in Shanghai. In 1991, FAW-Volkswagen Corporation Ltd. was established in Changchun. In 2017, the Volkswagen Group launched Volkswagen (Anhui) Automotive Company Limited, with a focus on the R&D and manufacture of new energy vehicles (NEVs). In 2021, the Audi FAW NEV Company was incorporated, focusing on the manufacture of luxury battery electric vehicles (BEVs) in China. The business scope of Volkswagen Group in China includes the production, sales and services of whole vehicles and parts, such as engines and transmissions. Some of the Group's auto brands — including VGIC, Volkswagen Passenger Cars Brand, Volkswagen Commercial Vehicles, Audi, ŠKODA, JETTA, Porsche, Bentley, Lamborghini, and Ducati — have a business presence in China through Volkswagen Group China and its subsidiaries. In 2023, Volkswagen Group China delivered over 3.23 million vehicles to customers in the Chinese mainland and Hong Kong, together with its Chinese joint venture partners. By the end of 2023, Volkswagen Group China had over 90,000 employees.

Safe Harbor Statement

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates,"

“future,” “intends,” “plans,” “believes,” “estimates” and similar statements. Statements that are not historical facts, including statements about XPENG’s beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: XPENG’s goals and strategies; XPENG’s expansion plans; XPENG’s future business development, financial condition and results of operations; the trends in, and size of, China’s EV market; XPENG’s expectations regarding demand for, and market acceptance of, its products and services; XPENG’s expectations regarding its relationships with customers, contract manufacturers, suppliers, third-party service providers, strategic partners and other stakeholders; general economic and business conditions; and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in XPENG’s filings with the SEC. All information provided in this press release is as of the date of this press release, and XPENG does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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