



ARRIVAL

17 September 2021

Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

Response to the inquiry into the Australian Manufacturing Industry

Dear Committee Members,

Arrival (NASDAQ: ARVL) is reinventing the automotive industry around the world with its new approach to the design and assembly of electric vehicles.

Arrival's rapidly scalable Microfactories, combined with proprietary in-house developed components, materials and software, enable the production of best-in-class zero-emission vehicles, competitively priced against fossil fuel variants and with a substantially lower total cost of ownership

We are working to decarbonise the global transport sector through accelerating the adoption of zero emission vehicles. To do this, we look to engage with governments across the world and understand their specific policy landscape and any opportunities for Arrival to enter the commercial electric vehicle (EV) market.

Arrival is a global business founded in 2015 with regional headquarters in London, UK and Charlotte, USA and more than 2,000 global employees located in offices across the United States, Germany, the Netherlands, Israel, Russia, and Luxembourg. We have commissioned Microfactories in the US and Europe and are exploring opportunities in several other countries.

We have held exploratory discussions with the Australian Government and also with several state and territory governments. Arrival are well aware of Australia's rich history in auto-manufacturing. A number of our executives and staff are Australian or have spent time in Australia in previous roles with Ford and General Motors.

As part of our exploration, we thank the Senate Economics Reference Committee for providing us with the opportunity to highlight our unique manufacturing model through their Inquiry into the Australian Manufacturing Industry.

Our submission will focus on Arrival Microfactory technology as an example of what the future of auto-manufacturing could look like in Australia.



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Arrival Microfactory Technology and Manufacturing

Arrival has created an entirely new method for the design and production of electric vehicles. Rather than using traditional automotive production lines and retrofitting fossil fuel vehicles, we use our own proprietary hardware, software and robotics technologies to build EVs from scratch, and these technologies enable the use of Microfactories for production.

This vertically integrated approach creates exceptional unit economics, which in turn provide best in class vehicles at competitive prices with fossil fuel equivalents, and with a substantially lower Total Cost of Ownership (TCO).

Employing approximately 300 people (depending on the location and country), this technology is the Arrival Microfactory.

Rather than using huge Gigafactories as has been seen in traditional auto-manufacturing, Arrival is rolling out Low Capex Microfactories - which can be deployed into existing warehouses in a fraction of the time or built at greenfield sites, which ever is the best option to service the specific market. The factories are on average 11 times smaller than a traditional OEM (spell out factory with the same production volume. For example, a 40,000 m2 Microfactory would be able to produce 10,000 electric vans each year or 1,000 electric vehicle buses per year.

Microfactory assembly, combined with Arrival's in-house hardware and software, lowers costs to such an extent that Arrival's products will be competitive in price with fossil fuel equivalents and have a much lower TCO. They will also cost substantially less than comparable EVs in the market.

In addition, Microfactories make both distribution and production sustainable, easier and more affordable:

- Arrival uses cell-based assembly to create any vehicle from Arrival's portfolio.
- Microfactories require significantly less square footage compared to a traditional OEM's production facilities and can be deployed near to areas of demand around the world.
- This flexibility allows Arrival to scale rapidly and produce any vehicle in its ecosystem, customized to the local cities and regions it will operate in.

The Microfactory model is enhanced by local deployment. This allows Arrival to use local talent and supply chains, resulting in the payment of local taxes and investment into the local community.

Our long term global goal is to create demand for all Arrival products so that as we introduce a new product line into a market, that product is manufactured through its own dedicated local Microfactory for that region. Therefore, Arrival products such as the Electric Van, Bus and Ride Share Car would each require their own dedicated Microfactories to serve the Australian marketplace.

Once customer orders extend beyond the full capacity of a Microfactory, additional Microfactories will be added to support the local demand for that product.

We are proud to promote the future of auto-manufacturing and our localised Microfactory model. Our Microfactories bring employment to local communities - in a manner that's sustainable and helps to retain local talent.

Should the Committee wish to discuss our Microfactory model and the future of sustainable auto-manufacturing in more detail, please contact me at [REDACTED]

Regards
Matt Curwood

General Manager Australia & New Zealand