

Press Release

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Volvo Cars re-confirms mid-decade ambitions at Capital Markets Day

Volvo Cars today re-confirmed its mid-decade ambitions at the company's first ever Capital Markets Day in Stockholm, as senior management gave shareholders and analysts an update on its progress towards those ambitions.

In 2021, Volvo Cars revealed its strategic ambitions to be one of the automotive industry's fastest transformers and to become a fully electric car brand by 2030. It also set out to shape the future of mobility with strong ambitions on sustainable growth.

During the Capital Markets Day, the company's leadership re-confirmed that the company is committed and fully focused on its mid-decade ambitions, despite the ongoing macroeconomic challenges around the world. During the day, the presenters provided strategic insights on how Volvo Cars is delivering on its ambitions.

These include an ambition to sell 1.2 million cars annually by mid-decade, with a 50 per cent share of fully electric cars, sell half of all cars via online channels and realise an annual EBIT of 8-10 per cent. Volvo Cars is also on track to lower CO2 life cycle emissions per car by 40 per cent versus the baseline of 2018 and be an employer of choice.

Attendees in Kungsträdgården in downtown Stockholm also had a chance to see the all-new Volvo EX90, the company's new fully electric flagship SUV. The Volvo EX90 is the first of a whole family of new, fully electric Volvo models, as the company aims to launch one new model every year in the coming years.

"We have one of the industry's most ambitious electrification plans," said Jim Rowan, chief executive, Volvo Cars. "By the end of this decade, our ambition is to sell only fully electric cars. The Volvo EX90 is not only our first-born electric SUV, it also marks the start of an intense renewal period during which we will launch one new fully electric car annually in coming years, powered by advanced technology and enhanced connectivity. We are proud and grateful for the investor support we have received so far and look forward to the continued journey ahead."

Agenda and summary of the Capital Markets Day

After an introduction and a presentation of the new Volvo EX90 by Volvo Cars chief executive Jim Rowan, Head of Global Design & UX Robin Page presented the design and user experience inside the new generation of fully electric Volvo cars.

Software & Core Computing

An overview on how we develop and control software that we see as value adding for our customers. This increasingly becomes a differentiating element for future mobility and defines the customer experience, as well as the potential for subscription-based upgrades. Software enables an elevation of safety to a new level since it is key for body control, vehicle motion & propulsion and vision & perception. Here Volvo Cars explains how the strategy of combining in-house software development with selected strategic partnerships supports Volvo Cars to control the value chain and decrease time to market. It sets out the rationale behind the introduction of centralised computing, how it differs from distributed computing and the major safety improvement core computing enables. During the presentation we provide more clarity on what types of software development Volvo Cars will do in-house and where the company will lean more

on partners and suppliers.

Presented by Sanela Ibrovic, Head of Connected Experience; and Elsa Eugensson, Senior Program Manager AD & ADAS .

Electrification

In this session Volvo Cars shares more granularity on its electrification strategy and how it is being executed. The new Volvo EX90 marks an important milestone in this transformation. During this session Volvo Cars presents the cell product strategy and how Volvo Cars enables vertical integration with innovative manufacturing processes. Behind this is a thorough strategy through effective sourcing of batteries, e-motors and inverters. In addition, Volvo Cars increases its capacity through the build-up of resilient in-house battery production with Northvolt and the establishment of an e-motor line at the Volvo Cars Skövde plant, complementing its Tier 1 suppliers. Long-term this will push electric cars' currently higher cost to parity with combustion engine-powered cars.

Presented by Kerstin Enochsson, Head of Procurement and Supply Chain; and Erik Severinsson, Head of Programme Management and Strategy.

Sustainability

Since the automotive industry is part of the problem of climate change, it is Volvo Cars' responsibility to transform and be part of the solution. That is why sustainability is key to the company's future success and central to its strategy and ambitions. During this session the company shares an update on the progress towards the ambitious mid-decade ambitions on sustainability, including a 40 per cent reduction of overall CO2 emissions per car and an ambitious circular agenda. Key metrics on the new Volvo EX90 are presented alongside with how Volvo Cars improves its operations and supply chain.

Presented by Henrik Green, Head of Advanced Technologies and Sustainability and Anders Kärrberg, Head of Global Sustainability

Commercial Capabilities

An overview of the global commercial strategy to drive growth towards Volvo Cars' ambitions of 1.2 million cars by mid-decade, and how this is being implemented. The driver for growth is built on a double-edged disruption of electrification, and the power of digitisation for a better consumer experience. In combination with a further strengthened brand this enables a strong approach to pricing. During the session Volvo Cars gives more granularity on the omnichannel set-up, enabling direct and constant engagement with its customers and tailored for each sales region's requirements. The company also presented its pilot plan on flipping the UK market by mid-next year to be direct-consumer facing using strong digital solutions. The details around how the commercial transformation will contribute towards Volvo Cars' mid-decade ambition of reaching 8-10 per cent EBIT margins were also disclosed during this session.

Presented by Björn Annwall, Chief Commercial Officer and Deputy CEO.

Financials

The transformational journey requires solid financials and well thought through capital allocation. During the session Volvo Cars presented its approach to combining profitability with ambitious strategic ambitions and growth targets. In addition, the details around the financing of increased production capacity and vertical integration were also presented.

Presented by Johan Ekdahl, Chief Financial Officer.

All the material presented during the Capital Markets Day can be found here: [Capital Markets Day 2022 | Volvo Cars](#)

Volvo Cars in 2021

Volvo Car Group recorded an operating profit of 20.3 BSEK. Revenue in 2021 amounted to 282.0 BSEK, while global sales reached 698,700 cars.

About Volvo Car Group

Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales to customers in more than 100 countries. Volvo Cars is listed on the

Nasdaq Stockholm exchange, where it is traded under the ticker "VOLCAR B".

Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This is reflected in its ambition to become a fully electric car maker by 2030 and in its commitment to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.

As of December 2021, Volvo Cars employed approximately 41,000 full-time employees. Volvo Cars' head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars' production plants are located in Gothenburg, Ghent (Belgium), South Carolina (US), Chengdu, Daqing and Taizhou (China). The company also has R&D and design centres in Gothenburg, Camarillo (US) and Shanghai (China).

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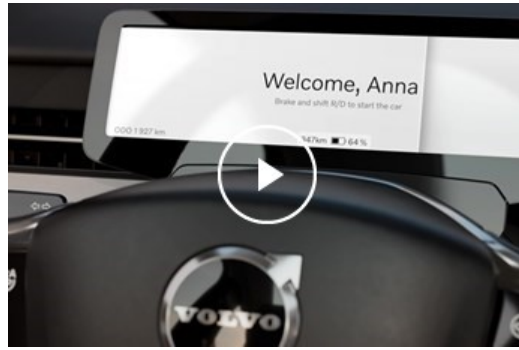
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