

Communiqués de presse

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Volvo Cars raises EUR 500m for electrification through new green bond

Volvo Cars today successfully placed its second green bond to raise EUR 500m from a diverse set of global investors. The bond was oversubscribed three-times, despite challenging global market conditions.

All proceeds are earmarked for funding and accelerating the company's transformation towards becoming a fully electric carmaker by 2030 and becoming climate neutral and circular by 2040.

Over two thirds of the proceeds will fund the research and development of electric powertrains for next generation pure electric Volvo cars as well as related new platform technology, while the rest will be invested in boosting the company's production capacity of fully electric cars.

The EUR 500m 6-year fixed rate senior unsecured green bond was issued under Volvo Cars' Euro Medium Term Note programme. The bond matures on 31st May 2028, pays a fixed coupon of 4.25%, equivalent to 291 basis points above mid-swap, and will be listed on the Luxembourg Stock Exchange.

The successful placement shows that there is still a demand for sustainable investment opportunities. Above all, a three-time oversubscription illustrates the strong trust that investors put not only in Volvo Cars, but also in the company's climate plans and electrification strategy.

"Sustainability is central to our purpose and business, and key to our future success," said Björn Annwall, chief financial officer at Volvo Cars. "The high interest for our green bond is encouraging and a clear sign that the market believes in Volvo Cars and the investment plans we've developed to deliver on our climate ambitions. It also reaffirms our commitment to the Paris Climate Agreement and to become a climate neutral company."

Volvo Cars was the first established car maker to commit to full electrification and aims to sell only pure electric cars by 2030. By mid-decade, it aims for half of its global volume to consist of pure electric cars.

Recently, Volvo Cars was recognised for its environmental, social and governance (ESG) progress by Sustainalytics, a leading independent ESG research, ratings and data firm. Volvo Cars was assessed to be at Low Risk of experiencing material financial impacts from ESG factors. In particular, the firm highlighted Volvo Cars' work to manage its energy efficiency and to limit its carbon output.

In 2020, Volvo Cars established a Green Finance Framework in alignment with the ICMA Green Bond Principles. This allows the company to fund its ambitious climate plans and electrification strategy by issuing green bonds or obtaining green loans, where all proceeds will be used for climate-related and environmental projects. Shortly after the creation of the framework, Volvo Cars successfully placed its first green bond and raised EUR 500m from a diverse group of institutional investors.

"With our green bonds, we offer more opportunities to investors," said Björn Annwall. "You can support our electrification and climate ambitions by becoming a shareholder – or by making a sustainability-focused investment through our green bonds. The financial community has a critical

role to play in driving sustainable development, and we plan to continue to offer sustainable financing and investment opportunities in the future as we shift towards full electrification.”

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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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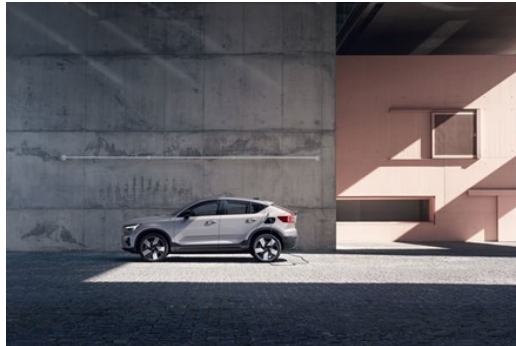
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