

## Press Release

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# Volvo Car Group and Northvolt to join forces in battery development and production

Volvo Car Group intends to establish a joint venture with leading Swedish battery company Northvolt to develop and produce more sustainable batteries, tailored to power the next generation of pure electric Volvo and Polestar cars.

As a first step for the 50/50 joint venture, Volvo Car Group and Northvolt aim to set up a research and development centre in Sweden that will begin operations in 2022.

The centre is intended to build on the battery expertise within both companies and develop next-generation, state-of-the-art battery cells and vehicle integration technologies, specifically developed for use in Volvo and Polestar cars.

The planned joint venture will also establish a new gigafactory in Europe with a potential capacity of up to 50 gigawatt hours (GWh) per year. Production is scheduled to start in 2026.

As part of the plans, Volvo Car Group also looks to source 15 GWh of battery cells per year from the existing Northvolt Ett battery plant in Skellefteå, Sweden starting in 2024.

Alongside previously announced battery supply agreements, a partnership with Northvolt will secure the European battery cell needs that will drive Volvo Cars' ambitious electrification plans. Volvo Cars aims to sell 50 per cent pure electric cars by the middle of this decade, and by 2030 it aims to sell only fully electric cars.

Today, the production of batteries for Volvo Car Group's fully electric cars represents a large part of the car's total lifecycle carbon emissions. By working with Northvolt, a leader in sustainable battery production, and producing batteries near its manufacturing facilities in Europe, Volvo Car Group can reduce the environmental footprint attributable to battery sourcing and production for its future cars.

"By working with Northvolt we will secure a supply of high-quality, more sustainable battery cells for our pure electric cars," said Håkan Samuelsson, chief executive at Volvo Car Group. "Working closely with Northvolt will also allow us to strengthen our in-house development capabilities."

The new gigafactory, planned to be powered by 100 percent clean energy, is expected to employ around 3,000 people. The location of the new plant is yet to be decided. The first car to feature battery cells developed through the joint venture will be the electric successor to Volvo Cars' best-selling XC60 model.

"Volvo Cars and Polestar are industry leaders in the transition to electrification and perfect partners on the journey ahead as we aim to develop and produce the world's most sustainable battery cells," said Peter Carlsson, Co-Founder and CEO of Northvolt. "We are proud to become their exclusive battery cell production partner in Europe."

The partnership with Northvolt is key to Volvo Cars' ambition to become a leader in the premium electric car segment and sell only pure electric vehicles by 2030. It also represents an important step in the expansion of Volvo Car Group's in-house development competence, coupled with partnerships with true technology leaders.

For Polestar, it gives a further boost to its European growth ambitions and underlines its commitment to the Polestar 0 project which aims to create a truly climate neutral vehicle by 2030.

“Developing the next generation of battery cell technology in-house, together with Northvolt, will allow us to design batteries specifically for Volvo and Polestar drivers,” added Henrik Green, chief technology officer at Volvo Cars. “With cells developed in-house for our electric cars we can focus on giving Volvo and Polestar customers what they want, such as range and short charging times.”

“Collaborating with Northvolt is an important step for our industrial network as we move towards all-out electrification by 2030,” said Javier Varela, head of industrial operations and quality. “Batteries are one of the most important parts in a fully electric car, and by partnering with Northvolt we ensure an efficient and cost-effective supply chain of high-quality and sustainable batteries in Europe.”

Volvo Cars will reveal more details on its future technology roadmap at the Volvo Cars Tech Moment, to be held on June 30.

The partnership and joint venture are subject to final negotiation and agreements between the parties, including board approval.

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### **Volvo Car Group in 2020**

*For the 2020 financial year, Volvo Car Group recorded an operating profit of 8.5 BSEK (14.3 BSEK in 2019). Revenue over the period amounted to 262.8 BSEK (274.1 BSEK). For the full year of 2020, global sales reached 661,713 cars (705,452), a decline of 6.2 per cent compared to 2019.*

### **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 of 661,713 cars in 2020 in about 100 countries. Volvo Cars has been under the ownership of the Zhejiang Geely Holding since 2010.*

*As of December 2020, Volvo Cars employed approximately 40,000 (41,500) full-time employees. Volvo Cars head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars head office for APAC is located in Shanghai. The company's main car production plants are located in Gothenburg (Sweden), Ghent (Belgium), South Carolina (US), Chengdu and Daqing (China), while engines are manufactured in Skövde (Sweden) and Zhangjiakou (China) and body components in Olofström (Sweden).*

*Under its new company purpose, Volvo Cars aims to provide customers with the Freedom to Move in a personal, sustainable and safe way. This purpose is reflected into a number of business ambitions: for example, by the middle of this decade it aims for half of its global sales to be fully electric cars and to establish five million direct consumer relationships. Volvo Cars is also committed to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.*

### **About Polestar**

*Polestar is the independent Swedish premium electric performance car brand founded by Volvo Cars and Geely Holding. Established in 2017, Polestar enjoys specific technological and engineering synergies with Volvo Cars and benefits from significant economies of scale as a result. The company is headquartered in Gothenburg, Sweden, and its vehicles are available and on the road in ten global markets across Europe and North America, and in China. In 2021, Polestar is expanding into eight new markets across Europe and Asia Pacific.*

*Polestar produces two electric performance cars. The Polestar 1 is a low-volume electric performance hybrid GT with a carbon fibre body, 609 hp, 1,000 Nm and an electric-only range of 124 km (WLTP) – the longest of any hybrid car in the world. The Polestar 2 electric performance fastback is the company's first fully electric, high volume car. The Polestar 2 model range includes three variants with a combination of long- and standard range batteries as large as 78 kWh, and dual- and single motor powertrains with as much as 300 kW / 408 hp and 660 Nm.*

*In the future, the Polestar 3 electric performance SUV will join the portfolio, as well as the Precept – a design study vehicle released in 2020 that is slated for future production. Precept showcases the brand's future vision in terms of sustainability, digital technology and design*

### **About Northvolt**

*Northvolt is a European supplier of sustainable, high-quality battery cells and systems. Founded to enable the European transition to a decarbonized future, the company has made swift progress on its mission to deliver the world's greenest lithium-ion battery with a minimal CO2 footprint. Among Northvolt industrial partners and customers are ABB, BMW Group, Scania, Siemens, Vattenfall, Vestas, Volkswagen Group and Volvo Cars.*

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Descriptions and facts in this press material relate to Volvo Cars' international car range. Described features might be optional. Vehicle specifications may vary from one country to another and may be altered without prior notification.

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