

P R E S S R E L E A S E

Volvo Group North America has made a settlement with CARB

Volvo Group North America has reached a settlement with the California Air Resources Board (CARB). The settlement resolves allegations by CARB regarding the adequacy of the description of certain emission controls on model year 2010-2016 engines installed in Volvo Group trucks sold in California. The Volvo Group's internal review found no evidence that anyone acted in bad faith, and the settlement is explicitly without admission of liability.

Volvo Group has agreed to pay USD 12.5 million in civil penalties, USD 71.0 million to CARB's Air Pollution Control Fund, spend USD 108 million on California emission-reduction projects under a plan to be submitted for CARB approval within a year, and to reimburse USD 5 million of CARB costs. Consequently, Volvo Group's operating income in the second quarter of 2026 will include a negative impact of USD 196.5 M (appr. SEK 1.8 Bn), which will be excluded from adjusted operating income. The operating cash flow in the second quarter of 2026 will be negatively impacted by USD 89 M (appr. SEK 0.8 Bn). The remaining cash flow effect is expected to occur over the coming five years.

Volvo Group proactively disclosed the issues that were the subject of CARB's concerns nearly a decade ago and has worked cooperatively with CARB to resolve the matter. Volvo Group will make available software updates and a partial warranty extension for about 7,200 model year 2014-2016 engines in California as part of the settlement. The Volvo Group is not aware of any additional investigations related to its engines' emissions compliance in the US.

The Volvo Group has always intended to comply with relevant regulations and conducts rigorous testing to ensure that its engines are compliant with all emissions requirements. There are no performance or safety issues associated with the engines in question.

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V O L V O

*Journalists wanting further information, please contact:
Claes Eliasson, Head of Media Relations
+46 76 553 7229
press@volvo.com*

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