

V O L V O

Product

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Product


As you have heard from Johan and Fredrick, this is a very exciting time for the company.

Yesterday we announced that the first batch of EX90 cars is being shipped to our retailers in the US and Europe.

And the first customers will get their cars before the end of this month.

Yes - it's been a wait, but it's something worth waiting for.

We have now officially kicked off a new era for the company. A new era of safety, technology and electrification. An era that the EX90 truly represents.



**EX90: A new era of safety,
technology and electrification**

Product

The EX90 is the first of a new type of Volvo. Not just electric. So much more.

It is designed to be the safest ever Volvo through passive and active safety systems.

It's using state-of-the-art sensors connected to the car's core computer to understand you and your surroundings better than ever before.

And yes, thanks to the core computing, it can improve over time.

The EX90 also reflects our focus on sustainability, not only through zero tailpipe emissions but also through the use of recycled and progressive materials.

It's a highly comfortable, true 7-seater SUV in fantastic Scandinavian design, unlike anything else on the market today.

It plays a vital role in reinforcing Volvo Cars' leadership in the premium electric car segment. I am convinced the EX90 will re-define premium electric SUV, just as the first generation XC90 redefined the large SUV 20 years ago.



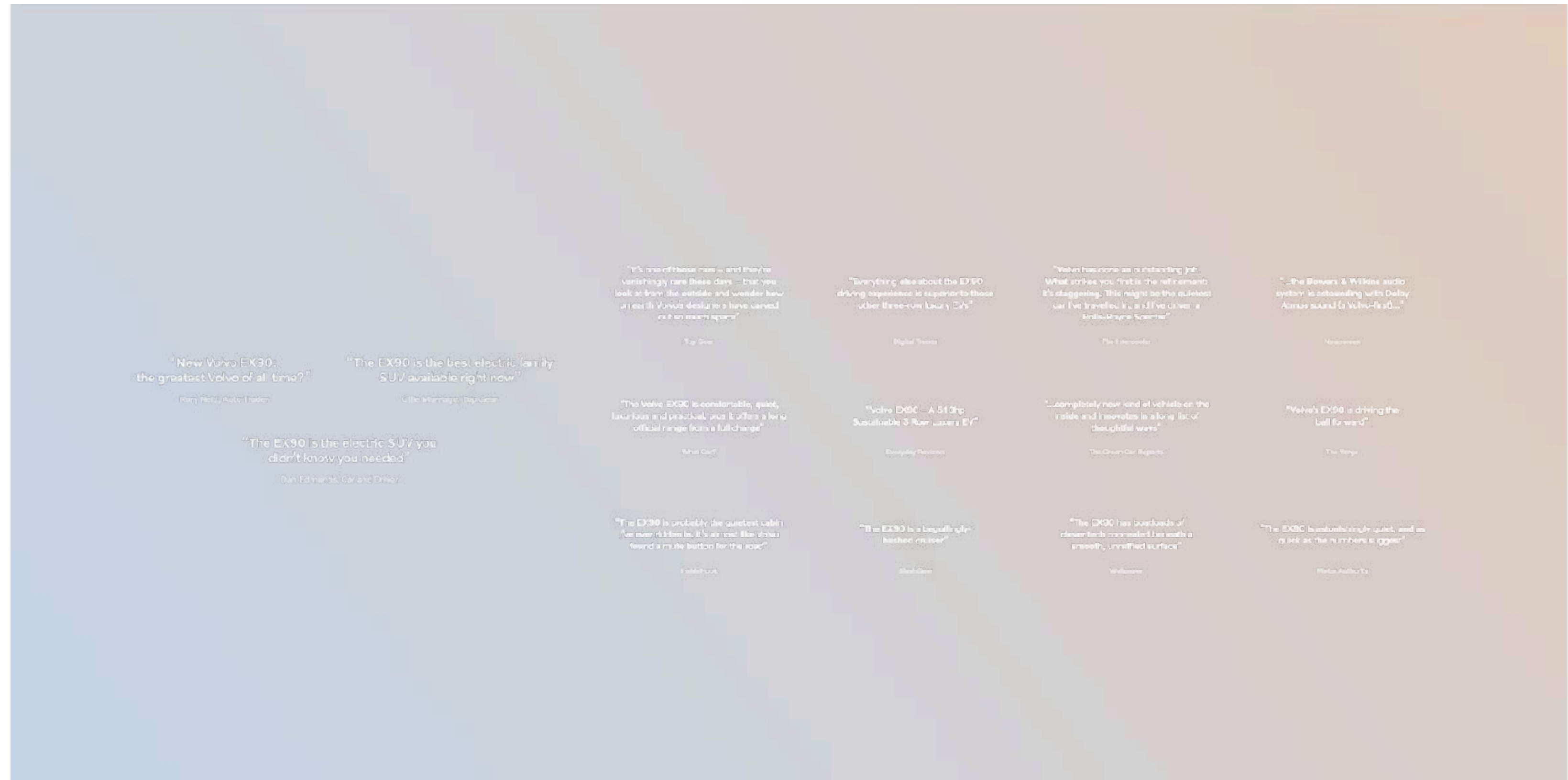
Product

You no longer have to take only my word for it though.

The EX90 has over the last few weeks been driven by global media, it has been very well received. As you can see here.

We have ambitious business expectations for this car.

Just as it's designed to improve over time, its sales volume will grow over time as BEV penetration increases globally.



Product

Our market performance has clearly demonstrated that Volvo can sell premium BEVs in a profitable way.

Our brand strength, coupled with strong products and a highly competent electrification-focused retailer network, has driven this success.

In Europe, Volvo Cars grew its absolute BEV volumes by 103 per cent year to date – outperforming all competitors.

As a result, we delivered a 3,5 per centage point increase in BEV market share.



Product

And electric cars are very much our future.

As you heard Jim say earlier, we aim for 90 to 100 per cent electrified car mix by 2030 – and we are well on our way to achieving that.

Last quarter this number was 48% electrified. But this journey is not necessarily linear.

BEV adoption has generally slowed, with longer-term projections revised downward.

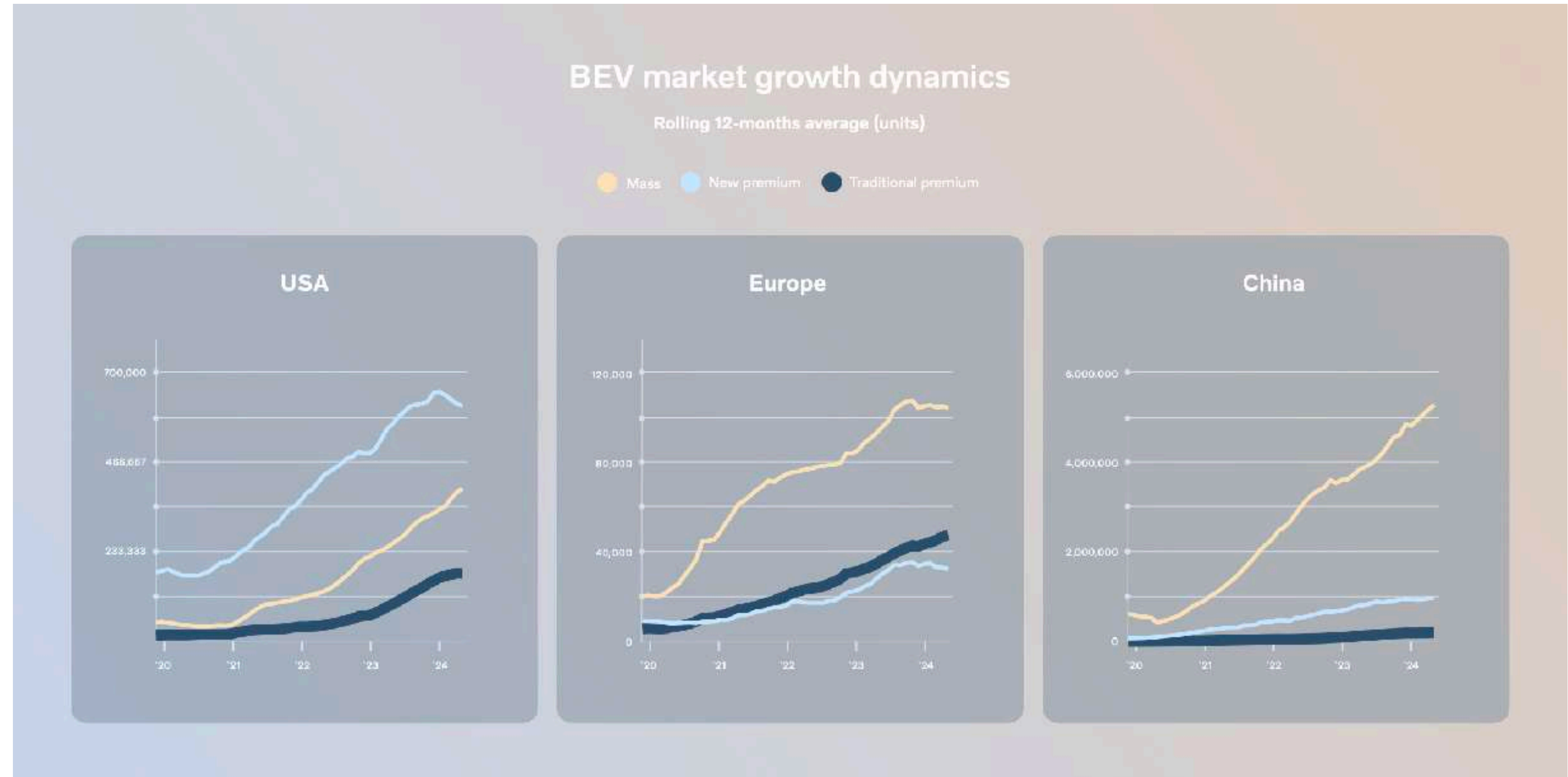
Challenges remain, such as range, affordability, charging infrastructure, and it takes time to shift customers' behaviours.

Yet, electric cars are the future. They're superior in terms of consumer experience, cost efficiency and sustainability, so it is the longer-term answer.

As the BEV market matures, it becomes oversimplified to talk about "the BEV market". The dynamics vary significantly across car types, sizes, regions and not the least between premium and mass.

As usual, the introduction of new technologies starts from the top. The BEV market for traditional premium brands continues to grow.

This is where we focus on, the premium BEV segment. That's the fastest growing part of the market – and to succeed as a company, it is natural to focus on the fastest growing part.

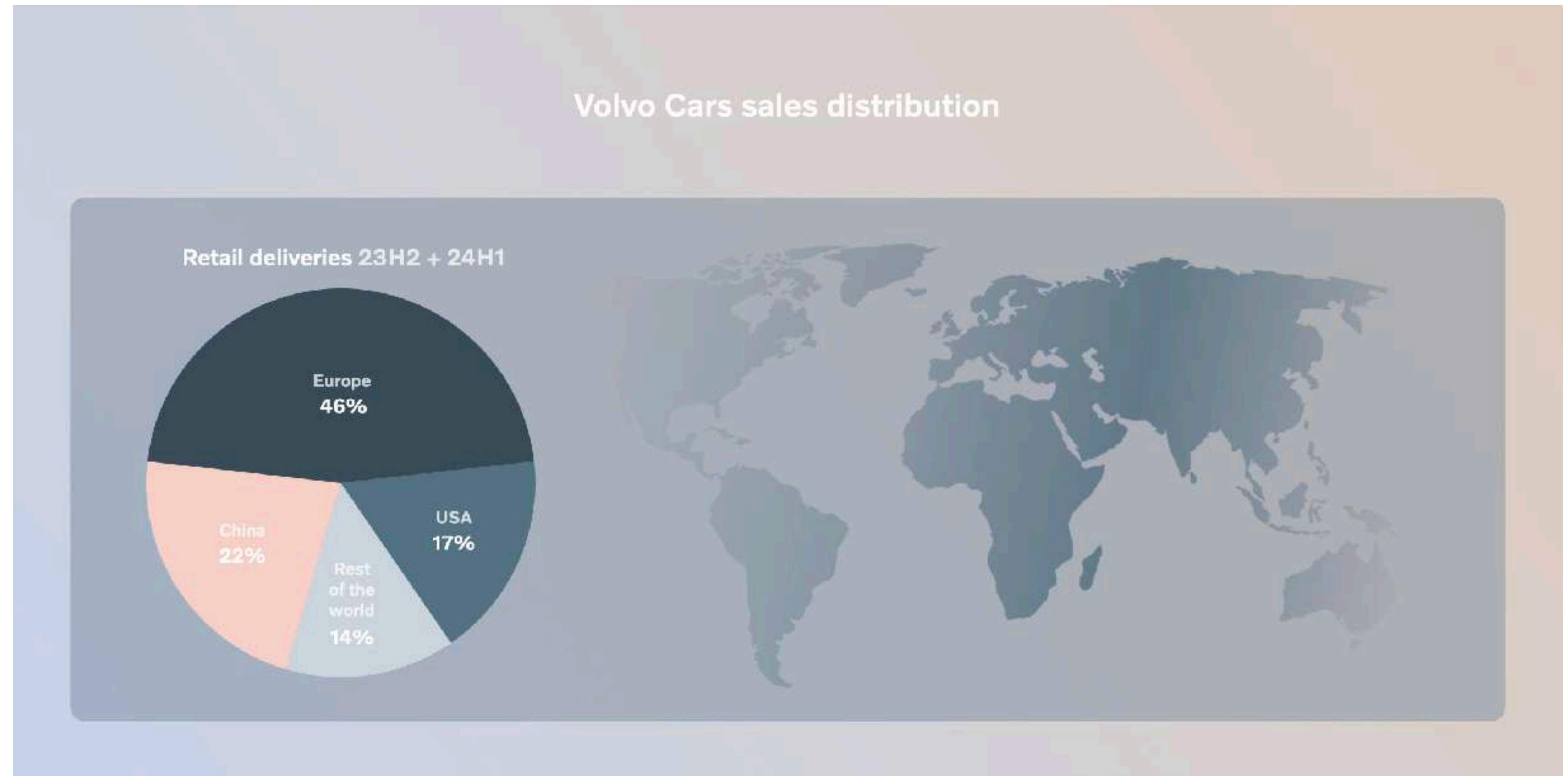


Product

We are a global company, with Europe accounting for nearly half of our sales, with China and the US each contributing around 20 per cent.

Clearly, our transition to electric cars will progress at a different pace in different regions around the globe.

So, we need a balanced and pragmatic approach to our business and product offerings.



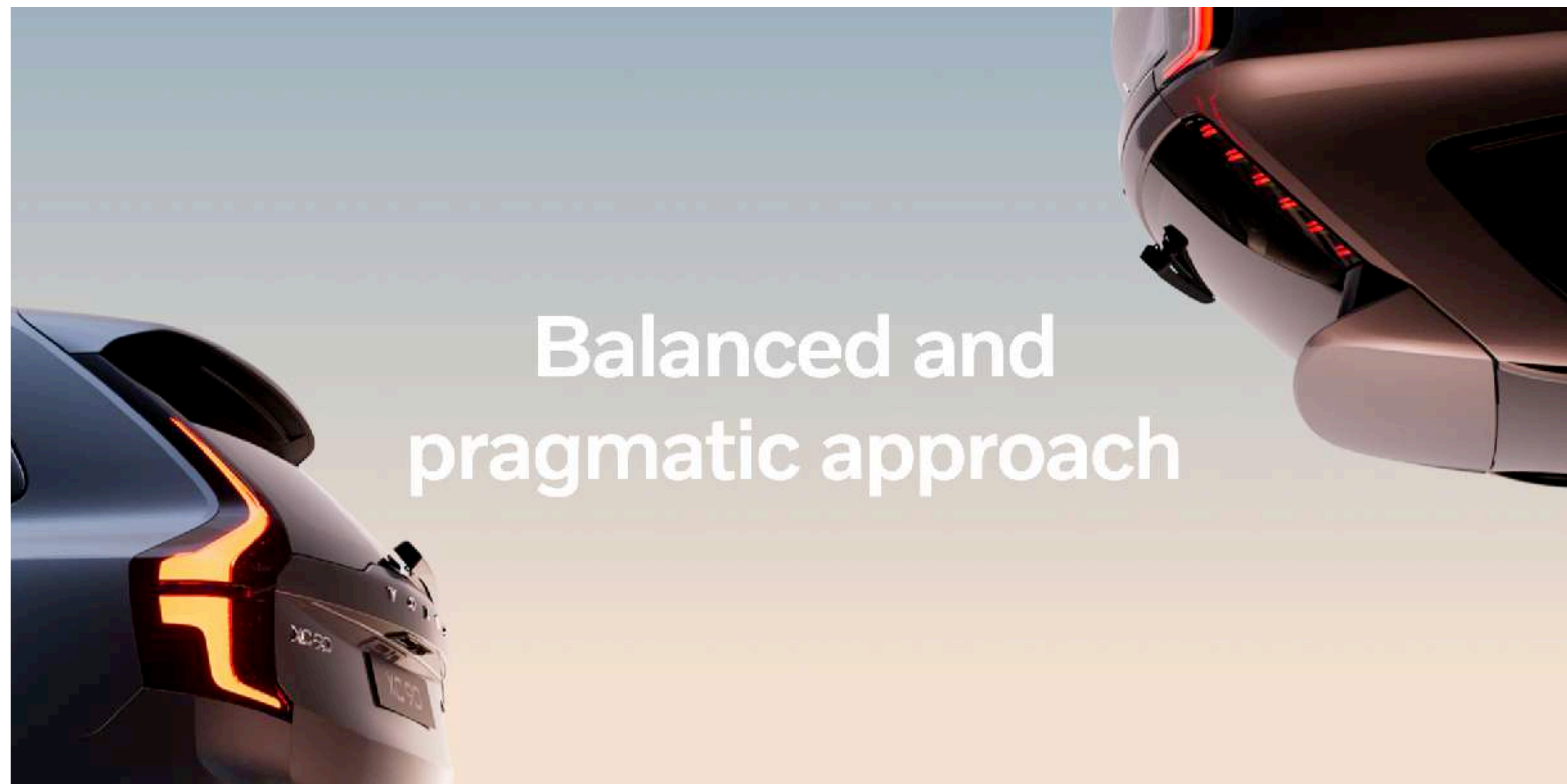
Product

A balanced portfolio of fully electric and hybrid cars that creates flexibility to leverage each region's strength.

The new XC90, unveiled yesterday, and joining me on stage now exemplifies this approach.

It demonstrates our commitment to making meaningful updates to our mild and plug-in hybrid lineup, delivering a customer experience we can be proud of for the long term.

We have a strong position in the large SUV segment around the globe, and we continue to build on that strength. Together with the EX90, the new XC90 strengthens our competitiveness in this segment across BEV, plug-in hybrids and mild-hybrids - and it provides flexibility.



Product

Let's have a look at our current electric product line-up.

First, the EX30, our smallest ever SUV, has been performing exceptionally well.

This car has the lowest carbon footprint of any of our BEVs to date and has served us well in conquering new customers.

Since deliveries began last year, the EX30 quickly became a winner. It was among the top three best-selling fully electric models in Europe during the first half of the year.

It has also become a key growth driver in Latin America, particularly in Brazil and Mexico, where we are the leader in premium BEVs.



Product

It has received almost universal acclaim, having won more than 20 awards and counting.

By the end of this year, the EX30 will be available in over 60 markets worldwide.

We have no doubt it will continue to be a success – especially as we plan to start production in Ghent in the first half of next year, with volumes ramping up later in the year.

With production in Europe and China, we will be able to manage geopolitical turbulence more effectively.



Product

Importantly, this car also takes us closer to the aspired ICE/BEV cost parity, which we are confident that we will reach later this decade.

Alongside the EX30, the EX40 and the EC40 have been delivered to over 250,000 customers since their launch, maintaining a strong and stable pace.

This also demonstrates how we have been effective in improving our products over time, not just through traditional exterior facelifts, but with improvements in range, Android-embedded infotainment, and cost efficiency. Better product, at a lower cost.



Product

We have also begun delivering the new EM90 in China – bringing our unique safety heritage into the new fully electric premium MPV segment.

It represents another expansion of our electric line-up and demonstrates our ability to meet specific market demand.

While the premium MPV segment in China is relatively small, it is an important one.

With the EM90, we're reaching more high-end customers in China who're seeking a safe, spacious and comfortable premium experience. It helps us strengthen our position as a premium electric car brand in China.

In the highly competitive Chinese market, particularly in the fully electric segment, we remain realistic in the short term, but are highly determined for the long-term.

We are leveraging our profitable mild hybrids and plug-in hybrids as a strong foundation while building out a premium fully electric position.

So – we now have five fully electric cars on the road, all playing important roles with excellent performance.

And there are some more in development which Erik will talk about later.



Product

In our transition towards the fully electric future, our hybrid line-up remains crucial to our business.

In fact, the plug-in hybrids are another key driver of our strong performance today – accounting for more than 20 per cent of our sales globally.

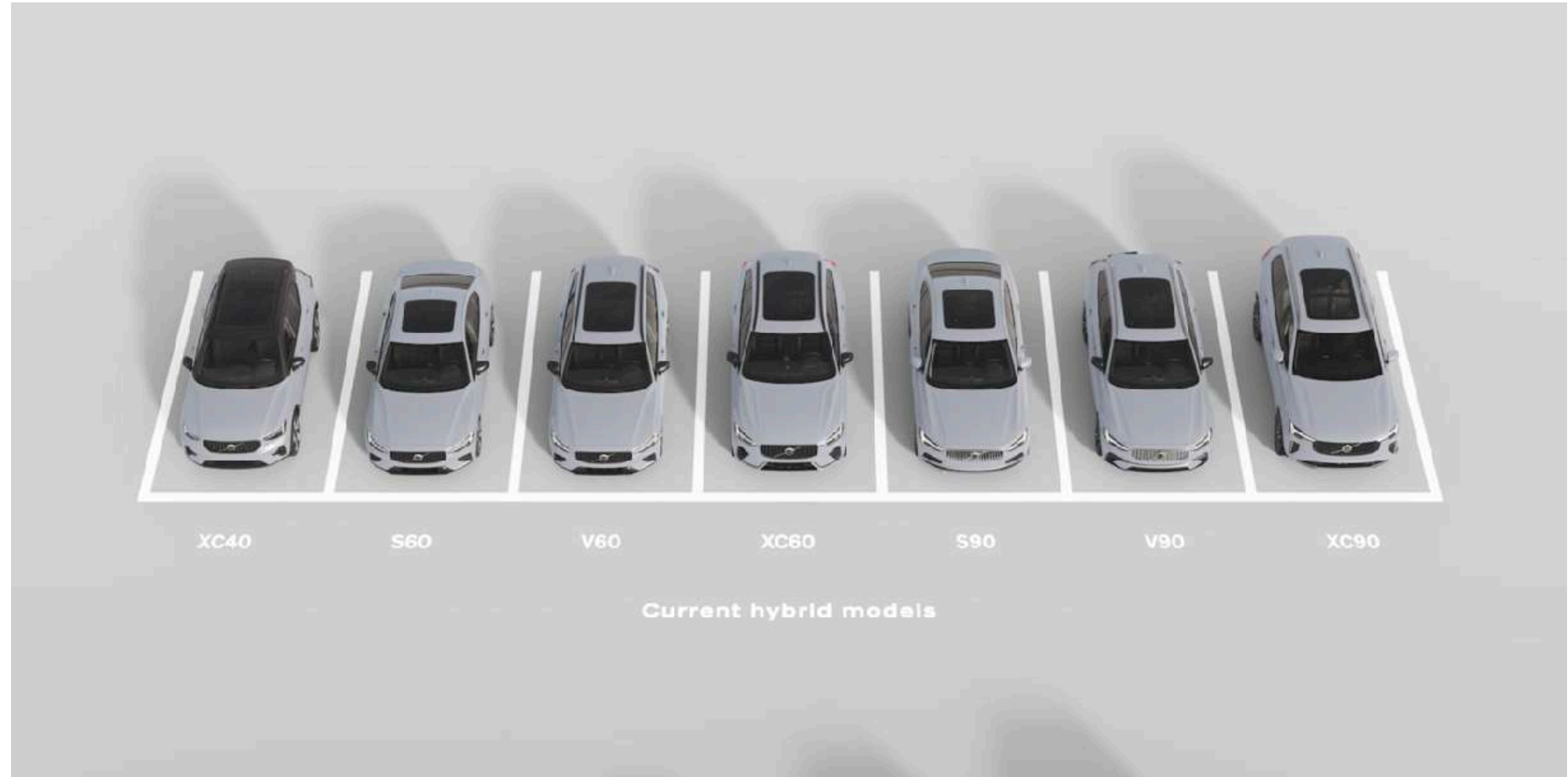
Many of our customers want to transition to electric driving but aren't quite ready yet due to factors like range anxiety caused by inadequate infrastructure.

These customers see plug-in hybrids as a very reassuring choice, allowing them to enjoy the electric experience while having a combustion engine, when needed as a back-up plan.

We have increased our mix of plug-in hybrid sales across many of our car models.

Recently, plug-in hybrid growth has been particularly strong in the US, where we are the leader in premium plug-in hybrids.

And in Europe, the XC60 continues to be the best-selling plug-in hybrid model in the market. All of this proves that our balanced approach is the right one and plays to our strengths.



Product

To sum up, we have set our aim and our ambitions very clear, and we are moving steadily towards it.

We will meet ICE/BEV cost parity.

We will continue to strengthen our presence in the growing premium BEV segment.

We are leaning in on electrification with a pragmatic and balanced approach leveraging our strengths.

We're updating our already attractive line-up of hybrid cars – allowing a little more time for the charging infrastructure to be built out and easing the transition to a fully electric world.

Now, I would like to invite Erik on stage to speak a bit more about our products, current and future.



Product

As Jim and Björn have clearly outlined, we are going electric. And we are updating and complementing our offering of hybrid cars, to allow a smooth transition to electrification.

This decade will see us do two things essentially: Most importantly building a complete line-up of fully electric cars, which will account for the vast majority of our investment.

It's worth noting that – in those markets where the customers will be ready to go fully electric in 2030 – Volvo Cars will also be ready with a complete line-up of highly attractive, fully electric cars.

We can already prove that today – as 8 of our markets have already achieved 100% electrified car share, and 19 markets exceeded 80%.

And that's why the second thing is, as you heard earlier, continuing to upgrade our current line-up of hybrid cars and complement them with some new models for selected markets where we see strong business opportunities.

Let's now take a look at the cars coming up in the future that will enable Volvo Cars to meet our longer-term growth and profitability ambitions.



A smooth transition to electrification

Product

First, I'd like to share with you the upgrades planned for our hybrid electric line-up to ensure they remain up-to-date and attractive to consumers.

Yesterday we revealed a major design and UX upgrade to our flagship XC90 and this is the starting point for more.

We will soon be making similar upgrades to more cars in our line-up bringing cutting-edge technology from our latest cars to our existing SPA and CMA architectures.

This is to deliver consistent and further improved customer experience to our current cars, without major investment needs.



Product

And we will also offer long-range plug-in hybrids – essentially electric cars with an internal combustion engine as a backup.

We see long-range plug-in hybrids as the perfect bridge to fully electric - because they are the best of both worlds.

The extended range will allow our customers to drive the majority of their daily commutes free from tailpipe emissions and at a lower cost, while still having the backup plan to cover occasional longer trips.

They'll be the primary type of car – other than fully electric cars – that we will have on offer in 2030. And that will be a necessary step on the journey towards our aim of net zero greenhouse gas emissions by 2040.

These models will not only be crucial for our financial performance, but also continue to assist in reducing tailpipe emissions from our products, as those consumers who are not yet ready to switch to fully electric cars will have the option of more modern plug-in hybrid cars with longer range.

For the customers of our latest PHEV models, 50% of them can already today drive on electric more than half of their journeys.

They can commute on up to 94km of electric range, offered on S60 for example, and then use its internal combustion engine for longer trips only.

We expect the rate of fully electric driving usage of our hybrids to increase as we offer even longer-range hybrids soon.

As such, we see long-range plug-in hybrids as the perfect bridge to fully electric – because they are the best of both worlds.



Product

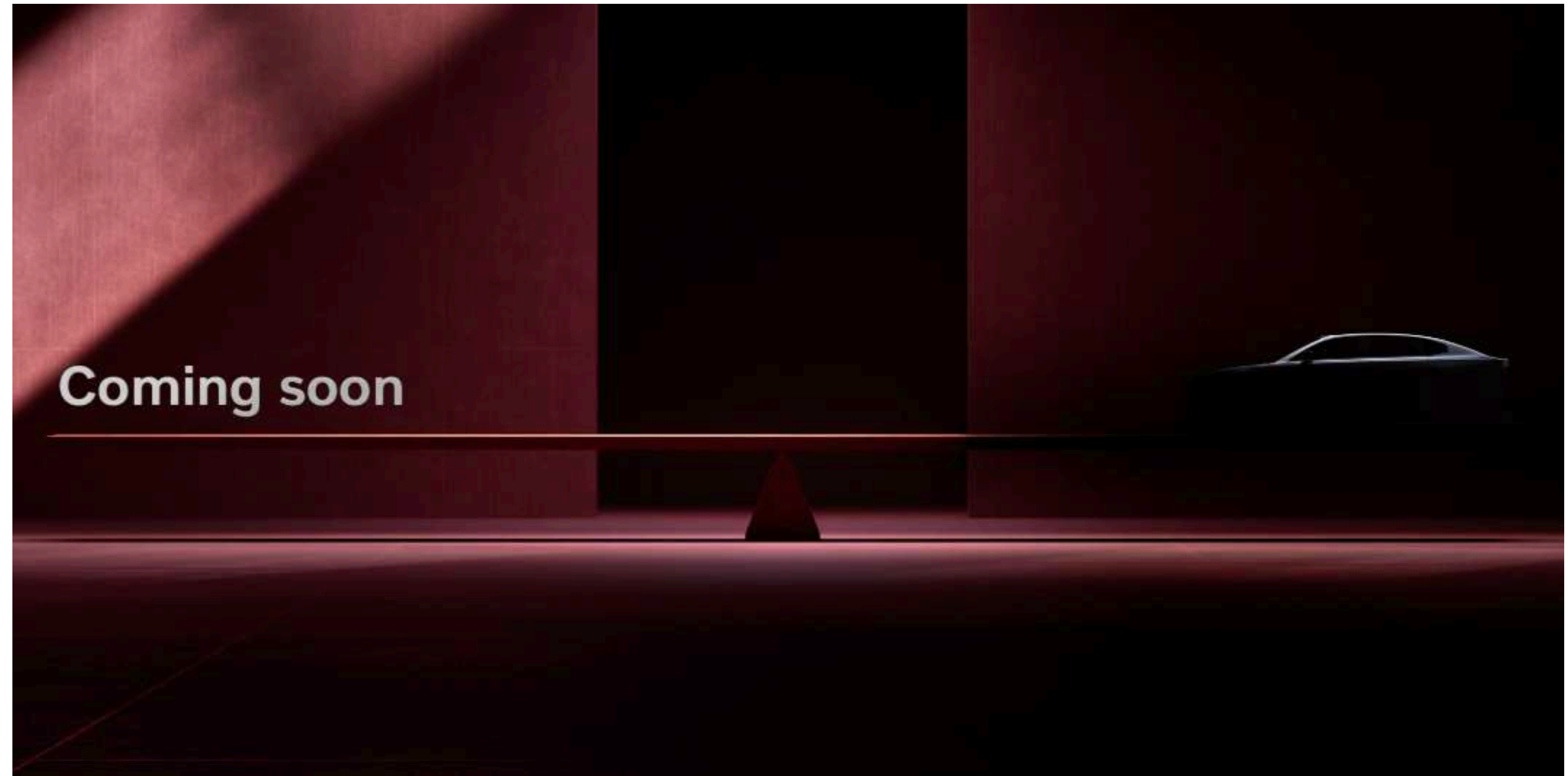
While we are sure you are all very curious to hear everything about the ES90, I'm afraid the details will have to wait.

But what I will say is this. It is a fantastic product.

Our first low electric car and it's in a class of its own - designed for a life in balance.

Built on our state-of-the-art SPA2 architecture, the ES90 is a product designed for global audiences. Europe. US. Asia.

And it's perhaps in China where it has the biggest opportunity. We'd love to share more detail already now – but please be patient until its reveal in March next year.



Product

The ES90 is of course not the only car we have coming. And today, I am happy to be able to share that the EX60 is our next one coming after the ES90. As the fully electric successor of our current best seller the mid-size SUV XC60, the EX60 is expected to be the next key volume driver for Volvo Cars.

The EX60 will be our first car model based on SPA3 - the next generation of our SPA architecture and a step function change from SPA2.

It will first be built for global consumers in our manufacturing facility here in Gothenburg.

The EX60 will clearly mark another major step in our technology iteration that will both benefit the customers and bring shareholder value.

The remaining three cars in active development we won't be sharing any detail on today.

But it is important that all these five new fully electric models will be based on the same superset technology stack from Volvo Cars.

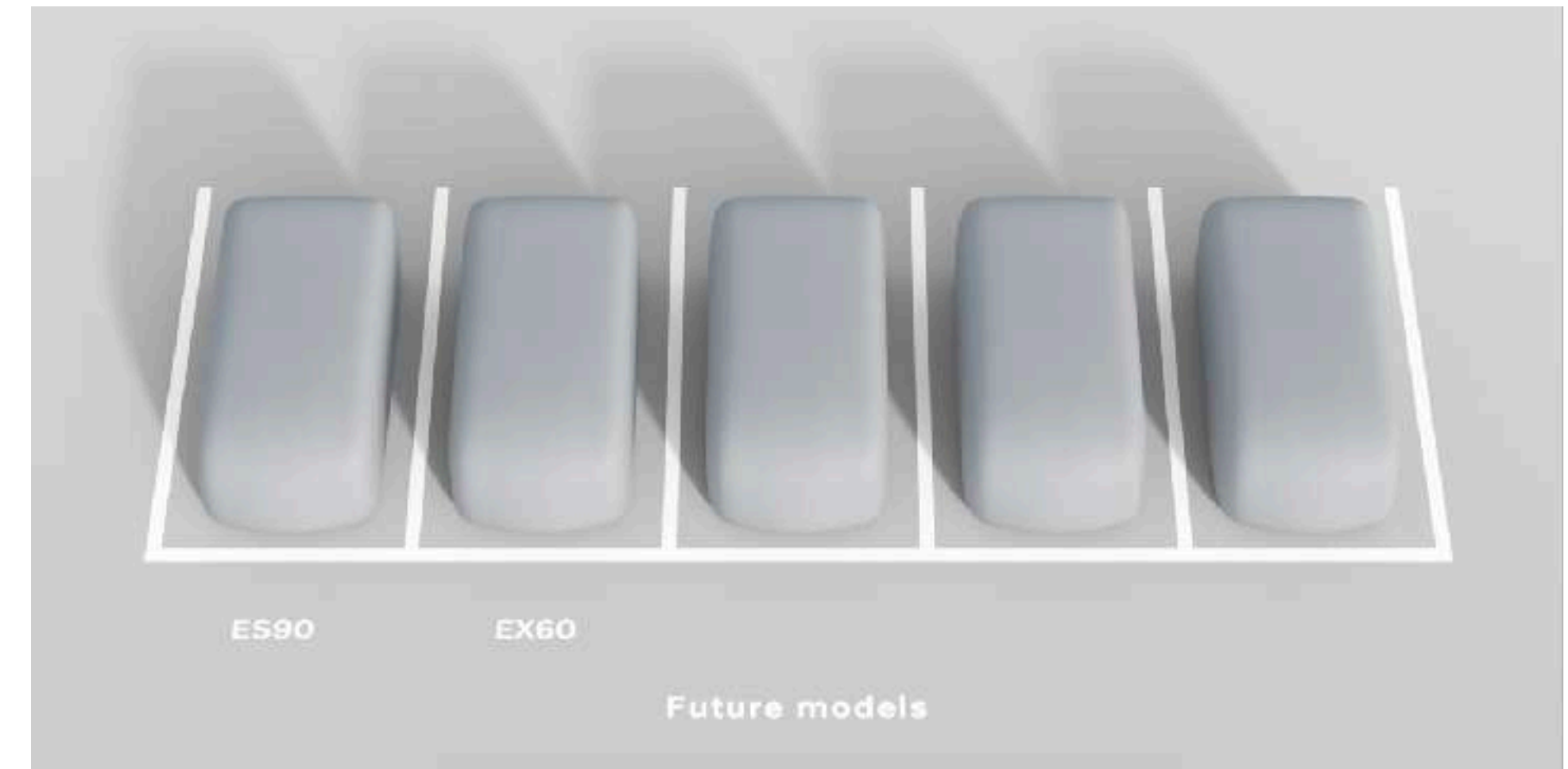
The same systems and modules. Hardware and software.

That will bring our industry-leading safety expertise, the latest technologies and continuously improved customer experience faster to a wider group of customers while allowing us to capitalise on the investment made into the electric architecture and infrastructure built up for the EX90.

You will hear more on the technology underpinning our next-generation cars shortly from Anders.

In just a few years, we will have two complete line-ups of cars for the period of transition towards becoming fully electric. Hybrid and fully electric cars.

And, there are more coming beyond the immediate five new fully electric models of course –that will allow Volvo Cars to explore new market opportunities.



Product

So, when these five are out on the market, we have completed our core electric portfolio, and will then be moving to an 8 by 8 cycle, as you just heard from Jim.

This means 8 core products that will stay on the market for 8 years. Every year we will have a new model, and a major refresh of an existing model.

By doing so, we will focus on continuous improvement over variant complexity. We may do additional exploration – but this will be the core.

We see that we can keep cars on the road longer than the industry standard, extending the lifecycle, because of our capability to update our cars completely and continuously over the air, at least four times a year. This is a core compatibility and differentiator for us.

This will ensure our full product line-up is well-positioned to meet customer needs and market demand in the future – while using our investment efficiently.



Product

While our cars are of course the most important for our business, we have in recent times also launched an energy business which we'd like to give you an update on today.

We are working towards holistic and seamless EV use to help the transition to a future of more sustainable energy ecosystems.

A step in this is continuously improving the public charging experience for our EV customers – making access to many large public charging networks easily accessible via the Volvo Cars app, building on our collaboration with the charging facility partners.

It helps to reduce range anxiety and hassle for our EV customers.

But beyond easily charging on the go – another step is of course the larger role electric cars can play in a more sustainable ecosystem.

In 2023 alone, the global EV fleet consumed about 130 Terawatt hours (TWh) of electricity – roughly the same as Sweden's total electricity demand in the same year.

And the amount of energy is not the only factor, it is also when we use it.

We are addressing this with our new smart charging functionality in the Volvo Cars app – our cars can automatically get charged at the optimal time and at the lowest cost for the customers, which will also help balance the grid and reduce CO2 intensity.

This offer is currently live in a pilot for 250 people and will soon expand.



Supporting more sustainable
energy ecosystems

Product

The cars and their batteries can and will do more than eliminate tailpipe emissions, once plugged in and being part of an energy ecosystem.

When they're stationary they can power your house and appliances, or even return power to the energy grid through bi-directional charging.

By helping balance the grid during peak hours, it also encourages the use of electricity from renewable sources, whilst reducing the total cost of ownership for our customers.

These features are coming first to the EX90 in the first half of next year and will come in all new electric models available after it as well.


To make good use of this capability, we are launching a bi-directional home charger in Europe by the end of this year.

Complementing the car's ability to be a battery for your home – we are going to offer a home energy storage system in the beginning of next year.



Product

This will help EV drivers build a more self-sufficient and sustainable home energy ecosystem, by reducing both their electricity bills and their dependency on the electricity grid.



Home

Retail

Product

We are also exploring larger systems to help businesses decarbonise and transition to electromobility, offering value-adding solutions to cover retail and industrial needs for charging, as well as battery energy storage.

For example – you could take these industrial-size batteries to power a temporary charging station during peak charging times for high-traffic areas during vacation.

With this new business area, we are strengthening our position and our capability to lead in the fully electrified future, positioning us as a sustainable energy partner.

We believe these energy solutions will become significant product additions to our growing portfolio of cars, services and products, to help meet the future needs of our customers and business partners.

And we see that it is a logical step for us and that we can be a leader in this field, by leveraging our technology know-how as well as our purchasing power and supplier relationships from electric cars into the energy business - as we buy many Gigawatt hours (GWh) of battery every year.



Product

In the years to come, we will further strengthen our product portfolio with five new fully electric car models, and move into an 8 by 8 cycle to focus on 8 core products to stay on the market for 8 years.

We'll have a new long-range plug-in hybrid, some major upgrades to our current line-up, on top of regular over-the-air updates, as well as, our energy solutions.

We're confident that our balanced approach will ensure a smooth and successful transition on our journey to electrification.

We will also continue to strive towards our sustainability and climate ambitions, helping protect both people and the planet.



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