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Volvo Cars Annual General Meeting 2026 – Presentation by the CEO Håkan Samuelsson (translation)

Dear Shareholders,

Welcome to this year's Annual General Meeting!

It is great that we can hold it at World of Volvo for the first time. A warm welcome here as well!

I returned to the company one year ago, as I have been here before. As you may know, I had been on leave for three years. I came back during a challenging period for the company. We were seeing weakening demand in key markets in China, new tariffs into the United States, and reduced incentives for electric vehicles in the U.S., but also in other markets. All of this put pressure on our sales as well as on profitability.

And in a situation like that, we did what you always should do. We focused on costs and developed a turnaround plan, initially focusing on indirect costs, but also on cash flow. We put together a package totaling SEK 18 billion, which naturally includes personnel costs and other expenses, but also material costs, by taking a closer look at opportunities for cost synergies with Geely through joint sourcing of materials.

We did that, and in addition we reduced working capital and carefully reviewed investments to improve cash flow—without compromising our future investments. We implemented this program faster than planned and saw full effect already during 2025, even though the program was originally intended to continue into 2026.

With this necessary foundation in place, we then took the next step and reviewed our strategy, updating the path forward. We have defined measures intended to deliver profitable growth and a profitability level of approximately an 8% operating margin, combined with strong cash flow. That is the value of our strategic package if fully delivered.

This strategy is based on three external challenges affecting the entire automotive industry, and it also provides answers to how Volvo will address them.

The first is climate change and electrification.

We now state clearly that electrification is not only good for the climate; it also reduces the need for oil—imported oil—which we have recently been reminded of how important that is.

In addition, electrification means that our customers actually get better and more attractive cars. There is essentially only one caveat, and that is charging infrastructure. We still face challenges in certain regions, and therefore, as Eric also mentioned in his speech, we will not invest solely in fully electric cars. We also need a transition solution in the form of plug-in hybrids.

This allows us to offer all our customers the possibility to drive electric, while waiting until they are ready to go fully electric. In this way, our program gives us a major opportunity to take advantage of the ongoing technology shift to build a larger, more sustainable, and also more profitable Volvo Cars.

For us, this technology shift is by no means a threat—it is a major opportunity to build a stronger Volvo.

The second point is globalization, which is increasingly being challenged and will be replaced by a more regionalized world with three main economic centers: the United States, China, and Europe. In such a world, adaptation is essential. Therefore, we are introducing more regional governance of our operations, particularly in China but also in the United States.

This means clearer operational responsibility, products more adapted to regional requirements, and also more regional manufacturing and supply chains. Here we also have a major opportunity to coordinate production and supply chains with Geely, particularly in China, which is a significant advantage for us.

The third point is what I call hyper-competition. Competition has always existed, but it will intensify. The reason is that the relatively new Chinese automotive industry will take a significant share of the market—not only in China but globally—and will exert enormous cost pressure on established players already in the market.

Here, our relationship with Geely gives us a unique opportunity to leverage synergies, reduce development costs, and achieve lower material and module costs through greater sharing—without in any way compromising Volvo's identity as a product and as a brand.

With all the uncertainty we see today, it can be easy to lose perspective. You often read in the media: will the transition to electric really happen? Will investments in electric vehicles pay off?

My answer is very clear: our future is electric.

We are building a complete fully electric product portfolio, complemented by a number of plug-in hybrids for customers who still cannot charge. These hybrids will have significantly longer range than today's. In this way, we have a very strong product line-up that will allow us to emerge stronger.

The technology shift is also a means to achieve significantly higher market share. Today, BEVs plus plug-in hybrids account for just under half—approximately 46%—of our sales. That is roughly double the share compared to our European competitors. So, we are well ahead in this transition.

We also have a new car on the way—the EX60. This is an important step in the journey. The car is built on an entirely new platform which, combined with Volvo's unique Scandinavian design, delivers a very attractive vehicle with uncompromising performance and high-cost efficiency.

The vehicle includes new groundbreaking technologies such as cell-to-body, where the batteries are mounted directly into the chassis, as well as mega-casting with a large aluminium rear structure replacing around 150 sheet-metal parts. Hundreds of computers in the car will be centralized into a structure we call Hugin Core Compute, which is a fundamental requirement for becoming a leader in software-defined vehicles.

We have also received recognition from Standard & Poor's, which conducts a global ranking of manufacturers' readiness for software-defined vehicles. Volvo is one of only two companies in the highest category—and the only established manufacturer there. The other is a newly established Chinese brand, NIO.

This confirms that our core compute architecture and the work we have done in research and development are absolutely right for the time.

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The EX60 provides a clear answer to customers who are still hesitant about choosing electric. You now get a driving range comparable to a conventional gasoline car, a charging stop that takes about as long as a regular refuelling stop, and perhaps most importantly—the price will be on par with today's plug-in hybrids. In addition, the car comes with a ten-year battery warranty, addressing concerns about resale value for electric vehicles.

This is not just a new car—we are also introducing a new commercial concept built on simplicity, transparency, and delivery reliability. Customers choose one of seven base variants, color, interior, wheels, and a few options. This is significantly faster and simpler than today. Instead of configuring their own car, customers select their preferred model.

Included in this is also a complete Care offering with everything included and a transparent monthly price—what is currently referred to as leasing. We will start in Sweden and the United Kingdom. In Sweden, free home charging is included through a partnership with Vattenfall. We are evaluating additional markets to introduce this benefit.

The response to the EX60 has exceeded all expectations, and we are now increasing the production plan for 2026. Production will begin shortly at the Torslanda plant, with first deliveries during the summer.

In a newly regionalized world, we also benefit greatly from our relationship with Geely and our unique access to Chinese suppliers. This provides lower costs—for example for specific models for the Chinese market that would otherwise be very costly and difficult to develop. The new XC70, recently launched in China, demonstrates how this works in practice.

But it is not only about cars. From a business perspective, there are also synergies within the Geely Group that are beneficial for Volvo Cars. For example, we plan to consolidate production of the Polestar 3 at our Charleston plant to reduce product, tariff, and logistics costs. Another example is our intention to take over responsibility for the import and sales of Lynk & Co vehicles. In Europe, this will be done through Volvo's distribution network, fully integrated. This allows us to complement our product offering to customers and provide our partners with increased sales and service volumes.

In summary, Volvo Cars is better positioned for the future than many of our competitors. We have made the necessary forward-looking investments and are now entering a phase with lower investment levels and higher free cash flow.

We are in a very challenging and decisive period for the industry, and we will continue to focus on costs—both variable and indirect—while also taking measures to increase sales in order to return quickly to profitable volume growth.

Volvo Cars has the right prerequisites, focus, and strategy to emerge from this phase as a stronger and more profitable company.

With that, I would like to conclude by thanking you for your trust as patient shareholders of Volvo Cars.

Thank you.