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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 transition into a pure electric car company,” 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 capabilities, 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."

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

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 Car Group.

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