

V O L V O

April 11, 2024

TO: All Group Trucks North America Employees
RE: Volvo Group will Add North American Heavy-Truck Capacity

Growth in North America for both Volvo Trucks and Mack Trucks is a key strategic issue for the Volvo Group, and we have made massive investments in our people, products and plants in support of this objective. Even with these investments, we have continued to explore opportunities to further increase our production capacity and expand our market presence.

The Volvo Group is therefore announcing today that we will build a new heavy-duty truck plant in Mexico to supplement our U.S. production. This additional capacity will support both brands' ambitious growth plans for the U.S. and Canada, and support Mack sales in Mexico and Latin America. The plant is expected to be operational in 2026.

This investment comes on the heels of significant investment in our U.S. production sites and represents the natural outgrowth of our broader effort to capitalize on the introduction of new products to capture additional market share. LVO and NRV will continue to be the company's main North American heavy truck production sites, and we will produce significantly more trucks in the U.S. than in the new plant. The Group has invested more than \$73 million over the last five years in LVO expansion and upgrades, and is currently investing an additional \$80 million to prepare for future production. NRV is completing a six-year, \$400 million dollar expansion/upgrade to prepare for production of the new Volvo VNL model.

Adding production in Mexico will deliver logistical efficiencies for supporting sales to the southwestern/western regions of the U.S., and to Mexico and Latin America. The Mexican heavy-duty truck market was about 34,000 vehicles last year, and Mack sees significant growth potential there, and in Latin America.

The new location also provides a mature supply and production ecosystem that will complement the U.S. system and increase the resilience and flexibility of the Group's North American industrial footprint.

The new plant will be approximately 1.7 million square feet in size, and will focus on production of heavy-duty conventional vehicles for both brands – it will not produce cab-overs or medium-duty vehicles. It will be a complete conventional vehicle assembly facility including cab body-in-white production and paint.

Combined with the significant investments already underway in our U.S. plants, and in exciting new products yet to come, this new investment gives us the capacity we need to realize our ambitions, and drive both our brands to their rightful positions in this market.

Stephen Roy
Chairman, Volvo Group North America
President, Mack Trucks

Peter Voorhoeve
President
Volvo Trucks North America