

Arctic Falls enters into 20-year agreement with Volvo Cars for new winter testing facility

Arctic Falls AB (publ) ("Arctic Falls" or the "Company") has entered into a 20-year agreement with Volvo Cars regarding the establishment of a new, purpose-built winter testing facility in northern Sweden. The facility will be owned, constructed and operated by Arctic Falls and will be dedicated to Volvo Cars' operations. The agreement is expected to generate annual revenue of approximately SEK 17 million. Additional revenue may be generated from supplementary services. Volvo Cars also has an option to extend the agreement by an additional ten years.

Arctic Falls has entered into an agreement with Volvo Cars regarding the establishment of a new testing facility. The agreement follows the letter of intent between Arctic Falls and Volvo Cars announced on 28 May 2026. The new facility will be established adjacent to Arctic Falls' largest existing testing facility in Vitberget and is planned to become operational by the end of 2028. The agreement has a term of 20 years from the commencement of operations, with an option for Volvo Cars to extend the agreement by an additional ten years, and is expected to generate annual revenue of approximately SEK 17 million. Additional revenue may be generated from supplementary services.

The implementation of the project is conditional upon, among other things, obtaining the required regulatory approvals and completing the necessary land acquisitions. The project timeline is dependent on these processes.

The facility will be designed to meet Volvo Cars' requirements and will be used for vehicle development and validation. The establishment is in line with Arctic Falls' ambition to achieve growth through long-term customer relationships and, on that basis, investments in new testing capacity. Arctic Falls operates both testing facilities used by multiple customers and facilities dedicated to individual customers. The new facility will be established specifically for a customer in the automotive segment and will complement the Company's existing customer-dedicated facilities in the tyre segment. Like Arctic Falls' other test tracks, the new facility will be land-based, reducing weather dependency compared with lake-based testing and contributing to more predictable testing conditions.

Revenue under the agreement will begin to be generated once the facility becomes operational. The agreement increases the proportion of Arctic Falls' revenue that is secured through long-term contracts and is expected to contribute to the Company's financial targets over time.

"This agreement represents a tangible step towards our ambition to grow through long-term customer relationships and investments in new testing facilities. We are now establishing an entirely new land-based winter testing facility for Volvo Cars adjacent to our existing operations in Vitberget. We are very pleased with the confidence Volvo Cars has placed in us and look forward to a long-term collaboration," says Jonas Jalar, CEO of Arctic Falls.

The investment in the new facility is currently estimated at approximately SEK 110–130 million. The final investment amount will depend, among other things, on detailed engineering and the implementation of the project. The investment is intended to be financed through a combination of existing cash and bank financing and is well within Arctic Falls' financial target for net debt.

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About Arctic Falls

Arctic Falls is a leading provider of testing services for the tire and automotive industries. With eight facilities—three indoor and five outdoor—we offer flexible and reliable environments for development and validation. In addition to test environments, our services include testing and testing support, and coordination.

Our global customer base of vehicle and tire manufacturers values our strong focus on confidentiality, safety, and high-quality service, and we aim to be a long-term and trusted partner in their development work. Arctic Falls was founded in 1985 and operates in northern Sweden, where unique climate conditions and our extensive experience provide optimal opportunities for year-round testing.

This information is information that Arctic Falls is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2026-09-16 22:05 CEST.