

V O L V O



For life.

To give people freedom to
move in a personal, sustainable
and safe way.



VOLVO CAR GROUP

INTERIM REPORT THIRD QUARTER 2024

JULY–SEPTEMBER 2024



- Retail sales increased by 3% to 172.8 (167.5) thousand cars.
- Revenue amounted to SEK 92.8 (92.0) bn, supported by higher volume.
- EBIT excluding share of income in JVs and associates was SEK 5.7 (6.1) bn, supported by lower cost, mainly from materials. It was also impacted by unfavourable foreign exchange rate effects from the valuation of operating assets and liabilities. Operating income (EBIT) was SEK 5.8 (4.5) bn.
- EBIT margin excluding share of income in JVs and associates was 6.2 (6.7)%. EBIT margin was 6.2 (4.8)%.
- Basic earnings per share was SEK 1.41 (1.01).
- Operating and investing cash flow was SEK –0.4 (1.7) bn.
- In August, Volvo Cars took full ownership of HaleyTek. Prior to the transaction, Volvo Cars ownership of HaleyTek amounted to 60%.
- In September, Volvo Cars announced updated electrification and CO₂ ambitions for 2025 and 2030, as well as updated its financial ambitions related to growth and EBIT margin for 2026.

UPDATES AFTER THE PERIOD



- In October it was announced that structural changes would be made in the Commercial area of the business, effective from November 1. Those changes include Björn Annwall, Chief Commercial Officer & Deputy CEO, stepping out of his role and taking on new opportunities outside of Volvo Cars.

FORWARD LOOKING



- Our aim is to outgrow the premium car market until 2026 from 2023 on a CAGR basis, but that journey will not be linear. Given the accelerating weakness in the market and our focus on safeguarding value over volume, we expect minimal volume growth during Q4, 2024. As a result of this, we now anticipate full-year sales growth of 7–8 per cent in 2024 (previous outlook: retail sales growth of 12–15%, provided there are no major disruptions).

SEK bn unless otherwise stated	3 Months			9 Months			12 Months	
	Jul–Sep 2024	Jul–Sep 2023	Δ%	Jan–Sep 2024	Jan–Sep 2023	Δ%	LTM	Full year 2023
Retail sales, k units ¹⁾	172.8	167.5	3	560.9	509.2	10	760.4	708.7
Revenue	92.8	92.0	1	288.1	289.9	–1	396.8	399.3
Research and development expenses ²⁾	–3.4	–2.9	–17	–12.0	–9.2	–30	–15.2	–12.9
Operating income (EBIT) ³⁾	5.8	4.5	30	18.5	14.6	27	22.5	19.9
EBIT excl. share of income in JVs and associates ³⁾	5.7	6.1	–7	20.7	18.9	10	27.9	25.6
Net income	4.4	3.2	35	13.6	10.7	27	15.8	14.1
Basic earnings per share, SEK	1.41	1.01	40	4.33	3.34	30	5.37	4.38
EBITDA ³⁾	10.4	8.7	20	34.4	27.1	27	43.0	37.4
Cash flow from operating activities	9.2	10.1	–9	21.1	24.7	–15	40.1	42.9
Cash flow from investing activities	–9.6	–8.4	–15	–33.5	–39.8	–16	–44.4	–51.8
Gross margin, % ³⁾	20.5	19.6	4	20.9	18.8	11	20.7	19.4
EBIT margin, % ³⁾	6.2	4.8	29	6.4	5.0	28	5.7	5.0
EBIT margin excl. share of income in JVs and associates, % ³⁾	6.2	6.7	–8	7.2	6.5	10	7.0	6.4
EBITDA margin, % ³⁾	11.2	9.4	19	12.0	9.3	28	10.8	9.4

1) Non-financial operating metric.

2) See further information in footnote to R&D table, page 11.

3) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 27.

Building resilience in a turbulent world

Dear shareholders and other Volvo Cars stakeholders,

Our industry is facing an increasingly volatile environment. Macroeconomic headwinds are intensifying, as is geopolitical complexity. Despite these challenges we demonstrated resilience during the third quarter of 2024, which is reflected in our overall financial performance. However, continued cost actions remain necessary going forward, and we are determined to deliver on our ambitions.

“We are confident that our strong and balanced product portfolio of BEVs, PHEVs and mild hybrids will remain attractive going forward”

Gross margins were broadly in line with our underlying operational gross margins for the first half of 2024 and came in at 20.5 per cent for the third quarter. Revenues for the period amounted to SEK 93 billion and our core EBIT landed at SEK 5.7 billion, translating into a core EBIT margin of 6.2 per cent. Free cash flow was around flat at SEK –0.4 billion.

As stated recently at our Capital Markets Day, our aim is to outgrow the premium car market until 2026, by which we mean from 2023 until 2026 on a CAGR basis, and generate a core EBIT margin of 7–8 per cent as well as strong free cash flows from 2026 onwards. We are determined to reach these ambitions and have a clear roadmap towards achieving them. But let me reiterate what I have communicated before: the journey will not be linear. And in recent weeks, we have seen the external environment worsen considerably – a fact also echoed in the revised industry forecasts for 2024 and 2025 by third-party analysts.

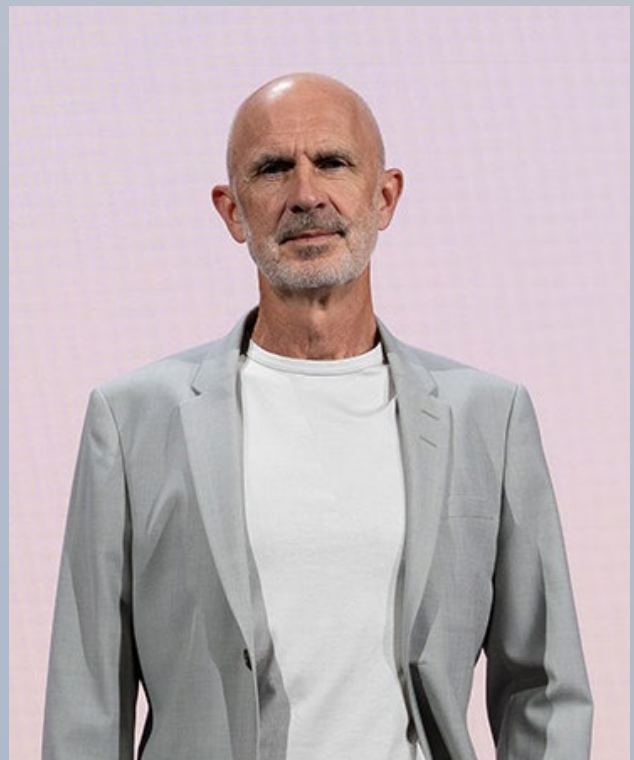
Strengthening our premium position

We have grown faster than our premium peers this year, even as overall industry demand continues to soften and is now affecting the premium segment as well. Our Q3 sales rose by 3 per cent to 172,849 cars sold, with electrified models (fully electric and plug-in hybrid cars) representing 48 per cent of the total. That electrified share was the highest for

the premium car industry in Europe. For the first nine months, our sales increased by 10 per cent year-on-year. This puts us in a position to outgrow the premium car market in 2024, which is expected to grow by less than 1 per cent this year.

In Europe, we took market share in an increasingly competitive market while retaining our premium pricing position. Although the market as a whole is softening, we are encouraged by the strong performance of our balanced, portfolio of fully electric (BEV) cars, plug-in (PHEVs) and mild hybrids. The EX30 remained among the best-selling BEVs in Europe and the XC60 is still one of the most popular PHEVs in the region.

The car market in our main regions of China, Europe and the US is increasingly under pressure which affects demand. We have retained our premium position in China by focusing on price discipline, but this has affected sales volumes. In the US, the performance of our electrified range remained solid, but here too the overall market has weakened. Lower interest rates may improve the situation over time in these markets, and we continue to monitor developments closely.



Yet to be successful in the marketplace of today, companies need to be fast, agile and pragmatic in the face of constantly changing business conditions. That is the approach we are taking at Volvo Cars. However, given the accelerating weakness in the market and our focus on safeguarding value over volume, we expect minimal volume growth during the fourth quarter. As a result of this, we now anticipate full-year sales growth of 7–8 per cent instead of 12–15 per cent, which is more aligned to the current environment and brings our inventory and volume planning more in line with market realities.

Safeguarding value and cash

We are determined to safeguard value and cash as a company, while working resolutely towards our 2026 ambitions. However, the revised sales guidance also affects our expectations for free cash flow for this year. We have actively adapted our sales and production plan to ensure reductions in inventory during the second half of the year. This is materialising according to plan, and we remain focused on diligent inventory management. At the same time, we are also moving cars off our balance sheet in some European markets as part of our adjusted commercial approach.

While we continue to drive our free cash flows towards neutral for 2025 and strong from 2026, we now anticipate our full-year free cash flow to be single digit-negative in SEK bn for 2024, rather than neutral. This is due to lower sales expectations in the fourth quarter and overall weakness in the market. We will continue to take other cash actions, and we remain focused on making our cost base as a whole more efficient. To this end, we are looking at both investments as well as fixed and variable costs to lower our cost structure and free up cash.

Delivering on our long-term value creation ambitions also requires investments. As we explained in detail during our Capital Markets Day, we are investing in new technologies, infrastructure and cars to ensure that we become a leader in next-generation mobility. And as previously communicated, we expect these investments to peak during the 2024–25 period, all of which has been factored into our plans. Once this heavy investment phase is over, we will start generating strong free cash flows from 2026 onwards.

We have five fully electric cars on the road, and five more in development. As previously communicated, we will start building the EX30 in our Ghent plant during the first half of 2025, with volumes ramping up in the second half.

Starting with the EX90 all our new fully electric cars will be software-defined, reflecting our status as the first European car company to harness core computing technology. They will also benefit from our Superset tech stack: one set of hardware and software that will make our fully electric cars better over time and allows us to develop new cars in a more efficient and more profitable way.

On top of that we continue to invest in our hybrid cars, exemplified by the updated, ready-for-a-new-era version of our iconic XC90 plug-in hybrid SUV. By refreshing these and other hybrid models, we maintain a balanced product portfolio for the current marketplace. All this will allow us to outgrow the premium car market and take market share.

Looking ahead

As said, the industry will remain under pressure. Hence, we are doubling down on our actions to tackle these external challenges, with the aim of building an even more resilient company and further reinforcing operational efficiencies.

Our internal cost efficiency initiative has already resulted in lower variable costs and remains a crucial focus area. Improving cost efficiency is an ongoing exercise, and a core part of how we operate as a company.

We are confident that our strong and balanced product portfolio of BEVs, PHEVs and mild hybrids will remain attractive going forward. Coupled with our premium brand positioning, this will help us to partly mitigate the effects of a weakening market, but not completely.

We cannot control the current geopolitical uncertainties and economic headwinds. But we can navigate them with speed and purpose, and perhaps most importantly, with a clear focus. Our focus is more than ever on preserving cash while creating value – for our shareholders, our customers and our employees.

We have proven before that we can handle challenges, and we will handle them again. Business is not a game of perfection, it is a game of progress. And despite current challenges, Volvo Cars is making progress. This is shown in our results, our technology, our talent, and ultimately our cars.

Jim Rowan

Chief Executive Officer

Operational progress

Our industry is changing, and we strive to be a leader in that change. This section provides an update on the operational events from the quarter.

AMBITIONS

GROWTH

**Outgrow
the premium
car market**

UNTIL 2026*

*volume CAGR 2023–26

EBIT
(excl. JV's and Associates)

7–8%

FY 2026

FREE CASH FLOW

**Neutral 2025
Strong 2026+**

50–60%
ELECTRIFIED



90–100%
ELECTRIFIED

2025

2030

30–35%
CO₂ REDUCTION PER CAR
(vs 2018 baseline)



65–75%
CO₂ REDUCTION PER CAR
(vs 2018 baseline)

ADJUSTED AMBITIONS

In the beginning of September, some of Volvo Cars' ambitions set for the coming years were adjusted.

Volvo Cars aims for 90 to 100% of its global sales volume by 2030 to consist of electrified cars, meaning a mix of both fully electric and plug-in hybrid models – in essence, all cars with a cord. The remaining 0–10% will allow for a limited number of mild hybrid models to be sold, depending on market conditions and customer demand. This replaces Volvo Cars' previous ambition for its line-up to be fully electric by 2030. However, with five fully electric cars already on the market and another five models in development, Volvo Cars remains committed to the long-term ambition of full electrification, and the long-term investment plan and product strategy remains geared towards fully electric cars. Volvo Cars will retain its position as an industry leader in electrification while continuing to develop its plug-in and mild hybrid cars, providing it with a balanced portfolio that serves as a clear bridge to an all-electric future.

Volvo Cars also still aims to reach net zero greenhouse gas emissions by 2040.

The ambitions adjustment is not expected to have any material impact on Volvo Cars' capital expenditure plans. For the financial ambitions, rather than aiming for an absolute revenue target, the ambition is now to outgrow the premium car market until 2026 from 2023 on a CAGR basis (previous ambition revenue SEK 550–600 bn).

Given the increased complexity especially in relation to global trade and tariffs, Volvo Cars also aims to achieve an EBIT margin excl. JVs and associates of 7–8% for the full year in 2026 (previous ambition "above 8%").

While we continue to drive our free cash flows towards neutral for 2025 and strong from 2026, we now anticipate our full-year free cash flow to be single digit-negative in SEK bn for 2024.

Sustainability

Due to the updated electrification ambitions, Volvo Cars' ambition for CO₂ reduction is updated to reach a 30 to 35% reduction per car by 2025, and 65 to 75% reduction per car by 2030, compared to the 2018 base year. With the adjustment, Volvo Cars still retains the position as an industry leader in electrification.

Continuing to make progress on these ambitions, for the first nine months Volvo Cars reached a CO₂ reduction of 25%, compared to the 2018 base year. The main contributor for the reduction is the increased sale of fully electric and plug-in hybrid vehicles. In the third quarter, Volvo Cars made its first deliveries of the new fully electric SUV, the EX90. Related to this, Volvo Cars has also published the life cycle assessment report for the EX90, showing a total carbon footprint which is about half as much as the XC90 mild hybrid¹⁾.

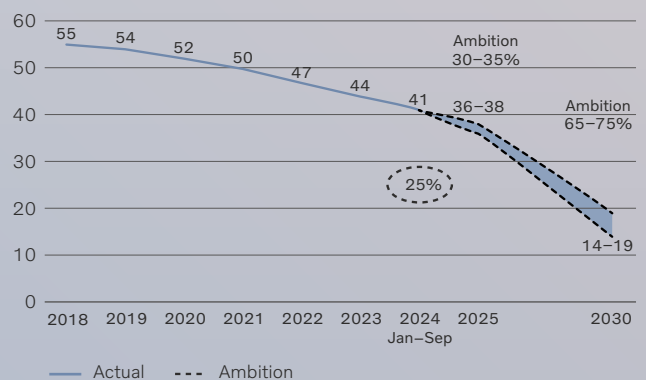
Volvo Cars is also continuing to strengthen the company's position on sustainability matters. The company has published its first position papers on nature and biodiversity as well as on sustainable materials.

1) Based on a total driving distance of 200,000 kilometres. The total carbon footprint depends on different factors such as grid mix for charging. The above reference car is based on European average electricity mix.

CO ₂ -reduction per car	CO ₂ -emissions per car, tonnes	Reduction, %
2018 ²⁾	54.9	—
2024 Jan–Sep ²⁾	41.3	25
2025 ambition ²⁾	35.7–38.4	30–35
2030 ambition ²⁾	13.7–19.2	65–75

2) The CO₂-emissions do not include production and distribution of fuel and electricity.

CO₂ reduction (tonnes per car)



Quarterly highlights

Volvo Cars Capital Markets Day

On 5 September, Volvo Cars held its Capital Markets Day in World of Volvo, Gothenburg, Sweden. At the event, the company presented its strategy, including the roadmap to our updated ambitions, introduction of the Superset tech stack and the SPA3 platform. Recordings and presentation material from the event can be found on the Volvo Cars Investor Relations website (investors.volvocars.com/cmd).

Volvo Cars adjusts key ambitions – remains committed to fully electric future

In the beginning of September, Volvo Cars announced adjustments to its ambitions regarding electrification, CO₂, growth and EBIT.

The long-term aim to become a fully electric car company remains, as well as the ambition to reach net zero greenhouse gas emissions by 2040. However, due to changing market conditions and customer demands, Volvo Cars has adjusted its ambitions. For more details, see page 5.

All future fully electric Volvo cars will originate from one single technology stack

In September, Volvo Cars revealed a new, game-changing approach to technology. Starting with the EX90, Volvo Cars' all future fully electric cars will be based on the same fundamental core of systems, modules, software and hardware, called the Volvo Cars Superset tech stack. It's a single tech and software base that contains all modules and functionalities that Volvo Cars will use in the future product line-up. Like a set of building blocks, it can be configured in many different ways. Each new car will be a selection, or a subset, of building blocks from the Superset tech stack, and Volvo Cars will continuously improve and grow the tech stack. Volvo Cars is also developing a new electric technology base, called SPA3 (Scalable Product Architecture), which will be underpinned by the Volvo Cars Superset tech stack. By having a scalable SPA3 architecture, Volvo Cars create increased synergies and improve technology efficiency when it comes to core computing, batteries, e-motors, megacasting and modular manufacturing – all whilst improving customer experience. The first car to be built on SPA3 will be the forthcoming all-electric EX60 midsize SUV.

Volvo Cars expands collaboration with NVIDIA

In the beginning of September, Volvo Cars announced that the collaboration with NVIDIA will be expanded. The Volvo EX90 is the first truly software-defined Volvo car, built on a centralised core compute architecture, made possible in collaboration with NVIDIA. This setup enhances everything from AI-based safety features to the customer experience, all while paving the way for safe autonomous driving. Later this decade, Volvo Cars will introduce cars built on NVIDIA DRIVE Thor, which will enable the company to deploy even more advanced driving assistance and safety features, develop autonomous driving, and introduce generative AI-based capabilities and in-car experiences.

Successful launch of new Volvo XC90

On 4 September, Volvo Cars launched the new and improved Volvo XC90. The XC90 is a Volvo Cars icon, and thanks to a broad suite of technology and design updates inside and out, the award-winning and best-selling flagship hybrid SUV is now better than ever before. It's a premium seven-seater with 'comfortable' as its middle name, it's one of the safest cars on the road, and in plug-in hybrid form it's an outstanding electric car with a back-up plan, offering more than 70 kilometres of fully electric range on a single charge under the "Worldwide harmonised Light vehicle Test Procedure" (WLTP) testing cycle.

Volvo Cars takes full ownership of HaleyTek

In August, Volvo Cars took full ownership of HaleyTek, a Gothenburg-based developer for Android-powered infotainment systems. Prior to the transaction, Volvo Cars held 60% of the shares in HaleyTek and consolidated the company. The remaining 40% was held by the global mobility technology company ECARX. The acquisition of the remaining stake in HaleyTek is a strategic step for Volvo Cars to further strengthen its technological capability in software development for current cars and take ownership over technologies crucial to the company's future products.

Third quarter financial summary

SALES AND MARKET DEVELOPMENT

The overall global passenger car market for the third quarter was in line with the same period last year. The broader market landscape remains uncertain and complex, and in addition the demand is relatively soft. The global automotive production volumes for the full year are forecasted to slightly decrease compared to previous year according to S&P Global.

Despite the complex economic and geopolitical landscape and weak consumer sentiment in some regions, Volvo Cars has strengthened its market position and retail sales increased by 3% compared with the third quarter 2023, led by the electrified cars, which represent 48% of total sales. Volvo Cars' BEV sales doubled compared to the third quarter last year, and BEV share accounted for 25% of retail sales. Wholesales increased by 3% and production decreased by 13% with improved inventory levels. The growth in retail sales was mainly driven by a strong performance in Europe as well as the continuous success of the EX30. EX90, the fully electric large SUV, started being delivered to customers during the third quarter and will gradually ramp up during the remainder of the year.

Volvo Cars' market share per propulsion type ¹⁾²⁾	Jan–Aug 2024	Jan–Aug 2023
BEV	1.73%	1.21%
PHEV	3.98%	5.08%
ICE (incl. mild hybrids)	0.73%	0.72%
Total	1.05%	0.96%

Total industry volume share and growth by propulsion type ¹⁾²⁾	Jan–Aug 2024	Growth YoY
BEV	15%	19%
PHEV	6%	41%
ICE (incl. mild hybrids)	79%	–5%
Total	100%	2%

1) Volvo Cars is and will continue to be positioned in the premium segment of the automotive market. As the market is transforming with electrification and digitalisation the definition of premium is being redefined. To simplify and to avoid the risk of excluding important parts of the market, we report our market share in relation to the global passenger market.

2) Source: Includes content supplied by S&P Global Mobility Industry Performance in October 2024, capturing more than 85 per cent of total world sales per August. All rights reserved.

Europe

The overall European passenger car market decreased by 6% compared to the same period last year, whereof the BEV segment decreased by 10% and the PHEV segment decreased by 15%. The market is affected by the high interest rates, general weak economic environment and softened consumer confidence, although there are variances between different countries.

Volvo Cars' retail sales increased by 31%, with UK and Germany at the top selling 18.8 and 14.1 thousand cars respectively. The share of BEVs and PHEVs accounted for 68 (57)% in the quarter, whereof BEV sales accounted for 40 (21)% of retail sales.

China

The total Chinese passenger car market increased by 5%, whereof the BEV and PHEV segments increased by 23% and 113% respectively. The demand for combustion engine cars continues to decline, as a large part of the Chinese market is moving to electrification. The overall competition in the Chinese car market continued to be fierce, with multiple EV brands gaining attractions in the mass market segment.

Volvo Cars' retail sales decreased by 11 (8)% in the quarter, whereof BEV sales accounted for 2 (2)% of retail sales.

US

The total US passenger car market declined by 2% compared to the same period 2023, whereof the BEV segment increased by 11% and the PHEV segment decreased by 20%. Higher interest rates, weaker consumer spending and fewer selling days have had an impact.

Volvo Cars retail sales decreased by 12% compared to the same period last year. BEV sales were partly held back due to the decision to postpone the launch date of the EX30 due to the recently increased tariffs. BEV and PHEV share combined accounted for 39 (27)% in the quarter, whereof BEV share alone accounted for 6 (10)% of retail sales.

Other markets

Volvo Cars' retail sales in other markets increased by 3%, with South America as a strong region. The markets with highest retail sales were South Korea, Canada and Japan. The share of BEV and PHEV sales combined in other markets was 47 (33)%, whereof BEV accounted for 29 (15)%.

Sales development per carline

The SUVs, comprising of Volvo Cars' XC and EX models, accounted for 82 (80)% of total sales, driven by the best-selling models XC60 and XC40. During the third quarter, the EX30 continued to drive year-over-year growth and the first EX90s were delivered to customers. The Sedan and Wagon (incl. MPV) segments' share of total sales amounted to 12 (15)% and 6 (5)% respectively.

VOLVO CAR GROUP

Retail sales, k units	3 Months			9 Months			12 Months		
	Jul-Sep 2024	Jul-Sep 2023	Δ%	Jan-Sep 2024	Jan-Sep 2023	Δ%	LTM	2023	Δ%
Europe	80.8	61.8	31	274.4	208.8	31	360.4	294.8	22
China	34.9	45.4	-23	113.0	123.9	-9	159.2	170.1	-6
US	28.5	32.4	-12	89.5	92.1	-3	126.1	128.7	-2
Other	28.7	27.9	3	83.9	84.3	—	114.7	115.1	—
Retail sales total	172.8	167.5	3	560.9	509.2	10	760.5	708.7	7
Electrified cars	83.1	56.8	46	256.7	193.2	75	329.5	266.0	24
<i>whereof BEVs</i>	42.8	21.4	100	133.6	80.6	125	166.3	113.4	47
Electrified cars share	48%	34%		46%	38%		43%	38%	
<i>whereof BEV share</i>	25%	13%		24%	16%		22%	16%	
Wholesales	171.3	165.6	3	575.5	528.4	9	779.3	732.3	6
Production volume	146.6	169.0	-13	594.0	548.5	8	812.3	766.7	6

Top 10 Retail sales by market, k units	3 Months			9 Months			12 Months		
	Jul-Sep 2024	Jul-Sep 2023	Δ%	Jan-Sep 2024	Jan-Sep 2023	Δ%	LTM	2023	Δ%
China	34.9	45.4	-23	113.0	123.9	-9	159.2	170.1	-6
US	28.5	32.4	-12	89.5	92.1	-3	126.1	128.7	-2
UK	18.8	12.3	53	49.2	37.1	32	62.2	50.1	24
Germany	14.1	9.9	42	45.6	30.5	49	60.6	45.5	33
Sweden	8.4	7.2	17	31.8	27.2	17	45.6	41.0	11
Netherlands	6.1	2.3	171	23.8	11.6	105	28.5	16.3	75
Belgium	5.6	5.0	11	20.7	16.9	22	27.6	23.9	16
Italy	4.6	4.0	16	16.6	14.5	14	21.2	19.2	11
South Korea	3.9	4.0	-3	11.1	12.5	-11	15.6	15.3	2
Canada	3.5	3.4	2	9.9	9.1	9	13.6	12.3	11

Retail sales by model, k units	3 Months			9 Months			12 Months		
	Jul-Sep 2024	Jul-Sep 2023	Δ%	Jan-Sep 2024	Jan-Sep 2023	Δ%	LTM	2023	Δ%
BEV									
EX30	27.2	—	—	41.8	—	—	75.6	0.6	—
EX40	10.7	14.5	-26	75.0	53.5	40	64.0	75.7	-15
EC40	4.5	6.9	-35	15.4	27.2	-43	25.3	37.1	-32
EM90	0.3	—	—	1.3	—	—	13	—	—
EX90	0.1	—	—	0.1	—	—	0.1	—	—
Non-BEV									
XC60	48.4	55.0	-12	164.1	161.0	2	231.8	228.6	1
XC40	27.7	32.4	-15	88.0	92.9	-5	120.0	125.0	-4
XC90	24.0	25.5	-6	77.2	77.0	—	107.7	107.5	—
S60	11.1	10.8	2	34.1	28.7	19	45.5	40.2	13
S90	9.1	13.5	-33	30.9	36.6	-16	43.6	49.3	-12
V60	7.5	5.9	27	26.2	22.2	18	34.5	30.4	13
V90	2.3	3.0	-23	7.0	10.2	-31	11.0	14.2	-22
Total	172.8	167.5	3	560.9	509.2	10	760.5	708.7	7

V60 and V90 include the cross-country versions.

INCOME AND RESULT

The comparative figures refer to the consolidated income statement of the third quarter 2023 if not otherwise stated.

Volvo Cars' revenue amounted to SEK 92.8 (92.0) bn. Wholesale volumes increased by 3% to 171.3 (165.6) thousand cars, resulting in a SEK 5.0 bn increase in revenue. However, the revenue was impacted by unfavourable foreign exchange rate effects of SEK –1.8 bn, deferred revenue related to rental sales amounting to SEK –1.6 bn, as well as sales channel mix and pricing amounting to SEK –1.6. See complete revenue bridge below.

Gross income increased by 5% to SEK 19.0 (18.1) bn, resulting in a gross margin of 20.5 (19.6)%. The gross margin increased mainly due to lower material costs. Gross income was impacted by sales mix and pricing amounting to SEK –2.4 bn. Foreign exchange rate effects in cost of sales were positive amounting to SEK 1.2 bn. The net effect of foreign exchange rates in gross income was negative amounting to SEK –0.6 bn.

Research and development expenses increased by 17% to SEK –3.4 (–2.9) bn, primarily related to less projects reaching capitalisation phase as a percentage of total spend. For details regarding research and development expenses, see the Research and development table on page 11. Selling expenses remained consistent with the prior year and amounted to SEK –6.6 (–6.6) bn. Similarly, administrative expenses amounted to SEK –3.0 (–2.9) bn.

Other operating income and expenses decreased to SEK –0.3 (0.5) bn mainly related to negative foreign exchange rate effects from the valuation of operating assets and liabilities. Share of income in JVs and associates increased to SEK 0.1 (–1.7) bn, mainly as an effect of less recognised operational losses from Polestar.

Operating income (EBIT) excluding share of income in JVs and associates, decreased to SEK 5.7 (6.1) bn, corresponding to a margin of 6.2 (6.7)%, impacted by unfavourable foreign exchange rate effects from the valuation of operating assets and liabilities, as well as higher research and development expenses. EBIT amounted to SEK 5.8 (4.5) bn, resulting in an EBIT margin of 6.2 (4.8)%. The exchange rate effects had a negative impact on EBIT of SEK –1.2 bn, see the table below.

Net financial items amounted to SEK 0.3 (0.3) bn. The effective tax rate decreased to 28.0 (31.8)%, mainly due to lower non-tax deductible loss related to share of income in JVs and associates, offset by increased withholding tax cost on dividends. Net income was SEK 4.4 (3.2) bn and 4.7 (3.5)% in relation to revenue. Basic earnings per share amounted to SEK 4.33 (3.34).

Changes to Revenue, SEK bn	Jul–Sep
Revenue Q3 2023	92.0
Volume	5.0
Deferred revenue	–1.6
Sales mix and pricing	–1.6
Sale of licences	–0.1
Foreign exchange rates	–1.8
Contract manufacturing	–1.2
Other ¹⁾	2.1
Revenue Q3 2024	92.8
Change, %	1

1) Including used cars, earned emissions credits, parts and accessories.

Items affecting comparability, SEK bn	Jul–Sep 2024	Jul–Sep 2023
Restructuring costs	–	0.3
Total	–	0.3

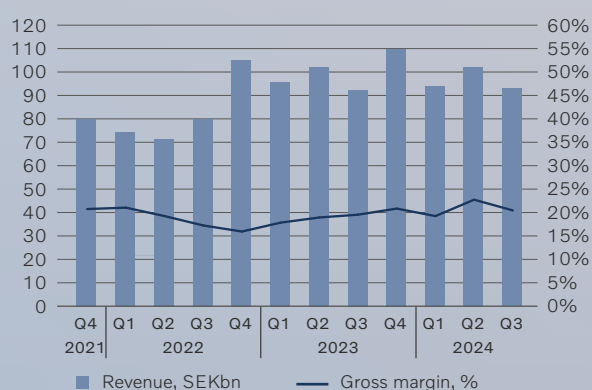
Changes to Operating income, SEK bn	Jul–Sep
EBIT Q3 2023	4.5
Volume	–
Sales mix and pricing	–2.4
Government grants	–0.1
Sale of licences	–0.1
Foreign exchange rates	–1.2
Share of income in JVs and associates	1.8
Items affecting comparability	–0.3
Other ²⁾	3.6
EBIT Q3 2024	5.8
Change, %	30

2) Mainly including cost efficiencies, used cars, emissions credits and parts and accessories.

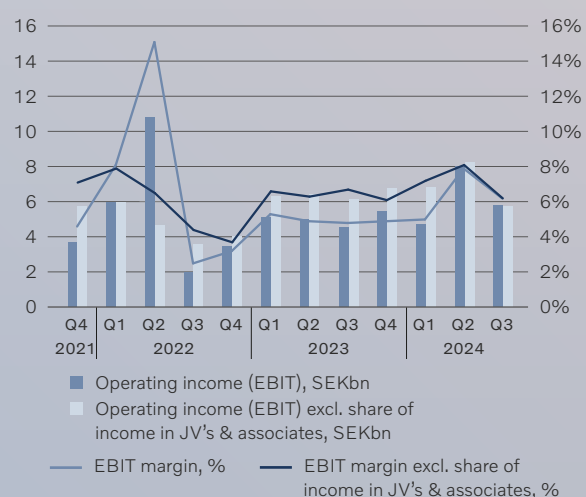
Research and development, SEK m	3 Months			9 Months			Full year
	Jul-Sep 2024	Jul-Sep 2023	Δ%	Jan-Sep 2024	Jan-Sep 2023	Δ%	2023
Research and development spending	-6,554	-5,894	11.2	-20,420	-19,615	4.1	-26,943
Capitalised development costs	4,183	4,151	0.8	13,708	13,941	-1.7	18,912
Amortisation of research and development	-1,032 ¹⁾	-1,166	-11.5	-5,243 ¹⁾	-3,496	50.0	-4,853
Research and development expenses	-3,403	-2,909	17.0	-11,955	-9,170	30.4	-12,884

1) Ready for use dates for EX90 and contract manufactured PS3 assets, based on the same platform, were reassessed during the quarter due to adjusted customer car production. The adjustment resulted in a decrease in Research and development expenses in the quarter with SEK 1,006 m.

Revenue & Gross Margin



Operating Income (EBIT) & EBIT Margin



CASH FLOW

The comparative figures for the cash flow items refer to the consolidated cash flow statement for the third quarter 2023 unless otherwise stated. The comparative figures for the balance sheet items refer to the consolidated balance sheets of December 31, 2023 unless otherwise stated.

Total cash and cash equivalents, including marketable securities, amounted to SEK 43.5 (57.8) bn. Net cash was SEK 14.5 (27.5) bn, the decrease was largely driven by investing activities. Liquidity amounted to SEK 67.4 (75.0) bn, including undrawn credit facilities of SEK 23.9 (17.2) bn.

Cash flow from operating activities

Cash flow from operating activities amounted to SEK 9.2 (10.1) bn. The amount consists of operating income of SEK 5.8 (4.5) bn, adjusted for depreciation and amortisation of SEK 4.6 (4.2) bn, together with paid income tax of SEK –1.3 (–1.0) bn.

The change in working capital amounted to SEK 2.9 (1.0) bn, mainly driven by seasonal inventory decrease of SEK 2.9 (–4.5) bn, but also by changes in other working capital due VAT receivables of SEK –2.3 (–0.4) bn.

Cash flow from investing activities

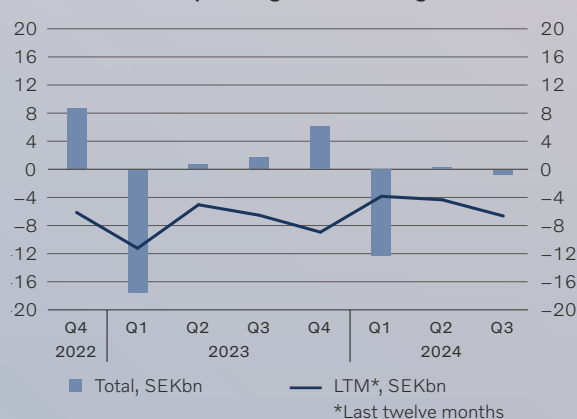
Cash flow from investing activities amounted to SEK –9.6 (–8.4) bn. Cash flow from investments in tangible assets amounted to SEK –5.1 (–3.2) bn, mainly driven by the industrial structure to prepare for future products.

Investments in intangible assets amounted to SEK –4.1 (–4.5) bn, as a result of continuous investments in new and upcoming car models and new technology, such as electrification technology and Advanced Driver Assistance Systems.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK 3.4 (–0.2) bn. The changes were mainly related to matured marketable securities of SEK 3.5 bn.

Cash flow from Operating and Investing activities



Cash flow statement, SEK bn	3 Months		9 Months		Full year
	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	2023
Cash flow from operating activities	9.2	10.1	21.1	24.7	42.9
Cash flow from investing activities	-9.6	-8.4	-33.5	-39.7	-51.8
Cash flow from operating and investing activities	-0.4	1.7	-12.5	-15.0	-9.0
Cash flow from financing activities	3.4	-0.2	6.8	3.9	-5.3
Cash flow for the period	3.0	1.5	-5.6	-11.1	-14.2

First nine months

INCOME AND RESULT

Volvo Cars' revenue amounted to SEK 288.1 (289.9) bn, supported by wholesale volumes, which increased by 9% to 575.5 (528.4) thousand cars. However, revenue was impacted by higher deferred revenue related to rental sales, lower contract manufacturing, sales channel mix and pricing, as well as unfavourable foreign exchange rate effects.

Gross income increased to SEK 60.3 (54.6) bn, resulting in a gross margin of 20.9 (18.8)%, an increase mainly due to lower material cost, as well as increased volume.

Operating income (EBIT) excluding share of income in JVs and associates, increased to SEK 20.7 (18.9) bn, corresponding to a margin of 7.2 (6.5)%. EBIT amounted to SEK 18.5 (14.6) bn, resulting in an EBIT margin of 6.4 (5.0)%. The exchange rate effects had a negative impact on EBIT of SEK -1.8 bn.

Net financial items decreased to SEK 0.5 (0.9) bn. The effective tax rate decreased to 28.3 (30.7)%, mainly due to lower non-tax deductible loss related to share of income in JVs and associates and associates, offset by increased withholding tax cost on dividends. Net income was SEK 13.6 (10.7) bn and 4.7 (3.7)% in relation to revenue. Basic earnings per share amounted to SEK 1.41 (1.01).

CASH FLOW

Total cash and cash equivalents, including marketable securities, amounted to SEK 43.5 (57.8) bn. Net cash was SEK 14.5 (27.5) bn, the decrease was largely driven

by investing activities. Liquidity amounted to SEK 67.4 (75.0) bn, including undrawn credit facilities of SEK 23.9 (17.2) bn.

Cash flow from operating activities was positive and amounted to SEK 21.1 (24.7) bn. Working capital amounted to SEK -9.7 (-4.0) bn, mainly impacted by inventory due to increased ramp up of EX30 and cars under repurchase contracts.

Cash flow from investing activities amounted to SEK -33.5 (-39.8) bn. Volvo Cars continued to invest in the industrial structure, new technology, upcoming car models and the transformation into a fully electric car company.

Cash flow from financing activities amounted to SEK 6.8 (3.9) bn, mainly related to matured marketable securities.

EQUITY

Total equity increased to SEK 143.0 (130.5) bn, resulting in an equity ratio of 37.0 (36.6)%. The change is mainly attributable to a positive net income of SEK 13.6 bn, partially offset by a negative effect on other comprehensive income of SEK -0.6 bn.

The change in other comprehensive income is related to a negative change in fair value of cash flow hedge reserve related to currency and commodity price risks of SEK -0.6 bn (net of tax). The change in value of cash flow hedges is mainly due to depreciated SEK compared to most of the major currencies and increased prices for raw material.

Changes to Revenue, SEK bn	Jan-Sep
Revenue in 2023	289.9
Volume	25.7
Deferred revenue	-13.8
Sales mix and pricing	-5.6
Sale of licences	0.0
Foreign exchange rates	-4.1
Contract manufacturing	-8.7
Other ¹⁾	4.7
Revenue in 2024	288.1
Change, %	-1

1) Including used cars, earned emissions credits, parts and accessories.

Items affecting comparability, SEK bn	Jan-Sep 2024	Jan-Sep 2023
Restructuring costs	—	-0.6
Total	—	-0.6

Changes to Operating income, SEK bn	Jan-Sep
EBIT in 2023	14.6
Volume	1.6
Sales mix and pricing	-4.1
Government grants	-0.2
Sale of licenses	-0.1
Foreign exchange rates	-1.8
Share of income in JVs and associates	2.1
Items affecting comparability	0.6
Other ²⁾	5.8
EBIT in 2024	18.5
Change, %	27

2) Mainly including cost efficiencies, used cars, emissions credits and parts and accessories.

Other Information

PARENT COMPANY

The parent company does not conduct any operations and has no employees. The income statements and balance sheets for the parent company are presented on page 25.

EMPLOYEES

During the first nine months of 2024, Volvo Car Group employed 42.6 (43.9) thousand full-time employees (FTEs) and 3.6 (3.9) thousand agency personnel. These decreases are mainly due to the cost-efficiency initiatives started during the first half of 2023.

RISKS AND UNCERTAINTY FACTORS

To ensure that Volvo Cars is able to achieve short- and long-term objectives, enterprise risk management is part of daily activities at Volvo Cars. For a more in-depth description of risks related to Volvo Cars, see the Volvo Car Group's Annual Report 2023 page 51. We consider the risk and uncertainty factors to remain the same as described in the annual report except for the following update:

Macroeconomics and geopolitical uncertainty

The uncertain macro and geopolitical environment continues, including elevated interest rates, raw material price volatility, ongoing geopolitical complexity leading to new legislations and regulatory changes such as subsidies, tariffs and duties or application of these by relevant authorities. The uncertainties in the financial markets are still high. The risks of further impact on demand from higher interest rate levels and lower consumer confidence, remain at an elevated level.





Consolidated Income Statements

SEK m	Note	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Revenue	2	92,783	92,045	288,115	289,902	399,343
Cost of sales		-73,747	-73,968	-227,825	-235,307	-321,916
Gross income		19,036	18,077	60,290	54,595	77,427
Research and development expenses		-3,403	-2,909	-11,955	-9,170	-12,884
Selling expenses		-6,623	-6,576	-19,184	-18,977	-26,056
Administrative expenses		-3,001	-2,945	-8,727	-9,179	-12,539
Other operating income and expenses		-299	501	297	1,621	-381
Share of income in joint ventures and associates		80	-1,690	-2,256	-4,339	-5,628
Operating income		5,790	4,458	18,465	14,551	19,939
Interest income and similar credits		479	658	1,750	1,755	2,495
Interest expenses and similar charges		-385	-290	-1,431	-842	-1,120
Other financial income and expenses	3	170	-104	190	15	-454
Income before tax		6,054	4,722	18,974	15,479	20,860
Income tax		-1,698	-1,503	-5,377	-4,745	-6,794
Net income		4,356	3,219	13,597	10,734	14,066
Net income attributable to						
Owners of the parent company		4,208	3,001	12,898	9,944	13,053
Non-controlling interests		148	218	699	790	1,013
Basic earnings per share, SEK	5	1.41	1.01	4.33	3.34	4.38
Diluted earnings per share, SEK	5	1.41	1.01	4.33	3.34	4.38

Consolidated Comprehensive Income

SEK m	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net income for the period	4,356	3,219	13,597	10,734	14,066
Other comprehensive income					
<i>Items that will not be reclassified subsequently to income statement:</i>					
Remeasurements of provisions for post-employment benefits	109	1,555	35	2,412	-1,815
Tax on items that will not be reclassified to income statement	-10	-331	-3	-463	424
<i>Items that have been or may be reclassified subsequently to income statement:</i>					
Translation difference on foreign operations	32	-751	3	36	-1,240
Translation difference of hedge instruments of net investments in foreign operations	93	211	-148	-396	131
Change in fair value of cash flow hedge related to currency and commodity price risks	1,461	865	-688	-2,315	1,976
Tax on items that have been or may be reclassified to income statement	-320	-222	172	557	-435
Other comprehensive income, net of income tax	1,365	1,327	-629	-169	-959
Total comprehensive income for the period	5,721	4,546	12,968	10,565	13,107
Total comprehensive income attributable to					
Owners of the parent company	5,631	4,309	12,195	9,808	12,343
Non-controlling interests	90	237	773	757	764
	5,721	4,546	12,968	10,565	13,107

Consolidated Balance Sheets

SEK m	Note	30 Sep 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets		81,166	72,104
Tangible assets		97,734	84,113
Financial assets			
Investments in joint ventures and associates	4	11,855	14,142
Other securities holdings ¹⁾	3	12,035	11,943
Other interest-bearing receivables, non-current ¹⁾	3	1,571	1,363
Derivative assets, non-current	3	1,820	2,094
Deferred tax assets		11,103	10,135
Other non-current assets ¹⁾		3,974	3,513
Total non-current assets		221,258	199,407
Current assets			
Inventories		78,711	57,058
Financial assets			
Accounts receivable ¹⁾	4	23,878	19,257
Other interest-bearing receivables, current ¹⁾	3	1,295	1,483
Derivative assets, current	3	2,186	1,988
Marketable securities	3	565	9,918
Cash and cash equivalents	3	42,965	47,861
Current tax assets		2,342	997
Other current assets ¹⁾		13,243	18,393
Total current assets		165,185	156,955
TOTAL ASSETS		386,443	356,362
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company		138,361	126,371
Non-controlling interests		4,676	4,114
Total equity		143,037	130,485
Non-current liabilities			
Provisions for post-employment benefits		7,627	7,610
Provisions, non-current		8,695	7,582
Financial liabilities			
Liabilities to credit institutions, non-current	3	4,164	4,562
Bonds, non-current	3	18,618	18,087
Other interest-bearing liabilities, non-current ¹⁾	3	2,275	1,662
Derivative liabilities, non-current	3	402	424
Lease liabilities, non-current		6,136	4,786
Contract liabilities to customers, non-current		9,312	8,148
Deferred tax liabilities		12,500	8,293
Other non-current liabilities ¹⁾		2,027	3,726
Total non-current liabilities		71,756	64,881
Current liabilities			
Provisions, current		13,094	13,117
Financial liabilities			
Accounts payable	4	65,693	62,304
Liabilities to credit institutions, current	3	838	937
Bonds, current	3	5,643	6,660
Other interest-bearing liabilities, current ¹⁾	3	17,933	7,065
Derivative liabilities, current	3	1,408	1,055
Lease liabilities, current		1,853	1,242
Contract liabilities to customers, current		29,727	30,817
Current tax liabilities		1,098	1,607
Other current liabilities ¹⁾	4	34,363	36,193
Total current liabilities		171,650	160,996
TOTAL EQUITY & LIABILITIES		386,443	356,362

1) In the first quarter 2024, Volvo Cars changed the presentation of financial items. Presentation of the figures for 31 December 2023 have been adjusted accordingly. The change has no impact on EBIT.

Consolidated Statement of Changes in Equity

SEK m	30 Sep 2024	31 Dec 2023
Opening balance	130,485	117,278
Net income for the period	13,597	14,066
Other comprehensive income, net of income tax	-629	-959
Total comprehensive income	12,968	13,107
Transactions with owners		
Divestment of non-controlling interest ¹⁾	-210	—
Distribution of shares ²⁾	-92	—
Acquisition of treasury shares	-190	—
Share-based payments	76	109
Change in the Group's composition	—	-9
Transactions with owners	-416	100
Closing balance	143,037	130,485
Attributable to		
Owners of the parent company	138,361	126,371
Non-controlling interests	4,676	4,114
Closing balance	143,037	130,485

1) Refers to the divestment of non-controlling interest in HaleyTek AB.

2) Refers to distribution of Polestar shares.

Consolidated Statement of Cash Flows

SEK m	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
OPERATING ACTIVITIES					
Operating income	5,790	4,458	18,465	14,551	19,939
Depreciation and amortisation of non-current assets	4,579	4,193	15,972	12,527	17,449
Dividends received from joint ventures and associates	100	—	213	88	88
Interest and similar items received	479	658	1,750	1,755	2,495
Interest and similar items paid	-156	-253	-1,369	-1,042	-1,710
Other financial items	9	-29	-728	40	178
Income tax paid	-1,259	-951	-3,766	-4,078	-4,486
Adjustments for other non-cash items	-3,233	1,039	229	4,899	6,087
	6,309	9,115	30,766	28,740	40,040
Movements in working capital					
Change in inventories	2,903	-4,549	-21,182	-12,046	-11,341
Change in accounts receivable	335	4,195	-4,533	4,150	4,750
Change in accounts payable	-857	-802	4,292	-5,274	-2,918
Change in provisions	2,069	472	-188	-2,611	-1,914
Change in contract liabilities to customers	788	2,058	1,907	6,131	8,707
Change in other working capital	-2,335	-365	9,992	5,637	5,543
Cash flow from movements in working capital	2,903	1,009	-9,712	-4,013	2,827
Cash flow from operating activities	9,212	10,124	21,054	24,727	42,867
INVESTING ACTIVITIES					
Investments in shares and participations	-1,041	-273	-2,363	-820	-1,151
Divestment in shares and participations	—	-178	-217	-178	-178
Loans to affiliated companies	-17	-535	-76	-9,696	-11,990
Investments in intangible assets	-4,075	-4,514	-14,695	-15,453	-20,680
Investments in tangible assets	-5,091	-3,202	-16,977	-13,989	-18,485
Disposal of tangible assets	611	232	791	373	642
Other	—	75	—	—	—
Cash flow from investing activities	-9,613	-8,395	-33,537	-39,763	-51,842
Cash flow from operating and investing activities	-401	1,729	-12,483	-15,036	-8,975
FINANCING ACTIVITIES					
Proceeds from credit institutions	-27	-39	34	1,546	3,970
Proceeds from bond issuance	—	—	5,857	1,500	1,500
Acquisition of treasury shares	-190	—	-190	—	—
Repayment of bond	—	—	-6,936	-2,000	-2,000
Repayment of liabilities to credit institutions	-59	17	-562	-359	-673
Repayment of interest-bearing liabilities	-526	-423	-1,445	-1,276	-1,747
Investments in marketable securities	—	-335	—	-695	-10,792
Matured marketable securities	3,474	335	9,700	4,116	4,115
Other	692	232	376	1,056	376
Cash flow from financing activities	3,364	-213	6,834	3,888	-5,251
Cash flow for the period	2,963	1,516	-5,649	-11,148	-14,226
Cash and cash equivalents at beginning of period	39,911	51,701	47,861	63,743	63,743
Exchange difference on cash and cash equivalents	91	-451	753	171	-1,656
Cash and cash equivalents at end of period	42,965	52,766	42,965	52,766	47,861

NOTE 1 – Accounting policies

This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting and the Swedish Annual Accounts Act (1995:1554), with the required disclosures made in the notes to the financial statements and elsewhere in the interim report. The Volvo Car Group applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The parent company applies RFR 2 – Reporting for legal entities and the Swedish Annual Accounts Act. The accounting principles in this report are, in all material aspects, consistent with those described in Volvo Car Group's Annual Report 2023 (available at investors.volvocars.com).

The IASB has published amendments to standards effective on or after 1 January 2024. These amendments have not had a material impact on the financial statements.

NOTE 2 – Revenue

Revenue allocated to geographical regions

SEK m	Jul–Sep 2024	Jul–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	Full year 2023
Europe	47,400	39,960	149,630	130,551	184,894
of which Sweden ¹⁾	12,887	10,382	33,809	35,125	47,029
of which United Kingdom	8,477	4,663	21,962	14,742	21,661
of which Germany	6,973	5,681	20,824	16,475	24,942
US	17,700	16,952	50,212	56,114	75,172
China	13,033	18,811	45,244	55,036	73,545
Other markets	14,650	16,322	43,029	48,201	65,732
of which South Korea	1,690	1,941	5,198	6,111	8,336
of which Japan	1,576	1,798	4,401	6,300	7,673
Total	92,783	92,045	288,115	289,902	399,343

Revenue allocated to category

SEK m	Jul–Sep 2024	Jul–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	Full year 2023
Sales of new cars	67,121	68,465	220,549	221,156	307,549
Sales of used cars	7,008	4,368	17,914	12,361	18,505
Sales of parts and accessories	9,556	9,235	28,628	27,781	37,170
Revenue from subscription, leasing and rental business	1,820	1,603	4,750	4,129	5,463
Sales of licences and royalties	164	252	630	660	798
Contract manufacturing	5,408	6,781	10,147	19,166	22,357
Emissions credits	174	164	781	439	910
Other revenue	1,532	1,177	4,716	4,210	6,591
Total	92,783	92,045	288,115	289,902	399,343

1) Includes the Contract manufacturing sales channel.

NOTE 3 – Financial instruments

Valuation principles and classification of financial instruments, as described in the Volvo Car Group's Annual Report 2023, Note 21 – Financial instruments and financial risks and Note 22 – Marketable securities and cash and cash equivalents, have been applied consistently throughout the reporting period.

The table below presents financial instruments by category and measurement level.

	Measure- ment level	30 Sep 2024		31 Dec 2023	
		Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at fair value through profit or loss					
Other securities holdings – convertible loan ¹⁾	2	10,618	10,618	10,270	10,270
Other securities holdings – equity instruments ²⁾	3	1,372	1,372	1,507	1,507
Other securities holdings – equity instruments ⁶⁾	1	45	45	166	166
Derivatives for hedging of currency risk	2	441	441	411	411
Derivatives for hedging of commodity price risk	2	8	8	—	—
Derivatives for hedging of interest rate risk	2	216	216	4	4
Interest-bearing securities ³⁾	2	894	894	50	50
		13,594	13,594	12,408	12,408
Financial assets carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	2,507	2,507	3,557	3,557
Derivatives for hedging of commodity price risk	2	834	834	110	110
		3,341	3,341	3,667	3,667
Financial assets carried at amortised cost					
Accounts receivable ⁶⁾	—	23,878	23,878	19,257	19,257
Other interest-bearing assets, non-current and current ⁶⁾	—	2,866	2,881	2,846	2,928
Time deposits ⁴⁾	—	4,563	4,586	16,533	16,602
Cash and cash equivalents	—	38,073	38,073	41,197	41,197
		69,380	69,418	79,833	79,984
Financial liabilities carried at fair value through profit or loss					
Derivatives for hedging of currency risk	2	100	100	56	56
Derivatives for hedging of commodity price risk	2	48	48	—	—
Derivatives for hedging of interest rate risk	2	174	174	297	297
		322	322	353	353
Financial liabilities carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	856	856	865	865
Derivatives for hedging of commodity price risk	2	632	632	261	261
		1,488	1,488	1,126	1,126
Financial liabilities carried at amortised cost					
Accounts payable	—	65,693	65,693	62,304	62,304
Bonds and liabilities to credit institutions, non-current and current ⁵⁾	—	29,263	29,206	30,246	30,224
Other interest-bearing liabilities, non-current and current ⁶⁾	—	20,208	20,208	8,727	8,727
		115,164	115,107	101,277	101,255

1) The value of the conversion option connected to the convertible loan receivable to the Polestar Group is nil.

2) Equity instruments at level 3 include earn-out rights in Polestar Group amounted to SEK — (577) m and unlisted warrants and earn-out rights in the listed company Luminar Technologies Inc amounted to SEK 2 (42) m in the balance sheet. Changes in the equity instruments at level 3 are recognised in the income statement as Share of income in joint ventures and associates amounted to SEK –580 (–2,654) m and Other financial income and expenses amounted to SEK 278 (–217) m.

3) Whereof SEK 894 (50) m are reported as cash and cash equivalents.

4) Whereof SEK 565 (9,918) m are reported as marketable securities in the balance sheet and SEK 3,998 (6,615) m are reported as cash and cash equivalents.

5) The carrying amount of the bonds and liabilities to credit institutions including a fair value adjustment amounting to SEK 232 (–46) m, which relates to the fair value hedging.

6) The 2023 figures have been adjusted to reflect the reclassification of certain items in the balance sheet, see footnote 1 to the Consolidated balance sheet.

NOTE 4 – Related Party transactions

Volvo Car Group has a close collaboration with its Related Parties. The main part of the transactions is related to sales and purchases of cars, licences of technology, contract manufacturing and purchases of components. Related Parties include companies outside the Volvo Car Group, but within the Geely sphere of companies as well as other companies, such as joint ventures and associates. All transactions with Related Parties are performed at arm's length.

Significant events and agreements with Related Parties during the third quarter

In August, Volvo Cars acquired the remaining 40% of the shares in HaleyTek AB from ECARX Technology Ltd and HaleyTek is thereafter a wholly-owned subsidiary to Volvo Cars. Purchase consideration amounted to SEK 210 m.

Transactions with Related Parties

Related Party transactions are specified in the below tables. The nature of significant transactions with Related Parties are provided in Note 4 - Related Party transactions in the Annual Report 2023.

Related Party transactions specified below but not previously described in the annual report are:

- Sales to Volvo Car Financial Services UK Ltd, mainly sales of cars.
- Purchases from Zhejiang Haoqing Automobile Manufacturing Co., Ltd, mainly related to EM90 and EX30.
- Purchases from Geely Changxing Automatic Transmission Co., Ltd, mainly related to gearboxes.

Sales of goods, services and other

SEK m	Jul–Sep 2024	Jul–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	Full year 2023
Related companies ¹⁾²⁾	6,287	8,025	13,077	22,935	27,253
of which Polestar Automotive Holding UK Group	5,804	7,648	11,760	21,081	24,939
of which Ningbo Fuhong Auto Sales Co., Ltd	279	260	736	1,270	1,467
Associated companies and joint ventures	2,430	761	6,464	1,530	2,705
of which Volvo Car Financial Services UK Ltd	2,080	417	5,433	497	1,337

Purchases of goods, services and other

SEK m	Jul–Sep 2024	Jul–Sep 2023	Jan–Sep 2024	Jan–Sep 2023	Full year 2023
Related companies ¹⁾²⁾	-10,803	-6,298	-45,873	-22,734	-33,519
of which Zhejiang Geely Automobile Co.,Ltd	-5,102	18	-25,373	—	-3,169
of which Powertrain Engineering Sweden AB	-2,913	-2,934	-11,243	-9,299	-13,517
of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd	-1,052	-1,540	-2,998	-6,050	-7,304
of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd	-440	—	-1,742	—	—
of which Geely Changxing Automatic Transmission Co., Ltd	-481	-471	-1,259	-1,190	-1,420
of which Viridi E-Mobility Technology (Ningbo) Co., Ltd	-410	-469	-1,110	-1,660	-2,079
of which Ningbo Geely Automobile Research & Development Co., Ltd	3	-487	-462	-1,487	-1,667
Associated companies and joint ventures	-806	-777	-1,960	-2,330	-2,958

SEK m	Receivables ³⁾		Payables ³⁾	
	30 Sep 2024	31 Dec 2023	30 Sep 2024	31 Dec 2023
Related companies ¹⁾²⁾	20,359	21,534	12,348	14,941
Associated companies and joint ventures	2,199	2,545	697	627

1) Related companies are companies within the Geely sphere of companies. Joint ventures and associated companies within the Geely sphere are presented as Related companies.

2) Including contract manufacturing.

3) Non-current part of receivables amounts to SEK 12,524 (11,543) m. Non-current part of payables amounts to SEK 2 (4) m.

NOTE 5 – Earnings per share

Basic earnings per share, SEK m	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net income attributable to owners of the parent company	4,208	3,001	12,898	9,944	13,053
Net income attributable to owners of ordinary shares in the parent company	4,208	3,001	12,898	9,944	13,053
Weighted average number of ordinary shares outstanding, basic ¹⁾	2,975,190,846	2,979,524,179	2,978,079,735	2,979,524,179	2,979,524,179
Basic earnings per share, SEK	1.41	1.01	4.33	3.34	4.38

Diluted earnings per share, SEK m	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Net income in basic earnings per share	4,208	3,001	12,898	9,944	13,053
Net income in diluted earnings per share	4,208	3,001	12,898	9,944	13,053
Weighted average number of ordinary shares outstanding, basic ¹⁾	2,975,190,846	2,979,524,179	2,978,079,735	2,979,524,179	2,979,524,179
Dilutive effect for share-based payment programmes	2,388,606	1,157,192	1,958,404	643,815	778,275
Weighted average number of ordinary shares outstanding, diluted	2,977,579,452	2,980,681,371	2,980,038,139	2,980,167,994	2,980,302,454
Diluted earnings per share, SEK	1.41	1.01	4.33	3.34	4.38

1) The weighted average number of outstanding shares takes into account the weighted average effect of changes in treasury shares during the period.

NOTE 6 – Significant events after the period

No significant events have occurred after the period.

The section Risks and uncertainty factors on page 14 contains information on Volvo Cars' assessments of the global environment on the Group.

Condensed Parent Company Income Statements

SEK m	Jul-Sep 2024	Jul-Sep 2023	Jan-Sep 2024	Jan-Sep 2023	Full year 2023
Administrative expenses	-8	-6	-28	-18	-30
Operating loss	-8	-6	-28	-18	-30
Interest income and similar credits	372	370	1,209	1,036	1,452
Interest expenses and similar charges	-269	-208	-745	-605	-825
Other financial income and expenses ¹⁾	-5	-6	-17	-19	2,979
Income before tax	90	150	419	394	3,576
Income tax	-16	-31	-80	-81	-95
Net income	74	119	339	313	3,481

1) In December 2023, a dividend of SEK 3,000 m was received from subsidiary.

Other comprehensive income and net income are consistent since there are no items in other comprehensive income.

Condensed Parent Company Balance Sheets

SEK m	30 Sep 2024	31 Dec 2023
ASSETS		
Non-current assets	42,667	42,367
Current assets	15,960	25,999
TOTAL ASSETS	58,627	68,366
EQUITY & LIABILITIES		
Equity		
Restricted equity ¹⁾	61	61
Non-restricted equity ²⁾	30,761	39,844
Total equity	30,822	39,905
Non-current liabilities	21,632	21,338
Current liabilities	6,173	7,123
Total liabilities	27,805	28,461
TOTAL EQUITY & LIABILITIES	58,627	68,366

1) During the second quarter of 2024, Volvo Car AB (publ.) made a share split (2:1) of the class B shares. A reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares.

2) The equity is reduced by SEK -9,308 m relating to the distribution of shares in Polestar Automotive Holding UK PLC.

GENERAL DEFINITIONS

Volvo Cars and Volvo Car Group

Volvo Car AB (publ.) together with its wholly-owned subsidiary Volvo Car Corporation and its subsidiaries are jointly referred to as "Volvo Car Group" or "Volvo Cars".

Volvo Car AB (publ.), with its registered office in Gothenburg, Sweden, is a publicly listed company on the Nasdaq Stockholm Stock Exchange (traded under the ticker VOLCAR). The largest owner, holding 78.65% of shares and capital, is Geely Sweden Holdings AB, owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China.

Volvo Car AB (publ.) holds shares in its subsidiary Volvo Car Corporation and provides the Group with certain financing solutions. Volvo Car AB (publ.), indirectly through Volvo Car Corporation and its subsidiaries, operates in the automotive industry with business relating to design, development, manufacturing, marketing and sale of cars and thereto related services.

Associated companies

Associated companies are companies in which Volvo Car Group has a significant but not controlling influence, which generally is when Volvo Car Group holds between 20% and 50% of the shares.

Joint venture companies (JVs)

Joint ventures refer to companies in which Volvo Car Group, through contractual cooperation together with one or more parties, has joint control over the operational and financial management and has rights to the net assets of the arrangement.

Retail sales

Retail sales refer to sales to end customers (including a portion of cars used as customer loaner and demo cars) and is a relevant measure of the demand for Volvo Cars from an end customer point of view.

Wholesales

Wholesales refer to new car sales to dealers and other customers including rentals.

Europe

Europe is defined as EU (European Union) + EFTA (European Free Trade Association) + UK (United Kingdom).

Passenger cars

Passenger cars are vehicles with at least four wheels, used for the transport of passengers, and comprising no more than eight seats in addition to the driver's seat.

Battery Electric Vehicles (BEV)

BEV cars include all vehicles which are 100% fully electrified cars.

Non Battery Electric Vehicles (Non-BEV)

Non-BEV cars include all vehicles which are not 100% fully electrified cars (BEV). For Volvo Cars, it includes plug-in hybrid (PHEV), mild hybrid (MHEV) and internal combustion engine cars (ICE).

Electrified cars

Electrified cars include 100% fully electric cars, the same as the Battery Electric Vehicles (BEV), and Plug-in hybrids (PHEV), in both petrol and diesel with a cord for charging.

ICE

Internal combustion engine, including all powertrain types except plug-in hybrids (PHEV) and fully electric vehicles (BEV).

MHEV

Mild hybrid electric vehicle utilises both a gas engine and an electric motor. The MHEV is used to start the engine and brake or slow the car, thereby recovering brake energy that is stored in the 48V battery.

Agency personnel

Agency personnel is referred to as specific competence that is sourced externally and assigned to meet fluctuating business resource needs.

Contract manufacturing

A business model in which a third-party company is contracted for the production of goods or components over a specified contract period.

Repurchase cars

Cars under repurchase agreement are cars such as company cars and cars sold to rental companies. These cars are sold under a contract with a commitment (the right or obligation to buy back the car).

Alternative performance measures presented by Volvo Car Group

The alternative performance measures presented and disclosed in this interim report are used internally by management in conjunction with IFRS measures to measure performance and make decisions regarding the future direction of the business. The Group believes that these alternative performance measures, when provided in combination with reported IFRS measures, provide helpful supplementary information for investors. These alternative performance measures are not a substitute for or superior to IFRS measures and should be used in conjunction with reported IFRS measures. Further, these alternative performance measures, as defined by the Group, may not be comparable to other similarly titled measures used by other groups.

Volvo Cars has applied the guidelines from ESMA (European Securities and Markets Authority) regarding alternative key figures (APMs, Alternative performance measures). Although these key figures are not defined or specified according to IFRS, they provide the valuable supplementary information to investors and the company's management regarding the company's performance.

Gross margin

Gross margin is defined as Gross income as a percentage of revenue. Gross margin presents the per cent of revenue that Volvo Cars retains after incurring the direct costs associated with producing the goods and services sold.

EBIT

EBIT is defined as Net income excluding financial income, financial expenses and Income taxes, that is operating income presented in the income statement. EBIT presents the operating income of Volvo Car Group.

EBIT margin

EBIT margin is defined as EBIT as a percentage of revenue. The EBIT margin presents the profitability of the operation in relation to the recognised revenue earned by Volvo Car Group during the accounting period.

EBIT excl. share of income in JVs & associates

EBIT excl. share of income in JVs & associates is defined as EBIT less the result from share of income in JVs & associates. This presents the profitability of the operation excluding share of income in JVs & associates during the accounting period.

EBIT margin excl. share of income in JVs & associates

EBIT margin excl. share of income in JVs & associates presents the profitability of the operation excluding share of income in JVs & associates in relation to the recognised revenue earned by Volvo Car Group during the accounting period.

EBITDA

EBITDA is defined as EBIT excluding depreciation and amortisation of non-current assets. EBITDA presents an overview of the profitability of Volvo Car Group operations.

EBITDA margin

EBITDA margin is EBITDA as a percentage of revenue. The EBITDA margin presents the profitability of the operation in relation to the recognised revenue earned by the Group during the accounting period.

Items affecting comparability

Transactions that are not related to recurring business operations, but affecting the financial outcome in a material way, and where the probability of reoccurrence over the coming years is limited.

Share of investing cash flow

Share of investing cash flow is defined as the share of investing cash flow allocated to certain types of development as a percentage of the total investing cash flow. Share of investing cash flow presents the allocation of the Group's cash resources to certain investments during the reporting period.

Net cash

Net cash is defined as cash, cash equivalents and marketable securities less liabilities to credit institutions and bonds. Net cash represents Volvo Car Group's ability to meet its financial obligations.

Liquidity

Liquidity is defined as cash, cash equivalents, undrawn credit facilities and marketable securities.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are presented in SEK m unless otherwise stated.

The reconciliations of the respective key figures against the most directly reconcilable item in the financial statements can be found at: investors.volvocars.com/en/results-and-reports/results-centre

SEK m	Jul-Sep 2024	Jul-Sep 2023	Full year 2023
Revenue	92,783	92,045	399,343
Cost of sales	-73,747	-73,968	-321,916
Research and development expenses	-3,403	-2,909	-12,884
Operating income (EBIT)	5,790	4,458	19,939
EBIT excl. share of income in JVs & associates	5,710	6,148	25,567
Net income	4,356	3,219	14,066
EBITDA	10,369	8,651	37,388
Gross margin, %	20.5	19.6	19.4
EBIT margin, %	6.2	4.8	5.0
EBIT margin excl. share of income in JVs & associates, %	6.2	6.7	6.4
EBITDA margin, %	11.2	9.4	9.4

Gothenburg, 22 October 2024

Jim Rowan
President and CEO

This report has not been subject to review by Volvo Car AB's auditors.

CONTACT

Analysts and investors

John Hernander
Head of Investor Relations
+46 31-793 94 00
investors@volvocars.com

Journalists and media

Volvo Cars Media Relations
+46 31-59 65 25
media@volvocars.com



FINANCIAL CALENDAR & CONFERENCE CALL

Webcast and conference call

At 08:00 CET on 23 October, President & CEO Jim Rowan and CFO Johan Ek Dahl will host a livestream for media, investors and analysts.

Link: live.volvocars.com

For those tuning in from China, please use this link:
live.volvocars.com.cn

To call in, participants need to register and will then receive the dial-in details and individual PIN. [Link to register](#)

Upcoming investor Events

6 February 2025: Q4 and full year 2024 report
3 April 2025: Annual General Meeting
29 April 2025: Q1 2025 report
17 July 2025: Q2 2025 report

ABOUT THIS REPORT

FORWARD LOOKING STATEMENTS

This report contains statements concerning, among other things, Volvo Car Group's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Volvo Car Group's future expectations. Volvo Car Group believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors include but may not be limited to: Volvo Car Group's market position, growth in the automotive industry, and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Volvo Car Group, its associated companies and joint ventures, and the automotive industry in general. Forward-looking statements speak only as of the date they were made and, other than as required by applicable law, Volvo Car Group undertakes no obligation to update any of them in light of new information or future events.

Language

In the event of inconsistency or discrepancy between the English and the Swedish version of this publication, the Swedish version shall prevail.

Totals and roundings

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source, and rounding differences may therefore arise.

V O L V O

