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To give people
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VOLVO CAR GROUP

INTERIM REPORT FIRST QUARTER 2024

JANUARY–MARCH 2024



- Retail sales increased by 12% and reached 182.7 (162.9) thousand cars.
- Revenue amounted to SEK 93.9 (95.7) bn, and was impacted by lower contract manufacturing sales, as well as negative foreign exchange rate effects.
- EBIT excluding share of income in JVs and associates was SEK 6.8 (6.3) bn, supported by higher volume and lower material costs, partially offset by sales mix and pricing. Operating income (EBIT) was SEK 4.7 (5.1) bn.
- EBIT margin excluding share of income in JVs and associates was 7.2 (6.6)%. EBIT margin was 5.0 (5.3)%.
- Basic earnings per share was SEK 1.12 (1.21).
- Operating and investing cash flow was SEK –12.2 (–17.4) bn.
- Volvo Cars and the European Investment Bank (EIB) signed credit facility agreements of EUR 170 m to develop a new all-electric vehicle platform.
- Winfried Vahland left the Board of Directors to assume a board of directorship in Polestar.
- On 26 March, the AGM resolved, in accordance with the Board of Directors' proposal, to distribute 62.7 per cent of Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders. The AGM decision was pending a final formal approval from UK regulators.

UPDATES AFTER THE PERIOD



- On 5 April, the Board of Volvo Cars decided on the final terms and timetable for the distribution of 62.7 per cent of its Polestar shareholding to its shareholders. Prior to the decision, Volvo Cars had received all necessary regulatory clearances, approvals and decisions. After the distribution, the remaining shareholding in Polestar will be 18.0 per cent.

FORWARD LOOKING



- For 2024, Volvo Cars expect a higher year-over-year growth rate in retail sales than in 2023, provided there are no major disruptions. Supported by our newly launched cars we are expecting to considerably increase the share of fully electric cars versus 2023.

SEKbn unless otherwise stated	3 Months			12 Months	
	Jan–Mar 2024	Jan–Mar 2023	Δ%	LTM	Full year 2023
Retail sales, k units ¹⁾	182.7	162.9	12	728.5	708.7
Revenue	93.9	95.7	–2	397.5	399.3
Research and development expenses ²⁾	–3.8	–2.9	33	–13.8	–12.9
Operating income (EBIT) ³⁾	4.7	5.1	–8	19.5	19.9
EBIT excl. share of income in JVs and associates ³⁾	6.8	6.3	8	26.0	25.6
Net income ²⁾	3.6	4.0	–10	13.7	14.1
Basic earnings per share, SEK ²⁾	1.12	1.21	–7	4.29	4.38
EBITDA ³⁾	10.1	9.2	10	38.3	37.4
Cash flow from operating activities ²⁾	–0.9	–2.4	–61	44.3	42.9
Cash flow from investing activities ²⁾	–11.3	–15.1	–25	–48.0	–51.8
Gross margin, % ³⁾	19.3	17.9	8	19.7	19.4
EBIT margin, % ³⁾	5.0	5.3	–6	4.9	5.0
EBIT margin excl. share of income in JVs and associates, % ³⁾	7.2	6.6	10	6.6	6.4
EBITDA margin, % ³⁾	10.8	9.6	12	9.6	9.4

1) Non-financial operating metric.

2) IFRS measure.

3) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 25.

Strong business performance with continued momentum

Dear shareholders and other members of our Volvo Cars community,

We have had a strong start to the year, with our first quarter results laying solid foundations for the year ahead. We reported double-digit retail sales volumes growth during the quarter and set a new all-time sales record for a single month in March. We continued to ramp up production and customer deliveries of our smallest SUV, the fully electric EX30. Our operating profit margin, excluding joint ventures and associates, reached a solid 7.2 per cent on the back of improved gross margins on our fully electric cars (EVs) of 16 per cent. The share of EVs to sales reached 21 per cent, up from 18 per cent last year. We also secured shareholder support to divest a majority of our shareholding in Polestar, allowing us to fully focus on the core operations of Volvo Cars.

At the same time, we started production of our first ever fully electric MPV, the EM90, while setting the stage for the first EX90 SUVs to roll off the production line during the first half of the year. We also remain focused on costs and capital allocation to ensure healthy cash and liquidity. I am confident that these actions will make 2024 another milestone year in our ongoing transformation towards becoming a leader in next-generation mobility.

In a turbulent and uncertain world, our strong and differentiated brand focused on safety, sustainability and human centric technology, coupled to our balanced product portfolio, continued to resonate with customers around the world. The result was a strong business performance with continued momentum and growth.

“We realised a strong business performance with continued momentum and growth”

Strong retail sales deliver solid financials

During the first quarter, retail sales rose by 12 per cent year-on-year to 182,687 cars, with a new all-time sales record for a single month in March. A strong performance in Europe and the US contributed to our sales growth, and we recorded new sales records for the first quarter in 11 markets, including in Germany, France, the Netherlands, Canada and Turkey. This demonstrates that we are on track towards our annual sales volumes target of at least 15 per cent growth in 2024.



In the quarter, 41 per cent of our global volume consisted of plug-in hybrid and fully electric cars, while our EV share of sales rose to 21 per cent. This reflects our balanced premium product strategy that offers exciting EVs alongside attractive plug-in and mild hybrids. In Europe, we were the third largest brand in EV sales, while our XC60 plug-in hybrid was the best-selling plug-in hybrid in the region during the first quarter.

Our first quarter performance also demonstrates the prospects of the EX30. In only a few months, the EX30 has lived up to its promise of being a profitable growth driver for our business while collecting numerous awards – most recently it won the 2024 World Urban Car of the Year and the Red Dot ‘Best of the Best’ Design award. In the first three months, thousands of customers across Europe got behind the wheel, with many more in line as we start delivering EX30 cars in other countries as well like the US, China, South Korea and Canada in the coming weeks and months. This means by the end of this year, EX30 will be sold in over 90 countries.

Along with the EX30, we have now also started producing the EM90 for China with the first customer deliveries made in March. During the first half of the year, we will also start production of the EX90 flagship SUV. This means that we will bring three EV models with our newest technologies in three different segments to the market in 2024. At the same time, we will offer very attractive plug-in hybrids and mild hybrids for years to come, as part of our balanced premium product strategy. We have updated several of those models recently and will continue to do so.

However, our focus is not only on delivering the best EVs with the latest technologies, but to do so with solid margins. During the first quarter, gross margins on our EVs improved to 16 per cent versus 7 per cent in the same quarter last year, which is among the best in the industry. This reflects the strength of the EX30, which brings in gross margins of 15–20 per cent, but also improved margins on the EX40 and the EC40. We will continue to work diligently to further close the margin gap with combustion engine-powered cars.

Helped by our sales performance, Q1 revenue came in at SEK 93.9 billion, compared to SEK 95.7 billion in the first quarter of 2023. Revenue was affected primarily due to less contract manufacturing. In addition, some foreign exchange effects as well as a sales mix that now includes the EX30 also affected revenues, although we maintained a healthy price discipline.

Our operating profit (EBIT) excluding joint ventures and associates landed at SEK 6.8 billion, an increase of 8 per cent versus the same period in 2023. The corresponding EBIT margin came in at 7.2 per cent, up from a margin of 6.6 per cent versus Q1 last year.

Our free cash flow in the quarter came in as planned at –12 bn SEK due to increased production and build-up of EX30 inventory, in addition to usually seasonally lower cash flow in Q1. We continue to focus on internal efficiency and take cost actions where we can, while ensuring capital allocation across our business to support our investments. As a result, we expect free cash flow generation to be neutral in 2024 and 2025. From 2026 onwards, we expect to deliver strong cash flows as the scale of investments declines and we start reaping the long-term benefits of our strategy with higher revenue and profitability.

Volvo Cars shareholders recently also approved our plan to lower our shareholding in Polestar to 18 per cent from 48 per cent during our third annual meeting of shareholders as a listed company. As previously communicated, this is a good and natural moment for a transition of our relationship with Polestar. It allows us to fully focus on our own investment plans, while Geely has expressed they will take full responsibility for continued operational funding for Polestar going forward. However, the close collaboration between Polestar and Volvo Cars in various areas will continue to the benefit of both companies.

Another highlight of the quarter was the reveal of our sharpened sustainability strategy. Among other parameters, we are boosting our focus on biodiversity and aim to link all debt to our green financing framework by 2025. We remain committed to being climate neutral and reaching net zero greenhouse gas emissions by 2040.

Already during the first quarter of the year, our CO₂ emissions per car were 25 per cent lower versus our 2018 benchmark. Our factory in Taizhou became our first climate-neutral plant in China during the quarter. Following our Torslanda plant, which achieved this status in 2021, this is another important step towards our goal of having climate-neutral manufacturing operations by 2025.

Looking ahead

We expect demand for our cars to remain robust in coming quarters in line with our guidance of full-year sales volumes growth of at least 15 per cent. This is borne out by our balanced

premium product portfolio and the fact that we continue to set new sales records in several markets across several regions. We also expect cash flow to improve in coming quarters, with a view to us being cash-neutral for the full year.

We remain firmly focused on achieving profitable growth and we expect 2024 to be another solid year after the record year of 2023. At the same time, we are mindful that the external environment continues to be challenging. Geopolitical uncertainties and macroeconomic headwinds remain. Yet I believe our mixed product portfolio of both fully electric cars and world class plug-in and mild hybrids, along with our increased focus on cost actions, will help us navigate these headwinds.

All of this positions us to achieve our ambitions of posting revenues of between SEK 550–600 billion and an EBIT margin above 8 per cent during 2026. I look forward to discussing those ambitions in more detail at our annual Capital Markets Day, scheduled for 5 September.

To conclude: our strategic planning and execution are working well and our balanced strategy positions us to deliver on our transformation journey, as it allows us to react to changing market demands quicker than many of our competitors.

Our balanced strategy is focused on 5 areas:

- **Product** – we have cars in many sizes and segments: 30, 40, 60 and 90 range, SUVs, sedans, wagons and MPVs to meet the various needs of our global customer base.
- **Propulsion** – we have mild hybrids, plug-in electric hybrids and fully electric cars.
- **Production** – we have manufacturing facilities in every region: Asia, Europe and the USA. This aspect has become more important as trade environments continue to change across the world.
- **Pricing** – we have maintained balanced price discipline across our various model choices, via our Core, Ultra or Plus variants.
- **Partnerships** – we have carefully balanced our investment choices between internal development and building key partnerships with some of the world's leading tech companies, such as NVIDIA, Qualcomm, Google and Apple. We have also developed a strong retail and service dealership structure in all regions, with over 2,200 retail partners across the globe.

This balanced approach to our strategy has been created over many years and it positions us well globally. It is a key aspect towards continued growth. As I have said many times over my career: business is not a game of perfection, it is a game of continuous progress. This balanced strategy allows for that.

Throughout our 97-year history, everything we do has remained firmly rooted in our four brand pillars of safety, sustainability, human-centric technology and Scandinavian design, and this has taken us to where we are today. With these foundations we will continue to invest in the talent and technologies that will allow us to become a leader in next-generation mobility.

Jim Rowan

Chief Executive, Volvo Cars

Quarterly highlights

Volvo EX30 named 2024 World Urban Car

The fully electric Volvo EX30 was awarded the title of 2024 World Urban Car at the New York International Auto Show in March. The model was also named as one of the top three cars in the world out of a list of 38 nominees. Since the reveal in June 2023 the EX30 has won more than 15 major awards and proven to be a strong addition to the Volvo Cars' product portfolio.

Volvo Cars' industry-first connected safety technology

During the quarter, Volvo Cars introduced a pioneering connected safety feature: for the first time, cars can alert drivers of accidents ahead directly using real-time data from a traffic management centre. The Accident Ahead Alert feature is currently available in Denmark on all 40, 60 and 90 series Volvo car models, from model year 2016 and onwards. It will be made available on the same car models in more European markets soon.

Volvo Cars has streamlined model names to aid customer transparency

The fully electric XC40 Recharge and C40 Recharge models have been renamed to EX40 and EC40 respectively, to seamlessly fit in with the other fully electric Volvo car models: the EX30, EX90 and EM90. The XC40 name remains for internal combustion-powered variants of the model.

Volvo Cars partners with Breathe for next generation fast charging

Volvo Cars, through the Volvo Cars Tech Fund, has partnered up with Breathe Battery Technologies (Breathe), becoming the first car company to get access to the latest version of its patented, algorithm-enabled charging software. The aim is for the new technology to be implemented in our new generation fully electric cars, where it is expected to reduce the time it takes to charge a fully electric Volvo from 10 to 80 per cent charging state by as much as 30 per cent, while maintaining the same energy density and range.

Operational progress

Our industry is changing, and we strive to be a leader in that change. The purpose of this section is to keep our stakeholders updated on the operational events that have taken place during the quarter.

AMBITIONS



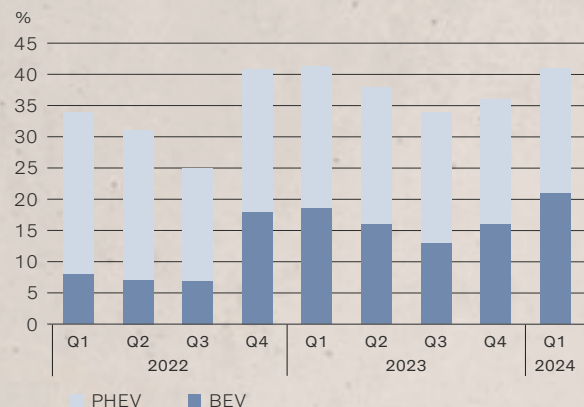
1) excl. JVs & associates.

FULL ELECTRIC SALES

The battery electric car volume share was 21% in the quarter, which was a 3% increase from the share in the same quarter last year. Total electrified sales share was flat at 41% compared to the same period last year. Supported by our new car introductions, retail orders remained stable at a global level.

Denmark, Brazil, Thailand, Ireland, Colombia and Iceland all had 100% electrified sales in the quarter, closely followed by Norway, Finland and a few other markets.

% Share of BEVs & PHEVs to total volume



BEV/Non-BEV profitability and share of investments

Compared to the first quarter of 2023 the fully electric new car gross income per unit has been positively affected mainly by lower costs for raw materials, increased pricing and cost efficiencies. The gross margins for BEV cars also improved compared to the fourth quarter 2023. This was mainly due to a further decline of raw material costs and from the introduction of EX30.

	Jan–Mar 2024			Full year 2023		
	BEV	Non-BEV	Common	BEV	Non-BEV	Common
Retail sales (k units)	38	145	—	113	595	—
Revenue per Car (SEKk/unit) ¹⁾	416	428	—	465	440	—
Gross Income per Car (SEKk/unit) ¹⁾	67	107	—	40	103	—
Gross Margin (%)	16	25	—	9	23	—
Share of Investing Cash Flow (%) ²⁾	68	8	24	68	6	26

1) Revenue and gross income refer to new cars including emissions credits, excluding after sales, subscription and foreign exchange hedge effect. Labour and overhead are set to standard cost and fixed manufacturing costs are distributed by volume.

2) Investments refer to plant, property, equipment and capitalised product development only. Common investments are not defined as either BEV or non-BEV investments and consist of manufacturing efficiency, replacements & maintenance and infotainment development.

Sustainability

In January, we released our updated sustainability strategy with ambitious goals for 2030 and 2040, including CO₂ emission reduction, energy, waste and water reduction in own operation and ambition to increase the recycled content across our fleet.

In the first quarter of 2024, we produced our last diesel-powered car – a significant milestone in our company's 97-year-old history. It will also be key in helping us reach our ambitions of reducing our CO₂ emissions per car by 40% by 2025 and 75% by 2030, compared to the 2018 base year. For the full year of 2023, we reached a reduction of 20%. And for the first quarter of 2024, our efforts have resulted in a 25% reduction. We are making good progress towards our ambitions and acknowledge that our electrification plan is critical to this.

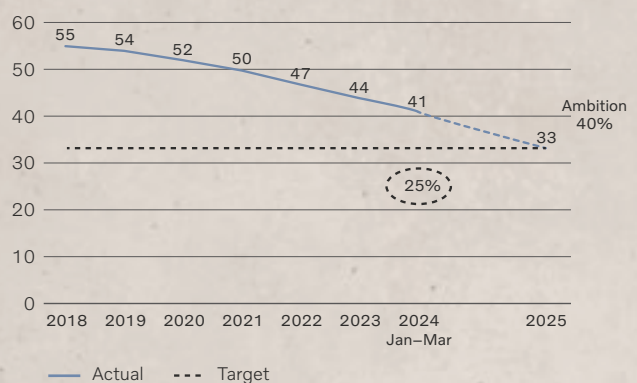
In March the EX30's LCA (Life Cycle Analysis) was published, which revealed that the car has the lowest carbon footprint of any fully electric Volvo to date (over 200,000 kms of driving and using the same energy mix during the use phase).

CO ₂ -reduction per car	Total CO ₂ -emissions per car (tonnes)	Reduction (%)
2018	54.9	—
2024 Jan–Mar ¹⁾	41.0	–25
2025 ambition	32.9	–40
2030 ambition	13.7	–75
2040 ambition	0	Net zero GHG emissions

1) The greenhouse gas emissions (GHG) results did not include production and distribution of fuel and electricity.

We also made progress in our use of on-site renewable energy generation with the activation of the first batch of solar panels at our Chengdu plant, which have a capacity of approximately 2.1 GWh per year. A second batch is expected in early 2025, adding another 2.4 GWh of annual capacity. These sustainability-focused investments will lead to both environmental and cost benefits. In January, we expanded our green financing portfolio by signing a credit facility with the European Investment Bank of EUR 170 m, which together with the agreement signed in December 2023 takes the total to EUR 420 m. This supports our ambition to transfer all our funding into green or sustainability-linked funding by 2025 and provides us with the ability to fund our investments in green technology.

CO₂ reduction (tonnes/car)



First quarter financial summary

SALES AND MARKET DEVELOPMENT

The overall global passenger car market grown slightly year over year during the first quarter of 2024 with regional differences. The BEV segment continues to grow at a faster pace than the overall market.

Volvo Cars' retail sales increased by 12% compared with the first quarter of 2023. Wholesales increased by 14% and production increased by 30%. The growth in retail sales was mainly driven by a successful roll out of EX30 supporting an increased production rate, with the first quarter marking the strongest production quarter ever with 235 (181) thousand cars produced.

The production volume development of the automotive markets is likely to stay at a similar level as last year according to S&P Global. As global supply situation eases, this will be largely determined by the consumer demand.

For Volvo Cars globally the overall demand for our cars remained robust. EM90, the fully electric MPV, started production and customer deliveries in China. With the ramp-up of EX30, Volvo Cars' share of BEV and PHEV combined was 41%, whereof BEV share was at a record 21 (18)%.

Volvo Cars' market share per propulsion type ^{1) 2)}	Jan–Feb 2024	Jan–Feb 2023
BEV	1.73%	1.63%
PHEV	4.31%	5.85%
ICE (incl. mild hybrids)	0.76%	0.68%
Total	1.08%	0.97%

Total industry volume share and growth by propulsion type ^{1) 2)}	Jan–Feb 2024	Growth YoY
BEV	13%	31%
PHEV	6%	49%
ICE (incl. mild hybrids)	81%	0%
Total	100%	4%

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 will report our market share in relation to the global passenger market.

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

Europe

The overall European passenger car market increased by 5%, while the BEV segment increased by 4%. The overall demand remains robust, although there are variances between different countries.

Volvo Cars' gained market share with retail sales increasing by 23%. The share of BEVs and PHEVs accounted for 61 (62)% in the quarter, whereof BEV sales accounted for 35 (29)% of retail sales.

China

The total Chinese passenger car market increased by 16%, while the BEV segment increased by 19%. The competition in the Chinese car market continued to be strong, with new domestic EV brands gaining attractions.

Volvo Cars' retail sales increased by 4%. BEV and PHEV share combined accounted for 6 (11)% in the quarter, whereof BEV sales accounted for 2 (3)% of retail sales.

US

The total US passenger car market increased by 5% while the BEV segment increased by 14%. The market has seen an increase in incentives as it is normalising after the past years' supply chain disturbances.

Volvo Cars' gained market share with retail sales increasing by 17%. BEV and PHEV share combined accounted for 26 (29)% in the quarter, whereof BEV sales accounted for 3 (11)% of retail sales.

Other markets

Volvo Cars' retail sales in other markets decreased by –12%. The largest markets were Turkey (+54%), Japan (–22%) and South Korea (–25%). The share of BEV and PHEV sales combined in other markets was 40 (40)%, whereof BEV accounted for 22 (19)%.

Sales development per carline

The SUVs, comprising of Volvo Cars' XC and EX models, accounted for 82 (82)% of total sales, driven by the best selling models XC60 and XC40. During the first quarter, the ramp-up of sales and retail deliveries of the EX30 continued, after the first cars reached customers during the previous quarter. The Sedan and Wagon segments' share of total sales amounted to 12 (11)% and 6 (7)% respectively.

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Retail sales (k units)	3 Months			12 Months		
	Jan–Mar 2024	Jan–Mar 2023	Δ%	RTM	2023	Δ%
Europe	89.7	72.6	23	311.8	294.8	6
China	38.0	36.5	4	171.6	170.1	1
US	31.0	26.5	17	133.2	128.7	3
Other	24.1	27.3	−12	111.9	115.1	−3
Retail sales total	182.7	162.9	12	728.5	708.7	3
Electrified cars	75.0	67.4	11	273.6	266.0	3
<i>whereof BEVs</i>	<i>38.2</i>	<i>30.1</i>	<i>27</i>	<i>121.5</i>	<i>113.4</i>	<i>7</i>
Electrified cars share	41%	41%		38%	38%	
<i>whereof BEV share</i>	<i>21%</i>	<i>18%</i>		<i>17%</i>	<i>16%</i>	
Wholesales	198.4	174.1	14	756.5	732.3	3
Production volume	235.5	181.1	30	820.7	766.7	7

Top 10 Retail sales by market (k units)	3 Months			12 Months		
	Jan–Mar 2024	Jan–Mar 2023	Δ%	RTM	2023	Δ%
China	38.0	36.5	4	171.6	170.1	1
USA	31.0	26.5	17	133.2	128.7	3
Germany	15.1	10.3	46	50.3	45.5	10
UK	13.6	11.8	15	51.9	50.1	4
Sweden	10.7	9.3	14	42.3	41.0	3
Netherlands	8.4	4.8	74	19.8	16.3	22
Belgium	6.9	5.9	18	24.9	23.9	4
Italy	6.6	4.8	36	20.9	19.2	9
France	5.5	3.7	48	17.1	15.3	12
Poland	5.0	3.7	35	13.6	12.3	11

Retail sales by model (k units)	3 Months			12 Months		
	Jan–Mar 2024	Jan–Mar 2023	Δ%	RTM	2023	Δ%
BEV						
EX40	17.4	21.1	−18	71.9	75.7	−5
EX30	14.5	—	—	15.2	0.6	—
EC40	6.0	9.0	−33	34.2	37.1	−8
EM90	0.2	—	—	0.2	—	—
Non-BEV						
XC60	56.4	50.1	12	234.9	228.6	3
XC40	29.0	28.9	—	125.1	125.0	—
XC90	26.3	24.4	8	109.5	107.5	2
S60	10.9	8.1	35	43.0	40.2	7
S90	10.8	10.4	4	49.7	49.3	1
V60	8.8	7.7	14	31.5	30.4	3
V90	2.3	3.2	−27	13.4	14.2	−6
Total	182.7	162.9	12	728.5	708.7	3

V60 and V90 include the cross-country versions.

INCOME AND RESULT

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

Volvo Cars' revenue amounted to SEK 93.9 (95.7) bn. Wholesale volumes increased by 14% to 198.4 (174.1) thousand cars, resulted in a SEK 4.5 bn increase in revenue. The revenue was impacted by decreased contract manufacturing sales, amounting to SEK –4.3 bn, as well as negative foreign exchange rate effects, including hedges, of SEK –2.1 bn. See complete revenue bridge below.

Gross income increased by 6% to SEK 18.1 (17.1) bn, resulting in a gross margin of 19.3 (17.9)%. The gross margin increased mainly due to lower costs for raw materials. Foreign exchange rate effects, including hedges, in cost of sales were positive amounting to SEK 1.7 bn. The net effect of foreign exchange rates, including hedges, in gross income was negative and amounted to SEK –0.4 bn.

Research and development expenses increased by 33% to SEK –3.8 (–2.9) bn, primarily relating to more projects starting amortisation phase. For details regarding research and development expenses, see the Research and development table on page 10. Selling expenses remained consistent with the prior year and amounted to SEK –5.8 (–5.8) bn. Similarly, administrative expenses amounted to SEK –2.8 (–2.8) bn.

Other operating income and expenses increased by 71% to SEK 1.1 (0.6) bn mainly related to positive exchange rate effects from the valuation of operating assets and liabilities. Share of income in joint ventures and associates decreased to SEK –2.1 (–1.2) bn.

Operating income (EBIT) excluding share of income in joint ventures and associates, increased to SEK 6.8 (6.3) bn, corresponding to a margin of 7.2 (6.6)%, supported by higher volume as well as lower material cost. EBIT amounted to SEK 4.7 (5.1) bn, resulting in an EBIT margin of 5.0 (5.3)%. The exchange rate effects, including hedges, had a positive impact on EBIT of SEK 0.4 bn, see the table below.

Net financial items increased to SEK 0.4 (0.3) bn, primarily driven by the market revaluation of the investments in Volvo Cars Technology fund. The effective tax rate increased to 29.6 (26.2)%, mainly due to high non-tax deductible loss linked to share of income in joint ventures and associates. Net income was SEK 3.6 (4.0) bn and 3.8 (4.2)% in relation to revenue. Basic earnings per share amounted to SEK 1.12 (1.21).

Changes to Revenue, SEK bn	Jan–Mar
Revenue Q1 2023	95.7
Volume	4.5
Sales mix and pricing	–1.9
Sale of licences	0.3
Foreign exchange rates	–2.1
Contract manufacturing	–4.3
Other ¹⁾	1.7
Revenue Q1 2024	93.9
Change, %	–2

1) Including used cars and parts and accessories.

Changes to Operating income, SEK bn	Jan–Mar
EBIT Q1 2023	5.1
Volume	1.1
Sales mix and pricing	–2.0
Sale of licences	0.2
Foreign exchange rates	0.4
Share of income in JVs and associates	–0.9
Other ²⁾	0.8
EBIT Q1 2024	4.7
Change, %	–8

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

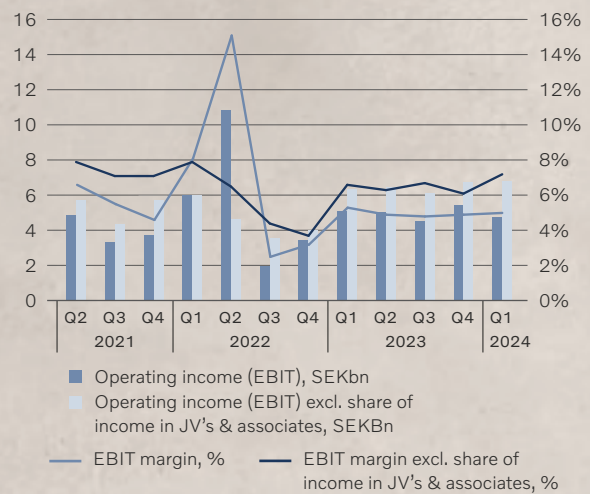
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	3 Months			Full year
	Jan–Mar 2024	Jan–Mar 2023	Δ%	2023
Research and development, SEKm				
Research and development spending	–6,404	–6,504	–1.5	–26,943
Capitalised development costs	4,649	4,786	–2.9	18,912
Amortisation of research and development	–2,072	–1,160	78.6	–4,853
Research and development expenses	–3,827	–2,878	33.0	–12,884

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 first 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, decreased to SEK 46.1 (57.8) bn. Net cash decreased to SEK 14.8 (27.5) bn. Liquidity amounted to SEK 65.9 (75.0) bn, including undrawn credit facilities of SEK 19.8 (17.2) bn.

Cash flow from operating activities

Cash flow from operating activities amounted to SEK –0.9 (–2.4) bn. The amount consists of operating income of SEK 4.7 (5.1) bn, adjusted for depreciation and amortisation of SEK 5.4 (4.1) bn, together with paid income tax of SEK –0.9 (–1.2) bn.

The change in working capital amounted to SEK –12.1 (–11.1) bn. Cash flow from changes in inventories amounted to SEK –13.7 (–3.9) bn mainly due to seasonality but also due to increased ramp up of EX30 and cars under repurchase contracts. The latter is also the main driver to the movements in account receivables SEK –6.7 (4.2) bn and to other working capital SEK 10.0 (–2.9) bn, together with changes in VAT receivables.

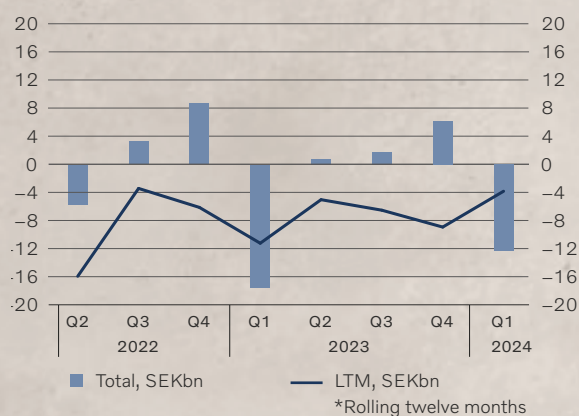
Cash flow from investing activities

Cash flow from investing activities amounted to SEK –11.3 (–15.0) bn. Cashflow from investments in tangible assets amounted to SEK –5.6 (–6.0) bn, mainly driven by the industrial structure to prepare for future products. Investments in intangible assets amounted to SEK –5.1 (–5.5) bn as a result of continuous investments in new and upcoming car models and new technology, such as electrification technology and autonomous driving.

Cash flow from financing activities

Cash flow from financing activities amounted to SEK –0.3 (3.9) bn. The changes last year was mainly related to a change in marketable securities of SEK 3.4 bn.

Cash flow from Operating and investing activities



Cash flow statement, SEK bn	3 Months		Full year
	Jan–Mar 2024	Jan–Mar 2023	2023
Cash flow from operating activities	–0.9	–2.4	42.9
Cash flow from investing activities	–11.3	–15.0	–51.8
Cash flow from operating and investing activities	–12.2	–17.4	–9.0
Cash flow from financing activities	–0.3	3.9	–5.3
Cash flow for the period	–12.5	–13.5	–14.2

EQUITY

Total equity increased to SEK 134.2 (130.5) bn, resulting in an equity ratio of 36.3 (36.6)%. The change is mainly attributable to a positive net income of SEK 3.6 bn and minor effects in share-based payments and other comprehensive income.

The change in other comprehensive income is related to a foreign exchange translation effect, including hedges of net investments in foreign operations of SEK 1.2 bn (net of tax). Remeasurements of provisions for post-employment benefits had a positive effect of SEK 1.2 bn (net of tax). The negative change in cash flow hedge reserve related to currency and commodity price risks of SEK –2.3 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.

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 23.

EMPLOYEES

During the first three months 2024, Volvo Car Group employed 42.0 (43.4) thousand full-time employees (FTEs) and 3.7 (4.0) thousand agency personnel. These decrease 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 continue, including high inflation, elevated interest rates, raw material price volatility, ongoing geopolitical complexity 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 potential impact on demand from higher interest rate levels and lower consumer confidence, remain at an elevated level.





Consolidated Income Statements

SEKm	Note	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Revenue	2	93,878	95,705	399,343
Cost of sales		–75,806	–78,606	–321,916
Gross income		18,072	17,099	77,427
Research and development expenses		–3,827	–2,878	–12,884
Selling expenses		–5,772	–5,789	–26,056
Administrative expenses		–2,784	–2,765	–12,539
Other operating income and expenses		1,106	648	–381
Share of income in joint ventures and associates		–2,089	–1,215	–5,628
Operating income		4,706	5,100	19,939
Interest income and similar credits		681	499	2,495
Interest expenses and similar charges		–444	–200	–772
Other financial income and expenses	3	155	–15	–802
Income before tax		5,098	5,384	20,860
Income tax		–1,511	–1,409	–6,794
Net income		3,587	3,975	14,066
Net income attributable to				
Owners of the parent company		3,342	3,611	13,053
Non-controlling interests		245	364	1,013
Basic earnings per share (SEK)	5	1.12	1.21	4.38
Diluted earnings per share (SEK)	5	1.12	1.21	4.38

Consolidated Comprehensive Income

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Net income for the period	3,587	3,975	14,066
Other comprehensive income			
<i>Items that will not be reclassified subsequently to income statement:</i>			
Remeasurements of provisions for post-employment benefits	1,523	–324	–1,815
Tax on items that will not be reclassified to income statement	–318	115	424
<i>Items that have been or may be reclassified subsequently to income statement:</i>			
Translation difference on foreign operations	1,578	248	–1,240
Translation difference of hedge instruments of net investments in foreign operations	–443	–118	131
Change in fair value of cash flow hedge related to currency and commodity price risks	–2,972	81	1,976
Tax on items that have been or may be reclassified to income statement	704	7	–435
Other comprehensive income, net of income tax	72	9	–959
Total comprehensive income for the period	3,659	3,984	13,107
Total comprehensive income attributable to			
Owners of the parent company	3,238	3,627	12,343
Non-controlling interests	421	357	764
	3,659	3,984	13,107

Consolidated Balance Sheets

SEKm	Note	31 Mar 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets		74,980	72,104
Tangible assets		89,952	84,113
Financial assets			
Investments in joint ventures and associates	4	13,024	14,142
Other securities holdings ¹⁾	3	12,496	11,943
Other interest-bearing receivables, non-current ¹⁾	3	1,568	1,363
Derivative assets, non-current	3	612	2,094
Deferred tax assets		11,026	10,135
Other non-current assets ¹⁾		3,644	3,513
Total non-current assets		207,302	199,407
Current assets			
Inventories		72,684	57,058
Financial assets			
Accounts receivable ¹⁾	4	26,509	19,257
Other interest-bearing receivables, current ¹⁾	3	1,587	1,483
Derivative assets, current	3	885	1,988
Marketable securities	3	10,009	9,918
Cash and cash equivalents	3	36,053	47,861
Current tax assets		1,141	997
Other current assets ¹⁾		13,450	18,393
Total current assets		162,318	156,955
TOTAL ASSETS		369,620	356,362
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company		129,641	126,371
Non-controlling interests		4,535	4,114
Total equity		134,176	130,485
Non-current liabilities			
Provisions for post-employment benefits		6,083	7,610
Provisions, non-current		8,464	7,582
Financial liabilities			
Liabilities to credit institutions, non-current	3	4,626	4,562
Bonds, non-current	3	12,907	18,087
Derivative liabilities, non-current	3	569	424
Lease liabilities, non-current		4,976	4,790
Contract liabilities to customers, non-current		8,663	8,148
Deferred tax liabilities		9,195	8,293
Other non-current liabilities		5,331	5,385
Total non-current liabilities		60,814	64,881
Current liabilities			
Provisions, current		15,274	13,117
Financial liabilities			
Accounts payable	4	61,461	62,304
Liabilities to credit institutions, current	3	958	937
Bonds, current	3	12,638	6,660
Other interest-bearing liabilities, current ¹⁾	3	391	466
Derivative liabilities, current	3	1,684	1,055
Lease liabilities, current		1,345	1,242
Contract liabilities to customers, current		29,338	30,817
Current tax liabilities		1,738	1,607
Other current liabilities ¹⁾	4	49,803	42,791
Total current liabilities		174,630	160,996
TOTAL EQUITY & LIABILITIES		369,620	356,362

1) In the first quarter 2024, Volvo Cars has 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

SEKm	31 Mar 2024	31 Dec 2023
Opening balance	130,485	117,278
Net income for the period	3,587	14,066
Other comprehensive income, net of income tax	72	–959
Total comprehensive income	3,659	13,107
Transactions with owners		
Share-based payments	32	109
Change in the Group's composition	—	–9
Transactions with owners	32	100
Closing balance	134,176	130,485
Attributable to		
Owners of the parent company	129,641	126,371
Non-controlling interests	4,535	4,114
Closing balance	134,176	130,485

Consolidated Statement of Cash Flows

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
OPERATING ACTIVITIES			
Operating income	4,706	5,100	19,939
Depreciation and amortisation of non-current assets	5,418	4,129	17,449
Dividends received from joint ventures and associates	3	4	88
Interest and similar items received	681	499	2,495
Interest and similar items paid	–715	–276	–1,710
Other financial items	–694	154	178
Income tax paid	–869	–1,243	–4,486
Adjustments for other non-cash items	2,674	332	6,087
	11,204	8,699	40,040
Movements in working capital			
Change in inventories	–13,664	–3,932	–11,341
Change in accounts receivable	–6,670	4,178	4,750
Change in accounts payable	–1,667	–8,948	–2,918
Change in provisions	969	711	–1,914
Change in contract liabilities to customers	–1,100	–172	8,707
Change in other working capital	9,991	–2,916	5,543
Cash flow from movements in working capital	–12,141	–11,079	2,827
Cash flow from operating activities	–937	–2,380	42,867
INVESTING ACTIVITIES			
Investments in shares and participations	–546	–533	–1,151
Divestment in shares and participations	—	—	–178
Loans to affiliated companies	–45	–3,114	–11,990
Investments in intangible assets	–5,139	–5,545	–20,680
Investments in tangible assets	–5,572	–5,962	–18,485
Disposal of tangible assets	38	85	642
Cash flow from investing activities	–11,264	–15,069	–51,842
Cash flow from operating and investing activities	–12,201	–17,449	–8,975
FINANCING ACTIVITIES			
Proceeds from credit institutions	116	776	3,970
Proceeds from bond issuance	—	1,500	1,500
Repayment of bond	—	–2,000	–2,000
Repayment of liabilities to credit institutions	–188	—	–673
Repayment of interest-bearing liabilities	–420	–429	–1,747
Investments in marketable securities	—	–360	–10,792
Matured marketable securities	288	3,781	4,115
Other	–140	638	376
Cash flow from financing activities	–344	3,906	–5,251
Cash flow for the period	–12,545	–13,543	–14,226
Cash and cash equivalents at beginning of period	47,861	63,743	63,743
Exchange difference on cash and cash equivalents	737	123	–1,656
Cash and cash equivalents at end of period	36,053	50,323	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.

Critical accounting estimates and judgements – The Polestar Group

Polestar Automotive Holding Group has delayed the release date of its full year 2023 financial results. As such Volvo Car Group's equity share in Polestar Automotive Holding Group is included with the 2023 preliminary unaudited financial results; and a forecast for this quarter aligned with normal reporting procedure.

NOTE 2 – Revenue

Revenue allocated to geographical regions:

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Europe	51,555	44,102	184,894
of which Sweden ¹⁾	9,484	11,574	47,029
of which Germany	7,401	5,434	24,942
of which UK	5,935	4,575	21,661
US	15,182	19,490	75,172
China	14,901	16,585	73,545
Other markets	12,240	15,528	65,732
of which South Korea	1,521	2,176	8,336
of which Japan	1,359	2,286	7,673
Total	93,878	95,705	399,343

Revenue allocated to category:

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Sales of new cars	73,937	73,875	307,549
Sales of used cars	5,171	3,774	18,505
Sales of parts and accessories	9,487	8,671	37,170
Revenue from subscription, leasing and rental business	1,336	1,207	5,463
Sales of licences and royalties	251	—	798
Contract manufacturing	1,992	6,482	22,357
Emissions credits	185	186	910
Other revenue	1,519	1,510	6,591
Total	93,878	95,705	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 & cash equivalents, have been applied consistently throughout the reporting period.

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

	Measure- ment level	31 Mar 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 ¹⁾	2	11,175	11,175	10,270	10,270
Other securities holdings ²⁾	3	1,218	1,218	1,507	1,507
Other securities holdings ²⁾⁶⁾	1	103	103	166	166
Derivatives for hedging of currency risk	2	172	172	411	411
Derivatives for hedging of commodity price risk	2	13	13	—	—
Derivatives for hedging of interest rate risk	2	—	—	4	4
Interest-bearing securities ³⁾	2	—	—	50	50
		12,681	12,681	12,408	12,408
Financial assets carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	1,112	1,112	3,557	3,557
Derivatives for hedging of commodity price risk	2	200	200	110	110
		1,312	1,312	3,667	3,667
Financial assets carried at amortised cost					
Accounts receivable ⁶⁾	—	26,509	26,509	19,257	19,257
Other non-current and current interest-bearing assets ⁶⁾	—	3,155	3,254	2,846	2,928
Time deposits ⁴⁾	—	11,171	11,300	16,533	16,602
Cash and cash equivalents	—	34,891	34,891	41,197	41,197
		75,726	75,954	79,833	79,984
Financial liabilities carried at fair value through profit or loss					
Derivatives for hedging of currency risk	2	157	157	56	56
Derivatives for hedging of commodity price risk	2	28	28	—	—
Derivatives for hedging of interest rate risk	2	325	325	297	297
		510	510	353	353
Financial liabilities carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	1,375	1,375	865	865
Derivatives for hedging of commodity price risk	2	368	368	261	261
		1,743	1,743	1,126	1,126
Financial liabilities carried at amortised cost					
Accounts payable	—	61,461	61,461	62,304	62,304
Non-current and current bonds and liabilities to credit institutions	—	31,129	31,156	30,246	30,224
Other non-current and current interest-bearing liabilities ⁵⁾⁶⁾	—	15,932	15,932	8,727	8,727
		108,522	108,549	101,277	101,255

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

2) Equity instruments at level 3 includes 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 (Luminar) amounted to SEK 12 (42) m. Changes in the unlisted share warrants and earn-out share rights in Luminar is recognised as other financial expenses in the income statement amounted to SEK –37 (57) m.

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

4) Whereof SEK 10,009 (9,918) m are reported as marketable securities in the balance sheet and SEK 1,162 (6,615) m are reported as cash and cash equivalents.

5) Includes the repurchase value obligation on cars sold with repurchase commitment which are presented as other non-current and current liabilities in the balance sheet amounted to SEK 15,538 (8,258) m.

6) The 2023 figures have been adjusted to reflect the reclassification of certain items in the 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 associates and joint ventures. All transactions with related parties are performed at arm's length.

Significant events and agreements with Related parties during the first quarter

No significant events have occurred during the period.

Transactions with Related parties

Related party transactions are specified in below tables. The nature of significant transactions with related parties are provided in the 2023 annual report, with no significant changes applicable during the quarter.

Related party transactions specified below but not previously described in the annual report are sales to Volvo Car Financial Services UK Ltd, consisting mainly of sales of cars and purchases from Geely Changxing Automatic Transmission Co., Ltd, mainly related to gearboxes.

Sales of goods, services and other

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Related companies ¹⁾²⁾	2,937	7,221	27,253
of which The Polestar Group	2,643	6,597	24,939
of which Ningbo Fuhong Auto Sales Co., Ltd	121	399	1,467
Associated companies and joint ventures	1,488	385	2,705
of which Volvo Car Financial Services UK Ltd	1,151	40	1,337

Purchases of goods, services and other

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Related companies ¹⁾²⁾	–17,204	–7,982	–33,519
of which Zhejiang Geely Automobile Co., Ltd	–10,329	–18	–3,169
of which Powertrain Engineering Sweden AB (PES)	–4,062	–2,988	–13,517
of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd	–867	–2,485	–7,304
of which Viridi E-Mobility Technology (Ningbo) Co., Ltd	–379	–421	–2,079
of which Geely Changxing Automatic Transmission Co., Ltd	–379	–318	–1,420
of which Ningbo Geely Automobile Research & Development Co., Ltd	–173	–456	–1,592
Associated companies and joint ventures	–682	–818	–2,958

SEKm	Receivables ³⁾		Payables ³⁾	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Related companies ¹⁾²⁾	18,024	21,534	13,304	14,941
Associated companies and joint ventures	2,234	2,545	596	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 assets amounts to SEK 12,495 (11,543) m. Non-current part of liabilities amounts to SEK 3 (4) m.

NOTE 5 – Earnings per share

Basic earnings per share, SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Net income attributable to owners of the parent company	3,342	3,611	13,053
Net income attributable to owners of ordinary shares in the parent company	3,342	3,611	13,053
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179
Basic earnings per share, SEK	1.12	1.21	4.38

Diluted earnings per share, SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Net income in basic earnings per share	3,342	3,611	13,053
Net income in diluted earnings per share	3,342	3,611	13,053
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179
Dilutive effect for share-based payment programmes	1,444,869	382,877	778,275
Weighted average number of ordinary shares outstanding, diluted	2,980,969,048	2,979,907,056	2,980,302,454
Diluted earnings per share, SEK	1.12	1.21	4.38

NOTE 6 – Significant events after the period

In the Annual Report 2023, Volvo Car Group informed about a potential adjustment to our shareholding in Polestar through a distribution of shares to Volvo Cars' shareholders. On March 26, the AGM resolved, in accordance with the Board of Directors' proposal, to distribute 62.7% of Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders by way of a share split (2:1), 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.

The AGM decision was pending a final formal approval from UK regulators regarding the distribution of Polestar shares to Volvo Cars' shareholders. Since the relevant approvals were received, the Board of Volvo Cars decided on April 5 on the final terms and timetable for the distribution of 62.7 per cent of its Polestar shareholding to its shareholders. The distribution and related transactions will take place during the second quarter of 2024 according to the estimated timeline. Volvo Cars will continue to account for Polestar using the equity method and change the shareholding from 48.3 to 18.0% around May 8th.

Additional information relating to financial effects and the estimated timeline can be found on the investor relations page on the Volvo Cars website.

The section Risks and uncertainty factors on page 12 contains information on Volvo Cars' assessments of the global environment on the Group.

Condensed Parent Company Income Statements

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Administrative expenses	–12	–6	–30
Operating loss	–12	–6	–30
Interest income and similar credits	442	332	1,452
Interest expenses and similar charges	–233	–195	–825
Other financial income and expenses ¹⁾	–6	–6	2,979
Income before tax	191	125	3,576
Income tax	–39	–26	–95
Net income	152	99	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

SEKm	31 Mar 2024	31 Dec 2023
ASSETS		
Non-current assets	37,284	42,367
Current assets	32,351	25,999
TOTAL ASSETS	69,635	68,366
EQUITY & LIABILITIES		
Equity		
Restricted equity	61	61
Non-restricted equity	40,028	39,844
Total equity	40,089	39,905
Non-current liabilities	16,263	21,338
Current liabilities	13,283	7,123
Total liabilities	29,546	28,461
TOTAL EQUITY & LIABILITIES	69,635	68,366

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. 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 cord for charging.

Recharge cars

“Recharge” is the overarching name for all Volvo chargeable car models including plug-in hybrids (PHEV) and fully electric vehicles (BEV).

ICE

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

MHEV

Mild hybrid electric vehicle utilizes 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.

Online

Our online business model is available in 10 markets (UK, Sweden, Netherlands, Norway, Germany, USA, Canada, China, Malaysia, and India) and defines as a car ordered online with national online price and direct invoice where available. For US and Canada, the transaction is executed by our retail partners as per agreement with retailers and in line with franchise laws.

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 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, bonds and other interest-bearing non-current liabilities (excluding non-current lease liabilities). 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 SEKm 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

SEKm	Jan–Mar 2024	Jan–Mar 2023	Full year 2023
Revenue	93,878	95,705	399,343
Revenue per new car, BEV (SEKk) ¹⁾	416.0	456.3	465.4
Revenue per new car, non-BEV (SEKk) ¹⁾	428.1	446.9	440.4
Cost of sales	–75,806	–78,606	–321,916
Research and development expenses	–3,827	–2,878	–12,884
Operating income, EBIT	4,706	5,100	19,939
EBIT excl. share of income in JVs & associates	6,795	6,315	25,567
Net income	3,587	3,975	14,066
EBITDA	10,124	9,229	37,388
Gross income per new car, BEV (SEKk) ¹⁾	67.1	33.9	40.3
Gross income per new car, non-BEV (SEKk) ¹⁾	107.0	104.2	102.9
Gross margin, %	19.3	17.9	19.4
Gross margin BEV, % ¹⁾	15.7	7.4	8.7
Gross margin non-BEV, % ¹⁾	25.0	23.3	23.4
EBIT margin, %	5.0	5.3	5.0
EBIT margin excl. share of income in JVs & associates, %	7.2	6.6	6.4
EBITDA margin, %	10.8	9.6	9.4
Share of investing cash flow BEV, %	68.1	74.8	68.4
Share of investing cash flow non-BEV, %	8.2	6.4	5.9

1) Including amounts relating to emissions credits earned relating to BEV and Non-BEV, respectively. For the first quarter of the year the amount was SEK 56 (136) m relating to BEV, and SEK 129 (50) m relating to Non-BEV. For more information see Note 2 – Revenue in the annual report 2023.

Gothenburg, 23 April 2024

Jim Rowan
President and CEO

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

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FINANCIAL CALENDAR & CONFERENCE CALL

Webcast and conference call

At 09:30 CET on 24 April, President & CEO Jim Rowan, CFO Johan Ekdahl and Deputy CEO and Chief Commercial Officer Björn Annwall 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

18 July 2024: Q2 2024 report
23 October 2024: Q3 2024 report
6 February 2025: Q4 and full year 2024 report
3 April 2025: Annual General Meeting
29 April 2025: Q1 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

