

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 SECOND QUARTER 2024

APRIL–JUNE 2024



- Retail sales increased by 15% and reached 205.4 (178.8) thousand cars.
- Revenue amounted to SEK 101.5 (102.2) bn, and was impacted by lower contract manufacturing sales and sales channel mix and pricing, as well as deferred revenue related to rental sales.
- EBIT excluding share of income in JVs and associates was SEK 8.2 (6.4) bn, supported by higher volume as well as lower cost, mainly material. Operating income (EBIT) was SEK 8.0 (5.0) bn.
- EBIT margin excluding share of income in JVs and associates was 8.1 (6.3)%. EBIT margin was 7.9 (4.9)%.
- Basic earnings per share was SEK 1.79 (1.12).
- Operating and investing cash flow was SEK 0.1 (0.7) bn.
- In May, Volvo Cars issued a EUR 500 m 6-years green bond.
- On 8 May, Volvo Car AB (publ.) distributed 62.7% of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC to Volvo Cars' shareholders, thereafter Volvo Cars shareholding in Polestar is 18.0%.
- EX30, among top three best selling BEVs in Europe*, with 33 thousand cars sold globally in the quarter.
- XC60 is the best selling PHEV in Europe for the last two quarters*.

* Source: S&P Global Mobility

UPDATES AFTER THE PERIOD



- There are no updates after the period to report.

FORWARD LOOKING



- We have continued to grow responsibly, safeguarding value. Supported by our newly launched cars we are expecting to considerably increase the share of fully electric cars versus 2023. However, we expect the macroeconomic and uncertainties to remain. For 2024, Volvo Cars expects retail sales to grow by 12-15%, provided there are no major disruptions (previous outlook: higher year-over-year growth rate in retail sales than in 2023).

SEK bn unless otherwise stated	3 Months			6 Months			12 Months	
	Apr–Jun 2024	Apr–Jun 2023	Δ%	Jan–Jun 2024	Jan–Jun 2023	Δ%	LTM	Full year 2023
Retail sales, k units ¹⁾	205.4	178.8	15	388.1	341.7	14	755.1	708.7
Revenue	101.5	102.2	–1	195.3	197.9	–1	396.8	399.3
Research and development expenses ²⁾	–4.7	–3.4	40	–8.6	–6.3	37	–15.2	–12.9
Operating income (EBIT) ³⁾	8.0	5.0	60	12.7	10.1	26	22.5	19.9
EBIT excl. share of income in JVs and associates ³⁾	8.2	6.4	28	15.0	12.7	18	27.9	25.6
Net income ²⁾	5.7	3.5	60	9.2	7.5	23	15.8	14.1
Basic earnings per share, SEK ²⁾	1.79	1.12	60	2.92	2.33	25	4.97	4.38
EBITDA ³⁾	13.9	9.2	52	24.1	18.4	31	43.0	37.4
Cash flow from operating activities ²⁾	12.8	17.0	–25	11.8	14.6	–19	40.1	42.9
Cash flow from investing activities ²⁾	–12.7	–16.3	–22	–23.9	–31.4	–24	–44.4	–51.8
Gross margin, % ³⁾	22.8	19.0	20	21.1	18.5	14	20.7	19.4
EBIT margin, % ³⁾	7.9	4.9	61	6.5	5.1	27	5.7	5.0
EBIT margin excl. share of income in JVs and associates, % ³⁾	8.1	6.3	29	7.7	6.4	19	7.0	6.4
EBITDA margin, % ³⁾	13.7	9.0	53	12.3	9.3	32	10.8	9.4

1) Non-financial operating metric.

2) Revenue is an IFRS measure.

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

Strong quarter with record earnings, but trade tariffs add uncertainty

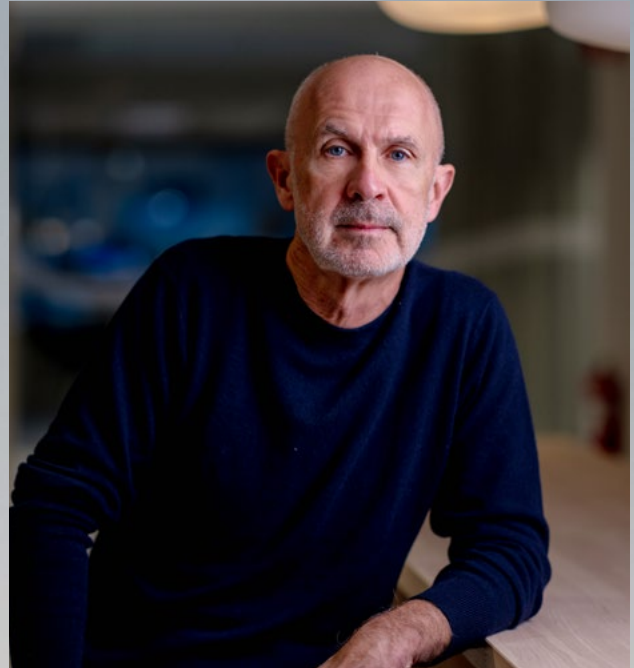
Dear shareholders and other members of our Volvo Cars community,

Our company delivered a strong second quarter performance in 2024 with underlying record profitability, demonstrating our ability to create value despite a complex geopolitical and economic environment. Our core operational momentum remains on a firm footing, thanks to the strength of our balanced strategy, product portfolio and our agility in responding decisively to headwinds.

Our core EBIT for the quarter improved to SEK 8.2 bn, an increase of 28 per cent versus Q2 2023, with a corresponding core margin at 8.1 per cent, the highest ever in a single quarter. Gross margins on our fully electric cars reached a new high of 20 per cent in the period, demonstrating that we continue to make the transition towards electrification profitably.

Our brand and values around safety and sustainability, as well as our unique technology approach, continue to resonate strongly with customers. This resulted in second-quarter retail sales growth of 15 per cent year-on-year, which adds up to a sales growth of 14 per cent for the first half of the year. This was driven by the performance of our electrified cars – our plug-in hybrids and fully electric cars – sales of which grew by 43 per cent in the second quarter, versus the same period last year.

During the year we increased our market share in Europe to the highest level ever, and grew our share in the US as well, while managing our market position in China. I am pleased that we did so with pricing discipline. That is reflected in our solid second quarter earnings.



*“We have continued to
grow responsibly,
safeguarding value”*

A balanced portfolio

As I have said before, 2024 is a milestone year for us with several new fully electric (EV) cars. We have already rolled out the new EM90 and ramped up the EX30 this year. In the third quarter of 2024 we will also see the first customers behind the wheel of our flagship fully electric SUV, the EX90, now that we have started production in our factory in South Carolina in the US.

The EX30 was an important contributor to the sales performance during the second quarter. This small fully electric SUV had a strong start in Europe, and was among the top three of most sold EVs in the region according to the latest available industry data. Meanwhile in China, the EM90 is carving out a position for itself in the premium EV segment, helping us to further establish ourselves in this important growth market.

At the same time, demand for our hybrid cars remains very strong, as demonstrated by our XC60, which has been the best-selling plug-in hybrid in Europe for the past several months.

Our EVs and hybrid models – our electrified products – provide us with a portfolio that serves as a clear bridge to an all-electric future. While we firmly believe electrification is the future, this transition will not be a linear development. Many consumers are not yet able to go fully electric, as the friction points of inadequate infrastructure development and sudden withdrawal of incentives by governments weaken the transition. It's important to us they have safe and sustainable mobility options that meet their needs in the meantime. This makes our line-up of plug-in and mild hybrid models so important as a bridge.

We continue to invest across the breadth of our product range, both in new models and ongoing improvements to existing ones.

During our Capital Markets Day in September, we will reveal more details on our roadmap as well as forthcoming models and updates.

Financial performance creating stakeholder value

Our second quarter financial results demonstrate our solid fundamentals. As mentioned, our core EBIT margin for the period reached 8.1 per cent, versus 6.3 per cent in the corresponding period last year. This improvement in our underlying profitability was a result of our focus on pricing discipline, internal cost control and sustained growth in sales.

The EX30 has proved popular with customers in Europe as well as other markets like Mexico and Brazil. This has been reflected in our gross margin, which increased to 22.8 per cent from 19.0 per cent last year. On fully electric cars, our gross margin reached the highest level ever at 20 per cent versus 3 per cent in the corresponding period last year.

Our total revenues for the quarter declined marginally compared to last year to SEK 101 bn, due to reduced income from contract manufacturing, as well as normalisation of sales to rental companies, which affects the revenue recognition on cars sold during the period. Our core revenues from operations during the quarter, excluding income from contract manufacturing, remained stable.

A challenging business environment

Like all global companies, we operate in a complex geopolitical environment that impacts trade and tests supply chain resilience. The recent introduction of tariff measures by authorities in the US reflects some of these challenges.

In the short term, potential tariffs from the EU Commission affecting EVs from China will affect the EX30. However, as we previously announced, we will start producing that car in our plant in Ghent, Belgium next year, as part of our 'Build where we sell' strategy. We aim to start production of the EX30 in Ghent during the first half of 2025, with volumes ramping up during the second half of that year.

Once the EU investigation concludes later this year, following the member state votes and potential issuance of the definitive tariffs, we will have a final and clear overview of how the tariffs will impact Volvo Cars.

We have continued to grow responsibly, safeguarding value. Supported by our newly launched cars we expect to considerably increase the share of fully electric cars versus 2023. However, we expect the macroeconomic and geopolitical uncertainties to remain. For 2024, Volvo Cars expects retail sales to grow by 12-15 per cent, provided there are no major disruptions.

Strategic levers in place for profitable growth

Macroeconomic and geopolitically complex headwinds are the inescapable business realities of today, and despite these many challenges, we are positioned for further growth.

Our operational fundamentals are strong, and we expect cash flow to be neutral for the full year 2024 and 2025, as previously communicated. 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.

We continue to invest in our future, focusing on new infrastructure, cars, talent and technologies while deploying our capital and managing our cost levels as efficiently as possible. Construction of our new car factory in Slovakia and our battery plant in Sweden continues apace.

During the past quarter we also made some strategic changes to the leadership team, elevating areas around product strategy, technology and supply chain – all of which are key to delivering our future success.

More importantly, we have the flexibility we need combined with several strong strategic levers in place that allow us to drive profitable and sustainable growth in the coming years.

I look forward to sharing more updates and details on our plans at our Capital Markets Day on September 5 in Gothenburg.

Jim Rowan

Chief Executive, Volvo Cars

Quarterly highlights

Volvo Cars started production of the fully electric EX90 SUV

During the second quarter, the production of the EX90 started at the Volvo Cars factory outside of Charleston, South Carolina, with the first customer deliveries scheduled for the third quarter. The EX90 not only expands the Volvo Cars portfolio of fully electric cars, but also represents a paradigm shift for the company, being the first Volvo car powered by core computing technology enabling the next level of safety, connectivity and software upgrades.

Volvo Cars' remaining shareholding in Polestar is 18 per cent

During the quarter, Volvo Cars has completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC to its shareholders. The remaining share amounts to 18 per cent as of 8 May. Volvo Cars and Polestar's operational collaboration continues to the benefit of both companies. At the beginning of 2024, Volvo Cars also announced that no further funding to Polestar will be provided.

Volvo Cars raised EUR 500 m through new green bond issuance

Volvo Cars issued its fourth green bond and raised EUR 500 m from a diverse group of global investors. This succeeded a repayment of an existing bond of EUR 600 m and the initiative further supports Volvo Cars' aim to have 100 per cent of its outstanding debt linked to the Green Financing Framework, or in a sustainability-linked format. The proceeds will be used to support Volvo Cars' ambitions on electrification and sustainability.

The EUR 500 m bond is issued under Volvo Cars' Euro Medium-Term Note program. The bond matures in May 2030, pays a fixed coupon rate of 4.75 per cent and is listed on the Luxembourg Stock Exchange.

Volvo EX30 received the prestigious Red Dot 'Best of the Best' Design Award

The EX30 was revealed last summer and has already won more than 20 major awards. During the second quarter it was awarded the prestigious Red Dot award: Best of the Best Product Design 2024.

The award recognises excellence in design based on four basic principles of good design: the quality of function, the quality of seduction, the quality of use, and the quality of responsibility. The jury of 39 experts from all over the world selected the EX30 as the winner in a competitive field with a total score of 93/100.

Volvo Cars announced strategic leadership change

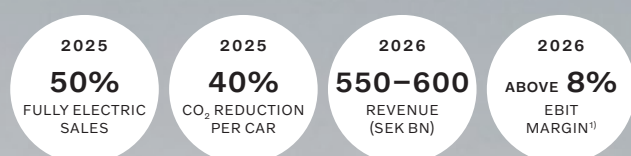
During the second quarter, in line with the Company's ongoing succession planning and organisation design, the following leaders joined the company's Executive Management Team (EMT) and will report directly to the CEO, Jim Rowan: Erik Severinson (Chief Product & Strategy Officer), Anders Bell (Chief Engineering & Technology Officer) and Francesca Gamboni (Chief Supply Chain Officer).

It was also announced on 2 May that Javier Varela, Chief Operating Officer and Deputy CEO, decided to pursue a new opportunity outside of Volvo Cars. Javier Varela had been a member of the Executive Management Team since 2016 and served as COO and deputy CEO since 2022.

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. share of income in JVs and associates

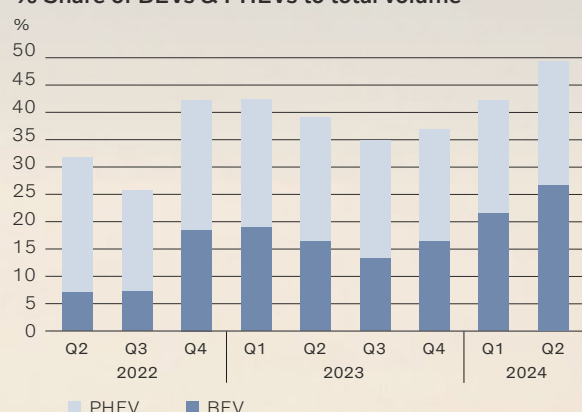
ELECTRIFIED SALES

Sales of battery electric cars increased to 26 per cent of total share from 16 per cent in the same quarter last year whereas total electrified sales, i.e. our EVs and hybrid models, increased to 48 (39) per cent of total share.

Compared with the first quarter of 2024, we have seen a modest decline in the order intake. The orderbook in Europe is still higher than normal, but given the current production pace it should be normalised over the next few quarters, supporting more competitive delivery times.

Norway, Brazil, Denmark, Mexico and Thailand, to name a few, all had 100 per cent electrified sales in the quarter, closely followed by Finland and a few other markets.

% Share of BEVs & PHEVs to total volume



BEV/Non-BEV profitability and share of investments

Compared to the second 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 margin for BEV cars also improved compared to the first quarter 2024 mainly from further ramp-up of EX30.

	Apr–Jun 2024			Full year 2023		
	BEV	Non-BEV	Common	BEV	Non-BEV	Common
Retail sales, k units	53	153	—	113	595	—
Revenue per Car, SEKk/unit ¹⁾	408	443	—	465	440	—
Gross Income per Car, SEKk/unit ¹⁾	82	102	—	40	103	—
Gross Margin, %	20	23	—	9	23	—
Share of Investing Cash Flow, % ²⁾	70	6	24	68	6	26

The second quarter report 2024 will be the last quarter where the information above is presented.

- 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

For the second quarter of 2024, we continued to make progress on our sustainability ambitions. By the end of the first half year, we reached a CO₂ reduction of –25 per cent, compared to the 2018 base year. This is partly the result of an increased share of fully electric cars. We are also making progress on our ambition to reach 100 per cent climate neutral energy in own operations by 2025. In Taizhou, our manufacturing plant has switched to biogas, making it our first climate neutral plant in China which will result in a reduction of more than 7,000 tonnes of CO₂ per year.

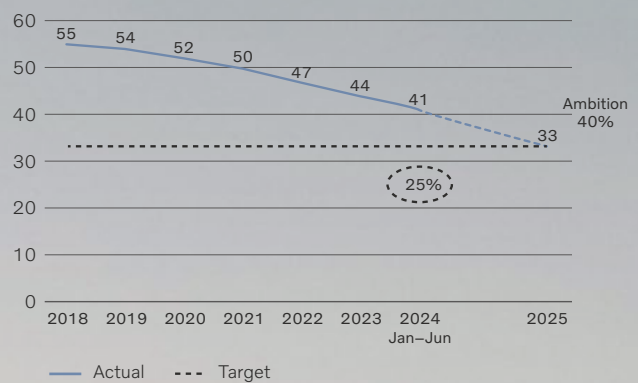
In April, we also launched our new philanthropic fund, The Volvo For Life Fund. The ambition is to positively impact a million lives over time by supporting initiatives in the communities in which we operate. The Fund will focus initially on social and environmental initiatives that empower people, restore and preserve our planet, and ensure continuity of education when natural disasters strike. We will track our impact via our partners and include programme-specific targets that measure our contribution to the UN's Sustainable Development Goals.

As we work towards our ambitions in biodiversity, we have signed up as an adopter of the Taskforce on Nature-related Financial Disclosures (TNFD) initiative. This framework will provide recommendations and guidance with the aim to provide stakeholders with clear and actionable information about our journey in addressing our biodiversity impact.

CO ₂ -reduction per car	Total CO ₂ -emissions per car, tonnes	Reduction, %
2018	54.9	—
2024 Jan–Jun ¹⁾	41.1	–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.

CO₂ reduction (tonnes/car)



Second quarter financial summary

SALES AND MARKET DEVELOPMENT

The overall global passenger car market for the second quarter was in line with the same period last year. High interest rates and global economic uncertainty are factors that have contributed to a softening demand. However, the BEV segment continues to grow at a faster pace than the overall market.

The global automotive production volumes for the full year are forecasted to slightly decrease compared to previous year according to S&P Global.

Volvo Cars has strengthened its market position and retail sales increased by 15% compared with the second quarter of 2023. Wholesales increased by 9 per cent and production increased by 7 per cent. The growth in retail sales was mainly driven by a strong performance in Europe as well as the ramp-up of the successful fully electric small SUV, the EX30.

The total orderbook in Europe is still on historically high levels, but decreasing due to strong production volumes.

EX90, the fully electric large SUV, started production in Charleston with customer deliveries to follow during the third quarter. Volvo Cars' share of BEV and PHEV combined was 48 per cent, whereof BEV share was at 26 (16) per cent.

Volvo Cars' market share per propulsion type ^{1) 2)}	Jan–May 2024	Jan–May 2023
BEV	1.90%	1.52%
PHEV	4.51%	5.38%
ICE (incl. mild hybrids)	0.78%	0.69%
Total	1.16%	0.98%

Total industry volume share and growth by propulsion type ^{1) 2)}	Jan–May 2024	Growth YoY
BEV	14%	22%
PHEV	6%	39%
ICE (incl. mild hybrids)	80%	–5%
Total	100%	–1%

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, May 2024, capturing more than 85 per cent of total world sales. All rights reserved.

Europe

The overall European passenger car market increased by 2 per cent compared to the same period last year. Compared to previous quarterly growth after the pandemic, this is on the lower end. The BEV segment decreased by 5 per cent compared to the second quarter 2023.

Volvo Cars' retail sales increased by 40 per cent, with UK and Germany at the top selling 16.8 and 16.5 thousand cars respectively. The share of BEVs and PHEVs accounted for 66 (61) per cent in the quarter, whereof BEV sales accounted for 39 (25) per cent of retail sales.

China

The total Chinese passenger car market decreased by 6 per cent, while the BEV segment increased by 16 per cent. The demand for combustion engine cars is declining, as a large part of the Chinese market is moving to electrification. The overall competition in the Chinese car market continued to be strong, with domestic EV brands being particularly strong in the mass market segment.

Volvo Cars' retail sales decreased by 4 per cent. BEV and PHEV share combined accounted for 9 (9) per cent in the quarter, whereof BEV sales accounted for 4 (2) per cent of retail sales.

US

The total US passenger car market saw a decline by 6 per cent, while the BEV segment increased by 9 per cent compared to the same period 2023. The market was impacted by widespread third-party IT-related disturbances in June that affected retailers across the industry. Volvo Cars was also affected, however with limited financial effect.

Volvo Cars retail sales decreased by 10 per cent compared to the same period last year. BEV and PHEV share combined accounted for 35 (29) per cent in the quarter, whereof BEV share alone accounted for 3 (14) per cent of retail sales.

Other markets

Volvo Cars' retail sales in other markets increased by 7 per cent. The largest markets were South Korea (–7%), Canada (19%) and Turkey (13%). The share of BEV and PHEV sales combined in other markets was 49 (35) per cent, whereof BEV accounted for 32 (17) per cent.

Sales development per carline

The SUVs, comprising of Volvo Cars' XC and EX models, accounted for 82 (80) per cent of total sales, driven by the best-selling models XC60 and XC40. During the second quarter, the ramp-up of sales and retail deliveries of the EX30 continued and the production of the EX90 commenced. The Sedan and Wagon segments' share of total sales amounted to 11 (13) per cent and 6 (7) per cent respectively.

VOLVO CAR GROUP

Retail sales, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2024	Apr–Jun 2023	Δ%	Jan–Jun 2024	Jan–Jun 2023	Δ%	LTM	2023	Δ%
Europe	104.0	74.3	40	193.6	146.9	32	341.5	294.8	6
China	40.2	42.1	–4	78.2	78.5	—	169.7	170.1	1
US	30.1	33.3	–10	61.0	59.8	2	130.0	128.7	3
Other	31.1	29.1	7	55.3	56.5	–2	113.9	115.1	–3
Retail sales total	205.4	178.8	15	388.1	341.7	14	755.1	708.7	3
Electrified cars	98.7	69.0	43	173.7	136.4	27	303.2	266.0	3
<i>whereof BEVs</i>	<i>52.6</i>	<i>29.2</i>	<i>80</i>	<i>90.8</i>	<i>59.3</i>	<i>53</i>	<i>144.9</i>	<i>113.4</i>	<i>7</i>
Electrified cars share	48%	39%		45%	40%		40%	38%	
<i>whereof BEV share</i>	<i>26%</i>	<i>16%</i>		<i>23%</i>	<i>17%</i>		<i>19%</i>	<i>16%</i>	
Wholesales	205.8	188.7	9	404.2	362.8	11	773.7	732.3	6
Production volume	211.9	198.4	7	447.4	379.5	18	834.6	766.7	7

Top 10 Retail sales by market, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2024	Apr–Jun 2023	Δ%	Jan–Jun 2024	Jan–Jun 2023	Δ%	LTM	2023	Δ%
China	40.2	42.1	–4	78.2	78.5	—	169.7	170.1	—
US	30.1	33.3	–10	61.0	59.8	2	130.0	128.7	1
UK	16.8	13.0	29	30.4	24.9	22	55.7	50.1	11
Germany	16.5	10.3	60	31.5	20.6	53	56.5	45.5	24
Sweden	12.7	10.6	19	23.3	20.0	17	44.4	41.0	8
Netherlands	9.3	4.5	105	17.7	9.3	89	24.6	16.3	51
Belgium	8.1	6.1	35	15.1	11.9	26	27.0	23.9	13
Italy	5.4	5.7	–5	12.0	10.6	14	20.6	19.2	8
France	5.2	3.7	38	10.7	7.5	43	18.5	15.3	21
Poland	5.2	2.7	91	10.2	6.4	59	16.0	12.3	31

Retail sales by model, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2024	Apr–Jun 2023	Δ%	Jan–Jun 2024	Jan–Jun 2023	Δ%	LTM	2023	Δ%
BEV									
EX30	33.3	—	—	47.8	—	—	48.5	0.6	—
EX40	13.7	17.9	–23	31.1	39.0	–20	67.7	75.7	–5
EC40	4.9	11.3	–57	10.9	20.3	–46	27.7	37.1	–8
EM90	0.7	—	—	1.0	—	—	10.0	—	—
Non-BEV									
XC60	59.3	55.8	6	115.7	106.0	9	238.4	228.6	3
XC40	31.3	31.6	–1	60.3	60.6	—	124.7	125.0	—
XC90	26.9	27.1	–1	53.2	51.5	3	109.2	107.5	2
S60	12.0	9.7	23	22.9	17.9	28	45.2	40.2	7
S90	11.0	12.7	–13	21.8	23.1	–6	48.0	49.3	1
V60	10.0	8.6	16	18.7	16.3	15	32.9	30.4	3
V90	2.3	4.0	–41	4.6	7.1	–35	11.7	14.2	–6
Total	205.4	178.8	15	388.1	341.7	14	755.1	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 second quarter 2023 if not otherwise stated.

Volvo Cars' revenue amounted to SEK 101.5 (102.2) bn. Wholesale volumes increased by 9% to 205.8 (188.7) thousand cars, resulting in a SEK 9.0 bn increase in revenue. The revenue was impacted by deferred revenue related to rental sales, amounting to SEK –4.9 bn, lower contract manufacturing sales, amounting to SEK –3.2 bn, as well as sales channel mix and pricing, amounting to SEK –2.1. See complete revenue bridge below.

Gross income increased by 19% to SEK 23.2 (19.4) bn, resulting in a gross margin of 22.8 (19.0)%. The gross margin increased mainly due to lower material costs. Foreign exchange rate effects, including hedges, in cost of sales were negative amounting to SEK –0.3 bn. The net effect of foreign exchange rates, including hedges, in gross income was also negative and amounted to SEK –0.5 bn.

Research and development expenses increased to SEK –4.7 (–3.4) bn, primarily linked to higher amortisation costs due to more new car lines entering production. For details regarding research and development expenses, see the Research and development table on page 11. Selling expenses amounted to SEK –6.8 (–6.6) bn. Administrative expenses decreased by 15% to SEK –2.9 (–3.5) bn mainly due to normalised IT related spending.

Other operating income and expenses decreased to SEK –0.5 (0.5) bn mainly related to negative foreign exchange rate effects from the valuation of operating assets and liabilities. Share of income in joint ventures and associates included ordinary share of net income as well as the net effect of SEK –0.2 (—) bn from Polestar's 2023 results and related impairment charges and internal profit eliminations, and the effect of Volvo Cars' distribution of Polestar shares. This resulted in a total share of income in joint ventures and associates for the quarter of –0.2 (–1.4) bn.

Operating income (EBIT) excluding share of income in joint ventures and associates, increased to SEK 8.2 (6.4) bn, corresponding to a margin of 8.1 (6.3)%, supported by higher volume as well as lower material cost. EBIT amounted to SEK 8.0 (5.0) bn, resulting in an EBIT margin of 7.9 (4.9)%. The exchange rate effects, including hedges, had a negative impact on EBIT of SEK –1.0 bn, see the table below.

Net financial items decreased to SEK –0.1 (0.4) bn, primarily driven by higher interest expenses. The effective tax rate decreased to 27.7 (34.1)%, mainly due to lower non-tax deductible loss linked to share of income in joint ventures and associates. Net income was SEK 5.7 (3.5) bn and 5.6 (3.5)% in relation to revenue. Basic earnings per share amounted to SEK 1.79 (1.12).

Changes to Revenue, SEK bn	Apr–Jun
Revenue Q2 2023	102.2
Volume	9.0
Deferred revenue	–4.9
Sales mix and pricing	–2.1
Sale of licences	–0.2
Foreign exchange rates	–0.2
Contract manufacturing	–3.2
Other ¹⁾	0.9
Revenue Q2 2024	101.5
Change, %	–0.7

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

Items affecting comparability, SEK bn	Apr–Jun 2024	Apr–Jun 2023
Restructuring costs	—	–0.9
Total	—	–0.9

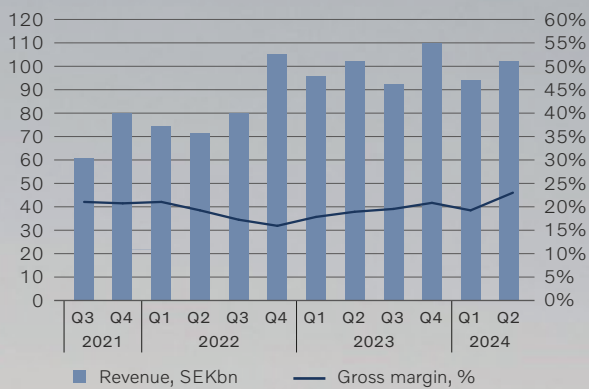
Changes to Operating income, SEK bn	Apr–Jun
EBIT Q2 2023	5.0
Volume	0.5
Sales mix and pricing	0.3
Government grants	–0.1
Sale of licences	–0.2
Foreign exchange rates	–1.0
Share of income in JVs and associates	1.2
Items affecting comparability	0.9
Other ²⁾	1.4
EBIT Q2 2024	8.0
Change, %	60.0

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

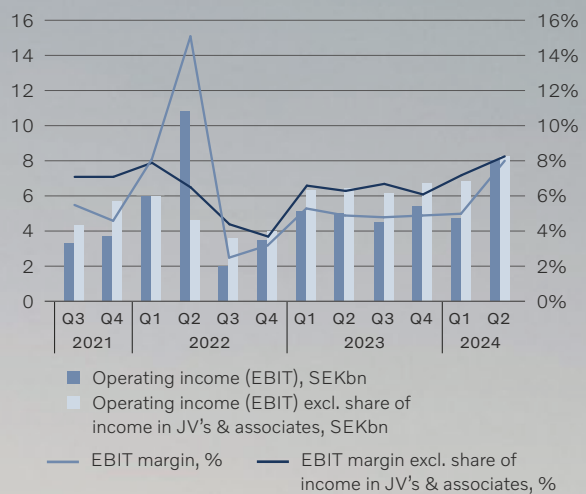
VOLVO CAR GROUP

	3 Months			6 Months			Full year
	Apr–Jun 2024	Apr–Jun 2023	Δ%	Jan–Jun 2024	Jan–Jun 2023	Δ%	2023
Research and development, SEK m							
Research and development spending	–7,462	–7,217	3.4	–13,866	–13,721	1.1	–26,943
Capitalised development costs	4,875	5,004	–2.6	9,524	9,790	–2.7	18,912
Amortisation of research and development	–2,138	–1,170	82.7	–4,210	–2,330	80.7	–4,853
Research and development expenses	–4,725	–3,383	39.7	–8,552	–6,261	36.6	–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 second 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 43.9 (57.8) bn. Net cash was SEK 14.7 (27.5) bn, the decrease was largely driven by investing activities. Liquidity amounted to SEK 63.5 (75.0) bn, including undrawn credit facilities of SEK 19.5 (17.2) bn.

Cash flow from operating activities

Cash flow from operating activities amounted to SEK 12.8 (17.0) bn. The amount consists of operating income of SEK 8.0 (5.0) bn, adjusted for depreciation and amortisation of SEK 6.0 (4.2) bn, together with paid income tax of SEK –1.6 (–1.9) bn.

The change in working capital amounted to SEK –0.4 (6.0) bn. Cash flow from changes in inventories amounted to SEK –10.4 (–3.6) 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 of movements in accounts payable SEK 6.8 (4.5) bn and other working capital SEK 2.3 (9.0) bn, due to repurchase agreements together with changes in VAT receivables.

Cash flow from investing activities

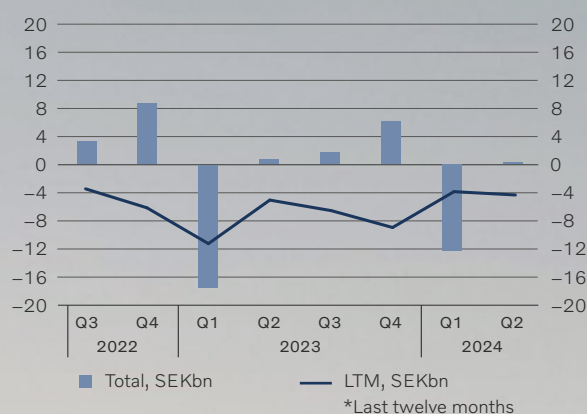
Cash flow from investing activities amounted to SEK –12.6 (–16.3) bn. Cash flow from investments in tangible assets amounted to SEK –6.3 (–4.8) bn, mainly driven by the manufacturing footprint.

Investments in intangible assets amounted to SEK –5.5 (–5.4) 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 3.8 (0.2) bn. The changes were mainly related to marketable securities of SEK 5.9 bn, offset by increased proceeds and repayments to credit institutions of –1.1 bn.

Cash flow from Operating and Investing activities



Cash flow statement, SEK bn	3 Months		6 Months		Full year
	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	2023
Cash flow from operating activities	12.8	17.0	11.8	14.6	42.9
Cash flow from investing activities	–12.7	–16.3	–23.9	–31.4	–51.8
Cash flow from operating and investing activities	0.1	0.7	–12.1	–16.8	–9.0
Cash flow from financing activities	3.8	0.2	3.5	4.1	–5.3
Cash flow for the period	3.9	0.9	–8.6	–12.7	–14.2

First six months

INCOME AND RESULT

Volvo Cars' revenue amounted to SEK 195.3 (197.9) bn, supported by wholesale volumes, which increased by 11% to 404.2 (362.8) thousand cars. However, revenue was impacted by lower contract manufacturing, sales channel mix and pricing, as well as higher deferred revenue related to rental sales.

Gross income increased to SEK 41.3 (36.5) bn, resulting in a gross margin of 21.1(18.5)%, an increase mainly due to increased volume, as well as lower material cost. Share of income in joint ventures and associates was SEK –2.3 (–2.6) bn, including the net effect of share of income of SEK –0.2 (—) bn from Polestars' 2023 results and related impairment charges and internal profit eliminations as well as the effect of Volvo Cars distribution of Polestar shares.

Operating income (EBIT) excluding share of income in joint ventures and associates, increased to SEK 15.0 (12.7) bn, corresponding to a margin of 7.7 (6.4)%. EBIT amounted to SEK 12.7 (10.1) bn, resulting in an EBIT margin of 6.5 (5.1)%. The exchange rate effects including hedges had a negative impact on EBIT of SEK –0.6 bn.

Net financial items decreased to SEK 0.2 (0.7) bn. The effective tax rate decreased to 28.5 (30.1)%, mainly due to lower non-tax deductible loss linked to share of income in joint ventures and associates. Net income was SEK 9.2 (7.5) bn and 4.7 (3.8)% in relation to revenue. Basic earnings per share amounted to SEK 2.92 (2.33).

CASH FLOW

Total cash and cash equivalents, including marketable securities, amounted to SEK 43.9 (57.8) bn. Net cash was SEK 14.7 (27.5) bn, the decrease was largely driven by investing activities. Liquidity amounted to SEK 63.5 (75.0) bn, including undrawn credit facilities of SEK 19.5 (17.2) bn.

Cash flow from operating activities was positive and amounted to SEK 11.8 (14.6) bn. The change in working capital amounted to SEK –12.6 (–5.0) bn, mainly impacted by the seasonality in inventories but also due to increased ramp-up of EX30 and cars under repurchase contracts.

Cash flow from investing activities amounted to SEK –23.9 (–31.4) 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 3.5 (4.1) bn, mainly related to change in marketable securities.

EQUITY

Total equity increased to SEK 137.7 (130.5) bn, resulting in an equity ratio of 35.9 (36.6)%. The change is mainly attributable to a positive net income of SEK 9.2 bn, partially offset by a negative effect on other comprehensive income SEK –2.0 bn.

The change in other comprehensive income is related to a negative change in cash flow hedge reserve related to currency and commodity price risks of SEK –1.7 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.

Items affecting comparability, SEK bn	Jan–Jun 2024	Jan–Jun 2023
Restructuring costs	—	–0.9
Total	—	–0.9

Changes to Revenue, SEK bn	Jan–Jun
Revenue H1 2023	197.9
Volume	20.7
Deferred revenue	–12.2
Sales mix and pricing	–4.0
Sale of licences	0.1
Foreign exchange rates	–2.3
Contract manufacturing	–7.5
Other ¹⁾	2.6
Revenue H1 2024	195.3
Change, %	–1.3

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

Changes to Operating income, SEK bn	Jan–Jun
EBIT H1 2023	10.1
Volume	1.6
Sales mix and pricing	–1.7
Government grants	–0.1
Foreign exchange rates	–0.6
Share of income in JVs and associates	0.3
Items affecting comparability	0.9
Other ²⁾	2.2
EBIT H1 2024	12.7
Change, %	25.6

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 six months of 2024, Volvo Car Group employed 41.9 (43.4) thousand full-time employees (FTEs) and 3.7 (4.0) 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 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

SEK m	Note	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Revenue	2	101,454	102,152	195,332	197,857	399,343
Cost of sales		–78,272	–82,733	–154,078	–161,339	–321,916
Gross income		23,182	19,419	41,254	36,518	77,427
Research and development expenses		–4,725	–3,383	–8,552	–6,261	–12,884
Selling expenses		–6,789	–6,612	–12,561	–12,401	–26,056
Administrative expenses		–2,942	–3,469	–5,726	–6,234	–12,539
Other operating income and expenses		–510	472	596	1,120	–381
Share of income in joint ventures and associates		–247	–1,434	–2,336	–2,649	–5,628
Operating income		7,969	4,993	12 675	10,093	19,939
Interest income and similar credits		590	598	1,271	1,097	2,495
Interest expenses and similar charges		–602	–192	–1,046	–392	–772
Other financial income and expenses	3	–135	–26	20	–41	–802
Income before tax		7,822	5,373	12,920	10,757	20,860
Income tax		–2,168	–1,833	–3,679	–3,242	–6,794
Net income		5,654	3,540	9,241	7,515	14,066
Net income attributable to						
Owners of the parent company		5,348	3,332	8,690	6,943	13,053
Non-controlling interests		306	208	551	572	1,013
Basic earnings per share, SEK	5	1.79	1.12	2.92	2.33	4.38
Diluted earnings per share, SEK	5	1.79	1.12	2.91	2.33	4.38

Consolidated Comprehensive Income

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Net income for the period	5,654	3,540	9,241	7,515	14,066
Other comprehensive income					
<i>Items that will not be reclassified subsequently to income statement:</i>					
Remeasurements of provisions for post-employment benefits	–1,597	1,181	–74	857	–1,815
Tax on items that will not be reclassified to income statement	325	–247	7	–132	424
<i>Items that have been or may be reclassified subsequently to income statement:</i>					
Translation difference on foreign operations	–1,607	539	–29	787	–1,240
Translation difference of hedge instruments of net investments in foreign operations	202	–489	–241	–607	131
Change in fair value of cash flow hedge related to currency and commodity price risks	823	–3,261	–2,149	–3,180	1,976
Tax on items that have been or may be reclassified to income statement	–212	772	492	779	–435
Other comprehensive income, net of income tax	–2,066	–1,505	–1,994	–1,496	–959
Total comprehensive income for the period	3,588	2,035	7,247	6,019	13,107
Total comprehensive income attributable to					
Owners of the parent company	3,326	1,872	6,564	5,499	12,343
Non-controlling interests	262	163	683	520	764
	3,588	2,035	7,247	6,019	13,107

Consolidated Balance Sheets

SEK m	Note	30 Jun 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets		78,053	72,104
Tangible assets		94,871	84,113
Financial assets			
Investments in joint ventures and associates	4	10,660	14,142
Other securities holdings ¹⁾	3	12,170	11,943
Other interest-bearing receivables, non-current ¹⁾	3	1,496	1,363
Derivative assets, non-current	3	954	2,094
Deferred tax assets		11,223	10,135
Other non-current assets ¹⁾		3,891	3,513
Total non-current assets		213,318	199,407
Current assets			
Inventories		82,603	57,058
Financial assets			
Accounts receivable ¹⁾	4	24,479	19,257
Other interest-bearing receivables, current ¹⁾	3	1,641	1,483
Derivative assets, current	3	916	1,988
Marketable securities	3	4,011	9,918
Cash and cash equivalents	3	39,911	47,861
Current tax assets		2,057	997
Other current assets ¹⁾		15,067	18,393
Total current assets		170,685	156,955
TOTAL ASSETS		384,003	356,362
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company		132,902	126,371
Non-controlling interests		4,797	4,114
Total equity		137,699	130,485
Non-current liabilities			
Provisions for post-employment benefits		7,748	7,610
Provisions, non-current		8,380	7,582
Financial liabilities			
Liabilities to credit institutions, non-current	3	4,236	4,562
Bonds, non-current	3	18,362	18,087
Other interest-bearing liabilities, non-current ¹⁾	3	47	4
Derivative liabilities, non-current	3	489	424
Lease liabilities, non-current		5,258	4,786
Contract liabilities to customers, non-current		8,953	8,148
Deferred tax liabilities		11,317	8,293
Other non-current liabilities		4,379	5,385
Total non-current liabilities		69,169	64,881
Current liabilities			
Provisions, current		13,408	13,117
Financial liabilities			
Accounts payable	4	67,801	62,304
Liabilities to credit institutions, current	3	887	937
Bonds, current	3	5,650	6,660
Other interest-bearing liabilities, current ¹⁾	3	374	466
Derivative liabilities, current	3	1,411	1,055
Lease liabilities, current		1,392	1,242
Contract liabilities to customers, current		30,312	30,817
Current tax liabilities		1,339	1,607
Other current liabilities ¹⁾	4	54,561	42,791
Total current liabilities		177,135	160,996
TOTAL EQUITY & LIABILITIES		384,003	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 Jun 2024	31 Dec 2023
Opening balance	130,485	117,278
Net income for the period	9,241	14,066
Other comprehensive income, net of income tax	-1,994	-959
Total comprehensive income	7,247	13,107
Transactions with owners		
Distribution of shares ¹⁾	-99	—
Share-based payments	66	109
Change in the Group's composition	—	-9
Transactions with owners	-33	100
Closing balance	137,699	130,485
Attributable to		
Owners of the parent company	132,902	126,371
Non-controlling interests	4,797	4,114
Closing balance	137,699	130,485

1) Refers to distribution of Polestar shares, for more information see Note 1 - Accounting policies.

Consolidated Statement of Cash Flows

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
OPERATING ACTIVITIES					
Operating income	7,969	4,993	12,675	10,093	19,939
Depreciation and amortisation of non-current assets	5,975	4,205	11,393	8,334	17,449
Dividends received from joint ventures and associates	110	84	113	88	88
Interest and similar items received	590	598	1,271	1,097	2,495
Interest and similar items paid	-498	-513	-1,213	-789	-1,710
Other financial items	-43	-85	-737	69	178
Income tax paid	-1,638	-1,884	-2,507	-3,127	-4,486
Adjustments for other non-cash items	788	3,528	3,462	3,860	6,087
	13,253	10,926	24,457	19,625	40,040
Movements in working capital					
Change in inventories	-10,421	-3,565	-24,085	-7,497	-11,341
Change in accounts receivable	1,802	-4,268	-4,868	-45	4,750
Change in accounts payable	6,816	4,476	5,149	-4,472	-2,918
Change in provisions	-3,226	-3,794	-2,257	-3,083	-1,914
Change in contract liabilities to customers	2,219	4,245	1,119	4,073	8,707
Change in other working capital	2,336	8,963	12,327	6,002	5,543
Cash flow from movements in working capital	-474	6,057	-12,615	-5,022	2,827
Cash flow from operating activities	12,779	16,983	11,842	14,603	42,867
INVESTING ACTIVITIES					
Investments in shares and participations	-776	-14	-1,322	-547	-1,151
Divestment in shares and participations	-217	—	-217	—	-178
Loans to affiliated companies	-14	-6,047	-59	-9,161	-11,990
Investments in intangible assets	-5,481	-5,394	-10,620	-10,939	-20,680
Investments in tangible assets	-6,314	-4,825	-11,886	-10,787	-18,485
Disposal of tangible assets	142	56	180	141	642
Other	—	-75	—	-75	—
Cash flow from investing activities	-12,660	-16,299	-23,924	-31,368	-51,842
Cash flow from operating and investing activities	119	684	-12,082	-16,765	-8,975
FINANCING ACTIVITIES					
Proceeds from credit institutions	-55	809	61	1,585	3,970
Proceeds from bond issuance	5,857	—	5,857	1,500	1,500
Repayment of bond	-6,936	—	-6,936	-2,000	-2,000
Repayment of liabilities to credit institutions	-315	-376	-503	-376	-673
Repayment of interest-bearing liabilities	-499	-424	-919	-853	-1,747
Investments in marketable securities	—	—	—	-360	-10,792
Matured marketable securities	5,938	—	6,226	3,781	4,115
Other	-176	186	-316	824	376
Cash flow from financing activities	3,814	195	3,470	4,101	-5,251
Cash flow for the period	3,933	879	-8,612	-12,664	-14,226
Cash and cash equivalents at beginning of period	36,053	50,323	47,861	63,743	63,743
Exchange difference on cash and cash equivalents	-75	499	662	622	-1,656
Cash and cash equivalents at end of period	39,911	51,701	39,911	51,701	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.

Material accounting policies & critical accounting estimates and judgements

Distribution of shares in Polestar Automotive Holding UK PLC

On 26 March, at the Annual General Meeting of Volvo Cars, it was resolved to distribute through a share split (2:1), 62.7% of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC. Due to the ownership structure of Volvo Car Group, the distribution of shares is a common control transaction. As such, the distribution has been accounted for at carrying values, including transaction costs recognised directly in equity. The same accounting policy has been applied in the Parent Company, see Parent Company information on page 25 for more information. On 8 May, the distribution of the Polestar shares was finalised. Volvo Cars will continue to account for Polestar using the equity method and from 8 May change the shareholding from 48.3% to 18.0%. Volvo Car Group has assessed it retains significant influence in the Polestar Group through its remaining shareholding, board representation, operational collaborations and technical reliance.

The Polestar Group and equity method accounting

Volvo Car Group's equity method accounted share in the Polestar Automotive Holding UK Group reflects the change in ownership percentage, updated 2023 preliminary unaudited financial results released in the period, and a forecast for this quarter as aligned with normal reporting procedure. Equity method accounting requires that profit or losses from Polestar increase or decrease respectively, the carrying amount on the balance sheet of Volvo Car Group's investment in Polestar. Due to that recognised operational losses exceed the carrying amount of Volvo Car Group's net investment in Polestar during the year, no further losses have been recognised from this point.

NOTE 2 – Revenue

Revenue allocated to geographical regions

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Europe	50,675	46,489	102,230	90,591	184,894
of which Sweden ¹⁾	11,438	13,169	20,922	24,743	47,029
of which Germany	6,450	5,360	13,851	10,794	24,942
of which UK	7,550	5,504	13,485	10,079	21,661
US	17,330	19,672	32,512	39,162	75,172
China	17,310	19,640	32,211	36,225	73,545
Other markets	16,139	16,351	28,379	31,879	65,732
of which South Korea	1,987	1,994	3,508	4,170	8,336
of which Japan	1,466	2,216	2,825	4,502	7,673
Total	101,454	102,152	195,332	197,857	399,343

Revenue allocated to category

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Sales of new cars	79,491	78,816	153,428	152,691	307,549
Sales of used cars	5,735	4,219	10,906	7,993	18,505
Sales of parts and accessories	9,585	9,875	19,072	18,546	37,170
Revenue from subscription, leasing and rental business	1,594	1,319	2,930	2,526	5,463
Sales of licences and royalties	215	408	466	408	798
Contract manufacturing	2,747	5,903	4,739	12,385	22,357
Emissions credits	422	89	607	275	910
Other revenue	1,665	1,523	3,184	3,033	6,591
Total	101,454	102,152	195,332	197,857	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	30 Jun 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 loans ¹⁾	2	10,846	10,846	10,270	10,270
Other securities holdings – equity instruments ²⁾	3	1,247	1,247	1,507	1,507
Other securities holdings – equity instruments ⁵⁾	1	77	77	166	166
Derivatives for hedging of currency risk	2	58	58	411	411
Derivatives for hedging of interest rate risk	2	12	12	4	4
Interest-bearing securities ³⁾	2	—	—	50	50
		12,240	12,240	12,408	12,408
Financial assets carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	1,252	1,252	3,557	3,557
Derivatives for hedging of commodity price risk	2	548	548	110	110
		1,800	1,800	3,667	3,667
Financial assets carried at amortised cost					
Accounts receivable ⁵⁾	—	24,479	24,479	19,257	19,257
Other interest-bearing assets, non-current and current ⁵⁾	—	3,137	3,159	2,846	2,928
Time deposits ⁴⁾	—	9,807	9,902	16,533	16,602
Cash and cash equivalents	—	34,115	34,115	41,197	41,197
		71,538	71,655	79,833	79,984
Financial liabilities carried at fair value through profit or loss					
Derivatives for hedging of currency risk	2	96	96	56	56
Derivatives for hedging of commodity price risk	2	73	73	—	—
Derivatives for hedging of interest rate risk	2	323	323	297	297
		492	492	353	353
Financial liabilities carried at fair value through profit or loss designated hedging instruments					
Derivatives for hedging of currency risk	2	866	866	865	865
Derivatives for hedging of commodity price risk	2	542	542	261	261
		1,408	1,408	1,126	1,126
Financial liabilities carried at amortised cost					
Accounts payable	—	67,801	67,801	62,304	62,304
Bonds and liabilities to credit institutions, non-current and current	—	29,135	28,735	30,246	30,224
Other interest-bearing liabilities, non-current and current ⁵⁾	—	421	421	471	471
		97,357	96,957	93,021	92,999

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 (Luminar) amounted to SEK 6 (42) m. Changes in the unlisted share warrants and earn-out share rights in Luminar are recognised as other financial expenses in the income statement amounted to SEK –36 (–66) m.

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

4) Whereof SEK 4,011 (9,918) m are reported as marketable securities in the balance sheet and SEK 5,796 (6,615) m are reported as cash and cash equivalents.

5) 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 second quarter

On 8 May, Volvo Car AB (publ.) distributed 62.7% of Volvo Cars' shareholding in the associated company Polestar Automotive Holding UK PLC to Volvo Cars' shareholders, and reduced the ownership to 18.0%. For more information see Note 1 - Accounting policies.

Transactions with Related Parties

Related Party transactions are specified in the tables below. 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.
- Purchases from Geely Changxing Automatic Transmission Co., Ltd, mainly related to gearboxes.

Sales of goods, services and other

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Related companies ¹⁾²⁾	3,853	7,689	6,790	14,910	27,253
of which Polestar Automotive Holding UK Group	3,312	6,836	5,956	13,433	24,939
of which Ningbo Fuhong Auto Sales Co., Ltd	335	612	457	1,010	1,467
Associated companies and joint ventures	2,545	384	4,033	769	2,705
of which Volvo Car Financial Services UK Ltd	2,202	40	3,353	80	1,337

Purchases of goods, services and other

SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Related companies ¹⁾²⁾	-17,867	-8,454	-35,071	-16,436	-33,519
of which Zhejiang Geely Automobile Co., Ltd	-9,942	—	-20,271	-18	-3,169
of which Powertrain Engineering Sweden AB	-4,268	-3,377	-8,330	-6,365	-13,517
of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd	-1,079	-2,025	-1,946	-4,510	-7,304
of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	-914	28	-1,176	29	160
of which Geely Changxing Automatic Transmission Co., Ltd	-400	-401	-778	-719	-1,420
of which Viridi E-Mobility Technology (Ningbo) Co., Ltd	-321	-770	-700	-1,191	-2,079
of which Ningbo Geely Automobile Research & Development Co., Ltd	-244	-540	-465	-1000	-1,667
Associated companies and joint ventures	-473	-735	-1,155	-1,553	-2,958

SEK m	Receivables ³⁾		Payables ³⁾	
	30 Jun 2024	31 Dec 2023	30 Jun 2024	31 Dec 2023
Related companies ¹⁾²⁾	20,371	21,534	16,808	14,941
Associated companies and joint ventures	2,344	2,545	545	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 12,767 (11,543) m. Non-current part of payables amounts to SEK 3 (4) m.

NOTE 5 – Earnings per share

Basic earnings per share, SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Net income attributable to owners of the parent company	5,348	3,332	8,690	6,943	13,053
Net income attributable to owners of ordinary shares in the parent company	5,348	3,332	8,690	6,943	13,053
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179
Basic earnings per share, SEK	1.79	1.12	2.92	2.33	4.38

Diluted earnings per share, SEK m	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Net income in basic earnings per share	5,348	3,332	8,690	6,943	13,053
Net income in diluted earnings per share	5,348	3,332	8,690	6,943	13,053
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179
Dilutive effect for share-based payment programmes	2,122,504	430,332	1,788,896	420,398	778,275
Weighted average number of ordinary shares outstanding, diluted	2,981,646,683	2,979,954,511	2,981,313,075	2,979,944,577	2,980,302,454
Diluted earnings per share, SEK	1.79	1.12	2.91	2.33	4.38

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	Apr–Jun 2024	Apr–Jun 2023	Jan–Jun 2024	Jan–Jun 2023	Full year 2023
Administrative expenses	–8	–6	–20	–12	–30
Operating loss	–8	–6	–20	–12	–30
Interest income and similar credits	395	334	837	666	1,452
Interest expenses and similar charges	–243	–202	–476	–397	–825
Other financial income and expenses ¹⁾	–6	–7	–12	–13	2,979
Income before tax	138	119	329	244	3,576
Income tax	–25	–24	–64	–50	–95
Net income	113	95	265	194	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 Jun 2024	31 Dec 2023
ASSETS		
Non-current assets	42,754	42,367
Current assets	15,878	25,999
TOTAL ASSETS	58,632	68,366
EQUITY & LIABILITIES		
Equity		
Restricted equity ¹⁾	61	61
Non-restricted equity ²⁾	30,859	39,844
Total equity	30,920	39,905
Non-current liabilities	21,712	21,338
Current liabilities	6,000	7,123
Total liabilities	27,712	28,461
TOTAL EQUITY & LIABILITIES	58,632	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. For more information see Note 1 - Accounting policies.

2) SEK 9,428 m reduced the equity in the Parent Company 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.

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 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, 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 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	Apr–Jun 2024	Apr–Jun 2023	Full year 2023
Revenue	101,454	102,152	399,343
Revenue per new car BEV, SEKk ¹⁾	407.7	455.0	465.4
Revenue per new car non-BEV, SEKk ¹⁾	442.8	441.0	440.4
Cost of sales	–78,272	–82,733	–321,916
Research and development expenses	–4,725	–3,383	–12,884
Operating income (EBIT)	7,969	4,993	19,939
EBIT excl. share of income in JVs & associates	8,216	6,427	25,567
Net income	5,654	3,540	14,066
EBITDA	13,944	9,198	37,388
Gross income per new car BEV, SEKk ¹⁾	81.5	11.7	40.3
Gross income per new car non-BEV, SEKk ¹⁾	101.8	94.3	102.9
Gross margin, %	22.8	19.0	19.4
Gross margin BEV, % ¹⁾	20.0	2.6	8.7
Gross margin non-BEV, % ¹⁾	23.0	21.4	23.4
EBIT margin, %	7.9	4.9	5.0
EBIT margin excl. share of income in JVs & associates, %	8.1	6.3	6.4
EBITDA margin, %	13.7	9.0	9.4
Share of investing cash flow BEV, %	70.1	64.6	68.4
Share of investing cash flow non-BEV, %	6.3	6.9	5.9

1) Including amounts relating to emissions credits earned relating to BEV and Non-BEV. For the second quarter the amount was SEK 237 (—) m relating to BEV, and SEK 185 (89) m relating to Non-BEV. For more information see Note 2 – Revenue in the annual report 2023.

VOLVO CAR GROUP

The Board of Directors and the Chief Executive Officer certify that the half year financial report gives a fair view of the performance of the business, position and income statements of Volvo Car AB (publ.) and Volvo Car Group, and describes the principal risks and uncertainties to which Volvo Car AB (publ.) and the Volvo Car Group is exposed.

Gothenburg, 17 July 2024

Eric Li (Li Shufu)

Chairperson of the Board

Jim Rowan

Board member, President and CEO

Lone Fønss Schrøder

Vice Chairperson of the Board

Daniel Li (Li Donghui)

Board member

Anna Mossberg

Board member

Diarmuid O'Connell

Board member

Jonas Samuelson

Board member

Lila Tretikov

Board member

Ruby Lu (Rong Lu)

Board member

Adrian Avdullahu

*Board member,
employee representative*

Jörgen Olsson

*Board member,
employee representative*

Björn Olsson

*Board member,
employee representative*

REVIEW REPORT

Volvo Car AB (publ.) org. nr 556810-8988

Introduction

We have reviewed the condensed interim financial information (interim report) of Volvo Car AB (publ.) as of 30 June, 2024 and the six-month period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other

generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Gothenburg, 17 July, 2024

Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

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FINANCIAL CALENDAR & CONFERENCE CALL

Webcast and conference call

At 08:00 CET on 18 July, President & CEO Jim Rowan and CFO Johan Ekdahl 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

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
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

