



VOLVO CAR GROUP SUMMARY OF OPERATIONS

D&O AND FINANCIAL LINES

2024 RENEWAL



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INTRODUCTION

Volvo Cars serves customers in over 100 countries.

Founded in 1927 in Gothenburg, Volvo Cars has expanded production across three continents.

Being close to our customers reduces operational risk, as well as our environmental footprint, and allows us to form long-term relationships on an individual basis. (Annual report 2023, p. 5)



(Annual report 2023, p. 5)

This is Volvo Cars

Born in Sweden and now 97 years into our story, we remain proudly rooted in our Swedish heritage. We may now be truly global and leading a profound transformation of our company – but those roots remain as strong and relevant as ever.

It is from those roots that the Volvo Cars brand became synonymous with safety. The safety work has meant helping to protect the people inside our cars, but also all other road users. Further, where safety once meant inventing the three-point seatbelt and sharing it with the world: today it also means protecting the planet. In this way, having helped to save a million lives we are committed to saving a million more.

We now share our expertise and our voice, advocating for positive change beyond our company interests. That means that the Volvo Cars' voice far exceeds our market share, and we live by our values – which draws both customers and colleagues to Volvo Cars. We aim not to follow guidelines set by others – we strive to set the bar; whether that is emissions targets, or the all-gender inclusive parental leave that all colleagues around the globe, in all plants and offices, enjoy from the Family Bond.

The legacy of Swedish design and craft informs our desire to create elegant, uncomplicated solutions to real-world needs. We are responsive to change and understand that as well as saving lives, we make life less complicated for our people, customers and partners. That spans from how a customer buys or subscribes a car to how the car is designed, and how it feels to the driver and passengers. By building more direct consumer relations we are ensuring that our organization remains versatile and aware of the changing demand. (Annual report 2023, p. 6)

The Volvo Car Group current status, as seen by Jim Rowan, CEO

2023

2023 was a key milestone in our transformation journey. We delivered a record-breaking year on many levels, reporting the highest retail sales, revenues and profits in our company's 97-year history. We also took several significant steps forward in our ongoing transformation, while navigating a complex external environment. In doing so, we've built a solid foundation for 2024 and the years ahead.

In line with our guidance at the beginning of the year, we delivered a solid double-digit growth in retail sales in 2023. Global sales rose by 15 per cent to a record 708,716 cars. This performance demonstrates the strength of our premium product portfolio that offers both fully electric cars as well as an extensive range of hybrid models that will continue to help us bridge the transition into full electrification. The strength of our brand, coupled with our values around safety and sustainability, continues to resonate strongly with our customers.

We continue to move steadily towards our goals. We sold 113,419 fully electric cars (EVs) in 2023, an increase of 70 per cent versus 2022. EVs represented 16 per cent of our total global sales volume and we increased our global EV market share by 34 per cent. It is also worth noting that our EV share in 2023 was based mainly on two fully electric premium models (the C40 and XC40) and does not yet reflect the full potential of our new EX30 small SUV, EX90 large SUV or EM90 MPV, all of which will hit the roads in earnest during 2024. It was, however, one of the highest fully electric car shares among all legacy premium car makers.

Especially in Europe and the US, our electrified portfolio of both fully electric and plug-in hybrid models proved to be highly popular. In Europe, electrified cars represented almost 60 per cent of our total sales, while the corresponding figure in the US was almost 30 per cent. We expect that trend to continue in 2024, as our latest sales performance demonstrates. Our strong EV and hybrid portfolio across multiple sizes and models provides a strong bridge towards our longer-term ambitions in core computing technology that will provide the platform to utilise the substantial benefits that AI will enable.



(Annual report 2023, p. 5)

Delivered record financial performance, while laying a strong foundation for the future

The new sales record in 2023 was also reflected in our revenues and profits. Revenues rose by 21 per cent to an all-time high of SEK 399.3 billion for the full year 2023, demonstrating our ability to maintain premium pricing throughout the year. The solid demand for our cars is also reflected in our order book, which has remained robust despite market turbulence.

We were the first premium heritage car maker to be transparent about our EV margins. Gross margins on our fully electric cars improved in the second half, increasing fourfold to 13 per cent in the fourth quarter, helped by falling lithium prices and effects from increased pricing and cost savings. While there's still a gap in gross margins on our EVs compared to some of our combustion engine (ICE) cars, the gap is closing. Our new EX30 is set to deliver gross margins of 15–20 per cent and takes us a long way towards that goal. We also expect the upcoming EX90 and EM90 to contribute strongly to closing the gap between EV and ICE margins.

We also had a record-high underlying operating profit in 2023 of SEK 25.6 billion excluding joint ventures and associates, an increase of 43 per cent compared to 2022. Our corresponding margin came in at 6.4 per cent, compared to a margin of 5.4 per cent last year.

Throughout the year we also made progress in reducing our CO2 footprint per car. By the end of 2023, overall CO2 emissions per car were 20 per cent lower compared with our 2018 benchmark, supporting our ambition of a 40 per cent CO2 reduction per car by 2025.

We also continued our transformation journey in other areas. Our new EVs need additional manufacturing capacity to bring them to market. That's why we are investing in a new electric car plant in Slovakia to provide

that extra capacity. This factory will be designed to use the latest industry 4.0 technologies and digital infrastructure, coupled to a lower operational cost base this will help deliver significant savings in production costs per car.

We continued to strengthen our in-house software development capabilities around the world with new facilities in Poland, Singapore, India and Sweden, and we established a new business unit called Volvo Cars Energy Solutions which will use our technology know-how and purchasing leverage to offer home and industrial energy solutions, including energy management and storage.

We also transformed the UK market from a traditional wholesale business to a direct consumer-facing one. The work we have done together with our retail partners shows this is the right step and we will continue to optimise the customer journey, designed around increased direct customer engagement, offer flexibility and price transparency.

In short, we delivered a strong 2023 and laid important and robust foundations for our ongoing transformation going into 2024. (Annual report 2023, p. 10-12)



(The Current February 2002)

2024 -Key milestone in our journey and another big year

2024 will be the year in which we continue to boost our product portfolio and accelerate our transformation with improved EV margins. Our new electric models will be more profitable and help us close the gap in margins between electric and ICE cars. They will also significantly expand our range, enable us to increase market share and take us into new demographics and market segments that we have not been active in before. The EX30, EX90 and EM90 will all be in mass production mode by the first half of this year.

In fact, at the end of the fourth quarter 2023, the first customers already took delivery of their new EX30. This year we're focused on quickly ramping up production of this car and already now thousands of cars are in transit thanks to this ramp-up process and the resilience of our supply chain. We are determined to meet the strong customer demand, which has exceeded our expectations, and we're working hard to add EX30 production to our Ghent plant in Belgium as soon as possible. This will shorten delivery times to our European customers and minimise import tariffs resulting from geopolitical changes.

Technology leadership in software/AI, connectivity and data

In 2024 we will take a significant technology leap with the introduction of our next-generation fully electric platform upon which our new EX90 is built. As one of the first cars packed with core computing technology, the

software-defined EX90 represents a significant paradigm shift for our company, and the tremendous abilities that can be achieved with AI and machine learning technologies. It is a car that brings next-generation safety, connectivity, data and software all together in one product, and its 5G connection to the Volvo cloud allows for functionality to improve over time. The EX90 reaffirms our position as an industry leader in the move towards high computational silicon and in-house software that can harness the potential of the AI revolution.

With a ground-breaking sensor set that includes state-of-the-art lidar technology, coupled to our in-house developed perception and sensor fusion software and new strides in active safety, the EX90 is designed to be the safest Volvo car we have ever built and a testament to our global engineering capabilities. It will also be our first car with bi-directional energy capabilities. This enables customers to charge when power is more sustainable and cheaper, to contribute to a more balanced grid by having their car act as a ‘virtual power plant’, or power their own home when power is less sustainable, more expensive or simply not available.

Being at the forefront of development does not come without its challenges, but the success of being an early mover in the adoption of meaningful new technologies can bring tremendous benefits. No one ever became a pioneer without facing some adversity and solving complex problems. I am confident that the leap our EX90 represents will not only provide customers with a premium, safe and technology-enhanced experience, but it also allows us to harness the use of data and energy in entirely new ways that will be ground-breaking for our industry.

Our fully electric EM90 MPV, which we revealed in China in November, has also started production. Like the EX90, the EM90 is an important car for China and shows how serious we are about succeeding in that market and taking market share. Our long-term strategy and approach to China are clear. We are a premium player and retain strong pricing power. We have world class hybrid models that sell very well in China, while the market for premium EVs is maturing alongside our own transition to fully electric. And with the EX90 and EM90 targeting the upper premium segment, we will be well positioned for future profitable growth in the premium EV segment.

We are confident that this mix of products – our existing, updated and new cars – will boost our growth for 2024, as well as significantly increase our share of fully electric cars versus 2023. In terms of total 2024 retail deliveries, we aim for a higher year-over-year growth rate than in 2023 (which showed significant growth of 15 per cent). We have a clear path towards market share growth in the premium sector of the automotive industry. December 2023 was our 16th month of continuous growth, and this was without significant EX30 sales. With that car now in production, we’re ready to structurally deliver solid and consecutive year-over-year growth, with increased gross EV margins as indicated.

New and updated sustainability ambitions

We firmly believe that we need to take concrete actions to combat climate change. Since the release of our sustainability strategy in 2019, we have made progress towards a number of our climate ambitions. But while going electric is an important step on that pioneering journey, we need to further reduce emissions throughout our value chain. That is why we recently expanded our sustainability strategy, setting additional ambitions for 2030 and 2040 across climate action, circular economy and responsible business, as well as boosting our focus on biodiversity.

By 2025 for example, we now aim to have 100 per cent of our company debt linked to the Green Financing Framework or in a sustainability-linked format. By 2030, we aim to lower the CO2 footprint per average car by 75 per cent and reduce energy usage in our operations per average car by 40 per cent versus the 2018 baseline. We also aim to reach net zero greenhouse gas emissions by 2040. This expands upon our previous ambitions of being climate neutral by 2040 and clarifies our intention to use carbon removals only to mitigate any unavoidable emissions. Our first priority remains to reduce real emissions before turning to carbon removals, and we encourage our suppliers to do the same.

Looking ahead

It is my firm belief that the hard work we have put in during 2022 and 2023 positions us to meet our objectives for the years ahead. We continue to meaningfully improve the core operations of Volvo Cars, we are increasing our market share in the premium EV segment in many geographies, with 24 of our sales companies delivering

record earnings, we are improving our EV margins, we are growing our revenues and profits, and we are harnessing new and meaningful technologies in software, AI, core computing, batteries, electric motors and next generation body structures. We will also continue to focus on addressing structural costs in our supply chain, focused on logistics and material costs, and will do so over a multi-year perspective. We are doing all of this while staying true to our values and building our brand strength aligned to our key focus areas of safety, sustainability and human centric technology.

Jim Rowan President and Chief Executive Officer (Annual report 2023, p. 10-12)

Highlights and press releases

The below list is not comprehensive, for more press releases see [Press Releases | Volvo Cars](#).

2024

Feb 1, 2024 – Volvo Cars 2023 profit increases by 43% to deliver a record year in the company's 97-year history

A new all-time sales record of 708,716 cars enabled revenues to rise by 21 per cent to SEK 399.3 billion for the full year 2023. The underlying operating profit of SEK 25.6 billion, excluding joint ventures and associates, represents an increase of 43 per cent compared to 2022. The operating margin excluding JVs and associates came in at 6.4 per cent, up from 5.4 per cent in 2022. The company also made clear that we are evaluating a potential adjustment to Volvo Cars' shareholding in Polestar, including a distribution of shares to Volvo Cars shareholders. [Financial News & Press Releases | Volvo Cars](#)

Feb 7, 2024 Volvo Cars in collaboration to establish a mobility innovation center for emerging technologies

Alongside new buildings and facilities for testing, engineering and materials, we plan to expand the Volvo Cars' campus in Torslanda, Gothenburg, to house start-ups and business partners. The project's sustainability targets are ambitious. The first new construction of 25,000 square meters will be dedicated for Volvo Cars' sole use and is a wood hybrid, which reduces the carbon footprint by 15 percent compared to a traditional frame of steel and concrete. The construction is planned to start in the second quarter of 2024 and the first building is expected to be finished by 2026, in time for Volvo Cars' one-hundred-year anniversary in 2027.

Feb, 23, 2024 – Volvo Cars to propose a distribution of 62.7% of its Polestar shareholding to its shareholders

The Board of Directors of Volvo Cars resolved to propose a distribution of 62.7 percent of Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders at its 2024 Annual General Meeting (AGM). If the AGM approves the proposal, Volvo Cars' shareholding in Polestar will amount to an ownership stake of 18.0 percent of Polestar's total outstanding shares.

2023

Feb 9, 2023 – Volvo Cars reports full-year 2022 results – accelerating strategic journey and navigating challenges

The company made significant progress during the year on its strategic ambitions, as it accelerated towards the aim to become a fully electric car company by the end of the decade and climate neutral by 2040.

[Volvo Cars reports full-year 2022 results - accelerating strategic journey and navigating challenges | Volvo Cars \(alertir.com\)](#)

Feb 22, 2023 – Volvo Cars raises SEK 1500m through inaugural green bonds in the Swedish market

Volvo Cars today successfully placed an inaugural green bond transaction in the SEK market, raising a total of SEK 1500m, divided into a fixed and a floating rate tranche, from a diverse set of Nordic investors.

[Volvo Cars raises SEK 1500m through inaugural green bonds in the Swedish market | Volvo Cars \(alertir.com\)](#)

May 4, 2023 - Volvo Cars steps up cost-efficiency initiative for long-term sustainable growth

Volvo Cars will restructure and change ways of working in certain parts of the organisation and accelerate its efforts to drive efficiency, while at the same time ensuring the company has all the relevant skills it needs to be successful in next-generation mobility. As a result, the company announced it estimates it will reduce around 1,300 positions for office-based employees* from its operations in Sweden. [Volvo Cars steps up cost-efficiency initiative for long-term sustainable growth - Volvo Cars Global Media Newsroom](#)

A new Volvo Car Design Studio in Shanghai strengthens our global design network

In May, our new, state-of-the-art Design Studio in Shanghai was unveiled. It is based in one of the most vibrant and creative cities in Asia, expanding our global design footprint by joining our existing studio in Gothenburg. (Annual report 2023, p. 47)

May 24, 2023 - Volvo Cars publishes updated Green Financing Framework

The updated Framework defines how green financing instruments are set up within Volvo Cars to financially accompany its sustainability journey towards its ambitions of becoming a fully electric car maker by 2030 and a climate neutral company by 2040. [Volvo Cars publishes updated Green Financing Framework - Volvo Cars Global Media Newsroom](#)

Launch of the fully electric Volvo EX30 SUV

In June, the fully electric Volvo EX30, our first small premium SUV, was launched. This is a cornerstone of our strategic transformation, and part of the mid-decade ambition to have half of our global sales volume consisting of fully electric cars, and by 2030 to sell only fully electric models. With the EX30, the aim is to bring premium, fully electric mobility to a much broader audience, helping to advance and speed up the transition to full electrification. It is designed to have the smallest CO₂ footprint of any Volvo car to date, and to make people's lives safer, more convenient and more enjoyable through cutting-edge technology and Scandinavian design. Production of the EX30 started during the autumn in Zhangjiakou, China. The car will also be produced in our Ghent plant in Belgium from 2025, in order to expand the production capacity. (Annual report 2023, p. 46)

**The new fully electric EM90 premium MPV further expands Volvo Cars' portfolio**

In November, our new Volvo EM90 was unveiled. The EM90 presents an important addition to our fully electric portfolio and will support our position as one of the fastest-growing brands in the premium pure electric segment. The car is a fully electric premium multipurpose vehicle that offers the next level of premium experience, with iconic Scandinavian design, 96 years of safety heritage, ultimate comfort and cutting-edge technology. (Annual report 2023, p. 46)

**UK flip – an important step towards direct sales**

In June a historic milestone was achieved in Volvo Cars' commercial transformation, as the UK became the first market to transition into a direct-to-consumer business model. At year end, over 20 000 orders had been purchased through our direct channels. (Annual report 2023, p. 46)

New Tech Hub in Singapore

In September a new Tech Hub in Singapore was opened. The new Tech Hub will be a key centre for data and analytics, software and advanced manufacturing development in line with our ambition to be a leader in new technology and a fully electric car maker by 2030. The Singapore facility will initially focus on building up capabilities in technology and software development, data and analytics as well as advanced manufacturing – core strategic areas for Volvo Cars (Annual report 2023, p. 47)

Volvo Cars launches new Energy Solutions business, embracing wider climate potential of electric cars

Our electric cars are an important step towards a more sustainable society, but the cars and their batteries can do much more than eliminate tailpipe emissions. To capitalise on that potential and help support the transition to a smarter, more sustainable and more efficient energy grid, we are launching Volvo Cars Energy Solutions. It's a completely new business unit that aims to offer energy storage and charging-related technologies and services which form the connective tissue between our cars, our customers' lives, the efficient use of energy and society at large. (Annual report 2023, p. 46)

Volvo Cars declared the end of diesel at Climate Week NYC – last diesel car will be produced in early 2024

By 2030 Volvo Cars plan to sell only fully electric cars and a net zero greenhouse gas emissions by 2040. That clear roadmap towards all-out electrification represents one of the most ambitious transformation plans of any legacy car maker. To underline our commitment to those ambitions, in September at Climate Week NYC, we announced the end of production of all diesel-powered Volvo Car models by early 2024. This milestone follows our decision in 2022 to exit the development of new combustion engines. In December of 2022 Volvo Cars sold our stake in Aurobay, the associated company that harbored all our remaining combustion engine assets. (Annual report 2023, p. 47)

Volvo Cars announced switch to renewable fuels for ocean freight that will cut fossil CO2 emissions by 84%

Every year tens of thousands of containers of production material destined for Volvo Cars factories are carried across the world's oceans on container ships. From now on, most of these seafaring journeys are made with renewable fuel instead of traditional fossil fuel. As the first global car maker to announce such a switch, we'll achieve an immediate reduction in fossil CO2 emissions from intercontinental ocean freight by 55,000 tonnes over a year. Thanks to the renewable fuel, CO2 emissions are reduced by at least 84 per cent compared to fossil fuel. (Annual report 2023, p. 47)

**A new state-of-the-art software testing centre in Sweden**

In October a new state-of-the-art software testing centre was opened in Gothenburg, Sweden, that amplifies our capacity for integrated software testing at all levels with an initial investment of around SEK 300 million. This facility is Volvo Cars largest in terms of size and capacity. (Annual report 2023, p. 47)

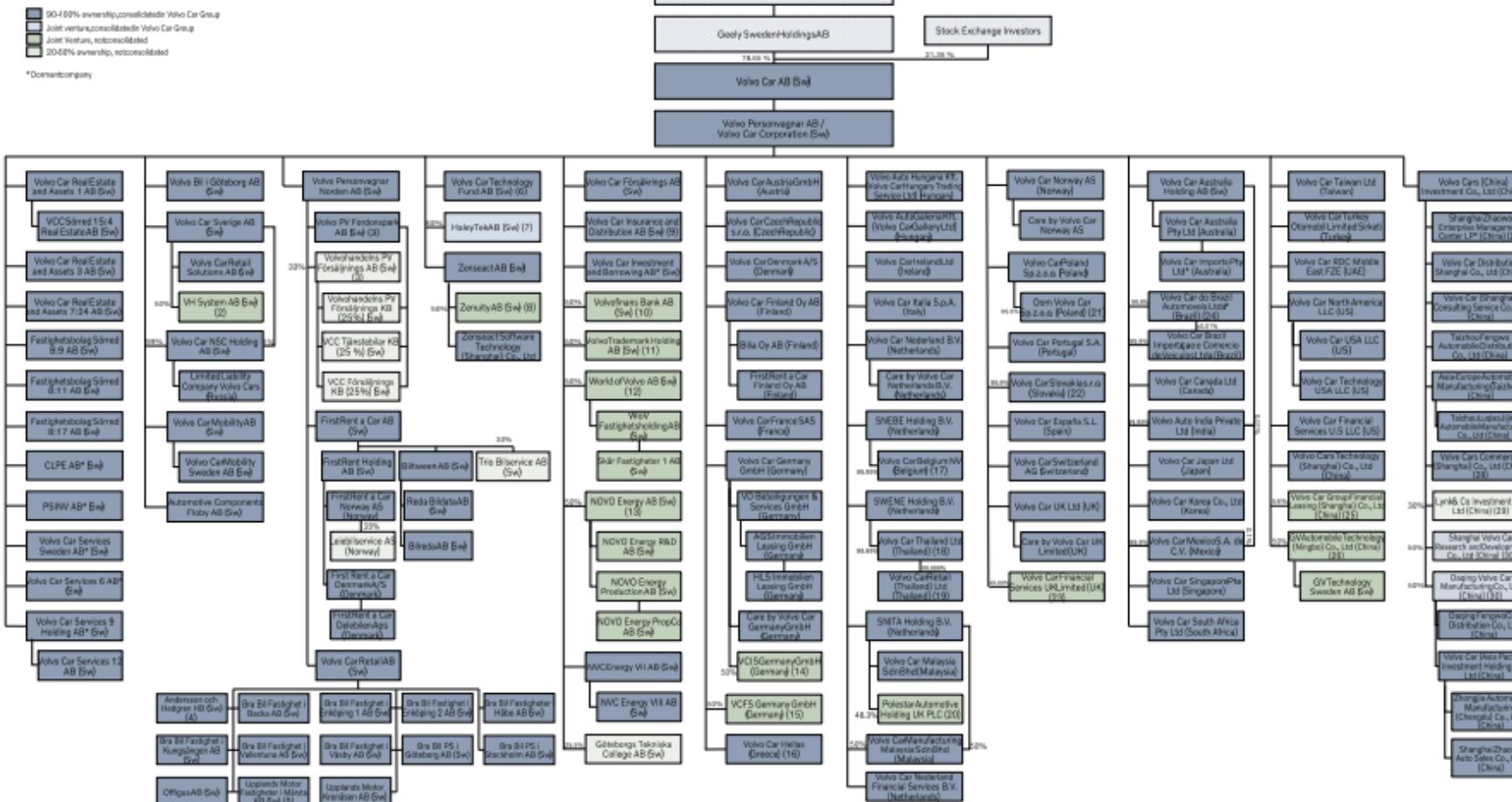
New Tech Hub in Krakow, Poland

A new Tech Hub was opened and operational in Krakow, Poland by the end of 2023, with around 120 engineers in place. It is planned to be a key software development center and play a crucial role in our strategic ambitions to be a fully electric brand by 2030 and a leader in new technology. (Annual report 2023, p. 47)

VOLVO CAR GROUP OWNERSHIP STRUCTURE

per December 31, 2023

Confidential



Further details regarding ownership structure

- (1) The Chinese owner structure is detailed in a separate document.
- (2) 50% held by "Volvohandlarföreningen Ekonomisk Förening".
- (3) Volvo PV Forderspark AB is one of three limited partners. Volvohandelns PV Försäljnings AB is the unlimited partner in each of the three KB's (limited partnerships).
- (4) 98% held by Volvo Car Retail AB and 2% held by Volvo Personvagnar Norden AB.
- (5) 90% held by Volvo Car Retail AB and 10% held by Volvo Personvagnar Norden AB.
- (6) The investments of Volvo Car Technology Fund AB is not showed in this chart.
- (7) 40% held by ECARX Technology Limited, Hong Kong as per September 14, 2021.
- (8) IP Holding Joint Venture; 50% held by Amiver Software AB.
- (9) Previous name: Volvo Car Pension Management AB.
- (10) 50% held by AB Volvo Kärnväst.
- (11) 50% held by AB Volvo (publ).
- (12) Joint venture established in March 2020; 50% held by AB Volvo (publ).
- (13) Joint Venture; 50 % held by Northvolt AB.
- (14) Joint Venture; 50% held by AVS Automotive VersicherungsServiceGmbH.
- (15) Joint Venture; 50 % held by Santander Consumer Bank Aktiengesellschaft.
- (16) Legal name in full: Volvo Car Hellas Anonymous and Industrial company of car and spare parts imports and trade.
- (17) 0.000327% held by company MD (4 shares out of 122 369).
- (18) 0.01 % held by employees.
- (19) 0.001% held by employees.
- (20) As of June 24, 2022 Polestar Automotive Holding UK PLC is listed on Nasdaq NY. As of 9 December 2022, 48.3% held by SNITA Holding B.V., 39.3% held by PSD Investment Limited (a company outside Geely group owned directly by Li Shufu) and the remaining 12.4% held by external investors. Full Polestar structure is detailed in a separate document.
- (21) Approx. 99.9 % held by Volvo Car Poland Sp.z.o.o. and 0.1 % held by Volvo Car NSC Holding AB.
- (22) 0.1% held by Volvo Car Australia Holding AB.
- (23) Joint Venture; 50.01% held by Santander Consumer UK.
- (24) Approx. 99.9 % held by Volvo Car Corporation and <0.01% held by Volvo Cars Investment and Borrowing AB.
- (25) Chinese name: Sixiangjia Financing Lease (Shanghai) Co., Ltd. 45 % owned by Zhejiang Genius & Guru Investment Co., Ltd.
- (26) Joint venture; 50% held by Ningbo Geely Automobile Research & Development Co Ltd.
- (27) Volvo Cars (China) Investment Co., Ltd is the General Partner and Volvo Car (Shanghai) Consulting Service Co., Ltd is the Limited Partner.
- (28) Newly established company on November 20, 2023 for continuation of direct sales business of Shanghai Zhaoqiao Auto Sales Co., Ltd.
- (29) Joint Venture established on October 23, 2017. 30% held by Volvo Car (China) Investment Co., Ltd, 50% held by Zhejiang Jirun Automobile Co. Ltd (a Geely entity) and 20% held by Zhejiang Haoqing Automobile Manufacturing Co Ltd (a Geely entity).
- (30) 50% held by Zhejiang Geely Holding Group Co. Ltd.

Other entities

Polestar

The Polestar brand was founded as a racing brand in 1996 and was acquired by Volvo Cars in 2015. It was established as a standalone premium electric performance automotive brand in 2017. In 2023, Polestar delivered approximately 54,600 cars globally, a growth of 6% compared to 2022. The brand started production and first customer deliveries of a new model, the Polestar 4, during the year. Volvo Cars builds the Polestar 2 at our Taizhou plant in China, while our plant in Charleston US together, with our plant in Chengdu in China will produce the Polestar 3. Polestar 2 and Polestar 3 are both underpinned by technology shared with Volvo Cars. (Annual report 2023, p. 34)

In June 2022, Polestar was listed at New York Nasdaq and began trading officially under the ticker "PSNY", after which Volvo Cars remained as a large owner. (Annual report 2023, p. 34) In February 2024 Volvo Cars reported that the company is evaluating a potential adjustment to our shareholding in Polestar, including a distribution of shares to Volvo Cars' shareholders. As a result, Volvo Cars will no longer provide further funding to Polestar. We will, however, extend the repayment period for the existing convertible loan by 18 months to the end of 2028. This will be subject to relevant approvals.

Volvo Cars' and Polestar's strong operational collaboration across R&D, manufacturing, after sales and commercial will continue to the benefit of both companies. (Annual report 2023, p. 49)

OWNERSHIP: 48.3% before a potential 2024 adjustment of the shareholding

CO-OWNER: PSD INVESTMENT AND OTHER

FINANCIAL INVESTORS INCLUDED IN EBIT*

*Included in share of income from joint ventures and associates (Annual report 2023, p. 34)

Lynk & Co

Lynk & Co is a car brand that was established in 2016, focusing on young, urban customers by offering flexible mobility through subscription services and car sharing besides traditional car sales. In 2023, Lynk & Co sold 220 thousand cars. Lynk & Co has centres across China and has launched in seven European markets: The Netherlands, Sweden, Germany, France, Italy, Spain, and Belgium. Volvo Cars supports the European markets with certain services.

OWNERSHIP: 30%

CO - OWNER: GEELY AU TO 50%, GEELY HOLDING 20%

INCLUDED IN EBIT*

*Included in share of income from joint ventures and associates

NoVo Energy

NOVO Energy is a joint venture between Volvo Cars and Northvolt, with the purpose to develop and produce more sustainable batteries to power the next generation of pure electric Volvo cars. The R&D centre has started its operations in 2022 and the plant is planned to be operational in 2026.

OWNERSHIP: 50%

CO - OWNER: NORTHVOLT

INCLUDED IN EBIT*

*Included in share of income from joint ventures and associates

Zenseact

Zenseact is a software company focused on developing world-leading AD and ADAS software stack. This software stack includes sensor fusion software utilising multiple sensors for object detection and positioning. Volvo Cars will launch Zenseact's software ADAS solutions and later also AD solutions, including upgrades in various models of the next generation Volvo, for example the Volvo EX90.

OWNERSHIP: 100%

FULLY CONSOLIDATED

HaleyTek

HaleyTek is a company developing Android-based infotainment software platforms. HaleyTek will customise the system used in Volvo and Polestar cars and market it to other brands within the Geely ecosystem and third parties through ECARX. The platform integrates Google Automotive Services, OEM specific UX and vehicle applications, independent of vehicle architecture variations.

OWNERSHIP: 60%

CO-OWNER: ECARX

FULLY CONSOLIDATED

For further information about strategic affiliates, please see Annual Report 2023, p. 34.

Related party transactions

Volvo Car Group has a close collaboration with its related parties. The main part of the transactions relates to sale of cars, components, licences and technology. 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. (*Annual Report 2023, p. 88.*)

Significant transactions and agreements with related parties during the year 2023

- On 6 January, Volvo Cars, through one of its wholly-owned subsidiaries, Asia Euro Automobile Manufacturing (Taizhou) Co., Ltd. acquired 100 percent of the shares in Taizhou Luqiao Jijin Automobile Manufacturing Co., Ltd. The acquired company owns land use rights and building related to the manufacturing plant in Luqiao, Taizhou, China. The purchase consideration amounted to SEK 2,865 m.
- In November 2022, Volvo Cars signed a facility agreement with Polestar. During the autumn 2023, the credit facility has been extended and any drawn funds (total loan) will be repaid during 2027. The facility includes an option for Volvo Cars to convert the loan to equity if Polestar chooses to finance the operations by issuing new shares. The conversion option is also limited due to Volvo Cars' ownership in Polestar not being able to equal or exceed 50 percent. The convertible loan is measured at fair value through profit or loss taking into consideration the conversion mechanism of the instrument. Polestar has withdrawn the full amount from the total credit facility of USD 1,000 m. The facility is interest-bearing and classified as other securities holdings.
- Volvo Car Corporation and Zhejiang Genius & Guru Investment Co., Ltd have entered into an agreement resulting in the loss of control of the wholly-owned subsidiary, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. Volvo Car Group has consolidated the company until 25 June when control was ceased, thereafter the company is a joint venture between Volvo Cars and Geely. Zhejiang Genius & Guru Investment Co., Ltd. acquired 45 percent of Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. through the issuance of new shares, for a total of SEK 621 m. In addition, the shareholders have provided the company with financial support in the form of a joint credit facility based on their pro rata share, amounting to a total of CNY 1,815 m. As of 31 December, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. has withdrawn a credit amount of total CNY 1,600 m from the joint credit facility, of which the part provided by Volvo Cars amounts to CNY 880 m.

(Annual Report 2023, p. 88.)

Tables of transactions with related parties

The information presented below includes all assets and liabilities towards related parties. All assets and liabilities are current except SEK 11,543 (966) m which are non-current.

	Sales of goods, services and other		Purchases of goods, services and other	
	2023	2022	2023	2022
Related companies ¹⁾⁽²⁾	27,253	24,962	-33,519	-26,202
Associated companies and joint ventures	2,705	1,627	-2,958	-2,701
Receivables				
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Related companies ¹⁾⁽²⁾	21,534	21,043	14,941	13,414
Associated companies and joint ventures	2,545	1,377	627	466

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. For joint ventures and associated companies see Note 13 – Investments in joint ventures and associates.
 2) Including contract manufacturing.

(Annual Report 2023, p. 88.)

CORPORATE GOVERNANCE

The purpose of Volvo Car Group's corporate governance is to create a good foundation for active and responsible ownership, a proper distribution of responsibilities between the different company bodies, as well as good communication with the Group's stakeholders with the purpose of driving sustainable growth and good governance. (Annual report 2023, p. 60)

Shareholders and General Meetings

The General Meetings, the Company's highest decision-making body, is where shareholders exercise their influence. Decisions made by shareholders' at the General Meetings include (i) adoption of instructions for the Nomination Committee which nominates members to the Company's Board of Directors, (ii) determination of the number of Board members, composition of the Board (including the Chairperson of the Board) and remuneration of Board members, based on recommendations by the Nomination Committee, (iii) election of external auditors, (iv) determination of the distribution of dividends (v) confirmation of income statements and balance sheets and the disposition of the Company's profit or loss, (vi) discharge from liability of the Board of Directors and CEO as well as (vii) guidelines for remuneration to the CEO and other members of the Executive Management Team. (Annual report 2023, p. 61)



(Annual report 2023, p. 60)

Board of Directors

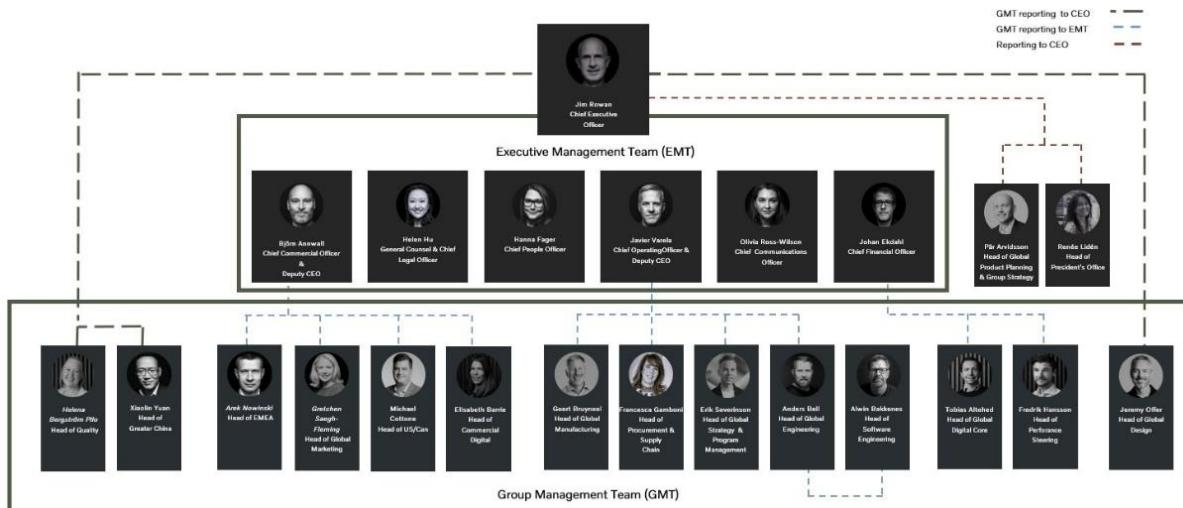
The Board of Directors, which is the highest decision-making body after the General Meeting, bears ultimate responsibility for Volvo Car Group's organization, management and control of the Company's financial conditions. The Board of Directors shall ensure that the Company complies with applicable laws and regulations.

- Eric Li (Li Shufu), Chairperson of the board
- Lone Fonss Schroder, Vice chairperson of the Board
- Jim Rowan, Board member, President and CEO
- Daniel Li (Li Donghui), Board member
- Jonas Samuelsson, Board member
- Anna Mossberg, Board member
- Diarmuid O'Connel, Board member
- Lila Tretikov, Board member
- Ruby Lu, Board Member
- Adrian Avdullahu, Board member, employee representative
- Jörgen Olsson, Board member, employee representative
- Björn Olsson, Board member, employee representative

(Annual report 2023, p. 62)

Executive Management and Group Management

We operate in our two-level decision-making forums: EMT and GMT. This governance secures speed and efficiency and at the same time ensures an inclusive leadership with more parts of the organization involved with relevant knowledge that helps execute our priorities and accelerate our performance.



Executive Management Team

EMT is the highest operational decision forum of Volvo Car Group, supporting the CEO with the day-to-day operation and related decisions as well as being responsible for setting the strategic long-term direction in dialogue with the Board of Directors. All decisions in respect of matters requiring board approval are taken by EMT before being brought to the Board. Decisions are prepared and vetted with the Group Management Team or other relevant experts before these are channeled to the EMT and where required, the Board of Directors for final decision.

Group Management Team

The Group Management Team is responsible for the performance and execution of our direction in-line with our purpose and strategy. Group Management Team helps ensure alignment and coordination of our priorities, and secure collaboration on areas such as our Missions, sales performance and volume planning. In addition, we secure capacity in the meeting for discussions on open topics, challenges, and successes. (Statement of Volvo Cars 22 Aug 2023) GMT's work includes five operational missions, namely the People Mission, the Customer Mission, the Technology Mission, the Product Mission and the Digital Mission. These are established in order to ensure that each of these areas receives proper focus. The EMT meets on a bi-weekly basis and the whole GMT meets bi-weekly in between. (Annual report 2023, p. 66)

CEO

The division of work between the Board and the CEO is set out in the rules of procedures for the Board and follows the Swedish Companies Act. The CEO is responsible for Volvo Car Group's everyday management and operations and for the preparation of reports and compiling information to the Board meetings and for presenting such material at the Board meetings.

The CEO is further responsible for Volvo Car Group's financial reporting and consequently must ensure that the Board receives adequate information for them to be able to evaluate the Group's financial condition. The CEO regularly keeps the Board informed of the developments in Volvo Car Group's operations, the development of

sales, Volvo Car Group's results and financial position, important business events and other events, circumstances or conditions which can be assumed to be of significance to Volvo Car Group's shareholders.

Independent Auditors

The Company's auditors are appointed by the Annual General Meeting. At the Annual General Meeting held on 3 April 2023, Deloitte AB was re-elected until the next Annual General Meeting. (Minutes of the AGM 3 April 2023)

The external auditors discuss the external audit plan, audit findings and risk management with the Audit Committee. The auditors review one interim report per year and present the results of their work to Audit Committee. The results of their financial year audit and the audit of the Annual Report of the parent company and the consolidated financial statements are presented to the Audit Committee and the Board of Directors at meetings after year-end. When they are asked to provide services other than the external audit, this is done in accordance with general independence rules. Deloitte provides an annual written assurance of its impartiality and independence in accordance with the Swedish Companies Act and ISA 260. (Annual report 2023, p. 66)

For further information about Volvo Car Corporate Governance, please see (Annual Report 2023, p. 60-66)

RISK MANAGEMENT

Enterprise Risk Management

Risk is an integral element of business and is characterized by both threats and opportunities. The ability to manage risks may lead to opportunities and value creation while avoiding damages and losses. Volvo Cars risk management process aims to support the business in identifying, managing and monitoring critical risks which may impact our ability to achieve financial targets and strategic objectives. The Enterprise Risk Management (ERM) is integrated in the business with an objective to improve decision making, proactively protect the fulfilment of strategies and plans and protecting our assets. Volvo Cars is committed to foster a systematic risk management approach driven by organizational culture, core competences and leadership behaviors, integrated in our daily operation, and based on best practice way of working. (Annual report 2023, p. 52)

Current observations

The Top Risks for the end of 2023 reflect the strategies of the company – Transformation, Electrification and Sustainability, as well as our extensive collaborations with strategic partners, affiliates and further through the total supply chain. The headwinds from year 2019 to 2022 have reduced and normalization is in reach as the combined cause of events with major supply chain/logistic disturbances, COVID-19 aftermath and semiconductor shortages have been resolved. However, the geopolitical tensions, technological decoupling and deglobalization continue to drive risk landscape. Swiftly identifying and adjusting when threats materialize, are key strengths in our resilience capabilities.

The Enterprise Risk Management function in Volvo Cars started a transformation journey 2020 focusing on cultural changes, governance and efficient processes to meet stakeholder expectations for a listed company. By the end of 2023 we have taken a major step towards a modern and integrated Risk Management, a journey that will continue during 2024 and onwards. The main theme for Risk Management function is continuous improvement and cross functional collaboration.

ERM is integrated in the business with an objective to improve decision making, proactively protect the fulfilment of strategies and plans and protecting our assets. ERM also supports effective Business Continuity Management and transparency towards our external stakeholders. (Annual report 2023, p. 52)

Risk governance

The ultimate responsibility for ensuring that risks (including climate and nature related risks and opportunities) of Volvo Cars are sufficiently managed lies with the Board of Directors. However, certain related tasks are delegated to the Audit Committee. Ensuring an appropriate level of risk management on the operational level is the responsibility of the Chief Executive Officer and the Executive Management Team, where the Head of Enterprise Risk Management reports through the CFO.

The formal Enterprise Risk Management reporting process towards the Board occurs twice a year. Input is gathered throughout the organisation via the local risk managers, resulting in a comprehensive overview of risks in the organisation. For all identified risks, Risk Owners are appointed, and the risk owner will ensure management of risks in alignment with our Risk Management principles. For sustainability risks the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) are followed.

Risks are assessed and prioritised within a cross functional board consisting of Senior Managers representing the functions of the company. The top risks are presented to the Board of Directors and discussed by the Audit Committee twice a year. Additionally, the Internal Audit function serves as a 3rd line of defense by providing an objective review of the effectiveness of Risk Management in the Group.

Volvo Cars works with the three lines of defense Model to manage risks effectively. During the year a Governance, Risk and Compliance (GRC) organisation has been established consisting of Enterprise Risk Management, Internal Control Finance and Internal Control Digital. To build further on the harmonised taxonomy developed over the years, an appropriate GRC management system has been implemented. The GRC system is being implemented for Risk management, Internal control, and Internal audit with further roll-out plans. (Annual report 2023, p. 52)

Risk culture

Our culture is directly related to our purpose: For life. To give people the freedom to move in a personal, sustainable and safe way. Our risk management builds on a shared culture outlined in our Blueprint that ensures all employees understand and manage the risks inherent in their daily work. We reinforce it with risk maturity e-learnings to boost the understanding and implementation of our risk management principles stated in risk management -procedure, -directive and -guidelines.

Volvo Cars Risk Management aims for a holistic approach to managing risk, starting with strong governance that facilitate collaboration and transparent decision-making, connecting to the strategy and risks and opportunities embedded in that strategy. We explore and navigate the unknown by taking calculated risks. The opportunities pursued to fulfil our corporate objectives need to balance the risks. (Annual report 2023, p. 53)

Risk management function and approach to risk

The risk management function at Volvo Cars strives to be dynamic, iterative, and responsive to changes. Dynamic risk management means that we consider that the risk landscape changes rapidly, evolves, and integrates with other risks constantly. Iterative means that the risk management cycle is constantly active in our business. Our business context and business model constantly change, and risk management must be responsive to these changes. In addition, we want risk management to be driven by culture and leadership behaviors, integrated in our daily operation, and based on best practice way of working. Risk management at its core is based on what approach we choose to have for risks. At Volvo Cars, the approach is dependent on the category of risk in question. (Annual report 2023, p. 53)

APPROACH TO RISK	Averse	Minimalist	Cautious	Open	Hungry	Note
STRATEGIC E.g., Commercial Transformation			↔			Medium – High risk appetite because of high opportunities. High management attention.
OPERATIONAL E.g., Supply Chain Risks			↔			Wide range due to wide range of risk areas. Each area to do cost benefit analysis and review insurable risks. Strong process control.
FINANCIAL E.g., Residual Value			↔			Wide range connected to relevant business decisions. Strong second line control. Normally includes both downside and upside.
COMPLIANCE & FINANCIAL REPORTING		↔				Zero to Low appetite, strong first and second line control. Company policy sets the principles.

(Annual report 2023, p. 52)

Strategic risks

Risk	Description	Response	Outlook
→ Challenges with market shift, intense competition and consumer behaviour in electrification transformation	As the customers move towards electric vehicles, there is uncertainty on the pace of consumer acceptance, market by market. The move from ICE vehicles to BEV is dependent on factors like range, charging experience and pricing. In combination with facing energy crisis and impacts from instable macroeconomics there is a risk of adverse effects on our growth plans both with regards to volumes and margins. In addition to this shifting regional market demands put pressure on specific car requirements as competition continuously increases.	The divestment of Aurobay (ICE legacy business), the launch of the Volvo EX90, EM90 and EX30 fully electric vehicles on new platforms with competitive range are examples of our commitment to our strategy. Collaboration and strategic alliances help us create cost efficient products that enable competitive pricing. In combination with our financial stability, Volvo Cars is prepared to manage also negative impacts from a potential recession.	Continued uncertainties due to the instability in livelihood circumstances for our customers in combination with increased competition.
→ Lack of strategic competencies	The fierce competition for strategic competencies leads to a risk of inability to attract and retain the right talents which poses a risk to our speed of transformation. Volvo Cars compete in a new landscape outside of the traditional automotive sector and are dependent on attracting tomorrow's talent.	To have progressive ambitions and strive to be in the forefront of the automotive transformation with a strong sustainability mindset creates ambition and curiosity among key talents. In addition, following actions are in place to improve access to strategic competencies; strengthen People Plan process, defining clear talent Journey, establishment of Talent sourcing team, Site Strategy e.g. introducing tech-hubs.	As Volvo Cars compete in a broader arena for key talents the pace of competition for talents is expected to increase.
→ Geopolitical tensions and regionalisation resulting in increased tax/duties/tariffs and export controls	Geopolitical regionalisation introduces risk of increased protectionism as countries and regions impose trade restrictions and trade tax/duties/tariffs/licensing on technology and, which leads to technology decoupling.	With our global presence, we are naturally partly hedging the regional differences between our markets. Our ambition is to build where we sell and source where we build is progressing through our established manufacturing footprint and increased local sourcing.	Regionalisation continues and shows no sign to stabilise or improve in the near future.
→ Unable to be on the forefront of sustainable transformation	The global risk of climate change generates public expectations on accelerating speed of sustainability transformation. This is a risk if Volvo Cars is not able to proactively adapt business plans and transition of its business, including the complex value chain, potentially risking negative brand reputation and loss of sales.	Volvo Cars' sustainability strategy and sustainability commitment is designed to enable a proactive approach by addressing and mitigating effects of climate change with climate action and circular economy as two key areas. These are fundamental to actively contribute to the Paris agreement and limit the increase to 1.5 degrees global warming. Our ambition is set to become a climate neutral company by 2040 and our climate action CO ₂ reduction targets for 2030 have been verified by SBTi. Our focus is to decrease our CO ₂ footprint in operations, supply chain and tailpipe, with the latter transforming into 100 per cent BEV by 2030 are fundamental drivers. Our work to secure access to renewable energy throughout the value chain is continuous. Strategy refinement for content of recycled materials is ongoing and new business models are explored. During 2023 we have established a biodiversity impact baseline and set an ambition to reduce our impact in our total value chain. Several strategic sustainability milestones are included in the plan. For more details on our sustainability strategy and performance, see the Sustainability report.	Legislation and regulations are getting more stringent and public expectations continuously increase, thus continuing driving the need for proactivity. Based on scenario analysis there is an increased speed and scope of new legislation and policies regulating environmental impact, and thus changes in consumer demand when global warming effects impact consumer preferences and mobility behaviors towards fossil free transportation modes. The recent and potential future increases in energy prices also create bigger consumer awareness of energy savings and fossil fuel prices. It also highlights one of our key risks moving forward; securing fossil free electricity throughout our value chain. There are trends on growing importance and focus on a circular economy and resource consumption, including biodiversity and water impact and both topics now part of our sustainability strategy.
→ Disruptive technology	The increased regionalisation in technology and the shift from hardware to software defined products drive complexity whilst changes supply chains and needs for technologies and in-house competences. This might negatively impact the customer experience.	Our product strategy includes simplifying the customer offering, to develop modules rather than platforms allowing for updates with varying frequencies. Our industrial strategy is to build where we sell and to source where we build, offsetting increased regionalisation.	Increasing due to the geopolitical development and our expanded product portfolio.

Operational risks

Risk	Description	Response	Outlook
→ Cybersecurity threats	Cybersecurity is becoming increasingly important for a sustainable business. Cybercrime comes in many forms, i.e., malware, information theft, extortion and fraud. In addition, global automotive regulations, standards and requirements to address cybersecurity continue to emerge, thus cybersecurity is a critical business requirement for Volvo Cars and is fundamental towards protecting Volvo Cars' digital assets.	Volvo Cars has a governance model in place and an organisation equipped to address the cybersecurity risk. There is a broad range of policies, directives and standards in place. There is an overall Cybersecurity Program to address improvement areas. Reporting is made to Executive Management and Board of Directors.	The cyber risk is increasing in general in society thus also affecting Volvo Cars.
→ Business interruption	Volvo Cars may experience disruption to manufacturing, design and research and development capabilities for a variety of reasons, such as climate change, natural disasters, acts of war, epidemics and other external events.	Business interruption is to a certain extent an insurable risk although the impact may go beyond direct financial impact. Our product strategy aims to provide the consumer with options that are less dependent on the status of individual sites.	The global instability due to aftermath effects from COVID-19 and other regional instabilities keep this risk on high level.

Compliance risks

Risk	Description	Response	Outlook
→ Increased complexity on product compliance	The product compliance is based on automotive industry laws affecting Volvo Cars. These laws are often country or regional specific and concerns, among other things, greenhouse gas emissions, vehicle fuel economy, vehicle emissions, energy security, car safety, environmental matters and data protection. There is a growing complexity in this area in itself and in addition Volvo Cars is transforming and advancing towards connected car capabilities and a direct customer sales model, thereby adding complexity level. We also notice an increasing trend of litigations and supervisory authority activity in these areas.	Volvo Cars is committed to delivering high quality products aligned with applicable automotive and relevant business legislation. Volvo Cars also continue to improve the digital solutions to cope with growing complexity for information management, including data protection and securing required reporting with authorities	There is a risk that the number and extent of legal and regulatory automotive industry requirements will increase significantly in the future and getting more complex.
→ Potential human rights violations in our total value chain	The rising public expectations on corporate responsibility across the world create challenges and opportunities. Volvo Cars aims to protect and improve people lives in our value chain. However, Volvo Cars has a global and complex supply chain including sourcing in high-risk countries. This means that it is even more important to safeguard fundamental human rights and minimise the risk that human rights violations occur at any instance of our total value chain.	Aligning the corporate agenda in Responsible Business areas and monitoring the risks. Securing risk based due diligence activities in our supply chain and Code of Conduct for business partners to be fulfilled. Upcoming EU Corporate Sustainability Due Diligence legislation will help standardise expectations according to OECD guidelines. In 2023 a human rights compliance function was established within the Compliance & Ethics Office which coordinates the work around our most salient human rights issues across our value chain, and with an ambition of establishing a compliance program with improved, risk-based human rights due diligence procedures for potential and actual impacts.	The public's expectations and awareness are increasing. Current and new national and regional legislations are increasing in width and depth and puts even greater responsibility on global companies' due diligence efforts.

Financial risks

Risk	Description	Response	Outlook
→ Corporate portfolio performance	The potential of weak performance in our portfolio companies poses a risk for negative impact on Volvo Cars as it could hinder us from reaching our strategic objectives.	An active corporate portfolio development organisation with well-defined processes and regular follow up for governance and steering of our portfolio companies.	Continued macro-economic uncertainties, geopolitical tension, and supply chain challenges are likely to affect the corporate portfolio in a similar manner as it affects Volvo Cars in general.
→ Macroeconomic development	Risk for negative effect on business due to deteriorating macroeconomics and potential recession with lower purchasing power among consumers. Also, risk that our supply chain will be affected in a potential market decline.	In the case of deteriorating macro environment with effect on our demand and subsequently on our financial performance, we can decide to both change timing or reduce the size of investments to protect cash flow. If there is a more long-term recession, we also have the opportunity to optimise the operations to a lower cost base. We also work closely with our suppliers to monitor effects in the supply chain and take action if necessary.	Forecast of lower annual global GDP growth 2024 and various downside risks to growth forecast include sticky inflation, tighter-for-longer financial conditions and geopolitical uncertainty possibly leading to trade disruptions and higher energy prices.

For further description of the main risks, please see the 2023 Annual report p. 55-58.

Litigation risk

Product liability litigation management process in North America

Volvo Cars' brand in the United States is strongly connected to the safety of its vehicles. Consumers have long recognized Volvo Cars as a leader in the area of safety. Accordingly, Volvo Cars maintains a comprehensive Product Liability Defense program in the US. As soon as Volvo Cars becomes aware of a potential case, it contacts the customer and requests permission to inspect the vehicle. VCUSA will offer to send a technical specialist to inspect the vehicle and make an early determination if there is an issue with how the vehicle performed. This provides the Company with a baseline regarding the condition of the vehicle and provides an opportunity to prevent potential spoilation of evidence. In addition, Volvo Cars has worked with the same external counsels in most markets for many years. The local counsel becomes familiar with Volvo Cars defense strategy and becomes an integral part in defending the Volvo brand. We work together with Volvo Cars in Sweden to make an early evaluation of the matter, leverage Volvo Cars's technical expertise and determine the best course of action going forward (either early settlement or rigorous defense). It is imperative that the external counsel understands the our defense strategy and the importance of maintaining Volvo Cars reputation for safety. (Statement of Volvo Cars 23 Feb, 2024)

Contractual risk

The purchasing process, the use of standard contracts and changes therein

The contracting process in Volvo Cars is based on the use of templates. These templates regulate amongst others the warranty, price, liabilities, compliance and delivery of a specific component for a platform or car model. The agreements are typically multiyear agreements also covering the delivery of spare parts after end of production of a specific model. Deviations to these agreements are not allowed unless approved by specific members of EMT (i.e., Chief Legal Officer and Chief Operating Officer, responsible for procurement) or by the Senior Manager through delegation from the EMT member.

The deviation process includes an opinion on the deviation from all departments affected by the deviation (e.g., warranty department, supply chain department, procurement) and includes a long-term risk assessment. The changes are documented in a separate document and signed by both parties. At the moment there are fewer

than 20 of these deviations. The described process is applicable when purchasing Direct Products (DP) which refers to 90% of what Volvo Cars pays to suppliers.

The process for Indirect Products (IDP) is similar, except that any alterations are done directly in the specific agreements instead of in a separate template. Any deviations from IDP templates must be approved by the Senior Management after a risk assessment similar to the DP contracts however the Company does not keep records of how many IDP contracts that deviate from the template. All contracts are held and maintained by the Procurement Department. (Statement of Volvo Cars, February 23, 2024)

Limitation of liability

Volvo Cars Group is partnering with sister companies in the Geely ecosystem to identify and achieve synergies, including shared technology, vehicle architecture and joint purchasing.

As part of this collaboration, Volvo Cars buys and sells licenses and services between the companies in the Geely group. Our main partner is Polestar where we both sell services, licenses, unique development and perform car production on common platform.

For all agreements with the Geely group/Polestar group Volvo Cars has a Limitation of Liability clause. Depending on the relevant contract, liability is usually limited to 10-30% of the contract value.

Below are examples of what the standard clause used in service agreements may look like.

11. LIMITATION OF LIABILITY

- 11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this Service Agreement.
- 11.2 Each Party's aggregate liability for any direct damage arising out of or in connection with this Service Agreement shall be limited to 30 % of the total Service Charges payable by Purchaser to Service Provider hereunder.
- 11.3 The limitations of liability set forth in this Section 11 shall not apply in respect of:
 - (a) claims related to death or bodily injury;
 - (b) damage caused by wilful misconduct or gross negligence;
 - (c) damage caused by a Party's breach of the confidentiality undertakings in Section 13 below; or
 - (d) damage arising out of an infringement, or alleged infringement, of the other Party's or any third party's Intellectual Property.

(Statement of Volvo Cars, February, 26, 2024)

Type of services provided

Volvo Cars is selling services to external parties, i.a. crash, wind tunnel, battery and engine tests. As an absolute main rule, these tests are performed as per agreed specifications and protocols. Volvo Cars thereafter deliver test results, without giving advice or recommendations to the Buyer of these services. (Statement of Volvo Cars, February, 26, 2024)

Indemnification

Please be advised that Volvo Car AB is legally entitled to provide corporate indemnification to directors and officers in subsidiaries and also to other relevant positions within the company, excluding the main board of directors. (Statement of Volvo Cars, February, 26, 2024)

Collection and sharing of data

How Volvo Cars collect and share personal data can be found on each regional site, [Legal Documents | Volvo Cars | Volvo Cars](#). As an example, Volvo Cars list who we share data to in Section 3 of our General Privacy Notice, [General Privacy Notice for Volvo Cars | Volvo Cars](#). There are also examples who we will share data with, depending on activity/service/function, as specified in the respective sections in the Volvo Car Privacy Notice, [Volvo Car Privacy Notice | Volvo Cars](#)

In relation to services provided by third parties, these are generally their own controllers and decide how they handle their customers' data. Third parties are out of scope from Volvo Cars' privacy notices, see for example the bullet points in the introduction of the Volvo Car Privacy Notice excluding these services. This is similar to other companies selling hardware, such as for example companies producing smart phones. If you have a smart phone it's the app developers/providers who decide how their app will work and what data that will be collected, not the producer of the phone. The producer of the phone is however responsible for their systems and services. The described set-up is very similar to Volvo Cars' operations.

SELECTED FOCUS AREAS

The below does not serve as an exhaustive list of Volvo Cars' focus areas, ambitions or strategies but is merely a brief introduction which special focus on relevant areas. For more information about our strategy, please see our Annual report 2023, p. 18-34.

Safety

In 1927 our founder stated "Cars are driven by people. The guiding principle behind everything we make at Volvo, therefore, is and must remain, safety". This principle made our brand synonymous with safety and is today as relevant as ever before. We will continue to aim to pioneer the safest, most intelligent technology solutions in mobility and everyday life to protect what is important to people, their lives and the lives they are living. (Annual report 2024, p. 3)

Zero collision vision

Safety is part of our DNA. Safety has always been at the core of our purpose, and since 2007 we have been guided by the vision that no one should be seriously injured or killed in a new Volvo car. Since then, this has been further expanded into our Zero Collision vision.

These visions guide us to continuously make our products safer for all. To support our vision of zero collisions, we are investing in technologies such as advanced driver assistance systems (ADAS) and autonomous driving (AD) based on sensing technology and active safety technology, together with our wholly owned subsidiary Zenseact. These technologies leverage deep learning technology based on decades of real-life experience, continually refining and adding new functions to protect people both inside and outside of the car. (Annual report 2023, p. 27)

**SAFE DRIVER**

To secure safe driving in any given situation we need to understand both driver state and driver expectations to enable offering support tailored to both driver and situation. To achieve this, we need to continue our research into driver understanding, focusing on real-world customer needs, while targeting inclusiveness in relation to driving experience and context. Our research incorporates real-life driving- and accident data.

Our driver assistance and autonomous driving systems are designed from a safety-first perspective, meaning system capabilities are improved continuously based on real world customer needs and after rigorous testing and verification.

SAFE CAR

Should an accident still happen we innovate to help ensure that the vehicle offers the best possible protection for everyone. This includes understanding user needs, adopting to biomechanical variations and considering post-crash care in our product development.

To support development of products offering safety for all, we are developing our own computer model of human beings – aiming at full geometrical as well as biomechanical representativity.

SAFE STREET/ROAD

We aim to ensure that our cars contribute to overall road safety, with a focus on vulnerable road users, by using precautionary safety measures. Our research is conducted in the EU, US and China, in collaboration with infrastructure owners and other manufacturers.

SAFE SPEED

We aim to increase awareness by sharing our knowledge and research results, in an open, ongoing dialogue, about the connection between speed and road safety.

We are developing intelligent speed adaptation systems that react to different traffic environments and drivers.

(Annual report 2022, p. 28)

Technology powering our safety ambitions

Safe occupants: occupants sensing

We are introducing a new occupant sensing system to future Volvo cars, where regulations allow, starting with the new Volvo EX90. The system is aimed at helping parents, caregivers and pet owners avoid the chances of leaving an occupant behind in the car by accident – the leading cause of hot car deaths.

It aims to be the first deployment of a radar-based sensing system throughout the entire cabin – front to back, including the rear trunk. The system is designed to detect movements as small as a child or animal breathing and alert the driver when locking the car.

Safe drivers: driver understanding system

To break new grounds in active safety, we recently introduced a driver understanding system inside the new Volvo EX90. Volvo Cars' driver understanding system is a set of interior sensors and algorithms that aims to understand if a driver is losing track of the driving task. It can help address driver behavioral issues such as distraction by allowing the car to actively warn and act to help avoid accidents that otherwise could result in severe injuries or death.

Improving safety through Lidar

Our new Volvo EX90 is the first Volvo to be equipped with Lidar, which will make a key contribution towards our goal of significantly reducing collisions, fatalities and serious injury. Lidar (which stands for Light Detection and Ranging) is a remote sensing method that uses laser pulses to detect objects and measure distances with high precision. As the Lidar does not rely on a light environment, its capabilities are undiminished at night. Being able to detect pedestrians up to 250 meters away and something as small as a tire on a black road 120 meters ahead, Lidar could have a remarkable effect on safety. Our research indicates that adding Lidar to an already safe car can reduce accident severity in up to 20% of the serious cases and improve collision avoidance by up to 9%.

In combination with other sensors and our core computing system, Lidar can enable earlier automatic emergency braking and allow our forthcoming models to carry out autonomous evasive action in a wide range of complex scenarios. (Annual report 2022, p. 28-29)

Accident Ahead Alert

With our new Accident Ahead Alert, we introduce another pioneering connected safety feature in Volvo cars: for the first time, cars can alert drivers of accidents ahead directly using real-time data from a traffic management centre. With the aim to help drivers avoid collisions and traffic congestion caused by an accident ahead, the feature is designed to instantly alert the driver about a traffic accident up to a few hundred meters ahead. The location data is provided by national road authorities and compatible cars, starting with other Volvo cars. To make roads safer for all, we call for more road authorities to share anonymous traffic accident data and encourage other car makers to join us in offering similar technologies. Volvo Cars has been committed to sharing connected safety data for others to integrate into safety features and will continue doing so. Needless to say, only essential information will be shared with other cars and the data will be anonymized to ensure the driver's privacy.

The Accident Ahead Alert feature is currently available in Denmark on all 90, 60 and 40 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. (Press release 29 Feb 2024)

Electrification

The automotive industry is undergoing a game-changing technological transformation.

Firstly, there is the shift from traditional combustion engines to electrical propulsion. Despite some regional variances, the overall global push toward electric vehicles (EVs) is gaining momentum, spurred by legislative mandates and accelerated by Chinese born-electric car brands in the race to electrification. (Annual report 2023, p. 15)

Volvo Cars was the first traditional car manufacturer to exit the development and manufacturing of internal combustion engines. This allows us to focus fully on electrification. (Annual report 2023, p. 25) We have an ambitious target of being fully electric by 2030. We are also determined to become a leader in sustainable electric propulsion, developed inhouse to secure unique, tailor-made systems for the best customer experience. Our technology development serves to make our customers' lives safer, more convenient, and enjoyable. This requires control over the entire product, including hardware, mechatronics, software, and sustainable material supply. Our approach is stepwise vertical integration to secure ever improving generations of powertrains and batteries specifically designed to our high standards.

In a global business environment with volatile raw material prices and geopolitical turbulence, mastering materials is crucial. The aim is to enable fast and safe transformation into sustainable and cost-efficient products. By using our supply chain insights, we can mitigate risks in availability of materials and other global challenges. We can further improve circular solutions by reducing material complexity.

We are gearing up our technology platform, initially configured for our mid-sized cars, for an expansion targeting the premium large and small segments of electric vehicles enabling us to cater for advanced battery and computing technology including smart cabin technology and safety features. Similarly to the previous platforms, our new architecture is designed to accommodate over-the-air updates and continuous improvements over the lifecycle of our cars. (Annual report 2023, p. 27)

Charging infrastructure

It is not just about changing what is under the hood. The development of charging infrastructure is crucial, making the refueling experience as easy as it has been with petrol stations for a century. (Annual report 2023, p. 15) We are working on expanding our offering beyond the actual car to also include services around the Volvo car ownership, such as charging services. For this, Volvo Cars is taking a much more active role for the benefit of the consumer but also to secure additional revenue streams. (Annual report 2023, p. 29)

In order to encourage the rapid uptake of all-electric cars, we aim to make charging easy and convenient. Through the Volvo Public Charging Service, we provide access to large regional charging networks, with real-time

information on hundreds of thousands of charging stations and consolidates payment in an easy-to-use interface in the Volvo Cars app. The service is live in China, Europe, USA and Canada.

We have agreements with China's leading charging operators - TELD, StarCharge, State Grid, YKC, Xiaoju, Southern Grid, EVPower, SAIC Anyo, Zeeker, who operates around 80 per cent of the country's charging points. Through collaboration, users now also have access to premium ZEEKR charging network (including nationwide 360kW high power stations). The Volvo Cars app allows customers to charge their vehicles by scanning a QR code and pay through leading payment services, including WeChat Pay and Alipay.

In Europe, we are partnering up with Digital Charging Solutions, a leading e-mobility supplier. Integrated into the Volvo Cars app, this new charging solution makes it easy to find, access and pay at over 600,000 charging points across Europe, providing a hassle-free access to public charging infrastructure in Europe. (Statement Volvo Cars 4 March 2024)

In 2023, the Volvo Public Charging Service were also launched in USA and Canada. With ChargePoint and their roaming partners EVgo, Shell Recharge, Flo, and EVConnect, among others, electric Volvo drivers can now access over 70% of all charge points in Canada and the USA. (Statement Volvo Cars 4 March 2024) We were also the first European car maker to sign a deal that gives current and future electric Volvo car drivers access to over 12,000 Tesla's Superchargers across the United States, Canada, and Mexico. This agreement is a major step in the right direction to increase access to fast charging infrastructure for our customers. (Interim Report second quarter 2022 p. 3).

Volvo cars is also contributing to the development of public charging infrastructure through partnerships and the development of infrastructure at our retailer premises. In Europe, we have together with our retailers developed a fast-charging network adding up to 150 charging stations across the region and in the US, we are together with Starbucks installing fast chargers to fill gaps for long distance trips. In addition, we have installed over 1100 slow chargers at our retailer locations in Brazil as well as a number of fast charging stations, to contribute in the development of public charging infrastructure in the country. (Statement Volvo Cars 4 March 2024)

Sustainability

At Volvo Cars, sustainability is as important as safety. We aim to be pioneers in protecting people and the planet by working towards climate neutrality, embracing the circular economy, and conducting business responsibly.

We believe doing this, in partnership with others, ensures we help address global sustainable development challenges and support our profitable growth. Sustainability is central to our business and, quite simply, key to our future success. (Annual report 2023, p. 36)

Electrical goes sustainable

Embracing wider climate potential of electric cars

The electric vehicle revolution goes hand in hand with sustainable energy solutions. Since our ambition is to be a fully electric car company by 2030, we need to capture new business opportunities in this area. In November 2023, we established the new business unit Energy Solutions, with the aim to understand how we can capitalize on the wider potential of electric vehicles and their batteries.

Volvo Cars Energy Solutions aims to offer energy storage and charging-related technologies and services which form the connective tissue between our cars, our customers' lives, the efficient use of energy and society at large.

Key to this is bi-directional charging, a capability of the Volvo EX90, which allows the supply of surplus battery power to the grid. We are piloting a vehicle-to-grid (V2G) program in Sweden, testing these technologies with real customers. In coming years, we foresee millions of EVs offering ample spare battery capacity for various uses, from reducing energy bills to powering homes and devices, contributing to CO2 emission reductions.

V2G is just one of the technologies that we envision as a part of that ecosystem offer under the Volvo Cars Energy Solutions banner. We are also looking at vehicle-to-home (V2H) products that allow you to send back energy to your house and lower your energy bill, as well as vehicle-to-load (V2L) services whereby your electric car battery powers your camping gear or charges your electric bicycle.

Over time, we anticipate Volvo Cars Energy Solutions could generate significant new revenues from energy-related products and services every year, as well as new products not previously offered by Volvo Cars. In doing so, Energy Solutions is set to add value to our core business, our customers' daily lives and the environment. (Annual report 2023, p. 15)

High voltage battery value retention

As part of our circular strategy for HV batteries, we have established regional battery centers in the EU, US and China and expanding this network in Asia Pacific and Latin America, to support worldwide capability for repairing, refurbishing, and remanufacturing of batteries. The purpose of our battery centers is to ensure that repairable HV batteries coming from vehicles that needed a battery-exchange, are recovered and brought back into a circular flow. Inside the battery centers, these batteries get refurbished and brought back into our cars as service- and replacement-parts. By this we can offer cost-efficient and sustainable replacement batteries for vehicles that might otherwise be economically lost due to battery damage.

Securing battery health and extended life is a key component in the transition towards selling 100 per cent battery electrical vehicles as from 2030. Many factors apart from mileage affect the battery life span. A key initiative has been to initiate monitoring of batteries remotely to enable us to offer our customers an efficient service experience and maximize the battery life span. HV batteries that are no longer repairable or suitable for any other application, are guided into a Volvo Cars designed recycling process, respecting high sustainability and safety standards, which recovers most of the raw material for reuse in the production of new HV batteries. Volvo Cars provides collection service of End-of-life High-Voltage Batteries through our global battery disposal website. (Annual report 2023, p. 160)

Our sustainability ambitions

CLIMATE ACTION  We aim to reach net zero greenhouse gas emissions by 2040 We are taking action to reduce greenhouse gas emissions throughout our value chain and aim to be aligned with the 1.5°C pathway, as well as the goals of the Paris Agreement. It is our ambition to reach net zero greenhouse gas emissions by 2040, while meeting interim ambitions by 2025 and 2030. FOCUS AREAS <ul style="list-style-type: none"> Transform to pure electrification Minimise emissions from materials Minimise operational emission MID-DECADE AMBITIONS <ul style="list-style-type: none"> To reduce CO₂ emissions by 40 per cent per average vehicle (from a 2018 baseline)²⁴ <ul style="list-style-type: none"> - 50 per cent reduction of tailpipe emissions through 50 per cent fully electric vehicles - 25 per cent reduction of emissions from materials - 25 per cent reduction of operational emissions 2030 AMBITIONS <ul style="list-style-type: none"> To reduce CO₂ emissions by 75 per cent per average vehicle (from a 2018 baseline)²⁵ <ul style="list-style-type: none"> - 100 per cent reduction of tailpipe emissions through pure electrification - 30 per cent reduction of emissions from materials - 30 per cent reduction of operational emissions To meet Scope 1, 2, and 3 targets verified by the Science Based Targets initiative (from a 2019 baseline)²⁶ 	CIRCULAR ECONOMY  We aim towards becoming a circular business by 2040 Volvo Cars is committed to applying circular economy principles to our operations and stimulating actions across the value chain. This year we have expanded our scope of targets for circular business and set a biodiversity vision for the company. FOCUS AREAS <ul style="list-style-type: none"> Minimise primary resource use Eliminate waste and pollution Grow circular business MID-DECADE AMBITIONS <ul style="list-style-type: none"> 25 per cent recycled content in new vehicle models To generate one billion SEK from circular economy initiatives (from a 2018 baseline) 2030 AMBITIONS <ul style="list-style-type: none"> 30 per cent recycled content average across the fleet and 35 per cent for new vehicle models >99 per cent waste reused or recycled 50 per cent reduction in water withdrawal per manufactured vehicle in own operations (from a 2018 baseline) FUTURE BIODIVERSITY AMBITION <ul style="list-style-type: none"> To be net positive across our value chain and contribute to a nature positive future²⁷ 	RESPONSIBLE BUSINESS  We aim to protect and improve people's lives in our value chain and wider society We strive to live our values and support a culture of responsible business behaviour, at both a corporate and individual level, throughout our value chain. We support international standards and conventions, as well as the United Nations Sustainable Development Goals. We drive change supported by stakeholder collaboration and advocacy. FOCUS AREAS <ul style="list-style-type: none"> Ensure employee wellbeing Safeguard human rights Contribute to a sustainable society MID-DECADE AMBITIONS <ul style="list-style-type: none"> Ensure YoY improvement of share of women in senior leadership Injury rate (Lost Time Case Rate) for employees <=0.04 Ensure YoY increase in the number of sites in value chain being assessed 100 per cent green debt or sustainability-linked financing of assets, according to our green financing framework EU Taxonomy alignment 50 per cent of CapEx By 2027 – Achieve gender equity pay 2030 AMBITIONS <ul style="list-style-type: none"> Women in senior leadership 34 per cent Injury rate (Lost Time Case Rate) for employees <=0.02 EU Taxonomy alignment 70 per cent of CapEx
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For further information about Volvo Cars sustainability strategy, please see Annual Report 2023 p. 36)

Clarification regarding Volvo Cars' ambitions

As we approach the middle of this decade, we want to be more precise with our ambitions and have decided to clarify these. We stand firm on our strategy around electrification and technological leadership, one of the most

ambitious in the industry. Yet by clarifying our ambitions that were set out during our Initial Public offering (IPO) with sharpened metrics, it improves transparency and allows us to better follow up on our progress.

We remain firm on our ambition to report an EBIT margin above 8 per cent for 2026, and now do so based on expected revenues between SEK 550– 600 billion. This clarified ambition further underlines that we seek to grow in terms of revenues and value rather than on volume alone, thereby focusing even more on profitable growth.

The ambitions for 50 per cent fully electric sales and CO₂ reduction of 40 percent per average vehicle (compared to a 2018 baseline) we aim to meet by 2025. (Annual report 2023, p. 6)



(Annual report 2023, p. 6)

SELECTED FINANCIAL INFORMATION

The share

The Volvo Car share is listed on Nasdaq Stockholm, where it trades with the ticker VOLCAR. Basic earnings per share in 2023 was SEK 4.38.

Ownership structure

TEN LARGEST SHAREHOLDERS 31 DECEMBER 2023			
Owners	Number of B-shares	Capital	Votes
Geely Sweden Holdings*	2,343,396,227	78.7%	78.7%
AMF Pension & Funds	107,622,822	3.6%	3.6%
Folksam	63,113,490	2.1%	2.1%
Alecta Pension Insurance	29,650,000	1.0%	1.0%
Vanguard Funds	24,091,680	0.8%	0.8%
BlackRock	23,150,064	0.8%	0.8%
Fourth Swedish National Pension Fund	20,382,538	0.7%	0.7%
Third Swedish National Pension Fund	18,339,000	0.6%	0.6%
Handelsbanken Funds	17,854,520	0.6%	0.6%
SEB Investment Management	17,263,260	0.6%	0.6%
Ten largest owners, total	2,664,863,601	89.4%	89.4%
Others	314,660,578	10.6%	10.6%
Total	2,979,524,179	100%	100%

*Geely Sweden Holdings AB is 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.

(Annual report 2023, p. 198-199)

Share performance and trading volume

Based on the closing share price on 29 December 2023, SEK 32.6, the Group's market capitalization was SEK 97,013 million. The share price decreased by 31.3 per cent during 2023, while the broad index (OMXSPI) increased 15.5 per cent. The highest closing price quoted was SEK 56.0 on 2 February and the lowest closing price quoted was SEK 31.6 on 13 December.

A total of approximately 850 million Volvo Car AB's shares were traded on all marketplaces with average daily trading volume of 3.4 million shares. (Annual report 2023, p. 199)

Current status of the share



(Statement of Volvo Cars 21 Feb 2024)

Key ratios

Key ratios, MSEK	2023	2022	2021	2020	2019
Retail sales, units ²⁾	708,716	615,121	698,693	661,713	705,452
Revenue	399,343	330,145	282,045	262,833	274,117
Research and development expenses ³⁾	-12,884	-11,514	-12,714	-11,362	-11,446
Operating income, EBIT ²⁾	19,939	22,332	20,275	8,036	14,303
EBIT excl. share of income from JVs and associates ³⁾	25,567	17,889	21,226	8,388	14,471
Net income ²⁾	14,066	17,003	14,177	7,308	9,603
Basic earnings per share, SEK ²⁾	4.38	5.23	4.72	2.19	N/A
EBITDA ²⁾	37,386	38,423	35,280	22,578	29,851
Cash flow from operating activities ²⁾	42,867	33,599	29,852	34,890	32,374
Cash flow from investing activities ²⁾	-51,842	-39,658	-34,737	-21,608	-20,801
Net cash ²⁾	27,487	38,061	44,846	35,241	25,214
Gross margin, % ²⁾	19.4	18.3	21.6	17.5	19.0
EBIT margin, % ²⁾	5.0	6.8	7.2	3.1	5.2
EBIT margin % excl. share of income from JVs and associates ³⁾	6.4	5.4	7.5	3.2	5.3
EBITDA margin, % ²⁾	9.4	11.6	12.5	8.6	10.9
Equity ratio, %	36.6	35.4	33.4	26.8	26.2
Return on invested capital, ROIC, % ³⁾	12.4	16.7	18.6	7.9	14.5

1) Non-financial operating metric.

2) IFRS measure.

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

(Annual report 2023, p. 45)

Consolidated income statement

SEKm	Note	2023	2022
Revenue	2	399,343	330,145
Cost of sales	3	-321,916	-269,813
Gross income		77,427	60,332
Research and development expenses	3, 16	-12,884	-11,514
Selling expenses	3	-26,056	-21,000
Administrative expenses	3	-12,539	-11,485
Other operating income and expenses	6	-381	1,556
Share of income in joint ventures and associates	13	-5,628	4,443
Operating income	4, 5, 7, 8, 9, 10, 11	19,939	22,332
Interest income and similar credits	21	2,495	852
Interest expenses and similar charges	21	-772	-837
Other financial income and expenses	12	-802	-1,532
Income before tax		20,860	20,815
Income tax	14	-6,794	-3,812
Net income		14,066	17,003
Net income attributable to			
Owners of the parent company		13,053	15,577
Non-controlling interests		1,013	1,426
		14,066	17,003
Basic earnings per share (SEK)	15	4.38	5.23
Diluted earnings per share (SEK)	15	4.38	5.23

(Annual report 2023, p. 78)

Consolidated comprehensive income

SEKm	2023	2022
Net income	14,066	17,003
Other comprehensive income		
<i>Items that will not be reclassified subsequently to income statement:</i>		
Remeasurements of provisions for post-employment benefits	-1,815	4,560
Tax on items that will not be reclassified to income statement	424	-998
<i>Items that have been or may be reclassified subsequently to income statement:</i>		
Translation difference on foreign operations	-1,240	3,872
Translation difference of hedge instruments of net investments in foreign operations	131	-710
Change in fair value of cash flow hedge related to currency and commodity price risks	1,976	2,289
Tax on items that have been or may be reclassified to income statement	-435	-319
Other comprehensive income, net of income tax	-959	8,694
Total comprehensive income	13,107	25,697
Total comprehensive income attributable to		
Owners of the parent company	12,343	24,150
Non-controlling interests	764	1,547
	13,107	25,697

(Annual report 2023, p. 80)

Retail sales

Retail sales (k units)	2023	2022	Δ%	Top 10 retail sales by market (k units)	2023	2022
Europe	294.8	247.4	19	China	170.1	162.3
China	170.1	162.3	5	US	128.7	102.0
US	128.7	102.0	26	UK	50.1	36.5
Other	115.1	103.3	11	Germany	45.5	35.8
Retail sales total	708.7	615.1	15	Sweden	41.0	45.7
Recharge line-up vehicles	266.0	205.4	30	Belgium	23.9	14.6
<i>whereof BEV vehicles</i>	113.4	66.7	70	Italy	19.2	16.0
Recharge line-up share of sales	38%	33%		Netherlands	16.3	13.0
<i>whereof BEV share of sales</i>	16%	11%		France	15.3	13.7
Wholesales	732.3	631.7	16	Spain	14.7	11.3
Production volume	766.7	648.9	18			

(Annual report 2023, p. 46)

Consolidated balance sheets

SEKm	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	16	72,104	56,994
Tangible assets	7,17	84,113	77,252
Investments in joint ventures and associates	13	14,142	15,599
Other long-term securities holdings	21	12,066	4,353
Deferred tax assets	14	10,135	9,131
Other non-current interest-bearing receivables		1,327	3,354
Non-current derivative assets	21	2,094	1,128
Other non-current assets	18	3,426	3,994
Total non-current assets		199,407	171,805
Current assets			
Inventories	19	57,058	46,951
Accounts receivable	4, 20	19,284	25,239
Current tax assets		997	1,763
Current derivative assets	21	1,988	1,769
Other current assets	20	19,849	16,239
Marketable securities	22	9,918	3,415
Cash and cash equivalents	22	47,861	63,743
Total current assets		156,955	159,119
TOTAL ASSETS		356,362	330,924
EQUITY & LIABILITIES			
Equity			
Equity attributable to owners of the parent company	23	126,371	113,947
Non-controlling interests		4,114	3,331
Total equity		130,485	117,278
Non-current liabilities			
Provisions for post-employment benefits	24	7,610	6,883
Deferred tax liabilities	14	8,293	5,392
Other non-current provisions	25	7,582	8,398
Liabilities to credit institutions	21	4,562	3,096
Non-current bonds	21	18,087	22,959
Non-current contract liabilities to customers	26	8,148	7,144
Other non-current interest-bearing liabilities	7	4,790	4,845
Non-current derivative liabilities	21	424	825
Other non-current liabilities	4, 27	5,385	4,726
Total non-current liabilities		64,881	64,268
Current liabilities			
Current provisions	25	13,117	9,051
Liabilities to credit institutions	21	937	755
Current bonds	21	6,660	2,000
Current contract liabilities to customers	26	30,817	26,094
Accounts payable	4	62,304	68,913
Current tax liabilities		1,607	1,566
Other current interest-bearing liabilities	7	1,242	1,500
Current derivative liabilities	21	1,055	1,809
Other current liabilities	28	43,257	37,690
Total current liabilities		160,996	149,378
TOTAL EQUITY & LIABILITIES		356,362	330,924

(Annual report 2023, p. 81)

Consolidated statement of cashflows

SEKm	Note	2023	2022
OPERATING ACTIVITIES			
Operating income		19,939	22,332
Depreciation and amortisation of non-current assets	10	17,449	16,091
Dividends received from joint ventures and associates		88	72
Interest and similar items received		2,495	1,065
Interest and similar items paid		-1,710	-1,351
Other financial items		178	206
Income tax paid		-4,486	-4,223
Adjustments for other non-cash items	31	6,087	-7,135
		40,040	27,057
<i>Movements in working capital</i>			
Change in inventories		-11,341	-7,348
Change in accounts receivable		4,750	-776
Change in accounts payable		-2,918	18,533
Change in provisions		-1,914	-4,640
Change in contract liabilities to customers		8,707	5,941
Change in other working capital		5,543	-5,168
Cash flow from movements in working capital		2,827	6,542
Cash flow from operating activities		42,867	33,599
INVESTING ACTIVITIES			
Investments in shares and participations	13	-1,151	-9,597
Divestment in shares and participations	32	-178	2,290
Loans to affiliated companies		-11,990	—
Investments in intangible assets		-20,680	-18,328
Investments in tangible assets		-18,485	-13,784
Disposal of tangible assets		642	161
Other		—	-400
Cash flow from investing activities		-51,842	-39,658
Cash flow from operating and investing activities		-8,975	-6,059
SEKm	Note	2023	2022
FINANCING ACTIVITIES			
Proceeds from credit institutions		3,970	1,040
Proceeds from bond issuance	21	1,500	5,260
Repayment of bond		-2,000	—
Repayment of liabilities to credit institutions		-673	-4,530
Repayment of interest-bearing liabilities		-1,747	-1,711
Dividend paid to Non-controlling interest	4	—	-846
Investments in marketable securities	22	-10,792	-21,127
Matured marketable securities		4,115	26,157
Other ¹⁾		376	726
Cash flow from financing activities		-5,251	4,969
Cash flow for the year		-14,226	-1,090
Cash and cash equivalents at beginning of year		63,743	62,265
Exchange difference on cash and cash equivalents		-1,656	2,568
Cash and cash equivalents at end of year	22	47,861	63,743

1) Other is attributable to realised result from financial instruments of SEK 376 (1,058) m and change in Other non-current liabilities of SEK — (-332) m.

(Annual report 2023, p. 84)

