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



**VOLVO CAR GROUP**

INTERIM REPORT SECOND QUARTER 2025

## VOLVO CAR GROUP

### APRIL–JUNE 2025



- Retail sales decreased by 12% to 181.6 (205.4) thousand cars.
- Revenue amounted to SEK 93.5 (101.5) bn. The decrease is mainly explained by lower wholesale volume and unfavourable foreign exchange rate effects due to a stronger SEK on average over the quarter, partially offset by used car sales.
- EBIT was SEK –10.0 (8.0) bn, impacted by items affecting comparability, a SEK 11.4 bn non-cash impairment and a SEK 1.4 bn restructuring cost. EBIT excluding items affecting comparability amounted to SEK 2.9 bn.
- EBIT margin was –10.6 (7.9)%. EBIT excluding items affecting comparability margin was 3.1%.
- Basic earnings per share was SEK –2.53 (1.79).
- Operating and investing cash flow was SEK 4.2 (0.1) bn, supported by a strong working capital.
- Håkan Samuelsson succeeded Jim Rowan and returned as President and CEO, as well as member of the Board of Volvo Cars. Fredrik Hansson was appointed CFO, succeeding Johan Ekdahl.
- Lone Fønss Schrøder stepped down from the Board of Directors in Volvo Cars due to her appointment as Chairperson of the Board of Geely Sweden Holdings, and will represent Geely Sweden Holdings in Volvo Cars' Nomination Committee.
- Volvo Cars started production in Europe of EX30 electric SUV, in the manufacturing plant in Ghent, Belgium.
- Volvo Cars launched a turnaround plan totalling SEK 18 bn including a global redundancy programme of approximately 3,000 office-based positions with a one-time SEK 1.4 bn restructuring cost impacting the second quarter.
- Volvo Cars successfully raised EUR 500 m from a diverse group of investors by issuing its fifth green bond.
- Volvo Cars announced a one-off SEK 11.4 bn non-cash impairment charge for the EX90 and ES90 platform.

### UPDATES AFTER THE PERIOD



- On 3 July it was communicated that Volvo Cars plans to develop and produce the forthcoming Polestar 7. The manufacturing is planned to take place in Kosice plant, Slovakia, and the Polestar 7 is planned to be launched in 2028, and be based on Volvo Cars technology.
- On 4 July, Volvo Car Corporation completed its acquisition of Northvolt AB's shares in NOVO Energy AB and became 100% shareholder of NOVO Energy AB.

### FORWARD LOOKING



- Given external developments and increased uncertainties, we are no longer providing financial guidance for 2025 and 2026.

## VOLVO CAR GROUP

SEK bn unless otherwise stated	3 Months			6 Months			12 Months	
	Apr–Jun 2025	Apr–Jun 2024	Δ%	Jan–Jun 2025	Jan–Jun 2024	Δ%	LTM	Full year 2024
Retail sales, k units <sup>1)</sup>	181.6	205.4	-12	353.8	388.1	-9	729.1	763.4
Revenue	93.5	101.5	-8	176.4	195.3	-10	381.3	400.2
Research and development expenses	-12.9	-4.7	174	-17.2	-8.6	101	-25.6	-17.0
Operating income (EBIT) <sup>2)</sup>	-10.0	8.0	-225	-8.0	12.7	-163	1.6	22.3
EBIT excl. share of income in JVs and associates <sup>2)</sup>	-10.2	8.2	-224	-8.3	15.0	-155	3.7	27.0
EBIT excl. items affecting comparability <sup>2)</sup>	2.9	8.0	-63	4.9	12.7	-61	16.2	24.0
Net income	-8.1	5.7	-243	-7.1	9.2	-177	-0.4	15.9
Basic earnings per share, SEK	-2.53	1.79	-241	-2.12	2.92	-173	0.14	5.17
EBITDA <sup>2)</sup>	7.6	13.9	-44	15.4	24.1	-36	36.4	45.0
Cash flow from operating activities	18.0	12.8	41	16.0	11.8	35	51.5	47.4
Cash flow from investing activities	-13.8	-12.7	9	-18.1	-23.9	-25	-40.4	-46.2
Gross margin, % <sup>2)</sup>	13.5	22.8	-41	15.7	21.1	-26	8.0	19.8
Gross margin excl. items affecting comparability, % <sup>2)</sup>	17.7	22.8	-23	17.9	21.1	-15	8.0	19.8
EBIT margin, % <sup>2)</sup>	-10.6	7.9	-236	-4.5	6.5	-170	0.4	5.6
EBIT margin excl. share of income in JVs and associates, % <sup>2)</sup>	-10.9	8.1	-235	-4.7	7.7	-161	1.0	6.8
EBIT margin excl. items affecting comparability, % <sup>2)</sup>	3.1	7.9	-60	2.7	6.5	-57	0.4	5.6
EBITDA margin, % <sup>2)</sup>	8.1	13.7	-40	8.7	12.3	-29	9.5	11.3

1) Non-financial operating metric.

2) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 28.



# Challenging market, gradual improvement ahead

Dear shareholders,

2025 continues to be a challenging year for the car industry and for Volvo Cars. The market trends we saw during Q1 continued in the second quarter. Demand remains under pressure from the macroeconomic environment, tariff-related uncertainties and tougher competition. This all continues to put pressure on volumes and profitability for us, as well as for the entire automotive sector. However, our actions to

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*“2025 continues to be a challenging year for the car industry and for Volvo Cars. However, our actions to navigate this situation are promising.”*

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navigate this situation are promising. In a Q2 market with headwinds we slightly improved our EBIT margin excluding items affecting comparability versus Q1 and reached a clear improvement of free cash flow.

The Q2 result was also impacted by a SEK 11.4 billion non-cash write-down of booked value for the platform for EX90 and ES90 cars, rightsizing the assets. This is a consequence of a reduced planned lifecycle profitability. Due to import tariffs the ES90 can not be sold profitably in the US and margins will be reduced in Europe for the same reason. The EX90 will now start to ramp up volumes after a recent major upgrade of software quality, but will still have a reduced lifecycle profitability due to previous delays. The write-down rightsizes our asset value to reflect known realities, with the reasons including the significant launch delays in the past and the recent changes in tariffs.

### Increasing our resilience

Earlier this year we launched a SEK 18 billion cost and cash turnaround plan. It is now starting to have an impact with the full effects coming in 2026. It supports our strategic direction which rests on three pillars: profitability, electrification and regionalisation.

Take **profitability** first. Our turnaround plan is on track. The announced reduction of 3,000 positions globally is now going into execution.

Together with spending cuts this will lower our indirect cost base and establish a leaner and more efficient organisation.

In terms of direct cost reductions, we have started to execute on several actions to reduce material costs. One element is to utilise more synergies within the Geely group by collaborating on procurement. Another synergy area is to develop new car models together especially for the China market.

These are all unique opportunities that most of our competitors lack.

Our investment volume will ease off as planned as we have made almost all major investments related to our new product architecture. It will deliver significant future cost reductions and performance improvements thanks to mega-casting, cell-to-body battery technology and more efficient in-house developed e-motors.

The first car on this new architecture is the all-new, born-electric Volvo EX60, a car for our important best-selling segment. It will deliver improved performance and lower product costs necessary for our continued transformation towards full **electrification**.



Most analysts expect demand for fully electric cars to continue growing and to outgrow traditional combustion engine cars by 2030, and consequently most of our development efforts remain firmly focused on electrification.

Meanwhile, we also refresh our plug-in hybrid (PHEV) cars to offer an attractive bridge solution for customers and areas where charging infrastructure still is weak.

We will soon launch our first extended-range PHEV, the all new XC70, and start production during the third quarter.

It is an answer to a growing demand for such powertrains and it will first be offered in China where we see big opportunities for this car.

This is a good example of **regionalisation**, the third pillar of our strategic direction. With globalisation in retreat, we are adapting to a more regionalised world. We are empowering our three key regions to be more adaptive to regional requirements and customer preferences to be able to accelerate profitable growth.

Based on this approach we are implementing a new governance model for our China operations, with a clear regional performance, operational and decision-making responsibility.

In the Americas, a dedicated governance model will also be introduced.

To increase the utilisation of our Charleston plant and to reduce the effects of import tariffs we will introduce local production of the best-selling XC60 SUV in the USA.

In Europe we are also developing our manufacturing footprint and together with Polestar we recently announced plans to build the new Polestar 7 in our new Kosice plant under construction in Slovakia. It will be the second car to be built in Kosice, following a yet-to-be-announced next-generation Volvo model.

### Looking ahead

Commercially we keep a sharp focus on driving sales, including ramping up sales of our EX30 and 90 born-electric cars. The EX30 is now starting to be made in our Ghent factory to reduce the impact of tariffs and the EX90 is now ready to meet the requirements of demanding premium customers after significant upgrades of the software.

The ES90 all-electric sedan is also ready for the market this autumn and the XC70 will take us into a new growing segment for extended-range PHEV cars. The development of the EX60 is fully on track and will strengthen our all-electric lineup next year as we enter the largest and most popular fully electric segment.

This will strengthen our position and underpin our growth potential in the EV market.

While 2025 will remain challenging for the industry, our SEK 18 billion turnaround plan is fully on track. We have seen a positive effect already in the second quarter and we are confident about further positive effects from the programme.

When market sentiment picks up, we will be well positioned for profitable growth, with a future-proof product line-up as well as a leaner and more efficient organisation.

### Håkan Samuelsson

President and CEO

# Quarterly highlights

## Changes in Executive Management Team and Board of Directors

Starting from 1 April, Håkan Samuelsson returned as President and CEO of Volvo Cars, succeeding Jim Rowan. At the AGM held on 3 April, Håkan was also elected as a new Board member.

As of 24 April, Fredrik Hansson was appointed new Chief Financial Officer (CFO) of Volvo Cars, succeeding Johan Ekdahl. Fredrik previously served as the Head of Global Controlling & Performance Steering and Deputy CFO, and was a member of the Group Management Team since 2023.

On 26 June it was announced that Lone Fønss Schrøder decided to step down from Volvo Cars' Board of Directors. She has been appointed Chairperson of the board of Geely Sweden Holdings and will represent Geely Sweden Holdings in Volvo Cars' Nomination Committee.

## Volvo Cars started production in Europe of the EX30 electric SUV

On 25 April, Volvo Cars started production of the fully electric EX30 small SUV at its manufacturing plant in Ghent, Belgium. Between the Ghent and Torslanda (Sweden) plants, Volvo Cars now produces 10 different electric and hybrid car models in Europe. Apart from the EX30, the Ghent plant also builds other electrified models – the fully electric EX40 and EC40 as well as the XC40 and V60 hybrid models. In 2024, the plant produced over 186,000 cars.

## Volvo Cars announced a turnaround plan of SEK 18 billion

In conjunction with the release of the Q1 results on 29 April, Volvo Cars announced a turnaround plan totalling SEK 18 bn. The plan aims to build a stronger and more resilient Volvo Cars at a time when the automotive industry is facing considerable challenges in its external environment. The majority of the effects from the plan will be realised in 2026. The plan includes approximately SEK 3 bn in variable cost reductions and SEK 5 bn in indirect cash spending efficiencies, half of which will impact EBIT in 2026. Furthermore, the plan includes approximately SEK 10 bn in additional cash actions to reduce working capital and capital expenditures during 2025 and 2026.

As part of the turnaround plan Volvo Cars also announced global redundancies on 26 May. Approximately 3,000 redundancies in total, whereof around 1,000 positions currently filled by consultants. A one-time restructuring cost of SEK 1.4 bn has affected the financial results in the second quarter. The aim is to complete the structural changes during the autumn of 2025.

## Volvo Cars raised EUR 500m through new green bond issuance

On 3 June, Volvo Cars successfully raised EUR 500 m from a diverse group of investors by issuing its fifth green bond. The proceeds will be used to fund the company's ambition to be a leading player in the premium electric car segment and achieve net-zero greenhouse gas emissions by 2040. This includes funding research and development of upcoming electric cars and platforms, and related manufacturing processes. The issued bond adheres to Volvo Cars' Green Financing Framework, which defines how it uses green financing instruments to support its ambitious sustainability strategy. Volvo Cars' has an ambition of ensuring that outstanding debt is either linked to the Green Financing Framework or in a sustainability-linked format. As of the end of June, the green proportion amounted to 96.6%.

The EUR 500m bond is issued under Volvo Cars' Euro Medium Term Note programme. The bond matures in June 2029, pays a fixed coupon rate of 4.20% and is listed on the Luxembourg Stock Exchange.

## Volvo Cars will introduce world first multi-adaptive safety belt in the upcoming Volvo EX60

Volvo Cars has unveiled a major safety improvement to the safety belt. The new multi-adaptive safety belt is a world-first technology aimed to further enhance safety for everyone in real-world traffic situations. Debuting in the upcoming fully electric Volvo EX60 in 2026, the new safety belt is designed to better protect people by adapting to traffic variations and the person wearing it, thanks to real-time data from the car's advanced sensors. The capabilities of the new multi-adaptive safety belt are designed to continuously improve via over-the-air software updates.

## Volvo Cars announces one-off SEK 11.4 billion non-cash impairment charge

Volvo Cars is adjusting the financial assumptions for the EX90 and ES90 platform, with reasons including previous launch delays and new import tariffs in several markets.

The Volvo EX90 will have a reduced lifecycle profitability, despite a major upgrade of software quality and a planned volume ramp-up. This is due to significant launch delays in the past and subsequent additional development costs. Meanwhile, due to import tariffs, Volvo Cars is currently unable to sell the Volvo ES90 profitably in the United States, while ES90 margins are also under pressure in Europe for the same reason.

Due to this, a one-off non-cash impairment charge of SEK 11.4 bn has been recorded in the statements for the second quarter. For more information, see Note 1 - Accounting policies.

**Sustainability**

In the second quarter, the share of electrified models experienced a decrease compared to previous year. The continued electrification of our fleet remains a key strategic priority and an important lever as we pursue our ambition to reduce CO<sub>2</sub> emissions per car by 30–35% by 2025 and 65–75% by 2030, in comparison with our 2018 baseline. The product mix, with the current share of electrified cars, shows a reduction in carbon emissions of 23% per manufactured car. Volvo Cars has been successful in selling electrified cars as well as on track to meet 2025 EU emission targets with CO<sub>2</sub> surplus, and as of the beginning of the year Volvo Cars entered in a CO<sub>2</sub> emissions pooling agreement with other car manufacturers.

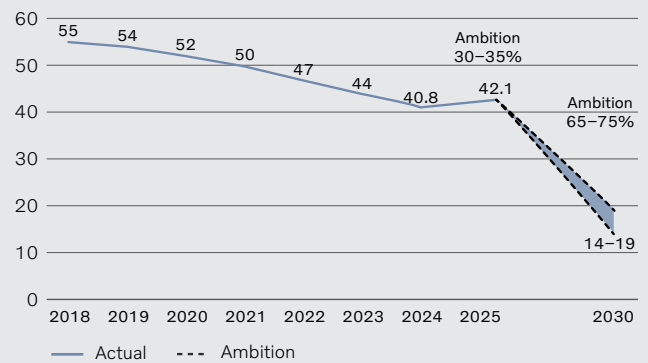
We recently announced our new supply agreement with SSAB for recycled, near zero-emission steel intended for serial production deliveries. SSAB is a Swedish steel company specialising in high-strength and value-added services, known for its advanced and sustainable solutions in the global steel industry. Additionally, the announcement included a closed-loop agreement with SSAB. This represents an innovative step forward in reducing emissions from steel in our future cars.

We have been awarded a Platinum medal by Ecovadis, a recognition for our corporate sustainability performance only achieved by 1% of the 150.000 participant companies worldwide. Ecovadis is a global standard for resilient, sustainable supply chains. Achieving the Platinum rating is a testament to our ongoing efforts to integrate sustainability into our business. In addition, Volvo Cars was recognised and ranked top 100 by TIME Magazine as one of the World's most sustainable companies.

CO <sub>2</sub> -reduction per car	CO <sub>2</sub> -emissions per car, tonnes	Reduction, %
2018 <sup>1)</sup>	54.9	—
2024 <sup>1)</sup>	40.8	26
2025 Jan-Jun <sup>1)</sup>	42.1	23.3
2025 ambition <sup>1)</sup>	35.7–38.4	30–35
2030 ambition <sup>1)</sup>	13.7–19.2	65–75

1) The CO<sub>2</sub>-emissions do not include production and distribution of fuel and electricity.

**CO<sub>2</sub> reduction (tonnes per car)**



# Second quarter financial summary

## SALES AND MARKET DEVELOPMENT

The overall global passenger car market for the second quarter increased by 5% compared to the same period last year, while the global premium market decreased by 5%. The market environment remains challenging due to economic uncertainty and ongoing geopolitical tensions. Demand remains soft and volatile, impacted by weakening consumer confidence and the introduction of additional tariffs, which continue to pose challenges for the automotive sector.

Volvo Cars' retail sales decreased by 12% compared to the second quarter of 2024. The share of BEVs and PHEVs accounted for 44 (48)%, whereof BEV share accounted for 21 (26)% of retail sales. Wholesales decreased by 13% and production declined by 17% compared to the same period last year.

The second quarter of 2024 benefited from the rapid ramp-up of the EX30, which significantly boosted both production and wholesale volumes, impacting the year-on-year comparison. In addition, the exceptionally high wholesale volumes in the fourth quarter of 2024 had a dampening effect on this quarter's performance. Compared to Q1 2025, the wholesale has increased 12%.

As communicated when releasing our Q4 2024 report, wholesale for the full year 2025 is expected to be lower than retail deliveries.

Volvo Cars' market share per propulsion type, % <sup>1)2)</sup>	Jan–May 2025	Jan–May 2024
BEV	1.26%	2.08%
EREV	—	—
PHEV	3.64%	4.30%
ICE (incl. mild hybrids)	0.78%	0.82%
Volvo Cars' share of total market	1.05%	1.18%

Total industry volume share and growth by propulsion type, % <sup>1)2)</sup>	Jan–May 2025	Growth YoY
BEV	16%	29%
EREV	1%	7%
PHEV	7%	22%
ICE (incl. mild hybrids)	75%	–2%
<b>Total</b>	<b>100%</b>	<b>4%</b>

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

2) Source: Includes content supplied by S&P Global Mobility Industry Performance in July 2025, capturing more than 85% of total world sales per May. All rights reserved.

## Europe

The overall European passenger car market declined with 1% compared to the same period last year, and the premium car market declined with 4%. The overall BEV segment increased by 21% and the PHEV segment increased by 38%. The combined market share of petrol and diesel cars continues to decrease in all major European markets.

Volvo Cars' retail sales decreased by 16%. The share of BEVs and PHEVs accounted for 61 (66)% of the sales for the quarter, whereof BEV sales accounted for 30 (39)% of retail sales. We will ramp-up the volumes of locally produced EX30 in the second half of the year.

## China

The total Chinese passenger car market increased by 10%, whereof the BEV and PHEV (incl. extended range electric vehicles) segments increased by 27% and 25% respectively. The premium segment decreased by 13% compared to the same period last year. Demand for electrified cars has steadily increased in recent years, intensifying competition as demand for combustion engine vehicles declines and domestic EV brands strengthen their position in the mass market.

Volvo Cars' retail sales decreased by 8%. BEV and PHEV share combined accounted for 10 (9)% of the sales during the quarter, whereof BEV sales accounted for 1 (4)% of retail sales.

## US

The total US passenger car market increased by 4% compared to the same period 2024, whereof the BEV segment decreased by 5% and the PHEV segment increased by 25%. The total US premium market increased by 5% compared to the same period last year. The market is navigating an evolving landscape, influenced by shifting policies, tariffs and economic uncertainty, all of which are putting pressure on pricing.

Volvo Cars' retail sales increased by 4% compared to the same period last year. BEV and PHEV share combined accounted for 32 (35)% in the quarter, whereof BEV share alone accounted for 9 (3)% of retail sales.

## Other markets

Volvo Cars' retail sales in other markets decreased by 19%. The markets with highest retail sales were Canada, Turkey and South Korea. The BEV and PHEV share of sales combined in other markets was 52 (49)%, whereof BEV accounted for 32 (32)%.

## Sales development per carline

The SUVs, comprising of Volvo Cars' XC and EX models, accounted for 87 (82)% of total sales, driven by the best-selling models XC60 and XC40. The Sedan and Wagon (incl. MPV) segments' share of total sales amounted to 7 (11)% and 6 (6)% respectively.

## VOLVO CAR GROUP

Retail sales, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2025	Apr–Jun 2024	Δ%	Jan–Jun 2025	Jan–Jun 2024	Δ%	LTM	2024	Δ%
Europe	87.8	104.0	-16	169.9	193.6	-12	346.0	369.7	-6
China	37.2	40.2	-8	70.5	78.2	-10	148.7	156.4	-5
US	31.4	30.1	4	64.7	61.0	6	128.9	125.2	3
Other	25.2	31.1	-19	48.7	55.3	-12	105.5	112.1	-6
<b>Retail sales total</b>	<b>181.6</b>	<b>205.4</b>	<b>-12</b>	<b>353.8</b>	<b>388.1</b>	<b>-9</b>	<b>729.1</b>	<b>763.4</b>	<b>-4</b>
Electrified cars	80.5	98.7	-18	155.0	173.7	-11	334.1	352.8	-5
<i>whereof BEVs</i>	<i>37.8</i>	<i>52.6</i>	<i>-28</i>	<i>70.2</i>	<i>90.8</i>	<i>-23</i>	<i>154.6</i>	<i>175.2</i>	<i>-12</i>
Electrified cars share	44%	48%		44%	45%		46%	46%	
<i>whereof BEV share</i>	<i>21%</i>	<i>26%</i>		<i>20%</i>	<i>23%</i>		<i>21%</i>	<i>23%</i>	
Wholesales	179.9	205.8	-13	340.8	404.2	-16	719.2	782.6	-8
Production volume	176.1	211.9	-17	352.1	447.4	-21	665.1	760.4	-13

Top 10 Retail sales by market, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2025	Apr–Jun 2024	Δ%	Jan–Jun 2025	Jan–Jun 2024	Δ%	LTM	2024	Δ%
China	37.2	40.2	-8	70.5	78.2	-10	148.7	156.4	-5
US	31.4	30.1	4	64.7	61.0	6	128.9	125.2	3
Germany	15.5	16.5	-6	32.2	31.5	2	62.6	62.0	1
UK	15.3	16.8	-9	33.8	30.4	11	69.9	66.4	5
Sweden	14.5	12.7	15	25.4	23.3	9	48.3	46.2	4
Poland	5.4	5.2	6	10.7	10.2	5	15.4	14.9	3
Netherlands	5.1	9.3	-45	10.0	17.7	-43	23.0	30.7	-25
Belgium	4.9	8.1	-40	9.3	15.1	-39	19.4	25.2	-23
Spain	4.1	5.1	-19	7.1	9.3	-24	15.7	18.0	-13
Italy	4.1	5.4	-25	7.8	12.0	-35	17.9	22.1	-19

Retail sales by model, k units	3 Months			6 Months			12 Months		
	Apr–Jun 2025	Apr–Jun 2024	Δ%	Jan–Jun 2025	Jan–Jun 2024	Δ%	LTM	2024	Δ%
<b>BEV</b>									
EX30	18.6	33.3	-44	35.9	47.8	-25	86.1	98.1	-12
EX40	10.8	13.7	-21	19.7	31.1	-37	42.1	53.4	-21
EC40	3.3	4.9	-33	6.6	10.9	-40	16.1	20.4	-21
EM90	0.1	0.7	-89	0.2	1.0	-77	7.9	1.5	-49
EX90	5.0	—	—	7.8	—	—	9.6	1.8	432
<b>Non-BEV</b>									
XC60	60.0	59.3	1	120.4	115.7	4	235.6	230.9	2
XC40	33.3	31.3	6	63.5	60.3	5	123.7	120.5	3
XC90	27.4	26.9	2	53.2	53.2	—	108.6	108.6	—
S60	6.2	12.0	-48	13.2	22.9	-43	34.2	44.0	-22
S90	6.3	11.0	-43	12.6	21.8	-42	31.1	40.2	-23
V60	8.0	10.0	-20	15.7	18.7	-16	31.1	34.1	-9
V90	2.5	2.3	9	4.9	4.6	6	10.2	9.9	3
<b>Total</b>	<b>181.6</b>	<b>205.4</b>	<b>-12</b>	<b>353.8</b>	<b>388.1</b>	<b>-9</b>	<b>729.1</b>	<b>763.4</b>	<b>-4</b>

V60 and V90 include the cross-country versions.

## INCOME AND RESULT

The comparative figures refer to the consolidated income statement of the second quarter 2024 if not otherwise stated.

Volvo Cars' revenue amounted to SEK 93.5 (101.5) bn. Wholesale volumes decreased by –13% to 179.9 (205.8) thousand cars which explain a revenue reduction of SEK –10.6 bn. The revenue was also impacted negatively by foreign exchange rates due to a stronger SEK on average over the quarter compared to last year, contributing to the decrease with SEK –5.3 bn. These effects were partially offset by the sale of a significant number of on-balance sheet cars in the UK amounting to a one-time revenue of SEK 3.3 bn, as well as by an increase of used cars sales of SEK 3.1 bn. See complete revenue bridge below.

The quarter was impacted by a one-off non-cash impairment charge for the EX90 and ES90 platform CGU's lifecycle profitability, which in total amounted to SEK –11.4 bn. Of this amount, SEK –4.0 bn impact cost of sales and most of the remaining amount impact research and development expenses. The quarter was also impacted by a restructuring cost as a part of the turnaround plan, which amounted to SEK –1.4 bn. As these are non-operating items affecting comparability, figures in this text are excluding these if not otherwise stated.

Gross income decreased by –29% to SEK 16.6 (23.2) bn, resulting in a gross margin of 17.7 (22.8)%. Gross margin was impacted unfavourably by sales mix and pricing, used cars and higher US tariffs on imported goods. These effects were partially offset by an increase in revenue from emission credits to SEK 1.6 (0.4) bn, including a reversed impairment of credits earned during the first quarter of this year of SEK 0.7 SEK bn. Foreign exchange rate effects in the cost of sales were positive compared to last year, amounting to SEK 5.2 bn. The net effect of foreign exchange rates in gross income was almost flat versus last year, amounting to an impact of SEK –0.1 bn. Gross income including items affecting comparability amounted to SEK 12.6 bn with the corresponding margin of 13.5%.

Changes to Revenue, SEK bn	Apr–Jun
<b>Revenue Q2 2024</b>	<b>101.5</b>
Volume	–10.6
Sales mix and pricing	0.2
Sale of licences	–0.1
Foreign exchange rates	–5.3
Contract manufacturing	0.6
Other <sup>1)</sup>	7.2
<b>Revenue Q2 2025</b>	<b>93.5</b>
Change, %	–8

1) Including a one-time effect from the sale of a significant number of on-balance sheet cars in UK, used cars, emission credits and parts and accessories.

Research and development expenses increased by 6% to SEK –5.0 (–4.7) bn. Research and development expenses including items affecting comparability amounted to SEK –12.9 bn. For details regarding research and development expenses, see the research and development table on page 11. Selling expenses decreased –10% to SEK –6.1 (–6.8) bn and administrative expenses decreased –9% to SEK –2.7 (–2.9) bn. Including items affecting comparability, selling expenses amounted to SEK –6.6 bn and administrative expenses to SEK –3.1 bn.

Other operating income and expenses amounted to SEK –0.2 (–0.5) bn. The foreign exchange rate effect from the valuation of operating assets and liabilities was at a similar level as last year and explains a small increase of SEK 0.1 bn. Share of income in JVs and associates increased to SEK 0.2 (–0.2) bn.

EBIT amounted to SEK 2.9 (8.0) bn, resulting in an EBIT margin of 3.1 (7.9)%. The decrease was mainly a consequence of sales mix and pricing and lower wholesale volume. The exchange rate effects had a positive impact on EBIT of SEK 0.8 bn. EBIT including items affecting comparability amounted to SEK –10.0 bn with the corresponding margin of –10.6%. See complete EBIT bridge below.

Net financial items amounted to SEK –0.1 (–0.1) bn. The effective tax rate decreased to 27.1 (27.7)% and net income was SEK 2.0 (5.7) bn which represents 2.2 (5.6)% of revenue. Net income including items affecting comparability amounted to SEK –8.1 bn with the associated effective tax rate of 19.5%. Basic earnings per share incl. items affecting comparability, amounted to SEK –2.53 (1.79).

Items affecting comparability, SEK bn	Apr–Jun 2025	Apr–Jun 2024
Impairment charge for the EX90 and ES90 platform	–11.4	—
Restructuring costs	–1.4	—
<b>Total</b>	<b>–12.9</b>	<b>—</b>

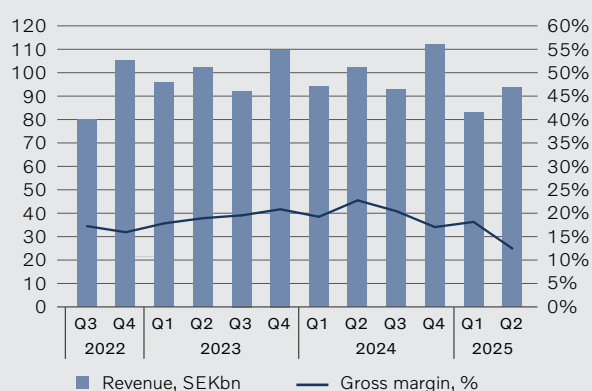
Changes to Operating income, SEK bn	Apr–Jun
<b>EBIT Q2 2024</b>	<b>8.0</b>
Volume	–2.5
Sales mix and pricing	–3.0
Foreign exchange rates	0.8
Share of income in JVs and associates	0.5
Items affecting comparability	–12.9
Other <sup>2)</sup>	–0.9
<b>EBIT Q2 2025</b>	<b>–10.0</b>
Change, %	–225

2) Including emission credits, used cars, capitalised expenses and parts and accessories.

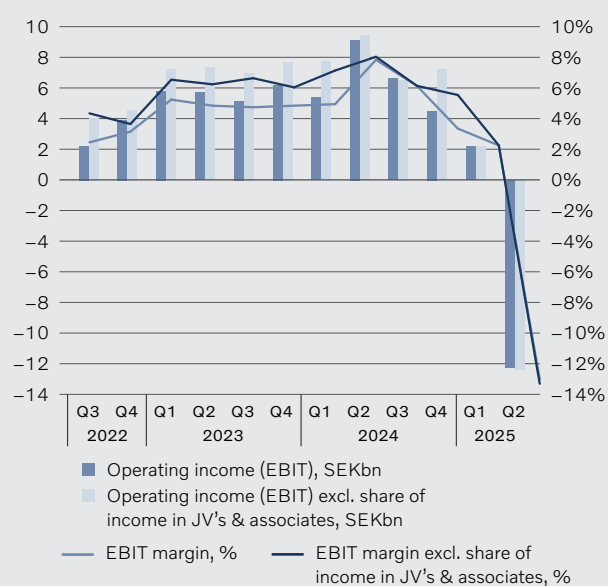
# VOLVO CAR GROUP

Research and development, SEK m	3 Months			6 Months			Full year
	Apr–Jun 2025	Apr–Jun 2024	Δ%	Jan–Jun 2025	Jan–Jun 2024	Δ%	2024
Research and development spending	-7,872	-7,462	5.5	-14,409	-13,866	3.9	-28,308
Capitalised development costs	4,406	4,875	-9.6	8,679	9,524	-8.9	18,724
Amortisation of research and development	-2,096	-2,138	-2.0	-4,088	-4,210	-2.9	-7,399
Impairment of capitalised development costs	-7,373	—	—	-7,373	—	—	—
<b>Research and development expenses</b>	<b>-12,935</b>	<b>-4,725</b>	<b>173.8</b>	<b>-17,191</b>	<b>-8,552</b>	<b>101.0</b>	<b>-16,983</b>

## Revenue & Gross Margin



## Operating Income (EBIT) & EBIT Margin



## CASH FLOW

The comparative figures for the cash flow items refer to the consolidated cash flow statement for the second quarter 2024 unless otherwise stated. The comparative figures for the balance sheet items refer to the consolidated balance sheets of 31 December, 2024 unless otherwise stated.

Total cash and cash equivalents, including marketable securities, amounted to SEK 56.2 (56.4) bn. Net cash was SEK 23.5 (27.1) bn, with the decrease primarily driven by investing activities. Liquidity amounted to SEK 82.3 (88.5) bn, which includes undrawn credit facilities of SEK 26.0 (32.2) bn.

### Cash flow from operating activities

Cash flow from operating activities amounted to SEK 18.0 (12.8) bn. The amount comprises operating income of SEK –10.0 (8.0) bn, adjusted for depreciation and amortisation of SEK 6.1 (6.0) bn, as well as paid income tax of SEK –2.0 (–1.6) bn. In addition, the quarter reflects adjustments for other non-cash items, primarily a one-off impairment charge for the EX90 and ES90 platform CGU's lifecycle profitability, amounting to a total of SEK –11.4 bn.

The change in working capital amounted to SEK 12.6 (–0.5) bn. This was driven by a SEK 3.1 (–10.4) bn change in inventory, attributable to actions on shortening lead-times and optimising inventory levels, but was also largely impacted by a one-time sale of a significant number of on-balance sheet cars in the UK. The impact of the UK transaction was partially offset by loans to affiliated companies, as reflected under investing activities. The change in accounts receivable was SEK 5.0 (1.8) bn, reflecting reduced sales. Additionally, contract liabilities to customers changed by SEK 3.1 (2.2) bn, mainly due to provisions related to sales, such as discounts and dealer incentives.

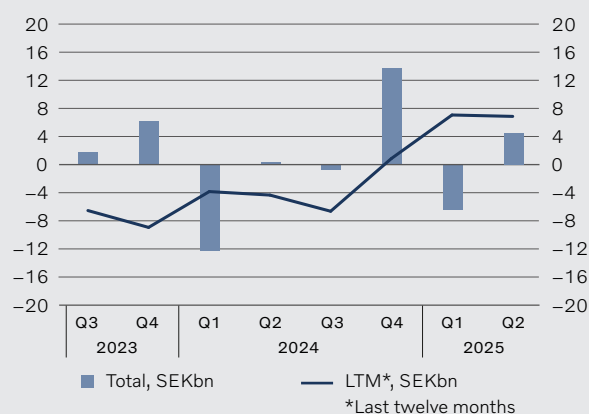
### Cash flow from investing activities

Cash flow from investing activities amounted to SEK –13.8 (–12.7) bn. Cash flow from investments in tangible assets amounted to SEK –6.7 (–6.3) bn, mainly driven by industrial infrastructure investments to support future product development. Investments in intangible assets amounted to SEK –4.9 (–5.5) bn, reflecting ongoing investments in new and upcoming car models, as well as advancements in technology, including electrification and Advanced Driver Assistance Systems. The cash flow from loans to affiliated companies amounted to SEK –2.7 (–) bn, for a payment made under the financial guarantee arrangement related to the loans of a UK entity subject to a purchase option. The impact of the UK transaction was partially offset by sales of a significant number of on-balance sheet cars, as reflected under operating activities.

### Cash flow from financing activities

Cash flow from financing activities amounted to SEK 5.2 (3.8) bn, primarily attributable to the issuance of a new green bond amounting to SEK 5.5 bn, as well as changes in the repayment of interest-bearing liabilities totaling SEK –0.5 (–0.5) bn.

### Cash flow from Operating and Investing activities



Cash flow statement, SEK bn	3 Months		6 Months		Full year
	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	2024
Cash flow from operating activities	18.0	12.8	16.0	11.8	47.4
Cash flow from investing activities	–13.8	–12.7	–18.1	–23.9	–46.2
<b>Cash flow from operating and investing activities</b>	<b>4.2</b>	<b>0.1</b>	<b>–2.1</b>	<b>–12.1</b>	<b>1.1</b>
Cash flow from financing activities	5.2	3.8	4.0	3.5	5.9
<b>Cash flow for the period</b>	<b>9.4</b>	<b>3.9</b>	<b>2.0</b>	<b>–8.6</b>	<b>7.0</b>

# First six months

## INCOME AND RESULT

Volvo Cars' revenue amounted to SEK 176.4 (195.3) bn. Wholesale volumes decreased by –16% to 340.8 (404.2) thousand cars which explain a revenue reduction of SEK –25.5 bn. The decrease was partially offset by increased used cars sales of SEK 4.7 bn. See complete revenue bridge to the right.

The second quarter was impacted by a one-off non-cash impairment charge for the EX90 and ES90 platform CGU's lifecycle profitability, which in total amounted to SEK –11.4 bn. Of this amount, SEK –4.0 bn impact cost of sales and most of the remaining amount impact research and development expenses. The second quarter was also impacted by a restructuring cost as a part of the turnaround plan, which amounted to SEK –1.4 bn. As these are non-operating items affecting comparability, *figures in this text are excluding these if not otherwise stated.*

Gross income decreased to SEK 31.7 (41.3) bn, resulting in a gross margin of 17.9 (21.1)%. Gross margin was impacted unfavourably by sales mix and pricing, used cars and higher US tariffs on imported goods. It was partially offset by material cost savings and revenue from earned emission credits. Foreign exchange rate effects in the cost of sales were positive compared to last year, amounting to SEK 3.1 bn. The net effect of foreign exchange rates in gross income was in line with last year. Gross income including items affecting comparability amounted to SEK 27.7 bn with the corresponding margin of 15.7%.

EBIT amounted to SEK 4.9 (12.7) bn, resulting in an EBIT margin of 2.7 (6.5)%. The decrease was mainly a consequence of lower wholesale volume as well as sales mix and pricing. The exchange rate effects had a negative impact on EBIT of SEK –1.1 bn. EBIT including items affecting comparability amounted to SEK –8.0 bn with the corresponding margin of –4.5%. See complete EBIT bridge to the right.

Net financial items decreased to SEK –0.6 (0.2) bn. The effective tax rate increased to 29.4 (28.5)% and net income was SEK 3.0 (9.2) bn, representing 1.7 (4.7)% of revenue. Net income including items affecting comparability amounted to SEK –7.1 bn with the associated effective tax rate of 17.0%. Basic earnings per share amounted to SEK –2.12 (2.92).

Changes to Revenue, SEK bn	Jan–Jun
<b>Revenue H1 2024</b>	<b>195.3</b>
Volume	–25.5
Sales mix and pricing	–0.1
Sale of licences	–0.2
Foreign exchange rates	–3.1
Contract manufacturing	0.5
Other <sup>1)</sup>	9.5
<b>Revenue H1 2025</b>	<b>176.4</b>
Change, %	–10

1) Including used cars, a one-time effect from the sale of a significant number of on-balance sheet cars in the UK, emission credits and parts and accessories.

Items affecting comparability, SEK bn	Jan–Jun 2025	Jan–Jun 2024
Impairment charge for the EX90 and ES90 platform	–11.4	—
Restructuring costs	–1.4	—
Total	<b>–12.9</b>	—

Changes to Operating income, SEK bn	Jan–Jun
<b>EBIT H1 2024</b>	<b>12.7</b>
Volume	–6.0
Sales mix and pricing	–4.4
Sale of licenses	–0.1
Foreign exchange rates	–1.1
Share of income in JVs and associates <sup>2)</sup>	2.6
Items affecting comparability	–12.9
Other <sup>3)</sup>	1.2
<b>EBIT H1 2025</b>	<b>–8.0</b>
Change, %	–163

2) Positive change mainly due to unrecognised share of Polestar losses.

3) Including emission credits, material cost savings, used cars, capitalised expenses, depreciations and amortisations and parts and accessories.

**CASH FLOW**

Total cash and cash equivalents, including marketable securities, amounted to SEK 56.2 (56.4) bn. Net cash was SEK 23.5 (27.1) bn, which was largely driven by investing activities. Liquidity amounted to SEK 82.3 (88.5) bn, which includes undrawn credit facilities of SEK 26.0 (32.2) bn.

Cash flow from operating activities was positive, amounting to SEK 16.0 (11.8) bn. The change in working capital amounted to SEK 4.6 (–12.6) bn, primarily driven by other working capital SEK 6.6 (12.3) bn, due to cars under re-purchase contracts.

Cash flow from investing activities amounted to SEK –18.1 (–23.9) bn, mainly driven by investments in tangible assets. Volvo Cars continued to invest in its industrial infrastructure, new technologies, upcoming car models, and the transition to a fully electric car company. The investing activities were partially offset by the initial payment from the divestment of the 30% shareholding in Lynk & Co, which amounted to SEK 5.6 bn. The cash flow from loans to affiliated companies amounted to SEK –2.7 (—) bn, for a payment made under the financial guarantee arrangement related to the loans of a UK entity subject to a purchase option. The impact of the UK transaction was partially offset by sales of a significant number of on-balance sheet cars.

Cash flow from financing activities totalled SEK 4.0 (3.5) bn, primarily attributable to the issuance of a new green bond and the drawdown of a credit facility from the European Investment Bank, partially offset by the repayment of an existing bond.

**EQUITY**

Total equity decreased to SEK 140.3 (142.2) bn, resulting in an equity ratio of 37.1 (36.6)%. The change is mainly attributable to a net loss amounting to SEK –7.1 bn. The loss was offset by divestment under common control (Lynk & Co) of SEK 4.6 bn, as well as a positive effect on other comprehensive income of SEK 0.7 bn.

The change in other comprehensive income is related to a foreign exchange translation effect, including hedges of net investments in foreign operations of SEK –3.6 bn (net of tax). Remeasurements of provisions for post-employment benefits had an effect of SEK 0.1 bn (net of tax). The change in fair value of cash flow hedge reserve related to currency and commodity price risks had a positive effect of SEK 4.2 bn (net of tax). The change in value of cash flow hedges is mainly due to appreciated SEK compared to most of the major currencies and positive effects from increased prices for raw materials.

## Other Information

**RISKS AND UNCERTAINTY FACTORS**

To ensure that Volvo Cars is able to achieve short- and long-term objectives, enterprise risk management is part of daily activities at Volvo Cars. For a more in-depth description of risks related to Volvo Cars, see the Volvo Car Group's Annual Report 2024 page 46. We consider the risk and uncertainty factors to remain the same as described in the annual report except for the following update:

**Macroeconomics and geopolitical uncertainty**

The uncertain macro and geopolitical environment has intensified, including elevated interest rates, raw material price volatility and ongoing geopolitical complexity. This is resulting in new legislation and regulatory changes, particularly in areas such as trade, subsidies, tariffs, duties, and their enforcement by relevant authorities. The uncertainties in the financial markets are still high. The risks of further impact on demand from fluctuating interest rate levels, tariffs and lower consumer confidence, remain at an elevated level.

**PARENT COMPANY**

The parent company does not conduct any operations and has no employees. The income statements and balance sheets for the parent company are presented on page 26.

**EMPLOYEES**

During the first six months of 2025, Volvo Car Group employed 43.6 (41.9) thousand full-time employees (FTEs) and 2.7 (3.7) thousand agency personnel. The main drivers behind the increase are insourcing of previously bought services and converting consultants, along with the consolidation of NOVO and the ramp-up in Kosice.



## Consolidated Income Statements

SEK m	Note	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Revenue	2	93,492	101,454	176,440	195,332	400,234
Cost of sales <sup>1)</sup>		-80,903	-78,272	-148,758	-154,078	-320,821
<b>Gross income</b>		<b>12,590</b>	<b>23,182</b>	<b>27,683</b>	<b>41,254</b>	<b>79,413</b>
Research and development expenses <sup>1)</sup>		-12,935	-4,725	-17,191	-8,552	-16,983
Selling expenses		-6,551	-6,789	-12,210	-12,561	-25,409
Administrative expenses		-3,100	-2,942	-5,642	-5,726	-12,038
Other operating income and expenses <sup>1)</sup>		-191	-510	-953	596	2,057
Share of income in joint ventures and associates		232	-247	297	-2,336	-4,722
<b>Operating income</b>		<b>-9,955</b>	<b>7,969</b>	<b>-8,016</b>	<b>12,675</b>	<b>22,318</b>
Interest income and similar credits		474	590	937	1,271	2,190
Interest expenses and similar charges		-279	-602	-511	-1,046	-1,164
Other financial income and expenses	3	-302	-135	-1,001	20	-625
<b>Income before tax</b>	4	<b>-10,062</b>	<b>7,822</b>	<b>-8,591</b>	<b>12,920</b>	<b>22,719</b>
Income tax		1,958	-2,168	1,462	-3,679	-6,785
<b>Net income</b>		<b>-8,104</b>	<b>5,654</b>	<b>-7,129</b>	<b>9,241</b>	<b>15,934</b>
<b>Net income attributable to</b>						
Owners of the parent company		-7,512	5,348	-6,308	8,690	15,401
Non-controlling interests		-592	306	-821	551	533
Basic earnings per share, SEK	5	-2.53	1.79	-2.12	2.92	5.17
Diluted earnings per share, SEK	5	-2.53	1.79	-2.12	2.91	5.17

1) Impairment charge for the EX90 and ES90 platform CGU's lifecycle profitability made in the second quarter 2025.

## Consolidated Comprehensive Income

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
<b>Net income for the period</b>	<b>-8,104</b>	<b>5,654</b>	<b>-7,129</b>	<b>9,241</b>	<b>15,934</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to income statement:</i>					
Remeasurements of provisions for post-employment benefits	-757	-1,597	91	-74	-312
Tax on items that will not be reclassified to income statement	155	325	-21	7	55
<i>Items that have been or may be reclassified subsequently to income statement:</i>					
Translation difference on foreign operations	-908	-1,607	-3,927	-29	965
Translation difference of hedge instruments of net investments in foreign operations	-210	202	396	-241	-316
Change in fair value of cash flow hedge related to currency and commodity price risks	582	823	5,397	-2,149	-5,383
Tax on items that have been or may be reclassified to income statement	-77	-212	-1,194	492	1,174
<b>Other comprehensive income, net of income tax</b>	<b>-1,215</b>	<b>-2,066</b>	<b>742</b>	<b>-1,994</b>	<b>-3,817</b>
<b>Total comprehensive income for the period</b>	<b>-9,319</b>	<b>3,588</b>	<b>-6,387</b>	<b>7,247</b>	<b>12,117</b>
<b>Total comprehensive income attributable to</b>					
Owners of the parent company	-8,565	3,326	-5,015	6,564	11,285
Non-controlling interests	-754	262	-1,372	683	832
	<b>-9,319</b>	<b>3,588</b>	<b>-6,387</b>	<b>7,247</b>	<b>12,117</b>

## Consolidated Balance Sheets

SEK m	Note	30 Jun 2025	31 Dec 2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		80,646	83,781
Tangible assets		100,110	107,124
Investments in joint ventures and associates	4	6,818	8,998
Other long-term securities holdings	3,4	10,776	12,753
Deferred tax assets		10,693	12,260 <sup>1)</sup>
Other non-current interest-bearing receivables		1,377	1,440
Non-current derivative assets	3	1,655	283
Other non-current assets		3,375	2,984 <sup>1)</sup>
<b>Total non-current assets</b>		<b>215,450</b>	<b>229,623</b>
<b>Current assets</b>			
Inventories		66,989	62,455
Accounts receivable	4	19,541	22,780
Current tax assets		1,880	1,854
Current derivative assets	3	2,731	485
Other current assets	4	15,343	14,665
Cash and cash equivalents	3	56,239	56,373
<b>Total current assets</b>		<b>162,723</b>	<b>158,612</b>
<b>TOTAL ASSETS</b>		<b>378,173</b>	<b>388,235</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the parent company		136,910	137,461
Non-controlling interests		3,366	4,738
<b>Total equity</b>		<b>140,276</b>	<b>142,199</b>
<b>Non-current liabilities</b>			
Provisions for post-employment benefits		8,043	8,111
Deferred tax liabilities		8,843	11,080
Other non-current provisions		8,928	9,501
Liabilities to credit institutions	3	7,781	3,885
Non-current bonds	3	22,431	18,826
Non-current contract liabilities to customers		10,087	10,755
Other non-current interest-bearing liabilities		5,253	7,745
Non-current derivative liabilities	3	471	1,252
Other non-current liabilities		6,497	5,298
<b>Total non-current liabilities</b>		<b>78,334</b>	<b>76,453</b>
<b>Current liabilities</b>			
Provisions, current		9,778	11,379
Liabilities to credit institutions	3	1,289	1,059
Current bonds	3	1,499	5,723
Current contract liabilities to customers		30,758	34,997
Accounts payable	3,4	55,729	56,479
Current tax liabilities		1,572	1,246
Other current interest-bearing liabilities		2,246	2,490
Current derivative liabilities	3	1,425	2,890
Other current liabilities	4	55,267	53,320
<b>Total current liabilities</b>		<b>159,563</b>	<b>169,583</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>378,173</b>	<b>388,235</b>

1) In 2025, Volvo Cars has adjusted the presentation of certain unused tax credits in the US resulting in a reclass of year end figures amounting to SEK 1,278 m to more accurately reflect the nature of these items.

# Consolidated Statement of Changes in Equity

SEK m	30 Jun 2025	31 Dec 2024
<b>Opening balance</b>	<b>142,199</b>	<b>130,485</b>
Net income for the period	-7,129	15,934
Other comprehensive income, net of income tax	742	-3,817
<b>Total comprehensive income</b>	<b>-6,387</b>	<b>12,117</b>
<b>Transactions with owners</b>		
Capital contribution from non-controlling interests	—	3
Divestment of non-controlling interest <sup>1)</sup>	—	-210
Divestment of joint venture under common control <sup>2)</sup>	4,656	—
Distribution of shares <sup>3)</sup>	3	-90
Acquisition of treasury shares	-219	-190
Issue of treasury shares	97	67
Share-based payments	-73	17
<b>Transactions with owners</b>	<b>4,464</b>	<b>-403</b>
<b>Closing balance</b>	<b>140,276</b>	<b>142,199</b>
<b>Attributable to</b>		
Owners of the parent company	136,910	137,461
Non-controlling interests	3,366	4,738
<b>Closing balance</b>	<b>140,276</b>	<b>142,199</b>

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

2) Refers to the divestment of the joint venture company Lynk & Co Automotive Technology Co., Ltd.

3) Refers to distribution of Polestar shares.

## Consolidated Statement of Cash Flows

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
<b>OPERATING ACTIVITIES</b>					
Operating income	-9,955	7,969	-8,016	12,675	22,318
Depreciation and amortisation of non-current assets	6,076	5,975	11,815	11,393	22,730
Dividends received from joint ventures and associates	103	110	109	113	213
Interest and similar items received	474	590	937	1,271	2,190
Interest and similar items paid	-347	-498	-613	-1,213	-1,623
Other financial items	-316	-43	-1,375	-737	-836
Income tax paid	-2,046	-1,638	-2,271	-2,507	-4,448
Adjustments for other non-cash items	11,375	788	10,843	3,462	2,754
	<b>5,364</b>	<b>13,253</b>	<b>11,429</b>	<b>24,457</b>	<b>43,298</b>
<b>Movements in working capital</b>					
Change in inventories	3,071	-10,421	-4,402	-24,085	-2,757
Change in accounts receivable	4,987	1,802	1,600	-4,868	-1,386
Change in accounts payable	2,473	6,816	2,368	5,149	-7,539
Change in provisions	-2,727	-3,226	-1,499	-2,257	-1,905
Change in contract liabilities to customers	3,092	2,219	-107	1,119	8,709
Change in other working capital	1,739	2,336	6,593	12,327	8,952
<b>Cash flow from movements in working capital</b>	<b>12,635</b>	<b>-474</b>	<b>4,553</b>	<b>-12,615</b>	<b>4,074</b>
<b>Cash flow from operating activities</b>	<b>17,999</b>	<b>12,779</b>	<b>15,982</b>	<b>11,842</b>	<b>47,372</b>
<b>INVESTING ACTIVITIES</b>					
Investments in shares and participations	322	-776	289	-1,322	-1,901
Divestment of shares and participations	—	-217	5,637	-217	-217
Loans to affiliated companies <sup>1)</sup>	-2,727	-14	-2,727	-59	-75
Investments in intangible assets	-4,914	-5,481	-9,642	-10,620	-19,774
Investments in tangible assets	-6,667	-6,314	-11,890	-11,886	-25,259
Disposal of tangible assets	158	142	267	180	981
Other	11	—	11	—	—
<b>Cash flow from investing activities</b>	<b>-13,817</b>	<b>-12,660</b>	<b>-18,055</b>	<b>-23,924</b>	<b>-46,245</b>
<b>Cash flow from operating and investing activities</b>	<b>4,182</b>	<b>119</b>	<b>-2,073</b>	<b>-12,082</b>	<b>1,127</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from credit institutions	58	-55	4,690	61	199
Proceeds from bond issuance	5,543	5,857	5,543	5,857	5,857
Acquisition of treasury shares	-219	—	-219	—	-190
Repayment of bond	—	-6,936	-5,732	-6,936	-6,936
Repayment of liabilities to credit institutions	-284	-315	-344	-503	-862
Repayment of interest-bearing liabilities	-512	-499	-1,059	-919	-2,053
Matured marketable securities	—	5,938	—	6,226	10,269
Other	609	-176	1,155	-316	-368
<b>Cash flow from financing activities</b>	<b>5,195</b>	<b>3,814</b>	<b>4,034</b>	<b>3,470</b>	<b>5,916</b>
<b>Cash flow for the period</b>	<b>9,377</b>	<b>3,933</b>	<b>1,961</b>	<b>-8,612</b>	<b>7,043</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>47,181</b>	<b>36,053</b>	<b>56,373</b>	<b>47,861</b>	<b>47,861</b>
Exchange difference on cash and cash equivalents	-319	-75	-2,095	662	1,469
<b>Cash and cash equivalents at end of period</b>	<b>56,239</b>	<b>39,911</b>	<b>56,239</b>	<b>39,911</b>	<b>56,373</b>

1) In the second quarter 2025, Volvo Cars made a payment under the financial guarantee arrangement described in the 2024 Annual Report – Note 25 Contingent liabilities and pledged assets, relating to the loans of a UK entity subject to a purchase option.

## NOTE 1 – Accounting policies

This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting and the Swedish Annual Accounts Act (1995:1554), with the required disclosures made in the notes to the financial statements and elsewhere in the interim report. The Volvo Car Group applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The parent company applies RFR 2 – Reporting for legal entities and the Swedish Annual Accounts Act. The accounting principles in this report are, in all material aspects, consistent with those described in Volvo Car Group's Annual Report 2024 (available at [investors.volvocars.com](https://investors.volvocars.com)).

The IASB has published amendments to standards effective on or after 1 January 2025. These amendments have not had a material impact on the financial statements.

### Material accounting policies & critical accounting estimates and judgements

#### *Emission credits*

In line with the accounting policies explained in Volvo Car Group's annual report 2024, Volvo Car Group recognises as revenue the fair value of emission credits earned during the period, the credits are subsequently valued at the lower of cost or net realisable value. During the second quarter, 2025, based on the status of ongoing negotiations and further clarity relating to emission regulations in the EU, Volvo Car Group reversed write-downs of emission credit inventory earned during the first quarter, 2025, totalling SEK 701.4 m.

#### *Impairment of Platform Cash-Generating Unit*

During the second quarter of 2025, Volvo Cars identified indicators of impairment for one of its cash-generating units (CGUs); the EX90/ES90 Platform CGU. The CGU comprises of product development intangible assets, as well as an allocation of production related assets and goodwill relating to the EX90 and ES90. The indicators of impairment were primarily related to:

- The launch of the EX90/ES90 platform experienced delays, which led to a shortened lifecycle and increased development costs due to extended timelines and additional resource requirements. Furthermore, the delayed release resulted in the platform entering the market under less favorable macroeconomic conditions than originally anticipated, impacting its initial performance and return expectations.
- The imposition of increased tariffs on imported raw materials and automotive parts and cars, which significantly impacted production costs and profitability.
- The transition from ICE vehicles to BEVs has been progressing at a slower pace than previously forecasted.

As a result, Volvo Cars conducted an impairment test.

#### *Impairment test and key assumptions*

The recoverable amount of the CGU was determined based on its value in use, calculated using a discounted cash flow (DCF) model. The key assumptions applied in the model include:

- Cash flow projections based on business plans approved by management and the board covering the expected useful life of the platform.
- Assumptions regarding sales volumes, pricing, and margins, including the anticipated impact of tariffs, as well as the CGU's contribution toward internal netting of emission credits between BEV and ICE cars.
- Pre-tax discount rate of 10.7% was utilised in calculating the estimated future cash flows.

#### *Impairment loss recognised*

As a result of the impairment test, an impairment loss of SEK 11,431 m was recognised in the consolidated income statement in the second quarter 2025. The impairment, which included the full write-down of goodwill allocated to the CGU, was allocated on a pro-rata basis across the CGU's assets based on their carrying amounts.

The impairment loss was distributed as follows:

- SEK 7,373 m was recognised under Research and development expenses, related to the impairment of product development assets.
- SEK 3,982 m was recognised under Cost of sales, related to the impairment of allocated buildings, machinery, and equipment.
- SEK 76 m was recognised under Other operating income and expenses, related to the impairment of allocated goodwill.

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Carrying amount of the EX90/ES90 platform CGU before and after impairment

### SEK m

Carrying amount before impairment	34,543
Impairment loss recognised	-11,431
Recoverable amount	23,112

### Sensitivity analysis

The impairment assessment is sensitive to changes in key assumptions. A change in the following assumptions, holding all other variables constant, would have the following approximate impact on the recoverable amount:

- A 1% increase in the discount rate would reduce the recoverable amount by approximately SEK 1,441 m.
- A 1% decrease in the yearly sales volumes would reduce the recoverable amount by approximately SEK 306 m.
- A 1% decrease in the sales margin of the cars and associated parts and accessories, including effects of tariffs and emission credits, would reduce the recoverable amount by approximately SEK 2,841 m.

These assumptions reflect management's best estimates of economic conditions and future performance, considering the current market environment and future developments.

## NOTE 2 – Revenue

### Revenue allocated to geographical regions

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Europe	53,886	50,675	98,810	102,230	208,914
of which Sweden <sup>1)</sup>	11,066	11,438	19,539	20,922	48,096
of which United Kingdom	10,627	7,550	18,839	13,485	30,438
of which Germany	9,044	6,450	17,575	13,851	30,795
US	15,487	17,330	30,815	32,512	69,496
China	12,150	17,310	24,277	32,211	63,682
Other markets	11,969	16,139	22,538	28,379	58,142
of which Turkey	1,892	1,958	3,144	3,768	8,051
of which Japan	1,475	1,466	3,089	2,825	6,043
<b>Total</b>	<b>93,492</b>	<b>101,454</b>	<b>176,440</b>	<b>195,332</b>	<b>400,234</b>

1) Includes the Contract manufacturing sales channel.

### Revenue allocated to category

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Sales of new cars	63,864	79,491	123,872	153,428	303,880
Sales of used cars	8,201	5,735	15,079	10,906	27,403
Sales of parts and accessories	9,159	9,585	18,933	19,072	38,497
Revenue from subscription, leasing and rental business	1,432	1,594	2,891	2,930	6,709
Sales of licences and royalties	145	215	299	466	647
Contract manufacturing	3,045	2,747	5,044	4,739	13,151
Emissions credits	1,641	422	1,656	607	994
Other revenue <sup>2)</sup>	6,005	1,665	8,666	3,184	8,953
<b>Total</b>	<b>93,492</b>	<b>101,454</b>	<b>176,440</b>	<b>195,332</b>	<b>400,234</b>

2) Includes a one-time effect from the sale of a significant number of on-balance sheet cars in the UK amounting to SEK 3.3 bn in the second quarter 2025.

### Timing of revenue recognition

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
At the point of delivery	90,710	98,576	170,757	189,754	388,210
Over the contract term	2,782	2,878	5,683	5,578	12,024
<b>Total</b>	<b>93,492</b>	<b>101,454</b>	<b>176,440</b>	<b>195,332</b>	<b>400,234</b>

## NOTE 3 – Financial instruments

Valuation principles and classification of financial instruments, as described in the Volvo Car Group's Annual Report 2024, Note 19 – Financial instruments and financial risks and Note 20 – Marketable securities and cash and cash equivalents, have been applied consistently throughout the reporting period.

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

	Measurement level	30 Jun 2025		31 Dec 2024	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets carried at fair value</b>					
Other long-term securities holdings		10,776	10,776	12,753	12,753
<i>of which convertible loan<sup>1)</sup></i>	2	9,548	9,548	11,261	11,261
<i>of which equity instruments</i>	3	1,219	1,219	1,473	1,473
<i>of which equity instruments</i>	1	9	9	19	19
Non-current and current derivative assets		4,386	4,386	768	768
<i>of which currency derivatives – designated hedging instruments</i>	2	3,562	3,562	214	214
<i>of which commodity derivatives – designated hedging instruments</i>	2	386	386	229	229
<i>of which currency derivatives – not designated hedging instruments</i>	2	217	217	117	117
<i>of which interest rate swap – not designated hedging instruments</i>	2	212	212	208	208
<i>of which interest rate swap – designated hedging instruments</i>	2	9	9	—	—
		<b>15,162</b>	<b>15,162</b>	<b>13,521</b>	<b>13,521</b>
<b>Financial assets carried at amortised cost</b>					
Accounts receivables	—	19,541	19,541	22,780	22,780
Other interest-bearing assets, non-current and current <sup>2)</sup>	—	4,270	4,203	2,167	2,179
Time deposits in banks	—	22,436	22,471	16,509	16,526
<i>of which cash and cash equivalents</i>	—	22,436	22,471	16,509	16,526
Cash and cash equivalents	—	33,803	33,803	39,864	39,864
		<b>80,050</b>	<b>80,018</b>	<b>81,320</b>	<b>81,349</b>
<b>Financial liabilities carried at fair value</b>					
Non-current and current derivative liabilities		1,896	1,896	4,142	4,142
<i>of which commodity derivatives – designated hedging instruments</i>	2	826	826	1,206	1,206
<i>of which currency derivatives – designated hedging instruments</i>	2	705	705	2,160	2,160
<i>of which currency derivatives – not designated hedging instruments</i>	2	249	249	625	625
<i>of which interest rate swap – not designated hedging instruments</i>	2	116	116	151	151
<b>Financial liabilities carried at amortised cost</b>					
Accounts payable	—	55,729	55,729	56,479	56,479
<i>of which accounts payable under supplier financing programmes</i>	—	3,806	3,806	3,458	3,458
<i>of which suppliers received payment from financial institution</i>	—	3,409	—	2,885	—
Non-current and current bonds and liabilities to credit institutions <sup>3)</sup>	—	33,000	33,935	29,493	30,242
Other interest-bearing liabilities, non-current and current <sup>4)</sup>	—	24,864	24,864	18,217	18,217
		<b>113,593</b>	<b>114,528</b>	<b>104,189</b>	<b>104,938</b>

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

2) Includes items presented as Other current assets in the balance sheet, amounting to SEK 2,893 (727) m.

3) The carrying amount of the bonds, includes a fair value adjustment amounting to SEK 243 (235) m, which relates to fair value hedging.

4) Includes the repurchase value obligation on cars sold with repurchase commitment which is presented as Other non-current and current liabilities in the balance SEK 24,082 (17,241) m. Excluding the lease liability which is presented as Other non-current and current liabilities in the balance sheet amounting to SEK 6,716 (9,699) m.

### Other security holdings

Investments in equity instruments, presented as Other long-term securities holdings, are traded infrequently. To estimate their fair value, Volvo Cars uses certain unobservable inputs. These equity instruments, classified under level 3 of the fair value hierarchy, are measured using the market approach. The primary valuation technique for unlisted equity instruments is based on the most recent transaction for the specific company. If certain changes in circumstances occur between the transaction date and the balance sheet date that would materially impact on the fair value, the carrying value is adjusted accordingly.

Equity instruments such as unlisted warrants, also measured under level 3 of the fair value hierarchy, are valued using the Black-Scholes model. When measuring these unlisted warrants, the most critical judgements involve assessing whether

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Volvo Cars will meet the vesting criteria and the timing of such fulfillment, as well as evaluating the risk-free interest rate and the volatility of the underlying share price. Earn-out rights, also measured under level 3 of the fair value hierarchy, are valued using assumptions for probability and timing for earn-out payments, contingent on future performance targets being achieved.

The table below presents the movements within Level 3, fair value hierarchy.

	30 Jun 2025	31 Dec 2024
	Equity instruments	Equity instruments
Opening balance	1,473	1,507
Additions/Purchases	40	100
Changes in fair value	-141	-163
<i>of which recognised in Other financial income and expenses</i>	-141	414
<i>of which recognised in Share of income in joint ventures and associates</i>	—	-577
Exchange rate differences	-153	29
<b>Closing balance</b>	<b>1,219</b>	<b>1,473</b>

## NOTE 4 – Related party transactions

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

### Significant events and agreements with related parties during the second quarter

In May, Volvo Cars sold a significant number of the owned subscription cars in the UK to Volvo Car Financial Services UK Ltd. The one-time transaction amounted to a revenue of SEK 3,288 m, with limited effect on profit. The transaction is part of the updated commercial strategy.

### Transactions with related parties

Significant transactions with related parties and the nature of these are specified in the tables below. The nature of significant transactions with related parties are provided in Note 4 - Related party transactions in the Annual Report 2024.

Related party transactions specified below but not previously described in the Annual Report 2024 are:

- Purchases from Zhangjiakou Geely New Energy Automobile Co., Ltd, mainly related to EX30.

### Sales of goods, services and other

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Related companies <sup>1)2)</sup>	3,847	3,853	6,756	6,790	17,918
<i>of which Polestar Automotive Holding UK Group</i>	3,472	3,312	5,957	5,956	15,402
<i>of which Ningbo Fuhong Auto Sales Co., Ltd</i>	136	335	363	457	1,783
Joint ventures and associated companies	5,220	2,545	7,564	4,033	11,821
<i>of which Volvo Car Financial Services UK Ltd</i>	4,787	2,202	6,722	3,353	7,686

### Purchases of goods, services and other

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Related companies <sup>1)2)</sup>	-10,297	-17,867	-18,443	-35,071	-54,451
<i>of which Powertrain Engineering Sweden AB</i>	-3,055	-4,268	-6,548	-8,330	-13,125
<i>of which Zhangjiakou Geely New Energy Automobile Co., Ltd</i>	-1,935	—	-1,935	—	—
<i>of which Zhejiang Geely Automobile Co., Ltd</i>	-1,068	-9,942	-3,246	-20,271	-28,497
<i>of which Viridi E-Mobility Technology (Ningbo) Co., Ltd</i>	-1,062	-321	-1,343	-700	-1,481
<i>of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd</i>	-971	-1,079	-1,749	-1,946	-3,933
<i>of which Geely Changxing Automatic Transmission Co., Ltd</i>	-402	-400	-907	-778	-1,795
<i>of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd</i>	-44	-914	-66	-1,176	-1,995
Joint ventures and associated companies	-339	-473	-602	-1,155	-2,262

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SEK m	Receivables <sup>3)</sup>		Payables <sup>3)</sup>	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Related companies <sup>1)2)</sup>	21,025	23,077	13,299	12,679
Joint ventures and associated companies	1,712	1,801	507	716

1) Related companies refer to entities that belong to the Geely sphere of companies. Joint ventures and associated companies within the Geely sphere are presented as related companies.

2) Including contract manufacturing.

3) Non-current part of receivables amounts to SEK 11,230 (13,120) m. Non-current part of payables amounts to SEK 1 (1) m.

## NOTE 5 – Earnings per share

Basic earnings per share, SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Net income attributable to owners of the parent company	-7,512	5,348	-6,308	8,690	15,401
<b>Net income attributable to owners of ordinary shares in the parent company</b>	<b>-7,512</b>	<b>5,348</b>	<b>-6,308</b>	<b>8,690</b>	<b>15,401</b>
Weighted average number of ordinary shares outstanding, basic <sup>1)</sup>	2,969,893,873	2,979,524,179	2,972,388,630	2,979,524,179	2,977,042,500
<b>Basic earnings per share, SEK</b>	<b>-2.53</b>	<b>1.79</b>	<b>-2.12</b>	<b>2.92</b>	<b>5.17</b>

Diluted earnings per share, SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Net income in basic earnings per share	-7,512	5,348	-6,308	8,690	15,401
<b>Net income in diluted earnings per share</b>	<b>-7,512</b>	<b>5,348</b>	<b>-6,308</b>	<b>8,690</b>	<b>15,401</b>
Weighted average number of ordinary shares outstanding, basic <sup>1)</sup>	2,969,893,873	2,979,524,179	2,972,388,630	2,979,524,179	2,977,042,500
Dilutive effect for share-based payment programmes	894,300	2,122,504	839,096	1,788,896	1,135,042
<b>Weighted average number of ordinary shares outstanding, diluted</b>	<b>2,970,788,173</b>	<b>2,981,646,683</b>	<b>2,973,227,726</b>	<b>2,981,313,075</b>	<b>2,978,177,542</b>
<b>Diluted earnings per share, SEK</b>	<b>-2.53</b>	<b>1.79</b>	<b>-2.12</b>	<b>2.91</b>	<b>5.17</b>

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

## NOTE 6 – Significant events after the period

On 4 July 2025, Volvo Car Corporation completed its acquisition of Northvolt AB's shares in NOVO Energy AB and became 100% shareholder of NOVO Energy AB. Volvo Car Corporation has maintained control of NOVO Energy AB throughout the second quarter 2025.

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

## Condensed Parent Company Income Statements

SEK m	Apr–Jun 2025	Apr–Jun 2024	Jan–Jun 2025	Jan–Jun 2024	Full year 2024
Administrative expenses	-12	-8	-20	-20	-41
<b>Operating loss</b>	<b>-12</b>	<b>-8</b>	<b>-20</b>	<b>-20</b>	<b>-41</b>
Interest income and similar credits	331	395	670	837	1,587
Interest expenses and similar charges	-230	-243	-457	-476	-1,011
Other financial income and expenses <sup>1)</sup>	-6	-6	-13	-12	6,500
<b>Income before tax</b>	<b>83</b>	<b>138</b>	<b>180</b>	<b>329</b>	<b>7,035</b>
Income tax	-20	-25	-51	-64	-583
<b>Net income</b>	<b>63</b>	<b>113</b>	<b>129</b>	<b>265</b>	<b>6,452</b>

1) Dividend of SEK 4,000 m and group contribution of SEK 2,525 m was received from subsidiary in December 2024.

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

## Condensed Parent Company Balance Sheets

SEK m	30 Jun 2025	31 Dec 2024
<b>ASSETS</b>		
Non-current assets	45,537	42,201
Current assets	18,478	22,874
<b>TOTAL ASSETS</b>	<b>64,015</b>	<b>65,075</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Restricted equity	61	61
Non-restricted equity	36,821	36,884
<b>Total equity</b>	<b>36,882</b>	<b>36,945</b>
Non-current liabilities	25,005	21,665
Current liabilities	2,128	6,465
<b>Total liabilities</b>	<b>27,133</b>	<b>28,130</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>64,015</b>	<b>65,075</b>

## GENERAL DEFINITIONS

### Volvo Cars and Volvo Car Group

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

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

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

### Associated companies

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

### Joint venture companies (JVs)

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

### Retail sales

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

### Wholesales

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

### Europe

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

### Passenger cars

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

### Extended range electric vehicle (EREV)

EREV cars are cars charged by plug-in but also have a small gasoline engine that charges the battery while driving, which increases driving range.

### Battery Electric Vehicles (BEV)

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

### Non Battery Electric Vehicles (Non-BEV)

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

### Electrified cars

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

### ICE

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

### MHEV

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

### Agency personnel

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

### Contract manufacturing

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

### Repurchase cars

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

# Alternative performance measures presented by Volvo Car Group

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

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

## Gross margin

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

## Gross margin excl. items affecting comparability

Gross margin excl. items affecting comparability is defined as gross margin adjusted for items affecting comparability. This presents the per cent of revenue that Volvo Cars retains from the underlying operations after incurring the direct costs associated with producing the goods and services sold.

## Items affecting comparability

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

## EBIT

EBIT is defined as net income excluding financial income and expenses, interest income and expenses and income taxes, representing the operating income as reported in the income statement. EBIT presents the operating income of Volvo Car Group.

## EBIT margin

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

## EBIT excl. share of income in JVs & associates

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

## EBIT excl. items affecting comparability

EBIT excl. items affecting comparability is defined as EBIT adjusted for items affecting comparability. This presents the profitability of the underlying operations that can be used in making comparisons between reporting periods.

## EBIT margin excl. share of income in JVs & associates

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

## EBIT margin excl. items affecting comparability

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

## EBITDA

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

## EBITDA margin

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

## Free cash flow

Free cash flow is defined as the sum of cash flow from operating activities and cash flow from investing activities. This represents the operational cash flow for Volvo Cars minus the total investment spend and is the amount that Volvo Cars can choose to either consolidate, pay down debt or distribute to the shareholders.

## Net cash

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

## Liquidity

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

## VOLVO CAR GROUP

### RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

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

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

SEK m	Apr-Jun 2025	Apr-Jun 2024	Full year 2024
Revenue	93,492	101,454	400,234
Cost of sales	-80,903	-78,272	-320,821
Research and development expenses	-12,935	-4,725	-16,983
Operating income (EBIT)	-9,955	7,969	22,318
EBIT excl. share of income in JVs & associates	-10,187	8,216	27,040
EBIT excl. Items affecting comparability	2,912	7,969	24,022
Net income	-8,104	5,654	15,934
EBITDA	7,552	13,944	45,048
Gross margin, %	13.5	22.8	19.8
Gross margin, excl. Items affecting comparability, %	17.7	22.8	19.8
EBIT margin, %	-10.6	7.9	5.6
EBIT margin excl. share of income in JVs & associates, %	-10.9	8.1	6.8
EBIT margin excl. Items affecting comparability, %	3.1	7.9	5.6
EBITDA margin, %	8.1	13.7	11.3

## VOLVO CAR GROUP

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

Gothenburg, 16 July 2025

**Eric Li (Li Shufu)**  
*Chairperson of the Board*

**Håkan Samuelsson**  
*Board member, President and CEO*

**Daniel Li (Li Donghui)**  
*Board member*

**Anna Mossberg**  
*Board member*

**Diarmuid O'Connell**  
*Board member*

**Jonas Samuelson**  
*Board member*

**Lila Tretikov**  
*Board member*

**Ruby Lu (Rong Lu)**  
*Board member*

**Adrian Avdullahu**  
*Board member,  
employee representative*

**Jörgen Olsson**  
*Board member,  
employee representative*

**Zara Biske**  
*Board member,  
employee representative*

## REVIEW REPORT

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

### Introduction

We have reviewed the condensed interim financial information (interim report) of Volvo Car AB (publ.) as of June 30, 2025 and the six-months period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of Review

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

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

### Conclusion

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

Gothenburg, 16 July, 2025  
Deloitte AB

Fredrik Jonsson  
Authorized Public Accountant

## CONTACT

### Analysts and investors

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

### Journalists and media

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



## FINANCIAL CALENDAR & CONFERENCE CALL

### Webcast and conference call

At 08:00 CET on 17 July, President & CEO Håkan Samuelsson and CFO Fredrik Hansson will host a livestream for media, investors and analysts.

[Link to webcast livestream.](#)

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

### Upcoming investor events

23 October 2025: Q3 2025 report  
5 February 2026: Q4 2025 report  
29 April 2026: Q1 2026 report

## ABOUT THIS REPORT

### FORWARD LOOKING STATEMENTS

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

### Language

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

### Totals and roundings

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

V O L V O

