VOLVO

2024

VOLVO GROUP ANNUAL REPORT

A year of major product launches across the Group

Committed to shaping the future of transport and infrastructure

The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity.

Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group is headquartered in Gothenburg, Sweden, employs 102,000 people and has customers in almost 180 markets. In 2024, net sales amounted to SEK 527 billion (EUR 46 billion). Volvo shares are listed on Nasdaq Stockholm.

Shaping the world we want to live in

Every day our customers use our products and services to help put food on our tables, carry people to work or school, build roads, keep our cities clean and much more, effectively helping to meet the growing demands of our world.

The majority of the Volvo Group's customers are companies within the transportation or infrastructure industries. The reliability and productivity of our products and services are a key factor in their success and profitability.

Climate change, population growth and increasing urbanization are shifting the landscape and expectations on transport and infrastructure. In all our actions, we strive to consider how to reduce climate impact, use the world's resources more efficiently, and conduct business more responsibly.

Together with our customers and supply chain partners, governments, societies and other stakeholders, we are moving to develop and introduce transport and infrastructure solutions that aim to reach our sustainability targets.

Driving prosperity socially, environmentally and financially means that we strive towards our vision of transport and infrastructure solutions that are 100% safe, 100% fossil-free and 100% more productive.

VOLVO GROUP 2024

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The Volvo Group's formal financial reports are presented on pages 34–142 and 200 and have been audited by the company's auditors.

Sustainability information is integrated in the sections Overview, Strategy and Our Business on pages 8–19 and 22–24 and in the Sustainability Statements on pages 143–182 and has been subject to limited assurance by the Group's auditors. For information on which pages constitute the Volvo Group's Statutory Sustainability Report, please see page 34.

On the cover: Volvo Trucks' new range launched in 2024.

A global group with strong positions

Volvo Group is one of the world's leading manufacturers of trucks, buses, and construction equipment as well as marine and industrial engines. The Group also provides complete solutions for financing and service.

People – our most important asset
The Volvo Group's 102,000 employees are our most important assets, driving the company forward. In the words of CEO Martin Lundstedt: "Succeeding in this industry is all about people, and our people make the difference."

Strong brands
The Volvo Group sells the majority of its products under the Volvo, Volvo Penta, Rokbak, Renault Trucks, Prevost, Nova Bus and Mack brands. We also have ownership in SDLG, Milence, Eicher, Dongfeng, cellcentric, Flexis and Cespira among other companies. By offering products and services under different brands, we address many different customer and market segments around the world.

Read more about our brands here

Sales in almost **180** markets

Production in **17** countries

102,000 employees

SEK **527** bn In net sales

Competitive products and leading technology
The Volvo Group's products have been developed to contribute to efficient transport and infrastructure solutions and to provide our customers with reliable uptime. We drive the development of electrified vehicles and machines as well as automated solutions for the benefit of customers, society and the environment. Sales of vehicles and machines build a population of products that requires spare parts and services.

Partnerships and collaborations with leading companies
New technologies are developing at a faster pace than ever before. Staying at the forefront is vital to be successful, and that is why we work in collaborations and partnerships with other leading companies in such areas as batteries, fuel cell systems, autonomous vehicles, charging networks for heavy-duty trucks and coaches as well on software-defined vehicle platforms.

World-class services
In addition to vehicles and machines, our offering includes various types of services such as financing, insurance, rentals, spare parts, repairs, preventive maintenance, uptime and service agreements as well as assistance services. The range and flexibility of the offering means that solutions can be tailor-made for each customer to secure uptime and productivity. The service business contributes to balancing the fluctuations in the sales of new products and improving profitability over the business cycle. Growing the service business is an area of priority.

Strong positions globally
Thanks to competitive product programs, strong dealers with extensive service networks and increasingly more complete offerings, the Volvo Group has established leading positions globally. These positions provide for economies of scale in product development, production, purchasing and financial services.

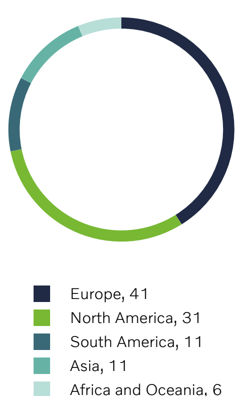
Volvo Trucks | The all-new Volvo VNL in North America has an improved fuel efficiency by up to 10%, thanks to optimized aerodynamics and new technologies.

Stable earnings on lower volumes

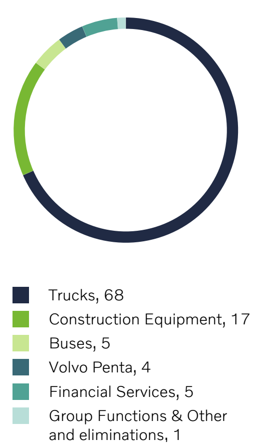
- In 2024, currency-adjusted net sales decreased by 3% to SEK 527 billion, with vehicle sales decreasing by 5% and service sales increased by 4%.
- The adjusted operating income amounted to SEK 65,718 M (78,155). For more information on adjustments, please see Key Ratios on page 206.
- The adjusted operating margin was 12.5% (14.0).
- Stability in earnings – the reported operating income amounted to SEK 66,611 M (67,301).
- Earnings per share amounted to SEK 24.78 (24.50).
- Continued strong operating cash flow in the Industrial Operations of SEK 45.3 billion (45.8).
- Return on capital employed in the Industrial Operations of 35.8% (36.7).
- Major launches across our business areas to provide customers with improved products and solutions.
- The Board of Directors proposes an ordinary dividend of SEK 8.00 (7.50) per share and an extra dividend of SEK 10.50 (10.50) per share.

Net sales by revenue type, %

Net sales by market, %



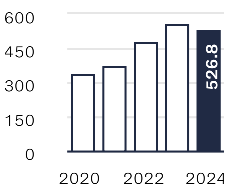
Net sales by segment, %



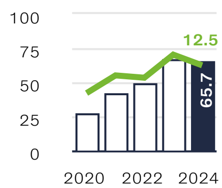
Mack Trucks | Since 1900, Mack Trucks has helped to move and build America. Today, their quality products and services empower customers to create their own legacy.

Volvo Group

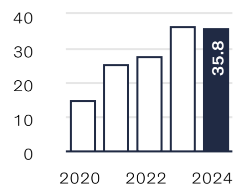
Net sales, SEK bn



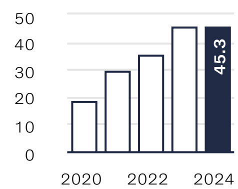
Adjusted operating income[1], SEK bn and adjusted operating margin, %



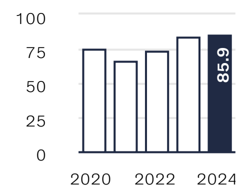
Return on capital employed Industrial Operations, %



Operating cash flow Industrial Operations, SEK bn



Net financial position excl. post-employment benefits and lease liabilities Industrial Operations, SEK bn



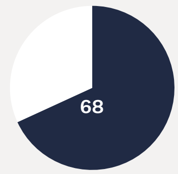
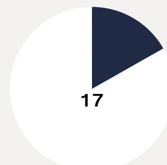
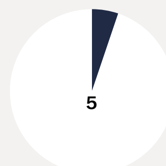
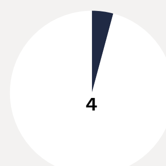
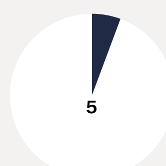
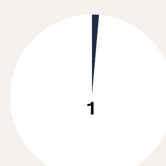
Key ratios

	2024	2023
Net sales, SEK M	526,816	552,252
Adjusted operating income[1] , SEK M	65,718	78,155
Adjusted operating margin, %	12.5	14.0
Operating income, SEK M	66,611	67,301
Operating margin, %	12.6	12.1
Income after financial items, SEK M	67,210	66,726
Income for the period, SEK M	50,576	49,932
Earnings per share, SEK	24.78	24.50
Dividend, SEK per share[2, 3]	18.50	18.00
Operating cash flow, Industrial Operations, SEK M	45,295	45,821
Net financial position excl. provisions for post-employment benefits and lease liabilities, Industrial Operations, SEK bn	85.9	83.4
Return on capital employed, Industrial Operations, %	35.8	36.7
Return on equity, Financial Services, %	13.0	13.0
Return on shareholders' equity, Volvo Group, %	28.5	28.7
Total number of employees	101,595	104,147
Share of women, %	23	22
Share of women, presidents and other senior executives, %	29	29
Energy use per net sales, Industrial Operations, MWh/SEK M	4.5	4.4
Total CO_2 emissions per net sales, Industrial Operations, tons/SEK M (scope 1 & 2)	0.5	0.6
Share of direct material purchasing spend from suppliers having made a CSR self-assessment, %	94	93

1 For more information on adjusted operating income, please see Key Ratios on page 206.
2 2024: Proposed by the Board of Directors to the Annual General Meeting 2025. SEK 8.00 per share in ordinary dividend and SEK 10.50 per share in extra dividend.
3 2023: SEK 7.50 per share in ordinary dividend and SEK 10.50 per share in extra dividend.

Unless otherwise stated, all comparisons refer to the same period or the same date of the preceding year.

Segments

	Net sales, SEK M	Share of Group net sales, %	Adjusted operating income[1], SEK M	Adjusted operating margin, %
TRUCKS Volvo Trucks, Renault Trucks, Mack Trucks, Volvo Autonomous Solutions, Volvo Energy, VE Commercial Vehicles (46% ownership), Dongfeng Commercial Vehicles (45%), cellcentric (50%), Milence (33%), Flexis (45%) and Cespira (45%).	360,610		45,826	12.7
CONSTRUCTION EQUIPMENT Volvo Construction Equipment, Rokbak and SDLG (70%).	88,305		12,737	14.4
BUSES Volvo Buses and Prevost.	24,544		2,233	9.1
VOLVO PENTA Engines and power systems for marine and industrial applications.	19,852		3,419	17.2
FINANCIAL SERVICES Provides financial services and solutions to customers and dealers.	26,982		4,042	–
GROUP FUNCTIONS & OTHER[2] Nova Bus, Designwerk and common business support functions.	16,548		-2,943	–

1 For more information on adjusted operating income, please see Key Ratios on page 206.

2 Including Group eliminations.

More information about the Volvo Group's segments and how they are reported can be found in Note 6 to the Financial Statements.

Major product launches for the future and stability in earnings

2024 was a year of normalizing market demand as freight and construction activity came down in many regions after a couple of years of very strong growth. It was also a year of continued geopolitical turmoil. In these challenging circumstances the Volvo Group continued to show resilience in earnings on lower volumes after hard work by dedicated colleagues and business partners across the value chain.

The Group's net sales decreased by 3% when adjusted for currency and amounted to SEK 526.8 billion, with sales of vehicles being 5% lower than in 2023 and sales of services increasing by 4%. We generated good profits on the lower sales volumes with an adjusted operating income of SEK 65.7 billion (78.2) and an adjusted operating margin of 12.5% (14.0).

2024 was also a year with substantial new launches across our business areas to provide customers with improved products and solutions that strengthen their businesses. Furthermore, we entered new partnerships and collaborations to continue to drive the transformation to more efficient and carbon-neutral solutions.

Strong positions in key markets

In 2024, demand for trucks was lower in both Europe and North America compared with the strong markets in 2023 while it was good in South America. Utilization of the installed truck fleets was on a good level overall, which contributed to a sustained good development in the service business.

We have strong positions with our different brands in our major markets, and 2024 was a year of major launches to further strengthen our presence. Volvo Trucks launched a new heavy-duty truck range for Europe, Australia and markets in Asia and Africa as well as an all-new heavy-duty truck platform for the North American market, with the Volvo VNL sleeper cab being the first model out. We are very excited about these new products as they provide significant opportunities to improve energy efficiency and customer profitability. We also continue to develop our presence in North America and have decided to add capacity by building a new plant for cabs and final assembly for Volvo Trucks and Mack Trucks in Mexico. We plan to have the plant up and running in 2026, and it will be a strong complement to our main sites in Virginia and Pennsylvania in the US. We are convinced that the strengthening of the product portfolio and the supply chain gives us great opportunities to gain market share in North America.

Our truck operation's currency-adjusted net sales decreased by 2% to SEK 360.6 billion. The adjusted operating margin amounted to 12.7% (14.8), impacted by the lower volumes, our continued push in R&D as well as extra costs connected to supply chain issues in North America and the changeover to the new platform there.

Demand for construction equipment slowed down in most of the regions in 2024, not least in the important European market as elevated interest rates and low business confidence hampered construction activity. The North American market held up better but demand was clearly lower than the very high levels of 2023. Throughout the year, we adapted production volumes to reflect market demand and reduce pipeline inventories. Deliveries of Volvo-branded machines decreased by 27% while deliveries from our SDLG brand in China increased by 30%.

The year marked Volvo Construction Equipment's biggest product renewal ever, with over 80 new products including a modernized range of excavators and an extension of the wide range of electric machines, among them the first electric wheeled excavator. These investments in a new generation of world-class products showcase our commitment to an industry with long-term growth potential as there is a need to both expand and upgrade existing infrastructure in many countries across the globe.

In line with the softer markets, Volvo Construction Equipment's currency-adjusted net sales declined by 15% to SEK 88.3 billion. The adjusted operating margin amounted to 14.4% (16.2), impacted by lower volumes and a negative brand and market mix.

Demand for buses continued to improve in many markets, particularly for coaches in North and South America. Currency-adjusted net sales increased by 10% to SEK 24.5 billion. Increased volumes, the good development for coaches and in the service business as well as a restructuring of the business model in Europe with a focus on chassis supported earnings and the adjusted operating margin improved to significantly to 9.1% (4.7).

For Volvo Penta, end-customer demand weakened in the marine segment and especially in the leisure boat market while demand for industrial engines and power generation solutions held up well, resulting in a favorable mix towards the larger engines. Currency-adjusted net sales decreased by 4% to SEK 19.9 billion while the adjusted operating margin improved to 17.2% (15.4).

In our customer-financing business, Volvo Financial Services, the credit portfolio continued to perform well with delinquencies and credit losses on normal levels in the business cycle. The adjusted operating income increased to SEK 4,042 M (3,855) and the return on equity was 13.0% (13.0).

“Looking ahead, we are gearing up for growth aiming to leverage our leading position and strong assets. We believe that by successfully navigating the transformation we will strengthen our market position and capture a larger share of the value in our industry.”

Our earnings resiliency was evident in the continued good return on capital employed in the Industrial Operations of 35.8% (36.7). We also generated a strong operating cash flow of SEK 45.3 billion (45.8). We ended the year with a net financial asset position in our Industrial Operations of SEK 85.9 billion (83.4), pension and lease liabilities excluded.

Our strong finances allow us to both continue to provide our shareholders with a good return on their investments and fund activities that drive the transformation of our industries to more sustainable solutions for the future. The Board of Directors proposes an ordinary dividend of SEK 8.00 per share (7.50) and an extra dividend of SEK 10.50 per share (10.50).

Clear priorities for the future

In the transformation, we focus on our long-term vision of solutions that are 100% safe, 100% fossil free and 100% more productive. We have climate targets that are in line with what climate-science deems necessary to keep global warming at a maximum of 1.5 degrees Celsius. We are also working to strengthen our processes in line with UN Global Compact regarding people, business ethics and the environment.

Our products and solutions respond to the need for transport and infrastructure solutions that are safe, sustainable and more productive and to accelerate our growth journey and improve our performance we are working with several strategic priorities.

One is to secure our strong positions in key markets with regional value chains. Thanks to our competitive products, strong dealers with extensive service networks and commercial excellence, we have established leading positions globally and we are working to leverage our global presence and scale to capture new business opportunities and increase profitability.

Another is to reach the full potential of our profitable service business, which is key in building strong customer relations and loyalty. Recurring service revenues create stability and resilience to our earnings throughout the business cycle. We have come far in this area, but there is still more to do both in terms of market shares and in terms of the continued development of the service portfolio to benefit our customers' uptime and productivity. The running population of close to 3 million vehicles and machines represents a significant potential for our service business.

We are determined to drive the transition and invest considerable resources in R&D towards a decarbonized transport system, making a real impact on our customers' efforts to reduce their carbon footprint. Around the globe, businesses are starting to move towards net-zero with the help of Volvo Group products and services. We believe that the future will demand varied propulsion technologies to meet our customers' needs and environmental demands. This is why we are taking a three-pronged approach to propulsion. We are already offering battery-electric solutions and engines that can run on biogas and we are investing in the field of hydrogen – for fuel cell applications and as a fuel for internal combustion engines.

“Transport and infrastructure are exciting industries with long-term growth, and we are in a good position to continue to support our customers with products and solutions that drive their productivity and profitability.

We have a strong market position in electric vehicles and machines in many markets and we are the clear market leader in Europe, with a combined market share of 70% in heavy-duty electric trucks in 2024. We will leverage this advantage to improve our positions in key markets.

We already have one of the broadest ranges of electric trucks in the industry designed to handle a wide variety of transport assignments, and in September Volvo Trucks announced that in 2025 they will launch a new long-range version of the FH Electric. The new truck will be able to cover up to 600 km on one charge, allowing transport companies to operate electric trucks on interregional and long-distance routes and to drive a full working day without having to recharge. Furthermore, we announced that we are developing combustion engines that can run on hydrogen. On-road tests will begin in 2026, and the commercial launch is planned towards the end of this decade. These trucks can provide a significant step to decarbonize heavy transport. We also announced that we are forming a joint venture together with Daimler Truck to become the leader of software-defined heavy-duty vehicle platforms.

We have seen a slowdown in the adoption of battery-electric vehicles recently. We are not deterred by this, since we have always believed that the development will not be a straight line, and that there will be obstacles to overcome along the way. However, given the slower adoption pace, we have decided to postpone the battery cell plant in Mariestad, Sweden by some 12 to 24 months. By being disciplined in our capital allocation we are working to maximize the future performance of the Volvo Group.

Safer and more productive solutions

Volvo Group has a Zero Accident Vision for people using Volvo products and we are pushing forward with both passive and active safety measures. Therefore, we were very proud when the results came in from the European consumer test organization Euro NCAP, which for the first time ever had rated the safety of heavy-duty trucks. The Volvo FH and the Volvo FM received the top rating of five stars. The Renault Trucks T was given four stars. The Volvo Group thus claimed the top three positions!

When it comes to increasing productivity, we believe that autonomous solutions are an important piece of the puzzle. They can also improve safety and reduce costs. In 2024, our autonomous transport solution reached a significant milestone by transitioning to 24-hour operations at Brönnöy Kalk in Norway, demonstrating its reliability and ability to handle continuous shifts in a demanding environment. Volvo Autonomous Solutions and DHL Supply Chain also took a significant step towards transforming freight transportation with the launch of autonomous operations in Texas in the US. Operations are enabled by a purpose-built, production-ready Volvo VNL Autonomous powered by the Aurora Driver. Initially a safety driver is always present onboard.

Time to take action

Given the challenges the world is facing due to climate change, it is time to reimagine the transport system for the next 100 years. Without transport, mobility, and infrastructure solutions, modern life would come to a standstill. So much of our world relies on getting goods to their destination, taking people to work, and building societies – but we must do it considerably more sustainable.

The transition to zero-emission vehicles and solutions is a clear necessity. The good news is that these solutions are already available and in continuous development, as our showcase of advanced battery-electric solutions, hydrogen-fuel cell technology and renewable fuel demonstrates. We believe that the transition to a more efficient and cleaner transport system relies on more than the automotive sector: it depends upon the actions of policymakers, state leaders, and industrial leaders.

Policymakers must accelerate the adoption of zero-emission transport and infrastructure solutions. Clean energy production, dependable charging infrastructure, and effective incentives are needed to speed up the adoption. This transformation is not about switching to a single new product or technology, it is about accelerating a paradigm shift, and we cannot do it alone. The time for talking is over. We need to get this show on the road, and we must start now.

Active in industries with long-term growth

Transport and infrastructure are exciting industries with long-term growth, and we are in a good position to continue to support our customers with products and solutions that drive their productivity and profitability.

Looking ahead, we are gearing up for growth aiming to leverage our leading position and strong assets. We believe that by successfully navigating the transformation we will strengthen our market position and capture a larger share of the value in our industry. In this changing landscape, we can provide increased value for our customers and take advantage of the unprecedented growth opportunities that electrification, autonomous solutions and new productivity services offer.

We are focused on delivering on our strategic priorities and on evolving our performance culture based on a decentralized organization with those closest to the customer empowered to make decisions and drive continuous improvement across the Group. In this work, we have a solid foundation with strong customer satisfaction and relations, financial position, industrial backbone, technology and most importantly the right people.

I would like to express my gratitude for all the hard work put in by colleagues and supply chain partners and to our customers across the world for a successful 2024. Through our joint efforts we are shaping the world we want to live in.

Martin Lundstedt
President and CEO

STRATEGY

Driving prosperity through transport and infrastructure solutions

The Volvo Group is committed to driving prosperity by creating value for customers, stakeholders and society. Driving prosperity means driving growth and doing good business. It aligns with the sustainable development of society while delivering strong performance and shareholder returns.

The Volvo Group's vision is to be the most desired and successful transport and infrastructure solution provider in the world.

We aspire to deliver leading customer satisfaction for all brands in their segments, to be the most admired employer in the industry, and to have industry-leading profitability.

The Group's values, Customer success, Trust, Passion, Change and Performance, serve as a guide to our day-to-day behavior and drive decisions on all levels of the organization.

Our Code of Conduct outlines how we in the Volvo Group do business: ethically and in compliance with the law.

We envision a **future of transportation and infrastructure** that is 100% safe, 100% fossil free and 100% more productive.

100% safe
– on our way to zero accidents

We have a vision of zero accidents involving our products and in our own operations. We work proactively with partners and society to avoid accidents and mitigate the consequences. Safety is about putting the people in the center of everything we do.

100% fossil free
– accelerating the sustainable transformation

Our ambition is to reach net-zero value chain greenhouse gas emissions by 2040. There will be a steady shift into vehicles and machines that are battery-electric, fuel cell-electric or driven by internal combustion engines running on fossil-free or low carbon fuels.

100% more productive
– an optimized transportation system

By increasing productivity and efficiency it is possible to meet a growing need for transportation while staying within the boundaries of what our planet can sustain. Our solutions increase productivity and efficiency by optimizing the transportation eco-system through load consolidation, capacity sharing and improved fleet efficiency.

Improved underlying financial performance ...

The underlying performance of the Volvo Group has improved substantially in recent years to an industry-leading position. We have gradually and consistently improved profitability while reducing volatility in earnings and cash flow.

Along with improved profitability, the Volvo Group has also provided a strong return on capital employed. We have strong finances and are in a good position to be able to continue to invest in new technologies.

Good performance on normalized markets

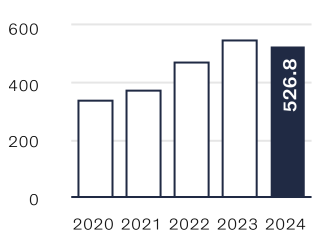
In 2024, we continued to build a strong Group with SEK 526.8 billion (552.8) in net sales, as demand in many markets continued to normalize compared with the very high levels of 2023. Over the last five years, the compounded annual growth rate has been 9%.

The adjusted operating income amounted to SEK 65.7 billion (78.2), with a margin of 12.5% (14.0). Over the last five years, the average adjusted operating margin has been 11.3%.

Our financial performance is ultimately decided by how close we work with our customers and how successful we are in providing them with products and solutions that give them peace of mind. A good indicator of this is the development of our service business. In 2024, service sales grew by 4% adjusted for currency and amounted to SEK 129.6 billion, corresponding to 25% of total Group sales.

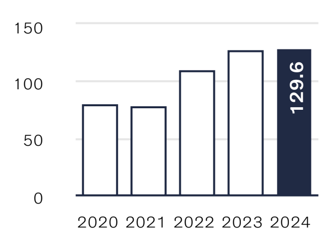
The service business contributes to balancing the fluctuations in the sales of new products and improving profitability over the business cycle. The average annual growth rate in the service business has been 10% over the last five years.

Long term sales growth



Volvo Group is active in industries with long term growth. Between 2020 and 2024, net sales increased from SEK 338.4 billion to SEK 526.8 billion. The compounded annual growth rate has been 9% over the last five years.

Good growth in service sales



Growing the service business is an area of priority. In 2024, net sales of services amounted to SEK 129.6 billion, corresponding to 25% of the Group's total sales. The compounded annual growth rate in the service business has been 10% over the last five years.

Improved through-cycle earnings resilience

Profitability has improved in recent years. In 2024, the adjusted operating income amounted to SEK 65.7 billion with an adjusted operating margin of 12.5% (14.0). In 2020–2024 the average adjusted operating margin was 11.3%.

10%

annual growth rate in service sales over the last five years

... and gearing up for growth

Volvo Group has a solid foundation with a strong financial position, customer satisfaction and relations, industrial backbone, technology and most importantly people.

Looking ahead, we are gearing up for growth aiming to leverage our strong position and leading assets. We believe that by successfully navigating the transformation we can strengthen our market position and capture a larger share of the value in our industry.

Active in industries that are growing
The need for transportation and infrastructure is increasing, driven by GDP-growth, regionalization, urbanization and e-commerce. In parallel, electrification drives higher customer value and creates a value rotation from the energy sector to the commercial vehicle industry, for instance in terms of the value that previously existed in the form of fuel is largely being replaced by batteries supplied by the vehicle manufacturers.

Technology leadership
Technology development is central to our success and a key contributor to our strong positions in the industries in which we are present. We excel through our high-performing combustion engines and drivelines, and our products significantly contribute to our customers' success by providing reliable uptime and high transport efficiency. We are driving the development of electrified vehicles and machines as well as automated solutions for the benefit of customers, society and the environment.

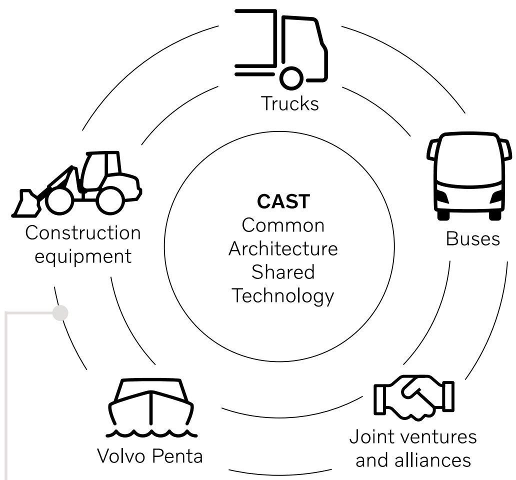
Our success is driven by our people
Succeeding in this industry is all about people, and our care for people comes to life in how we encourage lifelong learning, promote upskilling and reskilling, grow talent and invest in people.

We constantly strive to develop the leadership qualities of our colleagues and we nurture a value-based leadership where our leaders lead with passion, perform with purpose and transform with vision. A leadership that allows us to unleash the full human potential in all our employees. We encourage our people to take action and lead with an owner's mentality. By using our empowerment to act and holding ourselves accountable we deliver on our promises.

102,000
employees

Clear priorities to stay ahead

To accelerate our growth journey and improve our performance we focus our efforts in a common direction, guiding our decision-making.



1 Secure strong positions in key markets with regional value chains
Thanks to competitive products, strong dealers with extensive service networks and commercial excellence, the Volvo Group has established leading positions globally. We leverage our global presence and scale to capture new business opportunities and increase profitability. We focus on areas with highest value potential and to win where it matters the most. Strong market positions are enabled by our regional value chains that drive supply chain performance, profitability and operational efficiency while staying close to customers.

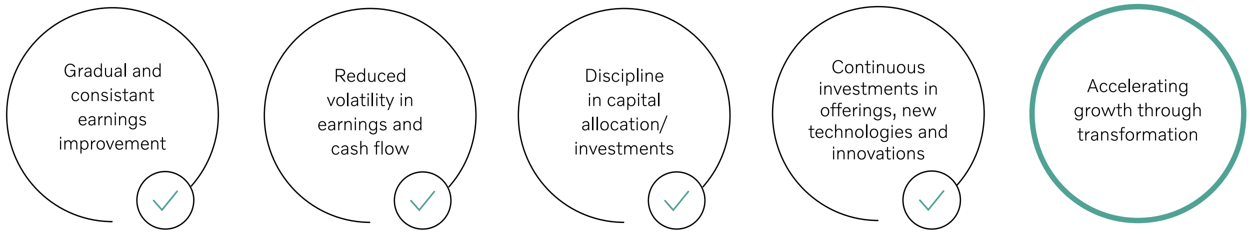
2 Reach the full potential of the service business
Our service business is highly profitable, building strong customer relations and loyalty. Recurring service revenues create stability and resilience throughout the business cycle. We will focus on the untapped potential of the service business, both in terms of market share and in terms of shaping the service portfolio to benefit our customers' uptime and productivity. Our large running population of almost 3 million vehicles and machines represents a significant potential for the service business.

3 Lead the transformation
Volvo Group drives prosperity through the transformation, both from a sustainability and growth perspective. Our electric solutions increase our value proposition to customers and respond to the need for transport and infrastructure solutions that are safe, sustainable and more productive. We have a strong market position in electric vehicles and machines, with a combined market share of 70% in heavy-duty electric trucks in Europe in 2024, and we will leverage this advantage to improve our positions in key markets. Our ambition is to continue to develop and commercialize a leading zero-emission offer. In many markets we are driving the adoption of electric vehicles and machines together with partners and customers.

4 Drive product leadership and synergies across the Group
Through our very competitive line-up of vehicles and machines we drive strong market positions and deliver high customer value. We strive to push technological boundaries to meet our customers' needs, stay competitive and drive the transformation. Our different businesses are built on the same technical and industrial foundation and we achieve synergies and cost efficiency across our industries. Our modular vehicle architectures create flexibility as well as cost and capital efficiencies in research and development as well as in the industrial system. The ambition with the Group's modular platform Common Architecture & Shared Technology (CAST) is the continuous development of a competitive set of modular products and services that are easy to integrate, meet future legal, market and societal needs, as well as the unique expectations of every customer. The CAST system supports our different brand strategies across disruptive technology trends and allows each brand to excel within its segment.

5 Create value through portfolio management
We have many great businesses with different profiles in our portfolio. We actively allocate capital and attention to maximize the future value potential of our company. We apply the same performance focus across the portfolio of businesses, products, services, markets, projects and ventures. By being disciplined in our capital allocation we are working to maximize the future performance of the Volvo Group.

Our strategic priorities support the realization of our financial ambitions



Over the last decade, the Volvo Group has established an industry-leading level of profitability and is now taking the next step on its strategic journey.

Priorities for our business segments

Trucks

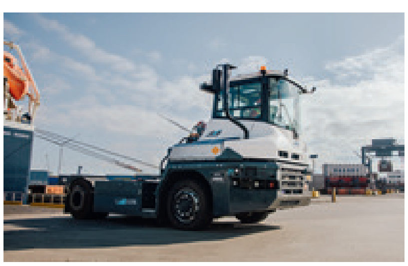
- Grow market share in North America through new products and strengthened dealer network and supply chain.
- Drive service sales towards its full potential, strengthening customer retention, profitability and resilience.
- Capture the growth prospects of the transformation through zero-emission vehicle leadership.
- Continued performance improvement across all Truck business areas leveraging our strong assets and leading market positions.

Construction Equipment

- Biggest launch ever to strengthen market position and support major industrial projects.
- Boost service growth, enhance customer productivity and maximize uptime through connectivity and new business models.
- Develop new go-to-market and business models in collaboration with dealer partners to strengthen market position.
- Leverage partnerships and new technologies to accelerate the transformation journey.

Buses

- Focus on profitable segments and markets to deliver true business value to support customer success and drive continuous improvement.
- Accelerate electromobility by continuing to develop and launch successful offerings.
- Expand the traditional service market and bundle offers into solutions.
- Innovate and commercialize new services and solutions to drive profitable growth and customer loyalty.



Volvo Penta

- Strengthen the position in the yacht and marine commercial segments with the launch of the new IPS Professional platform.
- Continue to grow the business in selected off-road segments.
- Further build the position for zero-emission technology including subsystems for battery energy storage solutions.
- Realize the full potential in North America.
- Extend customer loyalty and user experience by attractive service offerings.

Financial Services

- Continue strong revenue growth and portfolio performance.
- Increase customer access to zero-emission vehicles with tailored customer financing solutions.
- Enhance the customer total offer with leading-edge insurance solutions.
- Fully leverage the capabilities for managing recurring revenue in support of each business segment's services full potential.

Driving the transformation

Volvo Group is committed to drive the transition towards a decarbonized transport system, making a real impact on our customers' efforts to reduce their carbon footprint. Around the globe, businesses are starting to move towards net-zero with the help of Volvo Group products and services.

Driving the transformation to net-zero
We have set ambitious targets on greenhouse gas emission reductions that are in line with the Paris Agreement, and many of our customers and their customers have also committed to their own sustainability goals.

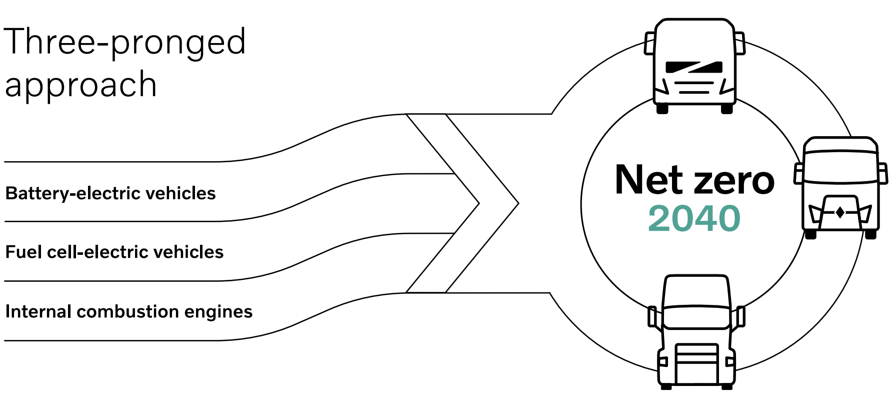
Our ambition is to reach net-zero greenhouse gas emissions by 2040. This will enable our customers to have net-zero rolling fleets by mid-century as it takes approximately ten years to renew their fleets. Our range of zero-emission products and services plays an important role in supporting their journey to phase out vehicles and machines running on fossil fuels.

Several technology tracks
We understand that the path to decarbonization is unique for each market and for each customer. By combining our knowledge of our customers' businesses and market conditions, we create solutions that are not only effective, but also tailored to specific requirements.

To meet the various needs of our customers we have a three-pronged approach when it comes to technologies: battery-electric vehicles (BEV), fuel cell-electric vehicles (FCEV), and vehicles with internal combustion engines (ICE) running on renewable fuels. This strategy ensures flexibility and resilience in the transition to a sustainable future. We balance our investments between BEV, FCEV and ICE to excel in all segments, enabling our customers to be leaders in the shift towards a decarbonized transport system.

The shift to electric propulsion systems (both battery and fuel cell-based) is not limited to heavy- and medium-duty trucks, it also covers construction equipment, buses as well as marine and industrial power applications.

Three-pronged approach



We believe that the future will demand varied propulsion technologies to meet our customers' needs and environmental demands. This is why we are taking a three-pronged approach to propulsion. We are already offering battery-electric solutions and engines that can run on biodiesel or biogas and we are investing in the field of hydrogen propulsion – for fuel cell applications and as a fuel for internal combustion engines.

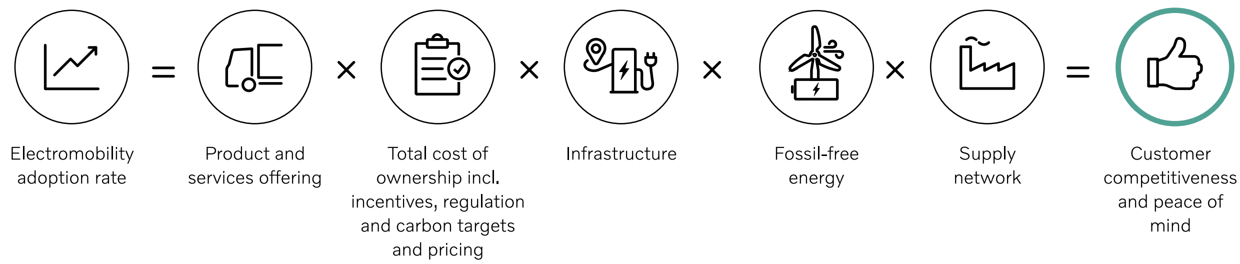
Pace of transformation

Already today, electric trucks and construction machines are viable options from a total cost of ownership perspective in certain segments in some markets. This transformation is expected to continue to develop segment by segment and region by region, with the adoption rate depending on a variety of factors.

In addition to the availability of the Volvo Group's product and service offering and total cost of ownership, there are external factors, such as the existence of a well-functioning charging infrastructure, access to renewable energy supply, and effective incentives, that will impact the electromobility adoption.

Customer demand in different markets will also be dependent on governmental incentives for investments in green technologies and the price of fossil fuel solutions.

The equation for electromobility adoption



Partnerships with leading companies

New technologies are developing at a faster pace than ever before. Staying at the forefront is vital to be successful, and that is why we collaborate with other leading companies.

We have a strategic alliance with Isuzu Motors and we have partnered with Samsung SDI on batteries. We have established cellcentric together with Daimler Truck to commercialize fuel-cell systems for heavy-duty vehicles and other use cases, we work together with Aurora on autonomous vehicles, and we are pioneering a European high-performance charging network for heavy-duty trucks and coaches called Milence together with Daimler Truck and Traton Group.

In 2024, we and Renault Group completed the creation of Flexis, which is a joint venture for an all-new generation of electric vans. We have a 45% stake in Flexis with Renault Group holding 45% and CMA CGM Group 10%.

During the year Cespira was also launched. It is a joint venture together with Westport Fuel Systems, in which we own 45%, focusing on expanding the patented HPDI fuel system technology. The system enables internal combustion engines to operate with carbon-neutral or fossil-free fuels such as bio, e-fuels, or green hydrogen without compromising performance and efficiency.

Furthermore, we signed a binding agreement with Daimler Truck to establish a new 50/50 joint venture to develop a software-defined vehicle platform for heavy-duty vehicles and to drive the industry transformation. The transaction for the joint venture is expected to be completed in the first half of 2025, subject to obtaining all required regulatory approvals.

Navigating in a changing world

To succeed in our mission, we need to adapt to the changing world around us. We face global forces such as geopolitical instability, increasingly complex regulatory landscape as well as regionalization, to which we need to respond with flexibility and resilience.

The pace of the transformation is uncertain, and we manage the uncertainty by taking fact-based decisions, staying close to our customers and keeping a clear focus on the road ahead. In parallel, we are in dialogue with policy makers regarding how their decisions can influence the path and decarbonization journey of our industry.

We will leverage our built-in flexibility in our technical and industrial system to adjust to the pace of the transformation and continue to make timely and balanced investments in line with customer demands. By actively managing and optimizing our business portfolio we strive to drive value creation in the right direction.

Group targets – delivering on our ambitions

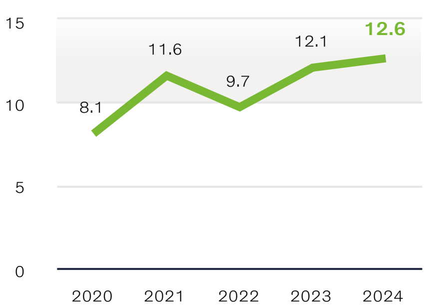
Volvo Group has targets for financial development as well as ambitions in the areas of sustainability, people and customer satisfaction.

Financial performance
The current financial targets were set by the Board of Directors in 2017 and encompass operating margin for the Volvo Group, net financial position in the Industrial Operations and return on equity in Financial Services.

A clear and straightforward operating margin target supports the efforts to drive performance across the Group through the business cycle. The target also aligns with the way the Group is challenged and measured internally.

A debt-free Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, enables the Volvo Group to better manage cyclicality in a capital-intensive industry and secures competitive cost of funds for the Financial Services operation.

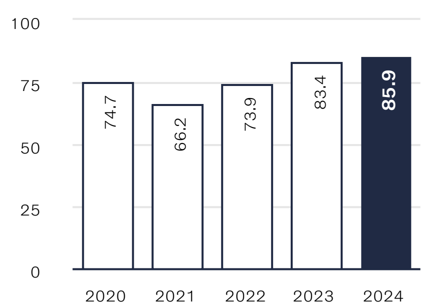
Operating margin for the Volvo Group, %



Target: The Volvo Group's operating margin shall exceed 10% measured over a business cycle.

Outcome: In 2024, the operating margin amounted to 12.6% (12.1). In 2020–2024 the average operating margin was 10.8%. In 2024, the adjusted operating margin amounted to 12.5% (14.0). In 2020–2024 the average adjusted operating margin was 11.3%. For more information on adjusted operating margin, please see Key Ratios on page 206.

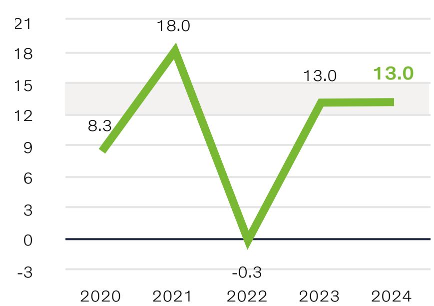
Net financial position in Industrial Operations, excl. post-employment benefits and lease liabilities, SEK bn



Target: The Industrial Operations shall under normal conditions have no net financial indebtedness excluding provisions for post-employment benefits and lease liabilities.

Outcome: At the end of 2024, the Industrial Operations had a net financial asset position of SEK 85.9 billion (83.4).

Return on equity in Financial Services, %



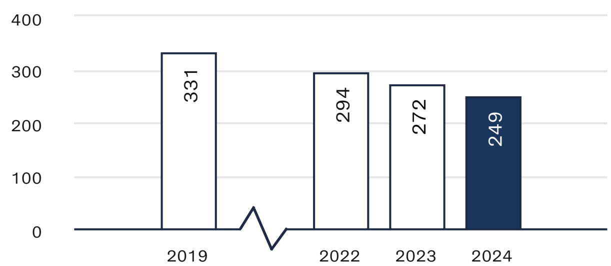
Target: Financial Services' target is a return on equity of 12-15% at an equity ratio above 8%.

Outcome: In 2024, return on equity amounted to 13.0 (13.0) at an equity ratio of 8.0% (8.0). In 2020–2024 the average return on equity was 10.4%. Excluding Russia and Belarus return on equity was 13.9% in 2023 and 15.4% in 2022. In 2020–2024 the average return on equity excluding Russia and Belarus was 13.7%.

Net-zero value chain 2040

The Volvo Group aims to reach net-zero value chain greenhouse gas emissions by 2040. We are committed to the SBTi Business Ambition for 1.5 °C and have set science-based targets in relation to our emissions in pursuit of our net-zero targets. We have also set milestone targets along the way. Our approach covers all aspects of our business – from design and specification to our sourcing, production, distribution operations and usage. As the most significant emissions are in the customers' use-phase, we see significant opportunities in helping to decarbonize their operations.
For detailed reports, see Climate - Action and progress, page 153.

Greenhouse gas emissions product use phase, Mton



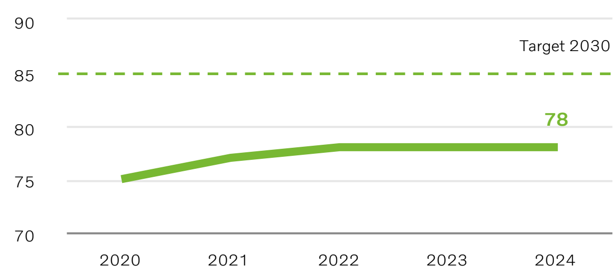
Volvo Group's main climate targets, from baseline 2019, Scope 3 except for Own operations which is Scope 1-2

TRUCKS	BUSES	CONSTRUCTION EQUIPMENT	VOLVO PENTA	OWN OPERATIONS
Target 2030 **-40%** emissions per vehicle km	**Target 2030** **-40%** emissions per vehicle km	**Target 2030** **-30%** absolute emissions	**Target 2034** **-37.5%** absolute emissions	**Target 2030** **-50%** absolute emissions
Status 2024 **–8%**	**Status 2024** **–15%**	**Status 2024** **–38%**	**Status 2024** **+5%**	**Status 2024** **–30%**

Leading customer satisfaction for all brands

Volvo Group has leading customer satisfaction in many markets and segments. Satisfied customers are more likely to remain loyal and continue purchasing our products or services. This in turn translates into business growth and long-term revenues. Our ambition is to have leading customer satisfaction for all brands and in all segments. By regularly measuring customer satisfaction, we can make informed decisions that drive continuous improvement and ensure long-term success.

Volvo Group Engagement Rate



Striving for industry-leading employee engagement

At Volvo Group, the voice of employees is captured through Volvo Group Pulse, which connects employee experience to business performance and helps unleash our full potential. Our current engagement score of 78 reflects a positive sentiment among employees regarding Volvo Group as an employer, placing us in the top quartile of GLINT's global benchmark. By prioritizing engagement, we create a dynamic workplace that benefits both our employees and the organization.

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Sustainability impacts across the value chain

Our strategy responds to a range of sustainability-related matters. This means considering the impact on the world around us as part of how we look at the long-term success of our business.

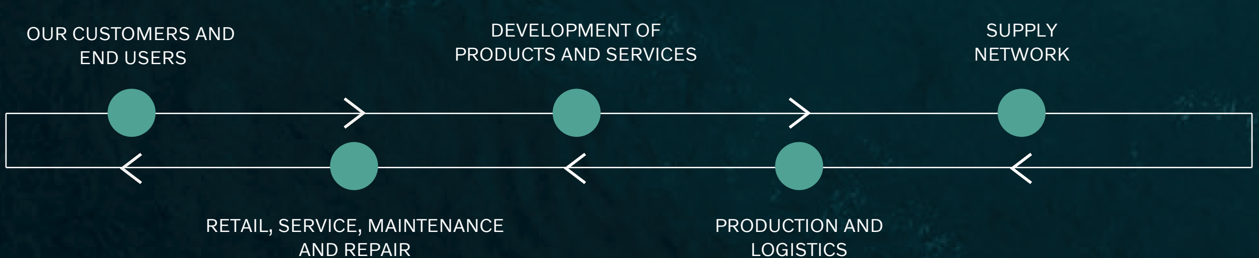
Business models based on customer needs

Volvo Group is continuously striving to develop business models suitable for different customers and their specific use cases. We summarize our key business models in three variants.

1 We offer uptime and performance with vehicles and machines that our customers take full ownership of. Here we add value with premium products and services as well as financing solutions.
2 We offer customers the opportunity to increase capacity through business models based on usership, where we sometimes bundle products and services. Examples are rental services, operating leases and equipment as a service.
3 We offer customers productivity-based solutions where we design turnkey solutions and where we operate sites or routes for certain segments. This can include infrastructure establishment such as charging, battery monitoring and automation.

In terms of volumes and net sales, the absolute majority of our business is within the first type of business model, where the ownership is transferred to the customers. In 2024, revenues relating to the first business model accounted for approximately 90% of Group net sales.

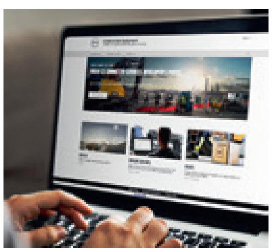
In the transition towards net zero greenhouse gas emissions, we see opportunities to move more into business models based on end-to-end productivity solutions. In this shift we see opportunities to generate more value for our customers.



Our customers and end users

The Volvo Group's business areas support customers in the main segments of trucks, buses, construction equipment, marine drive systems and industrial engines. Customers and end users are active in many industries. Direct customers are found in the key industries of road freight transportation, public transportation, construction and infrastructure development sectors. Our aim is to support our customers by providing offers that increase their productivity, provide safe operations, secure uptime and increase fuel efficiency and by doing so enable significant reduction of greenhouse gas emissions and pollution from exhaust emissions. From a product life cycle perspective, over 95% of greenhouse gas emissions are accounted for in the product use phase, and hence a priority in our climate transition activities.

Development of products and services



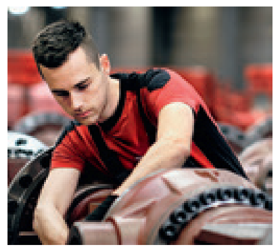
Customer demands and regulatory development form the basis of our product and service development. There are strong trends such as automation, lowering environmental impact and increasing productivity that need to be balanced with investments in the development of current technologies. In the short to medium term, important trends that influences our development portfolio are related to exhaust emissions and related pollution prevention, climate transition with our three-pronged approach to decarbonizing the use phase, and safety performance.

Supply network

The Volvo Group depends on global and regional supply chains to deliver components, parts and complete services and systems. Approximately 12,000 suppliers support the Volvo Group's serial production and in total the Group's supply network is made up of more than 50,000 suppliers globally. When developing a robust supplier base, we look at a wide range of impacts, opportunities and risks. Our Supply Partner Code of Conduct sets the foundation for how we work.

Our supply partners have an important role in helping to develop the solutions needed for our net-zero ambition as well as to reduce supply chain emissions. Our latest inventory shows that greenhouse gas emissions from the supply chain make up approximately 4% of the total product life cycle emissions. Prioritized areas for emission reduction activities are aluminum, steel, plastics, batteries and electronics.

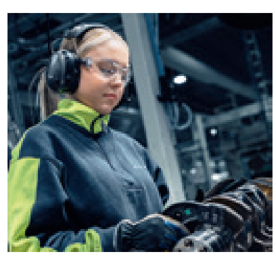
Production and logistics



Our global industrial and logistics system strives for continuous improvement to deliver on customer expectations and meet internal targets. The industrial system consists of capital-intensive component factories as well as labor intensive assembly plants. Many component factories supply the Group's needs on a global basis, whereas assembly plants, in most cases, are located close to end-markets to cater for local needs and specifications, and short delivery times.

Volvo Group operates manufacturing and assembly plants in 17 countries on 5 continents. The most significant manufacturing operations are located in Sweden, the US, France, Brazil, India, Belgium and China. Our own operations consist of around 60 larger manufacturing plants across the world, see further details on volvogroup.com. In addition, Volvo Group also operates R&D facilities, logistics centers and distribution hubs. In total, the Volvo Group's sites span over 500 individual addresses across the world.

Retail, service, maintenance and repair



Our global network of dealers and service centers staffed by competent and service-oriented personnel are key factors for customer satisfaction and success. The Group's business areas support customers via efficient workshops and dealers, and through service and maintenance agreements. We offer different levels of service contracts to optimize and extend product life, which can create both resource efficiency and business opportunities. Durable products in combination with added services can enable good opportunities to extend product usefulness and to sell used or repurposed vehicles and parts.

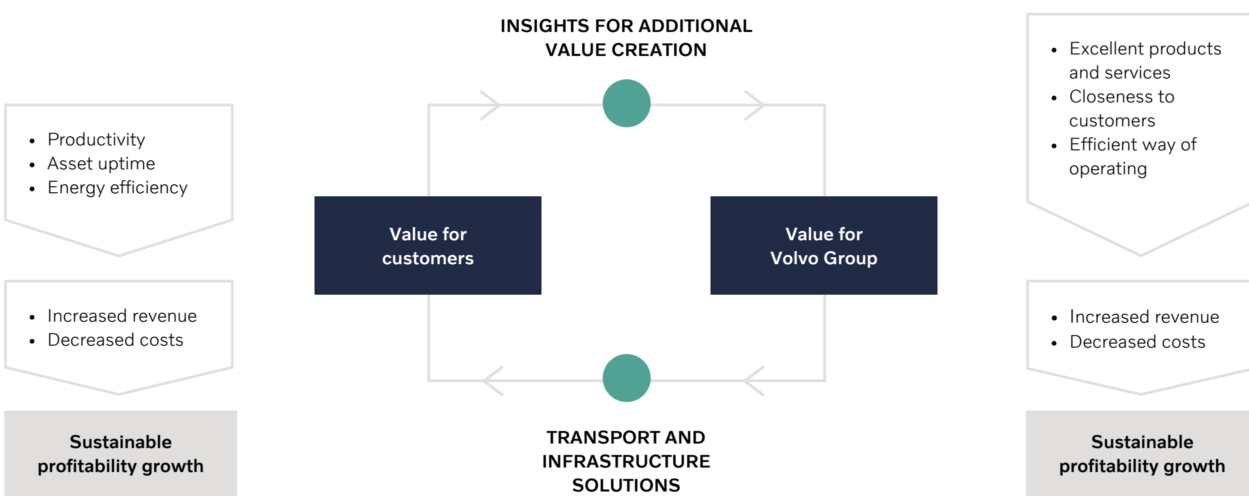
Creating prosperity for many stakeholders

By delivering customer value, we also create value for ourselves, our employees, our owners, other stakeholders and for society as a whole.

We believe that the key to being successful is to create value for our customers by contributing to improving their profitability. By understanding our customers' priorities and challenges, we are able to provide products and services that can help grow their revenues and decrease their costs.

Key areas to create value for our customers are offers that increase their productivity, secure uptime and increase fuel efficiency.

Value creation



Customers
For our customers, uptime is everything. Regardless of whether a customer owns one single truck or a fleet of trucks, if they are a public transport provider or a coach owner, a construction entrepreneur or a quarry owner, their performance depends on reliable products and services that meet the needs of their business. Around 2,1 million trucks and 70,000 buses, which the Group has manufactured in the last ten years, perform transport work worldwide. Construction equipment operate at sites all around the world, and we have delivered more than 700,000 machines the last ten years. Vehicles, machines and related solutions are created to provide value in the form of productivity, safety, and better environmental performance.

Shareholders SEK 37.6 bn

The Volvo Group strives to generate value for its shareholders through a positive share price development and payout of dividends. From 2019 to 2024 the price for the Volvo B share rose by 133%. Shareholders normally receive a certain portion of the retained earnings in the form of a dividend, after consideration has been given to the Group's need for capital for continued development according to its strategies. In 2024, shareholders received dividends totaling SEK 36,602 M. To the 2025 AGM, the Board of Directors proposes an ordinary dividend of SEK 8.00 per share and an extra dividend of SEK 10.50 per share, in total SEK 37,619 M. Total return with dividends reinvested amounted to 243% for the B share in 2019-2024.

Employees SEK 59.9 bn

The Group's 102,000 employees are our most important asset. Employee engagement and a performance culture based on customer success, trust and passion are critical for the Group to fulfill its mission. The Group strives to offer competitive employment terms and benefits as well as a stimulating, safe and healthy work environment. In 2024, we paid SEK 59,890 M in salaries and remuneration.

Suppliers SEK 354.5 bn

A solid supplier base and professional partnerships are essential for the Volvo Group. The Group provides both income and employment for a large number of companies and in many societies around the world. Purchased goods and services is the Volvo Group's single largest expense and in 2024 we bought goods and services for SEK 354,489 M. We also strive to influence our supply chain partners to secure good employment conditions and by doing so help to fulfil our mission of driving prosperity.

Civil society SEK 37.7 bn

Our products and services make societies function. Our customers operate bus lines so that people can get to work, they transport food and industrial goods, and they build infrastructure such as roads and hospitals. Furthermore, road transport directly creates millions of jobs around the world. We also contribute to the local economy by being a major employer in many communities, providing both direct and indirect employment. In 2024, the Group paid SEK 13,177 M in social costs, SEK 6,110 M in pension costs and SEK 18,439 M in income taxes, in total SEK 37,725 M. We also pay customs duties as well as property and energy taxes.

Creditors SEK 1.2 bn

A long-term competitive business requires access to capital to be able to invest. The Volvo Group strives to ensure that the capital is used in the best possible way and to assure debt providers with the financial strength to secure proceeds and repayment. In 2024, the Volvo Group paid its creditors SEK 1,244 M in interest.

Re-invested in Volvo Group SEK 44.8 bn

A significant portion of generated capital is normally transferred back into the business. The capital is used for investments that will strengthen competitiveness and create long-term value for the Group and its stakeholders. In 2024, the Volvo Group invested SEK 30,957 M in R&D and another SEK 13,892 M in property, plant and equipment, including assets under operating leases, summing up to a total of SEK 44,848 M.

2024 – an intensive year

2024 was a year with substantial product launches across the Volvo Group's business areas. The Group also entered new partnerships and collaborations to continue to drive the transformation towards more efficient and carbon-neutral solutions.

Volvo Trucks launched **new trucks worldwide**

In January, Volvo Trucks unveiled an all-new heavy-duty truck platform for the North American market in parallel to a new heavy-duty truck range for Europe, Australia and markets in Asia and Africa. The new energy efficient models – including trucks running on electricity and renewable fuels – mean a significant overhaul and expansion of Volvo Trucks heavy-duty offering globally and a vital step to reduce the carbon footprint from the product portfolio.

"This is a bold move. We launched new best-in-class trucks that will set a benchmark for energy efficiency and reduction of CO_2 emissions across the entire product range. They have been designed to accelerate the journey towards our ambitious 2040 net-zero emission target, but they also offer higher levels of safety, productivity and uptime for our customers," said Roger Alm, President Volvo Trucks.

A new global product portfolio – cutting fuel consumption and CO_2 emissions

In the Group's biggest launch to date in North America an all-new energy-efficient platform was introduced, cutting fuel consumption by up to 10% while also enhancing the safety level significantly. The new platform will be the base for a range of new models in the coming years, utilizing the company's broad palette of electric and renewable-fuel technologies, as well as efficient combustion engines. First out was the all-new Volvo VNL model, replacing Volvo's best-selling truck on the North American market for long-haul transport. Production of the new model started at the end of the third quarter.

In Europe, Australia, Asia and Africa, the new Volvo FH Aero was launched – optimized for energy-efficient heavy-duty transports. The new aerodynamic Volvo FH, which lowers energy consumption by

up to 5%, comes with a choice of propulsion systems including electric, biogas and diesel. These savings are on top of the significant fuel-saving technologies introduced in recent years. The new Volvo FH Aero was rolled out market by market during 2024 and this continues in 2025.

"The wide range of trucks we launched will enable our customers around the world to reduce their CO_2 footprints, no matter where they are on their sustainability journey. The supply of green energy varies from market to market, and therefore as a global truck manufacturer, we need to offer our customers a range of decarbonization solutions – from efficient combustion engines that can run also on renewable fuels to electric powertrains, enabling the shift to fossil-free transports," said Roger Alm.

The move reflects Volvo Group's commitment to decarbonization built on three pillars – battery-electric trucks, hydrogen-powered fuel cell-electric trucks, and trucks with internal combustion engines running on renewable fuels. The launch also included the company's first model developed solely with a battery-electric powertrain, designed for city transport. In total, Volvo Trucks' electric offering expanded from six to eight models, covering a large part of the transport needs worldwide.

Acquisition of **battery business** from **Proterra Inc.** and **Proterra Operating Company**

In February, the Volvo Group completed the acquisition of the battery business from Proterra Inc. and Proterra Operating Company Inc in the US. The acquisition, which was made at a purchase price of SEK 2.2 billion before adjustment for inventory level at closing, includes a development center for battery modules and packs in California and an assembly factory in Greer, South Carolina.

"These assets and the skills and competence of the Proterra team are a great complement to our current footprint and enables us to accelerate our battery-electric roadmap even further," said Lars Stenqvist, CTO Volvo Group.

Volvo Buses launched a **new global electromobility platform**

In March, Volvo Buses extended its worldwide electromobility offer to include operations outside and between cities. The new Volvo BZR Electric is a global platform for city, intercity, and commuter operations. It is offered in several configurations to maximize the possibilities for efficient, sustainable, and profitable traffic for operators around the world.

Multi-purpose and versatile

The Volvo BZR Electric is a flexible platform that comes as high-floor or low-entry, in two- or three-axle configurations, with a single or dual motor driveline. It features a modular energy storage system where the number of batteries can be adjusted to match different types of operations. The Volvo BZR Electric is based on a Volvo Group common electromobility architecture, and it features several components and subsystems common to the entire Volvo Group, which means increased cost-efficiency for parts, logistics and service programs.

Bi-articulated buses on the same platform

The first electric bi-articulated buses built on this platform were also launched during the year. These buses will operate in Curitiba, Brazil; Bogotá, Colombia; and Mexico City, Mexico. The bi-articulated buses have a 28-meter body and a capacity up to 250 passengers.

Enhanced safety for all road users

The Volvo BZR Electric comes with all of Volvo Buses' active safety systems. These include several safety features with a special focus on the protection of vulnerable road users such as cyclists and pedestrians. One example is the collision warning system. It doesn't only react to vehicles, which is the legal requirement, but also to pedestrians and cyclists. The safety systems exceed the new EU regulations, as well as the legal requirements of most countries outside the EU.

Volvo Group and **Renault Group** completed the creation of a joint venture for **an all-new generation of electric vans**: Flexis SAS

In March, Volvo Group and Renault Group obtained all the required regulatory approvals and officially launched the new company Flexis SAS for the next generation fully electric and software-defined vehicles.

The new company, which will be based in France, will address the growing needs of decarbonized and efficient urban logistics. Volvo Group and Renault Group plan to invest EUR 300 M each over the next three years. Volvo Group and Renault Group hold 45% each in Flexis, with CMA CGM Group on 10%.

Volvo Trucks expanded its range of **biodiesel-powered trucks**

In May, it was announced that a full range of new Volvo truck models can be powered by 100% biodiesel, offering another renewable fuel choice for customers looking to reduce CO_2 emissions from transport here and now.

Volvo Trucks has one of the industry's broadest ranges of renewable fuel options, including biodiesel, HVO (Hydrotreated Vegetable Oils) and biogas. B100 is now available for a wide selection of engines in the Volvo FL, FE, FM, FMX, FH and FH16 models.

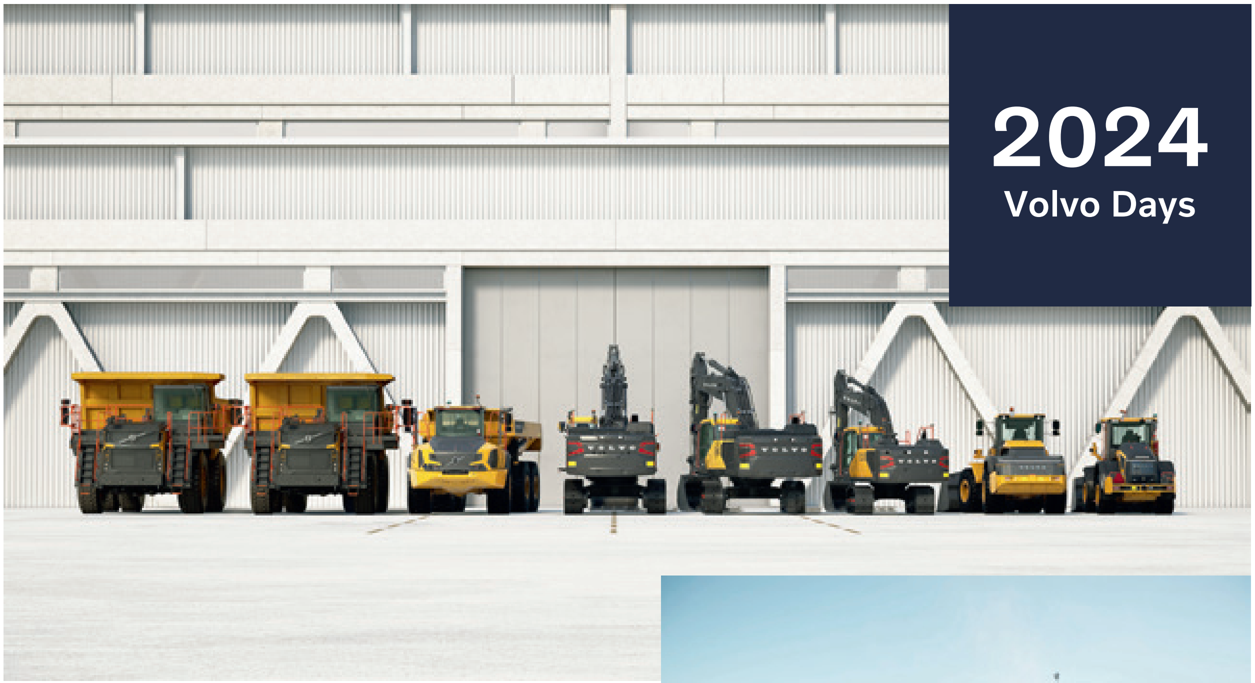
The "well to wheel" CO_2 reduction from using biodiesel is estimated to between 30% and 70% compared to traditional diesel fuel, depending on the type of raw material used to produce the fuel.

World of Volvo's Grand Opening – a public celebration with more than 3,000 visitors

April 14 is Volvo's birthday, and in 2024 there was call for a double celebration as World of Volvo opened its doors to the public. The premiere drew more than 3,000 visitors to Gothenburg's new experience center, centrally located in the city's new event district. World of Volvo is a joint venture between Volvo Group and Volvo Cars, which with the help of a unique Scandinavian architecture, interactive exhibitions, exciting daily programs as well as unique culinary experiences and entertaining events, aims to be Gothenburg's premier destination and meeting place.

Volvo Trucks develops **hydrogen-powered trucks**

In May, Volvo Trucks made public the development of trucks with combustion engines that run on hydrogen. On-road tests with trucks using hydrogen in combustion engines will begin in 2026, and the commercial launch is planned towards the end of this decade. Trucks that run on green hydrogen provide a significant step for Volvo to achieve its net zero goal and support customers to reach their decarbonization targets.



2024
Volvo Days

Volvo CE unveiled **ambitious new product line-up** at Volvo Days

At the Volvo Days 2024, which were held in Eskilstuna, Sweden in May, Volvo Construction Equipment (Volvo CE) demonstrated its ambition to lead in sustainability and productivity by presenting pioneering launches and a fresh solutions-based approach – enabling sustainable change for customers in both regulated and less regulated markets.

“The construction industry is changing, and we at Volvo CE do not want to just take part in the change; we want to lead it. Volvo Days 2024 was a landmark event where we unveiled our most ambitious and biggest product and service line-up of both conventional and electric offerings we have ever done. This represents a 35% renewal of our entire product portfolio," said Melker Jernberg, President of Volvo Construction Equipment.

New generation of world-class products

In line with Volvo CE’s multi-pronged technology approach to meet varied customer needs, the company unveiled a new generation of innovative excavators, the Volvo EC500, EC400 and EC230. The range, which also includes the EC210 and ECR145, is equipped with intelligent technology in a new electro-hydraulic system and improved human machine interface (HMI), and designed for increased fuel efficiency, productivity, safety, and total cost of ownership.

Also among the displays was an exclusive sneak peek at the new generation A40 articulated hauler building on Volvo CE’s rich legacy as an industry pioneer of articulated haulers, and the launch of the R60 and R70 rigid haulers for regulated markets, signaling an expansion of hauling options for customers.

Just like other conventional Volvo CE machines, the new additions to the portfolio can be powered by renewable HVO100 (hydrogenated vegetable oil), which significantly reduce carbon emissions compared to traditional diesel.

Continuing to break new ground with sustainably-powered solutions

On top of a modernization of its conventional offerings, Volvo CE again delivered on its pledge to lead the industry transition towards fossil-fuel free construction with several exciting electric introductions in the mid-size segment.

Alongside already launched electric solutions such as the 23-ton EC230 Electric excavator and cable-connected EW240 Electric MH, the company presented an array of new battery-electric equipment. These include the EWR150 Electric, the first of Volvo’s electric wheeled excavators, and the L90 Electric and L120 Electric wheel loaders, with stepwise introductions from late 2024 in limited volumes across selected markets.

The electric products are supported by Volvo CE’s broadest range of charging solutions yet with the launch of the PU40 mobile power unit, for compact equipment, available across select markets and a welcome addition to the already available PU500 mobile power unit. Also demonstrating Volvo CE’s dedication to securing a reliable electric ecosystem was the new My Equipment digital app, to help customers manage the charging process more efficiently.

Cespira – a joint venture with **Westport** launched

In June, the joint venture between Volvo Group and Westport Fuel Systems, Cespira, became operational. Cespira's strategy focuses on expanding access to high pressure direct injection, or HPDITM fuel system technology by overcoming barriers to its adoption. The system enables internal combustion engines to operate with carbon neutral or fossil free fuels such as bio, e-fuels, or green hydrogen without compromising performance and efficiency. All without significant changes to the existing powertrain. The name Cespira – combines 'espira,' meaning 'breathe out,' with 'C' for clean.

Divestment of **Arquus**

In July, Volvo Group divested Arquus to John Cockerill Defense. Arquus manufactures and sells specially designed vehicles to defense forces and at the time of the divestment employed about 1,200 employees in France. In 2023, Arquus represented approximately 1% of Volvo Group revenues. The transaction had no material impact on the Volvo Group's financial performance.

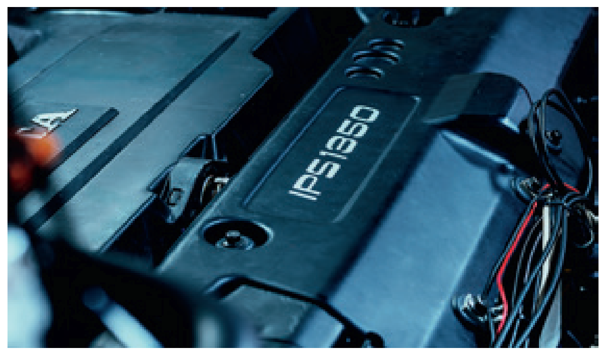
New truck assembly plant in Mexico

Growth in North America is a strategic priority, and in August the Group announced that it will build a new heavy-duty truck manufacturing plant in Monterrey, Mexico. The plant will supplement existing production and provide additional capacity to support the growth plans of both Volvo Trucks and Mack Trucks in the U.S. and Canadian markets, and Mack truck sales in Mexico and Latin America. The plant is expected to be operational in 2026. The Mack LVO plant in Pennsylvania and the Volvo NRV plant in Virginia will continue to be the main North American heavy-duty truck production sites.

The plant represents an investment of approximately SEK 7 billion and will focus on production of heavy-duty conventional vehicles for the Volvo and Mack brands. It will be a complete conventional vehicle assembly facility including cab body-in-white production and paint. Monterrey provides significant logistical efficiencies for supporting sales to the southwestern and western regions of the U.S., and to Mexico and Latin America.

Acquisition of cab production plant from CVG

The investment is part of a comprehensive effort to increase the strength and flexibility of the Group's industrial footprint and supply chain in the region. This also includes the acquisition of Commercial Vehicle Group's (CVG) production plant in North Carolina, which produces cabs for Mack's heavy- and medium-duty trucks, for approximately SEK 410 M.



Volvo Penta unveiled **hybrid-electric propulsion** for superyachts and commercial vessels

In August, it was announced that starting at the end of 2025, Volvo Penta will begin limited-scale production of its fully integrated, advanced hybrid-electric propulsion across its heavy-duty range, including both yachts and commercial vessels.

Volvo Penta's hybrid-electric propulsion package showcases an unwavering commitment to advancing the future of marine technology for both the yacht and marine commercial segments. This unique offering delivers a fully integrated hybrid-electric package, ensuring seamless operation and an exceptional user experience. The system guarantees smooth transitions between power modes, enhancing performance, comfort, and operational efficiency.

The Volvo Penta hybrid-electric package is a complete, fully integrated system, with Volvo Penta controlling all parts from helm-to-propeller. The system features the full range Volvo Penta D13 IPS 900/1050/1200/1350 Hybrid, a 160 kW electric marine engine, and Volvo Penta optimized batteries, delivering powerful performance, excellent maneuverability, and efficiency. The electric machine and diesel engine work in parallel on the same drive shaft, allowing for smooth Pure Electric drive mode, Hybrid mode, and automatic power transitions.

Volvo Trucks to launch **electric truck** with **600 km range**

In September, Volvo Trucks disclosed that their next-generation heavy-duty electric truck will be able to drive up to 600 km on one single charge. The longer range represents a breakthrough for long-distance transport with zero tailpipe emissions. This will allow transport companies to operate electric trucks on interregional and long-distance routes and to drive a full working day without having to recharge. The new Volvo FH Electric will be released for sale during the second half of 2025.

3,535

Laps around the world

Five years of electric leadership

The enabler for the 600 km range is Volvo's new driveline technology, the so-called e-axle, which creates space for significantly more battery capacity onboard. More efficient batteries, a further improved battery management system and overall efficiency of the powertrain also contribute to the extended range.

Volvo Trucks is one of the leaders in medium- and heavy-duty electric trucks with eight battery-electric models in the portfolio. The wide product range makes it possible to electrify city and regional distribution, construction, waste management and soon, long distance transport.

Volvo Trucks had by the end of 2024 delivered 4,791 electric trucks to customers in 46 countries around the world since the launch of its first electric trucks in 2019. These trucks have driven more than 141 million kilometers or 3,535 laps around the world. The trucks have also reduced CO_2 emissions and improved the working environment for drivers significantly.

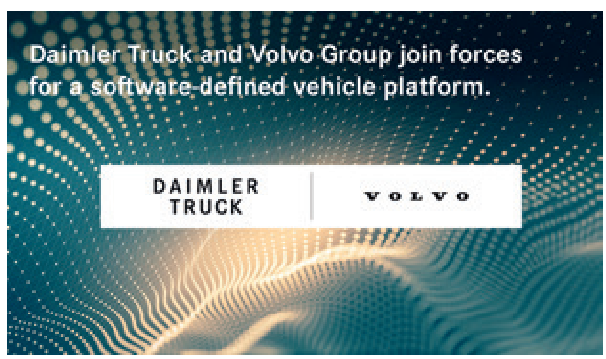
Enhanced productivity and fuel efficiency with **Renault Trucks'** new models

In October, Renault Trucks announced the launch of its Model Year 2025 heavy-duty trucks. The new Renault Trucks T, T High, C and K models are designed to optimize energy performance, safety and driving comfort. Following on from the introduction of the Turbo Compound two years ago, which delivers fuel savings of up to 10%, Renault Trucks is continuing to make its vehicles more energy efficient, with the 2025 heavy-duty models offering additional fuel savings of up to 3%. This provides hauliers with increased productivity while reducing their environmental footprint.

Various components of the powertrain, including the engine, gearbox, and axles have been optimized, as well as the fitting of class A+ tires as standard. Additionally, the Renault Trucks T, T High, and Renault Trucks E-Tech T models now feature cameras instead of rear-view mirrors, further improving aerodynamics and helping to cut fuel consumption. This system is also available as an option on Renault Trucks C, K and Renault Trucks E-Tech C models.

For long-distance applications, Renault Trucks offers a version optimized for lower fuel consumption, called the Renault Trucks T Smart Racer. Available on T and T High models, the Smart Racer combines a DE13 Turbo compound engine with the full range of fuel-saving options available. This results in 14% lower fuel consumption and 15% lower CO_2 emissions compared with a standard model.

Volvo Group and **Daimler Truck** signed binding agreement for joint venture to **develop software-defined vehicle platform**



In October, Volvo Group and Daimler Truck signed a binding agreement to establish a joint venture to develop a common software-defined vehicle platform and dedicated truck operating system, providing the basis for future software-defined commercial vehicles. The new company, Coretura, aims to set an industry standard with headquarters in Gothenburg, Sweden.

The software-defined vehicle platform will enable Volvo Group and Daimler Truck and potential other future customers of the joint venture to provide stand-alone digital vehicle functions for their products. The joint venture's activities will include the specification and procurement of centralized high-performance control units dedicated for commercial vehicles and capable of handling large amounts of data.

The new company will develop an operating system and tools which vehicle manufacturers can use as a basis to develop their own differentiating digital vehicle features. This will decouple software and hardware development cycles in the future and enable customers to purchase and update digital applications wirelessly 'over the air', ultimately enhancing customer efficiency and experience.

Volvo Group and Daimler Truck will remain competitors and continue to differentiate their complete product and services offerings, including their respective digital solutions. The transaction for the joint venture is expected to be completed in the first half of 2025, subject to obtaining all required regulatory approvals.

Volvo and **Renault Trucks** got **top scores** in safety test

In November the results came in from the European consumer test organization Euro NCAP (New Car Assessment Program), which for the first time ever assessed the safety of heavy-duty trucks.

The Volvo FH Aeroand the Volvo FM, both received the top rating of five stars out of five possible as well as the EuroNCAP CitySafe accreditation. The Renault Trucks T achieved four stars, placing it among the safest trucks on the market. With that the Volvo Group claimed the top three positions.

Volvo began **autonomous operations** for DHL Supply Chain in Texas

In December, Volvo Autonomous Solutions (V.A.S.) and DHL Supply Chain took a significant step towards transforming freight transportation with the launch of autonomous operations in Texas in the United States.

Operations are enabled by a purpose-built, production-ready Volvo VNL Autonomous, which was unveiled at the ACT Expo in May. The Volvo VNL Autonomous is built with redundancy systems and is seamlessly integrated with the Aurora Driver.

The start of operations marks a critical phase in validating the full ecosystem required for autonomous transport at scale. At this stage, a safety driver is present to monitor performance and ensure seamless integration into existing logistic networks. Freight is initially hauled on two lanes, Dallas to Houston and Fort Worth to El Paso.

Brand new lineup of world-leading range of **articulated haulers**

In January 2025, Volvo Construction Equipment (Volvo CE), the market-leader and inventor of the articulated hauler, unveiled its biggest and boldest articulated hauler launch to date. Delivering superior innovation, the new range is designed to meet the modern-day need for connected solutions, productivity performance, and emission reduction, with the human at the center.

Volvo CE's update represents a complete overhaul of its existing, globally recognized, best-in-class articulated hauler lineup, now ranging in size from A25-A60. An entirely new model, the A50, has been introduced, increasing customer opportunities in the demanding hauler segment. The range delivers key innovations, such as a new electronic system, upgraded cab for superior operator comfort and safety, and an in-house developed transmission designed to adapt to future drivetrains. With over 35% of its total range renewed over the last 12 months, this marks the latest step in Volvo CE's largest product portfolio renewal in decades.

V.A.S. and **Waabi** announced **strategic partnership**

In February 2025, Volvo Autonomous Solutions (V.A.S.) and Waabi announced a strategic partnership to deliver safe and efficient autonomous freight transport integrating the Volvo VNL Autonomous with the Waabi Driver.

The collaboration with Waabi builds on the relationship established in 2023, when Volvo Group Venture Capital invested in Waabi, reinforcing the shared goal of addressing the transportation industry's increasing capacity challenges.

Waabi's next-generation AV2.0 approach, based on an end-to-end interpretable and verifiable AI model, enables their virtual driver system, Waabi Driver, to generalize scenarios on the road. As part of the partnership between the two companies, Waabi Driver will be integrated with Volvo's flagship long-haul model for the US market, Volvo VNL Autonomous.

Board of Directors' Report

Ownership and legal form

AB Volvo (publ) with corporate identity no 556012-5790 is a limited company and its shares are listed on Nasdaq Stockholm, Sweden. AB Volvo is the parent company of the Volvo Group and is headquartered in Gothenburg, Sweden. The ultimate parent of the Group is AB Volvo with registered office at SE-405 08 Gothenburg, Sweden.

Business activities

The Volvo Group drives prosperity through transport and infrastructure solutions, offering trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase our customers' uptime and productivity. Founded in 1927, the Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions. The Volvo Group has production in 17 countries and sell its products in almost 180 markets. A significant part of the Group's operations is in Sweden. Other significant operations are found in the US, Brazil, India, France and China.

Statutory sustainability report

The Volvo Group has prepared a sustainability report in accordance with the Global Reporting Initiative's guidelines (GRI Standards 2021) and the non-financial disclosure requirements in the Swedish Annual Accounts Act. The Volvo Group's sustainability report consists of the Sustainability Statements on pages 143–182 together with all other relevant sustainability disclosures in this Annual Report, see:

- Strategy and business model, pages 12–25
- Policies, assessments and results, pages 143–180
- Material risks and mitigation, pages 66–66 and 145–180
- Key performance indicators, pages 145–180
- Taxonomy regulation disclosures, pages 160–164.

Events after the balance sheet date

No material events have occurred after the end of the financial year that are expected to have a material effect on the Volvo Group's financial statements.

Financial performance

Earnings resilience on lower sales

For the Volvo Group, 2024 was a year of normalizing market demand as freight and construction activity decreased in many regions after a couple of years of very strong growth.

CONSOLIDATED INCOME STATEMENT

		Industrial Operations		Financial Services		Eliminations		Volvo Group	
SEK M	Note	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Net sales[1]	6, 7	**504,975**	**533,269**	**26,982**	**24,012**	**-5,140**	**-5,030**	**526,816**	**552,252**
Cost of sales[1]		-369,672	-391,576	-18,606	-16,385	5,512	5,547	-382,767	-402,414
Gross income		**135,303**	**141,693**	**8,375**	**7,627**	**371**	**517**	**144,049**	**149,838**
Research and development expenses		-30,957	-26,645	–	–	–	–	-30,957	-26,645
Selling expenses		-31,245	-30,380	-3,443	-3,295	–	–	-34,688	-33,675
Administrative expenses		-7,784	-7,342	-17	-14	–	–	-7,801	-7,356
Other operating income and expenses	8	-971	-11,687	-873	-594	–	2	-1,844	-12,280
Income/loss from investments in joint ventures and associated companies	5,6	-2,166	-2,568	–	–	–	–	-2,166	-2,568
Income/loss from other investments		18	-9	–	-5	–	–	18	-14
Operating income		**62,198**	**63,063**	**4,042**	**3,719**	**371**	**519**	**66,611**	**67,301**
Interest income and similar credits		3,060	3,207	–	1	-371	-518	2,688	2,690
Interest expenses and similar charges[1]		-1,592	-1,685	–	–	–	1	-1,592	-1,684
Other financial income and expenses	9	-497	-1,581	–	–	–	–	-497	-1,581
Income after financial items		**63,168**	**63,005**	**4,042**	**3,720**	**–**	**2**	**67,210**	**66,726**
Income taxes	10	-15,542	-15,770	-1,092	-1,024	–	–	-16,634	-16,794
Income for the period *		**47,626**	**47,235**	**2,949**	**2,695**	**–**	**2**	**50,576**	**49,932**
* Attributable to:									
Owners of AB Volvo								50,389	49,825
Non-controlling interest								186	107
Basic earnings per share, SEK	19							24.78	24.50
Diluted earnings per share, SEK	19							24.78	24.50

1 As from 2024, elimination of internal interest income related to internal funding from Volvo Treasury AB to Financial Services is reclassified from finance net to gross income. The comparative figures in the financial statements for 2023 have been restated accordingly, impacting operating income positively with SEK 517 M for the full year 2023. The effect on key ratios is insignificant.

OTHER COMPREHENSIVE INCOME

SEK M	Note	**2024**	2023
Income for the period		**50,576**	**49,932**
Items that will not be reclassified to income statement:			
Remeasurements of defined benefit pension plans	20	-870	-2,400
Remeasurements of holding of shares at fair value	19	13	15
Items that may be reclassified subsequently to income statement:			
Exchange rate changes on translation of foreign operations		2,898	-2,905
Share of other comprehensive income related to joint ventures and associated companies		954	-678
Accumulated exchange rate changes reversed to income		-423	-318
Other comprehensive income for the period, net of income tax		**2,572**	**-6,285**
Total comprehensive income for the period *		**53,147**	**43,647**
* Attributable to:			
Owners of AB Volvo		52,755	43,731
Non-controlling interest		393	-84

Net sales

During 2024, net sales decreased by 5% to SEK 527 billion (552). Adjusted for currency movements, the sales decrease was 3%, of which vehicle sales decreased by 5%. During the year, demand continued to normalize as freight and construction activity came down in many regions across the world compared with very high levels in 2023. The decrease was in all segments, except for Buses, and in all regions except South America. Service sales remained resilient and increased by 4% adjusted for currency.

The Truck business' net sales decreased by 2% adjusted for currency movements, driven by lower deliveries for both new and used trucks while service sales increased by 3% adjusted for currency. For Construction Equipment, net sales decreased by 15% adjusted for currency movements, impacted by lower volumes in Europe and North America whereas it increased in China. Buses' net sales increased by 10% adjusted for currency movements, primarily driven by a strong demand for coaches. Net sales for Volvo Penta decreased by 4%, adjusted for currency movements, as demand for both marine and industrial engines weakened during the year.

The Volvo Group's sales of defense material, as defined in the Swedish Military Equipment Ordinance (1992:1303) section A, amounted in 2024 to 0.36% (0.70) of net sales.

Net sales by operating segment

SEK M	2024	2023	%
Trucks	360,610	373,048	-3
Construction Equipment	88,305	104,981	-16
Buses	24,544	22,423	9
Volvo Penta	19,852	21,006	-5
Group Functions & Other	16,548	16,809	-2
Eliminations	-4,883	-4,998	–
Industrial Operations	**504,975**	**533,269**	**-5**
Financial Services	26,982	24,012	12
Reclassification and eliminations	-5,140	-5,030	–
Volvo Group[1]	**526,816**	**552,252**	**-5**

1 Adjusted for changes in currency rates, net sales decreased by 3%.

Net sales by geographical region

SEK M	2024	2023	%
Europe	216,270	236,101	-8
North America	162,370	164,825	-1
South America	56,559	49,165	15
Asia	58,773	66,105	-11
Africa and Oceania	32,843	36,056	-9
Volvo Group	**526,816**	**552,252**	**-5**
Of which:			
Vehicles	397,193	425,301	-7
Services	129,624	126,951	2

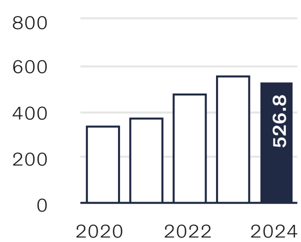
Operating income

In 2024, the Volvo Group's adjusted operating income amounted to SEK 65.7 billion (78.2), excluding a total positive effect of SEK 0.9 billion relating to items of a one-time character, not directly linked to the underlying business operations. Adjusted operating income in 2023 excluded a total negative impact of SEK 10.9 billion. For information on adjustments, see Key Ratios on page 206. The adjusted operating margin amounted to 12.5% (14.0).

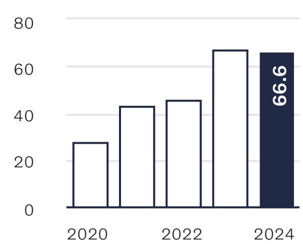
2024 was a year of lower sales volumes and continued geopolitical turbulence, while the Volvo Group drove industry-leading innovations. Compared with 2023, the decreased adjusted operating income was an effect of lower volumes, a negative brand and market mix, increased R&D expenses as well as higher selling and administrative expenses, which were partly offset by price realization on service and lower material costs.

Reported operating income amounted to SEK 66.6 billion (67.3).

Net sales, SEK bn



Operating income, SEK bn



Adjusted operating income by operating segment

SEK M	2024	2023
Trucks	45,826	55,394
Construction Equipment	12,737	16,993
Buses	2,233	1,059
Volvo Penta	3,419	3,230
Group Functions & Other	-2,943	-2,950
Eliminations	32	55
Industrial Operations	**61,305**	**73,782**
Financial Services	4,042	3,855
Reclassification and eliminations	371	519
Volvo Group adjusted operating income	**65,718**	**78,155**
Adjustments[1]	893	-10,854
Volvo Group operating income	**66,611**	**67,301**

1 For more information on adjusted operating income, please see section for Key Ratios.

Adjusted operating margin

%	2024	2023
Trucks	12.7	14.8
Construction Equipment	14.4	16.2
Buses	9.1	4.7
Volvo Penta	17.2	15.4
Industrial Operations	**12.1**	**13.8**
Volvo Group adjusted operating margin	**12.5**	**14.0**
Volvo Group operating margin	**12.6**	**12.1**

Change in operating income, Volvo Group

SEK bn	Change (excluding currency)	Currency impact	Total
Operating income 2023			**67.3**
Change in gross income Industrial Operations	-4.2	-2.2	-6.4
Change in gross income Financial Services	0.8	–	0.7
Higher credit losses	-0.3	–	-0.3
Sale of tangible and intangible assets	-0.4	–	-0.4
Divestments of Group companies[1]	2.4	–	2.4
Higher research and development expenses	-4.4	0.1	-4.3
Higher selling and administrative expenses	-1.8	0.3	-1.5
Income from investments in joint ventures, associated companies and other investments	0.4	–	0.4
Lower damages and litigation expenses[2]	5.9	–	5.9
Lower restructuring expenses[3]	3.0	–	3.0
Other	-0.5	–	-0.5
Operating income 2024	**1.1**	**-1.8**	**66.6**

1 In 2024, the Volvo Group divested the ABG paver business and Arquus. The divestments negatively impacted operating income by SEK 1.3 billion, of which SEK 1.5 billion was recognized in 2023 due to a write-down of assets to fair value. In 2024, a partial release of the Arquus impairment improved the operating income by SEK 0.2 billion. In 2023, the Russian entities were divested which resulted in a negative impact on operating income of SEK 0.8 billion.

2 In 2023, costs of SEK 6.0 billion were included for claims from the European Commission's 2016 antitrust settlement decision.

3 In 2023, restructuring charges of SEK 1.3 billion in Buses and SEK 1.3 billion in Group Functions & Other negatively impacted the operating income. During 2024, a total of SEK 0.6 billion has been released from these two provisions.

Impact of exchange rates on operating income, Volvo Group, Compared with preceding year

SEK M	
Net sales[1]	-6,962
Cost of sales	4,761
Research and development expenses	96
Selling and administrative expenses	300
Other	41
Total effect of changes in exchange rates on operating income	**-1,764**

1 The Volvo Group sales are reported at monthly average rates.

Impact of exchange rates on operating income

In 2024, changes in exchange rates compared with 2023 impacted the Volvo Group's operating income by SEK -1.8 billion. The impact was related to translation of operating income in foreign subsidiaries by SEK -1.6 billion, revaluation of receivables and liabilities of SEK -0.2 billion and net flows in foreign currency by SEK 0.1 billion. The translation of operating income was mainly impacted by the depreciation of the Brazilian real (BRL).

Read more in Note 4 Goals and policies in financial risk management regarding Volvo Groups transaction exposure from operating net flows, **graphs 4:5, 4:7** and **4:8**, for currency impact on operating income and sales.

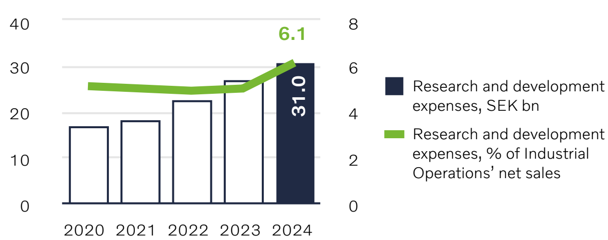
Expenses by nature, Volvo Group

SEK M	**2024**	2023
Material cost (freight, distribution, warranty) and purchased services	308,046	332,215
Personnel	79,176	75,364
Amortization/depreciation	22,548	21,227
Other	46,442	42,311
Total	**456,213**	**471,118**

Key operating ratios, Industrial Operations

%	**2024**	2023
Gross margin	26.8	26.6
Research and development expenses as % of net sales	6.1	5.0
Selling expenses as % of net sales	6.2	5.7
Administrative expenses as % of net sales	1.5	1.4
Operating margin	12.3	11.8

Research and development expenses, Industrial Operations



Net financial items

In 2024, interest income were on par with the previous year and amounted to SEK 2.7 billion (2.7). Interest expenses were also on par with the previous year and amounted to SEK 1.6 billion (1.7). Other financial income and expenses amounted to SEK -0.5 billion (-1.6). The change compared with 2023 was primarily due to revaluation effects on financial assets and liabilities.

Read more in Note 9 Other financial income and expenses.

Income taxes

The tax expense for the year amounted to SEK 16.6 billion (16.8) corresponding to an effective tax rate of 24.7% (25.2).

Income for the period and earnings per share

In 2024, income for the period amounted to SEK 50.6 billion (49.9). Earnings per share and diluted earnings per share amounted to SEK 24.78 (24.50).

Financial position

Solid financial position

In 2024, the Volvo Group strengthened its financial position to enable to continue to invest in transformational technologies and distributing SEK 36.6 billion to its shareholders.

CONSOLIDATED BALANCE SHEET – ASSETS

		Industrial Operations		Financial Services		Eliminations		Volvo Group	
SEK M	Note	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Non-current assets									
Intangible assets	12	44,189	42,378	151	135	–	–	44,340	42,512
Tangible assets	13								
Property, plant and equipment		79,571	68,393	58	56	–	–	79,629	68,449
Assets under operating leases		37,226	35,154	22,276	21,318	-14,000	-14,562	45,501	41,910
Financial assets									
Investments in joint ventures and associated companies	5	22,496	19,158	–	–	–	–	22,496	19,158
Other shares and participations	5	1,089	862	18	18	–	–	1,107	881
Non-current customer-financing receivables	15	1,533	1,605	134,969	121,987	-1,897	-1,954	134,605	121,638
Net pension assets	20	2,115	2,039	–	–	–	–	2,115	2,039
Non-current interest-bearing receivables	16	4,969	3,405	–	950	-1,505	-950	3,464	3,405
Other non-current receivables	16	7,018	6,431	322	283	-220	-197	7,120	6,518
Deferred tax assets	10	13,889	14,142	1,989	2,044	–	–	15,878	16,186
Total non-current assets		**214,094**	**193,566**	**159,784**	**146,791**	**-17,623**	**-17,662**	**356,254**	**322,695**
Current assets									
Inventories	17	77,121	75,958	1,238	904	–	–	78,359	76,863
Current receivables									
Customer-financing receivables	15	923	1,027	123,160	110,822	-1,406	-1,284	122,677	110,565
Tax assets	16	2,277	1,329	1,214	895	–	–	3,491	2,223
Interest-bearing receivables	16	4,256	2,784	–	–	-18	-19	4,238	2,765
Internal funding[1]		9,463	10,680	–	–	-9,463	-10,680	–	–
Accounts receivables	16	40,005	41,383	1,767	1,827	–	–	41,772	43,210
Other receivables	16	22,441	22,173	3,796	3,283	-4,234	-5,084	22,003	20,372
Marketable securities	18	218	89	–	–	–	–	218	89
Cash and cash equivalents	18	80,505	78,858	6,872	5,785	-2,206	-1,318	85,171	83,326
Assets held for sale	3	381	11,960	–	–	–	–	381	11,960
Total current assets		**237,590**	**246,241**	**138,047**	**123,516**	**-17,328**	**-18,384**	**358,309**	**351,373**
Total assets		**451,684**	**439,807**	**297,830**	**270,307**	**-34,950**	**-36,046**	**714,564**	**674,068**

1 Internal funding is internal lending from Industrial Operations to Financial Services.

Balance sheet

In 2024, total assets in the Volvo Group increased by SEK 40.5 billion compared with year-end 2023. Adjusted for currency movements, total assets increased by SEK 20.9 billion. The increase was mainly in customer-financing receivables.

Read more in Note 15 Customer-financing receivables.
Read more in Note 17 Inventories.

The net value of assets and liabilities held for sale amounted to SEK 0.4 billion (3.8) at year-end 2024 and related to planned property divestments.

Read more in Note 3 Acquisitions and divestments of operations, regarding assets and liabilities held for sale.

Investments in joint ventures and associated companies amounted to SEK 22.5 billion as of December 31, 2024, an increase of SEK 3.3 billion compared with year-end 2023.

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

		Industrial Operations		Financial Services		Eliminations		Volvo Group	
SEK M	Note	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Equity									
Equity attributable to owners of AB Volvo	19	170,218	156,171	23,831	21,620	–	–	194,049	177,791
Non-controlling interest	11	3,312	2,948	–	–	–	–	3,312	2,948
Total equity		**173,530**	**159,119**	**23,831**	**21,620**	**–**	**–**	**197,361**	**180,739**
Non-current provisions									
Provisions for post-employment benefits	20	12,606	11,138	99	81	–	–	12,706	11,219
Other provisions	21	12,243	12,902	51	76	–	–	12,293	12,979
Total non-current provisions		**24,849**	**24,040**	**150**	**157**	**–**	**–**	**24,999**	**24,198**
Non-current liabilities									
Bond loans	22	109,031	96,970	–	–	–	–	109,031	96,970
Other loans	22	29,783	23,779	22,602	19,352	-1,561	-1,599	50,824	41,532
Internal funding[1]		-126,063	-109,059	113,733	112,231	12,330	-3,173	–	–
Deferred tax liabilities	10	2,483	2,486	2,295	2,238	–	–	4,778	4,725
Other liabilities	22	54,411	49,600	1,762	1,701	-9,591	-9,759	46,583	41,542
Total non-current liabilities		**69,645**	**63,777**	**140,393**	**135,522**	**1,178**	**-14,531**	**211,216**	**184,769**
Current provisions	21	**19,653**	**19,609**	**37**	**14**	**–**	**–**	**19,690**	**19,623**
Current liabilities									
Bond loans	22	45,460	46,641	–	–	–	–	45,460	46,641
Other loans	22	44,698	40,804	14,507	11,861	-912	-1,017	58,292	51,648
Internal funding[1]		-81,228	-79,494	107,718	89,985	-26,490	-10,491	–	–
Trade payables	22	77,607	81,883	920	1,103	–	–	78,527	82,987
Tax liabilities	22	1,916	4,140	1,194	947	–	–	3,111	5,087
Other liabilities	22	75,540	71,130	9,082	9,095	-8,726	-10,007	75,896	70,218
Liabilities held for sale	3	13	8,157	–	–	–	–	13	8,157
Total current liabilities		**164,006**	**173,261**	**133,420**	**112,991**	**-36,129**	**-21,515**	**261,298**	**264,738**
Total equity and liabilities		**451,684**	**439,807**	**297,830**	**270,307**	**-34,950**	**-36,046**	**714,564**	**674,068**

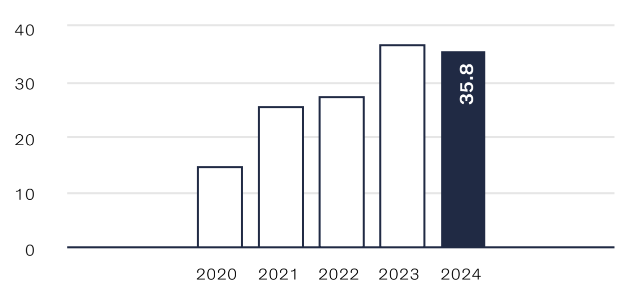
1 Internal funding is internal lending from Industrial Operations to Financial Services.

The net value of assets and liabilities related to pensions and similar obligations amounted to a liability of SEK 10.6 billion as of December 31, 2024, an increase of SEK 1.4 billion compared with year-end 2023.

Read more in Note 20 Provisions for post-employment benefits.

On December 31, 2024, total equity for the Volvo Group amounted to SEK 197.4 billion compared with SEK 180.7 billion at year-end 2023. The equity ratio was 27.6% (26.8). On the same date the equity ratio in the Industrial Operations amounted to 38.4% (36.2). Return on capital employed in Industrial Operations amounted to 35.8% (36.7).

Return on capital employed, Industrial Operations %



Net financial position excl. post-employment benefits and lease liabilities

	Industrial Operations		Volvo Group	
SEK M	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Non-current interest-bearing assets				
Non-current customer-financing receivables	–	–	134,605	121,638
Non-current interest-bearing receivables	4,969	3,405	3,464	3,405
Current interest-bearing assets				
Customer-financing receivables	–	–	122,677	110,565
Interest-bearing receivables	4,256	2,784	4,238	2,765
Internal funding	9,463	10,680	–	–
Marketable securities	218	89	218	89
Cash and cash equivalents	80,505	78,858	85,171	83,326
Assets held for sale	–	10	–	10
Total interest-bearing financial assets	**99,411**	**95,825**	**350,372**	**321,798**
Non-current interest-bearing liabilities				
Bond loans	-109,031	-96,970	-109,031	-96,970
Other loans	-23,759	-18,439	-44,880	-36,219
Internal funding	126,063	109,059	–	–
Current interest-bearing liabilities				
Bond loans	-45,460	-46,641	-45,460	-46,641
Other loans	-42,581	-38,920	-56,187	-49,771
Internal funding	81,228	79,494	–	–
Liabilities held for sale	–	–	–	–
Total interest-bearing financial liabilities excl. post-employment benefits and lease liabilities	**-13,540**	**-12,418**	**-255,558**	**-229,601**
Net financial position excl. post-employment benefits and lease liabilities	**85,871**	**83,407**	**94,814**	**92,197**

Provisions for post-employment benefits and lease liabilities, net

	Industrial Operations		Volvo Group	
SEK M	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Non-current lease liabilities	-6,024	-5,340	-5,944	-5,314
Current lease liabilities	-2,117	-1,884	-2,104	-1,877
Provisions for post-employment benefits, net	-10,492	-9,099	-10,591	-9,180
Liabilities held for sale	–	-397	–	-397
Provisions for post-employment benefits and lease liabilities, net	**-18,633**	**-16,720**	**-18,640**	**-16,768**

Net financial position incl. post-employment benefits and lease liabilities

	Industrial Operations		Volvo Group	
SEK M	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Net financial position excl. post-employment benefits and lease liabilities	85,871	83,407	94,814	92,197
Provisions for post-employment benefits and lease liabilities, net	-18,633	-16,720	-18,640	-16,768
Net financial position incl. post-employment benefits and lease liabilities	**67,238**	**66,687**	**76,174**	**75,429**

Net financial position

In 2024, net financial assets in Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, increased by SEK 2.5 billion resulting in a net financial asset position of SEK 85.9 billion on December 31, 2024. The change was mainly explained by a positive operating cash flow of SEK 45.3 billion offset by the dividend paid to AB Volvo shareholders of SEK 36.6 billion. Currency movements increased net financial assets by SEK 1.4 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations net financial assets amounted to SEK 67.2 billion on December 31, 2024. During 2024 provisions for post-employment benefits and lease liabilities increased by SEK 1.9 billion. This was mainly related to negative remeasurements of post-employment benefits of SEK 1.2 billion.

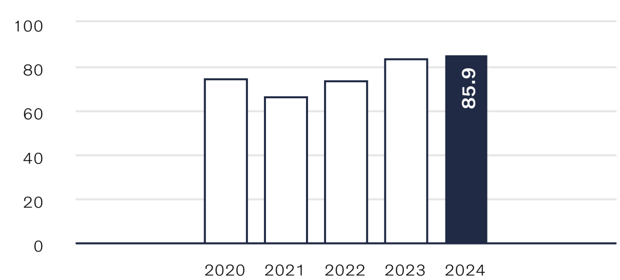
Read more in Note 20 Provisions for post-employment benefits.

Changes in net financial position, Industrial Operations		
SEK bn	**2024**	2023
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	**83.4**	**73.9**
Operating cash flow	45.3	45.8
Investments and divestments of shares, net	-4.9	-1.2
Acquired and divested operations, net	-0.6	-1.4
Capital injections to/from Financial Services	0.4	-0.9
Currency effect	1.4	-1.2
Dividend to owners of AB Volvo	-36.6	-28.5
Dividend to non-controlling interest	–	-0.5
Other changes	-2.4	-2.7
Net financial position excl. post-employment benefits and lease liabilities at the end of period	**85.9**	**83.4**
Provisions for post-employment benefits and lease liabilities at the end of previous period	**-16.7**	**-12.6**
Pension payments, included in operating cash flow	1.8	1.3
Remeasurements of defined post-employment benefits	-1.2	-3.2
Service costs and other pension costs	-1.3	-1.3
Investments, remeasurements and amortizations of lease contracts	-0.5	-0.9
Transfer pensions and lease liabilities to divested entities	0.3	–
Currency effect	-0.6	0.3
Other changes	-0.5	-0.3
Provisions for post-employment benefits and lease liabilities at the end of period	**-18.6**	**-16.7**
Net financial position incl. post-employment benefits and lease liabilities at the end of period	**67.2**	**66.7**

The Volvo Group's cash and cash equivalents amounted to SEK 85.2 billion on December 31, 2024 compared with SEK 83.3 billion on December 31 2023. In addition, granted but unutilized credit facilities amounted to SEK 58.7 billion (52.8) on December 31, 2024. Cash and cash equivalents included SEK 2.3 (2.2) billion that is not available to use by the Volvo Group and SEK 9.6 (7.6) billion where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply.

Read more in Note 18 Cash and cash equivalents.
Read more in Note 22 Liabilities, regarding the maturity structure on credit facilities.

Net financial position, excl. provisions for post-employment benefits and lease liabilities, Industrial Operations SEK bn



Cash flow statement

Continued strong operating cash flow

The Industrial Operations generated an operating cash flow of SEK 45.3 billion, which was on par with the previous year.

CONSOLIDATED CASH FLOW STATEMENT

		Industrial Operations		Financial Services		Eliminations		Volvo Group	
SEK M	Note	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Operating activities									
Operating income		62,198	63,063	4,042	3,719	371	519	66,611	67,301
Amortization intangible assets	12	4,113	3,050	41	27	–	–	4,153	3,078
Depreciation tangible assets	13	9,161	8,681	26	22	–	–	9,187	8,703
Depreciation leasing vehicles	13	4,105	4,442	5,103	5,005	–	–	9,208	9,446
Other non-cash items	29	1,667	12,655	1,090	1,187	–	–	2,757	13,842
Total change in working capital whereof		-2,405	-10,240	-25,652	-50,423	-241	-369	-28,298	-61,032
Change in accounts receivables		*3,933*	*627*	*76*	*-418*	–	–	*4,009*	*209*
Change in customer-financing receivables		*121*	*98*	*-19,352*	*-44,381*	*-136*	*-407*	*-19,367*	*-44,690*
Change in inventories		*2,570*	*-6,733*	*-358*	*-701*	–	–	*2,212*	*-7,434*
Change in trade payables		*-6,564*	*-4,848*	*-215*	*126*	–	–	*-6,778*	*-4,722*
Change in vehicles on operating lease and assets for service solutions[1]		*-857*	*-1,216*	*-5,143*	*-5,326*	*61*	*1*	*-5,939*	*-6,542*
Other changes in working capital		*-1,609*	*1,833*	*-660*	*277*	*-166*	*37*	*-2,435*	*2,147*
Dividends received from joint ventures and associated companies		168	110	–	–	–	–	168	110
Interest and similar items received		3,122	3,147	–	–	-371	-518	2,750	2,629
Interest and similar items paid		-1,258	-1,710	–	–	14	35	-1,244	-1,675
Other financial items		-410	-200	–	–	–	–	-410	-200
Income taxes paid		-17,319	-19,570	-1,120	-1,238	–	–	-18,439	-20,807
Cash flow from operating activities		**63,141**	**63,430**	**-16,471**	**-41,701**	**-226**	**-334**	**46,444**	**21,396**
Investing activities									
Investments in intangible assets		-4,416	-5,207	-77	-71	–	–	-4,493	-5,278
Investments in tangible assets		-13,889	-13,091	-3	-29	–	–	-13,892	-13,120
Disposals of in-/tangible assets		460	689	21	4	–	–	481	693
Operating cash flow		**45,295**	**45,821**	**-16,529**	**-41,796**	**-226**	**-334**	**28,540**	**3,691**
Investments of shares	5							-4,905	-1,558
Divestment of shares	5							16	323
Acquired operations	3							-3,006	-77
Divested operations	3							2,371	-2,268
Interest-bearing receivables incl. marketable securities								-709	-280
Cash flow after net investments								**22,306**	**-169**
Financing activities									
New borrowings	29							342,066	241,958
Repayment of borrowings	29							-327,245	-211,157
Dividend to owners of AB Volvo	19							-36,602	-28,468
Dividend to non-controlling interest								-16	-457
Other								-74	-55
Change in cash and cash equivalents excl. exchange rate changes								**435**	**1,651**
Effect of exchange rate changes on cash and cash equivalents								1,410	-2,211
Change in cash and cash equivalents								**1,845**	**-560**
Cash and cash equivalents, beginning of period	18							**83,326**	**83,886**
Cash and cash equivalents, end of period	18							**85,171**	**83,326**

1 As from 2024, change in vehicles on operating lease and assets for service solutions is presented separately in the cash flow statement. The comparative figures for 2023 have been restated.

Operating cash flow
In 2024, operating cash flow in the Industrial Operations amounted to SEK 45.3 billion (45.8). The slightly lower operating cash flow compared with 2023 is primarily an effect of a lower operating income, partly counterbalanced by a lower increase in working capital. Operating income in 2023 was impacted by several expenses excluded from the adjusted operating income. Adjusted items without cash flow impact are mainly included in other non-cash items.

Operating cash flow in Financial Services was negative in an amount of SEK 16.5 billion (-41.8). The change compared with 2023 was mainly due to a lower increase of new business volume in the credit portfolio.

Read more in Note 29 Cash flow regarding other non-cash items.

Investments and disposals
The Industrial Operations' investments in tangible and intangible assets during 2024 amounted to SEK 18.3 billion (18.3).

Trucks' investments in tangible and intangible assets amounted to SEK 14.4 billion (14.5). The major investments were related to product upgrades such as the Volvo Aero and the Mack long-haul truck and the development of battery-electric and fuel cell-electric trucks with both product development activities and required adaptations in the plants and new test facilities. Investments in dealer networks and workshops were primarily made in Europe, mainly for upgrades and optimization.

Investments in Construction Equipment amounted to SEK 2.1 billion (1.7). The product-related investments during the year were mainly related to product upgrades such as new excavator and articulated hauler ranges as well as battery-electric machines with both product development activities and investments in adaptations in the plants. The major investments in the plants were primarily related to replacements and modifications for battery-electric machines.

The investments in Buses were SEK 0.5 billion (0.3), and in Volvo Penta SEK 0.9 billion (1.0).

The investment level for property, plant and equipment during 2024 was on par compared with the prior year. During 2025 investments in property, plant and equipment are expected to continue to be on high levels. Optimization of the industrial footprint with among other construction of the new factory in Mexico, product-related investments and replacements, as well as dealer investments are expected to be the main areas.

Investments and divestments of shares
In 2024, investments and divestments of shares had a negative impact on cash flow of SEK 4.9 billion (-1.2), mainly due to investment in the new joint venture Flexis, and capital injections to other joint ventures.

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.

Acquired and divested operations
In 2024, acquired and divested operations had a net negative impact on cash flow of SEK 0.6 billion (-2.3), mainly due to the acquisition of a battery business unit from Proterra Inc. and Proterra Operating Company of SEK -2.4 billion, partly offset by the divestment of Arquus of SEK 1.9 billion.

Read more in Note 3 Acquisitions and divestments of operations.

Financing and dividend
In 2024, net borrowings increased by SEK 14.8 billion, mainly due to increased business volume in the credit portfolio.

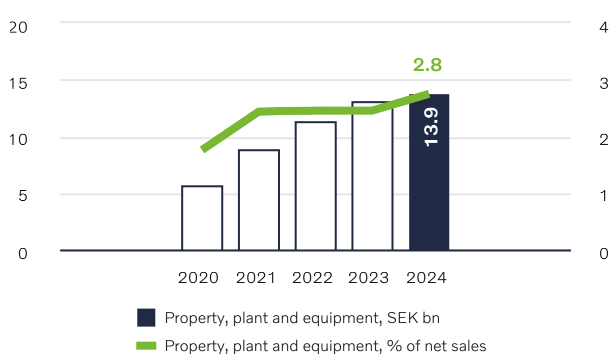
During 2024, dividends of in total SEK 36.6 billion (28.5) were paid. These consisted of an ordinary dividend of SEK 7.50 per share, and an extra dividend of SEK 10.50 per share.

Read more in Note 29 Cash flow regarding change in loans.

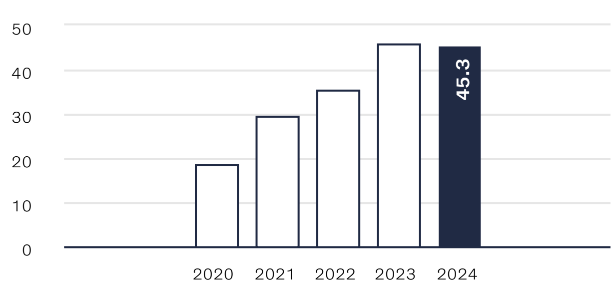
Change in cash and cash equivalents
In 2024, cash and cash equivalents increased by SEK 1.8 billion and amounted to SEK 85.2 billion on December 31, 2024.

Read more in Note 18 Cash and cash equivalents regarding the accounting policy.
Read more in Note 29 Cash flow regarding principles for preparing the cash flow statement.

Investments in property, plant and equipment, Industrial Operations



Operating cash flow, Industrial Operations, SEK bn



Changes in equity

CHANGES IN CONSOLIDATED EQUITY

		Equity attributable to owners of AB Volvo						
SEK M	Note	Share capital	Other reserves[1]	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
Equity December 31, 2022		**2,562**	**-37**	**12,667**	**147,524**	**162,717**	**3,519**	**166,236**
Income for the period		–	–	–	49,825	49,825	107	49,932
Other comprehensive income								
Remeasurements of defined benefit plans	20	–	–	–	-2,400	-2,400	–	-2,400
Remeasurements of holding of shares at fair value	5, 19	–	15	–	–	15	–	15
Exchange rate changes on translation of foreign operations		–	–	-2,713	–	-2,713	-191	-2,905
Share of other comprehensive income related to joint ventures and associated companies		–	–	–	-678	-678	–	-678
Accumulated exchange rate changes reversed to income		–	–	-318	–	-318	–	-318
Other comprehensive income for the period		–	15	-3,031	-3,078	-6,094	-191	-6,285
Total comprehensive income for the period		**–**	**15**	**-3,031**	**46,747**	**43,731**	**-84**	**43,647**
Transactions with shareholders								
Dividend		–	–	–	-28,468	-28,468	-457	-28,926
Changes in non-controlling interest		–	–	–	–	–	-29	-29
Other changes		–	–	–	-189	-189	–	-189
Transactions with shareholders		–	–	–	-28,658	-28,658	-486	-29,143
Equity December 31, 2023		**2,562**	**-21**	**9,636**	**165,614**	**177,791**	**2,948**	**180,739**
Income for the period		–	–	–	50,389	50,389	186	50,576
Other comprehensive income								
Remeasurements of defined benefit plans	20	–	–	–	-870	-870	–	-870
Remeasurements of holding of shares at fair value	5, 19	–	13	–	–	13	–	13
Exchange rate changes on translation of foreign operations		–	–	2,692	–	2,692	206	2,898
Share of other comprehensive income related to joint ventures and associated companies		–	–	–	954	954	–	954
Accumulated exchange rate changes reversed to income		–	–	-423	–	-423	–	-423
Other comprehensive income for the period		–	13	2,268	84	2,365	206	2,572
Total comprehensive income for the period		**–**	**13**	**2,268**	**50,473**	**52,755**	**393**	**53,147**
Transactions with shareholders								
Dividend		–	–	–	-36,602	-36,602	-16	-36,618
Changes in non-controlling interest		–	–	–	–	–	-21	-21
Other changes		–	–	–	106	106	8	114
Transactions with shareholders		–	–	–	-36,497	-36,497	-28	-36,525
Equity December 31, 2024		**2,562**	**-8**	**11,904**	**179,590**	**194,049**	**3,312**	**197,361**

1 **Read more in Note 19** Equity and number of shares regarding specification of other reserves.

Financial management

Maintained credit rating

The objectives of the financial management in the Volvo Group are to assure shareholders long-term attractive total return and debt providers the financial strength and flexibility to secure proceeds and repayment. A long-term competitive business requires access to capital to be able to invest. Financial management ensures that the capital is used in the best possible way through well-defined ratios and objectives for the Industrial Operations as well as for the customer finance operations in Financial Services.

The objectives on Group operating margin and return on equity for Financial Services are intended to secure the return requirements from shareholders. The targets on no net financial indebtedness under normal circumstances in the Industrial Operations and the equity ratio for Financial Services are there to secure financial stability.

Steering principles to ensure financial flexibility

To ensure financial stability and flexibility throughout the business cycle the Volvo Group holds a strong liquidity position. Besides cash and marketable securities, the liquidity position is built up of revolving committed credit facilities. Funding and lending in Financial Services are in general in local currency and the portfolio is matched both from an interest and a liquidity risk perspective, in accordance with the Volvo Group policy. For further information, please see Note 4 to the Consolidated financial statements.

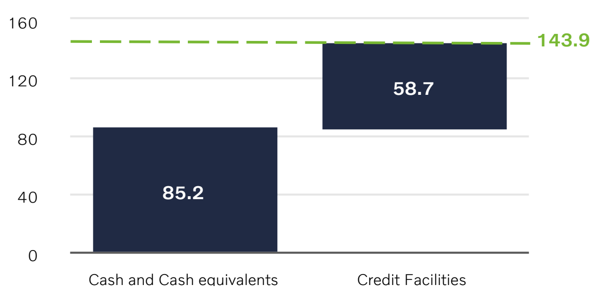
Diversified funding sources

The Volvo Group has centralized the portfolio management of financial assets and liabilities, funding operations and cash management through the internal bank, Volvo Treasury. The liability portfolio is separated into two portfolios, one for Industrial Operations and one for Financial Services, to correspond to the needs of the different operations. Volvo Treasury works to assure the possibility to access capital markets at all times through diversified funding sources. To access capital markets around the world, the Group uses different instruments, such as bilateral bank funding, corporate bonds and certificates, agency funding as well as securitization of assets in Financial Services' credit portfolio. An increasingly important part of the treasury work is to manage increased funding needs in growth markets.

Green Finance Framework

Volvo Group has a Green Finance Framework. The framework, which was updated in 2024, enables the Group to issue green bonds and other green financial instruments and allows it to identify, select, manage and report on eligible projects and assets in line with International Capital Market Association Green Bond Principles. The funds will be earmarked to projects in areas such as R&D and manufacturing of electric vehicles, machines and engines with zero tailpipe emissions. Funds may also be used by Volvo Financial Services to offer green loans to customers who buy the Group's electric products. The Green Finance Framework has been subject to an independent external assessment by CICERO Shades of Green, which has classified it as Dark Green – their highest level.

Volvo Group liquidity position, December 31, 2024



Geographically diversified market programs

Credit rating, February 26, 2025

	Short-term	Long-term
Moody's (Corporate Rating)	P-1	A2, stable
S&P (Corporate Rating)	A-2	A, stable
R&I (Japan)	a-1	AA–, stable

A strong and stable credit rating is important

Being a large issuer of bonds, it is critical to have a strong and stable credit rating. The level of the credit rating is not only important for debt investors but also for a number of other stakeholders when it comes to creating long-term relationships. A strong credit rating has a positive effect on the ability to attract and finance customers' purchases of the Group's products and on the trust from suppliers. It also gives access to more funding sources and lower cost of funds. The Volvo Group has contractual relations with two global Credit Rating Agencies for solicited credit ratings, Moody's Investors Service (Moody's) and Standard & Poors' Rating Services (S&P), and one local agency, R&I (Rating & Investment Information) in Japan. In 2024, S&P maintained its long-term rating of A, stable, Moody's maintained its rating of A2, stable, and R&I maintained its rating of AA-, stable.

Trucks

Healthy profitability on lower volumes

In 2024, currency-adjusted net sales in the truck business decreased by 2% to SEK 360,610 M as a consequence of lower deliveries. The adjusted operating income amounted to SEK 45,826, corresponding to an adjusted operating margin of 12.7%.

Normalizing markets

In 2024, the European truck market declined compared with the high levels of 2023 as freight volumes and freight rates came down from previous peaks. The underlying demand was mainly driven by replacements.

The North American market was primarily driven by the vocational segment while demand for on-highway trucks was weaker. Many retail customers were in a wait-and-see mode and wanted more visibility on the the freight market and the interest rate development.

The Brazilian truck market paced on a good level with domestic consumption holding up relatively well. Demand was somewhat dampened by heavy rains negatively impacting the agricultural segment and by increasing interest rates.

In India, the truck market rebounded after the general election but was negatively impacted by a longer than usual monsoon period, which affected both infrastructure projects and mining.

Competition in the Chinese freight market remained fierce, with overcapacity in the transport industry, high dealer inventories and price pressure. Sales of LNG trucks, the main contributor to growth in the heavy-duty segment, slowed down.

Orders and deliveries

In 2024, a total of 219,377 trucks were delivered from the Group's wholly-owned operations, a decrease of 11% compared with 246,272 trucks in 2023. Deliveries decreased in all markets except South America.

The Volvo Group is rapidly expanding its offer of fully-electric light-, medium- and heavy-duty trucks. However, total order intake for fully-electric trucks decreased by 10% to 3,318 (3,698) vehicles while deliveries of fully-electric trucks increased by 6% to 3,717 (3,523) vehicles.

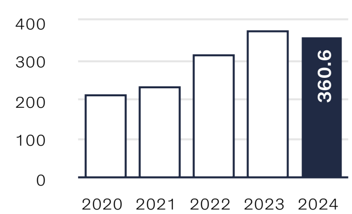
Offering

Volvo Group is one of the world's largest manufacturers of heavy-duty trucks. The product offer stretches from heavy-duty trucks for long-haulage and construction work to light-duty trucks for distribution. The offer also includes maintenance and repair services, financing and leasing.

Brands
- Volvo
- Renault Trucks
- Mack
- Eicher
- Dongfeng Trucks

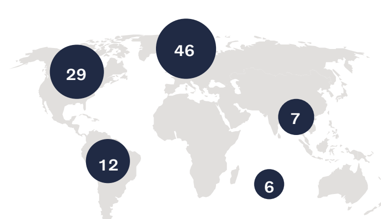
Number of employees
58,458
(55,607)

Net sales, SEK bn



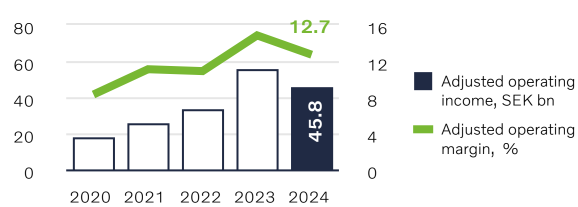
Share of Group, %

By market, %



By revenue type, %

Adjusted operating income[1] and adjusted operating margin



1 For information on adjusted operating income, see Key Ratios on page 206.

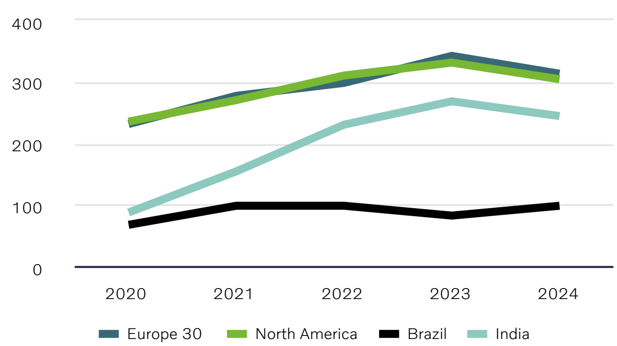
Deliveries

Number of trucks	**2024**	2023
Europe	106,981	129,016
North America	56,931	60,782
South America	29,629	22,036
Asia	15,817	21,991
Africa and Oceania	10,019	12,447
Total	**219,377**	**246,272**
Heavy duty (>16 tons)	183,661	198,383
Medium duty (7-16 tons)	15,567	18,863
Light duty (<7 tons)	20,149	29,026
Total	**219,377**	**246,272**
Volvo	133,747	145,395
Renault Trucks	56,898	69,859
Mack	28,044	29,830
Other brands	688	1,188
Total	**219,377**	**246,272**
Non-consolidated operations		
VE Commercial Vehicles (Eicher)	66,789	67,509
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	90,639	98,397

Net order intake and deliveries of fully electric trucks

	Net order intake		Deliveries	
	2024	2023	**2024**	2023
Volvo	1,213	2,057	1,945	1,863
Renault Trucks	2,057	1,517	1,628	1,636
Heavy- and medium-duty	864	821	1,003	624
Light-duty	1,193	696	625	1,012
Mack	48	124	144	24
Total	**3,318**	**3,698**	**3,717**	**3,523**

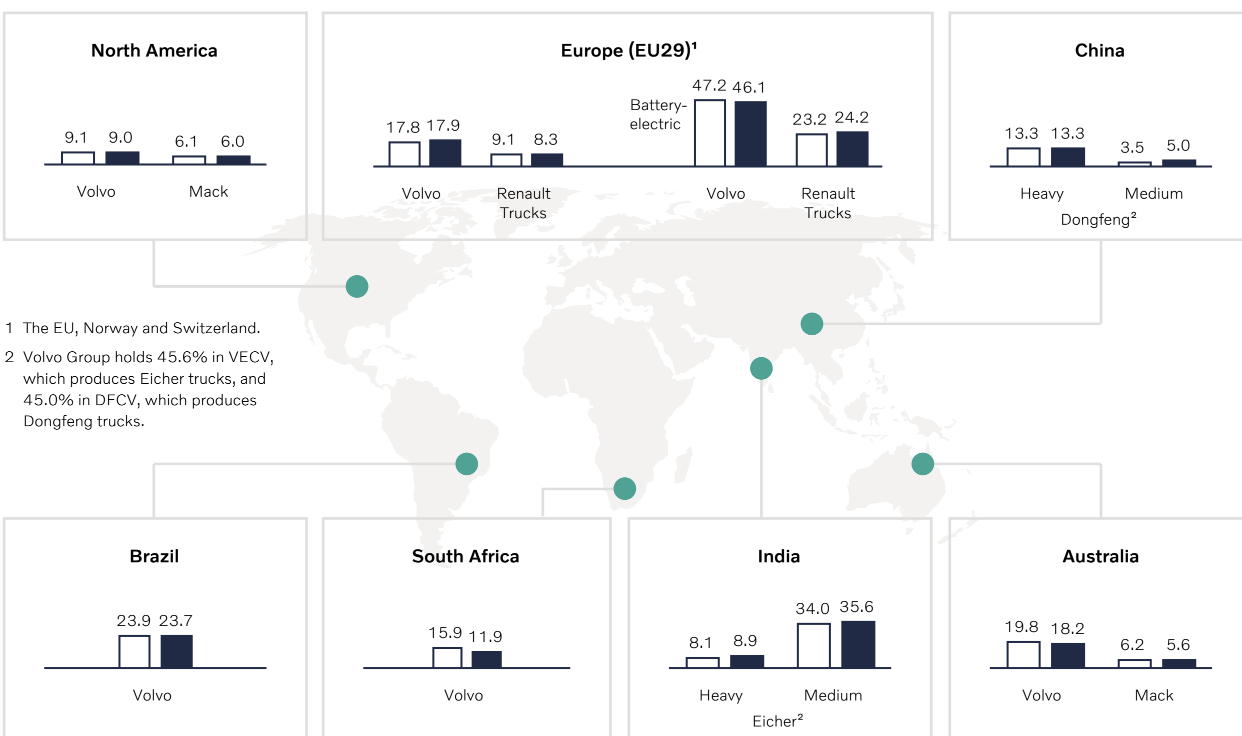
Market development heavy-duty trucks, thousands



	2020	2021	2022	2023	2024
China	1,619	1,395	672	635	611

Strong positions globally

Market shares heavy-duty trucks, %



1 The EU, Norway and Switzerland.

2 Volvo Group holds 45.6% in VECV, which produces Eicher trucks, and 45.0% in DFCV, which produces Dongfeng trucks.

Good performance

In 2024, net sales in the truck operations decreased by 3% to SEK 360,610 M (373,048). Adjusted for currency movements, net sales decreased by 2%, of which vehicle sales decreased by 3% and service sales increased by 3%.

Adjusted operating income decreased to SEK 45,826 M (55,394), corresponding to an adjusted operating margin of 12.7% (14.8). Adjusted operating income in 2024 excluded a positive effect of SEK 140 M. Adjusted operating income in 2023 excluded negative effects of SEK 6,501 M. For information on adjustments, please see Key Ratios on page 206.

The lower earnings in 2024 were mainly an effect of lower delivery volumes and higher R&D expenses, which were partly offset by price realization.

Reported operating income amounted to SEK 45,966 M (48,893). Currency movements had a negative impact of SEK 1,984 M compared with 2023.

Important events

In January, Volvo Trucks unveiled an all-new heavy-duty product platform for the North American market in parallel to the new Volvo Aero heavy-duty truck range for Europe, Australia and markets in Asia and Africa. These new energy-efficient models drive productivity and profitability for customers.

In March, Volvo Group, Renault Group and CMA CGM Group completed the creation of a joint venture, Flexis SAS, for an all-new generation of electric vans for urban logistics.

In Q2, it was announced that Volvo Trucks is developing trucks with combustion engines that can run on hydrogen. On-road tests with these trucks will begin in 2026, and the commercial launch is planned towards the end of this decade.

In Q2, the previously announced joint venture with Westport for High Pressure Direct Injection fuel systems became operational.

Renault Trucks intensified its initiatives to decarbonize its operations by electrifying its in-house logistics flows. The first stage of this project involved the electrification of axle transport between the plants in Lyon and Bourg-en-Bresse, France.

In July, the Volvo Group and Isuzu Motors continued to build on the strategic alliance through the signing of a technology agreement specifically focused on heavy-duty technologies. In the future, Isuzu Motors and UD Trucks plan to develop a common platform for heavy-duty trucks by utilizing the Volvo Group's technology.

In August, the Volvo Group announced that it will build its new Mexican heavy-duty truck manufacturing plant in Monterrey. The plant will supplement the Group's U.S. production and provide additional capacity to support the growth plans of both Volvo Trucks and Mack in the U.S. and Canada as well as Mack sales in Mexico and Latin America. The plant is expected to be operational in 2026.

Production of the all-new Volvo VNL range for the North American market began towards the end of Q3. The new trucks provide a significant step up in fuel efficiency and productivity compared to the previous models.

Volvo Trucks announced in September that next year they will launch a new long-range version of the Volvo FH Electric that will be able to reach up to 600 km on one charge. This will allow for the operation of electric trucks on interregional and long-distance routes and to drive a full working day without having to recharge. The new Volvo FH Electric will be released for sale during the second half of 2025.

Net sales and operating income

SEK M	2024	2023
Net sales		
Europe	165,594	175,203
North America	105,546	107,975
South America	44,182	36,897
Asia	25,019	30,617
Africa and Oceania	20,268	22,356
Total net sales	**360,610**	**373,048**
Of which		
Vehicles	286,919	300,516
Services	73,690	72,532
Total net sales	**360,610**	**373,048**
Adjusted operating income[1]	**45,826**	**55,394**
Adjustments[1]	140	-6,501
Operating income	**45,966**	**48,893**
Adjusted operating margin, %	12.7	14.8
Operating margin, %	12.7	13.1

1 For information on adjusted operating income, see Key Ratios on page 206.

In Q3, the Volvo Group agreed to acquire the Mack body in white production from CVG to strengthen the supply chain. The deal was closed in October.

In November, Volvo Trucks and Renault Trucks took the top three positions when Euro NCAP, the European New Car Assessment Programme, for the first time assessed the safety of heavy-duty trucks. Euro NCAP has been a benchmark in the area of vehicle safety since 1997.

In December, Volvo Autonomous Solutions (V.A.S.) and DHL Supply Chain took a significant step towards transforming freight transportation with the launch of autonomous operations in the United States. Operations are enabled by the purpose-built, production-ready Volvo VNL Autonomous which is powered by the Aurora Driver. The start of operations marked a critical phase in validating the full ecosystem required for autonomous transport at scale. At this stage, a safety driver is present to monitor performance and ensure seamless integration into existing logistic networks. Freight is initially hauled on two lanes, Dallas to Houston and Fort Worth to El Paso.

Renault Trucks | Has been providing sustainable mobility solutions to professionals on the road since 1894.

Construction Equipment

Solid performance

Volvo Construction Equipment (Volvo CE) maintained a solid financial performance during a challenging year for the industry – at the same time supporting customers with its biggest launch year ever of new products and services. The company also continued investments in development and production to support the transformation to more sustainable solutions. Volvo CE's currency-adjusted net sales were 15% lower than in 2023. Adjusted operating income amounted to SEK 12,737 M, corresponding to an adjusted operating margin of 14.4%.

Steady performance in challenging market

Overall, demand outside China declined steadily over 2024, while the market in China grew. This reflected a global industry trend of a weakening economic climate in almost all regions, but particularly in Europe and North America.

Following the historically high levels of 2023, Europe's market decline was initially driven by cautiousness among end customers, which accelerated over the course of the year in line with a somewhat saturated end market and low business confidence.

A deferral of rental fleet replacement saw a softening in North America for the first quarter continuing into the second. By the middle of the year – and despite this decline – the market remained on historically high levels, only coming down towards the latter part of 2024.

South America was one of the regions to grow, largely driven by good demand in Brazil, Peru and Chile, as there were signs of recovery in various industry segments.

Meanwhile the Chinese market started 2024 with a decline due to lingering low investment levels, but then grew steadily from the second quarter onwards, with some support from governmental policies to stimulate the economy.

Continued good profitability

In 2024, net sales decreased by 16% to SEK 88,305 M (104,981). Adjusted for currency movements, net sales decreased by 15%, of which machine sales decreased by 18% and service sales were on the same level as in 2023.

Adjusted operating income amounted to SEK 12,737 M (16,993), corresponding to an adjusted operating margin of 14.4% (16.2). There were no adjustments to operating income in 2024. Adjusted operating income in 2023 excluded negative effects of SEK 610 M. For information on adjustments, please see Key Ratios on page 206.

Compared with 2023, earnings were negatively impacted by an unfavorable brand and market mix as well as lower volumes while price realization, decreased material costs and lower R&D expenses had a positive effect.

Reported operating income amounted to SEK 12,737 M (16,383). Currency movements had a positive impact of SEK 488 M compared with 2023.

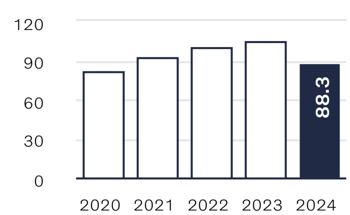
Offering

Volvo CE is one of the world leaders in the development of products and services for the construction, extraction, waste processing and materials handling sectors. Volvo CE manufactures haulers, wheel loaders, excavators, road construction machines and compact equipment. The offering also includes services such as customer support agreements, machine control systems, attachments, financing and leasing.

Brands
- Volvo
- SDLG
- Rokbak

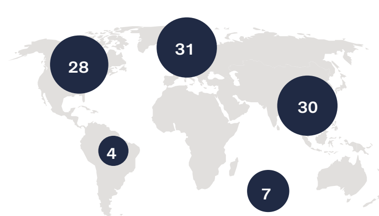
Number of employees
14,193
(15,028)

Net sales, SEK bn



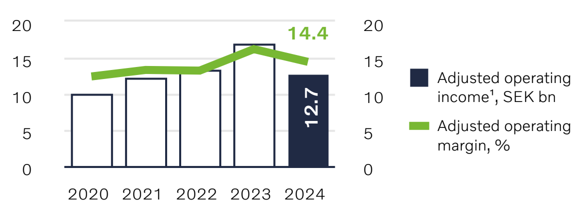
Share of Group, %

By market, %



By revenue type, %

Adjusted operating income[1] and adjusted operating margin



1 For information on adjusted operating income, see Key Ratios on page 206.

Driving the transformation

Proving its commitment to the industry transformation, Volvo CE delivered on its purpose to build the world we want to live in, in several significant ways. It continued its global roll out of electric machines, extending its portfolio of zero-emission mid-size machines, and enhanced customer connectivity with an evolution of its smart service-based solutions.

It also accelerated milestone investments in its own facilities to support the production of future solutions and continued pioneering partnerships to drive sustainable and digital change.

Important events

The year saw one of biggest product renewals in the company's history with a full range of conventional and electric products and services launched on global markets, representing a renewal of 35% of the entire product portfolio.

New ranges of conventional wheel loaders, excavators and articulated haulers were rolled out to customers at major events in key markets.

In addition, as part of its growing electric portfolio, Volvo CE introduced an increased range of electric machines in larger machine size categories including the first electric mid-sized excavators and the L90 Electric and L120 Electric wheel loaders. They were supported by the launch of a range of new charging solutions, including the PU500 and PU40 power units, helping to secure a reliable electric ecosystem for customers.

Volvo CE also announced a number of investments in the industrial footprint to support the assembly and production of electric equipment in Braas, Sweden, Arvika, Sweden and Changwon, South Korea.

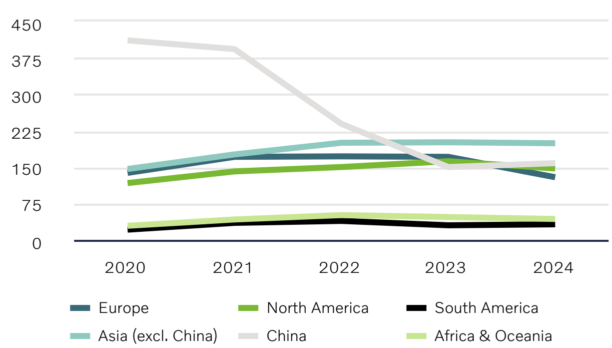
Deliveries

Number of machines	**2024**	2023
Europe	10,694	16,278
North America	7,116	9,549
South America	2,381	2,271
Asia	32,567	28,073
Africa and Oceania	3,285	3,893
Total deliveries	**56,043**	**60,064**
Large and medium construction equipment[1]	42,364	45,494
Compact construction equipment[2]	13,679	14,570
Of which		
Fully electric	2,067	895
Total deliveries	**56,043**	**60,064**
Of which		
Volvo	27,885	38,287
SDLG	27,969	21,462
Of which in China	21,265	15,790

1 Excavators >10 tons, wheel loaders engine power >120 hp, articulated haulers, rigid haulers and road machinery products.

2 Excavators <10 tons, wheel loaders engine power <120 hp and backhoe loaders.

Market development in Volvo CE's product ranges, thousands



Net sales and operating income

SEK M	**2024**	2023
Europe	26,934	34,228
North America	23,459	29,590
South America	4,099	4,101
Asia	26,604	28,150
Africa and Oceania	7,208	8,912
Total net sales	**88,305**	**104,981**
Of which		
Construction Equipment	72,503	89,009
Services	15,802	15,973
Adjusted operating income[1]	**12,737**	**16,993**
Adjustments[1]	–	-610
Operating income	**12,737**	**16,383**
Adjusted operating margin, %	14.4	16.2
Operating margin, %	14.4	15.6

1 For information on adjusted operating income, see Key Ratios on page 206.

Buses

Profitability on record levels

In 2024, Volvo Buses' currency-adjusted net sales rose by 10% to SEK 24,544 M and the adjusted operating income improved to SEK 2,233 M, which corresponds to an adjusted operating margin of 9.1%. The operating income and operating margin were Volvo Buses' highest ever.

Demand remained strong

Demand for buses remained strong in many markets, particularly in the coach segment, and with Volvo Buses' deliveries increasing by 9% to 6,274 units. This was driven by a good envelopment in most of the bus markets, especially in Asia, North America and Mexico.

Next step in electrification

The transition to electromobility in the city bus segment continued with good progress mainly driven by the UK market. London Bus operator Arriva ordered 51 Volvo BZL Electric double-deckers. Transdev in the Netherlands ordered 46 electric buses to help electrify public transport in Utrecht.

The Volvo BZR Electric platform was globally launched in March. The highly versatile electric bus chassis is to be used for city, intercity and commuter transport. It features several components and subsystems, common to the entire Volvo Group, which means increased cost-efficiency for parts, logistics and service programs. In August, Volvo Buses launched the Volvo BZRT Electric, a fully electric bi-articulated bus based on the Volvo BZR Electric platform. The vehicle meets all Bus Rapid Transit system (BRT) requirements and offers capacity for up to 250 passengers. The Volvo BZRT Electric buses started running on trials in Brazil, Colombia and Mexico. In Europe a broader electric offer was launched: the new Volvo 8900 Electric based on the Volvo BZR Electric platform and an upgraded Volvo 7900 Electric based on the Volvo BZL Electric platform.

Net order intake for fully electric buses decreased by 14% to 524 units (611), while deliveries decreased by 9% to 330 units (363).

Improved profitability

Net sales increased by 9% to SEK 24,544 M (22,423). Adjusted for currency movements, net sales increased by 10%, of which vehicle sales increased by 11% and service sales by 8%.

The adjusted operating income amounted to SEK 2,233 M (1,059) corresponding to an adjusted operating margin of 9.1% (4.7), which was Volvo Buses' best ever. In 2024, positive effects of SEK 200 M were excluded from adjusted operating income. In 2023 negative effects of SEK 1,439 M were excluded. For information on adjustments, please see Key Ratios on page 206.

Offering

Volvo Buses is one of the world's largest manufacturers of premium buses and coaches and a leader in the development of sustainable people transport solutions. The offering includes premium city and intercity buses, coaches, and chassis as well as services for increased productivity, uptime and safety. Volvo Buses is active in more than 70 countries and together with Volvo Trucks have a service and support network in with more than 2,200 service points. Production facilities are found in Europe, North America and South America.

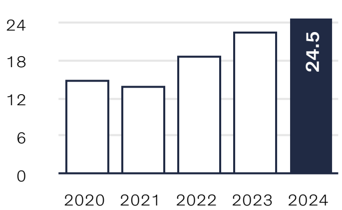
Brands
- Volvo
- Prevost

Number of employees

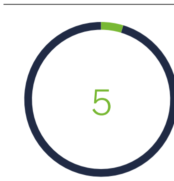
4,988

(5,637)

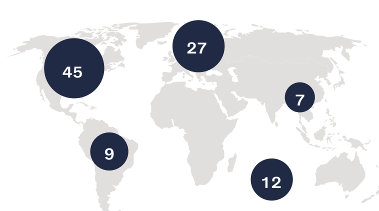
Net sales, SEK bn



Share of Group, %

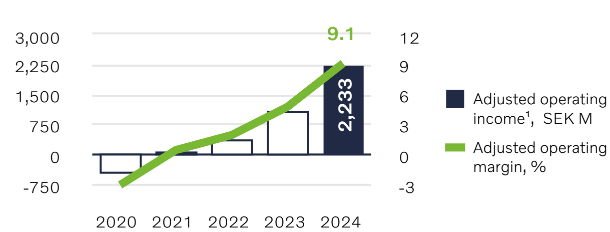


By market, %



By revenue type, %

Adjusted operating income[1] and adjusted operating margin



1 For information on adjusted operating income, see Key Ratios on page 206.

The change of the business model in Europe is one of many factors driving the improvement. Other contributors were price realization, growing services sales, a favorable product mix, as well as good cost control. Industrial efficiency had a negative impact.

Reported operating income amounted to SEK 2,433 M (-380). Currency movements had a negative impact of SEK 61 M.

Important events

The move towards a new business model in Europe continued. The bodybuilding factory in Poland was closed in Q1 as planned. The main direction and focus is to sell chassis in combination with an external body. Volvo Buses also began a technology transfer to a bodybuilder partner to build complete city and intercity buses for the European market.

In Q2, Volvo Buses launched a range of smart safety systems designed to assist drivers and further improve safety for bus occupants and other road users. The systems are exceeding the latest legal demands in Europe and are available globally.

Prevost is one of North America's largest manufacturers of motor coaches and a world leader in the production of motorhomes and specialty conversion coaches. The plant is in Sainte-Claire, Quebec, Canada. 2024 marked Prevost's 100-year anniversary. Celebrations included a motorhome rally, a customer event and a factory celebration that drew over 6,000 attendees.

Deliveries

Number of buses	**2024**	2023
Europe	1,270	1,476
North America	1,853	1,590
South America	1,395	1,043
Asia	777	875
Africa and Oceania	979	789
Total deliveries	**6,274**	**5,773**
Of which		
Fully electric	330	363
Hybrids	69	165

Net sales and operating income

SEK M	**2024**	2023
Europe	6,547	7,007
North America	10,979	9,200
South America	2,248	2,207
Asia	1,821	1,601
Africa and Oceania	2,949	2,408
Total net sales	**24,544**	**22,423**
Of which		
Vehicles	18,738	17,007
Services	5,806	5,416
Adjusted operating income[1]	**2,233**	**1,059**
Adjustments[1]	200	-1,439
Operating income	**2,433**	**-380**
Adjusted operating margin, %	9.1	4.7
Operating margin, %	9.9	-1.7

1 For information on adjusted operating income, see Key Ratios on page 206.

Volvo Penta

Continued good profitability

In 2024, Volvo Penta's currency-adjusted net sales declined by 4% to SEK 19,852 M driven by lower sales volumes. Both adjusted and reported operating income amounted to SEK 3,419 M, with an operating margin of 17.2%.

A year of weaker demand

In 2024, Volvo Penta faced a decline in demand across most customer segments. The marine leisure market experienced a significant downturn, while the marine commercial market showed better resilience, particularly in the crew transfer vessel (CTV) segment. For power generation demand remained robust with significant increase in higher power nodes. Demand for mobile off-road applications normalized except for construction, which showed significantly weaker demand.

Volvo Penta's deliveries decreased by 20% to 35,651 units (44,337).

Strong result despite challenging conditions

Net sales declined by 5% to SEK 19,852 M (21,006). Adjusted for currency movements, net sales decreased by 4%, of which vehicle sales decreased by 7% and service sales increased by 3%.

Despite challenging market conditions, Volvo Penta achieved strong financial performance in 2024. Both adjusted and reported operating income amounted to SEK 3,419 M (3,230), with an operating margin of 17.2% (15.4).

Price realization and a favorable product mix contributed positively to the result, offsetting the impact of lower volumes and increased R&D expenses. Compared with 2023, currency movements had a negative impact of SEK 110 M.

Pioneering towards a fossil free future

Volvo Penta operates in two key businesses: Marine (leisure, yachts and commercial) and Industrial (off-highway and power generation, including battery energy storage subsystems). Volvo Penta provides integrated solutions that enhance the performance and efficiency of its customers' operations.

With a strong commitment to customer satisfaction and environmental responsibility, Volvo Penta focuses on innovation, quality, and sustainability. The company aims to achieve net-zero greenhouse gas emissions in its value chain by 2040, with the use of combustion engines with renewable fuels as well as electric drivelines including battery and fuel cell electric solutions. Volvo Penta leverages Volvo Group solutions, in-house development, and partnerships. The transformation also extends to services and digital experiences.

Offering

Volvo Penta is a world-leading supplier of power solutions for industrial and marine applications. The goal is to be the most far-sighted and customer-focused supplier of innovative sustainable power solutions. The offering includes engines, power solutions and services for industrial off-highway applications and power generation as well as for leisure boats, yachts and commercial vessels. Solutions are powered by internal combustion engines, serial and parallel battery-electric hybrid solutions as well as fully electric drivelines.

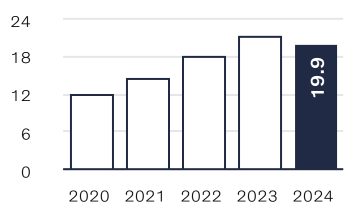
Brands

- Volvo Penta

Number of employees

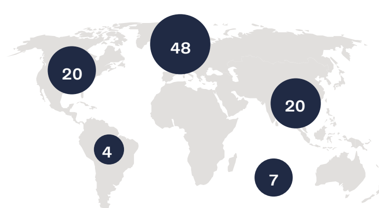
2,180
(2,167)

Net sales, SEK bn



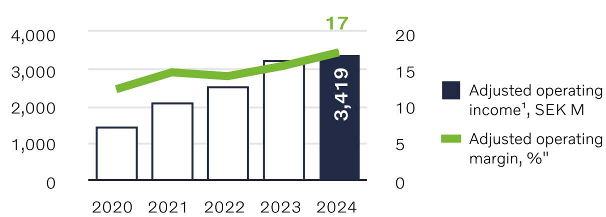
Share of Group, %

By market, %



By revenue type, %

Adjusted operating income[1] and adjusted operating margin



1 For information on adjusted operating income, see Key Ratios on page 206.

BESS – Battery Energy Storage Subsystems

Deliveries		
Number of units	**2024**	2023
Marine engines	11,733	16,858
Industrial engines	23,918	27,479
Total deliveries	**35,651**	**44,337**
Of which		
Fully electric	113	104

Net sales and operating income		
SEK M	**2024**	2023
Europe	9,580	10,787
North America	4,036	4,070
South America	854	783
Asia	4,008	3,950
Africa and Oceania	1,375	1,417
Total net sales	**19,852**	**21,006**
Of which		
Engines	14,278	15,507
Services	5,574	5,499
Adjusted operating income[1]	**3,419**	**3,230**
Adjustments[1]	–	–
Operating income	**3,419**	**3,230**
Adjusted operating margin, %	17.2	15.4
Operating margin, %	17.2	15.4

1 For information on adjusted operating income, see Key Ratios on page 206.

Important events

In 2024, Volvo Penta unveiled its intelligent technology and propulsion solution – the Volvo Penta Inboard Performance System (IPS) for superyachts and commercial vessels, called the IPS Professional Platform. The technology builds on Volvo Penta's well renowned IPS solution and Electronic Vessel Control, with enhancements to accommodate larger vessels. The first vessel with the IPS Professional platform began operation in a crew transfer vessel (CTV), where the fully integrated IPS continually manages and optimizes engine use based on real-time needs during operation.

Volvo Penta also announced the installation of the IPS in the world's first retrofitted, electric CTV and an integrated hybrid concept combining drives and machines with Volvo Penta's IPS. In addition, the world's first yacht to pilot Volvo Penta's helm-to-propeller hybrid-electric package with Volvo Penta IPS was unveiled during the year.

During the year, a fully electric 4X4 RoRo tractor, with a driveline from Volvo Penta, began pilot testing in the port of Ghent, Belgium. Volvo Penta started serial production of its battery energy storage subsystem in the plant in Vara, Sweden.

Volvo Penta announced a follow-on investment in Utility-Innovation Group which specializes in resilient, innovative utility systems and decentralized energy solutions. This strategic investment marks a continued commitment to driving the energy transition and underlines Volvo Penta's role in the growing global market for energy infrastructure as an independent supplier of energy-dense battery energy storage (BESS) subsystems.

Financial Services

Solid financial performance

Volvo Financial Services (VFS) continued to grow managed assets and deliver good results in 2024. Portfolio performance was solid and VFS continued its transformation journey.

Adjusted operating income increased to 4,042 M (3,855) while new business volume decreased by 1%. Return on equity amounted to 13.0% (13.0%).

Good portfolio performance

During the year, VFS recorded new financing volumes of SEK 115.1 billion (118.0), a decrease of 3%. Adjusted for currency the volume decrease was 1%. The number of Volvo Group vehicles and machines financed was 65,250 (68,027).

The volatile interest rate environment and strong competition from banks continued to have an impact on penetration. Even with these headwinds, VFS maintained a stable penetration of 29% (27). VFS' net credit portfolio increased by 7% to SEK 280,405 M (254,126) on a currency-adjusted basis compared to 2023. The funding of the credit portfolio is matched in terms of maturity, interest rates and currencies in accordance with Group policy. For more information, see Note 4.

Adjusted operating income increased to SEK 4,042 M (3,855). No adjustments were made in 2024. In 2023, negative effects of SEK 136 M were excluded. For information on adjusted operating income, see Key Ratios on page 206. Reported operating income amounted to SEK 4,042 M (3,719). Currency movements had a positive impact of SEK 32 M compared with 2023.

Return on shareholders' equity amounted to 13.0% (13.0) and the equity ratio was 8.0% (8.0) at the end of the year.

Credit provision expenses amounted to SEK 1,045 M (612), while write-offs of SEK 909 M (406) were recorded during 2024, for a write-off ratio of 0.33% (0.17). The credit reserves at the end of 2024 were 1.29% (1.37) of the credit portfolio.

Accelerating sustainable solutions

To accelerate the transition to fossil-free transport solutions, VFS remains committed to developing innovative new offers for customers. One example launched in 2024 is Volvo on Demand, a collaborative effort from VFS and Volvo Trucks that uses Truck-as-a-Service (TaaS) principles to help customers more easily acquire and integrate electric trucks into their operations. Volvo on Demand gives customers highly flexible options starting at just 12 months, plus the peace of mind provided by the Volvo Gold service contract. Insurance, route guidance and charging and incentive consultation can also be bundled, making Volvo on Demand a compelling offer for customers just beginning their electromobility journey.

Offering

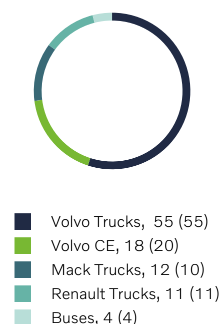
VFS works with the Volvo Group brands, customers and dealers to provide a broad range of services and financial solutions that promote long term relationships, loyalty and customer success. Offering customer financing in 43 markets around the world, VFS covers about 90% of all Group branded deliveries. VFS manages a retail portfolio of more than 292,000 vehicles and machines.

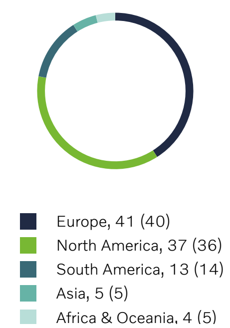
Number of employees

1,616

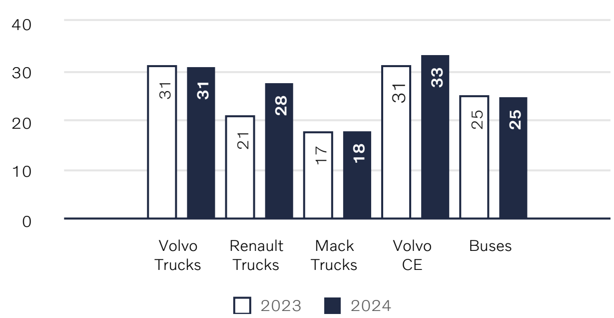
(1,599)

Distribution of credit portfolio, %





Penetration rate[1] %



1 Share of unit sales financed by Volvo Financial Services in relation to total number of units sold by the Volvo Group in markets where financial services are offered.

Key ratios, Financial Services

	2024	2023
Number of financed units	65,250	68,027
Total penetration rate, %[1]	29	27
New retail financing volume, SEK billion	115.1	118.0
Credit portfolio net, SEK billion	280	254
Credit provision expenses, SEK M	1,045	612
Adjusted operating income[2]	4,042	3,855
Adjustments[2]	–	-136
Operating income	4,042	3,719
Credit reserves, % of credit portfolio	1.29	1.37
Return on equity, %	13.0	13.0

1 Share of unit sales financed by Volvo Financial Services in relation to the total number of units sold by the Volvo Group in markets where financial services are offered.

2 For information on adjusted operating income, see Key Ratios on page 206.

Income statement Financial Services

	2024	2023
Finance and lease income	26,982	24,012
Finance and lease expense	-18,606	-16,385
Gross income	**8,375**	**7,627**
Selling and administrative expenses	-3,460	-3,309
Credit provision expenses[1]	-1,009	-610
Other operating income and expenses	135	10
Operating income	**4,042**	**3,719**
Interest income & similiar credits	–	1
Income after financial items	**4,042**	**3,720**
Income taxes	-1,092	-1,024
Income for the period	**2,949**	**2,695**

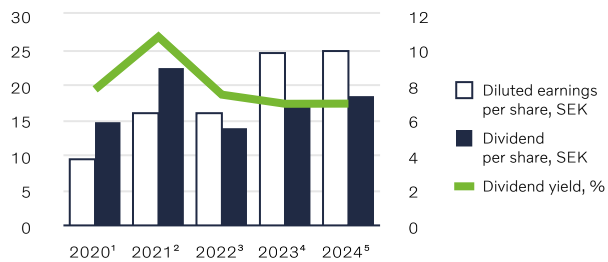
1 Credit provisions for operating leases of SEK 36 M (2) is included in finance and lease expenses within gross income.

The share

Total shareholder return of 9% in 2024

The Volvo share is listed on the stock exchange Nasdaq Stockholm, Sweden. There are two classes of shares, series A shares and series B shares. A shares carry one vote each at General Meetings and B shares one tenth of a vote each. Dividends are the same for both classes of shares. Volvo shares are included in many indices compiled by Dow Jones, FTSE, S&P and Nasdaq Nordic.

Earnings and dividend per share, dividend yield



1 Ordinary dividend of SEK 6.00 and an extra dividend of SEK 9.00.
2 Ordinary dividend of SEK 6.50, an extra dividend of SEK 6.50 and SEK 9.50 relating to the proceeds from the sale of UD Trucks.
3 Ordinary dividend of SEK 7.00 and an extra dividend of SEK 7.00.
4 Ordinary dividend of SEK 7.50 and an extra dividend of SEK 10.50.
5 Ordinary dividend of SEK 8.00 and an extra dividend of SEK 10.50 proposed by the Board of Directors to the AGM 2025.

The Volvo share development

On Nasdaq Stockholm the broad OMXS PI index rose by 6% during the year after having risen by 15% in 2023. The share price for the Volvo A share increased by 1%, and at year-end the price was SEK 270.20 (267.00). The lowest closing price was SEK 251.20 on January 19 and the highest was SEK 321.00 on March 27. The share price for the Volvo B share increased by 3% and at year-end the price was SEK 268.60 (261.70). The lowest closing price was SEK 245.40 on January 19 and the highest was SEK 318.00 on March 26. Total return was 8% for the A share and 9% for the B share compared with 9% for the OMX Stockholm Benchmark GI index.

In 2024, a total of 0.8 billion (0.9) Volvo shares valued at SEK 213 billion (187) were traded on Nasdaq Stockholm, with a daily average of 3.1 million shares (3.4). In terms of value, the Volvo shares were the second most traded on Nasdaq Stockholm. At year-end, Volvo's market capitalization was SEK 547 billion (534).

Share conversion option

In accordance with a resolution at the Annual General Meeting 2011, the Articles of Association includes a conversion clause, stipulating that series A shares may be converted into series B shares, on the request of the shareholder. At the end of 2023, there were 444,986,150 A shares outstanding. During 2024, a total of 1,590 A shares were converted to B shares. Further information on the conversion procedure is available on volvogroup.com

Dividend

The Board proposes an ordinary dividend of SEK 8.00 per share and an extra dividend of SEK 10.50 per share for the financial year 2024. If the AGM approves the Board's proposal, a total of SEK 37,619 M will be transferred to the shareholders. For the preceding year a dividend of SEK 7.50 per share and an extra dividend of SEK 10.50 per share were distributed, in total SEK 36,602 M.

Policy for remuneration to senior executives

See Note 27 for the current policy for remuneration to senior executives.

Communication with shareholders

Dialogue with the shareholders is important for Volvo. In addition to the Annual General Meeting and a number of larger activities aimed at professional investors, private shareholders and stock market analysts, the relationship between Volvo and the stock market is maintained through such events as press and telephone conferences in conjunction with the publication of interim reports, capital market days, meetings with retail shareholders' associations, investor meetings and visits, as well as roadshows in Europe, North America and Asia. On volvogroup.com it is possible to access financial reports and search for information concerning the share and statistics for truck deliveries. It is also possible to access information concerning the Group's governance, including information about the Annual General Meeting, the Board of Directors, Group Management and other areas that are regulated in the "Swedish Code of Corporate Governance". The website also offers the possibility to subscribe to information from the company.

Volvo has decided to present its Corporate Governance Report as a separate document to the Annual Report in accordance with Chapter 6 § 8 of the Swedish Annual Accounts Act and the report is available on pages 183–199.

Contractual conditions related to takeover bids

Provisions stipulating that an agreement can be changed or terminated if the control of the company is changed, so called change of control clauses, are included in some of the agreements whereby Renault Trucks has been given the right to sell Renault s.a.s. and Nissan Motor Co. Ltd's light-duty trucks as well as in some of the Group's purchasing agreements.

Some of Volvo Group's long-term loan agreements contain conditions stipulating the right for a creditor to request repayment in advance under certain conditions following a change of the control of the company. These clauses are not unusual in loan agreements. In AB Volvo's opinion it has been necessary to accept those conditions in order to receive financing on otherwise acceptable terms.

The largest shareholders in AB Volvo

December 31, 2024	Voting rights, %	Capital, %
Industrivärden	28.0	9.4
Geely Holding	14.7	4.4
AMF Insurance & Funds	5.6	3.7
Alecta	4.0	2.7
BlackRock	2.4	3.7
AFA Insurance	2.3	0.8
Vanguard	2.3	3.5
Swedbank Robur Funds	1.8	4.5
AP4 Fund	1.6	0.5
Capital Group	1.1	3.3

Source: Modular Finance

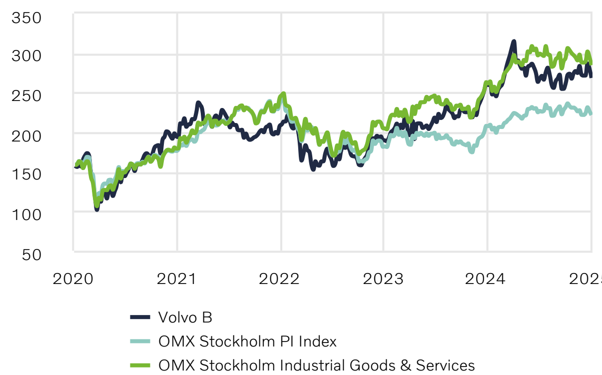
Share capital

December 31, 2024	
Number of shares	2,033,452,084
of which, Series A shares[1]	444,984,560
of which, Series B shares[2]	1,588,467,524
Share capital, SEK M	2,562
Quota value, SEK	1.26
Number of shareholders	396,699
Private persons	378,163
Legal entities	18,536

1 Series A shares carry one vote each.

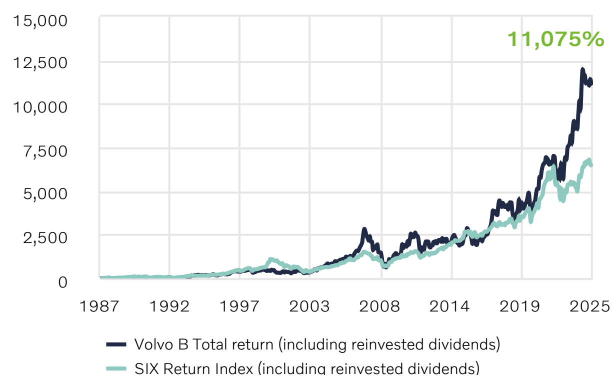
2 Series B shares carry one tenth of a vote each.

Price trend, Volvo B share, 2020–2024, SEK



Source: Investis Digital

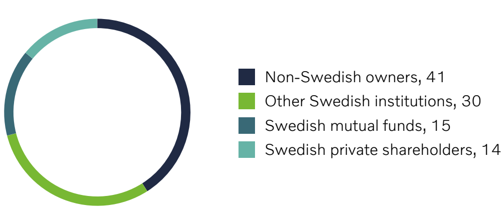
Accumulated total return for the Volvo B share, %



Source: Investis Digital

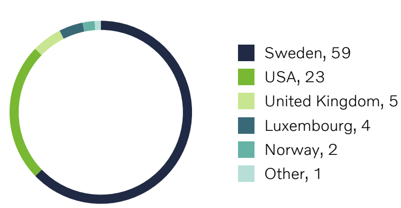
The graph shows that SEK 1,000 invested in the Volvo B share on January 2, 1987 had grown to SEK 111,750 at the end of 2024, under the condition that all dividends have been reinvested in Volvo B shares.

Ownership by category, share of capital, %



Source: Euroclear

Ownership by country, share of capital, %



Source: Euroclear

» More details on the Volvo shares are provided in Note 19 to the financial statements and in the 11-year summary.

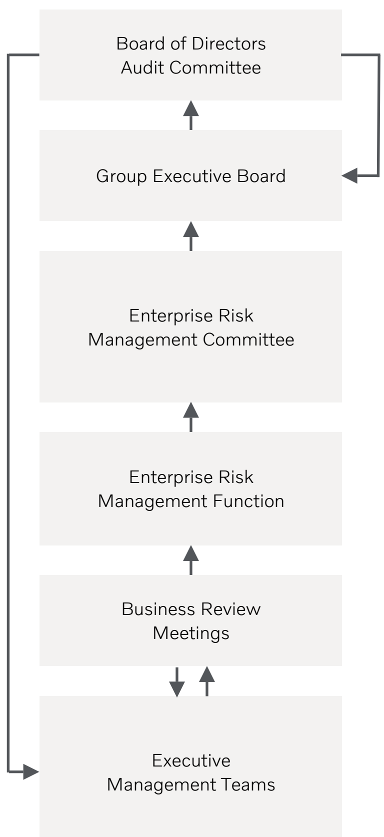
Risks and uncertainties

Managed risk-taking

Each of the Volvo Group's Business Areas, Truck Divisions and Group Functions monitors and manages risks in its operations. In addition, the Volvo Group utilizes a centralized Enterprise Risk Management (ERM) reporting process, which is a systematic and structured framework for reporting and reviewing identified risks, risk assessments and mitigations.

Volvo Group Enterprise Risk Management Process

For the governance model of the Volvo Group, please see page 184.



The Board of Directors monitors risks and mitigation activities annually and the Audit Committee regularly reviews the consolidated ERM report.

The Group Executive Board analyzes accuracy of reported risks and mitigation activities as well as ensures alignment to strategic and operational agendas.

The ERM Committee reviews, analyzes and challenges compiled risks and mitigation activities, ensuring a first alignment with the Group's operational agenda. The committee consists of the Executive Vice President Group Finance, the Executive Vice President Legal & Compliance, the Senior Vice President Group Treasury, the Vice President Group Business Control, and the Senior Vice President Risk Management and Internal Audit.

Each Business Area, Truck Division and Group Function reports its largest risks and mitigation activities to the ERM function, which reviews and combines reported risks into the Group ERM report.

Business review meetings in each Business Area and Truck Division identify, analyze, mitigate and monitor its largest risks. This forms the basis for the ERM reporting.

Executive Management Teams in each Business Area, Truck Division and Group Functions are fully responsible for risk and mitigation management in their respective areas. Risks are identified, mitigation activities are established, and monitoring and reporting of progress is part of daily operations.

Risk categories

The ERM process classifies Volvo Group risks into four categories:

- Macro and market-related risks
- Operational risks
- Compliance risks
- Financial risks.

The following pages present principal risks and uncertainties the Volvo Group is facing within each risk category. These risks can, separately or in combination, have a material adverse effect on the Group's business, strategy, financial performance, cash flow, shareholder value or reputation.

For short-term risks, please also see the segment reporting in the Board of Directors report, and Note 2 in the most recent quarterly report.

Macro and market-related risks

Cyclical commercial vehicles industry

The Volvo Group's customers operate all over the world, some within a single country and others across borders. A multitude of global and regional geopolitical, economic, regulatory, digital, technological, resource availability, climate and energy resource-efficiency factors contribute to a considerable volatility in demand and risks in different markets.

Like many capital goods industries, the commercial vehicle industry generally has been cyclical, impacted by e.g. developments of GDP and corresponding changes in transport demand, the need to replace aging vehicles and machines as well as changing laws and regulations. Although there is a continued shift in focus in the commercial vehicle industry from product to service, the cyclicality in the industry remains. Fluctuating demand for the Group's products and services makes the financial result of the operations dependent on the Group's ability to react quickly to market changes. Inability to adapt to changes in demand could lead to capacity constraints or underutilization of resources, which could have a negative effect on earnings, cash flows and financial position.

Competition

The Volvo Group operates in markets which are highly competitive, and thus faces intense competition from global and local industry peers. The Volvo Group will also encounter competition from new market entrants, seeking to offer e.g. sustainable transportation, increased logistics efficiency, new technologies and/or new business models. In this market environment, there can be no assurance that current or new competitors cannot be more successful than the Group in bringing new products and service solutions to the market, in implementing new technologies or collaboration models or in offering more attractively priced products, services or solutions. This could result in e.g. reduced profit margins, loss of market share or a need to accelerate research and development investments and/or sales and marketing expenses, which each could adversely affect the Group's business, results of operations, market share and financial position.

Political and social uncertainty

The Volvo Group has sales in almost 180 countries across the world. Our business is subject to the political, economic and other risks that are inherent in operating in a global environment, including,

- public health crises, including the spread of a contagious disease, such as COVID-19, and other disastrous events;
- security threats, including acts of war, terrorism, sabotage and other criminal or malicious acts directed towards our or our -business partners' people, information systems, products, -production systems or facilities;
- new or amended export controls, including licensing requirements, trade policies, taxes, treaties, government regulations and tariffs in different parts of the world (including the Group's joint ventures); and
- changes in general economic or political conditions, including political instability, conflicts, and decoupling economies.

There can be no assurance that the consequences of these and other factors relating to our multinational operations will not materially adversely impact our competitive position, results of operations, financial position or reputation.

Operational risks

Transformation and technology

The ongoing transformation of the transport and vehicle industry towards low-carbon and sustainable transportation and infrastructure solutions entails various transitional risks for the Volvo Group. The Group's future business success depends on its ability to develop new, attractive, competitive, energy-efficient, and profitable products as well as to successfully position itself in this industry shift. Failure to develop products in line with customer demand and regulations, especially in view of digitalization, autonomous and lower carbon offers, including battery-electric, fuel cell-electric and lower carbon fuel technologies, could adversely impact the Group's operations.

The driving factors of the transformation come from different sources that may not always correlate. Extensive and continuously evolving regulations and government actions set the legal framework. Social attitudes and customer preferences relating to climate change, affordability and the transition to a lower carbon economy are additional factors that the Volvo Group is impacted by. In addition, investor preferences, capital allocation and sentiment are increasingly influenced by environmental, social and corporate governance (ESG) considerations. Material changes in these factors, including the pace of change to any of these factors, as well as the pace of the transition itself, could have an adverse impact on the result of strategic business decisions and, in the end, on the overall business of the Volvo Group. Changes in investor preferences and sentiment could significantly affect the relevance of Volvo Group's business plans and the Group's financial performance.

Compliance with CO_2, fuel efficiency and emission control requirements might lead to a need to accelerate introduction of significant volumes of electric vehicles as well as implementing additional new technologies for conventional diesel engines. However, there can be no assurance that such new technologies and solutions can be produced and sold profitably or that customers will purchase those in the quantities needed to meet the regulatory requirements. For example, the European Union has introduced revised ambitious targets for reducing CO_2 emissions in Europe for manufacturers of heavy-duty vehicles, while other parts of the value chain remain unaffected by these rules. The targets set include, for 2025, a 15% reduction of CO_2 emissions compared to a 2019 baseline, and a 45% reduction by 2030. The compliance is measured based on the emission levels of all trucks in applicable segments that are registered July 1, 2025–June 30, 2026 for the 2025 target and July 1, 2030–June 30, 2031 for the 2030 target. If emissions exceed these targets, significant fines could be imposed on vehicle manufacturers specifically.

The transformation to electric solutions also depends on external factors such as the availability of battery cells and technology or existence of a functioning charging infrastructure and access to renewable energy sources to power battery-electric and fuel cell-electric products. If the expansion of charging infrastructure or the availability and cost of renewable energy sources, alone or in combination, are inadequate, customers' investments into the Volvo Group's electrified products may happen at a slower pace than anticipated, which could negatively impact the Group's operating income and financial position and the Group's sustainability goals. Many of the new products and technologies are still in early stages of development which – together with the lack of broadly accepted standards – poses significant risks for the Volvo Group as it is required to choose relevant technologies, quality of products and time their introduction wisely, while respecting the widespread in readiness level among markets and segments across the globe. If the Volvo Group miscalculates, delays recognition of, or fails to adapt its products and services to trends, legal and customer requirements in individual markets or other changes in demand, it could have a material adverse impact on the Group's results of operations, financial position and cash flows. Last, if the Volvo Group positions itself unsuccessfully in this technology shift (timing and/or technology selection), earnings capacity and financial position could be severely affected.

New business models

The transport and vehicle industry is facing new technologies, business models, competitors and global trends such as digital transformation which combined create a highly disruptive environment. These factors will probably shift the Volvo Group's focus from a heavy commercial vehicle manufacturer to more of a provider of transport and logistics solutions. The Volvo Group has, during the last couple of years, continuously invested in new business models and new technologies to be able to offer safer, more sustainable and more productive solutions to its customers. Going forward, a new transport landscape is likely to continue to emerge and impact large parts of the Volvo Group's operations and way of working, entailing risks related to the ability to respond to specific customer needs with tailored services and the availability of technological innovations that respond to the major trends of the industry (i.e. reducing emissions and pollutants, digitalization, electromobility and autonomous solutions). If the Volvo Group miscalculates, delays recognition of, or fails to adapt its services to trends, legal and customer requirements or other changes in demand, it could have a material adverse impact on the Group's results of operations, financial position and cash flows.

An additional level of risk relates to the need to evolve from a vehicle/product focus towards an ecosystem-driven approach, where vehicles and infrastructures are to be developed and implemented simultaneously.

Industrial operations including supply chain

The Volvo Group's ability to deliver in accordance with market demand and product quality expectations depends significantly on obtaining a timely and adequate supply of materials, components and other vital services, as well as on our ability to properly utilize the capacity in the Group's different production and service facilities. Our industrial system and supply chain have continued to be strained in many areas during 2024 due to e.g. shortages of materials and components, shortages of transport services, etc.

Further disturbances in the supply chain and industrial system can arise from a variety of factors, including continued or additional shortages of material, single sourcing, supplier insolvency, shortages of labor and components, strikes, pandemics, cybersecurity breaches or natural disasters, which each or in combination could result in quality issues, stoppages and other interferences in production and deliveries, which may impair our ability to meet our customers' orders, and thus materially negatively affect the Volvo Group's business and results from operations.

Suppliers and materials
The ongoing technology shift into electrification and other new customer offerings, is likely to move the industry and the Volvo Group to rely more on new suppliers and materials, These materials will be used in new applications and in different quantities compared to traditional technologies. Some of these materials may pose an increased risk of supply constraints due to scarcity, geopolitical issues, conflicts, human rights or the environment. At the same time, demand for parts related to the traditional technology is decreasing, which directly affects the revenue of suppliers. This decline could create supply chain disruptions for the traditional technologies and compelling the Group to invest in maintaining supplier viability or to seek alternatives. Such actions may increase costs and delay production.

Non-adherence of suppliers to the Volvo Group's code of conduct may pose a reputation risk. Suppliers of new products and technologies may also be unable or unwilling to invest in capacity without support or commitments from the Group, implying that investments may not happen in a time to meet demand, or that the Group may have to compensate suppliers for investments if expected volumes do not materialize. At the same time the suppliers providing more traditional products might lose business and risk closing, which could leave the Volvo Group with a shortage of suppliers in a particular area and thereby a need to make investments in such products and technologies.

Cost inflation and price increases
During recent years the Group experienced higher input costs from increased prices on e.g. purchased material, freight and energy as well as higher labor costs. Despite current market normalization, these inflationary trends could reoccur with potential further impact from energy cost and occur for additional commodities and materials which the Group purchases on the world market as well as on salaries and services. The ability to pass on such higher costs into price increases for products and services may be limited by competitive pressure or already committed prices to customers in order books and other agreements. If the Group is unable to compensate for the higher input costs through increased prices on products and services sold, this could have a negative impact on the Group's financial performance.

Information security and digital infrastructure
The operation of many of the Volvo Group's business processes depends on reliable information technology (IT) systems and infrastructure. This applies to e.g. research and development, production, logistics and sales, as well as products and services using connectivity and automation features, where the Group relies on its ability to expand and update technologies and infrastructure to meet the changing needs of the Group's business. The Group also relies on third parties where significant parts of maintenance and operations of the IT systems has been outsourced. If the Group experiences a problem with digital technology supporting important business processes, the resulting disruptions could have adverse effects on operations. Further, as the Group implement new digital technologies, they may not perform as expected. The Group also face the challenge of supporting its older digital technologies and implementing necessary upgrades.

Action from threat actors seeking to exploit vulnerabilities in the Group's and its third-party service providers' IT systems, processes or personnel could result in security incidents that may impact the confidentiality, availability or integrity of information assets, technology or products and services. These cybersecurity incidents may include ransomware or other malware attacks, intrusions, exploitation of system vulnerabilities, data privacy infringements, leakage of confidential or sensitive data and unauthorized usage or modification of data.

The Group's systems and applications, and those of its third-party service providers have been and are expected to be subject to cybersecurity incidents. Such incidents could cause severe harm to the Group and could materially adversely affect the Group's business, financial performance, business partner relationships, credit rating and reputation, and may result in litigation or regulatory investigations or actions, increased costs for remediation and compliance.

Mergers and acquisitions, partnerships and divestments
In addition to the Volvo Group's in-house work and focus on organic growth, the Volvo Group engages in acquisitions and divestments, as well as in JVs, partnerships and other forms of cooperation. These are essential parts in executing on our strategy. However, there can be no assurance that these transactions and cooperations become or remain successful, nor that they will deliver expected benefits. Acquisitions could e.g. result in incurrence of contingent liabilities and an increase in amortization expenses and impairments related to goodwill and other intangible assets, as well as unanticipated difficulties in integration of an acquired entity. Divestments could present risks in e.g. the operational separation or through contractual undertakings or legal liabilities with respect to the business divested.

JVs and partnerships may fail to perform as expected for various reasons, including our or our partner's incorrect assessment of needs and potential synergies, resource and investment needs which exceed initial expectations and may not fit our or our partner's investment plans or preferred allocations or a change of strategic direction that the cooperation fails to accommodate. Further, JVs and partnerships may restrict e.g. our ability to run independent operations within the scope of cooperation, and limitations in our or our partner's operational and financial resources may restrain the capabilities of the cooperation.

Residual value commitments
The Volvo Group sometimes offers customers to acquire Group products with a residual value commitment, meaning that the customer can return the asset at an agreed date and to an agreed price. The committed prices are established within each Business Area, which assumes the responsibility for maintaining a residual value matrix aiming to reflect fair future market values. Volvo Group will have a residual value risk if vehicles subject to residual value commitments are repurchased and the fair market value of the vehicles is below the committed residual value. A residual value commitment can also become a future used vehicle inventory risk if vehicles are not sold, affecting the cash flow negatively. For further information on residual value commitments, see Note 13 Tangible assets.

People and culture

Volvo Group recognizes that its future success is closely linked to its ability to recruit, retain, and develop qualified personnel. The Group is committed to enhancing health and safety within its operations, aiming to significantly reduce accident rates and associated risks. Leveraging the full diversity of its workforce is crucial to meeting customer demands and managing the competence shift required for transformation in specialized areas.

To meet the expectations of employees and other stakeholders, Volvo Group focuses on several key areas:

- Health and Safety: Developing a systematic approach to address mental health and embedding health and safety aspects also in new focus areas, such as electromobility.
- Leadership and Empowerment: Implementing leadership development programs and fostering an inclusive culture that values diversity and knowledge sharing.
- Employee Engagement and Working Conditions: Enhancing working conditions and promoting employee engagement through continuous social dialogue and strategic workforce planning.
- Competence Development: Addressing competence gaps through reskilling and upskilling initiatives and maintaining a culture of constant learning to support organizational transformation.

Failure to effectively manage these areas can negatively impact the health, safety, and well-being of personnel, potentially leading to litigation and compensation claims. It can also harm Volvo Group's reputation and image as an employer, impairing its ability to attract and retain the necessary talent for customer success and technological advancements.

Compliance risks

Product and operational related regulations

The Volvo Group is subject to environmental, occupational health and safety laws and regulations that affect the operations, facilities, products and services in each of the jurisdictions in which the Volvo Group operates. In particular, regulations regarding exhaust emissions, noise, safety and pollutants from production plants and products are extensive and evolving. These laws and regulations result in an often complex, uncertain and changing legal and regulatory environment for Volvo Group's global businesses and operations.

The Volvo Group works actively to ensure compliance with applicable laws and regulations and endeavors to collaborate and be transparent with all governing bodies in certification and compliance processes, during development and throughout the life cycle of Group products as well as in investments in production plants but can provide no assurance that it will at all times be fully compliant. If the Volvo Group has failed or fails to comply with these laws, regulations and requirements it could be subject to costs of recalls and other remediation, significant penalties and other sanctions and liability as well as reputational damage. A failure to meet applicable laws and regulations in this area could also imply a failure to assure a timely, updated and compliant product and service range, which could have a material adverse effect on e.g. the Volvo Group's business, operating results, financial position and brand equities.

In addition, safety regulations are becoming increasingly important with autonomous vehicles in commercial applications. If regulations are not set, or not clear enough, there is a risk of not being able to scale up the autonomous offer, or not complying with regulations. A safety incident could have a detrimental effect on the images of the Group's brands and possible earnings. An incident in the industry could also lead to quickly adjusted or additional regulations.

Digital and data related regulations

As digital transformation progresses, regulations related to the digital economy and data have become increasingly prevalent. The Volvo Group is subject to a broad array of regulations concerning data protection, cyber resilience, data availability and transfer, as well as other consumer protection regulations that govern the impact of products and digital services on consumers, such as the processing of personal data and the use of artificial intelligence.

Given the Group's global presence and operations across numerous jurisdictions, ensuring compliance with all applicable digital and data-related regulations presents significant challenges. Regulatory frameworks differ widely across regions and are subject to frequent changes, creating complexities in maintaining compliance consistently throughout the Group's diverse operations, vehicles, and digital services. There can be no assurance that all applicable regulations will be met at all times in every jurisdiction.

Breaches of these regulations could lead to substantial legal consequences including regulatory investigations, resulting in fines, penalties, and potential restrictions on the Group's ability to conduct certain activities. This could have a material adverse effect on the operational results.

Additionally, the Group could face damages claims from affected third parties, including customers, employees, or other stakeholders. Such breaches could also inflict significant reputational damage, adversely affecting the Group's brand and customer trust.

Intangible assets

The Volvo Group owns or otherwise has rights to patents, trademarks, designs and copyrights that relate to the products, digital software and -services that the Group manufactures and markets. These rights have been developed or acquired over a number of years and are valuable to the operations of the Volvo Group. Further, in order to safeguard investments in R&D, the Volvo Group has an intellectual property plan defining the creation and use of its intellectual property rights.

The share of trade in counterfeit goods as a proportion of global trade has grown significantly. Products infringing on Volvo Group's intellectual property rights are often of substandard quality and poses risks to the Group regarding safety of customers, vehicle performance, quality and emission levels that will affect public health and the climate, as well as individual brand's and corporate reputation.

AB Volvo and Volvo Car Corporation jointly own the Volvo brand and trademarks through Volvo Trademark Holding AB. AB Volvo has the exclusive right to use the Volvo name and trademarks for its products and services according to a license agreement. Similarly, Volvo Car Corporation has the exclusive right to use the Volvo name and trademarks for its products and services. The Volvo Group's rights to use the Renault brand and trademarks are related to the truck operations only and are regulated by a license from Renault s.a.s., which owns the Renault brand and trademarks. In addition, the Volvo Group owns several other trademarks relating to its business. More partnerships and JVs are established involving intellectual property arrangements.

Use in possible conflict with third-party intellectual property rights, or third-parties' unauthorized use of the Volvo Group's proprietary rights, may have significant business impact on the Group.

Legal proceedings

In the normal course of business, the Volvo Group is involved in legal proceedings. These proceedings may relate to a number of topics, including vehicle safety and other product related claims, warranty claims, commercial disputes, intellectual property claims, allegations concerning health, environmental or safety issues, antitrust, tax or labor disputes and regulatory inquiries and investigations. Further, AB Volvo and other companies in the Group, as well as their officers, may be subject to claims alleging failures to comply with stock market regulations, securities law and other applicable rules and regulations. Costs of legal proceedings are significant and increasing, driven by among other things an increased global regulatory burden, changes in enforcement practices, increased procedural costs, unexpected changes in the regulatory environment and an increased propensity in some markets to initiate legal proceedings seeking compensation and/or achievement of other goals. Legal proceedings can also be lengthy, take up resources that could be used for other purposes and are often difficult to predict. There can be no assurance that provisions, where recognized, for a particular legal proceeding will cover the costs of an adverse outcome, nor that unprovisioned proceedings will not give rise to any significant additional expenditure. For information about certain legal proceedings involving entities within the Volvo Group, see Note 21 Other Provisions and in Note 24 Contingent Liabilities.

Corruption and competition law

Corruption risks are primarily linked to the Volvo Group's sales and supply chain activities but may also relate to administrative procedures, such as licensing and permitting. This includes activities of Volvo Group employees but may further extend to the activities of the Volvo Group's business partners and intermediaries. The overall risk level therefore is affected by e.g. the way of distribution and the fact that Volvo Group pursues business operations also in markets that are considered high risk from a corruption perspective.

Potential risks for non-compliance with competition law (e.g. price fixing, market sharing, unlawful information exchange, abuse of market power) are primarily linked to behavior of employees when interacting with competitors and other external stakeholders in various situations.

Corruption as well as competition law infringements may involve severe negative impacts for the business operations, including reputation damage, legal proceedings, fines and imprisonment of employees. The Group could also be affected by claims raised by persons or entities affected by allegedly non-compliant practices.

Human rights

The Volvo Group is committed to respecting internationally recognized human rights and avoiding causing or contributing to adverse human rights impacts in line with applicable legislation throughout the world and relevant global frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs).

The regulatory landscape addressing corporate conduct in relation to human rights is rapidly evolving. New legislation, imposing more stringent human rights due diligence and reporting requirements has already been adopted, and further legislation is emerging. The Volvo Group attempts to monitor its compliance with applicable laws, policies and guidelines and strives for continuous improvements, but there can be no assurances that future adverse human rights impacts will not materialize in the Group's own organization, or in the Group's business relationships or in the value chain. The Group seeks to address adverse human rights impacts with which it may be involved, however, such events may adversely affect the Group, financially as well as reputationally.

Financial risks

Insurance

The Volvo Group generally takes out insurance coverage where it is legally or contractually obligated to do so and otherwise against such risks, in such amounts and on terms that it considers commercially motivated from time to time. Where insurance coverage cannot be procured on such terms, the Group can be exposed to material uninsured losses, which could have a materially adverse effect on Group operations and financial standing. For example, the Group is not fully insured against effects from cybersecurity incidents or flooding, earthquakes, and other natural disasters.

Credit risk

The Volvo Group is exposed to credit risk mainly through its sales to customers in the Industrial Operations, and its long-term credit receivables in its Financial Services operations. Total exposure as of December 31, 2024 can be found in Note 15 Customer financing receivables and Note 16 Receivables. The Group is also exposed to financial credit risk due to short-term deposits with the Group's core banks and unrealized results from derivatives used for hedging purposes. For further information, please see Note 4 Goals and policies in financial risk management and Note 15 Customer-financing receivables. If several larger customers, dealers, or a core bank, fails to meet its undertakings the Group could suffer significant losses.

Pension commitments

The Volvo Group has substantial pension commitments, some of which are owed under defined benefit plans. Changes in assumptions of interest and inflation rates, mortality, retirement age and pensionable remunerations could result in significant changes to the present value of already accrued benefit obligations as well as the cost of new benefit accruals, affecting funding level of such plans. The investment performance of pension assets may also substantially affect funding levels. Defined benefit plan assets are managed independently from the Group, with a significant portion of plan assets held in shares and other instruments that are exposed to market risks which do not fully match the characteristics of the pension obligation. Please see Note 20 Provisions for post employment benefits for further information. If there is a shortfall in benefit plans, the Volvo Group could be required to make substantial unexpected cash contributions, which would adversely affect cash flow and the Group's financial position.

Interest-rate risk

The Volvo Group is exposed to interest-rate risk mainly through net financial items in the Industrial Operations and borrowing and lending in the Financial Services operations. Interest-rate risk refers to the risk that changed interest rates will affect the Volvo Group's net income and cash flow or the fair value of financial assets and liabilities. Fluctuations in interest-rates may lead to stronger competition and reduce demand for the Group's products, increase borrowing costs and potentially reduce interest margins. The Volvo Group's efforts to match interest-rate fixings on financial assets and liabilities and to reduce the effects of interest-rate fluctuations through hedging activities may not always be successful or sufficient, which could result in adverse impacts on the Volvo Group's net income, cash flow and the value of financial assets and liabilities.

Currency risk

The Volvo Group's global operations expose the Group to various currency regions. Currency risks in the Volvo Group's operations are related to changes in the value of contracted and expected future payment flows, changes in the value of loans and investments and changes in the value of assets and liabilities in foreign subsidiaries. More than 95% of the Group's revenues are generated in countries other than Sweden while a significant part of the Group's costs is generated in SEK. The Volvo Group presently has a net revenue exposure in foreign currencies, which means that a stronger SEK exchange rate would generally have a negative effect on the Volvo Group's reported results. To the extent the Volvo Group is unable to match revenues and profits received in one currency with costs and expenses paid in the same currency, exchange rate fluctuations could have a negative impact on the Volvo Group's cash flow, profitability, and balance sheet. The Volvo Group's efforts to reduce the effects of exchange rate fluctuations through hedging activities may not always be sufficient or successful, which could result in an adverse impact on the Volvo Group's results and financial position.

Liquidity risk

It is of critical importance for the Volvo Group to assure a sufficient payment capability over time, to continuously manage demands and expectations from external stakeholders. Sudden changes in the business cycle, unforeseen events within the financial markets (in particular for the Financial Services operations), changes in the Volvo Group's access to financial markets, and changes in customers' appetite for financing from the Group, may stress the Group's liquidity preparedness or involve fines and penalties. Failure to properly manage the Group's liquidity risks, may cause material adverse impact on earnings capability and financial standing.

Impairment

The Volvo Group has substantial values in goodwill and other intangible assets on its balance sheet. Goodwill and other intangible assets not yet in use are not amortized, hence there is a risk for impairment if the calculated recoverable amount is lower than the carrying amount. The calculated recoverable amounts differ between the operating segments, and they are, to a varying degree, sensitive to changes in the business environment. Instability in the business performance and volatility in interest and currency rates may indicate a need for impairment. Please see Note 12 Intangible assets.

Notes to the financial statements

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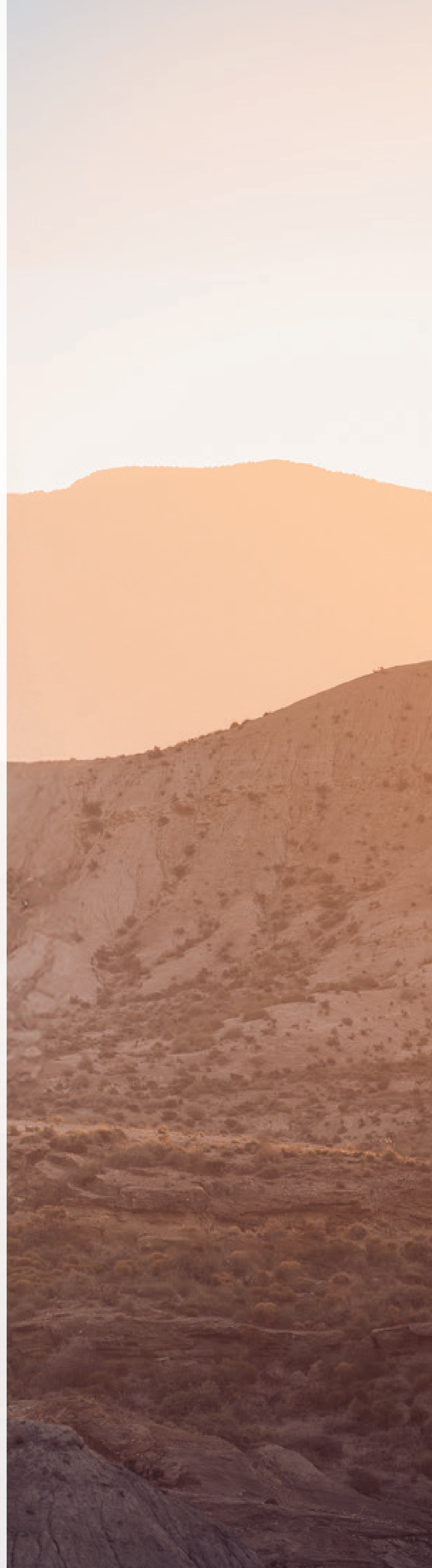


1 Accounting policies

The consolidated financial statements for AB Volvo (publ) and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). This Annual Report is prepared in accordance with IAS 1 Presentation of Financial Statements and the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Rules for Groups has been applied, which is issued by the Swedish Sustainability and Financial Reporting Board. Amounts are in SEK M unless otherwise specified and the amounts within parentheses refer to the preceding year.

1:1

Accounting policies	Note		IFRS standard
Acquisitions and divestments	3	Acquisitions and divestments of operations	IFRS 3, IFRS 10
Assets and liabilities held for sale and discontinued operations	3	Acquisitions and divestments of operations	IFRS 5, IFRS 13
Joint ventures	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 11, IFRS 12, IAS 28
Associated companies	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 12, IAS 28
Other shares and participations	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 7, IFRS 9, IFRS 13, IAS 28, IAS 32
Operating segments	6	Segment reporting	IFRS 8
Revenue	7	Revenue	IFRS 9, IFRS 15, IFRS 16
Financial income and expenses	9	Other financial income and expenses	IFRS 9
Income taxes	10	Income taxes	IAS 12
Owners of non-controlling interest	11	Owners of non-controlling interest	IFRS 10, IFRS 12
Product and software development	12	Intangible assets	IAS 36, IAS 38
Goodwill	12	Intangible assets	IFRS 3, IAS 36, IAS 38
Tangible assets	13	Tangible assets	IFRS 13, IFRS 16, IAS 16, IAS 36, IAS 40
Leasing	14	Leasing	IFRS 16
Inventories	17	Inventories	IAS 2
Earnings per share	19	Equity and number of shares	IAS 33
Pensions and similar obligations	20	Provisions for post-employment benefits	IFRS 2, IAS 19
Residual value risks	21	Other provisions	IFRS 15, IAS 37
Product warranty	21	Other provisions	IAS 37
Restructuring costs	21	Other provisions	IAS 19, IAS 37
Extended coverage and service contracts	21	Other provisions	IFRS 15, IAS 37
Insurance operations	21	Other provisions	IFRS 4
Contingent liabilities and financial	24	Contingent liabilities and financial commitments	IAS 37
Transactions with related parties	25	Transactions with related parties	IAS 24
Government grants	26	Government grants	IAS 20
Incentive programs	27	Personnel	IFRS 2, IAS 19
Cash flow statement and operating cash flow	29	Cash flow	IAS 7
Financial instruments	4	Goals and policies in financial risk management	IFRS 7, IFRS 9
	15	Customer-financing receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 16, IAS 32
	16	Receivables	IFRS 7, IFRS 9, IFRS 13, IAS 32
	18	Cash and cash equivalents	IFRS 7, IFRS 9, IFRS 13, IAS 32
	22	Liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
	30	Financial instruments	IFRS 7, IFRS 9, IFRS 13, IAS 32

Volvo Group's accounting policies

The Volvo Group describes the most material accounting policies in conjunction with each note with the aim of providing enhanced understanding of each accounting area. The Volvo Group focuses on describing the accounting choices made within the framework of the prevailing IFRS standard and avoids repeating the actual text of the standard, unless the Volvo Group considers it particularly important to the understanding of the note's content. The following symbols I/S and B/S show if amounts in the notes can be found in the income statement or balance sheet. The total amount in tables and statements might not always summarize as there are rounding differences. The aim is to have each line item corresponding to the source and it might therefore be rounding differences in the total. Refer to **table 1:1** to see in which note each accounting policy can be found and the applicable IFRS standard with material impact.

Consolidated financial statements

Principles for consolidation

The consolidated financial statements comprise the parent company and subsidiaries over which the parent company exercises control. Control over a subsidiary exists when the Volvo Group is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the company. Joint ventures and associated companies are recognized by applying the equity method accounting, when the Volvo Group has joint control or exercise significant influence. Intra-group transactions as well as gains on transactions with joint ventures and associated companies are eliminated in the consolidated financial statements.

Read more in Note 3 Acquisitions and divestment of operations.
Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.
Read more in Note 11 Owners of non-controlling interest.

Translation to Swedish kronor when consolidating companies that have other functional currencies

The functional currency of each Volvo Group company is determined based on the primary economic environment in which the company operates. The primary economic environment is normally in which the company primarily generates and expends cash. The functional currency is, in most cases, the currency in the country where the company is located. AB Volvo's and the Volvo Group's presentation currency is SEK. In preparing the consolidated financial statements, items in the income statements of foreign subsidiaries are translated to SEK using monthly average exchange rates. Balance sheet items are translated into SEK using closing exchange rates. Exchange rate changes are recognized in other comprehensive income and accumulates in equity.

Accumulated exchange rate changes related to a certain subsidiary, joint venture or associated company are reversed to the income statement as a part of the gain or loss arising from disposal of the company.

Receivables and liabilities in foreign currency

Receivables and liabilities in currencies other than the functional currency of the reporting entity (foreign currencies) are translated to the functional currency using the closing rate. Exchange rate changes arising from operating assets and liabilities impact operating income while exchange rate changes arising from interest-bearing financial assets and liabilities impact other financial income and expenses. Interest-bearing financial assets and liabilities are defined as items included in the net financial position of the Volvo Group (see section Key Ratios). The most important exchange rates used in the consolidated financial statements are shown in **table 1:2.**

Read more in Note 4 Goals and policies in financial risk management, about currency exposure and currency risk management.

1:2 Exchange rates

		Average rate		Closing rate, Dec 31	
Country	Currency	**2024**	2023	**2024**	2023
Australia	AUD	6.9736	7.0474	6.8599	6.8178
Brazil	BRL	1.9697	2.1263	1.7758	2.0572
Canada	CAD	7.7140	7.8644	7.6371	7.5401
China	CNY	1.4677	1.4983	1.5065	1.4075
Euro Zone	EUR	11.4315	11.4770	11.4657	11.0542
Great Britain	GBP	13.5028	13.1980	13.8332	12.7286
Norway	NOK	0.9832	1.0054	0.9683	0.9803
South Africa	ZAR	0.5770	0.5757	0.5895	0.5383
South Korea	KRW	0.0078	0.0081	0.0075	0.0077
United States	USD	10.5605	10.6134	10.9967	9.9830

New accounting policies 2024

Supplier finance arrangements

As from January 1, 2024, the Volvo Group applies the amendments to IAS 7 and IFRS 7 by adding qualitative and quantitative disclosures regarding supplier finance arrangements. The information is disclosed in Note 22 Liabilities.

No other new or revised accounting standards or interpretations effective from January 1, 2024 have materially affected the Volvo Group's financial statements.

New accounting policies 2025 and later

IFRS 18 Presentation and disclosure in financial statements

As from January 1, 2027, IFRS 18 Presentation and disclosure in financial statements will become effective. The new standard will replace IAS 1 Presentation of financial statements. The aim with IFRS 18 is to improve how companies present their financial statements with focus on the income statement and cash flow statement. The new standard also includes disclosure requirements of management-defined performance measures and nature of expenses etc. IFRS 18 is not yet adopted by EU.

No other new and revised accounting standards and interpretations that have been published and are effective from 2025 and later are considered to have a material impact on the Volvo Group's financial statements.

2 Key sources of estimation uncertainty, critical judgments and climate-related risks and opportunities

The preparation of the Volvo Group's financial statements requires the use of estimates and assumptions that may affect the recognized amounts of assets and liabilities at the date of the financial statements. In addition, the recognized amounts of net sales and expenses during the periods presented are affected.

The Volvo Group is targeting to reach net-zero greenhouse gas emissions by 2040. This will enable the Group's customers to have net-zero rolling fleets by 2050 as it takes approximately ten years to renew a rolling fleet. The path to decarbonization includes a gradual shift into battery-electric vehicles, fuel cell-electric vehicles and vehicles with internal combustion engines running on lower carbon fuels. The transition brings risks such as transitional and physical risks, as well as opportunities. The financial impact in relation to the transition occurs gradually and has not had a material effect on the financial statements as of December 31, 2024.

Read more in Sustainability statements about climate-related risks.

In preparing the financial statements, management has made its best judgments of certain amounts included in the financial statements, materiality taken into account. Actual results may differ from previously made estimates. In accordance with IAS 1, the company is required to disclose the assumptions and other major sources of estimation uncertainties that, if actual results differ, may have a material impact on the financial statements.

Sources of estimation uncertainty and critical judgments

The sources of estimation uncertainty and critical judgments identified by the Volvo Group and which are considered to fulfill these criteria are presented in connection to the items considered to be affected. **Table 2:1** discloses where to find these descriptions and climate-related risks and opportunities, if applicable.

2:1 Source of estimation uncertainty and critical judgments

	Note		Climate-related risks and opportunities
Sales with residual value commitments and variable sales price	7	Revenue	●
Deferred taxes and uncertainty over income tax treatments and claims	10	Income taxes	
Impairment of goodwill and other intangible assets	12	Intangible assets	●
Impairment of tangible assets and residual value risks	13	Tangible assets	●
Measurement of lease liabilities and right-of-use assets	14	Leasing	
Allowance for expected credit losses	15 16	Customer-financing receivables Receivables	●
Write down of inventories	17	Inventories	●
Assumptions when calculating post-employment benefits	20	Provisions for post-employment benefits	
Provisions for product warranty, other provisions and provisions for legal proceedings	21	Other provisions	●

3 Acquisitions and divestments of operations

Accounting policies

Acquisitions
Companies are consolidated as of the date of acquisition, when the Volvo Group obtains control over the operations. Business combinations are recognized in accordance with the acquisition method. The identifiable assets acquired and the liabilities assumed are measured at their fair values. A surplus amount from the purchase price paid, possible non-controlling interest, and fair value of previously held equity interests at the acquisition date compared to the acquired net assets, is recognized as goodwill. All acquisition-related costs are expensed.

For acquisitions done in stages, a business combination occurs on the date when control is achieved. As part of obtaining control, the acquired identifiable net assets are measured at their fair values and goodwill is recognized. The previously held equity interest is remeasured to its fair value and any resulting gain or loss compared to the carrying amount is recognized in the income statement. For each business combination, the Volvo Group decides whether the non-controlling interest shall be valued at fair value or at the non-controlling interest's proportionate share of the net assets of the acquiree. Transactions between the Volvo Group and owners with non-controlling interest are recognized in equity if control of the subsidiary is retained.

Divestments
Subsidiaries that have been divested are included in the consolidated financial statements until the date of the divestment, when the Volvo Group loses control over the subsidiary. A decrease in ownership interest of a subsidiary without losing control is accounted for as an equity transaction.

Assets and liabilities held for sale and discontinued operations
In a global group like the Volvo Group, activities are continuously ongoing regarding the sale of assets or groups of assets at minor values. When the criteria for being classified as assets and liabilities held for sale are fulfilled and the asset or group of assets are of material value, the asset or group of assets, both current and non-current, and the related liabilities are recognized on separate lines in the balance sheet. The asset or group of assets are measured at the lower of its carrying amount and fair value after deductions for selling expenses. The balance sheet items and the potential income statement effect resulting from the revaluation to fair value less selling expenses are, if related to Industrial Operations, normally recognized in the segment Group functions & Other, otherwise in the Financial Services segment. When the sale is completed the result is distributed to the relevant segments.

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.
Read more in Note 11 Owners of non-controlling interest.
Read more in Note 12 Investments in shares and participations in the parent company, about AB Volvo's holding of shares in subsidiaries as of December 31, 2024.

Acquisitions during the period
In 2024, the Volvo Group acquired the net assets related to the battery business from Proterra Inc. and Proterra Operating Company Inc., which includes a development center for battery modules and battery packs in California and an assembly factory in Greer, South Carolina, USA. With this acquisition, Volvo Group complements the current, and accelerate its future, battery-electric road map. The acquisition was made at a purchase price of USD 210 M (SEK 2,169 M) before adjustment for inventory level at closing. The purchase price largely corresponds to the acquired net assets at fair value, mainly consisting of machinery and equipment, inventory, and surplus values related to technology. Acquisition-related costs amounted to SEK 85 M and were recognized in other operating income and expense. The acquired operation is recognized in the segment Trucks in the Volvo Group financial statements.

In 2024, the Volvo Group also acquired a production plant, which produces cabs for Mack's heavy- and medium- duty trucks, in North Carolina, USA, from Commercial Vehicle Group, Inc. The acquisition was made at a purchase price of USD 49 M (SEK 514 M). The acquired operation is recognized in the segment Trucks in the Volvo Group financial statements.

In 2023, the Volvo Group did not make any acquisitions of operations, which solely or jointly had a material impact on the Volvo Group's financial statements.

The total impact on the Volvo Group's balance sheet and cash flow statement in connection with all acquisitions of operations are included in **table 3:1**.

3:1 Acquisitions

	2024	2023
Intangible assets	653	15
Tangible assets	1,220	138
Financial assets	122	–
Inventories	1,341	18
Current receivables	116	–
Non-current liabilities	-156	-45
Current liabilities	-81	–
Acquired net assets	**3,215**	**126**
Non-controlling interest	–	–
Goodwill	105	74
Purchase price	**-3,320**	**-198**
Outstanding purchase price[1]	79	–
Advance payment[2]	235	121
Effect on Volvo Group's cash and cash equivalents	**-3,006**	**-77**

1 2024 primarily includes the outstanding purchase price for the acquisition of the production plant from Commercial Vehicle Group, Inc.

2 2024 includes a reversal of the advance payment in 2023 related to the acquisition of the battery business unit from Proterra Inc. and Proterra Operating Company. 2023 includes the advance payment for the acquisition of a battery business unit from Proterra Inc. and Proterra Operating Company, and a recovered advance payment for the discontinued acquisition of a heavy-duty truck manufacturing operation in China.

Divestments during the period

In 2024, the Volvo Group completed divestments which mainly pertained the divestments of Volvo Construction Equipment's ABG paver business to Ammann Group and Arquus to John Cockerill Defense.

The divestment of Volvo Construction Equipment's ABG paver business was completed in May 2024 and impacted the Volvo Group's operating income negatively by SEK 610 M in 2023 due to a write-down of assets to fair value.

The divestment of Arquus was completed in July 2024 and generated a positive cash flow effect of SEK 1,917 M. In total, the divestment of Arquus impacted the Volvo Group's operating income negatively by SEK 699 M, of which SEK 880 M was recognized in 2023 due to a write-down of assets to fair value, while a partial reversal of the impairment impacted the operating income positively in the second quarter 2024 by SEK 181 M. As a result of John Cockerill Defense's acquisition of Arquus, an additional amount up to EUR 100 M (approximately SEK 1,147 M) might be paid to Volvo Group as an earnout subject to the performance of Arquus during the years 2023-2025. The earnout is re-evaluated continuously throughout the period specified. At the time of the divestment, the fair value of the additional amount was estimated to EUR 45 M (approximately SEK 523 M). The earnout is recognized as an asset at fair value and impacted the total net gain/loss by the same amount.

In 2024, the Volvo Group received SEK 176 M (196) related to the earnout for the divestment of UD Trucks to Isuzu Motors in 2021.

In 2023, the Volvo Group divested its Russian entities. The divestment resulted in a negative impact on the operating income of SEK 794 M and a total negative cash flow effect of SEK 2,499 M.

The total impact on the Volvo Group's balance sheet, income statement and cash flow statement in connection with all divestments of operations are specified in table 3:2.

Assets and liabilities held for sale

As of December 31, 2024, assets and liabilities held for sale amounted to net SEK 368 M (3,803), which mainly related to planned property divestments.

For the comparative year, 2023, the amounts related to the divestments of Arquus to John Cockerill Defense and Volvo Construction Equipment's ABG paver business to Ammann Group, which were completed in 2024, as well as planned property divestments. The write-down of assets to fair value mainly related to the divestments of Arquus and the ABG paver business and impacted the Volvo Group's operating income negatively by SEK 880 M and SEK 610 M respectively 2023. Assets and liabilities held for sale are presented in table 3:3.

Acquisitions and divestments after the end of the period

The Volvo Group has not made any acquisitions or divestments after the end of the period that have had a material impact on the financial statements.

3:2 Divestments

	2024	2023
Divested net assets	**-1,639**	**-4,448**
Whereof cash and cash equivalents	-272	-5,830

Cash flow and net financial position	**2024**	2023
Cash and cash equivalents, received	1,168	3,562
Loan repayment	1,474	–
Cash and cash equivalents, divested operations	-272	-5,830
Effect on Volvo Group's cash and cash equivalents	**2,371**	**-2,268**
Effect on Volvo Group net financial position	**2,766**	**-1,108**

Details on completed divestments	**2024**	2023
Consideration received or receivable:		
Cash	993	3,562
Fair value of contingent consideration	472	–
Total disposal consideration	**1,465**	**3,562**
Carrying amount of divested net assets	(1,639)	(4,448)
Exchange rate changes reversed to income	423	318
Net gain/loss	**249**	**-569**
Write-down of assets to fair value recognized in previous year	-1,488	–
Total net gain/loss[1]	**-1,239**	**-569**
Transaction costs related to divestments amounted to	*-127*	*-25*

1 Total financial impact of completed divestments, including write-down of assets to fair value at the time of reclassification to assets and liabilities held for sale.

3:3 Assets and liabilities held for sale

	Dec 31, 2024	Dec 31, 2023
Intangible assets	–	899
Tangible assets	381	1,202
Financial assets	–	1,858
Inventories	–	3,871
Accounts receivables	–	3,502
Other current receivables	–	2,085
Total assets before write-down of assets to fair value	**381**	**13,417**
Write-down of assets to fair value	–	-1,457
B/S **Total assets after write-down**	**381**	**11,960**
Provisions	–	503
Other non-current liabilities	13	2,891
Trade payables	–	1,279
Other current liabilities	–	3,484
B/S **Total liabilities**	**13**	**8,157**

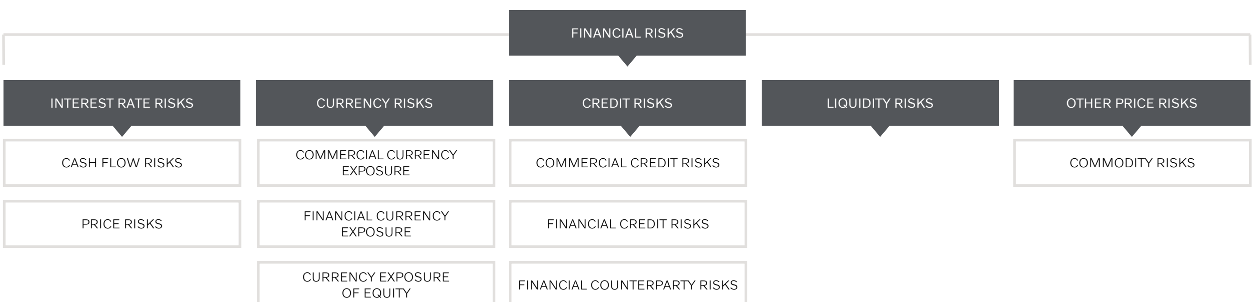
4 Goals and policies in financial risk management

The Volvo Group's global operations expose the Group to financial risks in the form of interest rate risks, currency risks, credit risks, liquidity risks and other price risks. The board of AB Volvo has adopted a financial risk policy that regulates how these risks should be controlled and governed and defines roles and responsibilities within the Volvo Group. The financial risk policy also establishes principles for how financial activities shall be carried out, sets mandates and steering principles for the management of financial risks as well as defines the financial instruments to be used for mitigating these risks. Key mandates and steering principles are described in the respective risk section.

The board and audit committee of AB Volvo are informed regularly during the year about the development of the Volvo Group's financial risks and other matters covered within the financial risk policy. The financial risk policy is reviewed on an annual basis. The financial risk management is an integrated element of the Volvo Group's operations, where parts of the responsibility for the finance operation and financial risk management are centralized to Volvo Group Treasury, the internal bank of the Volvo Group. Their responsibilities include financing of Industrial Operations as well as financing of the credit portfolio in Financial Services. The Volvo Group's balance sheet is presented per segment where Volvo Group Treasury is part of Industrial Operations and the internal lending from Industrial Operations to Financial Services is presented in the balance sheet as internal funding.

During 2024 the financial markets have been relatively stable. Short market rates have decreased in line with central bank's policy rates changes whilst long market rates have fluctuated more following the market expectation on inflation and anticipated future policy rate changes. The Volvo Group has continued to perform financial activities and managed risk in accordance with the financial risk policy, without any policy breaches.

Read more in Note 30 Financial instruments, about accounting policies for financial instruments.
Read more in section Financial management about financial risk management.
Read more in section Risks and uncertainties about financial risks.



Interest rate risks

Interest rate risk refers to the risk that changed interest rates will affect the Volvo Group's net income and cash flow (cash flow risk) or the fair value of financial assets and liabilities (price risk). Following the interest rate benchmark reform, market rates continue to transition into risk free rates. The transition phase of various IBOR rates is expected to continue for a number of years. Transitions are handled using the ISDA fallback scenario and no material effects in the income statement of the Volvo group are expected. During 2024 no major IBOR rates, where the Volvo Group had outstanding contracts, have been decommissioned during 2024 and none are scheduled for cessation.

Policy

Matching the interest fixing terms of financial assets and liabilities reduces the exposure. Interest rate swaps are used to change/influence the interest fixing term for the Volvo Group's financial assets and liabilities. Currency interest rate swaps enable borrowing in foreign currencies from different markets without introducing currency risk.

Cash flow risks

The effect of changed interest rate levels on future currency and interest flows primarily pertains to Financial Services and Industrial Operations' net financial position. The interest rate risk in Financial Services is managed with the objective to achieve a match of interest rate fixings on borrowing and lending, in order to eliminate interest rate risk. The matching degree is measured excluding equity, which amounted to 8% in Financial Services. At year-end 2024, the degree of such matching ratio was 97% (101) in Financial Services which is in accordance with the Group policy.

In addition to the financial assets in Financial Services, the Volvo Group's interest-bearing assets at year-end 2024 consisted primarily of cash and cash equivalents. On December 31, 2024, the average interest on Industrial Operations financial assets was 3.3% (4.6). The decrease relates to lower underlying interest rates in many regions during the year.

The Industrial Operations' results and profitability are closely aligned to the business cycle. Therefore, in order to minimize the interest rate risk, outstanding loans had interest terms corresponding to an interest rate fixing of between one to three months. The average interest rate on Industrial Operations financial liabilities at year end amounted to 4.8% (5.7), including the Volvo Group's credit costs, also affected by the decrease in underlying interest rates.

Table 4:1 shows the impact on income after financial items in Industrial Operations' net financial position, excluding lease liabilities and post-employment benefits, if interest rates were to increase by 1 percentage point, assuming an average interest rate fixed term of three months on the liability side. The sensitivity analysis on interest rate risk is based on simplified assumptions. It is not unlikely for market interest rates to change by one percentage point on an annual basis. However, in reality, these rates often rise or decline at different points in time. The sensitivity analysis also assumes a parallel deferment of the return curve, and that the interest on assets and liabilities will be equally impacted by changes in market interest rates. Accordingly, the impact of real interest rate changes may differ from the analysis presented. The impact on equity is earnings after tax.

Read more in note 20 Provisions for post-employment benefits regarding sensitivity analysis on the defined benefit obligations when changes in the applied assumptions for discount rates and inflation are made.

4:1 Risk net financial position Dec 31, 2024

SEK M	Net financial position excl. post-employment benefits and lease liabilities	Impact on income after financial items if interest rate rises 1% (Interest rate risks)	Impact on net financial position if SEK appreciates against other currencies 10% (Currency risks)
SEK	48,148	521	–
EUR	16,454	145	-1,645
USD	9,648	87	-965
GBP	6,772	59	-677
CNY	2,516	31	-252
BRL	1,074	14	-107
Other	1,259	19	-126
Total	**85,871**	**876**	**-3,772**

Read more in section financial position about the Industrial Operations' net financial position.

Price risks

Exposure to price risk as a result of changed interest rate refers to financial assets and liabilities with a longer interest rate fixing term (fixed interest). All outstanding loans in Industrial Operations are signed with short interest rate fixings, therefore the price risk is immaterial.

For Financial Services, financial assets and liabilities are matched in order to limit risk. Volvo Group Treasury has a mandate to take limited active currency and interest rate positions in relation to the Financial Services portfolio. This responsibility is subject to, and shall be within, applicable market risk limitations.

There are several measurements which can be used to define market risk. Volvo Group Treasury is using Value-at-Risk (VaR) as the main tool for mandating market risk (including interest rate risk, currency risk and liquidity risk). Volvo Group Treasury measures VaR over a one day holding period, using a 97.7% confidence level and historical volatility and correlation. The total VaR mandate for Volvo Group Treasury is SEK 150 M, and the usage is measured daily. As of December 31, 2024, the VaR usage was SEK 20.0 M (20.6).

Currency risks

The balance sheet may be affected by changes in different exchange rates. Currency risks in the Volvo Group's operations are related to changes in the value of contracted and expected future payment flows (commercial currency exposure), changes in the value of loans and investments (financial currency exposure) and changes in the value of assets and liabilities in foreign subsidiaries (currency exposure of equity).

Policy

The objective for the Volvo Group's currency risk management is to secure cash flow from firm flows through currency hedges pursuant to the established financial risk policy, and to minimize the exposure of financial items in the Volvo Group's balance sheet. Below is an explanation of how this work is carried out for commercial and financial currency exposure, and for currency exposure of equity.

Commercial currency exposure

Transaction exposure from commercial flows

The Volvo Group conducts manufacturing in 17 countries around the globe and more than 95% of net sales are generated in countries other than Sweden. Transaction exposure from commercial flows in foreign currency is generated from internal purchases and sales between manufacturing entities and market companies, and external sales and purchases in foreign currency around the globe. As the predominant parts of the operations in the Volvo Group are situated outside Sweden, the fluctuations in currency rates affecting the transaction flows in foreign currency are in many cases not against SEK. Industrial Operations' transaction exposure from commercial flows for key currencies is presented in **graph 4:5**. The graph represents the transaction exposure from commercial operating cash flows in foreign currency, expressed as net surpluses or deficits in key currencies. Commercial net flows decreased compared to previous year as an effect of normalized demand for the Volvo Group's products and services. The deficit in SEK and KRW is mainly an effect of manufacturing costs in the plants in Sweden and South Korea, but limited external revenues in those currencies. The surplus in GBP is mainly generated from internal and external sales to Great Britain. The surplus in CAD is mainly generated from internal and external sales to Canada. The surplus in USD is mainly generated from internal and external sales to USA and emerging markets around the globe. The transaction exposure in Financial Services is limited as the lending is done in local currency and the currency risk is managed by matching lending and borrowing.

The hedging of the Volvo Group's commercial currency exposure is executed centrally. The Volvo Group's consolidated currency exposure is the value of forecasted flows in foreign currency. The Volvo Group may hedge the part of the forecasted cash flows in foreign currency that is considered highly probable to occur. However, during 2024 only future cash flows for specific orders, decided on case-by-case basis, has been hedged. The Volvo Group uses forward contracts and currency options to hedge the future payment flows in foreign currency. The hedged amount of firm flows for all periods fall within the framework of the Volvo Group's financial risk policy. **Table 4:2** shows outstanding derivatives for the hedging of commercial currency risks.

4:2 Volvo Group's outstanding derivatives hedging commercial currency risks Dec 31, 2024

Nominal amount, millions	GBP/SEK	USD/IDR	USD/SEK
Due date 2025	70	-33	33
Due date 2026	5	–	–
Total local currency	**75**	**-33**	**33**
Average contract rate	13.36	15.99	10.95
Market value of outstanding derivatives, SEK M	-25	4	-1

Read more in Note 30 Financial instruments, about derivatives used for hedging currency risk arising from future cash flow and the impact in the income statement.

4:3 Sensitivity analysis Risk currency exposure 2024

SEK bn	Transaction exposure from operating net flows	Impact on operating income if currency rate appreciates against all other currencies by 10% (Currency risks)
SEK	-59	-5.9
KRW	-3	-0.3
GBP	15	1.5
CAD	11	1.1
USD	9	0.9

Sensitivity analysis for transaction exposure

The **table 4:3** illustrates the impact on operating income if key currencies for the Volvo Group appreciate by 10% against all other currencies. Hedge accounting is not applied on hedging commercial cash flows in foreign currency, hence the impact on equity equals the impact on operating income. The sensitivity analysis on currency rate risks is based on simplified assumptions. It is not unlikely for a currency to appreciate by 10% in relation to other currencies. In reality however, all currencies usually do not change in the same direction at any given time, so the actual effect of exchange rate changes may differ from the sensitivity analysis. The deficit in transaction exposure in SEK is mainly generated from foreign commercial flows in GBP, CAD, USD, AUD and NOK against SEK.

Translation exposure from the consolidation of operating income in foreign subsidiaries

In conjunction with the translation of operating income in foreign subsidiaries, the Volvo Group's income is impacted by changes in currency rates. The Volvo Group does not hedge this risk. **Graph 4:7** shows the translation effect in key currencies when consolidating operating income for 2024 in foreign subsidiaries in the Volvo Group.

Read more in section currency exposure of equity.

Volvo Group currency review

Table 4:4 and **graphs 4:5** to **4:8** presents the currency impact on operating income and illustrate the transaction exposure and currency impact on operating income from commercial net flows in foreign currency, translation effect when consolidating operating income in foreign subsidiaries and currency impact on sales in key currencies.

Read more about Volvo Group transaction exposure in section commercial currency exposure above.

Financial currency exposure

Loans and investments in the Volvo Group's subsidiaries are mainly performed in local currencies through Volvo Group Treasury, which minimizes individual companies' financial currency exposure. Volvo Group Treasury uses various derivatives to facilitate lending and borrowing in different currencies without increasing the risk for the Volvo Group. The Volvo Group's net financial position is affected by changes in exchange rates as financial assets and liabilities are distributed among Group companies that operate in different currencies.

Table 4:1 discloses the impact on income after financial items on Industrial Operation's net financial position, excl. post-employment benefits and lease liabilities, if SEK was to strengthen by 10%.

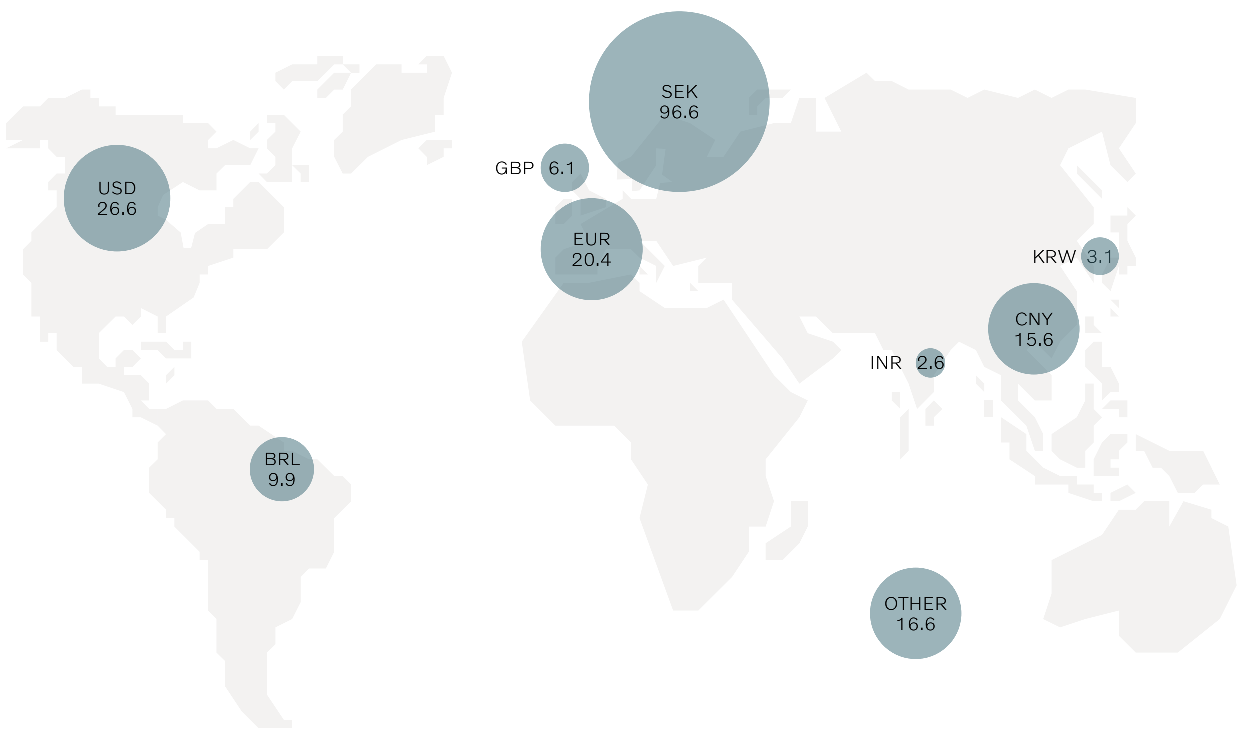
Currency exposure of equity

The carrying amount of assets and liabilities in foreign subsidiaries are affected by current exchange rates in conjunction with the translation of assets and liabilities to SEK. To minimize currency exposure of equity, the size of equity in foreign subsidiaries is continuously optimized with respect to commercial and legal conditions. In connection with this activity, payments of major internal dividends in foreign currency can be subject for hedging. Currency hedging of equity may occur in cases where a foreign subsidiary is considered overcapitalized. Net assets in foreign subsidiaries, associated companies and joint ventures amounted at year end 2024 to SEK 101 billion (90). The need to undertake currency hedging relating to investments in associated companies, joint ventures and other companies is assessed on a case-by-case basis.

On the map below, the Volvo Group's net assets in different currencies (SEK bn) are displayed.

Read more in Note 30 Financial instruments, about the Volvo Group's policy choice on hedge accounting. For information on gain and losses regarding hedging of internal dividends, please refer to **table 30:3**.

The Volvo Group's net assets in different currencies, SEK bn



The Volvo Group's net assets in different currencies (SEK bn) =
Read more in section currency exposure of equity above.

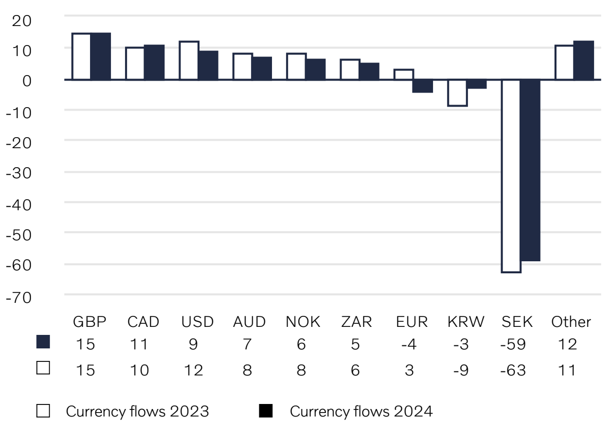
When the Volvo Group communicates the currency impact on operating income, the following factors are included:

4:4 The Volvo Group's currency review
Currency impact on operating income, Volvo Group

SEK M	**2024**	2023	Change
Net flows in foreign currency			63
Realized and unrealized gains and losses on currency hedging contracts	-87	-16	-71
Unrealized gains and losses on receivables and liabilities in foreign currency	-49	94	-143
Translation effect on operating income in foreign subsidiaries			-1,613
Total currency impact on operating income, Volvo Group			**-1,764**

Currency impact on net flows in foreign currency is detailed in **graph 4:6** and translation effect on operating income in foreign subsidiaries is detailed in **graph 4:7** in key currencies.

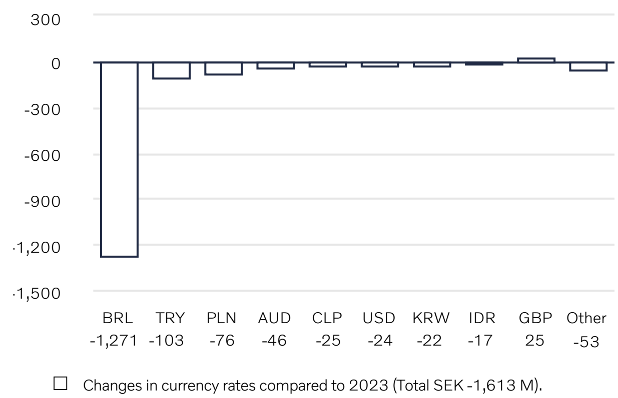
4:5 Transaction exposure from commercial net flows in 2024 and 2023, SEK bn



The graph above represents the transaction exposure from commercial cash flows in foreign currency, expressed as net surpluses or deficits in key currencies.

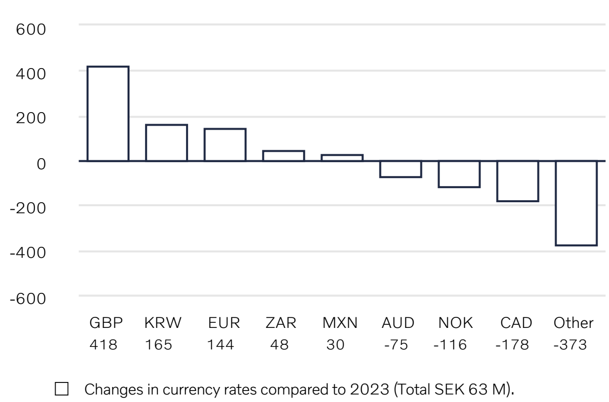
Read more in section commercial currency exposure.

4:7 Translation effect on operating income in 2024 versus 2023, SEK M



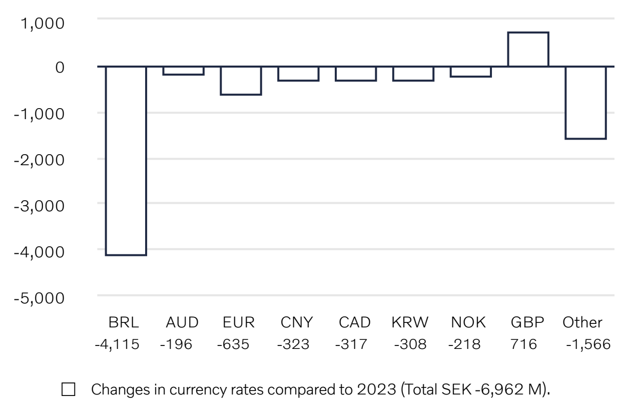
Translation effect when consolidating operating income in foreign subsidiaries for Volvo Group is presented in the graph above.

4:6 Currency impact on operating income from net flows in foreign currency 2024 versus 2023, SEK M



Currency effect on operating income from net flows in foreign currency in Volvo Group is presented in the graph above.

4:8 Currency impact on net sales in 2024 versus 2023, SEK M



Currency effect on net sales from inflows in foreign currency and translation effect when consolidating net sales in foreign subsidiaries for Volvo Group is presented in the graph above.

Credit risks

Credit risk is defined as the risk that the Volvo Group does not receive payment for recognized accounts receivables and customer-financing receivables (commercial credit risk), that the Volvo Group's investments are unrealizable (financial credit risk) and that potential profit is not realized due to the counterparty not fulfilling its part of the contract when using derivative instruments (financial counterparty risk).

Policy

The objective of the Volvo Group's credit risk management is to define, measure and monitor the credit exposure in order to minimize the risk of losses deriving from credit to customers and suppliers, financial credit risk, counterparty risk and customer finance activities within Financial Services.

Commercial credit risks

The Volvo Group's credit granting is steered by group policies and customer-classification rules. The credit portfolio should contain a distribution among different customer categories and industries. The credit risk is managed through active credit monitoring, follow-up routines and, where applicable, product repossession. In addition to this, regular monitoring ensures that necessary allowances are made for expected credit losses on financial assets. Risk management practices for Financial Services are presented in note 15 Customer-financing receivables and for Industrial Operations in note 16 Receivables. Moreover, note 15 includes information on gross exposure for customer-financing receivables by past due status while note 16 includes gross exposure for accounts receivables by past due status in relation to allowance for expected credit losses.

The customer-financing receivables in the Volvo Group amounted to net SEK 257 billion (232) on December 31, 2024. The credit risk of this portfolio is distributed over a large number of retail customers and dealers. Collateral is provided in the form of the financed products. In the credit granting the Volvo Group strives for a balance between risk exposure and expected return. Syndication of customer-financing receivables is made in order to reduce concentration risk.

The Volvo Group's accounts receivables as of December 31, 2024 amounted to net SEK 42 billion (43).

Read more in Note 15 Customer-financing receivables, about the Volvo Group's concentration of credit risk in Financial Services.
Read more in Note 16 Receivables.

Financial credit risks

The Volvo Group's financial assets are to a large extent managed by Volvo Group Treasury. All investments must meet the requirements of high liquidity and low credit risk. According to the Volvo Group's financial risk policy, this includes using counterparties for investments and derivative transactions with a credit rating better or equivalent to A– from one of the well-established credit rating institutions or similar.

Cash and cash equivalents including marketable securities as of December 31, 2024 amounted to SEK 85 billion (83) and consists primarily of bank account positions.

Read more in Note 18 Cash and cash equivalents.

Financial counterparty risks

The use of derivatives involves a counterparty risk, which means that a potential loss may not be possible to offset (in full or in part) against a potential gain if the counterparty fails to fulfill its part of the contract. The Volvo Group is actively working with limits per counterpart in order to reduce the risk for high net amounts towards individual counterparts. To reduce the exposure further the Volvo Group enters into master netting agreements, so called ISDA agreements, with all counterparts eligible for derivative transactions. The netting agreements provide the possibility for assets and liabilities to be offset under certain circumstances, such as in the case of the counterpart's insolvency. A Credit Support Annex (CSA) often accompanies the ISDA agreement. The CSA stipulates the terms and conditions under which the two parties are required to make cash transfers to each other in order to further reduce the exposure from the net open positions. The netting agreements have no effect on the financial performance or the financial position of the Volvo Group, since derivative transactions are accounted for on a gross basis. **Table 4:9** shows the effect of netting agreements and cash transfers on the Volvo Group's gross exposure from outstanding interest and currency risk derivatives as of December 31, 2024.

Read more in Note 30 Financial instruments, about the Volvo Group's gross exposure from derivatives per type of instrument.

4:9 The impact from netting agreements and cash transfers on the Volvo Group's gross exposure from derivatives, Dec 31, 2024

	Gross amount	Netting agreements	Cash transfers	Net position	Change
Interest and currency risk derivatives reported as assets	5,785	-2,879	-2,210	696	88%
Interest and currency risk derivatives reported as liabilities	5,880	-2,879	-2,903	98	98%

Liquidity risks

Liquidity risk is defined as the risk that the Volvo Group would be unable to finance or refinance its assets or fulfill its payment obligations.

Policy

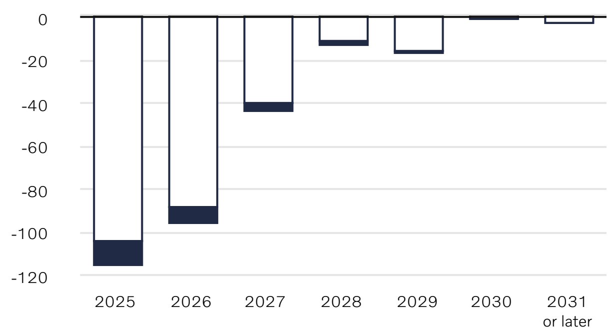
The Volvo Group ensures sound financial preparedness by always keeping a certain percentage of its sales in liquid assets, mainly as bank account positions in banks rated at least A- from one of the well-established credit rating institutions or similar. A sound balance between current and non-current debt maturities, as well as non-current committed credit facilities, is intended to secure liquidity preparedness, and thus the Volvo Group's payment capability.

The Volvo Group's cash and cash equivalents amounted to SEK 85 billion (83) on December 31, 2024. In addition to this, granted but unutilized credit facilities amounted to SEK 59 billion (53). **Graph 4:10** discloses expected future cash flows related to financial liabilities. Capital flow refers to expected payments of loans, lease liabilities and derivatives. Expected interest flow refers to the future interest payments on loans, lease liabilities and derivatives based on interest rates anticipated by the market. The interest flow is recognized within cash flow from operating activities. The maturity structure of the unutilized credit facilities is disclosed in note 22 Liabilities, in **table 22:2**. The predominant part of expected future cash flows that will occur in 2025 and 2026 is an effect of the Volvo Group's normal business operations, with shorter duration in the portfolio within Financial Services compared to Industrial Operations.

Financial Services measure the degree to which the duration of borrowing and lending matches. The calculation of the matching degree excludes equity, which amounted to 8% in Financial Services. At year-end 2024, the degree of such matching was 97% (101) which was in line with the Volvo Group's policy. Volvo Group Treasury has, for practical as well as business reasons, the mandate to mismatch the portfolio in the segment Financial Services between a matching ratio of 80–120%. At year-end 2024, the matching ratio was 95% (91). Any gains or losses from the mismatch impact the segment Group functions & other within Industrial Operations.

Read more in Note 14 Leasing, about the maturity for non-current lease liabilities in **table 14:4**.
Read more in Note 22 Liabilities, about the maturity for non-current loans in **table 22:2.**

4:10 Future cash flow including lease liabilities and derivatives related to non-current and current financial liabilities[1], SEK bn



	2025	2026	2027	2028	2029	2030	2031 or later
Capital flow	-103.8	-88.7	-40.2	-11.1	-15.9	-1.2	-2.7
Interest flow	-11.8	-7.6	-3.5	-1.6	-0.7	-0.1	-0.2

1 In addition to derivatives included in **graph 4:10** there are also derivatives in the Volvo Group related to financial liabilities recognized as assets, which are expected to give a future capital flow of SEK 3.1 billion (2.9) and a future interest flow of SEK 1.5 billion (2.0).

Other price risks

Commodity risks
Commodity risk refers to the risk that changed commodity prices may affect the income for the period within the Volvo Group. Procurement of commodities such as steel, precious metals and electricity are made in the Volvo Group on a regular basis where prices are set in the global markets.

Policy

Changes in commodity prices are included in the Volvo Group's product cost calculation. Increased commodity prices are therefore reflected in the sales price of the final products. Purchasing agreements with commodity suppliers may also be long-term in nature or structured in a way to decrease the volatility in commodity prices.

5 Investments in joint ventures, associated companies and other shares and participations

Accounting policies

Joint ventures
Joint ventures are companies in which the Volvo Group has joint control together with one or more external parties. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are recognized by applying equity method accounting. The Volvo Group's most material holdings in joint ventures are VE Commercial Vehicles, Ltd., (VECV) and cellcentric GmbH & Co. KG (cellcentric). Both investments are joint ventures since common agreement is needed for important matters related to the governance in the joint ventures. The investment in VECV aims at strengthening the Volvo Group's position in the Indian market. cellcentric develops, produces, and commercializes fuel-cell systems for use in heavy-duty trucks as the primary focus. Both investments are included in the Trucks segment.

During 2024, the Volvo Group invested in two new joint ventures. Flexis SAS was created together with the Renault Group and CMA CGM Group and the purpose is to offer the next generation of fully electric and software defined vans. The Volvo Group has acquired a 45% interest in the company for SEK 2.4 billion and is from 2024 committed to invest EUR 300 M over the course of the next three year, whereof EUR 40 M remains as of December 31, 2024.

Cespira was created together with Westport Fuel System with the ambition to further develop and make the HPDI technology available to other OEMs on a global scale. The Volvo Group has acquired a 45% interest in the company for SEK 374 M, aswell as an additional USD 45 M depending on the performance of the company. These two joint ventures are included in the Trucks segment.

Associated companies
Associated companies are companies in which the Volvo Group has a significant influence. A strong indication of such influence is when the Group's holding is more than 20% but less than 50% of the voting rights. Investments in associated companies are recognized by applying equity method accounting. The ownership in the Chinese automotive manufacturer Dongfeng Commercial Vehicles Co., Ltd (DFCV) is classified as an associated company and is included in the Trucks segment.

During 2024, the Volvo Group invested in a 22% ownership stake in VizaLogix, a software-as-a-service (SaaS) company specializing in digital, brand-neutral solutions for machine monitoring, servicing and tech support in multiple industries. This associated company is included in the Construction Equipment segment.

Equity method
The Volvo Group's share of the companies' income/loss recognized according to the equity method is included in the Volvo Group's income statement as income/loss from investments in joint ventures and associated companies. When applicable, the result has been reduced by depreciation of surplus values. The impact from applying different accounting policies has also been considered. Income from companies recognized in accordance with the equity method is included in operating income since the Volvo Group's investments are business related in nature. Dividends from joint ventures and associated companies are not included in the consolidated income. The carrying amount of investments in joint ventures and associated companies are affected by the Volvo Group's share of the companies' net income, less depreciation of surplus values and dividends received. Investments in joint ventures and associated companies are also affected by the Volvo Group's share of the companies' other comprehensive income and by the exchange rate changes from translating the companies' equity in the consolidated figures of the Volvo Group.

When applying the equity method, losses recognized by joint ventures or associated companies could indicate impairment and additional impairment losses might be recognized. For instance, a significant or prolonged decline in the fair value of the shares is an indication of impairment. However, investments accounted for in accordance with the equity method cannot exceed a negative carrying value. The Volvo Group's share of losses is therefore not adjusted for, if the holding is of a negative amount. Additional losses are provided for to the extent that the Volvo Group has incurred legal or constructive obligations to make payments on behalf of the joint venture or the associated company.

Other shares and participations
Other shares and participations recognize holding of shares in which the Volvo Group does not hold a significant influence. This generally means the Volvo Group's holding of shares corresponds to less than 20% of the voting rights. Listed shares are recognized at fair value through other comprehensive income since the shares are not held for trading. For unlisted shares and participations, a fair value cannot be reasonably measured, hence these are measured at amortized cost. Earned or paid interest attributable to these assets is recognized in the income statement as part of net financial items, in accordance with the effective interest method. Dividends received attributable to these assets are recognized as income from other investments within operating income.

Read more in Note 30 Financial instruments, regarding classification and valuation of financial instruments.

Joint ventures

The Volvo Group's investments in joint ventures are listed below.

5:1 Investments in joint ventures

	Dec 31, 2024 Percentage holding	**Dec 31, 2024 Carrying value**	Dec 31, 2023 Percentage holding	Dec 31, 2023 Carrying value
cellcentric[1]	50.0	7,958	50.0	7,786
VE Commercial Vehicles, Ltd., (VECV)	45.6	3,835	45.6	3,131
Flexis	45.0	2,309		–
Milence[1]	33.3	634	33.3	377
Cespira	45.0	309		–
Other holdings in joint ventures[2]		132		106
Investments in joint ventures		**15,176**		**11,400**

1 During 2024, capital contributions of SEK 1,307 M (804) were injected in cellcentric and SEK 432 M (440) were injected in Milence.

2 Other holdings in joint ventures include investments in World of Volvo AB and Force Réseau.

The following tables present summarized financial information for the Volvo Group's joint ventures:

5:2 Summarized income statements

	2024					2023				
	VECV	cellcentric	Flexis	Other joint ventures	**Total**	VECV	cellcentric	Flexis	Other joint ventures	**Total**
Net sales	28,596	118	–	1,326	30,041	27,737	204	–	617	28,558
Operating income[1]	1,455	-2,800	-382	-660	-2,386	1,581	-1,121	–	-280	180
Interest income and similar credits	230	–	34	3	267	230	–	–	–	230
Interest expense and similar charges	-27	–	-1	-86	-114	-61	–	–	-59	-120
Other financial income and expenses	4	-8	–	–	-4	7	-3	–	–	4
Income taxes	-315	-13	–	–	-329	-614	–	–	–	-614
Income for the period[2]	**1,347**	**-2,821**	**-349**	**-743**	**-2,566**	**1,143**	**-1,124**	**–**	**-339**	**-319**
Other comprehensive income[3]	**55**	**-32**	**–**	**-2**	**22**	**-3**	**-5**	**–**	**–**	**-8**
Total comprehensive income	**1,402**	**-2,852**	**-349**	**-744**	**-2,544**	**1,141**	**-1,129**	**–**	**-339**	**-327**

1 Depreciation and amortization of SEK 1,616 M (1,325) are included within operating income.

2 Income for the period in joint ventures includes depreciation of surplus values.

3 Including the Volvo Group's share of other comprehensive income related to joint ventures. Exchange rate changes from translating joint ventures' equity in the Volvo Group are excluded.

5:3 Summarized balance sheets

	Dec 31, 2024					Dec 31, 2023				
	VECV	cellcentric	Flexis	Other joint ventures	**Total**	VECV	cellcentric	Flexis	Other joint ventures	**Total**
Non-current assets	7,307	15,923	5,562	4,720	33,512	6,172	15,114	–	1,688	22,975
Marketable securities, cash and cash equivalents	3,033	567	2,607	114	6,320	2,908	675	–	–	3,583
Other current assets	10,426	903	504	1,563	13,396	8,976	737	–	1,206	10,920
Total assets	**20,765**	**17,393**	**8,673**	**6,397**	**53,229**	**18,057**	**16,527**	**–**	**2,894**	**37,477**
Equity[1]	8,410	15,880	5,130	2,797	32,216	6,868	15,537	–	1,313	23,719
Non-current financial liabilities	639	365	6	1,609	2,618	705	287	–	1,391	2,383
Other non-current liabilities	510	459	–	1,287	2,256	390	64	–	22	476
Current financial liabilities	7,499	9	1,147	–	8,654	7,181	11	–	–	7,191
Other current liabilities	3,708	681	2,391	704	7,484	2,913	627	–	168	3,709
Total equity and liabilities	**20,765**	**17,393**	**8,673**	**6,397**	**53,229**	**18,057**	**16,527**	**–**	**2,894**	**37,477**

1 Including exchange rate changes from translating joint ventures' equity in the Volvo Group.

As of December 31, 2024, the net financial position (excluding post-employment benefits) for the joint ventures amounted to SEK 3,021 M (2,664), and Volvo Group's share of contingent liabilities in its joint ventures amounted to SEK 112 M (105). Dividends received during 2024 from VECV amounted to SEK 142 M (100).

Associated companies

The Volvo Group's investments in associated companies are listed below.

5:4 Investments in associated companies

	Dec 31, 2024 Percentage holding	**Dec 31, 2024 Carrying value**	Dec 31, 2023 Percentage holding	Dec 31, 2023 Carrying value
Dongfeng Commercial Vehicles Co., Ltd (DFCV)	45.0	6,726	45.0	7,256
Other holdings in associated companies[1]		594		501
Investments in associated companies		**7,320**		**7,757**

1 Other holdings in associated companies mainly relates to the investment in Blue Chip Jet II HB.

The following tables present summarized financial information for the Volvo Group's associated companies:

5:5 Summarized income statements

	2024			2023		
	DFCV	Other associated companies	**Total**	DFCV	Other associated companies	**Total**
Net sales	40,452	4,357	44,808	40,847	4,364	45,211
Operating income	-1,689	115	-1,573	-3,993	86	-3,907
Income for the period[1]	**-1,871**	**13**	**-1,858**	**-4,723**	**13**	**-4,710**
Other comprehensive income[2]	**-28**	**–**	**-28**	**-1**	**–**	**-1**
Total comprehensive income	**-1,898**	**13**	**-1,885**	**-4,724**	**13**	**-4,711**

1 Income for the period in associated companies includes depreciation/amortization of surplus values and internal transactions.

2 Including the Volvo Group's share of other comprehensive income related to associated companies. Exchange rate changes from translating the associated companies' equity in the Volvo Group are excluded.

5:6 Summarized balance sheets

	Dec 31, 2024			Dec 31, 2023		
	DFCV	Other associated companies	**Total**	DFCV	Other associated companies	**Total**
Non-current assets	19,208	1,305	20,513	18,364	1,261	19,625
Current assets	34,253	1,479	35,732	37,182	1,627	38,809
Total assets	**53,461**	**2,784**	**56,245**	**55,546**	**2,887**	**58,434**
Equity[1]	14,340	912	15,252	15,367	904	16,271
Non-current liabilities	3,608	696	4,304	3,575	616	4,191
Current liabilities	35,513	1,176	36,689	36,604	1,368	37,972
Total equity and liabilities	**53,461**	**2,784**	**56,245**	**55,546**	**2,887**	**58,434**

1 Including the exchange rate changes from translating associated companies' equity in the Volvo Group.

During 2024 no dividend was received from DFCV (–).

5:7 Income/loss from investments in joint ventures and associated companies

	2024	2023
Income/loss joint ventures		
VECV	615	525
cellcentric	-1,404	-575
Flexis	-157	–
Other companies	-262	-124
Subtotal	**-1,208**	**-174**
Income/loss associated companies		
DFCV[1]	-952	-2,240
Other companies	-6	46
Subtotal	**-959**	**-2,194**
Revaluation, write-down and gain on divestment of shares		
Other companies[2]	–	-200
Subtotal	**–**	**-200**
I/S **Income/loss from investments in joint ventures and associated companies[3]**	**-2,166**	**-2,568**

1 Income/loss from DFCV includes an internal profit elimination of net SEK 37 M (36) and an adjustment to Volvo Group Accounting policies of SEK -92 M (-130).

2 During 2023, the Volvo Group divested the remaining shares of WirelessCar Sweden AB and Imatech Marin & Industri AB, with a write-down and a loss of SEK 132 M and SEK 68 M respectively.

3 Includes the Volvo Group's share of depreciation of surplus values of SEK 37 M (36) in associated companies and joint ventures.

Other shares and participations

The carrying amount of the Volvo Group's holding of shares and participations in other companies is disclosed in the table below.

Read more in Note 30 Financial Instruments, regarding classification and valuation of financial instruments.

5:8 Holding of shares in listed and non-listed companies

	Dec 31, 2024 Carrying value	Dec 31, 2023 Carrying value
Holdings in listed companies[1]	35	22
Holdings in non-listed companies	1,072	859
B/S **Other shares and participations**	**1,107**	**881**

1 Changes in fair value is measured through other comprehensive income and amounted to SEK 13 M (15).

6 Segment reporting

Accounting policies

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, identified as the Group Executive Board and the Extended Group Management, makes strategic decisions and is responsible for allocating resources and assessing financial performance of the operating segments.

The Volvo Group comprises of nine business areas: Volvo Trucks, Mack Trucks, Renault Trucks, Volvo Autonomous Solutions, Volvo Energy, Volvo Construction Equipment, Volvo Buses, Volvo Penta and Volvo Financial Services. The business area Arquus was divested during 2024.

Each business area is seen as a separate operating segment, except for the truck business areas, Volvo Autonomous Solutions and Volvo Energy which are included in the segment Trucks. This segment also comprises the associated companies and joint ventures Dongfeng Commercial Vehicles, VE Commercial Vehicles, cellcentric, Milence, Flexis SAS and Cespira. The truck segment has shared operations for product development, purchasing and manufacturing which are highly integrated, and strategic allocation of resources is done to the total segment.

The segment Group functions & Other includes Nova Bus, Designwerk and common business support functions such as Volvo Group Digital & IT and Volvo Group Real Estate. The costs of these business support functions are shared between the different business areas based on utilization according to principles set by the Volvo Group.

6:1 Reporting by operating segments

2024	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales, external customers	356,482	87,647	23,093	19,087	14,619	500,928	26,419	-531	526,816
Net sales, internal	4,128	658	1,451	765	-2,955	4,047	562	-4,610	–
I/S **Net sales**	**360,610**	**88,305**	**24,544**	**19,852**	**11,665**	**504,975**	**26,982**	**-5,140**	**526,816**
Expenses	-312,491	-75,565	-22,130	-16,433	-13,993	-440,611	-22,940	5,512	-458,039
Income from investments in joint ventures and associated companies	-2,152	-3	18	–	-29	-2,166	–	–	-2,166
I/S **Operating income**	**45,966**	**12,737**	**2,433**	**3,419**	**-2,357**	**62,198**	**4,042**	**371**	**66,611**
I/S Interest income and similar credits						3,060	–	-371	2,688
I/S Interest expense and similar charges						-1,592	–	–	-1,592
I/S Other financial income and expense						-497	–	–	-497
I/S **Income after financial items**						**63,168**	**4,042**	**–**	**67,210**
Other segment information									
Depreciation, amortization and impairment	-16,417	-2,115	-628	-638	2,420	-17,379	-5,170	–	-22,548
Restructuring costs[1]	-57	-72	195	-58	413	421	-24	–	397
Gains/losses from divestments	81	-17	–	–	185	249	–	–	249
Additions of in-/tangible assets	30,614	4,521	706	947	-5,256	31,531	10,269	–	41,799
B/S Investments in joint ventures and associated companies	21,938	62	105	1	390	22,496	–	–	22,496
B/S Assets held for sale	–	–	–	–	381	381	–	–	381
B/S Liabilities held for sale	–	–	–	–	-13	-13	–	–	-13

1 During 2024 a total of SEK 572 M has been released from restructuring provision made in 2023.
Read more in Note 21 Other provisions, about provisions for restructuring costs.

6:2 Reporting by operating segments

2023	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales, external customers[1]	368,701	104,245	21,116	20,023	15,102	529,188	23,576	-512	552,252
Net sales, internal	4,347	736	1,307	983	-3,292	4,081	437	-4,518	–
I/S Net sales	**373,048**	**104,981**	**22,423**	**21,006**	**11,811**	**533,269**	**24,012**	**-5,030**	**552,252**
Expenses[1]	-321,792	-88,599	-22,810	-17,731	-16,706	-467,639	-20,293	5,549	-482,384
Income from investments in joint ventures and associated companies	-2,363	–	7	-46	-167	-2,568	–	–	-2,568
I/S Operating income[1]	**48,893**	**16,383**	**-380**	**3,230**	**-5,062**	**63,063**	**3,719**	**519**	**67,301**
I/S Interest income and similar credits						3,207	1	-518	2,690
I/S Interest expense and similar charges[1]						-1,685	–	1	-1,684
I/S Other financial income and expense						-1,581	–	–	-1,581
I/S Income after financial items						**63,005**	**3,720**	**2**	**66,726**
Other segment information									
Depreciation, amortization and impairment	-15,180	-2,162	-699	-599	2,467	-16,173	-5,054	–	-21,227
Restructuring costs	-46	31	-1,300	–	-1,328	-2,643	–	–	-2,643
Gains/losses from divestments	-558	-607	–	–	-898	-2,063	-136	–	-2,199
Additions of in-/tangible assets	28,450	4,125	534	1,061	-5,950	28,219	10,460	–	38,680
B/S Investments in joint ventures and associated companies	18,716	–	93	1	347	19,158	–	–	19,158
B/S Assets held for sale	–	357	–	–	11,603	11,960	–	–	11,960
B/S Liabilities held for sale	–	-218	–	–	-7,939	-8,157	–	–	-8,157

1 As from 2024, elimination of internal interest income related to internal funding from Volvo Treasury AB to Financial Services is reclassified from finance net to gross income. The comparative figures in the financial statements for 2023 have been restated accordingly, impacting operating income positively with SEK 517 M in 2023. The effect on key ratios is insignificant.

6:3 Reporting by geographical region

	Net sales[1]		Non-current assets[2]	
	2024	2023	**2024**	2023
Europe	216,270	236,101	97,612	88,083
of which Sweden	*11,731*	*13,384*	*37,749*	*31,941*
of which France	*41,544*	*46,061*	*15,409*	*14,262*
of which the UK	*29,206*	*28,091*	*6,401*	*6,485*
North America	162,370	164,825	33,633	27,403
of which USA	*134,073*	*137,856*	*31,564*	*25,474*
South America	56,559	49,165	4,133	3,996
of which Brazil	*43,331*	*35,986*	*3,571*	*3,464*
Asia	58,773	66,105	5,700	5,474
of which China	*15,436*	*14,487*	*1,958*	*1,987*
Africa and Oceania	32,843	36,056	3,250	3,054
Total	**526,816**	**552,252**	**144,328**	**128,010**

1 The reporting of net sales by geographical region is based on where the delivery of the goods or services took place.

2 Non-current assets include tangible and intangible assets excluding goodwill.

7 Revenue

Accounting policies

The recognized net sales in Industrial Operations pertain to revenues from sales of vehicles and services. Revenue from vehicles and services are recognized when control has been transferred from Volvo Group to the customer. Control refers to the customers' ability to use vehicles or services in its operations and to obtain the associated cash flow related to the use. Vehicles and services are sold separately as well as in combination. In combined offers where the vehicle and services are separable from each other and the customer can benefit from the vehicle and the service independently, the transaction price is allocated between vehicles and services based on stand-alone selling price according to price lists.

The recognized net sales in Financial Services pertain to interest income related to finance leases and installment credits as well as income from operating lease contracts. Interest income is recognized during the underlying contract period and income from operating leasing is recognized over the leasing period.

Vehicles

Vehicles include sales of new trucks, buses, machines and engines as well as sales of used trucks, buses, machines, trailers, superstructures and special vehicles. A contractual warranty is included as part of the sales. The customer can pay for the vehicle at the point of sale or defer the payment by entering into agreements such as installment credits and finance lease.

Read more in Note 21 Other provisions, about product warranty.

Revenue is recognized at a specific point in time, when control of the vehicle has been transferred to the customer, normally when the vehicle has been delivered to the customer. The value of rebates, returns and variable sales price have been considered as part of the revenue recognition.

If the sale of the vehicle is combined with a residual value commitment (buybacks and tradebacks) the criterion of transferring control is based on if the customer has a significant economic incentive to exercise the option to return the vehicle or not. A significant economic incentive exists if the repurchase price is higher than the assessed fair market value i.e. net realizable value at the end of the residual value commitment period, or if the historical returns indicate that it is probable that the customer will return the vehicle at the end of the commitment period. Thus, the control has not been transferred and the sales transaction is recognized as an operating lease transaction. The revenue and expense are recognized over the residual value commitment period in the income statement. An asset under operating leases, a residual value liability, and a deferred lease income are recognized in the balance sheet. The asset is depreciated on a straight-line basis over the commitment period and the deferred lease income is recognized as revenue over the same period. The residual value liability amount remains unchanged until the end of the commitment period. If the vehicle is returned at the end of the commitment period, the residual value liability is paid to the customer and the vehicle is reclassified from assets under operating lease to inventory.

Read more in Note 14 Leasing, about lease income on assets under operating lease.
Read more in Sustainability statements and section EU Taxonomy regulation disclosures about taxonomy eligible turnover.

If the customer is not considered to have a significant economic incentive to return the vehicle, the sales transaction is recognized in accordance with the right of return model. Revenue corresponding to the sales amount less the buyback amount is recognized at the initial sale, as well as a proportionate share of cost of goods sold. The remaining revenue is recognized as a refund liability and the remaining cost of goods sold as a right of return asset during the commitment period. If the vehicle is not returned the refund liability is recognized as revenue and the right of return asset is recognized as cost of goods sold at the end of the commitment period.

Services

Services include sale of spare parts, maintenance services, repairs, extended coverage, connectivity solutions, services and solutions and other aftermarket products. Revenue is recognized when the control of the service has been transferred to the customer when the Volvo Group incurs the associated cost to deliver the service and the customer can benefit from the use of the delivered services. For spare parts, revenue is recognized at one point in time, normally when it is delivered to the customer. For maintenance services, connectivity solutions, services and solutions and other aftermarket products, revenue is recognized over time, i.e. normally during the contract period. When payment for service contracts is received in advance, the payment is recognized as a contract liability.

Services also include sales in Financial Services related to finance lease, installment credits and operating leases. During 2024, revenue from Financial Services amounted to SEK 26,982 M (24,012).

Read more in Note 6 Segment reporting regarding net sales by operating segment and geographical region.
Read more in Note 14 Leasing, about lease income on assets under operating lease and finance income on customer-financing receivables.

Source of estimation uncertainty and critical judgments

Sales with residual value commitments

When the Volvo Group enters into sales transactions of vehicles with residual value commitments (buybacks and tradebacks) the judgment whether control has been transferred from the Volvo Group to the customer and at what point in time revenue shall be recognized is critical. The judgment made is when a significant economic incentive exists or not for the customer to return the vehicle at the end of the commitment period. The assessment of significant economic incentive is performed at the inception of the contract and the outcome at the end of the commitment period can differ from the initial assessment. Factors that are considered and requires judgment is the assessed fair market value i.e. net realizable value at the end of the residual value commitment period and historical returns. The future mix of vehicles and services is driven by customer demand for products and solutions with lower environmental impact.

The gradual shift into battery electric and fuel cell electric products, as well as supply chain and production disturbances imply to some extent uncertainties in the assessment of fair market value.

Read more in Note 13 Tangible assets, for a description of residual value risks and the assessment of fair market value.

Variable sales price
In some sales transactions, the sales price is variable. In assessing the variable sales price the expected value method is used and revenue is recognized when it is highly probable that a reversal will not occur. Both the expected value method and the assessment of highly probable requires judgments to be able to make estimates. The estimates are made at the contract start with continuous assessment at each reporting period.

7:1 Disaggregation of revenue

2024	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales per geographical region									
Europe	165,594	26,934	6,547	9,580	2,379	211,034	9,861	-4,625	216,270
North America	105,546	23,459	10,979	4,036	9,466	153,486	9,025	-141	162,370
South America	44,182	4,099	2,248	854	-241	51,142	5,581	-164	56,559
Asia	25,019	26,604	1,821	4,008	135	57,587	1,190	-4	58,773
Africa and Oceania	20,268	7,208	2,949	1,375	-74	31,725	1,324	-206	32,843
I/S **Net sales**	**360,610**	**88,305**	**24,544**	**19,852**	**11,665**	**504,975**	**26,982**	**-5,140**	**526,816**
Net sales per product group									
Vehicles	286,919	72,503	18,738	14,278	9,310	401,747	–	-4,555	397,193
Services	73,690	15,802	5,806	5,574	2,355	103,228	26,982	-586	129,624
I/S **Net sales**	**360,610**	**88,305**	**24,544**	**19,852**	**11,665**	**504,975**	**26,982**	**-5,140**	**526,816**
Timing of revenue recognition									
Revenue of vehicles and services recognized at the point of delivery	336,856	84,915	23,461	19,801	9,314	474,345	–	-1,359	472,986
Revenue of vehicles and services recognized over contract period	23,754	3,391	1,083	51	2,351	30,630	26,982	-3,782	53,830
I/S **Net sales**	**360,610**	**88,305**	**24,544**	**19,852**	**11,665**	**504,975**	**26,982**	**-5,140**	**526,816**

7:2 Disaggregation of revenue

2023	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales per geographical region									
Europe[1]	175,203	34,228	7,007	10,787	4,955	232,180	8,727	-4,806	236,101
North America	107,975	29,590	9,200	4,070	6,280	157,115	7,775	-66	164,825
South America	36,897	4,101	2,207	783	-144	43,844	5,374	-54	49,165
Asia	30,617	28,150	1,601	3,950	760	65,078	1,027	–	66,105
Africa and Oceania	22,356	8,912	2,408	1,417	-40	35,052	1,108	-104	36,056
I/S **Net sales**	**373,048**	**104,981**	**22,423**	**21,006**	**11,811**	**533,269**	**24,012**	**-5,030**	**552,252**
Net sales per product group									
Vehicles	300,516	89,009	17,007	15,507	7,767	429,805	–	-4,505	425,301
Services	72,532	15,973	5,416	5,499	4,044	103,464	24,012	-526	126,951
I/S **Net sales**	**373,048**	**104,981**	**22,423**	**21,006**	**11,811**	**533,269**	**24,012**	**-5,030**	**552,252**
Timing of revenue recognition									
Revenue of vehicles and services recognized at the point of delivery	350,696	101,845	21,503	20,971	7,909	502,924	–	-1,116	501,808
Revenue of vehicles and services recognized over contract period	22,352	3,136	920	35	3,902	30,345	24,012	-3,914	50,444
I/S **Net sales**	**373,048**	**104,981**	**22,423**	**21,006**	**11,811**	**533,269**	**24,012**	**-5,030**	**552,252**

1 As from 2024, elimination of internal interest income related to internal funding from Volvo Treasury AB to Financial Services is reclassified from finance net to gross income. The comparative figures in the financial statements for 2023 have been restated accordingly, impacting net sales negatively with SEK 512 M in 2023. The effect on key ratios is insignificant.

7:3 Contract and right of return assets

	Dec 31, 2024	Of which due within 12 months	Of which due after 12 months	Dec 31, 2023	Dec 31, 2022
Contract assets	14	–	14	14	3,800
Right of return assets	1,699	304	1,395	1,535	1,857
Parts return assets	151	102	49	154	201
Total	**1,865**	**407**	**1,458**	**1,702**	**5,858**

Contract assets are recognized within other receivables and include revenue that has been recognized but not yet invoiced for work performed.

Right of return assets and parts return assets represent the product cost for the assets that might be returned to the Volvo Group.

7:4 Contract and refund liabilities

	Dec 31, 2024	Of which due within 12 months	Of which due after 12 months	Dec 31, 2023	Dec 31, 2022
Contract liabilities					
Deferred service revenue	29,075	5,803	23,271	24,916	21,939
Advances from customers	4,312	4,300	12	3,623	8,985
Other deferred income	2,084	1,903	181	1,460	2,237
Accrued expenses for dealer bonuses and rebates	8,996	8,983	12	6,952	5,789
Refund liabilities	2,169	629	1,540	2,054	2,483
Total	**46,636**	**21,619**	**25,017**	**39,006**	**41,433**

Contract liabilities are recognized within other liabilities and include advance payments received from customers, e.g. advance payments for service contracts and extended coverage, for which revenue is recognized when the service is provided. Refund liabilities related to the right to return products are included with an amount that is expected to be paid to the customer if the vehicle or spare part is returned. In service contracts, the revenue expected to be recognized over the remaining term of the contract for services not yet delivered amounted to SEK 38,873 M (34,262) as of December 31, 2024. Approximately 34% are expected to be recognized as revenue during 2025 and the remaining 66% as revenue during 2026–2028. The change in contract and refund liabilities are mainly due to increased deferred service revenue. During 2024, revenue has been recognized with SEK 26,205 M (26,023) that was included in the contract liabilities at the beginning of the period.

8 Other operating income and expenses

8:1 Other operating income and expense

	2024	2023
Gains/losses on divestment of Group companies[1]	249	-2,199
Change in allowances and write-offs of doubtful customer-financing receivables[2]	-1,312	-795
Change in allowances and write-offs of other doubtful receivables[3]	-449	-671
Damages and litigations[4]	-1,191	-7,139
Other income and expenses[5]	860	-1,477
I/S Total	**-1,844**	**-12,280**

1 In 2024, the Volvo Group divested the ABG paver business and Arquus. In total, the divestments negatively impacted operating income of SEK 1,309 M, of which 1,490 M was recognized in 2023 due to the write-down of assets to fair value. In 2024, a partial reversal of the Arquus impairment improved the operating income by SEK 181 M. In 2023, the Russian entities were divested which resulted in a negative impact on operating income of SEK 794 M.
Read more in Note 3 Acquisitions and divestments of operations.

2 **Read more in Note 15** Customer-financing receivables.

3 **Read more in Note 16** Receivables.

4 In 2023, costs of SEK 6,000 M were included for claims arising from the European Commission's 2016 antitrust settlement decision.
Read more in Note 21 Other provisions.

5 In 2023, restructuring charges of SEK 1,300 M in Buses and SEK 1,270 M in Group Functions & Other negatively impacted Volvo Group's operating income. During 2024, a total of SEK 572 M has been released from these two provisions.
Read more in Note 21 Other provisions.

9 Other financial income and expenses

Accounting policies

In other financial income and expenses unrealized revaluation on derivatives used to hedge interest rate exposure as well as realized result and unrealized revaluation on derivatives used to hedge future cash flow exposure in foreign currency are recognized. The derivatives are recognized at fair value through the income statement and no hedge accounting is applied. The unrealized revaluation on derivatives used to hedge interest rate exposure is mainly related to the debt portfolio within Industrial Operations and customer-financing portfolio within Financial Services where fluctuating interest rate levels has a major impact.

Read more in Note 1 Accounting policies about receivables and liabilities in foreign currency.
Read more in Note 30 Financial instruments regarding the accounting policy and effects on net income and cash flow for financial assets at fair value through the income statement.

9:1 Other financial income and expenses

	2024	2023
Unrealized revaluation of derivatives used to hedge interest rate exposure	389	-736
Realized result and unrealized revaluation on derivatives used to hedge future cash flow exposure in foreign currency	-130	105
Financial instruments at fair value through income statement	**259**	**-631**
Exchange rate gains and losses on financial assets and liabilities	-145	-956
Financial income and expenses related to taxes	-86	27
Discounting effects on non-current other provisions and liabilities	-201	319
Costs for Treasury function, credit facilities, etc.	-324	-339
I/S Total[1]	**-497**	**-1,581**

1 Other financial income and expenses attributable to financial instruments amounted to SEK 114 M (-1,587). The amount is specified in note 30 Financial instruments in **table 30:3**.

10 Income taxes

Accounting policies

Income tax for the period includes current and deferred taxes. Current taxes are calculated on the basis of the tax regulations prevailing in the countries where the Group companies have operations.

Income tax is recognized in the income statement unless the underlying transaction is recognized in other comprehensive income or directly in equity, if so, income tax is also recognized in other comprehensive income or directly in equity.

Deferred tax is recognized on temporary differences that arise between the taxable value and carrying value of assets and liabilities as well as on tax-loss carryforwards and tax credits. Deferred tax assets are recognized to the extent it is probable that they will be utilized against future taxable profits.

Deferred tax liabilities related to temporary differences on investments in subsidiaries, joint ventures and associated companies are not recognized in the balance sheet because the Volvo Group controls the timing of the reversal of the temporary difference related to accumulated undistributed earnings and it is probable that a reversal will not be done in the foreseeable future.

Tax liabilities are recognized for income tax charges that are probable as a result of identified tax risks. Hence, when it is probable that taxation authority or court will not accept an uncertain income tax treatment under tax law, adjustments of the tax liability are made for the estimated outcome. Tax claims for which no adjustment of the tax liability is considered required are generally reported as contingent liabilities.

Read more in Note 24 Contingent liabilities and financial commitments.

Source of estimation uncertainty and critical judgments

Deferred taxes

The Volvo Group recognizes deferred tax assets related to tax-loss carryforwards. The deferred tax assets are recognized based on a thorough assessment in order to ensure that it is probable that sufficient taxable profits will be generated in the coming years that will enable the tax-loss carryforwards to be utilized. The assessment is based on an evaluation of business plans. In addition, the possibility to offset tax assets and tax liabilities and the fact that the major part of the tax-loss carryforwards is related to countries with long or indefinite periods of utilization is considered.

Deferred tax related to tax-loss carryforwards, tax credits or temporary adjustments that are not expected to be realized based on current business plans, are unrecognized. If actual results differ from the business plans, or if business plans for future periods are adjusted, changes in the deferred tax assets may be required. Such recognitions and adjustments could have an impact on the financial position and the income for the period.

Uncertainty over income tax treatments and claims

The Volvo Group regularly evaluates income tax positions to determine if a tax liability or a contingent liability shall be recognized. The judgment is based on several factors, such as changes in facts and circumstances, the progress of the case and experience in similar cases. The actual outcome of income tax positions may deviate from the expected outcome and materially affect future financial statements.

The Volvo Group is within the scope of the OECD Pillar Two model rules, an international tax reform which aims to ensure that large multinational groups pay a minimum tax on income arising in each jurisdiction in which they operate. Thus, Volvo Group becomes liable to pay top-up taxes on profits in each jurisdiction where the effective tax rate calculated according to the GloBE rules is below the minimum tax rate of 15%. Pillar Two legislation has been enacted in Sweden and applies as from financial year 2024. The Volvo Group applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, provided in the amendments to IAS 12. The current tax expense related to Pillar Two income taxes is included in current taxes relating to the period and not disclosed separately, since the amount is not material for the Volvo Group.

10:1 Distribution of income taxes

	2024	2023
Current taxes relating to the period	-15,791	-19,294
Adjustment of current taxes for prior periods	82	238
Deferred taxes originated or reversed during the period	313	2,209
Adjustment of deferred taxes for prior periods	-1,239	53
I/S **Total income taxes**	**-16,634**	**-16,794**

The Swedish corporate income tax rate amounted to 20.6% (20.6) in 2024. **Table 10:2** explains the major reasons for the difference between the Swedish corporate income tax rate and the Volvo Group's effective tax rate, based on income after financial items.

10:2 Reconciliation of effective tax rate %

	2024	2023
Swedish corporate income tax rate	**20.6**	**20.6**
Difference between corporate tax rate in Sweden and other countries	2.7	2.9
Non-taxable income	-2.4	-1.6
Non-deductible expenses	1.2	2.3
Current taxes related to prior periods	-0.3	-0.4
Unrecognized deferred taxes	2.2	0.8
Adjustment of deferred taxes for prior periods	0.3	-0.1
Other differences	0.4	0.7
Effective tax rate for Volvo Group	**24.7**	**25.2**

The effective tax rate for the Volvo Group, as of December 31, 2024, was mainly impacted by the country mix in the Volvo Group's earnings.

10:3 Specification of deferred tax assets and liabilities

	Dec 31, 2024	Dec 31, 2023
Deferred tax assets:		
Unused tax-loss carryforwards	2,181	1,676
Other unused tax credits	663	705
Intercompany profit in inventories	1,849	1,986
Write down of inventories	761	590
Valuation allowance for doubtful receivables	1,450	1,512
Provisions for warranties	5,537	4,177
R&D amortization and capitalization	1,075	560
Lease liabilities	1,529	1,336
Provision for post-employment benefits	3,319	3,109
Other provisions	1,760	2,210
Accrued expenses	1,286	980
Other deductible temporary differences	6,229	6,283
Deferred tax assets before deduction of unrecognized deferred tax assets	**27,638**	**25,125**
Unrecognized deferred tax assets	-2,708	-1,199
Deferred tax assets after deduction of unrecognized deferred tax assets	**24,930**	**23,926**
Netting of deferred tax assets and liabilities	-9,052	-7,740
B/S **Deferred tax assets, net**	**15,878**	**16,186**
Deferred tax liabilities:		
Accelerated depreciation on property, plant and equipment	2,189	2,042
Accelerated depreciation on leasing assets	2,647	2,359
Right-of-use assets, leased	1,441	1,280
LIFO valuation of inventories	878	587
Capitalized product and software development	3,096	2,892
Untaxed reserves	929	929
Other taxable temporary differences	2,650	2,377
Deferred tax liabilities	**13,830**	**12,465**
Netting of deferred tax assets and liabilities	-9,052	-7,740
B/S **Deferred tax liabilities, net**	**4,778**	**4,725**
Deferred tax assets and liabilities, net[1]	**11,100**	**11,461**

1 The deferred tax assets and liabilities are recognized in the balance sheet partially on a net basis, after taking into account offsetting possibilities. Deferred tax assets and liabilities have been measured at the tax rates that are expected to be applied during the period when the asset is realized or the liability is settled, according to the tax rates and tax regulations that have been resolved or enacted at the balance sheet date.

Total unrecognized deferred tax assets amounted to SEK 2,708 M (1,199) as of December 31, 2024, whereof SEK 965 M (-) consisted of unrecognized deferred tax assets for tax losses carried forward and temporary differences in Canada, SEK 834 M (185) for tax losses carried forward and temporary differences in China and SEK 600 M (643) for a tax credit in Brazil.

As of December 31, 2024, the Volvo Group's gross unused tax-loss carry forwards amounted to SEK 8,249 M (6,398). In the balance sheet, net deferred tax assets of SEK 1,008 M (1,498) was recognized, attributable to the losses. Out of the deferred tax assets attributable to unused tax-loss carryforwards, SEK 231 M (466) pertained to France.

The gross unused tax-loss carryforwards will expire according to table 10:4.

10:4 Due date, unused tax-loss carryforwards, gross

	Dec 31, 2024	Dec 31, 2023
After 1 year	15	24
After 2 years	16	52
After 3 years	263	–
After 4 years	555	207
After 5 years	407	521
After 6 years or more[1]	6,992	5,594
Total	**8,249**	**6,398**

1 Tax-loss carryforwards with long or indefinite periods of utilization were mainly related to Canada. Tax-loss carryforwards with indefinite periods of utilization amounted to SEK 3,376 M (2,740) which corresponded to 41% (43) of the total unused tax-losses carryforward.

10:5 Changes in deferred tax assets and liabilities, net

	2024	2023
Deferred tax assets and liabilities, net, opening balance	**11,461**	**8,717**
Recognized in income statement	-925	2,262
Recognized in other comprehensive income, whereof:		
Remeasurements of defined-benefit pension plans	210	657
Exchange differences	458	-351
Reclassification to assets and liabilities held for sale	-64	74
Reclassifications	-40	103
Deferred tax assets and liabilities, net, Dec 31	**11,100**	**11,461**

The cumulative amount of undistributed earnings in foreign subsidiaries, which the Volvo Group currently intends to indefinitely reinvest outside of Sweden and which no deferred income tax have been accounted for, amounted to SEK 13 billion (19) at year end. Undistributed earnings pertaining to countries where the dividends are not taxable are excluded.

Read more in Note 4 Goals and policies in financial risk management, how the Volvo Group handles currency exposure of equity.

11 Owners of non-controlling interest

Accounting policies

Owners with a non-controlling interest have a limited ownership of shares and voting rights in a subsidiary, and thereby also limited rights to the subsidiary's equity. Non-controlling interest equity is presented separately from equity attributable to owners of AB Volvo. In acquisitions, non-controlling interests are valued either at fair value or to a proportionate share of the acquired company's net assets. Ownership changes in non-controlling interests, not resulting in change of control, are recognized within equity.

The Volvo Group has a few non-wholly owned subsidiaries, of which Shandong Lingong Construction Machinery Co. (Lingong) in China is the largest company with non-controlling interest. Owners with non-controlling interests hold a 30% shareholding in the company. During 2024, the profit allocated to the non-controlling interest in Lingong amounted to SEK 185 M (86). The accumulated amount allocated to the non-controlling interest within equity of Lingong amounts to SEK 3,225 M (2,838).

The following tables present summarized financial information for Lingong.

11:1 Summarized income statement

	2024	2023
Net sales	14,206	11,971
Operating income	604	223
Income for the period	**615**	**286**
Other comprehensive income[1]	676	-628
Total comprehensive income for the period[1]	**1,291**	**-342**
Dividend to non-controlling interest	–	450

11:2 Summarized balance sheet

	Dec 31, 2024	Dec 31, 2023
Non-current assets	3,121	2,242
Marketable securities, cash and cash equivalents	6,317	3,567
Other current assets	15,626	13,567
Total assets	**25,064**	**19,375**
Non-current liabilities	2,520	1,398
Current liabilities	11,794	8,518
Total liabilities	**14,314**	**9,916**
Equity attributable to:		
Owners of AB Volvo[1]	7,525	6,621
Owners of non-controlling interest[1]	3,225	2,838

1 Includes exchange rate changes from translating equity in foreign subsidiaries in the Volvo Group.

12 Intangible assets

Accounting policies

Volvo Group applies the cost method for recognition of intangible assets, consisting of goodwill, capitalized product and software development and other intangible assets.

Read more in Sustainability Statements and section EU Taxonomy regulation disclosures about taxonomy eligible capital expenditure.

Goodwill

Goodwill is recognized as an intangible asset with indefinite useful life. For non-depreciable assets such as goodwill, impairment tests are performed annually, as well as if there are indications of impairments during the year. Goodwill is allocated and tested at the level of cash-generating units which are identified as the Volvo Group's operating segments. However, in the segment Group Functions & Other two cash-generating units, Nova Bus and Designwerk are included. If the carrying amount of the tested cash-generating unit exceeds the calculated recoverable amount, an impairment loss is recognized for the difference. The recoverable amount for a cash-generating unit is determined by the value in use, which is based on a discounted cash flow model with a forecast period of five years. The valuation is based on a business plan which is an integral part of the Volvo Group's financial planning process and represents management's best estimate of the development of the operations. The ongoing transition of the transport sector towards new technologies and new service-based business models bring business opportunities but also transitional risks for the Volvo Group, which have been integrated into the strategy and business plans. Assumption of 2% (2) long-term market growth beyond the forecast period and the expected development of the operations in relation to this environment is a basis for the valuation. In the model, the Volvo Group is expected to maintain stable capital efficiency over time. Other parameters considered in the calculation are operating income, mix of products and services, the transition towards electrification and other low-carbon transport solutions, expenses and level of capital expenditures. Macroeconomic risks and opportunities are reflected in the estimated future cash flows for each cash-generating unit. The Volvo Group uses a discount rate at 10% (10) before tax for 2024.

In 2024, the recoverable amount of Volvo Group's operations exceeded the carrying amount for all cash-generating units except for Designwerk, thus an impairment for Designwerk of SEK 483 M was recognized in 2024. The Volvo Group has analyzed whether an isolated negative adjustment on the used assumptions for discount rate and operating income would result in impairment for goodwill. The sensitivity analysis included an increase of the discount rate to 30% and a decrease of the operating income with 30%, however none of the cash-generating units (except for Designwerk) would be impaired. The operating parameters applied in the valuation are based on management's strategy and could indicate higher value than historical performance for each cash-generating unit. Furthermore, the Volvo Group is operating in a cyclical industry why performance could vary over time.

Headroom differs between the cash-generating units and they are sensitive to changes in the assumptions described above to a varying degree. Therefore, the Volvo Group continuously follows the performance of the cash-generating units whose headroom is dependent on the fulfillment of the Volvo Group's assessments. Instability in the recovery of the market and volatility in interest and currency rates may lead to indications of a need for impairment. The most important factors for the future operations of the Volvo Group are described in the Volvo Group's operating segments, as well as in the Risk management section.

Product and software development

Expenditures for the development of new products and software are recognized as intangible assets if such expenditures, with a high degree of certainty, will result in future economic benefits for the company. Intangible assets are amortized over its estimated useful life. The rules require stringent criteria to be met for these development expenditures to be recognized as assets. For example, it must be possible to prove the technical feasibility of completing the new product or software, so that it will be available for use or sale, before its development expenditure is recognized as an asset. In normal cases, this means that expenditures are capitalized only during the industrialization phase of a product development project. Other research and development costs are recognized in the income statement as incurred.

The Volvo Group has developed a process for conducting product and software development projects. The product and software development process has six phases (including waterfall method and to some extent an agile approach) focused on separate parts of the project. Every phase starts and ends with a reconciliation point, known as a gate, for which the criteria must be met for the project's decision making committee to allow the project to progress to the next phase. During the industrialization phase, the industrial system is prepared for serial production and the product is launched.

A substantial part of investments is directed towards zero tailpipe emissions technology, which is expected to increase over time. As the transition will take place gradually, the running fleets in the transportation sector are likely to include different technologies for vehicle and machinery propulsion that can be powered by renewable energy such as battery-electric, fuel cell-electric or internal combustion engines running on lower carbon fuels. Existing products is therefore expected to generate economic benefits during the transition period and be used during its remaining useful life.

Other intangible assets

Other intangible assets include trademarks, distribution networks, licenses and other rights. When participating in industrial projects in partnership with other companies the Volvo Group in certain cases pays an entrance fee to participate, which is capitalized as an intangible asset.

Amortization and impairment with finite useful life
Intangible assets with finite useful life are amortized on a straight line basis over their estimated useful life. Amortization is based on the cost of the assets, adjusted by impairments when applicable and estimated useful lives. Amortization is recognized in the respective function to which it belongs, meaning that amortization of product development is part of the research and development expenses in the income statement. Impairment tests for amortizable assets are performed if there are indications of impairment. In addition, impairment tests are performed annually for capitalized development cost for products and software not yet in use by calculating the recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The value in use is measured as the discounted future cash flows, which the asset is expected to generate either by itself or from the lowest cash-generating unit to which the asset belongs. If the recoverable amount is less than the carrying amount, an impairment is recognized and the carrying amount of the asset is reduced to the recoverable amount.

Source of estimation uncertainty and critical judgments

Impairment of goodwill and other intangible assets
When conducting impairment tests of goodwill and other intangible assets, estimates have to be made to determine the recoverable amounts of cash-generating units. The recoverable amount is based upon management's projections of future cash flows and are to a varying degree sensitive to changes in assumptions and the business environment. The broadening of the customer offer with a focus to switch towards more sustainable solutions accelerates investments in research and development. The magnitude of investments and the assessment of future useful life is uncertain due to technology and infrastructure development, emission regulations, government incentives and customer demand. While management believes that estimates of future cash flows and other assumptions made are reasonable, there are uncertainties which could materially affect the valuations.

12:1 Intangible assets Dec 31, 2024

	Goodwill	Product and software development	Other intangible assets	**Total**
Acquisition cost				
Opening balance 2024	**24,861**	**58,248**	**7,360**	**90,469**
Additions	–	4,396	96	**4,493**
Additions through acquired operations[1]	105	310	343	**758**
Disposals[1]	-461	-1,492	-901	**-2,855**
Exchange rate changes	670	100	220	**990**
Reclassifications to assets held for sale[1]	457	1,362	898	**2,718**
Reclassifications and other	–	-65	28	**-37**
Acquisition cost, Dec 31, 2024	**25,633**	**62,859**	**8,044**	**96,535**
Accumulated amortization and impairment				
Opening balance 2024	**–**	**-43,240**	**-4,717**	**-47,957**
Amortization	–	-3,456	-214	**-3,670**
Impairment[2]	-483	–	–	**-483**
Disposals[1]	–	1,086	762	**1,848**
Exchange rate changes	-7	-82	-107	**-196**
Reclassifications to assets held for sale[1]	–	-1,023	-760	**-1,782**
Reclassifications and other	–	45	–	**45**
Accumulated amortization and impairment, Dec 31, 2024	**-490**	**-46,670**	**-5,035**	**-52,195**
B/S **Carrying amount, Dec 31, 2024**	**25,143**	**16,189**	**3,009**	**44,340**

1 **Read more in Note 3** Acquisitions and divestments of operations, for a description of acquired and divested operations as well as assets and liabilities held for sale.
2 Goodwill related to Designwerk has been written down with SEK 483 M.

12:2 Intangible assets Dec 31, 2023

	Goodwill	Product and software development	Other intangible assets	Total
Acquisition cost				
Opening balance 2023	**25,636**	**54,753**	**7,872**	**88,261**
Additions	–	4,845	433	**5,278**
Additions through acquired operations[1]	74	–	15	**89**
Disposals[1]	-138	-23	-24	**-185**
Exchange rate changes	-266	-28	-69	**-362**
Reclassifications to assets held for sale[1]	-445	-1,327	-868	**-2,641**
Reclassifications and other	–	28	2	**29**
Acquisition cost, Dec 31, 2023	**24,861**	**58,248**	**7,360**	**90,469**
Accumulated amortization and impairment				
Opening balance 2023	**–**	**-41,361**	**-5,356**	**-46,717**
Amortization	–	-2,874	-150	**-3,024**
Impairment	–	-43	-11	**-53**
Disposals[1]	–	17	22	**39**
Exchange rate changes	–	25	43	**67**
Reclassifications to assets held for sale[1]	–	996	734	**1,730**
Reclassifications and other	–	–	–	**–**
Accumulated amortization and impairment, Dec 31, 2023	**–**	**-43,240**	**-4,717**	**-47,957**
B/S **Carrying amount, Dec 31, 2023**	**24,861**	**15,008**	**2,643**	**42,512**

1 **Read more in Note 3** Acquisitions and divestments of operations, for a description of acquired and divested operations as well as assets and liabilities held for sale.

12:3 Goodwill per cash-generating unit

	Dec 31, 2024	Dec 31, 2023
Trucks	13,609	13,203
Construction Equipment	9,943	9,620
Buses	859	853
Volvo Penta	388	371
Other cash-generating units[1]	344	814
Total	**25,143**	**24,861**

1 In 2024, goodwill related to Designwerk has been written down with SEK 483 M.

12:4 Estimated useful life

Trademarks	Max 5 years
Distribution networks	10 years
Product and software development	3-8 years
Other intangible assets	3-5 years

13 Tangible assets

Accounting policies

The Volvo Group applies the cost method for measurement of tangible assets, consisting of property, plant, equipment and investment property as well as assets under operating leases.

Buildings include owner-occupied properties and investment properties. Investment properties are properties owned for the purpose of obtaining rental income and appreciation in value. Investment properties are recognized at cost. For disclosure purposes, information regarding the estimated fair value of investment properties is based on an internal discounted cash flow projection as relevant observable market inputs for the assets are not available. The required return is based on current property market conditions for comparable properties in comparable locations. Hence, the applied valuation method to measure fair value is classified as level 3 of the fair value hierarchy and there have not been any changes in valuation method during the year. Land includes land and land improvements. Machinery and equipment consist of production related assets such as machinery, type-bound tools and other equipment as well as assets for services and solutions. Assets for services and solutions provides customer with capacity and productivity solutions, offering both vehicles and machines as well as wide range of services. Construction in progress are assets under construction and advanced payments. A substantial part of investments is directed towards zero tailpipe emissions technology, which is expected to increase over time. However, both electric trucks and trucks with combustion engines can be produced on the same assembly lines, thus limiting the investments needed for this transition in the industrial system. Right-of-use assets relates to lease contracts with the Volvo Group as a lessee.

Assets under operating leases are mainly owned by the Volvo Group. These transactions are accounted for as operating lease transactions and consists of contractual operating lease agreements with customers within Financial Services and rental fleet which are assets used in a fleet for rental business within Industrial Operations. Some rental fleet assets are leased by the Volvo Group and later sub-leased to customers as operating leases. Sales with residual value commitments within Industrial Operations are also recognized within assets under operating leases.

Read more in Note 7 Revenue, about sales with residual value commitments.
Read more in Note 14 Leasing, about right-of-use assets and assets under operating leases.
Read more in Sustainability Statements and section EU Taxonomy regulation disclosures about taxonomy eligible capital expenditure.

Depreciation and impairment
Property, plant, equipment and investment property are depreciated over their estimated useful lives. Land is not depreciated. Depreciation is recognized on a straight-line basis based on the cost of the assets, adjusted by residual value when applicable, and estimated useful lives. Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Assets under operating leases are depreciated on a straight-line basis over the contract period. During the contract period, the depreciable amount is adjusted by accelerated depreciation and/or write-downs. The adjustment is recognized through the income statement to correspond to estimated future net realizable value to continuously reflect potential residual value risks at the end of the contract period. The net realizable value is impacted by value of optional equipment, mileage, current condition, expected future price development, change of market conditions, the transition towards electrification and other low-carbon transport solutions, alternative distribution channels, inventory lead-time, repair and reconditioning costs, handling costs, indirect costs associated with the sale of used vehicles and legislative demands. Some of the production facilities may also be subject to increased risks from physical weather events depending on climate developments. These risks are monitored and are not expected to materially impact the estimated useful life. The depreciation is recognized in the respective function to which it belongs. Impairment tests are performed if there are indications of impairment by calculating a recoverable amount which is the higher of the asset's fair value less cost of disposal and its value in use.

Source of estimation uncertainty and critical judgments

Impairment of tangible assets
Impairment tests are performed if there is any indication that a tangible asset has been impaired. The impairment tests are based on estimation of the recoverable amount of the asset, or the cash-generating unit to which the asset belongs. To determine the recoverable amount, projections of future cash flows are used, which are based upon internal business plans and forecasts. The ongoing transition of the transport sector towards new technologies with electrified and other lower emission technology vehicles bring uncertainties regarding current and future investments in production facilities as well as estimated useful life. Also, some of the production sites are located in areas with physical climate risks and may in the long run be subject to increased stress from physical weather events. Physical risks bring uncertainties when estimating useful life and indication of impairment. While management believes that estimates of future cash flows and other assumptions made are reasonable, there are uncertainties which could materially affect the valuations.

Residual value risks
Volvo Group is exposed to residual value risks related to assets under operating leases which are the risks that the Volvo Group in the future would have to dispose used vehicles at a loss if the price development of these products is worse than what was expected when the contracts were entered. The assessment of residual value risks is based upon an estimation of the used vehicle's future net realizable value (fair market value) and a declined value may negatively affect the Volvo Group's operating income. High inventories in the truck industry and the construction equipment industry and low demand may have a negative impact on the prices of new and used vehicles and machines. The estimated future net realizable value of the vehicles at the end of the contract period is monitored individually on a continuing basis. In monitoring the estimated net realizable

value of each vehicle, management considers current price level of the used vehicle, supply chain and production disturbances and the transition to electrified and other lower emission technology vehicles which imply to some extent uncertainties in the assessment.

Reclassifications

Reclassifications of construction in progress, assets for services and solutions, and assets under operating lease are presented in the **tables 13:2** and **13:3**.

For construction in progress, reclassifications occurs when the asset is available for use by transferring the assets to the respective category within property, plant and equipment. The transfer is reported within reclassifications and other.

For assets for services and solutions, reclassification occurs when the asset is available for offering capacity and productivity solutions as a service to customers. Furthermore, the vehicle is transferred from inventory to assets for services and solutions and reported as additions. By the end of the contract period the vehicle is transferred back to inventory and reported as disposals.

For operating leases, rental fleet and sales with residual value commitments (buybacks and tradebacks), reclassifications occur when vehicles are sold or rented out to customers. The vehicle is transferred from inventory to assets under operating leases and reported as additions. If the vehicle is returned by the end of the residual value commitment period or the leasing period, the vehicle is transferred back to inventory and reported as disposals.

Investment properties

The acquisition value of investment properties at year-end amounted to SEK 96 M (95). Reclassifications amounted to SEK – M (–). Accumulated depreciation amounted to SEK 46 M (43) at year-end, of which SEK 3 M (4) refers to 2024. The net carrying value amounted to SEK 50 M (53). The estimated fair value of investment properties amounted to SEK 119 M (117) at year-end and 97% (97) of the area available for lease was leased out during the year. Operating income was affected by rental income from investment properties that amounted to SEK 12 M (12) and direct costs that amounted to SEK 1 M (6).

13:1 Estimated useful life

Type-bound tools	3-8 years
Operating leases, rental fleet	3-5 years
Sales with residual value commitments	3-5 years
Machinery and equipment	5-20 years
Buildings and investment properties	20-50 years
Land improvements	20 years

13:2 Tangible assets, Dec 31, 2024

	Property, plant, equipment and investment property					Assets under operating leases[1]			
	Buildings	Land and land improvements	Machinery and equipment[5]	Construction in progress	Right-of-use assets[1]	Operating leases[2]	Rental fleet	Sales w. residual value commitments[3]	Total
Acquisition cost									
Opening balance 2024	**39,539**	**7,764**	**91,020**	**16,257**	**14,938**	**30,843**	**5,848**	**24,712**	**230,922**
Additions	996	732	3,712	8,844	1,468	10,072	2,742	6,762	**35,329**
Additions through acquired operations[4]	81	54	784	138	163	–	–	–	**1,220**
Disposals[4]	-1,396	-194	-4,197	-22	-1,915	-10,260	-1,824	-6,320	**-26,127**
Exchange rate changes	1,463	219	2,605	390	523	1,376	211	1,152	**7,939**
Reclassifications to assets held for sale[4]	723	123	1,392	17	403	–	–	–	**2,659**
Reclassifications and other	2,772	373	8,293	-11,073	1,339	-130	-432	2,502	**3,643**
Acquisition cost, Dec 31, 2024	**44,180**	**9,070**	**103,609**	**14,552**	**16,920**	**31,901**	**6,546**	**28,808**	**255,585**
Accumulated amortization and impairment									
Opening balance 2024	**-20,834**	**-1,602**	**-70,691**	**-61**	**-7,882**	**-9,549**	**-1,549**	**-8,395**	**-120,562**
Depreciation	-1,506	-138	-5,057	–	-2,427	-5,046	-844	-2,740	**-17,757**
Impairment	–	–	-55	-4	–	-36	–	-542	**-638**
Disposals[4]	765	69	3,642	–	1,716	5,284	579	3,398	**15,452**
Exchange rate changes	-810	-54	-1,826	–	-256	-453	-64	-408	**-3,870**
Reclassifications to assets held for sale[4]	-323	-31	-1,148	–	-262	–	–	–	**-1,764**
Reclassifications and other	20	-5	-19	–	74	59	62	-1,509	**-1,317**
Accumulated amortization and impairment, Dec 31, Disposals[4]	**-22,688**	**-1,760**	**-75,153**	**-66**	**-9,036**	**-9,741**	**-1,817**	**-10,196**	**-130,456**
B/S **Carrying amount, Dec 31, 2024**	**21,491**	**7,310**	**28,458**	**14,487**	**7,883**	**22,160**	**4,729**	**18,612**	**125,131**

1 **Read more in Note 14** Leasing, about right-of-use assets and assets under operating leases.

2 Operating leases mainly consists of contractual operating lease agreements with customers within Financial Services.

3 **Read more in Note 7** Revenue, about sales with residual value commitments.

4 **Read more in Note 3** Acquisitions and divestments of operations, for a description of acquired and divested operations as well as assets and liabilities held for sale.

5 Machinery and equipment includes assets for services and solutions.

13:3 Tangible assets, Dec 31, 2023

	Property, plant, equipment and investment property					Assets under operating leases[1]			
	Buildings	Land and land improvements	Machinery and equipment	Construction in progress	Right-of-use assets[1]	Operating leases[2]	Rental fleet	Sales w. residual value commitments[3]	**Total**
Acquisition cost									
Opening balance 2023	**39,685**	**7,906**	**91,455**	**12,273**	**13,504**	**31,740**	**4,744**	**27,442**	**228,749**
Additions	961	104	2,420	9,634	1,832	10,267	3,131	4,826	**33,176**
Additions through acquired operations[4]	50	26	16	–	45	–	–	–	**137**
Disposals[4]	-1,088	-92	-3,032	-7	-1,183	-10,576	-1,816	-6,125	**-23,918**
Exchange rate changes	-832	-165	-1,390	-281	-330	-617	-116	-326	**-4,059**
Reclassifications to assets held for sale[4]	-1,253	-232	-1,508	-17	-391	–	–	–	**-3,401**
Reclassifications and other	2,017	217	3,058	-5,345	1,461	30	-95	-1,105	**238**
Acquisition cost, Dec 31, 2023	**39,539**	**7,764**	**91,020**	**16,257**	**14,938**	**30,843**	**5,848**	**24,712**	**230,922**
Accumulated amortization and impairment									
Opening balance 2023	**-21,691**	**-1,638**	**-71,224**	**-3**	**-7,105**	**-10,348**	**-1,553**	**-8,506**	**-122,068**
Depreciation	-1,448	-130	-4,600	–	-2,363	-4,973	-791	-3,018	**-17,323**
Impairment	-10	–	-95	-58	–	-3	–	-662	**-827**
Disposals[4]	1,135	56	2,956	–	1,130	5,591	760	3,131	**14,757**
Exchange rate changes	474	26	1,082	–	167	175	17	112	**2,054**
Reclassifications to assets held for sale[4]	654	84	1,195	–	254	–	–	–	**2,187**
Reclassifications and other	52	1	-5	–	35	9	17	548	**658**
Accumulated amortization and impairment, Dec 31, 2023	**-20,834**	**-1,602**	**-70,691**	**-61**	**-7,882**	**-9,549**	**-1,549**	**-8,395**	**-120,562**
B/S **Carrying amount, Dec 31, 2023**	**18,706**	**6,162**	**20,329**	**16,196**	**7,056**	**21,295**	**4,299**	**16,317**	**110,359**

1 **Read more in Note 14** Leasing, about right-of-use assets and assets under operating leases.

2 Operating leases mainly consists of contractual operating lease agreements with customers within Financial Services.

3 **Read more in Note 7** Revenue, about sales with residual value commitments.

4 **Read more in Note 3** Acquisitions and divestments of operations, for a description of acquired and divested operations as well as assets and liabilities held for sale.

14 Leasing

Accounting policies

Volvo Group as the lessor
Leasing contracts are defined in two categories, operating and finance leases, depending on the contracts' financial implications. Operating leases are offered from Financial Services (contractual operating leases) and from Industrial Operations (rental fleet agreements). Sales with residual value commitments (buybacks and tradebacks) are also accounted for as operating lease transactions when the customer has a significant economic incentive to exercise the option to return the vehicle and the control has therefore not been transferred to the customer. Operating lease agreements are recognized as tangible assets in assets under operating leases and are valued at cost less accumulated depreciation and impairment, if needed. The cost of an asset comprises the acquisition value and any initial direct costs related to the contract. Depreciation of the asset is recognized on a straight-line basis over the contract period. During the period the depreciable amount is adjusted through the income statement by depreciation or write-downs to correspond to the estimated future net realizable value and reflect residual value risks at the end of the contract period. Lease income is equally distributed over the contract period and recognized within net sales.

Read more in Note 7 Revenue, about sales with residual value commitments.
Read more in Note 13 Tangible assets, about residual value risks related to assets under operating lease.

Finance leases are offered from Financial Services. As Industrial Operations manufacture the vehicles which are leased from Financial Services to the customers, the Volvo Group is acting as a manufacturer lessor. Hence, a finance lease asset gives rise to a selling profit which is recognized within Industrial Operations. Finance lease contracts are recognized as non-current and current customer-financing receivables mainly within Financial Services. The asset is measured at an amount equal to the net investment in the finance lease contract corresponding to the gross investment (future minimum lease payments and unguaranteed residual value) discounted with the rate in the finance lease contract and reduced by unearned finance income and allowance for expected credit losses. Assessment of allowance for expected credit losses is reflected in the valuation of customer-financing receivables and recorded at initial recognition and reassessed during the contract period. Lease income is recognized as interest income within net sales in Financial Services. Variable lease payments not dependent on an index or rate are recognized as income as they occur. Payments received from finance lease contracts are distributed between interest income and amortization of the receivable.

Read more in Note 15 Customer-financing receivables, about finance leases.

Volvo Group as the lessee
Lease contracts are recognized as right-of-use (RoU) assets as well as interest-bearing lease liabilities in the balance sheet. Lease liabilities are recognized within other loans and are measured by the present value of future lease payments. The lease payments are discounted by using a rate reflecting what the Volvo Group would have to pay to borrow funds to acquire a similar asset, with similar collateral and similar term. RoU assets are presented as tangible assets and are valued at cost less accumulated depreciation and impairment, if needed. The cost of an RoU asset contains the initial amount of the lease liability adjusted for any lease payments made before the commencement date, less any lease incentives received. Moreover, any initial direct costs are included, as well as an estimate of costs to be incurred in dismantling, removing or restoring the underlying asset. The leased asset is depreciated on a straight-line basis over the lease term, or over the useful life of the underlying asset if the ownership is transferred to the Volvo Group at the end of the lease term. The lease expense is recognized as depreciation of the asset within operating income and interest expense within the finance net. Payments made are distributed between interest paid and amortization of the lease liability.

Lease contracts with the Volvo Group as the lessee are primarily contracts for real estate (such as office buildings, warehouses and dealer premises), company cars and production related assets. For real estate and company car leases, service components are normally a considerable portion of the contracts and are therefore separated. The service components are recognized as operating expenses and not included in the RoU asset and the lease liability. For other lease contracts, both the leased asset and services are included in the RoU asset and the lease liability.

If a lease contract includes variable lease payments not dependent on an index or rate, or include a low value asset or has a lease term that is twelve months or less, the lease payments are recognized as operating expenses as they occur.

Source of estimation uncertainty and critical judgments

Measurement of lease liabilities and right-of-use assets
When entering a lease contract, judgments related to contract scope, lease term and interest rate to be used when discounting future lease payments are made which affect the measurement of the lease liability and the RoU asset.

Assessment of contract scope includes judgments whether a leased asset and/or a service component is identified in the contract. In combined contracts, the total contract amount is allocated between the leased asset and the service by using a market stand-alone price.

When determining the lease term of a contract, judgments are also required. The lease term includes the non-cancellable period. If the Volvo Group is reasonably certain to use an option to extend the lease, or not to use an option to terminate the lease in advance, this is also considered. The contracts contain a range of different conditions. Extension and termination options are mainly related to real estate leases. Thus, all relevant facts and circumstances that create an economic incentive to include optional periods are evaluated. The importance of the underlying asset in the operations and its location, availability of suitable alternatives, significant leasehold improvements, level of rentals in optional periods compared to market rates as well as past practice are examples of factors included in the assessment. Lease terms are negotiated on an individual basis and are reassessed if an option is exercised.

Judgments are also required to determine the interest rate when discounting future lease payments and whether the interest rate implicit in the lease can be readily determined and thereby used, or if the Volvo Group's incremental borrowing rate should be used.

Volvo Group as the lessor

14:1 Lease income

	Dec 31, 2024	Dec 31, 2023
Finance leases		
Interest income on customer-financing receivables	4,523	3,842
Total	**4,523**	**3,842**
Operating leases		
Lease income on assets under operating lease	13,410	12,771
Total	**13,410**	**12,771**

During 2024, the profit from sale of vehicles subject to finance leases amounted to SEK 7,898 M (8,713) and was recognized within Industrial Operations.

As of December 31, 2024, future lease income from non-cancellable finance and operating leases (minimum lease fees excluding sales with residual value commitments) amounted to SEK 102,454 M (96,596).

Read more in Note 15 Customer-financing receivables about finance leases.

14:2 Maturity analysis of lease payments receivable

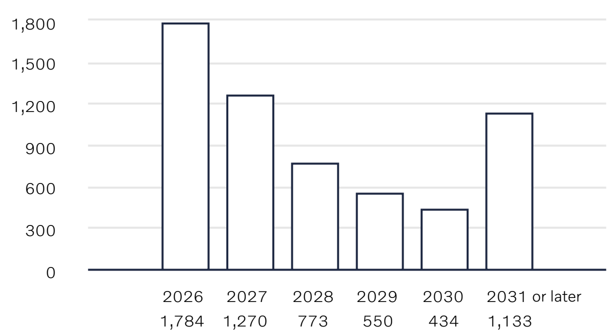
	Finance leases	Operating leases
2025	27,433	6,223
2026	21,370	4,319
2027	15,745	3,042
2028	9,920	1,916
2029	4,638	916
2030 or later	5,954	976
Total undiscounted lease payments	**85,061**	**17,392**
Unguaranteed residual value	2,125	
Unearned interest income	-8,882	
Allowance for expected credit losses	-1,514	
Customer-financing receivables (current and non-current)	**76,790**	

Volvo Group as the lessee

14:3 Lease liabilities

	Dec 31, 2024	Dec 31, 2023
Non-current lease liabilities	5,944	5,314
Current lease liabilities	2,104	1,877
Total lease liabilities	**8,049**	**7,191**

14:4 Non-current lease liabilities maturities, SEK M



During 2024, total cash outflow related to leases amounted to SEK 3,699 M (3,454), with a distribution of SEK 1,230 M (1,085) within operating cash flow and SEK 2,469 M (2,369) within financing activities.

14:5 Right-of-use assets

Dec 31, 2024	Buildings	Land and land improvements	Machinery and equipment	Company cars	Assets under operating lease and rental fleet[1]	Total
Acquisition cost						
Opening balance 2024	11,197	679	1,295	1,766	424	**15,362**
Additions to right-of-use assets[2]	1,728	49	22	183	28	**2,010**
Acquisition cost, Dec 31, 2024	**12,926**	**728**	**1,317**	**1,949**	**452**	**17,372**
Accumulated depreciation and impairments						
Opening balance 2024	-5,904	-167	-787	-1,024	-172	**-8,054**
Depreciation and impairment	-1,651	-37	-230	-508	-51	**-2,478**
Other changes	559	-7	261	459	84	**1,356**
Accumulated depreciation and impairments, Dec 31, 2024	**-6,996**	**-211**	**-756**	**-1,073**	**-139**	**-9,176**
Carrying amount Dec 31, 2024	**5,930**	**517**	**561**	**876**	**313**	**8,196**

Dec 31, 2023	Buildings	Land and land improvements	Machinery and equipment	Company cars	Assets under operating lease and rental fleet[1]	Total
Acquisition cost						
Opening balance 2023	9,929	711	1,307	1,557	434	**13,938**
Additions to right-of-use assets[2]	1,268	-32	-12	209	-10	**1,424**
Acquisition cost, Dec 31, 2023	**11,197**	**679**	**1,295**	**1,766**	**424**	**15,362**
Accumulated depreciation and impairments						
Opening balance 2023	-5,134	-162	-739	-1,070	-182	**-7,287**
Depreciation and impairment	-1,644	-37	-249	-432	-86	**-2,449**
Other changes	875	33	201	477	96	**1,682**
Accumulated depreciation and impairments, Dec 31, 2023	**-5,904**	**-167**	**-787**	**-1,024**	**-172**	**-8,054**
Carrying amount, Dec 31, 2023	**5,294**	**513**	**508**	**742**	**252**	**7,308**

1 Refers to assets leased by the Volvo Group which are later sub-leased to customers as operating lease.

2 Additions to RoU assets mainly relate to new lease contracts signed.

14:6 Recognized in the income statement

	2024	2023
Interest expense on lease liabilities within Financial Services	-4	-4
Depreciation and impairment of right-of-use assets	-2,478	-2,449
Short term lease expense	-641	-670
Low value asset expense	-140	-35
Variable lease expense	-50	-53
Income from sub-leasing right-of-use assets	181	157
Gains or losses arising from sale and leaseback transactions	–	–
Gain or losses on right-of-use assets	9	9
Recognized in operating income	**-3,123**	**-3,045**
Interest expense on lease liabilities within Industrial Operations	-399	-335
Recognized in net financial items	**-399**	**-335**

15 Customer-financing receivables

Accounting policies

Installment credits, dealer financing and other receivables within customer-financing receivables are held as part of a business model whose objective is of collecting contractual cash flows. The contractual cash flows are solely payments of principal and interest and are measured at amortized cost in accordance with the effective interest method. Finance lease contracts are valued at amortized cost.

Read more in Note 14 Leasing, for further information on recognition and classification of finance leases.

The Volvo Group is applying the simplified expected credit loss model for customer-financing receivables, under which the loss allowance is measured at an amount equal to lifetime expected credit losses. The allowance is recorded at initial recognition and is reassessed during the contract period.

Interest income on customer-financing receivables is recognized within net sales, mainly within Financial Services. Changes to the allowance for expected credit losses are recognized in other operating income and expense.

Source of estimation uncertainty and critical judgments

Allowance for expected credit losses
The assessment of allowances for expected credit losses on customer-financing receivables is dependent on estimates including assumptions regarding past dues, repossession rates and quality level of repossessed collateral.

A collective assessment is made for customer-financing receivables that are not credit impaired by using a vintage layer analysis. It is based on historical loss experience within a homogenous pool of assets that are collectively assessed. The assets are grouped based on shared risk characteristics such as type of customer, geographical area, initial credit risk rating, collateral type and date of initial recognition to evaluate the credit losses collectively. The historical loss experience is used to forecast future losses, adjusted for current and expected conditions in the different markets based on management's evaluation of macro-level and portfolio-level factors, such as GDP, oil prices, unemployment rates etc. Climate-related risk, such as the transition to electric vehicles, are closely monitored, and reflected in management's evaluation of current and forecasted conditions in assessing expected credit losses. Volvo Group has not identified material credit impairment related to transitional and physical climate risks that would require a significant adjustment to the credit reserves.

An individual assessment is made for credit impaired customer-financing receivables based on the financial condition of the customers and the value of the underlying collateral and guarantees. The Volvo Group considers a financial asset credit impaired if it meets one or more of the following criteria; when there are indications that the customer is unlikely to pay, such as bankruptcy filing, unauthorized transfer of collateral, at surrender of collateral etc. or, at the latest, when the customer fails to make contractual payment within 90 days of when the receivable falls due.

Risk management practices
Other than the dealer financing, customer-financing receivables extend over several years, but normally the customers make monthly payments throughout the term to reduce the outstanding exposure. The customer-financing receivables are secured by the financed commercial vehicles and equipment. However, in the case of customer default, the value of the repossessed commercial vehicles and equipment may not necessarily cover the outstanding financed amount. In order to mitigate this risk, Financial Services has strong portfolio management processes based on prudent credit approval, active monitoring of individual loan performance, utilization of in-house and external collections, portfolio segmentation analysis, and on-going monitoring of the economic, political and industry conditions in each market. In addition, other credit enhancements such as down payments, personal guarantees, credit insurance, liens on other property owned by the borrower etc. may be required at the time of origination or when there are signs of impairment. When customer-financing receivables exceed 90 days of overdue collateral repossession is initiated, although there may be circumstances where repossession is initiated earlier. When the collateral is repossessed, the net realizable value is established, and the vehicle is transferred to inventory and becomes part of the Volvo Group's normal business activity of selling used vehicles and equipment and the expected loss on the customer-financing receivable is written off. If repossession has not occurred on customer-financing receivables exceeding 180 days of overdue the expected loss on the receivable is written off. Financial Services continues to engage in enforcement activity on all customer financing-receivables written off to attempt to recover the contractual amount not previously received from the customer.

Read more in Note 4 Goals and policies in financial risk management, for a description of credit risks, interest risks and currency risks.

As of December 31, 2024, the total allowances for expected credit losses in Financial Services amounted to 1.29% (1.37) of the total credit portfolio in the segment. This reserve ratio is used as an important measure for Financial Services and includes operating leases and inventory. Allowances for expected credit losses for customer-financing receivables has remained at the same level as last year, amounting to SEK 3,649 M (3,635). This is primarily due to that an increase in expected credit losses was counterbalanced by the mix in the portfolio, decreased volumes in low performing markets and an increase of utilized allowances related to actual losses.

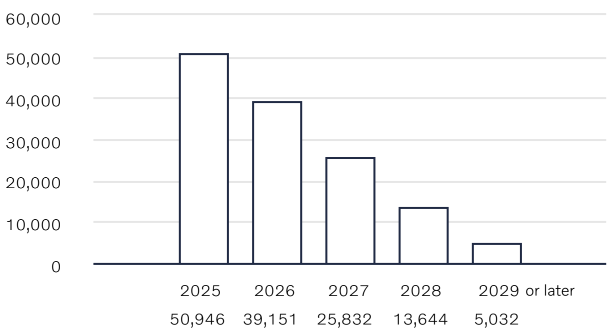
During 2024, customers continued to perform well and were able to make payments on time in most markets. However, the uncertainties in the geopolitical and macroeconomic environment in some areas are impacting our customers' ability to manage their obligations.

15:1 Non-current customer-financing receivables

	Dec 31, 2024	Dec 31, 2023
Installment credits	81,934	74,934
Finance leases	50,374	44,289
Other receivables	2,297	2,415
B/S **Non-current customer-financing receivables**	**134,605**	**121,638**

The weighted average interest rate for non-current customer-financing receivables amounted to 7.01% (6.99) as of December 31, 2024.

15:2 Non-current customer-financing receivables maturities



15:3 Current customer-financing receivables

	Dec 31, 2024	Dec 31, 2023
Installment credits	43,845	40,814
Finance leases	26,417	22,741
Dealer financing	49,184	43,659
Other receivables	3,230	3,350
B/S **Current customer-financing receivables**	**122,677**	**110,565**

The weighted average interest rate for current customer-financing receivables amounted to 6.79% (6.36) as of December 31, 2024.

15:4 Credit risk in customer-financing receivables

	Dec 31, 2024	Dec 31, 2023
Customer-financing receivables gross	260,930	235,838
Allowance for expected credit losses for customer-financing receivables	-3,649	-3,635
Whereof credit impaired	*-788*	*-587*
Whereof not credit impaired	*-2,861*	*-3,048*
Customer-financing receivables, net of allowance	**257,282**	**232,203**

15:5 Change of allowance for expected credit losses for customer-financing receivables

	2024		2023	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
Opening balance	**3,048**	**587**	**6,357**	**573**
New allowance charged to income	890	590	775	189
Reversal of allowance charged to income	-128	-53	-81	-87
Utilization of allowance related to actual losses	–	-1,289	–	-779
Movements between not credit impaired/credit impaired[1]	-926	926	-727	727
Exchange rate changes	63	28	-121	-10
Syndication transactions and other	-85	–	-92	–
Divestment of the Russian entities	–	–	-3,064	-26
Allowance for expected credit losses for customer-financing receivables, Dec 31	**2,861**	**788**	**3,048**	**587**

1 When a receivable becomes credit impaired a transfer of allowance is made to allowance for credit impaired receivables.

15:6 Customer-financing receivables, gross exposure

	Dec 31, 2024					Dec 31, 2023				
	Not due	1–30 days	31–90 days	>90 days	**Total**	Not due	1–30 days	31–90 days	>90 days	**Total**
Customer-financing receivables, gross	242,749	12,448	3,868	1,865	**260,930**	216,311	14,483	3,715	1,329	**235,838**
Whereof not credit impaired	*241,906*	*12,010*	*3,128*	*291*	**257,335**	*215,128*	*13,975*	*2,847*	*314*	**232,265**
Whereof credit impaired	*843*	*439*	*740*	*1,573*	**3,595**	*1,183*	*508*	*868*	*1,015*	**3,574**

Table 15:6 represents the gross credit exposure on customer-financing receivables within the Volvo Group per age interval. The lifetime expected credit loss allowance for customer-financing receivables not credit impaired amounted to SEK 2,861 M (3,048) and allowance for customer-financing receivables credit impaired amounted to SEK 788 M (587), included in tables 15:4 and 15:5. The remaining exposure was secured by liens on the financed commercial vehicles and equipment and, in certain circumstances, other credit enhancements such as personal guarantees, credit insurance, liens on other property owned by the borrower etc. Collaterals taken in possession that meet the criteria for recognition in the balance sheet amounted to SEK 594 M (397) as of December 31, 2024.

Concentration of credit risk

Customer concentration

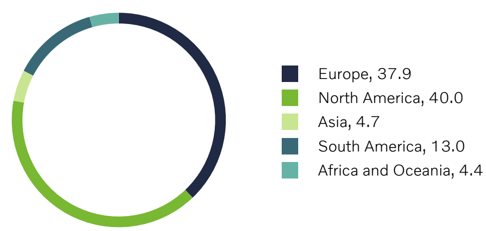
The ten largest customers within Financial Services account for 8.6% (6.8) of the total asset portfolio. Overall, the portfolio is attributable to a large number of customers and the credit risk is therefore spread across many customers. During 2024 SEK 11.6 billion (8.8) of customer-financing receivables were syndicated in order to reduce concentration risk.

Concentration by geographical market

Graph 15:7 discloses the concentration of Financial Services portfolio divided into geographical markets.

Read more in Note 4 Goals and policies in financial risk management, about credit risks.
Read more in Note 30 Financial instruments, for information about the gain or loss recognized in the operating income arising from derecognition of customer-financing receivables in table 30:3.
Read more in the Board of Directors' report about Financial Services' development during the year.

15:7 Geographic market, percentage of customer-financing portfolio (%)



16 Receivables

Accounting policies

Receivables are measured at amortized cost. The Volvo Group is applying the simplified expected credit loss model for accounts receivables, under which the loss allowance is measured at an amount equal to lifetime expected credit losses. The allowance is recorded at initial recognition and is reassessed during the contract period. Changes to the allowance for expected credit losses for accounts receivables are recognized in other operating income and expense.

Read more in Note 30 Financial instruments, in section derecognition of financial assets, about receivables subject to discounting activities.

Source of estimation uncertainty and critical judgments

Allowance for expected credit losses

Accounts receivables are short term by nature and consequently the risk assessment horizon is short. A collective assessment is made on accounts receivables not credit impaired. Historical information regarding credit loss experience is used to forecast future losses, adjusted for current and expected conditions. An individual assessment is made on credit impaired accounts receivables based on the financial condition of the customer.

The past years have been affected by uncertainties in the geopolitical environment, high inflationary pressure as well as the weakened Chinese construction equipment market which might impact the Volvo Group's customers' ability to fulfill their obligations and increase the risk for customer default. Based on this the assessment process for valuation allowances for expected credit losses for accounts receivables continues to be in focus in order to ensure allowances are in alignment with the current market conditions.

Risk management practices

Credit risks are managed through active credit monitoring and follow-up routines in accordance with the Volvo Group Credit management directive. This directive includes different steps to perform when an invoice is not paid at due date. When an increased credit risk is verified, for example through a bankruptcy, or when an allowance has been unchanged for two years and it can be demonstrated that all required steps have been performed, the allowance is reversed and the accounts receivables are written off. Apart from certain exceptions the Volvo Group continues to engage in enforcement activity even after a write-off in order to recover the contractual amount not previously received.

Due to the prevailing business model in the construction equipment industry in China, with longer payment terms to customers, a substantial part of the Volvo Group's accounts receivables are related to customers in this market. The weakness in the Chinese construction equipment market remains which negatively affects customers' and dealers' financial situation. This might affect their ability to honor their obligations to the Volvo Group and may consequently have a material adverse effect on the Volvo Group's financial result and position. Despite recent stimulus measures announced by the Chinese government, the timing of the recovery of the Chinese market remains uncertain.

Renegotiated receivables are on a lower level than last year, with a substantial part of the exposure related to renegotiated receivables within Construction Equipment in China. Renegotiated receivables continue to be closely monitored for on-going payment performance and signs of impairment.

As of December 31, 2024, the total allowance for expected credit losses for accounts receivables amounted to 4.52% (3.95) of total accounts receivables.

Read more in Note 4 Goals and policies in financial risk management, regarding credit risk.

16:1 Non-current receivables

	Dec 31, 2024	Dec 31, 2023
Other interest-bearing receivables[1]	857	902
Interest and currency risk derivatives[2]	4,095	4,833
Contract and right of return assets[3]	1,458	1,414
Other receivables	4,174	2,773
Non-current receivables	**10,584**	**9,923**

1 The amount is the non-current part of other interest-bearing receivables in note 30 Financial instruments, **table 30:1**.

2 The amount is the non-current part of interest and currency risk derivatives in note 30 Financial instruments, **table 30:1**.

3 **Read more in Note 7** Revenue, about contract and right of return assets.

16:2 Current receivables

	Dec 31, 2024	Dec 31, 2023
Other interest-bearing receivables[1]	3,724	2,331
Tax assets	3,491	2,223
Accounts receivables	41,772	43,210
Prepaid expenses and accured income	4,296	3,837
VAT receivables	6,241	5,777
Interest and currency risk derivatives[2]	1,689	1,460
Contract and right of return assets[3]	407	288
Other receivables	9,883	9,444
Current receivables, after deduction of allowance for expected credit losses on receivables	**71,504**	**68,570**

1 The amount is the current part of other interest-bearing receivables in note 30 Financial instruments, **table 30:1**.

2 The amount is the current part of interest and currency risk derivatives in note 30 Financial instruments, **table 30:1**.

3 **Read more in Note 7** Revenue, about contract and right of return assets.

16:3 Change of allowance for expected credit losses for accounts receivables

	2024	2023
Opening balance	**1,778**	**1,501**
New allowance charged to income	529	564
Reversal of allowance charged to income	-248	-422
Utilization of valuation allowance related to actual losses	-171	-61
Exchange rate changes	93	-73
Reclassifications and other changes[1]	-2	270
Allowance for expected credit losses for accounts receivables, Dec 31	**1,979**	**1,778**

1 Whereof reclassification from other non-current receivables of SEK – M (288).

16:4 Age analysis of accounts receivables

	Dec 31, 2024					Dec 31, 2023				
	Not due	1-30 days	31-90 days	>90 days	**Total**	Not due	1-30 days	31-90 days	>90 days	**Total**
Accounts receivables, gross	38,523	1,651	800	2,778	43,751	39,758	1,630	1,046	2,554	44,988
Allowance for expected credit losses on accounts receivables	-369	-63	-67	-1,479	-1,979	-355	-63	-68	-1,292	-1,778
B/S **Accounts receivables, net**	**38,153**	**1,588**	**733**	**1,298**	**41,772**	**39,403**	**1,567**	**978**	**1,262**	**43,210**

17 Inventories

Accounting policies

Inventories are measured at the lower of cost and net realizable value. If the estimated net realizable value is lower than cost, a write-down of inventories is made.

The cost is established by using the first-in, first-out principle (FIFO) and is based on a standard cost method, including costs for all direct manufacturing expenses and the attributable share of capacity and other manufacturing-related costs. The standard costs are reviewed regularly and adjustments are made based on current conditions. Manufacturing costs are based on normal capacity utilization which are allocated to inventory while unabsorbed costs due to changes in production volume are recognized in the income statement as incurred. Costs for research and development, selling, administration and financial expenses are not included.

Net realizable value is calculated as the selling price less costs attributable to the sale. If a decline in the price of materials used in the production of inventories indicates that the cost of the finished products exceeds net realizable value, the replacement cost of the materials is used to measure the net realizable value.

Source of estimation uncertainty and critical judgments

Write-down of inventories

The calculation of net realizable value is based on an estimation of a future sales price, which is dependent on several parameters, such as market demand, model changes and development of used products prices. The shift to zero-emission vehicles entails transitional risks and uncertainties which could materially affect the assessment of net realizable value. The customers' investments into the Volvo Group's electrified products may happen at a slower pace than anticipated due to various external reasons, and the development of new technologies and solutions could lead to technological obsolescence of battery-electric and fuel cell-electric products held in inventory.

17:1 Inventories

	Dec 31, 2024	Dec 31, 2023
Finished products	42,907	41,129
Production materials etc.	35,452	35,734
B/S **Inventories**[1]	**78,359**	**76,863**

1 Inventories amounting to SEK – M (3,871) have been reclassified to assets held for sale. Read more in Note 3 Acquisitions and divestments of operations.

The total value of inventories, net after write-downs, was SEK 78,359 M (76,863) as of December 31, 2024. Inventories recognized as cost of sold products during the period amounted to SEK 357,518 M (375,176).

17:2 Change in write-down of inventories

	2024	2023
Opening balance	**3,918**	**4,021**
Change in write-down of inventories charged to income	887	903
Scrapping	-336	-241
Exchange rate changes	184	-93
Reclassifications etc	-16	-671
Write-down of inventories, Dec 31	**4,638**	**3,918**

18 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include highly liquid interest-bearing securities that are considered easily convertible to cash, including marketable securities, with a date of maturity less than three months at the time of investment. Interest-bearing securities with a date of maturity exceeding three months at the time of investment are recognized as marketable securities.

Read more in Note 30 Financial instruments, about accounting policies for financial instruments.

Cash and cash equivalents as of December 31, 2024, included SEK 2.3 billion (2.2) that is not available for use by the Volvo Group and SEK 9.6 billion (7.6) where other limitations exist, mainly cash and cash equivalents in countries where exchange controls or other legal restrictions apply. Therefore, it is not possible to immediately use this cash and cash equivalents in other parts of the Volvo Group, however there is normally no limitation to use it for the Volvo Group's operation in the respective country.

18:1 Cash and cash equivalents

	Dec 31, 2024	Dec 31, 2023
Cash in banks	57,623	51,576
Marketable securities with original duration less than three months[1]	5,989	3,735
Time deposits in banks	21,559	28,015
B/S **Cash and cash equivalents**	**85,171**	**83,326**

1 Additionally the Volvo Group recognized outstanding marketable securities with original duration exceeding three months of SEK 218 M (89) in government securities as of December 31, 2024.

19 Equity and number of shares

Accounting policies

Dividend resolutions are approved at the annual general meeting or, in certain cases, during an extraordinary general meeting. When the decision has been approved, equity is reduced and the dividend is reported as a liability to the shareholders in the balance sheet until the payment has taken place.

The Annual General Meeting, held on March 27, 2024, resolved that an ordinary dividend of SEK 7.50 (7.00) per share and an extraordinary dividend of SEK 10.50 (7.00) per share, totaling SEK 18.00 (14.00) per share should be paid to shareholders. During 2024, the Volvo Group distributed SEK 36.6 billion (28.5) to the shareholders.

The share capital of the Parent company amounted to SEK 2,562 M (2,562) on December 31, 2024 and is divided into two series of shares, A and B. Both series carry the same rights, except that each Series A share carries the right to one vote and each Series B share carries the right to one tenth of a vote. The shares' quota value is SEK 1.26 (1.26). During 2024, AB Volvo converted a total of 1,590 Series A shares to Series B shares. Unrestricted equity in the Parent company as of December 31, 2024 amounted to SEK 72,410 M (75,848).

For the year 2024, the Board of Directors proposes an ordinary dividend of SEK 8.00 per share and an extraordinary dividend of SEK 10.50 per share, a total of SEK 18.50 per share amounting to SEK 37.6 billion.

Read more in Changes in equity in the Parent company about AB Volvo's share capital.

19:1 Change in other reserves

	Holding of shares at fair value
Other reserves opening balance 2024	**-21**
Remeasurements of holdings of shares at fair value	13
Disposal	–
Other reserves, Dec 31, 2024	**-8**

19:2 Information regarding number of shares

	Dec 31, 2024	Dec 31, 2023
Treasury A-shares	–	–
Treasury B-shares	–	–
Total treasury shares	**–**	**–**
Treasury shares in % of total registered shares	–	–
Outstanding A-shares	444,984,560	444,986,150
Outstanding B-shares	1,588,467,524	1,588,465,934
Total outstanding shares	**2,033,452,084**	**2,033,452,084**
Total registered A-shares	444,984,560	444,986,150
Total registered B-shares	1,588,467,524	1,588,465,934
Total registered shares	**2,033,452,084**	**2,033,452,084**
Average number of outstanding shares	2,033,452,084	2,033,452,084

19:3 Outstanding shares

	A-shares		B-shares		Total	
	2024	2023	**2024**	2023	**2024**	2023
Outstanding shares opening balance	444,986,150	444,987,875	1,588,465,934	1,588,464,209	2,033,452,084	2,033,452,084
Converting A-shares to B -shares	-1,590	-1,725	1,590	1,725	–	–
Outstanding shares, Dec 31	**444,984,560**	**444,986,150**	**1,588,467,524**	**1,588,465,934**	**2,033,452,084**	**2,033,452,084**

19:4 Information regarding shares

	2024	2023
Number of outstanding shares, December 31, in millions	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033
Average number of shares after dilution in millions	2,033	2,033
Average share price, SEK	273.02	218.70
Net income attributable to owners of AB Volvo, SEK M	50,389	49,825
Basic earnings per share, SEK	24.78	24.50
Diluted earnings per share, SEK	24.78	24.50

20 Provisions for post-employment benefits

Accounting policies

The Volvo Group's post-employment benefits, such as pensions, healthcare and other benefits are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through defined contribution plans. For defined contribution plans, expenses for premiums are recognized in the income statement as incurred.

Part of the post-employment benefits are defined benefit plans where the obligations remain within the Volvo Group and are secured primarily by proprietary pension foundations. The Volvo Group's largest defined benefit plans relate to white collar employees in Sweden (mainly through the ITP pension plan). Other large-scale defined benefit plans relates to subsidiaries in the USA and comprise both pensions and other benefits, such as healthcare, as well as defined benefit plans for employees in Great Britain, Belgium and France.

Actuarial calculations are made for all defined benefit plans, subject to materiality, in order to determine the present value of the obligation for benefits vested by its current and former employees. The actuarial calculations are prepared annually and are based upon actuarial assumptions that are determined at the end of the reporting period. Changes in the present value of obligations due to revised actuarial assumptions and experience adjustments constitute remeasurements.

Provisions for post-employment benefits in the Volvo Group's balance sheet correspond to the present value of obligations at year-end, less fair value of plan assets. All changes in the net defined liability (asset) are recognized when they occur. Service cost and net interest expense (income) are recognized in the income statement, while remeasurements such as actuarial gains and losses are recognized in other comprehensive income. Special payroll tax is included in the pension liability for pension plans in Sweden and Belgium.

Source of estimation uncertainty and critical judgments

Assumptions when calculating post-employment benefits
Provisions and costs for post-employment benefits, mainly pensions and healthcare benefits, are dependent on actuarial assumptions. The actuarial assumptions and calculations are made separately for each defined benefit plan. The most significant assumptions are discount rate and inflation. Inflation assumptions are generally set as a long-term assumption based on an evaluation of external market indicators. A sensitivity analysis is included in **graph 20:6** and shows the effect on the defined benefit obligations if significant assumptions are changed. There are also other assumptions made such as expected salary increases, retirement rates, mortality rates, healthcare cost trends rates and other factors. The salary increase assumptions reflect the historical trend, the short-term and long-term outlook and assumed inflation. Retirement and mortality rates are based primarily on officially available mortality statistics. Healthcare cost trend assumptions are based on historical data as well as the short-term outlook and an assessment of likely long-term trends. The Volvo Group has engaged a global actuary in order to ensure that a professional assessment is made and that assumptions are consistently developed across jurisdictions. The actuarial assumptions are reviewed annually by the Volvo Group and modified when deemed appropriate.

Actual inflation rates have come down during the year and are now broadly in line with long-term assumptions in many markets. Central banks have subsequently reduced monetary tightening by lowering policy rates and partly tilted their focus towards supporting economic growth and labor markets. However, uncertainties around long-term inflation and economic conditions remain, keeping long term interest rates elevated, which has led to a significant steepening of yield curves. Growth oriented asset classes performed well versus long term return assumptions, while liability matching strategies experienced volatile and challenging conditions during the year. Funding levels for the Volvo Group's funded pensions plans remains strong despite volatile financial conditions.

The following tables disclose information about defined benefit plans. The Volvo Group recognizes the difference between the obligations and the plan assets, adjusted for potential asset ceilings, in the balance sheet. The disclosures refer to assumptions applied for actuarial calculations, recognized costs during the financial year and the value of obligations and plan assets at year-end. The tables also include a reconciliation of obligations and plan assets during the year.

20:1 Assumptions applied for actuarial calculations

	Dec 31, 2024	Dec 31, 2023
Sweden		
Discount rate, %[1]	3.55	3.45
Inflation, %	2.00	2.00
Expected salary increase, %	2.65	2.65
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	22.3/23.3	22.3/23.3
Retiring in 25 years (member age 40 today), year	25.2/26.2	25.2/26.2
USA		
Discount rate, %[1]	5.10–5.62	4.80–5.02
Inflation, %	2.20	2.50
Expected salary increase, %	3.90	3.89
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	20.9/22.7	20.6/22.4
Retiring in 25 years (member age 40 today), year	22.7/24.5	22.5/24.2
Great Britain		
Discount rate, %[1]	5.50	4.75
Inflation, %	3.20	3.05
Expected salary increase, %	0.00	0.00
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	22.4/24.2	22.3/24.3
Retiring in 25 years (member age 40 today), year	22.5/25.7	22.4/25.6
Belgium		
Discount rate, %[1]	3.45	3.50
Inflation, %	2.00	2.00
Expected salary increase, %	2.88	2.89
France		
Discount rate, %[1]	3.39	3.49
Inflation, %	2.00	2.00
Expected salary increase, %	3.01	3.01

1 The discount rate for each country is determined by reference to market yields on high quality corporate bonds. In countries where there is no functioning market in such bonds, the market yields on government bonds are used. The discount rate for the Swedish pension obligation is determined by extrapolation of current market rates along the yield curve of mortgage bonds.

20:2 Summary of provisions for post-employment benefits

	Dec 31, 2024	Dec 31, 2023
Obligations	-54,015	-57,097
Fair value of plan assets	43,423	47,917
Net provisions for post-employment benefits	**-10,591**	**-9,180**

20:3 Pension costs

	2024	2023
Current year service costs	1,263	1,112
Interest costs	2,136	2,176
Interest income	-1,965	-2,102
Past service costs	-11	131
Gain/loss on settlements	–	–
Pension costs for the period, defined benefit plans	**1,423**	**1,317**
Pension costs for defined contribution plans	4,687	4,136
Total pension costs for the period	**6,110**	**5,453**

20:4 Costs for the period, post-employment benefits other than pensions

	2024	2023
Current year service costs	75	96
Interest costs	173	205
Interest income	-8	-34
Past service costs	-6	1
Gain/loss on settlements	–	–
Remeasurements	209	161
Total costs for the period	**444**	**428**

20:5 Average duration per country

	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits
Average duration of the obligations, years	20.5	10.0	11.0	11.8	11.6	8.1

The analysis in **graph 20:6** presents the sensitivity of the defined benefit obligations when changes in the applied assumptions for discount rate and inflation are made. The sensitivity analysis for the discount rate is based on a change in the assumption while holding all other assumptions constant. In practice, this is not probable, and a change in the assumption may be correlated. The sensitivity analysis for a change in long-term inflation correlates with other inflation linked assumptions. Depending on specific plan and benefit design, the sensitivity effect on the obligation differs for the respective assumptions.

20:6 Sensitivity analysis 2024

Effect on obligation, SEK M

	If discount rate *increases* 0.5%	If discount rate *decreases* 0.5%
Sweden Pensions	-2,279	2,573
USA Pensions	-539	591
Great Britain Pensions	-274	294
Belgium Pensions	-180	198
France Pensions	-156	169
USA Other benefits	-104	112
Other plans	-150	172
	If inflation *decreases* 0.5%	**If inflation *increases* 0.5%**
Sweden Pensions	-2,315	2,592
USA Pensions	0	0
Great Britain Pensions	-182	183
Belgium Pensions	-135	145
France Pensions	-5	5
USA Other benefits	0	0
Other plans	-45	52

20:7 Obligations in defined benefit plans

	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Obligations opening balance 2023	**19,357**	**16,190**	**5,465**	**3,203**	**2,264**	**3,132**	**3,252**	**52,862**
Acquisitions, divestments and other changes	–	-6	–	–	-223	17	-84	**-296**
Current year service costs	513	169	–	173	139	27	188	**1,209**
Interest costs	755	821	276	131	97	152	149	**2,381**
Past service costs	16	103	4	–	–	–	8	**132**
Settlements	–	–	–	–	–	–	–	**–**
Employee contributions	–	–	–	–	–	21	69	**90**
Remeasurements[1]:								
– Effect of changes in demographic assumptions	192	–	-148	–	-134	-7	-5	**-103**
– Effect of changes in financial assumptions	3,737	437	79	228	220	74	173	**4,950**
– Effect of experience adjustments	-280	-59	-80	-51	81	149	20	**-221**
Exchange rate changes	–	-746	64	-29	-21	-136	-91	**-960**
Benefits paid	-644	-1,137	-289	-221	-78	-377	-199	**-2,947**
Obligations, Dec 31, 2023	**23,645**	**15,772**	**5,370**	**3,434**	**2,345**	**3,051**	**3,479**	**57,097**
of which								
Funded defined benefit plans	-23,246	-15,137	-5,370	-3,434	-8	–	-2,408	**-49,604**
Acquisitions, divestments and other changes	–	–	–	–	-23	-1	3	**-21**
Current year service costs	644	173	–	193	148	24	156	**1,338**
Interest costs	804	792	262	120	88	147	98	**2,310**
Past service costs	19	–	–	–	–	–	-36	**-17**
Settlements[2]	–	-4,393	–	–	–	–	-431	**-4,823**
Employee contributions	–	–	–	–	–	16	25	**41**
Remeasurements[1]:								
– Effect of changes in demographic assumptions	–	–	–	–	48	6	-1	**54**
– Effect of changes in financial assumptions	-470	-980	-353	21	24	-101	169	**-1,690**
– Effect of experience adjustments	437	-38	21	65	69	46	-32	**568**
Exchange rate changes	–	1,625	477	129	89	305	62	**2,687**
Benefits paid	-691	-1,282	-352	-247	-71	-362	-523	**-3,527**
Obligations, Dec 31,2024	**24,388**	**11,669**	**5,424**	**3,716**	**2,716**	**3,132**	**2,970**	**54,015**
of which								
Funded defined benefit plans	-24,031	-11,076	-5,424	-3,715	-14	–	-1,793	**-46,053**

1 Out of the total remeasurement of the defined benefit obligation, SEK 1,279 M (-4,462) has been recognized in Other Comprehensive Income, and SEK -210 M (-164) in the Income Statement.

2 The settlement in the US pertains to the conversion of the buy-in contract entered in 2023, to a buy-out in 2024. Net impact of the transaction in 2024 was zero.

20:8 Fair value of plan assets in funded plans

	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Plan assets opening balance 2023	**18,831**	**17,218**	**5,362**	**2,972**	**15**	**42**	**2,403**	**46,844**
Acquisitions, divestments and other changes	–	-6	–	–	–	16	-39	**-28**
Interest income	744	877	272	125	1	–	118	**2,136**
Settlements	–	–	–	–	–	–	–	**–**
Remeasurements[1]	1,116	211	257	57	–	–	7	**1,648**
Asset ceiling	–	–	-293	–	–	–	–	**-293**
Employer contributions	-245	–	59	203	–	–	120	**136**
Employee contributions	–	34	–	–	–	–	69	**103**
Exchange rate changes	–	-775	58	-29	–	-2	-91	**-839**
Benefits paid	-2	-1,131	-289	-221	-1	–	-146	**-1,791**
Plan assets, Dec 31, 2023	**20,445**	**16,428**	**5,426**	**3,107**	**14**	**56**	**2,440**	**47,917**
Acquisitions, divestments and other changes	–	–	–	–	–	–	–	**–**
Interest income	705	832	265	112	1	–	58	**1,973**
Settlements[2]	–	-4,393	–	–	–	–	-431	**-4,823**
Remeasurements[1]	-1,055	-836	-522	-37	–	–	39	**-2,411**
Asset ceiling	–	–	140	–	–	–	4	**144**
Employer contributions	212	–	–	218	–	–	96	**526**
Employee contributions	–	77	–	–	–	–	25	**103**
Exchange rate changes	–	1,691	481	117	1	6	17	**2,313**
Benefits paid	-2	-1,256	-355	-247	–	-3	-457	**-2,319**
Plan assets, Dec 31, 2024	**20,306**	**12,545**	**5,435**	**3,271**	**15**	**59**	**1,793**	**43,423**

1 Out of the total remeasurement of the plan assets, SEK -2,266 M (1,356) has been recognized in Other Comprehensive Income.

2 The settlement in the US pertains to the conversion of the buy-in contract from last year, to a buy-out in 2024. Net impact of the transaction in 2024 was zero.

20:9 Net provisions for post-employment benefits

	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Net provisions for post-employment benefits, Dec 31, 2023	**-3,201**	**656**	**56**	**-327**	**-2,330**	**-2,995**	**-1,038**	**-9,180**
of which reported as:								
B/S Net pension assets	107	1,689	16	–	7	56	162	**2,039**
B/S Provisions for post-employment benefits	-3,308	-1,033	39	-327	-2,338	-3,051	-1,201	**-11,219**
Net provisions for post-employment benefits, Dec 31, 2024	**-4,082**	**876**	**11**	**-445**	**-2,701**	**-3,073**	**-1,177**	**-10,591**
of which reported as:								
B/S Net pension assets	10	1,900	8	–	2	59	135	**2,115**
B/S Provisions for post-employment benefits	-4,092	-1,025	3	-445	-2,703	-3,132	-1,312	**-12,706**

Sweden

The main defined benefit plan in Sweden is the ITP2 plan which is based on final salary. The plan is semi-closed, meaning that only new employees born before 1979 enters the ITP2 solution. The Volvo Group's pension foundation in Sweden was formed in 1996 to secure obligations relating to retirement pensions for white collar workers in Sweden in accordance with the ITP plan. The plan assets in the Volvo Group's Swedish pension foundation are mainly invested in interest-bearing securities and in alternative assets, in accordance with a strategic allocation that is determined by the foundation's Board of Directors. As of December 31 2024, the fair value of the foundation's plan assets amounted to SEK 20,282 M (20,425), of which 6% (6) was invested in equity instruments. At the same point in time, retirement pension obligations attributable to the ITP plan amounted to SEK 24,018 M (23,231).

Swedish companies can secure new pension obligations through balance sheet provisions or pension fund contributions. Furthermore, a credit insurance policy must be taken out for the value of the obligations. In addition to benefits relating to retirement pensions, the ITP plan also includes, for example, a collective family pension, which the Volvo Group finances through an insurance policy with the Alecta insurance company. According to an interpretation from the Swedish Sustainability and Financial Reporting Board, this is a multi-employer defined benefit plan. For the fiscal year 2024, the Volvo Group did not have access to information from Alecta that would have enabled this plan to be recognized as a defined benefit plan. Accordingly, the plan has been recognized as a defined contribution plan. The Volvo Group estimates it will pay premiums of about SEK 233 M to Alecta in 2025. The collective consolidation level measures the distributable assets in relation to the insurance commitment. According to Alecta's consolidation policy for defined benefit pension insurance, the collective consolidation level is normally allowed to vary between 125% and 170%. Alecta's preliminary consolidation ratio amounts to 162% (157). If the consolidation level falls short or exceeds the normal interval, one measure may be to increase the contract price for new subscription or to introduce premium reductions.

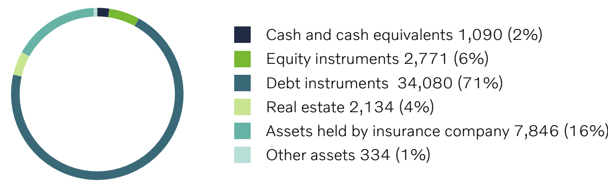
The Volvo Group's share of the total saving premiums for ITP2 in Alecta as of December 31, 2024 amounted to 0.38% (0.25) and the share of the total number of active policy holders amounted to 1.96% (1.90).

All employees in Sweden benefit from a jubilee awards plan according to which they receive a certain number of shares after they have rendered 25, 35 and 45 years of services. This plan is accounted for as a share-based payment program, where the fair value of the equity-settled payments is determined at the grant date. The plan is recognized as other liabilities.

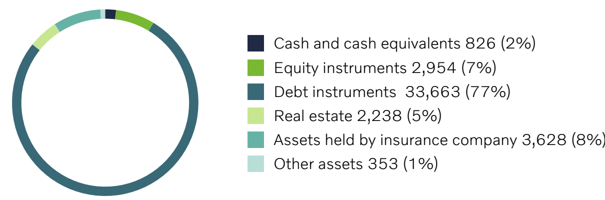
USA

In the USA, the Volvo Group has tax qualified pension plans, post-retirement medical plans and non-qualified pension plans. The tax qualified pension plans are funded while the other plans are generally unfunded. There are five funded defined benefit plans, whereof all are closed to new entrants. Three out of five plans are open for future accruals. The Volvo Group's subsidiaries in the USA mainly secure their pension obligations through transfer of funds to pension plans. The US Retirement Trust manages the assets related to the five funded plans. The strategic allocation of plan assets must comply with the investment policy as decided by the Board of Directors of the Trust. All members of the board are nominated by the company although each member is subject to strict regulatory requirements on fiduciary responsibility. During 2024, the majority of the buy-in contract (that was entered in 2023 by the US Retirement Trust) were converted to a buy-out contract. This led to a settlement of approx. SEK 4.4 billion, which decreased both the obligations and plan assets in one of the US pension plans. As such, the net impact of the transaction was zero. As of December 31, 2024, the total value of pension obligations secured by pension plans of this type amounted to SEK 11,076 M (15,137). At the same point in time, the total value of the plan assets in these plans amounted to SEK 12,545 M (16,428), of which 11% (6) was invested in equity instruments. The regulations for securing pension obligations stipulate certain minimum levels concerning the ratio between the value of the plan assets and the value of the obligations. During 2024 no contributions were made by the Volvo Group to the US pension plans.

Plan assets by category, December 31, 2023[1]



Plan assets by category, December 31, 2024[1]



20:10 Fair value of plan assets

	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	826	1,090
With a quoted market price		
Equity instruments	808	624
Debt instruments	33,311	33,698
Derivatives	–	10
Assets held by insurance company	1,744	6,037
Other	398	364
With an unquoted market price		
Other	6,575	6,434
Total[1]	**43,662**	**48,255**

1 Excluding asset ceiling of SEK 239 M (340).

Great Britain

In Great Britain, the Volvo Group has five defined benefit pension plans, which are all funded. The pension funds are set up as separate legal entities, which are governed by a professional trustee. All plans are closed to new entrants and closed for future accruals to existing members. The allocation of plan assets must comply with the investment strategy agreed between the company and the professional trustee. For three of the plans, if a net surplus is recognized in the balance sheet when the pension scheme runs-off, the Volvo Group has an unconditional right to the surplus of that plan or plans. For two plans this is not strictly legally the case and therefore an asset ceiling is applied. As of December 31, 2024, the total value of pension obligations amounted to SEK 5,424 M (5,370). At the same point in time, the total value of the plan assets in these plans amounted to SEK 5,435 M (5,426), of which –% (3) was invested in equity instruments. During 2024, the Volvo Group contributed SEK – M (59) to the Great Britain pension plans.

Belgium

In Belgium, the Volvo Group has four traditional defined benefit pension plans based on final salary, whereof all are closed to new entrants. All plans are open for future accruals. Two plans are funded via an external pension fund with a legally ringfenced Volvo section and two are funded via the group insurance product referred to in Belgium as Branch 21. Benefits are paid as a lump sum at retirement. There is also an open defined contribution pension plan as well as a local profit sharing program whereby any payouts are contributed to a defined contribution pension plan managed by the own pension fund or through a group insurance. All defined contribution pension plans in Belgium have a statutory minimum return guarantee and are therefore accounted for as defined benefit plans. The strategic asset allocation of plan assets must comply with the investment policy as proposed by the Volvo Group and formally adopted by the Board of Directors of the pension fund. As of December 31, 2024, the total value of pension obligations amounted to SEK 3,715 M (3,434). At the same point in time, the plan assets of these plans amounted to SEK 3,271 M (3,107), of which 10% (10) was invested in equity instruments. During 2024, the Volvo Group contributed SEK 218 M (203) to the Belgium pension plans.

France

In France, the Volvo Group has two types of defined benefit plans, Indemnité de Fin de Carrière (IFC) and jubilee awards plan. The plans are unfunded. The IFC is compulsory in France. The benefits are based on the Collective Bargaining Agreement applicable in the company, on the employee's seniority at retirement date and on the final pay. The benefit payment is due only if employees are working for the company when they retire. The jubilee award plan is an internal agreement and the benefit is based on the employee's seniority career at 20, 30, 35 and 40 years. As of December 31, 2024, the total value of pension obligations amounted to SEK 2,716 M (2,345).

Investment strategy and risk management

The Volvo Group manages the allocation and investment of pension plan assets with the purpose of meeting the long term objectives. The main objectives are to meet present and future benefit obligations, provide sufficient liquidity to meet such payment requirements and to provide a total return that maximizes the ratio of the plan assets in relation to the plan liabilities by maximizing return on the assets at an appropriate level of risk. The final investment decision often resides with the local trustee, but the investment policy for all plans ensures that the risks in the investment portfolios are well diversified. The primary risk mitigating activity in the long run is to close defined benefit plans and replace these plans with defined contribution plans when and where possible. The risks related to already accrued pension obligations, e.g. longevity and inflation, as well as buy out premiums and matching strategies are monitored on an ongoing basis in order to further limit the Volvo Group's exposure where and when possible.

In the last couple of years, some of the defined benefit plans have been closed to new entrants and replaced by defined contribution plans in order to reduce risk for the Volvo Group.

In Sweden, the minimum funding target is decided by PRI Pensionsgaranti. This is mandatory in order to stay in the system and get insurance for the pension liability. The contributions usually represent one year's new accrued benefits plus any shortfall towards the minimum funding target unless there is a surplus according to local scheme valuation principles.

In the USA, the minimum funding target is decided by the company in order to avoid penalties, keep flexibility and avoid extensive filing with the Internal Revenue Service and participants in the pension plan. The minimum contributions usually represents one year's accrued benefits plus a seventh of any deficit unless a scheme is showing a surplus according to local scheme valuation principles.

In Great Britain, there is no minimum funding ratio. There is a regulatory requirement for each scheme to perform triennial valuations whereby any scheme showing a deficit must develop a recovery plan that returns the scheme to a fully funded basis within a reasonable time frame. The recovery plan shall be agreed with the company and submitted to the regulator for approval.

In Belgium, the minimum funding level is regulated by law and monitored by the financial supervisory authority, FSMA. The framework for the minimum funding requirement is based on a discount rate, which is based on the expected return of the plan assets. The pension fund must be fully funded on this basis at all times. The contribution policy of the pension fund is designed to provide stability in contributions over the duration of the plan.

In 2025, the Volvo Group estimates to transfer approximately SEK 500 M to defined benefit pension plans.

21 Other provisions

Accounting policies

Provisions are recognized in the balance sheet when a legal or constructive obligation exists as a result from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. When these criteria are not met, a contingent liability may be recognized. Long-term provisions are mainly expected to be settled within 2 to 3 years.

Provisions for product warranty
Provisions for product warranty are recognized as cost of sales and include contractual warranty and campaign warranty. Provisions for contractual warranty are recognized when the products are sold. Provision for campaigns in connection with specific quality problems are recognized when the campaign is decided.

Provisions for extended coverage
An extended coverage is a product insurance sold to a customer to cover a product according to specific conditions for an agreed period as an additional insurance to the factory contractual warranty. The provision is intended to cover the risk that the expected cost of providing services under the extended coverage contract exceed the expected revenue.

Provisions in insurance operations
Volvo Group has a captive insurance company and the provisions in insurance operations are related to third party claims addressed to companies within the Volvo Group. The claims reserve also includes a provision for unreported losses based on past experience. The unearned premium reserve is reported within other current liabilities.

Provisions for restructuring costs
A provision for decided restructuring measures is recognized when a detailed plan for the implementation of the measures is complete and when this plan is communicated to those who are affected. A provision and costs for termination benefits as a result of a voluntary termination program is recognized when the employee accepts the offer. Normally restructuring costs are included in other operating income and expenses.

Provisions for residual value risks
Residual value risks are the risks that the Volvo Group in the future would have to dispose used vehicles at a loss if the price development of these products is worse than expected when the contracts were entered. The residual value risks pertain to operating lease contracts and sales transactions with residual value commitments (buybacks and tradebacks) where the Volvo Group has a residual value commitment. The majority of these contracts are recognized as assets under operating leases or as right of return assets in the balance sheet. The potential residual value risks related to these assets are not recognized as provisions, but are reflected as a reduction of the assets through accelerated depreciation and/or write-downs.

Read more in Note 13 Tangible assets about residual value risks.

Residual value commitments that are independent from the sales transaction are not recognized as assets under operating leases or as right of return assets in the balance sheet, hence the potential residual value risks related to these contracts are recognized as provisions. To the extent the residual value exposure does not meet the definition of a provision, the gross exposure is reported as a contingent liability.

Read more in Note 24 Contingent liabilities and financial commitments.

Provisions for service contracts
Service contracts offer the customer preventive maintenance according to an agreed service plan. The provision is intended to cover the risk that the expected cost of providing services and repairs under the service contract exceeds the expected revenue.

Other provisions
Other provisions mainly include provisions for legal disputes, provisions for externally issued credit guarantees and other provisions, unless separately specified.

Source of estimation uncertainty and critical judgments

The uncertainties about the amount or timing of outflows vary for different kind of provisions. Regarding provisions for product warranty, extended coverage, residual value risks and service contracts, the provisions are based on historical statistics and estimated future costs, which is why the provided amount has a high correlation with the outflow of resources. Regarding provisions for disputes, like tax and legal disputes, the uncertainty is higher.

Provisions for product warranty
Warranty provisions are estimated with consideration of historical statistics with regard to known changes in warranty claims, warranty periods, the average time-lag between faults occurring until claims are received by the company and anticipated changes in quality indexes. The actual outcome of product warranties may deviate from the expected outcome and materially affect the warranty costs and provisions in future periods. Refunds from suppliers, that decrease the Volvo Group's warranty costs, are recognized to the extent these are considered to be certain.

Other provisions
The Volvo Group works actively to ensure compliance with applicable environmental laws and regulations, which are often complex and uncertain. If the Volvo Group fails to meet climate related targets or regulatory requirements it could be subject to significant penalties and other sanctions which could materially affect the financial statements.

Provisions for legal proceedings

The Volvo Group regularly reviews the development of significant outstanding legal disputes in which the Volvo Group companies are parties, both regarding civil law and tax disputes, in order to assess the need for provisions and contingent liabilities in the financial statements. Among the factors that the Volvo Group considers in making decisions on provisions and contingent liabilities are the nature of the dispute, the amount claimed, the progress of the case, the opinions of legal and other advisers, experience in similar cases, and any decision of the Volvo Group's management as to how the Volvo Group intends to handle the dispute. The actual outcome of a legal dispute may deviate from the expected outcome of the dispute. The difference between actual and expected outcome of a dispute might materially affect future financial statements, with an adverse impact upon the Volvo Group's operating income, financial position and liquidity. Provisions for legal disputes are included within other provisions in **Table 21:1**.

Read more in Note 24 Contingent liabilities and financial commitments.

21:1 Provisions

	Carrying value, Dec 31, 2023	Provisions	Reversals	Utilizations	Acquired and divested operations[2]	Exchange rate changes	Other reclassifications[2]	**Carrying value, Dec 31, 2024**	Expected outflows within 12 months	Expected outflows after 12 months
Provisions for product warranty[1]	**17,331**	13,046	-2,624	-10,004	-94	831	342	**18,829**	9,660	9,169
Provisions for extended coverage	**645**	683	-164	-616	–	32	-158	**422**	267	155
Provisions in insurance operations	**1,037**	168	-133	-115	–	61	–	**1,018**	–	1,018
Provisions for restructuring costs[3]	**2,155**	125	-605	-772	-55	96	-175	**769**	747	22
Provisions for residual value risks	**200**	367	-204	-219	–	15	24	**183**	90	94
Provisions for service contracts	**560**	578	-272	-246	–	26	-1	**645**	321	324
Other provisions[4]	**10,674**	5,366	-1,660	-4,046	-159	158	-218	**10,116**	8,605	1,510
Total	**32,602**	**20,333**	**-5,661**	**-16,018**	**-308**	**1,221**	**-186**	**31,983**	**19,690**	**12,293**

1 Includes a provision for emission control component, for more information see below.

2 **Read more in Note 3** Acquisitions and divestments of operations, for a description of acquired and divested operations as well as assets and liabilities held for sale.

3 Includes provisions for restructuring costs in Volvo Buses and Nova Bus, for more information see below.

4 Includes a provision for claims arising from the European Commission's 2016 antitrust settlement decision. **Read more in Note 24** Contingent liabilities and financial commitments about the European Commission's 2016 antitrust settlement decision.

The Volvo Group has detected that an emissions control component used in certain markets and models, may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group made a provision of SEK 7 billion impacting the operating income in 2018, relating to the estimated costs to address the issue. Negative cash flow effects started in 2019 and will continue in the coming years. As of year-end 2024, approximately half of the initial provision had been utilized. The Volvo Group will continuously assess the size of the provision as the matter develops.

Volvo Buses closed its bodybuilding factory in Wroclaw, Poland, during 2024. Restructuring costs of SEK 1.3 billion impacted operating income negatively in 2023 whereof restructuring provision SEK 1.2 billion and write down of assets SEK 0.1 billion. During 2024, SEK 0.4 billion was reversed from the provision.

Nova Bus is exiting bus production in the US market. Consequently, the company has decided to close its Plattsburgh manufacturing and delivery facility by 2025. Restructuring costs of SEK 1.3 billion impacted the Volvo Group's operating income negatively in 2023, whereof restructuring provision SEK 1.0 billion, disposal of goodwill SEK 0.1 billion and write down of assets SEK 0.2 billion. During 2024, SEK 0.2 billion was reversed from the provision.

22 Liabilities

Accounting policies

Loans are measured at amortized cost using the effective interest rate method.

Read more in Note 30 Financial instruments for accounting policies related to financial instruments.
Read more in Note 14 Leasing for accounting policies related to lease liabilities.

Bond loans and other loans
The Volvo Group's non-current and current loans are disclosed in **tables 22:1** and **22:3** below, with the issued bond loans listed by currency. Loans in the Volvo Group's subsidiaries are mainly denominated in local currencies through Volvo Group Treasury which minimizes the currency exposure in the individual companies. Volvo Group Treasury uses various derivatives to facilitate lending and borrowing in different currencies without increasing the risk for the Volvo Group.

22:1 Non-current bond loans and other loans

Currency	Weighted average interest rate Dec 31, 2024, %	**Dec 31, 2024**	Dec 31, 2023
Bond loans			
EUR	2.99	83,988	67,219
SEK	3.82	15,990	21,440
GBP	5.47	8,284	7,614
USD	2.72	769	698
B/S **Bond loans**[1]		**109,031**	**96,970**
Other loans			
Other loans[1]		41,425	33,983
Lease liabilities		5,944	5,314
Revaluation of outstanding derivatives to SEK[2]		3,455	2,236
B/S **Other loans**		**50,824**	**41,532**

1 Non-current loans of SEK 9,739 M (4,694) were secured by assets pledged. **Read more in Note 23** Assets pledged.
2 **Read more in Note 30** Financial instruments, **table 30:1** regarding non-current part of outstanding interest and currency risk derivatives.

22:2 Maturity

Year	Bond loans and other loans	Not utilized non-current credit facilities
2026	88,650	34,804
2027	40,228	1,000
2028	11,091	–
2029	15,878	22,931
2030	1,261	–
2031 or later	2,748	–
Total	**159,855**	**58,736**

Read more in Note 14 Leasing, **table 14:4** for maturities of non-current lease liabilities.

22:3 Current bond loans and other loans

Currency	Weighted average interest rate Dec 31, 2024, %	**Dec 31, 2024**	Dec 31, 2023
Bond loans			
EUR	2.40	35,011	38,137
SEK	3.69	10,449	6,011
NOK	–	–	1,568
HKD	–	–	925
B/S **Bond loans**[1]		**45,460**	**46,641**
Other loans			
Other loans[1]		54,887	48,731
Lease liabilities		2,104	1,877
Revaluation of outstanding derivatives to SEK[2]		1,301	1,040
B/S **Other loans**		**58,292**	**51,648**

1 Current loans of SEK 3,527 M (1,900) were secured by assets pledged. **Read more in Note 23** Assets pledged.
2 **Read more in Note 30** Financial instruments, **table 30:1** regarding current part of outstanding interest and currency risk derivatives.

A total of SEK 152,996 M (142,108) in bond loans and SEK 87,585 M (76,020) in other loans in **tables 22:1** and **22:3** were borrowed to finance the credit portfolio in Financial services. The interest rate risk in Financial Services is managed with the objective to achieve a match of interest rate fixings on borrowing and lending, in order to eliminate interest rate risk. The average interest rate on Industrial Operation's financial liabilities at year end amounted to 4.8% (5.7), including the Volvo Group's credit costs.

Read more in Note 4 Goals and policies in financial risk management on how the funding for Industrial operations and Financial Services respectively is managed and presented in the Volvo Group's balance sheet.

The predominant part of loans that mature in 2026 is an effect of the Volvo Group's normal business operations, with shorter duration in the Financial Services portfolio compared to Industrial Operations.

Granted but not utilized credit facilities consist of stand-by facilities for loans. A fee is charged for granted credit facilities and recognized in the income statement within other financial income and expenses.

Read more in Note 9 Other financial income and expenses.

Other liabilities

22:4 Non-current other liabilities

	Dec 31, 2024	Dec 31, 2023
Deferred leasing income[1]	8,359	6,251
Residual value liabilities[1]	7,882	7,408
Deferred service revenue[1]	23,271	20,359
Refund liabilities[1]	1,540	1,536
Advances from customers[1]	12	12
interest and currency risk derivatives[2]	1,016	2,100
Other liabilities	4,503	3,876
B/S **Other liabilities**	**46,583**	**41,542**

1 **Read more in Note 7** Revenue regarding contract and refund liabilities, and sales with residual value commitments.

2 **Read more in Note 30** Financial instruments, **table 30:1** regarding non-current part of interest and currency risk derivatives.

22:5 Current other liabilities

	Dec 31, 2024	Dec 31, 2023
Trade payables	78,527	82,987
Tax liabilities	3,111	5,087
Advances from customers[1]	4,300	3,611
Wages, salaries and withholding taxes	16,708	16,939
VAT liabilities	5,475	6,167
Accrued expenses for dealer bonuses and rebates[1]	8,983	6,940
Other accrued expenses	16,501	14,917
Deferred leasing income[1]	4,244	3,739
Deferred service revenue[1]	5,803	4,557
Other deferred income[1]	1,903	1,383
Residual value liabilities[1]	4,291	4,545
Refund liabilities[1]	629	519
Other financial liabilities	371	249
Interest and currency risk derivatives[2]	109	404
Other liabilities	6,579	6,248
Other liabilities	**157,533**	**158,292**

1 **Read more in Note 7** Revenue, regarding contract and refund liabilities, and sales with residual value commitments.

2 **Read more in Note 30** Financial instruments, **table 30:1** regarding current part of interest and currency risk derivatives.

Non interest-bearing current liabilities, including liabilities held for sale, amounted to SEK 157,546 M (166,052), or 60% (63) of the Volvo Group's total current liabilities.

Supplier finance arrangements

The Volvo Group has supplier finance arrangements with certain financial institutions, who offer suppliers earlier payments of the Group's trade payables. The Volvo Group does not extend the payment terms or pay any credit fees, whereas suppliers can utilize the financing arrangements to receive earlier payments. Suppliers with longer payment terms therefore have a greater incentive to be part of the arrangements. The range of payment due dates for liabilities within supplier finance arrangements are 30-180 days after invoice date, whereof the majority is due within 60-120 days. Several finance providers are part of the supplier finance arrangements and since the Volvo Group does not extend the payment terms, the liabilities are settled when they are due, thus no liquidity risks arise.

In addition, the Volvo Group uses issued bank acceptance drafts to pay selected domestic suppliers in China. The issued bank acceptance drafts provide the Volvo Group with extended payment terms of an additional six months.

The liabilities in both cases are closely related to operating activities and the supplier finance arrangements do not lead to any significant change in the nature or function of the liabilities. They are reported as trade payables in the balance sheet and within operating activities in the cash flow statement. As of December 31, 2024, the liabilities included in these arrangements constitute 13% of the total Volvo Group's trade payables.

22:6 Supplier finance arrangements

	Dec 31, 2024
Carrying amount	
Supplier finance arrangement liabilities	5,914
- Of which suppliers have received payment from a financial institution	5,135
Issued bank acceptance drafts	4,508
Range of payment due dates	
Trade payables part of a supplier finance arrangement	30-180
Trade payables paid through issued bank acceptance drafts	270
Trade payables not part of a supplier finance arrangement	30-180

23 Assets pledged

23:1 Assets pledged

	Dec 31, 2024	Dec 31, 2023
Assets under operating leases	–	44
Customer-financing receivables	14,601	7,605
Cash and cash equivalents[1]	394	274
Total assets pledged	**14,994**	**7,924**

1 **Read more in Note 18** Cash and cash equivalents regarding cash not available for use.

Non-current and current loans of SEK 13,266 M (6,594) were secured by assets pledged to an amount of SEK 14,994 M (7,924).

Under the terms of asset-backed securitizations, securities were issued, whereof SEK 6,681 M (598) is outstanding. These are secured by customer-financing receivables of SEK 7,305 M (1,016) with trucks and construction equipments as collaterals and cash and cash equivalents of SEK 394 (274) not available for use.

A warehouse facility is used to fund customer-financing receivables in preparation for asset-backed securitizations. At December 31, 2024, SEK 6,585 M (5,975) was outstanding under this facility, which is secured by SEK 7,296 M (6,589) of customer-financing receivables.

Read more in Note 22 Liabilities.

24 Contingent liabilities and financial commitment

Accounting policies

A contingent liability is recognized for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources. Alternatively, there is a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial commitments are contractual commitments to a possible expense at a future date and is not reported as liabilities on the balance sheet date.

24:1 Contingent liabilities

	Dec 31, 2024	Dec 31, 2023
Credit guarantees issued for customers and others	2,949	3,806
Tax claims	8,910	6,041
Residual value commitments	219	152
Other contingent liabilities	4,890	5,907
Total contingent liabilities	**16,969**	**15,907**

Total contingent liabilities at December 31, 2024, amounted to SEK 16,969 M (15,907).

Credit guarantees issued amounted to SEK 2,949 M (3,806). The recognized amount for credit guarantees corresponds to the gross exposure and has not been reduced by the value of counter guarantees received or other collaterals such as the right to repossess products. The value of counter guarantees and other collaterals reducing the exposure is dependent on the development of used products prices and on the possibility to repossess products. A major part of the credit guarantees pertains to the credit guarantees related to Chinese dealers and retail customers within Construction Equipment.

Tax claims amounted to SEK 8,910 M (6,041) and pertain to charges or expected claims against the Volvo Group for which the criteria for recognizing a tax liability or a provision were not met. Global companies such as the Volvo Group are occasionally involved in tax processes of varying scope and in various stages. The Volvo Group regularly assesses these tax processes. When it is probable that additional taxes must be paid and the outcome can be reliably estimated, the required provision is made. Of total tax claims, SEK 2.2 billion (0) is related to an audit of indirect tax in Brazil, SEK 1.2 billion (1.4) is related to a transfer price audit in Brazil and SEK 2.8 billion (2.5) are related to two custom duties audits in India.

Residual value commitments amounted to SEK 219 M (152) and are attributable to sales transactions with residual value commitments (buybacks and tradebacks) that are independent from the sales transaction and therefore not recognized as assets under operating lease or as right of return assets in the balance sheet. The amount corresponds to the gross exposure of the potential residual value risk and has not been reduced by the estimated net selling price of used products taken as collaterals. To the extent the used products pertaining to those transactions are expected to be disposed at a loss, a provision for residual value risk is recognized if the residual value exposure meet the definition of a provision.

Read more in Note 7 Revenue about sales with residual value commitments.
Read more in Note 21 Other provisions about provisions for residual value risks.

Other contingent liabilities amounted to SEK 4,890 M (5,907) and include for example bid and performance clauses and legal proceedings.

Legal proceedings
Starting in January 2011, the Volvo Group, together with a number of other truck manufacturers, was investigated by the European Commission in relation to a possible violation of EU antitrust rules. In July 2016 the European Commission adopted a settlement decision against the Volvo Group and other truck manufacturers finding that they were involved in an antitrust infringement which, in the case of the Volvo Group, covered a 14-year period from 1997 to 2011. The Volvo Group paid a monetary fine of EUR 670 million.

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and is defending itself against a significant number of private damages claims brought by customers and other third parties alleging that they suffered loss, directly or indirectly, by reason of the conduct covered in the decision. The claims relate primarily to Volvo Group trucks sold during the 14-year period of the infringement and, in some cases, to trucks sold in certain periods after the infringement ended. Some claims have also been made against the Volvo Group that relate to trucks sold by other manufacturers. The truck manufacturers subject to the 2016 settlement decision are, in most countries, jointly and severally liable for any losses arising from the infringement.

In the region of 3,000 claims are being brought in over 20 countries (including EU Member States, the United Kingdom, Norway and Israel) by large numbers of claimants either acting individually or as part of a wider group or class of claimants. Further claims may be commenced. The litigation in many countries can be expected to run for several years.

Several hundred thousand trucks sold by the Volvo Group are currently subject to claims against it or other truck manufacturers, with claimants alleging that the infringement resulted in an increase in the prices paid for Volvo Group trucks which directly or indirectly caused them loss.

The Volvo Group maintains its firm view that no damage was caused to its customers or any third party by the conduct set out in the settlement decision, and in fact, the European Commission did not assess any potential effects of the infringement on the market. The Volvo Group considers that transaction prices our customers paid for their trucks were unaffected by the infringement and were the outcome of individual negotiations across all elements of their purchasing requirements, including not only the prices for new trucks but also (where relevant) associated products and services sold together with new trucks such as service contracts, financing, buy-back guarantees etc.

Litigation developments so far have been mixed with some adverse outcomes, although uncertainty regarding ultimate exposure to the litigation remains high and it is inherent in complex litigation that outlooks and risks fluctuate over time.

At this stage it is not possible to make a reliable estimate of the total liability that could arise from such proceedings given the complexity of the claims and the different (and in some cases relatively early) stages to which national proceedings have progressed. However, the litigation is substantial in scale and any adverse outcome or outcomes of some or all of the litigation, depending on the nature and extent of such outcomes, may have a material negative impact on the Volvo Group's financial results, cash flows and financial position. In light of progress in litigations and current risks, the Volvo Group has in Q2 2023 recognized a cost of SEK 6 billion (in addition to previously recognized costs of SEK 630 M and besides legal fees to advisors), relating to aspects of the litigation that are currently possible to estimate and where an outflow of resources is probable. This is Volvo Group's current assessment, which may change as the litigation progresses.

The Volvo Group is also involved in a number of legal proceedings other than those described above. The Volvo Group's assessment is that such other legal proceedings in aggregate are not likely to entail any risk of having a material effect on the Volvo Group's financial position.

Read more in Note 21 Other provisions.

Financial commitments
In 2024, the Volvo Group and Westport established the joint venture Cespira for high-pressure gas injection fuel systems (HPDI). Volvo has acquired 45% of the shares for SEK 374 M, plus up to an additional USD 45 M depending on the performance of the company.

Volvo Group, Renault Group and CMA CGM Group joined forces in 2024 to address the growing needs of decarbonized and efficient logistics with an all-new generation of fully electric vans. A new company, Flexis SAS, was established in the beginning of 2024. The Volvo Group has committed to invest EUR 300 M over the course of the next three years from 2024, whereof EUR 40 M remains as of December 31, 2024.

In 2022, the Volvo Group, Daimler Truck and the Traton Group established the joint venture Milence for charging infrastructure in Europe. The Volvo Group has committed to invest EUR 167 M within a few years from the establishment of the joint venture, whereof EUR 85 M remains as of December 31, 2024.

25 Transactions with related parties

Accounting policies

The Volvo Group engages in transactions with some of its related parties, such as associated companies and joint ventures. The transactions arise in the ordinary course of business and are conducted on commercial terms and market prices. They mainly consist of sales of vehicles, parts, equipment and services as well as purchases of parts, engines and vehicles for resale. Transactions between AB Volvo and its subsidiaries have been eliminated in the consolidated financial statements and transactions with the Board of Directors and the Group Executive Board consist of remunerations, which are not disclosed in this note.

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participation.
Read more in Note 27 Personnel, about remunerations to the Board of Directors and the Group Executive Board.
Read more in Corporate Governance Report about Board of Directors and Group Executive Board.

The Volvo Group's transactions with related parties are presented in **table 25:1** and **25:2**.

25:1

	Sales of goods, services and other income		Purchases of goods, services and other expense	
	2024	2023	**2024**	2023
Associated companies	1,924	2,549	242	213
Joint ventures	4,126	3,541	1,522	1,380

25:2

	Receivables		Payables	
	Dec 31, 2024	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Associated companies	422	259	115	106
Joint ventures	528	535	213	85

26 Government grants

Accounting policies

Government grants are financial grants from governmental or supranational bodies that are received in exchange for fulfillment of certain conditions by the Volvo Group. The financial grants are recognized in the financial statements when there is a reasonable assurance that the conditions will be complied with and that the grants will be received.

Government grants related to assets are usually reported as deferred income in the balance sheet. Government grants related to income are reported as deferred income in the balance sheet and recognized in the income statement to match the related costs. If the costs incurred before the grants have been received, but there is an agreement that grants will be received, grants are recognized in the income statement to match the related costs.

In 2024, government grants of SEK 1,523 M (1,057) were received, and SEK 1,096 M (618) were recognized in the income statement.

Government grants include received tax credits of SEK 506 M (373) related to product development, which were primarily received in France and in the United States. Tax credits of SEK 453 M (373) were recognized in the income statement. Other grants were mainly received from Swedish, Chinese and US governmental organizations and from the European Commission.

27 Personnel

Accounting policies

Incentive programs
The Volvo Group has long-term and short-term incentive programs which are cash-settled.

The long-term incentive program (LTI) has a performance period of three-years and includes two performance measures, relative total shareholder return (relative TSR) and return on capital employed (ROCE). The relative TSR includes a fair value component, hence this part of the program is accounted for as a share-based payment program. A liability is recognized and measured at fair value using a Monte Carlo simulation at each reporting date. Changes in the fair value are recognized in the income statement for each period until the liability is settled by a cash payment. To estimate the fair value, the Monte Carlo simulation uses several inputs where assumptions are made such as vesting period, risk free annual interest rate, expected share price volatility and TSR-price.

The LTI Transition Program 2024 (as defined below) has a performance period of one-year and a holding period of three years and includes two performance measures, operating income and ROCE.

The short-term incentive program (STI) has a performance period of one-year and includes performance measures which for example may relate to operating income, operating cash flow, ROCE or similar ratios, or sustainability targets.

Performance measures included in the programs such as ROCE, operating income and operating cash flow or similar ratios are based on best estimate and are accounted for as employee benefits.

During the vesting period, the total remuneration expenses for the incentive programs are recognized as an expense in the income statement and as other non-current or current liabilities depending on when in time the liability will be settled. The liability at the end of the vesting period corresponds to the actual payout in cash.

Following implementation of the new long-term incentive plan in 2023 and the adoption of revised remuneration guidelines at the annual general meeting 2023, no proposal was made to update the guidelines in 2024. The guidelines adopted in 2023 thus remain in force. For further information about the recent dialogue with shareholders and proxy advisors, please refer to the most recent Remuneration Report, available at www.volvogroup.com.

Guidelines for remuneration to the Volvo Group Executive Board, approved by the Annual General Meeting on 4 April 2023
The Annual General Meeting 2023 decided upon the following guidelines for remuneration and other terms of employment for the members of the Volvo Group Executive Board ("Executives").

The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after the proposed adoption of these guidelines by the 2023 annual general meeting. These guidelines do not apply to any remuneration separately decided or approved by the general meeting.

The guidelines' promotion of the Volvo Group's business strategy, long-term interests and sustainability
It is a prerequisite for the successful implementation of the Volvo Group's business strategy and safeguarding of its long-term interests, including its sustainability, that the Group can recruit, retain and develop senior management. These guidelines enable AB Volvo to offer Executives a competitive total remuneration. More information regarding the Volvo Group's business strategy is available in the Volvo Group Annual Report.

Types of remuneration
Volvo Group remuneration to Executives shall consist of the following components: base salary, short-term and long-term variable incentives, pension benefits and other benefits.

Short-term incentives may, for the President and CEO, amount to a maximum of 100% of the base salary and, for other Executives, a maximum of 80% of the base salary.

Long-term incentives may, for the President and CEO, amount to a maximum of 150% of the base salary and, for other Executives, a maximum of 80% of the base salary. Current and proposed long-term incentives are described and addressed separately by the 2023 general meeting.

Further cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining Executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the annual base salary. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the President and CEO, pension benefits shall be granted on the basis of a defined contribution plan. The pensionable salary shall include base salary only. The pension contributions for the President and CEO attributable to the annual base salary shall amount to not more than 35% of the base salary.

Other benefits may include, for example, life insurance, medical and health insurance, and company cars. Premiums and other costs relating to such benefits may amount to not more than 3% of the annual base salary for the President and CEO.

For other Executives, pension benefits shall be granted on the basis of a defined contribution plan except where law or collective agreement requires a defined benefit pension. The pensionable salary shall include base salary and, where required by law or collective agreement, incentives. The total pension contributions for other Executives shall amount to not more than 35% of base salary, unless a higher percentage results from the application of law or collective agreement.

Other benefits may include, for example, life insurance, medical and health insurance, and company cars. Premiums and other costs relating to such benefits may amount to not more than 10% of the annual base salary for other Executives.

Remuneration for Executives that reside outside Sweden or reside in Sweden but having a material connection to or having been residing in a country other than Sweden may be duly adjusted to comply with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

In addition to remuneration set out above, Executives who relocate for the purposes of the position or who work in other multiple countries may also receive such remuneration and benefits as are reasonable to reflect the special circumstances associated with such arrangements, taking into account the overall purpose of these guidelines and alignment with the general policies and practices within the Volvo Group applicable to cross border work.

Termination of employment
Upon termination of an Executive's employment, the notice period may not exceed twelve months. Base salary during the notice period and severance pay may not together exceed an amount corresponding to the base salary for two years.

Executives that reside outside Sweden or reside in Sweden but having a material connection to or having been residing in a country other than Sweden may be offered notice periods for termination and severance payment as are reasonable to reflect the special circumstances, taking into account the overall purpose of these guidelines and alignment with the general policies and practices within the Volvo Group.

Criteria for awarding variable remuneration, etc.
Plans for long-term and short-term incentives shall be linked to predetermined and measurable criteria, to be determined by the Board of Directors. The criteria – which for example may relate to EBIT, cash flow, return on capital employed or similar ratios, or sustainability targets – shall be devised to promote the Volvo Group's strategy and long-term value creation and strengthen the link between achieved performance targets and reward. The satisfaction of the criteria shall be measured over periods of one or multiple years, depending on the type of incentive plan.

To which extent the criteria for awarding incentives has been satisfied shall be determined when the relevant measurement period has ended. The Board of Directors is responsible for the determination of the incentives to be paid, if any, to all Executives.

Claw-back and adjustments
Executives participating in the Volvo Group's short-term and long-term incentive plans are obliged, in certain circumstances and for specified periods of time, to repay, partially or in its entirety, incentive awards already paid if payments have been made by mistake or been based on intentionally falsified data or in the event of material restatement of the Volvo Group's financial results. Furthermore, the Board of Directors may decide on adjustments of pay-out under the incentive plans (before payment has been made) in case of extraordinary circumstances or to adjust for unforeseen one-timers.

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these guidelines, the Board has considered that the various benefits offered to the Executives need to be aligned with the general structures applicable for employees of AB Volvo at levels that are competitive in the market. Thus, salary and employment conditions for other AB Volvo employees have been taken into account by including information thereon in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are appropriate.

The decision-making process to determine, review and implement the guidelines
The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate plans for variable remuneration for Executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Group. The members of the Remuneration Committee are independent of AB Volvo and its executive management. The President and CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Volvo Group's long-term interests, including its sustainability, or to ensure the Group's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration- related matters. This includes any resolutions to derogate from the guidelines.

Description of changes to the guidelines, etc.
During 2022, the company has carefully considered feedback received from shareholders and proxy advisors in connection with the general meeting 2022 and otherwise during the year. As a result of this dialogue, the Board and the Remuneration Committee have during 2022 performed a review of the design of the Group's long-term incentives. As a result of this review, the Board proposes the adoption of a new long-term incentive plan with a three-year performance period, to be implemented starting 2023. It is proposed that the transition into a new long-term incentive plan with a three-year performance period will be made in parallel with a two-year phasing out of the current long-term incentive plan. For further information, please refer to the Board's separate proposal for a new long-term incentive plan.

For further information about the dialogue with shareholders and proxy advisors, please refer to the Remuneration Report 2022.

Fees paid to the Board of Directors
According to a resolution adopted at the Annual General Meeting 2024, fees to the Board of Directors appointed at the Annual General Meeting for the period until the close of the Annual General Meeting 2025 shall be paid as follows: The Chairman of the Board should be awarded SEK 4,100,000 (3,925,000) and each of the other members elected by the Annual General Meeting SEK 1,230,000 (1,175,000) with exception of the President and CEO of AB Volvo, who does not receive a director's fee. In addition, SEK 600,000 (445,000) should be awarded to the Chairman of the Audit Committee and SEK 325,000 (250,000) to each of the other members of the Audit Committee, and SEK 175,000 (175,000) to the Chairman of the Remuneration Committee and SEK 130,000 (130,000) to each of the other members of the Remuneration Committee, and SEK 315,000 (300,000) to the Chairman of the Volvo CE Transformation Committee and SEK 210,000 (200,000) to each of the other members of the Volvo CE Transformation Committee.

27:1 Remuneration to the Group Executive Board

	Fixed remuneration		Variable remuneration			
SEK	Fixed salary	Other benefits[1]	Short-term incentives	Long-term incentives	Other remunerations[3]	Pension premiums
President and CEO	21,713,590	318,521	15,245,034	24,882,542	–	7,475,988
Other members of the Group Executive Board[2]	104,844,398	11,680,141	51,999,561	54,307,763	2,300,000	31,048,625
Total 2024	**126,557,988**	**11,998,662**	**67,244,595**	**79,190,305**	**2,300,000**	**38,524,613**
Total 2023	**119,076,210**	**4,864,435**	**94,469,355**	**106,906,712**	**–**	**39,979,978**

1 Other benefits mainly pertain to company cars, housing, various insurance costs and expatriate support costs.
2 The Group Executive Board comprised, except the President and CEO, of 12 (13) members at the end of the year.
3 Other remunerations include compensation in connection with employment in the Group.

Long-term incentive plans
Long-term incentive plan valid from 2016
In 2016, the Board of Directors approved a long-term cash-based incentive plan comprising the top 300 persons from senior management, including Executives, in the Volvo Group. During 2022, it was decided to increase the plan size with an additional 100 slots to accommodate attraction and retention of employees with rare and/or deep expertise and skills that are hard to find in the external market and are key to the Volvo Group's transformation journey. For more information, please refer to Types of remuneration on page 120.

Long-term incentive plan valid from 2023
In 2023, the Annual General Meeting adopted a new long-term incentive plan comprising a maximum number of 600 participants from senior management, including Executives and employees in certain business-critical positions within the Volvo Group. The new plan will replace the current long-term incentive plan adopted in 2016. The replacement will, due to increased performance period under the new plan, take place during a two-year phase out of the current plan via two long-term transition programs for 2023 and 2024, respectively. Hence, in 2024 the Board of Directors approved a long-term incentive program for 2024 to 2026 (the "LTI Program 2024-2026") issued under the long-term incentive plan adopted in 2023. In addition, as part of the two-year phase out of the current long-term incentive plan, the Board of Directors also approved a long-term incentive transition program for 2024 (the "LTI Transition Program 2024") based on the terms of the long-term incentive plan adopted in 2016. The LTI Transition Program 2024 only applies to participants who were also enrolled in the long-term incentive program decided by the Board of Directors in 2022. Measures have been taken to ensure that parallel application of the long-term programs do not lead to annual payouts exceeding the annual maximum percentage for long-term incentives.

The new plan has a three-year performance period followed by a one-year lock-in period for the AB Volvo shares that the participants are required to acquire. At the end of the lock-in period, participants may sell their shares. However, Executives may only do so if they meet the requirement for owning AB Volvo shares at a value of at least two years of gross base salary for the President and CEO and one year of the gross base salary for the other Executives. The holding requirements for participants shall cease upon termination of a participant's employment, and the Board may grant such other exceptions to the requirements as the Board deems appropriate.

Participants in the long-term incentive programs must be employed on December 31 of the final year of the performance period in order to qualify for a payout. Participants who terminate their employment before this date lose entitlements to a (pro-rated) pay-out, unless they leave the Volvo Group in certain predefined situations (pension, disability, divestiture, etc.). These so-called "good leaver" situations are subject to approval by the Remuneration Committee.

The long-term incentive plan is linked to two predetermined performance measures:

- AB Volvo's three-year average ROCE with a linear scale (0% at minimum, 100% at maximum of the scale; relative weighting 70%) and
- The relative three-year average Volvo B total shareholder return vs. MSCI World Machinery Index with a linear scale (20% at minimum, 100% at maximum of the scale; relative weighting 30%) (relative TSR)

The result on each of these two performance measures is determined after the relevant three-year measurement period has ended.

The total remuneration expenses including social security charges for the LTI Program 2023-2025 affecting the income statement for 2024 amounts to SEK 249 M (170) and the total liability as of December 31, 2024, amounts to SEK 419 M (170). The total remuneration expenses including social security charges for the LTI Program 2024-2026 affecting the income statement for 2024 amounts to SEK 161 M (-) and the total liability as of December 31, 2024, amounts to SEK 161 M (-). The income statement effect is an estimate of the outcome and will during the three-year period be continuously adjusted to reflect the outcome at the end of the program. The final outcome of the LTI Program 2023-2025 will be presented in the annual report for 2025 and the final outcome of the LTI Program 2024-2026 will be presented in the annual report 2026.

Terms of employment and remuneration to the President and CEO

Fixed salary, short-term and long-term incentives

The President and CEO is entitled to a remuneration consisting of a fixed annual salary and short-term and long-term incentives.

The short-term incentive program 2024 was based on operating income, operating cash flow and electric vehicle volume for the Volvo Group; the LTI Program 2023-2025 and the LTI Program 2024-2026 are based on relative TSR and three-year average ROCE and the LTI Transition Program 2024 is based on operating income and one-year ROCE. The possible award under the short-term incentive program amounts to a maximum of 100% of the annual base salary. The possible award under the LTI Program 2023-2025 (to be paid out in 2026), the LTI Program 2024-2026 (to be paid out in 2027) and the LTI Transition Program 2024 (to be paid out in 2025, subject to approval of a dividend pay-out) amounts to a maximum of 150% of the annual base salary. Measures have been taken to ensure that parallel application of the long-term programs do not lead to annual pay-outs exceeding the annual maximum percentage for long-term incentives.

For the financial year 2024, the President and CEO received a fixed salary including vacation payment of SEK 21,713,590 (18,072,526) and a short-term incentive of SEK 15,245,034 (17,271,313). The short-term incentive was 71.4% (97.0) of the annual base salary. Other benefits, mainly pertaining to a company car and insurance benefits, amounted to SEK 318,521 (239,119).

The President and CEO also participated in the LTI Program 2023-2025, the LTI Program 2024-2026 and the LTI Transition Program 2024. During the financial year 2024, the outcome of the LTI Transition Program 2024 amounted to SEK 24,882,542 (26,699,958), which was 116.5% (150.0) of the annual base salary. The full net amount shall be invested in Volvo B shares, which will be subject to a lock-in period of three years. There is to be no payout of the amount if the Annual General Meeting held in 2025 decides not to distribute any dividends to the shareholders for 2024. As the outcome of the LTI Program 2023-2025 as well as the LTI Program 2024-2026 is measured over a period of three years (i.e. determined as of December 31, 2025 and December 31, 2026) no amounts has been paid out during 2024 for the President and CEO.

Pensions

The President and CEO was covered by a pension benefit in the form of a defined contribution plan with a contribution amounting to 35% of the annual base salary. There were no commitments other than the payment of the contributions.

Total pension premiums for the President and CEO amounted to SEK 7,475,988 (6,229,991) in 2024.

Severance payments

The President and CEO has a 12 months' notice period upon termination by AB Volvo and a 6 months' notice period upon termination on his own initiative. If terminated by the company, the President and CEO is entitled to a severance payment equivalent to 12 months' salary. In the event of new employment during the severance period, the severance pay is reduced with an amount equal to 100% of the income from the new employment.

Remuneration to the Group Executive Board

Fixed salary, short-term and long-term incentives

Members of the Group Executive Board receive short-term and long-term incentives in addition to fixed salaries.

The short-term incentive program 2024 was based on operating income, operating cash flow and electric vehicle volume for the Volvo Group; the LTI Program 2023-2025 and the LTI Program 2024-2026 are based on relative TSR and three-year average ROCE and the LTI Transition Program 2024 is based on operating income and one-year ROCE. The short-term incentive program, the LTI Program 2023-2025 (to be paid out in 2026), LTI Program 2024-2026 (to be paid out in 2027) and the LTI Transition Program 2024 (to be paid out in 2025, subject to approval of a dividend pay-out) for Group Executive Board members excluding the President and CEO, in 2024, could each amount to a maximum of 80% of the annual base salary. Measures have been taken to ensure that parallel application of the long-term programs do not lead to annual payouts exceeding the annual maximum percentage for long-term incentives.

For the financial year 2024, fixed salaries including vacation payment amounted to SEK 104,844,398 (101,003,684) for the Group Executive Board members excluding the President and CEO. The short-term incentive amounted to SEK 51,999,561 (77,198,042) for the Group Executive Board members excluding the President and CEO. Short-term incentive was in average 55.6% (77.0) of the annual base salary. Other benefits, including company cars, housing, insurance benefits and expatriate support costs, amounted to SEK 11,680,141 (4,625,316).

The Group Executive Board also participated in the LTI Program 2023-2025, the LTI Program 2024-2026 and (to the extent they participated in the long-term incentive program decided by the Board of Directors in 2022) the LTI Transition Program 2024. During the financial year 2024, the outcome of the LTI Transition Program 2024 amounted to SEK 54,307,763 (80,206,754) for the Group Executive Board members, excluding the President and CEO, which was 62.1% (80.0) of the annual base salaries. The full net amount shall be invested in Volvo B shares, which will be subject to a lock-in period of three years. There is to be no payout of the amount if the Annual General Meeting held in 2025 decides not to distribute any dividends to the shareholders for 2024. As the outcome of the LTI Program 2023-2025 and the LTI Program 2024-2026 is measured over a period of three years (i.e. determined as of December 31, 2025 and December 31, 2026) no amounts has been paid out during 2024 for the Executive Board excl. the President and CEO.

Pensions

During 2024, the Group Executive Board members enrolled in the Swedish pension plan continued to participate in the collective bargain agreement (ITP), as well as the Volvo Executive Pension (VEP) plan. The VEP plan is a defined contribution plan with a contribution amounting to 35% of the annual base salary exceeding 30 income base amounts (SEK 2,286,000 in 2024). There were no commitments other than the payment of the contributions.

Pension premiums for the Group Executive Board, excluding the President and CEO, amounted to SEK 31,048,625 (33,749,987) in 2024.

Severance payments

The employment contracts for Group Executive Board members contain rules governing severance payments when AB Volvo terminates the employment. For Executives resident in Sweden, the notice period upon termination by the company shall not exceed 12 months and the notice period upon termination by the Executive shall not exceed 6 months. In addition, in the event of termination by the company, the Executive is entitled to a maximum of 12 months' severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

Volvo Group's total cost for remuneration and benefits to the Group Executive Board

The total cost for remuneration and benefits to the Group Executive Board amounted to SEK 504 M (493) and pertained to fixed salaries, short-term and long-term incentives, other benefits and pensions. It also included social fees on salaries and benefits, special payroll tax and additional costs for other benefits. Out of the SEK 504 M, SEK 39 M pertains to the LTI Program 2023-2025 and SEK 24 M pertains to the LTI Program 2024-2026 and these amounts are estimates of the outcome which will be continuously adjusted to reflect the outcome at the end of the programs.

27:2 Average number of employees

	2024		2023	
	Number of employees	of which women, %	Number of employees	of which women, %
AB Volvo				
Sweden	314	49	297	49
Subsidiaries				
Sweden	24,335	26	23,247	25
Western Europe (excl. Sweden)	21,406	19	21,779	18
Eastern Europe	4,955	25	6,072	22
North America	19,681	23	17,908	22
South America	7,096	21	6,971	19
Asia	10,941	20	10,687	19
Other countries	2,268	20	2,321	20
Volvo Group	**90,995**	**22**	**89,282**	**21**

27:3 Board members and other senior executives

	2024		2023	
	Number at year-end	of which women, %	Number at year-end	of which women, %
AB Volvo				
Board members[1]	11	36	11	36
CEO & other senior executives	13	31	14	29
Volvo Group				
Board members	514	26	532	24
Presidents and other senior executives	576	29	599	29

1 Board members elected by the Annual General meeting.

27:4 Wages, salaries and other remunerations

	2024			2023		
SEK M	Board and Presidents	of which variable salaries	Other employees	Board and Presidents	of which variable salaries	Other employees
AB Volvo[1]	89	50	522	84	50	513
Subsidiaries	1,152	386	58,127	1,050	335	55,372
Volvo Group	**1,241**	**436**	**58,649**	**1,134**	**384**	**55,886**

27:5 Wages, salaries and other remunerations and social costs

	2024			2023		
SEK M	Wages, salaries remuneration	Social costs	Pension costs	Wages, salaries remuneration	Social costs	Pension costs
AB Volvo[2]	611	183	138	597	179	129
Subsidiaries	59,278	12,994	5,972	56,422	12,713	5,324
Volvo Group[3]	**59,890**	**13,177**	**6,110**	**57,020**	**12,891**	**5,453**

1 Including current and former Board members and the President and CEO.

2 The parent company's pension costs, pertaining to Board members and Presidents are disclosed in note 3 Administrative expenses in the annual report of the parent company.

3 Of the Volvo Group's pension costs, SEK 101 M (106) pertain to Board members and Presidents, including current and former Board members, Presidents and CEO, and other senior executives. The Volvo Group's outstanding pension obligations to these individuals amount to SEK 495 M (618). The cost for non-monetary benefits in the Volvo Group amounted to SEK 4,585 M (4,092) of which SEK 40 M (41) pertained to Board members and Presidents. The cost for non-monetary benefits in the parent company amounted to SEK 9.7 M (4.9) of which SEK 0.2 M (0.2) to Board members and President.

28 Fees to the auditors

28:1 Fees to the auditors

	2024	2023
Deloitte		
- Audit assignment	143	140
whereof to Deloitte AB	*47*	*45*
- Audit-related assignments	11	9
whereof to Deloitte AB	*3*	*3*
- Tax advisory services	1	1
whereof to Deloitte AB	–	–
- Other services	89	52
whereof to Deloitte AB	–	–
Total Deloitte	**244**	**202**
Audit fees to others	5	3
Total fees to the auditors	**249**	**205**

The audit assignment involves review of the Annual report and financial accounting and the administration by the Board and the President. Audit-related assignments mean quality assurance services required by enactment, articles of association, regulations or agreement. The amount includes the fee for reviewing the half-year report. Tax advisory services include both tax consultancy and tax compliance services. All other tasks are defined as other services.

29 Cash flow

Accounting policies

Cash flow statement
The cash flow statement is prepared in accordance with the indirect method. The cash flows of foreign group companies are translated at average rates. Changes in group structure, acquisitions and divestments are recognized gross and are included in cash flow from investing activities, in the items acquired operations and divested operations.

Operating cash flow
The operating cash flow is a measure of the amount of cash generated by the Volvo Group's regular business operations. The operating cash flow also includes investments and disposals of intangible and tangible assets, which are part of the investing activities.

Read more in Note 18 Cash and cash equivalents.

29:1 Other non-cash items

	2024	2023
Allowance for expected credit losses on receivables/customer-financing receivables	1,764	1,398
Gains/losses on divested operations[1]	-67	710
Unrealized exchange rate gains/losses on accounts receivables and payables	-83	-150
Unrealized exchange rate gains/losses on other operating assets and liabilities	132	55
Provision for incentive programs	2,264	2,619
Gains/losses on disposals of in-/tangible assets	-23	-422
Gains/losses on divestments of shares and participations	34	231
Results from investments in joint ventures and associated companies	2,166	2,368
Service cost related to pensions	1,338	1,209
Deferred sales with residual value commitments	-4,031	-4,316
Provisions for restructuring charges related to the US bus production for Nova Bus and the European bus operation	-572	2,336
Financial impact related to the divestment of Arquus and the ABG paver business[2]	-181	1,490
Other changes[3]	16	6,313
Total other non-cash items	**2,757**	**13,842**

1 The comparative figures includes financial impact related to the divestment of the Russian entities.

2 **Read more in Note 3** Acquisitions and divestments of operations.

3 The comparative figures includes costs for claims arising from the European Commission's 2016 antitrust settlement decision.

29:2 Changes in loans

		Cash flows		Non-cash items			
2024	Dec 31, 2023	New borrowings	Repayment of borrowings	Reclassific-ations and other changes[1]	Unrealized currency effects	Exchange rate changes	Dec 31, 2024
Current bond loans and other loans	98,289	255,322	-317,468	65,642	-476	2,442	103,752
Non-current bond loans and other loans	138,502	85,075	-5,269	-64,029	1,219	4,357	159,855
Interest and currency risk derivatives	-3,043	–	–	–	-39	-17	-3,099
Realized derivatives	–	–	-618	–	–	–	–
Cash transfers[2]	–	3,155	-3,890	–	–	–	–
Other[3]	–	-1,486	–	–	–	–	–
Cash flow impact from changes in loans		**342,066**	**-327,245**				

		Cash flows		Non-cash items			
2023	Dec 31, 2022	New borrowings	Repayment of borrowings	Reclassific-ations and other changes[1]	Unrealized currency effects	Exchange rate changes	Dec 31, 2023
Current bond loans and other loans	72,377	160,207	-206,589	72,517	3,683	-3,906	98,289
Non-current bond loans and other loans	138,571	77,472	-153	-71,184	-1,943	-4,261	138,502
Interest and currency risk derivatives	-1,730	–	–	–	-1,320	7	-3,043
Realized derivatives	–	–	-967	–	–	–	–
Cash transfers[2]	–	6,111	-3,449	–	–	–	–
Other[3]	–	-1,832	–	–	–	–	–
Cash flow impact from changes in loans		**241,958**	**-211,157**				

1 Includes remeasurements of lease liabilities which had no impact on cash flow.

2 Cash transfers for credit support annexes (CSA) are used to reduce the exposure from net open positions on interest and currency risk derivatives. Cash transfers for CSAs are also included in current bond loans and other loans, where the net cash flow amounted to SEK 322 M (1,702). The agreements have no effect on the financial performance or the net financial position of the Volvo Group.

3 During 2024, new lease liabilities of SEK 1.5 billion (1.8), included in other loans, were adjusted as non-cash items.

Net borrowings increased by SEK 14.8 billion (30.8), mainly due to increased new business volume in the credit portfolio.

Syndications were performed in Financial Services in an amount of SEK 11.6 billion (8.8). All syndications have impacted cash flow in 2024.

Read more in Note 4 Goals and policies in financial risk management about credit support annexes (CSA).

Read more in Note 22 Liabilities regarding Bond loans and other loans.

30 Financial instruments

Accounting policies

Financial assets and liabilities are recognized on the transaction date according to the contractual terms of the instrument. Transaction costs are included in the assets' fair value, except in cases in which the change in value is recognized in the income statement. The transaction costs that arise in conjunction with the admission of loans are amortized over the term of the loan as financial cost.

A financial asset is derecognized from the balance sheet when the rights to the cash flows from the asset have expired at maturity or when all significant risks and rewards related to the asset have been transferred to a third party.

The fair value of financial assets is determined based on valid market prices, when available. If market prices are unavailable, the fair value is determined for each asset through the use of various measurement techniques. The fair value of financial instruments is classified based on the degree that market values have been utilized when measuring fair value. The majority of financial instruments measured at fair value held by Volvo Group is classified as level 2. The valuation of level 2 instruments is based on market conditions using quoted market data existing at each balance sheet date. The basis for the interest is the zero-coupon-curve in each currency which is used to calculate the present value of all the estimated future cash flows. For forward exchange contracts the basis is the forward premium based on current spot rate for each currency and future date. The fair value is then discounted based on the forward rates as per the balance sheet date. Holding of shares are classified as level 1 for listed shares and level 3 for non-listed shares. Call options are classified as level 3 and are based on the Black & Scholes option pricing formula.

Financial assets and liabilities measured at fair value through the income statement
Volvo Group's financial assets and liabilities held for trading are recognized at fair value through the income statement. As presented in **table 30:1**, these instruments are derivatives, used for hedging interest and currency risks and marketable securities, further presented in note 18 Cash and cash equivalents.

Derivatives used for hedging interest rate exposure, financing the customer financing portfolio within Financial Services as well as the debt portfolio in Industrial Operations are included in this category. Unrealized gains and losses from fluctuations in the fair value of the financial instruments are recognized in other financial income and expenses, with the exception of derivatives entered into by Financial Services, which are recognized in operating income. The Volvo Group intends to hold these derivatives to maturity, which is why, over time, the market valuation will have no impact on financial performance or cash flow.

Financial instruments used for hedging currency risks arising from future cash flows are also recognized in this category. When hedging future cash flows for specific orders, the classification in the income statement is decided on a case by case basis. In 2024, SEK -87 M (16) have been recognized in operating income and SEK -130 M (105) in net financial items. The result from hedging future cash flows in foreign currency from dividends and other items paid to group companies is included in operating income with an amount of SEK 14 M (27).

Read more in Note 4 Goals and policies in financial risk management.

Financial assets measured at fair value through other comprehensive income
In this category the Volvo Group includes holding of shares in listed companies as the shares are not held for trading. Changes in fair value is measured through other comprehensive income and amounted to SEK 13 M (15).

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.

Financial assets measured at amortized cost
Customer-financing receivables are held as part of a business model whose objective is to collect contractual cash flows. The contractual cash flows are solely payments of principal and interest and are valued at amortized cost in accordance with the effective interest method. In this category the Volvo Group also includes accounts receivables and holding of shares in non-listed companies for which a fair value cannot reasonably be determined. The carrying value has been analyzed and compared with an estimated fair value and is a reasonable approximation of the fair value.

Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.
Read more in Note 15 Customer-financing receivables.
Read more in Note 16 Receivables.

Hedge Accounting is not applied by the Volvo Group.

Information regarding carrying amounts and fair values

In table 30:1, carrying amounts are compared with fair values for all of the Volvo Group's financial instruments.

30:1 Carrying amounts and fair values on financial instruments

		Dec 31, 2024		Dec 31, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Financial assets measured at fair value through the income statement					
Interest and currency risk derivatives[1]	Note 16	5,785	5,785	6,293	6,293
Other derivatives[2]		564	564	564	564
B/S Marketable securities	Note 18	218	218	89	89
		6,567	**6,567**	**6,945**	**6,945**
Financial assets measured at fair value through other comprehensive income					
Holding of shares in listed companies	Note 5	35	35	22	22
Financial assets measured at amortized cost					
B/S Accounts receivables	Note 16	41,772	41,772	43,210	43,210
Customer-financing receivables	Note 15	257,282	257,282	232,203	232,203
Holding of shares in non-listed companies	Note 5	1,072	1,072	859	859
Other interest-bearing receivables[3]	Note 16	4,581	4,581	3,233	3,233
		304,707	**304,707**	**279,505**	**279,505**
B/S **Cash and cash equivalents**	Note 18	85,171	85,171	83,326	83,326
Liabilities	Note 22				
Financial liabilities measured at fair value through the income statement					
Interest and currency risk derivatives[4]		5,880	5,880	5,779	5,779
Financial liabilities measured at amortized cost[5]					
Non-current bond loans and other loans		156,400	156,257	136,267	135,652
Current bond loans and other loans[3]		102,452	102,476	97,250	97,102
B/S Trade Payables		78,527	78,527	82,987	82,987
		337,378	**337,259**	**316,503**	**315,729**

1 The Volvo Group's gross exposure from derivatives reported as assets was reduced by 88% (84) by netting agreements and cash deposits to SEK 696 M (1,034).

2 The input data used in the valuation model for calculating the fair value has not changed during 2024.

3 The amount includes cash deposits for credit support annexes (CSA), where the receivable amounted to SEK 3,032 M (2,297) and the liability amounted to SEK -2,211 M (-1,889). The agreements have no effect on the financial performance or net financial position of the Volvo Group.

4 The Volvo Group's gross exposure from derivatives reported as liabilities was reduced by 98% (97) by netting agreements and cash deposits to SEK 98 M (183).

5 In the Volvo Group balance sheet, financial liabilities include loan-related derivatives amounting to SEK -4,755 M (-3,275). The credit risk is included in the fair value of loans.

Read more in Note 4 Goals and policies in financial risk management about credit support annexes (CSA).

Derecognition of financial assets
The Volvo Group is involved in discounting activities to reduce financial risks. An evaluation is performed to establish whether substantially all the risks and rewards have been transferred to an external party when entering into an agreement. The Volvo Group's intention is not to be involved in discounting activities if not substantially all the risks and rewards can be transferred to an external party.

Financial assets are derecognized from the balance sheet when the rights to the cash flows from the assets have expired or when substantially all risks and rewards have been transferred. As of December 31, 2024, there were no transferred financial assets in the Volvo Group that did not fulfill the requirements for derecognition.

Continued involvement in derecognized assets is reflected in the Volvo Group's balance sheet as part of the external credit guarantees. They are valued at best estimate and recognized as provisions in the balance sheet to an amount of SEK 0.1 billion (0.1).

The Volvo Group's maximum loss exposure is considered being the total recourse relating to transferred and derecognized assets that are part of the recognized credit guarantees, i.e. the total amount the Volvo Group would have to pay in case of default of the customers. The likelihood for all customers going into default at the same time is considered to be low. The gross exposure for the Volvo Group amounted to SEK 2.9 billion (3.8) related to credit guarantees issued for customers and others and is part of the Volvo Group's contingent liabilities. This amount has not been reduced by the value of counter guarantees received or other collaterals such as the right to repossess the products.

Read more in Note 21 Other provisions.
Read more in Note 24 Contingent liabilities and financial commitments.

In **table 30:2**, outstanding derivatives hedging currency and interest rate risks are presented.

30:2 Outstanding derivative instruments

	Dec 31, 2024		Dec 31, 2023	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
– receivable position	220,579	5,487	232,945	5,932
– payable position	184,569	-5,813	142,572	-5,478
Foreign exchange derivatives				
– receivable position	20,510	285	38,282	361
– payable position	15,735	-55	21,108	-301
Options purchased				
– receivable position	459	12	111	–
Options written				
– payable position	459	-12	–	–
Total		**-95**		**514**

Gains, losses, interest income and interest expenses from financial instruments

Table 30:3 presents how gains and losses, as well as interest income and interest expenses have affected operating income and net financial items in the Volvo Group divided by the different categories of financial instruments.

30:3

Recognized in operating income	2024			2023		
	Gain/Loss	Interest Income	Interest Expense	Gain/Loss	Interest Income	Interest Expense
Financial assets and liabilities at fair value through the income statement						
Interest and currency risk derivatives[1,2]	59	–	-102	-89	–	8
Marketable securities	9	–	–	-1	–	–
Financial assets measured at amortized cost						
Accounts receivables/trade payables[3]	-351	–	–	-785	–	–
Cash and cash equivalents	53	–	–	-32	–	–
Customer-financing receivables[4]	331	18,154	–	287	15,829	–
Holding of shares in listed companies[5]	–	–	–	–	–	–
Holding of shares in non-listed companies	18	–	–	-14	–	–
Financial liabilities measured at amortized cost[6]	–	–	-11,229	–	–	-9,837
Impact on operating income	**118**	**18,154**	**-11,331**	**-634**	**15,829**	**-9,829**

Recognized in net financial items[7,8]	2024			2023		
	Gain/Loss	Interest Income	Interest Expense	Gain/Loss	Interest Income	Interest Expense
Financial assets and liabilities at fair value through the income statement						
Marketable securities	-3	5	–	-8	5	–
Interest and currency risk derivatives[1,2]	-1,787	–	-1,655	1,165	–	-1,411
Financial assets measured at amortized cost						
Cash and cash equivalents	1,130	2,684	–	-744	2,685	–
Financial liabilities measured at amortized cost	774	–	392	-2,000	–	483
Impact on net financial items[7,8]	**114**	**2,688**	**-1,263**	**-1,587**	**2,690**	**-928**

1 Accrued interest related to financial assets and liabilities measured at fair value through the income statement is included in the amounts for gains and losses.

2 The Volvo Group uses forward contracts and currency options to hedge the value of future cash flows in foreign currency. Both unrealized and realized result of currency risk contracts is included.

3 Information regarding changes in allowance for expected credit losses on accounts receivables is provided in note 16 Receivables and note 8 Other operating income and expenses. The amount includes gains/losses of SEK -51 M (-58) from revaluation of receivables in foreign currency related to dividends paid to group companies.

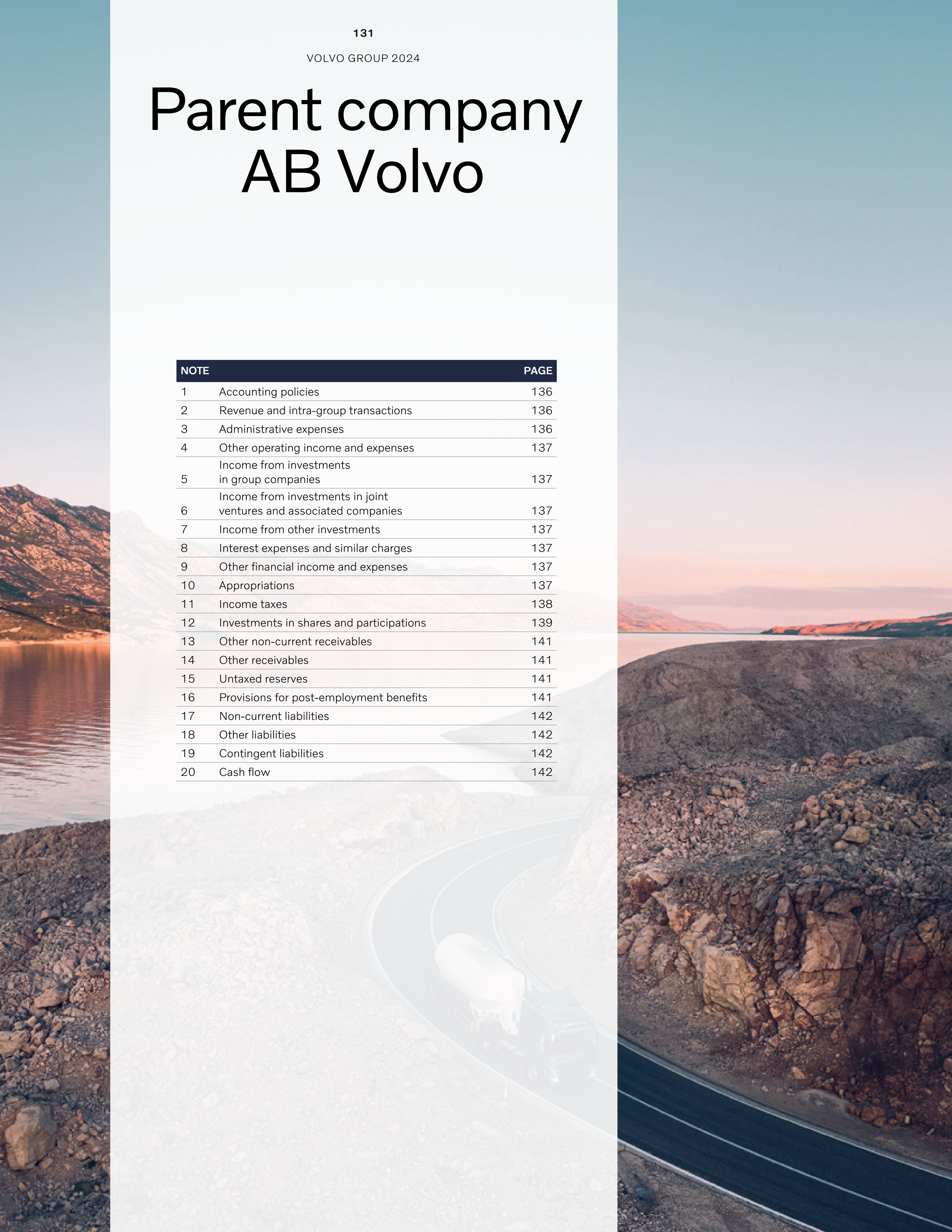
4 The amount includes gains/losses due to derecognition of assets where SEK 212 M (144) is related to the sale of customer-financing receivables and SEK 119 M (143) is related to early buy-out revenue. Information regarding changes in allowance for expected credit losses on customer-financing receivables is provided in note 15 Customer-financing receivables and note 8 Other operating income and expenses.

5 Changes in fair value on shares and participations in listed companies through other comprehensive income amounted to SEK 13 M (15). Read more in Note 5 Investments in joint ventures, associated companies and other shares and participations.

6 Interest expenses attributable to financial liabilities measured at amortized cost recognized in operating income include interest expenses for financing operating lease activities, which are not classified as financial instruments.

7 In gain/loss, income and expenses related to financial instruments recognized in net financial items, SEK 114 M (-1,587) was recognized in other financial income and expenses. Read more in Note 9 Other financial income and expenses.

8 Interest expenses attributable to pensions reported in net financial items of SEK -329 M (-238) are not included in this table.



Parent company AB Volvo

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Parent company AB Volvo

Corporate registration number 556012-5790.
The amounts within parentheses refer to the preceding year.

Board of Directors' report

AB Volvo is the parent company of the Volvo Group and is headquartered in Gothenburg, Sweden. The operations comprise of the Volvo Group's headquarters with staff, together with some corporate functions.

Income from investments in Group companies include dividends amounting to SEK 4,168 M (6,897).

The carrying value of shares and participations in Group companies amounted to SEK 72,925 M (71,885), of which SEK 71,906 M (70,872) pertained to shares in wholly owned subsidiaries. The corresponding shareholders' equity in the subsidiaries (including equity in untaxed reserves but excluding non-controlling interests) amounted to SEK 181,546 M (160,688).

Investments in joint ventures and associated companies amounted to SEK 8,971 (8,946), whereof SEK 8,963 M (8,938) belongs to companies which are accounted for in accordance to the equity method in the consolidated accounts. The equity portion of these companies amounted to SEK 7,892 M (8,529).

Financial net debt amounted to SEK 34,317 M (34,147).

AB Volvo's risk capital (equity plus untaxed reserves) amounted to SEK 86,309 M (89,748) corresponding to 65% (69) of total assets.

Income statement

SEK M	Note	2024	2023
Net sales	2	**1,222**	**1,260**
Cost of sales	2	-1,222	-1,260
Gross income		–	–
Administrative expenses	2, 3	-1,039	-1,016
Other operating income and expenses	4	-9	74
Operating income		**-1,048**	**-942**
Income from investments in Group companies	5	4,468	5,617
Income from investments in joint ventures and associated companies	6	108	76
Income from other investments	7	–	-1
Interest income and similiar credits		61	38
Interest expenses and similiar charges	8	-1,497	-1,250
Other financial income and expenses	9	-44	-134
Income after financial items		**2,048**	**3,404**
Appropriations	10	38,669	48,763
Income taxes	11	-7,553	-7,353
Income for the period		**33,164**	**44,814**

Other comprehensive income

SEK M	2024	2023
Income for the period	**33,164**	**44,814**
Other comprehensive income, net of income taxes	**–**	**–**
Total comprehensive income for the period	**33,164**	**44,814**

Balance sheet			
SEK M	Note	**Dec 31, 2024**	Dec 31, 2023
Assets			
Non-current assets			
Tangible assets		6	7
Financial assets			
Shares and participations in Group companies	12	72,925	71,885
Investments in joint ventures and associated companies	12	8,971	8,946
Other shares and participations	12	2	2
Other non-current receivables	13	615	690
Deferred tax assets	11	196	205
Total non-current assets		**82,715**	**81,735**
Current assets			
Current receivables			
Tax assets	11	478	–
Receivables Group companies		49,627	47,762
Other receivables	14	254	305
Total current assets		**50,359**	**48,067**
Total assets		**133,074**	**129,802**
Equity and liabilities			
Equity			
Restricted equity			
Share capital		2,562	2,562
Statutory reserve		7,337	7,337
Unrestricted equity			
Non-restricted reserves		390	390
Retained earnings		38,855	30,645
Income for the period		33,164	44,814
Total equity		**82,309**	**85,748**
Untaxed reserves	15	**4,000**	**4,000**
Provisions			
Provision for post-employment benefits	16	204	251
Other provisions		–	–
Total provisions		**204**	**251**
Non-current liabilities	17		
Liabilities to Group companies		615	690
Other liabilities		108	6
Total non-current liabilities		**723**	**696**
Current liabilities			
Trade payables		320	201
Other liabilities to Group companies		44,757	35,889
Tax liabilities		–	2,254
Other liabilities	18	760	763
Total current liabilities		**45,838**	**39,107**
Total equity and liabilities		**133,074**	**129,802**

Cash flow statement			
SEK M	Note	**2024**	2023
Operating activities			
Operating income		-1,048	-942
Depreciation and amortization		–	–
Other non-cash items	20	286	-67
Total change in working capital whereof		-18	-2,057
Change in accounts receivables		*-252*	*-14*
Change in trade payables		*96*	*18*
Other changes in working capital		*138*	*-2,061*
Interest and similar items received		61	35
Interest and similar items paid		-1,492	-1,258
Other financial items		-43	-120
Dividends received from Group companies	5	4,161	6,967
Dividends received from joint ventures and associated companies	6	108	76
Group contributions received		45,263	24,298
Income taxes paid		-10,274	-8,323
Cash flow from operating activities		**37,004**	**18,609**
Investing activities			
Disposals of in-/tangible assets		–	–
Investments of shares in Group companies	12	-740	-2,230
Divestments of shares in Group companies	5, 12	–	53
Investments of shares in non-Group companies	12	-25	-1
Interest-bearing receivables	13	75	-94
Cash flow after net investments		**36,314**	**16,337**
Financing activities			
New borrowings	20	288	17,721
Repayment of borrowings	20	–	-5,589
Dividend to owners AB Volvo		-36,602	-28,468
Other		–	-1
Change in cash and cash equivalents		**–**	**–**
Cash and cash equivalents, beginning of period		**–**	**–**
Cash and cash equivalents, end of period		**–**	**–**

Changes in equity

SEK M	Restricted equity: Share capital	Restricted equity: Statutory reserve	Unrestricted equity: Share premium reserve	Unrestricted equity: Retained earnings	Unrestricted equity: Total	Total equity
Balance at December 31, 2022	**2,562**	**7,337**	**390**	**59,114**	**59,504**	**69,403**
Income for the period	–	–	–	44,814	44,814	44,814
Other comprehensive income						
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**44,814**	**44,814**	**44,814**
Transactions with shareholders						
Dividends to owners of AB Volvo	–	–	–	-28,468	-28,468	-28,468
Share based payments	–	–	–	-1	-1	-1
Transactions with shareholders	–	–	–	-28,469	-28,469	-28,469
Balance at December 31, 2023	**2,562**	**7,337**	**390**	**75,459**	**75,849**	**85,748**
Income for the period	–	–		33,164	33,164	33,164
Other comprehensive income						
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**33,164**	**33,164**	**33,164**
Transactions with shareholders						
Dividend to owners of AB Volvo	–	–	–	-36,602	-36,602	-36,602
Share based payments	–	–	–	-1	-1	-1
Transactions with shareholders	–	–	–	-36,603	-36,603	-36,603
Balance at December 31, 2024	**2,562**	**7,337**	**390**	**72,020**	**72,410**	**82,309**

Read more in Note 19 Equity and number of shares in the consolidated financial statements about the share capital of the parent company.

Notes to financial statements

The amounts within parentheses refer to the preceding year.

1 Accounting policies

The parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2, Accounting for legal entities. According to RFR 2, the parent company shall apply all the International Financial Reporting Standards (IFRS Accounting Standards) endorsed by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act.

The changes in RFR 2 applicable for fiscal year beginning January 1, 2024, have not had any significant impact on the parent company.

There are no announced changes in RFR 2 applicable to the fiscal year beginning January 1, 2025 or later.

The accounting policies applied by the Volvo Group are described in the respective notes in the consolidated financial statements. The main deviations between the accounting policies applied by the Volvo Group and the parent company are described below.

Shares and participations in Group companies and Investments in joint ventures and associated companies are recognized at cost in the parent company and test for impairment is performed annually. In accordance with RFR 2, the parent company includes costs related to acquisition of a business in the acquisition value. Dividend is recognized in the income statement. All holding of shares are recognized as financial assets and the result is reported in the income from financial items.

The parent company applies the exception in the application of IFRS 9 which concerns accounting and measurement of financial contracts of guarantee in favor of subsidiaries and associated companies. The parent company recognizes the financial contracts of guarantee as contingent liabilities.

RFR 2 includes an exception in regard to IFRS 16, allowing all lease contracts to be accounted for as operational lease contract when the parent company is a lessee.

Group contributions are recognized in accordance with the alternative rule in RFR 2 and are presented as appropriations.

According to RFR 2, application of the regulations in IAS 19 regarding defined benefit plans is not mandatory for legal entities. However, IAS 19 shall be applied for supplementary disclosures when applicable. RFR 2 refers to the Swedish law on safeguarding of pension commitments (“tryggandelagen”) related to recognition of provisions for post-employment benefits in the balance sheet and of plan assets in pension foundations.

Volvo Group applies IAS 19 Employee Benefits in the consolidated financial statements. This implies differences, which may be significant, in the accounting of defined benefit pension plans as well as in the accounting of plan assets invested in the Volvo Pension Foundation.

The accounting principles for defined benefit plans differ from IAS 19 mainly relating to:

- Pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the calculations is set by PRI Pensionsgaranti and the Swedish Financial Supervisory Authority, respectively.
- Changes in the discount rate, actual return on plan assets and other actuarial assumptions are recognized directly in the income statement and in the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

2 Revenue and intra-group transactions

The recognized net sales of SEK 1,222 M (1,260) pertain mainly to revenues from sale of services to Group companies SEK 1,222 M (1,246). Revenue is recognized when the control of the service has been transferred to the customer, which is when the parent company incurs the associated cost to deliver the service and the customer can benefit from the use of the delivered services.

Purchases from Group companies amounted to SEK 579 M (542).

3 Administrative expenses

Personnel

Wages, salaries and other remunerations amounted to SEK 611 M (597), social costs to SEK 183 M (179) and pension costs to SEK 31 M (82). Pension cost of SEK 9 M (8) pertained to Board Members and the President. The parent company has outstanding pension obligations of SEK 3 M (3) to these individuals.

The number of employees at year-end was 335 (321).

Read more in Volvo Group Note 27 Personnel about the average number of employees, wages, salaries and other remunerations including incentive program as well as Board members and senior executives by gender.

3:1 Fees to the auditors

	2024	2023
Deloitte AB		
– Audit fees	30	29
– Audit-related fees	5	2
Total	**35**	**31**

Read more in Volvo Group Note 28 Fees to the Auditors for a description of the different categories of fees.

4 Other operating income and expenses

4:1 Other operating income and expenses

	2024	2023
Realized and unrealized exchange rate gains and losses	-14	94
Donations and grants	-11	-14
Other income and expenses	16	-6
I/S **Total**	**-9**	**74**

5 Income from investments in Group companies

5:1 Income from investments in Group companies

	2024	2023
Dividends received		
VNA Holding Inc., USA	2,364	4,124
Volvo China Investment Co. Ltd., China	1,261	2,303
Volvo Group UK Ltd., Great Britain	172	92
Volvo Group Italia Spa, Italy	151	32
Volvo Norge AS, Norway	99	65
Volvo Danmark A/S, Denmark	92	103
VFS Int Romania Leasing Operational, Romania	29	–
Volvo Automotive Finance (China) Ltd., China	–	120
Volvo Malaysia Sdn Bhd., Malaysia	–	58
Subtotal	**4,168**	**6,897**
Impairment of shares		
Volvo Investment AB, Sweden	–	-1,380
Subtotal	**–**	**-1,380**
Reversal impairment of shares		
Volvo Lastvagnar Sverige AB, Sweden	300	–
Volvo Group Italia Spa, Italy	–	225
Subtotal	**300**	**225**
Gains/losses from divestment of shares		
UD Trucks Corporation, Japan	–	49
Stokov Machinery JSC, Russia	–	-173
Subtotal	**–**	**-124**
I/S **Income from investments in group companies**	**4,468**	**5,617**

6 Income from investments in joint ventures and associated companies

Income from investments in joint ventures and associated companies includes dividend from VE Commercial Vehicles, Ltd. by SEK 108 M (76).

7 Income from other investments

AB Volvo has not had any transactions from other investments.

8 Interest expenses and similar charges

Interest expenses and similar charges totaling SEK 1,497 M (1,250) include interest of SEK 1,492 M (1,250) to Group companies.

9 Other financial income and expenses

Other financial income and expenses include exchange rate gains and losses received by SEK 7 M (126) and costs for credit rating and stock exchange listing cost by SEK 23 M (25).

10 Appropriations

Appropriations include a net of group contributions of SEK 38,669 M (45,263) and reversal of tax allocation reserve of SEK – M (3,500).

11 Income taxes

Income taxes were distributed as follow:

11:1 Income taxes

	2024	2023
Current taxes relating to the period	-7,543	-9,778
Adjustment of current taxes for prior periods	–	2,437
Deferred taxes	-10	-12
I/S **Total income taxes**	**-7,553**	**-7,353**

The main reasons for the difference between the corporate income tax of 20.6% and the income tax for the period are disclosed in **table 11:2**.

Deferred taxes relate to estimated tax on temporary differences. The revaluation of deferred taxes is based on the tax rate that is expected for the period when the asset is realized or when the liability is adjusted.

Pillar Two legislation has been enacted in Sweden and applies as from financial year 2024. AB Volvo applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, provided in the amendments to IAS 12. The current tax expense related to Pillar Two income taxes is included in current taxes relating to the period and not disclosed separately, since the amount is not material for AB Volvo.

Read more in Volvo Group Note 10 Income taxes about Pillar Two.

11:2 Income taxes for the period

	2024	2023
Income before taxes	40,717	52,167
Income tax according to applicable tax rate	-8,388	-10,746
Capital gains/losses	–	-25
Non-taxable dividends	881	1,436
Other non-deductible expenses	-25	-309
Other non-taxable income	73	50
Withholding tax	-76	-128
Adjustment of current taxes for prior periods	–	2,437
Other taxable not recorded income	–	-43
Adjustment of deferred taxes for prior periods	4	5
Current tax on standardized method	-22	-30
Income taxes for the period	**-7,553**	**-7,353**

11:3 Specification of deferred tax assets

	Dec 31, 2024	Dec 31, 2023
Provisions for post-employment benefits	196	205
B/S **Deferred tax assets**	**196**	**205**

12 Investments in shares and participations

Shares and participations in Group companies
During 2024, shareholder contributions have been provided to Volvo Automotive Finance (China) Ltd. by SEK 712 M, to VFS Renting Sociedade Unipessoal Lda. by SEK 22 M and to Rental Business Solution S.R.L. by SEK 6 M. A reversal of previous write-down in Volvo Lastvagnar Sverige AB was made by SEK 300 M.

During 2023, an impairment of shares in Volvo Investment AB was made by SEK 1,380 M. The Russian entity was divested, which decreased the carrying value by SEK 177 M. Shareholder contributions were provided to VFS Latvia SIA by SEK 90 M, to Volvo Autonomous Solutions AB by SEK 1,100 M, to Volvo Group Mexico SA by SEK 543 M and to Volvo Treasury AB by SEK 497 M.

Investments in joint ventures and associated companies
During 2024, a shareholder contribution has been provided to World of Volvo by SEK 25 M.

During 2023, no transactions affected the carrying value of investment in joint ventures and associated companies.

Other shares and participations
No transactions have affected the carrying value of other shares and participations during 2024 and 2023.

12:1 Changes in AB Volvo's holding of shares and participations

	Group companies		Joint ventures and associated companies		Other shares and participations	
	2024	2023	**2024**	2023	**2024**	2023
Opening balance	**71,885**	**70,987**	**8,946**	**8,946**	**2**	**2**
Acquisitions/New issue of shares	–	–	–	–	–	–
Divestments/Redemption of shares	–	-177	–	–	–	–
Shareholder contributions	740	2,230	25	–	–	1
Impairment of shares and participations	–	-1,380	–	–	–	-1
Reversal impairment of shares and participations	300	225	–	–	–	–
B/S **Carrying value, Dec 31**	**72,925**	**71,885**	**8,971**	**8,946**	**2**	**2**

12:2 Holding of shares in joint ventures, associated companies and other shares and participations

	Registration number	**Dec 31, 2024** Percentage holding[1]	**Dec 31, 2024** Carrying value[2]	Dec 31, 2023 Carrying value[2]
Dongfeng Commercial Vehicles Co. Ltd., China[4]	–	45.0	7,197	7,197
VE Commercial Vehicles Ltd., India[3, 4]	–	34.7	1,616	1,616
World of Volvo AB, Sweden[4]	559233-9849	50.0	150	125
Other investments	–		10	10
Total carrying value, joint ventures, associated companies and other shares and participations			**8,973**	**8,948**

1 The percentage holding refers to the parent company AB Volvo's holding.

2 Refers to AB Volvo's carrying value of its holding.

3 The total holding by Volvo Lastvagnar AB and AB Volvo is 45.6%.

4 In Volvo Group the companies are reported as joint ventures, consolidated according to equity method.

AB Volvo owns, directly or indirectly, 289 (289) legal entities. The direct owned entities are listed in below table.

12:3 Holding of shares in Group companies

		Dec 31, 2024		Dec 31, 2023
	Registration number	Percentage holding[1]	Carrying value[2]	Carrying value[2]
Volvo Lastvagnar AB, Sweden	556013-9700	100	8,711	8,711
Volvo Business Services International AB, Sweden	556539-9853	100	8,134	8,134
Volvo Bussar AB, Sweden	556197-3826	100	3,033	3,033
Volvo Construction Equipment AB, Sweden	556021-9338	100	8,076	8,076
AB Volvo Penta, Sweden	556034-1330	100	586	586
VNA Holding Inc., USA	–	100	3,688	3,688
Volvo Financial Services AB, Sweden	556000-5406	100	2,667	2,667
Volvo Treasury AB, Sweden	556135-4449	100	15,241	15,241
Volvo Investment AB, Sweden	556519-4494	100	2,888	2,888
Volvo Lastvagnar Sverige AB, Sweden	556531-8572	100	2,655	2,355
Volvo Fuel Cell Holding AB, Sweden	559275-6729	100	3,000	3,000
Volvo China Investment Co Ltd., China	–	100	1,302	1,302
Volvo Automotive Finance (China) Ltd., China	–	100	1,203	491
Volvo Group UK Ltd., Great Britain[3]	–	35	350	350
Volvo Group Mexico SA, Mexico	–	100	1,086	1,086
Volvo Group Venture Capital AB, Sweden	556542-4370	100	719	719
Volvo Powertrain AB, Sweden	556000-0753	100	898	898
Volvo Information Technology AB, Sweden	556103-2698	100	1,511	1,511
Volvo Parts AB, Sweden	556365-9746	100	200	200
Volvo Group Insurance Försäkrings AB, Sweden	516401-8037	100	182	182
Volvo Business Services AB, Sweden	556029-5197	100	118	118
Volvo Danmark A/S, Denmark	–	100	157	157
VFS Servizi Financiari Spa, Italy[4]	–	25	101	101
Kommersiella Fordon Europa AB, Sweden	556049-3388	100	2,693	2,693
Volvo Norge AS, Norway	–	100	50	50
Volvo Malaysia Sdn Bhd., Malaysia	–	100	48	48
Volvo Group Italia Spa, Italy[5]	–	65	559	559
Volvo Logistics AB, Sweden	556197-9732	100	385	385
VFS Latvia SIA, Latvia	–	100	99	99
VFS Int Romania Leasing Operational, Romania	–	100	2	2
Volvo Energy AB, Sweden	559285-4169	100	200	200
VFS Renting Sociedade Unipessoal Lda., Portugal	–	100	34	12
Rental Business Solution S.R.L., Italy[4]	–	49	8	2
Volvo Autonomous Solutions AB, Sweden	559285-4219	100	2,340	2,340
Other holdings	–		1	–
Total carrying value Group companies[6]			**72,925**	**71,885**

1 The percentage holding refers to the parent company AB Volvo's holding.

2 Refers to AB Volvo's carrying value of its holding.

3 Total holding by Volvo Lastvagnar AB and AB Volvo is 100%.

4 Total holding by Volvo Group Italia Spa and AB Volvo is 100%.

5 Total holding by Renault Trucks (SAS), Volvo Lastvagnar AB, Volvo Bussar AB, AB Volvo Penta and AB Volvo is 100%.

6 AB Volvo's share of shareholders' equity in subsidiaries (including equity in untaxed reserves) was SEK 181,546 M (160,688).

13 Other non-current receivables

13:1	Dec 31, 2024	Dec 31, 2023
Other interest bearing receivables	615	690
B/S Total non-current receivables	**615**	**690**

14 Other receivables

14:1	Dec 31, 2024	Dec 31, 2023
Accounts receivable	8	7
Prepaid expenses and accrued income	36	210
Other receivables	210	88
B/S Total other receivables	**254**	**305**

There is no valuation allowance for doubtful receivables at the end of the year. Fair value is not considered to differ from carrying value.

15 Untaxed reserves

Untaxed reserves include tax allocation reserve of SEK 4,000 M (4,000).

16 Provisions for post-employment benefits

The parent company has two types of pension plans, defined contribution plans and defined benefit plans.

Defined contribution plans: post-employment benefit plans where the company makes regular payments to separate entities and has no legal or constructive obligation to pay further contributions. The expenses for defined contribution plans are recognized during the period when the employee provides service.

Defined benefit plans: post-employment benefit plans where the company's undertaking is to provide predetermined benefits that the employee will receive on or after retirement. These benefit plans are secured through balance sheet provisions or pension fund contributions. Furthermore, a credit insurance policy has been taken out for the value of the obligations. The main defined benefit plan is the ITP2 plan which is based on final salary. The plan is semi-closed, meaning that only new employees born before 1979 have the possibility to choose the ITP2 solution. The ITP2 plan for the company is funded in Volvo Pension Foundation. Pension obligations are calculated annually, on the balance sheet date, based on actuarial assumptions.

The defined benefit obligations are calculated based on the actual salary levels at year-end and based on a discount rate of 2.85% (2.85) for the ITP2 plan and 2.4% (1.0) for other pension obligations. Assumptions for discount rates and mortality rates are determined annually by PRI Pensionsgaranti for ITP2 and the Swedish Financial Supervisory Authority for other pension obligations, respectively.

Provisions for post-employment benefits in the parent company's balance sheet correspond to the present value of obligations at year-end, less fair value of plan assets.

16:1 Obligations in defined benefit plans	Funded	Unfunded	Total
Obligations opening balance 2023	**889**	**259**	**1,148**
Service costs	107	2	109
Interest costs	28	3	31
Benefits paid	-29	-14	-43
Obligations Dec 31, 2023	**995**	**251**	**1,245**
Service costs	85	-38	47
Interest costs	31	5	36
Benefits paid	-36	-13	-49
Obligations Dec 31, 2024	**1,075**	**204**	**1,279**

16:2 Fair value of plan assets in funded plans	
Plan assets opening balance 2023	**1,080**
Actual return on plan assets	102
Contributions and compensation to/from the fund	-37
Plan assets Dec 31, 2023	**1,145**
Actual return on plan assets	-18
Contributions and compensation to/from the fund	-41
Plan assets Dec 31, 2024	**1,086**

16:3 Provisions for post-employment benefits

	Dec 31, 2024	Dec 31, 2023
Obligations[1]	-1,279	-1,245
Fair value of plan assets	1,086	1,145
Surplus (+) / deficit (–)	**-193**	**-100**
Limitation on assets in accordance with RFR2 (when plan assets exceed corresponding obligations)	-11	-151
B/S **Net provisions for post-employment benefits[2]**	**-204**	**-251**

1 The ITP2 obligations amount to SEK -1,061 M (-980).

2 ITP2 obligations, net, amount to SEK – M (–).

16:4 Pension costs

	2024	2023
Service costs	47	109
Interest costs	36	31
Interest income[1]	-124	-140
Pension costs for defined benefit plans	**-41**	**–**
Pension costs for defined contribution plans	**52**	**58**
Special payroll tax/yield tax[2]	19	22
Cost for credit insurance FPG	1	2
Total costs for the period	**31**	**82**

1 Interest income, net of SEK 31 M (28) is included in financial items.

2 Special payroll tax/yield tax are calculated according to Swedish Tax law and accrued for in current liabilities.

17 Non-current liabilities

17:1 Maturity

2026–2030	719
2031 or later	4
B/S **Total non-current liabilities**	**723**

18 Other liabilities

18:1

	Dec 31, 2024	Dec 31, 2023
VAT	93	84
Wages, salaries and withholding taxes	338	427
Accrued expenses and prepaid income	240	244
Other liabilities	88	8
B/S **Total other liabilities**	**760**	**763**

No collateral is provided for current liabilities.

19 Contingent liabilities

Contingent liabilities as of December 31, 2024, amounted to SEK 425,524 M (365,193) of which SEK 425,491 M (365,154) pertained to Group companies.

Credit guarantees are included to an amount corresponding to the credit limits and amounted to SEK 406,986 M (348,080). The total amount pertained to Group companies.

The utilized portion at year-end amounted to SEK 223,278 M (205,255), of which SEK 223,245 M (205,236) pertained to Group companies.

20 Cash flow

20:1 Other non-cash items

	2024	2023
Other Group internal accruals	318	17
Realized currency effect related to dividends	7	-70
Other changes	-39	-14
Total other non-cash items	**286**	**-67**

20:2 Change in loans

	Non-current liabilities to Group companies	Current liabilities to Group companies
	Loan Volvo Treasury AB	Loan/Cashpool Volvo Treasury AB
December 31, 2022	**400**	**22,044**
Cash flows new borrowings	290	17,432
Cash flows repayment of borrowings	–	-5,589
Other	–	13
December 31, 2023	**690**	**33,900**
Cash flows new borrowings	75	213
Reclassification	-150	150
Other	–	2
December 31, 2024	**615**	**34,265**

Sustainability Statements

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About the report
These Sustainability Statements include the Volvo Group's collected sustainability disclosures. Because sustainability topics are top strategic issues and well integrated in the business and operating model of the Volvo Group, additional disclosures relevant for sustainability are found in other parts of the Annual Report and included by reference.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Sustainability reporting standards
Sustainability statements are prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and the application level "Core".

The terminology of the European Sustainability Reporting Standards (ESRS), in combination with entity-specific matters, have been used in the materiality assessment and is also used to structure the report content.

Topics related to this report
Complementary information is available on volvogroup.com/report2024.

This includes:
- GRI index 2024
- TCFD index
- SASB index, Industrial Goods and Machinery
- Locations of major operations
- Membership in associations
- Code of Conduct and related policies

General disclosures

For the Volvo Group, sustainability is about driving positive development for people and mitigating or avoiding negative impacts on the environment from our operations, through our value chain and with our products. Sustainability also means building a path forward for humanity that is fair, inclusive and progressive. This requires transparent, collective, and determined actions that considers the increase of sustainable solutions for our customers, a just transition that enables positive development on peoples' lives, and a continuous focus on improved resource efficiency. We build our sustainability priorities based on the analysis of where we as Volvo Group have the biggest impact on environment and society and where environmental, social, and governance matters affect our financial performance. These priorities are based on our materiality assessment and also make up the content of this report.

Business context – Products and services, operations and value chain

This section provides a summary of the Volvo Group's main business, operations and value chain and how these relate to our materiality assessment.

Products and services

The Volvo Group provides a range of products and services to customers in almost 180 markets. Our product offering includes new trucks, buses, machines and engines as well as sales of used trucks, buses, machines, trailers, superstructures and special vehicles. Services include sale of spare parts, maintenance services, repairs, extended coverage, connectivity solutions and other aftermarket products. Services also include sales in Financial Services related to finance lease, installment credits and operating leases.

An overview of products delivered over 11 years are available on page 213.

The Volvo Group's main brands are Volvo, Volvo Penta, Rokbak, Renault Trucks, Prevost, Nova Bus and Mack. We also have ownership in SDLG, Milence, Eicher, Dongfeng, cellcentric, Flexis and Cespira.

The Group's main operating segments are presented on pages 7 and 83–84. Further detailed information about these operating segments and distribution of sales across markets is found on the following pages:

- Trucks, page 46
- Construction equipment, page 50
- Buses, page 52
- Volvo Penta, page 54
- Financial Services, page 56

The Volvo Group's business model is further explained on page 22.

Significant markets and customer groups served

The Volvo Group's Business Areas support customers in the main segments of Trucks, Buses, Construction Equipment, Marine drive systems and industrial motors. Customers and end users are active in a wide range of industries. Direct customers are found in the key industries of road freight transport, construction and infrastructure as well as public transportation.

Read more Downstream activities, next page.

The Volvo Group is headquartered in Gothenburg, Sweden and employs 102,000. In 2024, net sales amounted to SEK 527 billion.

Operations and value chain

With reference to the products and services described above, the Volvo Group is often seen as an Original Equipment Manufacturer (OEM) of commercial vehicles, construction machinery and engines. These activities are typically found in section C of the NACE-code system[1] (manufacturing). In addition, Volvo Financial Services operate in section K of the NACE-code system (financial and insurance).

The Volvo Group operates manufacturing and assembly plants in 17 countries on five continents. The most significant manufacturing operations are in Sweden, the United States, Brazil, India, France and China. Our own operations consist of around 60 larger manufacturing plants across the world, see further details on volvogroup.com. We also operate logistics centers, research and development facilities, and distribution hubs. In addition, our operations include over 300 service locations and dealerships. In total, the Volvo Group's sites span over 500 individual addresses across the world.

The most important impacts, risks and opportunities related to our own operations are connected to working conditions, diversity and equal opportunities, climate, and waste management.

1 NACE is an industry standard classification system used in the European Union to classify businesses and workplaces according to their economic activities.

Value chain upstream

Our upstream activities are associated with a vast and complex supply chain. The Volvo Group relies on global and local supply chains to deliver components, parts, and complete services and systems. Approximately 12,000 supply partners support the Volvo Group's series production and in total the Group's supply network is made up of more than 50,000 supplier locations globally in tier 1.

Our purchasing teams, with more than 2,800 employees in more than 25 countries, provide direct and indirect purchasing for Volvo Group businesses, brands and joint ventures. We annually source 2.5 billion parts to be delivered to Volvo Group plants globally. For our truck business alone, we work with close to 20,000 tier 1 supply partners, who deliver 2.1 billion parts per year.

In general, bulk materials such as steel, aluminum and polymers have regional and shorter supply chains. Sustainability impacts related to these materials can arise in extraction and refinements of materials in a range of tiers. Generally, the more commodity-based a component is, the shorter the supply network is.

We have identified certain suppliers with high-risk materials included in parts and components. These are important for both social and environmental impacts and include tin, tantalum, tungsten, gold and cobalt. We also continuously identify additional materials, such as rubber, where additional due diligence activities from our supply partners are necessary.

The longest, most complex and globally spanning supply networks are generally electronics, including battery and other electric vehicle components. We have better visibility into our complex supply networks in tier 1, with visibility dropping the further we go into the network. Our tier 1 supply partners have somewhere between 2-50 tier 2 suppliers, depending on commodity, delivering materials used in our products, and the number of actors grows exponentially through the lower tiers. We are making strides in getting to know our supply networks and risks associated with the direct material scope.

Our indirect purchasing teams collaborate with 22,000 tier 1 supply partners worldwide, covering services, digital and IT, and investments for the Volvo Group. Indirect purchasing includes engineering services, advisory services, marketing and sales services, travel services and facility services. Indirect material partners support our industrial system with facilities maintenance, consumables, production equipment and material, and temporary labor. It also includes support to digital and IT with tools, associated services, and infrastructure.

The Volvo Group's manufacturing operations depend on assembly partners and supply partners who sub-assemble parts and systems. We also utilize truck assembly partners and bus body builders to carry out certain assembly processes for the final product. Based on our assessment of elevated social risk, we have identified a number of thematical potential impacts related to working conditions, which is connected to our global footprint of partners performing such work.

In addition, the Volvo Group is a significant buyer of transport services. As part of transport procurement, we assess both environmental and social impacts. We work actively to reduce greenhouse gas emissions from transport, and we have also identified potential impacts related to working conditions.

In conclusion, the main sustainability related impacts, risks and opportunities in our upstream value chain are workers' rights, environmental impacts from extraction and refinement of materials in purchased goods, and human rights impacts from sourcing of materials with elevated risks.

Downstream activities

In addition to our owned dealerships and service locations, a global network of private dealers, importers and service workshops support customers and end-users with new and used products, as well as repair and maintenance under Volvo Group's brands. End users are typically active in the main sectors:

- The road freight transport sector: operating smaller or larger transport vehicles
- Construction and infrastructure sectors: operating for example construction sites, quarries, and mining sites
- Public transportation industry: Municipal and private transport providers operating fleets or individual vehicles.

The main sustainability related impacts, risks and opportunities downstream are associated with end-user safety, climate impact from use of sold products, pollution to air from the use of sold products, and responsible sales to safeguard human rights related to sold products.

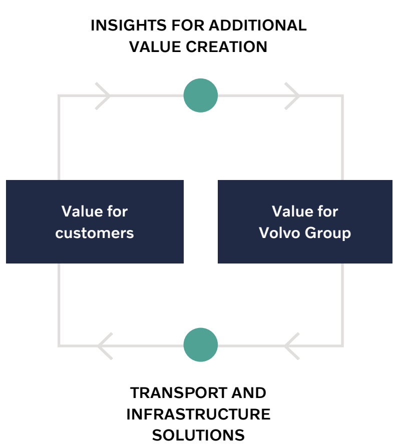
In addition, we have identified certain topics that we can impact positively or negatively on the communities around us and our business partners. These are related to anti-corruption, competition law, political engagement via lobby and advocacy activities.

Value chain activities

- Downstream – Customers and end users.
- Retail, service, maintenance and repair.
- Development of products and services.
- Production and logistics.
- Upstream – supply network.

This is a simplified version of the Volvo Group's business and value creation model explained on page 22–25.

Value co-creation with customers



Examples of value created for stakeholders

Customers – Uptime, reliability, productivity, safety and environmental performance.

Shareholders – Share price development and dividends.

Employees – Competitive employment terms, and benefits, stimulating work environment.

Civil society – Solutions that make societies function. Employment and taxes.

Suppliers – Business, income and employment opportunities.

Creditors – Financial strength for proceeds and repayments.

Re-invested in the Volvo Group –Investments in R&D, property, plant and equipment.

Materiality assessment

The Volvo Group has developed a strategy to address a range of sustainability matters. To understand the importance of these issues, we conducted a double materiality assessment (DMA). This assessment helped us evaluate the impacts, risks, and opportunities associated with each relevant sustainability topic. As part of the assessment, we assessed scope and scale for relevant sustainability impacts and ways to mitigate or remediate negative effects. The findings from the materiality assessment were used to determine the content of this report. The assessment covers all topics listed in the European Sustainability Reporting Standards (ESRS), as well as impacts associated with Volvo Group specific topics.

The table below provides a simplified and visual representation of how material topics are evaluated for their impacts, risks, and opportunities. It also indicates in which part of the value chain where these impacts are likely to occur. Some topics are primarily important due to their impact, while others are associated with significant risks or opportunities. Risks and opportunities are not further specified in this table as these are based on a range of dependencies. Instead, these are elaborated in the topic-specific disclosures as referred to in the table below.

	Impact materiality				
	Value chain upstream	Own operations	Downstream and communities	Risks and opportunities	Read more on page*
Environment					
Climate – GHG downstream (use phase)			▲	▲	153
Climate – GHG emissions upstream (goods and services)	◆			—	154
Climate – Energy use and GHG from own operations		●		●	154
Pollution to air in the use phase			◆	◆	157
Resource use – Waste from operations		●		●	158
Social – Own workforce					
Health and safety		◆		●	165
Diversity		●		●	167
Collective bargaining and social dialogue		●		—	168
Non-discrimination		◆		—	170
Social – Value chain workers					
Value chain workers' rights[1]	●		●	●	171
Forced labor	●			—	171
Child labor	●			—	171
Social – Communities and End users					
Impacts on people linked to use of sold products[2]			●	◆	175
Product and traffic safety[3]			●	●	177
Governance					
Business conduct, corporate culture and anti-corruption			—	◆	178
Political engagement			◆	—	179

▲ Very high ◆ High ● Medium — Low

1 The area of value chain workers' rights includes a combination of all work-related rights including health, safety, security, wages, working time, collective bargaining, and housing.

2 Impacts on people linked to use of sold products is identified as an entity-specific sub-topic suitable to be reported under Affected communities.

3 Product and traffic safety is identified as an entity-specific sub-topic suitable to be reported under safety of end-users.

* Details on impacts, risks and opportunities, and due diligence where relevant, is explained alongside the information provided under the corresponding topical standard on pages 149–179.

Apart from the 16 topics identified as material in the materiality assessment, the Volvo Group also addresses a variety of sustainability-related topics. It is important to note that virtually all the topics listed in the ESRS can be relevant to manage within the value chain or specific parts of our operations. However, all topics have not been considered material for corporate reporting in 2024.

Descriptive summaries of impacts, risks and opportunities are included alongside the information provided under the corresponding topical standard on pages 149–179. These also include due diligence descriptions, where applicable.

Compared with our 2023 report, the materiality assessment has resulted in the topic of Pollution to air during product use phase being added to the report. The assessment has also resulted in an extended reporting of climate change mitigation with additional detailed reporting of GHG emissions from goods and services (scope 3.1). Previous reports have also included certain brief information on industry-relevant but not material topics, such information will instead be presented on volvogroup.com.

Materiality assessment process

The materiality assessment is built on a continuous and iterative process described and illustrated in a simplified version below. Details about input parameters to the assessment and the role of various stakeholders in the process are described in Complementary notes to the Sustainability Statements on pages 180-182.

Due diligence processes

Due diligence processes provide input based on a range of sources which helps in highlighting hotspots across the value chain. These processes primarily address adverse impacts and where to address improvements. Activities to mitigate risks can also contribute to positive impacts.

Assessment of impact on people and planet

The impact assessments are based on various sources of information. The process leverages input from e.g. GHG inventories, salient human rights and environmental impact assessments. In certain cases, mainly related to human rights impacts upstream and downstream activities, the likelihood of impacts are highly uncertain. In these cases, the severity of potential impacts is prioritized over other factors in the materiality assessment.

Risks and opportunities

Risks and opportunities related to sustainability topics have been identified by analyzing actual risks and considering various theories on future developments. Quantitative and qualitative characteristics have been identified to assess impacts, risks and opportunities in a harmonized way across topics. This includes a scale defining low, medium, high, and very high impacts and opportunities, following the Group's ERM process where a similar format is used to prioritize risks.

Consolidation and adjustments

All parts of the assessment is consolidated in a matrix with multiple dimensions. Impacts over an established threshold are included in the table on the previous page. In this part of the process, the assessments are nuanced with influence, linkage and expectations on Volvo Group's depth of engagement in the various topics.

Material information

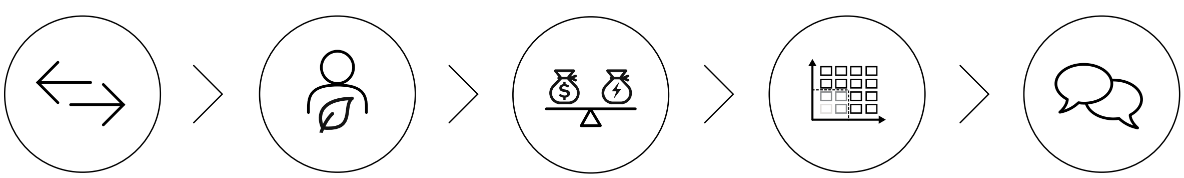
Relevant and prioritized information is concluded in the final step by identifying narrative and metrics to be part of the reporting. Priorities are based on dialogues with internal and external experts and stakeholders. In this part of the process, we leverage formal reccurring dialogues, ratings and requests from investors and customers. This establishes a list of disclosures to be included in the report. In addition to the disclosures suggested in ESRS, we also seek to include relevant company-specific information.

Continuing to increase our understanding of sustainability topics

In 2024 we have deepened our due diligence efforts in the areas of nature-related impacts, living wages and a range of human rights impacts over the value chain. The development of such due diligence processes is expected to continuously inform the assessment of impacts, risks and opportunities, which may lead to changes of material topics for corporate reporting. Changes to material topics can be prompted by several perspectives, such as increasingly detailed due diligence resulting in increased transparency in the value chain, revision of thresholds for materiality, development of industry norms for reporting, and adoption of sector-specific reporting standards.

The outcome of our materiality assessment and stakeholder engagement has helped to inform our business strategy, roadmaps and action plans for our main impacts, risks and opportunities. In our internal work we collectively refer to these workstreams as the Volvo Group's Sustainability Agenda and we consolidate and communicate our priorities under the headings of People, Climate and Resources.

The priorities in the agenda have been established in dialogue with a network of sustainability professionals and management of all Truck Divisions, Business Areas as well as the Executive Board, Group Management, and the Board of Directors. Operationally, matters are handled in separate forums, such as Product Board, People Board, Human Rights Board. Each such forum includes representatives from the Executive Board.



Due diligence processes

- Mapping value chain hotspots based on multiple sources.
- Including perspective from affected stakeholders.

Assessment of impact on people and planet

- Definitions of low, medium high and very high impacts with a common methodology.
- Including expertise from academic research and knowledge gained from topical experts.

Risks and opportunities

- Assessment of risks and opportunities aligned with Group ERM process and scenarios over short, medium and long term.
- Risk and opportunities includes reputation and regulatory stakeholder perception.

Consolidation and adjustments

- Consolidation of information. Impacts over the threshold are included in the table on page 146.
- Internal and external stakeholder input nuance material impact risks and opportunities with expectations, linkage and influence.

Material information

- Concluded relevant disclosure for Annual Report.
- Includes prioritization of information within material topics to the needs of report users.

Embedding responsible business practices

The Volvo Group is committed to respecting internationally recognized human rights. Negative sustainability impacts may potentially materialize not only within our own organization, but also through our business relationships and in the value chain. We seek to address adverse human rights impacts with which the Volvo Group is involved. We are continuing to strengthen and align our sustainability due diligence processes with the following international frameworks:

- UN International Bill of Human Rights.
- ILO's Core conventions.
- UN Global Compact.
- UN Guiding Principles on Business and Human Rights.
- OECD Guidelines for Multinational Enterprises.
- The Children's Rights and Business Principles.

The Volvo Group's sustainability governance follows our allocation of business accountability and includes several cross-functional governance forums across the company. At Group level, the strategic direction on sustainability is overseen by the Executive Board and supported by a number of cross-functional forums with relevant members of the Executive Board, such as the People Board, Product Board, Human rights Board and Sustainability Council. More details on these forums and other Governance related disclosures are found in the Corporate Governance Report on pages 194-195

Stakeholder engagement and consultation
Our due diligence processes include engagement with affected stakeholders. In practice, this means continuous dialogues with employees representatives, and engagements with employees, people working in the value chain, customers and business partners, investors, as well as NGOs and expert organizations to include perspectives from stakeholders. Our approach to consultations with rightsholders (and their proxies) is part of our Human rights program and as such falls under the responsibility of the Human Rights Board. Operationally, the implementation of our human rights program, including stakeholder consultation, is led from our Group function Corporate Responsibility together with representatives of Truck Divisions, Business Areas and other Group Functions.

Grievance mechanism
Employees, representatives of the Volvo Group, and external stakeholders are encouraged to act on suspected breaches of our Code of Conduct and other policies, including environmental and human rights matters, where the Volvo Group or any of its representatives are believed to be involved. Grievances can be reported through internal and publicly available grievance channels described in our Code of Conduct, including the Volvo Group Whistle. Reports can be made anonymously wherever permitted by local law.

Read more Whistleblower reporting, page 179.

It is also possible to reach out to the Whistleblowing and Global Investigations Team via email or mail. All available channels are easily found on volvogroup.com, along with our policy on protection from retaliation.

Access to remediation
In the Volvo Group, we aim to provide for or cooperate in the remediation of negative impacts if our activities have caused or contributed to them and seek to play a role in the remediation of negative impacts that we may be directly linked to in our operations, products, services, or business relationships. This commitment is formalized in our Human Rights Policy.

The Group's due diligence is built on continuous improvement. It is acknowledged that elements within sustainability that what was earlier built on voluntary initiative is now evolving to mandatory procedures, which we take into consideration as we mature our work with identifying adverse impacts, taking action, tracking effectiveness, engaging with stakeholders, and embedding in strategy and governance.

Corporate culture – The Volvo Group Code of Conduct
Our overall approach is to embed external policy commitments to the greatest extent possible in the Volvo Group Code of Conduct and associated steering documents. This policy thus outlines the expectations on our corporate culture and how we do business in the Volvo Group; ethically and in compliance with the law. Doing business this way builds trust with our customers as well as with society in general, which supports our commercial success.

The policy includes basic behavioral expectations in areas related to among others anti-corruption, competition law and product compliance, data privacy and intellectual property, human rights, environmental responsibility, and conflict of interest. It further includes our transparency approach in accounting and reporting and instructions on how to speak up or ask a question if and when we, or any of our stakeholders, identify concerns.

Read more Business conduct, page 178.

The Volvo Group's Code of Conduct and associated policies are found on volvogroup.com.

Group policies are issued by the AB Volvo Board, the Executive Board or by other senior forums or officers, depending on the matter at hand. Adopted policies are published and made available internally and, where deemed relevant, externally. Implementation is tailored to policy specifics, and can include one or several of e.g. risk assessments, education, information packages, workshops, integration into existing management systems or development of new systems, reporting measures, audits and controls and, where relevant, full program set ups. In line with our decentralized operating model, each truck division and Business Area is normally responsible for assuring compliance with Group policy requirements in their respective area of operations. Where Group policies provide minimum requirements, each Truck Division, Business Area and Group function can establish more stringent requirements within their respective areas.

The next sections of this report explains The Volvo Group's approach to manage specific topics.

Climate

Climate change mitigation has been assessed as the most important environmental topic in which the Volvo Group can be part of driving and enabling significant improvements. We support the ambitions of the Paris Agreement – to keep the increase of the global average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the average temperature increase to 1.5 °C. In 2024, the global temperature for the first time exceeded this threshold. Even so, the Volvo Group's ambition remains and we believe the most meaningful effort we can make in the global climate transition is to drive the decarbonization of transport- and other sectors of society where the Group is active.

Impacts, risks and opportunities

The main climate-related impacts are identified by analyzing an inventory of GHG emissions. The inventory accounts approximately 95% of the total product lifecycle GHG emissions from the use phase of sold products (scope 3.11), close to 4% of GHG emissions in purchased goods and services (scope 3.1), and less than 0.5% in our own operations (scope 1 and 2). We focus on these scopes and categories in our net zero goals and reporting. Both transition risks and opportunities, as well as physical risks have been identified by considering climate scenarios, see text box below.

Climate transition opportunities are related to the growth of transport solutions, vehicles and machines with zero or very low tailpipe emissions. Climate-related uncertainties can include both risks and opportunities for the Volvo Group which are closely linked to the Group's business model and strategy. Read more about our approach to harness opportunities in our strategy section on page 18 of this report, with examples and highlights on pages 26-33.

Principal risks related to climate transition have also been identified in our enterprise risk management process. These may be material for the Volvo Group in the short, medium and long term, and they are described in more detail on pages 60–66 under the following risk categories:
- Transformation and technology, page 62
- New business models, page 62
- Suppliers and materials, page 63
- Product and operational related regulations, page 64

The conclusion from our resiliency analysis is that the Volvo Group's strategy is resilient in the transition scenario described in the text box below. However it requires both investment in new technologies and evolution of business models. Our scenario analysis identified uncertainties related to regulatory development, cost of new technology, supply network readiness and how to develop offers for increased revenues.

Scenario analysis to identify risks and opportunities
In developing our climate transition activities, we have identified both risks and opportunities to the Group's strategy and business model. In this work we have used scenarios to identify potential climate related transition risks and opportunities, as well as to identify potential physical risks.

Assessment of transitional risks and opportunities
On transitional risks and opportunities, we have concentrated our resiliency analysis on products and offerings. The Volvo Group serves the transport and infrastructure sectors, supplying vehicles and machines. Our most recent resiliency analysis was conducted in 2024. In this analysis we considered a scenario in line with our commitment to the Paris Agreement – to offer net-zero solutions by 2040 in order for transport fleets to be net-zero in 2050 – which is manifested in our Science based climate targets.

The characteristics of such a scenario means that by 2030:
- Climate-regulations are developed in an orchestrated manner over many jurisdictions
- Technology developments are invested in, across a range of supporting industries, such as fossil-free fuels
- Significant public investments are targeted to renewable energy and supporting infrastructure
- Price on fossil energy increases which in turn creates a stronger investment case for lower emission products

For the Volvo Group, this means that we need to be able to develop and sell a significant proportion of vehicles and machines with zero or very low tailpipe emission (ZEV). In the resiliency analysis we have used a scenario of 35% ZEV, which is the estimated levels of ZEVs needed to reach the targeted reduction of 40% GHG per vehicle-kilometer for trucks and buses by 2030.

Assessment of physical climate risks
In understanding the resilience against physical risks, we have considered current and future climate hazards for each of the Group's significant locations based on different representative concentration pathway (RCP) scenarios[1] developed by the IPCC. Considering the economic lifetime and development cycles we have looked more closely at current risks as well as development in different scenarios for 2030 and 2050. In this work, RCP 2.6, RCP 4.5 and RCP 8.5 were used to assess potential future hazards. The most recent physical climate risk scenario analysis was conducted in 2023. Based on the assessment made, we did not identify significant risks. Some of the locations may be subject to increased risks from physical weather events in the longer term, depending e.g. on climate developments, and we intend to continue monitoring these risks, and take actions to seek to mitigate them when considered to be appropriate.

1 RCP Scenarios are a set of different scenarios developed by the Intergovernmental Panel on Climate Change to model possible development of the earth's climate based on greenhouse gas concentrations in the atmosphere. RCP 2.6 is a lower emission scenario and RCP 8.5 the higher scenario. In our work to assess transition risks and opportunities, we are seeking to fulfil the highest ambitions of the Paris Climate agreement, which is approximately in line with RCP 1.9.

In technology development, we invest in our three-pronged approach to decarbonize the portfolio. Significant efforts are taken to reduce the cost of technology with zero- and very low tailpipe emissions.

Read more Strategy, page 18.

For supply network readiness, we invest in tooling at supply partners, in multiple technologies and seek to have dual or multiple sources to secure deliveries. We also engage in strategic partnerships to secure the most critical materials and components.

Read more Partnerships, page 19.

In the regulatory dimension, we seek to be part of a policy development that support the Volvo Group's strategic roadmap, mainly in the EU and the US.

Read more Political engagement, page 179.

In the area of new business models, the Group's Business Areas strive to develop offers to help customers and end-users reaching a lower total cost of ownership. This is for examples combining vehicles or machines with charging and energy services, route optimization, repair and maintenance, and also transport services.

Read more Strategic priorities, page 16, and Our business, page 22.

Science based climate targets and policy

Back in 2010, we joined the WWF Climate Savers Program to participate in a broad industry movement for lower climate impact. In 2020, we took the next step by committing to the Business Ambition for 1.5 °C in the Science Based Targets initiative. In 2021, our targets were validated as science based by the SBTi.

Because of the significant part of product life cycle emissions being accounted for in the product use phase, we have established four different targets by operating segment (scope 3.11) and one target for operations (scope 1 and 2).

Segment and scope	Targets	Alignment with Paris agreement
Trucks (Scope 3)	Reduce emissions per vehicle-km by 40% by 2030	1.5 °C (Volvo Group approach)
Buses (Scope 3)	Reduce emissions per vehicle-km by 40% by 2030	1.5 °C (Volvo Group approach)
Construction equipment (Scope 3)	Reduce absolute emissions 30% by 2030	Well below 2 °C
Volvo Penta (Scope 3)	Reduce absolute emissions by 37.5% by 2034	Well below 2 °C
Own operations (Scope 1 and 2)	Reduce absolute GHG emission by 50% by 2030	1.5 °C

For trucks and buses, targets are established using the Sectoral Decarbonization Approach (SDA) method, read more on volvogroup.com. At the time of setting targets, there was no SDA pathway developed for the 1.5 °C ambition for trucks and buses and we therefore defined an own more ambitious pathway on a 1.5 °C ambition, with targets of 40% emission reduction per vehicles kilometer, for both trucks and buses. For construction equipment and Volvo Penta, absolute targets are set and validated by the SBTi as in line with the well-below 2 °C ambition. Absolute targets are also established for scope 1 and 2 and validated by the SBTi as in line with the 1.5 °C ambition.

In addition to the summary on this and next page, additional details on decarbonization levers are presented further below in this chapter under the heading Actions and progress.

Policies

The Volvo Group's environmental policy is the highest steering document relating to climate change mitigation. The policy is further complemented by more detailed steering documents related to greenhouse gas emissions. This includes accounting, mitigation and reporting of GHG emissions. The steering documents includes the Group's overall strategy for net zero value chain greenhouse gas emissions no later than 2040 and that this shall be supported by the Group's Trucks Divisions and Business Areas setting interim targets for relevant scopes. These interim targets shall be reviewed at a minimum every five years or in case of significant changes.

The following priorities apply for GHG reductions to reach net-zero value chain GHG emissions across all relevant emission scopes as defined in the GHG protocol:

1 Elimination of GHG emissions within the value chain by energy efficiency and introducing new concepts and technologies

2 Replacing fossil GHG emissions with biogenic GHG emission by use of sustainable renewable biobased energy and fuel sources

3 Counterbalancing remaining emissions by for example, atmospheric CO_2 removal and storage (only as a last resort when all other options are exhausted)

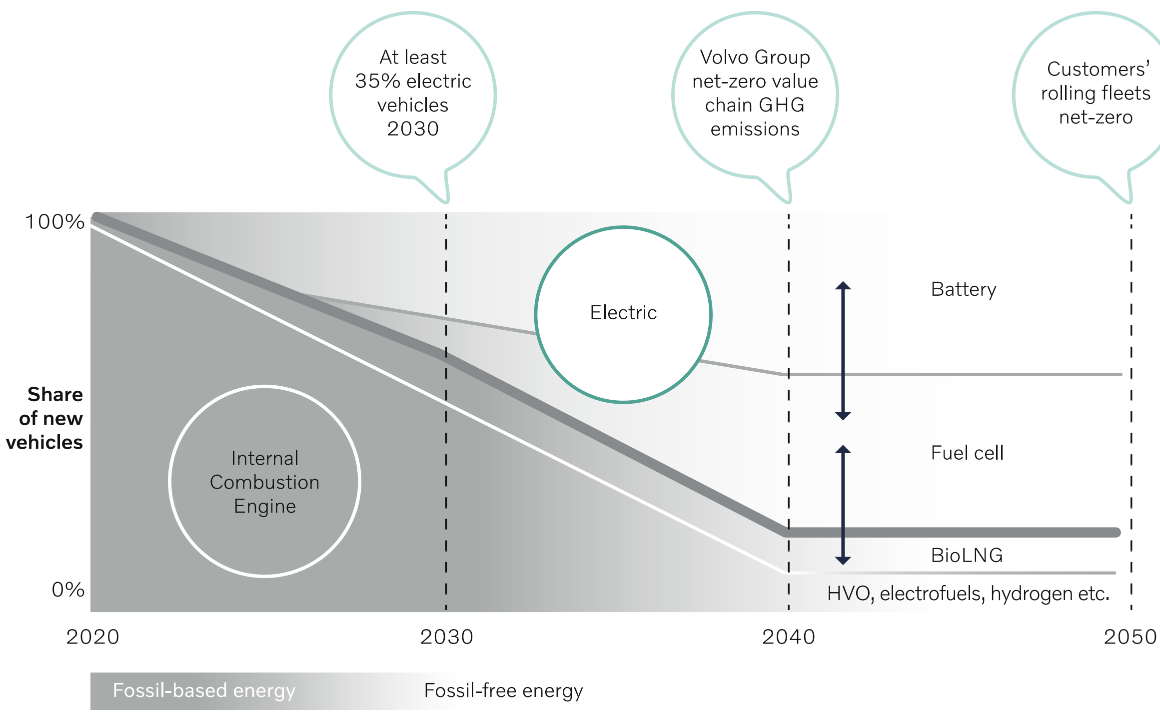
The Volvo Group Executive Board is the forum where decisions on Science-Based targets and other Group policy objectives are taken. The first set of targets were approved by the Science-Based Targets initiative (SBTi) in June 2021.

Governance and incentives
The Volvo Group has included sustainability targets in its incentive program since 2022. Electric trucks, buses, construction equipment and drivelines are key drivers for achieving the Volvo Group's sustainability targets and commitment to the ambitions of the Paris Agreement. The aggregated volume for electric vehicles remains low in comparison to other vehicle volumes, which makes it challenging to set performance ranges. The Volvo Group continues its strong efforts to increase the sales of electric vehicles, to the benefit of the Volvo Group's sustainability performance, and these incentive targets are aimed to promote such sales. Read more about the Volvo Group's incentive programs in Note 27, which in turn also refers to the Remuneration Report, available at volvogroup.com.

Key climate transition activities and external dependencies

Our ambition is to reach net-zero greenhouse gas emissions by 2040. This will enable our customers to have net-zero rolling fleets by mid- century as it takes approximately ten years to renew a rolling fleet. We have a three-pronged approach to the decarbonization of the product offer and customers' fleets of vehicles and machines:

- Battery-electric
- Fuel cell-electric
- Internal combustion engines running on fuels with lower GHG emissions such as hydrogen, bio-methane and HVO.



A schematic illustration of the Volvo Group's roadmap. This includes three main technology levers in battery-electric, fuel cell-electric and internal combustion engine technology running on fossil free fuels. In the illustration, the black vertical arrows illustrate an uncertainty in future preferences and viability of propulsion alternatives. In addition to the technology development and Volvo Group offer, the needed decarbonization of the energy system, which is one of the more important dependencies for the transformation of our industries, is illustrated in the background. The transport industry is reliant on several external factors for this scenario to be realized.

External dependencies
A successful climate transition in the transport and infrastructure sectors depends on a variety of external factors. We believe the main long-term solutions to decarbonization are electrification in combination with other low emission technologies, which have been introduced at a rapid pace in recent years across all our main sales segment. In addition to the availability of products and service offerings, the main external factors are the existence of a well-functioning charging infrastructure and access to a renewable energy supply. End-user demand for low GHG emission technologies also depends on incentives for investments and usage. These external dependencies are also elaborated in the section on Strategy in the front of this Annual Report, see page 19.

Read more The equation for electromobility adoption, page 19

Investments
Our main climate transition activities in terms of capital and operational expenses are related to product offerings. The Group's investment plan in these areas is based on a strategic product plan building up the three-pronged approach as described above. The investment plan to progress this transition requires both operational expenses for research and development and capital expenditures related to property, plant and equipment. The Group's investment plan is continuously updated to consider market development.

One of the main relevant items to realize the transition activities is allocation of R&D, which includes both opex and capex. The Volvo Group's total investments in R&D, excluding the effects from the net of capitalized and amortized R&D, amounted to SEK 31.9 billion in 2024. The Group's R&D project portfolio has been categorized into four main categories to provide a more transparent overview of the Group's R&D investments during the year.

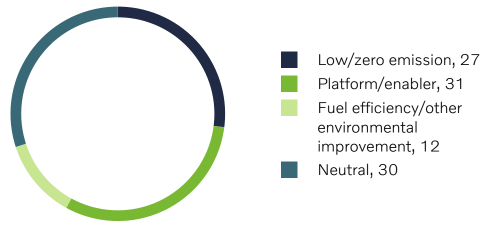
In the short term, our transition activities are expected to be realized within the Group's product plan including both R&D and additions to property plant and equipment. The investment plan is updated annually by the AB Volvo Board who thereby have the overview and approval of the strategic plan for the Group, including the product roadmap for the climate transition.

Connection to the EU Taxonomy
The Volvo Group's net-zero objective is broadly in line with the ambition of the EU Taxonomy. However, as we have chosen to not conclude alignment with the taxonomy in 2024, there is no Group target on a certain share of alignment.

Read more EU Taxonomy regulation disclosures, page 160.

Regarding differences between the Volvo Group's decarbonization approach and the EU Taxonomy, the main one is that the latter does not consider transitionary activities such as fuel efficiency, aerodynamics, or optimization of internal combustion technology for bio-based or synthetic fuels, all of which we see as important for the transition.

R&D expenses[1], %



1 Excluding effects from capitalization and amortization.

- *Low- and zero-emission projects* – directly associated with products with low or zero tailpipe emissions, following the definitions of the substantial contribution criteria in the EU Taxonomy.
- *Platform and enabler projects* – associated with the development of technology common to both conventional products and low or zero emission vehicles based on the Group's modular architecture (CAST). This includes development of technologies such as common electrical architecture, cabs, aerodynamics, connectivity and safety features.
- *Fuel efficiency and other environmental improvement projects* – associated with the improvement of the environmental performance of internal combustion engine vehicles, for example, fuel efficiency, emissions reduction, bio-LNG and other low-carbon fuel projects. These investments are important for the transition to lower GHG emissions in addition to electrification.
- *Neutral projects* – all the remaining projects. Some of these investments may result in certain environmental benefits, but they have not been assessed as significant, for example a quality update to an existing asset or product.

Actions and progress

Overview of climate targets and achievements

Volvo Group science-based targets	Base year emissions	Emissions 2024	Emissions development	Emissions development (%)	Reduction per vehicle-kilometer, for relevant targets (%)	Interim 2030 targets (2034 target)	2040 target
Scope 3.11 use phase (Mton)	331	249	-82	-25%			Net zero
Trucks (Mton)	228	175	-53	-23%	-8%	-40%pervehiclekm	
Buses (Mton)	14	10	-4	-30%	-15%	-40% per vehicle km	
Construction Equipment (Mton)	70	43	-27	-38%		-30% absolute	
Volvo Penta (Mton)	20	21	1	5%		(-37.5% absolute)	
Scope 1&2 (Mton)	0.387	0.269	-0.118	-30%		-50% absolute	Net zero

GHG Scope 3.11 – Decarbonizing the use phase of products
Main levers to decarbonize the use phase towards our 2030 targets are illustrated on the right hand side and briefly summarized below.

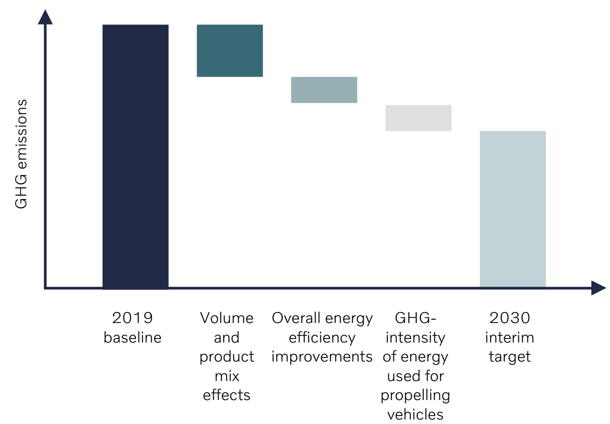
Volume and product mix
The introduction of zero- or very low tailpipe emission vehicles (ZEV) is estimated to make up about half of total emission reduction versus the 2030 target. This estimate is based on a sales scenario which may be subject to change due to changes in governmental policies, regulations, incentives etc. The Volvo Group allocates a significant share of investments to this end. The actual sales mix and its effects are highly dependent upon external factors such as incentives for lower carbon solutions, taxes and subsidies for fossil fuels, access to renewable energy and supporting infrastructure. See allocation of R&D spend to zero tailpipe emission technology on page 152.

Overall energy efficiency improvements of products
About a quarter of the target for 2030 is expected to come from energy efficiency in the products we place on the market. We invest in fuel efficiency measures where the main ways to reach higher overall efficiency is in the combustion engine and driveline, and in aerodynamics. See allocation of R&D spend to fuel efficiency and other environmental improvement projects on page 152.

GHG intensity of energy used for propelling products
The greenhouse gas (GHG) intensity of the energy mix is estimated to contribute to about a quarter of the 2030 target achievement. An essential part in this achievement is dependent on externally developed infrastructure to supply electricity, establishment of charging stations for electrified products, and development of hydrogen infrastructure for internal combustion and fuel cell electric versions. Part of our action plan is to facilitate this through dialogue with authorities. The Volvo Group also engages in a range of partnerships to accelerate the development. Examples of such partnerships are Milence (for charging) and Cespira (for fossil-free fuels), read more on on page 19.

Progress on targets
Calculated GHG emissions from use of sold products amounted to approximately 249 million tons 2024 compared with 331 million tons in 2019. The calculated reduction in total GHG emissions is a combination of impacts from energy efficiency measures, changes in sales volumes and product mix.

Main levers to decarbonize the products' use phase



Trucks
The reduction in 2024 amounted to –8% vs. 2019 baseline for the –40% intensity target. The improved result is mainly driven by lower GHG intensity of the fuel used to propel the vehicles and also an increasing share of electric vehicles. The share of electric trucks has increased to 1.7% of total trucks delivered. However, the most significant effect is due to product mix.

Buses
The result for buses in 2024 was –15% vs. 2019 baseline for the –40% intensity target. The reduction is a mixture of improved GHG intensity mainly in the city bus segment and sales mix effects with a larger proportion of city buses sold compared to coaches.

Construction equipment
For construction equipment, the result was –38% vs. 2019 baseline on the absolute emissions target. This significant reduction is mainly explained by lower sales volumes compared to baseline 2019 in most markets, and in particular in China. In total, the Group delivered just over 56,000 machines in 2024, compared to almost 87,000 in 2019.

Volvo Penta
The result for Volvo Penta was +5% vs. 2019 baseline on the absolute emissions target. This continued result, over baseline, is explained by product mix effect with a trend towards larger engine sizes and prime stationary generators with higher GHG intensity. Total emissions for Volvo Penta were lower than 2023, which is due to lower sales volumes.

Overall, different regulatory requirements, availability of low GHG energy sources and associated infrastructure impacts the market conditions and customer demands. These market factors have significant impact on average GHG intensity of products sold and used in different countries and regions. At the same time, since the Volvo Group is operating in cyclical industries which are linked to economic activity and GDP development, sales volumes and mix can vary considerably from one year to the next. Together, these factors can significantly impact the result in the total calculated GHG emissions.

Scope 1 and 2 – Decarbonizing our own operations
Own operations include production plants, engineering centers, offices and dealerships. There are two main levers to mitigate greenhouse gas emissions from this scope – energy efficiency and using more renewable energy sources.

Energy efficiency in operations
Initiatives to reduce annual energy use of approximately 20 GWh were implemented during 2024 resulting in accumulated implemented energy saving initiatives of 70 GWh since 2021. The target is to implement savings of up to 150 GWh between 2021 and 2025. Several Volvo Group sites with higher energy intense processes have introduced certified energy management systems.

The Group's operations in Lehigh Valley, Hagerstown and New River Valley in the US have obtained certification for energy management according to ISO 50001 and also been Superior Energy Performance (SEP) certified by the US Department of Energy.

Renewable energy in operations
We continue to source more renewable energy, which is an important part of our net-zero target for scope 1 and 2. We have identified a number of operations that are more difficult to abate, including operation powered by fossil energy sources, as well as operations in regions with very limited access to electricity from low carbon sources. For the assets identified that are hard to abate, work is ongoing to find ways to replace energy uses based on coke and natural gas. These assets are not expected to jeopardize the Group's reduction targets for scope 1 and 2 emissions by 2030.

Progress on targets for scope 1 and 2
The total GHG emission from own operations were 30% lower 2024 compared to 2019. Direct emissions (scope 1) have been reduced by approximately 20% compared to 2019, of which the most important contribution comes from a higher proportion of renewable fuels used at sites with direct combustion for testing and heating. The indirect emissions from own operations (market based scope 2) were in 2024 about half compared to 2019, of which the most important factor is a higher share of energy from renewable sources.

GHG scope 3.1 – Decarbonizing the upstream value chain
GHG emissions from purchased goods and services (scope 3.1) represent approximately 4% of the total Volvo Group GHG inventory. As electrically propelled products currently have a bigger share of carbon footprint from this category, due to the GHG intensity of the materials used, it is an area of growing importance as volumes of electric products are expected to increase. Volvo Group has identified five main commodity types – steel and iron, aluminum, batteries, polymers, and electronics – that make up the majority of the GHG footprint in our current product range. Each commodity has individual key decarbonization levers to enable emission reduction. These levers include increasing recycled input materials, increasing the share of renewable energy used in the production, and introducing new technologies.

In 2024, we have continued collaboration with supply partners by developing a guide referred to as a decarbonization toolbox. The guide is mainly intended to be used with small and medium suppliers who may not have in-house expertise in energy management or decarbonization strategies. In general, we see that larger supply partners identified with high carbon intensity commodities often work more systematically with energy management systems and are driven to reduce GHG-intensity from a range of stakeholders, including regulatory bodies.

During the year we have continued to engage our supply partners to secure alignment with Volvo Group's net-zero strategy and monitor the implementation of decarbonization roadmaps throughout their supply chain.

A key aspect in achieving the desired climate transition across our value chain is to build early market demand for low-carbon technologies not yet available at scale. The Volvo Group has identified two main hard to abate sectors – steel and aluminum – where we can use our purchasing power together with others to build this critical early demand. As a founding member of the First Movers Coalition (see information box below), the Volvo Group has committed to source at least 10% near-zero steel and low carbon aluminum by 2030. Our way of tracking the progress of this objective is by following the share of estimated volumes in 2030 covered by off take agreements[1].

1 Off take agreements are arrangements where Volvo Group commits to purchase a portion of our supply partner's upcoming goods. This type of agreement is common in development projects requiring significant capital investment.

First Movers Coalition
The Volvo Group is one of the founding members of the First Movers Coalition (FMC), which is an alliance of companies formed under the World Economic Forum aimed at using their combined purchasing power to create early markets for innovative clean technologies across seven hard to abate sectors – aluminum, aviation, cement and concrete, shipping, steel, trucking and carbon dioxide removal. These sectors are responsible for 30% of global emissions – a proportion expected to rise to over 50% by mid-century without urgent progress on clean technology innovation. As of the end of 2024, the FMC consists of more than 100 members. Volvo Group's commitment focuses on sourcing of steel and aluminum.

Energy and GHG emissions data

This data section presents details on energy and GHG emissions. The tables includes values from 2019 in data points where this is relevant for tracking performance on Group-targets established with 2019 as baseline. Longer time series are also found on page 215.

Historical data points related to energy and GHG have been restated since 2019 for acquisitions and divestments in line with GHG protocol to include the same scope over the years 2019-2024. Scope 1 and 2 combined baseline has been restated due to refinements in data reporting and consolidation.

The baseline for GHG emissions from scope 3.11 has been restated due to inclusion of light commercial vehicles, which was not part of the initial baseline inventory made in 2019. Methodologies to measure and estimate GHG emissions are found on the next page.

Energy use (Connected to scope 1 and 2 emissions)

Fuel consumption, energy usage and mix	**2024**	2023	2019
Fuel consumption from coal products (GWh)	75	82	79
Fuel consumption from crude oil and petroleum products (GWh)	353	381	417
Fuel consumption natural gas (GWh)	427	470	566
Electricity, heat, and steam from non-renewable sources (GWh)	142	172	270
Total non-renewable[1] energy usage (GWh)	998	1,105	1,331
Share of non-renewable sources in total energy usage (%)	44	47	55
Fuel consumption for renewable sources, including biomass (GWh)	72	51	22
Purchased or acquired electricity, heat, steam, and cooling from renewable sources (GWh)	1,171	1,183	1,046
Self-generated non-fuel renewable energy (GWh)	10	6	7
Total renewable energy (GWh)	1,252	1,241	1,075
Share of renewable sources in total energy usage (%)	56	53	45
Total energy usage (GWh)	**2,250**	**2,345**	**2,406**

1 In this table, the Volvo Group presents sourced energy from renewable sources, but not from nuclear sources. Nuclear energy may be part of grid-average mix in certain markets but is not deemed material. Therefore, non-renewable sources are reported as a total.

Energy intensity

Relative energy use		**2024**	2023	2019
Net sales, Industrial operations	SEK bn	505	533	418
Energy use	MWh/SEK M	4.5	4.4	5.8

Energy saving initiatives

The target is to implement energy saving initiatives 2021–2025 that together save 150 GWh per year from 2025.

Energy savings		**2024**	2023	2022	2021
Annual implemented initiatives	GWh	23	14	18	15
Accumulated implemented initiatives	GWh	70	47	33	15

Scope 1 and 2 GHG emissions (CO_2e)

Scope 1 and 2	**2024**	2023	2019
Scope 1 (Kton)	209	228	261
Scope 2, location based (Kton)	165	170	220
Scope 2, market based (Kton)	60	66	126
Scope 1 and 2 (location based) per net revenue (tCO_2e/SEK)	0.74	0.75	1.15
Scope 1 and 2 (market based) per net revenue (tCO_2e/SEK)	0.53	0.55	0.93

Out of scope CO_2 emissions

	2024	2023	2019
Biogenic CO_2 (Kton)	18	13	3

Significant[2] scope 3 GHG emissions (CO_2e)

	2024	2023	2019
3.11 Use of sold products (Mton)	249	272	331
Scope 3 emissions per net revenue (tCO_2e/SEK)	0.49	0.51	0.79

2 The second largest scope 3 emission is category 1, purchased goods and services. Metrics in this category will be included in future reports as calculations are more evolved and refined. In this report 3.1 is explained as an estimated share of the GHG inventory. Read more on the next page.

Internal carbon pricing

In our industry, there are certain incentives to develop solutions with lower GHG emissions. In most markets, this is related to putting products on the market with zero tailpipe emissions. The Volvo Group has not identified internal carbon pricing as a universal tool to drive improvement, yet several pilots are ongoing for further assessment. In establishing pathways to reach net-zero emissions by 2040, we consider actual and possible emissions regulations including cost of carbon. We also include a shadow price of GHG emissions in the sourcing of certain freight transports. These emissions make up less than 1% of total emission inventory from the product lifecycle perspective, but can be used to increase demand for lower carbon transport solutions.

Greenhouse gas accounting and methodology

Greenhouse gas inventory
The Group GHG inventory was updated in 2024 and broadly confirms our previous inventory from 2020. Approximately 95% of emission from product lifecycle perspective are accounted for in the use phase (scope 3.11), close to 4% in procured goods and services (3.1) and less than 0.5% in own operations (scope 1 and 2). All other GHG scope 3 make up less than 1% and are therefore deemed non-material in relation to our climate transition and Group reporting. Emission factors used for scope 1, 2 and 3 are from internationally recognized and credible sources.

The baseline year for Volvo Group's emission reduction targets is 2019, which was considered a suitable average year during the process of updating targets initiated in 2020.

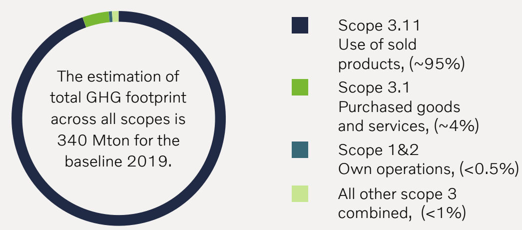
Scope 1 and 2 emissions method and data collection
Environmental impacts and greenhouse gas inventory are established according to the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard Revised Edition, which is a standardized framework for quantifying and reporting the seven greenhouse gases covered by the Kyoto Protocol GHG emissions in CO_2-equivalents (CO_2e).

Scope 3.11 use phase emissions method and data collection
The methodology for calculating emissions from use of sold products has been designed to meet the requirements provided in the relevant standards of the GHG Protocol; namely the GHG Protocol Corporate Standard, the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions, which include expected lifetime emissions from all applicable products sold in the reporting period.

The target methodology and boundaries are following the SBTi Transport Science Based Target setting guidance and the target setting requirements and tools from the SBTi. The methodology is based on activity data on product annual usage, years in service, energy consumption and associated well to wheel GHG emission factors for the different energy sources utilized (diesel, electricity etc). For product annual usage, data is in six months arrear for trucks and buses due to a time lag in obtaining logged usage data.

In absence of a standardized test procedure for trucks, as well as other Volvo Group products, manufacturers are invited to present and justify their own estimates or simulations based on fuel consumption and specific activity data. The applied expected activity data and other parameters are associated with a level of uncertainty and may be subject to change due to implementation of regulations or global, regional, or national policy changes, or

GHG emission inventory



improved data quality. From a sensitivity analysis perspective, changes in any of the parameters will impact outcome, but changes of assumptions of products' years in service currently have more significant impact on calculated results.

Scope 3.1 purchased goods and services method and data collection
The methodology to estimate emissions from purchased goods and services is based on material composition and associated emission factors for the material content of articles and parts purchased. The methodology includes emissions factors for raw materials and their origin. For GHG emissions occurring between raw material extraction and final article and part, a standardized rate has been added to the raw material emission inventory calculation. This is the same rate as is used for life cycle assessments. A spend based methodology is used for accounting related to emissions from services and indirect material.

These calculations have been used to establish a baseline inventory, but to also support oversight of key decarbonization levers in the supply chain. For 2024, we report the result of our inventory as an estimated proportion of total GHG emissions. During 2025 we will continue to refine the precision of the data with the aim to track decarbonization efforts and results.

Pollution

Volvo Group actively works to prevent and mitigate pollution that may arise across our value chain. In our industry, one of the most important sub-topics of pollution is related to exhaust emissions and other emissions from the use of sold products. Mitigation of such polluting emissions is deployed by abatement devices, development of after treatment systems, and introduction of new technologies enabling zero or very low emissions.

Impacts, risks and opportunities

In our materiality assessment, we have screened production sites, products and components and parts of supply chains for pollution-related impacts, risks and opportunities.

Our ISO 14001 certified environmental management system covers approximately 95% of production facilities and 90% of distribution centers. Volvo Group's operations associated with environmental impacts operated under environmental permits. In Sweden twelve sites operate under such conditions. With regards to our own operations, we measure and assess pollution-related impacts based on our environmental management system requirements, including adherence to Volvo Group minimum requirements, and concluded that impacts related to pollution are not material.

Upstream in the value chain, we base our materiality assessment on site reviews and supply partners' operations regarding environmental management and permitting. For materials and components, we assess pollution impacts by reviewing material data sheets.

In research and development, and downstream usage of Volvo Group products, we assess pollution impacts by the emissions that is expected to be a result of our customers' usage, and end of life management.

The result of our assessment has identified air pollution during the products' use phase as the main material sub-topic.

Pollution to air in the use phase

Pollution from product usage includes a range of pollutants such as nitrous oxides (NO_X), particulate matter and noise. However, the main pollutant that we have identified is NO_X from internal combustion engines. Even though abatement devices and exhaust treatment systems have developed and led to substantial reduction of NO_X during the last decades, the scope of such emissions is considered high due to the number of vehicles and machines put on the market and their expected operation life. In addition, the Group's Business Areas are exposed to a range of regulations seeking to further reduce emissions to air in most markets.

Policies

The Volvo Group has strict policies to comply with all legal and regulatory requirements as well as internal standards, including those related to emissions, safety, security, hazardous materials or parts and noise. In addition, the Volvo Group's Environmental Policy establishes the direction of all material environmental impacts, including reducing emissions to air.

Actions and targets

The highest level in the mitigation hierarchy of pollution to air is avoidance which has been made possible with the development of new technologies such as fully electric vehicles and machines. The Group seeks to develop fully electric and other technologies with zero or very low tailpipe emissions and bring to the market.

In addition, we also deploy significant actions and resources to reduce air emissions from combustion engines in line with a range of market regulations. Vehicles, machines and engines are required to meet increasingly more stringent requirements and the efforts to fulfill these requirements make up a substantial part of the Group's research and development activities. During the year, the Group has engaged on policy development to balance requirement on emission regulations and incentives for zero tailpipe emissions technologies.

Read more Political engagement page 179.

During 2024, the Group has allocated SEK 8.7 bn of total gross research and development expenses[1] to low carbon technologies for transport, which has a direct preventative effect on pollution to air.

In addition, we have allocated SEK 3.8 bn of the gross research and development expenses related to other pollution control activities. This includes not only abatement of NO_X but also noise, particles and significant fuel efficiency improvements.

The work to prevent pollution to air in the customers' use phase have important synergies to climate transition activities. The Volvo Group is engaging with customer, transport buyers and governments to accelerate the adoption of zero tailpipe emission vehicles. We have also engaged in a range of partnerships such as joint ventures to deploy scalable charging infrastructure in the EU and the US.

The Volvo Group's objectives in the areas of introducing technologies and products with zero or very low tailpipe emissions contributes to both enabling the climate transition in the transport industry as well as preventing emissions to air.

For emission control of the Volvo Group's products with internal combustion engines, targets are required by legislation in a wide range of markets. Regulatory targets are relevant for the Group's main operating segments of commercial vehicles, non-road vehicles and equipment, and engines. Target levels differ between markets and segments and are stringent. Consequently, additional voluntary targets have not been deemed necessary.

1 Excluding effects from capitalization and amortization.

As stated above, the Volvo Group works with a wide range of solutions to prevent and reduce emissions and pollutants from products during their use phase. Over time, the legal limits prescribed by emission regulations have led to significantly reduced emissions to air. Regarding NO_X and in the EU, emissions from a typical diesel engine have been cut by 90-95% since early 2000s until the current Euro 6. With the implementation of Euro 7 and similar regulations in other jurisdictions such as China and North America, there is an expectation to cut another 50% from today's levels.

The metrics presented below focus on the highest level in the mitigation hierarchy, which is to introduce product with zero or very low tailpipe emissions.

Delivered products (in units) with zero or very low tailpipe emissions[1]

	2020	2021	2022	2023	**2024**
Trucks	67	371	1,211	3,523	3,717
% of volumes	–	0.2	0.5	1.4	1.7
Buses (incl fully electric and hybrids)	306	442	367	528	399
% of volumes	4.9	9.8	6.3	9.1	6.4
Construction equipment	12	321	598	895	2,067
% of volumes	–	0.3	0.7	1.5	3.7
Total, vehicles and machines	**385**	**1,134**	**2,176**	**4,946**	**6,183**
% of volumes	0.1	0.4	0.7	1.6	2.2
Volvo Penta and other operations[2]	**–**	**39**	**24**	**104**	**305**
% of volumes	–	–	–	–	–

1 Including fully electric vehicles and machines as well as other technologies considered zero emission according to the definition in The EU Heavy Vehicle Emission Regulation 2019 (EU) 2019/1242. For buses, electric hybrids are also included in this table.

2 Delivered products from Volvo Penta and other operations are not suitable to consolidate to a total percentage in the manner as the other operating segments but are only reported as number of units.

Resource use and circular economy

The Volvo Group's ambition is to utilize materials the best way possible and to reduce environmental impacts over the value chain where we can influence, from material extraction to waste management. To support this, we run a range of activities helping to reduce environmental impact by increasing recyclability and avoiding waste. The focus in this report revolves around waste management in our own operations.

Impacts, risks and opportunities

As part of our due diligence in the area of resource use, we have conducted product life cycle assessments (LCA) to identify impacts, risks and opportunities related to resource use and circular economy for all main product lines. These LCAs and certain environmental product declarations are shared on volvogroup.com under relevant business area to inform customers' decision making. Upstream in the value chain this considers extraction and refinement of raw materials and downstream LCAs considers impacts from service, maintenance and repair, and end of life management.

In own operations, we monitor volumes and types of waste and residuals and types of disposal method. The result of our assessment has so far identified waste from own operations as the main material sub-topic related to resource use and circular economy. Read more about the Group's environmental management system and minimum requirements in the previous section on Pollution.

Regarding resource inflow, Volvo Group is a significant buyer of a range of materials as part of components. Some of the materials and commodities used are associated with impacts on climate change due to embedded greenhouse gas emissions. Actions and metrics associated to these are reported under the sub-topic climate change mitigation. We have also assessed other nature-related impacts, such as water and biodiversity, based on technology choices made in the development phase.

Waste from operations

Waste from operations is considered material as the Group owns and operates manufacturing and assembly plants across the world handling residual products though different types of disposal methods. Negative impacts are limited as recycling and diversion of waste from disposal have been implemented over many years. However, we continuously implement improvements to minimize waste and targets different layer in the waste hierarchy to do so. Information about waste from operations has also been identified as important for certain report users.

Policies

The Volvo Group Environmental Policy is the main central steering document related to all environmental impacts, including waste management. The policy are applicable to all the Group's operations within operational control. Additional policies are also applicable for business partners with the Volvo Group Supply Partner Code of Conduct.

The Volvo Group Environmental Policy and Supply Partner Code of Conduct is available on volvogroup.com and additional steering documents are available for relevant stakeholders who need to implement it.

Actions and targets

The internal requirements set our certain minimum requirements for production sites, workshops and engineering centers in the Group and focuses on implementing measures related to all level of the waste hierarchy.

The Group's objective is to avoid waste to landfill. Our interim target is to reach 55 sites as landfill free. At year-end 2024, 31 of sites were certified as landfill-free.

Sites that have already reached this target and are certified landfill free, continues to implement targets and actions addressing other layers in the hierarchy, helping to maintain their zero-landfill certification.

Actions to manage waste, reach a higher level in the waste hierarchy, and minimize negative impacts from waste includes:

- Environmental risk assessment for waste handling.
- Documentation of quantification and mapping of waste fractions from point of generation to on-site storage locations, transporters and final off-site disposal destination.
- Procurement aligned with the Purchasing – Indirect Products and Services (IPS) waste management strategy to ensure consistency in all purchased waste services.
- Programs to identify continuous improvement activities aligned with the waste hierarchy.
- Suitable waste storage to reduce exposure to the elements and prevent release into the environment.
- Handling of hazardous wastes with consideration for spill control, secondary containment, fire protection and personnel protection.
- Periodic re-evaluation of waste contractors to ensure they meet legal requirements regarding waste transport, handling, recycling, treatment and disposal.

Waste and recycling in own operations

	2024			2023		
Metric tons	Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
Waste diverted from disposal due to recycling	240,658	19,843	260,501	285,763	17,899	303,663
Waste diverted from disposal due to other recovery operations (incl composting)	3,038	–	3,038	3,006	–	3,006
Waste diverted from disposal, total	**243,696**	**19,843**	**263,539**	**288,769**	**17,899**	**306,669**
% of total	*88*	*49*	*83*	*92*	*46*	*87*
Waste directed to disposal by incineration (with heat recovery)	26,150	4,849	30,998	20,828	4,841	25,668
Waste directed to disposal by incineration (no heat recovery)	146	1,209	1,355	497	1,183	1,680
Waste directed to disposal by other disposal method	2,627	10,227	12,853	332	10,548	10,880
Waste directed to disposal by landfilling	5,636	4,732	10,368	4,202	4,604	8,806
Waste directed to disposal by landfilling, (only inert material)	193	1	194	191	–	191
Non-recycled waste	**34,752**	**21,017**	**55,769**	**26,049**	**21,176**	**47,225**
% of total	*12*	*51*	*17*	*8*	*54*	*13*
Total	**278,448**	**40,860**	**319,308**	**314,818**	**39,076**	**353,894**

The main waste stream from Volvo Group is metal, representing about a third of all waste by weight in 2024 and of which the vast majority was recycled. The recycling rate from production has been relatively stable at a high level over time.

Approximately 4% by weight was construction waste and soil, of which around 80% was recycled. The amounts of wastes from recycling and demolition is varying due to the cadence and execution of building and construction projects.

Classifications of wastes is steered by national and regional regulations. Generally, the amount of waste is measured by weighing by contractors and/or the relevant Volvo-entity and in some cases the mass of generated waste is estimated.

EU Taxonomy regulation disclosures

The EU Taxonomy Regulation EU 2020/852 ('the EU Taxonomy') is a classification system for sustainable economic activities in relation to the European Union's environment objectives. The Volvo Group's net-zero objective is broadly in line with the ambition of the EU Taxonomy. However, Volvo Group has chosen to not conclude alignment in 2024.

Methodology to identify eligible activities
The Volvo Group has identified that a proportion of its economic activities qualify as eligible under the Delegated Climate Act and the Amended Delegated Climate Act to the EU Taxonomy.

- 3.3 Manufacture of low-carbon technologies for transport (trucks and buses), referred to below as CCM 3.3.
- 3.18 Manufacture of automotive and mobility components (spare parts and components to trucks and buses), referred to below as CCM 3.18
- 3.6 Manufacture of other low-carbon technologies (construction machines and engines), referred to below as CCM 3.6
- 3.4 Manufacture of batteries, added in 2024 with the acquisition of Proterra Inc, referred to below as CCM 3.4

All four activities are defined as enabling activities in relation to the climate change mitigation objective and are of strategic importance in the Volvo Group's transition towards a net-zero greenhouse gas emissions value chain.

Methodology to identify aligned activities
For an economic activity to be considered taxonomy-aligned – and hence environmentally sustainable – it needs to substantially contribute to at least one of the EU's six environmental objectives and not significantly harm any of the others, and it has to be carried out in adherence with certain minimum social and governance safeguards.

Substantial contribution
We have identified a number of activities, by product, that fulfill the technical screening criteria of substantially contributing to climate change mitigation. These are referred to as potentially taxonomy-aligned and consist of trucks and buses with zero tailpipe emissions (CCM 3.3) and machines and other zero tailpipe emission technology (CCM 3.6). Spare parts and components for zero tailpipe emission vehicles (CCM 3.18) and Manufacturing of batteries (CCM 3.4) are not yet assessed for taxonomy alignment but only assessed for eligibility in 2024.

Doing no significant harm
Activities that we refer to as potentially taxonomy-aligned and relevant manufacturing and development sites have been assessed against each of the do no significant harm (DNSH) criteria. Based on the DNSH criteria in the EU Taxonomy, we have developed detailed guidance for all relevant assessment criteria. The reporting of alignment with the DNSH criteria is thus, to a certain degree, based on an adopted interpretation of the DNSH criteria applicable to Volvo Group eligible activities.

Overall, there are challenges related to the global scope of the Group's operations and variances in the regulatory landscape of different jurisdictions. Activities within the EU have been prioritized when assessing alignment with the DNSH criteria. Activities outside the EU have been prioritized based on size of turnover and complexity in translating the demands to a local context. The methodology to assess alignment is continuously evaluated as regulatory guidance and general reporting practices evolve.

In conclusion, the majority of potentially aligned activities in scope have been assessed to meet all DNSH criteria, but for the pollution prevention and control criteria. Consequently, no revenue or investments are reported aligned.

Climate change adaptation
Physical risks are reviewed on a regular basis as part of the Group's property management and insurance programs. In our assessment of compliance with the DNSH criteria, relevant sites have carried out local risk assessments on relevant climate hazards. In addition, an overall inventory of potential climate hazards has been performed based on the geographical location of relevant Volvo Group sites and potential development in different climate scenarios as presented by the UN Inter-governmental Panel on Climate Change.

Sustainable use and protection of water and marine resources
With respect to the criteria for water, the Volvo Group has identified a limited number of activities with direct emissions of industrial wastewater or which are being subject to water stress, which have been deemed relevant for the alignment criteria. In such cases, environmental impact assessments and water management plans have been reviewed with respect to relevant sites.

Transition to a circular economy
Relating to transition to a circular economy, the assessments made have identified several such practices implemented in the Group, where feasible. This includes applying the waste hierarchy and establishing waste reduction targets in manufacturing, as well as product design processes where considerations have been made to durability, recyclability and choice of materials, and other strategies to facilitate transition to a circular economy.

Pollution prevention and control
Volvo Group has a phase-out plan for substances of concern and has put in significant efforts to assess presence and usage of such substances in operations and in parts and components.

However, the pollution prevention and control criteria are areas where we have identified a large scope for interpretation in relation to the EU Taxonomy. We are working on the application of these criteria in our operations and sourcing of material and components, in parallel to broader work on continuous developments of our substances of concern management processes. Based on our current assessment, we have decided not to conclude alignment for 2024.

Protection and restoration of biodiversity and ecosystems
With respect to the criteria for biodiversity, the Volvo Group has screened its activities at each relevant site based on the significance of impact on biodiversity and protected areas or species. The Volvo Group's manufacturing sites have not been deemed to have a significant direct impact and hence the further assessment regarding biodiversity has been limited to recently developed activities in exploration or activities located at such a distance that they could impact protected areas.

Minimum safeguards
The minimum safeguard criteria have been assessed at Group level, and when doing so it has been concluded that all wholly owned entities of the Group, and thus all economic activities identified as potentially taxonomy- aligned, are covered by our Group-wide policies and procedures. For more information on relevant policies and procedures, see Human Rights on page 148, Anti-Corruption on page 178 and Competition Law on page 178.

Regarding tax, the Volvo Group shall comply with the tax laws and regulations in all countries where it operates and seeks to ensure that taxes are paid where value is created by adhering to applicable transfer pricing rules and guidelines as developed by the OECD and other standard setting and regulatory bodies. The Group's average corporate tax rate for the last five years is 25%. More information on the tax policy is available on volvogroup.com.

We have furthermore concluded that the Volvo Group does not manufacture or sell any vehicles or attributes specifically designed to carry or otherwise deal with controversial weapons.

Reporting
None of the activities of or Volvo Group investments in joint ventures and associated companies are included in this report, see Note 5 on page 80 for more information about joint ventures.

As the Volvo Group so far considers its eligible activities pursuant only to the climate change mitigation objective, and as CCM 3.3, CCM 3.4, CCM 3.6 and CCM 3.18 activities are separately reported in the Group's financial consolidation system, no activities should have been double counted when calculating the Taxonomy KPIs presented.

Mandatory and voluntary information
In relation to activities in CCM 3.3, the Commission notice sets forth that the reference to "low carbon" should not be considered when determining Taxonomy-eligibility. This interpretation therefore takes into account that most of the Group's transport vehicles are Taxonomy-eligible. For activities in CCM 3.6 Activities, eligibility depends on the objective of the activity, which should be aimed at substantial savings of life cycle greenhouse gas emissions in other sectors of the economy. The implication of this is that a truck or bus (CCM 3.3) with an internal combustion engine is in scope of eligibility, but an excavator or hauler (CCM 3.6) with the same type of combustion engine is not eligible. To enable a transparent view of all manufacturing activities in the Volvo Group, we are including information on voluntary basis indicating the share of eligible activities if activities in CCM 3.6 and CCM 3.3 would be eligible on the same basis. The voluntary information does not impact the alignment reporting, only eligibility.

Investment plan (CapEx plan)
The Volvo Group has an overall ambition to reduce greenhouse gas emissions in its value chain. Development of vehicles and machines with zero tailpipe emissions is a key driver in this overall strategy. A substantial part of investments is directed towards zero tailpipe emissions technology, which may increase over time, but is also dependent on market adoption of products with such features. Investment plans are subject to continuous evaluation, which may affect the share of investments in zero tailpipe and other potentially aligned technology in the future. In identifying investments that could potentially be aligned, all investments in R&D, property, plant and equipment made to enable and develop vehicles and machines fulfilling the technical screening are included. These are mainly related to vehicles and machines with zero tailpipe emissions. As a complement to this report, we disclose the share of total R&D spend directed to zero and low emission activities based on the significant contribution criteria defined by the EU Taxonomy, see page 152. That disclosure includes both capitalized and non-capitalized R&D, the latter is also included in the OpEx KPI.

TURNOVER KPI

Economic activities	Code	Turn over SEK M	Proportion of turnover 2024, %	Significant contribution: Climate change migration	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Do not significant harm: Climate change mitigation	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of taxonomy - aligned or eligible turnover, 2023,%	Enabling	Transitional
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Turnover of taxonomy- aligned (A.1)		–	**–**	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**	E	
Of which Transitional		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–			T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technology for transportation	CCM 3.3	338,861	64	EL	N/EL	N/EL	N/EL	N/EL	N/EL								62		
Manufacturing of batteries	CCM 3.4	1,296	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Manufacture of other low carbon technology*	CCM 3.6	2,151	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Manufacture of automotive parts and components	CCM 3.18	62,825	12	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11		
Turnover of taxonomy-eligible (but not taxonomy-aligned activities) (A.2)		**405,133**	**77**	**77**	**–**	**–**	**–**	**–**	**–**								**73**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**405,133**	**77**	**77**	**–**	**–**	**–**	**–**	**–**								**73**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities (B)	121,683	23
Total (A + B)	**526,816**	**100**

Proportion of turnover/Total turnover

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	–	77
CCA	–	–
WTR	–	–
CE	–	–
PPC	–	–
BIO	–	–

CCM: Climate Change Mitigation - CCA: Climate Change Adaptation - WTR: Water and Marine Resource - CE: Circular Economy - PPC: Pollution Prevention and Control - BIO: Biodiversity and ecosystems.

EL: Eligible | N/EL: Not eligible

Qualitative information related to turnover
The total turnover reported covers the revenue recognized, as explained in Note 7, and includes revenues from the Volvo Group's Industrial Operations as well as from financial and operating leases. The Taxonomy disclosures on eligible turnover under CCM 3.3 and CCM 3.18 includes net sales from vehicles and services, including repair, maintenance and spare parts. The eligible activities under CCM 3.6 include net sales from low-carbon machines, i.e. only machines that enable zero tailpipe emission operation. The eligible activities in CCM 3.4 include revenues from sales of batteries to non-Group companies.

** Voluntary information for comparability*
Eligibility for CCM 3.3 and CCM 3.6 have significantly different definitions. For a full explanation, please refer to page 161. If the activities under 3.6 would be defined similar to those of 3.3, the proportion of total eligible turnover would be 97%.

CAPEX KPI

Economic activities	Code	CapEx SEK M	Proportion of CapEx 2024, %	Significant contribution: Climate change migration	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Do not significant harm: Climate change mitigation	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of taxonomy - aligned or eligible CapEx, 2023,%	Enabling	Transitional
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
CapEx of taxonomy- aligned (A.1)		**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**	E	
Of which Transitional		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–			T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technology for transportation	CCM 3.3	34,348	82	EL	N/EL	N/EL	N/EL	N/EL	N/EL								84		
Manufacture of batteries	CCM 3.4	1,418	2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Manufacture of other low carbon technology*	CCM 3.6	619	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1		
Manufacture of automotive parts and components	CCM 3.18	205	4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1		
Turnover of taxonomy-eligible (but not taxonomy-aligned activities) (A.2)		**36,590**	**88**	**88**	**–**	**–**	**–**	**–**	**–**								**86**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**36,590**	**88**	**88**	**–**	**–**	**–**	**–**	**–**								**86**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities (B)	5,104	12
Total (A + B)	**41,694**	**100**

Proportion of CapEx/Total CapEx

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	–	88
CCA	–	–
WTR	–	–
CE	–	–
PPC	–	–
BIO	–	–

CCM: Climate Change Mitigation - CCA: Climate Change Adaptation - WTR: Water and Marine Resource - CE: Circular Economy - PPC: Pollution Prevention and Control - BIO: Biodiversity and ecosystems
EL: Eligible | N/EL: Not eligible

Qualitative information related to capital expenditures
The taxonomy disclosure on eligible capital expenditures includes additions to product and software development, additions to other intangible assets, additions to property, plant and equipment and additions to operating leases. As for activities in CCM 3.3 and CCM3.18, all additions related to transport vehicles and components are included but for CCM 3.6 only includes the additions contributing to low-carbon machines. And for CCM 3.4 includes the CapEx additions related to batteries to non-Group companies. Capitalized product and software development, other intangible assets, and investments in property, plant and equipment are included in the information provided, see Note 12 and 13 (pages 92-97 for details).

** Voluntary information for comparability*
Eligibility for CCM 3.3 and CCM 3.6 have significantly different definitions. For a full explanation, please refer to page 161. If the activities in 3.6 would be defined similar to those of 3.3, the proportion of total eligible CapEx would be 98%.

OPEX KPI

				Significant contribution						Do not significant harm									
Economic activities	Code	OpEx SEK M	Proportion of OpEx 2024, %	Climate change migration	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Climate change mitigation	Climate change adaption	Water	Circular economy	Pollution	Biodiversity	Minimum safeguards	Proportion of taxonomy - aligned or eligible OpEx, 2023,%	Enabling	Transitional
A- TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
OpEx of taxonomy- aligned (A.1)		**–**	**–**	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**		
Of which Enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	**–**	E	
Of which Transitional		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–			T
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technology for transportation	CCM 3.3	25,452	80	EL	N/EL	N/EL	N/EL	N/EL	N/EL								77		
Manufacture of batteries	CCM 3.4	213	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Manufacture of other low carbon technology*	CCM 3.6	1,054	3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4		
Manufacture of automotive parts and components	CCM 3.18	154	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
(but not taxonomy-aligned activities) (A.2)		**26,873**	**85**	**85**	**–**	**–**	**–**	**–**	**–**								**81**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**26,873**	**85**	**85**	**–**	**–**	**–**	**–**	**–**								**81**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
Turnover of Taxonomy-non-eligible activities (B)	4,861	15
Total (A + B)	**31,734**	**100**

Proportion of OpEx/Total OpEx

	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCM	–	85
CCA	–	–
WTR	–	–
CE	–	–
PPC	–	–
BIO	–	–

CCM: Climate Change Mitigation - CCA: Climate Change Adaptation - WTR: Water and Marine Resource - CE: Circular Economy - PPC: Pollution Prevention and Control - BIO: Biodiversity and ecosystems

EL: Eligible | N/EL: Not eligible

Qualitative information related to opex
The disclosure on eligible operating expenses (OpEx) includes non-capitalized R&D expenses for new product development, costs for the repair and maintenance of property, plant and equipment and short-term leases. For activities in CCM 3.3 and CCM 3.18, all expenses related to transport vehicles and components are included but for the activities eligible in CCM 3.6, only expenses related to low-carbon machines are included. In this KPI, R&D is the material part of relevant expenses. Operational expenses related to non-capitalized R&D in 2024 amounted to approximately SEK 27.6 billion. As a complement to this report, we disclose the share of total R&D spend directed to low-carbon activities, based on the significant contribution criteria, on page 152. The disclosure on page 152 includes both non-capitalized and capitalized R&D, of which the latter is included in the CapEx KPI in the Taxonomy report. The other part of OpEx, repair and maintenance related to the functioning of the plants and short-term leases, amounted to approximately SEK 4.1 billion.

** Voluntary information for comparability*
Eligibility for CCM 3.3 and CCM 3.6 have significantly different definitions. Please refer full explanation in page 161. If the activities in 3.6 would be defined similar to that of 3.3, the proportion of total eligible OpEx would be 99%.

Mandatory disclosure on nuclear and fossil gas related activities (Yes/No)

Nuclear energy related activities		Fossil gas related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	no	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	no	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	no
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	no	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	no

Own workforce

Volvo Group aims to create a safe, inclusive and engaging work environment for its employees and workforce. Our care for people comes to life in how we grow talent, put safety first, invest in people and create a culture where everyone can reach their full potential. This approach will help Volvo Group realize its people commitment – to create safe workplaces, utilize the full potential of our competencies and diversity and to drive engagement, so that our employees recommend Volvo Group as a great place to work.

Impacts, risks and opportunities

Our materiality assessment covers all employees and consultants in the Volvo Group. These are employed in 55 countries. In the assessment of material positive and negative impacts we have reviewed details such as remuneration, employment practices, coverage of benefits related to social protection, whistleblower reports, diversity metrics, access to training and education, accident metrics and health and safety management system coverage.

In our work we have identified certain employees that can be impacted both negatively and positively. In some markets labor-related regulations and standards help to avoid negative impacts. The impacts we have concluded as the most important for our workforce are summarized below.

Health and safety

Our operations involve various processes that have potential safety impacts. We take proactive measures to promote that our workplaces are healthy and safe, which could lead to opportunities as prioritized employer of choice. Failing to meet stakeholder expectations in this area could also lead to material risks.

Diversity

We operate in different contexts and markets, which brings both challenges and opportunities related to diversity. The upside is the potential to attract and retain talent, which is considered more significant than the downside risk. Given the traditionally male-dominated industries in which the Volvo Group operates, we have set ambitious targets on inclusion to maximize the value of our diversity, which further make this material for a range of stakeholders.

Collective bargaining and social dialogue

Collective bargaining and associated matters such as access to social dialogue are assessed as material mainly for positive impacts. This comes from the view that representation and dialogue can enable positive development in working conditions and help to also mitigate risks to the Volvo Group.

Non-discrimination

Related to discrimination, including harassment, we have considered a number of reported cases of discrimination and the potential impacts and experiences associated with such incidents. This is connected to reputational risks for the Volvo Group. Additionally, we recognize that we can contribute to creating better work environments for a significant number of individuals by actively combating discrimination.

In addition to the above four sub-topics we identify local cases of positive impact from access to family-related leave, social protection and a range of benefits but not the extent that it makes a material impact on Group level. Due diligence activities are carried out continuously, which may identify additional topics to be included in Group reporting in the future.

The Group's operations depend on a workforce of over 100,000 employees and consultants to carry our work to deliver on the Group's promise to our customers every day. Risks related to the workforce include strikes and related stop days, lost time due to accidents and illnesses. We also see significant opportunity to attract and retain a professional and productive workforce by providing the right benefits, an engaging and inclusive work environment with opportunities for life-long learning and development.

Health and Safety – policies, target and actions

The Volvo Group Health and Safety Policy gives direction on how workplace safety, health and well-being shall be handled within the Group. The policy covers both direct employees, consultants and other people working on Volvo Group sites.

Each business area, division and function is accountable and responsible for managing health, safety and well-being. Volvo Buses and Volvo Construction Equipment have continued to certify their parts of the management systems according to ISO 45001. By December 2024, 60 sites covering around 30% of Volvo Group's employees have chosen to certify their operations according to ISO 45001. Other Business Areas have been developing internal safety management systems with regular assessments and coaching as an integral part of the Volvo Group Management System (VGMS) and Volvo Performance System (VPS). VGMS covers all employees and is based on legal- and Volvo Group minimum requirements. This helps to ensure that there are written procedures, internal controls, clear ownership and management review, and that deviations are acted upon.

We work towards a safety vision of zero accidents with our products and in our operations. The Group target tracked to this end is to reduce accident rate by 50% 2019-2030, see metrics on next page. The target was established in dialogue with workforce representatives. It is followed up in the People Board, which is a forum where all Volvo Group's Truck Divisions and Business Areas are represented by their Presidents and Executive Vice Presidents.

Local worker representatives are appointed to health and safety committees by employees. Depending on the type of business area, health and safety committees operate on the factory level, retail office level or unit level. The main objective of the committees is to bring together workers and management representatives, define actions and jointly agree on measures needed to improve health and safety performance. Committees meet on a regular basis and decisions taken shall be communicated to the workforce, acted upon and followed up. The committees could also be involved in accident and incident investigations and support in additional corrective or preventative measures.

The continuous development of our health and safety system and culture is supported by a global network of over 200 expert practitioners on occupational health and safety – including doctors, nurses, safety engineers, psychologists, and ergonomists who collaborate to find and share best practices.

Hazard identification, risk assessment and incident investigation
At Volvo Group, hazard identification is based on regularly conducted risk assessments, involving health and safety experts, managers, and employee representatives. These assessments identify potential hazards which are evaluated during audits. Identified risks are mitigated or eliminated through measures like engineering controls, revised procedures, or providing personal protective equipment, following a hierarchy of controls approach.

Incident reporting is actively encouraged, with the company's Code of Conduct prohibiting retaliation against those who report concerns in good faith. Recordable accidents are investigated, and corrective actions are implemented to prevent recurrences. Significant incidents are shared across the organization, and company-wide directives may be issued as preventive measures.

Training plays a crucial role, with employees receiving comprehensive instruction based on risk assessments for their specific work areas. This ensures they understand the risks and how to manage them effectively. The Health and Safety Policy is prominently displayed, and periodic training reinforces procedures, roles, and responsibilities.

Dedicated health and safety coordinators support managers and team leaders in implementing risk management practices consistently. The Volvo Group recognizes managing risk and ensuring safety is an ongoing process requiring continuous improvement. As such, the company is developing a more systematic approach to managing serious incidents and addressing significant risks.

Ergonomics
Ergonomics is a prioritized area across the Volvo Group and ergonomics guidelines exist for specific roles. Operators, employees and consultants receive training on occupational ergonomics tailored to specific areas, such as manufacturing or administration. In manufacturing for example, guidelines summarize the main ergonomics specifications and provide general principles for an ergonomics-based approach to workstation design and layout. Individual workstations are regularly assessed for improvements. Training centers on many of the Group's sites also offer and promote training opportunities on focused themes within ergonomics.

Occupational health services
Occupational health services are provided to employees at most units and vary from one country to another depending on the specific needs of the unit, the level of health service provided and local legislation. In many countries and locations, health services are supported by company doctors and nurses, psychologists, physiotherapists and ergonomists. In some countries/organizations such services can be supplied by third parties. If so, they are required to ensure data privacy in accordance with applicable regulations. Occupational health services play a major role in health promotion. These service providers manage confidential databases and can help to provide anonymized reports about relevant health aspects – diabetes, cardiovascular disease, stress levels, etc. – to implement relevant preventive and corrective actions.

Training on occupational health and safety
All employees and consultants are provided health and safety training as well as other Code of Conduct training as part of their induction program. More specific training is provided depending on the job responsibilities. Specific training for potentially hazardous jobs – such as working with electricity or hazardous substances, at heights and in high heat conditions – is mandatory for employees working in these environments and needs to be repeated on a regular basis. All trainings are provided during working hours. The effectiveness of these trainings is assessed locally depending on each organization and country.

Mental health
Mental health of employees is defined as one of Volvo Group's top priorities in the Health & Safety Vision 2030 and we strive for a proactive approach in this area. Volvo Group has developed a clear, standardized and evidence-based scientific process to assess the psychosocial risks at the workplaces and to improve the mental health of our employees. The aim is to:

- Measure the mental health climate of the organization
- Identify our work-related psychosocial risks
- Take the necessary preventive measures
- Build awareness and a climate of support
- Promote dialogue and build trust

Accidents and accident rates
Volvo Group tracks the accidents and accident rates in all locations including plants, workshops and offices in all countries of operations. In 2024 the accident rate was 4.50 per 1,000,000 worked hours.

Health and safety data is reported at operating unit level and consolidated at division or business area level and Group level. The data is collected quarterly at the Group level. While many different KPIs are reported for different needs, lost time accidents and lost time accident rate is the metric tracked for a longer period of time at Group level and where we have set an improvement target by 50% 2019-2030. Recordable accidents has been introduced as part of the implementation of the European Sustainability Reporting Standards. Internally, additional metrics on high consequence accidents and lost days are also tracked.

Health and safety metrics

	2019	2020	2021	2022	2023	**2024**
Fatalities employees	0	0	0	0	0	0
Fatalities non-employees in workforce (Consultants)	0	0	0	0	0	0
Fatalities contractors	0	1	0	0	0	3
Recordable accidents	–	–	–	–	–	2,260
Recordable accident rate by 1,000,000 worked hours	–	–	–	–	–	12.1
Lost time accidents (LTA)	1,004	675	732	786	879	845
LTA-rate by 1,000,000 worked hours	6.05	4.50	5.15	5.00	5.40	4.50

1 In reports 2023 and earlier, Volvo Group has reported accident rates per 200,000 hours. In 2024 and onwards, rates is reported per 1,000,000 worked hours. Historical data on LTAR has been multiplied by five for comparability over years.

Health and safety impacts linked to business relationships
Contractors are part of the Group's vision to be 100% safe, which means that they must be protected and cared for in the very same way as customers, supply chain partners, and colleagues. In 2024, a directive regarding Health and Safety requirements for contractors was developed. The aim is to secure common minimum requirements when managing contractors and ensure a strong focus on controlling and reducing risks in the Volvo Group facilities. In this work, four topics are in focus; contractor qualification, risks assessment, training and audit.

In accordance with the Volvo Group's Supply Partner Code of Conduct, on-site audits are performed at suppliers on a wide variety of sustainability topics. Health and safety are central elements to this process.

Read more Value chain workers, page 171.

Occupational safety, as well as road safety, are central elements in the Group's offer to end-users. Volvo Group provides customer solutions and training to increase safe behavior and safe product use.

Read more Consumers and End-users, page 177.

Diversity – policies, target and actions

As the Volvo Group wants to attract and develop a wide range of people to meet the skills needed today and in the future, we also see significant opportunities with diversity and equal treatment.

Our overall objectives of diversity and inclusion is formulated in the Volvo Group Code of Conduct and supported in other relevant steering documents. A key process is in recruitments where we have stipulated that in order to reach our objectives, efforts shall be made to secure a list of qualified candidates including relevant diversity aspects.

- All employment decisions should be based on a candidate's ability or performance, talent, skill, and experience; and not on personal factors that are unrelated to job qualifications.
- The recruitment process should be done in a fair and inclusive way that drives diversity and inclusion at Volvo Group.
- The interview panel for the recruitment of management positions shall include at least one man and one woman, with both taking part in the final decision for selection.

Actions to become more inclusive, and by doing so secure the best fit for the job and increase diversity, are integrated across our people processes and systems, such as recruitment policies and principles, succession planning, and integrated into trainings for organization and teams across our global operations.

To further evolve inclusion in aspects that may be more locally or regionally important, the Group supports internal networks for, and best practice sharing across the organization, on diversity vectors such as women in engineering, LGBTQI+, diverse abilities, multiculturalism and young professionals.

Actions to mitigate discrimination risks are part of our overall actions for diversity, inclusion and engagement. Leaders are responsible for incorporating diversity and inclusion into their daily actions. Team members are responsible for valuing and appreciating one another as colleagues.

There is no central consolidation for expenses related to these actions, but they are embedded in key processes related to people and culture.

The Group's work with diversity includes a wide range of aspects, such as culture, generations, competence, background, gender and sexuality. Recognizing that different regions and countries have individual challenges, the ambition is to actively work with locally relevant and authentic diversity vectors.

Globally, gender diversity has been identified as the main strategic vector. The Group's operations and main sectors served have traditionally been characterized by relatively low representation of women. This challenge has also been recognized in technology and engineering professions and education. Volvo Group has the target of reaching at least 35% women in the workforce, both in general and in management positions by 2030.

Employees at management level

	Headcount at year end	Of which women %
AB Volvo		
Board members	11	36
CEO and other senior executives	13	31
Volvo Group		
Board members	514	26
CEO and other senior executives	576	29
Managers	8,419	26
All employees	94,007	23

Number of employees (head count) by age and gender

	Total				Men				Women			
2024	<30	30-50	>50	All	<30	30-50	>50	All	<30	30-50	>50	All
Europe	7,869	26,846	18,141	52,856	5,553	19,711	14,744	40,008	2,316	7,135	3,397	12,848
North America	3,476	9,448	7,620	20,544	2,614	7,250	5,951	15,815	861	2,198	1,669	4,728
South America	1,548	4,885	901	7,334	1,100	3,856	794	5,750	448	1,029	107	1,584
Asia	2,683	7,066	1,244	10,993	1,897	5,677	1,136	8,710	786	1,389	108	2,283
Africa and Oceania	282	1,395	603	2,280	229	1,075	516	1,820	52	320	87	459
Group total	**15,858**	**49,640**	**28,509**	**94,007**	**11,393**	**37,569**	**23,141**	**72,103**	**4,463**	**12,071**	**5,368**	**21,902**

Dialogue process

Volvo Group bases the relationship between the company and employees, including employee representatives and unions, on honesty, transparency, fairness and creativity. These basic principles were jointly developed with the Global Works Council members and guide how to act together when maneuvering Volvo Group through necessary business changes. For Volvo Group it is essential to secure a good dialogue with all employees.

A fundamental element in this process is the yearly Volvo Global Dialogue in which over 40 employee representatives from 20 countries joined the conversation with the CEO and Volvo Group Management members to discuss the current business situation and strategic initiatives of the Group. The questions from our global Work Council members to company management in the December meeting included the Volvo Group's brand perception in emerging markets, talent attraction and retention, fostering a high-performing inclusive culture and preparation for changing work environments. Discussions also covered the transition to electric and other low carbon solutions, as well as best practices sharing on operational flexibility demonstrated in Volvo Group's operations. These topics reflect our shared focus on adapting to change and driving long-term success.

In addition, three ordinary and three deputy members appointed by employee organizations are part of the AB Volvo Board of Directors and thus involved in the strategic direction of the Group.

Prior to major organizational changes, employee representatives and relevant authorities are informed and consulted in accordance with legal and contractual requirements. In 2024, the Group held eight information meeting with the European Works Council (EWC) regarding significant changes affecting employees in multiple European countries. These consultations are conducted on an ad hoc basis, involving the EWC when significant changes impacted employees in at least two countries. During the development of our joint venture projects, the EWC was also informed prior to the final steps. Additionally, the Group engaged with local employee representatives and unions to discuss proposed changes at the local level.

Volvo Group works in close dialogue with unions and employee representatives for the deployment of solutions that help to maintain and strengthen the competence needed for the Group as well as reducing negative social consequences of restructuring and reorganizations. This can include utilizing time banks to reduce labor time, furlough, early retirement, financial compensation, internal mobility programs and outplacement via third parties.

Collective bargaining and social dialogue

In EEA countries with significant employment	Coverage of headcount (%)
France	100
Sweden	100
Volvo Group total	**71**
By region	
Europe	89
North America	51
South America	89
Asia	13
Africa och Oceania	44

Employees covered by workers representatives

By countries in EEA with significant employment	Coverage of headcount (%)
Sweden	100
France	100

Workforce characteristics

Employees by gender	Headcount
Men	72,103
Women	21,902
Other	2
Number of employees total	**94,007**

Employees by country or region	Headcount
Sweden	26,162
France	9,755
Europe (Excl. Sweden and France)	16,937
USA	15,439
North America (Excl USA)	5,106
South America	7,334
Asia	10,994
Africa and Oceania	2,280
Number of employees total	**94,007**

Employees by contract type, by gender (headcount)	Men	Women	Other	Total
Permanent	70,486	20,885	2	91,373
Temporary	1,617	1,017	0	2,634
Full-time	69,659	20,019	2	89,680
Part-time	2,444	1,883	0	4,327
Total employees	**72,103**	**21,902**	**2**	**94,007**

Employees by contract type, broken down by region	Europe	North America	South America	Asia	Africa & Oceania	Total
Number of employees	52,854	20,545	7,334	10,994	2,280	94,007
Permanent	51,728	19,943	7,037	10,456	2,209	91,373
Temporary	1,126	602	297	538	71	2,634
Full-time	49,383	19,966	7,250	10,932	2,149	89,680
Part-time	3,471	579	84	62	131	4,327
Agency and consultants	6,145	609	164	583	87	7,588
Total workforce	**58,999**	**21,154**	**7,498**	**11,577**	**2,367**	**101,595**

Number of employees are reported by headcount the end of the reporting period.

In the financial note 27:2, please see average number of employees during the reporting period. There were no significant fluctuations in headcount during the year.

Non-employees in the workforce are reported by headcount at the of the reporting period.

Employee turnover

	Total				Men				Women			
2024	<30	30-50	>50	All	<30	30-50	>50	All	<30	30-50	>50	All
Europe (%)	13	6	8	8	14	7	8	8	10	6	7	7
Number	*1,033*	*1,696*	*1,471*	*4,200*	*792*	*1,302*	*1,224*	*3,318*	*241*	*394*	*247*	*882*
North America (%)	18	10	9	11	18	10	9	11	17	11	9	11
Number	*621*	*964*	*718*	*2,303*	*476*	*731*	*560*	*1,767*	*145*	*233*	*158*	*536*
South America (%)	9	4	8	6	9	4	7	5	7	6	15	7
Number	*137*	*218*	*70*	*425*	*104*	*154*	*54*	*312*	*33*	*64*	*16*	*113*
Asia (%)	15	6	10	9	16	6	11	9	12	7	7	9
Number	*396*	*423*	*128*	*947*	*298*	*325*	*120*	*743*	*98*	*98*	*8*	*204*
Africa and Oceania (%)	17	9	9	10	14	8	8	9	27	11	16	14
Number	*47*	*123*	*53*	*223*	*33*	*89*	*39*	*161*	*14*	*34*	*14*	*62*
Total (%)	**14**	**7**	**9**	**9**	**15**	**7**	**9**	**9**	**12**	**7**	**8**	**8**
Total number	**2,234**	**3,424**	**2,440**	**8,098**	**1,703**	**2,601**	**1,997**	**6,301**	**531**	**823**	**443**	**1,797**

Non-discrimination and other human rights

Volvo Group values a diverse workforce and expects hiring managers to observe applicable laws against discrimination. Employment decisions like hiring, pay, title, promotion, discipline, termination or working conditions should be based on a person's ability or performance, not on irrelevant personal factors. For purposes of the Code of conduct, discrimination happens when qualified individuals are penalized at work due to unrelated personal factors such as, but not limited to:
- Gender, gender identity or expression
- Age
- Racial and ethnic origin
- Nationality, skin color or cultural background
- Religion or beliefs
- Disability, functional impairment, genetics or health information, including pregnancy
- Sexual orientation or expression
- Union affiliation.

The Volvo Group aims to provide for, or cooperate in, the remediation of negative human rights impacts if our activities have caused or contributed to them and seeks to play a role in the remediation of negative human rights impacts that we may be directly linked to in our operations, products, services, or business relationships. This commitment is formalized in our Human Rights Policy.

In 2024, 210 complaints relating to Fair Workplace Management were reported via the Volvo Group Whistle. Of these, 112 allegations perceived as related to discrimination or harassment, included in the category Fair Workplace Management on page 179. All reports were investigated, with 27 being in progress at year-end. 32 of the closed reports were substantiated. Most cases resulted in corrective actions, such as training, coaching or changes to processes or routines. Moreover, 19 cases alleging sexual harassment were reported in 2024 which are included in the category Violations of privacy or private sphere. Of these, seven were substantiated and followed with disciplinary measures, and two were in progress at year-end.

Volvo Group's Human Rights Policy and commitment for own workforce

Our Human Rights Policy includes commitments to perform human rights due diligence to manage risks related to labor rights for people across our value chain. The Volvo Group Code of Conduct, which applies to Volvo Group's own work force, includes a range of labor rights such as zero tolerance for modern slavery, including forced, bonded or compulsory labor, and human trafficking. The policy further explains how we respect children's right to personal development and education and that we prohibit the use of child labor. The Volvo Group Human rights policy and the Volvo Group Code of Conduct together formalize our commitments and expectations on respecting labor rights. Efforts to secure compliance with local labor laws are managed locally by Human Resources functions across our divisions and business areas.

Engagement and consultation with people in the workforce are carried out in various ways, including via a Group's formal dialogue processes explained on page 168. Employees and non-employees are free to seek guidance and support in all employment-related questions from several functions, including from recognized unions and employee representative bodies. Our Code of Conduct also encourages employees to bring issues to management and other key functions, including Human Resources.

The Volvo Group operates in markets with elevated risks related to a range of human rights. Regarding forced labor and child labor, these are not identified as salient in our own workforce but is reported on in section Workers in the value chain.

In addition, is also possible to raise concerns via a complaint handling mechanism where any stakeholder can seek advice or report a concern. We offer group-wide reporting channels, including the Volvo Group Whistle, hosted by a third party and open to anyone within or outside the company to ask a question or report a concern related to the Volvo Group Code of Conduct. Investigations are conducted internally and overseen by the Whistleblowing and Global Investigations function, which is an independent unit within Group Compliance overseeing the report intake and investigation process. We regularly communicate about our whistleblowing channels internally and provide detailed information about our whistleblowing channels on our public website. As part of Whistleblower reporting process, we follow up on the awareness and trust of grievance channels.

Read more about Whistleblowing on page 179.

Workers in the value chain

The Volvo Group has a global value chain that involves many supply partners, sub-suppliers, distributors, and other business partners. This extensive network gives us opportunity to drive positive change for many people in our value chain as well as requires an ongoing and robust approach to mitigate potential risks for people in our value chain. We seek to safeguard human rights and promote decent work for people across our value chain.

Impacts, risks and opportunities

Our assessment of impacts, risks and opportunities covers people working at supply partners and sub-suppliers deeper in the supply chain, contractors and service providers working on Volvo Group sites and our partners sites, as well as those working in our downstream value chain at distributors, dealers, importers and customers. The materiality assessment is built on input from our due diligence activities including risk assessments using primary data such as self-assessments of potential supply partners, on-site audits, and cases reported to Volvo Group via grievance mechanisms, as well as purchased data from external sources. During 2024, a Group-wide human rights risk assessment was conducted to identify potential human rights risks for the Volvo Group. The results from the assessment have been a key input to the Volvo Group materiality assessment in relation to value chain workers and affected communities.

Due to the complexity and size of the Volvo Group's supply chain, availability of primary data on the impacts on value chain workers beyond first and second tier supply partners is limited. Conducted materiality assessment for further upstream is therefore mainly reliant on proxy data on potential human rights and environmental risks per geographies, commodities and business activities. Overall, a number of thematic human rights risks have been identified for value chain workers. Key areas of potential human rights risks identified are, forced labor, child labor, and workers' rights, including a range of working conditions and labor rights, adequate standard of living, right to life and security, freedom from discrimination and harassment, and right to remedy. In our work we separate actual impacts, which we work to mitigate, address and if needed remediate, and potential impacts, which we seek to assess further and prevent.

Value chain workers' rights
For supply partners of direct and indirect material as well as services, actual impacts commonly identified over time relates to labor rights, including health and safety, wages, working time and collective bargaining. Several of these rights are at risk in different parts of the value chain. The Volvo Group's extensive global value chain, both upstream and downstream, may also be connected to other potential impacts such as security and housing. If human rights incidents should occur in the value chain, is may also lead to reputational risks to the Volvo Group. Upcoming regulatory demands on human rights and environmental due diligence may also expose additional potential risks.

Forced labor and child labor
Forced and bonded labor are identified as a potential risk in our upstream supply chain. Some of the Volvo Group's and business partners' operations are located in geographical areas close to migrant corridors where there are elevated risks of forced labor occurring. Our due diligence processes have on occasion identified risks related to potential cases of forced labor. These issues have been addressed and is continuously monitored to prevent severe incidents. Child labor is another identified potential risk, mainly in deeper tiers of our upstream supply chains.

We have concluded it to be material to perform and develop our due diligence activities to prevent, mitigate and address such adverse impacts.

Higher risk geographies or commodities
The Volvo Group has an established focus on critical minerals through our Sustainable Minerals program, which aims to mitigate negative human rights impacts on workers as well as communities. The extraction of minerals is a supply chain where we have identified an elevated risk of child labor, forced labor, and other labor rights risks. While we have policies and contracts seeking to secure labor standards in the value chain and prevent occurrence of child labor and forced labor, lack of transparency in complex supply chains means that companies connected to higher risk materials and minerals such as tin, tantalum, tungsten, gold and cobalt must continue due diligence activities to prevent adverse impacts from occurring.

Continued due diligence
During 2024, as part of further strengthening the Group's human rights due diligence processes, we have progressed our work to define particularly vulnerable groups, to be able to ensure appropriate interventions being tailored to these groups. As part of the implementation of our human rights program we will continuously strengthen our risk identification methodologies to increase our ability to identify hotspots in our value chain in relation to human rights, and strengthen our ability to prevent, mitigate and address negative impacts. It is an ongoing journey to mature human rights due diligence processes in our value chain, and we will continue to disclose the steps of our progress.

The Volvo Group's main activities with the purpose to prevent, mitigate, and remediate negative impacts on value chain workers includes:
- Supply network due diligence – focusing on supply partners with whom we have a contractual relationship
- Sustainable minerals activities – focusing on transparency and due diligence further upstream in the supply chain
- Downstream due diligence – focusing on distribution and sales network

Policies and stakeholder engagement

The Volvo Group relies on a range of key policies when identifying, preventing, mitigating and addressing potential material negative impacts to value chain workers. Our Human Rights policy establishes our commitment to embed human rights due diligence into business, in line with international frameworks as explained on page 148. The policy set out our commitment to undertake human rights due diligence using a risk-based approach across the relevant parts of our value chain including in relation to our own operations, our supply chain, and our downstream business relationships.

Volvo Group Supply Partner Code of Conduct
Regarding policies relevant for value chain workers in our supply network, the Volvo Group Supply Partner Code of Conduct is the policy and platform for our collaboration with supply partners in building sustainable supply networks. It is based on our commitments and ambitions relevant for suppliers in the areas of people, resources, climate, and business ethics and compliance, and provides guidance on how to meet those commitments. It outlines how we do business in the Volvo Group and our mandatory sustainability requirements in each area. It also includes expectations to guide supply partners as they evolve to further advance sustainable performance and impact in the areas covered by the Code of Conduct.

Topics covered include achieving a net-zero greenhouse gas emissions value chain by 2040, fulfilling the needs of transportation and infrastructure within the limitations of planetary boundaries, and investing in well-being, empowerment, business ethics and compliance, and respect for human rights. In relation to human rights, the policy includes a range of work-related rights, such as zero tolerance for any forms of modern slavery, including but not limited to forced, bonded or compulsory labor, and human trafficking. It also emphasizes our commitment to respecting children's rights to personal development and education, prohibiting the use of child labor.

The policy includes requirements on supply partners to exercise adequate due diligence regarding minerals and materials. Additionally, the policy outlines our respect for value chain workers' right to freedom of association and collective bargaining. The document is guided by the Automotive Industry Guiding Principles of DRIVE Sustainability as well as frameworks such as the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the United Nations Guiding Principles of Business and Human Rights and other international frameworks as explained in the overall section on human rights commitment on page 148 in this report.

The Volvo Group Supply Partner Code of Conduct is part of the contractual agreement with supply partners. We continuously evaluate and improve the Volvo Group Supply Partner Code of Conduct as our global standard for our supply network.

Engagement and escalation with partners
The supply network due diligence includes sustainability assessments, which are conducted through supply partners' self-assessments as well as targeted in-depth on-site audits. We prioritize audits based on sustainability risks by country, commodities, processes, or work areas. The risk assessment is based on external tools, bringing a comprehensive view of risks related to human and labor rights, and environmental and business ethics across the globe. As a complement, risks can be flagged during any type of supplier audit, training, or visit, as well as via the Volvo Group's grievance mechanism, the Volvo Group Whistle.

The Volvo Group carries out most audits and reviews with internal resources. Procurement staff and specialized auditors share responsibility for ensuring that proper actions are taken to resolve identified gaps.

For supply partner self-assessments, we use a standardized questionnaire for the automotive industry focused on sustainability in the supply network. The Self-Assessment Questionnaire (SAQ), developed through the DRIVE Sustainability Automotive Partnership, considers sustainability performance within human rights and working conditions, as well as environmental and responsible supply chain management. To ensure the credibility of the self-assessment process, all responses provided by potential supply partners are validated by a third party. The result of the SAQ is used in the supply partner selection process. For selected partners, the self-assessment result will lead to a corrective action plan if the supply partner falls below a risk threshold or if a selection of questions is not fulfilled. To drive continuous improvement, the rating is valid for three years, and thereafter a new assessment is required. The requirements for self-assessment approval are increased regularly to ensure continuous improvement of due diligence practices.

With regard to partners in our downstream value chain, the Volvo Group carries out compliance-related due diligence on selected third party intermediaries, including dealers and other downstream business partners, with a view to ensuring that they comply with the Group's Code of Conduct and other relevant policies. Our approach to due diligence involves an initial risk assessment, followed by continuous monitoring, and engagement with our partners. We also conduct specific sustainability focused due diligence activities on selected downstream partners that includes aiming to identify human rights risks and impacts and mitigate and address findings.

Stakeholder engagement and consultation
The Volvo Group engages directly with workers in the value chain at on-site audits at supply partners. This is conducted in an interview format which is part of the standard audit procedure. In addition, we review industry reports and collaborate with a range of organizations whose purpose it is to promote workers' rights.

As a complementary mechanism to understand potential impacts, the Volvo Group engages in dialogues with expert organizations providing insights as representatives of affected stakeholders.

From our existing due diligence processes we have gained insights into some value chain worker groups that are particularly vulnerable, for example service providers working at our sites or at our partners sites (cleaning and canteen staff, janitorial, security guards etc.) and migrant workers. We have made deeper due diligence in some markets where these risks are higher.

During 2024 we ran a project to propose an approach for Volvo Group to perform rightsholders consultation with civil society and community-based groups, which is consistent, scalable, and based on international standards and emerging best practice. The purpose of the initiative is to align with the emerging requirements under the Corporate Sustainability Due Diligence Directive (CSDDD). Engagement with value chain workers, and with community stakeholders, is recognized as one of the key areas to further strengthen our human rights program implementation.

Speak-up
Grievances can be reported to the Group's management in several ways. The Volvo Group Whistle is hosted by a third party platform and open to anyone within or outside the company to ask a question or report a concern related to the Volvo Group Code of Conduct. This channel can be accessed via volvogroup.com, where stakeholders can also find the Group's Whistle-blower protection policy. This policy strictly forbids any kind of retaliation against anyone reporting in good faith or assisting in the investigation of a potential violation of the law or of the Code of Conduct.

Our Supply Partner Code of Conduct clarifies that this can be done in an anonymous way where this is permitted by law with our overall grievance reporting channel Volvo Group Whistle.

Read more Grievance mechanism, page 148.

Actions, mitigation and remediation

Our due diligence activities primarily seek to prevent material negative impact from occurring. Supply network controls and verification are key in this work.

Supply partner due diligence
The self-assessment questionnaires (SAQ) is the first part of the screening process. In 2024, we expanded our pool of suppliers and supply partners completing the SAQ, which gives us a more complete view of our partners' compliance and allows us to more effectively address gaps. In addition to self-assessment of supply partners, we conduct additional risk analyses of potential supply partners of direct materials in high-risk countries through on-site audits during the sourcing phase. Similarly, potential partners of indirect material located in high-risk countries are audited if the contract value exceeds a pre-defined threshold. The responsibility for improvements and corrective actions always lies with the potential supply partners. Deviations are managed by the responsible buyer, together with the auditor, until resolved. Auditing of existing supply partners follows the same procedures.

In 2024, a total of 481 potential suppliers and existing supply partners of direct and indirect materials were targeted for on-site audits to further assess, detect, mitigate and address potential risks and impacts. The results are used in sourcing decisions, as well as supply partner development activities, and deviations from the requirements are expected to be resolved in a timely manner if the long-term partnership is to remain. Those who fail to address critical issues risk not being awarded a contract or having their contracts terminated. We strive to work together with our partners to enable continuous improvement and consider termination as a last resort.

As part of the due diligence program for supply partners, the Volvo Group also invests in training initiatives for our supply network. For broad implementation, this is done in collaboration with DRIVE Sustainability, and in 2024 special focus was set on China. Additionally, we engage in regular dialogues on sustainability with our supply partners at events throughout the year, for example Volvo Group Purchasing Summit, Business Review Meetings and Strategic Innovation Dialogues.

Supply partner self-assessments (SAQs)

	2024	2023
SAQs performed 2024, absolute number	3,547	2,020
Direct material supply partners with SAQs performed (% by spend)	94	93
Direct material supply partners conformant with our SAQ requirements (% by spend)	85	90
Direct material supply partners in high-risk areas with SAQs performed (% by spend)	96	89
Direct material supply partners in high-risk areas conformant with our SAQ requirements (% by spend)	85	86

Supply partner on-site audits

	2024	2023
Supplier audits conducted	481	221
Number of identified deviations at supply partners	439	119

Self-assessments and on-site audits included all topics of the Volvo Group Code of Conduct for Supply Partners, including social matters, environmental impacts as well as business ethics. The most common deviations identified through on-site audits at supply partners were related to the areas of management commitment, supply chain management, environmental management, and human rights and business ethics.

Within management commitment, deviations mainly related to supply partners having codes of conduct that do not adequately address risk areas. Deviations have also been found in the area of extending requirements on adequate social, environmental or business ethics to requirements to their respective supply networks.

In the area of environmental management, deviations related to no environmental policy in place and/or lack of a documented and certified environmental management system.

Within the area of human rights and business ethics, the deviations were mainly related to excessive working hours for employees and lack of policy or procedures to prohibit forced labor.

Sustainable minerals due diligence

In mineral sourcing, we seek to prevent adverse impacts with the Volvo Group Sustainable Minerals Program. Activities in the program are built on the framework of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as on the tools of the Responsible Minerals Initiative (RMI). The focus minerals of the Sustainable Minerals Program are tin, tantalum, tungsten, gold (3TG), and cobalt. These materials are part of our global supply chain and used in many components.

As part of the program, we identify tier 1 supply partners in scope, whose parts contain one or more of the focus materials. These supply partners declare their due diligence measures and disclose smelters or refiners (SORs) used in their 3TG and cobalt supply chains. Engaging our supply partners in the Sustainable Minerals Program is vital, as their collaboration enables us to identify, map and mitigate potential risks in our supply network even more effectively. Since the program was launched, we have seen supply partner participation grow by 73% for 3TG and by 94% for cobalt. The Volvo Group continuously strives to increase the participation rate.

Supply partners' participation allows us to identify SORs associated with the upstream supply chain. Through assessments by RMI, eligible SORs are identified, meaning they are operational and meet the criteria for inclusion in the RMI Responsible Minerals Assurance Process (RMAP) program. These SORs then undergo assessments by independent third-party auditors, approved by RMI, to validate their conformity to RMAP standards. Audited SORs are classified as either conformant or non-conformant as reported in the table below. The proportion not reported in the table are in the intermediate stages of the process.

We continuously review additional critical raw materials and minerals to be in scope for the program. To guide this process, we use a list of more than 20 identified raw materials included in the Volvo Top Critical Materials list. Currently, we are in the process of updating the program to align with upcoming regulations and industry best practices. Read more about RMI in the text box below.

Smelter and refiners participation and conformity, 2024

	Supply partners in scope	Participating supply partners	Identified smelters or refiners (SOR)	Conformant SORs (%)	Non-conformant SORs (%)
Cobalt	696	474 (68%)	98	52	3
3TG, Tin, tantalum, tungsten and gold	654	543 (83%)	602	63	8

Remediation

The Volvo Group's general approach to remediation is explained on page 148. When it comes to potential events in the value chain, investigations related to remediation are carried out case-by-case. As we progress the implementation of our human rights program, investigation processes will be further strengthened with associated guidance and tools for provision of remedy.

The main efforts to prevent, mitigate and remediate negative impacts on the value chain have been directed at our supply chain. Considering the complexity, size and risk profile of our supply chain network we expect this focus will need to remain. Based on our thematic risk assessments, we understand that there are also risks to people in other parts of our value chain, including at downstream business partners. In response, we aim to establish more robust due diligence processes for the full value chain as part of the implementation of our human rights program.

During 2024 we have conducted a project to develop and agree on a common definition of severe human rights incidents for Volvo Group and to develop a comprehensive and structured reporting system. This to enabling systematic tracking of human rights incidents across our value chain. The tracking and reporting system will be further developed with the implementation of our human rights program. As part of this program, we seek to implement both activity based and outcome-oriented targets as part of a performance framework. So far, we follow these main activity-based objectives:

1 To reach full audit coverage of suppliers partners of direct material in high-risk countries.
2 To drive full transparency and participation of the supply chain regarding the high-risk minerals 3TG and cobalt.

Examples of industry collaborations for sustainable supply networks

The Responsible Minerals Initiative (RMI) is a collaborative platform addressing responsible mineral sourcing in global supply networks. The Volvo Group works with RMI to ensure responsible and sustainable sourcing of tin, tantalum, tungsten and gold (sometimes referred to as conflict minerals), as well as cobalt. Through RMI, participants develop and gain access to tools and resources to ensure regulatory compliance and support responsible sourcing of minerals from conflict-affected and high-risk areas.

DRIVE Sustainability is a network of 16 leading automotive companies working toward enhancing sustainability throughout the automotive industry by leveraging a common voice and by engaging with our supply chain partners, stakeholders, and related sectors on impactful activities. The Volvo Group is active in several working groups within the initiative to leverage a circular and sustainable automotive value chain. In collaboration with DRIVE sustainability, Volvo Group has during 2024 gained further in-depth insights about the nickel mining situation in Indonesia.

Affected communities

Volvo Group's success is dependent on people. When societies thrive and develop, so does our business. In the Volvo Group, we see that transport and infrastructure solutions are key to driving prosperity – every day our products deliver food and medicine, take children to schools, power irrigation systems and construct roads and buildings. In this section we do not attempt to quantify these benefits, but focus more on the due diligence processes applied to avoid or mitigate adverse impacts.

Impacts, risks and opportunities

Our approach to assess and address impacts on affected communities is continuously developing. We have so far identified certain areas of priority listed below where we focus our efforts to mitigate risks to people in the communities. These areas of potential risk have been identified or validated through a human rights risk and maturity assessment conducted throughout Volvo Group during 2024. We recognize that as we continue to strengthen our human rights due diligence processes, we will deepen our understanding of these potential impacts.

Impacts on people linked to use of products

We have identified impacts on people linked to use of sold products as an entity-specific topic related to affected communities. Actual adverse impacts are difficult to identify as there are limitations to what we can control related to distribution and usage of sold product. In this case the severity of a potential impact precedes over likelihood in the materiality assessment.

Potential impacts include environmental impacts and people's right to a clean, healthy and sustainable environment, right to life and security, financial crime related human rights risks, working conditions, forced and child labor, right to land and property and access to remedy. We have identified that potential impacts on communities can emerge in particular in relation to sales to military end-users as well as commercial sales deals to high-risk sectors and geographies. Risks can be connected to these business activities, such as people living in a country affected by conflict being impacted by use of militarized products or products sold to military end-users. Impacts may also arise in relation to use of our products in high-risk sectors with elevated human rights risks, such as in certain mining- and construction activities.

Policies and stakeholder engagement

When identifying, preventing, mitigating and addressing material potential negative impacts we rely on a range of steering documents, such as our Human Rights Policy, Code of Conduct, Volvo Group supply partner Code of Conduct, and Environmental Policy and associated directive and instructions.

Our human rights policy set out our commitment to undertake due diligence in line with the UN Guiding Principles on Business and Human Rights, and focus our efforts on the most salient risks for the Volvo Group. Regarding community impacts, this work focuses on impacts from our own operations, as well as to undertake relevant human rights due diligence on business partners activities.

Consultation with communities

In cases where we are expanding our industrial operations, we engage directly with community representatives such as environmental authorities, local government, and individuals in the community to secure procedures are in line with stakeholders' expectations and regulatory demands. The most recent example is in Mariestad, Sweden where the Group is establishing a new manufacturing plant. In this work, the Group has held dialogues with individuals, consultations with local non-governmental organizations, as well as local government and regional environmental authorities. Similarly, we have during 2024 conducted an assessment of potential human rights risks connected with the planning and establishment of our new plant in Mexico. The aim of the consultation process is to identify potential human rights risks related to the establishment of the plant and seek to prevent negative impacts on people related to the operation. This assessment also includes consultation with relevant proxies of rightsholders. The output from consultations helps inform decision-making in the assigned expansion project team. Consultations with local communities have to date mainly been carried out in relation to specific projects in Volvo Group. This area of work is under development in the Group, and we strive to develop a more structured approach to consultation with rightsholders, including its effectiveness, as part of the roll out of our human rights program.

The Volvo Group is guided by the UN Guiding Principles on Business and Human Rights, which state that companies should consider the human rights of groups or populations that may be at heightened risk of becoming vulnerable or marginalized. So far we have identified particular vulnerability of certain groups e.g. people living in conflict affected areas, indigenous people, women and young workers, and migrant workers. As we continue to strengthen human rights due diligence processes for the Group our aim is to do so with particular focus on vulnerable groups to ensure appropriate interventions is tailored to specific risks.

Regarding risks related to misuse of vehicles and machines in certain high-risk sectors and conflict affected areas, the Volvo Group has engaged in dialogues with experts and NGO's with ambition to better understand the nature of such risks and impacts. The Group's Business areas conduct additional risk assessments in certain high-risk sales deals with the aim of preventing adverse impacts on people and communities.

Speak-up

All external stakeholders, including people in potentially affected communities have possibilities to raise concerns to Volvo Group's management. All available channels are easily found on volvogroup.com, along with our policies for protection against retaliation.

As part of the ongoing roll out of our human rights program, we aim to develop a broader approach to consultation with rightsholders, including indicators that allow us to measure effectiveness of processes.

Read more General approach to grievance handling related to human rights on page 148.

Actions, mitigation and remediation

Volvo Group seeks to have a positive impact on communities where we are present. In addition to job creation, tax payments and a range of broader benefits from our transport and infrastructure solutions, we have also identified a range of local initiatives with the primary purpose to deliver positive impacts on affected communities. The most notable are related to education and vocational skills development to match skills with employment opportunities. To this end, we engage with development aid organizations in projects and partnerships, mainly in emerging markets, read more about this on volvogroup.com.

This type of positive impacts from local initiatives is not deemed material for Group level consolidation as of yet, but it is an area with potential to over time be material for corporate reporting.

Regarding potential adverse impacts on communities, the Volvo Group firstly of all seeks to prevent or mitigate impacts, such as in the example of the establishment of our new plant in Mexico mentioned on the previous page where we conduct risk assessments to proactively identify and address human rights risks associated with the operation. To date, these types of investigations have been carried out ad hoc depending on the case at hand, however as we progress the implementation of our human rights program, this will include strengthening processes as well as associated guidance and tools, for provision of remedy. Read more on the Volvo Group's general approach to remediation as well as grievance handling on page 148.

Responsible sales

Downstream, we have identified potential impacts on communities in particular related to sales to military end-users and commercial sales to higher risks of product misuse. In order to prevent, mitigate and remediate adverse human rights impacts on people in communities, we have processes aiming to secure compliance with laws, sanctions, and export controls. We further assess certain sales for risks related to human rights, environment, and business ethics.

When assessing commercial sales deals, the different Business Areas in the Group use external risk databases and tools such as Verisk Maplecroft and RepRisk for risk identification. The findings are assessed, described, and escalated to relevant forums within our Business Areas. Actions for identified findings typically include engagement with our customers with the aim to support them to mitigate identified risks. In some cases, we may also engage with other external organizations such as embassies or NGOs. If the risks are considered too high and potential risks are not possible to mitigate, we may decide not to proceed with the sale. In our assessments, we consider country risk levels, customer segments, end-users and intended end-use of our products. Our Business Areas have the responsibility to perform these assessments, with support from Group Functions when needed.

Examples of ways of working and assessments conducted are available on volvogroup.com

Military Sales

In the sales process to military end-users, the Volvo Group's Business Areas are required to escalate potential sales in certain countries for assessment by Group Functions before submitting an offer. Military end-users include the armed forces and other armed law enforcement agencies. Factors such as the existence of arms embargoes, armed conflicts, political instability, and human rights-related risks are considered in this assessment. This process is governed by an internal directive on military sales and is on top of any export license requirements from national authorities. The European Union's common rules governing control of exports of military technology and equipment include several criteria on respect for human rights and international humanitarian law, which member states are expected to consider when granting such export licenses.

Depending on the country of end-use, sales deals either require a decision by the Volvo Group's Military Sales Committee (comprising relevant members of our executive management) or a recommendation from Group Functions to the Business Area for its own decision.

Sub-topics reported in other parts of this report

In addition to the above, we have also identified matters relevant for affected communities which are reported in other sections of this report.

Environmental and social impacts further upstream

Further upstream in the value chain we have assessed environmental and social impacts as material for potential impacts relating to mineral and raw materials extraction. This includes human rights risks to local communities and people's right to a clean, healthy and sustainable environment, potential impacts related to the right to land, as well as indirect potential community via people working in extraction (e.g. forced labor and child labor). Key activities to prevent and mitigate such potential impacts and risks is part of part of our sustainable minerals program, which are reported in the previous section Workers in the value Chain.

Read more. Sustainable minerals program due diligence, 174.

Environmental and climate impacts on communities

Potential impact can arise in relation to our own operations including production, but also in relation to business partners upstream and downstream, as well as connected to the use of our products. The main part of our environmental reporting is found in the sections, Climate, Pollution and Resource use and circular economy.

Read more. Climate page 149, Pollution page 157, Resource use and circular economy page 158

Human rights program implementation

In several sections throughout this report we refer to ongoing work to development the Volvo Group Human Rights Program. In this development work, we have during 2024 carried out a Group wide Human Rights Risk and Maturity Assessment Project with the objectives to enable us to:

- Deepen our understanding of our human rights risks across Volvo Group's value-chain,
- Better understand the maturity of our existing management systems to perform human rights due diligence, and,
- Prepare the set-up and continuous integration of a robust, systematic, and coherent approach to the identification and management of human rights risks and impacts across the Volvo Group.

Further information on our salient human rights risks and our human rights program can be found at volvogroup.com.

Consumers and end-users

More than 1 million people are killed in traffic accidents each year worldwide. Even if heavy commercial vehicles are only involved in a minor part of these accidents, it is considered a material social matter on which we are actively focused. Statistics show that most fatalities in accidents involving heavy commercial vehicles are passenger car occupants and vulnerable road users such as pedestrians and cyclists. The Volvo Group's definition of safety goes beyond the safety of the direct user of our products and includes the safety of everybody that comes into contact with our products.

Impacts, risks and opportunities

Product and traffic safety is an entity-specific topic related to end-user safety. Impact materiality comes from prioritizing the severity of potential events higher than the probability of such an event occurring. Positive impacts can arise from safety features of products as well as advocacy for active and passive safety systems of heavy vehicles. Potential risks could occur as consequences of non-compliance with safety regulations.

The most significant impacts, risks and opportunities concerning end-user safety are related to our operating segments Trucks and Buses, as these products are used at high speed and in areas with potential presence of vulnerable road users. Volvo Group's direct customers are often transport operators. Many large customers have identified occupational health and safety of their drivers as one of the most important social impact topics. This has led to material opportunities to be the preferred business partner and enabled our customers success in their safety commitment.

Safety is part of the Group's product strategy where we aim to be in the forefront and bring solutions to the market that are continuously improving road safety as well as safety on customers' sites. An example is the collision warning with emergency brakes for pedestrians and other vulnerable road users. Volvo Trucks introduced this feature during 2023 and will work continuously to enhance the system where possible, using our long-term strategy for continuous improvement towards zero accidents.

Policies and stakeholder engagement

Volvo Group's Safety policy, and access to remediation if needed, is grounded in our commitment to human rights, refer to page 148.

Our vision is zero accidents with Volvo Group products and this work includes product safety and traffic safety where we systematically evaluate risks and take action to mitigate risks and implement improvements. Volvo Group has a value chain approach to safety that considers the effects on customers, end users and indirect stakeholders. The Group's business and the products we offer target a wide range of application areas and influence many categories of people, such as drivers, passengers and operators, commuters, as well as other road users like cyclists and pedestrians. Our Safety Policy defines our key areas related to end-user safety:

- Product safety focusing to avoid negative impact from potential product defects, and,
- Traffic safety to maximize our positive impact from safety systems, advocacy, communication and training.

In the use-phase, Volvo Group works with accident statistics and in-depth accident research to understand the context and challenges facing customers in their operations. In addition to our accident research, targeted investigations are also carried out to understand how well the introduced driver assistance safety systems work from the customer perspective. An example of such investigation is driver survey about ADAS (Advanced Driver Assistance Systems), which investigates the impact and efficacy of driver assist and crash mitigation functions. This knowledge is then used in product development to seek continuous improvements. The knowledge gained on safety is shared via communication and training programs in many markets where the Group operates to raise awareness and promote safe driving behavior. Volvo Group also works with partners in academia and policy makers to promote progress in road traffic safety and enable safer solutions to be brought to the market.

Euro NCAP (European New Car Assessment Programme) announced the expansion of its safety assessments from passenger cars to also cover heavy-duty trucks in 2024. Because safety is one of Volvo Group's core values and given the impact that Euro NCAP has had on passenger cars, Volvo Group look forward to seeing what the Euro NCAP contribution will mean for truck safety. In November 2024, Volvo Trucks received five-star awards and CitiSafe accreditation from Euro NCAP for its top selling models FH Aero and FM. Five stars mean among other things the highest safety performance on criteria such as driver support and collision avoidance, delivering traffic safety for the driver and surrounding road users. Renault Trucks model T, which is built on the same platform as Volvo FH and FM, received four stars.

Actions, mitigation and remediation

Product safety is the foundation for the Group's safety work. Although product safety must always take into account context and variables that cannot be reduced to a singular statement, we generally believe that a safe product is one that is free of safety-related defects, compliant with relevant regulations and industry standards regarding safety, and reasonably safe to use during its normal life cycle, all while considering uses, benefits, risks, and alternatives. Our key processes – from development, through procurement, manufacturing and all the way to retail and service require systematic quality management. The aim is to secure the safety and quality of our products over their life cycle.

Proactively, all product lines are assessed for health and safety impacts with the purpose of securing that they are designed to be safe and to find quality improvements. Quality controls are established in key development and production processes according to applicable automotive standards. Suppliers are required to adhere to the technical and safety demands we define for different products and components. Technical audits are used to evaluate the safety management systems of supply partners. Our objective is to develop products that assist in preventing accidents from occurring and, when accidents do occur, to seek to minimize or reduce the consequences for the drivers, passengers, operators and people around our products. In addition, efforts are made to promote safe usage of our products through driver and operator training programs and to promote safe interaction with our products, for example through awareness programs like Stop, Look Wave and See and Be Seen.

We are in the process of developing metrics and targets to track effectiveness of actions taken that can take the Group towards the objectives of the Volvo Group Safety policy. This work is not yet complete and will be phased-in to the Sustainability reporting in the coming years.

Business conduct

Compliance programs

The Volvo Group is committed to conducting its global operations in a fair and lawful manner. We strongly believe that conducting our business in line with applicable laws and regulations and in a transparent and competitive business environment is the best basis for sustainable success and the best way to protect our reputation. For this reason, the Volvo Group has given itself a Code of Conduct that provides the basic principles for our business conduct and various compliance risks are addressed and managed in different ways and forms across the organization.

In our materiality assessment, we have assessed that the probability of occurrences of negative impacts on stakeholders is remote. However, if non-compliances should occur, or if we do not inform about our preventative work, this could lead to reputational risks, which make these topics material.

Governance
For defined compliance areas, such as competition and anti-corruption laws, export control regulations and data privacy, a dedicated Group Compliance function oversees the effective implementation of a compliance management system approach and reports to the relevant management forums, including the Audit Committee. The Volvo Group's compliance management system amongst other things includes risk assessments, policies, guidelines and procedures, regular compliance and management communication, compliance training, as well as assurance activities such as effectiveness testing and auditing. The Volvo Group has further implemented group-wide Whistleblowing channels that can be used by internal and external parties for all compliance areas. The different business areas have established compliance committees with executive management involvement and compliance functions to manage the implementation of the compliance management system in their areas and to cover additional compliance areas, such as anti-money laundering or emission compliance, to the extent needed. In 2024, no cases of non-compliance with material effects on the Volvo Group were identified.

Actions - Compliance Training & Communication
Conducting business in line with applicable laws and regulations is the basis for sustainable success. On top of this, Volvo Group's top management, Group Compliance and other internal stakeholders regularly communicate the importance of conducting business in an ethical manner.

The Volvo Group has developed and implemented a compliance training strategy that tailors compliance training to individual training needs in a risk-based manner. This currently includes mandatory e-learning awareness courses for competition law, anti-corruption, export control and data privacy for a broad basis of employees on all levels of management as well as advanced and typically instructor-led training for all employees performing certain activities with elevated risk levels.

Code of Conduct training is followed up annually. For other awareness and advanced courses, training cycles typically stretch over two years. Beyond the mandatory compliance training program, the Volvo Group also offers a series of other training modules on a demand basis.

Compliance training summary

Training type	Employees participating during training cycle
Code of Conduct e-learning	66,367
Anti-Corruption (awareness)	38,408
Competition Law (awareness)	38,003
Export Control and Sanctions (awareness)	39,859
Data Privacy (awareness)	16,517
Anti-Corruption (advanced)	7,439
Competition Law (advanced)	7,319
Export Control and Sanctions (advanced)	112
Data Privacy (advanced)	7,539

Anti-corruption
The Volvo Group firmly condemns all forms of corruption, including bribery. Not only is corruption illegal but it also distorts the market, disrupts fair competition, and hinders social development. Volvo Group employees, at all levels, are strictly forbidden from engaging in any form of corrupt practices, such as offering or accepting, directly or indirectly, bribes, inappropriate gifts or hospitality, or facilitation payments. The Volvo Group expects its business partners to uphold similar anti-corruption standards. Based on its anti-corruption risk assessments, the Volvo Group has codified specific anti-corruption related risk mitigation measures in a group wide anti-corruption policy and related mandatory procedures. Key components are a requirement of accurate and fair books and records, a mandatory risk-based due diligence screening for third party intermediaries, a prohibition of facilitation payments, and comprehensive rules and procedures regarding third party intermediary remuneration, gifts and hospitality, sponsorships and charitable donations. The implementation is overseen by the Group Compliance function and supported with dedicated guidance, training programs and internal controls and in close collaboration with the dedicated legal and compliance teams within the truck divisions and business areas.

In 2024, the Volvo Group has not been convicted or fined for any violation of anti-corruption or anti-bribery laws.

Competition law
The Volvo Group strictly prohibits any conduct that would violate competition laws and regulations. The Volvo Group competes on the merit of its products and services and trusts that its products and services will succeed in a fair and competitive marketplace. Employees at all levels are prohibited from participating, or otherwise becoming involved, in any conduct that would violate competition laws, such as anti-competitive agreements with competitors. The Volvo Group also expects its business partners to adopt and enforce comparable competition law principles and includes these requirements in contractual agreements. Based on its internal risk assessments the Volvo Group has supplemented the principles of fair competition in the Code of Conduct with a dedicated competition law policy, as well as detailed instructions and best practice guidelines. These include guidelines on commercially sensitive information, trade associations, benchmarking, document creation and retention,

relationships with private dealers, suppliers and body builders, and employment information, as well as a comprehensive handbook on collaborations with competitors.

Group Compliance is responsible for designing, developing, and overseeing the effectiveness of the Volvo Group competition law compliance program in close collaboration with the dedicated legal and compliance teams within the business areas.

Whistleblower reporting

In Volvo Group, we believe that a vivid speak-up culture is a crucial element for the company's success, can help uncover misconduct and prevent violations of the law. We encourage our Employees to report and act upon suspected misconduct, and invite external third parties such as business partners, customers, suppliers, dealers, consultants, former or potential employees, or anyone else who is concerned with Volvo Group's business to report their concerns.

In our publicly available whistleblowing and investigations policy, we inform about how to report and our commitments in the reporting and investigation process. Amongst others, this includes our commitments regarding anonymous reporting, confidentiality, independent and objective investigations, the feedback to the reporting party and a clearly stated non-retaliation policy for good-faith reporting. The Whistleblowing and Global Investigations function is an independent unit within Group Compliance overseeing the report intake and investigation process.

In 2024, Group Compliance received 402 concerns through several available reporting channels. All reports were investigated. Of the 28 reports related to Business conduct offenses, 16 were categorized as suspected corruption or conflict of interest. Three of these were closed substantiated, with appropriate disciplinary and remediation actions taken. Five investigations were in progress at year-end.

Matters related to discrimination and harassment are identified in Fair workplace violations and Violations of Privacy or private sphere. These are separately commented upon on page 170.

Whistleblower concerns escalated to Group Compliance

	2024		2023	
Type of concerns reported	No.	%	No.	%
Fair workplace violations	210	52	168	50
Offences against company assets	64	16	42	13
Business conduct offences	28	7	36	11
Offenses endangering the environment or health and safety	15	4	20	6
Violations of privacy or private sphere	25	6	16	5
Offenses against financial integrity	1	<1	1	1
Inquiries	59	15	49	15
	402	**100**	**332**	**100**

Political engagement

The Volvo Group has a continuous dialogue with authorities, regulators and policymakers on matters relevant for us and our customers' business and operations. In doing so, the company can have an impact when representing, or being part of, a broader sector engagement in specific topics as described in this section.

Policy

The dialogue is guided by yearly priorities approved by the Executive Board. The Volvo Group is engaged in direct and indirect advocacy related to public policy, mainly in the EU and the US. Associated costs are reported to lobby registers.

The Volvo Group observes neutrality with regards to political parties and their representatives. The Volvo Group Code of Conduct and related policies serve as the foundation for our positions on public policies.

The Volvo Group's advocacy efforts are based on the following guiding principles and yearly priorities, set by the Executive Board.

Guiding principles:

- In line with the Paris Climate Agreement
- Based on level playing field via fair and free trade
- Supporting technology neutrality and global standards
- With long term prerequisites for clarity and predictability.

Actions

Yearly priorities are divided into three main areas - Geopolitical, Competitiveness and Decarbonization.

In the geopolitical area, the purpose during 2024 has been to provide our business areas and markets with guidance on e.g. security, defense, energy and energy infrastructure, critical raw materials and components, digital infrastructure and information control, and trade.

As regards competitiveness, the ambition has been to promote a level playing field with harmonized regulatory and policy frameworks on matters related to vehicle standards, predictable state aid rules, innovation and business development, and reducing red tape.

Within decarbonization we during the year been focusing on shaping the business enabling policies and regulations through a fact-based data driven system approach accelerating the net zero transition by advocating for sustainable energy systems, energy supply, deployment of infrastructure for fuels and electricity, and policies for market uptake of vehicles with zero or very low tailpipe emissions. During 2024 we have continued to focus on regulations that impacts the net zero transition and air pollution prevention such as EU CO_2, Euro 7, US EPA GHG.

Volvo Group holds a vast number of memberships in trade associations, other organizations and sponsorships providing possibilities to evaluate and provide input on proposed regulations and policies. The Group does not consider a membership being equal to aligning with all positions of the relevant organization, but cares to secure that the organizations' view do not oppose the Volvo Group's ambition or hinder its development. Volvo Group continuously reviews and evaluates our memberships. A non-exhaustive list of memberships is available on volvogroup.com/report2024.

Volvo Group is registered in the EU and US Lobby Transparency Register in the names of Volvo AB and Volvo Group North America, LLC. In 2024, the cost reported for lobbying in the EU and the US was approximately SEK 15 M.

Complementary notes to Sustainability Statements

These complementary notes include administrative information and certain details about processes and methodologies referred to from other parts of the Statement for better readability.

Basis for preparing the report

Consolidation scope of sustainability statement
The sustainability disclosures are prepared on a consolidated basis and the scope corresponds to the Group's financial statements if nothing else is stated.

Coverage of upstream and downstream value chain
Climate
The scope of the climate reporting is based on GHG protocol corporate standards. The inventory includes scope 1 and 2 and all 15 categories of scope 3. The disclosures about GHG emission includes individual reporting of scope 1, scope 2 and scope 3.11, which together make up over 95% of the total GHG emission inventory. Scope 3.1 is reported as an estimate, read more on page 156.

Pollution
The materiality assessment has considered pollution in materials, from suppliers and from products, including end-of life management.

Waste
The materiality assessment has considered the main waste streams related to our value chain where we have influence. Thus, in the consolidated Sustainability statements, only waste from own operations is included.

Own workforce
Our workforce includes direct employees as well as consultants reporting to a Volvo Group manager in the line organization. In addition, contractors working on Volvo Group's sites are included in the Health and Safety metrics as specified in the section on accidents.

Human rights
The main disclosures covering human rights are found in the sections Workers in the value chain and Affected Communities. In our assessment of social impact over the value chain, we have identified hotspots where it is more probable that impacts may occur. This includes suppliers in tiers closer to Volvo Group, people working in logistics, at importers and exporters, distributors, private dealers and service workshops. The assessment also considers people working in the supply chain further upstream as well as in communities.

Time horizons
The sustainability statements use the time horizons adopted in the Group's Enterprise risk management process. Short term is up to one year, medium is up to three years and long term up to ten years. In certain cases, the Group uses even longer time horizons, e.g. in establishing longer term roadmaps.

The purpose of using three years as medium term is related to the Group's investment plan which has a three-year time horizon.

Metrics including estimations
For several metrics and data points related to value chain impacts, the report relies on proxy data to conduct diligence activities.

On outcome metrics, certain estimations are used in the calculation of greenhouse gas emissions, see section Climate for detailed explanations.

Changes, corrections and restatements
Historical data on GHG emissions on page 155 has been restated to reflect re-calculated baselines since 2019.

External assurance
The Volvo Group's Sustainability Statements have been subject to limited assurance in accordance with ISAE 3000. Please refer to the Auditor's statement of the Limited assurance on page 205.

The Group's auditors also issue a statutory opinion in accordance with the audit standard RevR 12.

Organizational details
Name of the organization
The name of the company issuing this report is AB Volvo (publ). The company is the parent company of the Volvo Group.

Ownership and legal form
AB Volvo (publ) is a publicly held company, and its shares are listed on the stock exchange Nasdaq Stockholm, Sweden.

Contacts
See page 217.

Reporting cycle and frequency
The reporting cycle is annual. The reporting period is January 1, 2024 to December 31, 2024. The date of the most recent report was February 29, 2024.

Data collection and internal controls

The AB Volvo Board of Directors and the Executive Board are ultimately responsible for the oversight of the Volvo Group's climate-related risks, opportunities and sustainability disclosures, and are responsible for setting the strategic direction of the Group. Cross-functional working groups consolidate and prepare information for consideration in strategic decision-making at the Board of Directors and Executive Board level. Groups with representation from executive management meet regularly during the year, focusing on the Group's climate goals and on sustainability disclosures.

Sustainability reporting is an aggregation of a variety of different types of quantitative and qualitative data. Quality assurance of data is part of the daily work for subject matter experts for each topic on Group level and in the organization. Certain data disclosures are subject to estimates, in which cases when the result can vary significantly, sensitivity analysis have been made to understand effects of changes in estimates.

Certain data is consolidated by site, by division or business area before transferred to Group consolidation. Other data is consolidated by country before transferred to Group consolidation.

To the greatest extent possible, information is retrieved from financial reporting systems (e.g. invoices, and sales data) in order to build on existing internal financial controls. Each stream of consolidated data is subject to quality assurance in several bodies. Analytical review is carried out by which data covering a certain period is compared with the previously reported data to identify potential deviations.

The process to collect quantitative environmental data starts with reporting at site level following the structure of the environmental management system. The data is controlled internally by an environmental coordination network and consolidated at Business Area, Truck Division and Group level.

Health and safety quantitative data is reported at operating unit level and consolidated at Business Area, Truck Division and Group level. Other employee-related data is reported and quality assured at legal entity level, which is consolidated and quality assured at a shared service center and controlled and reviewed at Group level.

Compliance-related information is gathered using a case management system from the Code of Conduct help and whistleblower reporting line provided by a third party.

Qualitative data is collected from a range of functions responsible for driving each material sustainability topic.

In 2024, Volvo commenced activities to identify risks relating to sustainability reporting together with mitigating generic controls, to be included in the Volvo framework for internal controls, Volvo Internal Control Standard (VICS). The Group is currently in the process of harmonizing and standardizing internal control processes across the variety of data streams. As set out in the section "Internal Control over financial reporting", Volvo has a function for internal control with the objective to provide support for management, allowing them to continuously provide solid internal controls relating to financial reporting. In 2024, this function prepared for including sustainability reporting in its scope, as part of management's inclusion of risks and mitigating controls in VICS.

As part of the Annual Report preparation process, including the Sustainability Statements, the Audit Committee reviews the most important matters related to the sustainability reporting. This can amongst other things include critical estimations or assumptions.

Details on the materiality assessment

This section provides details on methodology to assess impacts, risks and opportunities in the materiality assessment and complements the illustrative version on page 147.

Risks and opportunities related to sustainability topics have been identified by analyzing actual risks and considering various theories on future developments. This analysis covers the short, medium, and long term. For areas where there is high uncertainty, the process includes scenarios that explore potential outcomes. The theories about risks and opportunities have been developed by a network of sustainability professionals from different areas within the Volvo Group. This work is part of the Group's enterprise risk management process.

In certain cases, mainly related to human rights impacts upstream and downstream activities, the likelihood of impacts are highly uncertain. In these cases, the severity of potential impacts is prioritized over other factors in the materiality assessment. A concrete example is forced labor and child labor in the value chain, which is difficult to identify and where we have assessed that there is a certain possibility of occurrence. Even if the likelihood of such occurrence is uncertain, the severity of the matter makes this prioritized. Another example is adverse impacts on end-user safety, which have a low probability of occurring but could have severe consequences if it occurs.

The magnitude of financial or strategic effects have been categorized into a four-grade scale of low, medium, high, and very high. Where quantification has not been possible or suitable, a qualitative evaluation has been used based on the nature of the effects. This has allowed to assess quantitative and qualitative effects over several different topics on a similar scale.

Likelihood has been assessed for all identified risks and opportunities after assessing a theoretical magnitude. The likelihood assessment may confirm or disqualify risks and opportunities from being material. In this process, one type of impact can be associated with several risks and opportunities with different likelihoods of occurrence.

The overall threshold for assessing a matter as material is between medium and high but all such assessments are also completed by a qualitative judgement of influence or linkage to impacts, as well as exposure to risks and opportunities.

Decision-making process and related internal control procedures
Our process to assess materiality contains many qualitative and quantitative data points, and this is not a strictly mathematical process. However, mathematical assessment is used to avoid bias in the overall materiality assessment.

As part of the assessment, we perform internal controls to ensure that both quantitative and qualitative data is relevant and accurate. Decisions on matters being considered as material for the Group is then taken in a steering committee with representatives from the Executive Board. The process is overseen by the Audit Committee of the AB Volvo Board.

Integration into overall risk management process
The process of identifying and assessing risks and opportunities is integrated in the Group's overall risk management process. The assessment is made as a sub-process to the Group's enterprise risk management process. This process is supported by a cross-functional forum with representatives from the Group's Truck Divisions and Business Areas who is accountable for managing their risks and opportunities. The prioritized risks and opportunities are consolidated by strategic functions in the Group, reporting to the Executive Board on the suggested prioritized impacts, risks and opportunities.

Parameters used in the impact materiality assessment

Volvo Group's sustainability due diligence includes a system of processes. Some processes are established through Group-level policies and implemented across the Group, while others are unique for different parts of the organization, and adapted to individual needs of specific operations. A variety of assessment tools are used to identify potential risks and adverse impacts, prioritizing prevention, and mitigation activities, deploy training and awareness, provide for or cooperate in the remediation, and to report progress. In the process of evaluation impacts, we have considered actual measured impacts, as well as potential impacts that are likely to occur in our operations or value chain.

Climate-related matters include data from greenhouse gas inventory, scenario analysis on financial risks and exposure to weather-related physical risks.

Pollution-related matters include inventories and assessments of usage and risks of substances of concern, measurements of actual pollutants and associated risks.

Resource-related matters include life-cycle assessments of recyclability, measurements of waste management and recycling and reviews of materials used.

All environmental-related matters also include input from supplier audits and self-assessments and where necessary complemented by common environmental risks from proxy data.

Assessment of water-related impacts includes water usage and consumption measurement, water stress assessments and reports on water risks in the product lifecycle.

Biodiversity-related impacts includes land areas directly used, proximity to protected areas and linkage to drivers of biodiversity loss in the various stages of the product lifecycle.

For social impacts related to own workforce, we have used measured data on workforce characteristics, coverage of collective bargaining and access to social dialogue, accidents and illnesses, remuneration, whistleblower reports and investigations as main input to our assessment.

For impacts related to workers in the value chain, we have used primary data from site audits and reviews. We have also included data from risk mapping in relation to human rights in the value chain, which has presented geographical as well as thematical hotspots of risks, upstream in the supply chain as well as downstream at importers, service workshops and distributors.

Community impacts have been assessed from collected knowledge gained in recent industrialization projects, community engagement activities, NGO reports and dialogues with proxies for potentially impacted people.

End-user impacts have been assessed by considering primary data accident research, benefits from active and passive vehicle safety features, and proxy data on vehicle- and road safety.

Assessments related to business conduct included investigation and risk assessment on anti-corruption and other compliance-related topics, payment practices and number of late payments to suppliers, activities and effects of advocacy for public policy.

Overall, for risks and opportunities, we have evaluated ongoing market and regulatory roadmaps to conclude if and when our exposure to risks and opportunities may emerge. In this process, regulations that are expected in near term development are assessed at a higher likelihood. Where it is challenging to monetize risks and opportunities, stakeholder interest, feedback and expectations are used to assess reputational risks and opportunities in a qualitative way.

Changes compared to prior reporting period

In 2024, the process to assess impacts, risks and opportunities has been refined and made more granular. Where the process earlier was based on more qualitative data, the process in 2024 has relied more on quantitative data and more granular due diligence processes which are under development. These processes will continue to be developed over time which may lead to additional risks and opportunities being identified as material and included in the Sustainability Statement.

Stakeholders' role in the materiality assessment

We have identified a range of stakeholders to the Volvo Group's sustainability work, and we gather their views in different ways depending on their relationship to Volvo Group.

For some matters in the due diligence process we have found it suitable to seek input directly from affected stakeholders. Key stakeholders in this area are employees, people working in the supply chain, and representatives from environmental and other organizations.

Employee input has been collected from on-site audits, formal dialogues with employee representatives and investigation of cases reported to the Volvo Group whistle reporting channel. Input from people working in the value chain is collected during on-site audits at suppliers, as well as from external proxy data on elevated human rights risks.

In addition to such topic-specific dialogues, we have also organized a number of round table discussions with experts from non-governmental organizations and academic researchers to capture input from perspectives of stakeholders who may not turn to Volvo Group directly for advice or grievance escalation.

Depending on the subject matter, dialogues are organized in different ways and explained in more detail under each topic-specific disclosure. Dialogues and consultations with certain stakeholder groups are more formalized while others are carried out ad hoc. As part of the implementation of our human rights program we have identified stakeholder consultation as one of the improvement areas.

By following and contributing to academic research in environmental, human rights and other sustainability-related topics, usage of external assessment tools and risk-maps, we have defined qualitative and quantitative thresholds to assess severity and importance of impacts.

Regulatory bodies are considered a key stakeholder group when we assess risks and opportunities. The Group maintains a dialogue with policy makers and wants to have an active role in shaping the policy landscape in strategic areas.

The assessment of material information includes nuances from stakeholders about expectations connected to Volvo Group's influence and linkage to impacts, as well as the likelihood of impacts, or exposure to risks and opportunities. Fine-tuning of material topics and sub-topics leverages insights gained from stakeholder consultation, dialogues, requests and ratings.

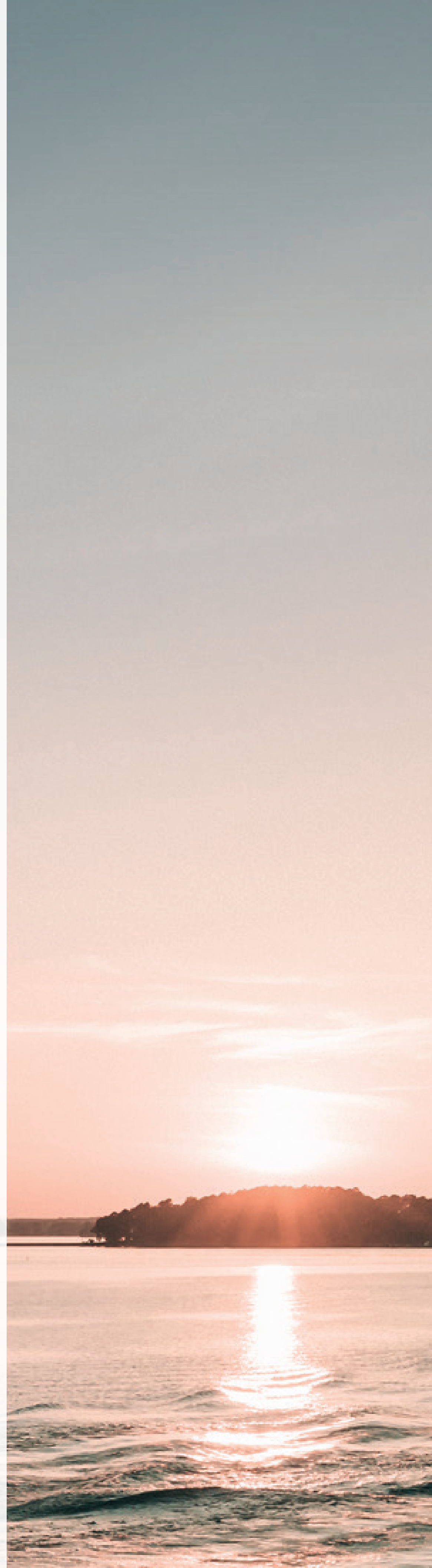
Feedback from report users was gathered in direct dialogues with investors and analysts. The Group also monitors requests and ratings from customers and investors who continuously make assessments of Volvo Group's performance as part of their decision-making such as sourcing and investment decisions. Such feedback is leveraged in the conclusion of which exact disclosures to prioritize in the final report (referred to in ESRS as assessment of material information).

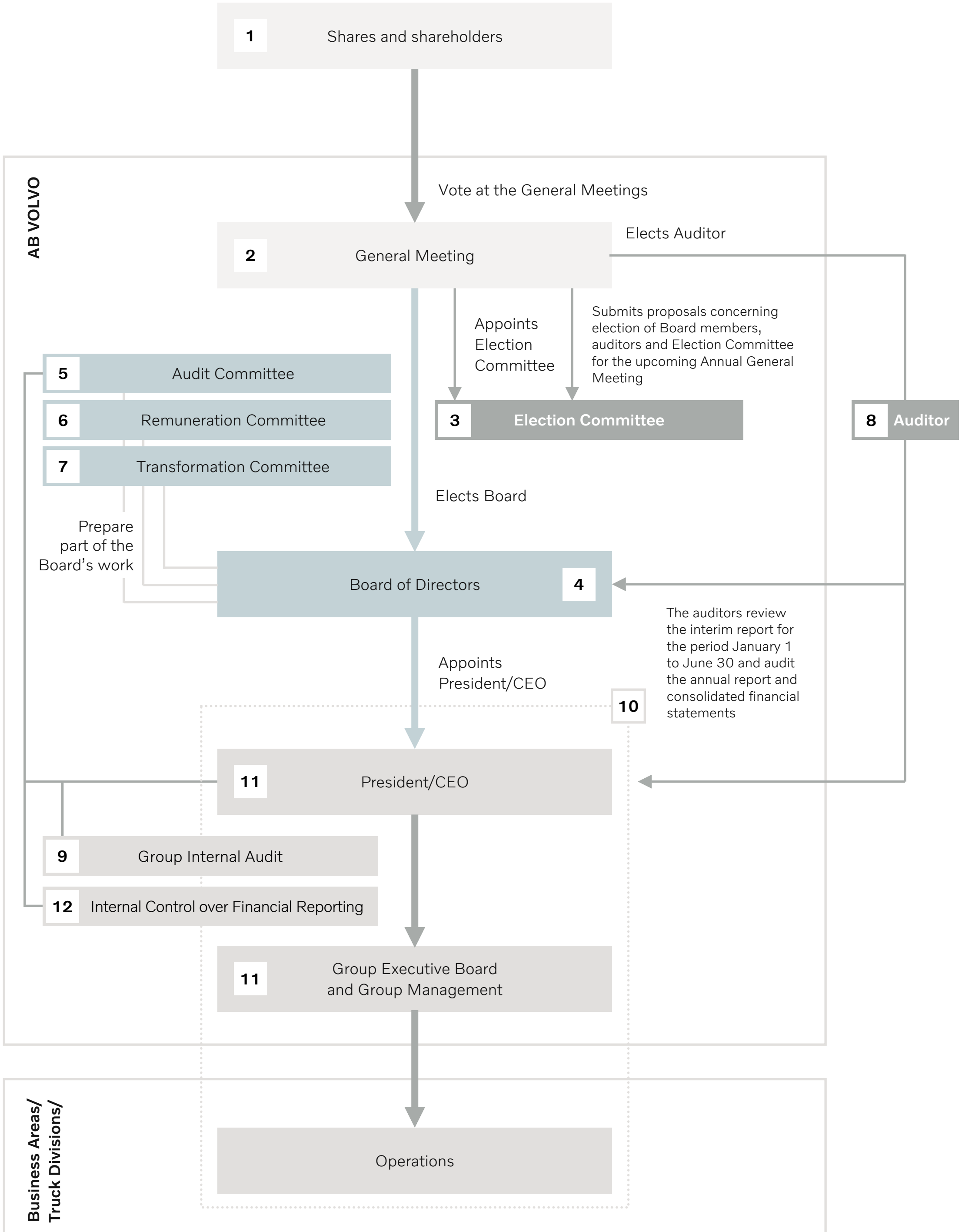
Corporate Governance Report

The Volvo Group appreciates sound corporate governance as a fundamental base in promoting its long-term strategic objectives and in achieving a trustful relationship with shareholders and other key stakeholders. High standards when it comes to transparency, reliability and ethical values are guiding principles within the Volvo Group's operations.

AB Volvo, the parent company of the Volvo Group, is a Swedish limited liability company, with its shares admitted to trading on Nasdaq Stockholm. AB Volvo follows the Swedish Corporate Governance Code (the Code). The Code is published on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code and is separate from the Annual Report. The Corporate Governance Report has been reviewed by Volvo's auditor.




1 Shares and shareholders
Vote at the General Meetings
AB VOLVO
2 General Meeting
Elects Auditor
Appoints Election Committee
Submits proposals concerning election of Board members, auditors and Election Committee for the upcoming Annual General Meeting
5 Audit Committee
6 Remuneration Committee
7 Transformation Committee
3 Election Committee
8 Auditor
Elects Board
Prepare part of the Board's work
Board of Directors 4
The auditors review the interim report for the period January 1 to June 30 and audit the annual report and consolidated financial statements
Appoints President/CEO
10
11 President/CEO
9 Group Internal Audit
12 Internal Control over Financial Reporting
11 Group Executive Board and Group Management
Business Areas/ Truck Divisions/
Operations

1 Shares and shareholders

Volvo has issued two classes of shares: series A and series B. At a General Meeting, series A shares carry one vote and series B shares one-tenth of a vote. The two share classes carry equal rights in the assets and earnings of the company. According to a special share conversion clause in the Articles of Association, holders of series A shares are entitled to request that their series A shares be converted to series B shares. Implementation of such conversions, which occurs on a regular basis, entail that the total number of votes in AB Volvo decreases.

At year-end 2024, Volvo had 396,699 shareholders according to the share register maintained by Euroclear. Shareholdings in Volvo representing at least one tenth of the votes of all shares in the company are AB Industrivärden with 28.0 percent of the votes and Geely Holding with 14.7 percent of the votes.

For more information about the Volvo share and its shareholders, please refer to the Board of Directors' Report on pages 58 - 59 of the Annual Report.

2 General Meeting

Shareholders may exercise their voting rights at the General Meetings of AB Volvo. The General Meeting is Volvo's highest decision-making body.

Volvo's Annual General Meeting will be held on April 2, 2025 at Konserthuset, Gothenburg, Sweden, with the opportunity for shareholders to also exercise their voting rights by voting in advance, so called postal voting.

In addition to applicable laws on shareholders' right to participate at General Meetings, the Articles of Association of AB Volvo stipulates that shareholders must (i) give notice of their attendance (within the time stated in the convening notice) and (ii) notify the company of any intention to bring assistants. The documents from the General Meetings are published on Volvo's website.

3 Election Committee

The Election Committee is elected by the General Meeting. The Election Committee shall perform the tasks that are incumbent upon the Election Committee according to its instructions from the General Meeting and the Code.

In accordance with the instructions for Volvo's Election Committee (adopted by the Annual General Meeting 2019), the Annual General Meeting shall elect five members to serve on the Election Committee, of whom four shall represent the largest shareholders in the company in terms of votes, who have expressed their willingness to participate in the Election Committee. In addition, one of the members shall be the Chairman of the AB Volvo Board.

The following individuals are members of the Election Committee which should submit proposals to the Annual General Meeting 2025:

- Fredrik Persson, AB Industrivärden
- Anders Oscarsson, AMF and AMF Funds
- Carina Silberg, Alecta
- Anders Algotsson, AFA Insurance
- Pär Boman, Chairman of the Board

The Election Committee appointed Fredrik Persson as Chairman of the Election Committee.

4 Board of Directors

The Board is ultimately responsible for Volvo's organization and management of the company's operations. The Board is responsible for the Group's long-term development and strategy, for regularly controlling and evaluating the Group's operations and for the other duties set forth in the Swedish Companies Act and the Code.

Composition

In 2024, AB Volvo's Board consisted of eleven members elected by the Annual General Meeting and three members and three deputy members appointed by employee organizations.

Carl-Henric Svanberg served as Chairman of the Board until the Annual General Meeting 2024. At the meeting, Pär Boman was elected new Chairman of the Board. Mari Larsson, who was appointed by the employee organizations, left the Board in connection with the Annual General Meeting 2024 and the employee organizations have appointed Therese Koggdal as new Board member. A detailed presentation of each Board member is set out in the "Board of Directors" section on pages 190–191.

Prior to the Annual General Meeting 2024, the Election Committee announced that it had applied the provisions of rule 4.1 of the Code as diversity policy. The aim is that the Board as a collective should possess the required mix in terms of background and knowledge, whereby an even gender distribution is taken into particular account. The result of the Election Committee's application of the diversity policy is a Board that represents a mix of both professional experience and knowledge as well as geo graphical and cultural backgrounds. 36 percent (four out of eleven) of the Board members elected by the Annual General Meeting are women.

Independence requirements

The Board of Directors of AB Volvo is subject to the independence requirements prescribed in the Code.

Prior to the Annual General Meeting 2024, the Election Committee presented the following assessment of the independence of Board members elected at the Annual General Meeting 2024.

Matti Alahuhta, Bo Annvik, Jan Carlson, Eric Elzvik, Martha Finn Brooks, Kurt Jofs, Kathryn V. Marinello and Martina Merz were all considered independent of the company and company management, as well as the company's major shareholders.

Pär Boman was considered independent of the company and company management but not in relation to one of the major shareholders, due to his capacity as vice chairman of the Board of AB Industrivärden.

Martin Lundstedt, as President of AB Volvo and CEO of the Volvo Group, was considered independent of the company's major shareholders but not of the company and company management.

Helena Stjernholm was considered independent of the company and company management but not in relation to one of the major shareholders, due to her capacity as President and CEO of AB Industrivärden.

The Board's work in 2024

Every year, the Board adopts work procedures for the Board's work.

The work procedures outline how the Board's duties should be distributed, including the specific role and duties of the Chairman, instructions for the division of duties between the Board and the President and for the reporting of financial information, sustainability matters and other items to the Board. The Board has also adopted specific instructions for the Board's respective committees, which are linked to the work procedures.

The Board's work is mainly performed within the framework of formal Board meetings and through meetings in the committees of the Board. In addition, regular contact is maintained between the Chairman of the Board and the CEO in order to discuss ongoing business and to ensure that the Board's decisions are executed.

In 2024, there were eleven ordinary Board meetings and one statutory Board meeting. The attendance of the Board members at the Board meetings during 2024 is presented in the table on page 189. The company's auditor attended one Board meeting during the year.

During 2024, the Board's focus has been on both transformation and performance, seeking to secure earnings resilience on lower volumes. The Board has devoted considerable time to strategic considerations concerning among others electrification, digitalization and strategic partnerships such as the intended establishment of a joint venture with Daimler Truck to develop a common software-defined truck platform. The Board has closely followed market developments with a high focus on the North American region. Among the topics discussed and decided upon in the Board relating to North America the following can be especially noted; the decisions to establish a truck plant in Mexico to supplement to US production capacity and the acquisition of the Cab Structures Business in North Carolina from Commercial Vehicle Group (CVG) to improve the cab supply for Mack Trucks, as well as opportunities related to the acquisition of the battery business from Proterra Inc. and Proterra Operating Company (jointly 'Proterra'), completed in February 2024 and the all-new VNL truck launched by Volvo Trucks during the second half of 2024.

The Board's ambition is to stay close to the business and the Board receives continuous updates on the development of the Group's performance. During 2024, in addition to earnings resilience with the North America focus and above-mentioned strategic topics, the Board also gave significant attention to several other key areas and issues:

- Key investments: The Board has set direction for major investments leading up to several of the product launches 2024 as well as launches expected in coming years. Given the slower adoption pace of battery-electric vehicles, the Board has also supported the postponement of the battery cell plant in Mariestad, Sweden.
- Sustainability: The Volvo Group's sustainability work and objectives are an integrated part of the Board's work and are followed up regularly by the Board.
- Talent Review and Succession Planning: The Board carefully evaluates talent and succession planning within the organization.
- Quality oversight: Thorough review and follow-up of Volvo's quality work.
- External factors: The Board has been monitoring macroeconomic and geopolitical developments with associated supply chain challenges as well as proactive measures taken to address these issues.

The Board has reviewed the Group's climate transition pathway towards its net-zero ambition, as well as the approach and progress made with respect to its human rights work. Implementation of new sustainability related legislation has also been on the agenda, and the Board has, as part of its recurring agenda items, looked into the Group's work with respect to compliance & whistleblower programs, products regulatory compliance and the ongoing health & safety work.

The Board usually makes regular visits to the company's operations throughout the world to meet with local management, customers and suppliers and learn more about the specific market conditions in the visited region. In 2024 the Board visited the United States and Group production facilities in Sweden.

In 2024, the Board resolved on an overall financial plan and investment framework for the Group's operations. In addition, the Board regularly monitors the Group's earnings and financial position and maintains continuous focus on risk related issues such as overall risk management and ongoing legal disputes and investigations. The Board proposed a distribution of an ordinary dividend of SEK 7.50 per share and an extraordinary dividend of SEK 10.50 per share, which was resolved by the Annual General Meeting 2024. Furthermore, the Board regularly reviews the management's short and long-term incentive programs to ensure that they fulfill their purpose and drive the right behavior in the current business environment.

Evaluation of the Board

In 2024, the Board performed its yearly evaluation of the Board's work during the previous year. The purpose of the evaluation is to further develop the Board's efficiency and working procedures and to determine the main focus of the Board's coming work. In addition, the evaluation serves as a tool for determining the competence required by the Board and for analyzing the competence that already exists in the current Board. Further, a summary of the evaluation serves as input for the Election Committee's work with proposing Board members to the Annual General Meeting.

As part of the yearly evaluation, Board members were asked to complete a questionnaire and assess various areas related to the Board's work from their own perspective. The areas evaluated for 2024 included the Board's composition, the management and focus of Board meetings, Board support and committees and how the Board addresses issues related to strategy and strategic priorities, potential risks, succession planning and people oversight. The areas covered by the evaluation reflect the development of the Board's work and the Volvo Group and the priorities going forward.

Separate evaluations were conducted of the Board as a collective, the Board Chairman, the Audit Committee, the Remuneration Committee and the Transformation Committee. A summary of the result of the evaluation of the Board as a collective and of the Chairman was discussed by the Board, and a summary of the results of the evaluations of the committees were/will be discussed by the relevant committee.

Remuneration of Board members

The Annual General Meeting resolves on fees to be paid to the Board members elected by the Annual General Meeting. For further information about Board remuneration adopted by the Annual General Meeting 2024, please refer to Note 27 "Personnel" in the Group's notes in the Annual Report.

Remuneration of Board members, 2024 (from AGM on March 27, 2024)	SEK
Chairman of the Board	4,100,000
Board member[1]	1,230,000
Chairman of the Audit Committee	600,000
Member of the Audit Committee	325,000
Chairman of the Remuneration Committee	175,000
Member of the Remuneration Committee	130,000
Chairman of the Transformation Committee	315,000
Member of the Transformation Committee	210,000

1 With the exception of the President.

BOARD COMMITTEES
The Board has formed Committees and the Board Committees are the Audit Committee, the Remuneration Committee and the Transformation Committee. The Election Committee's assessment of independence of the Committee' members is presented above under the "Independence requirements" section. The Committees report the outcome of their work through the respective Chair to all members of the Board on a regular basis.

5 Audit Committee

Duties
The Board has an Audit Committee primarily for the purpose of supervising the accounting and financial reporting processes and the audit of the annual financial statements.

The Audit Committee's duties include, among other things, preparing the Board's work to assure the quality of the Group's financial reporting by reviewing interim reports, the Annual Report and the consolidated accounts. The Audit Committee also has the task of reviewing and overseeing the Group's legal and taxation matters including compliance with laws and regulations that may have a material impact on financial reporting. Furthermore, the Audit Committee has the task of reviewing and overseeing the impartiality and independence of the company's auditors. The Audit Committee is also responsible for evaluating both internal and external auditors' work and, when applicable, handling the tender process for audit services. In addition, it is the Audit Committee's task to preapprove what other services, beyond auditing, the company may procure from the auditors. The Audit Committee also adopts guidelines for transactions with companies and persons closely associated with Volvo. Further, the Audit Committee evaluates the quality, relevance and effectiveness of the Group's system for internal control over financial reporting, as well as with respect to the internal audit and risk management. The Committee's risk management work includes overseeing the Group's overall risk management processes (see pages 60-66 for more information) and Group compliance programs, as well as reviewing specific risks, including cyber- and information security risks and product compliance. The Committee also discharges any other duties of an audit committee according to law or its instructions. Finally, the Audit Committee oversees regulatory and other developments of sustainability standards, and the Group's reporting in these areas.

Composition and work in 2024
At the statutory Board meeting following the Annual General Meeting 2024, the following Board members were appointed members of the Audit Committee:
- Eric Elzvik, Chairman of the Audit Committee
- Pär Boman
- Martha Finn Brooks
- Helena Stjernholm

The Audit Committee met with the external auditors without the presence of management on two occasions in 2024 in connection with Audit Committee meetings. The Audit Committee regularly met with the Head of Group Internal Audit in connection with Audit Committee meetings.

The Audit Committee and the external auditors, among other areas, discussed the external audit plan and the view of risk management. The Audit Committee held ten ordinary meetings during 2024. The attendance of Board members at the committee meetings is presented in the table on page 189.

6 Remuneration Committee

Duties
The Board has a Remuneration Committee for the purpose of preparing and resolving on issues relating to the remuneration of senior executives in the Group. The duties of the Committee include making recommendations to the Board on the Board's decisions regarding terms of employment and remuneration of the CEO of AB Volvo, principles for the remuneration, including pensions and severance payments, of other members of the Group Executive Board and principles for variable salary systems, share based incentive programs and for pension and severance payment structures for other senior executives in the Group.

The Remuneration Committee shall also monitor and evaluate ongoing programs and programs concluded during the year for the variable remuneration of senior executives, application of the guidelines for remuneration to the Volvo Group Executive Board, and the current remuneration structures and levels in the Group.

The Board shall prepare a remuneration report for each financial year detailing the remuneration that is covered under the guidelines. The remuneration report shall include the total remuneration, i.e. both compensation that has been and remains to be paid out, and outline how such remuneration correlates to the guidelines. The remuneration report also provides details on the remuneration of AB Volvo's President and CEO. The remuneration report shall be submitted to the Annual General Meeting for approval.

Composition and work in 2024
At the statutory Board meeting following the Annual General Meeting 2024, the following Board members were appointed members of the Remuneration Committee:
- Pär Boman, Chairman of the Remuneration Committee
- Matti Alahuhta
- Kurt Jofs

The Remuneration Committee held three ordinary meetings during 2024. The attendance of Board members at committee meetings is presented in the table on page 189.

7 Transformation Committee

Duties

The Board has a Transformation Committee that focuses on the strategic direction and transformation of the Volvo Construction Equipment business area. The main purpose of the Committee is to ensure that Volvo Construction Equipment is successful in the transformation.

Composition and work in 2024

At the statutory Board meeting following the Annual General Meeting 2024, the following Board members were appointed members of the Transformation Committee:

- Kurt Jofs, Chairman of the Transformation Committee
- Matti Alahuhta
- Lars Ask
- Pär Boman
- Therese Koggdal
- Martin Lundstedt
- Helena Stjernholm

The Transformation Committee held four ordinary meetings during 2024. The attendance of Board members at committee meetings is presented in the table below.

The Board's composition and attendance at meetings January 1, 2024 – December 31, 2024

Member	Board meetings (11 incl. statutory)	Audit Committee (10)	Remuneration Committee (3)	Transformation Committee (4)[1]
Pär Boman[2]	8	5	2	3
Carl-Henric Svanberg[3]	3		1	
Martin Lundstedt[4]	11			3
Matti Alahuhta	11		3	4
Bo Annvik	11			
Jan Carlson	11			
Eric Elzvik	11	10		
Martha Finn Brooks	11	9		
Kurt Jofs	11		3	4
Kathryn V. Marinello[5]	11			
Martina Merz[6]	11			
Helena Stjernholm[7]	11	10		4
Total number of meetings	**11**	**10**	**3**	**4**

Member	Board meetings (11 incl. statutory)	Audit Committee (10)	Remuneration Committee (3)	Transformation Committee (4)[1]
Lars Ask, employee representative[8]	11			3
Therese Koggdal, employee representative[9]	8			2
Mari Larsson, employee representative[3]	3			1
Urban Spännar, employee representative	11			
Danny Bilger, employee representative	11			
Camilla Johansson, employee representative	11			
Erik Svensson, employee representative[7]	11			
Total number of meetings	**11**	**10**	**3**	**4**

1 Until March 2024 the Volvo CE Transformation Committee.

2 Pär Boman joined the Board, Audit Committee, Remuneration Committee and the Transformation Committee in March 2024 and have since attended all Board and Committee meetings during 2024 except for one Audit Committee meeting in October 2024 and partly attended the Audit Committee meeting in December 2024.

3 Carl-Henric Svanberg and Mari Larsson resigned from the Board in March 2024 and had, prior thereto, attended all Board meetings during 2024.

4 Martin Lundstedt joined the Transformation Committee in March 2024 and have since attended all Committee meetings.

5 Kathryn V. Marinello partly attended the Board meeting in March 2024.

6 Martina Merz partly attended the Board meeting in December 2024.

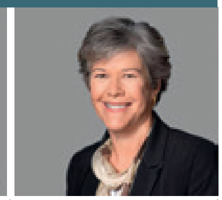
7 Helena Stjernholm and Erik Svensson partly attended the Board meeting in September 2024.

8 Lars Ask partly attended the Board meeting in June 2024.

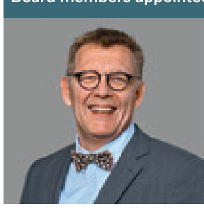
9 Therese Koggdal joined the Board and the Transformation Committee in March 2024 and have since attended all Board and Committee meetings during 2024 except for one Transformation Committee meeting in May 2024 and partly attended the Board meeting in June 2024.

Board of Directors

Board members elected by the Annual General Meeting

					
Pär Boman	**Matti Alahuhta** Member of the Remuneration Committee Member of the Transformation Committee	**Bo Annvik**	**Jan Carlson**	**Eric Elzvik** Chairman of the Audit Committee	**Martha Finn Brooks** Member of the Audit Committee
Elected					
2024	2014	2023	2022	2018	2021
Year of birth					
1961	1952	1965	1960	1960	1959
Education					
Engineering and Business/ Economics degree, Honorary Doctor of Economics	MSc, Dr Sc. Doctor of Science, Helsinki University of Technology	MSc in Business Administration and Economics, School of Business, Economics and Law at the University of Gothenburg	MSc in Physics and Electrical Engineering from University of Linköping	MSc Business Administration, Stockholm School of Economics	BA Economics and Political Science, Yale University. MBA International Business from Yale School of Management, Yale University
Current assignments					
Chairman: Svenska Handelsbanken AB and Pensionskassan SHB Tjänstepensionsförening Vice chairman: AB Industrivärden Board member: Skanska AB	Chairman: DevCo Partners Board member: Kone Corporation Supervisory Board member: Finnish Cultural Foundation	President and CEO: Indutrade AB Board member: Indutrade AB	Chairman: Autoliv Inc. and Telefonaktiebolaget LM Ericsson	Chairman: Global Connect Group and Deutsche Glasfaser Group Board member: Telefonaktiebolaget LM Ericsson and Landis+Gyr Group AG Other: Senior industrial advisor to EQT	Board member: Constellium, CARE USA and RMI
Principal work experience and other information					
Chairman: Essity AB and Svenska Cellulosa Aktiebolaget SCA President and CEO: Svenska Handelsbanken AB	Chairman: Aalto University, IMD, Confederation of Finnish Industries and Technology Industries of Finland Vice chairman: Metso Outotec Board member: ABB Ltd., UPM and British Telecom President and CEO: Kone Corporation President: Nokia Telecommunications and Nokia Mobile Phones Other: Various management positions within the Nokia Group, including Chief Strategy Officer	President and CEO: Haldex Board member: SSAB Other: Various management positions within Volvo Car Corporation, SKF and Outokumpu	Chairman: Veoneer Inc. President and CEO: Autoliv Inc and Veoneer Inc. President: Autoliv Europe, Autoliv Electronics, Saab Combitech and Swedish Gate Array Other: Various management positions within the Autoliv Group, including Vice President Engineering, and Honorary Doctor at the Technical faculty of Linköping University	Board member: Fenix Marine Services and VFS Global Other: Several management positions in the Finance function at ABB including Group CFO, CFO for the Divisions Discrete Automation & Motion and Automation Products, Head of M&A and New Ventures and Head of Corporate Development	President and CEO: Rolled Products and SVP in Alcan Inc. President and COO: Novelis Inc. Board member: Harley-Davidson, International Paper, Bombardier, Jabil, CARE Enterprise Inc. and privately held Algeco Scotsman Other: Various management positions in Cummins truck and bus businesses, including Global VP of Truck and Bus business
Holdings in AB Volvo, own and related parties					
20,000 Series B shares and 300,000 call options in Series B shares	146,100 Series B shares	45 Series A shares	10,000 Series B shares	7,475 Series B shares	25,500 American depositary receipts representing Volvo B shares (ADRs)

Board members appointed by the employee organizations



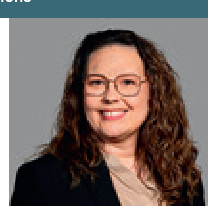
Lars Ask
Employee representative, ordinary member
Member of the Transformation Committee

Appointed: 2016 (Deputy member 2009-2016)

Year of birth: 1959

Principal work experience and other information:
With Volvo since 1982

Holdings in AB Volvo, own and related parties:
116 Series B shares



Therese Koggdal
Employee representative, ordinary member
Member of the Transformation Committee

Appointed: 2024

Year of birth: 1976

Principal work experience and other information:
With Volvo since 2008

Holdings in AB Volvo, own and related parties:
1 Series A share and
6 Series B shares

Urban Spännar
Employee representative, ordinary member

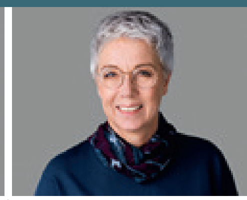
Appointed: 2023

Year of birth: 1967

Principal work experience and other information:
With Volvo since 1997

Holdings in AB Volvo, own and related parties:
1,007 Series A shares and
1,790 Series B shares

Board members elected by the Annual General Meeting

				
Kurt Jofs Chairman of the Transformation Committee Member of the Remuneration Committee	**Martin Lundstedt** President and CEO	**Kathryn V. Marinello**	**Martina Merz**	**Helena Stjernholm** Member of the Audit Committee Member of the Transformation Committee
Elected				
2020	2016	2014	2015	2016
Year of birth				
1958	1967	1956	1963	1970
Education				
MSc, KTH Royal Institute of Technology, Stockholm	MSc, Chalmers University of Technology	BA from State University of New York at Albany, MBA & Doctorate from Hofstra University	BS from University of Cooperative Education, Stuttgart	MSc Business Administration, Stockholm School of Economics
Current assignments				
Board member: Arjeplog Hotel Silverhatten AB	Chairman: Permobil Holding AB Board member: Autoliv Inc., Industrikraft i Sverige AB, the Confederation of Swedish Enterprise, the International Chamber of Commerce (ICC), Sweden and the European Automobile Manufacturers' Association (ACEA CV BOD) Member: European Round Table of Industry (ERT) and the Royal Swedish Academy of Engineering Sciences (IVA)	Chairperson: Concentrix President and CEO: PODS	Board member: Siemens AG (will step down as of February 2025) and Rio Tinto	President and CEO: AB Industrivärden Chairman: Svenska Cellulosa Aktiebolaget SCA Board member: AB Industrivärden, Sandvik AB and the Confederation of Swedish Enterprise Member: The Royal Swedish Academy of Engineering Sciences (IVA)
Principal work experience and other information				
Chairman: Tieto, Vesper Holding AB and Höganäs AB Board member: Telefonaktiebolaget LM Ericsson and Feal AB President: Segerström & Svensson and Linjebuss Other: Various management positions within Telefonaktiebolaget LM Ericsson, including Executive Vice President (with responsibility for Telefonaktiebolaget LM Ericsson's Networks business), and ABB	Co-chairman: UN Secretary-General's High-Level Advisory Group on Sustainable Transport President and CEO: Scania AB Board member: Concentric AB Other: Various management positions within Scania	Chairperson: Ceridian Corporation and Stream Global Services, Inc. Board member: Nielsen, RealPage, General Motors Co., MasterCard US and Ares Acquisition Corporation President and CEO: Ceridian Corporation, Stream Global Services, Inc. and Hertz Global Holdings Other: Several management positions at Citibank, Chemical Bank New York (now JP Morgan Chase), First Bank Systems, First Data Corporation, General Electric (including Division President General Electric Financial Assurance Partnership Marketing and Division President General Electric Fleet Services) and Senior Advisor for Ares Management, LLC	President and CEO: thyssenkrupp AG CEO: Chassis Brakes International President: Bosch Closure Systems Other: Various management positions at Robert Bosch GmbH, including Executive Vice President Sales and Marketing in the Chassis System Brakes division combined with responsibility for regions China and Brazil, and member of the Board of Management of Brose Fahrzeugteile GmbH & Co.	Board member: Telefonaktiebolaget LM Ericsson Other: Partner at the private equity firm IK Partners, consultant for Bain & Company and various board seats in non-listed companies
Holdings in AB Volvo, own and related parties				
53,941 Series B shares	330,868 Series B shares and 300,000 call options in Series B shares	10,000 American depositary receipts representing Volvo B shares (ADRs)	10,636 Series B shares	8,000 Series B shares

Deputies appointed by the employee organizations

Danny Bilger
Employee representative, deputy member

Appointed: 2023

Year of birth: 1965

Principal work experience and other information: With Volvo 1983–1999 and since 2007

Holdings in AB Volvo, own and related parties: 736 Series A shares and 655 Series B shares

Camilla Johansson
Employee representative, deputy member

Appointed: 2016

Year of birth: 1966

Principal work experience and other information: With Volvo since 1997

Holdings in AB Volvo, own and related parties: 643 Series A shares and 508 Series B shares

Erik Svensson
Employee representative, deputy member

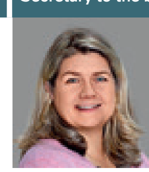
Appointed: 2023

Year of birth: 1989

Principal work experience and other information: With Volvo since 2016

Holdings in AB Volvo, own and related parties: None

Secretary to the board



Nina Aresund
Secretary to the Board
Master of Laws

Appointed: 2023

Year of birth: 1974

Principal work experience and other information: Head of Legal and Compliance Volvo Construction Equipment, Head of Corporate Legal AB Volvo and Corporate Legal Counsel AB

Volvo Holdings in AB Volvo, own and related parties: 17,859 Series B shares

8 Auditor

Volvo's auditors are elected by the Annual General Meeting. The auditors review the interim report for the period January 1 to June 30 and audit the annual financial statements and consolidated accounts. Further, the auditors review the Corporate Governance Report and the Sustainability Report. The auditors report the results of their audit in the Audit Report, in an opinion on the Corporate Governance Report and a limited assurance report on the Sustainability Report, and provides an opinion on whether the guidelines for remuneration to the Volvo Group Executive Board have been complied with, which they present to the Annual General Meeting.

At the Annual General Meeting 2024, the registered auditing company Deloitte AB was re-elected as auditor for the period until the end of the Annual General Meeting 2025. The Authorized Public Accountant Fredrik Jonsson is the auditor in charge.

For information about Volvo's remuneration of the auditors, please refer to Note 28 "Fees to the auditors" in the Group's notes in the Annual Report.

9 Group Internal Audit

Volvo's internal audit function, Group Internal Audit, provides the Board and the Group Executive Board with an independent, risk based and objective assurance on the effectiveness and the efficiency of the governance, risk management and control systems of the Volvo Group. Group Internal Audit performs advisory work as well, from time to time. Group Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and to improve the effectiveness of risk management, control and governance processes.

Group Internal Audit performs internal audits in selected focus areas, identified through an independent risk assessment process involving key stakeholders, input from past audits and from the other assurance functions including the external auditors. This audit plan is approved by the Audit Committee. In addition, special assignments requested by management and the Audit Committee can be performed. The audits cover, among other things, assessments on the adequacy and effectiveness of the Volvo Group's processes for controlling its activities and managing its risks and evaluation of compliance with policies and directives.

The head of Group Internal Audit reports to the CEO, the Group's General Counsel and the Audit Committee.

For additional information on Internal Control over Financial Reporting, see pages 198–199.

10 Governance principles and organizational structure

Governance documents

A key part of the Group's governance is its policies and directives, including the Code of Conduct and policies relating to investments, financial risks, accounting, financial control and internal audit. These documents establish unified operating and financial rules for the Group's operations, as well as responsibility and authority structures.

Organizational structure

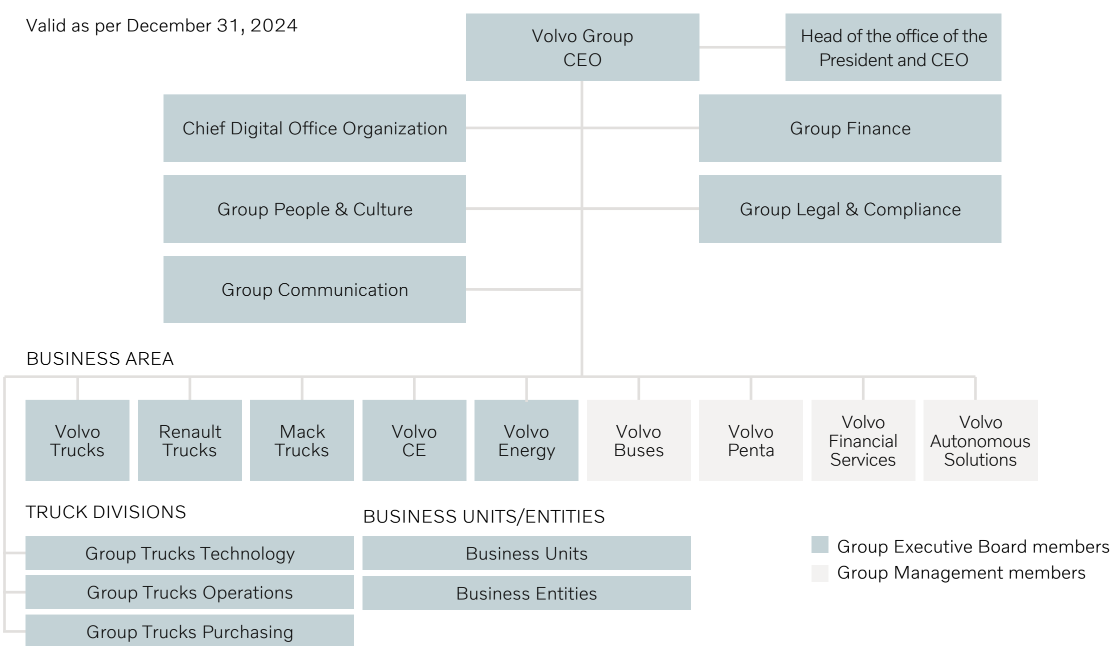
The Volvo Group operates through five Group Functions, three Truck Divisions and nine Business Areas. The five Group Functions (Group Finance, Group Legal & Compliance, Group People & Culture, Group Communication and the Chief Digital Office Organization) are tasked with supporting the entire organization with expertise within each Group Function area, developing standards through policies, directives and guidelines as well as providing services and/or products for the entire Group. The Volvo Group's truck business, and in some areas also other Business Areas, are supported by the three Truck Divisions: Group Trucks Technology (GTT), Group Trucks Purchasing (GTP) and Group Trucks Operations (GTO). The business of the Volvo Group is organized in nine Business Areas: Volvo Trucks, Renault Trucks, Mack Trucks, Volvo Construction Equipment, Volvo Energy, Volvo Buses, Volvo Penta, Volvo Financial Services (VFS) and Volvo Autonomous Solution (VAS). In addition, Nova Bus and Proterra, respectively, are managed as separate legal and operational entities within the Volvo Group.

Each Business Area and Truck Division holds regular Business Review Meetings, (BRM) to support strategic development and business performance, where key decisions are taken by the Group Executive Board and the Extended Group Management. In addition, cross-functional decision forums like the People Board, Digital Product & Services Board, Product Board, Quality Board and Sales and Operational Planning ensure collaboration and alignment.

This governance model allows Volvo to leverage on global capabilities in product development, purchasing, and manufacturing while maintaining distinct leadership and responsibility in each Business Area. The aim is consistent business principles, optimizing earnings performance and cash flow generation in the short and long term across all Business Areas.

Volvo Group organization

Valid as per December 31, 2024



11 Group Executive Board and Group Management

The CEO is responsible for managing the day-to-day operations of the Volvo Group and is authorized to make decisions on matters that do not require AB Volvo Board approval. The CEO leads the operations of the Volvo Group, e.g. through the Group Executive Board, the extended Group Management, as head of Group Trucks and Business Areas' and Truck Divisions' BRMs and through the cross-functional forums.

In the above described operational governance model, the Group Executive Board and the Extended Group Management is the highest operational decision forum and is chaired by the President and CEO of the Volvo Group, Martin Lundstedt. During 2024, the members of the Group Executive Board are the Executive Vice Presidents of the Group Functions, Executive Vice Presidents and Presidents of Volvo Trucks, Renault Trucks, Mack Trucks, and Volvo Construction Equipment as well as the Executive Vice Presidents of the Truck Divisions.

The members of the extended Group Management include, in addition to the Group Executive Board members, the Presidents of Volvo Buses, Volvo Penta, Volvo Autonomous Solutions (VAS) and Volvo Financial Services (VFS) and report directly to the CEO respectively. The Group Executive Board and Group Management meet regularly to align on Group matters.

Remuneration of the Group Executive Board

AB Volvo's Annual General Meeting shall, at least every fourth year, resolve on guidelines for remuneration to the members of the Group Executive Board, based on a proposal from the Board. For information about the guidelines adopted by the Annual General Meeting 2023, please refer to Note 27 "Personnel" in the Group's notes in the Annual Report.

Changes to the Group Executive Board and Group Management

On October 1, 2024 it was announced that Joachim Rosenberg had resigned from his role as member of the Volvo Group Executive Board, EVP Strategic Initiatives and President of Volvo Energy. His managerial assignments within the Group has been distributed to other members of the Volvo Group Executive Board.

Sustainability matters

Sustainability is an intrinsic part of Volvo Group strategy and operations, and the Group relies on integrated approach to ensure that environmental, social and governance topics are considered in all relevant decision-making. Responsibilities for sustainability related matters largely follows the general management structure of the Group.

Chairman of the Board Pär Boman and President and CEO Martin Lundstedt during a visit in New River Valley, Virginia.

On Group level, sustainability work is coordinated by cross-functional forums and working groups with representatives from the relevant Truck Divisions and Business Areas. These forums are assigned to specific topics and include:

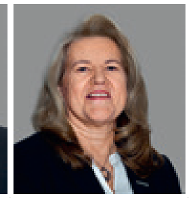
- The Product Board, headed by the Chief Technology Officer, which oversees the development and implementation of central Group product plans, where climate related opportunities and risks are managed primarily as part of the transition towards fossil-free transportation.
- The People Board, headed by the Executive Vice President and Head of People & Culture, which focuses on all significant employee related matters such as training, health and safety, diversity, inclusion and talent management.
- The Environmental Committee, where Group Functions, Truck Divisions and Business Areas representatives coordinate environmental management with the mission to secure the effective work of the Volvo Group's Environmental Policy and management system.
- The Human Rights Board, chaired by the Executive Vice President Group Communication with Group Executive Board members who coordinate the implementation of the Group's Human Rights policy and work.

In addition to the above, top sustainability related targets, risks and opportunities are managed by the Group Executive Board. One example is the Volvo Group's science-based climate targets which are regularly followed up in the Group Executive Board.

For more information on implementation of the Group's sustainability strategy and management of sustainability risks and opportunities see the Sustainability Statements, pages 143–182.

President and CEO Martin Lundstedt together with the Chairman of the Board Pär Boman, the Board and parts of the Group Executive Board in front of the all-new Volvo VNL and a Mack Anthem during their visit to the Volvo Group's North America campus in Greensboro, North Carolina.

Group Executive Board

						
Martin Lundstedt President and CEO	**Roger Alm** Executive Vice President Volvo Group and President Volvo Trucks	**Nina Aresund** Executive Vice President Group Legal & Compliance and General Counsel	**Mats Backman** Executive Vice President Group Finance and CFO	**Bruno Blin** Executive Vice President Volvo Group and President Renault Trucks	**Andrea Fuder** Executive Vice President Volvo Group Trucks Purchasing and Chief Purchasing Officer for Volvo Group	**Jens Holtinger** Executive Vice President Group Trucks Operations
Employed since						
2015	1989	2007	2023	1999	2017	1995
Member of Group Executive Board since						
2015	2019	2023	2023	2016	2017	2020
Year of birth						
1967	1962	1974	1968	1963	1967	1970
Education						
MSc, Chalmers University of Technology		Master of Laws	BSc in Business Administration	MBA	MSc and MBA	MSc in Mechanical Engineering
Current assignments						
Chairman: Permobil Holding AB Board member: Autoliv Inc., Industrikraft i Sverige AB, the Confederation of Swedish Enterprise, the International Chamber of Commerce (ICC), Sweden and the European Automobile anufacturers' Association (ACEA CV BOD) Member: European Round Table of Industry (ERT) and the Royal Swedish Academy of Engineering Sciences (IVA)		Secretary to the AB Volvo Board	Board member: Gränges AB		Board member: The German-Swedish Chamber of Commerce	Board member: Teknikföretagen
Principal work experience and other information						
Co-chairman: UN Secretary-General's HighLevel Advisory Group on Sustainable Transport President and CEO: Scania AB Board member: Concentric AB Other: Various management positions within Scania	Senior Vice President Volvo Trucks Europe, Senior Vice President Volvo Group Trucks Northern Europe, President Volvo Group Trucks Latin America, President Volvo Trucks Latin America and Managing Director Volvo Trucks, Region East	Head of Legal and Compliance Volvo Construction Equipment, Head of Corporate Legal AB Volvo and Corporate Legal Counsel AB Volvo	Operating Partner in Triton, CFO in Autoliv Inc. and, subsequently, Veoneer Inc., various management positions within Sandvik Group (including as CFO), Outokumpu, Nordea and Boliden	Senior Vice President Group Truck Sales South Europe, Senior Vice President Volvo Group Purchasing and, prior thereto, several senior positions within Renault Trucks Purchasing	Head of Purchasing at Scania and, prior thereto, various senior positions within Volkswagen's Purchasing organization	Senior Vice President Europe & Brazil Manufacturing Group Trucks Operations, Vice President Powertrain Production Skövde Plant and, prior thereto, several management positions within the Volvo Group
Holdings in AB Volvo, own and related parties						
330,868 Series B shares and 300,000 call options in Series B shares	398 Series A shares and 51,522 Series B shares	17,859 Series B shares	None	59,527 Series B shares	1,600 Series A shares and 92,178 Series B shares	37,603 Series B shares

					
Melker Jernberg Executive Vice President Volvo Group and President Volvo Construction Equipment	**Diana Niu** Executive Vice President Group People & Culture	**Scott Rafkin** Executive Vice President and Chief Digital Officer for Volvo Group	**Stephen Roy** Executive Vice President Volvo Group and President Mack Trucks	**Lars Stenqvist** Executive Vice President Group Trucks Technology and Volvo Group Chief Technology Officer	**Kina Wileke** Executive Vice President Group Communication
Employed since					
2018	2005	2001	1996	2016	2008
Member of Group Executive Board since					
2018	2019	2020	2023	2016	2018
Year of birth					
1968	1966	1969	1963	1967	1974
Education					
MSc in Mechanical Engineering	MBA and BA in Economics	BBA (Bachelors in Business Administration)	BSA (Bachelor of Science in Agriculture) MBA Wake Forest University	MSc Industrial Engineering	MA in journalism
Current assignments					
				Member: Royal Swedish Academy of Engineering Sciences (IVA)	Board member: International Chamber of Commerce (ICC), Sweden
Principal work experience and other information					
President and CEO: Höganäs AB Other: Executive Vice President, Business Area EMEA at SSAB, Senior Vice President Buses and Coaches at Scania AB and, prior thereto, various positions at Scania AB	Senior Vice President HR Trucks Asia Pacific, Senior Vice President HR Volvo Construction Equipment and, prior thereto, various management positions within Telefonaktiebolaget LM Ericsson	President Volvo Financial Services, CFO Chief Volvo Financial Services, Senior Vice President Global Operations Volvo Financial Services, Senior Vice President Risk Volvo Financial Services, several senior positions within Volvo Car Finance North America and, prior thereto, Business Assurance and Capital Markets Manager Coopers & Lybrand LLC	Chairman: Association of Equipment Manufactures, CE Sector Other: Head of Region North America, Volvo Construction Equipment and, prior thereto, various senior positions within the Volvo Group, including within Mack Trucks and the Group's North American truck organization	Head of R&D and CTO at Volkswagen Truck & Bus, Senior Vice President Vehicle Definition R&D at Scania and, prior thereto, various senior positions at Scania	Senior Vice President Brand, Communication & Marketing Volvo Penta, Senior Vice President External Corporate Communication Volvo Group, CEO Communication Volvo Group and, prior thereto, various positions within TV4 Group
Holdings in AB Volvo, own and related parties					
54,804 Series B shares	87,581 Series B shares	46,841 Series B shares	38,577 Series B shares	63,399 Series B shares	344 Series A shares and 33,887 Series B shares

Extended Group Management

			
Nils Jaeger President Volvo Autonomous Solutions	**Anna Müller** President Volvo Penta	**Marcio Pedroso** President Volvo Financial Services	**Anna Westerberg** President Volvo Buses
Member of the extended Group Management since			
2020	2023	2020	2021
Year of birth			
1969	1967	1968	1975
Current assignments			
	Board member: Alfa Laval AB		Board member: Stena AB
Principal work experience and other information			
President of Volvo Financial Services EMEA and, prior thereto, several management positions within Deere & Company	Senior Vice President Europe North & Central Volvo Trucks, several senior positions at Volvo Trucks and, prior thereto, Managing Director Ford Motor Company AB	Senior Vice President, Americas, Managing Director, Brazil and Chile, and Vice President, Latin America Markets at Volvo Financial Services; additional senior positions and special assignments across Americas and Europe within the Volvo Group, prior thereto, various management positions within the insurance and corporate finance industries	Board member: Munters Group AB Other: Senior Vice President Volvo Group Connected Solutions, and prior thereto, President for Volvo Group Venture Capital and Vice President, Product Management Industrial, Volvo Penta

12 Internal Control over Financial Reporting

The Board is responsible for the internal controls according to the Swedish Companies Act and the Code. The purpose of this section is to provide shareholders and other stakeholders with an understanding of the Group's internal control with regards to financial reporting.

Introduction

Volvo has an Internal Control function with the objective to provide support for management with respect to internal controls over financial reporting. The primary focus of the Internal Control function is to ensure compliance with directives and policies, and to create effective conditions for specific control activities in key processes related to financial reporting. This is accomplished by supporting management in creating and maintaining an effective control environment covering key risks in processes and control activities related to financial reporting. The Audit Committee is regularly informed of the results of the work performed by the Internal Control function regarding risks and control activities.

Control environment

Fundamental to Volvo's control environment is the corporate culture that is established within the Group and in which managers and employees operate. Volvo works actively on communication and training regarding the company's basic values included in the Code of Conduct, to ensure that the business conducted by the organization is characterized by good ethics, integrity and is in compliance with legislation.

The foundation of the internal control process relating to the financial reporting is based on the Group's directives, policies and instructions, as well as the organization's responsibility and authority structure. The principles for Volvo's internal controls and directives and policies for the financial reporting are contained in the Volvo Group Management System, a group wide management system comprising, among other things, instructions, rules and principles.

Risk assessment

Risks relating to financial reporting are evaluated and monitored by the Group Executive Board and Group Management as well as the Board through the Audit Committee, based on assessments by management, inter alia through identifying risks that could be considered as material, and through the mitigating generic controls. The risk assessment is based on a number of criteria, such as the complexity of the accounting principles, revaluation principles of assets or liabilities, complex and/or changing business circumstances, etc. The risks together with mitigating generic controls are collected in a framework for internal control over financial reporting, Volvo Internal Control Standard (VICS).

Control activities

In addition to the Board and its Audit Committee, the management groups and other decision-making bodies in the Group constitute overall supervisory bodies. Business processes are designed to ensure that potential errors or deviations in the financial reporting are prevented, discovered and corrected by implementing control activities that correspond to the generic controls defined in the VICS framework. Control activities range from review of outcome results against earlier forecasts and estimates in management group meetings to specific reconciliation of accounts and analyzes of the ongoing processes for financial reporting.

Information and communication
Policies and instructions relating to the financial reporting are updated and communicated on a regular basis from management to all affected employees. The Group's financial reporting function has direct operating responsibility for the daily financial reporting and works to ensure a uniform application of the Group's policies, principles and instructions for the financial reporting and to identify and communicate shortcomings and areas of improvement in the processes for financial reporting.

Monitoring
Ongoing responsibility for monitoring rests with the Group's financial reporting function. In addition, the Group Internal Audit and the Internal Control function conduct review and monitoring activities in accordance with what is described in above in the *Group Internal Audit* and this *Internal Control over Financial Reporting* sections. More specifically, the Internal Control function runs and coordinates evaluation activities through the "Volvo Group Internal Control Program", with the purpose of systematically evaluating the quality of the internal control over financial reporting on an annual basis. An annual evaluation plan is established and presented to the Audit Committee.

This evaluation program comprises three main areas:
1 Group-wide controls: Self-assessment procedure carried out by management teams at business area, Group Function and company levels. The main areas evaluated are compliance with the Group's critical directives and policies, primarily the Code of Conduct.
2 Process controls at transaction level: Processes related to the financial reporting are evaluated by testing procedures/controls based on the framework for internal control over financial reporting, Volvo Internal Control Standards (VICS).
3 General IT controls: Processes for maintenance, development and access management of financial applications are evaluated by testing procedures and controls.

The results of the evaluation activities are reported to the Group Executive Board, the Group Management and the Audit Committee. During 2024, the Internal Control function reported two times to the Audit Committee regarding the annual evaluation plan, status on outstanding issues and final assessment of the control environment.

Göteborg, February, 26, 2025

AB Volvo (publ)
The Board of Directors

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in AB Volvo corporate identity number 556012-5790

Engagement and responsibility
It is the board of directors who is responsible for the corporate governance statement for the financial year 2024-01-01–2024-12-31 on pages 183-199 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with IFRS Accounting Standards and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Göteborg, February, 26, 2025

Deloitte AB
Signature on Swedish original

Fredrik Jonsson
Authorized Public Accountant

This is a translation of the Swedish language original.
In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Proposed disposition of unappropriated earnings

AB Volvo	SEK
Retained earnings	39,245,850,776.83
Income for the period 2024	33,164,302,639.85
Total retained earnings	**72,410,153,416.68**

The Board of Directors proposes that the above sum be disposed of as follows:

	SEK
To the shareholders, an ordinary dividend of SEK 8.00 per share and an extraordinary dividend of SEK 10.50 per share, for a total of	37,618,863,554.00
To be carried forward	34,791,289,862.68
Total	**72,410,153,416.68**

The record date for determining who is entitled to receive dividends is proposed to be Friday April 4, 2025.

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 2, 2025 to decide on the distribution of an ordinary dividend of SEK 8.00 per share and an extraordinary dividend of SEK 10.50 per share, the Board of Directors hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed dividend. The Board of Directors further concludes that the proposed dividend is justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board of Directors wishes to point out the following:

The proposed dividend reduces the Company's solvency from 61.9% to 46.8% and the Group's solvency from 27.6% to 23.6%, calculated as per year end 2024. The Board of Directors considers this solvency to be satisfactory with regard to the business in which the Group is active.

According to the Board of Directors' opinion, the proposed dividend will not affect the Company's or the Group's ability to fulfill their payment obligations and the Company and the Group are well prepared to handle both changes in the liquidity and unexpected events.

The Board of Directors is of the opinion that the Company and the Group have capacity to assume future business risks as well as to bear contingent losses. The proposed dividend is not expected to adversely affect the Company's and the Group's ability to make further commercially justified investments in accordance with the Board of Directors' plans.

In addition to what has been stated above, the Board of Directors has considered other known circumstances which may be of importance for the Company's and the Group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, SEK 34,791,289,862.68 will remain of the Company's non-restricted equity, calculated as per year end 2024.

The Board of Directors has the view that the Company's and the Group's shareholders' equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Göteborg, February, 26, 2025

Pär Boman
Board Chairman

Matti Alahuhta
Board member

Bo Annvik
Board member

Jan Carlson
Board member

Eric Elzvik
Board member

Martha Finn Brooks
Board member

Kurt Jofs
Board member

Martin Lundstedt
President, CEO and Board member

Kathryn V. Marinello
Board member

Martina Merz
Board member

Helena Stjernholm
Board member

Lars Ask
Board member

Therese Koggdal
Board member

Urban Spännar
Board member

Our audit report was issued on February, 26, 2025
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

Audit report

To the general meeting of the shareholders of AB Volvo (publ)
corporate identity number 556012-5790

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of AB Volvo (publ) for the financial year 2024-01-01 - 2024-12-31. The annual accounts and consolidated accounts of the company are included on pages 34-142 and 200 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Allowance for Expected Credit Losses for Receivables in China

Risk description

The downturn in the Chinese construction equipment market in combination with high competition is impacting customers’ and dealers’ profitability negatively. A substantial part of the Volvo Group’s accounts receivable is related to customers in this market, and the determination of allowance for expected credit losses for receivables require management to make significant qualitative judgments, including assumptions regarding current and forecasted market conditions and individual assessment of the largest customers financial performance. There is a high degree of uncertainty and subjectivity in determining the severity and duration of the decreased market activity, and the potential impact on the recoverability of the Group’s receivables.

The Volvo Group applies a simplified expected credit loss model for accounts receivables, under which the loss allowance is measured at an amount equal to lifetime expected credit losses. The allowance is recorded at initial recognition and is reassessed during the contract period. The accounting principles for expected credit losses and management’s significant judgments applied in relation thereto are further described in Note 16 “Receivables” to the annual report

Audit procedures

Our audit procedures included, but were not limited to:

- Evaluating the design and implementation of relevant internal controls.
- Assessing the reasonableness of the expected credit loss methodology and model, including reviewing management’s policies, procedures, and accounting position papers.
- Obtaining third-party confirmations from a selection of customers validating the existence and valuation of receivables.
- Performing audit procedures to test the completeness and accuracy of the underlying data and information used in managements estimation of the allowance for expected credit losses.
- Assessing the reasonableness of management’s assumptions in relation to credit risk on a portfolio level as well as at customer-by-customer level through inspection of documentation supporting key assumptions, as well as by evaluating the financial position of a selection of customers.
- Assessing the adequacy of the disclosures related to the allowance for expected credit losses.

Provisions for losses from claims from customers and other third parties – EC Antitrust Settlement

Risk description

In July 2016, the European Commission and Volvo Group reached a settlement with regards to antitrust allegations made by the European Commission against Volvo Group and other companies in the truck manufacturing industry. Following the adoption of the European Commission's settlement decision, the company has received and may continue to receive a significant number of third-party damage claims from customers and other third parties alleging that they suffered loss, directly or indirectly, by reason of the conduct covered in the decision.

The accounting principles and management's significant judgements applied for legal disputes is further described in Note 21 "Other Provisions" and Note 24 "Contingent Liabilities" to the annual report. The recognition and measurement of any provisions recorded or quantification of contingent liabilities to be disclosed for such legal disputes is complicated, requires expert legal input, and involves consideration of potential future outcomes of the claims which at this stage are uncertain. Due to these complexities, the valuation of any such provisions or contingent liabilities is significantly impacted by management's ultimate judgments and best estimates. On December 31, 2024, the company has not been able to make a reliable estimate of the total amount of provision or contingent liability that could arise from these claims, except for the amount reflected in the provisions recorded which have been described by Volvo.

Audit procedures

Our audit procedures included, but were not limited to:

- Evaluating the design and implementation of relevant internal controls.
- Holding discussions with management and audit the relevant documentation to conclude how management and the board assessed the claims and other matters relevant to the claims.
- Holding discussions with internal legal department and with Volvo Group's external legal advisors in order to obtain an understanding of facts, development and assessment.
- Reviewing court rulings in relevant jurisdictions
- Reviewing internal minutes and relevant assessments prepared for management and Board to corroborate the consistency of information received.
- Assessing the appropriateness of the Company's provision.
- Assessing the adequacy of the disclosures around the legal proceedings.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-33, 143-182 and 206-217. The remuneration report is also included in the other information that we have received prior to the signing of the audit report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Volvo (publ) for the financial year 2024-01-01 - 2024-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for AB Volvo (publ) for the financial year 2024-01-01 - 2024-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AB Volvo (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of AB Volvo (publ) by the general meeting of the shareholders on the 2024-03-27 and has been the company's auditor since 2018-04-05.

Göteborg, February, 26, 2025

Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

AUDITOR'S LIMITED ASSURANCE REPORT ON SUSTAINABILITY REPORT AND STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To AB Volvo (publ.), corporate identity number 556012-5790

Introduction
We have been engaged by the Board of Directors and Executive Management of AB Volvo to undertake a limited assurance engagement of the AB Volvo Sustainability Report for the year 2024. The Company has defined the scope of the Sustainability Report in connection to the table of content in the Annual Report and the Statutory Sustainability Report on page 34.

Responsibilities of the Board of Directors and the Executive Management
The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with the applicable criteria and the Annual Accounts Act, according to the previous version applied before 1 July 2024, respectively. The criteria are defined on page 143 in the Annual report, and are part of the Sustainability Reporting Guidelines published by GRI (Global Reporting Initiative), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of AB Volvo in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Göteborg, February, 26, 2025

Deloitte AB

Fredrik Jonsson	Lennart Nordqvist
Authorized Public Accountant	Expert Member of FAR

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

Key Ratios

The Volvo Group uses key ratios with the aim to provide valuable information to management, investors and analysts when analyzing trends and financial performance of the Group. The key ratios are not defined by IFRS, unless otherwise stated, and may differ from similar measures used by other companies and are therefore not always comparable. The measures should be considered as a complement to, and not a substitute for, the financial information presented in compliance with IFRS. Definitions and reconciliations of significant key ratios are presented in the annual report. If the reconciliation is not directly reflected in the financial statements, a separate reconciliation is presented below.

Operating income, operating margin, adjusted operating income and adjusted operating margin

Definition operating income: Operating income is profit before interest and tax, also known as EBIT (Earnings before interest and tax) and is a measure of profit from the ordinary business operations. For reconciliation see the Income statement Volvo Group.

Definition operating margin: Operating income divided by net sales.

Definition adjusted operating income: Adjusted operating income is profit before interest and tax as well as significant expenses or income of a one-time character. Items of a one-time character means they are not directly related to the underlying business operations, they occur infrequently and with limited predictive value. Examples of significant one-time items can be results from divestments of operations or restructuring costs.

Definition adjusted operating margin: Adjusted operating income divided by net sales.

2024 SEK M	Quarter	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. elim.	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales		**360,610**	**88,305**	**24,544**	**19,852**	**11,665**	**504,975**	**26,982**	**-5,140**	**526,816**
Operating income		**45,966**	**12,737**	**2,433**	**3,419**	**-2,357**	**62,198**	**4,042**	**371**	**66,611**
Previously announced provision for premature degradation of an emission control component	2	140	–	–	–	–	140	–	–	140
Restructuring charges relating to the European bus operation	2	–	–	200	–	–	200	–	–	200
Restructuring charges relating to the US bus production for Nova Bus	2	–	–	–	–	372	372	–	–	372
Financial impact related to the divestment of Arquus	2	–	–	–	–	181	181	–	–	181
	Year	140	–	200	–	553	893	–	–	893
Adjusted operating income		**45,826**	**12,737**	**2,233**	**3,419**	**-2,910**	**61,305**	**4,042**	**371**	**65,718**
Operating margin, %		**12.7**	**14.4**	**9.9**	**17.2**	**–**	**12.3**	**–**	**–**	**12.6**
Adjusted operating margin, %		**12.7**	**14.4**	**9.1**	**17.2**	**–**	**12.1**	**–**	**–**	**12.5**

2023 SEK M	Quarter	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. elim.	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales		**373,048**	**104,981**	**22,423**	**21,006**	**11,811**	**533,269**	**24,012**	**-5,030**	**552,252**
Operating income		**48,893**	**16,383**	**-380**	**3,230**	**-5,062**	**63,063**	**3,719**	**519**	**67,301**
Previously announced provision for premature degradation of an emission control component	1	139	–	-139	–	–	–	–	–	–
Restructuring charges relating to the European bus operation	1	–	–	-1,300	–	–	-1,300	–	–	-1,300
Restructuring charges relating to the US bus production for Nova Bus	2	–	–	–	–	-1,270	-1,270	–	–	-1,270
Costs relating to claims arising from the European Commission's 2016 antitrust settlement decision	2	-6,000	–	–	–	–	-6,000	–	–	-6,000
Financial impact related to Russia	3	-640	–	–	–	-18	-658	-136	–	-794
Financial impact related to the divestment of the ABG paver business	4	–	-610	–	–	–	-610	–	–	-610
Financial impact related to the divestment of Arquus	4	–	–	–	–	-880	-880	–	–	-880
	Year	-6,501	-610	-1,439	–	-2,168	-10,718	-136	–	-10,854
Adjusted operating income		**55,394**	**16,993**	**1,059**	**3,230**	**-2,894**	**73,782**	**3,855**	**519**	**78,155**
Operating margin, %		**13.1**	**15.6**	**-1.7**	**15.4**	**–**	**11.8**	**–**	**–**	**12.1**
Adjusted operating margin, %		**14.8**	**16.2**	**4.7**	**15.4**	**–**	**13.8**	**–**	**–**	**14.0**

Sales growth adjusted for exchange rate changes

Definition: Sales growth adjusted for exchange rate changes, divided by net sales for the prior year.

	Industrial Operations		Volvo Group	
SEK M	**2024**	2023	**2024**	2023
Net sales	504,975	533,269	526,816	552,252
Increase/decrease of net sales for the year	-28,294	73,566	-25,435	78,773
Exchange rate changes	6,439	-24,866	6,962	-26,030
Adjusted Increase/decrease of net sales for the year	-21,855	48,700	-18,474	52,743
Sales growth adjusted for exchange rate changes, %	**-4.1**	**10.6**	**-3.3**	**11.2**

Gross margin

Definition: Gross income divided by net sales.

	Industrial Operations		Volvo Group	
SEK M	**2024**	2023	**2024**	2023
Net sales	504,975	533,269	526,816	552,252
Gross income	135,303	141,693	144,049	149,838
Gross margin, %	**26.8**	**26.6**	**27.3**	**27.0**

Basic earnings per share (defined by IFRS)

Definition: Income for the period attributable to shareholders of AB Volvo divided by the weighted average number of shares outstanding during the period. For reconciliation see note 19 Equity and number of shares.

Diluted earnings per share (defined by IFRS)

Definition: Income for the period attributable to the shareholders of AB Volvo divided by the average number of shares outstanding plus the average number of shares that would be issued as an effect of ongoing share-based incentive programs. For reconciliation see note 19 Equity and number of shares.

EBITDA and EBITDA margin

Definition: EBITDA is the operating income before depreciation and amortization of tangible and intangible assets. The key figure EBITDA margin is calculated as operating income adjusted with depreciation and amortization, in relation to net sales.

	Industrial Operations	
SEK M	**2024**	2023
Net sales	**504,975**	**533,269**
Operating income	**62,198**	**63,063**
Amortization product and software development	3,416	2,890
Amortization other intangible assets	697	161
Depreciation tangible assets	13,266	13,123
Total depreciation and amortization	17,379	16,173
Operating income before depreciation and amortization (EBITDA)	**79,576**	**79,237**
EBITDA margin, %	**15.8**	**14.9**

Return on equity

Definition: Income for the period divided by weighted average equity.

	Financial Services		Volvo Group	
SEK M	**2024**	2023	**2024**	2023
Income for the period	2,949	2,695	50,576	49,932
Weighted average equity	22,604	20,730	177,737	173,780
Return on equity, %	**13.0**	**13.0**	**28.5**	**28.7**

Return on operating capital

Definition: Operating income divided by weighted average operating capital.

	Industrial Operations	
SEK M	**2024**	2023
Operating income	62,198	63,063
Weighted average operating capital	88,415	88,397
Return on operating capital, %	**70.3**	**71.3**

Return on capital employed

Definition: Operating income plus interest income and similar credits divided by weighted average capital employed.

	Industrial Operations	
SEK M	**2024**	2023
Operating income	62,198	63,063
Interest income and similar credits	3,060	3,207
Operating income and interest income and similar credits	65,258	66,270
Weighted average capital employed	182,340	180,434
Return on capital employed, %	**35.8**	**36.7**

Equity ratio

Definition: Total equity divided by total assets.

	Industrial Operations		Volvo Group	
SEK M	**2024**	2023	**2024**	2023
Total equity	173,530	159,119	197,361	180,739
Total assets	451,684	439,807	714,564	674,068
Equity ratio, %	**38.4**	**36.2**	**27.6**	**26.8**

Net capitalization of research and development cost

Definition: Capitalized research and development cost reduced by amortizations.

	Volvo Group	
SEK M	**2024**	2023
Capitalization	4,262	4,710
Amortization	-3,310	-2,688
Net capitalization of research and development cost	**951**	**2,021**

Penetration rate

Definition: Share of unit sales financed by Financial Services in relation to total number units sold by the Volvo Group in markets where financial services are offered.

	Financial Services	
Number of units	**2024**	2023
Number of financed units	65,250	68,027
Number of units sold where financial services are offered	224,225	251,751
Penetration rate, %	**29**	**27**

Net financial position

Definition: Cash and cash equivalents, marketable securities and interest-bearing receivables reduced by interest-bearing liabilities, lease liabilities and provisions for post-employment benefits. For reconciliation see table Net financial position, which is presented after the balance sheet for the Volvo Group. Net financial position is also presented excluding provisions for post-employment benefits and lease liabilities, net.

Operating cash flow

Definition: The operating cash flow is a measure of the amount of cash generated by the Volvo Group's regular business operations. The operating cash flow also includes investments and disposals of intangible and tangible assets, which are part of the investing activities. For reconciliation see Consolidated cash flow statement.

Eleven-year Summary

The reporting in the eleven-year summary is based on IFRS. Respective year is presented in accordance with the Generally Accepted Accounting Practice (GAAP) for that year. Earlier years are not restated when new accounting standards are applied.

Consolidated income statement

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net sales	**526,816**	**552,764**	**473,479**	**372,216**	**338,446**	**431,980**	**390,834**	**334,748**	**301,914**	**312,515**	**282,948**
Cost of sales	-382,767	-403,443	-361,741	-282,463	-259,319	-326,895	-303,478	-254,581	-231,602	-240,653	-220,012
Gross income	**144,049**	**149,321**	**111,737**	**89,753**	**79,127**	**105,085**	**87,357**	**80,167**	**70,312**	**71,862**	**62,937**
Research and development expenses	-30,957	-26,645	-22,526	-18,027	-16,798	-18,539	-15,899	-16,098	-14,631	-15,368	-16,656
Selling expenses	-34,688	-33,675	-29,044	-23,959	-26,510	-33,037	-30,890	-28,582	-26,867	-27,694	-27,448
Administrative expenses	-7,801	-7,356	-5,880	-4,870	-4,621	-5,901	-5,798	-5,642	-5,121	-5,769	-5,408
Other operating income and expenses	-1,844	-12,280	-7,374	246	-5,459	-221	-2,273	-1,061	-3,135	-4,179	-7,697
Income/loss from investments in joint ventures and associated companies	-2,166	-2,568	-1,333	-54	1,749	1,859	1,948	1,407	156	-143	46
Income from other investments	18	-14	132	-15	-3	285	33	135	112	4,609	50
Operating income	**66,611**	**66,784**	**45,712**	**43,074**	**27,484**	**49,531**	**34,478**	**30,327**	**20,826**	**23,318**	**5,824**
Interest income and similar credits	2,688	2,690	1,008	358	299	320	199	164	240	257	328
Interest expenses and similar charges	-1,592	-1,167	-1,205	-1,167	-1,349	-1,674	-1,658	-1,852	-1,847	-2,366	-1,994
Other financial income and expenses	-497	-1,581	-437	926	-518	-1,345	-870	-385	11	-792	931
Income after financial items	**67,210**	**66,726**	**45,077**	**43,190**	**25,917**	**46,832**	**32,148**	**28,254**	**19,230**	**20,418**	**5,089**
Income taxes	-16,634	-16,794	-12,108	-9,947	-5,843	-10,337	-6,785	-6,971	-6,008	-5,320	-2,854
Income for the period	**50,576**	**49,932**	**32,969**	**33,243**	**20,074**	**36,495**	**25,363**	**21,283**	**13,223**	**15,099**	**2,235**
Attributable to:											
Owners of AB Volvo	50,389	49,825	32,722	32,787	19,318	35,861	24,897	20,981	13,147	15,058	2,099
Non-controlling interest	186	107	247	456	755	635	466	302	75	41	136

Income statement Industrial Operations

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net sales	**504,975**	**533,269**	**459,703**	**361,062**	**326,472**	**418,361**	**378,320**	**323,809**	**291,459**	**303,582**	**275,999**
Cost of sales	-369,672	-391,576	-354,682	-277,048	-252,933	-319,055	-296,109	-248,382	-225,797	-236,311	-217,251
Gross income	**135,303**	**141,693**	**105,021**	**84,013**	**73,539**	**99,306**	**82,210**	**75,428**	**65,662**	**67,271**	**58,748**
Research and development expenses	-30,957	-26,645	-22,526	-18,027	-16,798	-18,539	-15,899	-16,098	-14,631	-15,368	-16,656
Selling expenses	-31,245	-30,380	-26,066	-21,575	-24,284	-30,483	-28,642	-26,495	-24,946	-25,857	-25,778
Administrative expenses	-7,784	-7,342	-5,867	-4,859	-4,611	-5,887	-5,756	-5,602	-5,081	-5,728	-5,367
Other operating income and expenses	-971	-11,687	-4,498	300	-3,673	230	-1,828	-640	-2,531	-3,473	-6,931
Income/loss from investments in joint ventures and associated companies	-2,166	-2,568	-1,333	-54	1,749	1,859	1,948	1,407	156	-143	46
Income from other investments	18	-9	132	-15	-4	285	33	135	112	4,610	49
Operating income	**62,198**	**63,063**	**44,862**	**39,783**	**25,919**	**46,771**	**32,067**	**28,135**	**18,740**	**21,312**	**4,111**

Consolidated balance sheet

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Intangible assets	44,340	42,512	41,544	37,070	34,577	36,668	38,104	35,893	37,916	36,416	37,115
Property, plant and equipment	79,629	68,449	63,162	54,405	49,113	53,496	55,673	53,348	55,875	53,618	55,181
Assets under operating leases	45,501	41,910	43,518	39,969	37,962	43,326	43,103	37,166	34,693	32,531	31,218
Shares and participations	23,603	20,039	22,188	21,225	13,436	13,113	11,875	11,225	12,420	12,050	9,839
Inventories	78,359	76,863	75,689	63,916	47,625	56,644	65,783	52,701	48,287	44,390	45,533
Customer-financing receivables	257,282	232,203	193,928	151,504	128,531	142,982	126,927	109,378	110,821	102,583	99,166
Interest-bearing receivables	7,702	6,170	7,466	3,702	5,880	2,743	3,393	3,501	2,393	2,938	2,555
Other receivables	92,378	90,548	97,590	81,772	73,982	81,432	82,509	72,961	70,814	61,932	68,448
Cash and cash equivalents	85,389	83,415	83,979	62,293	85,419	61,660	47,093	36,270	25,172	24,393	33,554
Assets held for sale	381	11,960	–	–	34,296	32,773	203	51	525	3,314	288
Assets	**714,564**	**674,068**	**629,064**	**515,856**	**510,821**	**524,837**	**474,663**	**412,494**	**398,916**	**374,165**	**382,896**
Total equity[1]	197,361	180,739	166,236	144,118	148,142	141,678	125,831	109,011	97,764	85,610	80,048
Provision for post-employment benefits	12,706	11,219	8,745	12,177	18,430	19,988	16,482	14,476	14,669	13,673	16,683
Other provisions	31,983	32,602	30,987	28,095	27,335	30,835	32,165	25,477	26,408	27,207	28,010
Interest-bearing liabilities	263,607	236,791	210,948	153,624	153,424	157,752	135,857	127,676	141,048	132,607	147,985
Other liabilities	208,895	204,559	212,148	177,842	152,204	164,171	164,328	135,854	118,879	114,495	110,042
Liabilities held for sale	13	8,157	–	–	11,286	10,413	–	–	148	573	130
Total equity and liabilities	**714,564**	**674,068**	**629,064**	**515,856**	**510,821**	**524,837**	**474,663**	**412,494**	**398,916**	**374,165**	**382,896**
[1]of which non-controlling interests	3,312	2,948	3,519	3,073	2,847	3,083	2,452	1,941	1,703	1,801	1,723
Assets pledged	14,994	7,924	3,582	6,742	14,960	21,220	15,988	12,791	10,592	9,428	7,680
Contingent liabilities	16,969	15,907	18,201	17,971	13,832	13,732	14,247	15,242	16,056	15,580	15,940

Balance sheet Industrial Operations

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Intangible assets	44,189	42,378	41,471	36,971	34,423	36,467	37,889	35,716	37,768	36,314	37,010
Property, plant and equipment	79,571	68,393	63,112	54,356	49,045	53,411	55,631	53,308	55,812	53,554	55,087
Assets under operating leases	37,226	35,154	34,109	32,150	29,460	33,794	32,700	24,051	22,752	20,616	19,484
Shares and participations	23,585	20,020	22,169	21,209	13,421	13,095	11,866	11,215	12,409	12,042	9,825
Inventories	77,121	75,958	75,382	63,715	47,273	56,080	65,366	52,231	48,080	44,194	45,364
Customer-financing receivables	2,456	2,632	3,031	2,537	1,695	1,570	1,560	1,358	1,698	11	1,828
Interest-bearing receivables	9,225	6,189	12,918	3,723	6,301	4,916	3,882	4,966	4,415	3,738	2,777
Other receivables	97,208	98,176	103,481	96,758	84,413	99,082	101,347	85,822	75,759	68,223	70,413
Cash and cash equivalents	80,723	78,947	76,098	59,603	82,186	57,675	43,907	32,447	20,875	21,210	31,105
Assets held for sale	381	11,960	–	–	29,362	28,427	203	51	525	3,314	288
Assets	**451,684**	**439,807**	**431,771**	**371,022**	**377,579**	**384,517**	**354,351**	**301,165**	**280,093**	**263,216**	**273,181**
Total equity	173,530	159,119	147,439	129,619	135,127	127,150	113,144	97,790	86,579	75,151	70,105
Provision for post-employment benefits	12,606	11,138	8,690	12,095	18,282	19,850	16,374	14,391	14,608	13,621	16,580
Other provisions	31,896	32,511	28,485	24,918	23,794	27,055	28,476	22,680	22,545	23,936	25,054
Interest-bearing liabilities	21,681	19,641	29,735	19,919	35,017	32,326	25,328	27,001	33,944	32,562	48,180
Other liabilities	211,958	209,239	217,422	184,471	158,721	172,209	171,029	139,303	122,269	117,374	113,131
Liabilities held for sale	13	8,157	–	–	6,638	5,927	–	–	148	573	130
Total equity and liabilities	**451,684**	**439,807**	**431,771**	**371,022**	**377,579**	**384,517**	**354,351**	**301,165**	**280,093**	**263,216**	**273,181**

Consolidated cash flow statement											
SEK bn	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating income	66.6	66.8	45.7	43.1	27.5	49.5	34.5	30.3	20.8	23.3	5.8
Depreciation and amortization	22.5	21.2	20.7	18.7	20.6	20.6	18.4	16.9	16.7	16.8	15.9
Other non-cash items	2.8	13.8	7.0	-1.0	1.2	-2.8	9.7	1.4	-0.4	-0.5	6.1
Change in working capital	-28.3	-55.8	-28.7	-17.5	-13.7	-18.2	-23.7	-4.7	-13.9	-9.0	-14.1
Dividends received from joint ventures and associated companies	0.2	0.1	0.1	0.8	1.1	0.5	–	–	–	–	–
Financial items and income tax	-17.3	-19.5	-11.6	-10.4	-5.0	-10.1	-7.7	-6.3	-5.7	-4.6	-5.0
Cash flow from operating activities	**46.4**	**26.7**	**33.2**	**33.6**	**30.6**	**39.0**	**31.2**	**37.6**	**17.5**	**25.9**	**8.7**
Investments in in-/tangible assets	-18.4	-18.4	-16.7	-12.5	-8.8	-12.0	-10.7	-7.7	-9.5	-8.8	-8.6
Investments in leasing assets	–	-10.3	-9.2	-9.3	-8.6	-10.0	-10.1	-11.5	-10.8	-10.5	-10.1
Disposals of in-/tangible assets	0.5	5.7	5.6	5.8	6.3	7.4	6.2	5.4	9.0	6.0	5.0
Investments and divestments of shares, net	-4.9	-1.2	-0.9	-7.4	-0.5	0.1	1.0	2.2	0.2	-2.0	0.1
Acquired and divested operations, net	-0.6	-2.4	-0.1	22.0	0.4	1.3	-0.2	0.9	1.4	0.4	7.4
Interest-bearing receivables including - marketable securities	-0.7	-0.3	-0.2	-0.1	1.1	-1.0	0.1	1.6	2.5	3.6	-4.8
Cash flow after net investments	**22.3**	**-0.2**	**11.8**	**32.2**	**20.7**	**24.9**	**17.4**	**28.5**	**10.4**	**14.5**	**-2.3**
Change in loans, net	14.8	31.0	34.0	-7.0	7.3	9.3	1.9	-9.0	-2.2	-13.2	6.7
Dividend to AB Volvo's shareholders	-36.6	-28.5	-26.4	-49.8	–	-20.3	-8.6	-6.6	-6.1	-6.1	-6.1
Dividend to non-controlling interests	–	-0.5	–	-0.6	-0.8	–	–	–	-0.2	–	–
Other	-0.1	-0.1	–	-0.1	-0.1	0.2	–	–	–	–	-0.1
Change in cash and cash equivalents excluding exchange rate changes	**0.4**	**1.7**	**19.2**	**-25.4**	**27.1**	**14.0**	**10.7**	**12.8**	**1.9**	**-4.8**	**-1.8**
Effect of exchange rate changes on cash and cash equivalents	1.4	-2.2	2.5	2.3	-3.4	0.5	0.1	-0.7	1.0	-0.4	1.1
Change in cash and cash equivalents	**1.8**	**-0.6**	**21.8**	**-23.1**	**23.7**	**14.5**	**10.8**	**12.1**	**2.9**	**-5.2**	**-0.7**

Operating cash flow Industrial Operations											
SEK bn	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating income	62.2	63.0	44.9	39.8	25.9	46.8	32.1	28.1	18.7	21.3	4.1
Depreciation and amortization	17.4	16.2	15.9	14.3	15.9	15.8	13.8	12.6	12.6	12.6	12.7
Other non-cash items	1.7	12.7	3.4	-1.4	-0.8	-3.6	8.9	0.9	-1.1	-1.1	5.3
Change in working capital	-2.4	-10.2	-2.5	-2.3	-11.0	-0.5	-11.0	-0.2	-14.7	-1.9	-3.3
Dividends received from joint ventures and associated companies	0.2	0.1	0.1	0.8	1.1	0.5	–	–	–	–	–
Financial items and income taxes	-15.9	-18.3	-10.3	-9.5	-4.2	-9.5	-7.5	-5.6	-5.6	-4.0	-4.5
Cash flow from operating activities	**63.1**	**63.4**	**51.4**	**41.7**	**25.9**	**49.0**	**36.4**	**35.8**	**9.9**	**26.7**	**14.3**
Investments in in-/tangible assets	-18.3	-18.3	-16.6	-12.5	-8.7	-11.9	-10.7	-7.7	-9.4	-8.8	-8.6
Investments in leasing assets	–	–	–	–	–	-0.1	–	-0.1	-0.1	-0.3	-0.5
Disposals of in-/tangible assets	0.5	0.7	0.6	0.4	1.4	1.4	0.9	0.4	3.2	0.7	1.1
Operating cash flow	**45.3**	**45.8**	**35.3**	**29.4**	**18.5**	**38.3**	**26.6**	**28.4**	**3.5**	**18.3**	**6.4**

Key ratios

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross margin, %[1]	26.8	26.6	22.8	23.3	22.5	23.7	21.7	23.3	22.5	22.2	21.3
Research and development expenses as % of net sales[1]	6.1	5.0	4.9	5.0	5.1	4.4	4.2	5.0	5.0	5.1	6.0
Selling expenses as % of net sales[1]	6.2	5.7	5.7	6.0	7.4	7.3	7.6	8.2	8.6	8.5	9.3
Administration expenses as % of net sales[1]	1.5	1.4	1.3	1.3	1.4	1.4	1.5	1.7	1.7	1.9	1.9
Operating income before depreciation and amortization (EBITDA), SEK M[1]	79,576	79,237	60,790	54,080	41,847	62,568	45,858	40,732	31,373	33,886	16,784
EBITDA margin, %[1]	15.8	14.9	13.2	15.0	12.8	15.0	12.1	12.6	10.8	11.2	6.1
Net capitalization of research and development, SEK M	951	2,021	2,072	552	-385	1,006	791	-876	90	-550	-1,441
Return on capital employed in Industrial Operations, %	35.8	36.7	27.4	25.3	14.7	28.4	22.4	—	—	—	—
Return on operating capital in Industrial Operations, %	70.3	71.3	50.8	51.9	29.4	52.3	39.0	32.5	21.5	25.0	4.5
Return on equity, %	28.5	28.7	20.7	23.4	13.8	27.0	21.3	20.8	14.9	18.4	2.8
Net Financial position excl. post-employment benefits and lease liabilities SEK M[1]	85,871	83,407	73,897	66,227	74,691	62,596	43,926	26,339	-1,151	349	-9,924
Net Financial position incl. post-employment benefits and lease liabilities SEK M[1]	67,238	66,687	61,303	50,356	50,959	37,267	29,101	12,200	-15,679	-13,237	-26,378
Equity ratio	27.6	26.8	26.4	27.9	29.0	27.0	26.5	26.4	24.5	22.9	20.9
Equity ratio, Industrial Operations	38.4	36.2	34.1	34.9	35.8	33.1	31.9	32.5	30.9	28.6	25.7

1 Pertains to the Industrial Operations.

Regular employees[1] at year-end

Number	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks	58,458	55,607	54,046	50,974	56,483	59,142	58,891	55,026	52,154	54,668	58,067
Construction Equipment	14,193	15,028	14,797	13,847	13,404	13,756	13,419	12,788	13,397	13,889	14,901
Buses	4,988	5,637	5,325	5,117	6,608	8,324	8,178	7,943	7,353	7,270	6,900
Volvo Penta	2,180	2,167	2,022	1,832	1,798	1,800	1,713	1,622	1,530	1,470	1,422
Group Functions & Other	9,937	10,697	9,900	9,224	7,688	8,015	8,527	8,362	8,277	9,827	10,193
Financial Services	1,616	1,599	1,596	1,546	1,511	1,538	1,401	1,363	1,328	1,340	1,339
Volvo Group	**91,372**	**90,735**	**87,686**	**82,540**	**87,492**	**92,575**	**92,129**	**87,104**	**84,039**	**88,464**	**92,822**

Regular employees[1] at year-end

Number	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sweden	25,660	24,361	22,964	21,022	20,598	21,094	20,887	19,965	19,235	20,412	21,384
Europe, excluding Sweden	25,905	28,205	28,056	27,378	27,678	29,033	28,807	27,596	26,955	27,662	29,449
North America	19,943	18,624	17,815	16,956	15,559	17,750	17,845	15,882	14,245	15,534	15,217
South America	7,037	6,964	6,665	5,860	5,448	5,466	5,228	4,774	4,762	5,380	6,353
Asia	10,618	10,318	9,990	9,305	16,121	16,863	16,888	16,526	16,469	17,046	17,793
Africa and Oceania	2,209	2,263	2,196	2,019	2,088	2,369	2,474	2,361	2,373	2,430	2,626
Volvo Group	**91,372**	**90,735**	**87,686**	**82,540**	**87,492**	**92,575**	**92,129**	**87,104**	**84,039**	**88,464**	**92,822**

1 Excluding consultants and temporary staff.

Deliveries

Number	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks											
Heavy-duty trucks (>16 tons)	183,661	198,383	197,249	170,295	140,652	201,092	193,886	171,963	158,025	176,589	173,650
Medium-duty trucks (7–16 tons)	15,567	18,863	15,475	13,907	10,736	12,700	14,065	14,331	15,691	14,749	15,114
Light trucks (<7 tons)	20,149	29,026	19,834	18,256	15,453	18,977	18,539	16,108	16,708	16,137	14,360
Of which fully electric	3,717	3,523	1,211	371	67	–	–	–	–	–	–
Total Trucks	**219,377**	**246,272**	**232,558**	**202,458**	**166,841**	**232,769**	**226,490**	**202,402**	**190,424**	**207,475**	**203,124**
Construction Equipment											
Large and medium construction equipment	42,364	45,494	58,110	73,144	65,959	64,558	62,143	48,139	33,054	–	–
Compact construction equipment	13,679	14,570	22,799	26,727	27,802	22,327	20,511	15,988	11,252	–	–
Of which fully electric	2,067	895	598	321	12	–	–	–	–	–	–
Total Construction Equipment	**56,043**	**60,064**	**80,909**	**99,871**	**93,760**	**86,885**	**82,654**	**64,127**	**44,306**	**–**	**–**
Volvo Penta											
Marine engines	11,733	16,858	17,924	17,149	14,842	18,135	20,006	19,565	18,016	19,503	17,413
Industrial engines	23,918	27,479	27,360	24,839	20,444	21,324	28,499	21,432	19,251	18,635	15,295
Of which fully electric	113	104	24	39	–	–	–	–	–	–	–
Total Volvo Penta	**35,651**	**44,337**	**45,284**	**41,988**	**35,286**	**39,459**	**48,505**	**40,997**	**37,267**	**38,138**	**32,677**

Number		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks	Europe	106,981	129,016	113,245	98,600	79,814	104,145	110,349	105,432	97,909	86,448	72,458
	North America	56,931	60,782	56,535	47,629	32,056	62,308	53,877	37,941	39,193	64,507	57,714
	South America	29,629	22,036	31,958	28,718	17,684	23,729	16,146	11,073	9,442	11,069	23,741
	Asia	15,817	21,991	19,066	17,842	27,009	29,435	32,276	35,476	31,502	31,979	32,399
	Africa and Oceania	10,019	12,447	11,754	9,669	10,278	13,152	13,842	12,480	12,378	13,472	16,812
	Total	**219,377**	**246,272**	**232,558**	**202,458**	**166,841**	**232,769**	**226,490**	**202,402**	**190,424**	**207,475**	**203,124**
	Of which fully electric	3,717	3,523	1,211	371	67	–	–	–	–	–	–
Construction Equipment	Europe	10,694	16,278	16,767	20,453	15,762	21,420	19,567	17,519	14,700	12,539	14,174
	North America	7,116	9,549	7,663	6,217	5,025	7,278	7,218	5,685	5,105	5,710	7,127
	South America	2,381	2,271	4,875	4,263	2,335	2,004	2,023	1,372	1,175	2,036	3,669
	Asia	32,567	28,073	48,153	65,635	68,232	53,664	50,716	36,254	21,072	22,339	33,648
	Africa and Oceania	3,285	3,893	3,451	3,303	2,406	2,519	3,130	3,297	2,254	2,094	2,699
	Total	**56,043**	**60,064**	**80,909**	**99,871**	**93,760**	**86,885**	**82,654**	**64,127**	**44,306**	**44,718**	**61,317**
	Of which fully electric	2,067	895	598	321	12	–	–	–	–	–	–
Buses	Europe	1,270	1,476	1,424	1,388	1,565	2,350	2,142	2,645	2,676	2,431	2,221
	North America	1,853	1,590	1,134	1,118	1,644	3,084	2,796	2,973	2,659	2,398	1,590
	South America	1,395	1,043	1,957	726	1,152	1,917	973	784	1,149	1,415	2,985
	Asia	777	875	819	585	1,097	1,465	1,451	2,186	1,849	1,656	1,242
	Africa and Oceania	979	789	481	705	797	915	1,064	805	1,220	925	721
	Total	**6,274**	**5,773**	**5,815**	**4,522**	**6,215**	**9,731**	**8,426**	**9,393**	**9,553**	**8,825**	**8,759**
	Of which fully electric	330	363	240	211	223	–	–	–	–	–	–
	Of which hybrids	69	165	127	232	83	–	–	–	–	–	–

Exports from Sweden

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Volvo Group, total	138,491	139,026	132,092	108,538	92,746	118,543	117,887	107,958	91,962	86,731	78,174

Operating segment statistics

Net sales

SEK M		**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks	Europe	165,594	175,203	137,177	107,798	92,127	112,125	111,237	99,642	91,468	83,767	72,757
	North America	105,546	107,975	92,582	65,308	52,038	85,731	70,233	52,405	51,849	73,017	53,696
	South America	44,182	36,897	38,254	23,569	15,830	23,753	16,021	12,789	10,613	11,624	19,669
	Asia	25,019	30,617	23,988	21,359	35,441	37,610	36,664	36,998	33,464	31,589	29,264
	Africa and Oceania	20,268	22,356	18,535	12,846	12,826	17,427	16,203	14,646	13,256	13,982	15,518
	Total	**360,610**	**373,048**	**310,536**	**230,881**	**208,262**	**276,647**	**250,358**	**216,480**	**200,650**	**213,978**	**190,904**
Construction Equipment	Europe	26,934	34,228	30,194	29,524	23,191	30,300	27,291	22,977	19,739	17,732	17,215
	North America	23,459	29,590	22,294	16,583	13,020	17,404	15,575	12,234	10,724	11,843	10,784
	South America	4,099	4,101	6,491	3,951	2,245	2,532	2,304	1,760	1,414	2,207	3,234
	Asia	26,604	28,150	34,228	36,427	39,095	33,932	33,781	25,058	15,765	16,424	18,458
	Africa and Oceania	7,208	8,912	7,054	5,546	3,902	4,437	5,287	4,468	3,088	2,802	3,164
	Total	**88,305**	**104,981**	**100,261**	**92,031**	**81,453**	**88,606**	**84,238**	**66,497**	**50,731**	**51,008**	**52,855**
Buses	Europe	6,547	7,007	6,034	5,886	5,765	7,369	7,036	7,753	7,861	7,284	6,139
	North America	10,979	9,200	6,521	4,089	8,302	15,543	13,244	12,512	11,345	10,635	6,721
	South America	2,248	2,207	3,154	882	1,793	3,281	1,393	1,148	1,363	1,425	2,559
	Asia	1,821	1,601	1,372	1,371	2,397	2,617	2,094	3,135	3,067	2,557	1,892
	Africa and Oceania	2,949	2,408	1,502	1,423	1,535	2,209	2,060	1,530	1,749	1,678	1,334
	Total	**24,544**	**22,423**	**18,583**	**13,652**	**19,791**	**31,019**	**25,826**	**26,078**	**25,386**	**23,580**	**18,645**
Volvo Penta	Europe	9,580	10,787	9,417	7,464	6,064	6,671	7,487	5,727	4,973	4,462	3,779
	North America	4,036	4,070	3,695	2,949	2,532	3,180	2,912	2,456	2,191	2,161	1,584
	South America	854	783	635	474	345	319	299	289	291	365	386
	Asia	4,008	3,950	3,302	2,698	2,228	2,439	2,443	2,082	1,891	1,855	1,615
	Africa and Oceania	1,375	1,417	1,054	851	691	679	599	566	546	562	425
	Total	**19,852**	**21,006**	**18,102**	**14,437**	**11,891**	**13,287**	**13,741**	**11,119**	**9,893**	**9,406**	**7,790**
Group functions & Other incl. eliminations		11,665	11,811	12,221	10,061	5,074	8,802	4,157	3,635	4,799	5,610	5,806
Industrial Operations		**504,975**	**533,269**	**459,703**	**361,062**	**326,472**	**418,361**	**378,320**	**323,809**	**291,459**	**303,582**	**275,999**
Financial Services	Europe	9,861	8,727	6,705	5,929	6,116	6,279	6,063	5,431	5,116	5,278	5,120
	North America	9,025	7,775	5,752	4,519	4,907	5,534	4,600	4,234	4,202	4,033	2,999
	South America	5,581	5,374	3,338	1,618	1,380	1,555	1,276	1,368	1,235	1,116	1,122
	Asia	1,190	1,027	788	843	1,022	1,010	800	543	476	548	638
	Africa and Oceania	1,324	1,108	772	528	535	492	332	235	213	224	232
	Total	**26,982**	**24,012**	**17,355**	**13,437**	**13,960**	**14,870**	**13,070**	**11,812**	**11,242**	**11,199**	**10,111**
Eliminations		-5,140	-4,518	-3,579	-2,283	-1,987	-1,252	-555	-873	-787	-2,265	-3,162
Volvo Group total		**526,816**	**552,764**	**473,479**	**372,216**	**338,446**	**431,980**	**390,834**	**334,748**	**301,914**	**312,515**	**282,948**
Of which:[1]												
Vehicles[2]		397,193	425,301	367,234	282,666	247,397	332,558	299,356	252,063	223,996	237,430	
Services		129,624	127,463	92,469	78,396	79,075	85,804	78,963	71,747	67,463	66,152	
Financial Services		–	–	17,355	13,437	13,960	14,870	13,070	11,812	11,242	11,199	
Eliminations		–	–	-3,579	-2,283	-1,987	-1,252	-555	-873	-787	-2,265	

1 As from 2023, net sales for Financial Services are included in Services.

2 Including construction equipment and Volvo Penta engines.

Operating income

SEK M	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks	45,966	48,893	31,976	27,349	15,764	31,552	19,541	20,383	15,020	19,517	4,157
Construction Equipment	12,737	16,383	12,907	12,228	9,583	11,910	12,125	7,917	2,246	2,044	652
Buses	2,433	-380	353	78	-522	1,337	575	928	911	860	92
Volvo Penta	3,419	3,230	2,527	2,092	1,402	1,876	2,341	1,439	1,269	1,086	724
Group functions & Other	-2,389	-5,117	-2,912	-2,017	-322	111	-2,503	-2,534	-679	-2,189	-1,690
Eliminations	32	55	12	53	12	-14	-13	2	-28	-6	176
Industrial operations	**62,198**	**63,063**	**44,862**	**39,783**	**25,919**	**46,771**	**32,067**	**28,135**	**18,740**	**21,312**	**4,111**
Financial Services	4,042	3,719	848	3,289	1,564	2,766	2,411	2,192	2,086	2,006	1,712
Eliminations	371	2	2	2	2	-6	–	–	–	–	–
Volvo Group	**66,611**	**66,784**	**45,712**	**43,074**	**27,484**	**49,531**	**34,478**	**30,327**	**20,826**	**23,318**	**5,824**

Operating margin

%	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Trucks	12.7	15.4	14.0	14.5	11.8	14.1	17.0	12.9	12.8	11.5	9.3
Construction Equipment	14.4	11.8	9.8	11.0	7.9	11.2	8.5	8.7	6.4	7.0	1.5
Buses	9.9	12.1	9.7	11.6	8.1	11.5	8.8	9.1	6.9	7.5	2.1
Volvo Penta	17.2	15.4	14.0	14.5	11.8	14.1	17.0	12.9	12.8	11.5	9.3
Industrial Operations	**12.3**	**11.8**	**9.8**	**11.0**	**7.9**	**11.2**	**8.5**	**8.7**	**6.4**	**7.0**	**1.5**
Volvo Group	**12.6**	**12.1**	**9.7**	**11.6**	**8.1**	**11.5**	**8.8**	**9.1**	**6.9**	**7.5**	**2.1**

Environmental and social metrics

More detailed information and management approach are further described in Sustainability Statements on page 144–182.

Absolute values; and related to net sales where applicable	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Energy usage (GWh; MWh/SEK M)[1]	2,250; 4.5	2,345; 4.4	2,367; 5.1	2,437; 6.8	2,158; 6.6	2,372; 5.7	2,196; 5.8	2,068; 6.4	2,076; 7.1	2,077; 6.8	2,168; 7.9
Direct GHG emissions, CO_2e, scope 1 (1,000 tons; tons /SEK M)[1]	209; 0.4	228; 0.4	243; 0.5	252; 0.7	211; 0.6	250; 0.6	223; 0.6	207; 0.6	211; 0.7	220; 0.6	231; 0.8
Indirect GHG emissions, CO_2e scope 2 (1,000 tons; tons/SEK M)[1]	60; 0.1	66; 0.1	81; 0.2	115; 0.3	121; 0.4	125; 0.3	198; 0.5	192; 0.6	196; 0.7	192; 0.6	218; 0.8
Indirect GHG emissions, CO_2e scope 3 use of sold products (Mton)	249	272	294	291	249	331					
Hazardous waste (tons; kilos/SEK M)	40,860; 81	39,076; 73	36,800; 80	53,314; 148	51,712; 159	50,909; 122	38,601; 102	31,941 ; 99	27,649 ; 95	27,824 ; 92	24,944 ; 90
Net sales, Industrial operations (SEK bn)	505.0	533.3	459.7	361.1	326.5	418.4	378.3	323.8	291.5	303.6	276.0
Accident rates (Lost time accidents per 1,000,000 hours)	4.50	5.40	5.00	5.15	4.50	6.10	6.10	5.00	5.30	6.90	7.95
Gender representation in total workforce, (% Men/Women)	77; 23	78; 22	78; 22	79; 21	81; 19	81; 19	81; 19	81; 19	82; 18		
Gender representation among leaders (% Men/Women)	74; 26	75; 25	76; 24	77; 23	80; 20	80; 20	81; 19	81; 19	82; 18		

1 In this 11 year summary, data points summarize historical reported metrics in the Annual Report each year but are not restated. On page 155 data points are restated from 2019 due to changing reporting scope affecting the baseline to the Group's climate targets.

Volvo share statistics

Data per share

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Basic earnings, SEK[1]	24.78	24.50	16.09	16.12	9.50	17.64	12.25	10.08	6.47	7.42	1.03
Ordinary dividend, SEK[8]	8.00	7.50	7.00	6.50	6.00	–	5.00	4.25	3.25	3.00	3.00
Extraordinary dividend, SEK[8, 9]	10.50	10.50	7.00	16.00	9.00	–	5.00	–	–	–	–
Share price at year end (B share), SEK	268.60	261.70	188.48	209.65	193.80	156.90	115.95	152.70	106.40	79.10	84.70
Dividend yield (B share), %[2]	6.9	6.9	7.4	10.7	7.7	–	8.6	2.8	3.1	3.8	3.5
Effective return (B share), %[3]	10	46	1	16	24	44	-21	47	38	-3	4
Price/earnings ratio (B share)[4]	10.8	10.7	11.7	13.0	20.4	8.9	9.5	14.8	16.4	10.7	82.2
EBIT multiple[5]	6.9	6.7	7.2	8.3	12.5	6.1	6.5	9.9	11.7	7.7	26.3
Payout ratio, %[6]	74.7	73.5	87.0	140.0	158.0	–	82.0	41.0	50.0	40.0	291.0
Total equity, SEK[7]	95	87	80	69	72	68	61	52	47	41	39
Return on total equity, %	28.5	28.7	20.7	23.4	13.8	27.0	21.3	20.5	14.9	18.4	2.8

1 Basic earnings per share is calculated as income for the period divided by average number of shares outstanding.

2 Proposed dividend in SEK per share divided by share price at year end.

3 Share price change during the year including dividend divided by share price at beginning of the year.

4 Share price at year end divided by basic earnings per share.

5 Market value at year end less net financial position and non-controlling interests divided by operating income.

6 Cash dividend divided by basic earnings per share.

7 Total equity for shareholders in AB Volvo divided by number of shares outstanding at year end.

8 For 2024, proposed by the Board of Directors to the Annual General Meeting 2025.

9 Of which SEK 6.50 per share for 2021 and SEK 9.50 per share relating to the distribution of the proceeds from the sale of UD Trucks paid out in July 2021.

Other share data

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Number of shareholders at year end	396,699	382,200	374,185	362,144	283,731	250,798	245,663	240,521	237,654	234,989	237,871
Number of Series A shares outstanding at year end, million	445	445	445	445	448	456	457	459	472	485	492
Number of Series B shares outstanding at year end, million	1,588	1,588	1,588	1,588	1,585	1,577	1,576	1,573	156	1,546	1,537
Average number of shares outstanding, million	2,033	2,033	2,033	2,033	2,033	2,033	2,032	2,032	2,031	203	2,028
Number of Series A shares traded in Stockholm during the year, million	31.7	36.7	41.1	88.1	65.7	43.8	51.8	46.7	67.2	51.7	86.3
Number of Series B shares traded in Stockholm during the year, million	745.1	820.2	967.5	1,065.9	1,407.6	1,146.1	1,293.8	1,341.3	1,667.9	2,052.1	2,068.7

The largest shareholders in AB Volvo

December 31, 2024	Number of shares	Share of votes, %	Share of capital, %
Industrivärden	190,700,000	28.0	9.4
Geely Holding	88,474,625	14.7	4.4
AMF Insurance & Funds	74,277,298	5.6	3.7
Alecta	53,893,010	4.0	2.7
BlackRock	75,269,662	2.4	3.7
AFA Insurance	15,609,773	2.3	0.8
Vanguard	70,455,409	2.3	3.5
Swedbank Robur Funds	91,032,889	1.8	4.5
AP4 Fund	10,960,288	1.6	0.5
Capital Group	67,953,697	1.1	3.3
Total	**738,626,651**	**63.8**	**36.5**

Source: Modular Finance

Distribution of shares

December 31, 2024	Number of shareholders	% of total votes	Share of capital, %
1–1,000 shares	339,389	2.7	3.2
1,001–10,000 shares	52,468	5.9	7.1
10,001–100,000 shares	4,282	3.4	5.0
100,001–	560	88.0	84.7
Total	**396,699**	**100.0**	**100.0**

Source: Euroclear

Annual General Meeting, April 2, 2025

The Annual General Meeting of AB Volvo will be held on Wednesday, April 2, 2025. For further information about the Annual General Meeting 2025, please refer to Volvo's website, www.volvogroup.com.

Volvo's Election Committee

The following persons are members of Volvo's Election Committee:

- Fredrik Persson Chairman of the Election Committee, AB Industrivärden
- Anders Oscarsson AMF and AMF Fonder
- Carina Silberg Alecta
- Anders Algotsson AFA Försäkring
- Pär Boman, Chairman of the Board.

All members were appointed by the Annual General Meeting 2024. Among other duties, the Election Committee is responsible for submitting to the Annual General Meeting proposals for candidates to serve as members of the Board of Directors, Chairman of the Board and proposal for auditors if applicable. The Election Committee also proposes the amount of the fees to be paid to the Board of Directors.

Preliminary financial calendar

Annual General Meeting 2025	April 2, 2025
Report on the first quarter 2025	April 23, 2025
Report on the second quarter 2025	July 17, 2025
Report on the third quarter 2025	October 17, 2025

The reports are available on www.volvogroup.com and www.volvogroup.se on date of publication and are also sent electronically to shareholders who have advised Volvo that they wish to receive financial information.

Historical and current time series reflecting the Volvo Group's market information are published regularly on www.volvogroup.com and on www.volvogroup.se.

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Volvo Construction Equipment's ambitious new product line-up
Read more on page 29.
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