

V O L V O

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



**VOLVO CAR GROUP**  
INTERIM REPORT THIRD QUARTER 2023

## JULY–SEPTEMBER 2023

- Retail sales increased by 22% and reached 167.5 (137.7) thousand cars.
- Revenue increased by 16% to SEK 92.0 (79.3) bn, driven mainly by higher volumes.
- Operating income (EBIT) was SEK 4.5 (2.1) bn, mainly driven by strong volume development, but also positive exchange rate effects, lower costs for raw materials, semiconductors and logistics. EBIT excluding share of income in JVs and associates was SEK 6.1 (3.5) bn.
- EBIT margin was 4.8 (2.6)%. EBIT margin excluding share of income in JVs and associates was 6.7 (4.4)%.
- Basic earnings per share was SEK 1.01 (0.11).
- Operating and investing cash flow was SEK 1.7 (3.2) bn.
- Start of production of our new small SUV – the EX30.
- Volvo Cars declares the end of diesel at Climate Week NYC – our last diesel car will be produced in early 2024.
- Nomination Committee for Volvo Cars Annual General Meeting 2024 appointed.

## UPDATES AFTER THE PERIOD

- Volvo Cars plan to expand production of the EX30 and also build in Ghent, Belgium from 2025.
- Volvo EM90 will be revealed on 12 November.

SEKbn unless otherwise stated	3 Months			9 Months			12 Months	
	Jul–Sep 2023	Jul–Sep 2022	Δ%	Jan–Sep 2023	Jan–Sep 2022	Δ%	LTM	Full year 2022
Retail sales, k units <sup>1)</sup>	167.5	137.7	21.6	509.2	429.0	18.7	695.3	615.1
Revenue	92.0	79.3	16.0	289.9	224.9	28.9	395.1	330.1
Research and development expenses <sup>2)</sup>	-2.9	-2.8	3.6	-9.2	-9.0	2.2	-11.7	-11.5
Operating income (EBIT) <sup>3)</sup>	4.5	2.1	114.3	14.6	18.9	-22.8	18.0	22.3
EBIT excl. share of income in JVs and associates <sup>3)</sup>	6.1	3.5	74.3	18.9	14.0	35.0	22.8	17.9
Net income <sup>2)</sup>	3.2	0.7	357.1	10.7	14.1	-24.1	13.6	17.0
Basic earnings per share, SEK <sup>2)</sup>	1.01	0.11	818.2	3.34	4.40	-24.1	4.16	5.23
EBITDA <sup>3)</sup>	8.7	6.1	42.6	27.1	30.9	-12.3	34.6	38.4
Cash flow from operating activities <sup>2)</sup>	10.1	13.4	-24.6	24.7	16.5	49.7	41.8	33.6
Cash flow from investing activities <sup>2)</sup>	-8.4	-10.2	-17.6	-39.7	-31.2	27.2	-48.2	-39.7
Gross margin, % <sup>3)</sup>	19.6	17.3	13.9	18.8	19.4	-3.1	17.7	18.3
EBIT margin, % <sup>3)</sup>	4.8	2.6	84.6	5.0	8.4	-40.5	4.0	6.8
EBIT margin excl. share of income in JVs and associates, % <sup>3)</sup>	6.7	4.4	52.3	6.5	6.2	4.8	5.8	5.4
EBITDA margin, % <sup>3)</sup>	9.4	7.6	23.7	9.3	13.7	-32.1	8.8	11.6

1) Non-financial operating metric.

2) IFRS measure.

3) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 29.

# Momentum continues while performing and transforming



Dear shareholders and members of our wider Volvo Cars community,

Our operating performance is gathering momentum, while we continue to make steady progress on our transformation objectives. During the third quarter, we reported strong sales and revenue growth, which in combination with lower costs for raw materials and logistics, resulted in a solid underlying operating profit. As such the quarter developed as we planned and communicated, putting us in a good position to close out the year with a solid double-digit growth in retail volumes and a considerably higher share of fully electric cars for the full year, compared with last year. At the same time, uncertainties remain on the horizon, and we continue to be watchful.

Retail sales continued to improve during the quarter, with solid double-digit growth in all three months and sales growth of 22 per cent for the period, compared to the third quarter of 2022. That means we've now reported thirteen consecutive months of retail sales growth, illustrating solid demand for our cars, despite pricing pressures in many parts of the world. Our pure electric sales share of 13 per cent for the quarter was almost double what it was in the same period in 2022, increasing by 111 per cent year-on-year. This underlines that we're well on our way to becoming one of the fastest transformers in the industry. The launch of our competitively priced, fully electric EX30 SUV will serve to

strengthen our position and help us in our ambition to become a fully electric car company by 2030.

## Operating and financial performance

Our solid operational performance and good momentum was reflected in our key operational indicators. Production volumes in the third quarter were up by 16 per cent versus the same period a year ago, as availability and visibility continued to improve in our supply chain.

Commercially, our order book remained stable and we managed to maintain premium pricing. Our strong brand position, based on safety, quality and Scandinavian design, has proven to be a real asset in maintaining our premium pricing position. As a result, we booked a revenue for the quarter of SEK 92 billion, up 16 per cent compared to the same period last year.

At the same time, our gross margin continued to improve and came in at 19.6 per cent, helped by improving margins on electric cars, which came in at 9 per cent and was significantly up compared to the last quarter. This underscores that we are beginning to see the benefits from lower lithium prices, but also that we're realising the effects of increased pricing on model year 2024 fully electric cars – as we had indicated during the previous quarter. Once the EX30 starts to be shipped to customers, it will further boost our profitable growth in fully electric cars, which we believe will position us well versus many of our competitors.

In addition to lower raw material prices, costs for freight and other logistics have also eased. Spot buy costs for key components such as semiconductors also were reduced, while our internal cost efficiency and optimisation initiatives are starting to bear fruit.

All this resulted in a solid underlying operating profit of SEK 6.1 billion excluding joint ventures and associates, an increase of almost 75 per cent compared to the third quarter of 2022. Our operating margin excluding joint ventures and associates came in at 6.7 per cent, compared to a margin of 4.4 per cent in the same period last year.

With regards to our climate action plan, we continued to make progress in our efforts to reduce our CO<sub>2</sub> footprint per car. During the first nine months of the year, overall CO<sub>2</sub> emissions per car were 19 per cent lower compared with our 2018 benchmark, supporting our mid-decade ambition of a 40 per cent CO<sub>2</sub> reduction per car.

## Other highlights of the quarter

We also outlined our climate action plan during Climate Week NYC in September, the world's second largest sustainability summit. Alongside our 2030 electric car ambition, we're also tackling emissions in our manufacturing network

and our supply chain. These actions support our ambition to be a climate neutral company by 2040.

To underline our commitment to those ambitions, in New York we announced our plan to stop building diesel-powered Volvo cars by early 2024. Instead, we'll focus even more on the technologies of the future, by creating premium electric and hybrid cars that deliver on everything our customers expect from a Volvo and significantly reduce our carbon footprint.

Customer response to our future models has been strong, including the small electric EX30 SUV we revealed in June, which generated higher than expected pre-orders. EX30 production started in the third quarter and the first cars are expected to be delivered during Q4 of this year, with production and deliveries ramping up in earnest in 2024. When we revealed the EX30 in June, we indicated we were exploring additional manufacturing locations globally and earlier today, we announced our plan to expand production of the EX30 and also build it at our Ghent plant in Belgium from 2025. This decision reflects the strong demand for the EX30, supports our strategy to produce where we sell, and boosts production capacity for the car in Europe as well as for global export. It has indeed proven to be a small car with a big opportunity and has already won several industry awards.

We're also investing in and optimising other parts of our manufacturing network. Construction of our new battery plant, as part of our NOVO joint venture together with Northvolt, has started in Torslanda, Sweden. In our car plants, we're ramping up investments in fully electric production. Our Chengdu plant, which celebrated its 10-year anniversary in August, is also tooling up for new car models. Our facility outside Charleston in South Carolina, USA is preparing for production of our EX90 flagship SUV and the Polestar 3 SUV in the first half of 2024. And our parts factory in Floby, Sweden is making the necessary investments to start building our third-generation e-motors from mid-2024.

The EX30 and EX90 demonstrate that the Volvo car of the future is software-defined. They clearly set out our course going forward: premium electric cars, built on next-generation electrical and silicon architectures with advanced battery and computing technology, as well as next level passive and active safety features, and smart cabin technology. This means investing in our software capabilities is another cornerstone of our strategy.

During the third quarter we opened a new Tech Hub in Singapore, which will focus on AI, machine learning, data analytics and Industry 4.0 technologies. It complements our network of other Tech Hubs around the globe and strengthening our internal software engineering capabilities. A new state-of-the-art software testing centre in Sweden further boosts our capacity for integrated and rapid software testing at all levels, and the new software-focused Tech Hub in Krakow, Poland that we announced earlier this year now has over 30 employees.

Finally, we continued to strengthen our management team and operational steering. We appointed new leaders for our marketing and procurement & supply chain operations, as well as a new leader for the Volvo Cars Tech Fund, our corporate venture capital arm. Reflecting the growing importance of the China market, the president of our Greater China region is now reporting directly to me. This change is designed to improve the speed and clarity of decision-making regarding the China market, which we believe to be a critical requirement in that region in today's world. On top of that, we added more diversity and competence by including our heads of software engineering, quality and commercial digital operations in our Group Management Team, to further increase focus and collaboration across the company in these areas.

### Looking ahead

Our performance for the third quarter puts us in a position to close out the year in line with earlier communications: solid double-digit growth in retail volumes for the full year and an increased share of fully electric cars versus 2022.

This positions us well for a fast start to 2024, when we will bring three new fully electric models on the roads. Deliveries of the EX30 to customers are starting soon and on November 12 we will reveal the Volvo EM90 in China, our first ever premium multi-purpose vehicle (MPV). That means that in less than six months, we will have unveiled two brand new cars (EX30 and EM90) into two new segments, on top of the EX90 that we revealed late last year.

Our current trajectory shows that the building blocks for our transformation in recent years are starting to deliver at pace. Rather than simply delivering on our transformation passively, we choose to actively engage with wider changes in the key technology shifts for the future and be one of the fastest transformers. We want to become a leader in future mobility by remaining true to our brand, anchored to our values, and confident in the benefits that our cars bring to our customers.

In addition to the technologies required for electrification, we're also building up strong capabilities in many other key technology areas, such as software, silicon, data capture and analytics, connectivity, machine learning and AI.

We remain vigilant in light of the macroeconomic and geopolitical uncertainties and remain laser-focused on execution. We will continue to focus on cost-consciousness throughout our organisation and constantly work to make our business more efficient and more sustainable.

### Jim Rowan

Chief Executive, Volvo Cars

# Fastest transformer strategy progress

Our industry is changing, and we strive to be a leader in that change. Our fastest transformer strategy outlines how we plan to deliver on our mid-decade ambitions. The purpose of this section is to keep our stakeholders updated on this progress.

## MID-DECADE AMBITIONS



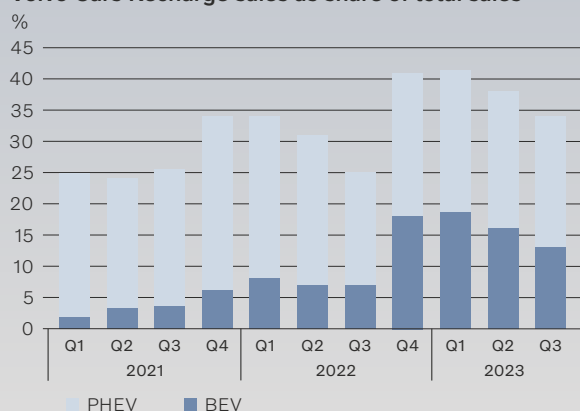
## FAST GROWING PREMIUM BRAND

### Market position

Sales of battery electric cars increased to 13% total share from 7% in the same quarter last year whereas Recharge sales increased to 34 (25) % of total share. Overall demand remains healthy at a global level but with regional and monthly variances. On an aggregated level, the order intake in Europe has been growing year over year as from the second quarter.

Brazil, Uruguay, Thailand, Indonesia, and Ireland all had 100% Recharge sales in Q3, closely followed by Norway 99%, Denmark 97%, Finland 94%, Portugal 87%, Iceland 87%, and Belgium 87%.

### Volvo Cars Recharge sales as share of total sales



Volvo Cars' market share per propulsion type <sup>1)2)</sup>	Jan–Aug 2023	Jan–Aug 2022
BEV	1.11%	0.60%
PHEV	5.15%	6.17%
ICE (incl. mild hybrids)	0.68%	0.71%
<b>Total</b>	<b>0.92%</b>	<b>0.86%</b>

Total industry volume share and growth by propulsion type <sup>1)2)</sup>	Jan–Aug 2023	Growth YoY
BEV	13%	41%
PHEV	4%	40%
ICE (incl. mild hybrids)	83%	4%
<b>Total</b>	<b>100%</b>	<b>9%</b>

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

2) Source: Includes content supplied by S&P Global Mobility Industry Performance, October 2023. All rights reserved.

## Sustainability

Volvo Cars has an ambition to reduce the carbon footprint per average vehicle by 40% by 2025, against 2018 levels, and we continue to make progress. For the first nine months, we reached a reduction of 19%.

In our supply chain, we have entered into a new ocean container freight contract which will replace fossil fuel with biofuel for 86% of our intercontinental ocean freight, reducing its CO<sub>2</sub> emissions by 84%.

Further, in our Taizhou and Chengdu plants in China, we have realised a 100% value retention and closed-loop recycling system for stamped aluminium waste by utilising physical processes and blockchain digital tracing technology. A closed-loop was established already in 2019 between our stamping facility in Olofström, Sweden, and one of our aluminium sheet suppliers.

CO <sub>2</sub> -reduction per car	Total CO <sub>2</sub> -emissions per car (tonnes)	Reduction (%)
2018	54.9	—
2023 Jan–Sep <sup>1)</sup>	44.4	-19.1
2025 ambition	32.9	-40
2040 ambition	0	Climate neutral

1) The first nine months 2023 greenhouse gas emissions (GHG) results did not include production and distribution of fuel and electricity.

## FULL ELECTRIFICATION

### BEV/Non-BEV profitability and share of investments

Compared to the third quarter of 2022 the fully electric new car gross income per unit has mainly been affected by lower raw material costs and increased pricing.

Compared to the second quarter of 2023, the BEV margins in the third quarter benefited from mainly lower costs for raw materials, but also stronger mix and lower discounts as the second quarter was negatively affected by higher discounts on the outgoing model year.

	Jul-Sep 2023		Full year 2022	
	BEV	Non-BEV	BEV	Non-BEV
Retail sales (k units)	21	146	67	548
Revenue per Car (SEKk/unit) <sup>1)</sup>	494	433	449	415
Gross Income per Car (SEKk/unit) <sup>1)</sup>	46	97	37	89
Gross Margin (%)	9	22	8	21

	BEV	Non-BEV	Common	BEV	Non-BEV	Common
	Share of Investing Cash Flow (%) <sup>2)</sup>	67	5	28	68	6

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

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

### Announcement of upcoming Multipurpose Vehicle (MPV)

Our first ever fully electric premium MPV, the EM90, will make its global debut on 12 November 2023. It is designed to make the most of the time spent in the car, like a Scandinavian living room on the move. Pre-order will start for customers in China on the same date.

### End of diesel

At the Climate Week NYC we declared the end of production of all diesel-powered Volvo Car models by early 2024. In a few months from now, the last diesel-powered Volvo car will have been built, making Volvo Cars one of the first car makers to take this step.

This milestone follows our decision last year to exit the development of new combustion engines. In the end of 2022 we sold our stake in Aurobay, the joint venture company that harboured all of our remaining combustion engine assets.

### Start of production of the EX30

During the quarter production started of the fully electric small SUV EX30. Production is running according to plan with a limited number of cars planned to be retailed during the fourth quarter followed by a greater number of cars in the first quarter of 2024.

### Start of construction of the NOVO battery plant

During the quarter, construction of Volvo Cars and Northvolt's joint Li-on battery gigafactory in Gothenburg, Sweden, started. Once complete, it will be among the largest in Europe, with up to 3,000 employees and potential to produce batteries for up to half a million cars per year.

## A LEADER IN NEW TECHNOLOGY

### Investment in Leadrive

Our corporate venture capital arm, the Volvo Cars Tech Fund, announced an investment in Leadrive, a Shanghai-based company founded in 2017. Leadrive is an exciting new player in power electronics and control units for fully electric cars. Leadrive is specialised in designing and building power modules that use silicon carbide (SiC) technology. Silicon carbide is a semiconductor base material that promises to unlock highly efficient and flexible electric propulsion systems.

### Prime Video and YouTube

We are among the first carmakers in the world to offer Prime Video in our cars. The service became available as a pre-installed app from 18 September with a gradual rollout via over-the-air (OTA) update, market by market. Prime Video will be available to download from Google Play and also YouTube will come as part of an OTA update.

## DIRECT CONSUMER RELATIONS

In the third quarter of 2023, the share of online/direct business amounted to 5 (4) % of our total global sales. Demand in general for the online/direct offer is robust. In the UK, which in June 2023 was transformed to direct sales only, the demand was solid and order intake increased year over year.

## FASTEST TRANSFORMER WAY OF WORKING New Tech Hub in Singapore

The new Tech Hub will be a key centre for data and analytics, software and advanced manufacturing development in line with our ambition to be a leader in new technology and a fully electric carmaker by 2030.

### New head of Procurement and Supply Chain

Francesca Gamboni has been recruited as the new Head of Procurement and Supply Chain. Her most recent role was as Chief Supply Officer at Accell Group where she managed the Group's manufacturing, logistics, procurement, quality and new product development. Francesca started her position on 16 October.

### Volvo Cars' cost-efficiency initiative follow up

During the second quarter of 2023, Volvo Cars gave notice for a reduction of 1,300 office-based positions in its Swedish operations to secure a more efficient and sustainable cost base for the future and to deliver on its 2030 ambitions. The process was finalised in mid October and in total 700 employees were affected, of which the main part through voluntary termination packages. In addition, approximately 500 consultants and agency personnel left or will leave the company.

# Third quarter financial summary

## SALES AND MARKET DEVELOPMENT

The global passenger car market continued to improve year over year during the third quarter, explained by a low comparable base for the same period last year together with an overall improved global production.

Volvo Cars retail sales increased by 22% compared to the third quarter 2022, whereof BEV sales increased by 111%. Wholesales increased by 14% and the production increased by 16%. The strong growth in retail sales was mainly enabled by improved production during the quarter.

Overall demand for our cars remained solid at a global level and we continued to maintain price discipline. During the third quarter, Volvo Cars total Recharge sales accounted for 34% of the total cars sold. Volvo Cars delivered 21.4 thousand units of BEV cars in the quarter. Temporary production disturbances in the second quarter, which have been resolved, affected BEV deliveries in the third quarter, leading to a drop in BEV share to 13% of the total cars sold. For 2023, Volvo Cars is on track to continue increasing its volumes for fully electric cars, taking the 2023 full year BEV share higher than 2022.

### Europe

The total European car market increased by 14% and the traditional premium segment increased by 20% compared to last year, although there are variances between different countries.

Volvo Cars retail sales increased by 34%. The orderbook remained stable despite geographical differences on new order intake. Recharge share accounted for 57 (49)% in the quarter, whereof BEV sales contributed with 21 (16)% of retail sales.

### China

The total Chinese passenger car market increased by 2%, while the traditional premium segment increased by 1%. The market recorded mild growth compared to other regions due to a high comparison base for the same period last year.

Volvo Cars retail sales decreased by 4%. Recharge share accounted for 8 (7) % in the quarter, whereof BEV sales contributed with 2 (2) % of retail sales.

### US

The total US passenger car market increased by 16%. The traditional premium segment increased by 17%. The market has seen slightly higher discounts, although far from pre-pandemic levels.

Volvo Cars' retail sales increased by 50%. Recharge share accounted for 27 (16) % in the quarter, whereof BEV sales contributed with 10 (2) % of retail sales.

### Other

Retail sales in other markets increased by 25%. The largest markets were South Korea, Canada and Japan, which reported changes in retail deliveries of 67%, 34% and -14% respectively. Recharge share of total sales in other markets was 33 (23) %, whereof BEV sales contributed to 15 (5) % of retail sales.

### Sales development per carline

The SUVs, including Volvo Cars' XC and C models, accounted for 80 (79) % of total sales, where the strongest growth was seen for the two BEV models, the C40 and the XC40. The Sedan and Wagons' share of total sales amounted to 15 (15) % and 5 (6) % respectively. The XC60 remained the best-selling model, followed by the XC40.

Retail sales (k units)	3 Months			9 Months			12 Months		
	Jul-Sep 2023	Jul-Sep 2022	Δ%	Jan-Sep 2023	Jan-Sep 2022	Δ%	LTM	2022	Δ%
Europe	61.8	46.2	34	208.8	166.0	26	290.2	247.4	17
China	45.4	47.5	-4	123.9	117.7	5	168.5	162.3	4
US	32.4	21.6	50	92.1	72.2	28	121.9	102.0	20
Other	27,9	22.3	25	84.3	73.0	16	114.7	103.3	11
<b>Retail sales total</b>	<b>167.5</b>	<b>137.7</b>	<b>22</b>	<b>509,2</b>	<b>429.0</b>	<b>19</b>	<b>695.3</b>	<b>615.1</b>	<b>13</b>
Recharge line-up vehicles	56.8	34.6	64	193.2	128.6	50	270.0	205.4	31
<i>whereof BEV vehicles</i>	<i>21.4</i>	<i>10.1</i>	<i>111</i>	<i>80.6</i>	<i>32.4</i>	<i>149</i>	<i>115.0</i>	<i>66.7</i>	<i>72</i>
Recharge line-up share of sales	34%	25%	—	38%	30%	—	39%	33%	—
<i>whereof BEV share of sales</i>	<i>13%</i>	<i>7%</i>	<i>—</i>	<i>16%</i>	<i>8%</i>	<i>—</i>	<i>17%</i>	<i>11%</i>	<i>—</i>
Wholesales	165.6	145.2	14	528.4	437.4	21	722.7	631.7	14
Production volume	169.0	145.5	16	548.5	446.6	23	750.8	648.9	16

VOLVO CAR GROUP



Top 10 Retail sales by market (k units)	3 Months			9 Months			12 Months		
	Jul-Sep 2023	Jul-Sep 2022	Δ%	Jan-Sep 2023	Jan-Sep 2022	Δ%	LTM	2022	Δ%
China	45.4	47.5	-4	123.9	117.7	5	168.5	162.3	4
US	32.4	21.6	50	92.1	72.2	28	121.9	102.0	20
UK	12.3	6.8	80	37.1	26.0	43	47.6	36.5	31
Germany	9.9	6.7	48	30.5	23.3	31	43.0	35.8	20
Sweden	7.2	5.7	27	27.2	27.6	-2	45.2	45.7	-1
Belgium	5.0	2.8	80	16.9	10.5	61	21.0	14.6	44
South Korea	4.0	2.4	67	12.5	9.4	33	17.5	14.4	21
Italy	4.0	3.6	11	14.5	10.9	33	19.6	16.0	22
Spain	3.5	2.5	42	9.6	7.9	20	13.0	11.4	14
Canada	3.4	2.6	34	9.1	7.7	18	11.6	10.3	13

Retail sales by model (k units)	3 Months			9 Months			12 Months		
	Jul-Sep 2023	Jul-Sep 2022	Δ%	Jan-Sep 2023	Jan-Sep 2022	Δ%	LTM	2022	Δ%
XC40 BEV	14.5	6.5	124	53.5	21.1	153	74.9	42.5	76
C40 BEV	6.9	3.7	87	27.2	11.3	141	40.1	24.2	66
XC60	55.0	48.0	14	161.0	141.3	14	215.0	195.3	10
XC40 PHEV/ICE	32.4	28.4	14	92.9	92.4	1	127.1	126.7	0
XC90	25.5	22.8	12	77.0	71.7	7	102.4	97.1	5
S90	13.5	11.5	18	36.6	29.3	25	50.2	42.9	17
S60	10.8	8.7	25	28.7	29.0	-1	39.2	39.5	-1
V60	5.9	5.1	15	22.2	21.8	2	32.4	24.3	34
V90	3.0	3.0	2	10.2	11.1	-8	13.9	14.7	-6
<b>Total</b>	<b>167.5</b>	<b>137.7</b>	<b>22</b>	<b>509.2</b>	<b>429.0</b>	<b>19</b>	<b>695.3</b>	<b>615.1</b>	<b>13</b>

V60 and V90 include the cross-country versions.



**INCOME AND RESULT**

The comparative figures refer to the consolidated income statement of the third quarter 2022, unless otherwise stated.

Volvo Cars' revenue amounted to SEK 92.0 (79.3) bn with an increase of 16%. Wholesale volumes increased by 14% to 165.6 (145.2) thousand cars. The increased volume contributed with SEK 8.9 bn. Foreign exchange rate effects, including hedges, had a positive impact on revenue of SEK 2.2 bn, see the table below.

Gross income increased by 32% to SEK 18.1 (13.7) bn, resulting in a gross margin of 19.6 (17.3) %. The gross margin increased due to lower costs for raw materials and lower costs for logistics, as well as spot purchasing of semiconductors. Foreign exchange rate effects, including hedges, in cost of sales were negative amounting to SEK –1.3 bn. The net effect of foreign exchange rates including hedges in gross income was positive and amounted to SEK 0.9 bn.

Research and development expenses amounted to SEK –2.9 (–2.8) bn, for details regarding research and development expenses, see the Research and development table on page 10. Selling expenses increased by 29% to SEK –6.6 (–5.1) bn, mainly due to normalised marketing spend in relation to improved production. Administrative expenses were in line with the comparative period and amounted to SEK –2.9 (–2.9) bn.

Other operating income and expenses amounted to SEK 0.5 (0.6) bn and share of income in joint ventures and associates amounted to SEK –1.7 (–1.5) bn.

Operating income (EBIT) increased to SEK 4.5 (2.1) bn, resulting in an EBIT margin of 4.8 (2.6)%. Excluding share of income in joint ventures and associates, EBIT increased to SEK 6.1 (3.5) bn, corresponding to a margin of 6.7 (4.4) %. The positive development on EBIT was primarily driven by higher volume of SEK 2.4 bn but also by lower costs levels including raw materials and logistics. The exchange rate effects including hedges had a positive impact on EBIT of SEK 0.3 bn, see the table below.

Net financial items increased to SEK 0.3 (–0.1) bn, mainly driven by higher interest income. The effective tax rate decreased to –31.8 (–65.3) %, mainly due to lower non-taxable losses linked to share of income in joint venture and associates in relation to income before tax. Net income was SEK 3.2 (0.7) bn and 3.5 (0.8) % in relation to revenue. Basic earnings per share amounted to SEK 1.01 (0.11).

Items affecting comparability, SEKbn	Jul-Sep 2023	Jul-Sep 2022
<i>Whereof affecting Volvo Cars Operations</i>		
Restructuring costs	0.3	—
<b>Total</b>	<b>0.3</b>	<b>—</b>

Changes to Revenue, SEK bn	Jul-Sep
<b>Revenue Q3 2022</b>	<b>79.3</b>
Volume	8.9
Sales mix and pricing	–0.4
Sale of licences	—
Foreign exchange rates	2.2
Contract manufacturing	–0.2
Other <sup>1)</sup>	2.2
<b>Revenue Q3 2023</b>	<b>92.0</b>
Change %	16

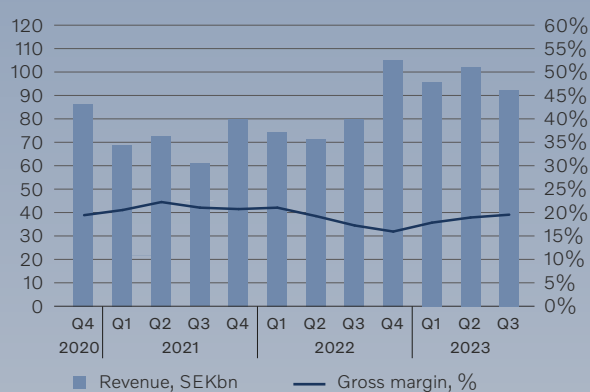
1) Including used cars, earned emissions credits, parts and accessories.

Changes to Operating income, SEK bn	Jul-Sep
<b>EBIT Q3 2022</b>	<b>2.1</b>
Volume	2.4
Sales mix and pricing	–0.5
Sale of licences	0.1
Foreign exchange rates	0.3
Share of income in JVs and associates	–0.2
Items affecting comparability – Volvo Cars operations	0.3
Other	—
<b>EBIT Q3 2023</b>	<b>4.5</b>
Change %	117

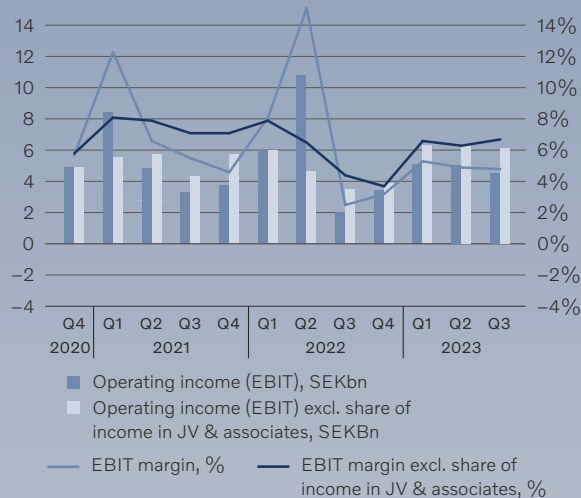
# VOLVO CAR GROUP

Research and development, SEKm	3 Months			9 Months			Full year
	Jul-Sep 2023	Jul-Sep 2022	Δ%	Jan-Sep 2023	Jan-Sep 2022	Δ%	2022
Research and development spending	-5,894	-5,444	8.3	-19,615	-16,098	21.8	-22,123
Capitalised development costs	4,151	3,740	11.0	13,941	10,558	32.0	15,188
Amortisation of research and development	-1,166	-1,113	4.8	-3,496	-3,425	2.1	-4,579
<b>Research and development expenses</b>	<b>-2,909</b>	<b>-2,817</b>	<b>3.3</b>	<b>-9,170</b>	<b>-8,965</b>	<b>2.3</b>	<b>-11,514</b>

## Revenue & Gross Margin



## Operating Income (EBIT) & EBIT Margin



## CASH FLOW

The comparative figures for the cash flow items refer to the consolidated cash flow statement for the third quarter 2022 unless otherwise stated. The comparative figures for the balance sheet items refer to the consolidated balance sheets of December 31, 2022 unless otherwise stated.

Total cash and cash equivalents, including marketable securities, decreased to SEK 52.8 (67.2) bn. Net cash decreased to SEK 23.5 (38.1) bn. Liquidity amounted to SEK 70.1 (83.8) bn, including undrawn credit facilities of SEK 17.3 (16.7) bn.

### Cash flow from operating activities

Cash flow from operating activities amounted to SEK 10.1 (13.4) bn. The amount consists of operating income of SEK 4.5 (2.1) bn, adjusted for depreciation and amortisation of SEK 4.2 (4.0) bn, together with paid income tax of SEK –1.0 (–1.3) bn.

The change in working capital amounted to SEK 1.0 (8.5) bn. Cash flow from changes in accounts receivables amounted to SEK 4.3 (–1.2) bn. This was partly offset by change in inventory of SEK –4.5 (–4.0) bn mainly due to increased production of finished vehicles, and also from decreased payables of SEK –0.8 (11.0) bn.

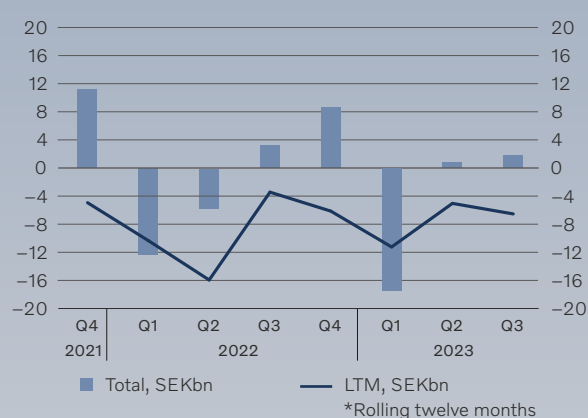
### Cash flow from investing activities

Cash flow from investing activities amounted to SEK –8.4 (–10.2) bn. Cash flow from investments in tangible assets amounted to SEK –3.2 (–2.8) bn, mainly driven by the industrial structure to prepare for future products. Investments in intangible assets amounted to SEK –4.5 (–4.1) bn as a result of continuous investments in new and upcoming car models and new technology, such as electrification technology and autonomous driving.

### Cash flow from financing activities

Cash flow from financing activities amounted to SEK –0.2 (–3.0) bn. The larger amount previous year related mainly to investments in marketable securities and dividends paid.

Cash flow from Operating and investing activities



Cash flow statement, SEK bn	3 Months		9 Months		Full year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	2022
Cash flow from operating activities	10.1	13.4	24.7	16.5	33.6
Cash flow from investing activities	-8.4	-10.2	-39.7	-31.2	-39.7
<b>Cash flow from operating and investing activities</b>	<b>1.7</b>	<b>3.2</b>	<b>-15.0</b>	<b>-14.6</b>	<b>-6.1</b>
Cash flow from financing activities	-0.2	-3.0	3.9	-0.2	5.0
<b>Cash flow for the period</b>	<b>1.5</b>	<b>0.3</b>	<b>-11.1</b>	<b>-14.8</b>	<b>-1.1</b>

# First nine months 2023

## INCOME AND RESULT

Revenue increased by 29% to SEK 289.9 (224.9) bn, supported by wholesale volumes, which increased by 21% to 528.4 (437.4) thousand cars, as well as contract manufacturing.

Gross income amounted to SEK 54.6 (43.5) bn, resulting in a gross margin of 18.8 (19.4) %, a decrease mainly due to increased contract manufacturing sales with somewhat lower margin than wholesale. The gross margin was supported by increased volume, as well as positive foreign exchange rate effects, including hedges.

Operating income (EBIT) decreased to SEK 14.6 (18.9) bn, resulting in an EBIT margin of 5.0 (8.4) %, where the decrease was mainly a result of the de-SPAC listing of Polestar in the comparative figures, see items affecting comparability table below.

Excluding share of income in joint ventures and associates, EBIT increased to SEK 18.9 (14.0) bn, corresponding to a margin of 6.5 (6.2) %. The exchange rate effects including hedges had a positive impact on EBIT of SEK 2.4 bn.

Net financial items amounted to SEK 0.9 (–1.2) bn. The effective tax rate increased to –30.7 (–20.1) %, mainly due to non-taxable effect of the de-SPAC listing of Polestar in the comparative figures. Net income was SEK 10.7 (14.1) bn and 3.7 (6.3) % in relation to revenue. Basic earnings per share amounted to SEK 3.34 (4.40).

## CASH FLOW

Total cash and cash equivalents, including marketable securities, decreased to SEK 52.8 (67.2) bn.

Items affecting comparability, SEKbn	Jan–Sep 2023	Jan–Sep 2022
<i>Whereof affecting Volvo Cars Operations</i>		
Restructuring costs	–0.6	—
<i>Whereof affecting JV's &amp; Associates</i>		
de-SPAC listing of Polestar, net effect		5.9
<b>Total</b>	<b>–0.6</b>	<b>5.9</b>

Changes to Revenue, SEK bn	Jan–Sep
<b>Revenue in 2022</b>	<b>224.9</b>
Volume	37.9
Sales mix and pricing	3.3
Sale of licences	–0.1
Foreign exchange rates	12.6
Contract manufacturing	6.2
Other <sup>1)</sup>	5.1
<b>Revenue in 2023</b>	<b>289.9</b>
Change %	29

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

Cash flow from operating activities was positive and amounted to SEK 24.7 (16.5) bn. Working capital was negative and amounted to SEK –4.0 (–4.1) bn, mainly related to higher inventory levels, but also affected positively by Aurobay repayment of liability from 2022 amounting to SEK 3.0 bn.

Cash flow from investing activities amounted to SEK –39.7 (–31.2) bn. Volvo Cars continued to invest in the industrial structure, new technology, upcoming car models and the transformation into a fully electric car company. In addition, investing cash flow was also negatively affected by the loan to Polestar announced in November 2022 and the new loan to Volvo Car Group Financial Leasing (Shanghai) Co., Ltd.

Cash flow from financing activities was positive and amounted to SEK 3.9 (–0.2) bn, mainly related to change in marketable securities.

## EQUITY

Total equity increased to SEK 127.9 (117.3) bn, resulting in an equity ratio of 36.8 (35.4) %. The change is mainly attributable to a positive net income of SEK 10.7 bn and minor effects in share-based payments and other comprehensive income.

The change in other comprehensive income is related to a negative change in cash flow hedge reserve related to currency and commodity price risks of SEK –1.8 bn (net of tax) and a minor foreign exchange translation effect, including hedges of net investments in foreign operations. The change in value of cash flow hedges is mainly due to a depreciated SEK compared to most of the major currencies. Remeasurements of provisions for postemployment benefits had a positive effect of SEK 1.9 bn (net of tax).

Changes to Operating income, SEK bn	Jan–Sep
<b>EBIT in 2022</b>	<b>18.9</b>
Volume	11.2
Sales mix and pricing	–1.4
Sales of licenses	–0.1
Government grants	—
Foreign exchange rates	2.4
Share of income in JVs and associates <sup>2)</sup>	–3.3
Items affecting comparability – Volvo Cars operations	–0.6
Items affecting comparability – JVs & Associates	–5.9
Other <sup>3)</sup>	–6.6
<b>EBIT in 2023</b>	<b>14.6</b>
Change %	–23

2) Excluding items affecting comparability.

3) Mainly including raw material increases, fixed costs, used cars, emissions credits, parts and accessories, cost efficiencies and import duties.

# Other Information

## **PARENT COMPANY**

The parent company does not conduct any operations and has no employees. The income statements and balance sheets for the parent company are presented on page 20.

## **RISKS AND UNCERTAINTY FACTORS**

To ensure that Volvo Cars is able to achieve short- and long-term objectives, enterprise risk management is part of daily activities at Volvo Cars. For a more in-depth description of risks related to Volvo Cars, see the Volvo Car Group's Annual Report 2022 page 54. We consider the risk and uncertainty factors to remain the same as described in the annual report except for the following update:

### **Macroeconomics and geopolitical uncertainty**

The uncertain macro and geopolitical environment continues, including high inflation, rising interest rates, raw material price volatility, ongoing geopolitical complexity and regulatory changes such as subsidies, tariffs and duties or application of these by relevant authorities. The uncertainties in the financial markets are still high. The risks of potential impact on demand from higher interest rate level and lower consumer confidence remain at an elevated level.

## **EMPLOYEES**

During the first nine months 2023, Volvo Car Group employed 43.9 (42.3) thousand full-time employees (FTEs) and 3.9 (4.2) thousand agency personnel. The increase in FTEs was mainly due to new blue collar positions and new recruitment to support the transformation. The 700 employees mentioned on page 6 did not impact the number in this quarter. However, the agency personnel was impacted by the cost-efficiency initiatives and is the main reason for the decrease.



## Consolidated Income Statements

SEKm	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Revenue	2	92,045	79,329	289,902	224,898	330,145
Cost of sales		-73,968	-65,612	-235,307	-181,371	-269,813
<b>Gross income</b>		<b>18,077</b>	<b>13,717</b>	<b>54,595</b>	<b>43,527</b>	<b>60,332</b>
Research and development expenses		-2,909	-2,817	-9,170	-8,965	-11,514
Selling expenses		-6,576	-5,114	-18,977	-14,265	-21,000
Administrative expenses		-2,945	-2,905	-9,179	-8,435	-11,485
Other operating income and expenses <sup>1)</sup>		501	632	1,621	2,140	1,556
Share of income in joint ventures and associates		-1,690	-1,463	-4,339	4,887	4,443
<b>Operating income</b>		<b>4,458</b>	<b>2,050</b>	<b>14,551</b>	<b>18,889</b>	<b>22,332</b>
Interest income and similar credits <sup>1)</sup>		658	211	1,755	515	852
Interest expenses and similar charges <sup>1)</sup>		-190	-192	-582	-609	-837
Other financial income and expenses <sup>1)</sup>	3	-204	-152	-245	-1,096	-1,532
<b>Income before tax</b>		<b>4,722</b>	<b>1,917</b>	<b>15,479</b>	<b>17,699</b>	<b>20,815</b>
Income tax		-1,503	-1,252	-4,745	-3,553	-3,812
<b>Net income</b>		<b>3,219</b>	<b>665</b>	<b>10,734</b>	<b>14,146</b>	<b>17,003</b>
<b>Net income attributable to</b>						
Owners of the parent company		3,001	333	9,944	13,121	15,577
Non-controlling interests		218	332	790	1,025	1,426
Basic earnings per share (SEK)	5	1.01	0.11	3.34	4.40	5.23
Diluted earnings per share (SEK)	5	1.01	0.11	3.34	4.40	5.23

1) In fourth quarter 2022, Volvo Cars changed the presentation of Other operating income and Other operating expenses as well as Financial income and Financial expenses. Presentation of the figures for Q3 2022 has been adjusted accordingly. The change has no impact on EBIT. For more information see the annual report 2022.

## Consolidated Comprehensive Income

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
<b>Net income for the period</b>	<b>3,219</b>	<b>665</b>	<b>10,734</b>	<b>14,146</b>	<b>17,003</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to income statement:</i>					
Remeasurements of provisions for post-employment benefits	1,555	318	2,412	5,517	4,560
Tax on items that will not be reclassified to income statement	-331	-80	-463	-1,178	-998
<i>Items that have been or may be reclassified subsequently to income statement:</i>					
Translation difference on foreign operations	-751	1,753	36	5,078	3,872
Translation difference of hedge instruments of net investments in foreign operations	211	-266	-396	-659	-710
Change in fair value of cash flow hedge related to currency and commodity price risks	865	156	-2,315	-933	2,289
Tax on items that have been or may be reclassified to income statement	-222	24	557	327	-319
<b>Other comprehensive income, net of income tax</b>	<b>1,327</b>	<b>1,905</b>	<b>-169</b>	<b>8,152</b>	<b>8,694</b>
<b>Total comprehensive income for the period</b>	<b>4,546</b>	<b>2,570</b>	<b>10,565</b>	<b>22,298</b>	<b>25,697</b>
<b>Total comprehensive income attributable to</b>					
Owners of the parent company	4,309	2,187	9,808	20,952	24,150
Non-controlling interests	237	383	757	1,346	1,547
	<b>4,546</b>	<b>2,570</b>	<b>10,565</b>	<b>22,298</b>	<b>25,697</b>



## Consolidated Balance Sheets

SEKm	Note	30 Sep 2023	31 Dec 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		68,519	56,994
Tangible assets <sup>1)</sup>		85,445	77,252
Investments in joint ventures and associates	4	14,348	15,599
Other long-term securities holdings	3	2,357	4,353
Deferred tax assets		10,577	9,131
Other non-current interest-bearing receivables		1,262	3,354
Non-current derivative assets	3	321	1,128
Other non-current assets		3,476	3,994
<b>Total non-current assets</b>		<b>186,305</b>	<b>171,805</b>
<b>Current assets</b>			
Inventories		59,843	46,951
Accounts receivable	4	20,615	25,239
Current tax assets		2,531	1,763
Current derivative assets	3	779	1,769
Other current assets <sup>1)</sup>		24,755	16,239
Marketable securities	3	—	3,415
Cash and cash equivalents	3	52,766	63,743
<b>Total current assets</b>		<b>161,289</b>	<b>159,119</b>
<b>TOTAL ASSETS</b>		<b>347,594</b>	<b>330,924</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to owners of the parent company <sup>1)</sup>		123,806	113,947
Non-controlling interests <sup>1)</sup>		4,106	3,331
<b>Total equity</b>		<b>127,912</b>	<b>117,278</b>
<b>Non-current liabilities</b>			
Provisions for post-employment benefits		3,379	6,883
Deferred tax liabilities		8,502	5,392
Other non-current provisions		7,870	8,398
Non-current liabilities to credit institutions	3	2,720	3,096
Non-current bonds	3	18,466	22,959
Non-current contract liabilities to customers		8,704	7,144
Other non-current interest-bearing liabilities		4,767	4,845
Non-current derivative liabilities	3	1,257	825
Other non-current liabilities		4,925	4,726
<b>Total non-current liabilities</b>		<b>60,590</b>	<b>64,268</b>
<b>Current liabilities</b>			
Current provisions		12,842	9,051
Current liabilities to credit institutions	3	844	755
Current bonds	3	6,888	2,000
Current contract liabilities to customers		28,862	26,094
Accounts payable	4	62,397	68,913
Current tax liabilities		1,378	1,566
Other current interest-bearing liabilities		1,229	1,500
Current derivative liabilities	3	2,648	1,809
Other current liabilities	4	42,004	37,690
<b>Total current liabilities</b>		<b>159,092</b>	<b>149,378</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>347,594</b>	<b>330,924</b>

1) Adjustments have been made to the prior period presented. For more information see Note 10 - Government grants in the annual report 2022.

## Consolidated Statement of Changes in Equity

SEKm	30 Sep 2023	31 Dec 2022
<b>Opening balance (as previously reported)</b>	<b>117,278</b>	<b>94,978</b>
Correction of prior period error <sup>1)</sup>	—	-466
Effect of hyperinflation <sup>2)</sup>	—	49
<b>Opening balance (restated)</b>	<b>117,278</b>	<b>94,561</b>
Net income for the period	10,734	17,003
Other comprehensive income, net of income tax	-169	8,694
<b>Total comprehensive income</b>	<b>10,565</b>	<b>25,697</b>
<b>Transactions with owners</b>		
Capital contribution from non-controlling interests	—	17
Divestment of non-controlling interests <sup>3)</sup>	—	-1,196
Divestment under common control <sup>4)</sup>	—	-978
New issue	—	-1
Share-based payments	78	24
Change in the Group's composition	-9	—
Dividend to shareholders <sup>5)</sup>	—	-846
<b>Transactions with owners</b>	<b>69</b>	<b>-2,980</b>
<b>Closing balance</b>	<b>127,912</b>	<b>117,278</b>
<b>Attributable to</b>		
Owners of the parent company	123,806	113,947
Non-controlling interests	4,106	3,331
<b>Closing balance</b>	<b>127,912</b>	<b>117,278</b>

1) For more information see Note 10 - Government grants in the annual report 2022.

2) For more information see Note 1 - General information for financial reporting in Volvo Car Group in the annual report 2022.

3) Refers to the divestment of non-controlling interest in Zenseact AB.

4) Refers to the divestment of Zhangjiakou Volvo Engine Manufacturing Co., Ltd to Zhejiang Aurobay Powertrain Co., Ltd.

5) Dividend to shareholders with non-controlling interest of SEK — (-846) m.

## Consolidated Statement of Cash Flows

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
<b>OPERATING ACTIVITIES</b>					
Operating income	4,458	2,050	14,551	18,889	22,332
Depreciation and amortisation of non-current assets	4,193	4,005	12,527	12,010	16,091
Dividends received from joint ventures and associates	—	—	88	72	72
Interest and similar items received	658	362	1,755	808	1,065
Interest and similar items paid	-253	-288	-1,042	-982	-1,351
Other financial items	-29	18	40	142	206
Income tax paid	-951	-1,273	-4,078	-3,339	-4,223
Adjustments for other non-cash items	1,039	57	4,899	-6,936	-7,135
	<b>9,115</b>	<b>4,931</b>	<b>28,740</b>	<b>20,664</b>	<b>27,057</b>
<b>Movements in working capital</b>					
Change in inventories	-4,549	-3,995	-12,046	-8,535	-7,348
Change in accounts receivable	4,315	-1,170	4,202	3,875	-776
Change in accounts payable	-802	11,012	-5,274	4,989	18,533
Change in provisions	472	-907	-2,611	-5,488	-4,640
Change in contract liabilities to customers	2,058	3,703	6,131	2,988	5,941
Change in other working capital assets/liabilities	-485	-174	5,585	-1,961	-5,168
<b>Cash flow from movements in working capital</b>	<b>1,009</b>	<b>8,469</b>	<b>-4,013</b>	<b>-4,132</b>	<b>6,542</b>
<b>Cash flow from operating activities</b>	<b>10,124</b>	<b>13,400</b>	<b>24,727</b>	<b>16,532</b>	<b>33,599</b>
<b>INVESTING ACTIVITIES</b>					
Investments in shares and participations	-273	-168	-820	-8,388	-9,597
Divestment in shares and participations	-178	—	-178	716	2,290
Loans to affiliated companies	-535	-3,096	-9,696	-3,096	—
Investments in intangible assets	-4,514	-4,125	-15,453	-11,448	-18,328
Investments in tangible assets	-3,202	-2,797	-13,989	-8,734	-13,784
Disposal of tangible assets	232	48	373	93	161
Other	75	-25	—	-310	-400
<b>Cash flow from investing activities</b>	<b>-8,395</b>	<b>-10,163</b>	<b>-39,763</b>	<b>-31,167</b>	<b>-39,658</b>
<b>Cash flow from operating and investing activities</b>	<b>1,729</b>	<b>3,237</b>	<b>-15,036</b>	<b>-14,635</b>	<b>-6,059</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from credit institutions	-39	7	1,546	1,031	1,040
Proceeds from bond issuance	—	—	1,500	5,260	5,260
Repayment of bond	—	—	-2,000	—	—
Repayment of liabilities to credit institutions	17	13	-359	-4,279	-4,530
Repayment of interest-bearing liabilities	-423	-401	-1,276	-1,201	-1,711
Dividends paid to shareholders and/or Non-controlling interest	—	-846	—	-846	-846
Investments in marketable securities	-335	-3,899	-695	-15,382	-21,127
Matured marketable securities	335	2,294	4,116	14,923	26,157
Other	232	-149	1,056	339	726
<b>Cash flow from financing activities</b>	<b>-213</b>	<b>-2,981</b>	<b>3,888</b>	<b>-155</b>	<b>4,969</b>
<b>Cash flow for the period</b>	<b>1,516</b>	<b>256</b>	<b>-11,148</b>	<b>-14,790</b>	<b>-1,090</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>51,701</b>	<b>50,035</b>	<b>63,743</b>	<b>62,265</b>	<b>62,265</b>
Exchange difference on cash and cash equivalents	-451	57	171	2,873	2,568
<b>Cash and cash equivalents at end of period</b>	<b>52,766</b>	<b>50,348</b>	<b>52,766</b>	<b>50,348</b>	<b>63,743</b>

## Condensed Parent Company Income Statements

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Administrative expenses	-6	-6	-18	-20	-27
<b>Operating loss</b>	<b>-6</b>	<b>-6</b>	<b>-18</b>	<b>-20</b>	<b>-27</b>
Interest income and similar credits <sup>1)</sup>	370	246	1,036	648	942
Interest expenses and similar charges <sup>1)</sup>	-208	-180	-605	-449	-640
Other financial income and expenses <sup>1)2)</sup>	-6	-7	-19	-21	1,472
<b>Income before tax</b>	<b>150</b>	<b>53</b>	<b>394</b>	<b>158</b>	<b>1,747</b>
Income tax	-31	-11	-81	-32	889
<b>Net income</b>	<b>119</b>	<b>42</b>	<b>313</b>	<b>126</b>	<b>2,636</b>

1) In fourth quarter 2022, Volvo Cars changed the presentation of Other operating income and Other operating expenses as well as Financial income and Financial expenses. Presentation of the figures for Q3 2022 have been adjusted accordingly. The change has no impact on EBIT. For more information see the annual report 2022.

2) In December 2022, a dividend of SEK 1,500 m was received from the subsidiary.

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

## Condensed Parent Company Balance Sheets

SEKm	30 Sep 2023	31 Dec 2022
<b>ASSETS</b>		
Non-current assets	40,746	45,263
Current assets	23,038	22,234
<b>TOTAL ASSETS</b>	<b>63,784</b>	<b>67,497</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity</b>		
Restricted equity	61	61
Non-restricted equity	36,646	36,254
<b>Total equity</b>	<b>36,707</b>	<b>36,315</b>
Non-current liabilities	19,733	24,242
Current liabilities	7,344	6,940
<b>Total liabilities</b>	<b>27,077</b>	<b>31,182</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>63,784</b>	<b>67,497</b>

In December 2022, the parent company made a group contribution of SEK 4,530 m to Volvo Car Corporation.

## NOTE 1 – Accounting policies

The interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting and the Swedish Annual Accounts Act. The Volvo Car Group applies International Financial Reporting Standards (IFRS) as endorsed by the European Union. The parent company applies RFR 2 – Reporting for legal entities and the Swedish Annual Accounts Act. The accounting principles in this report are, in all material aspects, consistent with those described in Volvo Car Group's Annual Report 2022 (available at [investors.volvocars.com](https://investors.volvocars.com)).

The IASB has published amendments to standards effective on or after 1 January 2023. These amendments have not had a material impact on the financial statements.

## NOTE 2 – Revenue

### Revenue allocated to geographical regions:

SEKm	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
China	18,811	21,113	55,036	52,534	70,924
US	16,952	12,900	56,114	40,468	62,070
Europe	39,960	33,596	130,551	96,164	144,150
<i>of which Sweden<sup>1)</sup></i>	<i>10,382</i>	<i>11,299</i>	<i>35,125</i>	<i>29,538</i>	<i>44,923</i>
<i>of which Germany</i>	<i>5,681</i>	<i>4,205</i>	<i>16,475</i>	<i>12,686</i>	<i>19,015</i>
<i>of which UK</i>	<i>4,663</i>	<i>3,419</i>	<i>14,742</i>	<i>10,536</i>	<i>16,159</i>
Other markets	16,322	11,720	48,201	35,732	53,001
<i>of which Japan</i>	<i>1,798</i>	<i>1,774</i>	<i>6,300</i>	<i>5,897</i>	<i>8,339</i>
<i>of which South Korea</i>	<i>1,941</i>	<i>920</i>	<i>6,111</i>	<i>3,807</i>	<i>6,024</i>
<b>Total</b>	<b>92,045</b>	<b>79,329</b>	<b>289,902</b>	<b>224,898</b>	<b>330,145</b>

### Revenue allocated to category:

SEKm	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Full year 2022
Sales of new cars	68,465	59,095	221,156	171,006	252,747
Sales of used cars	4,368	3,697	12,361	11,959	16,405
Sales of parts and accessories	9,235	7,922	27,781	22,346	30,778
Revenue from subscription, leasing and rental business	1,603	1,198	4,129	3,335	4,473
Sales of licences and royalties	252	231	660	769	887
Contract manufacturing	6,781	6,977	19,166	12,600	20,288
Emissions credits	164	—	439	—	505
Other revenue	1,177	209	4,210	2,883	4,062
<b>Total</b>	<b>92,045</b>	<b>79,329</b>	<b>289,902</b>	<b>224,898</b>	<b>330,145</b>

1) Includes the Contract manufacturing sales channel.

## NOTE 3 – Financial instruments

Valuation principles and classification of financial instruments, as described in the Volvo Car Group's Annual Report 2022, Note 20 – Financial instruments and financial risks, have been applied consistently throughout the reporting period.

The fair value of the financial instruments valued at amortised cost shorter than twelve months are equivalent to their carrying amounts. The carrying amount of the non-current and current issued bond loans and liabilities to credit institutions amounted to SEK 28,918 (28,810) m and the fair value of these financial instruments amounted to SEK 27,938 (27,390) m.

Financial instruments at level 2 in Volvo Cars reported at fair value through profit and loss and designated hedging instrument consist of derivatives, commercial paper and convertible bonds, where the positive fair value amounted to SEK 10,233 (4,658) m and the negative fair value amounted to SEK 3,905 (2,634) m. The financial instruments at level 2 with a positive fair value include a convertible bond to the Polestar Group. The convertible bond is initially recognised at fair value and subsequent valuation is based on prevailing market quotations, estimating future cash flows using the relevant forward curve and discounting with the relevant discount curve for the specific currency. The fair value reflects the non-performance risk including Polestar Group's credit risk, and the conversion option. The receivable can be converted into shares at a price equal to the price offered to all other market participants, with no discount or incentive offered. The value of the conversion option is therefore nil.

Investments in other long-term securities are holdings categorised as level 1 and level 3 financial instruments consisting of equity investments, warrants and earn-out rights. Investments in equity instruments amounted to SEK 2,357 (4,353) m, whereof SEK 243 (252) m are holdings categorised as level 1 financial instruments and SEK 2,114 (4,101) m are categorised as level 3 financial instruments.

The earn-out rights in the Polestar Group will accrue to the Group if a number of criteria have been met during a specific time period in the future. These earn-out rights are categorised as level 3 financial instruments and are measured by using a Monte Carlo simulation. The simulation is based on a volatility of 75% and a risk-free interest rate of 4.7%. A change in volatility of +/-10 percentage points results in a value range of SEK 759–1,252 m. Furthermore, if the risk-free interest rate changes +/-2 percentage points, it would result in a value range of SEK 969–1,064 m. Remaining level 3 investments consist of unlisted share warrants and earn-out rights in the listed company Luminar Technologies Inc (Luminar). These instruments are measured using the Black-Scholes model based on:

- The probability that Volvo Car Group will fulfil contractual terms and when in time this will occur.
- The assessed risk-free interest rate which have been determined at 5.4% and 4.7% for the different maturity.
- Volatility of the underlying share price which has been determined at 85%.

### Sensitivity analysis for warrants in Luminar (SEKm)

Volatility	Likelihood of triggering event				
	-10%	-5%	0%	5%	10%
-10%	79	84	91	96	102
-5%	81	87	94	99	105
85%	83	89	97	102	108
5%	86	92	100	104	111
10%	88	94	102	107	114

## NOTE 3 – Financial instruments – continued

### Hedge accounting

Hedge accounting is applied when derivative instruments are included in a documented hedge relationship. For hedge accounting to be applied, a direct connection between the hedging instrument and the hedged item is required. Volvo Cars applies cash flow hedge, net investment hedge and fair value hedge. For further information see Note 20 – Financial instruments and financial risks in the Volvo Car Group Annual Report 2022.

In the table below the outstanding derivatives within hedge accounting are presented.

30 Sep 2023	Assets	Liabilities	Net	Tax	Hedge reserve after tax	Recycled from other comprehensive income	Ineffectiveness reflected in income statement
<b>Cash flow hedge</b>							
– Currency risk	839	-2,364	-1,525	314	-1,211	364	—
– Energy price risk	46	-163	-117	24	-93	32	—
– Raw material price risk	31	-139	-108	22	-86	69	—
<b>Subtotal</b>	<b>916</b>	<b>-2,666</b>	<b>-1,750</b>	<b>360</b>	<b>-1,390</b>	<b>465</b>	<b>—</b>
<b>Net investments hedge</b>							
– Currency risk	—	-1,620	-1,620	334	-1,286	—	—
<b>Total</b>	<b>916</b>	<b>-4,286</b>	<b>-3,370</b>	<b>694</b>	<b>-2,676</b>	<b>465</b>	<b>—</b>
<b>Fair value hedge through the income statement</b>							
– Interest rate risk	—	-310	-310	—	—	—	-8

31 Dec 2022	Assets	Liabilities	Net	Tax	Hedge reserve after tax	Recycled from other comprehensive income	Ineffectiveness reflected in income statement
<b>Cash flow hedge</b>							
– Currency risk	2,149	-1,816	333	-67	266	1,682	—
– Energy price risk	373	-38	335	-69	266	-102	—
– Raw material price risk	61	-164	-103	21	-82	-23	—
<b>Subtotal</b>	<b>2,583</b>	<b>-2,018</b>	<b>565</b>	<b>-115</b>	<b>450</b>	<b>1,557</b>	<b>—</b>
<b>Net investments hedge</b>							
– Currency risk	—	-1,224	-1,224	252	-972	11	—
<b>Total</b>	<b>2,583</b>	<b>-3,242</b>	<b>-659</b>	<b>137</b>	<b>-522</b>	<b>1,568</b>	<b>—</b>
<b>Fair value hedge through the income statement</b>							
– Interest rate risk	—	-298	-298	—	—	—	-11

## NOTE 4 – Related party transactions

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

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

- During the quarter, Polestar has withdrawn the last USD 50 m from the total credit facility of USD 800 m, that was set up in 2022 when Volvo Cars signed a facility agreement with Polestar with the intention of providing them with a credit facility of USD 800 m. Polestar was able to draw funds from this credit facility during an 18-month period. Any drawn funds (total loan) will be repaid during 2024. The loan also includes an option for Volvo Cars to convert the loan to equity, if Polestar during the period chooses to finance the operations by issuing new shares. The potential conversion is also limited due to Volvo Cars' ownership in Polestar not being able to equal or exceed 50%. The convertible bond is measured at fair value through profit or loss taking into consideration the conversion mechanism of the instrument. The facility is interest-bearing and classified as other current assets.
- Volvo Car Corporation and Zhejiang Genius & Guru Investment Co., Ltd have entered into an agreement resulting in the loss of control of the wholly-owned subsidiary, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. Volvo Car Group has consolidated the company until 25 June 2023 when control was ceased, thereafter the company is a joint venture between Volvo Cars and Geely. Zhejiang Genius & Guru Investment Co., Ltd. acquired 45% of Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. through the issuance of new shares, for a total of SEK 621 m.

In addition, the shareholders have provided the company with financial support in the form of a joint credit facility based on their pro rata share, amounting to a total of CNY 1,815 m. As of 30 September 2023, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. has withdrawn a credit amount of total CNY 1,300 m from the joint credit facility, of which the part provided by Volvo Cars amounts to CNY 715 m.

### Tables of transactions with related parties

The information presented below includes all assets and liabilities regarding related parties. All assets and liabilities are current except SEK 1,225 (966) m which are non-current. For further details refer to section Specification of transactions with related parties, on next page.

#### Sales of goods, services and other

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Related companies <sup>1)2)</sup>	8,025	8,655	22,935	16,181	24,962
Associated companies and joint ventures	761	360	1,530	1,139	1,627

#### Purchases of goods, services and other

SEKm	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Related companies <sup>1)</sup>	-6,298	-6,528	-22,734	-17,410	-26,202
Associated companies and joint ventures	-777	-392	-2,330	-1,290	-2,701

SEKm	Receivables		Payables	
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
Related companies <sup>1)2)</sup>	21,235	21,043	11,575	13,414
Associated companies and joint ventures	1,743	1,377	654	466

1) Related companies are companies within the Geely sphere of companies. Joint ventures and associated companies within the Geely sphere are presented as Related companies.

2) Including contract manufacturing.



## NOTE 4 – Related party transactions – continued

### Specification of significant transactions with related parties

#### The Polestar Group

Volvo Car Group recognised revenue from the Polestar Group of SEK 7,648 (7,285) m in the third quarter and SEK 21,081 (13,796) m for the first nine months. The revenue was mainly related to sale of Polestar cars from the Taizhou plant, technology licences and development of technology as well as revenue related to sale of other services.

#### Powertrain Engineering Sweden AB (PES)

The total purchases from Powertrain Engineering Sweden AB amounted to SEK –2,934 (–2,289) m in the third quarter and SEK –9,299 (–7,527) m for the first nine months, mainly related to combustion engines and product development and has mainly been recognised as cost of sales.

#### Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd

The purchase of combustion engines for the third quarter amounted to SEK –1,539 (–2,175) m and SEK –6,050 (–4,812) m for the first nine months and has mainly been recognised as cost of sales.

#### Zhejiang Liankong Technology Co., Ltd and Zhejiang Ji Run Auto Co., Ltd

The purchase of research and development services from Zhejiang Liankong Technology Co., Ltd and Zhejiang Ji Run Auto Co., Ltd amounted to SEK –172 (–1,885) m for the first nine months, all purchased during the first quarter. The full amount has been capitalised as intangible assets.

#### Ningbo Fuhong Auto Sales Co., Ltd

Total revenue from sales of cars to Ningbo Fuhong Auto Sales Co., Ltd amounted to SEK 260 (886) m in the third quarter and SEK 1,270 (1,245) m for the first nine months.

#### Ningbo Geely Automobile Research & Development Co., Ltd

The purchase of research and development services from Ningbo Geely Automobile Research & Development Co., Ltd amounted to SEK –458 (–467) m in the third quarter and SEK –1,427 (–955) m for the first nine months which mainly related to the sale of contract manufactured Polestar cars and has been capitalised as intangible assets.

#### Viridi E-Mobility Technology (Ningbo) Co., Ltd

The total purchases from Viridi E-Mobility Technology (Ningbo) Co., Ltd. amounted to SEK –469 (–207) m in the third quarter and SEK –1,660 (–207) m for the first nine months, mainly related to batteries and has been recognised as cost of sales.

#### The NOVO Energy Group

In May, Volvo Car Corporation signed a share purchase agreement with Novo Energy Production AB. The divestment was closed the 14th of July 2023 and the control of Volvo Cars wholly-owned subsidiary Fastighetsbolag Sörred 8:17 AB was transferred to the acquirer, the joint venture company Novo Energy Production AB, Sweden. The divested Real estate company owns the land where upon the future battery manufactory plant will be built in the area of Gothenburg, Sweden. The disposal consideration amounts to SEK 121 m. Novo Energy Group has consolidated the acquired wholly-owned subsidiary from 14th of July 2023 when the joint venture Group gained control.

**NOTE 5 – Earnings per share**

<b>Basic earnings per share, SEKm</b>	<b>Jul–Sep 2023</b>	<b>Jul–Sep 2022</b>	<b>Jan–Sep 2023</b>	<b>Jan–Sep 2022</b>	<b>Full year 2022</b>
Net income attributable to owners of the parent company	3,001	333	9,944	13,121	15,577
<b>Net income attributable to owners of ordinary shares in the parent company</b>	<b>3,001</b>	<b>333</b>	<b>9,944</b>	<b>13,121</b>	<b>15,577</b>
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179
<b>Basic earnings per share, SEK</b>	<b>1.01</b>	<b>0.11</b>	<b>3.34</b>	<b>4.40</b>	<b>5.23</b>

<b>Diluted earnings per share, SEKm</b>	<b>Jul–Sep 2023</b>	<b>Jul–Sep 2022</b>	<b>Jan–Sep 2023</b>	<b>Jan–Sep 2022</b>	<b>Full year 2022</b>
Net income in basic earnings per share	3,001	333	9,944	13,121	15,577
<b>Net income in diluted earnings per share</b>	<b>3,001</b>	<b>333</b>	<b>9,944</b>	<b>13,121</b>	<b>15,577</b>
Weighted average number of ordinary shares outstanding, basic	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179	2,979,524,179
Dilutive effect for share-based payment programmes	1,157,192	—	643,815	—	47,186
<b>Weighted average number of ordinary shares outstanding, diluted</b>	<b>2,980,681,371</b>	<b>2,979,524,179</b>	<b>2,980,167,994</b>	<b>2,979,524,179</b>	<b>2,979,571,365</b>
<b>Diluted earnings per share, SEK</b>	<b>1.01</b>	<b>0.11</b>	<b>3.34</b>	<b>4.40</b>	<b>5.23</b>

**NOTE 6 – Significant events after the period**

No significant events have occurred after the period.

The section Risks and Uncertainty factors on page 13 contains information on Volvo Cars' assessments of the global environment on the Group.

## GENERAL DEFINITIONS

### Volvo Cars and Volvo Car Group

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

Volvo Car AB (publ.), with its registered office in Gothenburg, Sweden, is a publicly listed company on the Nasdaq Stockholm Stock Exchange. The largest owner, holding 82% of shares and capital, is Geely Sweden Holdings AB, owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China.

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

### Associated companies

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

### Joint venture companies (JVs)

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

### Retail sales

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

### Wholesales

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

### Europe

Europe is defined as EU+EFTA+UK.

### Passenger cars

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

### Traditional premium segment

Traditional premium segment is the premium market brands such as Volvo Cars, Audi, BMW, Lexus, Mercedes, Tesla and so on.

### Battery Electric Vehicles (BEV)

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

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

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

### Electrified cars

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

### Recharge cars / Recharge line-up

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

### ICE

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

### Agency personnel / Consultant

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

### Contract manufacturing

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

### Online/direct

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

# Alternative performance measures presented by Volvo Car Group

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

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

## Gross margin

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

## EBIT

EBIT is defined as Net income excluding financial income, financial expenses and Income taxes, that is operating income presented in the income statement. EBIT presents the operating income of Volvo Car Group.

## EBIT margin

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

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

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

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

## EBITDA

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

## EBITDA margin

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

## Equity ratio

The equity ratio is defined as total equity divided by total assets in the balance sheet. It measures Volvo Car Group's long-term solvency and financial leverage level.

## Net cash

Net cash is defined as cash, cash equivalents and marketable securities less liabilities to credit institutions, bonds and other non-current interest-bearing liabilities (excluding non-current lease liabilities). Net cash represents Volvo Car Group's ability to meet its financial obligations.

## Items affecting comparability

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

## Share of investing cash flow

Share of investing Cash Flow is defined as the share of investing cash flow allocated to certain types of development as a percentage of the total investing cash flow. Share of investing cash flow presents the allocation the Group's cash resources to certain investments during the reporting period.

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are presented in SEKm unless otherwise stated.

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

SEKm	Jul-Sep 2023	Jul-Sep 2022	Full year 2022
Revenue	92,045	79,329	330,145
Revenue per new car, BEV (SEKk) <sup>1)</sup>	494.2	427.4	448.8
Revenue per new car, non-BEV (SEKk) <sup>1)</sup>	432.9	421.2	415.2
Cost of sales	-73,968	-65,612	-269,813
Research and development expenses	-2,909	-2,817	-11,514
Operating income (EBIT)	4,458	2,050	22,332
EBIT margin, excl. share of income in JVs & associates	6,148	3,513	17,889
Net income	3,219	665	17,003
EBITDA	8,651	6,055	38,423
Gross income per new car, BEV (SEKk) <sup>1)</sup>	46.4	21.1	36.8
Gross income per new car, non-BEV (SEKk) <sup>1)</sup>	96.9	83.2	88.9
Gross margin, %	19.6	17.3	18.3
Gross margin BEV, % <sup>1)</sup>	9.4	4.9	8.2
Gross margin non-BEV, % <sup>1)</sup>	22.4	19.8	21.4
EBIT margin, %	4.8	2.6	6.8
EBIT margin excl. share of income in JVs & associates, %	6.7	4.4	5.4
EBITDA margin, %	9.4	7.6	11.6
Share of investing cash flow BEV, %	67.4	63.4	68.5
Share of investing cash flow non-BEV, %	4.6	8.1	6.2

1) Includes amounts relating to emissions credits earned relating to BEV and Non-BEV, respectively. For the third quarter of the year the amount was SEK 164 (—) m relating to Non-BEV. For more information see Note 2 – Revenue in the annual report 2022.

Gothenburg, 25 October 2023

**Jim Rowan**  
*President and CEO*

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

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## FINANCIAL CALENDAR & CONFERENCE CALL

### Webcast and conference call

At 9:30 CET on 26 October, President & CEO Jim Rowan and CFO Johan Ek Dahl will host a livestream for media, investors and analysts.

Link: [live.volvocars.com](https://live.volvocars.com)

For those tuning in from China, please use this link:  
[live.volvocars.com.cn](https://live.volvocars.com.cn)

To call in, participants need to register and will then receive the dial-in details and individual PIN.

[Link to register](#)

### Upcoming investor Events

2 February 2024:	Q4 2023 report
26 March 2024:	Annual General Meeting
25 April 2024:	Q1 2024 report
18 July 2024:	Q2 2024 report
23 October 2024:	Q3 2024 report

## ABOUT THIS REPORT

### FORWARD LOOKING STATEMENTS

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

### Language

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

### Totals and roundings

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

V O L V O

