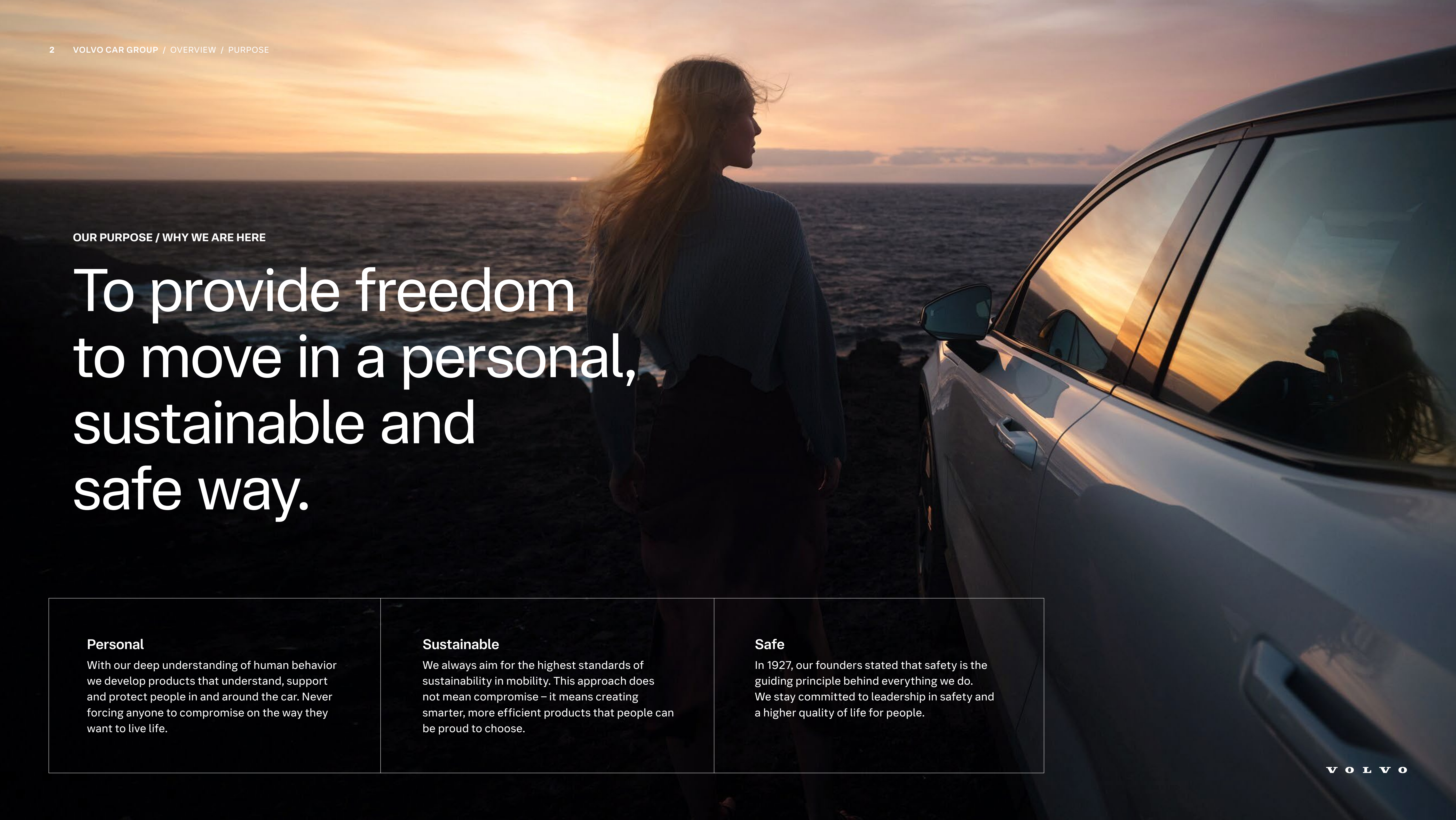
Freedom to move.

Volvo Car Group

Annual and Sustainability Report 2025



OUR PURPOSE / WHY WE ARE HERE

To provide freedom to move in a personal, sustainable and safe way.

Personal

With our deep understanding of human behavior we develop products that understand, support and protect people in and around the car. Never forcing anyone to compromise on the way they want to live life.

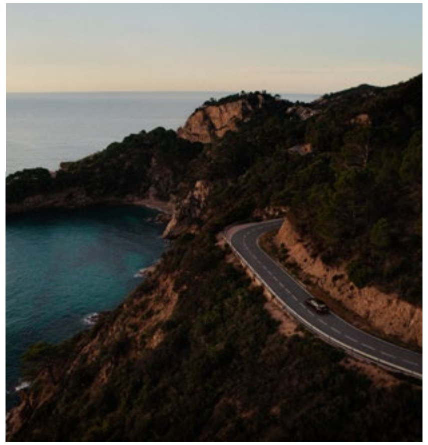
Sustainable

We always aim for the highest standards of sustainability in mobility. This approach does not mean compromise – it means creating smarter, more efficient products that people can be proud to choose.

Safe

In 1927, our founders stated that safety is the guiding principle behind everything we do. We stay committed to leadership in safety and a higher quality of life for people.

7 HIGHLIGHTS



13 CEO LETTER

18 OUR STRATEGIC FRAMEWORK

61 FINANCIALS

130 SUSTAINABILITY

222 OUR HERITAGE

OVERVIEW

2 Purpose
4 About Volvo Cars
7 2025 highlights
13 CEO letter

15 **MARKET**

16 Global automotive market
17 Market defining trends

18 **OUR STRATEGIC FRAMEWORK**

20 Our guiding principles
21 Our strategic direction
22 Customer experience
24 Committed organisation
26 Electrification and regionalisation

29 **DIRECTORS' REPORT**

36 **RISK**

37 Enterprise Risk Management

42 **CORPORATE GOVERNANCE**

43 Corporate Governance Report
51 Board of Directors
56 Executive Management Team
59 Extended Executive Management Team
60 Auditor’s Report

61 **FINANCIALS**

63 Consolidated Financial Statements
70 Notes to the Consolidated Financial Statements
115 Alternative Performance Measures
119 Parent Company Financial Statements
121 Notes to the Parent Company Financial Statements
126 Proposed distribution of non-restricted equity
127 Auditor’s Report

130 **SUSTAINABILITY**

132 General information
148 Environmental information
179 Social information
199 Governance information
206 Other information
214 Auditor’s Report

220 The share
222 Our heritage
226 Definitions

Volvo Car Group’s formal Annual Report is presented on pages 29–35, 61–114, 119–126 and 130–213. Page 29–35, 61–114 and 119–126 has been audited, while the Sustainability Statement, which constitutes part of the Directors’ Report, included on page 130–213, has been subject to limited assurance, by the Group’s auditors.

OUR BRAND / WHO WE ARE

A brand for people who care

From the outset, Volvo Cars has been a brand for people who care about the world we live in and the people around us. We have made it our mission to make life easier, better and safer for everyone.

Born in Sweden and now nearly 100 years old, we remain deeply rooted in our Swedish heritage. Through our history, Volvo Cars became synonymous with safety. And where safety once meant inventing the three-point seatbelt and sharing it globally, having helped save a million lives, our scope now also encompasses working to improve sustainability in mobility.

Setting new standards

Our ambition is to set new standards, whether through customer experience, electrification, manufacturing processes or carbon emissions reductions. Inspired by Swedish design and craftsmanship, we aim to create elegant, intuitive yet advanced products that address real-world needs - from how a car is purchased or leased to how it feels to drive and ride in and how it interacts with its surroundings.

Electrification is key

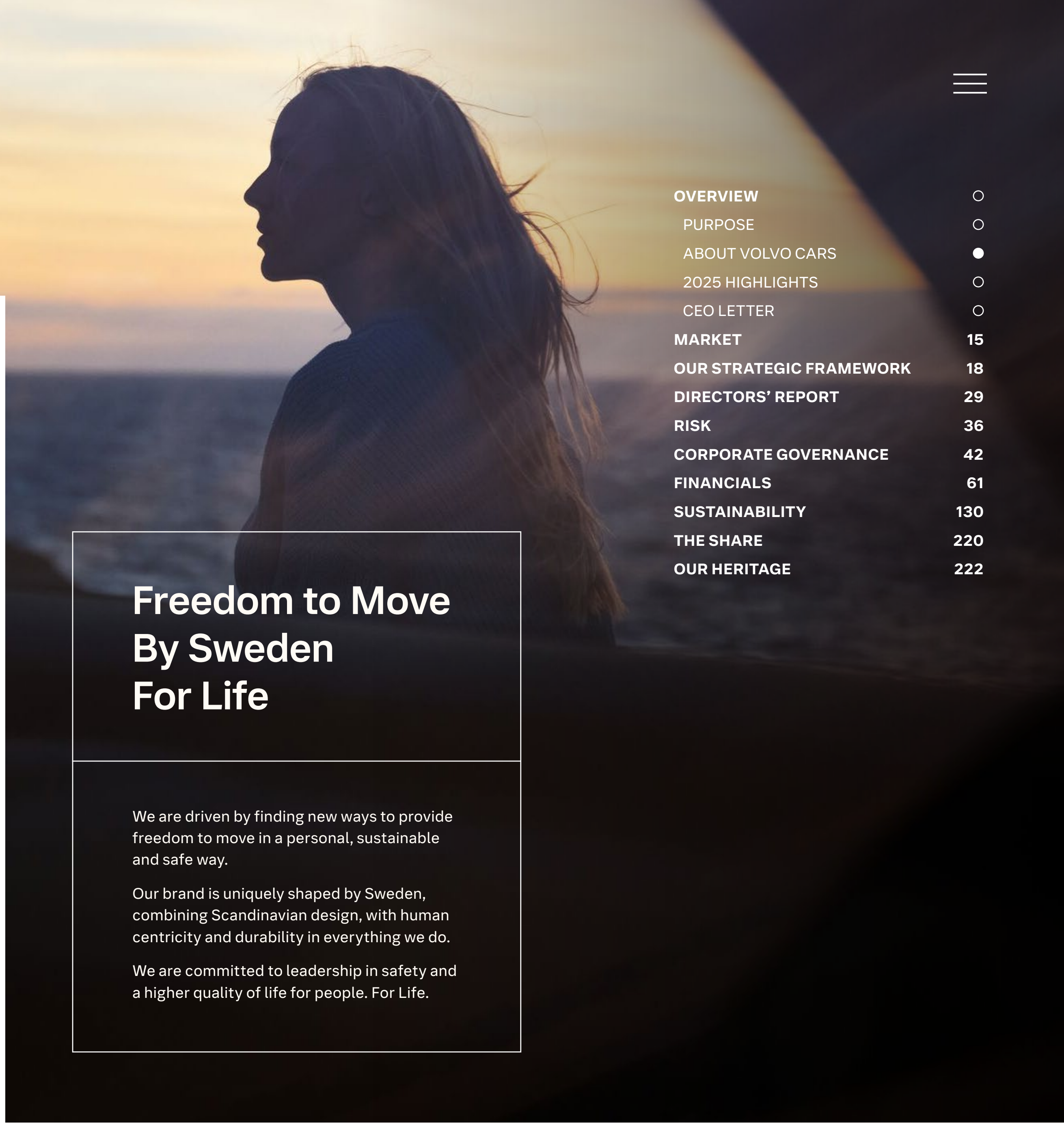
We are ready to go fully electric when our customers are. In a challenging market environment, we are taking decisive action to enhance resilience and position us for profitable growth. Our direction is clear: we will become a fully electric car company. Electrification is a key driver of future volume and profitability, and we are committed to leading this transition.

We offer a strong line-up of fully electric cars. For those customers or markets not quite ready to make the shift we offer upgraded hybrid models as a bridge to an all electric future. Our customers set the pace. We are ready when they are.

Perform and transform

We are now accelerating efficiency and performance through targeted initiatives in organisation, leadership, product development, and manufacturing, complemented by a sharper focus on regionalisation and commercial execution. With the peak of our investment phase behind us, we are now aiming to increase margins and strengthening cash flow. By maintaining disciplined cost control and driving operational excellence, we are executing our strategic roadmap and reinforcing a solid financial foundation.

Our strong focus on both performance and continued transformation ensures we remain competitive and resilient today, while positioning Volvo Cars for long-term growth and leadership in the future of mobility.



OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Freedom to Move By Sweden For Life

We are driven by finding new ways to provide freedom to move in a personal, sustainable and safe way.

Our brand is uniquely shaped by Sweden, combining Scandinavian design, with human centricity and durability in everything we do.

We are committed to leadership in safety and a higher quality of life for people. For Life.

A global brand – adapting to a more regionalised landscape

We started in Sweden almost a century ago and have since built a strong footprint across Europe, Asia and the United States. Today, our cars are sold in more than 100 countries. As globalisation recedes, we are now adapting to a more regionalised landscape, tailoring our products, technologies, manufacturing, and commercial strategies to meet the specific needs of our customers in each region. Our overarching strategy is simple: to build where we sell. This model enhances our ability to respond to market dynamics and strengthens our resilience.

READ MORE ABOUT REGIONALISATION ON PAGE 26

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

~710,000
RETAIL SALES

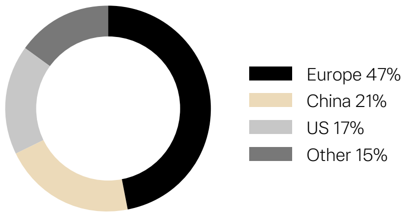
21%
FULLY ELECTRIC

24%
PLUG IN HYBRID

+100
COUNTRIES

~2,200
RETAIL LOCATIONS

~42,600
EMPLOYEES



SHARE OF RETAIL SALES

XC40 S60 V60 XC60 XC70 S90 XC90

Current hybrid and long-range plug-in hybrid models

EX30 EC40 EX40 EX60 ES90 EX90 EM90

Current fully electric models

A balanced portfolio of fully electric and hybrid cars

Volvo Cars offers a balanced portfolio of fully electric and hybrid cars, providing the strategic flexibility to leverage our strengths across diverse regional markets.

Most recently, in January 2026 we launched the EX60 – the first car built on our new SPA3 platform. The new mid size electric SUV, EX60, is expected to be our next volume driver, completing our offering in this important segment. During 2025, the fully electric ES90 and the XC70 long range PHEV were premiered.

In the years to come, we will continue bringing new electric models to the market while also refreshing our plug-in hybrid cars for customers and markets that are not yet ready to fully transition.

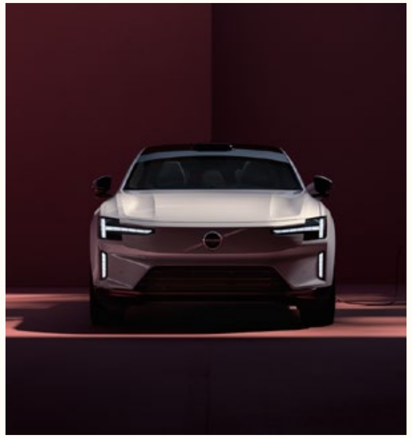
READ MORE ON PAGE 26

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Highlights

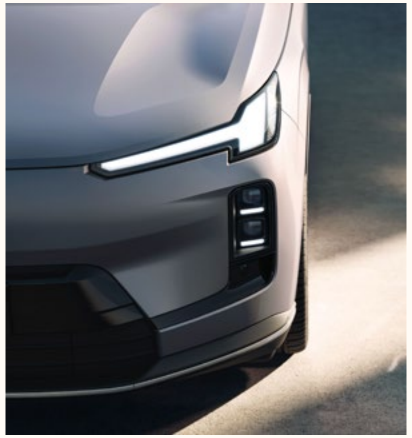
OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Operational highlights



THE ALL-NEW, FULLY ELECTRIC VOLVO ES90 IN PRODUCTION

In September, Volvo Cars started production of the new, fully electric Volvo ES90. Built on the SPA2 architecture, the ES90 is designed to continuously evolve and improve through core computing technology, constant connectivity and data. It was the first Volvo car to feature 800 volt battery technology, enabling longer range and faster charging. It is the sixth fully electric model in the line-up, joining the EX90, EM90, EX40, EC40 and EX30 as the journey towards full electrification continues.



THE NEW VOLVO XC70 LAUNCHED

In August, the new Volvo XC70 SUV was revealed. The XC70 is Volvo Cars' first long-range plug-in hybrid, offering an all-electric driving range of over 200km under the CLTC testing cycle. Built in collaboration with Geely, on the new Scalable Modular Architecture (SMA) platform for long-range plug-in hybrids, the new XC70 represents an important addition to Volvo Cars' product lineup. It is designed to meet growing demand for longer-range plug-in hybrids, particularly in China. Production and first deliveries were started in Q3.

SHARE OF ELECTRIFIED CARS

46%

In 2025, Volvo Cars sold 323.3 thousand electrified cars, accounting for 46 per cent share of the total sales, whereas BEVs accounted for 21 per cent share of total sales. Volvo Cars continues on its path towards being a leading fully electric company, with plug-in hybrids as a pragmatic bridge to get there.

EX30 IN PRODUCTION NOW IN EUROPE

In April, Volvo Cars started production of the fully electric EX30 small SUV at the manufacturing plant in Ghent, Belgium. Volvo Cars thereby continues to further diversify the global manufacturing footprint for one of its most popular models, and expand production capacity to better meet local demand.

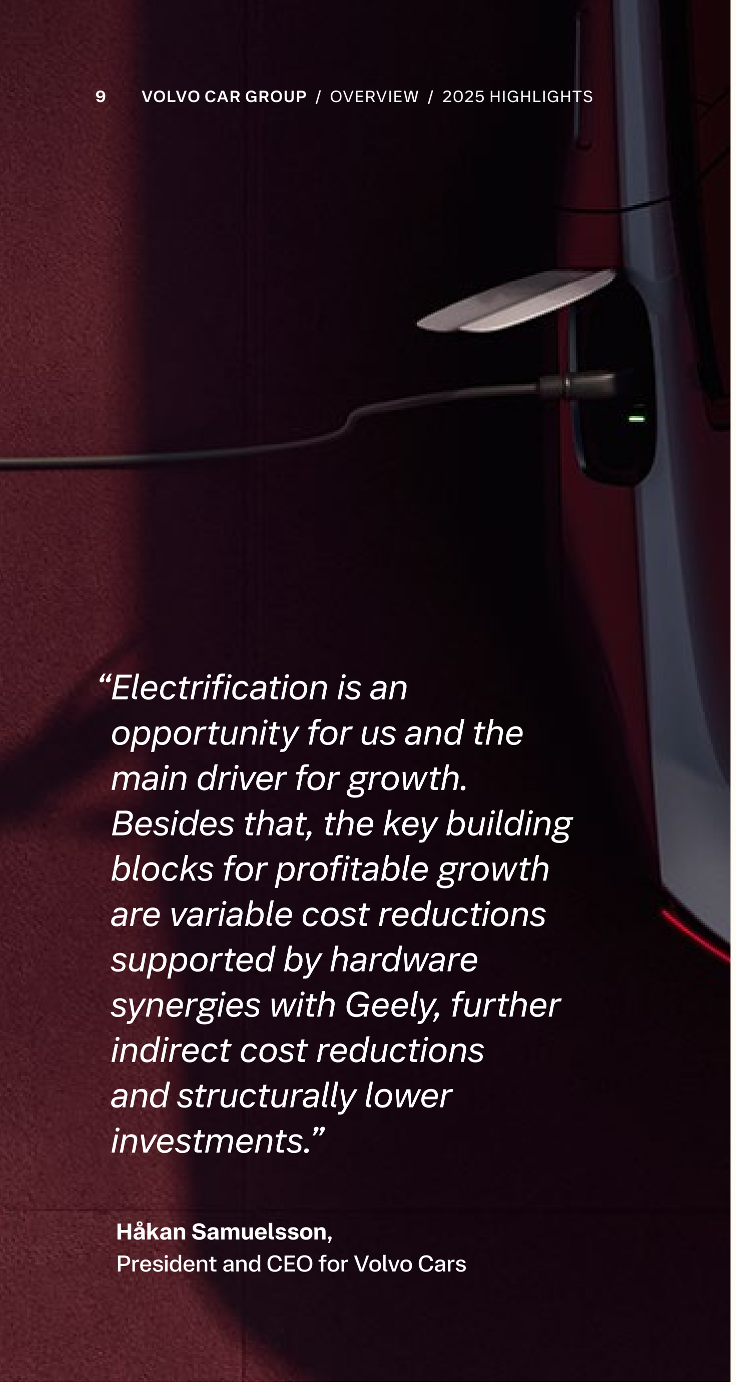
LAUNCH OF COST AND CASH ACTION PLAN

In April, Volvo Cars launched a cost and cash action plan totalling SEK 18 bn, including a global redundancy programme.

CONTINUED INVESTMENTS IN THE US

During the year, Volvo Cars announced the addition of the best-selling XC60 mid-size SUV to the production line of the US plant in Ridgeville, just outside Charleston in South Carolina. Furthermore it was announced that before 2030, Volvo Cars plans to add a new, next-generation hybrid model to the Charleston plant. The coming new model is designed to meet the specific demands of the US market, in line with Volvo Cars increased focus on ensuring each region has the best product portfolio to meet customer demands.

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



“Electrification is an opportunity for us and the main driver for growth. Besides that, the key building blocks for profitable growth are variable cost reductions supported by hardware synergies with Geely, further indirect cost reductions and structurally lower investments.”

Håkan Samuelsson,
President and CEO for Volvo Cars

Turnaround programme

Our turnaround programme structured around Electrification, Regionalisation and Profitability, underpins our strategic direction.

In a market undergoing rapid and profound transformation, we maintain a strong position supported by a trusted brand, a competitive portfolio of BEVs and PHEVs, and a solid financial foundation reinforced by recent cost and cash optimisation measures. Our new SPA3 platform provides access to one of the industry’s most advanced, uncompromised BEV architectures, while our collaboration with Geely secures a unique footprint in China and synergies beyond.

With the heavy investment phase behind us, we are now structurally building a company geared toward a long-term EBIT margin above 8 per cent and strong positive cash flows through profitable electrified growth, increased synergies with Geely as well as indirect cost reductions.

We are accelerating efficiency and performance through targeted initiatives in organisation, leadership, product development, and manufacturing, supported by a regionalised approach and commercial strategy with competitive and adapted offerings for each region.

Our commitment to both performance and ongoing transformation ensures we remain competitive and resilient today, while positioning Volvo Cars for long-term growth and leadership in the future of mobility.

Electrification

We continue our path towards being a leading fully electric company, with plug-in hybrids as a pragmatic bridge to get there.

Regionalisation

We are developing a more regional organisation with more empowered regions to faster adapt to a more regionalised world.

Profitability

We continue to safeguard our profitability and improve our cost position.

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS’ REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

EVENTS AFTER YEAR-END

Launch of the EX60

On 21 January 2026, Volvo Cars introduced the Volvo EX60, a new all-electric mid-size SUV, the first car built on the new SPA3 electric architecture. The EX60 changes the game in the largest electric market segment in terms of range, charging speed, performance and price. The five-seater, family-friendly EX60 ends range anxiety, delivers a groundbreaking user experience and represents the next frontier in safety. It is also Volvo Cars' first entry in the largest electric segment globally, allowing it to substantially increase Volvo Cars' addressable market and electric market share.

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

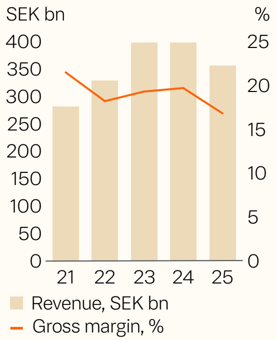
Financial highlights

- Retail sales decreased by –7 per cent to 710.0 (763.4) thousand cars.
- Revenue amounted to SEK 357.3 (400.2) bn, primarily explained by lower wholesale volumes and unfavourable sales mix and pricing, partially offset by increased used car sales.
- Operating income (EBIT) was SEK 0.3 (22.3) bn, mainly impacted by items affecting comparability, a one-time non-cash impairment charge of SEK 11.4 bn and restructuring cost of SEK 0.8 bn. Excluding these, the decrease was mainly explained by sales mix and pricing as well as lower wholesale volumes and increased cost for tariffs and negative foreign exchange impacts from a strengthened SEK.
- EBIT margin was 0.1 (5.6) per cent.
- Basic earnings per share was SEK 0.06 (5.17).
- Operating and investing cash flow was SEK 2.4 (1.1) bn, primarily driven by lower investments, increased year-end production and proceeds from the divestment of shares in Lynk & Co.
- The Board of Directors proposes that no dividend should be paid out.

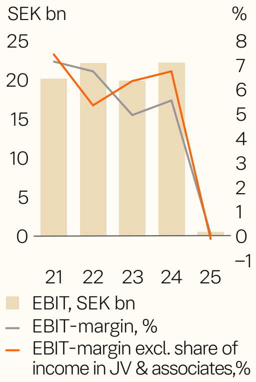
FORWARD LOOKING

- For 2026, Volvo Cars aims to come back to volume growth on a year-on-year basis for the full year and increase cash generation with full year free cash flow clearly better than what was achieved in 2025.

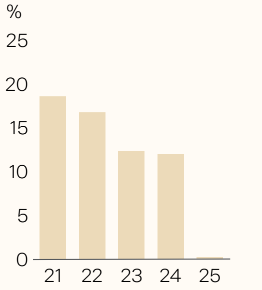
REVENUE AND GROSS MARGIN (SEK BN/%)



EBIT AND EBIT MARGIN (SEK BN/%)



RETURN ON INVESTED CAPITAL, ROIC (%)



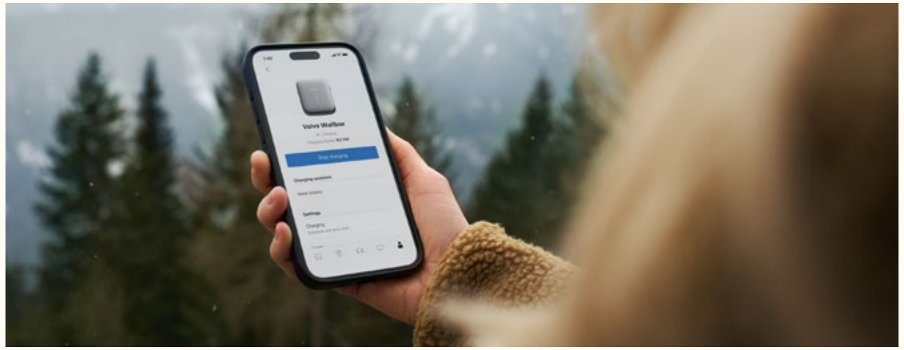
Invested capital is calculated on two-year average figures.

KEY FIGURES FINANCIALS (SEKm)

	2025	2024	2023
Retail sales, units	710,042	763,389	708,716
Revenue	357,263	400,234	399,343
Research and development expenses	–26,067	–16,983	–12,884
Operating income (EBIT)	303	22,318	19,939
Operating income (EBIT) excl. share of income from JVs & associates	–351	27,040	25,567
Operating income (EBIT), excl. Items affecting comparability	12,556	24,020	20,563
Net income	–2,968	15,934	14,066
Basic earnings per share, SEK	0.06	5.17	4.38
EBITDA	35,679	45,048	37,388
Cash flow from operating activities	34,625	47,372	42,867
Cash flow from investing activities	–32,176	–46,245	–51,842
Net cash	26,871	27,115	27,487
Gross margin, %	16.9	19.8	19.4
EBIT margin, %	0.1	5.6	5.0
EBIT margin excl. share of income from JVs & associates, %	–0.1	6.8	6.4
EBITDA margin, %	10.0	11.3	9.4
Return on invested capital, ROIC, %	0.2	12.0	12.4

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Sustainability highlights



- We met our 2025 CO_2 ambition with 31 per cent CO_2 emission reduction per car, compared to the baseline 2018. Electrified car sales reached 46 per cent, contributing to reducing tailpipe CO_2 emissions by 42 per cent.
- Climate neutral energy in own operations reached 87 per cent. In 2025, four of our factories have transitioned to climate neutral energy meaning seven out of nine production sites are fully climate neutral.
- Two new electrified cars were launched, the ES90 and XC70, extending our portfolio and meeting the customer demands.
- Progress on circular business through a contract for closed loop steel that helps mitigate cost for recycled materials.
- Industry-leading workplace safety achieved with an injury rate (LTCR) of 0.06.
- Processes within our human rights due diligence were enhanced, including conducting 88 (96) audits and People Policy Assessments in high-risk sites in our value chain as well as addressing 85 per cent of corrective action plans from previous RBA VAP audits.
- The share of green debt, in accordance with our Green Financing Framework, or sustainability-linked format increased to 98 per cent of outstanding debt. The issuance of our fifth green bond contributed to closing in on our 100 per cent ambition 2025.

SUBSEQUENT EVENTS

- The new EX60 was launched in January 2026. With 27 per cent recycled content, it overachieves our 2025 ambition of 25 per cent in new car models and sets new standards with the lowest CO_2 footprint in our fleet to date.
- The new multi-adaptive safety belt was launched in the new EX60 demonstrating a continued focus on innovative technology to improve safety in our cars.

CO_2 EMISSIONS REDUCTION PER CAR

31%

We achieved a 31 per cent reduction in CO_2 emissions per car, reaching our 2025 ambition and strengthening our momentum toward our ambition for net zero.

WATER WITHDRAWAL REDUCTION PER MANUFACTURED CAR

29%

Water efficiency measures resulted in a decrease of water withdrawal in absolute terms and in relation to manufactured cars.

INCREASE RECYCLED MATERIAL IN OUR CARS

27%

With 27 per cent recycled material in the EX60, the 2025 ambition of 25 per cent recycled and bio-based material in new car models was achieved.

SAFEGUARD HUMAN RIGHTS

88

High-risk sites in value chain assessed on responsible business conducts, including supplier audits and People Policy Assessments.

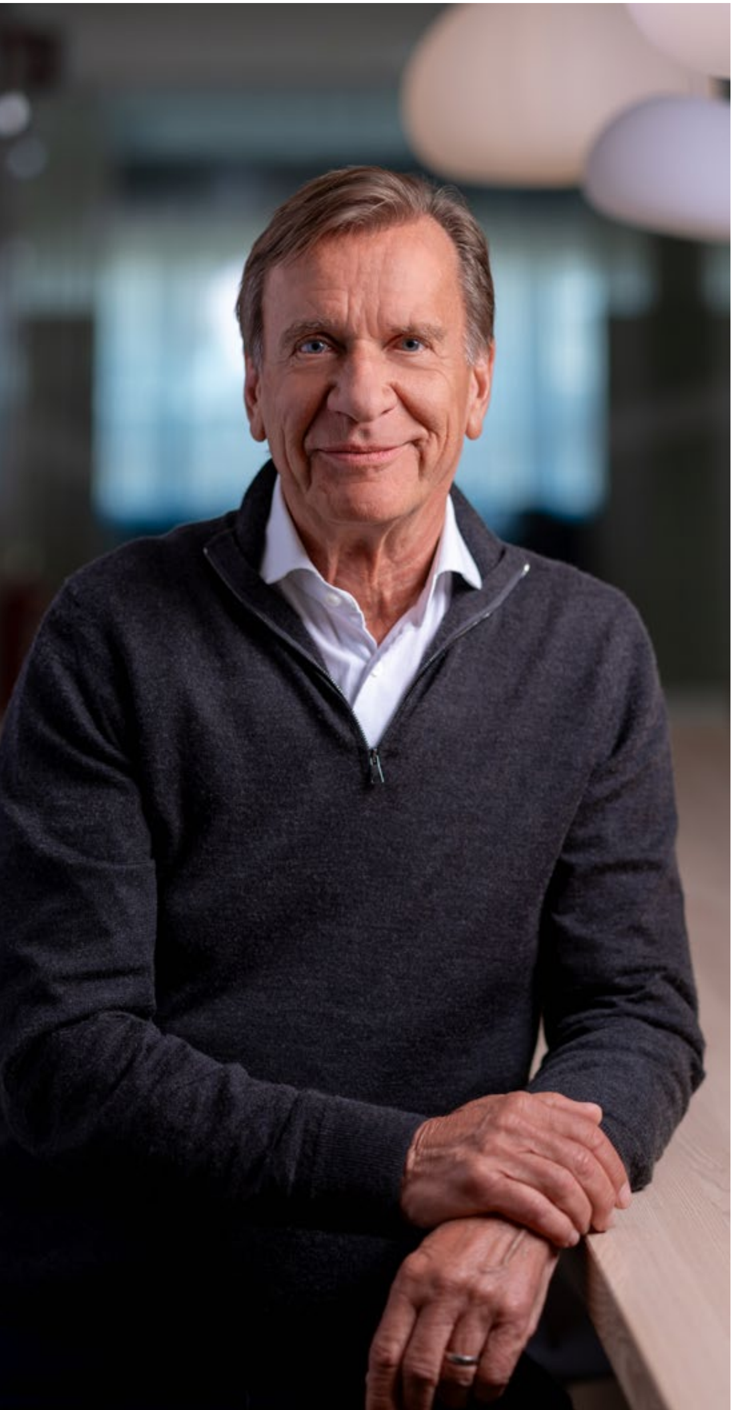
KEY FIGURES SUSTAINABILITY

	2025	2024	2023
Climate Action			
Reduction of CO_2 emissions per car, %[1)2)]	31	32	27
Electrified cars retail sales (BEVs and PHEVs), %	46	46	38
Climate neutral energy in own operations, %	87	78	74
Circular Economy			
Water withdrawal reduction per manufactured car in own operation, %[1)]	29	20	25
Recirculation rate, %	95	94	87
Additional circular business revenue and cost savings, SEKm[1)]	149	266	508
Responsible Business			
The share of green debt, in accordance with our Green Financing Framework, or sustainability-linked format as percentage of outstanding debt, %	98	76	52
Women in senior leadership, %[2)]	29.1	29.7	—
Injury rate (LTCR) employees	0.06	0.05	0.06

1) Compared to the baseline 2018.
2) Historical figures have been updated. More information can be found on page 207.

For further definitions and reporting principles, see Sustainability Statement, starting on page 130.

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



Focused on a clear strategic roadmap as well as short-term performance

In April last year I returned to Volvo Cars. It has been an exciting yet demanding year since then. The automotive industry has seldom been faced with so many new challenges at the same time. Slowing growth, regionalisation of the world, a transition towards electrification and software-defined cars, as well as intensifying competition from new Chinese car makers.

With all this uncertainty, it can be easy to lose perspective. For us however, the future of our company is clear.

Some years ago, we made the bold decision that the future of Volvo Cars must be electric. Today, we're even more convinced that this is the right choice. Not only to address the climate challenge, but also to meet customers' expectations for better and more attractive cars.

This is where our recently revealed EX60 model comes in. Just like the XC90 marked the beginning of a new era in 2014, the EX60 signals the next chapter for Volvo Cars as leader in the all-electric premium segment.

We know that some people still hesitate to go all-electric for three main reasons: concerns about range, charging time and price.

With the EX60, we directly address these concerns. It has class-leading range similar to many petrol cars. Charging stops take just as long as a normal fuel and coffee stop.

And most importantly, the EX60 will be priced in line with our best-selling XC60 plug-in hybrid. On top of that, it will be offered in a new commercial concept, designed around simplicity, transparency and precision.

> *“We are structurally building a company towards a long-term EBIT margin of over 8 per cent, strong positive cash flows and growth driven by electrification.*

Well-positioned to grow

Equally important is that the EX60, with its game-changing new technologies, shows how we can meet the expectations of our customers while growing volume and profitability.

We are structurally building a company towards a long-term EBIT margin of over 8 per cent, strong positive cash flows and growth driven by electrification.

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

With a strong electric product portfolio, built on the new cost-efficient and scalable SPA3 architecture, Volvo Cars is well-positioned to make this happen.

I believe that we are also in a better position than our peers to tackle the growing competition from Chinese automakers, both within China and in Europe. Our unique relationship with Geely gives us the opportunity to work even closer to lower development costs and to bring new cars to the market quicker. Together we are creating a leaner, more resilient supply chain.

The XC70 long-range plug-in hybrid shows how this works in practice and can deliver quick results.

The successful execution of our cost and cash action plan during 2025 is a good foundation for further profitable growth. In 2026 we will continue to focus on lowering variable and indirect costs, in combination with actions to increase sales.

An encouraging sustainability development

Summarising 2025 should also include our sustainability progress. The commitment to becoming an electric car maker underpins our sustainability ambitions for 2030 and beyond and we are ahead of our competitors on most sustainability metrics.

I'm particularly proud to see that we achieved our goal of reducing our CO_2 footprint with a 31 per cent reduction per car compared with the 2018 baseline.

We also made significant progress in usage of climate neutral energy in our operations and we achieved climate neutral status at seven of our nine manufacturing plants.

In terms of our products' footprint, the new EX60 leads by example. It has the lowest carbon footprint of any electric Volvo car, matching that of the much smaller EX30. The EX60 also comes with the highest amount of recycled materials in any electric Volvo. In addition, the introduction of mega casting and cell-to-body on the SPA3 platform further reduces manufacturing waste and material use.

The right strategy

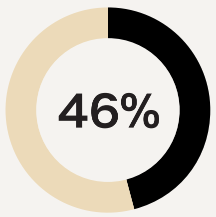
We are navigating one of the most challenging periods that I have seen the industry go through.

However, I am confident that Volvo Cars has the right strategy to ride the storm and emerge as a stronger, more profitable company.

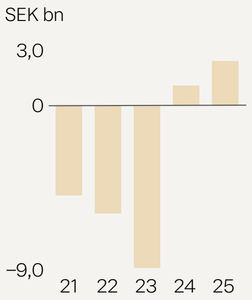
We will continue a resolute execution of our longer-term strategy and at the same time focus on shorter-term improvements of both cost and sales performance.

Håkan Samuelsson
CEO, Volvo Cars

OVERVIEW
PURPOSE
ABOUT VOLVO CARS
2025 HIGHLIGHTS
CEO LETTER
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



SHARE OF ELECTRIFIED SALES



FREE CASH FLOW SEK BN

"We will continue a resolute execution of our longer-term strategy and at the same time focus on shorter-term improvements of both cost and sales performance.

Market

OVERVIEW	3
MARKET	●
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Global automotive market

Sales and market development

Throughout the full year 2025, the global passenger car market operated under challenging and uneven conditions, influenced by a combination of macroeconomic pressures, geopolitical tensions, as well as regulatory and trade-related developments. The industry's transition towards electrification progressed at a moderated pace during 2025. Overall, the year was characterised by restrained demand and intensified competition. The profitability of the industry has been under pressure especially in the light of tariffs and writedowns by several OEMs, leading to a heightened focus on profitability as well as efficiency.

Volvo Cars' full-year retail deliveries reached 710.0 (763.4) thousand cars. Wholesales decreased by 11%, and production decreased by 9% to 694.2 (760.4) thousand cars. Despite the headwinds during 2025, Volvo Cars remained committed to navigating uncertainty while positioning the business for sustainable growth. The focus remains on efficiency, cost control and strengthening the core business, providing a solid foundation for when market conditions stabilise. Sales of BEVs decreased by 13% to 151.8 (175.2) thousand cars, and PHEV sales decreased by 3% compared to 2024.

Europe

The overall European passenger car market increased by 2% compared to 2024, while the premium car market declined by 4%. The electrified segment continues to show momentum, with both BEV and PHEV sales increasing by 27% and 35% respectively.

China

The total Chinese passenger car market increased by 2% year-on-year, of which the BEV segment increased by 28% and the PHEV segment increased by 5%. The premium segment decreased by 15% compared to 2024. Consumer demand continues to shift from combustion-engine models to electrified cars, where competition is intense and domestic brands are dominating.

US

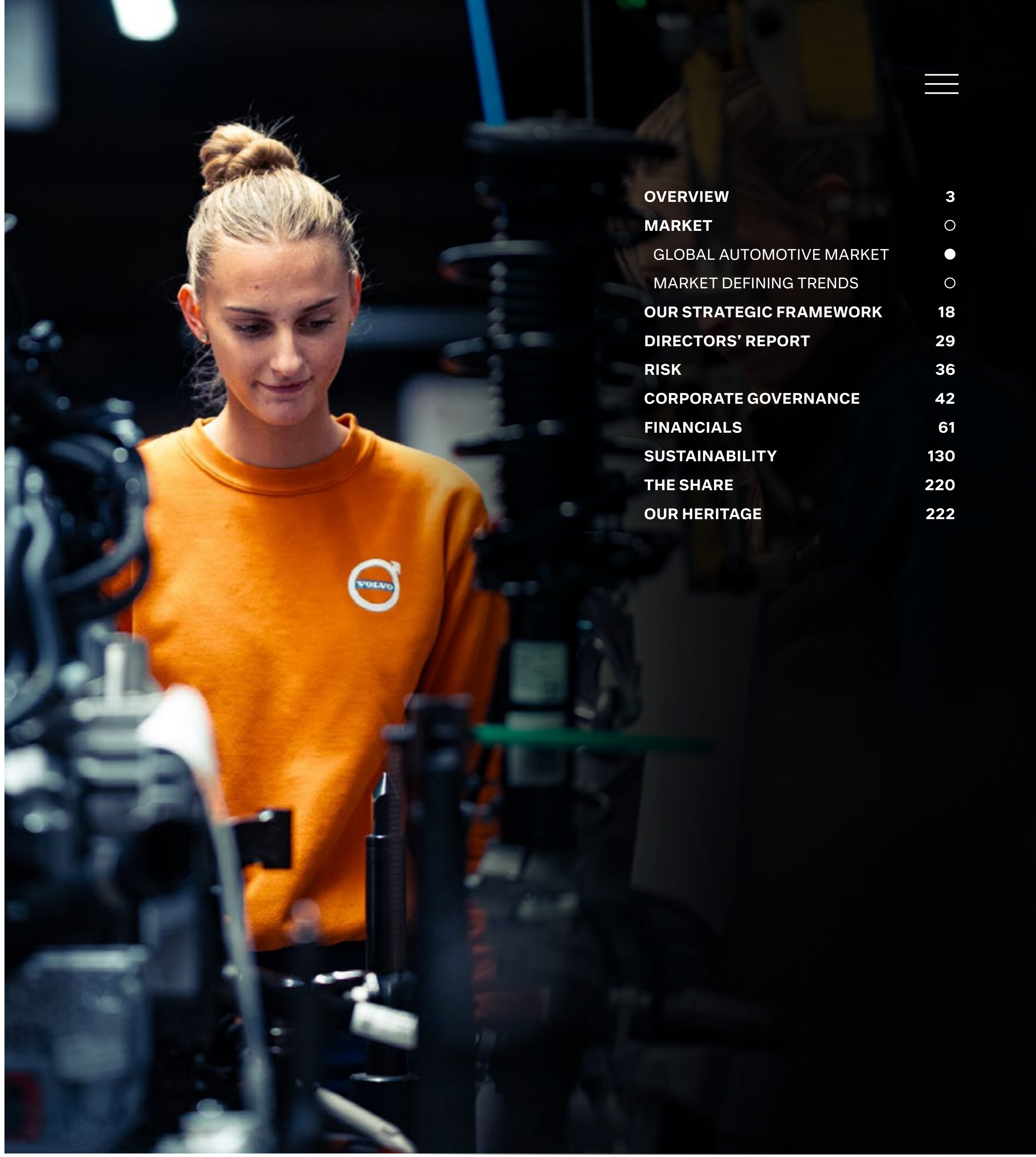
The total US passenger car market increased by 3% compared to 2024, and the premium market increased by 1%. BEV sales increased by 6% while PHEV sales decreased with 9%. The US automotive market continued to be affected by evolving policy conditions, trade dynamics and broader economic uncertainty.

Volvo Cars' market share per propulsion type, %[1) 2)]	Full year 2025	Full year 2024
BEV	1.16	1.46
PHEV	3.07	3.80
ICE (incl. mild hybrids)	0.75	0.72
Volvo Cars' share of total market	1.00	1.04

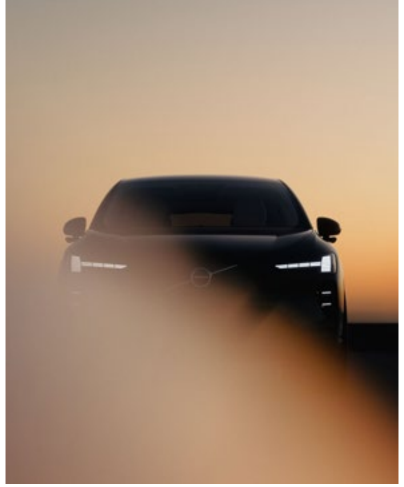
Total industry volume share and growth by propulsion type, %[1) 2)]	Full year 2025	Full year 2024
BEV	19	16
EREV	2	—
PHEV	8	7
ICE (incl. mild hybrids)	72	77
Total	**100**	**100**

1) Volvo Cars is and will continue to be positioned in the premium segment of the automotive market. As the market is transforming with electrification and digitalisation the definition of premium is being redefined. To simplify and to avoid the risk of excluding important parts of the market, market share is reported in relation to the global passenger market.
2) Includes content supplied by S&P Global Mobility Industry Performance, February 2026, capturing more than 85 per cent of total world sales. All rights reserved.

Retail sales (k units)	2025	2024	2023
Europe	332.7	369.7	294.8
China	149.5	156.4	170.1
US	121.6	125.2	128.7
Other	106.2	112.1	115.1
Retail sales total	**710.0**	**763.4**	**708.7**
Electrified cars	323.3	352.8	266.0
whereof BEVs	*151.8*	*175.2*	*113.4*
Electrified cars share	46%	46%	38%
whereof BEV share	*21%*	*23%*	*16%*
Wholesales	693.0	782.6	732.3
Production volume	694.2	760.4	766.7



OVERVIEW 3
MARKET
GLOBAL AUTOMOTIVE MARKET
MARKET DEFINING TRENDS
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



Market defining trends

CLIMATE CHANGE AND ELECTRIFICATION

Climate change, as a part of the triple planetary crisis (climate change, biodiversity loss and pollution) is reshaping society, driving shifts in attitudes, policies, and innovation. Transportation is a major source of emissions, making the transition to battery electric vehicles critical. BEVs are the fastest-growing segment in the passenger car market. Despite some headwinds and somewhat softer demand than expected, global BEV sales rose by 23 per cent in 2025.

POLARISATION, DEGLOBALISATION AND REGIONALISATION

The retreat of globalisation and the rise of geopolitical polarisation are reshaping the global landscape, with long-term consequences that remain uncertain. Political instability and unpredictability are becoming the new normal, while competition – particularly from emerging Chinese OEMs – is intensifying. In this environment being adaptable and agile is no longer optional, it is essential for building resilience and driving long-term value creation.

TECHNOLOGY AND AI

Innovation in the automotive industry is accelerating. Advances in battery technology and charging infrastructure drive electrification, while software-defined vehicles transform design and user experience. AI is optimising processes and enables faster responses to market demands. The convergence of computing power, connectivity, and data analytics, combined with AI, ushers in a new technological era, redefining mobility and making adaptability and innovation more critical than ever.

HYPER COMPETITION

The automotive industry is undergoing intense disruption and competition. Electrification and software-defined vehicles are accelerating innovation cycles, while geopolitical tensions and trade barriers are reshaping global supply chains. Legacy automakers face growing competition from agile start-ups and rapidly expanding Chinese brands.

Volvo Cars' approach

Volvo Cars is fully committed to reducing emissions across the entire value chain. Electrification remains central to our strategy for eliminating tailpipe emissions, and we continue to expand our range of electric vehicles. Meanwhile, we are refreshing our plug-in hybrid (PHEV) cars for customers and markets that are not yet fully ready to transition.

As globalisation recedes, we are adapting to a more regionalised world. This shift calls for a tailored approach across product development, technology, manufacturing, and commercial strategy. By empowering our regions to respond to local customer needs and market dynamics, we enhance our resilience and position ourselves for sustainable and profitable growth.

We continue to test and deploy at speed with clear intent, unlocking benefits such as lower costs. Supercomputers and in-house software now pave the way for next-generation infotainment systems, over-the-air upgrade capabilities, enhanced safety, energy management, and other services.

Volvo Cars tackles intense competition with a focus on electrification, agility, and regionalisation – tailoring products, manufacturing and commercial strategies to local market needs. Collaboration, especially with Geely, accelerates innovation, reduces costs, and speeds up time-to-market. Hardware synergies with Geely, the third largest BEV player in the world gives Volvo Cars an unique position, especially in China. This approach strengthens competitiveness and resilience amid industry disruption.

OVERVIEW	3
MARKET	
GLOBAL AUTOMOTIVE MARKET	
MARKET DEFINING TRENDS	
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Our strategic framework

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

VOLVO

Our strategic framework is the foundation that guides everything we do

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

OUR PURPOSE
– WHY WE ARE HERE

Our reason for existing and the impact we strive to make.

To provide freedom to move in a personal, sustainable and safe way.

READ MORE ON PAGE 2

OUR BRAND
– WHO WE ARE

The identity and values that define us.

Freedom to move.
By Sweden. For life.

READ MORE ON PAGE 4

OUR CULTURE & LEADERSHIP
– HOW WE ACT

The behaviors and leadership principles that create the environment we want. How we work is just as important as what we do.

READ MORE ON PAGE 20

OUR STRATEGIC DIRECTION
– WHERE WE WANT TO BE

Our strategy for the future and the path to get there.

READ MORE ON PAGES 21–28

OUR ACTIONS
– WHAT WE NEED TO DELIVER NOW

The priorities and initiatives that turn strategy into reality.

OUR CULTURE AND LEADERSHIP / HOW WE ACT

Our guiding principles

We focus on strengthening trust, uniting our teams, and creating long-term value by evolving how we think, act, lead, and work together – guided by our shared culture that is everyone's responsibility.

Culture

We keep it simple: We reduce complexity, focus on what matters most and make it easier for everyone to work better together.

We stay curious: We keep learning, ask questions, seek insights and explore new ideas to drive speed and innovation.

We are all in: We work as one team, commit to delivering high quality results and do not give up even when things get difficult.

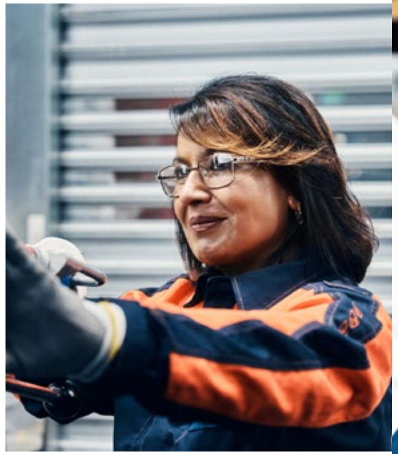
Leadership

Create clarity: We ensure our teams are focused on the right things. We communicate clearly to enable faster execution.

Lead with courage: We dare to take decisions and step forward in uncertainty. We have open conversations to achieve high performance.

Take full ownership: We act responsibly, follow through and own results. We role model accountability and empowering everyone to grow.

READ MORE ON PAGE 200



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

OUR STRATEGIC DIRECTION / WHERE WE WANT TO BE

Our strategic direction to profitable growth

Our strategic direction to profitable growth is unmistakable: we are building a stronger, more profitable Volvo Cars. We are taking decisive actions to structurally position the company for long-term success – targeting an EBIT margin of over 8 per cent, strong positive cash flows, and growth through electrification. Our strategic direction is built on three pillars: Human-centric customer experience, High-performing committed organisation and Premium electrified products for a regionalised world.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Human-centric customer experience

We build lasting consumer relationships aligned with our purpose: Personal, Sustainable and Safe.
We provide a premium offering across channels, aligned with consumer expectations.

READ MORE ON PAGE 22

High-performing committed organisation

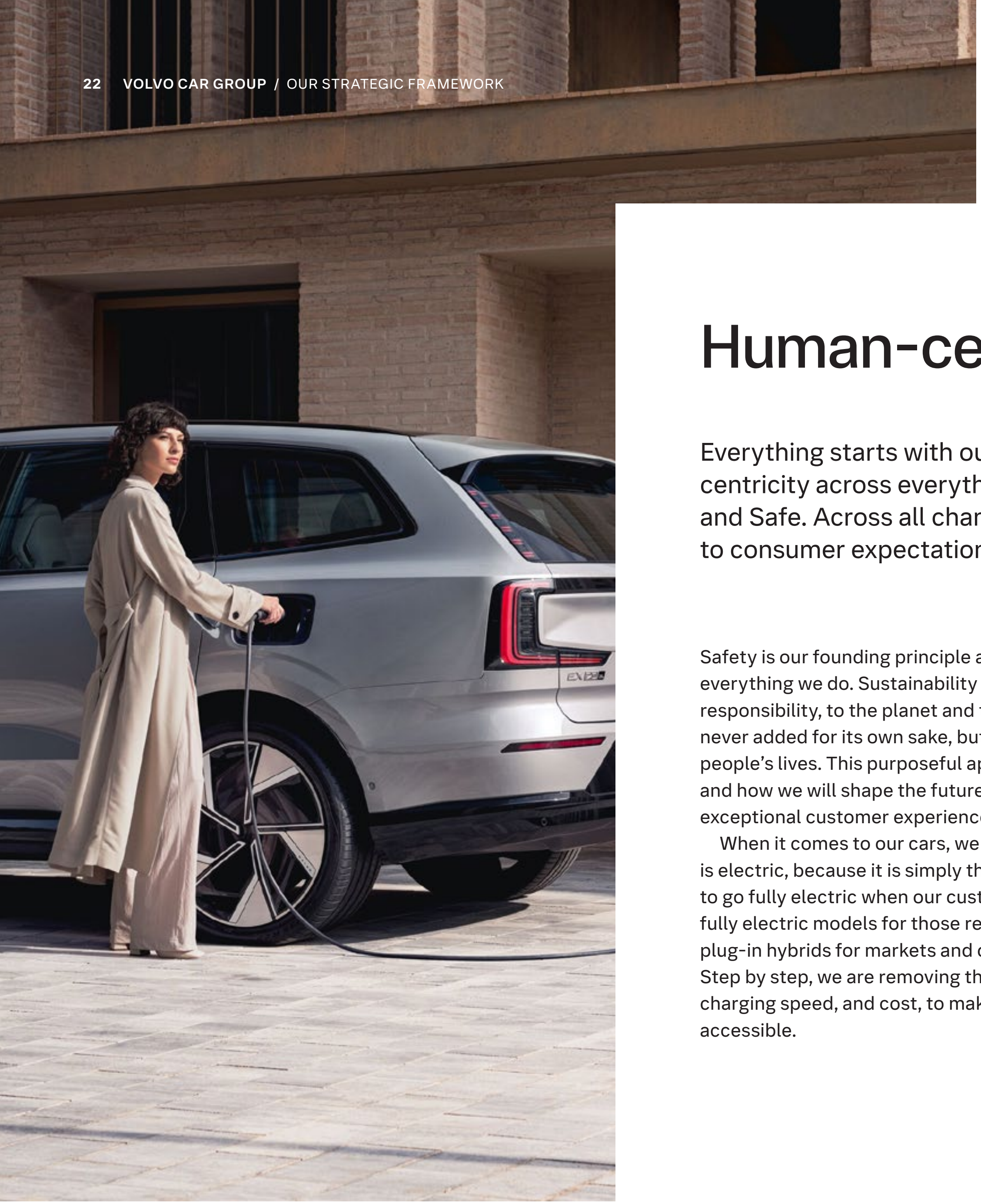
We are a lean organisation with a regional structure that enables speed, synergies and customer proximity.
We develop our people, foster a growth mindset and build a high-performance culture.

READ MORE ON PAGE 24

Premium electrified products for a regionalised world

We are committed to cost-efficient electrification with hybrids as a bridge.
We are leaders in purposeful technology and real-life safety.

READ MORE ON PAGE 26



Human-centric customer experience

Everything starts with our brand – to offer something truly different with human centricity across everything we do and aligned with our purpose: Personal, Sustainable, and Safe. Across all channels, we are aiming to provide a premium experience tailored to consumer expectations and designed to meet their needs seamlessly.

Safety is our founding principle and remains at the heart of everything we do. Sustainability is not a checkbox, but a core responsibility, to the planet and to our business. Technology is never added for its own sake, but only when it truly enhances people's lives. This purposeful approach defines who we are and how we will shape the future of mobility, while delivering an exceptional customer experience.

When it comes to our cars, we are convinced that the future is electric, because it is simply the better choice. We are ready to go fully electric when our customers are. Today, we offer fully electric models for those ready to make the shift, and plug-in hybrids for markets and customers still transitioning. Step by step, we are removing the key barriers of range, charging speed, and cost, to make full electrification more accessible.

Improving the buying experience – with possibility for instant delivery

We are also making changes to how we package our various offerings. Buying a car should be hassle-free. Customers deserve clarity on what is included, transparent pricing, and flexible time-lines based on individual preferences. Simplicity, transparency, and precision are essential to building lasting relationships, and we are now driving improvements across all these areas.

Through an ongoing pilot in Sweden, we are introducing a new, convenient way to purchase a car online. Customers can choose when their preferred car will be delivered – from immediate delivery to a time that best suits their individual needs.

We are also simplifying the offering by reducing the number of variants, making it easier for customers while reducing complexity for us. For those customers who prefer a complete solution, we aim to provide a transparent consumer-friendly monthly price that covers everything – from home charging solutions to insurance, maintenance and other services simplifying the ownership. Variant reductions further support a faster order-to-delivery process with more digitalised tools and predictability, enabled by AI.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NEW APPROACH TO MARKETING:

Leveraging halo strategies to strengthen brand perception and reduce cost

Marketing is a key driver of growth and profitability. With our new approach, we aim to attract more customers to the Volvo Cars brand while lowering overall costs. Rather than broad, one-size-fits-all campaigns, we will focus on flagship models in priority locations and markets, creating powerful halo effects that elevate our entire portfolio and secondary markets.

This shift is supported by a truly data-driven approach, where marketing spend is continuously optimised based on what drives brand impact and sales. Through A/B/C testing and AI-enabled tools, we can quickly evaluate and refine campaigns across all channels. The direct connection between the ad and offer on the website further creates efficiency, shortening the lead-to-buy process and acquisition cost.

This strategy enables us to deliver more relevant, locally adapted messaging while reducing total marketing spend per car.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	
OUR GUIDING PRINCIPLES	
OUR STRATEGIC DIRECTION	
CUSTOMER EXPERIENCE	
COMMITTED ORGANISATION	
ELECTRIFICATION AND REGIONALISATION	
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

A high-performing committed organisation

As part of our transformation journey, we are now implementing a simplified, regional structure that enhances speed, accountability, and customer focus, while embedding a culture of innovation and high performance.

Greater accountability, improved efficiency, and faster decision-making

To support our ambition for profitable growth, we are now implementing changes in our organisation and in the way we work. Our new simplified structure is guided by the principle that structure alone does not drive success. True performance comes from the ability to seamlessly collaborate across functions, enabling greater accountability, improved efficiency, and faster decision-making. The approach includes fewer organisational layers, a reduction in managerial roles, and positions with broader scope and increased responsibility.

A regional structure designed to enable speed and customer proximity

To enable speed, create synergies, and maintain strong customer proximity, we will operate as a lean organisation with a regional structure. This approach allows us to respond quickly to market changes, leverage local insights, and deliver consistent value across regions. By reducing complexity and fostering collaboration, we ensure agility and efficiency in every part of the business.

Regionalisation enables a tailored approach in our key regions across product, technology, manufacturing, and commercial areas. This empowers regions to meet customer and retailer needs faster, driving growth. The shift strengthens local accountability and decision-making while aligning roles with business priorities. We will also develop and track certain regional metrics to measure holistic performance across all functions.

Culture and Leadership – Driving Performance and Engagement

At the same time, we focus on developing our people, fostering a growth mindset, and building a high-performance culture. This means empowering teams with the right tools, encouraging innovation, and embedding accountability and continuous improvement in daily work. Our goal is to combine operational excellence with an engaged workforce for sustainable growth.

Our Culture and Leadership Principles guide behaviors, decisions, and collaboration across the organisation. By embracing these principles, we create an environment where innovation and teamwork thrive – driving long-term high performance.

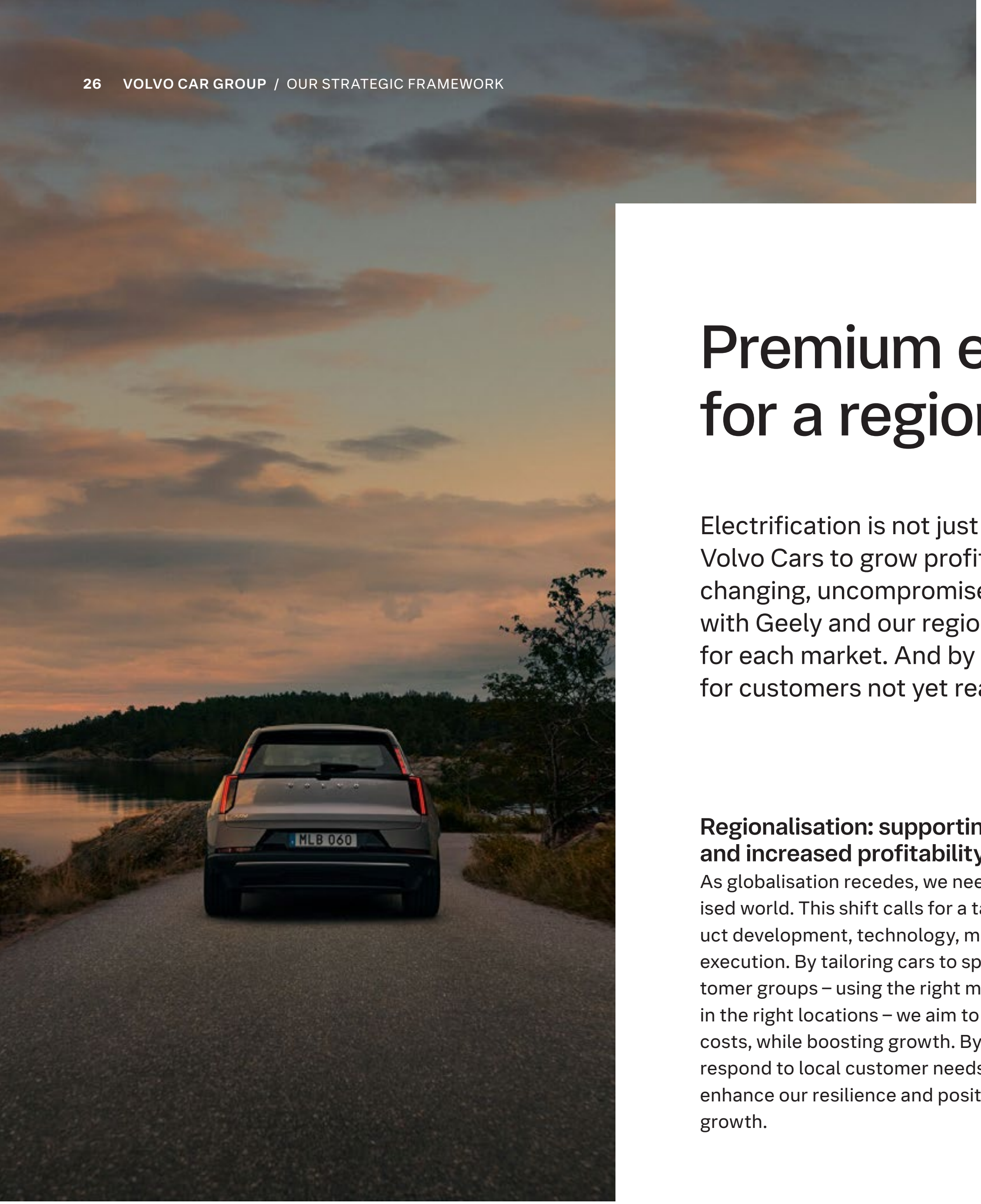
OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Organisation fit for the future

In 2025, Volvo Cars launched an accelerated cost and cash action plan totaling SEK 18 billion. As part of the action plan, redundancies were announced. In all, 3,000 positions including consultants, were affected. These structural changes were considered essential to deliver on our cost efficiency ambitions, while also improving operational efficiency and accelerating decision-making.

The redundancy process was guided by fairness and respect for each individual, transparency and strategic alignment. Decisions were based on length of employment and qualifications, aligned with union agreements. Every position was evaluated for affordability and long-term sustainability rather than competence shift. Looking ahead, our goal is a right-sized organisation that is lean, efficient and future ready. We are embedding flexibility through global standards with room for regional adjustments, ensuring resilience in a changing industry.



Premium electrified products for a regionalised world

Electrification is not just a technological shift – it is a significant opportunity for Volvo Cars to grow profitably. Going forward, we will capitalise on our game-changing, uncompromised BEV architecture, as well as our hardware collaboration with Geely and our regionalised approach, to offer competitive and tailored products for each market. And by introducing long-range PHEVs, we will also bridge the gap for customers not yet ready to make the full transition to electric mobility.

Regionalisation: supporting a stronger offer and increased profitability

As globalisation recedes, we need to adapt to a more regionalised world. This shift calls for a tailored approach across product development, technology, manufacturing, and commercial execution. By tailoring cars to specific market needs and customer groups – using the right materials and technologies, built in the right locations – we aim to reduce logistical and tariff costs, while boosting growth. By empowering our regions to respond to local customer needs and market dynamics, we enhance our resilience and position ourselves for sustainable growth.

Electrification: The way forward

Our commitment to going fully electric remains unwavering. In 2025, 46% of our total sales were electrified, including both fully electric and plug-in hybrid models, with nearly one in five cars sold being fully electric.

We have a strong BEV portfolio and the new EX60, introduced in the beginning of 2026, will significantly increase our potential customer base as we now enter the largest and most popular fully electric segment. The EX60 is a game-changer in terms of price, performance and cost.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

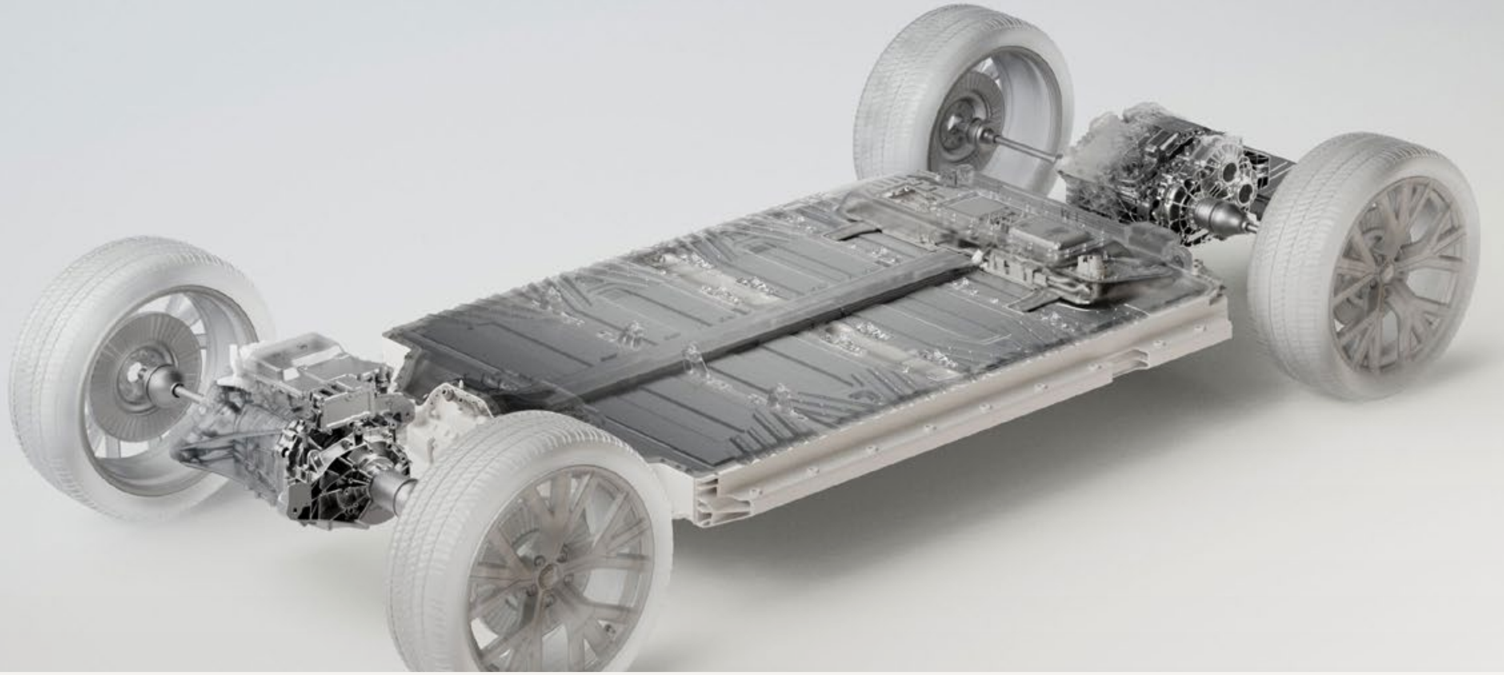
A pragmatic approach

While we are ready to go fully electric when our customers are, varying rates of market adoption will mean different transition speeds across regions. Demand for plug-in hybrids remains stronger than expected, so to meet diverse local needs, we are taking a pragmatic approach to our product strategy. Accordingly, we will shape our PHEV lineup to provide an attractive bridge for customers who want the benefits of a BEV but need the back-up plan for occasional longer journeys – particularly where charging infrastructure is still developing. We are making affordable investments into substantial design and hardware upgrades for our existing line-up of PHEVs, making them even more compelling and relevant. And our second-generation PHEVs, which will deploy the battery as the primary power source with an engine as a back-up, will complete the bridge towards electrification without the need for investment in new platforms.

Increased collaboration with Geely

To further reduce costs and accelerate time-to-market, we will expand our collaboration with Geely. The collaboration aims to enable global hardware synergies, scale in Eastern technology for China and collaborate on local products with shared componens. The ambition is to increase synergies by leveraging scale, reducing variants and increase commonality across products and platforms. Focusing on hardware, we aim to increase common volumes of standardised modules. This will enhance our sourcing power, improve access to innovation and technology, reduce complexity, streamline development, and strengthen resilience. For software there will be a clear separation between the Eastern and Western software stacks, where Eastern technology for China will be in focus.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK
OUR GUIDING PRINCIPLES
OUR STRATEGIC DIRECTION
CUSTOMER EXPERIENCE
COMMITTED ORGANISATION
ELECTRIFICATION AND REGIONALISATION
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

SPA3 – A game changer

The launch of the EX60 marks the debut of SPA3 – our first uncompromised BEV platform, delivering unprecedented scalability and flexibility for future models.

SPA3 brings profound improvements on how we design, develop, manufacture and improve cars. With the new platform we will for the first time in history be able to continuously develop and build cars of all sizes – larger than the EX90 and smaller than the EX30 – using the same technology base. The platform will be transformative for the products themselves, for our customers, and for our cost base. By removing the constraints of the combustion engine, SPA3 unlocks entirely new ways to scale and modularise cars, enabling a unified setup for batteries, e-machines, climate control, chassis, and electronics.

Lower costs and accelerated innovation
Vertical integration of owned key technologies, like electric motors, and software – reduces dependency on suppliers, lowers costs, and accelerates innovation. Meanwhile horizontal optimisation – leveraging shared platforms, components, and partnerships across products – reduces complexity, increases commonality, and improves economies of scale. Combined, they will strengthen resilience, streamline development, and support profitable growth in a competitive EV market.

Fully software defined (one-track software)
SPA3 underlines our leadership in software defined vehicles. Underpinned by one software stack, all our engineering efforts can now be focused on a single direction to power all our products. This approach ensures our cars improve over time through continuous innovation and over-the-air updates. It simplifies vehicle architecture by centralising computing, reducing hardware complexity and cost. This approach enhances safety, personalisation, and connectivity. It also supports faster development cycles, better data utilisation, and improved sustainability by extending hardware lifecycles through software upgrades.

All-in-all, this will bring transformative advantages for the products themselves, for our customers, and for our cost base.

Directors’ report

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS’ REPORT
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Board of Directors' Report

The 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.), registration number 556810-8988, with its registered office in Gothenburg, Sweden, is a publicly listed company on the Nasdaq Stockholm Stock Exchange traded under the ticker VOLCAR. The largest owner, holding 78.65 per cent 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.

Volvo Cars' sales development

Throughout the full year 2025, the global passenger car market operated under challenging and uneven conditions, influenced by a combination of macroeconomic pressures, geopolitical tensions, as well as regulatory and trade-related developments. The industry's transition towards electrification progressed at a moderated pace during 2025. Overall, the year was characterised by restrained demand and intensified competition. The profitability of the industry has been under pressure especially in the lights of tariffs and writedowns by several OEM's, leading to a heightened focus on profitability as well as efficiency.

Volvo Cars' full-year retail deliveries reached 710.0 (763.4) thousand cars. Wholesales decreased by 11 per cent, and production decreased by 9 per cent to 694.2 (760.4) thousand cars. Despite the headwinds during 2025, Volvo Cars remained committed to navigating uncertainty while positioning the business for sustainable growth. The focus remains on efficiency, cost control and strengthening the core business, providing a solid foundation for when market conditions stabilise. Sales of BEVs decreased by 13 per cent to 151.8 (175.2) thousand cars, and PHEV sales decreased by 3 per cent compared to 2024.

Key ratios, SEKm	2025	2024	2023	2022	2021
Retail sales, units[1]	710,042	763,389	708,716	615,121	698,693
Revenue	357,263	400,234	399,343	330,145	282,045
Research and development expenses	–26,067	–16,983	–12,884	–11,514	–12,714
Operating income, EBIT[2]	303	22,318	19,939	22,332	20,275
EBIT excl. share of income from JVs and associates[2]	–351	27,040	25,567	17,889	21,226
EBIT excl. Items affecting comparability[2]	12,556	24,020	20,563	16,433	16,995
Net income	–2,968	15,934	14,066	17,003	14,177
Basic earnings per share, SEK	0.06	5.17	4.38	5.23	4.72
EBITDA[2]	35,679	45,048	37,386	38,423	35,280
Cash flow from operating activities	34,625	47,372	42,867	33,599	29,852
Cash flow from investing activities	–32,176	–46,245	–51,842	–39,658	–34,737
Net cash[2]	26,871	27,115	27,487	38,061	44,846
Gross margin, %[2]	16.9	19.8	19.4	18.3	21.6
EBIT margin, %[2]	0.1	5.6	5.0	6.8	7.2
EBIT margin % excl. share of income from JVs and associates[2]	–0.1	6.8	6.4	5.4	7.5
EBIT margin % excl. Items affecting comparability[2]	3.5	6.0	5.1	5.0	6.0
EBITDA margin, %[2]	10.0	11.3	9.4	11.6	12.5
Equity ratio, %	39.8	36.6	36.6	35.4	33.4
Return on invested capital, ROIC, %[2]	0.2	12.0	12.4	16.7	18.6

1) Non-financial operating metric.
2) Non-IFRS measure (alternative performance measure), see Alternative performance measures on page 115.

Retail sales (k units)	2025	2024	Change %
Europe	332.7	369.7	–10
China	149.5	156.4	–4
US	121.6	125.2	–3
Other	106.2	112.1	–5
Retail sales total	**710.0**	**763.4**	**–7**
Electrified cars	323.3	352.8	–8
whereof BEVs	*151.8*	*175.2*	–13
Electrified cars share	46%	46%	
whereof BEV share	*21%*	*23%*	
Wholesales	693.0	782.6	–11
Production volume	694.2	760.4	–9

Retail sales by model (k units)	2025	2024
BEV		
EX30	78.6	98.1
EX40	44.0	53.4
EX90	16.3	1.8
EC40	11.8	20.4
EM90	0.8	1.5
ES90	0.3	—
Non-BEV		
XC60	230.7	230.9
XC40	123.0	120.5
XC90	103.2	108.6
V60	27.1	34.1
S60	26.3	44.0
S90	25.7	40.2
XC70	14.2	—
V90	8.2	9.9
Total	**710.0**	**763.4**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT ●
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Top 10 retail sales by market (k units)	2025	2024
China	149.5	156.4
US	121.6	125.2
UK	68.7	66.4
Germany	59.8	62.0
Sweden	47.9	46.2
The Netherlands	20.0	30.7
Belgium	17.4	25.2
Poland	15.3	14.9
Türkiye	15.2	13.0
Spain	15.2	18.0

Events during the reporting period

Two major tech upgrades in new Volvo cars
In January, it was announced that for the upcoming model year, there will be two main tech upgrades for the XC40, EX40, EC40, S60, V60, V60 Cross Country, V90 and V90 Cross Country models. Volvo Cars is introducing our new-generation, new-look user experience to our whole lineup, as well as the ultra-fast Snapdragon® Cockpit Platform from Qualcomm Technologies, Inc. This makes the infotainment system much faster and much more responsive. Additionally, EX30, EX40 and EC40 models in Europe will get the service Plug & Charge, for an even smoother public charging process.

EX30 Cross Country unveiled
In February, Volvo Cars unveiled the new Volvo EX30 Cross Country. It is an all-road car that delivers safety, comfort and performance in a capable and adventurous package. The Volvo EX30 Cross Country is available to order in selected markets.

Volvo Cars completed the divestment of its 30 per cent shareholding in Lynk & Co
In February, Volvo Cars divested its 30 per cent shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd., after approval at an Extraordinary General Meeting of Volvo Cars' shareholders, as well as other regulatory approvals.

Volvo Cars revealed the all-new, fully electric Volvo ES90
In March, Volvo Cars revealed the ES90 which is the latest addition to the balanced product portfolio of premium Volvo cars. The ES90 is the second car on the SPA2 platform equipped with a core compute system and built on the Volvo Cars Superset Tech Stack. It was then the sixth fully electric model in the line-up, joining the EX90, EM90, EX40, EC40 and EX30 as the journey towards full electrification continues.

Volvo Cars uses AI and virtual worlds with the aim of creating safer cars
In March, Volvo Cars announced it is using AI-generated life-like virtual worlds to enhance the development of its safety software, such as driver assistance systems (ADAS), all with the aim of creating even safer cars. From now on Volvo Cars can synthesise incident data collected by the advanced sensors in new Volvo cars, such as emergency braking, sharp steering or manual intervention, which allows Volvo Cars to probe, reconstruct and explore them in new ways to better understand how incidents can be avoided.

The new Volvo S90 revealed for Asian market
In April, the new plug-in hybrid Volvo S90 was revealed for Asia. The new S90 features our new-generation user interface, which, as previously announced, is coming to our total line-up. In September production started, using climate-neutral energy in Volvo Cars' Chengdu plant.

Cost and cash action plan of SEK 18 billion
In April, Volvo Cars launched an accelerated cost and cash action plan, totalling SEK 18 billion, to protect profitability, drive structural efficiencies on direct and indirect spend, as well as helping to offset external headwinds. The plan was executed during the year, with removal of 3,000 positions, variable costs efficiencies from accelerated work on driving synergies through closer collaboration with Geely, and cutting back on planned investments to improve cash flow while safeguarding our future.

Volvo Cars and Google expand partnership
In April, Volvo Cars announced an expanded partnership with Google, to more rapidly deliver the latest Android Automotive OS innovations to customers that own Volvo models with Google built-in. Volvo Cars will now serve as one of Google's reference hardware platforms for future Android development in cars.

Volvo EX90 awarded
In April, the all-electric Volvo EX90 was appointed the most impressive new luxury car launched in the past 12 months, by the World Car Awards expert jury. Further, in November it was announced that in the most recent round of Euro NCAP safety testing, the Volvo EX90 SUV earned the maximum five-star rating, placing it among the highest-performing cars of 2025.

Volvo Cars introduced world first multi-adaptive safety belt
In June, Volvo Cars unveiled a major safety improvement to the safety belt. The new multi-adaptive safety belt is a world-first technology aimed to further enhance safety for everyone in real-world traffic situations. The new multi-adaptive safety belt can use data input from interior and exterior sensors to customise protection, adapting the setting based on the situation and individual's profiles, such as their height, weight, body shape and seating position. This will be debuting in the upcoming fully electric Volvo EX60 in 2026.

In October, Volvo Cars was honoured for the second year in a row, to be included on the TIME list for its latest safety innovation, as multi-adaptive safety belt was recognised as one of the Best Inventions of 2025.

Volvo Cars announced one-off SEK 11.4 billion non-cash impairment charge
In June, Volvo Cars announced that the company is adjusting the financial assumptions for the EX90 and ES90 platform, with reasons including previous launch delays and new import tariffs in several markets. The Volvo EX90 will have a reduced lifecycle profitability, despite a major upgrade of software quality and a planned volume ramp-up. This is due to significant launch delays in the past and subsequent additional development costs.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT ●
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Meanwhile, due to import tariffs the company is currently unable to sell the Volvo ES90 profitably in the United States, while ES90 margins are also under pressure in Europe for the same reason. In light of the above, Volvo Cars recorded a one-off non-cash impairment charge of SEK 11.4 bn.

Volvo Car AB (publ.) resolved on repurchase of own shares

During the second quarter 2025, Volvo Cars repurchased a total of 12,500,000 own shares of class B, repurchased for a total amount of SEK 218,866,471. Treasury shares are purchased to secure the future delivery of shares to participants in Volvo Cars' Performance Share Plans (PSP) adopted by the Annual General Meeting in 2023, 2024 and 2025 and Employee Share Matching Plans (ESMP) adopted by the Annual General Meeting in 2024.

During 2025, a total of 2,098,557 shares were distributed to participants in the ESMP share matching programmes for 2022 and 2023, and a total of 526,799 shares for the PSP programme. As at 31 December 2025, Volvo Cars held 14,894,838 own shares.

Volvo Cars brings production of global best-seller XC60 to its US plant

In July, Volvo Cars announced it will add its best-selling XC60 mid-size SUV to the production line of its US car plant in Charleston, South Carolina. The Charleston facility, which also assembles the fully electric flagship EX90, is scheduled to start XC60 production in late 2026.

Volvo Cars completed its acquisition of NOVO Energy AB

In July, Volvo Car Corporation finalised the acquisition of Northvolt AB's shares in NOVO Energy AB and became 100% shareholder of NOVO Energy AB. This completes the acquisition process which began in October 2024 when Volvo Car Corporation notified its counterpart in the joint venture NOVO Energy AB, Northvolt AB, that Volvo Cars executed its redemption right to acquire Northvolt's 50% shareholding in NOVO Energy AB.

Reveal of the new Volvo XC70

In August, the new Volvo XC70 SUV was revealed. This is Volvo Cars' first long-range plug-in hybrid, offering an all-electric driving range of over 200km under the CLTC testing cycle – the longest of any Volvo plug-in hybrid to date. It is designed to meet growing demand for longer-range plug-in hybrids, particularly in China.

Volvo Cars continues to invest in South Carolina plant

In September it was announced that Volvo Cars will continue to invest in its US car plant in Charleston, South Carolina, with the aim of reaching full utilisation of the factory in coming years. Volvo Cars has already invested USD 1.3 billion in the plant in the last decade, to make it ready for the future. Through these investments, Volvo Cars intends to deliver both volume and financial growth as well as using the plant's capacity. The Charleston plant currently has an installed production capacity of 150,000 cars per year.

Volvo Cars' Strategy Update Day

In November, Volvo Cars outlined the strategy going forward, at an event for investors in Stockholm. During the event, Volvo Cars' management team presented how the organisation is being structurally built to achieve a long-term EBIT margin of over 8 per cent, strong positive cash flows and growth through electrification.

Green financing 2025

In March, a drawdown of USD 438 m was made under an existing bilateral loan facility with the purpose to finance investments that meet the eligibility criteria set out in the Volvo Cars Green Financing Framework. The facility was originally signed in 2023/2024 and will mature in 2035.

In June, Volvo Cars issued its fifth green bond of EUR 500 m, with a four-year tenor. The proceeds will support the ambition to be a leading player in the premium electric car segment and achieve net-zero greenhouse gas emissions by 2040. This includes funding research and development of upcoming electric cars and platforms, and related manufacturing processes. The bond, along with all our previously issued green bonds, is listed on the Luxembourg Stock Exchange.

In September, a new bilateral eight-year loan agreement of EUR 150 m was signed with the purpose to finance investments that meet the eligibility criteria outlined in the Green Financing Framework. The loan facility remains undrawn as per the end of 2025.

In October, an existing eight-year credit facility of CNY 3,090 m was terminated, and the drawn amount of CNY 259 m was repaid.

In November, the first extension option on the existing sustainability-linked Revolving Credit Facilities was exercised, extending maturities by one year. The updated maturities for the Revolving Credit Facilities of EUR 500 m and EUR 1,500 m are in 2028 and 2030, respectively.

Changes in Board of Directors and the Executive Management Team

Changes to the Board of Directors

- On 31 March, Jim Rowan left the Board.
- On 3 April, Håkan Samuelsson was elected as a new member of the Board. He previously served on the Volvo Cars Board and as CEO from 2012 to 2022. He served as Chairperson of Polestar until 2024.
- In June, Lone Fønss Schrøder stepped down from the Board of Directors in Volvo Cars. At the same time she was appointed Chairperson of the Board of Geely Sweden Holdings, and will represent Geely Sweden Holdings in Volvo Cars' Nomination Committee.
- At an Extraordinary General Meeting (the "EGM") of Volvo Car AB (publ.) on 8 December 2025, the EGM resolved that the Board of Directors shall consist of ten ordinary Board members elected by the shareholders' meeting without deputy Board members. Pieter Nota and Caroline Grégoire-Sainte-Marie were elected as new Board members until the end of the next Annual General Meeting.

Changes to the Executive Management Team

- In April, Håkan Samuelsson succeeded Jim Rowan as President and Chief Executive Officer.
- Fredrik Hansson was appointed Chief Financial Officer (CFO), effective from 24 April. He succeeded Johan Ekdahl, who left Volvo Cars.
- From 1 June, Olivia Ross-Wilson left Volvo Cars and her position as Global Head of Communication. She was succeeded by Jenny Åström, and the position was moved from the EMT to the EMT Extended (EMTe) team.
- Structural changes were made to EMT during August. Erik Severinson was appointed Chief Commercial Officer and Michael Fleiss replaced Erik Severinson as Chief Strategy & Product Officer. In addition, Volvo Cars appointed Product Line Owners for its product lines. These are a part of the EMT Extended (EMTe) team and report to the Chief Commercial Officer.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	●
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Research and development

Over the past year, Volvo Cars has made significant progress in research and development, centred on the introduction of SPA3, the company's next-generation, fully electric vehicle architecture. Designed as an uncompromised battery electric vehicle (BEV) platform, SPA3 represents a major technological step forward, enabling scalability across the full product range, from compact to large premium electric vehicles, while meeting requirements for performance, cost efficiency, quality and sustainability.

During the year, Volvo Cars has also completed a major transformation toward software-defined vehicles by unifying its entire product portfolio, including new BEVs and next-generation plug-in hybrids, on a single software architecture. This "one-track" software approach enables faster development, continuous over-the-air upgrades, improved quality and long-term product competitiveness, while allowing functionality and performance to improve throughout the vehicle lifecycle.

Collectively, these developments position Volvo Cars at the forefront of electric and digital vehicle technology. SPA3 is delivered on time, on cost and on quality, and forms a foundational platform for future products such as the newly launched EX60. The past year has marked a decisive shift toward fully electric, software-centric vehicles designed to evolve continuously and deliver long-term value to both customers and the business.

Environment

Volvo Cars has a long-standing commitment to being a responsible company with a clear focus on sustainable development. Volvo Car Group's Sustainability Statement has been prepared in accordance with the Swedish Annual Accounts Act, chapter 6, European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation. The scope and content of the Sustainability Statement is defined on page 133 in this report.

Employees

In 2025, Volvo Car Group on average employed 42.6 (42.6) thousand full-time employees (FTEs) and 2.3 (3.4) thousand agency personnel. The main driver behind the reduction in agency personnel is the effect from the restructuring programme. That effect is also visible for FTEs when comparing year end figures for 2025 with 2024 by about 2.3 thousand employees.

Proposed distribution of non-restricted equity

The parent company

The following funds are at the disposal of the Annual General Meeting (AGM):

Share premium reserve	SEK	31,653,517,859
Retained earnings brought forward	SEK	5,083,584,404
Net income for the year	SEK	4,355,103,303
At the disposal of the AGM	**SEK**	**41,092,205,566**

The Board proposes the following allocation of funds:

Carried forward	**SEK**	**41,092,205,566**

Significant events after the reporting period

On 7 January, Volvo Cars announced the appointment of Thomas Ingenlath as Chief Design Officer, effective 1 February 2026.

On 21 January, the new Volvo EX60 was released, as the newest entry in our portfolio of electrified cars.

On 17 February, Volvo Cars' largest shareholder, Geely, reported an increase in its holdings in Volvo Cars by 0.22 per cent, as Geely International Hong Kong Limited purchased approximately 6.54 million shares between 6-16 February. After those transactions, Geely's total ownership percentage in Volvo Cars is 78.87 per cent.

The Nomination Committee's proposal for election of members to the Board of Directors of Volvo Car AB (publ.)

The Nomination Committee of Volvo Car AB (publ.) has decided to submit the following proposals for resolution at the Annual General Meeting of shareholders on 31 March 2026:

Re-election as members of the Board of Directors: Eric Li (Li Shufu), Daniel Li (Li Donghui), Håkan Samuelsson, Jonas Samuelson, Diarmuid O'Connell, Lila Tretikov, Ruby Lu (Rong Lu) and Pieter Nota.

Re-election of Eric Li (Li Shufu) as Chairperson of the Board of Directors.

Anna Mossberg and Caroline Grégoire Sainte Marie have declined re-election.

The Nomination Committee proposes Natalie Knight and Markus Schäfer to be elected as new members of the Board of Directors. Markus Schäfer with effect as of 1 July 2026.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT ●
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Remuneration guidelines to senior executives

The following principal guidelines for remuneration to senior executives were adopted at the Annual General Meeting held on 3 April 2025. These guidelines shall be applicable to remuneration to the Executive Management Team, including the CEO, ("EMT") of Volvo Car AB ("Volvo Cars"). The guidelines imply that the People Committee, instead of Board of Directors in its entirety, is responsible for certain resolutions pursuant to these guidelines.

Types of remuneration

The total remuneration package for the EMT may consist of the following components; fixed remuneration, variable remuneration, pension benefits and other benefits. The components of remuneration shall be in accordance with local market practice. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration. Please refer to Share-based or share price-related incentive programmes below.

Variable cash remuneration

The satisfaction of criteria for awarding short-term variable cash remuneration shall be measured over a period of one year, whereas the satisfaction of criteria for awarding long-term variable remuneration shall be measured over a period of three years.

For the CEO, the short-term variable cash remuneration may not amount to more than 200 per cent of the annual fixed base salary on 31 December at the end of each performance year, and the long-term variable remuneration may not amount to more than 150 per cent of the annual fixed base salary the year the programme was implemented. For the other EMT members, the short-term variable cash remuneration may vary but not amount to more than 140 per cent of the annual fixed base salary on 31 December at the end of each performance year, and the long-term variable remuneration may vary but not amount to more than 120 per cent of the annual fixed base salary the year the programme was implemented. For information on the criteria for awarding short- and long-term variable remuneration, please refer to Criteria for awarding variable remuneration below.

Extraordinary arrangements

Further variable remuneration may also be paid out in extraordinary circumstances, provided that such arrangement is of a one-time nature and is agreed on an individual basis for management recruitment or retention purposes or as compensation for extraordinary efforts beyond the individual's ordinary assignment. Such remuneration shall be in line with market practice and may for example include a one-time cash payment, retention bonus or severance payment in case of a change of control, or similar. The remuneration may not amount to more than the annual fixed base salary for 1 year and shall not be paid more than once a year per individual. Resolutions on such compensation shall be made by the People Committee based on a proposal from the CEO if an EMT member (other than the CEO) is concerned and by the People Committee and the Chairperson of the Board of Directors, or the Vice Chairperson as delegated, if it relates to the CEO.

Share-based or share price-related incentive programmes

The Board of Directors may, irrespective of these guidelines, propose the general meetings to resolve on long-term share-based or share price-related incentive programmes. During the previous annual general meetings held from 2022 and onwards, the Board of Directors proposed, and the annual general meetings approved long-term share-based incentive programmes comprising, amongst others, the EMT. The Board of Directors intends to propose forthcoming annual general meetings to approve similar incentive programmes. No new long-term variable cash programmes will therefore be offered to the EMT as long as there is a long-term share-based programme in place.

Criteria for awarding variable cash remuneration

The variable short-term cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. The criteria for the variable short-term remuneration shall be determined yearly by the People Committee.

Variable long-term remuneration, which is not approved by the annual general meeting, if any, shall be linked to the satisfaction of certain financial performance conditions determined by the People Committee and measured over the term of the programme.
For both short-term and long-term variable remuneration, the criteria may also be individualised, quantitative or qualitative objectives. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability.

To which extent the criteria for awarding variable remuneration have been satisfied shall be evaluated when the measurement period has ended. The People Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Pension benefits

For the CEO, pension benefits shall be a defined contribution scheme, and the pension premiums may amount to not more than 50 per cent of the annual fixed base salary. Variable remuneration shall not qualify for pension benefits.

For other EMT members, pension benefits shall be a defined contribution scheme, and the pension premiums may amount to not more than 30 per cent of the annual fixed base salary. No current EMT members have a defined benefit pension. However, defined benefit pension can be offered to future EMT members as part of a pre-existing agreement. To the extent that variable remuneration qualifies for pension benefits under the applicable collective bargaining agreement, the pension benefits shall be deducted from the payment and paid as pension.

Other benefits

Other benefits may include, for example, medical insurance, annual health check-up and company cars. Such benefits may amount to not more than 20 per cent of the annual fixed base salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	●
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

EMT members who are expatriates (i.e., are sent on an international assignment and are not on a local employment contract) may receive additional remuneration and other benefits determined in line with the company's International Assignment Instruction which may include (but are not limited to) relocation cost, cost of living allowance, housing, schooling, home travel allowance and tax assistance. Such benefits may amount to no more than 160 per cent of the annual fixed base salary.

Clawback

The Board of Directors shall have the possibility, in accordance with applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

Termination of employment

Upon termination of an employment, the notice period may not exceed twelve (12) months. Fixed base salary during the notice period and severance pay may together not exceed an amount corresponding to the individual's fixed base salary for two (2) years, subject to applicable law.

When termination is made by the EMT member, the notice period may not exceed twelve (12) months, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration may amount to not more than 60 per cent of the monthly fixed base salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve (12) months following the termination of employment.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the People Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Share ownership guidelines for members of the EMT

Since the Board of Directors believes that long-term share ownership is an important way to create alignment between the EMT members and Volvo Cars' shareholders, it has implemented the following policy of share ownership for members of the EMT.
As per the policy, the Board of Directors expects the CEO and other members of the EMT to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the EMT member's gross annual fixed base salary. When calculating the value of the personal holdings, the market value of the shares at each investment instance shall be used. It is expected that the personal holding of shares be established within five years from the listing of the company and, for new hires, within five years from commencement of employment with the group as CEO or as a member of the EMT. The CEO and other members of the EMT shall retain shares allotted (net after taxes payable) under future incentive programmes to achieve the expected share ownership. Further, upon reaching the recommended share ownership level, it is expected that the CEO and the other members of the EMT maintain shares of such value for the duration of their appointment as CEO or the other member of the EMT.

Remuneration guidelines governance

The Board of Directors has established the People Committee, whose tasks include preparing the Board of Directors' decision to propose guidelines for EMT 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 People Committee shall also monitor and evaluate variable pay programmes, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company.

The members of the People Committee are independent of the company and its executive management. Neither the CEO nor any other EMT member participate in the Board of Directors' decision-making process on any resolutions regarding remuneration-related matters as far as that could potentially affect their own remuneration.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. The People Committee's tasks shall include preparation of any resolutions to deviate from the guidelines.

The Board of Directors' proposal to guidelines for executive remuneration 2026

The Board of Directors of Volvo Car AB ("Volvo Cars") proposes no changes to the guidelines for remuneration to the Executive Management Team (including the CEO and any deputy CEO) ("EMT") for the 2026 Annual General Meeting. The current guidelines, adopted by the Annual General Meeting held in April 2025, remain applicable for 2026.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	●
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Risk

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	●
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Enterprise Risk Management

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK
ENTERPRISE RISK MANAGEMENT
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

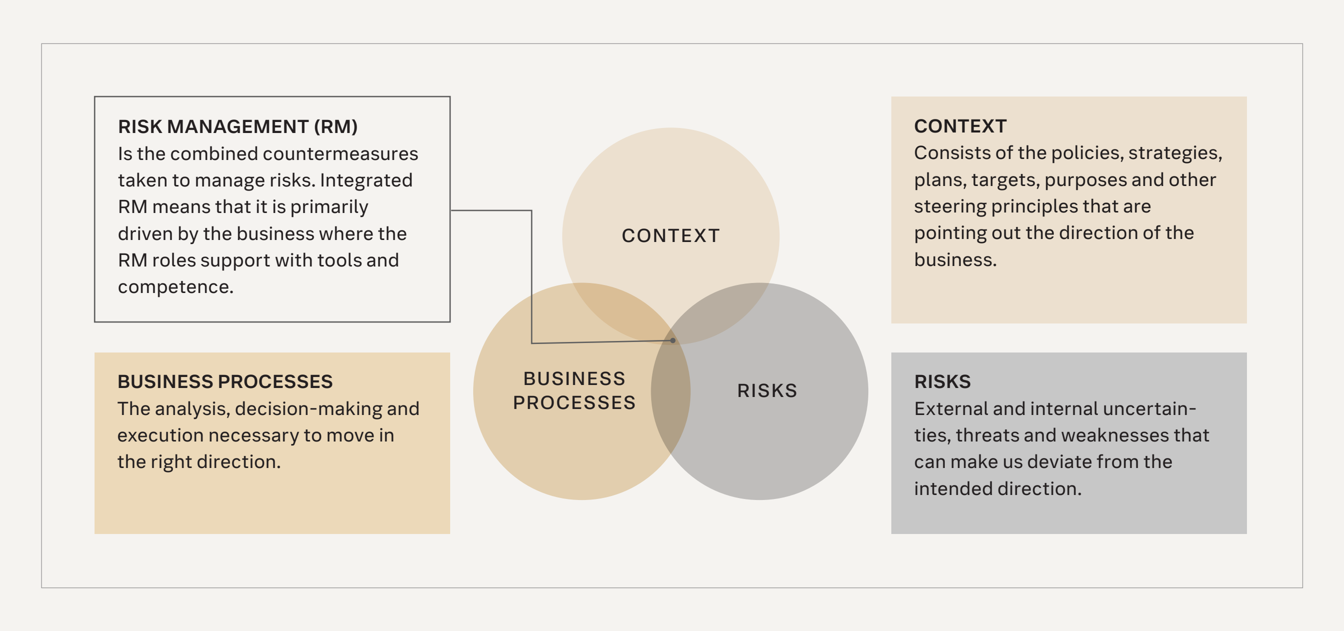
Risk is an inherent aspect of business, encompassing both potential threats and opportunities. Effective risk management not only mitigates adverse impacts but also enables the identification of opportunities and the creation of value. At Volvo Cars, the risk management process is designed to support the organisation in identifying, managing, and monitoring critical risks that may affect the achievement of our financial targets and strategic objectives. The ability to recognise and adapt to evolving threats is a cornerstone of our risk management approach.

Enterprise Risk Management (ERM) is integrated into the business with the objective of enhancing decision-making, proactively safeguarding the execution of strategies and plans, and protecting corporate assets. Volvo Cars is committed to fostering a systematic approach to risk management, underpinned by organisational culture, business insights and accountability. This approach is aligned with industry best practices.

Risk Landscape

The top risks identified for 2025 are closely related to Volvo Cars' strategic priorities— Electrification, Regionalisation and Profitability.

The risks related to advanced technological developments for future car models have been reduced. However, ongoing geopolitical tensions, technological decoupling and trends towards deglobalisation continue to shape the risk landscape.



A key strength of Volvo Cars lies in our ability to swiftly identify and respond to emerging threats, reinforcing our organisational resilience.

In 2025, the automotive industry faced considerable challenges in major markets such as China, Europe, and the United States mainly driven by uncertainties in the economic development and geopolitical instability. The geopolitical situation with rising tariffs and trade barriers between the US, China and Europe are also affecting the supply chain with financial distressed suppliers as one of the examples.

While electric vehicle (EV) growth remains strong in China, demand in Europe and the U.S. is more moderate, hindered by pricing pressures, fierce competition, reduced subsidies and infrastructure limitations.

In response, Volvo Cars is recalibrating its electrification timeline and optimising the balance between battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). The company is prioritising cost reduction and cash preservation to sustain profitability and growth.

Governance

The Board of Directors holds ultimate responsibility for ensuring that all risks (including those related to climate and nature) are adequately managed. Certain responsibilities are delegated to the Audit Committee and the People Committee. Operational risk management is overseen by the Chief Executive Officer and the Executive Management Team (EMT), with the Head of ERM reporting the top risks biannually to the Executive Management Team and the Board of Directors.

Risk input is collected quarterly from across the organisation via local risk managers, resulting in a comprehensive risk overview. Each identified risk is assigned a risk owner responsible for managing the risk in accordance with Volvo Cars' Risk Management principles.

Prior to formal reporting, a dedicated ERM Core Team, consisting of senior managers across the company, conducts a thorough review and prioritisation of risks from a cross-functional perspective. Additionally, the Internal Audit function serves as the third line of defense, providing independent assurance on the effectiveness of risk management practices.

For sustainability-related risks and opportunities, Volvo Cars adheres to the requirements in the European Sustainability Reporting Standards (ESRS) and conducts yearly materiality assessments. More information can be found on page 145.

Risk Culture

Risk management at Volvo Cars is influenced by COSO and ISO31000, thus understanding that all functions address the risks inherent in their daily responsibilities. This is further reinforced through training given to different target groups including risk management principles, procedures, directives and guidelines.

Volvo Cars adopts a holistic approach to risk management, beginning with governance and taxonomy that promote collaboration and transparent decision-making. This approach is closely aligned with corporate strategy and the corresponding risk and opportunities. The company embraces calculated risks in pursuit of our strategic objectives, ensuring a balanced approach to opportunity and risk.

Risk Management Practices

The Risk Management function at Volvo Cars is designed to be dynamic, iterative, and responsive to change. A dynamic approach acknowledges the rapidly evolving and interconnected nature of the risk landscape. An iterative process ensures that the risk management cycle remains continuously active and embedded within the business. As our business context and model evolve, so too must our risk management practices.

Our aim is to ensure that risk management is driven by business insights and accountability integrated into daily operations and aligned with best-in-class methodologies.

Approach to Risk

At Volvo Cars, our risk management approach is tailored to the nature of each risk category. This strategic alignment ensures that risks are addressed appropriately across the organisation.

Risk Quantification

The Risk Management function is responsible for developing and maintaining a standardised risk quantification model. This model enables consistent evaluation of risks using impact and likelihood parameters in line with ISO 31000, distinguishing enterprise-level risks from functional ones. Risks are assessed across six impact dimensions, with high-impact, high-likelihood risks prioritised by the Executive Management Team. The ERM Core Team consolidates and reviews reported risks before presentation to the Executive Management Team and Board of Directors.

Risk Drivers and Accelerators

Certain macro-level factors, though not risks in themselves, act as accelerators, influencing the pace and emergence of risks. These drivers are integral to Volvo Cars' strategic planning. Intelligence gathering on trends supports proactive decision-making and enhances preparedness.

Further insights on industry trends and strategic responses are available on pages 15–28.

APPROACH TO RISK	Averse	Minimalist	Cautious	Open	Hungry	Note
STRATEGIC			←	—	→	Medium – High risk appetite because of high opportunities. High management attention.
OPERATIONAL		←	—	→		Wide range due to wide range of risk areas. Each area to do cost benefit analysis and review insurable risks. Strong process control.
FINANCIAL		←	—	→		Wide range connected to relevant business decisions. Strong second line control. Normally includes both downside and upside.
COMPLIANCE & FINANCIAL REPORTING	←	→				Zero to Low appetite, strong first and second line control. Company policies set the principles.

RISK DRIVERS AND ACCELERATORS

GEOPOLITICAL DEVELOPMENTS	MACROECONOMIC DEVELOPMENT
THE COMPETITIVE ENVIRONMENT AND TECHNOLOGICAL DEVELOPMENT	BARRIERS FOR EXECUTION

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK
ENTERPRISE RISK MANAGEMENT
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Key Risks for 2025

This section summarises the top prioritised risks for 2025, including descriptions, response actions, and outlooks indicating whether risks are increasing, stable, or decreasing.

Risk Categories

Volvo Cars classifies risks into four primary categories:

- **Strategic** – Risks that might impact reaching strategic objectives
- **Operational** – Risks that might interfere with operations
- **Compliance** – Risks that might impact our compliance with laws and regulations.
- **Financial** – Risks that might impact the financial result and/or valuation

STRATEGIC RISKS

Risk	Description	Response	Outlook
→ Challenges with market shift, intense competition and consumer behaviour in electrification transformation	As customers move towards electric vehicles, there is uncertainty on the pace of consumer acceptance, market by market. The move from ICE vehicles to BEV is dependent on factors like range, charging experience and price. In combination with geopolitical developments, removal of EV incentive programs, uncertainties in regulatory requirements on emission reduction and impacts from instable macroeconomics there is a risk of adverse effects on our growth plans both with regards to volumes and margins. In addition to this, shifting regional market demands put pressure on us as competition continuously increases.	The launch of fully electric vehicles on new platforms with competitive range and improvements of the existing ICE/PHEV/BEV cars are examples of our commitment to our strategy to balance commercial demands. There is also a regional set-up to adapt car models to local differences.	Continued uncertainties due to the instability in livelihood circumstances for our customers in combination with increased competition.
→ Geopolitical tensions and regionalisation resulting in increased taxes/duties/tariffs and export controls	Geopolitical regionalisation introduces risk of increased protectionism as countries and regions impose trade restrictions and trade taxes/duties/tariffs/ licensing/controls on technology, which leads to technology decoupling and increased costs.	With our global presence, we are naturally partly hedging the regional differences between our markets. Our ambition to build where we sell is progressing through our established global manufacturing footprint and increased local sourcing where relevant.	Regionalisation is accelerating amid global deglobalisation, with no signs of near-term stabilisation.
→ Scarcity of secondary and low-emission resources & technology	Global demand of secondary materials and low-emission resources and technology is outpacing supply. The effect on availability and prices may affect Volvo Cars' ability to source strategic inputs needed to achieve its environmental goals, comply with evolving regulations, and maintain cost competitiveness in a dynamic market landscape.	Volvo Cars is deepening its strategic collaborations with suppliers and partners, investing in innovation and circularity, and developing flexible sourcing strategies to enhance access to key resources and technologies that deliver financial value while supporting its long-term sustainability ambitions.	While the external environment remains uncertain and resource constraints are expected to persist, Volvo Cars is committed to deepening its resilience and adaptability.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK
ENTERPRISE RISK MANAGEMENT
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK
ENTERPRISE RISK MANAGEMENT
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

OPERATIONAL RISKS

Risk	Description	Response	Outlook
→ Cyber risk	The importance of cybersecurity is increasing in order to ensure a resilient business. Cybercriminals are well organised and pose a multitude of threats to organisations, for instance ransomware, information theft, fraud and more. Both the cybersecurity industry and regulators are addressing these threats with a mix of regulations, standards, services, and tools to mitigate the threat and impact. Volvo Cars has a global and diverse digital footprint, and cybersecurity is essential in protecting all digital assets and critical business processes.	Volvo Cars Cybersecurity organisation has a global footprint and is equipped to manage cybersecurity risk company wide. A governance model is in place with policies, standards, advisory, security practices implementation and incident services. An overarching Cybersecurity program addresses improvement areas across company functions globally. Reporting is provided regularly to the Executive Management and the Board of Directors.	The cyber risk continues to increase in general and poses a risk to Volvo Cars.
→ Geopolitical Disruption Risk in Battery Supply and Technology Platforms	Volvo Cars is exposed to heightened risks from global geopolitical tensions, particularly regarding advanced battery supply and unified technology platforms. Reliance on batteries and digital components sourced from specific regions, especially China, increases vulnerability to trade restrictions, regulatory changes, and supply chain disruptions. These factors, combined with the push for a unified tech stack, may impact operational flexibility, innovation, and brand reputation.	The company is proactively strengthening quality controls, diversifying supply chains, and adapting its business model to regional needs, while maintaining a clear focus on brand integrity, responsible business practices and customer trust.	While the external environment remains uncertain, Volvo Cars is committed to a clear strategy and continuous improvement to support sustainable growth and protect its reputation.
→ Business interruption	Volvo Cars may experience disruption to manufacturing, design and research and development capabilities for a variety of reasons, such as natural disasters, environmental degradation, acts of war, epidemics and other external events.	Business interruption is to a certain extent an insurable risk although the impact may go beyond direct financial impact. Mitigation actions and investments are done to increase resilience.	Due to the Russia-Ukraine war, instability in the Middle East, the geopolitical climate and increased frequency/impact natural disasters posed by accelerated environmental degradation, the risk remains high.

COMPLIANCE RISKS

Risk	Description	Response	Outlook
→ Compliance with global regulatory requirements	Ensuring compliance with regulatory requirements is critical to avoid fines, legal actions, and reputational damage. Several of the compliance risks faced by Volvo Cars are driven by geopolitical developments. Operating in markets with varying regulatory standards increases complexity and cost while maintaining compliance across all jurisdictions.	Volvo Cars must continuously adapt its products, services, business processes and policies to remain compliant. This requires ongoing monitoring and a proactive approach to regulatory changes, which can be resource intensive. Ensuring that our teams are well-informed and trained on regulatory requirements across all areas of the business is essential to mitigate this risk.	The complexity of the global regulatory landscape is increasing, driven by geopolitical developments.
→ Non-compliant Cross-Border Data Transfers	Cross-border data transfers expose Volvo Cars to risks arising from national and regional data protection restrictions and data localisation requirements. The risks pertain to non-compliant movement of, or access to, personal or sensitive data across jurisdictions. The regulatory requirements continue to emerge and differ between countries (e.g. GDPR (EU), PIPL (China), Data Security Program (US), and DPDP (India)).[1]	Ongoing monitoring of regulatory developments and implementation of relevant compliance activities to prevent unauthorized cross-border data transfers e.g., adoption of steering documents, awareness trainings and adding controls in data and engineering frameworks.	The risk is increasing, driven by heightened geopolitical tensions and accelerating regulatory development. In addition to privacy regulations, many countries are tightening controls over foreign access to domestic data for national security reasons.

1) GDPR = General Data Protection Regulation, PIPL = Personal Information Protection Law, DPDP act = Digital Personal Data Protection act.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK
ENTERPRISE RISK MANAGEMENT
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

COMPLIANCE RISKS, continued.

Risk	Description	Response	Outlook
→ Potential human rights violations in our full value chain	Volvo Cars has a global and complex value chain including operations in and sourcing from high-risk countries. This means that it is important to safeguard fundamental human rights and minimise the risk that human rights violations occur at any instance of our total value chain. Failure to do so could lead to legal, financial, and reputational consequences, as well as supply chain disruptions.	A human rights compliance program, built on international guidelines, has been established to guide operations – e.g. requiring key due diligence activities across our value chain to identify and remediate potential issues.	The public's expectations and awareness are increasing. Current and new national and regional legislations are increasing in scope and enforcement and put more responsibility on global companies' due diligence efforts. Upcoming EU Corporate Sustainability Due Diligence legislation will help standardise expectations according to international guidelines and will require more detailed documentation, governance oversight, and remediation processes.

FINANCIAL RISKS

Risk	Description	Response	Outlook
→ Macroeconomic development	Risk for negative effect on business due to deteriorating macroeconomics, unstable geopolitical landscape, regional protectionism and potential recession with lower purchasing power among consumers. Also, risk that our supply chain will be affected in a potential market decline.	Dependent on how the macro environment develops, Volvo Cars can adjust the timing or reduce the size of investments to protect the cash flow. A close co-operation with our supply chain also supports the mitigation of these risks.	Global growth to be moderate but stable around 3.0 per cent as trade policy uncertainty has diminished. Fiscal and monetary policy to provide support in 2026. Recovery in euro area but with structural headwinds. Fragmented US economy with technology-driven growth. Chinese growth expected to decline.

Additional Risk Management Areas

While the ERM section focuses on top group-level risks, extensive risk management activities occur daily across the organisation. Key areas include:

- Financial Risks – Managed in areas such as hedge accounting, currency exposure, funding, interest rates, commodity pricing, and credit. Detailed disclosures are provided in Note 19.
- Environmental risk – Climate and nature-related risks are identified using scenario analyses and materiality assessments, following ESRS requirements, and integrated into strategy and risk management processes. Further details can be found in the Sustainability Statement, starting on page 130.
- Responsible Business Risks – Emphasising social responsibility and business conduct, this area includes initiatives to promote inclusion and ensure ethical practices. Further details can be found in the social and governance section of the Sustainability Statement, starting on page 179.

Corporate governance

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	●
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Corporate Governance Report

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Corporate governance within Volvo Car Group

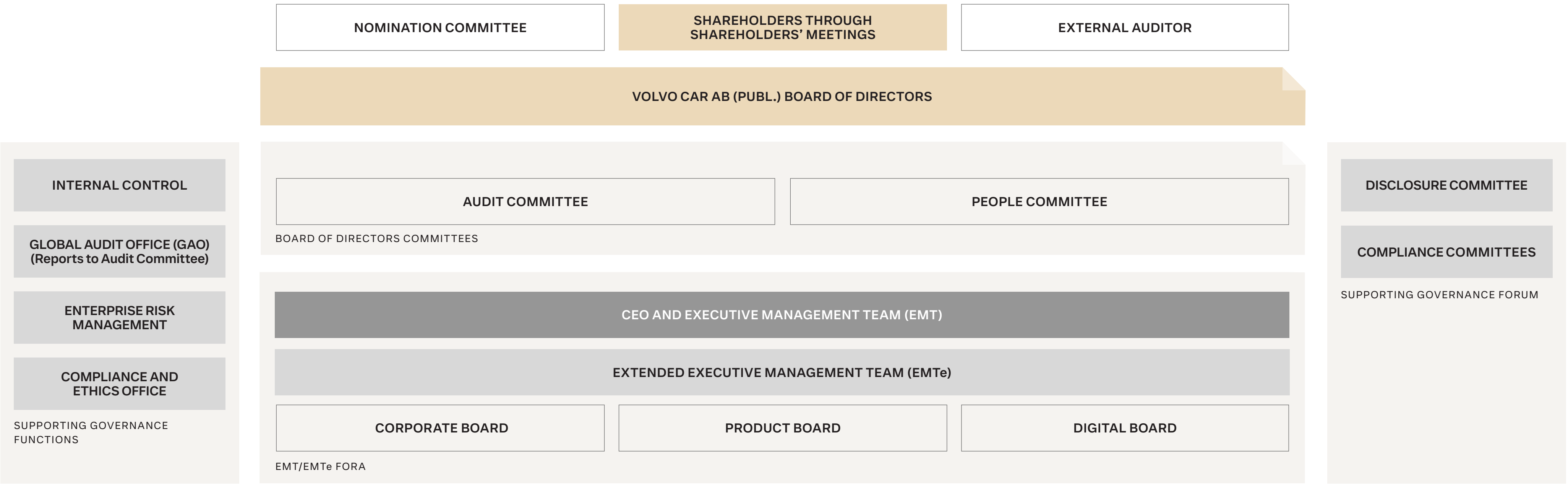
The purpose of Volvo Car Group's corporate governance is to create a strong foundation for active and responsible ownership, a proper distribution of responsibilities between the different company bodies, as well as proper communication with all of the Group's stakeholders with the purpose of driving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

The corporate governance principles adhered to by Volvo Car Group are based on Swedish law, mainly the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551) and the Swedish Annual Accounts Act (Sw. Årsredovisningslagen (1995:1554)), the Swedish Code of Corporate Governance (the "Code") and Nasdaq Stockholm's rulebook for issuers as well as other relevant laws and regulations. The Code is based on the "comply or explain" principle, meaning that companies are not obliged to at all times apply every rule in the Code, but are allowed the freedom to choose alternative solutions which are better suited for their particular circumstances, provided they report every deviation, describe the alternative solution and explain the reasons for the deviation.

Volvo Car Group applies the principles of sound corporate governance and responsible business practice, and the Code without any deviations.

The Board of Directors of the Company (the "Board") is responsible for Volvo Car Group's organisation and the management of its business worldwide and is obliged to follow directives provided by the General Meetings. The Board may appoint committees with specific areas of responsibility and furthermore authorise such committees to decide on specific matters in accordance with regulations established by the Board.

The Board has decided to delegate certain tasks related to sustainability reporting to the Audit Committee. The responsibility for sustainability matters in general, including but not limited to the strategic aspects thereof, stays with the Board. As of 20 September 2023, the Board decided to incorporate a new temporary China Committee with the purpose to prepare, and review matters on behalf of the Board regarding the strategic direction and develop-



ment of Volvo Cars' business in China. In September 2025, the Board decided to discontinue the China Committee since the Board concluded that it has fulfilled its purpose due to the new regionalisation strategy and the new governance structure for China (see under "Regionalisation" on page 50. Following this decision, the Board's committees consist of the Audit Committee and the People Committee.

The Chairperson of the Board directs the work of the Board and monitors the Board's fulfilment of its obligations. Until June 2025, a Vice Chairperson was also appointed to support the Chairperson as appropriate. The existing Vice Chairperson stepped down from her position in June 2025 whereafter no new Vice Chairperson has been appointed. The Board has adopted and regularly updates its rules of procedures, which outline the principles on governance of the Board and its committees.

The President of Volvo Car Group, who also serves as the Chief Executive Officer (CEO), is appointed by the Board to manage the Group's daily operations and lead the Executive Management Team (EMT) under the Board's supervision. A broader Extended Executive Management Team (EMTe) has also been established, consisting of EMT and other key roles.

Shareholders and General Meetings

Shareholders exercise their influence at the General Meetings, the Company's highest decision-making body. The Annual General Meeting is held within six months after the end of the financial year. Decisions made by shareholders' at the General Meetings include (i) adoption of instructions for the Nomination Committee which nominates members to the Company's Board of Directors, (ii) determination of the number of Board members, composition of the Board (including the Chairperson of the Board) and remuneration of Board members, based on recommendations by the Nomination Committee, (iii) election of external auditors, (iv) determination of the distribution of dividends, (v) confirmation of income statements and balance sheets and the disposition of the Company's profit or loss, (vi) discharge from liability of the Board of Directors and CEO; and (vii) adoption of guidelines for remuneration to the CEO and other members of the EMT. In addition, the shareholders of the Company can resolve on other significant matters at the General Meeting, such as amendments to the Articles of Association.

In addition to the Annual General Meeting, Extraordinary General Meetings can be convened when required. Notice of the Annual General Meeting, as well as an Extraordinary General Meeting at which the matter of amendment to the Articles of Association is to be addressed, shall be issued not earlier than six weeks and not later than four weeks prior to the General Meeting. Notices of other Extraordinary General Meetings shall be issued not earlier than six weeks and not later than three weeks prior to the Extraordinary General Meeting. Notice of General Meetings shall be published in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and on the Company's website. Simultaneously, an announcement with information that the notice has been issued shall be published in Dagens Industri.

Right to attend General Meetings

All shareholders who are directly recorded in the Company's share register maintained by Euroclear Sweden six banking days prior to the General Meeting and who have notified the Company of their intention to participate in the General Meeting no later than the date indicated in the notice of the General Meeting, are entitled to attend the General Meeting and vote for the number of shares they hold.

In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares are temporarily registered in their own names in the register of shareholders maintained by Euroclear Sweden, in order to be entitled to participate in the General Meeting. Shareholders should inform their nominees well in advance of the record date. Voting registrations made by nominees not later than four banking days prior to the General Meeting will be taken into account.

Shareholders may attend the Company's General Meetings in person or by proxy and may be accompanied by a maximum of two assistants. It will normally be possible for shareholders to register for the General Meeting in several different ways, as indicated in the notice of the meeting.

Shareholder initiatives

Any shareholder of the Company who wishes to have a matter addressed at a General Meeting must submit a written request to the Board of Directors. The matter will be addressed at a General Meeting if the request has been received by the Company no later than seven weeks prior to the General Meeting, or after such date, if it still is in due time for the matter to be included in the notice of the General Meeting.

Number of shareholders and ownership structure

The total number of shares in Volvo Car AB (publ.) amounts to 2,979,524,179 shares of series B which are listed on the Nasdaq Stockholm Stock Exchange. Per 16 February 2026, Volvo Cars largest shareholder is Geely Sweden Holdings AB holding approximately 78.65 per cent of the total number of shares and votes in the Company. In addition, per the same date, Geely International Hong Kong Limited holds approximately 0.22 per cent of the total number of shares and votes in the Company. The remaining 21.13 per cent of the shares and votes are held by Nordic and international investors and approximately 153,000 other investors. For further information on the ownership structure, please refer to page 220.

Volvo Cars held 14,894,838 own shares as per 31 December 2025.

Nomination Committee

Under the Code, a company listed on Nasdaq Stockholm shall have a Nomination Committee, the purpose of which is to make proposals to the General Meeting in respect of the Chairperson of General Meetings, number of Board members, elections of Board members, Chairperson of the Board and auditor, remuneration of each Board member (divided between the Chairperson of the Board and other Board members, and remuneration for committee work), remuneration to the auditor, and to the extent deemed necessary, proposals for amendments to the instruction for the Nomination Committee.

At the Annual General Meeting held on 17 October 2021, the current instruction for the Nomination Committee was adopted to apply until further notice.

The Nomination Committee prior to the Annual General Meeting 2026 consists of representatives of the three largest shareholders in terms of voting rights, as of 29 August 2025, and as announced on 10 September 2025. Members of the Nomination Committee are:

- Lone Fønss Schrøder, appointed by Geely Sweden Holdings AB, Chairperson of the Nomination Committee
- Per Ansgar, appointed by Geely Sweden Holdings AB
- Eric Li (Li Shufu), Chairperson of the Board of Volvo Car AB (publ.)
- Anders Oscarsson, appointed by AMF
- Emilie Westholm, appointed by Folksam

The Nomination Committee applies a framework for nomination of members to the Board, which stipulates that the composition of the Board shall be diverse in terms of gender, nationality, professional background and key competences e.g. sustainability, relevant transformation areas and new technology. This is to ensure that the Board

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

has the appropriate balance of expert knowledge, which matches the scale and complexity of Volvo Cars, supports sustainable development and meets the independency requirements of Volvo Cars. Volvo Cars' aim is to have a balanced composition in terms of gender and it is the ambition that each gender shall have a share of at least some 40 per cent of the Board members elected by the shareholders' meeting. This ambition was achieved in the Annual General Meetings 2023, 2024 and 2025, whereafter the two latter years 44 per cent of the Board members elected by the shareholders were women. Following Lone Fønss Schrøder's decision to step down from the Board in June 2025, 37.5 per cent of the Board members elected by the shareholders were women. Following the Extraordinary General Meeting held on 8 December 2025, 40 per cent of the Board members elected by the shareholders are women. The Unions represented in the Board shall be encouraged to apply the corresponding ambition when appointing their representatives.

Board of Directors

The Board of Directors, which is the highest decision-making body after the General Meeting, bears ultimate responsibility for Volvo Car Group's organisation, management and control of Volvo Car Group's financial conditions. The Board of Directors shall further ensure that the Company applies the Code and complies with applicable laws and regulations, Nasdaq Stockholm's rulebook for issuers, the listing rules of the Luxembourg Stock Exchange's Euro MTF market, the Company's Articles of Association and the rules of procedures for the Board.

Composition

At all times, the Board shall consist of a minimum of three and a maximum of twelve members and in addition thereto the number of employee representatives as required under Swedish law. No member of the EMT other than the CEO shall be a member of the Board. Each new Board member is provided with an introduction programme to learn about Volvo Car Group and its regulatory requirements. It is furthermore the Board's intention, during normal conditions, to visit a Volvo Car Group site other than the headquarters at least once a year.

In accordance with the Code, the rules of procedures for the Board stipulate that the majority of the Board members elected by the General Meeting shall be independent of the Company and the EMT and at least two of these independent members shall also be independent of major shareholders. In order to determine whether a member of the Board is independent in relation to the Company and the EMT, an overall assessment must be made of all circumstances which might give reason to question the independence of the Board member, e.g. the Board member's current or previous employment, other board memberships or other relationships. Furthermore, in order to determine the independence in relation to major shareholders, consideration must be given to the scope of the Board member's direct or indirect relationship to the Company's major shareholders. Pursuant to the Code, "major shareholder" means a shareholder who, directly or indirectly, controls 10 per cent or more of the shares or voting rights in the Company. The Nomination Committee's assessment of the independence of the Board members in relation to the Company, the EMT and major shareholders is presented below. Daniel Li (Li Donghui), Anna Mossberg, Jonas Samuelson, Lila Tretikov, Diarmuid O'Connell, Ruby Lu (Rong Lu), Pieter Nota and Caroline Grégoire Sainte Marie are deemed independent in relation to the Company and the EMT, and, among these members, Anna Mossberg, Jonas Samuelson, Lila Tretikov, Diarmuid O'Connell, Ruby Lu (Rong Lu), Pieter Nota and Caroline Grégoire Sainte Marie are also deemed independent in relation to major shareholders. The Company thereby satisfies the Code's independence requirement.

Name of the Board members	Independent of the company/senior management	Independent of the company's major shareholders	Board meeting attendance	Committee meeting attendance	Remuneration, Board and Committees[1], SEK
Members elected by the Shareholders' Meeting					
Eric Li (Li Shufu) (Chairperson of the Board)	N	N	12/15	N/A	N/A
Lone Fønss Schrøder (Vice Chairperson of the Board)[2]	Y	N[3]	9/9	6/6	3,310,000
Jim Rowan[4]	N	Y	4/5	2/2	N/A
Håkan Samuelsson[5]	N	Y	10/10	1/1	N/A
Daniel Li (Li Donghui)	Y	N	14/15	10/13	N/A
Jonas Samuelson	Y	Y	15/15	10/10	1,855,000[6]
Diarmuid O'Connell	Y	Y	15/15	6/7	1,345,000
Lila Tretikov	Y	Y	15/15	9/10	1,420,000
Anna Mossberg	Y	Y	13/15	N/A	1,200,000
Ruby Lu (Rong Lu)	Y	Y	12/15	2/3	1,420,000[7]
Pieter Nota[8]	Y	Y	1/1	N/A	1,200,000
Caroline Grégoire Sainte Marie[8]	Y	Y	1/1	N/A	1,420,000[9]

1) Annual average remuneration of the Board and Committees as adopted by the Annual General Meeting in April 2025.
2) Lone Fønss Schrøder left the Board on 26 June 2025. Remuneration includes annual average remuneration as vice chairperson of the Board and chairperson of the Audit Committee.
3) Since 2019, Lone Fønss Schrøder was a director in the board of Geely Sweden Holdings AB, the main owner of Volvo Cars.
4) Jim Rowan left the Board on 31 March 2025.
5) Håkan Samuelsson joined the Board at the Annual General Meeting on 3 April 2025.
6) Jonas Samuelson was appointed as chairperson of the Audit Committee on 16 July 2025, remuneration therefore includes annual average remuneration as chairperson of the Audit Committee.
7) Ruby Lu was a member of the China Committee until it was dissolved in September 2025, remuneration therefore includes annual average remuneration for membership in the China Committee.
8) Appointed at the Extraordinary General Meeting held on 8 December 2025.
9) Caroline Grégoire Sainte Marie was appointed as member of the Audit Committee on 9 December 2025, remuneration therefore includes annual average remuneration for membership in the Audit Committee.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Conflicts of interest

Board members shall inform the Chairperson and/or the Vice Chairperson (if appointed) immediately if they find themselves in a conflict-of-interest situation. A Board member with a conflict of interest in relation to any matter to be dealt with by the Board may not participate in the discussions (unless there are specific circumstances) or decisions regarding such matter. As an example, Eric Li (Li Shufu) and Daniel Li (Li Donghui), are not involved in any decision regarding Geely Holding Group entities and Lone Fønss Schrøder was not involved in any such decisions during her time as Board member. In addition, as an additional governance measure in relation to conflicts of interest, all related party transactions are handled by a specific department within Volvo Car Group, called Collaborations.

Matters for the Board

The Board is responsible for the organisation of Volvo Car Group and the management of its business worldwide. The Board continuously monitors Volvo Car Group's performance, evaluates Volvo Car Group's strategic direction and business plan as well as other aspects such as adherence to its Code of Conduct. Certain matters are delegated to the Board's Committees or the CEO as set out in the rules of procedures for the Board.

Sustainability is a deeply integrated part of Volvo Car Group's strategy and the Board monitors Volvo Car Group's efforts in reaching the ambitions set, and sustainability related risks and opportunities. Further information regarding Volvo Cars' governance of sustainability related matters is described in the Sustainability Statement on page 140.

To ensure that the Board has good visibility of the Group's operations, the President and CEO of the Volvo Car Group submits a report on the business, including reporting from the Group's strategic affiliates, where appropriate, at all Board meetings. The Chief Financial Officer also reports on the financials of Volvo Car Group, including relevant matters relating to e.g. treasury and hedging. The Board is also provided with updates and reports on other relevant topics such as risk management, disclosure matters etc., as appropriate. In addition, the Board discusses specific strategic topics of relevance, and the Board Committees report on their work. At each Board meeting, a number of decision items are also presented for the Board's consideration and decision in accordance with the Board's rules of procedure.

The work of the Board follows an annual cycle to allow the Board to address matters within the scope of its responsibility on a yearly basis. Matters that come up regularly include product and commercial strategy and business opportunities within new technology and digitalisation as well as sustainability and compliance.

Authorisation for the Board to resolve on new issues of shares

At the Annual General Meeting held on 3 April 2025, the shareholders resolved to authorise the Board to, on one or several occasions, up to the next Annual General Meeting, with or without deviation from the shareholders' preferential right, resolve on new issues of shares of series B and/or subscription warrants and/or convertible bonds. The total number of shares that may be issued by way of a new share issue, exercise of subscription warrants or conversion of convertible bonds, by virtue of the authorisation shall be within the limits of the articles of association and not exceed ten per cent of the total number of shares in the Company at the time of the Board's resolution. The authorisation includes a right to resolve on new issues for cash consideration, by contribution in kind or payment by set-off. The issue price shall, in case of deviation from the shareholders' preferential right, be determined in accordance with market price. The Board shall be entitled to determine other terms of the issue.

The purpose of the authorisation, and the reason for any deviation from the shareholders' preferential right, is to increase the financial flexibility of the Company to enable the Company to finance the operations in a fast and efficient way, acquire companies, businesses or parts thereof and/ or to enable a broadening of the ownership of the Company.

Authorisation for the Board to resolve on acquisition of own shares

At the Annual General Meeting held on 3 April 2025, the shareholders resolved to authorise the Board to resolve on acquisition of own shares of series B on Nasdaq Stockholm to secure Volvo Cars' obligations to deliver shares to the participants in the Company's employee share incentive plans; the Employee Share Matching Plan adopted by the Annual General Meeting during 2024 and the Performance Share Plans adopted by the Annual General Meetings during 2023, 2024 and 2025 (the "PSP" and "ESMP" respectively or jointly the "Plans"). Acquisition of own shares of series B may only be effected on Nasdaq Stockholm. A maximum of 53,441,495 shares of series B in Volvo Cars may be acquired to secure delivery of shares to the participants under the Plans, of which 9,886,909 shares relate to PSP 2023, 12,539,648 shares relate to PSP 2024, 16,578,427 relate to ESMP 2024 and 14,436,511 relate to PSP 2025. Acquisitions of shares of series B in Volvo Cars on Nasdaq Stockholm may only be made at a price within the price range (spread) on Nasdaq Stockholm applicable from time to time, meaning the spread between the highest purchase price and the lowest selling price prevailing and disseminated by Nasdaq Stockholm from time to time. The authorisation may be utilised on one or several occasions, however, only until the Annual General Meeting 2026.

On 19 May 2025, the Board resolved to repurchase own shares in accordance with the authorisation to secure the future delivery of shares to participants in the PSP adopted by the Annual General Meeting in 2023, 2024 and 2024 and the ESMP plan adopted by the Annual General Meeting in 2024. Pursuant to the repurchase programme, 12,500,000 shares of series B were repurchased during the period between 20 May and 19 June 2025, for a total amount of SEK 218,866,471. All acquisitions were made on Nasdaq Stockholm by Skandinaviska Enskilda Banken AB (publ) on behalf of the Company.

Board meetings

In accordance with the rules of procedures for the Board, the Board is expected to meet six to ten times per year at venues to be agreed by the Board. The Board has held 15 meetings during 2025, of which ten were ordinary and five extraordinary. The Board meets the external auditor at least once a year without the CEO or any other member of the EMT present. In addition, the Board occasionally holds non-executive meetings. The General Counsel and Chief Corporate Affairs Officer is the secretary of the Board and also attends Board meetings as does the Chief Financial Officer.

The table on page 45 shows the Board members' attendance to the Board meetings in addition to their independence according to the requirements of the Code in relation to (i) the Company and (ii) the major shareholder, and the remuneration to the Board members for Board and Committee work.

Evaluation of the work of the Board

The Board, through an external provider, conducts an annual survey of its work performed during the year. The survey covers areas such as the climate at Board meetings, the allocation of time spent on different topics, the work of the Board and its committees, the efficiency of the work of the Board, their prerequisites to perform Board work, Board leadership and relations with the EMT. Based on the result of the survey the Board will be benchmarked against its peers.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The Board is also evaluated on performance and composition and possible areas of improvement are identified. Relevant parts of the survey are also used in the Nomination Committee process. In addition to the annual survey, the Nomination Committee also conducts meetings with each individual Board member during the year to discuss the Board work as part of the Nomination Committee process.

Board committees

According to the Swedish Companies Act and the Code, the Board of Directors shall institute an Audit Committee and a Remuneration Committee. The members of the Remuneration Committee are to be independent of the Company and the EMT. A majority of the Audit Committee's members are to be independent in relation to the Company and its EMT and at least one of the members who is independent in relation to the Company and the EMT is also to be independent in relation to the Company's major shareholders. At least one member of the Audit Committee must also have accounting or auditing proficiency. The Board has established two permanent committees, the Audit Committee and the People Committee (which fulfils the tasks of the Remuneration Committee pursuant to the Code). In addition to these, the Board established a temporary China Committee during 2023. In September 2025, the Board decided to discontinue the China Committee.

The major tasks of these committees are of preparatory and advisory nature, but the Board of Directors may also delegate decision-making powers on specific issues to the committees. The issues considered at committee meetings shall be recorded in minutes of the meetings and continuously reported to the Board. The committees are appointed at the statutory Board meeting following election of Board members. The Board has also determined that issues may be referred to ad hoc committees dealing with specific matters.

Audit Committee

The Board has assigned an Audit Committee to oversee corporate governance, financial and sustainability reporting, the internal control system, risk management and compliance with external and internal regulations.

The Audit Committee is responsible for identifying and reporting relevant issues to the Board within the Audit Committee's areas of responsibility. The Audit Committees tasks are to monitor the integrity of Volvo Car Group's financial and sustainability reporting system, internal controls, related-party transactions, operation procedure and the enterprise risk management framework, recommend to the Board the appointment, removal and remuneration of the external auditors (subject to approval at the shareholders' meeting) in accordance with the Swedish Companies Act, monitor the independence of the external auditors and review the effectiveness of the Internal Audit and the Compliance and Ethics Program. The external auditors participate in parts of the Audit Committee meetings. The Audit Committee has during the year met with the external auditors, without management present, to discuss management matters and related topics. The Internal Audit function reports directly to the Audit Committee and the Compliance and Ethics Office has direct access to the Audit Committee for escalation. The Audit Committee has held ten meetings during 2025, of which six were review meetings of quarterly reports or annual report meetings. Jonas Samuelson (chairperson), Daniel Li (Li Donghui) and Lila Tretikov are the current members of the Audit Committee. Lone Fønss Schrøder was a member and chairperson of the Audit Committee until she left the Board in June 2025 . The Audit Committee complies with the Swedish Companies Act's and the Code's requirements for independence as well as accounting and audit competence.

People Committee

The Board has assigned to the People Committee to prepare the remuneration guidelines for the CEO and the EMT members. Furthermore, the committee supports the Chairperson or Vice Chairperson of the Board (when appointed), as applicable, with the approval of remuneration and benefits of the CEO and is responsible for preparing the remuneration report to be presented at the Annual General Meeting for its approval, and in dialogue with the CEO, assist with or resolve on various other people and remuneration matters in relation to the EMT. The committee is also responsible for approval and monitoring of the global incentive arrangements for the EMT and other key employees and necessary coordination of such incentives and the Volvo bonus to all employees, succession planning for the CEO in dialogue with the Chairperson or the Vice Chairperson of the Board (when appointed), as applicable, as well as other EMT positions. The committee also approves the EMT members' engagements outside Volvo Car Group. The People Committee has held seven meetings, whereof five ordinary meetings and two extra meetings during 2025. Jonas Samuelson (Chairperson) and Diarmuid O'Connell are the current members of the People Committee. The People Committee complies with the Code's requirements for independence.

China Committee

In September 2023, the Board decided to incorporate a new temporary China Committee which was to be evaluated after one year. In December 2024, the Board decided to prolong the term of the committee with one additional year and in September 2025 the Board decided to discontinue the China Committee. The China Committee has, until September 2025, prepared and reviewed matters on behalf of the Board regarding the strategic direction and development of Volvo Cars' business in China. The China Committee held three ordinary meetings during 2025. Ruby Lu and Daniel Li (Li Donghui) were members of the Committee during the year together with Jim Rowan (Chairperson) until 31 March 2025 and Håkan Samuelsson (Chairperson) from 3 April 2025.

Governance and compliance functions and forum

In order to ensure a safe and stable governance of its work, the Board has three functions that directly reports, or provides regular updates to the Board or its committees: the Global Audit Office, the Compliance and Ethics Office and Internal Control. The Disclosure Committee is a governance compliance forum that also reports to the Board.

In addition, the external auditors are working independently from the Board's functions. In addition to the above-mentioned governance and compliance functions and forums, the EMT has also established three decision foras, consisting of members of the EMT and other senior company representatives: the Corporate Board, the Product Board and the Digital Board. Information on the purpose of these boards are set out under "CEO and Executive Management Team" on page 50 below.

Global Audit Office

Volvo Car Group has an independent Internal Audit function referred to as the Global Audit Office with the assignment to determine whether Volvo Car Group's governance, internal control and risk management processes, as designed, operated and represented by management, are adequate and effective. The scope of the internal audit is determined by means of a risk assessment process and any additional requirements by the Board. The Audit Committee approves the internal audit plan which includes risks associated with the execution of the corporate strategy, execution of transformation, sustainability, business operations and processes. Audit results and status of implemented corrective measures by management are reported to the Audit Committee and internal audit results of

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	
CORPORATE GOVERNANCE REPORT	
BOARD OF DIRECTORS	
EXECUTIVE MANAGEMENT TEAM	
EXTENDED EXECUTIVE MANAGEMENT TEAM	
AUDITOR'S REPORT	
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

significance will also be reported to the Board. The Head of the Global Audit Office reports to the Audit Committee.

Disclosure Committee

Volvo Car Group has listed shares on Nasdaq Stockholm and listed bonds on Luxembourg Stock Exchange and is therefore required to comply with the relevant disclosure obligations under the Market Abuse Regulation (MAR), as well as under the listing rules of the Luxembourg Stock Exchange's Euro MTF market and the Nasdaq rulebook for issuers. In order to ensure compliance with the relevant requirements, Volvo Car Group has established a Disclosure Committee and the Board of Directors has adopted a set of procedures for the Disclosure Committee. The Board and the Audit Committee are kept updated on the discussions and decisions of the Disclosure Committee by means of summary reports and access to the minutes kept at the committee meetings. The members of the Disclosure Committee are the General Counsel and Chief Corporate Affairs Officer (Chairperson), the Chief Financial Officer, the Head of Treasury and Strategic Finance and the Head of Communications. In addition, the Head of Corporate Governance participates in the meetings as secretary and the Head of Corporate Governance Office may participate as deputy secretary. The Head of Accounting and Group Reporting is a required participant in financial result review meetings, and other senior company representatives attend the meetings on an agenda-driven basis. The Disclosure Committee has been established to implement required disclosure controls and procedures, resolve whether or not information is to be categorised as inside information or not and consider whether there is reason to delay disclosure of inside information or whether disclosure as soon as possible is required as well as determine whether the requirements for selective disclosure are fulfilled.

Compliance and Ethics

Volvo Cars has a Compliance & Ethics Office to support Volvo Cars in conducting its business responsibly, ethically and in accordance with all relevant laws and regulations and Volvo Cars Code of Conduct. To define the overarching role, authority, independence and oversight of the Compliance & Ethics Office and to support the Board of Directors' responsibility in overseeing the Compliance & Ethics Program, the Board of Directors has implemented a Compliance & Ethics Charter (the "Charter") and, to support Volvo Cars' regionalisation efforts (see further information on page 50 below), a supplementary China Compliance & Ethics Charter (the "China Charter" and jointly, the "Charters").

The Compliance & Ethics Office is led by the Global Head of Compliance & Ethics, who serves as the Chief Compliance & Ethics Officer for Volvo Car Group. The Global Head of Compliance & Ethics reports to the General Counsel and Chief Corporate Affairs Officer and, to ensure independence, also has direct access to, and regularly reports, to the Audit Committee. The Global Head of Compliance & Ethics also ensures that compliance training is provided to the Board of Directors.

The Compliance & Ethics Program covers the designated compliance risk areas for Volvo Cars, which currently are (i) anti-corruption and bribery (incl. conflicts of interest), (ii) trade sanctions and export control, (iii) data protection (including privacy and AI compliance governance), (iv) human rights, and (v) competition law. Product compliance matters lie outside the scope of the Compliance & Ethics Office and are the responsibility of the Chief Strategy and Product Officer.

To ensure top-level support and direction for the Compliance & Ethics Program and promote open communication between the Compliance & Ethics Office and the members of the EMT, the Board has further, through the Charter established a Compliance Committee. The Compliance Committee serves as the primary governance body for compliance and ethics matters at group level, supporting effective implementation, oversight, and continuous improvement of the Compliance & Ethics Program globally. It is chaired by the General Counsel and Chief Corporate Affairs Officer and consists of the entire EMT. The Global Head of Compliance & Ethics and the Head of Global Audit Office are also attendees. In addition, other individuals may be directed to provide information and attend committee meetings as needed based on the nature of specific agenda items or emerging risks.

The Compliance Committee is provided with regular updates from the Compliance & Ethics Office, while detailed reviews and decisions on regular compliance cases reported by the Compliance & Ethics Office are delegated to the General Counsel and Chief Corporate Affairs Officer and the Chief People Officer. Furthermore, the Compliance Committee reviews compliance-related matters reported by the Internal Audit and Internal Control functions, respectively, when appropriate. The Compliance Committee normally meets four times per year and ad hoc meetings may be called for if and when required.

In addition, in the regionalisation set-up process (described on page 50), a China Compliance Committee has been established to serve as a governance body supporting effective implementation, oversight, and continuous improvement of the Compliance & Ethics Program in China. The China Compliance Committee is chaired by the General Counsel and Chief Corporate Affairs Officer and further consists of the President of Greater China, the Head of China Compliance & Ethics and the General Counsel for Geely Group. It may also appoint ad hoc members as needed based on the nature of specific agenda items or emerging risks, e.g. the Global Head of Compliance & Ethics, heads of management responsible for the relevant item or risk and the Head of Internal Audit (APAC).

Volvo Car Group's Code of Conduct reflects Volvo Car Group's values and culture and how it drives results in an ethical and responsible way by placing the emphasis on Volvo Car Group's culture, values and commitments in addition to focusing on the requirements set out in Volvo Car Group's corporate policies. The Compliance & Ethics Office supports the business operations in conducting business in a responsible and ethical manner, by designing, overseeing and monitoring the development, implementation and maintenance of the Compliance and Ethics Program. The program consists of ten program elements designed on the basis of guidelines for "effective compliance program" and "adequate procedures", such as the US Sentencing Guidelines and the UK Bribery Act Guidance (supporting the Foreign Corrupt Practices Act and the UK Bribery Act respectively), as well as guidance from European Anti-Trust Offices. In addition to the Compliance & Ethics organisation described above, the program elements include: tone from the top and culture; risk assessment; a Compliance & Ethics framework (Code of Conduct and corporate policies, directives and guidelines); training, awareness and communication; due care; internal reporting and investigations; enforcing disciplinary actions and incentives; monitoring and audit; program assessment and continuous improvement. The Compliance & Ethics Office provides training regarding the Code of Conduct and the five main compliance and ethics risk areas as stated above, including on whistleblowing and how to raise concerns using the Tell Us reporting line. More information about the performance of the Compliance & Ethics Program, and the risk areas it covers, is available on page 48.

In addition to the areas covered by the Compliance & Ethics Program, and though Volvo Car Group is generally not subject to

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	○
CORPORATE GOVERNANCE REPORT	●
BOARD OF DIRECTORS	○
EXECUTIVE MANAGEMENT TEAM	○
EXTENDED EXECUTIVE MANAGEMENT TEAM	○
AUDITOR'S REPORT	○
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

anti-money laundering laws and regulations for financial institutions, there are measures in place to combat money laundering and terrorist financing, overseen by Group Treasury

Internal control

The Board takes the responsibility for ensuring an effective internal control system exists within the Group; this is in line with the requirements of the Swedish Companies Act and Swedish Corporate Governance Code.

Volvo Car Group has an internal control function which supports the Board and the EMT in execution of their internal control responsibilities. The purpose of the internal control function is to support in defining effective and efficient internal controls to adequately ensure compliance with external and internal requirements (policies, directives and guidelines) for financial reporting, digital environment, sustainability reporting (read along with the Sustainability Statement, starting page 130) and other relevant reporting to the Board. The Internal Control function regularly reports to the Audit Committee on a periodic basis which includes topics including but not limited to internal control risks, scope, plan and status updates.

Volvo Car Group uses the principles laid out by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to set its own Internal Control framework which is explained further into; (a) Control Environment, (b) Risk Assessment, (c) Control Activities, (d) Information and Communication and (e) Monitoring.

(a) Control Environment

The foundation of Volvo Car Group's control environment originates from the Volvo Car Group's strategic direction (as further elaborated on page 21) which creates the appropriate culture within the Volvo Car Group and provides a clear tone from the top. Our values, which derive from our Code of Conduct, provide the guiding principles to define our corporate policies, directives and guidelines.

The foundation of internal controls is based upon our policies, directives and guidelines which also define our responsibility and authority structure.

(b) Risk Assessment

Volvo Car Group has a dynamic and iterative risk assessment process to identify and assess risks which affect achievement of our objectives.

Risk assessment starts at the enterprise risk level which is managed by the Enterprise Risk Management ("ERM") function and elaborated further in the Risk section of the Annual Report, on pages 37–41.

Risk assessment over the Internal Control environment is performed at least once every year using different sources, including but not limited to; continuous dialogues with management, assess the impact of enterprise risks, assessment of the annual group financial statements, assessing risks relating to controls over sustainability reporting, assess any impact on controls due to internal requirements (policies and directives defined by different functions), assess any impact on controls due to external requirements and assess impact of any control issues identified. Summary of the relevant risks is reported to Audit Committee at least once every year.

(c) Control activities

Control activities are the actions established which help to address risks and implement the internal and external requirements to ensure the achievement of objectives. Control activities help to ensure that potential risks are prevented or detected and corrected. Control activities are defined throughout the organisation to manage risks, and these control activities are maintained in our internal control frameworks. While the controls are defined in the frameworks which are maintained by the Internal Control function, the control ownership for each control is spread across the organisation and the framework points at the job role within the organisation who is the control owner for each control. Further, it is analysed iteratively for need to update any controls activities or define controls activities in new areas of risks. Internal Control frameworks are reviewed at least once every year.

(d) Information and Communication

Information is necessary to enable the personnel to carry out their responsibility to support the achievements of objectives while communication helps to iteratively provide, share and obtain information.

Volvo Car Group's policies, directives and guidelines are updated and communicated on a regular basis by the responsible policy owners and maintained in the central repository. The respective functions in the Volvo Car Group takes the operating responsibility to ensure that these policies, directives and guidelines are included in their daily operations.

Internal Control related information is maintained on various platforms, including the directives, internal SharePoint and GRC (Governance, Risk and Compliance) tool. Further, there are various forms of communication to provide, share and obtain information around internal controls like; continuous communication channels with key stakeholders, learning and trainings provided, newsletters shared and the internal SharePoint for internal controls.

(e) Monitoring

Regular or specific evaluations are performed to ensure risks are being appropriately addressed by verifying that the organisation is performing the controls as defined in the control frameworks. These evaluations can be in the form of self-assessments or independent reviews or a combination thereof, performed by the Internal Control team. The method used for monitoring of controls is determined based on factors such as the assessed level of risk associated and suitability to the purpose of monitoring. Results from monitoring activities are reported at least once every year to the Audit Committee.

Issue process is defined to ensure any control issues / risks are recorded, analysed, actioned and resolved. These control issues or risks can be noted through multiple sources like monitoring procedures or self-identified risk by operations or risks identified by internal or external auditors.

External auditors

The Company's auditors are appointed by the Annual General Meeting. At the Annual General Meeting held on 3 April 2025, Deloitte AB was re-elected until the next Annual General Meeting as the Company's auditor. Fredrik Jonsson is the auditor in charge.

The external auditors discuss the external audit plan, audit findings and risk management with the Audit Committee. The auditor reviews one interim report per year and presents the results of its work to Audit Committee. The auditor also examines the Corporate Governance Report and provide a limited assurance of the Sustainability Report and the Green Financing Report. The results of its financial year audit and the audit of the Annual Report of the parent company and the consolidated financial statements are presented to the Audit Committee and the Board of Directors at meetings after year end. An opinion regarding the compliance with the guidelines for executive remuneration is made in conjunction with the Annual General Meeting. When Deloitte is asked to provide services other than the external audit, this is done in accordance with general independence rules. Deloitte provides an annual written assurance of its impartiality and independence to the Audit Committee in accordance with the Swedish Companies Act and ISA 260.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

CEO and the Executive Management Team

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

The CEO is further responsible for Volvo Car Group's financial reporting and consequently must ensure that the Board receives adequate information for the Board to be able to evaluate the Group's financial condition. The CEO regularly keeps the Board informed of the developments in Volvo Car Group's operations, the development of sales, Volvo Car Group's results and financial position, important business events and all other events, circumstances or conditions which can be assumed to be of significance to Volvo Car Group's shareholders.

The CEO leads the work of the EMT, which is responsible for the overall business development and operations of Volvo Car Group. In addition to the CEO, the EMT consists of the Chief Financial Officer, the General Counsel and Chief Corporate Affairs Officer, the Chief People Officer, the Chief Commercial Officer, the Chief Strategy & Product Officer, the Chief Industrial Operations Officer, the Chief Engineering & Technology Officer and the Chief Design Officer. The EMT's role is to assist the CEO in the operation of Volvo Car Group's business, set the strategic long-term direction in dialogue with the Board and take corporate and strategic decisions as delegated by the Board. The strategic direction is supported by functional strategies that guide the Company's priorities. In order to assist the EMT in carrying out decisions and actions related to certain topics to fulfil the Group's strategic direction as further elaborated on page 21, the CEO has established the Extended Executive Management Team (EMTe) which in addition to the EMT includes a number of other senior management positions within Volvo Car Group. The EMTe shall have shorter term tactical focus and support EMT to drive performance and execution based on direction set by EMT.

The EMT and EMTe's work includes three operational fora; the Product Board, the Corporate Board and the Digital Board, covering cross-functional topics related to the product portfolio, corporate matters and projects and the digital landscape, respectively, which supports the EMT to provide guidance, deliver strategic directions and approve decisions within its respective responsibilities. The EMT meets on a weekly basis and the whole EMTe meets bi-weekly.

Regionalisation

Volvo Car Group has during 2025, with the support from the Board, started a regionalisation strategy, to empower Volvo Cars regions by providing them with greater operational autonomy. For the China region specifically, the operations are run through the existing company Daqing Volvo Car Manufacturing Co., Ltd. ("Daqing Joint Venture"), being a 50/50 joint venture between Volvo Car Group and Zhejiang Geely Holding Group Ltd and consolidated into Volvo Car Group. The board of the Daqing Joint Venture has been strengthened to include Håkan Samuelsson (as director and chairperson), Ruby (Rong) Lu and Geert Bruyneel as Volvo Car Group representatives and Daniel (Donghui) Li together with An Conghui as Zhejiang Geely Holding Group Ltd representatives. The governance of the Daqing Joint Venture is built to apply Volvo Car Group's Code of Conduct and following Volvo Car Group's policies and directives and leveraging on Zhejiang Geely Holding Group Ltd's knowledge of the Chinese market.

From a corporate governance perspective, the responsibility for Volvo Car Group remains with the Board for all consolidated entities, including the Daqing Joint Venture. Other than the establishment of the additional China Compliance Committee in order to strengthen the Compliance & Ethics Function in the China region, Volvo Car Group's regionalisation efforts do not affect the corporate governance structure set out in this report.

Gothenburg 4 March 2026

Volvo Car AB (publ.)
Board of Directors

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Board of Directors Volvo Car AB (publ.)

Volvo Car AB (publ.) is the parent company of the Volvo Car Group

ERIC LI (LI SHUFU)

CHAIRPERSON AND MEMBER OF THE BOARD

Born 1963.
Chairperson and member of the Board since 2010.

Education: Bachelor's Degree in Management Engineering from the Harbin University of Science and Technology, China. Master's Degree in Mechanical Engineering from the Yanshan University, China.

Principal activities outside of Volvo Car Group and current board assignments and similar: Founder of Zhejiang Geely Holding Group Co. Ltd, Ecarx Holdings Inc and PSD Capital Limited (indirect shareholder in Polestar). Chairman of the Board of Zhejiang Geely Holding Group Co. Ltd, Geely Technology Group Co. Ltd, Geely Talents Development Group Co. Ltd, PSD Capital Limited and PSD Investment Limited, and smart Automobile Co. Ltd. Member of the Board of Geely Group Limited, and Geely Sweden Holdings AB and a number of other companies within his ownership.

Professional experience: Former CEO of Zhejiang Geely Holding Group Co. Ltd.

Holdings in Volvo Car AB (publ.), own and related parties: 2,349,935,270 B shares.[1,2]

Not independent in relation to the company and Executive Management Team nor the Company's major shareholders.

HÅKAN SAMUELSSON

BOARD MEMBER, PRESIDENT AND CEO

Born 1951.
Member of the board since 2025

Education: Master of Science in Mechanical Engineering from KTH Royal Institute of Technology, Sweden.

Principal activities outside of Volvo Car Group and current board assignments and similar: Board member in ABB E-Mobility, Modular Management Group Stockholm AB and Business Sweden.

Professional experience: Former CEO of MAN AG. Previous experience from executive management (EVP) at Scania Group. Board member of Volvo Car AB from 2010-2022 and President and CEO of Volvo Car AB from 2012–2022. Previous Chairman of Polestar Automotive Holding UK LLC. Previous Board member of Lynk & Co Investment Co., Ltd., Lynk & Co Europe AB, AB Volvo, China-Euro Vehicle Technology Aktiebolag and Zenuity AB. Previous Board member of Ideella föreningen Teknikarbetsgivarna i Sverige and Ideella föreningen Teknikföretagen i Sverige. Previous senior advisor to Geely Sweden Holdings AB.

Holdings in Volvo Car AB (publ.), own and related parties: 2,186,631 shares and 2,500,000 call options.[1,2,3]

Håkan Samuelsson is as CEO not independent in relation to the company and the Executive Management Team but he is independent in relation to the company's major shareholders.

JONAS SAMUELSON

BOARD MEMBER AND CHAIRPERSON OF PEOPLE COMMITTEE AND AUDIT COMMITTEE

Born 1968.
Board member since 2020.

Education: Master of Science in Economics and Business Administration from the School of Business, Economics and Law at the University of Gothenburg, Sweden.

Principal activities outside of Volvo Car Group and current board assignments and similar: Chairman of the Board of Axel Johnson International and Rosti Group AB. Board member at Axel Johnson AB, Perrigo Plc and Ansell Ltd.

Professional experience: Previous experience from finance in various roles at Saab Automobile AB and General Motors Corporation. Former CFO at Munters AB and CFO, COO, CEO Major Appliances EMEA and CEO and board member at AB Electrolux. Former board member in Polygon AB.

Holdings in Volvo Car AB (publ.), own and related parties: 19,807 B shares.[1,2]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

3) The call options have been issued by Nordea Bank Abp. The term is 2 years, and each call option entitles the holder to acquire one B share in Volvo Car AB at an exercise price of SEK 53.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

DANIEL LI (LI DONGHUI)

BOARD MEMBER AND MEMBER OF THE AUDIT COMMITTEE

Born 1970.
Board member since 2012.

Education: Bachelor of Philosophy from the Renmin University of China. Master of Management Engineering from the Beijing Institute of Machinery Industry, China. Master of Business Administration from the Kelly School of Business at Indiana University, United States.

Principal activities outside of Volvo Car Group and current board assignments and similar: Executive Vice Chairman of Zhejiang Geely Holding Group Co. Ltd. Chairman of Lotus Group International Ltd and Lotus Technology Inc. Board member of Geely Sweden Holdings AB, Geely Automobile Holdings Ltd and Aston Martin Lagonda Global Holdings. Independent Board member of YTO International Express & Supply Chain Technology Ltd.

Professional experience: Previously CEO, VP and CFO of Zhejiang Geely Holding Group Co. Ltd. Previous experience from key accounting, financing and corporate management positions, such as CFO and General Manager of several companies, including Guangxi Liugong Machinery Co. Ltd, China Academy of Post & Telecommunication, Cummins Inc., BMW Brilliance Automotive Ltd., ASIMCO Braking System (Guangzhou) Co. Ltd. and ASIMCO Braking System (Zhuhai) Co. Ltd. Previously Board member of Proton Holdings Berhad, ZEEKR Intelligent Technology Holding Ltd, Polestar Automotive Holding UK Plc, Saxo Bank A/S and independent Board member of China CYTS Tours Holding Co. Ltd.

Holdings in Volvo Car AB (publ.), own and related parties: 0 B shares.[1) 2)]

Independent in relation to the company and Executive Management Team but not in relation to the company's major shareholders.

LILA TRETIKOV

BOARD MEMBER AND MEMBER OF THE AUDIT COMMITTEE

Born 1978.
Board member since 2021.

Education: Studies in Computer Science at the University of California Berkeley, United States. Studies at SAAD School of Business, University of Oxford, United Kingdom.

Principal activities outside of Volvo Car Group and current board assignments and similar: Partner, Head of AI Strategy of NEA. Board member of Xylem Inc. UBS. Board member of CapGemini, Backflip, Zendesk, CuspAI and Horizon3.

Professional experience: Previously Corporate VP and Deputy CTO of Microsoft. Previous experience includes CEO of Engie SA, Terrawatt Initiative and Wikimedia Foundation and several senior positions within SugarCRM Inc., Software General Manager of Evolving Systems Inc., Digital General Manager of Bank of America and founder of GrokDigital.

Holdings in Volvo Car AB (publ.), own and related parties: 1,197 B shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

DIARMUID O'CONNELL

BOARD MEMBER AND MEMBER OF PEOPLE COMMITTEE

Born 1963.
Board member since 2021.

Education: Bachelor of Arts in History and Government from Dartmouth College, United States. Master of Arts in Foreign Policy and Political Economy from the University of Virginia, United States. MBA in Strategy and Finance from Kellogg Graduate School of -Management, United States.

Principal activities outside of Volvo Car Group and current board assignments and similar: Advisor to SK On. Chairman of the board of Clarios. Member of the Supervisory Board of Albemarle Corp, Dana Inc. and Mobility House Holding AG.

Professional experience: Previous experience from Accenture Consulting, Real Time Learning McCann Ericson, Young & Rubicam and the U.S Department of State. Several executive roles at Tesla. Member of the Executive team of Fair Financial Corp. Energy/Mobility Consulting for Antin Infrastructure Partners

Holdings in Volvo Car AB (publ.), own and related parties: 599 B shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

RUBY LU (RONG LU)

BOARD MEMBER

Born 1971.
Board member since 2023.

Education: M.A. from Johns Hopkins University School of Advanced International Studies (SAIS) and a B.A. with honors from the University of Maryland.

Principal activities outside of Volvo Car Group and current board assignments and similar: Founder and managing partner of Atypical Ventures. Independent board member of Unilever (NYSE: UL) and an independent board member of YUM China (NYSE: YUMC) and Kuaishou (1024.HK).

Professional experience: Venture capitalist investing in technology startups in the US and China. Founder of Atypical Ventures, an early-stage technology investment firm. Co-founder of DCM China, a venture capital firm. Prior to becoming a venture capitalist, Vice President in Goldman Sachs' technology media and telecommunication banking group in the US. Former advisor to and a shareholder in EcarX Holdings, Inc (Nasdaq: ECX).

Holdings in Volvo Car AB (publ.), own and related parties: 65,000 B shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

PIETER NOTA

BOARD MEMBER

Born 1964.
Board member since 2025.

Education: Master's degree in Business Administration from the Erasmus University of Rotterdam, the Netherlands.

Principal activities outside of Volvo Car Group and current board assignments and similar: Senior Advisor to McKinsey & Company and Board member in Fortaegis Technologies.

Professional experience: Former Member of the Board of Management (Vorstand) of BMW AG, responsible for Customers, Brands and Sales. Earlier senior executive positions at Royal Philips NV (CEO, Consumer Lifestyle as well as member of the Board of Management), Beiersdorf AG (member of the Board of Management) and Unilever, all but Unilever with a global responsibility.

Holdings in Volvo Car AB (publ.), own and related parties: 0 shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

ANNA MOSSBERG

BOARD MEMBER

Born 1972.
Board member since 2022.

Education: MBA from Stanford University, USA, MBA from IE University, Spain, Master of Industrial Engineering and Management from Luleå Technical University Sweden.

Principal activities outside of Volvo Car Group and current board assignments and similar: Board member and member of the Finance and Strategy Committee in Swisscom AG, Board member and member of the Remuneration and Sustainability Committee and Audit Committee in Swedbank AB, Board member and member of the Nomination and Compensation Committee in Ringier AG.

Professional experience: Previous experiences include CEO of Silo AB, Business Area Manager at Google Sweden, Senior Vice President Strategy and Portfolio Management at Deutsche Telekom AG, CEO of Bahnhof AB and Vice President of Telia International Carrier AB. Previous board member and member of the Audit Committee in Schibsted ASA, Orkla ASA, Marshall AB and Byggfakta AB.

Holdings in Volvo Car AB (publ.), own and related parties: 5,687 B shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

CAROLINE GRÉGOIRE-SAINTE-MARIE

BOARD MEMBER AND MEMBER OF THE AUDIT COMMITTEE

Born 1957.
Board member since 2025.

Education: Graduate of Sciences Po Paris and Université Paris 1 Panthéon Sorbonne (Commercial Law).

Principal activities outside of Volvo Car Group and current board assignments and similar: Independent Director and Audit Committee member at VINCI S.A. (since 2019) and Director of Fnac Darty (Audit and CSR Committees).

Professional experience: Extensive executive and board experience across industrial, construction, and finance sectors. Previous board roles include Elior Group, Bluestar Adisseo, FLSmidth, Wienerberger, Elkem, Groupama, Eramet, and Safran. Former executive positions include CEO and Chairwoman of Lafarge Germany, Tarmac France and Belgium and Frans Bonhomme Group.

Holdings in Volvo Car AB (publ.), own and related parties: 0 shares.[1) 2)]

Independent in relation to the company and Executive Management Team as well as the company's major shareholders.

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Employee representatives

JÖRGEN OLSSON

**BOARD MEMBER,
REPRESENTATIVE OF UNIONEN**
Born 1968. Board member since 2016.

Education: Upper secondary school education.

Principal activities outside of Volvo Car Group and current board assignments and similar: Chairman of Unionen, Volvo Car Group.

Professional experience: Previously employee representative of the Board of Volvo Bil i Göteborg AB.

Holdings in Volvo Car AB (publ.), own and related parties: 580 B shares.[1,2]

ADRIAN AVDULLAHU

**BOARD MEMBER,
REPRESENTATIVE OF IF METALL**
Born 1978. Board member since 2021.

Education: Upper secondary school education. Leadership training at Bommersvikakademin and IF Metall Stockholm.

Principal activities outside of Volvo Car Group and current board assignments and similar: Chairman of IF Metall, Volvo Car Group. Chairman IF Metall Group Volvo Car Sweden. Board member IF Metall Central Organization. Board member IF Metall Section 36 Gothenburg.

Holdings in Volvo Car AB (publ.), own and related parties: 800 B shares.[1,2]

ZARA BISKE

**BOARD MEMBER,
REPRESENTATIVE OF IF METALL**
Born 1990. Board member since 2024.

Education: Upper secondary school education.

Principal activities outside of Volvo Car Group and current board assignments and similar: Union representative of IF Metall.

Holdings in Volvo Car AB (publ.), own and related parties: 701 B shares.[1,2]

ANNA MARGITIN

**DEPUTY BOARD MEMBER,
REPRESENTATIVE OF AKADEMIKERNA**
Born 1969. Deputy Board member since 2016.

Education: Physics, Mathematics and Electrical engineering from the University of Gothenburg, Sweden. Executive MBA Business and Law from the School of Business, Economics and Law at the University of Gothenburg, Sweden.

Principal activities outside of Volvo Car Group and current board assignments and similar: —

Professional experience: Previous experience from several positions within Volvo Car Group, such as Chief Program Engineer, Senior Director Business Quality, Senior Director Current Model Quality, Senior Director Customer Service and Commercial Office.

Holdings in Volvo Car AB (publ.), own and related parties: 786 B shares.[1,2]

MARIE STENQVIST

**DEPUTY BOARD MEMBER,
REPRESENTATIVE IF METALL**
Born 1963. Deputy Board Member since 2022.

Education: Upper secondary education

Principal activities outside of Volvo Car Group and current board assignments and similar: Vice chairman of IF Metall, Gothenburg.

Holdings in Volvo Car AB (publ.), own and related parties: 538 B shares.[1,2]

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
CORPORATE GOVERNANCE REPORT	
BOARD OF DIRECTORS	
EXECUTIVE MANAGEMENT TEAM	
EXTENDED EXECUTIVE MANAGEMENT TEAM	
AUDITOR'S REPORT	
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Executive Management Team

HÅKAN SAMUELSSON

PRESIDENT AND CEO

Born 1951. Member of EMT since 2025.

Education: Master of Science in Mechanical Engineering from KTH Royal Institute of Technology, Sweden.

Principal activities outside of Volvo Car Group and current board assignments and similar: Board member in ABB E-Mobility, Modular Management Group Stockholm AB and Business Sweden.

Professional experience: Former CEO of MAN AG. Previous experience from executive management (EVP) at Scania Group. Board member of Volvo Car AB from 2010-2022 and President and CEO of Volvo Car AB from 2012–2022. Previous Chairman of Polestar Automotive Holding UK LLC. Previous Board member of Lynk & Co Investment Co., Ltd., Lynk & Co Europe AB, AB Volvo, China-Euro Vehicle Technology Aktiebolag and Zenuity AB. Previous Board member of Ideella föreningen Teknikarbetsgivarna i Sverige and Ideella föreningen Teknikföretagen i Sverige. Previous senior advisor to Geely Sweden Holdings AB.

Holdings in Volvo Car AB (publ.), own and related parties: 2,186,631 shares and 2,500,000 call options.[1) 2) 3)]

Håkan Samuelsson is as CEO not independent in relation to the company and the Executive Management Team but he is independent in relation to the company's major shareholders.

FREDRIK HANSSON

CHIEF FINANCIAL OFFICER

Born 1982. Member of EMT since 2025.

Education: Master of Science in Finance from studies at Gothenburg School of Business, Economics and Law.

Current Board assignments and similar: Board member in Wendelsberg Invest AB.

Professional experience: Previous experience within Volvo Cars as deputy CFO and member of Volvo Cars' Group Management Team and Head of Global Controlling & Performance Steering. Member of the board at NOVO Energy AB. Partner at McKinsey & Company.

Holdings in Volvo Car AB (publ.), own and related parties: 34,210 B shares.[1) 2)]

HELEN HU

GENERAL COUNSEL & CHIEF CORPORATE AFFAIRS OFFICER

Born 1976. Member of EMT since 2024.

Education: Juris Doctor, cum laude, from University of Minnesota Law school.

Current board assignments and similar: –

Professional experience: Previous experience within Volvo Cars as Head of Legal, deputy General Counsel, Managing Director of Volvo Car Switzerland, Head of Legal and Deputy CEO for Volvo Car Asia Pacific. Prior to that experience at among others General Counsel, Asia at Luxottica Group S.p.A.

Holdings in Volvo Car AB (publ.), own and related parties: 52,304 B shares.[1) 2)]

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen
3) The call options have been issued by Nordea Bank Abp. The term is 2 years, and each call option entitles the holder to acquire one B share in Volvo Car AB at an exercise price of SEK 53.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

FRANCESCA GAMBONI

CHIEF INDUSTRIAL OPERATIONS OFFICER
Born 1966. Member of EMT since 2024.

Education: Master of Science in Industrial Technology Engineering from Politecnico di Milano.

Current Board assignments and similar: Member of the Board of Polestar Automotive Holding UK PLC and member of the Board of E-mobility Europe

Professional experience: Chief Supply Chain Officer at Accell, Senior Vice President Global Supply Chain at Stellantis, Nordic Operations Director at L'Oreal, Vice President at Renault-Nissan. Roles previous to that include time at Alcan (now Rio Tinto), Bosch and Price Waterhouse. Previous member of the supervisory board of Opel, Gefco and Headmind partners.

Holdings in Volvo Car AB (publ.), own and related parties: 20,000 B shares.[1) 2)]

ERIK SEVERINSON

CHIEF COMMERCIAL OFFICER
Born 1979. Member of EMT since 2024.

Education: MSc at University of Gothenburg, School of Business, Economics and Law. Studies at Universität Mannheim and WHU - Otto Beisheim School of Management.

Current Board assignments and similar: Chairman of the Board of VCLC Services AB.

Professional experience: Various roles within Volvo Car Group since 2004, for example Chief Product & Strategy Officer and Head of Strategy & Program Management.

Holdings in Volvo Car AB (publ.), own and related parties: 17,896 B shares.[1) 2)]

HANNA FAGER

CHIEF PEOPLE OFFICER
Born 1975. Member of EMT since 2016.

Education: Bachelor of Science in Human Resource Development, Labour Relations from University West, Sweden. Studies in labour law and EU law at Halmstad University.

Current Board assignments and similar: Vice chairman of Teknikföretagen.

Professional experience: Several positions within Volvo Car Group, such as SVP Corporate Functions, Senior Director HR Marketing, Sales & Services, VP HR, Centre of Expertise and VP Employee & Benefits.

Holdings in Volvo Car AB (publ.), own and related parties: 43,600 B shares.[1) 2)]

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

ANDERS BELL

CHIEF ENGINEERING & TECHNOLOGY OFFICER

Born 1974. Member of EMT since 2024.

Education: Engineering and Product Development at Halmstad University.

Current Board assignments and similar: —

Professional experience: Previously Automotive Engineering at Volvo Cars 1998–2016 and Tesla 2016–2022.

Holdings in Volvo Car AB (publ.), own and related parties: 0 B shares.[1) 2)]

MICHAEL FLEISS

CHIEF STRATEGY AND PRODUCT OFFICER

Born 1973. Member of EMT since 2025.

Education: Mechanical Engineering at University of Applied Science Lübeck

Current Board assignments and similar: —

Professional experience: Global Sales Officer at Horse Powertrain Ltd, CEO at Aurobay Sweden, Managing Director at Powertrain Engineering Sweden, Vice President roles at Volvo Cars, Engineering Director roles at Bentley Motors and Volkswagen AG.

Holdings in Volvo Car AB (publ.), own and related parties: 45,500 B shares.[1) 2)]

THOMAS INGENLATH

CHIEF DESIGN OFFICER

Born 1964. Member of EMT since 2026.

Education: MA in Vehicle Design from Royal College of Art, London.

Undergraduate Design Degree from Fachhochschule für Gestaltung in Pforzheim, Germany.

Current Board assignments and similar: —

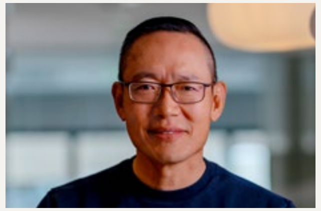
Professional experience: Senior Design Adviser for Geely Group 2025-2026, Previously CEO of Polestar, Senior Vice President of Design at Volvo Cars and Director of Design at Volkswagen Design Center.

Holdings in Volvo Car AB (publ.), own and related parties: 63,044 B shares.[1) 2)]

1) Information on holdings in shares is per 16 February 2026.
2) For information on transactions, please refer to the website of the Swedish Financial Supervisory Authority. PDMR transactions register | Finansinspektionen

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
CORPORATE GOVERNANCE REPORT	
BOARD OF DIRECTORS	
EXECUTIVE MANAGEMENT TEAM	
EXTENDED EXECUTIVE MANAGEMENT TEAM	
AUDITOR'S REPORT	
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Extended Executive Management Team



XIAOLIN YUAN
PRESIDENT OF GREATER CHINA

AREK NOWINSKI
PRESIDENT OF EMEA & APEC

LUIS REZENDE
PRESIDENT OF AMERICAS

LUTZ STIEGLER
HEAD OF ARCHITECTURE STRATEGY

JENNY ÅSTRÖM
HEAD OF COMMUNICATION

ALEXANDER PETROFSKI
PRODUCT LINE OWNER 30/40

AKHIL KRISHNAN
PRODUCT LINE OWNER 60

ERIC APODE
HEAD OF PROCUREMENT

KARIN THORN
HEAD OF PROPULSION & ENERGY

MALIN VULCAN
HEAD OF VEHICLE ENGINEERING

ALWIN BAKKENES
HEAD SOFTWARE ENGINEERING

NICOLAS GUIBERT
HEAD OF PRODUCTION

JOHAN TAWS
HEAD OF QUALITY

OSCAR BERTILSSON OLSBORG
PRODUCT LINE OWNER 90 & HEAD OF COMMERCIAL OPERATIONS

GUY LEDERER
HEAD OF PLANNING AND LOGISTICS

FREDRIK OHLSSON
HEAD OF DIGITAL CORE

JESSICA SPAN
HEAD OF CUSTOMER EXCELLENCE

FOR MORE INFORMATION ABOUT THE EMTe MEMBERS PLEASE SEE INVESTORS.VOLVOCARS.COM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Volvo Car AB (publ.) corporate identity number 556810-8988

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2025-01-01–2025-12-31 on pages 42–59 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 International Standards on Auditing 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.

Gothenburg, 4 March, 2026
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.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
CORPORATE GOVERNANCE REPORT
BOARD OF DIRECTORS
EXECUTIVE MANAGEMENT TEAM
EXTENDED EXECUTIVE MANAGEMENT TEAM
AUDITOR'S REPORT
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Financials

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

CONTENTS FINANCIAL REPORT

63
CONSOLIDATED FINANCIAL STATEMENTS

63 Consolidated Income Statements
65 Consolidated Comprehensive Income
66 Consolidated Balance Sheets
67 Consolidated Statement of Changes in Equity
69 Consolidated Statement of Cash Flows

70
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

70 Note 1 General information for financial reporting in Volvo Car Group
72 Note 2 Revenue
74 Note 3 Expenses by nature
74 Note 4 Related party transactions
75 Note 5 Audit fees
75 Note 6 Other operating income and expenses
76 Note 7 Leases
77 Note 8 Employees and remuneration
80 Note 9 Share-based remuneration
84 Note 10 Government grants
84 Note 11 Other financial income and expenses
84 Note 12 Investments in joint ventures and associates
88 Note 13 Taxes
89 Note 14 Earnings per share
89 Note 15 Intangible assets
91 Note 16 Tangible assets
93 Note 17 Inventories
93 Note 18 Accounts receivable and other current and non-current assets
94 Note 19 Financial instruments and financial risks
106 Note 20 Marketable securities and cash and cash equivalents
106 Note 21 Equity
107 Note 22 Post-employment benefits
111 Note 23 Current and other non-current provisions
112 Note 24 Other current and non-current liabilities
112 Note 25 Contingent liabilities and pledged assets
112 Note 26 Cash flow statements
113 Note 27 Business combinations and divestments
114 Note 28 Segment reporting
115 Alternative performance measures

119
PARENT COMPANY FINANCIAL STATEMENTS

119 Income Statements and Comprehensive Income
119 Balance Sheets
120 Statement of Changes in Equity
120 Statement of Cash Flows

121
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

121 Note 1 Accounting policies
121 Note 2 Critical accounting estimates and judgements
121 Note 3 Related party transactions
122 Note 4 Audit fees
122 Note 5 Remuneration to the board of directors
122 Note 6 Other financial income and expenses
122 Note 7 Taxes
122 Note 8 Participation in subsidiaries
125 Note 9 Equity
125 Note 10 Financial instruments
125 Note 11 Contingent liabilities

126
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY

127
AUDITOR'S REPORT

Consolidated Income Statements

SEKm	Note	2025	2024
Revenue	2	357,263	400,234
Cost of sales	3	–297,042[1]	–320,821
Gross income		**60,221**	**79,413**
Research and development expenses	3, 15	–26,067[1]	–16,983
Selling expenses	3	–23,213	–25,409
Administrative expenses	3	–10,476	–12,038
Other operating income and expenses	6	–816[1]	2,057
Share of income in joint ventures and associates	12	654	–4,722
Operating income	4, 5, 7, 8, 9, 10	**303**	**22,318**
Interest income and similar credits	19	1,929	2,190
Interest expenses and similar charges	19	–1,251	–1,164
Other financial income and expenses	11	–1,647	–625
Income before tax		**–666**	**22,719**
Income tax	13	–2,302	–6,785
Net income		**–2,968**	**15,934**
Net income attributable to			
Owners of the parent company		174	15,401
Non-controlling interests		–3,142	533
		–2,968	**15,934**
Basic earnings per share (SEK)	14	0.06	5.17
Diluted earnings per share (SEK)	14	0.06	5.17

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

Income and result

Non-operating items affecting comparability are excluded from this text if not otherwise stated.

Volvo Cars' revenue amounted to SEK 357.3 (400.2) bn and wholesale volumes declined by –11 per cent to 693.0 (782.6) thousand cars. The revenue decrease was primarily explained by lower wholesale volumes of SEK –34.4 bn and unfavourable sales mix and pricing of SEK –4.3 bn, partially offset by increased used car sales of SEK 6.0 bn. Revenue was also affected by the one-time sale of subscription car portfolios, amounting to SEK 5.2 (2.7) bn, which had no material impact on gross income. Foreign exchange rates had an unfavourable impact on revenue due to a stronger SEK compared to last year, amounting to SEK –14.1 bn. See complete revenue bridge on the next page.

This year was impacted by a one-off non-cash impairment charge for the EX90 and ES90 platform due to reduced lifecycle profitability, which in total amounted to SEK –11.4 bn. Of this amount, SEK –4.0 bn impacted cost of sales and most of the remaining amount impacted research and development expenses. The year was also impacted by a restructuring cost as a part of the turnaround plan, which amounted to SEK –0.8 bn. Gross income decreased to SEK 64.3 (79.4) bn, resulting in a gross margin of 18.0 (19.8) per cent. Gross margin was impacted unfavourably by sales mix and pricing, higher US tariffs on imported goods and used cars. It was partially offset by material cost savings and revenue from earned emission credits which increased to SEK 3.5 (1.0) bn. Foreign exchange rate effects in the cost of sales were positive compared to last year, amounting to SEK 12.8 bn. The net effect of foreign exchange rates in gross income was negative versus last year, amounting to an impact of SEK –1.3 bn. Gross income including items affecting comparability amounted to SEK 60.2 (79.4) bn with the corresponding margin of 16.9 (19.8) per cent.

EBIT amounted to SEK 12.5 (24.0) bn, resulting in an EBIT margin of 3.5 (6.0) per cent. The decrease was mainly a consequence of sales mix and pricing and lower wholesale volume. These effects were partially offset by improved cost efficiency within selling and administrative expenses, as well as by the unrecognised share of Polestar losses. The exchange rate effects had a negative impact on EBIT compared to last year of SEK –1.7 bn. EBIT including items affecting comparability amounted to SEK 0.3 (22.3) bn with the corresponding margin of 0.1 (5.6) per cent. See complete EBIT bridge on the next page.

Net financial items decreased to SEK –1.0 (0.4) bn, mainly as a result of changes in market valuations of financial investments and lower interest income attributable to lower interest rates. The effective tax rate increased to 42.2 (27.8) per cent. The increase was mainly explained by valuation adjustments to deferred tax assets in China of SEK –2.3 bn, of which SEK –1.8 bn related to deferred tax assets not recognised during the year. Net income was SEK 6.7 (17.6) bn, representing 1.9 (4.4) per cent of revenue. Net income including items affecting comparability amounted to SEK –3.0 (15.9) bn with the associated effective tax rate of –345.6 (29.9) per cent.

Basic earnings per share amounted to SEK 0.06 (5.17).

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Research and development spending, SEKm	2025	2024
Research and development spending	–26,378	–28,308
Capitalised development costs	15,855	18,724
Amortisation of capitalised development costs	–8,171	–7,399
Impairment of capitalised development costs	–7,373	—
Research and development expenses	**–26,067**	**–16,983**

Changes to Revenue, SEKbn	Full year
Revenue 2024	**400.2**
Volume	–34.4
Sales mix and pricing	–4.3
Sale of licences	1.3
Foreign exchange rates	–14.1
Contract manufacturing	–2.2
Other[1]	10.8
Revenue 2025	**357.3**
Change, %	**–11**

1) Including used cars, one-time sale of subscription car portfolios, emission credits as well as parts and accessories.

Changes to Operating income, SEKbn	Full year
EBIT 2024	**22.3**
Volume	–7.9
Sales mix and pricing	–9.4
Sale of licences	1.2
Foreign exchange rates	–1.7
Share of income in JVs and associates[2]	3.7
Items affecting comparability	–10.5
Other[3]	2.6
EBIT 2025	**0.3**
Change, %	**–99**

2) Positive change mainly due to unrecognised share of Polestar losses.
3) Includes personnel and material cost efficiencies, emission credits, change in capitalised expenses, parts and accessories as well as depreciation and amortisation.

Items affecting comparability, SEKbn	2025	2024
Impairment charge for the EX90 and ES90 platform	–11.4	—
Restructuring costs	–0.8	—
Impairment of JV-shareholding in NOVO Energy AB	—	–1.7
Total	**–12.2**	**–1.7**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Consolidated Comprehensive Income

SEKm	2025	2024
Net income	–2,968	15,934
Other comprehensive income		
Items that will not be reclassified subsequently to income statement:		
Remeasurements of provisions for post-employment benefits	2,403	–312
Tax on items that will not be reclassified to income statement	–496	55
Items that have been or may be reclassified subsequently to income statement:		
Translation difference on foreign operations	–4,646	965
Translation difference of hedge instruments of net investments in foreign operations	749	–316
Change in fair value of cash flow hedge related to currency and commodity price risks	8,591	–5,383
Tax on items that have been or may be reclassified to income statement	–1,924	1,174
Other comprehensive income, net of income tax	**4,677**	**–3,817**
Total comprehensive income	**1,709**	**12,117**
Total comprehensive income attributable to		
Owners of the parent company	5,397	11,285
Non–controlling interests	–3,688	832
	1,709	**12,117**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Consolidated Balance Sheets

SEKm	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets			
Intangible assets	15	82,965	83,781
Tangible assets	7, 16	99,391	107,124
Investments in joint ventures and associates	12	7,003	8,998
Other long-term securities holdings	19	10,454	12,753
Deferred tax assets[1]	13	8,363	12,260
Other non-current interest-bearing receivables	19	1,235	1,440
Non-current derivative assets	19	1,743	283
Other non-current assets[1]	18	4,217	2,984
Total non-current assets		**215,371**	**229,623**
Current assets			
Inventories	17	59,024	62,455
Accounts receivable	4, 18	21,241	22,780
Current tax assets		1,284	1,854
Current derivative assets	19	4,923	485
Other current assets	18	13,764	14,665
Marketable securities	20	1	—
Cash and cash equivalents	20	57,564	56,373
Total current assets		**157,801**	**158,612**
TOTAL ASSETS		**373,172**	**388,235**

SEKm	Note	31 Dec 2025	31 Dec 2024
EQUITY & LIABILITIES			
Equity	21		
Equity attributable to owners of the parent company		147,079	137,461
Non-controlling interests		1,299	4,738
Total equity		**148,378**	**142,199**
Non-current liabilities			
Provisions for post-employment benefits	22	5,853	8,111
Deferred tax liabilities	13	9,864	11,080
Other non-current provisions	23	8,528	9,501
Liabilities to credit institutions	19	6,723	3,885
Non-current bonds	19	21,645	18,826
Non-current contract liabilities to customers	2	8,605	10,755
Other non-current interest-bearing liabilities	7, 19	5,355	7,745
Non-current derivative liabilities	19	253	1,252
Other non-current liabilities	4, 24	6,714	5,298
Total non-current liabilities		**73,540**	**76,453**
Current liabilities			
Current provisions	23	8,356	11,379
Liabilities to credit institutions	19	922	1,059
Current bonds	19	1,500	5,723
Current contract liabilities to customers	2	31,264	34,997
Accounts payable	4	57,768	56,479
Current tax liabilities		1,322	1,246
Other current interest-bearing liabilities	7, 19	1,570	2,490
Current derivative liabilities	19	485	2,890
Other current liabilities	24	48,067	53,320
Total current liabilities		**151,254**	**169,583**
TOTAL EQUITY & LIABILITIES		**373,172**	**388,235**

1) In 2025, Volvo Cars has adjusted the presentation of certain unused tax credits in the US, resulting in a reclassification amounting to SEK 1,099 (1,278) m, to more accurately reflect the nature of these items.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Consolidated Statement of Changes in Equity

SEKm	Share capital[1]	Share premium	Other contributed capital	Currency translation reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 January 2024	**61**	**31,654**	**8,452**	**4,092**	**2,016**	**80,096**	**126,371**	**4,114**	**130,485**
Net income	**—**	**—**	**—**	**—**	**—**	**15,401**	**15,401**	**533**	**15,934**
Other comprehensive income									
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	–312	–312	—	–312
Translation difference on foreign operations	—	—	—	666	—	—	666	299	965
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	–316	—	—	–316	—	–316
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	–5,383	—	–5,383	—	–5,383
Tax attributable to items recognised in other comprehensive income	—	—	—	65	1,109	55	1,229	—	1,229
Other comprehensive income	**—**	**—**	**—**	**415**	**–4,274**	**–257**	**–4,116**	**299**	**–3,817**
Total comprehensive income	**—**	**—**	**—**	**415**	**–4,274**	**15,144**	**11,285**	**832**	**12,117**
Transactions with owners									
Capital contribution from non-controlling interest[2]	—	—	—	—	—	—	—	3	3
Divestment of non-controlling interest[2]	—	—	—	—	—	1	1	–211	–210
Distribution of shares[3]	–30	—	—	—	—	–60	–90	—	–90
Bonus issue[3]	30	—	—	—	—	–30	—	—	—
Acquisition of treasury shares[4]	—	—	—	—	—	–190	–190	—	–190
Issue of treasury shares[4]	—	—	—	—	—	67	67	—	67
Share-based payments[4]	—	—	—	—	—	17	17	—	17
Transactions with owners	**—**	**—**	**—**	**—**	**—**	**–195**	**–195**	**–208**	**–403**
Balance at 31 December 2024	**61**	**31,654**	**8,452**	**4,507**	**–2,258**	**95,045**	**137,461**	**4,738**	**142,199**

1) Share capital amounted to SEK 60,947,709.
2) For further information, see Note 21 – Equity and Note 8 – Participation in subsidiaries (Parent company).
3) For further information, see Note 12 – Investments in joint ventures and associates and Note 21 – Equity.
4) For further information, see Note 9 – Share-based remuneration and Note 21 – Equity.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Consolidated Statement of Changes in Equity

SEKm	Share capital[1]	Share premium	Other contributed capital	Currency translation reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non-controlling interests	Total
Balance at 1 January 2025	61	31,654	8,452	4,507	–2,258	95,045	137,461	4,738	142,199
Net income	—	—	—	—	—	174	174	–3,142	–2,968
Other comprehensive income									
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	2,403	2,403	—	2,403
Translation difference on foreign operations	—	—	—	–4,100	—	—	–4,100	–546	–4,646
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	749	—	—	749	—	749
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	8,591	—	8,591	—	8,591
Tax attributable to items recognised in other comprehensive income	—	—	—	–154	–1,770	– 496	–2,420	—	–2,420
Other comprehensive income	—	—	—	–3,505	6,821	1,907	5,223	–546	4,677
Total comprehensive income	—	—	—	–3,505	6,821	2,081	5,397	–3,688	1,709
Transactions with owners									
Divestment of non-controlling interest[2]	—	—	—	—	—	–289	–289	249	–40
Divestment of joint venture under common control[3]	—	—	—	—	—	4,656	4,656	—	4,656
Distribution of shares	—	—	—	—	—	3	3	—	3
Acquisition of treasury shares[4]	—	—	—	—	—	–219	–219	—	–219
Issue of treasury shares[4]	—	—	—	—	—	126	126	—	126
Share-based payments[4]	—	—	—	—	—	–56	–56	—	–56
Transactions with owners	—	—	—	—	—	4,221	4,221	249	4,470
Balance at 31 December 2025	61	31,654	8,452	1,002	4,563	101,347	147,079	1,299	148,378

1) Share capital amounted to SEK 60,947,709.
2) For further information, see Note 21 – Equity, Note 27 - Business combinations and divestments and Note 8 – Participation in subsidiaries (Parent company).
3) For further information, see Note 4 – Related party transactions and Note 12 – Investments in joint ventures and associates.
4) For further information, see Note 9 – Share-based remuneration and Note 21 – Equity.

Equity

Total equity increased to SEK 148.4 (142.2) bn, resulting in an equity ratio of 39.8 (36.6) per cent. The change is mainly attributable to divestment under common control (Lynk & Co) of SEK 4.6 bn, as well as a positive effect in other comprehensive income of SEK 4.7 bn. The increase was offset by a net loss amounting to SEK –3.0 bn.

The change in other comprehensive income is related to a foreign exchange translation effect, including hedges of net investments in foreign operations of SEK –4.0 bn (net of tax). Remeasurements of provisions for post-employment benefits had an effect of SEK 1.9 bn (net of tax). The change in fair value of cash flow hedge reserve related to currency and commodity price risks had a positive effect of SEK 6.8 bn (net of tax). The change in value of cash flow hedges is mainly due to positive effects from increased prices of raw materials and appreciated SEK compared to most of the major currencies.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Consolidated Statement of Cash Flows

SEKm	Note	2025	2024
OPERATING ACTIVITIES			
Operating income		303	22,318
Depreciation and amortisation of non-current assets	15, 16	23,945	22,730
Dividends received from joint ventures and associates		205	213
Interest and similar items received		1,929	2,190
Interest and similar items paid		–1,538	–1,623
Other financial items		–1,963	–836
Income tax paid		–3,724	–4,448
Adjustments for other non-cash items	26	6,281	2,754
		25,438	**43,298**
Movements in working capital			
Change in inventories		2,353	–2,757
Change in accounts receivable		–84	–1,386
Change in accounts payable		7,205	–7,539
Change in provisions		–1,867	–1,905
Change in contract liabilities to customers		644	8,709
Change in other working capital		936	8,952
Cash flow from movements in working capital		**9,187**	**4,074**
Cash flow from operating activities		**34,625**	**47,372**
INVESTING ACTIVITIES			
Investments in shares and participations	27	280	–1,901
Divestment in shares and participations	12, 27	7,716	–217
Loans to affiliated companies[1]		–2,727	–75
Repayment of loans from affiliated companies[2]		1,688	—
Investments in intangible assets		–17,252	–19,774
Investments in tangible assets		–22,825	–25,259
Disposal of tangible assets		872	981
Other		72	—
Cash flow from investing activities		**–32,176**	**–46,245**
Cash flow from operating and investing activities		**2,449**	**1,127**

SEKm	Note	2025	2024
FINANCING ACTIVITIES			
Proceeds from credit institutions		4,947	199
Proceeds from bond issuance	19	5,476	5,857
Acquisition of treasury shares		–219	–190
Repayment of bond		–5,732	–6,936
Repayment of liabilities to credit institutions		–1,631	–862
Repayment of interest-bearing liabilities		–2,108	–2,053
Matured marketable securities	20	–1	10,269
Other		996	–368
Cash flow from financing activities		**1,728**	**5,916**
Cash flow for the year		**4,177**	**7,043**
Cash and cash equivalents at beginning of year		**56,373**	**47 861**
Exchange difference on cash and cash equivalents		–2,986	1,469
Cash and cash equivalents at end of year	20	**57,564**	**56,373**

1) In the second quarter 2025, Volvo Cars made a payment under the financial guarantee arrangement described in Note 25 – Contingent liabilities and pledged assets, relating to the loans of a UK entity subject to a purchase option.
2) In the third quarter 2025, Volvo Cars received repayment of a loan in connection with a divestment of a subsidiary.

Net financial position and liquidity

Total cash and cash equivalents together with marketable securities, amounted to SEK 57.6 (56.4) bn. Net cash was SEK 26.9 (27.1) bn, with the decrease primarily driven by working capital. Liquidity amounted to SEK 80.8 (88.5) bn, which includes undrawn credit facilities of SEK 23.3 (32.2) bn.

Cash flow from operating activities was positive, amounting to SEK 34.6 (47.4) bn, and included a one-off impact of SEK 11.4 bn in adjustments for other non-cash items, primarily reflecting a non-cash impairment charge related to the EX90 and ES90 platforms following a reassessment of their lifecycle profitability. The change in working capital amounted to SEK 9.2 (4.1) bn, primarily driven by change in accounts payable SEK 7.2 (–7.5) bn, due to increased production.

Cash flow from investing activities amounted to SEK –32.2 (–46.2) bn, mainly driven by investments in tangible and intangible asset. As the major investments in the new product architecture are being finalised, a reduction in investment levels is seen and expected to continue, supported by continued cost consciousness. The investing activities were partially offset by the payment from the divestment of the 30 per cent shareholding in Lynk & Co, which amounted to SEK 7.8 bn.

Cash flow from financing activities totalled SEK 1.7 (5.9) bn, primarily attributable to the issuance of a new green bond and the drawdown of a credit facility from the European Investment Bank, partially offset by the repayment of an existing bond.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Notes to the Consolidated Financial Statements

All amounts are in SEKm unless otherwise stated.
Amounts in brackets refer to the preceding year.

NOTE 1 GENERAL INFORMATION FOR FINANCIAL REPORTING IN VOLVO CAR GROUP

Basis of preparation

The consolidated financial statements of Volvo Car AB (publ.) have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union and the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Rules for Groups has been applied, a standard issued by the Swedish Financial Reporting Board. RFR 1 specifies mandatory additions to the IFRS disclosure requirements in accordance with the Swedish Annual Accounts Act. Group companies apply the same accounting policies, irrespective of national legislation, as defined in Volvo Car Group accounting directives and they have been applied consistently for all periods, unless otherwise stated.

The financial statements are based on cost, apart from certain financial instruments, provisions for pensions and other post-employment benefits which are reported at fair value. Preparation of the financial statements in accordance with IFRS requires the Company's Executive Management and the Board of Directors to make estimations and judgements that affect the value of the reported assets, liabilities, income and expenses. Estimates and judgements will impact the values of assets and liabilities. The actual outcome (value) may differ from these estimates and judgements and corrections may be necessary to make. Therefore, the estimates and judgements are reviewed on a regular basis.

All accounting policies and critical accounting estimates and judgements considered material to Volvo Car Group are described in conjunction with each note. When a new accounting policy has been implemented or when there has been changes in disclosures this is described as part of the relevant note.

In order to avoid duplication of information, cross-references have been made between different parts of the annual report.

New accounting policies

New accounting policies 2025

IASB has published amendments to standards that were endorsed by EU, effective after 1 January 2025. These additions have not had any material impact on the financial statements.

New accounting policies 2026 and later

IASB has published standards and amendments to standards that were endorsed by EU, effective after 1 January 2026. None of the amendments are expected to have a material effect on the financial statements. The new standard IFRS 18 Presentation and Disclosure in Financial Statements was released in April 2024 and has an effective date 1 January 2027. An impact assessment is currently being performed as to how this new standard will impact the financial statements.

Basis of consolidation

The consolidated accounts include Volvo Car AB (publ.) and its subsidiaries. Subsidiaries are all entities over which Volvo Car Group has control. Volvo Car Group controls an entity when exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All wholly-owned subsidiaries and certain companies owned to 50 per cent or more, are consolidated, see Note 8 – Participation in subsidiaries (Parent Company). Subsidiaries are fully consolidated from the date on which control is transferred to Volvo Car Group. They are deconsolidated from the date that control ceases. When a subsidiary is not wholly-owned by Volvo Car Group, the portion of the results and equity attributable to the non-controlling interest are presented separately in the financial statements.

Climate change

Being an automotive industry actor, Volvo Cars acknowledges the global threat of climate change and global warming, together with the importance of our own contribution to prevent global climate action failure and fulfilment of the Paris Agreement. Volvo Cars continuously evaluates how climate change transitional and physical risks affects our business strategy and operations as sustainability is deeply integrated in our business model.

In preparing the consolidated financial statements, the potential impact of climate change has been considered when developing the critical accounting estimates and judgements used by management. The financial impact relating to climate change occurs gradually as Volvo Car Group navigates the transition to electrification in line with its strategic ambitions and has not had a material effect on the financial statements as of 31 December 2025.

The table included in this note identifies disclosures where considerations of climate related risks are further described, if applicable.

Foreign currency

The Group's Consolidated Financial Statements are presented in Swedish Krona (SEK), which is also the Parent Company's functional currency.

Assets and liabilities denominated in foreign currencies other than the functional currency are translated to the functional currency using the balance sheet closing rate. Exchange rate differences are recognised in the income statement.

Exchange rate differences on operating assets and liabilities are recognised in other operating income and expenses, while exchange rate differences arising on financial assets and liabilities are recognised in financial income and expenses.

When 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 exchange rates at year-end (closing rate). Exchange rate differences arising on translation are recognised in other comprehensive income and accumulated in equity. The accumulated translation differences related to subsidiaries, joint ventures or associates are reversed to the income statement as a part of the gain/loss arising from disposal of such a company.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The main exchange rates applied are presented in the table below:

		Average rate		Close rate	
Country	Currency	2025	2024	2025	2024
China	CNY	1.34	1.47	1.32	1.51
Euro zone	EUR	10.97	11.42	10.82	11.45
United Kingdom	GBP	12.53	13.46	12.39	13.82
United States	USD	9.48	10.51	9.22	11.03
Japan	JPY	0.06	0.07	0.06	0.07

Classification of current and non-current assets and liabilities

An asset is classified as current when it is held primarily for the purpose of trading, is expected to be realised within 12 months after the balance sheet date or consists of cash or cash equivalents, provided it is not subject to any restrictions. All other assets are classified as non-current. A liability is classified as current when it is held primarily for the purpose of trading or is expected to be settled within 12 months after the balance sheet date and Volvo Car Group do not have the right to defer settlement of the liability for at least 12 months after the balance sheet date. All other liabilities are classified as non-current.

When the criteria for being classified as a non-current asset held for sale are fulfilled and the asset or disposal group are of material value, the asset or disposal group and the related liabilities are recognised on a separate line on the balance sheet.

Note	Critical accounting estimates and judgements	Climate considerations
Note 1 – General information for financial reporting in Volvo Car Group		●
Note 2 – Net revenue	Sales with residual value commitments, repurchase commitments and variable sales prices	●
Note 7 – Leases	Lease term and discount rate	
Note 10 – Government grants	Assessment of reasonable assurance in complying with grant terms	
Note 12 – Investments in joint ventures and associates	Joint control and significant influence assessments	
Note 13 – Taxes	Recoverability of deferred tax assets	
Note 15 – Intangible assets	Impairment testing of intangible assets, useful life	●
Note 16 – Tangible assets	Impairment testing of tangible assets, useful life	●
Note 17 – Inventories	Write down of inventories	
Note 19 – Financial instruments and financial risks	Valuation of level 3 instruments	●
Note 22 – Post employment benefits	Assumptions in calculating benefit obligations	
Note 23 – Current and other non–current provisions	Assumptions used in calculating product warranty, legal claims, etc.	●
Note 25 – Contingent liabilities and pledged assets	Assumptions regarding legal and supplier claims, volume commitments	
Note 27 – Business combinations and divestments	Assessment of if a transaction is a common control transaction	
Note 28 – Segment Reporting	Judgements regarding operating segments	

Climate considerations are generally incorporated in the notes under the *Critical accounting estimates and judgments* section, apart from Note 19 – Financial instruments and financial risks, where they are addressed under *Refinancing Risk Management Status at Year End*, and Note 1 – General information for financial reporting in Volvo Car Group, where they appear under the *Climate change* heading.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 2 REVENUE

ACCOUNTING POLICIES

Revenue from the sale of goods and services is valued at transaction price less sales taxes and is recognised when control of the delivered good or service is transferred to the customer. Control passes to the customer generally when they can direct the use of and obtain the benefits from the good or service. This passing of control can happen at a point in time or over a period of time and revenue recognition follows this.

For bundled sales contracts which include both a car and services where the customer can benefit from these independently of each other, the transaction price of the car is reduced by allocating a transaction price to the services based on stand-alone selling prices, or an estimate thereof based on the expected cost plus a margin approach.

Sales contracts may include variable revenue components, such as volume discounts, incentive programmes, and other discounts that are paid out at a later date. When revenue is recognised from these transactions, it is adjusted by the estimated value of the variable components, which is recognised as a contract liability.

For sales contracts where Volvo Car Group has an obligation to transfer goods or services to the customer and has received consideration in advance, or an amount of consideration is due from the customer, a contract liability is recognised. Revenue is then recognised, and the contract liability derecognised when the good or service is transferred to the customer. This applies to sales contracts with residual value guarantees, sales related to extended service business, sales with repurchase commitment, and advance payments from customers. The contract liability is derecognised against cash and cash equivalents when it pays out or settles sales generated obligations such as a discount.

Revenue from sale of goods

Revenue recognition for sale of new and used cars, parts and accessories as well as sale of goods that are part of contract manufacturing arrangements, depends on specific contract terms, but generally is at a point in time around when the customer takes physical possession.

For the sale of cars where a residual value guarantee is issued to an independent financing provider as part of the sales contract, revenue recognised is reduced by the amount corresponding to the estimated residual value to be paid in the future. This value is recognised as a contract liability.

For the sale of cars where a repurchase commitment (right or obligation to repurchase) is issued to the customer as part of the sales contract, revenue is recognised over the contract period as if it were an operating lease contract due to the customer not obtaining control of the car at the point of sale. The deferred revenue, equal to the transaction price less sales taxes less the repurchase commitment, is recognised as contract liabilities and the repurchase commitment, equal to the repurchase price, as other liabilities. The car is recognised on the balance sheet as a tangible asset under operating lease over the contract period and is depreciated to the estimated residual value. The useful life and residual value of the assets are monitored closely and changed if necessary. For further information regarding operating leases see Note 7 – Leases.

Revenue from sale of services

Volvo Car Group sells services in the form of maintenance contracts, extended warranties, connectivity, and in-car software to customers. Revenue from these services is generally recognised over the contract period on a straight-line basis. When an extended warranty contract is bundled with the sale of a car and the inclusion in the contract is assessed to be common practice in the market, a provision is recognised at the point of sale for the costs. When the inclusion goes beyond common practice in the market, part of the revenue is deferred as a contract liability and recognised over the contract period. The revenue deferred is based on stand-alone selling prices, or if not observable, estimated based on the expected cost plus a margin approach.

Maintenance and extended warranty contracts can in some cases meet the definitions of both a customer contract and an insurance contract. Considering the terms of these contracts, Volvo Car Group applies the policy choice available to account for these as customer contracts and applies the accounting policies described in this note.

Emission credits

Volvo Car Group recognises income from government grants relating to emission credits earned during the period for exceeding the emission targets related to car production in certain markets. A fair value for credits received is calculated when Volvo Car Group determines that an active market for the credit exists and that the Group is likely to engage in transactions in that credit market. Revenue is recognised or adjusted according to net realisable value principles as the credits are classified as inventories. The earned credits are classified as inventories until they are either sold and transferred to a third-party or consumed in Volvo Car Group's operations. When credits are sold and transferred that either did not have a determinable fair value as of their grant date or were sold at a value that exceeds the fair value on the grant date, this gain is recognised, on a net basis, in revenue when the credits are transferred to the customer and derecognised from inventory. For more information see Note 10 – Government grants and Note 17 – Inventories.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Variable revenue components

An inherent risk regarding different forms of variable revenue components in a sales contract, is the probability of a reversal of revenue in future periods. On initial recognition, variable revenue components are estimated, and revenue is recognised when it is highly probable that a revenue reversal in future periods will not occur. An example of this is when cars are sold to a retailer with volume discounts based on aggregate sales over a 3–12 months period. Revenue from these sales is recognised based on the price specified in the sales contract, adjusted for volume discounts for the wholesale period. Estimates and judgements initially made are updated continuously at each reporting period.

Residual value guarantees

Volvo Car Group is exposed to residual value risk, meaning that there is a potential loss for Volvo Car Group if the future market value of a used car is lower than the guaranteed value of the car according to the sales contract. This potential negative effect is recognised as a contract liability, and the future market value of cars is monitored individually on a continuing basis. An estimate is made based on evaluating, among other things, recent car auction values, future price deterioration due to expected change of market conditions and production planning, vehicle quality data, repair and reconditioning costs and with consideration given to the specific markets demand for internal combustion engines and electric vehicles as customer purchasing decisions are influenced by climate change factors.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Repurchase commitments

Volvo Car Group is exposed to a potential loss on sales with repurchase commitments if the estimated value of the car guaranteed in the contract is greater than the market value at the time of repurchase. The potential negative effect is recognised as an increased depreciation or an impairment of the car. Estimates of the car value are made on a continuous basis, based on evaluating, among other things, recent car auction values, future price deterioration due to expected change of market conditions and production planning, vehicle quality data, repair and reconditioning costs and with consideration given to the specific markets demand for internal combustion engines and electric vehicles as customer purchasing decisions are influenced by climate change factors. The value of the car on the balance sheet is adjusted if necessary.

Revenue allocated to geographical regions:	2025	2024
Europe	193,593	208,914
of which Sweden[1]	*39,555*	*48,096*
of which United Kingdom	*35,213*	*30,438*
of which Germany	*33,334*	*30,795*
US	64,043	69,496
China	49,304	63,682
Other markets	50,323	58,142
of which Türkiye	*7,847*	*8,051*
of which Canada	*6,793*	*6,659*
Total	**357,263**	**400,234**

1) Includes the Contract manufacturing sales channel.

Revenue allocated to category:	2025	2024
Sales of new cars	250,468	303,880
Sales of used cars	32,509	27,747
Sales of parts and accessories	38,835	38,497
Revenue from subscription, leasing and rental business	5,675	6,709
Sales of licences and royalties	1,936	647
Contract manufacturing	10,249	13,151
Emissions credits	3,501	994
Other revenue [2]	14,090	8,609
Total	**357,263**	**400,234**

2) Includes one-time sale of subscription car portfolios amounting to SEK 5,245 (2,741) m.

Timing of revenue recognition	2025	2024
At the point of delivery	345,635	388,210
Over the contract term	11,628	12,024
Total	**357,263**	**400,234**

Contract liabilities where revenue is deferred and recognised over time:

	Sales generated obligations	Residual value guarantees	Deferred revenue – extended service business	Deferred revenue – sale with repurchase commitment	Advance payments from customers	Total
Balance at 1 January 2024	**21,703**	**3,942**	**9,447**	**2,004**	**1,869**	**38,965**
Provided for during the year	67,938	2,891	13,582	6,584	99,339	**190,334**
Utilised during the year	–67,004	–2,454	–12,557	–5,351	–98,102	**–185,468**
Translation differences	1,091	277	378	88	87	**1,921**
Balance at 31 December 2024	**23,728**	**4,656**	**10,850**	**3,325**	**3,193**	**45,752**
Of which current	23,728	1,476	4,475	2,819	2,499	**34,997**
Of which non-current	—	3,180	6,375	506	694	**10,755**
Balance at 1 January 2025	**23,728**	**4,656**	**10,850**	**3,325**	**3,193**	**45,752**
Provided for during the year	66,176	4,657	10,929	5,659	116,969	**204,390**
Utilised during the year	–68,182	–4,251	–10,774	–5,754	–116,620	**–205,581**
Translation differences	–2,497	–616	–1,170	–179	–230	**–4,692**
Balance at 31 December 2025	**19,225**	**4,446**	**9,835**	**3,051**	**3,312**	**39,869**
Of which current	19,225	2,078	4,080	2,572	3,309	**31,264**
Of which non-current	—	2,368	5,755	479	3	**8,605**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 3 EXPENSES BY NATURE

	2025	2024
Material cost incl. freight, distribution and warranty	–248,108	–273,852
Personnel[1]	–41,627	–44,985
Amortisation/depreciation	–23,945	–22,730
Other	–43,118	–33,684
Total	**–356,798**	**–375,251**

1) The amounts presented as Personnel have been reduced by capitalised salary costs related to product development.

Depreciation and amortisation according to plan by function:	2025	2024
Cost of sales	–10,984	–11,369
Research and development expenses	–10,236	–8,905
Selling expenses	–1,599	–1,541
Administrative expenses	–1,095	–884
Other income and expense	–31	–31
Total	**–23,945**	**–22,730**

NOTE 4 RELATED PARTY TRANSACTIONS

ACCOUNTING POLICIES

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

Significant events and agreements with related parties during the reporting period

- On 14 February 2025, Volvo Cars divested its 30 per cent shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd., after approval at an Extraordinary General Meeting of Volvo Cars' shareholders on 6 February as well as other regulatory approvals. Cash consideration, including interest, amounted to RMB 5,463 m. The capital gain, recognised directly in equity due to divestment under common control, amounted to RMB 3,144 m (SEK 4,656 m), including tax cost relating to the transaction which amounts to RMB 803 m.
- In May, Volvo Cars sold a significant number of the owned subscription cars in the UK to Volvo Car Financial Services UK Ltd. The one-time transaction amounted to a revenue of SEK 3,288 m, with limited effect on profit. The transaction is part of the updated commercial strategy.

Transactions with related parties

Significant transactions with related parties and the nature of these are specified in the below tables and text.

Sales of goods, services and other	2025	2024
Related parties[1)2)]	15,792	17,918
of which Polestar Automotive Holding UK Group	*13,730*	*15,402*
of which Ningbo Fuhong Auto Sales Co., Ltd	*571*	*1,783*
Joint ventures and associated companies	13,121	11,821
of which Volvo Car Financial Services UK Ltd	*11,276*	*7,686*

Purchases of goods, services and other	2025	2024
Related parties[1)2)]	–37,095	–54,451
of which Aurobay Sweden AB (prior name Powertrain Engineering Sweden AB)	*–11,561*	*–13,125*
of which Zhangjiakou Geely New Energy Automobile Co., Ltd	*–9,089*	*—*
of which Viridi E-Mobility Technology (Ningbo) Co., Ltd	*–3,360*	*–1,481*
of which Zhejiang Geely Automobile Co.,Ltd	*–3,270*	*–28,497*
of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd	*–3,110*	*–3,933*
of which Geely Changxing Automatic Transmission Co., Ltd	*–1,745*	*–1,795*
of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd	*–328*	*–1,995*
Joint ventures and associated companies	–1,188	–2,262

	Receivables[3)]		Payables[3)]	
	31 Dec 2025	31 Dec 2024	**31 Dec 2025**	31 Dec 2024
Related parties[1)2)]	21,091	23,077	12,344	12,679
Joint ventures and associated companies[1)]	1,390	1,801	86	716

1) Related parties refer to entities that belong to the Geely sphere of companies. Joint ventures and associated companies within the Geely sphere are presented as Related parties. For joint ventures and associated companies see Note 12 – Investments in joint ventures and associates.
2) Including contract manufacturing.
3) Non-current part of receivables amounts to SEK 10,800 (13,120) m. Non-current part of payables amounts to SEK 1 (1) m.

The Polestar Automotive Holding UK Group

The revenue from the Polestar Automotive Holding UK Group mainly relate to sales of Polestar cars from the Taizhou and Charleston plants, technology licences and development of technology as well as revenue related to sales of other services.

Ningbo Fuhong Auto Sales Co., Ltd

The revenue from Ningbo Fuhong Auto Sales Co., Ltd mainly relate to sales of cars.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Volvo Car Financial Services UK Ltd
The revenue from Volvo Car Financial Services UK Ltd mainly relate to sales of cars.

Aurobay Sweden AB
The purchases from Aurobay Sweden AB (prior name Powertrain Engineering Sweden AB) are mainly related to combustion engines and product development.

Zhangjiakou Geely New Energy Automobile Co., Ltd
The purchases from Zhangjiakou Geely New Energy Automobile Co., Ltd are mainly related to EX30.

Zhejiang Geely Automobile Co.,Ltd
The purchases from Zhejiang Geely Automobile Co.,Ltd are mainly related to EX30.

Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd
The purchases from Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd are mainly related to combustion engines.

Viridi E-Mobility Technology (Ningbo) Co., Ltd
The purchases from Viridi E-Mobility Technology (Ningbo) Co., Ltd are mainly related to batteries.

Geely Changxing Automatic Transmissions Co., Ltd
The purchases from Geely Changxing Automatic Transmission Co., Ltd are mainly related to gearboxes.

Zhejiang Haoqing Automobile Manufacturing Co., Ltd
The purchases from Zhejiang Haoqing Automobile Manufacturing Co., Ltd are mainly related to EM90 and EX30.

Volvo Car Group does not engage in any transactions with Board members or senior executives except ordinary remunerations for services and the share-based programme as described in Note 8 – Employees and remuneration and Note 9 – Share-based remuneration.

NOTE 5 AUDIT FEES

	2025	2024
Deloitte		
Audit fees	–60	–64
Audit-related fees	–7	–6
Tax services	–2	–3
Other services	–10	–8
Total	**–79**	**–81**

Audit fees involve audit of the Annual Report, interim report and the administration by the Board of Directors and the Managing Directors. The audit also includes advice and assistance as a result of the observations made in connection with the audit.

Audit-related fees refer to other assignments to ensure quality in the financial statements including consultations on reporting requirements and internal control.

Tax services include tax-related advisory.

All other work performed by the auditor is defined as **other services**.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

ACCOUNTING POLICIES

Foreign exchange rate gains and losses on operating transactions are presented net in other operating income and expenses. Also presented net are fluctuations in the fair value of derivatives hedging operating transactions where there is ineffectiveness on hedging relationships relating to the operating transaction. Information of the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

	2025	2024
Other operating income		
Net foreign exchange rate differences	—	403
of which foreign exchange rate gains	*—*	*2,577*
of which foreign exchange rate losses	*—*	*–2,174*
Net change in fair value on financial instruments	*207*	—
Sold services	521	684
Government grants	26	30
Other	976	2,321
Total	**1,730**	**3,438**

	2025	2024
Other operating expenses		
Amortisation and depreciation of intangible and tangible assets	–31	–31
Net foreign exchange rate differences	–1,571	—
of which foreign exchange rate gains	*3,278*	*—*
of which foreign exchange rate losses	*–4,849*	*—*
Net change in fair value on financial instruments	—	–72
Property tax	–189	–155
Other	–755	–1,123
Total	**–2,546**	**–1,381**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 7 LEASES

ACCOUNTING POLICIES

Volvo Car Group as a lessee

Volvo Car Group leases primarily real estate assets (such as office buildings and warehouses) and equipment (such as production tooling and IT hardware).

At lease contract commencement date, Volvo Car Group recognises on the balance sheet a right-of-use (RoU) asset and lease liability. RoU assets are measured at cost less accumulated depreciation and impairment and classified as Tangible assets on the balance sheet, see Note 16 – Tangible assets. Lease liabilities are measured as the present value of future lease payments and amortised using the interest rate implicit in the lease or using Volvo Car Group's incremental borrowing rate when this cannot be determined. Interest expense on Lease liabilities is presented as interest expense in the income statement.

Volvo Car Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

If a lease contract has a term of 12 months or less, or the underlying asset is of low value, or includes variable lease payments not dependent on an index or rate, no RoU asset or lease liability is recognised. The cost of these leases is recognised as a lease expense on a straight-line basis over the lease term in the functional expense line for which the leased asset is used.

Volvo Car Group as a lessor

Volvo Car Group classifies a lessor contract as either a finance lease or an operating lease. If substantially all the risks and rewards incidental to ownership of the leased asset are transferred to the lessee, it is classified as a finance lease. If substantially all the risks and rewards remain with Volvo Car Group, it is classified as an operating lease.

Operating leases

Volvo Car Group's operating leases consist primarily of cars under a subscription contract with a customer (Care by Volvo) and cars sold with a repurchase commitment (for example to financial institutions and rental fleet companies). These cars are recognised on the balance sheet at cost less accumulated depreciation and impairment and classified as Assets under operating lease (see Note 16 – Tangible assets). For subscription contracts, lease income is recognised as revenue on a straight-line basis over the lease term. For repurchase commitment contracts, deferred revenue is recognised as Contract liabilities to customers, see Note 2 - Revenue, at the time the vehicle is sold (equal to the sales price received from the customer less the agreed repurchase value that Volvo Car Group is contractually obligated to pay in the future) and recognised as revenue on a straight-line basis until repurchase date. In addition to this, a liability is recognised for the agreed repurchase value to be paid at repurchase date. see Note 24 – Other Current and Non-Current Liabilities.

Sale and leaseback transactions

From time to time, Volvo Car Group sells a tangible asset (primarily owned cars and buildings) and immediately reacquires the right to use the asset by entering into a lease with the buyer. The leaseback period can range from three months to three years.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

At lease contract commencement date, Volvo Car Group is required to make judgements as a lessee which affect the measurement of its RoU asset and lease liability.

When determining the lease term, Volvo Car Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option in addition to the non-cancellable lease term. These options are added to the lease term if they are reasonably certain. For example, Volvo Car Group would consider it reasonably certain to exercise an extension option if investments have been made to improve the underlying asset or tailor it for our special needs, and/or if the underlying asset is of importance to Volvo Car Group's operations. The assessment is reviewed if a significant event or change in circumstances occurs that may affect the initial assessment.

Volvo Car Group incremental borrowing rate is the weighted average effective interest rate of all borrowings, and takes into consideration for example credit risk, currency risk, country risk and lease term.

For sale and leaseback transactions, Volvo Car Group is required to make judgements about whether the transfer of an asset to the buyer qualifies as a sale under IFRS 15 which then determines the accounting treatment for the transaction. Volvo Car Group determines whether a sale exists by making judgements of whether control of the asset passes to the buyer and applies the same accounting principles to this judgement as discussed in Note 2 – Revenue. If the transfer does not qualify as a sale and the assets in the transaction involve owned cars, the transfer proceeds received from the buyer are recognised on the balance sheet, split between Interest-bearing liabilities (equal to the present value of future lease payments, see Note 19 - Financial Instruments and Financial Risks) and Contract liabilities from customers (equal to deferred revenue recognised at the end of the lease period relating to the car sale, see Note 2 – Revenue). For some assets, Volvo Car Group makes an estimate of the leaseback period which impacts the value of each component. This estimate is based on historical asset usage patterns.

Volvo Car Group as lessee

Amounts recognised in income statement	2025	2024
Depreciation expenses on right-of-use assets	–1,636	–2,070
Interest expense on lease liabilities	–214	–406
Expense relating to short-term leases	–455	–369
Expense relating to leases of low value assets	–63	–55
Expense relating to variable lease payments not included in the measurement of the lease liability	–109	–133
Income from sub-leasing right-of-use assets	90	121

The total cash outflow for leases amounts to SEK 2,387 (2,912) m. The amount includes payments for lease agreements recognised as liabilities, variable payments, short-term payments and payments for leases of low value.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Right-of-use asset	Buildings and land	Machinery and equipment	Total
Acquisition cost			
Balance at 1 January 2024	11,876	673	**12,549**
Additions	2,354	2,863	**5,217**
Acquired through business combinations	8	—	**8**
Divestments and disposals	–1,321	–173	**–1,494**
Reclassifications	–2	—	**–2**
Translation differences	367	40	**407**
Balance at 31 December 2024	**13,282**	**3,403**	**16,685**
Additions	1,385	710	**2,095**
Divestment of business	–8	—	**–8**
Divestments and disposals	–513	–2,578	**–3,091**
Reclassifications	10	–10	—
Translation differences	–960	–440	**–1,400**
Balance at 31 December 2025	**13,196**	**1,085**	**14,281**

Right-of-use asset	Buildings and land	Machinery and equipment	Total
Accumulated depreciation			
Balance at 1 January 2024	–4,983	–444	**–5,427**
Depreciation expense	–1,547	–523	**–2,070**
Divestments and disposals	1,179	213	**1,392**
Reclassifications	3	—	**3**
Translation differences	–105	–9	**–114**
Balance at 31 December 2024	**–5,453**	**–763**	**–6,216**
Depreciation expense	–1,717	81	**–1,636**
Divestment of business	7	—	**7**
Divestments and disposals	398	354	**752**
Reclassifications	–4	4	—
Translation differences	381	70	**451**
Balance at 31 December 2025	**–6,388**	**–254**	**–6,642**
Net balance at 31 December 2024	**7,829**	**2,640**	**10,469**
Net balance at 31 December 2025	**6,808**	**831**	**7,639**

Lease liabilities	2025	2024
Non-current lease liabilities	5,309	7,523
Current lease liabilities	1,562	2,176
Accrued Interest expenses on lease liabilities	20	103

The maturity analysis of lease liabilities is presented as other current and non-current interest-bearing liabilities respectively in Note 19 – Financial instruments and Financial Risks.

Volvo Car Group as lessor

Operating lease contracts

The table contains a maturity analysis of lease payments and the total of undiscounted lease payments that will be received after the balance sheet date.

Future lease income of operating lease contracts, undiscounted	2025	2024
No later than 1 year	1,803	2,577
Later than 1 year but no later than 2 years	520	1,009
Later than 2 year but no later than 3 years	36	173
Later than 3 year but no later than 4 years	17	53
Later than 4 year but no later than 5 years	17	20
Later than 5 years	19	43
Total	**2,412**	**3,875**

NOTE 8 EMPLOYEES AND REMUNERATION

ACCOUNTING POLICIES

Incentive programmes

Volvo Car Group manages a total of four different global incentive programmes, whereof two are short-term and two are long-term.

Short-term

- The Short-Term Variable Pay Programme for Senior Leaders (STVP for Senior Leaders)
- The Volvo Bonus programme

Long-term

- The Performance share programme (PSP)
- The Employee share matching programme (ESMP)

The design and pay-out of all programmes are subject to approval by the Board of Directors. The share-based programmes are subject to decision by the Annual General Meeting.

Short-term incentive programmes

For the short-term incentive programmes a liability is recognised if all prerequisites are met and the cost is recognised as an operating expense.

Long-term incentive programmes

For information on share-based programmes, see Note 9 – Share-based remuneration.

Restructuring

Volvo Car Group from time-to-time engage in restructuring programmes to reduce cost and drive efficiencies. Such programmes may involve a redundancy of employees. When a detailed and formal plan of restructuring has been publicly announced, the amounts of provision are determined based on the total direct expenditure arising from the restructuring when the recognition criteria for provisions are met, see Note 23 – Current and other non-current provisions.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Average number of employees by region[1]	2025	Of whom women,%	2024	Of whom women,%
Sweden	22,379	25	21,640	28
Nordic countries other than Sweden	797	35	763	39
Belgium	5,735	14	5,192	15
Europe other than the Nordic countries and Belgium	2,044	32	1,813	39
North and South America	2,801	32	3,347	38
China	7,691	16	8,726	19
Asia other than China	1,087	27	1,005	20
Other countries	116	41	114	37
Total	**42,650**	**23**	**42,600**	**26**

Number of Board members and senior executives[2]	31 Dec 2025 Board members (Chief Executive Officers and senior executives),%	Of whom women,%	31 Dec 2024 Board members (Chief Executive Officers and senior executives),%	Of whom women,%
Parent company	10 (—)	40 (—)	9 (—)	44 (—)
Subsidiaries	97 (267)	28 (32)	102 (290)	27 (37)
Total	**107 (267)**	**29 (32)**	**111 (290)**	**29 (37)**

Salaries and other remunerations	2025 Wages and salaries, other remunerations	2025 Social security expenses (of which pension expenses)	2024 Wages and salaries, other remunerations	2024 Social security expenses (of which pension expenses)
Parent company	10	3 (—)	11	3 (—)
Subsidiaries	27,696	11,347 (5,687)	28,954	10,779 (5,313)
Total	**27,706**	**11,350 (5,687)**	**28,965**	**10,782 (5,313)**

Salaries and other remuneration to the Board[3], CEO, Executive Management Team (EMT)[4] and other employees	2025 Wages and salaries, other remunerations (of which variable salaries)	2025 Social security expenses (of which pension expenses)	2024 Wages and salaries, other remunerations (of which variable salaries)	2024 Social security expenses (of which pension expenses)
Board, Chief Executive Officers and EMT	297 (52)	110 (40)	324 (90)	124 (39)
Other employees	27,409	11,240 (5,647)	28,641	10,658 (5,274)
Total	**27,706 (52)**	**11,350 (5,687)**	**28,965 (90)**	**10,782 (5,313)**

1) The FTE number in 2025 and 2024 reflects temporary layoffs.
2) Senior executives are defined as key personnel within the subsidiaries.
3) The Board includes all Board members in the subsidiaries within Volvo Car Group.
4) The Executive Management Team (EMT) consists of the CEO in Volvo Car AB (publ.) and Volvo Car Corporation and key management personnel other than Board members, in total 8 (8).

Compensation to Board members

The shareholders have elected a Nomination Committee, which on a yearly basis proposes appropriate remuneration principles and remuneration for Volvo Cars Board. The remuneration to the members of the Board is determined at the Annual General Meeting or at an Extraordinary General Meeting when new Board members are elected. At the Annual General Meeting 2025 it was decided that Board members elected at the meeting who are employed or otherwise remunerated by Volvo Car Group or the Zhejiang Geely Holding Group shall not be entitled to any remuneration. The other Board members elected at the Annual General Meeting shall receive remuneration containing the following elements: (i) a market-based fixed remuneration decided at the Annual General Meeting (ii) a company car in accordance with the Group´s company car policy in force from time to time and (iii) to Board members who are members of any of the Boards' committees an additional market-based fixed remuneration as decided at the Annual General Meeting. The Extraordinary General Meeting held on 8 December 2025 resolved that the new Board members elected at the Extraordinary General Meeting shall receive remuneration in accordance with the remuneration levels as resolved by the Annual General Meeting 2025.

Expensed remuneration to the individual Board members is specified below:

Board member	2025 Ordinary compensation, TSEK	2024 Ordinary compensation, TSEK
Eric Li (Li Shufu), Chairperson	—	—
Daniel Li (Li Donghui)	—	—
Lone Fønss Schrøder (until June 2025)	1,655	3,270
Winfried Vahland (until January 2024)	—	39
Jonas Samuelson	1,600	1,371
Diarmuid O'Connell	1,345	1,331
Lila Tretikov	1,420	1,402
Anna Mossberg	1,200	1,189
Jim Rowan (until March 2025)	—	—
Håkan Samuelsson (from April 2025)	—	—
Ruby Lu (Rong Lu)	1,420	1,358
Caroline Grégoire-Sainte-Marie (from December 2025)	—	—
Pieter Nota (from December 2025)	—	—
Total	**8,640**	**9,960**

Terms of employment and remuneration to the CEO

The Board has assigned the People Committee (PC) to determine the remuneration guidelines for the CEO, subject to the shareholders' meetings approval. The chairperson of the Board shall in dialogue with PC decide the remuneration to the CEO in accordance with the remuneration guidelines decided by the shareholders meeting. A CEO total remuneration package may consist of a fixed annual base salary, short-term variable cash remuneration (STVP), long-term variable remuneration (PSP) and other benefits such as a company car and insurance. The notice period for a CEO is a maximum of 12 months in case of termination by either Volvo Car Group or the CEO. Furthermore, the CEO is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

A payment of SEK 10.9 m was paid as a one-time sign-on incentive in 2025 to the current CEO. A payment of 860 TSEK was paid as a recognition award in 2025 to the former CEO. The current CEO has a defined contribution pension plan to which Volvo Car Corporation allocates 50 per cent of the fixed monthly salary on a rolling basis.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The former CEO was covered by the ITP plan and a supplementary pension plan - Volvo Management Pension (VMP). On average, the contributions for the former CEO were 30 per cent of the pensionable salary. Disability benefits followed the ITP and VMP regulations.

The CEO agreement for the current CEO is a fixed term and there is no notice period or severance pay included in the terms of agreement. The notice period for the former CEO was a maximum of 12 months in case of termination by either Volvo Car Group or the former CEO. Furthermore, the former CEO was, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

Terms of employment and remuneration to a Deputy CEO

The Board has assigned the People Committee (PC) to determine the remuneration to a Deputy CEO, proposed by the CEO, and in line with the remuneration guidelines approved by the shareholders' meeting. A Volvo Car Group Deputy CEO is entitled to a remuneration consisting of a fixed annual base salary, short-term variable cash remuneration (STVP), long-term variable remuneration (PSP) and other benefits such as a company car and insurance. A Deputy CEO is covered by the ITP plan and a supplementary pension plan – Volvo Management Pension (VMP). On average, the pension contribution for a Deputy CEO is 28–30 per cent of the pensionable salary. Disability benefits follow the ITP and VMP regulations.

The notice period for a Deputy CEO is a maximum of 12 months in case of termination by either Volvo Car Group or the Deputy CEO. Furthermore, a Deputy CEO is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

Remuneration to Executive Management Team

The Board has further assigned the People Committee to determine the remuneration to the Executive Management Team (EMT), proposed by the CEO, and in line with the remuneration guidelines approved by the shareholders' meeting. Members of EMT are entitled to a remuneration consisting of a fixed annual base salary, short-term variable cash remuneration (STVP), long-term variable remuneration (PSP) and other benefits such as company car and insurance.

Some of the EMT members also have retention awards, paid annually during three years from start of their employment. The annual amount of the retention awards varies between SEK 1 m to SEK 1.7 m.

The notice period for a member of EMT is a maximum of 12 months in case of termination by either Volvo Car Group or the member of EMT. Furthermore the member of EMT is, in case of termination by Volvo Car Group, entitled to severance pay based on the fixed salary, during a period of maximum 12 months.

During 2025 3 (3) members of EMT left their positions. Remuneration during the notice period and severance pay amounted to SEK 41 (21) m, excluding social expenses.

Members of EMT are covered by the ITP plan and, where applicable, the VMP. On average, the contributions for members of EMT is 28–30 per cent of the pensionable salary. Disability benefits follow the ITP and VMP regulations.

Volvo Car Group's outstanding post-employment benefits obligations to former CEOs and EMT amounted to SEK 36 (34) m.

Other long-term benefits

Apart from the compensation accounted for under share-based remuneration disclosed in Note 9 – Share-based remuneration, EMT does not have any other long-term benefits.

Restructuring

In 2025 an accelerated cost and cash action plan was launched with the aim to protect profitability and drive structural efficiencies on direct and indirect costs. Part of the plan involves creating a leaner and more efficient organisation with a lower cost base, and redundancies were announced to achieve this. The workforce has during the year been reduced by approximately 2,300 employees globally at a cost of SEK 807 m. In addition, approximately 1,100 consultants and agency personnel were impacted. The carrying value of the restructuring provision as at 31 December 2025 is SEK 326 m, including social expenses, see Note 23 – Current and other non-current provisions.

Incentive programmes

Short-term incentive programmes

Volvo Bonus

The Volvo Bonus programme includes all Volvo Car Group employees, except those who participates in the STVP for Senior Leaders. The purpose of the Volvo Bonus is to strengthen global alignment among employees around Volvo Car Group's vision, objectives and

	2025					2024				
Expensed compensation to Executive Management Team (EMT), TSEK	Salary[1]	Variable pay[2]	Long-term variable pay	Share-based remuneration[6]	Social security expenses (of which pension expenses)	Salary[1]	Variable pay[2]	Long-term variable pay	Share-based remuneration[6]	Social security expenses (of which pension expenses)
Håkan Samuelsson, CEO	15,620	10,900	—	2,276	14,285 (9,320)	—	—	—	—	— (—)
Jim Rowan, former CEO[3]	38,393	860	103	113	12,242 (1,517)	16,745	32,987	–128	1,069	24,286 (6,074)
Björn Annwall, former Deputy CEO[4]	—	—	—	—	— (—)	20,632	3,822	–26	63	10,620 (2,220)
Javier Varela, former Deputy CEO[5]	—	—	—	—	— (—)	3,559	—	–270	–2,574	1,436 (1,262)
Other members of EMT	44,324	6,599	34	2,727	28,529 (11,750)	35,176	16,439	–62	1,391	28,948 (10,327)
Total	**98,337**	**18,359**	**137**	**5,116**	**55,056 (22,587)**	**76,112**	**53,248**	**–486**	**–51**	**65,290 (19,883)**

1) Includes benefits such as insurance and company car.
2) Includes STVP and also other additional short-term variable pay in accordance with individual agreements.
3) CEO until 31 March 2025. Remuneration above also includes remuneration during the notice period and severance pay.
4) Deputy CEO until 31 October 2024. Remuneration above also includes remuneration during notice period and severance pay.
5) Deputy CEO until 2 May 2024.
6) For information on share-based programmes, see Note 9 – Share-based remuneration.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

strategies and to encourage all employees to achieve and exceed the business plan targets. To reach maximum pay-out a number of performance indicators must be reached. These include Volvo Car Group profit target (EBIT), excluding share of income in joint ventures and associates, and a target related to cash flow. A threshold, target and maximum level is set for each performance indicator. In order for any Volvo Bonus to be paid out in respect of each performance indicator, the threshold level needs to be met. The pay-out is generated between threshold and maximum. The pay-out is capped at 200 per cent of the so-called target bonus. Depending on the employee's position, the employee is eligible for a certain target level that can be either a fixed amount or a percentage of the employee´s annual base salary 31 December at the end of the performance year. To be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out month. The remuneration is paid in cash.

STVP for Senior Leaders

The STVP for Senior Leaders is an incentive programme for the CEO, EMT and certain senior executives. The purpose of the STVP for Senior Leaders is to support the corporate strategy and the transformation of Volvo Car Group. To reach maximum pay-out a number of performance targets must be reached. Targets include Volvo Car Group profit target (EBIT), excluding share of income in joint ventures and associates, but also other targets related to sales and cash flow. A threshold, target and maximum level is set for each performance indicator. In order for any STVP to be paid out in respect of each performance indicator, the threshold level needs to be met. The pay-out is generated between threshold and maximum. The pay-out is capped at 200 per cent of the so-called target award. The target award is a percentage of the employee's gross annual base salary on 31 December at the end of each performance year. To be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out month. The remuneration is paid in cash.

Liability and cost

For 2025 the Board of Directors decided that no Volvo Bonus or STVP should be paid out. For 2024 the cost for the Volvo Bonus and STVP programmes amounted to SEK 1,946 m including social security expenses, of which SEK 41 m was related to EMT.

NOTE 9 SHARE-BASED REMUNERATION

ACCOUNTING POLICIES

Share-based long-term programmes

The fair value of the share-based programmes are based on the share price reduced by expected dividends connected with the share during the vesting period. Additional social expenses are recognised as a liability, revalued at each balance sheet date.

The aim of these share-based programmes is to generate engagement and commitment to the organisation on a long-term basis. The PSP is equity-settled while the ESMP programme contains both equity-settled and cash-settled components. For components of the programmes that are equity-settled, the total compensation expense is based on the fair value at the grant-date together with consideration of any relevant performance conditions and is recognised over the relevant service period, with a corresponding increase in equity. All share-based payment programmes with employees have a service component while one has performance components as well. The amount recognised as an expense is adjusted to consider the total number of awards for which the relevant non-market performance conditions and service conditions are expected to be met. The result is that the amount ultimately recognised is based on the actual number of awards that meet the relevant service and non-market performance conditions at the vesting date. For share-based payment transactions with non-vesting conditions, the grant-date fair value is adjusted to reflect these conditions.

For components of the ESMP that are cash-settled, the liability is valued based on the fair value of the liability and is revalued at the end of each reporting period, with any changes in fair value recognised in the income statement for the period.

Share-based incentive programmes
Performance Share Plan (PSP)

At the Annual General Meeting 2022, the shareholders adopted a share-based incentive programme (Performance Share Plan, PSP 2022), with a purpose to create a long-term focus amongst the participants on reaching Volvo Car Group´s long-term ambitions, as well as to facilitate recruitment and retention of employees with key competencies. Since the Board of Directors also believes that long-term share ownership is an important way to create alignment between the EMT and Volvo Car´s shareholders, it has implemented a policy setting out recommendations for certain levels of share ownership for members of the EMT. The PSP offers an opportunity for such members to increase their holdings to achieve the recommended share ownership.

A new share-based incentive programme, PSP 2023, was adopted at the Annual General Meeting 2023 and at the Annual General Meeting 2024 a third share-based incentive programme was adopted, PSP 2024. A fourth share-based incentive programme was adopted at the Annual General Meeting 2025, PSP 2025. The structure of these three plans corresponds to the incentive programme approved in 2022.

In all programmes, each PSP participant will at commencement of the programme, free of charge receive a conditional award of Performance Shares (a “PSP Award”). The PSP Award will amount to the number of Performance Shares the value of which corresponds to a percentage of each participant's gross annual base salary. The share price used to calculate the PSP Award value was the volume-weighted average price paid for the Volvo Car AB (publ.) class B share during a period of 30 trading days in connection with the commencement of the vesting period.

The number of Performance Shares allocated to the participants after expiration of the three-year vesting period may amount to between 0 and 200 per cent of the PSP Award, depending on the satisfaction of four performance conditions;

PSP 2022 performance conditions

- average operating margin during financial years 2022–2024 (weight 40 per cent)
- average revenue growth during financial years 2022–2024 (weight 40 per cent)
- reduction of CO_2 emissions per car sold (average CO_2 emissions per car sold in 2018 compared to the average CO_2 emissions per car sold in 2024) (weight 10 per cent)
- gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2024 (weight 10 per cent)

PSP 2023 performance conditions

- average operating margin (excl share of income in JV and associates) during financial years 2023–2025 (weight 30 per cent)
- average revenue growth during financial years 2023–2025 (weight 30 per cent)
- reduction of CO_2 emissions per car sold (average CO_2 emissions per car sold in 2018 compared to the average CO_2 emissions per car sold in 2025) (weight 30 per cent)

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

- gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2025 (weight 10 per cent)

PSP 2024 performance conditions

- average EBIT (excl share of income in JV and associates) during financial years 2024–2026 (weight 40 per cent)
- compound annual growth rate during financial years 2024–2026 (revenue for financial year 2026 is compared to revenue for financial year 2023) (weight 25 per cent)
- percentage of reduction of CO_2 emissions per Volvo car manufactured in 2018 compared to the average CO_2 emissions per car manufactured in 2026 (weight 25 per cent)
- gender diversity (share of females within senior leaders) as of 31 December 2026 (weight 10 per cent)

PSP 2025 performance conditions

- average EBIT (excl share of income in JV and associates) during financial years 2025–2027 (weight 40 per cent)
- accumulated free cash flow during financial years 2025–2027 (weight 30 per cent)
- percentage of reduction of CO_2 emissions per Volvo car manufactured in 2018 compared to the average CO_2 emissions per car manufactured in 2027 (weight 20 per cent)
- gender diversity (share of females within senior leaders) as of 31 December 2027 (weight 10 per cent)

The performance conditions for all programmes include a minimum level which must be exceeded in order for any Performance Shares to be allocated at all. Should the minimum level be exceeded but the maximum level not reached, a proportionate number of Performance Shares will be allocated.

The PSP 2022 and 2023 programmes shall each comprise a maximum of 9,886,909 class B shares in Volvo Car AB (publ.) respectively, the PSP 2024 programme shall comprise a maximum of 12,539,648 class B shares in Volvo Car AB (publ.) and the PSP 2025 programme shall comprise a maximum of 14,436,511 class B shares in Volvo Car AB (publ.).

Allocation of Performance Shares is also conditional upon the participants retaining the employment within the Volvo Car Group over the entire vesting period. For so-called good leavers the number of performance shares allocated will be proportionately reduced for the time served during the vesting period.

PSP 2025 programme	Total	of which CEO	of which former CEO[1]	of which other members of EMT
Outstanding number of shares at the beginning of the year	—	—	—	—
Granted shares during the year	6,655,658	838,601	—	754,781
Forfeited during the year	–81,137	—	—	—
Outstanding number of shares at the end of the year	**6,574,521**	**838,601**	**—**	**754,781**
PSP 2024 programme				
Outstanding number of shares at the beginning of the year	3,600,636	—	349,478	297,708
Granted shares during the year	39,115	—	—	—
Forfeited during the year	–423,860	—		
Reclassification	—	—	–349,478	–67,256
Outstanding number of shares at the end of the year	**3,215,891**	**—**	**—**[2]	**230,452**
PSP 2023 programme				
Outstanding number of shares at the beginning of the year	2,268,229	—	271,492	192,039
Forfeited during the year	–180,170	—	—	—
Reclassification	—	—	–271,492	–50,210
Outstanding number of shares at the end of the year	**2,088,059**	**—**	**—**[2]	**141,829**
PSP 2022 programme				
Outstanding number of shares at the beginning of the year	1,139,405	—	157,912	54,384
Forfeited during the year	–76,493	—	–10,951	–313
Decrease due to performance conditions	–526,903	—	–73,481	–27,038
Vested during the year	–526,799	—	–73,480	–27,033
Outstanding number of shares at the end of the year	**9,210**	**—**	**—**[2]	**—**

1) CEO until 31 March 2025.
2) The PSP Awards have been prorated accordingly after leaving the position as CEO. For 2022 programme the prorated number of shares was 146,961, for 2023 programme the prorated number of shares was 173,150 and for 2024 programme the prorated number of shares was 106,280.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The total value of the Performance Shares at the end of the vesting period may not exceed 400 per cent of the PSP Award value and the number of Performance Shares allotted may be reduced accordingly. Should there be a decline in the price of the Volvo Car AB (publ.) class B share such that the number of Performance Shares subject to allocation exceeds the maximum number of Performance Shares, the number of Performance Shares allocated to the participants will be reduced proportionately.

The Board of Directors is entitled to reduce the number of Performance Shares subject to allocation or, wholly or partially, terminate the PSP programmes in advance if significant changes in the Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Performance Shares become unreasonable.

The fair value of the Volvo Car AB (publ.) class B share at grant date is calculated as the market value of the share excluding the present value of expected dividend payments for the next three years and amounted to SEK 75.26 for the PSP 2022, SEK 40.43 for the PSP 2023, SEK 34.06 and SEK 24.56 for the PSP 2024 and SEK 17.37 for the PSP 2025, dependent on the date the Performance Share was granted on.

During 2024 Volvo Car AB (publ.) modified the PSP 2022, PSP 2023 and PSP 2024 programmes by granting an additional PSP Award to participants to reflect the effects on the share price in connection with the distribution of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC. The fair value of the Volvo Car AB (publ.) class B share at grant date for the modification amounted to SEK 28.42 and is applicable to all programmes. Terms and conditions of vesting are aligned with the existing programmes. The expenses for the additional PSP Award will be recognised from the modification date up until the date for vesting in each programme. The total expenses for the additional Awards during 2025 was SEK 2 (2) m, of which SEK 1 (2) m is equity settled and SEK — (—) is cash settled.

Liability and cost

The total cost for the PSP programmes amounted to SEK 33 (1) m of which SEK 23 (4) m is equity-settled. SEK 10 (–3) m is cash-settled, of which SEK 9 (–1) m is related to social security expenses. The total liability amounted to SEK 16 (16) m.

PSP 2023 programme vesting level

Performance condition, %	Weight	Minimum level	Maximum level	Performance outcome	Achieved vesting level
Average operating margin (excl share of income in JV and associates) during financial years 2023–2025	30	5.6	7	5.4[1]	0
Average revenue growth during financial years 2023–2025	30	7.5	17.5	3.5	0
Reduction of CO_2 emissions per car sold (average CO_2 emissions per car sold in 2018 compared to average CO_2 emissions per car sold in 2025)	30	26	40	31	71
Gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2025	10	30	34	28.5	0
Overall achieved vesting level					**21**

1) The operating margin for 2025 has been adjusted for items affecting comparability in accordance with a decision from PC.

PSP 2022 programme vesting level

Performance condition, %	Weight	Minimum level	Maximum level	Performance outcome	Achieved vesting level
Average operating margin during financial years 2022–2024	40	6	7.6	5.8	0
Average revenue growth during financial years 2022–2024	40	10.5	14.5	12.7	111
Reduction of CO_2 emissions per car sold (average CO_2 emissions per car sold in 2018 compared to average CO_2 emissions per car sold in 2024)	10	26	40	24	0
Gender diversity (portion of non-male participants) in the STVP programme as of 31 December 2024	10	30	34	31.1	55
Overall achieved vesting level					**50**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Employee Share Matching Plan (ESMP)

In 2022, the Annual General Meeting also approved the implementation of a share-based incentive programme (Employee Share Matching Plan, ESMP 2022) giving all permanent employees of Volvo Car Group the opportunity to become shareholders in Volvo Car AB (publ.). The purpose of the ESMP is to create engagement, commitment and motivation for the entire permanent workforce of Volvo Car Group, excluding the participants of PSP.

Two additional ESMP programmes have been approved, one at the Annual General Meeting 2023, ESMP 2023 and another one at the Annual General Meeting 2024, ESMP 2024, similar to the one implemented during 2022. To participate in the programmes, the participants must make own investments in class B shares in Volvo Car AB (publ.) (Investment shares), up to an aggregate value for each participant at the time of the investment of no more than SEK 10,000.

For each Investment share, the participants will be entitled to allocation of one Matching Share free of charge after the expiration of the two-year vesting period.

Allocation of Matching Shares is conditional upon the participants retaining the employment within the Volvo Car Group over the entire vesting period and that the participants has retained the Investment shares purchased.

Both ESMP 2022 and 2023 programmes shall comprise a maximum of 7,832,000 class B shares in Volvo Car AB (publ.) respectively. The ESMP 2024 programme shall comprise a maximum of 16,578,427 class B shares in Volvo Car AB (publ.). Should there be a decline in the price of the Volvo Car AB (publ.) class B share such that the number of Matching Shares subject to allocation exceeds the maximum number of Matching Shares, the number of Matching Shares allocated to the participants will be reduced proportionately.

The Board of Directors is entitled to reduce the number of Matching Shares subject to allocation or, wholly or partially, terminate the ESMP programmes in advance if significant changes in the Group or in the market occur which, in the opinion of the Board of Directors, would result in a situation where the conditions for allocation of Matching Shares become unreasonable.

The fair value of the Volvo Car AB (publ.) class B share at grant date is calculated as the market value of the share excluding the present value of expected dividend payments for the next two years. For ESMP 2022 the fair value of the share at grant date amounted to SEK 44.34, SEK 50.71, SEK 49.43 and SEK 44.14 dependent on the date the Matching Share was granted. For ESMP 2023 the fair value of the share at grant date amounted to SEK 36.96, SEK 42.72, SEK 45.32, SEK 40.14, SEK 32.56 and SEK 33.6 dependent on the date the Matching Share was granted. For ESMP 2024 the fair value of the share at grant date amounted to SEK 35.32, SEK 31.56, SEK 31.41 and SEK 23.73 dependent on the date the Matching Share was granted.

When the employee receives the Matching Shares, it is normally seen as a taxable benefit. Volvo Cars has therefore decided to contribute with an additional cash sum corresponding to a general tax level for each country. The contribution is calculated on a general level and is not individually set.

Since this part of the programme meets the description of a cash-settled share-based payment transaction, a liability will be recognised and remeasured to fair value at the end of each reporting period.

During 2024, Volvo Car AB (publ.) granted an additional cash contribution to ESMP 2022 and ESMP 2023 participants to reflect the effects on the share price in connection with the distribution of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC. Payment of the cash contribution is aligned with the vesting of the existing programmes and the cost for the additional cash contribution will be taken from the modification date up until the date for vesting in each programme. The total cost for 2025 for the additional cash contribution was SEK 9 (26) m (all cash settled).

Liability and cost

The total cost for the ESMP programme amounted to SEK 98 (153) m of which SEK 47 (80) m is equity-settled. SEK 51 (73) m is cash-settled, of which SEK 17 (24) m is related to social security expenses. The total liability amounted to SEK 58 (78) m.

	ESMP 2024	ESMP 2023	ESMP 2022
Outstanding number of shares at the beginning of the year	1,821,311	1,559,470	625,244
Granted shares during the year	—	—	—
Forfeited during the year	–195,412	–43,468	–8,729
Vested during the year	—	–1,482,042	–616,515
Outstanding number of shares at the end of the year	**1,625,899**	**33,960**	**—**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 10 GOVERNMENT GRANTS

ACCOUNTING POLICIES

Government grants are recognised in the financial statements in accordance with their purpose, either as a reduction of expense or as a reduction of the carrying amount of the asset. Government grants intended to compensate for a specific expense are recognised as a cost reduction in the same period as the expense which the grant is intended to compensate has been recognised. Government grants related to acquiring assets are deducted from the carrying amount of the asset and are recognised in the income statement over the life of a depreciable asset as a reduced depreciation expense. In cases where the received government grant is not intended to compensate for any expenses or the acquisition of assets, the grant is classified by the nature of the income, either as revenue or other income. Government grants for future expenses are recognised as deferred income. For more information relating to the accounting policies for emission credits see Note 2 – Revenue.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A government grant is recognised when there is reasonable assurance that Volvo Car Group will comply with the conditions attached to the grant and that the grant will be received. Judgement includes assessing if Volvo Car Group is in compliance with the prerequisites in the contract or not and if there is a potential risk of repayment if these prerequisites are breached during the contract period. As of today, Volvo Car Group's assessment is that there are no government grants received where there is a risk of material repayments.

Volvo Car Group receives grants from several parties, mainly from the Slovak, American, Chinese and Belgian Governments as well as from the European Union. In 2025 the government grants received amounted to SEK 797 (167) m and the government grants realised in the income statement amounted to SEK 3,686 (1,116) m. Grants relating to earned emission credits amounted to SEK 3,501 (994) m. Non-monetary government grants have been received in China, mainly in the form of rent-free office and factory premises, and in the US in the form of reduced lease fees and reduced property tax related to office premises and the manufacturing site.

NOTE 11 OTHER FINANCIAL INCOME AND EXPENSES

ACCOUNTING POLICIES

Financing expenses on repurchase obligations are presented as other financial expenses. Foreign exchange rate gains and losses on financial transactions are presented net in other financial income and expenses. Also presented net are fluctuations in the fair value of derivatives hedging financial transactions where hedge accounting is not applied. Information on the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

Other financial income	**2025**	**2024**
Net change in fair value on financial instruments	—	358
Net foreign exchange rate differences	—	84
of which foreign exchange rate gains	—	*2,201*
of which foreign exchange rate losses	—	*–2,117*
Other financial income	2	9
	2	**451**

Other financial expenses	**2025**	**2024**
Financing expenses on repurchase obligations	–917	–797
Net change in fair value on financial instruments	–241	—
Net foreign exchange rate differences	–219	—
of which foreign exchange rate gains	*3,256*	—
of which foreign exchange rate losses	*–3,475*	—
Fees on factoring	–151	–184
Expenses on credit facilities	–99	–69
Other financial expenses	–22	–26
	–1,649	**–1,076**

NOTE 12 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

ACCOUNTING POLICIES

Joint ventures refer to joint arrangements whereby Volvo Car Group together with one or more parties have joint control and rights to the net assets of the arrangements.

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 per cent of the shares, but it also includes investments with less participation if significant influence is proven based on other facts and circumstances.

Investments in joint ventures and associated companies are recognised in accordance with the equity method. When Volvo Car Group's share of losses in a joint venture or associate equals or exceeds its interest in the joint venture or associate, Volvo Cars does not recognise further losses unless it has a legal or constructive obligations in relation to the joint venture or associate.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

A critical judgement in relation to joint ventures is whether joint control exists when Volvo Car Group has a shareholding of greater than 50 per cent but based on other facts and circumstances has joint control over the investee. This could be based on but not limited to the governance structure of the joint venture, and procedures for appointment of key management and dispute resolution. The judgement that is made is whether Volvo Car Group has the power to direct the activities that significantly affect the returns of the joint venture, has a right to variable returns from the joint venture, and the ability to exercise its power over the joint venture to affect the amount of its returns. Even with a greater than 50 per cent ownership in an investee, if Volvo Car Group cannot direct the activities of the joint venture to significantly affect its returns from the joint venture, nor exercise its power over the joint venture. Volvo Car Group recognises Volvo Car Group Financial Leasing (Shanghai) Co., Ltd as a joint venture with a 55 per cent shareholding and voting interest because it has joint decision-making power over the operations.

A critical judgement in relation to associates is whether significant influence exists where Volvo Car Group has voting power of less than 20 per cent but based on other facts and circumstances could have significant influence over a company. This could be

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	
CONSOLIDATED FINANCIAL STATEMENTS	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
ALTERNATIVE PERFORMANCE MEASURES	
PARENT COMPANY FINANCIAL STATEMENTS	
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS	
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY	
AUDITOR'S REPORT	
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

based on the content of a shareholder agreement, evaluation of the company's financing structure and board of directions composition, or other market-based assumptions and relationship-based facts. Volvo Car Group recognises Polestar Automotive Holding UK PLC as an associate with a 13.7 (18.0) per cent shareholding and 12.5 (14.9) per cent of voting power, and retains significant influence in the Polestar Group through its remaining shareholding, board representation, operational collaborations and technical reliance.

	2025	2024
Share of income in joint ventures	597	–1,937
Share of income in associates	57	–2,785
Total	**654**	**–4,722**

Share of income in joint ventures and associates is specified below:	2025	2024
Lynk & Co Automotive Technology Group	–137	–624
Polestar Automotive Holding Group[1)]	46	–2,794
Ziklo Bank AB	379	393
Other companies[2)]	366	–1,697
Total	**654**	**–4,722**

1) After the second quarter 2024, no further losses have been recognised.
2) Impairment of shareholding in NOVO Energy AB of SEK — (–1,702) m.

Investments in joint ventures and associates	31 Dec 2025	31 Dec 2024
At beginning of the year/acquired acquisition value	8,998	14,142
Share of net income	654	–4,722
Reversal internal profit elimination	–46	–2,018
Investment in NOVO Energy AB	—	2,136
Investment in Volvo Car Group Financial Leasing (Shanghai) Co., Ltd.	—	802
Investment in World of Volvo AB	—	25
Investment in Zenuity AB	3	6
Divestment of Lynk & Co Automotive Technology Co., Ltd	–2,235	—
Liquidation of GV Automobile Technology (Ningbo) Co., Ltd	–43	
Reclassification from joint venture to subsidiary	—	–908
Revaluation of earn-out rights in Polestar Automotive UK PLC	—	581
Dividends	–205	–213
Translation difference	–123	–833
Total	**7,003**	**8,998**

Volvo Car Group's carrying amount on investments in joint ventures and associates:	Corp. ID no.	Country of incorporation	% interest held	**31 Dec 2025**	31 Dec 2024
Joint ventures					
Volvo Trademark Holding AB	556567-0428	Sweden	50	7	7
VH Systems AB	556820-9455	Sweden	50	38	37
Zenuity AB	559073-6871	Sweden	50	—	—
Ziklo Bank AB	556069-0967	Sweden	50	3,905	3,717
World of Volvo AB	559233-9849	Sweden	50	89	87
VCFS Germany GmbH	HRB 85091	Germany	50	4	4
VCIS Germany GmbH	HRB 86800	Germany	50	12	9
Volvo Car Financial Services UK Ltd	12718441	United Kingdom	50	1,215	1,036
Volvo Car Group Financial Leasing (Shanghai) Co., Ltd	91310115MA1K49CY8Y	China	55	1,694	1,612
GV Automobile Technology (Ningbo) Co., Ltd	91330201MA2AGKLQ8E	China	— (50)	—	40
Lynk & Co Automotive Technology Co., Ltd	91330200MA2AF25Y7B	China	— (30)	—	2,414
Associated companies					
VCC Försäljnings KB	969712-0153	Sweden	50	1	1
VCC Tjänstebilar KB	969673-1950	Sweden	50	5	2
Volvohandelns PV Försäljnings AB	556430-4748	Sweden	50	19	17
Volvohandelns PV Försäljnings KB	916839-7009	Sweden	50	6	7
Polestar Automotive Holding UK PLC[3)]	13624182	United Kingdom	14 (18)	—	—
Trio Bilservice AB	556199-1059	Sweden	33	1	1
Göteborgs Tekniska College AB	556570-6768	Sweden	26	7	6
Leiebilservice AS	879 548 632	Norway	20	—	1
Carrying amount, participation in joint ventures and associates				**7,003**	**8,998**

3) The share of voting power is 12.5 (14.9) per cent.

The share of voting power corresponds to holdings in per cent as per above, unless otherwise noted. For practical reasons, some of the joint ventures and associates are included in the consolidated financial statements with a certain time lag, normally one month.

Lynk & Co Automotive Technology Co., Ltd

The joint venture company Lynk & Co Automotive Technology Co., Ltd was an establishment between Volvo Cars (China) Investment Co., Ltd, (30 per cent), Ningbo Geely Automobile Industry Co., Ltd. (50 per cent) and Zhejiang Geely Holding Group Co., Ltd. (20 per cent). The principal activity of the Lynk & Co Automotive Technology Co., Ltd is to engage in the manufacturing and sale of vehicles under the "Lynk & Co" brand, and support after-sale services relating thereto.

On 14 February, Volvo Cars divested its 30 per cent shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd., after approval at an Extraordinary General Meeting of Volvo Cars' shareholders on 6 February 2025 as well as other regulatory approvals. Disposal consideration, including interest, amounted to RMB 5,463 corresponding to SEK 8,053 m. 70 per cent of the disposal consideration (RMB 3,824 m) was received at closing and the remaining 30 per cent of the disposal consideration (RMB 1,639 m) was paid on 28 November 2025. Since the trans-

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

action is a divestment under common control, the capital gain of SEK 5,818 m (excluding tax) was recognised directly in equity.

The recognised losses in Lynk & Co Automotive Technology Co., Ltd have been accounted for up until 14 February 2025, using the equity method.

Polestar Automotive Holding UK PLC

The associated company Polestar Automotive Holding UK PLC is owned by Volvo Car Group's wholly-owned subsidiary Snita Holding B.V., with 13.7 (18.0) per cent shareholding and 12.5 (14.9) per cent of voting power. Polestar Automotive Holding UK PLC is listed on the Nasdaq Stock Exchange in New York (ticker symbol: PSNY). Other major shareholders are PSD Investment Ltd 36.7 (39.2) per cent with voting power 42.3 (49.9) per cent, and Geely Sweden Automotive Investment B.V. 18.1 (23.8) per cent with voting power 16.5 (19.6) per cent.

On 26 March 2024, the Annual General Meeting of Volvo Cars resolved, in accordance with the Board of Directors' proposal, to distribute a portion of Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders.

In preparation for the distribution of the shares, an internal share transfer was made from Snita Holding B.V. to Volvo Cars parent company Volvo Car AB (publ.) at a purchase price equivalent of the fair market value of each share on the Nasdaq Stock Exchange in New York on the transaction date, 8 May 2024.

On 8 May 2024, Volvo Car AB (publ.) completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC amounted to SEK 9,332 m to Volvo Cars' shareholders. The major shareholder is Geely Sweden Holdings AB with 78.65 per cent of the shares.

The distribution involved a share split (2:1), whereby Volvo Cars' shareholder received redemption shares which was redeemed as part of the distribution. The distribution of SEK 3.13 per share was made to the holders of the redemption shares on the record date of of 8th of May 2024, in total 2,979,524,179 redemption shares. For further information, see Note 21 – Equity.

After the distribution, Volvo Car Group's remaining shareholding in Polestar through the wholly-owned subsidiary Snita Holding B.V. was reduced to 18.0 per cent with a voting right of 14.9 per cent.

Until 8 May 2024, recognised losses in Polestar were accounted for using the equity method with a shareholding of 48.3 per cent and thereafter with 18.0 per cent. After the second quarter 2024, when recognised losses exceeded the carrying amount of Volvo Car Group's investment in Polestar, no further losses have been recognised.

On 23 July 2025, Polestar Automotive Holding UK PLC closed a private investment in public equity, "PIPE investment" of USD 200 m with its major shareholder PSD Investment Ltd. As a result, Volvo Car Group's shareholding in Polestar was diluted from 18.0 per cent down to 16.5 per cent and voting rights were diluted down from 14.9 per cent to 14.8 per cent.

On 23 December 2025, Polestar Automotive Holding UK PLC closed a PIPE investment of USD 300 m with two financial institutes. As a result, Volvo Car Group's shareholding was further diluted down to 13.7 per cent and voting rights were diluted down to 12.5 per cent.

As of 31 December 2025, Volvo Cars' fair value of the Polestar Group, listed on the Nasdaq Stock Exchange in New York, was SEK 2,498 (4,405) m based on the quoted market price.

Ziklo Bank AB

Ziklo Bank AB is a joint venture between Volvo Car Corporation and AB Volverkinvest. In Sweden, Ziklo Bank AB is one of the leading banks within vehicle financing services. During 2024, Volvofinans Bank AB changed its legal name to Ziklo Bank AB, however Volvofinans still exists as a brand.

Other companies

On 8 December, GV Automobile Technology (Ningbo) Co., Ltd, a joint venture between Volvo Car Corporation and Ningbo Geely Automobile Technology Research & Development Co. Ltd, was liquidated.

NOVO Energy AB was a joint venture between Volvo Car Corporation (50 per cent) and Northvolt AB (50 per cent). The purpose of the joint venture was to develop and produce more sustainable batteries to contribute to powering the next generation of pure electric Volvo and Polestar cars.

On 30 October 2024, Volvo Cars executed its redemption right to acquire Northvolt's 50 per cent shareholding in NOVO Energy AB. The NOVO Energy Group was up to 30 October 2024 reported in accordance with the equity method and thereafter reclassified to a subsidiary. For further information, see Note 27 – Business combinations and divestments.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The following tables present summarised financial information for the Volvo Car Group's material joint ventures and associates.

	Lynk & Co Automotive Technology Group[1]		Polestar Automotive Holding Group[2]		Ziklo Bank AB[3]	
Summarised balance sheets	**2025**	2024	**2025**	2024	**2025**	2024
Percentage ownership	—	30	16	18	50	50
Non-current assets	—	30,686	14,383	24,958	51,880	44,488
Cash and cash equivalents	—	8,367	9,177	8,100	3,646	4,064
Other current assets	—	45,614	14,865	17,403	6,106	5,525
Total assets	**—**	**84,667**	**38,425**	**50,461**	**61,632**	**54,077**
Equity[4]	—	7,881	–42,627	–31,489	7,058	6,683
Non-current financial liabilities	—	6,045	24,080	26,237	49,932	42,376
Non-current liabilities[4]	—	4,551	2,240	3,055	1,372	1,174
Current financial liabilities	—	2,745	31,802	28,968	—	—
Current liabilities	—	63,445	22,930	23,690	3,270	3,844
Total equity and liabilities	**—**	**84,667**	**38,425**	**50,461**	**61,632**	**54,077**

	Lynk & Co Automotive Technology Group[1]		Polestar Automotive Holding Group[2]		Ziklo Bank AB[3]	
Summarised income statements	**2025**	2024	**2025**	2024	**2025**	2024
Revenue	—	62,282	21,592	21,373	6,124	5,745
Depreciation and amortisation	—	–5,429	–374	–1,188	–18	–20
Interest income	—	315	707	173	—	—
Interest expense	—	–704	–2,789	–4,150	—	—
Profit/loss from continuing operations	—	–2,339	–15,499	–16,578	626	633
Profit (loss) for the year	**—**	**–2,339**	**–15,499**	**–16,578**	**626**	**633**
Other comprehensive income for the year	**—**	**137**	**386**	**–420**	**—**	**—**
Total comprehensive income for the year	**—**	**–2,202**	**–15,113**	**–16,998**	**626**	**633**
Dividends received from joint ventures and associates during the year	—	—	—	—	191	201

Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures and associates.

	Lynk & Co Automotive Technology Group[1]		Polestar Automotive Holding Group[2]		Ziklo Bank AB[3]	
Reconciliation of summarised financial information	**2025**	2024	**2025**	2024	**2025**	2024
Net asset of the joint venture and associate	—	7,881	–42,627	–31,489	7,058	6,683
Proportion of Volvo Car Group's ownership, %	—	30	16	18	50	50
Goodwill	—	—	—	—	376	376
Adjustments for differences in accounting principles	—	—	455	455	—	—
Adjustments for unrecognised share of losses	—	—	5,194	2,956	—	—
Adjustments for common control transaction	—	54	–47	20	—	—
Polestar listing	—	—	8,970	8,970	—	—
Revaluation of earn-outs rights	—	—	315	315	—	—
Distribution of Polestar shares	—	—	–5,626	–5,626	—	—
Equity-settled share-based payments	—	—	–106	–92	—	—
Capital injection from investors other than Volvo Car Group	—	—	–1,107	–764	—	—
Net foreign exchange rate effect	—	–4	–1,027	–560	—	—
Carrying amount of Volvo Car Group's interest in joint ventures and associates	**—**	**2,414**	**—**	**—**	**3,905**	**3,717**

1) Volvo Car Group's equity share in Lynk & Co Automotive Technology Group was in year 2024 included with a time lag of a month, and a forecast for December.
2) Volvo Car Group's equity share in Polestar Automotive Holding Group is included with a time lag of a quarter.
3) Volvo Car Group's equity share in Ziklo Bank AB is included with a time lag of a quarter.
4) Equity and non-current liabilities are adjusted with the portion of untaxed reserves where appropriate.

Significant restrictions

For the Chinese joint venture company, there are some restrictions on the Volvo Car Group's ability to access cash.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 13 TAXES

ACCOUNTING POLICIES

Income taxes

Income taxes include current and deferred taxes as well as withholding tax, mainly on licenses, and are reported in the income statement unless the underlying transaction is recognised directly in equity or other comprehensive income. For those items the related income tax is also reported directly in equity or other comprehensive income.

Deferred taxes are recognised on tax loss carry-forwards, unused tax credits and differences that arise between the taxable value and carrying value of assets and liabilities, with the exception of goodwill.

Volvo Car Group applies the mandatory temporary exemption in IAS 12 to not recognise or disclose information about deferred tax assets and liabilities related to the OECD Pillar Two rules. Information regarding the Group's exposure to the enacted Swedish Pillar Two legislation is presented in this note.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Deferred tax assets

The recognition of deferred tax assets requires assumptions about the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take into consideration forecasted taxable income. The measurement of deferred tax assets is subject to uncertainty and the actual result may diverge from judgements due to future changes in business climate, altered tax laws etc. An assessment is made at each closing date of the likelihood that the deferred tax asset will be utilised. If needed the carrying amount of the deferred tax asset will be altered. The judgements that have been made may affect net income both positively and negatively.

Income tax recognised in income statement	2025	2024
Current income tax for the year	–2,690	–2,799
Current income tax for previous years	–450	–317
Deferred taxes	647	–3,434
Pillar Two – minimum tax	–7	–9
Withholding taxes[1]	171	–255
Other taxes	27	29
Total	**–2,302**	**–6,785**

1) Withholding tax on i.a. royalty and licence sales, mainly to China.

Reconciliation between current tax rate in Sweden and effective tax rate	2025	2024
Income before tax for the year	–666	22,719
Tax according to applicable Swedish tax rate, 20.6 (20.6)%	137	–4,680
Operating income/costs, non-taxable	–20	6
Withholding taxes	171	–255
Other taxes, non-tax deductible	20	20
Share of income in joint ventures and associates, tax exempt	113	–1,127
Capital gains or losses, non-tax deductible	–75	–334
Effect of different tax rates	–214	–186
Tax effect on deferred tax due to change of tax rate	–30	—
Non-recognised deferred tax asset on tax losses carry forward[2]	–2,267	–70
Remeasurements of previously non-recognised deferred tax on tax losses	110	6
Revaluation of previously non-valued losses and other temporary differences	–212	–134
Other	–35	–31
Total	**–2,302**	**–6,785**

2) Non-recognised deferred tax asset of tax losses carry forwards and temporary tax adjustments relates to China. Deferred tax assets were not recognised due to IAS 12 criteria regarding convincing evidence of future taxable income and limitation of tax losses carry-forwards to five years. The impairment is allocated to taxable losses and temporary tax adjustments recognised during the year SEK -1,594 (-70) m and remeasurement of previous year recognised deferred tax assets of SEK -673 (—) m.

The corporate statutory income tax rate in Sweden was 20.6 (20.6) per cent. The effective tax rate on profit before taxes was –345.65 (29.86) per cent.

Income tax recognised in other comprehensive income	2025	2024
Deferred tax		
Tax effects on cash flow hedge reserve	1,770	–1,109
Tax effect of remeasurement of provisions for post-employment benefits	496	–55
Tax effects on translation difference of hedge instruments of net investments in foreign operations	154	–65
Total	**2,420**	**–1,229**

Specification of deferred tax assets	31 Dec 2025	31 Dec 2024
Goodwill arising from the purchase of the net assets of a business	–9	36
Provision for employee benefits	467	1,042
Unutilised tax loss carry-forwards and tax credits[3]	11,975	10,534
Accruals	7,287	9,258
Reserve for unrealised income in inventory	767	1,730
Provision for warranty	1,690	1,757
Fair value of financial instruments	—	743
Lease liabilities	1,578	2,385
Other temporary differences	1,681	1,517
Total deferred tax assets	**25,436**	**29,002**
Netting of assets/liabilities	–17,073	–16,742
Total deferred tax assets, net	**8,363**	**12,260**

Specification of deferred tax liabilities	31 Dec 2025	31 Dec 2024
Fixed assets	17,824	20,112
Untaxed reserves	125	47
Auto lease portfolio	7,317	7,125
Fair value of financial instruments	1,202	—
Other temporary differences	469	538
Total deferred tax liabilities	**26,937**	**27,822**
Netting of assets/liabilities	–17,073	–16,742
Total deferred tax liabilities, net	**9,864**	**11,080**

3) In 2025, Volvo Cars has adjusted the presentation of certain unused tax credits in the US, resulting in a reclassification amounting to SEK 1,099 (1,278) m, to more accurately reflect the nature of these items. Comparative figures have been restated (prior Other non-current assets).

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Volvo Car Group is subject to the OECDs model rules for Pillar Two and on 13 December 2023, the government of Sweden, where the parent company is incorporated, enacted the Pillar Two income tax legislation effective from 1 January 2024 and applicable from fiscal year 2024.

Based on the legislation, the Group is obliged to pay additional tax on profits in each jurisdiction where the effective tax rate according to the GloBE rules is below the minimum tax rate of 15 per cent.

The Group has identified exposure to Pillar Two income taxes on profits earned in a few countries. The exposure comes from the constituent entities (mainly operating subsidiaries) in these jurisdictions. The current tax expense related to Pillar Two income taxes is disclosed separately.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance and is adapting to local compliance rules as they are implemented. For the sake of completeness, it should be noted that some countries, including China, have not yet implemented Pillar Two rules (or a local Qualified Domestic Top Up Tax) within their domestic legislation.

Changes in deferred tax assets and liabilities during the reporting period	31 Dec 2025	31 Dec 2024
Net book value of deferred taxes at 1 January [3]	1,180	2,977
Deferred tax income/expense recognised through income statement	647	–3,434
Change in deferred taxes recognised directly in other comprehensive income	–2,420	1,229
Reclassifications [3]	—	143
Exchange rate impact	–908	265
Net book value of deferred taxes at 31 December [3]	**–1,501**	**1,180**

3) In 2025, Volvo Cars has adjusted the presentation of certain unused tax credits in the US, resulting in a reclassification amounting to SEK 1,099 (1,278) m, to more accurately reflect the nature of these items. Comparative figures have been restated (prior Other non-current assets).

As of 31 December 2025, the recognised tax loss carry-forwards amounted to SEK 48,726 (41,780) m. The tax value of these tax loss carry-forwards is reported as an asset. Of the total SEK 10,876 (9,256) m recognised deferred tax assets related to tax loss carry-forwards, SEK 6,878 (6,085) m relates to Sweden with indefinite periods of utilisation. SEK 3,327 (2,265) m relates to US where tax loss carry-forwards are expected to be utilised before expiration date and SEK 334 (698) m relates to China where tax loss carry-forwards are expected to be utilised before expiration date.

The Group had total unrecognised deferred tax assets of SEK 2,404 (353) m related to tax losses carry-forwards and temporary tax adjustments, these were not recognised due to IAS 12 criteria regarding convincing evidence of future taxable income and limitation of tax losses carry-forwards to five years. The majority, SEK 2,289 (—) m is related to China with definite periods of utilisation.

The final years in which the recognised loss carry-forwards can be utilised are shown in the following table.

Tax-loss carry-forwards; year of expiration	31 Dec 2025	31 Dec 2024
Due date		
Expiring within one year	11	—
Expiring after one year but within five years	808	2,791
Expiring after five years	47,907	38,989
Total	**48,726**	**41,780**

NOTE 14 EARNINGS PER SHARE

ACCOUNTING POLICIES

Basic earnings per share is calculated as net income attributable to owners of the parent company divided by the weighted average number of ordinary shares outstanding during the period.

Effects on Earnings per share (EPS) connected with equity-settled employee incentive plans are reflected in the diluted earnings per share calculation when they are dilutive. For the performance share programme this is based on the fulfilment of the performance conditions. For the employee share matching programme dilutive effects are calculated using the treasury stock method.

Basic earnings per share	2025	2024
Net income attributable to owners of the parent company	174	15,401
Net income attributable to owners of ordinary shares in the parent company	**174**	**15,401**
Weighted average number of ordinary shares outstanding, basics[1)2)]	2,968,505,485	2,977,042,500
Basic earnings per share (SEK)	**0.06**	**5.17**

Diluted earnings per share	2025	2024
Net income in basic earnings per share	174	15,401
Net income in diluted earnings per share	**174**	**15,401**
Weighted average number of ordinary shares outstanding, basic[1)2)]	2,968,505,485	2,977,042,500
Dilutive effect for share-based payment programmes	2,431,998	1,135,042
Weighted average number of ordinary shares, diluted	**2,970,937,483**	**2,978,177,542**
Diluted earnings per share (SEK)	**0.06**	**5.17**

1) The weighted average number of outstanding shares takes into account the weighted average effect of changes in treasury shares during the year.
2) Total number of treasury shares held by Volvo Car Group amounts to 14,894,838 (5,020,194) shares.

NOTE 15 INTANGIBLE ASSETS

ACCOUNTING POLICIES

The intangible assets held by Volvo Car Group consists primarily of vehicle product development, licenses and patents, trademark, goodwill, dealer network and investments in IT-systems and software. Volvo Car Group applies the cost model for measurement of intangible assets.

Product development

Volvo Car Group applies a waterfall model with distinct gates that governs all phases of product development projects. Costs related to product development are only recognised as assets when the recognition criteria are met. Normally this correlates with the industrialisation phase of the project when the product is prepared for serial production and the product is launched. Costs prior to the industrialisation phase of the project, the concept phase, are recognised in the income statement as incurred.

Development costs that are contractually shared with other parties are recognised as intangible assets to the extent of the relevant proportion of Volvo Car Group interests. Incurred costs for developed technology not controlled by Volvo Car Group are recognised in the income statement as cost of sales at the time of sale.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Amortisation methods for intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their respective expected useful lives. When assets are used only in the production of a specific vehicle or platform, the useful life of the assets is aligned with the production period for that vehicle or platform. The amortisation period for contractual rights such as licences does not exceed the contract period. All intangible assets are considered to have a finite useful life, with the exception of goodwill and trademarks. Trademarks are assumed to have indefinite useful lives since Volvo Car Group has the right and the intention to continue to use the trademarks for the foreseeable future, while generating net positive cash flows for Volvo Car Group. An intangible asset with an indefinite useful life is not amortised. The following useful lives are applied to intangible assets with finite useful lives:

Dealer network	30 years
Software	3–8 years
Product development	3–15 years
Patents, licences and similar rights	3–10 years

Amortisation is included in cost of sales, research and development expenses as well as selling or administrative expenses, depending on how the assets have been used. Amortisation of intangible assets related to vehicle platforms are included in research and development expenses.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management regularly reassesses the useful life of all significant assets. When the useful life of an intangible asset is reduced, amortisation is accelerated and increased in future periods to reflect the reduction over time over which the Group will derive benefits from the asset. A shorter estimated useful life is not always an indicator of impairment, as impairment is characterised by a change in the expected cash flows to be derived from the asset. When assessing the useful life, climate-related risks were considered and found to have no material impact.

The carrying amount of intangible assets with finite useful lives is tested for impairment when there are indicators of a decline in the expected future economic benefits related to the asset. Impairment testing of assets that do not generate largely independent cash inflows is performed by grouping assets per platform, which constitute the cash-generating units (CGUs) of Volvo Cars.

	Product development[1) 4)]	Software[4)]	Assets under construction	Trademark and goodwill[2)]	Other intangible assets[3)]	Total
Acquisition cost						
Balance at 1 January 2024	51,441	8,031	37,466	4,218	10,008	**111,164**
Additions	6,306	25	14,552	—	47	**20,930**
Acquired through business combinations	—	—	—	115	—	**115**
Divestments and disposals	–3,645	–769	–190	–179	–69	**–4,852**
Reclassifications	28,233	2,244	–30,928	—	124	**–327**
Effect of foreign currency exchange rate differences	1	–7	46	—	125	**165**
Balance at 31 December 2024	**82,336**	**9,524**	**20,946**	**4,154**	**10,235**	**127,195**
Additions	3,326	24	14,570	—	52	**17,972**
Acquired through business combinations	—	—	—	102	—	**102**
Divestment of business	–4	—	—	—	—	**–4**
Divestments and disposals	–1,698	–396	–289	—	–35	**–2,418**
Reclassifications	11,717	1,990	–14,082	—	245	**–130**
Effect of foreign currency exchange rate differences	–2	7	–66	–5	–206	**–272**
Balance at 31 December 2025	**95,675**	**11,149**	**21,079**	**4,251**	**10,291**	**142,445**
Accumulated amortisation and impairment						
Balance at 1 January 2024	–29,068	–3,459	—	—	–6,533	**–39,060**
Amortisation expense	–7,399	–959	—	—	–846	**–9,204**
Divestments and disposals	3,616	429	—	—	64	**4,109**
Reclassifications	—	—	—	—	853	**853**
Effect of foreign currency exchange rate differences	—	25	—	—	–137	**–112**
Balance at 31 December 2024	**–32,851**	**–3,964**	**—**	**—**	**–6,599**	**–43,414**
Amortisation expense[4)]	–8,171	–1,185	—	—	–845	**–10,201**
Impairment	–7,237	—	–136	–180	–58	**–7,611**
Divestment of business	4	—	—	—	—	**4**
Divestments and disposals	1,228	326	—	—	35	**1,589**
Reclassifications	—	6	—	—	5	**11**
Effect of foreign currency exchange rate differences	2	–40	—	—	180	**142**
Balance at 31 December 2025	**–47,025**	**–4,857**	**–136**	**–180**	**–7,282**	**–59,480**
Net balance at 31 December 2024	**49,485**	**5,560**	**20,946**	**4,154**	**3,636**	**83,781**
Net balance at 31 December 2025	**48,650**	**6,292**	**20,943**	**4,071**	**3,009**	**82,965**

1) Volvo Car Group has capitalised borrowing costs related to product development of SEK 970 (1,120) m. A capitalisation rate of 4.4 (4.6) per cent was used to determine the amount of borrowing costs eligible for capitalisation.
2) Of the total Net balance at 31 December 2025, Goodwill amounted to SEK 473 (556) m.
3) Other intangible assets refers to licences, dealer network and patents.
4) During the year, due to changes in the cycle plan concerning China, planned production in the Daqing manufacturing plant was affected, resulting in increased amortization of SEK 208 m recognised in Cost of sales and Research and development.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Intangible assets with indefinite useful lives are tested annually for impairment. Trademarks are tested for impairment at Volvo Car Group level, as they do not generate largely independent cash inflows. Goodwill arising from business combinations is allocated to the relevant platform CGUs and tested for impairment at that level.

In calculating an impairment test certain estimations must be made with regards to future cash flows, required return on investments and other adequate assumptions. The estimated future cash flows are based on assumptions that represent management's best estimate of the economic conditions that will exist during the asset's remaining useful life and are based on internal business plans or forecasts. Future cash flows are determined on the basis of long-term planning, which is approved by management and valid at the date of preparation of the impairment test. The planning is based on expectations regarding future market share, the market growth, the products' profitability, as well as managements most current assumptions about climate related matters.

During 2025, Volvo Cars identified indicators of impairment for one of its cash-generating units (CGUs); the EX90 and ES90 platform CGU. As a result, an impairment test was performed during the second quarter of the financial year. The CGU comprises of product development intangible assets, as well as an allocation of production related assets and goodwill relating to the EX90 and ES90. The indicators of impairment were primarily related to:

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

As a result, Volvo Cars conducted an impairment test.

Impairment test and key assumptions

The recoverable amount of the CGU was determined based on its value in use, calculated using a discounted cash flow model. A pre-tax discount rate of 10.7 per cent was used, reflecting CGU-specific risks and market conditions at the time of assessment. The key assumptions applied in the model included:

- Cash flow projections based on business plans approved by management and the Board covering the expected useful life of the platform.
- Assumptions regarding sales volumes, pricing, and margins, including the anticipated impact of tariffs, as well as the CGU's contribution toward internal netting of emission credits between BEV and ICE cars.

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

Impairment loss recognised

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

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

At the reporting date, management assessed whether any impairment indicators existed for this CGU and concluded that no further impairment or reversal was required. A Volvo Car Group level impairment test was also performed for non CGU specific assets, including remaining goodwill, trademark and other assets, and no impairment was identified.

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

SEK m	
Carrying amount before impairment	34,543
Impairment loss recognised	–11,431
Recoverable amount	23,112

Sensitivity analysis

The impairment assessment is sensitive to changes in key assumptions used in determining the recoverable amount and the sensitivity analysis presented reflects conditions at the second quarter impairment test date; as of the reporting date, management assessed that there is no significant risk of additional impairment based on reasonably possible changes in key assumptions. A change in the following assumptions, holding all other variables constant, would have had the following approximate impact on the recoverable amount:

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

NOTE 16 TANGIBLE ASSETS

ACCOUNTING POLICIES

The tangible assets held by Volvo Car Group consist primarily of buildings, land and land improvements, machinery and equipment, right-of-use assets (RoU), and assets under operating leases. The cost method is applied for the measurement of tangible assets. Buildings, land and land improvements include assets such as office buildings, production facilities, leasehold improvements and structures built to make land ready for use, such as drainage and roadways. Machinery and equipment include production related assets, such as type-bound tooling, robots and assembly lines, as well as office equipment.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Depreciation methods for tangible assets

Tangible assets are depreciated on a straight-line basis over their estimated useful lives. When a component of a tangible asset has a cost that is significant in relation to the total cost of the item and a useful life that differs from the useful life of the other components of the item, the components are depreciated separately.

RoU assets where Volvo Car Group is a lessee are depreciated over the lease contract period. When assets are used only in the production of a specific vehicle or platform, the useful life of the assets is aligned with the production period for that vehicle or platform.

The following useful lives are applied in Volvo Car Group:

Buildings	15–50 years
Land improvements	15–30 years
Machinery	8–30 years
Equipment	3–20 years
Land	Indefinite

Depreciation is included in cost of sales, research and development expenses as well as selling or administrative expenses depending on how the assets have been used.

For more information on RoU assets and assets under operating leases, see Note 7 – Leases.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management regularly reassesses the useful life and residual value of all significant assets. When the useful life of a tangible asset is reduced, depreciation is accelerated and increased in future periods to reflect the reduction of time over which the Group will derive economic benefits from the assets. A shorter estimated useful life is not always an indicator of impairment, as impairment is characterised by a change in the expected cash flows to be derived from the asset.

When assessing the useful life, climate-related risks were considered and found to have no material impact. This is because management takes certain mitigation efforts against physical risks, among other things, considering potential impacts of climate change during initial design and construction of tangible assets as well as maintaining insurance in case significant damage or disruption does occur.

	Buildings and land[1)2)]	Machinery and equipment[1)2)3)]	Construction in progress[1)]	Right-of-use assets[4)]	Assets under operating leases[5)]	Total
Acquisition cost						
Balance at 1 January 2024	30,045	112,832	12,755	12,549	13,182	**181,363**
Additions	591	12,578	12,744	5,217	11,358	**42,488**
Acquired through business combinations	181	77	1,937	8	1,047	**3,250**
Divestments and disposals	–507	–6,402	–176	–1,494	–305	**–8,884**
Reclassifications	1,960	6,047	–8,983	–2	–11,139	**–12,117**
Effect of foreign currency exchange rate differences	1,152	2,349	586	407	173	**4,667**
Balance at 31 December 2024	**33,422**	**127,481**	**18,863**	**16,685**	**14,316**	**210,767**
Additions	284	7,126	14,981	2,095	8,178	**32,664**
Acquired through business combinations	—	—	—	—	4,036	**4,036**
Divestment of business	—	—	—	–8	–2,351	**–2,359**
Divestments and disposals	–226	–5,309	–176	–3,091	–376	**–9,178**
Reclassifications	2,106	5,092	–7,277	—	–14,361	**–14,440**
Effect of foreign currency exchange rate differences	–2,257	–6,179	–898	–1,400	–829	**–11,563**
Balance at 31 December 2025	**33,329**	**128,211**	**25,493**	**14,281**	**8,613**	**209,927**
Accumulated depreciation and impairment						
Balance at 1 January 2024	–13,177	–77,832	—	–5,427	–814	**–97,250**
Depreciation expense	–1,236	–7,648	—	–2,070	–2,572	**–13,526**
Acquired through business combinations	–1	–2	—	—	–42	**–45**
Divestments and disposals	373	4,855	—	1,392	109	**6,729**
Reclassifications	–3	1	—	3	2,221	**2,222**
Effect of foreign currency exchange rate differences	–408	–1,231	—	–114	–20	**–1,773**
Balance at 31 December 2024	**–14,452**	**–81,857**	—	**–6,216**	**–1,118**	**–103,643**
Depreciation expense[3)]	–1,289	–8,431	—	–1,636	–2,388	**–13,744**
Impairment[1)]	–583	–3,284	–186	—	—	**–4,053**
Acquired through business combinations	—	—	—	—	–527	**–527**
Divestment of business	—	—	—	7	700	**707**
Divestments and disposals	138	3,560	—	752	60	**4,510**
Reclassifications	13	–74	—	—	2,096	**2,035**
Effect of foreign currency exchange rate differences	732	2,878	—	451	118	**4,179**
Balance at 31 December 2025	**–15,441**	**–87,208**	**–186**	**–6,642**	**–1,059**	**–110,536**
Net balance at 31 December 2024	**18,970**	**45,624**	**18,863**	**10,469**	**13,198**	**107,124**
Net balance at 31 December 2025	**17,888**	**41,003**	**25,307**	**7,639**	**7,554**	**99,391**

1) Includes EX90/ES90 Platform CGU impairment losses of SEK 3,982 m recognised in Cost of sales.
2) Volvo Car Group has no mortgages in Buildings and land or Machinery and equipment. For further information regarding pledged assets, see Note 25 – Contingent liabilities and Pledged assets.
3) During the year, due to changes in the cycle plan concerning China, planned production in the Daqing manufacturing plant was affected, resulting in increased depreciation of SEK 437 m recognised in Cost of sales.
4) For information regarding Right-of-use assets, see Note 7 – Leases.
5) Assets under operating leases mainly relate to vehicles sold with repurchase commitments and contracts under the name Care by Volvo.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The carrying amounts of tangible assets are tested for impairment if there are indicators of a decline in value with regards to future economic benefits related to the asset. For these calculations, certain estimations must be made with regards to future cash flows, required return on investments and other adequate assumptions. The estimated future cash flows are based on assumptions that represent management's best estimate of the economic conditions that will exist during the asset's remaining useful life and are based on internal business plans or forecasts. Future cash flows are determined on the basis of long-term planning, valid at the date of preparation of the impairment test and approved by management. The planning is based on expectations regarding future market share, the market growth, the products' profitability, as well as managements most current assumptions about climate related matters.

During the year, Volvo Cars identified indicators of impairment for one of its cash-generating units (CGUs); the EX90 and ES90 platform CGU. As a result, an impairment test was performed, which led to the recognition of impairment losses across both intangible and tangible assets. The portion of the impairment related to tangible assets amounted to SEK 3,982 m and was recognised under Cost of sales. Further details regarding the impairment test are disclosed in Note 15 – Intangible assets.

NOTE 17 INVENTORIES

ACCOUNTING POLICIES

Inventories consist of raw material and consumables, work in progress, finished goods and goods for resale, and emission credits. Assets held under operating lease, with a maturity less or equal to 12 months, are also recognised as inventory. Inventories are measured at the lower of cost and net realisable value. Cost of inventories comprise of all costs of purchase, production charges and other expenditures incurred in bringing the inventories to their present location and condition. The initial value of emission credit inventories is based on the fair value on the date they are earned.

The cost of inventories of similar assets is established using the first-in, first-out method (FIFO). Net realisable value is calculated as the selling price in the ordinary course of business, less estimated costs of completion and selling costs. For groups of similar products, a Group valuation method is applied. Physical stock counts are carried out annually or more often where appropriate in order to verify the records.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Net realisable value is based on the most reliable evidence of the amount Volvo Car Group expects to realise from vehicles and components on future sales trends or needs, for components, and takes into account items that are wholly or partially obsolete.

A future unexpected decline in market conditions could result in an adjustment in future expected sales, requirements and in estimated selling prices assumptions, which may require an adjustment to the carrying amount of inventories.

	31 Dec 2025	31 Dec 2024
Raw materials and consumables	71	364
Work in progress	11,161	13,768
Current assets held under operating lease	10,685	10,964
Finished goods and goods for resale	31,857	35,398
Emissions credits	5,250	1,961
Total	**59,024**	**62,455**
Of which value adjustment reserve:	–2,080	–1,282

The cost of inventories recognised as an expense and included in cost of sales amounted to SEK 280,868 (303,208) m. Current assets held under operating lease consists of a sale of vehicles combined with a repurchase commitment with a maturity less or equal to 12 months.

NOTE 18 ACCOUNTS RECEIVABLE AND OTHER CURRENT AND NON-CURRENT ASSETS

ACCOUNTING POLICIES

Accounts receivables are recognised at amortised cost. An allowance for expected credit loss is recognised when the receivable is initially recognised. The recognised allowance for credit losses consists of incurred as well as of expected credit losses. A credit loss has been incurred when there has been an event that has triggered the customers inability to pay. The expected credit loss allowance is based on a multiplier consisting of average historical write-offs and forward-looking macroeconomic data. In these cases, there has not yet been any events incurred showing any inability to pay.

If it has been determined that an accounts receivable is uncollectible, it will be written off and derecognised. It usually means that collection has been unsuccessful and an entity has no reasonable expectations of recovering the contractual cash flows on the receivable in its entirety or a portion thereof.

Other non-current assets	31 Dec 2025	31 Dec 2024
Endowment insurance for pensions	367	363
Rental deposition	29	38
Other non-current assets[1]	3,826	2,583
Total	**4,222**	**2,984**

Accounts receivable and other current assets	31 Dec 2025	31 Dec 2024
Accounts receivable, non-group companies	11,463	12,989
Accounts receivable, related companies	9,778	9,791
VAT receivables	4,098	3,837
Prepaid expenses and accrued income[2]	6,568	6,947
Other financial receivables	—	—
Restricted cash	39	120
Other receivables[2) 3)]	3,059	3,761
Total	**35,005**	**37,445**

1) In 2025, Volvo Cars has adjusted the presentation of certain unused tax credits in the US, resulting in a reclassification amounting to SEK 1,099 (1,278) m, to more accurately reflect the nature of these items. Comparative figures have been restated (prior Other non-current assets).
2) Whereof prepaid expenses and accrued income from related companies amounted to SEK 1,480 (1,530) m, and other receivables to related companies amounted to SEK 423 (437) m.
3) Whereof interest-bearing receivables amounted to SEK 419 (679) m.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Aging analysis of accounts receivable and accounts receivables from related companies	Not due	1–30 days overdue	30–90 days overdue	>90 days overdue	Total
2025					
Accounts receivable gross	19,646	684	383	770	21,483
Loss allowance	–201	–4	–8	–29	–242
Accounts receivable net	**19,445**	**680**	**375**	**741**	**21,241**
2024					
Accounts receivable gross	18,950	943	729	2,291	22,913
Loss allowance	–109	—	–5	–19	–133
Accounts receivable net	**18,841**	**943**	**724**	**2,272**	**22,780**

Accounts receivable amounted to SEK 21,241 (22,780) m including a credit loss allowance of SEK 242 (133) m of which SEK 28 (37) m is related to allowance for expected credit losses. As of 31 December 2025, the total credit loss allowance amounted to 1.13 (0.58) per cent of total accounts receivable.

The size and geographical spread of the accounts receivable are closely linked to the distribution of Volvo Car Group's sales. The accounts receivable and other current assets do not contain any significant concentration of credit risk to individual customers or markets.

Change in loss allowance for accounts receivable is as follows:	2025	2024
Balance at 1 January	133	126
Additions	164	20
Reversals	–25	–13
Write-offs	–25	–1
Translation difference	–5	1
Balance at 31 December	**242**	**133**

NOTE 19 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

ACCOUNTING POLICIES

Recognition and derecognition

Accounts receivable are recognised on the balance sheet when they are issued by the Group. Accounts payable are recognised on the balance sheet when the invoice is received. Regular-way acquisitions of financial assets are recognised on the balance sheet upon the actual transfer, which occurs on the settlement date. Financial liabilities such as issued bonds and loan liabilities to financial institutions, are recognised on the balance sheet on the settlement date. Other financial assets and liabilities are recognised on the balance sheet when Volvo Car Group becomes involved according to the contractual provisions of the instrument.

Financial assets are initially recognised at fair value plus transaction costs, except for financial assets carried at fair value through profit or loss. In this case transaction costs are expensed in the income statement. Financial liabilities are initially recognised at fair value less transaction costs, except for those financial liabilities carried at fair value through profit or loss. For these liabilities transaction costs are expensed in the income statement.

Volvo Car Group derecognises financial assets or a portion of a financial asset from the balance sheet upon expiry, when it has been settled or when all significant risks and rewards linked to the asset have been transferred to a third party. In those cases where Volvo Car Group concludes that all significant risks and rewards have not been transferred, the portion of the financial assets corresponding to Volvo Car Groups' continuous involvement continues to be recognised.

Volvo Car Group derecognises financial liabilities or a portion of a financial liability from the balance sheet when the obligation in the contract has been settled, cancelled, or expired.

Classification of financial assets

Volvo Car Group classifies financial assets depending on how the asset is managed and the characteristics of the assets' contractual cashflows. The following measurement categories are applied at Volvo Car Group:

- financial assets at amortised cost
- financial assets at fair value through profit or loss
- financial assets at fair value through other comprehensive income

Accounts receivable and other financial receivables

Accounts receivable are classified at amortised cost, and are measured at their nominal value, reflecting the short-term nature of these assets and the immaterial impact of discounting are recognised. Accounts receivable are presented net after allowance for expected credit loss, see Note 18 – Accounts receivable and other current and non-current assets.

Customer invoices may be subject to factoring arrangements with a financial institution. In those cases, the invoices are derecognised from accounts receivable immediately upon settlement. If the credit risk has not transferred to the financial institution the receivables remain on the balance sheet and are presented as Other non-current and current financial assets.

Other financial receivables presented as non-current or/and current other interest-bearing receivables and other assets, are measured at amortised cost.

Deposits

A deposit is a type of interest-bearing instrument held at a financial institution where funds are placed for a fixed term at a predetermined interest rate and cannot be withdrawn before maturity.
A deposit also exist without a fixed maturity date, in which case advance notice is required before funds can be withdrawn. Deposits are measured at amortised cost.

Equity repurchase agreements

Equity repurchase agreements refer to arrangements where Volvo Cars accepts quoted equity securities as collateral for an investment of cash. These equity repurchase agreements are measured at

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

amortised cost. The quoted equity securities received as collateral, which are held in a custodian account, are not recognised on Volvo Cars' balance sheet as the Group does not have the right to sell or re-pledge the collateral and has not obtained control over the equity instrument. Received collateral is measured based at fair value using quoted prices in active markets at the reporting date.

Convertible loan

Volvo Car Group classifies the convertible loan receivable as financial assets at fair value through profit or loss. The convertible loan was initially recognised at fair value. The convertible loan receivable includes a conversion option, which provides the holder with a possibility to convert the loan balance into equity instruments, as shares in the company. This results in subsequent valuation based on prevailing market quotations, which ensures that changes in fair value are continuously recognised in the income statement.

Equity instruments

Volvo Car Group includes equity instruments as financial assets at fair value through profit or loss, which is comprised of holdings in listed and unlisted equity instruments, unlisted warrants and earn-out rights. Volvo Car Group presents changes in fair value of equity instruments in Share of income in joint ventures and associates and Other financial income and expenses.

Bank acceptance drafts

Bank acceptance drafts (BADs) are received primarily in connection with car sales to dealers in China and represent a common form of payment within the Chinese market. BADs may be held to maturity, traded, or redeemed prior to maturity at a discount. Volvo Cars may redeem these instruments before maturity in order to accelerate cash inflows, accepting a discount that reflects the early settlement. BADs are measured at fair value through other comprehensive income.

Classification of financial liabilities

After initial recognition all financial liabilities are carried at amortised cost under the effective interest rate method, except derivatives that constitute liabilities which are measured at fair value. Short-term financial liabilities, including trade payables and other obligations due within one year, are typically measured at their nominal value. Given their short maturity and the absence of significant interest components, the effect of discounting is considered immaterial. As such, the nominal amount provides a reliable approximation of fair value for reporting purposes.

Financial liabilities that are designated as hedged items in fair value hedges are remeasured at fair value concerning the hedged risk throughout the hedging relationship period.

Payables under supplier financing programmes

Liabilities arising under supplier financing programmes are classified based on their contractual substance at initial recognition. Certain balances are recognised and presented as Accounts payable, while other balances are initially recognised and presented as Other current liabilities. The programmes do not result in derecognition of the liabilities.

Derivatives

Derivatives with positive fair values, representing the accumulated unrealised gains, are recognised as Non-current or Current derivative assets. Conversely, derivatives with negative fair values, representing the accumulated unrealised losses, are recognised as Non-current or Current derivative liabilities.

Realised and unrealised gains and losses from fluctuation in fair value of these instruments are recognised in the income statement.

The realised and unrealised gains and losses from fluctuations in the fair value of derivatives designated as hedging instruments are recognised in Other comprehensive income and accumulated in other reserves in equity until the underlying transactions occur. The accumulated gain or loss on these hedging instruments is then recycled to the income statement.

Hedge accounting

Volvo Car Group applies hedge accounting when derivative instruments and financial liabilities are included in a documented hedge relationship. At the inception of the hedge, Volvo Car Group documents the relationship between hedging instruments and hedged items, as well as its risk management strategy and objective for undertaking hedging transactions.

Cash flow hedge

Volvo Car Group applies cash flow hedge accounting to manage variability in cash flows arising from highly probable forecast transactions, including foreign currency exposures on future sales and purchases, expected commodity consumption, and variable interest payments on liabilities to credit institutions. Hedging instruments comprise forward contracts, options, swap contracts and interest rate swaps.

The effective portion of changes in the fair value of hedging instruments is recognised in Other comprehensive income and accumulated in equity under other reserves. Amounts deferred in equity are recycled to the income statement in the periods in which the hedged items affect profit or loss, within Revenue, Cost of sales, or Interest expenses, as applicable. If the identified relationships are no longer deemed effective, the fluctuation in fair value of the hedging instrument from the last period in which the instrument was considered effective is recognised in the income statement.

If the hedged transaction is no longer expected to occur, the hedge's accumulated changes in value are immediately transferred from other reserves in equity through other comprehensive income to the income statement.

Fair value hedge

Volvo Car Group applies fair value hedge accounting, where the designation should eliminate the significant accounting mismatch of a fixed rate liability carried at amortised cost and a related derivative contract, such as an interest rate swap which is recognised at fair value through profit or loss. The carrying value of the hedged item, namely a specified part of a fixed rate issued bond is initially recognised at amortised cost. Subsequent changes related to the hedged risks are reflected in the carrying amount of the liability as a hedge adjustment with the offsetting entry going to the income statement. Changes in the hedge adjustments of the hedged item and the hedging instrument are both recognised in the income statement and the accounting mismatch is therefore eliminated. Gains and losses related to the interest rate swaps and changes in the hedge adjustment of the hedged fixed rate debt are recognised in the income statement. Hedge ineffectiveness is also reported in the income statement.

Net investment hedge

Volvo Car Group designates financial liabilities in the relevant foreign currency against currency exposure arising from investments in the subsidiaries. Volvo Car Group designates debt instruments in EUR and USD as hedging instruments to mitigate the translation exposure on their net investments in these currencies. Net investments in foreign operations consists of the value of Volvo Car Group's share of the net assets of the foreign subsidiary. The hedge reserve with regards to net investment in foreign operations is

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

recorded in other comprehensive income and accumulated in currency translation reserve in equity in order to meet the translation difference of consolidated foreign subsidiaries. In the event of a divestment, the accumulated hedge effect is transferred from the hedge reserve in equity to the income statement.

Fair value hierarchy levels

Financial instruments are divided into three levels depending on the market information available.

Level	Fair value determination	Comprises
1	Measurement based on quoted prices in active markets for identical assets or liabilities that the Volvo Car Group can access at the measurement date.	Quoted equity instruments measured at fair value through income statement.
2	Measurement based on inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.	Derivatives designated as hedging instruments or measured at fair value through income statement.
3	Measurement based on unobservable inputs for the asset or liability.	Unquoted equity instruments measured at fair value through income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting for financial instruments includes performing certain estimates and judgements. The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. For financial assets the fair value is based on the current bid price. The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques. Volvo Car Group uses a range of valuation methods and incorporates assumptions based on market prices prevailing at the end of the reporting period. Alternative techniques, such as estimated discounted cash flows (DCF valuation), are employed to assess the fair value of the remaining financial instruments. DCF valuations are performed using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models are used for any optional derivatives.

Derivatives with a positive fair value are adjusted with the default probability derived from the Credit Default Swap curve per counterparty. The same adjustment is made for the derivatives with a negative fair value with Volvo Car Group's own credit risk using the Default Probability of Volvo Car AB (publ.) credit default swaps.

The following table outlines the valuation methods employed by Volvo Car Group for various types of financial instruments as described:

Type of instrument	Valuation method
Forward exchange contracts	Measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching the maturities of the contracts.
FX options	Currency options are measured using the Garman-Kohlhagen model, an adaptation of the Black-Scholes model.
Interest rate swaps	Measured at the present value of future cash flows, estimated and discounted based on applicable yield curves derived from quoted interest rates.
Commodity forwards	Measured using quoted commodity prices and yield curves derived from quoted interest rates matching maturities of the contracts.
Convertible loan	Measured by discounting projected future cash flows using the current interest rate curve and a credit spread derived from a benchmark portfolio. The convertible loan may be converted into shares at the same price offered to all other market participants, without any discount or incentive.
Unquoted equity instruments	Certain unobservable inputs are used by applying the market approach, primarily based on the most recent transaction; adjustments made if significant changes in circumstances occur.
Unlisted warrants	Measured using the Black-Scholes model, considering vesting criteria, timing, risk-free interest rates, and volatility of the underlying share price.
Earn-out rights	Measured using assumptions regarding the probability and timing of earn-out payments based on future performance targets.

Payables under supplier financing programmes

Supplier invoices may be subject to supplier financing programmes under which a financial institution pays participating suppliers early, and Volvo Car Group settles the original invoice amount with the institution in accordance with agreed payment terms. Payables arising from operating purchasing activities are presented as accounts payable until settlement, with related cash flows reported within operating cash flows.

A similar programme is also used for certain suppliers related to investing activities. Under this programme, the financial institution pays suppliers early and, in this specific setup, suppliers are also able to issue invoices at an earlier stage than under standard commercial practice, thereby accelerating both invoice issuance and payment. Liabilities arising from this programme are presented as other current liabilities until settlement, with related cash flows reported within investing cash flows, reflecting the nature of the underlying activities.

While these programmes provide suppliers with earlier access to liquidity (and, in the investing related setup, earlier invoice issuance), the timing of Volvo Car Group's own cash outflows remains broadly unchanged compared with previous commercial practice.
Payment due dates for the operating related programme presented as accounts payable were 60–75 (60–75) days after invoice date. For the investing related programme presented as other current liabilities, payment due dates for amounts included in the programme were 180–360 days after invoice date. For both programmes, comparable payables outside the programmes had payment due dates of 60–75 (60–75) days after the invoice date.

All payables included in the programmes, including information on payment status between the financial institution and suppliers, are included in the table for financial instruments by category and measurement level.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

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

	Note	Measure-ment level	31 Dec 2025 Carrying value	31 Dec 2025 Fair value	31 Dec 2024 Carrying value	31 Dec 2024 Fair value
Financial assets carried at amortised cost						
Accounts receivable	18	—	21,241	21,241	22,780	22,780
Other financial receivables, non-current and current[1)]	18	—	5,022	5,030	2,167	2,179
Cash and cash equivalents	20	—	57,564	57,578	56,373	56,390
			83,827	**83,849**	**81,320**	**81,349**
Financial assets carried at fair value through profit or loss						
Other long-term securities holdings			10,454	10,454	12,753	12,753
of which convertible loan[2)]		*2*	*9,177*	*9,177*	*11,261*	*11,261*
of which equity instruments		*3*	*1,277*	*1,277*	*1,473*	*1,473*
of which equity instruments		*1*	—	—	*19*	*19*
Non-current and current derivative assets		2	6,666	6,666	768	768
of which currency derivatives – designated hedging instruments		*2*	*3,447*	*3,447*	*214*	*214*
of which commodity derivatives – designated hedging instruments		*2*	*2,920*	*2,920*	*229*	*229*
of which interest rate swap – designated hedging instruments		*2*	*168*	*168*	—	—
of which currency derivatives – not designated hedging instruments		*2*	*131*	*131*	*117*	*117*
of which interest rate swap derivatives		*2*	—	—	*208*	*208*
			17,120	**17,120**	**13,521**	**13,521**
Financial assets carried at fair value through other comprehensive income						
Marketable securities	20	2	1	1	—	—
			1	**1**	**—**	**—**
Financial liabilities carried at amortised cost						
Accounts payable		—	57,768	57,768	56,479	56,479
of which payable under supplier financing programmes		—	*4,434*	*4,434*	*3,458*	*3,458*
of which suppliers received payment from financial institution		—	*4,033*	—	*2,885*	—
Non-current and current bonds and liabilities to credit institutions[3)]		—	30,790	31,797	29,493	30,242
Other financial liabilities, non-current and current[4)]	24	—	22,147	22,147	18,217	18,217
of which payable under supplier financing programmes		—	*712*	*712*	—	—
of which suppliers received payment from financial institution		—	*712*	—	—	—
			110,705	**111,712**	**104,189**	**104,938**
Financial liabilities carried at fair value through profit or loss						
Non-current and current derivative liabilities		2	738	738	4,142	4,142
of which currency derivatives – designated hedging instruments		*2*	*269*	*269*	*2,160*	*2,160*
of which commodity derivatives – designated hedging instruments		*2*	*249*	*249*	*1,206*	*1,206*
of which interest rate swap – designated hedging instruments		*2*	*57*	*57*	—	—
of which currency derivatives – not designated hedging instruments		*2*	*57*	*57*	*625*	*625*
of which interest rate swap – not designated hedging instruments		*2*	*106*	*106*	—	—
of which interest rate swap derivatives		*2*	—	—	*151*	*151*

1) Includes items presented as Other non-current and current assets on the balance sheet, amounted to SEK 3,787 (727) m.
2) The value of the conversion option connected to the convertible loan receivable to the Polestar Group is nil because the loan is convertible into equity securities at a price equivalent to what has been offered to all other market participants, without any preferential rights, discounts, or incentives.
3) The carrying amount of the bonds includes a fair value adjustment amounting to SEK 95 (235) m, which relates to fair value hedging.
4) Includes the repurchase value obligation on cars sold with repurchase commitment which are presented as Other non-current and current liabilities on the balance sheet amounted to SEK 18,480 (17,241) m. Includes also items presented as Other non-current and current liabilities in the balance sheet, amounting to SEK 3,613 m. Excluding the lease liabilities which is presented as Other non-current and current liabilities in the balance sheet amounting to SEK 6,871 (9,699) m.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

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

	31 Dec 2025	31 Dec 2024
	Equity instruments	Equity instruments
Opening balance	1,473	1,507
Investment	50	100
Impairment	–2	—
Change in fair value	–52	–163
of which recognised in Other financial income and expenses	*–52*	*414*
of which recognised in Share of income in joint ventures and associates	—	*–577*
Exchange rate differences	–192	29
Closing balance	**1,277**	**1,473**

The table below presents gains and losses, interest income and expenses that have affected the income statement divided per category of financial instruments.

		2025			2024		
	Note	Gains/ Losses	Interest income	Interest expenses[1]	Gains/ Losses	Interest income	Interest expenses[1]
Recognised in operating income	6						
Financial instruments carried at fair value – designated hedging instruments							
Currency derivatives and commodity derivatives		964	—	—	–1,631	—	—
Financial instruments carried at amortised cost							
Accounts receivable and accounts payable		–2,228	—	—	810	—	—
Impact on operating income		**–1,264**	**—**	**—**	**–821**	**—**	**—**
Recognised in financial income and expenses	11						
Financial instruments carried at fair value – not designated hedging instruments							
Other long-term securities holdings		–502	909	—	297	1,094	—
Interest-bearing securities		—	—	—	—	1	—
Currency derivatives and interest rate swaps		1,496	—	–398	–1,018	—	–777
Financial instruments carried at amortised cost							
Cash and cash equivalents and Marketable securities		–1,527	1,215	–1	1,179	1,439	–1
Financial receivables carried at amortised cost		–1,200	159	—	489	184	—
Financial liabilities carried at amortised cost[2]		80	—	–1,703	–1,566	—	–1,360
Accounts receivable and accounts payable		—	26	—	—	—	—
Impact on financial income and expenses		**–1,653**	**2,309**	**–2,102**	**–619**	**2,718**	**–2,138**

1) Excluding interest expenses on leasing liabilities which amounted to SEK –214 (–406) m, interest expenses on pensions which amounted to SEK –288 (–262) m and capitalised interest on R&D which amounted to SEK 973 (1,120) m.
2) Including the financial liabilities designated for fair value hedge which amounted to SEK 139 (–281) m. Excluding gain and losses on lease liabilities which amounted to SEK 6 (–6) m.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Financial risks

Volvo Cars operations are exposed to various types of financial risks such as currency risk, refinancing and liquidity risk, interest rate risk, commodity price risk and credit risk.

The treasury function of Volvo Cars is responsible for managing and controlling these financial risks, ensuring that appropriate financing is in place through capital market transactions, loans and committed credit facilities and is responsible for managing Volvo Cars' liquidity.

The management of financial risks is governed by Volvo Car Group's Financial Policy Framework which is approved by the Board of Directors (BoD) and is subject to review every second year or when otherwise required. The policy mandates the minimisation of the effects from fluctuating financial markets on Volvo Cars' financial earnings. Policy compliance is reported to the CFO on a monthly basis. Policy compliance is also a part of the general treasury reporting to the BoD. There is an alert function in place safeguarding mandate limits on a daily basis.

Currency risk management

Currency exposure risk arises as Volvo Cars produces and sells cars in various countries. The currency exposure risk arises from the mix of currencies used when procuring or selling goods and services. Relative changes in currency rates have a direct impact on Volvo Cars' operating income, financial income and expense, balance sheet and cash flow statement. In order to minimise the currency risk, Volvo Cars aims to achieve natural hedging to the greatest possible extent.

The currency risk is related to:

- expected future cash flows from sales and purchases made in foreign currencies (transaction risk)
- changes in value of assets and liabilities denominated in foreign currencies (translation risk)
- net investments in foreign operations (translation risk)

Transaction exposure risk

Volvo Car Group Financial Policy Framework

Volvo Cars' functional currency is Swedish krona. The currency transaction exposure risk arises from cash flows in currencies other than the functional currency. Sales in combination with purchases made in currencies other than Swedish krona determine the transaction exposure of the Group.

The Volvo Car Group Financial Policy Framework states, regarding currency transaction risk management, that up to 80 per cent of the future expected cash flows in the coming 24 months and up to 60 per cent of the future expected cash flows in the coming 25 to 48 months can be hedged with adequate financial instruments, such as currency options, forward contracts, foreign exchange swaps or combined instruments with maturities matching the expected timing of cash flows from sales and purchases made in foreign currencies. Hedging strategies using financial instruments for long-term exposures, over 48 months, require approval by the Board of Directors (BoD). The management of currency risk within the above stipulated intervals is delegated by the BoD to the treasury function via the CFO.

For currency risk management purposes, transaction exposure is expressed in terms of Cash Flow at Risk (CFaR), which is the maximum loss, in one year, at a 95 per cent confidence level. The CFaR is based on the cash flow forecast, currency exchange rates, market volatility and correlations.

The hedging mandates are proposed by the treasury function and approved by the CFO and are expressed as a strategic hedge level of CFaR. The strategy allows for mandates to deviate from a benchmark. The deviation mandate is given as a tactical mandate in terms of timing. The hedging mandates are revised at least quarterly.

Status at year end

The table below presents the distribution of the total currency inflow and outflow for Volvo Cars.

	Inflow, %		Outflow, %	
	2025	2024	**2025**	2024
CNY	18	19	38	43
EUR	28	30	38	34
GBP	8	7	2	2
JPY	2	2	3	2
USD	22	21	16	16
Other	23	21	4	4

The CFaR at year end for the cash flows over a one-year horizon for the Group, excluding hedges, was approximately SEK 4,137 (5,168) m. The table below presents the percentage of the forecasted cash flows that were hedged (expressed both in nominal terms and in CFaR).

	0–12 months		13–24 months		25–48 months	
	2025	2024	**2025**	2024	**2025**	2024
Nominal hedge, %	35	39	11	12	0	2
CFaR hedge, %	43	42	19	28	0	5

The table below presents cash flow hedge volumes by maturity for the 10 largest exposure currencies, nominal amounts in local currency (M)[1]

Maturity	CAD	CHF	CNH	EUR	GBP	KRW	NOK	PLN	TRY	USD	Total fair value of derivatives[2]
Average hedge rate	—	12.35	1.34	11.20	12.74	—	0.93	2.56	—	10.17	
1–12 months	—	–365	6,169	796	–1,285	—	–350	–1,370	—	–1,595	2,321
13–24 months	—	–355	92	212	–274	—	—	—	—	–555	857

1) The average duration of the portfolio was 8 (10) months.
2) The fair value of the outstanding derivatives for hedging of currency price risk in future commercial cash flows amounted to SEK 3,178 (–1,946) m.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Translation exposure risk

Volvo Car Group Financial Policy Framework

Translation exposure risk at Volvo Cars refers to the conversion of balance sheet items and net investments in foreign operations into the Group's functional currency, the Swedish krona. This risk arises due to fluctuations in exchange rates over time. The financial position of assets and liabilities in foreign currencies is monitored and managed daily to mitigate income statement impacts. Part of the translation risk in investments in the Eurozone and Americas is hedged using debt instruments, known as net investment hedges. The recognition of translation effects varies based on the underlying exposure.

Translation exposure:	Comprises	Recognition:
Operational assets and liabilities	Accounts receivable, Accounts payable, and Warranty provisions	Other operating income and expenses
Financial assets and liabilities	Cash at bank, deposits, equity repurchase agreements, convertible loan, derivatives, bonds and loans.	Other financial income and expenses
Investments in foreign operations	Assets and liabilities	Other comprehensive Income

Status at year end

At the end of the year, the total translation effect of investments in foreign operations was SEK –4,646 (965) m, the effects are recognised in equity through other comprehensive income. A 10 per cent change in the Swedish krona against major currencies would have a net impact on net investments in other comprehensive income of approximately SEK 3,675 (4,016) m.

The table below presents the translation exposure of net investments in foreign operations.

Currency	Investments in foreign operations
CNY	14,238
EUR	12,009
USD	6,077
BRL	934
JPY	728
TRY	622
AUD	398
GBP	377
Other	1,366
Total	**36,749**

Refinancing and liquidity risk management

Capital Structure

Volvo Cars shall maintain a capital structure that ensures a prudent balance between financial risk and cost of capital while supporting the Group's strategic transformation under varying market conditions.

The capital structure should ensure Volvo Cars maintains strong access to capital markets and progresses toward achieving an investment-grade credit rating. Volvo Cars current external rating by Moodys is Ba1 and BB+ by Standard & Poor's.

Refinancing risk management

Volvo Car Group Financial Policy Framework

Refinancing risk is the risk that Volvo Car does not have access to adequate financing on acceptable terms at any given point.

All drawdowns on new loans are evaluated against future liquidity needs and investment plans. Volvo Cars should for the coming 12 months, at any given time, have available committed financing for investments and for repayment of maturing debt. To limit the risk of refinancing, debt maturing over the next 12 months should not exceed 25 per cent of total debt.

Status at year end

At the end of the year, the outstanding debt of bonds and liabilities to credit institutions, excluding lease contracts and transaction costs, in Volvo Cars was SEK 30,790 (29,347) m. During the year bond and liabilities to credit institutions of SEK 7,363 (7,797) m matured or were amortised. The remaining credit duration of outstanding debt was 3.2 (2.9) years. At year end, debt maturing over the next 12 months amounted to 8 per cent of total debt.

In January, a EUR 500 m bond, issued in 2017, was repaid.

In March, a drawdown of USD 438 m was made under an existing green bilateral loan facility. The facility was originally signed in 2023/2024 and with final repayment during 2035.

In June, EUR 500 m was raised through a green bond issuance with a tenor of four years.

In September, a new green bilateral eight-year loan agreement of EUR 150 m was signed. The loan facility remains undrawn as of the end of 2025.

In October, an existing eight-year credit facility amounting to CNY 3,090 m was terminated.

In November, the first extension option on the existing sustainability-linked Revolving Credit Facilities was exercised, extending maturities by one year. The updated maturities for the Revolving Credit Facilities of EUR 500 m and EUR 1,500 m are in 2028 and 2030, respectively.

The table below presents the outstanding debt.

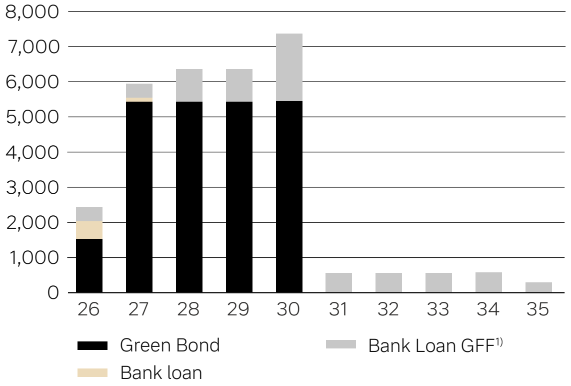
Funding	Currency	Nominal amount in local currency (M)	Nominal-amount in SEK (M)
Bank loan	USD	23	215
Bank loan	SEK	357	357
Bank loan GFF[1]	SEK	1,000	1,000
Bank loan GFF[1]	EUR	182	1,967
Bank loan GFF[1]	USD	438	4,037
Green bond	EUR	2,000	21,634
Green bond	SEK	1,500	1,500
Other	PLN	29	75
Total			**30,785**

1) Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

In relation to all external financing, there are information undertakings and covenants in line with the Loan Market Association (LMA) and capital market standards. These are monitored and calculated quarterly to fulfil the terms and conditions stated in the financial agreements. Covenants are based on standard measurements such as EBITDA and Net debt. At the end of the year, there is substantial headroom in the fulfilment of all covenants.

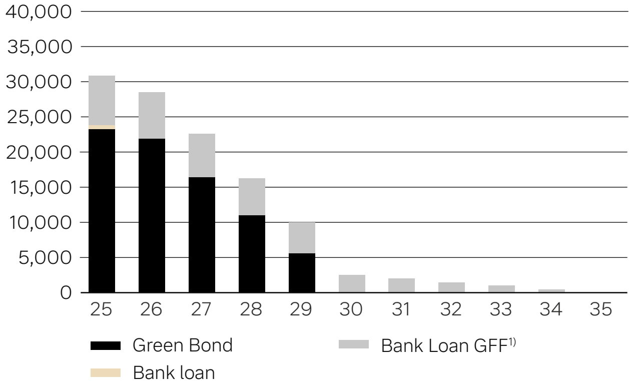
OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Bonds and liabilities to credit institutions – amortisation schedule



1) Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

Outstanding bonds and liabilities to credit institutions (at successive year end)



1) Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

The table below presents the maturity structure of Volvo Cars Group's financial assets and liabilities. The figures shown are contractual, undiscounted cash flows which Volvo Cars is liable to pay or eligible to receive.

	31 Dec 2025				31 Dec 2024			
	Less than 3 months	3 months to 1 year	1–5 years	Over 5 years	Less than 3 months	3 months to 1 year	1–5 years	Over 5 years
Financial assets								
Other long-term securities holdings[1]	—	—	9,177	—	—	—	11,263	—
Other non-current interest-bearing receivables	—	—	1,141	94	—	—	1,312	128
Non-current derivative assets	—	—	1,743	—	—	—	183	100
Other non-current assets	—	—	3,951	266	—	—	2,830	154
Total financial non-current assets	**—**	**—**	**16,012**	**360**	**—**	**—**	**15,588**	**382**
Accounts receivable[2]	19,733	1,508	—	—	20,442	2,338	—	—
Current derivative assets	1,623	3,300	—	—	222	263	—	—
Marketable securities	—	1	—	—	—	—	—	—
Cash and cash equivalents	57,564	—	—	—	56,373	—	—	—
Other current assets	2,581	888	—	—	3,344	907	—	—
Total financial current assets	**81,501**	**5,697**	**—**	**—**	**80,381**	**3,508**	**—**	**—**
Total financial assets	**81,501**	**5,697**	**16,012**	**360**	**80,381**	**3,508**	**15,588**	**382**
Financial liabilities								
Liabilities to credit institutions, non-current	—	—	4,301	2,422	—	—	2,475	1,410
Non-current bonds	—	—	21,599	46	—	—	13,039	5,787
Other non-current interest-bearing liabilities	—	—	9,265	2,277	—	—	9,416	1,438
Non-current derivative liabilities	—	—	253	—	—	—	1,252	—
Other non-current liabilities	—	—	516	10	—	—	2,191	—
Total financial non-current liabilities	**—**	**—**	**35,934**	**4,755**	**—**	**—**	**28,373**	**8,635**
Accounts payable	52,248	5,520	—	—	52,811	3,668	—	—
Liabilities to credit institutions, current	67	855	—	—	89	970	—	—
Current bonds	1,500	—	—	—	5,723	—	—	—
Other interest-bearing liabilities, current	8,245	8,692	—	—	9,996	7,067	—	—
Current derivative liabilities	276	209	—	—	989	1,901	—	—
Other current liabilities	2,952	1,497	—	—	2,063	1,904	—	—
Total financial current liabilities	**65,288**	**16,773**	**—**	**—**	**71,671**	**15,510**	**—**	**—**
Total financial liabilities	**65,288**	**16,773**	**35,934**	**4,755**	**71,671**	**15,510**	**28,373**	**8,635**

1) Maturity structure of the other long-term securities holdings does not include holdings in listed and unlisted equity instruments, such as holdings in other entities.
2) For aging analysis of accounts receivable see Note 18 – Accounts receivable and other current and non-current assets.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Liquidity risk management

Volvo Car Group Financial Policy Framework

Liquidity risk is the risk that Volvo Cars is unable to meet ongoing financial obligations on time. In order to meet seasonal operational volatility, Volvo Cars shall ensure continuous availability of liquidity through unutilised credit facilities, accessible cash and cash equivalents, and marketable securities corresponding to 10 per cent or more of revenue. Future liquidity needs and investment plans are the basis for the risk assessment of liquidity risk management.

Factoring

Volvo Cars customer invoices may be subject to factoring with a financial institution. This enables Volvo Cars to receive payment for its receivable within a few days after invoicing and thus be able to release liquidity at an earlier stage than would otherwise have been the case.

Supplier financing programmes

Volvo Cars participates in supplier financing programmes. The principal purpose of the arrangements is to facilitate efficient payment processing and enable the willing suppliers to receive payments from the financial institutions before the invoice due date. The arrangement does not extend the payment terms or alter the timing of the Group's cash outflows beyond the normal terms agreed with non-participating suppliers. However, participating suppliers may under the programme, issue invoices earlier than under standard commercial practice, enabling earlier settlement by the financial institution.

Status at year end

At the end of the year, Volvo Cars cash and cash equivalents, marketable securities and committed credit facilities amounted to SEK 80,822 (88,549) m, approximately 23 (22) per cent of revenue. The liquidity of Volvo Cars is strong considering the maturity profile of the external debt, the balance of cash and cash equivalents, marketable securities and available credit facilities from banks.

Undrawn committed credit facilities	31 Dec 2025	31 Dec 2024
Expiring within one year	1,623	4,808
Expiring after one year but within five years	21,634	22,895
Expiring after five years	—	4,473
Total	**23,257**	**32,176**

Interest rate risk management

Changes in interest rates will impact Volvo Cars' income statement and the value of financial assets and liabilities. The return on cash and cash equivalents and marketable securities, as well as the cost of liabilities to credit institutions and issued bonds are impacted by changes in interest rates. The exposure can be either direct from interest-bearing debt or indirect through leasing or other financing arrangements.

Volvo Car Group Financial Policy Framework

According to the policy, the interest rate risk in Volvo Cars' net debt position has a benchmark duration of 12 months. The policy allows for a deviation of –6/+6 months from the benchmark. The interest rate mandate is proposed by the treasury function and approved by the CFO. The hedging mandate shall be revised at least quarterly. To manage interest rate risk, Volvo Cars uses interest rate swaps.

Status at year end

At the end of the year, Volvo Cars' interest-bearing assets consisted of cash at bank, time deposits and interest-bearing securities. The average interest fixing term on these assets was one (one) month. The average interest fixing term on debt was 13 (10) months. At year-end the duration of the net debt position was 11 (8) months. The average cost of borrowing was 4.32 (4.67) per cent.

The table below presents the estimated effect of a parallel shift in interest rate curves up or down by one per cent (100 basis points) on all exposed external debt and interest rate derivatives. The effect relates to market value changes in debt and the effect on the coming year's interest cashflow.

Interest rate sensitivity, effect on Finance net	2025	2024
Market rate +1%	–65	–92
Market rate –1%	66	94

The impact from cash and cash equivalents and marketable securities is immaterial as the fixed interest period of the asset portfolio is short as it is dominated by cash at bank.

Benchmark rate reform

The interest rate benchmark reform refers to the transition from the existing, traditional interest rate benchmark – Interbank Offered Rates (IBOR) – to new risk-free benchmarks.

Volvo Cars is currently exposed to external interest rate risk in EUR, SEK and USD from the EURIBOR, STIBOR and SOFR benchmarks respectively.

For EUR and SEK there is no expected change (risk of conversion) in the related floating benchmarks in the short to medium term and thus cash flow risk is not affected. The related benchmarks are currently not scheduled for termination and will therefore continue to dictate interest cash flows for floating financial assets, financial liabilities and derivatives in these currencies. Nonetheless, a switch to ESTR (EUR) and SWESTR (SEK) denominated risk-free floating-benchmarks will be a feature of the future financial landscape and may affect financial assets, financial liabilities and derivative instruments. Suitable instruments are already available to cater for these new benchmarks and can be implemented when the need arises. Volvo Cars expects continued 100 per cent effectiveness of related hedges and no net interest impact.

Commodity price risk management

Commodity price risk refers to the potential increase in material costs due to rising commodity prices in global markets. Such fluctuations can affect Volvo Cars' cash flow and earnings.

Volvo Car Group Financial Policy Framework

Forecasted cash flows for the purchase of commodities for the coming 48 months can be hedged up to 70 per cent with adequate financial instruments. The hedging mandates are proposed by the treasury function and approved by the CFO. Hedging mandates shall be revised at least quarterly.

Status at year end

Raw materials

Volvo Cars manages the risk of changes in raw material prices in forecasted consumption with futures and forwards contracts. During the year, Volvo Cars incurred costs for raw materials of approximately SEK 23,003 (21,178) m. A ten per cent change in the prices of raw materials has an impact on operating income of approximately SEK 2,300 (2,118) m, excluding hedges. Hedging is performed for forecasted consumption of metals.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Electricity
Volvo Cars manages the changes in prices for electricity by hedging the coming 48 months consumption using forward contracts. The hedging is performed for electricity usage in the European factories and is managed under an advisory contract.

A 10 per cent change in the electricity spot price has an impact on the income statement of SEK 35 (28) m.

Credit risk management

Volvo Cars' credit risk can be divided into financial counterparty credit risk and commercial credit risk. These risks are described in the following sections.

Financial counterparty credit risk

Volvo Car Group Financial Policy Framework
Credit risk on financial transactions is the risk that Volvo Cars will incur losses as a result of non-payment by counterparties related to Volvo Cars' bank accounts, interest-bearing securities, time deposits or derivative transactions. Investments should meet the requirements of low credit risk, high liquidity and the exposure with any single counterparty is limited. All external counterparties used for investments and derivative transactions shall have a credit rating of minimum A- (S&P or equivalent rating) and ISDA agreements are required for counterparties with which derivative contracts are traded. Limits are established according to counterparty credit rating and limit usage is monitored for the Volvo Cars' treasury counterparties and deposits are diversified between relationship banks. Subsidiary bank balances are diversified in order to limit credit risk.

The financial counterparty credit risk regarding cash and cash equivalents is reflected in the measurement at amortised cost. The expected credit loss on these balances is considered insignificant as maturities are short and the credit quality of the counterparties is high. Volvo Cars applies the general model for assessing impairment reserve regarding time deposits recognised at amortised cost. The assessment is based on the counterparty's credit rating, the estimated exposure at default, probability of default and loss given default. The impairment assessment in relation to time deposits is considered immaterial.

Investments in interest-bearing securities are measured at fair value through the income statement and the credit risk is reflected in their fair values. The credit risk of those financial counterparties which are related parties is considered when pricing. The risk Volvo Cars is exposed to in its convertible loan receivable is reflected in its fair value.

Status at year end
At the end of the year, the maximum amount exposed to financial credit risk amounted to SEK 73,408 (68,402) m. This encompasses cash and cash equivalents and marketable securities SEK 57, 565 (56,373) m, convertible loan receivable SEK 9,177 (11,261) m and derivative assets SEK 6,666 (768) m. The maximum amount exposed to credit risk for financial instruments is best represented by their fair values, see table Financial instruments by category and measurement level in this note.

Derivative contracts are subject to master netting agreements (ISDA), no collateral has been received or posted. The table below shows derivatives covered by master netting agreements (ISDA).

Net position for derivative instruments	Gross	Offset in Balance sheet	Net in Balance sheet	Master netting agree-ments	Net position
31 Dec 2025					
Derivative assets	6,815	—	6,815	–690	6,125
Derivative liabilities	693	—	693	–690	3
31 Dec 2024					
Derivative assets	954	—	954	–832	122
Derivative liabilities	4,137	—	4,137	–832	3,305

Commercial credit risk

The commercial credit risk arises from accounts receivables. For the risk in customer and dealer financing, the objective is to have a sound and balanced credit portfolio and to engage in credit monitoring by means of detailed procedures which include follow-up and repossession. In cases where the credit risk is considered unsatisfactory, a letter of credit or other instruments are used. The maximum amount exposed to commercial credit risk is the carrying amount of accounts receivables, see table for Financial instruments by category and measurement level in this note. For quantification of credit risk in accounts receivable, see Note 18 – Accounts receivable and other current and non-current assets.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The table below presents the outstanding derivatives within hedge accounting.

31 Dec 2025	Nominal amount	Financial assets	Financial liabilities	Net	Ineffectiveness reflected in income statement	Tax	Hedge reserve after tax	Recycled from other comprehensive income
Cash flow hedge – with hedge reserve								
Currency risk								
– Foreign exchange swaps and forward contracts	66,511	3,431	–265	3,166	—	–630	2,536	–1,322
Commodity price risk								
– Raw material forward contracts	14,061	2,910	–236	2,674	–113	–551	2,010	–412
– Electricity forward contracts	310	10	–13	–3	—	1	–2	81
Interest rate risk								
– Interest rate swap	3,245	25	—	25	—	–5	20	—
Total		**6,376**	**–514**	**5,862**	**–113**	**–1,185**	**4,564**	**–1,653**
Net investments hedge – with hedge reserve								
Currency risk								
– EUR and USD-denominated debt	11,129	—	–660	–660	—	136	–524	50
Total		**6,376**	**–1,174**	**5,202**	**–113**	**–1,049**	**4,040**	**–1,603**
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	15,414	143	–57	86	–9	—	—	—
31 Dec 2024								
Cash flow hedge – with hedge reserve								
Currency risk								
– Foreign exchange swaps and forward contracts	92,268	214	–2,160	–1,946	—	401	–1,545	681
Commodity price risk								
– Raw material forward contracts	15,968	229	–1,094	–865	–81	162	–622	–72
– Electricity forward contracts	462	—	–112	–112	—	23	–89	4
Total		**443**	**–3,366**	**–2,923**	**–81**	**586**	**–2,256**	**613**
Net investments hedge – with hedge reserve								
Currency risk								
– EUR and USD-denominated debt	9,895	—	–1,409	–1,409	—	290	–1,119	50
Total		**443**	**–4,775**	**–4,332**	**–81**	**876**	**–3,375**	**663**
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	17,744	265	–31	234	—	—	—	—

Hedge accounting

Volvo Car Group generally applies hedge accounting when hedging interest rate risk related to funding activities and when hedging future operational cash flows. Volvo Car Group also applies hedge accounting for hedges of net investments in foreign operations. The hedge strategy is to mitigate the uncertainty in future cash outflow and to reduce income statement volatility.

Effectiveness testing is performed at inception of the hedging relationship and monitored regularly. The test is performed by comparing the critical terms of the hedging instrument and the hedged item to be equal. The critical terms may be foreign currency or commodity nominal amount, cash flows and time of maturity. If critical terms match and the credit risk of the counterparty has not changed significantly, the hedge relationship can be deemed highly effective going forward. For more information see Hedge accounting principles under the section Accounting policies in this note.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The table below presents the fair value hedges by maturity date.

31 Dec 2025	Nominal amount	Fair value, hedged item	Fair value, hedging instrument	Ineffectiveness reflected in income statement	Carrying amount: Derivative assets	Carrying amount: Derivative liabilities	Variable benchmark
Maturity date							
2027	350	–52	51	–1	51	—	Euribor 3m
2028	500	–27	21	–6	45	–24	Euribor 3m
2029	275	30	–33	–3	—	–33	Euribor 3m
2030	300	–46	47	1	47	—	Euribor 3m
Total		**–95**	**86**	**–9**	**143**	**–57**	

31 Dec 2024	Nominal amount	Fair value, hedged item	Fair value, hedging instrument	Ineffectiveness reflected in income statement	Carrying amount: Derivative assets	Carrying amount: Derivative liabilities	Variable benchmark
Maturity date							
2025	400	1	–2	–1	—	–2	Euribor 3m
2027	350	–88	88	—	88	—	Euribor 3m
2028	500	–53	48	–5	77	–29	Euribor 3m
2030	300	–94	100	6	100	—	Euribor 3m
Total		**–234**	**234**	**—**	**265**	**–31**	

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 20 MARKETABLE SECURITIES AND CASH AND CASH EQUIVALENTS

ACCOUNTING POLICIES

Marketable securities

Marketable securities are highly liquid short-term interest-bearing securities and deposits that are considered easily convertible to cash and have a term of more than three months and less than one year from acquisition date.

Cash and cash equivalents

Cash and cash equivalents are liquid funds, deposits and short-term interest-bearing securities that are considered easily convertible to cash and have a term of three months from the date of acquisition.

Marketable securities	31 Dec 2025	31 Dec 2024
Bank acceptance drafts	1	—
Total	**1**	**—**

Cash and cash equivalents	31 Dec 2025	31 Dec 2024
Cash at banks	26,002	39,802
Time deposits in banks	29,939	16,509
Equity repurchase agreements	1,623	—
Bank acceptance drafts	—	62
Total	**57,564**	**56,373**

Cash and cash equivalents includes SEK 3,329 (3,706) m where limitations exist, mainly liquid funds held in certain countries where exchange controls or other legal restrictions apply. It is not possible to immediately use the liquid funds in other parts of Volvo Cars, however there is normally no limitation for their use in the Group's operation in the respective country.

For information on financial instrument categories and fair values see Note 19 – Financial instruments and financial risks.

NOTE 21 EQUITY

ACCOUNTING POLICIES

Share-based payments

Equity-settled share-based payments in connection with employee incentive plans are recognised in equity and settled using treasury shares. See Note 9 – Share-based remuneration.

Group contributions and unconditional shareholders' contributions

Distributed group contributions to the main owner are recorded in equity, along with the tax effect. Group contributions received from the main owner and the tax effect on these contributions are recognised in equity in accordance with the principles for shareholders' contributions.

Unconditional shareholders' contributions received from the main owner are recognised in equity.

The share capital consists of 2,979,524,179 common shares of class B. Each share carries one vote. A common share of class B entitles its holder to dividend as determined by the shareholders meeting. All issued shares are fully paid. At 31 December 2025, Volvo Car Group holds 14,894,838 (5,020,194) own class B shares.

In 2024, Volvo Car AB (publ.) distributed 62.7 per cent of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC to Volvo Cars' shareholders by way of a share split (2:1), a reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares. Due to the ownership structure of Volvo Car Group, the distribution of shares was a common control transaction. Consequently, the distribution has been accounted for at carrying values, including transaction costs recognised directly in equity.

During April 2024, the share split temporarily increased the number of shares and votes by 2,979,524,179, to 5,959,048,358. In May 2024, the 2,979,524,179 new redemption shares of class B were redeemed as part of the automatic share redemption. Thereafter, the total number of shares and votes amounts to 2,979,524,179, which is the same as prior to the distribution. On 8 May 2024, the distribution of the Polestar shares was completed. For further information, see Note 12 – Investments in joint ventures and associates.

Change in number of outstanding shares	31 Dec 2025	31 Dec 2024
Outstanding shares at 1 January	**2,974,503,985**	**2,979,524,179**
Share split (2:1)	—	2,979,524,179
Redemption of redemption shares	—	–2,979,524,179
Acquisition of treasury shares	–12,500,000	–6,500,000
Issue of treasury shares	2,625,356	1,479,806
Outstanding shares at 31 December	**2,964,629,341**	**2,974,503,985**

The share premium relates to issue in kind attributable to Zhejiang Geely Holding Group Co., Ltd's acquisition in year 2010. Share premium also include capital received (reduced by transaction costs) in excess of par value of issued capital.

Other contributed capital consists of Group contributions from Geely Sweden Holding Group and unconditional shareholders' contribution from Shanghai Geely Zhaoyuan International Investment Co., Ltd.

The currency translation reserve comprises exchange rate differences of hedge instruments of net investments in foreign operations and exchange rate differences resulting from the translation of financial reports of foreign operations that have prepared their financial reports in a currency other than Volvo Car Group's reporting currency. The parent company and Volvo Car Group present their financial reports in SEK.

Month	Year	Event	Change in number of shares	Total number of shares	Quota value per share, SEK	Change in share capital, SEK	Total share capital, SEK
01	*2024*	*At the beginning of the year*	—	*2,979,524,179*	*0.02*	—	*60,947,709*
04	2024	Share split (2:1)	2,979,524,179	5,959,048,358	0.01	—	**60,947,709**
05	2024	Redemption of redemption shares	–2,979,524,179	2,979,524,179	0.01	–30,473,855	**30,473,855**
05	2024	Bonus issue	—	2,979,524,179	0.02	30,473,855	**60,947,709**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

The other reserve consists of the change in fair value of cash flow hedging instruments in cases where hedge accounting is applied.

Retained earnings comprises net income for the year and preceding years as well as remeasurements of post-employment benefits and equity-settled share-based payments using treasury shares. Treasury shares are purchased own shares intended for Volvo Cars' Performance Share Plans (PSP) and Employee Share Matching Plans (ESMP). The amount presented in Acquisition of treasury shares is based on the market value at acquisition date and includes transaction costs. The amount presented in Issue of treasury shares is based on the fair value at grant date. For more information, see Note 9 – Share-based remuneration.

Retained earnings also include the effects of business combinations under common control within the Geely group, transaction with non-controlling interests and dividend to shareholders.

Non-controlling interests mainly refers to the share of equity that belongs to Zhejiang Geely Holding Group Co., Ltd without a controlling influence. Volvo Car Group holds 50 per cent of the equity in Daqing Volvo Car Manufacturing Co., Ltd and Shanghai Volvo Car Research and Development Co., Ltd and has the decision-making power over the operations. In the consolidated financial statements, these companies are classified as subsidiaries and fully consolidated with a non-controlling interest of 50 per cent.

In July 2025, Volvo Car Corporation acquired the remaining 50 per cent shares in Novo Energy AB, resulting in divestment of non-controlling interest of SEK 249 m. For further information, see Note 27 – Business combinations and divestments.

In August 2024, Volvo Car Corporation acquired the remaining 40 per cent shares in HaleyTek AB from ECARX Technology Co., Ltd, resulting in divestment of non-controlling interest of SEK –211 m.

In October 2024, the non-controlling interest increased through a capital contribution to VCLC Services AB of SEK 3 m from Lynk & Co International AB.

At year end 2025, non-controlling interests amounted to SEK 1,299 (4,738) m. Summarised financial information on subsidiaries with non-controlling interest is presented in Note 8 – Participation in subsidiaries (Parent company).

Total equity consists of the equity attributable to the owners of the parent company and non-controlling interests. At year end 2025, the total equity amounted to SEK 148,378 (142,199) m.

NOTE 22 POST-EMPLOYMENT BENEFITS

ACCOUNTING POLICIES

Pension benefits

Volvo Car Group has various schemes for post-employment benefits, mainly relating to pension plans. Other benefits can in some locations include disability, life insurance and health benefits. Pension plans are classified either as defined contribution plans or defined benefit plans. Volvo Car Group has both defined contribution plans and defined benefit plans for qualifying employees in some subsidiaries and the largest plans are in Sweden and Belgium.

Under a defined contribution plan, Volvo Car Group pays fixed contributions into a separate external legal entity and will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The contributions are recognised as employee benefit expenses in the income statement when earned by the employee. Some defined contribution plans combine the promise to make periodic payments with a promise of a guaranteed minimum return on investments. Such plans are accounted for as defined benefit plans.

A defined benefit plan is a pension plan that defines the amount of post-employment benefits an employee will receive upon retirement, usually dependent on one or more factors such as age, years of service and compensation. For funded defined benefits plans, plan assets have been separated, with the majority invested in pension foundations. The net pension provision or asset recognised on the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

The calculation of the present value of defined benefit pension obligations is performed according to the Projected Unit Credit method. The calculation is performed by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds, or when these are not available, government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The most important actuarial assumptions are stated below.

Actuarial gains and losses arising from changes in actuarial assumptions and adjustments based on experience are charged or credited to other consolidated comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement when the settlement occurs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Termination benefits

Termination benefits are payable when employment is terminated by Volvo Car Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. Volvo Cars recognises termination benefits at the earlier of the following dates: (a) when Volvo Cars can no longer withdraw the offer of those benefits and (b) when the entity recognises costs for a restructuring that involves payment of termination benefits.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The value of defined benefit obligations is determined through actuarial calculations performed by independent actuaries. The calculations are based on different assumptions and estimates, for instance with regards to the discount rate, future salary increases, inflation, mortality rates and demographic conditions. Changes in these assumptions affect the calculated value of the post-employee benefits obligations. The discount rate, which is the most critical assumption, is based on market return on high-quality corporate or government bonds that are denominated in the currency in which the benefits will be paid and with maturities corresponding to the related pension liability. A decrease in the discount rate increases the present value of post-employee benefits obligations while an increase in the discount rate has the opposite effect.

Description of the substantial pension schemes within Volvo Car Group is presented below.

Sweden

In Sweden, Volvo Car Group has seven defined benefit retirement plans of which four are funded. The largest plan overall is the Swedish ITP 2 plan which is a collectively agreed pension plan for white collar employees. ITP 2 is a final salary-based plan. Volvo Car Group's defined benefit plans are secured in three ways: as a provision on the balance sheet, assets held in separate pension funds or

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

funded through insurance payments. The “funded through insurance payments” plans are defined benefit plans accounted for as defined contribution plans. In Sweden, these plans are secured with the mutual insurance company Alecta.

The portion secured through insurance with Alecta refers to a defined benefit plan that comprises several employers and is reported according to a pronouncement by the Swedish Corporate Reporting Board, UFR 10. For 2025, Volvo Car Group did not have access to the information to report its proportionate share of the plan's obligations, assets under management and cost, that would make it possible to report this plan as a defined benefit plan. Volvo Cars estimates payments of premiums of about SEK 172 m to Alecta in 2026. Volvo Car Group's share of the total saving premiums for ITP2 in Alecta as at 31 December 2025 amounted to 0.48 (0.41) per cent and Volvo Car Group's share of the total number of active policy holders amounted to 1.43 (1.40) per cent.

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial methods and assumptions, which do not conform to IAS 19. The collective funding ratio is normally allowed to vary between 125 and 175 per cent. If the consolidation level falls short or exceeds the normal interval one measure may be to increase the contract price for new subscriptions and expanding existing benefits or introduce premium reductions.
At year end 2025, the consolidation level amounted to 168 (162) per cent.

In case local legal requirements exist, funded or unfunded plans are credit insured with an external party.

Belgium

In Belgium, Volvo Car Group has three retirement – indemnity plans which are all funded. All three are based on the Collective Labour Agreement applicable to the company. The pension plan for white collar employees and the closed plan for blue collar employees who were in service before 2009 are defined benefit plans. The benefits are based on the final salary and seniority within the company. The pension plan for blue collars who are in service as from 2009 is a cash balance plan. The pension obligations are secured through a transfer of the required funds to a separate pension fund. The funding of the obligations under these defined benefit and cash balance plans is fully externalised through a number of pension funds and through insurance contracts.

In Belgium, Volvo Car Group also has early retirement arrangements (termination benefits – bridge plans) as well as seniority premiums (other long-term benefits). The early retirement arrangements are unfunded and the seniority premiums are funded.

Summary of provision for post-employment benefits

The provisions for post-employment benefits have been recognised on the balance sheet as follows:

	31 Dec 2025	31 Dec 2024
Post-employment benefits	5,853	8,111
Other provisions (Note 23)	367	363
Closing balance	**6,220**	**8,474**

The tables below show Volvo Car Group's provision for post-employment benefits, the assumptions used to calculate the value of these provisions and the plan assets related to these provisions, as well as the amounts recognised in the income statement. Volvo Car Group's reported pension provision amounts to SEK 6,220 (8,474) m in total, which includes endowment insurances and similar undertakings amounting to SEK 367 (363) m in respect of defined premium pension plans in Sweden.

Financial year ending on	Total 31 Dec 2025	of which Sweden 31 Dec 2025	of which Belgium 31 Dec 2025	Total 31 Dec 2024	of which Sweden 31 Dec 2024	of which Belgium 31 Dec 2024
Amounts recognised in the statement of financial position						
Defined benefit obligation	24,559	18,179	3,891	26,921	19,865	4,210
Fair value of plan assets	18,706	13,302	3,564	18,810	12,907	3,837
Funded status	**5,853**	**4,877**	**327**	**8,111**	**6,958**	**373**
Net provision (asset) as recorded on the balance sheets	**5,853**	**4,877**	**327**	**8,111**	**6,958**	**373**
Principal actuarial assumptions						
Weighted average assumptions to determine benefit obligations						
Discount rate, %	4.08	3.95	4.05	3.67	3.55	3.39
Rate of salary increase, %	3.11	3.15	2.94	3.35	3.40	3.15
Rate of price inflation, %	1.86	1.75	2.00	2.06	2.00	2.00
Rate of pension indexation, %	1.83	1.75	N/A	2.06	2.00	N/A

The actuarial assumptions are the most significant assumptions applied when calculating the value of a defined benefit pension plan. Volvo Car Group determines the discount rate based on AA-rated corporate bonds and mortgage bonds that match the duration of the obligations. If no such corporate bonds and mortgage bonds are available, government bonds are used. In Sweden, as in prior years, mortgage bonds are used.

Inflation assumptions are based on a combination of central banks targets, implicit market expectations and long-term analyst forecasts.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. Mortality assumptions for Sweden are based on the DUS23 (white collar) mortality study, and the DUS23 (white collar) mortality table is generational. Mortality assumptions in Belgium are not as significant, since there are lump sum payments.

The actuarial assumptions are reviewed annually by Volvo Car Group and modified when deemed appropriate to do so.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Financial year ending on	Total 31 Dec 2025	of which Sweden 31 Dec 2025	of which Belgium 31 Dec 2025	Total 31 Dec 2024	of which Sweden 31 Dec 2024	of which Belgium 31 Dec 2024
Change in defined benefit obligation						
Defined benefit obligation at end of prior year	26,921	19,865	4,210	25,116	18,220	4,092
Service cost	838	646	150	636	438	154
Interest expense	949	697	128	880	621	135
Cash flows	–1,030	–492	–377	–951	–458	–361
Remeasurements	–2,597	–2,537	10	944	1,044	72
Effect of changes in foreign exchange rates	–522	—	–230	296	—	118
Defined benefit obligation at end of year	**24,559**	**18,179**	**3,891**	**26,921**	**19,865**	**4,210**
Change in fair value of plan assets						
Fair value of plan assets at end of prior year	18,810	12,907	3,837	17,506	11,918	3,594
Interest income	681	458	121	630	411	123
Cash flows	–195	—	–107	–185	—	–109
Remeasurements	–137	–63	–77	598	578	124
Effect of changes in foreign exchange rates	–453	—	–210	261	—	105
Fair value of plan assets at end of year	**18,706**	**13,302**	**3,564**	**18,810**	**12,907**	**3,837**
Components of defined pension cost						
Service cost	838	646	150	636	438	154
Net interest cost	269	238	6	250	210	12
Remeasurements of Other long-term benefits	–55	—	–56	43	—	42
Administrative expenses and taxes	35	—	31	36	—	32
Total pension cost for defined benefit plans	**1,087**	**884**	**131**	**965**	**648**	**240**
Pension cost for defined contribution plans	4,600	3,809	385	4,348	3,489	381
Total pension cost recognised in P&L	**5,687**	**4,693**	**516**	**5,313**	**4,137**	**621**
Remeasurements (recognised in other comprehensive income)	–2,403	–2,474	144	312	466	–96
Effect of changes in demographic assumptions	518	—	515	–33	—	—
Effect of changes in financial assumptions	–2,840	–2,346	–411	–475	–377	31
Effect of experience adjustments	–220	–191	–38	1,409	1,421	–2
Return on plan assets (excluding interest income)	139	63	78	–589	–578	–125
Total defined benefit cost recognised in P&L and OCI	**–1,316**	**–1,590**	**275**	**1,277**	**1,114**	**144**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Financial year ending on	Total 31 Dec 2025	of which Sweden 31 Dec 2025	of which Belgium 31 Dec 2025	Total 31 Dec 2024	of which Sweden 31 Dec 2024	of which Belgium 31 Dec 2024
Net defined benefit provision (asset) reconciliation						
Net defined benefit provision (asset)	8,111	6,958	373	7,610	6,302	498
Defined benefit cost included in the income statement	1,087	884	131	965	648	240
Total remeasurements included in OCI	–2,403	–2,474	144	312	466	–96
Cash flows	–872	–491	–301	–810	–458	–283
Employer contributions	–306	—	–274	–290	—	–260
Employer direct benefit payments	–566	–491	–27	–520	–458	–23
Effect of changes in foreign exchange rates	–70	—	–20	34	—	14
Net defined benefit provision (asset) as of end of year	**5,853**	**4,877**	**327**	**8,111**	**6,958**	**373**
Defined benefit obligation by participant status						
Actives	12,340	8,558	3,211	13,834	9,784	3,378
Vested deferreds	5,430	4,078	580	6,018	4,500	643
Retirees	6,789	5,543	100	7,069	5,581	189
Total	**24,559**	**18,179**	**3,891**	**26,921**	**19,865**	**4,210**

Plan assets

Fair value of plan assets	2025	2024	of which with a quoted market price 2025	of which with a quoted market price 2024
Cash and cash equivalents	368	469	359	325
Equity instruments	1,022	1,698	945	1,109
Debt instruments	5,834	8,093	4,938	7,291
Real estate	1,202	828	84	86
Investment funds	8,258	5,725	6,876	5,565
Other	2,022	1,997	38	219
Total	**18,706**	**18,810**	**13,240**	**14,595**

Responsibility for the management of several pension plans rest with Volvo Car Group and therefore pension trusts have been set up in different countries. The assets are held by long-term employee benefit trusts that are legally separated from Volvo Car Group. The assets are available to fund employee benefits only. Sweden, Belgium and United Kingdom have the largest pension trusts. The assets of the pension trusts are managed in accordance with a capital preservation strategy where the risk exposure is adjusted accordingly. The investment strategies are long-term and the distribution of assets ensures that investment portfolios are well diversified. The capital is managed in accordance with the investment policies of each pension trust. Continuous monitoring is performed by the trustees to ensure that capital is allocated and managed according to the investment policies. In Sweden the minimum funding level is decided by PRI Pensionsgaranti.

The actual return on plan assets amounts to SEK 543 (1,228) m.

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are the principal risks that may increase the future pension payments and hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The final category relates to the discount rate used for measuring the obligation and the plan assets. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the defined benefit obligation. The discount rate also impacts the value of the interest income and expense that is reported in the financial items and the service cost. The risk related to pension obligations, i.e. mortality exposure, discount rate and inflation, are monitored on an ongoing basis.

Sensitivity analysis on defined benefit obligation	Sweden	Belgium
Discount rate +0.5%	–1,612	–142
Discount rate –0.5%	1,803	158
Inflation rate +0.5 %	1,825	140
Inflation rate –0.5%	–1,639	–129

The weighted average duration of the obligation is 19.5 years for Sweden and 8.0 years for Belgium.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 23 CURRENT AND OTHER NON–CURRENT PROVISIONS

ACCOUNTING POLICIES

Provisions

Provisions are recognised on the balance sheet when a legal or constructive obligation exists as a result of a past event, it is deemed more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are typically settled within 2–3 years.

Warranties

Warranty provisions include Volvo Car Group's cost of satisfying the customers with specific contractual warranties, as well as other costs not covered by standard contractual commitments. All warranty provisions are recognised at the sale of the vehicles or spare parts. The initial calculations of the reserves are based on historical warranty statistics considering known quality improvements, costs for remedy of defaults etc. The warranty provision booked at point of sale is adjusted as campaign decisions for specific quality problems are made. On a quarterly basis the provisions are adjusted to reflect latest available data such as actual spend, exchange rates, discount rates etc. The provisions are reduced by virtually certain warranty reimbursements from suppliers. Generally, warranty provisions are settled within 2–4 years, provisions for battery warranties are typically settled within 8 years.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Provisions

The amount recognised as provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change. If the effect of the time value of money is material, non-current provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate reflecting current market assessments of the time value of money. The discount rate does not reflect such risks that are taken into consideration in the estimated future cash flow. Revisions of estimated cash flows, both amount and likelihood, are recognised as operating cost. Changes to present value due to the passage of time and revisions of discount rates to reflect prevailing current market conditions are recognised as a financial cost.

There is always a risk for changing governmental regulations and changes in environmental policies affecting our business as well as accounting estimates and judgements related to climate regulation. Based on our performance to date, current product and volume plans and current knowledge of global emissions regulations, Volvo Car Group does not foresee any significant financial risks or judgmental accounting issues short to mid-term related to not meeting global, regional or national CO_2 emissions regulations.

Warranties

The recognition and measurement of provisions for product warranties is generally connected with estimates. Estimated costs for product warranties are charged to cost of sales when the products are sold. Estimated warranty costs include contractual warranty, warranty campaigns (recalls and buy-backs) and coverage in excess of contractual warranty or campaigns, which is accepted as a matter of policy or normal practice in order to maintain a good business relation with the customer. Warranty provisions are estimated based on historical claims statistics and the warranty period. Quality index improvements based on historical patterns have been reflected in all categories of warranty. Refunds from suppliers that decrease Volvo Car Group's warranty costs are recognised to the extent these are considered to be virtually certain, based on historical experience. Supplier recovery provisions amount to SEK 2,523 (2,453) m, excluding supplier recovery related to EX30 battery cells.

EX30 recall

On 30 December 2025, Volvo Cars issued a precautionary safety notice relating to a potential issue in certain EX30 battery cells. At the end of the year and at the date of the release of the interim report for the fourth quarter, the assessment of affected vehicles, the appropriate remediation measures and the related cost implications was still ongoing. Due to these uncertainties, it was not possible to make a reliable estimate of any potential obligation or any

	Warranties	Other provisions[1]	Total
Balance at 1 January 2024	**11,122**	**9,577**	**20,699**
Provided for during the year	14,185	12,739	**26,924**
Utilised during the year	–10,390	–13,740	**–24,130**
Reversal of unutilised amounts	–3,154	–61	**–3,215**
Translation differences	452	150	**602**
Balance at 31 December 2024	**12,215**	**8,665**	**20,880**
Of which current	3,865	7,514	**11,379**
Of which non-current	8,350	1,151	**9,501**

	Warranties	Other provisions[1]	Total
Balance at 1 January 2025	**12,215**	**8,665**	**20,880**
Provided for during the year	14,771	17,385	**32,156**
Utilised during the year	–10,886	–17,948	**–28,834**
Reversal of unutilised amounts	–4,220	–1,485	**–5,705**
Translation differences	–1,268	–345	**–1,613**
Balance at 31 December 2025	**10,612**	**6,272**	**16,884**
Of which current	3,215	5,141	**8,356**
Of which non-current	7,397	1,131	**8,528**

1) Other provisions include personnel related provisions of SEK 746 (2,650) m.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

related supplier recovery receivable. Consequently, Volvo Cars did not recognise any provision or supplier recovery receivable as of year-end.

As the investigation progressed during 2026 and additional information became available before finalising this annual report, management was able to determine the expected remediation actions. The estimated costs are still subject to final assessment but are expected to be fully recovered from the supplier.

NOTE 24 OTHER CURRENT AND NON-CURRENT LIABILITIES

Other non-current liabilities	31 Dec 2025	31 Dec 2024
Liabilities related to repurchase commitments	3,113	3,107
Other liabilities	3,601	2,191
Total	**6,714**	**5,298**

Other current liabilities	31 Dec 2025	31 Dec 2024
Accrued expenses and prepaid income	19,645	23,110
Liabilities related to repurchase commitments	15,367	14,134
Personnel related liabilities	5,946	7,154
VAT liabilities	3,364	5,172
Other liabilities	3,745	3,750
Total	**48,067**	**53,320**

NOTE 25 CONTINGENT LIABILITIES AND PLEDGED ASSETS

ACCOUNTING POLICIES

When a possible obligation does not meet the criteria for recognition as a liability it may be disclosed as a contingent liability. These possible obligations derive from past events and their existence will be confirmed only when one or several uncertain future events, which are not entirely within Volvo Car Group's control, take place or fail to take place. A contingent liability could also exist for a present obligation, due to a past event, where an outflow of resources is less likely (<50 per cent) or when the amount of the obligation cannot be reliably measured.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Legal proceedings

Companies within Volvo Car Group may at times be involved in legal proceedings, such proceedings may cover a range of different matters in various jurisdictions. These include, but are not limited to, commercial disputes such as alleged breach of contract, insufficient supplies of goods or services, product liability, patent infringement or infringement of other intangible rights. The various matters raised are often of a difficult and complex nature making them legally complicated, and it is therefore difficult to predict the final outcome of such matters. The companies within Volvo Car Group work closely with legal advisors and other experts in the various matters in each jurisdiction. A provision is made when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reliably estimated. In instances where these criteria are not met, a contingent liability has been disclosed provided the risk qualifies as such a liability.

Other processes

Volvo Car Group is as well, like other global companies, from time to time involved in processes of varying scope and in various stages with regards to for instance import duties and transfer prices. These processes are evaluated regularly, and provisions are made when it is more likely than not that additional fees must be paid, and the outcome can be reliably estimated. If it is not probable that the additional fees will be paid but the risk is more than remote, such amounts are disclosed as contingent liabilities.

Contingent liabilities	31 Dec 2025	31 Dec 2024
Guarantees to insurance company FPG	291	278
Legal claims	50	19
Other claims[1]	289	231
Guarantee commitments	9	9
Other contingent liabilities[2][3]	143	3,433
Total	**782**	**3,970**

1) In addition to the contingent liabilities related to other claims there is also tax related contingent assets amounting to SEK — (54) m.
2) On 19 November 2024, Volvo Cars entered into an operational agreement that included a purchase option for an entity domiciled in the UK. This purchase option expired on August 31, 2025. Subsequently, on 20 November 2024, Volvo Cars entered into a related agreement guaranteeing the outstanding loans of the target entity. This guarantee was contingent upon the lenders electing to transfer these loans to Volvo Cars. The maximum exposure under this financial guarantee was estimated to SEK 3,240 m. On 25 April 2025, Volvo Cars exercised its purchase option and made a payment of SEK 2,727 m under the financial guarantee arrangement relating to the loans of the UK entity it acquired. Volvo Cars has no contingent liabilities or other liabilities outstanding as at reporting date.
3) Apart from the above contingent liabilities, there are other commitments and guarantees that are not recognised since the likelihood of an outflow of resources is very low.

Pledged assets	31 Dec 2025	31 Dec 2024
Restricted cash	42	195
Inventory	374	439
Floating charges	54	72
Other pledged assets	904	486
Total	**1,374**	**1,192**

NOTE 26 CASH FLOW STATEMENTS

	2025	2024
Adjustments for other non-cash items:		
Capital gains/losses on sale of tangible and intangible assets	6,518	1,574
Share of income in joint ventures and associates	–654	4,722
Interest effect from the measurement of repurchase obligations	–132	–797
Provision for variable pay	102	2,163
Other provisions	6,968	–695
Deferred revenue	–3,570	–1,779
Reclassification of residual value guarantee	–693	–1,364
Inventory impairment	766	549
Elimination of intra-group profit	–493	–186
IFRS16 adjustments	–5,807	–1,450
Negative goodwill of NOVO Energy AB	—	–1,054
Other non-cash items	3,276	1,071
Total	**6,281**	**2,754**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Change in net cash	1 Jan 2024	Cash flows	Non-cash changes: Reclassifi-cations	Non-cash changes: Foreign exchange movement	Non-cash changes: Fair value changes	Non-cash changes: Other non-cash changes	31 Dec 2024
Cash and cash equivalents	47,861	7,043	—	1,469	—	—	56,373
Marketable securities	9,918	–10,269	—	351	—	—	—
Liabilities to credit institutions, non-current	–4,562	–199	947	–122	—	51	–3,885
Bonds, non-current[1)]	–18,121	–5,857	5,618	–246	—	16	–18,590
Bonds, current[1)]	–6,672	6,935	–5,618	–367	—	–1	–5,723
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	–937	862	–947	–41	—	3	–1,060
Net cash	**27,487**	**–1,485**	**—**	**1,044**	**—**	**69**	**27,115**

Change in net cash	1 Jan 2025						31 Dec 2025
Cash and cash equivalents	56,373	4,177	—	–2,986	—	—	57,564
Marketable securities	—	1	—	—	—	—	1
Liabilities to credit institutions, non-current	–3,885	–4,947	761	1,350	—	–2	–6,723
Bonds, non-current[1)]	–18,590	–5,476	1,500	1,013	—	4	–21,549
Bonds, current[1)]	–5,723	5,732	–1,500	–8	—	–1	–1,500
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	–1,060	1,631	–761	–732	—	—	–922
Net cash	**27,115**	**1,118**	**—**	**–1,363**	**—**	**1**	**26,871**

1) The bonds are presented above at amortised cost. The fair value risk of the EUR-denominated bonds is hedged, and the bonds with fixed interest payments have been swapped into floating interest payments. Consequently, a portion of the bonds is therefore measured at fair value through the income statement, while the remaining part is measured at amortised cost. On 31 December 2025, the fair value component amounted to SEK 96 (235) m.

NOTE 27 BUSINESS COMBINATIONS AND DIVESTMENTS

ACCOUNTING POLICIES

Acquisitions

Companies are consolidated as of the date of acquisition when Volvo Car Group obtains control. In a business combination Volvo Car Group measures all acquired identifiable assets and liabilities at fair value. Any surplus amount from the purchase consideration, possible non-controlling interest and fair value of previously held equity interests at the acquisition date compared to Volvo Car Group's share of acquired net assets is recognised as goodwill. Any deficit amount (i.e. negative goodwill) resulting from a bargain purchase, is recognised directly as a gain in the income statement.

In step acquisitions, a business combination occurs only on the date control is achieved. Transactions with non-controlling interest are recognised within equity as long as control of the subsidiary is retained.

In acquisitions that involve parties under common control Volvo Car Group applies predecessor accounting, meaning that the acquirer consolidates the predecessors' respective carrying values for assets and liabilities. These are the carrying values that are related to the acquired entity from the consolidated financial statements of the highest entity that has common control, and for which consolidated financial statements are prepared. Any difference between the cost of the combination (i.e. the fair value of the consideration paid) and the carrying values for assets and liabilities is recognised directly in equity within retained earnings.

All acquisition-related transaction costs are expensed.

Divestments

Companies that have been divested are included in the consolidated financial statements up to and including the date when Volvo Car Group loses control.

In divestments that involve parties under common control, any difference between the cost of the divestment (i.e. the fair value of the consideration received) and the carrying values for assets and liabilities is recognised directly in equity within retained earnings.

Business combinations

NOVO Energy AB

On 30 October 2024, Volvo Car Corporation assessed it had gained control of NOVO Energy AB from an accounting perspective following the notification to Northvolt AB of Volvo Cars intent to redeem Northvolt AB's 50 per cent shareholdings in NOVO Energy AB.

On 4 July 2025, Volvo Car Corporation finalised the acquisition of Northvolt AB's shares in NOVO Energy AB and became 100% shareholder of NOVO Energy AB. As a consequence, the non-controlling interest of 50 per cent ceased. Purchase consideration amounted to SEK 40 m. The preliminary acquisition analysis previously recognised for NOVO Energy AB was adopted in 2025.

Apart from the parent company NOVO Energy AB, NOVO Energy Group consists of the wholly-owned subsidiaries NOVO Energy R&D AB and NOVO Energy Production AB with its wholly-owned subsidiary NOVO Energy PropCo AB.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 28 SEGMENT REPORTING

ACCOUNTING POLICIES

Volvo Car Group is considered to have one operating segment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical judgements in the determination of Volvo Car Group having one operating segment relates to the level of integration across the different functions of the Group, the identification of the Chief operating decision-making body and how resources are allocated.

The activities that the automotive business engage in relates to development, design, manufacturing, assembly and sale of vehicles, as well as sale of related parts and accessories from which Volvo Cars derives its revenues. All of the activities of the Group are not managed individually but globally on a highly integrated basis.

Volvo Car Group is managed by the Executive Management Team (EMT) with 8 (8) members, led by the CEO and overseen by the Board of Directors. EMT take all significant operating decisions and members of EMT have the responsibility for implementing the decisions in their respective areas. The operating decision-making is at EMT level as a whole, however Volvo Car Group considers the CEO to the be Chief operating decision maker as the CEO has the ability to override decisions made by the EMT. All substantial decisions regarding allocation of resources as well as the assessment of performance is based on Volvo Car Group as a whole. Therefore, Volvo Car Group is considered to have only one operating segment.

	Sweden	China	Rest of the world	**Total**
31 Dec 2025				
Non-current assets[1]	141,780	17,195	34,601	**193,576**
31 Dec 2024				
Non-current assets[1]	135,885	23,861	44,419	**204,165**

1) Excluding deferred tax assets and financial instruments.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Alternative performance measures presented by Volvo Car Group

The alternative performance measures presented and disclosed in this annual 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. For general definitions, see page 226.

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

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

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

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

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

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

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

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

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

EBIT margin excl. items affecting comparability
EBIT margin excl. items affecting comparability is defined as EBIT excl. items affecting comparability as a percentage of revenue. The EBIT margin excl. items affecting comparability presents the profitability of the underlying operation in relation to the recognised revenue earned by Volvo Car Group during the accounting period and can be used in making comparisons between reporting periods.

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

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

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

Return on invested capital, ROIC
ROIC is defined as EBIT divided by invested capital. Return on invested capital ratio gives an overview of how efficient Volvo Car Group is at allocating capital to profitable investments. Invested capital is the amount of net assets needed in day to day operations (total assets less receivables on parent company less other long-term securities holding less cash and cash equivalents less marketable securities plus operating cash (average two-year revenue*10%) less total current liabilities less current liabilities to parent company plus total current interest-bearing liabilities (including liabilities to credit institutions, bonds current, other current interest-bearing liabilities) calculated on two-year average figures.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Equity ratio

The equity ratio is defined as total equity divided by total assets on the balance sheet. This measures the 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 and bonds. Net cash represents Volvo Car Group's ability to meet its financial obligations.

Liquidity

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

Invested capital

Invested capital is defined as total assets less receivables from parent company, other long-term security holdings, cash and cash equivalents, marketable securities, operating cash, total current liabilities, current liabilities to parent company and total current interest-bearing liabilities. It is calculated using a two-year average.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	2025	2024
Revenue	357,263	400,234
Cost of sales	–297,042	–320,821
Research and development expenses	–26,067	–16,983
Operating income, EBIT	303	22,318
EBIT margin, excl. share of income from JVs & associates	–351	27,040
EBIT excl. Items affecting comparability	12,556	24,020
Net income	–2,968	15,934
EBITDA	35,679	45,048
Gross margin, %	16.9	19.8
Gross margin, excl. Items affecting comparability, %	18.0	19.8
EBIT margin, %	0.1	5.6
EBIT margin, excl. share of income from JVs & associates, %	–0.1	6.8
EBIT margin excl. Items affecting comparability, %	3.5	6.0
EBITDA margin, %	10.0	11.3
Equity ratio, %	39.8	36.6
Net cash	26,871	27,115
Return on invested capital, ROIC %	0.2	12.0

Operating income, EBIT/EBIT margin, %	2025	2024
Operating income, EBIT	303	22,318
Revenue	357,263	400,234
EBIT margin, %	**0.1**	**5.6**

EBIT and EBIT margin, excl. share of income from JVs & associates, %	2025	2024
Operating income, EBIT	303	22,318
Share of income from JVs & associates	654	–4,722
EBIT excl. share of income from JVs & associates	**–351**	**27,040**
Revenue	357,263	400,234
EBIT margin, excl. share of income from JVs & associates, %	**–0.1**	**6.8**

EBIT and EBIT margin excl. Items affecting comparability, %	2025	2024
Operating income, EBIT	303	22,318
Impairment charge for the EX90 and ES90 platform	11,431	—
Restructuring costs	822	—
Impairment of JV-shareholding in NOVO Energy AB	—	1,702
EBIT, excl. Items affecting comparability	**12,556**	**24,020**
Revenue	357,263	400,234
EBIT margin, excl. Items affecting comparability, %	**3.5**	**6.0**

EBITDA/EBITDA margin, %	2025	2024
Operating income, EBIT	303	22,318
Depreciation and amortisation of non-current assets	35,376	22,730
EBITDA	**35,679**	**45,048**
Revenue	357,263	400,234
EBITDA margin, %	**10.0**	**11.3**

Gross margin, %	2025	2024
Gross income	60,221	79,413
Revenue	357,263	400,234
Gross margin, %	**16.9**	**19.8**

Gross margin, excl. Items affecting comparability, %	2025	2024
Gross income	60,221	79,413
Impairment charge for the EX90 and ES90 platform	3,982	—
Restructuring costs	82	—
Gross income, excl. Items affecting comparability	**64,285**	**79,413**
Revenue	357,263	400,234
Gross margin, excl. Items affecting comparability, %	**18.0**	**19.8**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Operating cash	2025	2024
Average two-year revenue ×10%	37,875	39,979
Operating cash	**37,875**	**39,979**

Invested capital[1]	2025	2024
Total assets	380,704	372,298
Receivables from parent company	—	—
Other long-term securities holdings	–11,604	–12,410
Cash and cash equivalents	–56,969	–52,117
Marketable securities	–1	–4,959
Operating cash	37,875	39,979
Total current liabilities	–160,419	–165,290
Current liabilities to parent company	—	—
Total current interest-bearing liabilities	2,030	9,056
Total invested capital	**191,617**	**186,557**

1) Calculated on two-year average figures.

Return on invested capital, ROIC, %	2025	2024
EBIT (last 12 months)	303	22,318
Invested capital	191,617	186,537
Return on invested capital, ROIC, %	**0.2**	**12.0**

Equity ratio	31 Dec 2025	31 Dec 2024
Total equity	148,378	142,199
Total assets	373,172	388,235
Equity ratio, %	**39.8**	**36.6**

Net cash	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	57,564	56,373
Marketable securities	1	—
Liabilities to credit institutions, non-current	–6,723	–3,885
Bonds, non-current[2]	–21,549	–18,590
Other interest-bearing liabilities	—	—
Liabilities to credit institutions, current	–922	–1,059
Bonds, current[2]	–1,500	–5,724
Net cash	**26 871**	**27,115**

2) The bonds are presented above at amortised cost. The fair value risk of the EUR-denominated bonds is hedged, and the bonds with fixed interest payments have been swapped into floating interest payments. Consequently, a portion of the bonds is therefore measured at fair value through the income statement, while the remaining part is measured at amortised cost. On 31 December 2025, the fair value component amounted to SEK 95 (235) m.

Liquidity	31 Dec 2025	31 Dec 2024
Cash and cash equivalents	57,564	56,373
Undrawn credit facilities	23,256	32,176
Marketable securities	1	—
Liquidity	**80,821**	**88,549**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Income Statements and Comprehensive Income – Parent Company

	Note	2025	2024
Administrative expenses	4, 5	–38	–41
Operating loss		**–38**	**–41**
Income from participation in subsidiaries	3	3,200	6,525
Interest income and similar credits	3	1,421	1,587
Interest expenses and similar charges		–1,006	–1,011
Other financial income and expenses	6	–28	–25
Income before tax		**3,549**	**7,035**
Income tax	7	806	–583
Net income		**4,355**	**6,452**

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

Balance Sheets – Parent Company

	Note	31 Dec 2025	31 Dec 2024
ASSETS			
Non-current assets			
Participation in subsidiaries	8	22,433	18,103
Deferred tax assets	7	3,146	2,340
Receivables from Group companies	3	24,219	21,758
Total non-current assets		**49,798**	**42,201**
Current assets			
Receivables from Group companies	3	22,062	22,780
Other current assets		79	93
Cash and cash equivalents		6	1
Total current assets		**22,147**	**22,874**
TOTAL ASSETS		**71,945**	**65,075**

	Note	31 Dec 2025	31 Dec 2024
EQUITY & LIABILITIES			
Equity	9		
Restricted equity			
Share capital		61	61
		61	**61**
Non-restricted equity			
Share premium reserve		31,654	31,654
Retained earnings		5,083	–1,222
Net income		4,355	6,452
		41,092	**36,884**
Total equity		**41,153**	**36,945**
Non-current liabilities			
Bonds	10	21,549	18,590
Liabilities to credit institutions	10	2,568	3,075
Total non-current liabilities		**24,117**	**21,665**
Current liabilities			
Bonds	10	1,500	5,724
Liabilities to credit institutions	10	393	208
Liabilities to Group companies	3	4,267	4
Accounts payable		—	3
Accrued expenses and prepaid income		515	526
Total current liabilities		**6,675**	**6,465**
TOTAL EQUITY & LIABILITIES		**71,945**	**65,075**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Statement of Changes in Equity – Parent Company

	Restricted equity	Non-restricted equity			
	Share capital[1]	Share premium reserve	Other contributed capital	Retained earnings	Total
Balance at 1 January 2024	**61**	**31,654**	**–3,500**	**11,690**	**39,905**
Net income for the year	**—**	**—**	**—**	**6,452**	**6,452**
Transactions with owners					
Distribution of shares	–30	—	—	–9,276	–9,306
Bonus issue	30	—	—	–30	—
Acquisition of treasury shares	—	—	—	–190	–190
Issue of treasury shares	—	—	—	67	67
Share-based payments	—	—	—	17	17
Transactions with owners	**—**	**—**	**—**	**–9,412**	**–9,412**
Balance at 31 December 2024	**61**	**31,654**	**–3,500**	**8,730**	**36,945**
Net income for the year	**—**	**—**	**—**	**4,355**	**4,355**
Transactions with owners					
Distribution of shares	—	—	—	2	2
Acquisition of treasury shares	—	—	—	–219	–219
Issue of treasury shares	—	—	—	126	126
Share-based payments	—	—	—	–56	–56
Transactions with owners	**—**	**—**	**—**	**–147**	**–147**
Balance at 31 December 2025	**61**	**31,654**	**–3,500**	**12,938**	**41,153**

1) Share capital amounts to SEK 60 947 709 (60,947,709)

Statement of Cash Flows – Parent Company

	Note	2025	2024
OPERATING ACTIVITIES			
Operating income		–38	–41
Interest received		1,428	1,512
Interest paid		–1,020	–936
Other adjustments for non-cash items		–2	–89
		368	**446**
Movements in working capital			
Change in current receivables Group companies	3	–5,853	11,973
Change in current receivables		14	–67
Change in current liabilities Group companies	3	1	3
Change in liabilities		–13	5
Cash flow from movements in working capital		**–5,851**	**11,914**
Cash flow from operating activities		**–5,483**	**12,360**
Investments in shares and participations		—	–9,217
Dividend received from subsidiary	3	3,200	4,000
Cash flow from investing activities		**3,200**	**–5,217**
Cash flow from operating and investing activities		**–2,283**	**7,143**
FINANCING ACTIVITIES			
Proceeds from bond issuance	10	5,457	5,835
Repayment of bond	10	–5,732	–6,933
Repayment to credit institutions	10	–199	—
Change in non-current receivables Group companies	3	473	–5,835
Group contributions received		2,525	—
Acquisition of treasury shares		–219	–190
Other		–17	–19
Cash flow from financing activities		**2,288**	**–7,142**
Cash flow for the year		**5**	**1**
Cash and cash equivalents at beginning of year		**1**	**—**
Cash and cash equivalents at end of year		**6**	**1**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Notes to The Parent Company Financial Statements

All amounts are in SEKm unless otherwise stated.
Amounts in brackets refer to the preceding year.

NOTE 1 ACCOUNTING POLICIES

Basis of preparation

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 endorsed by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act. Changes in RFR 2 applicable to the fiscal year beginning 1 January 2025, have had no material impact on the financial statements of the Parent company.

All specific accounting policies considered material to Volvo Car Group are described in conjunction with each presented note in the consolidated financial statements. The main deviations between the accounting policies applied by the Volvo Car Group and the Parent company are described below.

Shares and participations in Group companies

Shares and participations in Group companies are recognised at cost in the Parent company's balance sheet and test for impairment is performed annually or whenever there is an indication to do so. Dividends are recognised in the income statement. Profit and loss from all shares and participations are reported within income before tax.

Transaction costs directly attributable to acquisitions of shares and participations in Group companies are accounted for as an increase in the carrying amount.

Group contributions made to subsidiaries are reported as an increase of investments in these subsidiaries. A review is at the same time made to conclude whether or not there is an impairment risk with regards to the same shares of the subsidiaries having received the group contribution. Tax effect of these group contributions are recognised in the income statement. Group contributions made to parent company are recognised in equity, along with the tax effect. Received group contributions from subsidiaries are recognised as financial income. Tax effect on received group contributions are recognised in the income statement. Received group contributions from parent company are recorded in equity, along with the tax effect.

Made shareholders' contributions are recognised in shares in subsidiaries and as such they are subject to impairment testing.

Income taxes

Deferred tax liability on untaxed reserves is included in untaxed reserves in the parent company.

Financial guarantees

The company applies the exemption according to RFR 2 in the application of IFRS 9, which relates to accounting and valuation of financial guarantee agreements for the benefit of subsidiaries and associated companies. The parent company reports the financial guarantee agreements as contingent liabilities.

Equity

In accordance with the Swedish Annual Accounts Act, equity is split between restricted and non-restricted equity.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Preparation of the financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2 requires the Company's Executive management and Board of Directors to make estimates and judgements as well as to make assumptions that affect application of the accounting policies and the reported assets, liabilities, income and expenses. Critical accounting estimates and judgements applied by the Volvo Car Group are described in conjunction with applicable note in the consolidated financial statements. None of these critical accounting estimates are applicable to the parent company. Shares and participations in Group companies recognised at cost in the Parent company are being tested for impairment annually or if an indication of impairment exists.

NOTE 3 RELATED PARTY TRANSACTIONS

During the year, the parent company entered into the following transactions with related parties:

	Sales of goods, services and other		Purchase of goods, services and other	
	2025	2024	**2025**	2024
Companies within the Volvo Car Group, %	100	100	1	1

	2025	2024
Interest income from subsidiaries	1,418	1,583
Interest income from parent company	2	3

	Receivables		Payables	
	31 Dec 2025	31 Dec 2024	**31 Dec 2025**	31 Dec 2024
Companies within the Volvo Car Group	46,205	44,465	4,267	4
whereof short-term	*22,062*	*22,780*	*4,267*	*4*
Companies within the Geely Sweden Holdings Group	76	73	—	—
whereof short-term	—	—	—	—

Business transactions between the parent company and related parties all arise in the normal course of business and are conducted on the basis of arm's length principles. Volvo Car AB (publ.) has received group contribution from its subsidiary, Volvo Car Corporation of SEK — (2,525) m. Volvo Car AB (publ.) has given group contribution of SEK 4,262 (—) m to its subsidiary, Volvo Car Corporation. Further, Volvo Car AB (publ.) has received dividend of SEK 3,200 (4,000) m from its subsidiary, Volvo Car Corporation.

Volvo Car AB (publ.) does not engage in any transactions with Board members or senior executives except ordinary remunerations

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

for services. For further information regarding remunerations, see Note 8 - Employees and remuneration and Note 9 – Share-based remuneration, in the consolidated financial statements.

NOTE 4 AUDIT FEES

TSEK	2025	2024
Deloitte		
Audit fees	–129	–158
Audit-related fees	–465	–322
Total	**–594**	**–480**

Audit fees involve audit of the Annual Report, financial accounts and the administration by the Board of Directors and the Managing Directors. The audit also includes advice and assistance as a result of the observations made in connection with the audit.

Audit-related fees refer to other assignments to ensure quality in the financial statements including consultations on reporting requirements and internal control.

NOTE 5 REMUNERATION TO THE BOARD OF DIRECTORS

Information on renumeration to Board members by gender is shown in Note 8 – Employees and remuneration and Note 9 – Share-based remuneration, in the consolidated statements.

NOTE 6 OTHER FINANCIAL INCOME AND EXPENSES

	2025	2024
Expenses for credit facilities	–21	–19
Bond fees	–7	–6
Other financial income	—	1
Other financial expenses	—	–1
Total	**–28**	**–25**

NOTE 7 TAXES

Income tax recognised in income statement	**2025**	2024
Deferred taxes	806	–583
Total	**806**	**–583**

Reconciliation between current tax rate in Sweden and effective tax rate	**2025**	2024
Income before tax for the year	3,549	7,035
Tax according to applicable Swedish tax rate, 20.6 (20.6)%	–731	–1,449
Received dividends, non-taxable	659	824
Operating income/costs, non-taxable	—	37
Tax effect of Group contributions given, made on shares in subsidiaries	878	—
Tax effect of deductible costs reported over equity	—	5
Total	**806**	**–583**

The corporate statutory income tax rate in Sweden was 20.6 (20.6) per cent. The effective tax rate on profit before taxes was –22.71 (8.29) per cent. Total deferred tax assets of SEK 3,146 (2,340) m relates to tax loss-carry forward SEK 15,271 (11,358) m, with an indefinite period of utilisation. Deferred tax assets are only accounted for to the extent there are taxable temporary differences or other factors that convincingly indicate there will be sufficient future taxable profit.

NOTE 8 PARTICIPATION IN SUBSIDIARIES

	31 Dec 2025	31 Dec 2024
At beginning of the year/acquired acquisition value	18,103	18,022
Given group contribution	4,262	—
Share-based payments	68	81
Total	**22,433**	**18,103**

Volvo Car AB's (publ.) investments in subsidiaries:	Corp. ID no.	Registered office	No. of shares	% interest held	Book value 31 Dec 2025	Book value 31 Dec 2024
Volvo Personvagnar AB[1)2)3)]	556074-3089	Gothenburg / Sweden	724,889	100	22,433	18,103

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Details of Volvo Car Corporation's directly owned subsidiaries at the end of the reporting period are presented in the following table.

Legal entity	Corp. ID no.	Registered office	% interest held
Sweden			
Automotive Components Floby AB	556981-8874	Falköping / Sweden	100
Fastighetsbolag Sörred 8:9 AB	559176-3890	Gothenburg / Sweden	100
Fastighetsbolag Sörred 8:11 AB	556994-2351	Gothenburg / Sweden	100
Fastighetsbolag Sörred 8:17 AB	559394-9851	Gothenburg / Sweden	100
HaleyTek AB	559307-9485	Gothenburg / Sweden	100
NOVO Energy AB	559344-2600	Gothenburg / Sweden	100
NVC Energy VII AB	559344-2410	Gothenburg / Sweden	100
VCLC Services AB	559470-7639	Gothenburg / Sweden	70
Volvo Bil i Göteborg AB	556056-6266	Gothenburg / Sweden	100
Volvo Car Australia Holding AB	556152-2680	Gothenburg / Sweden	100
Volvo Car Försäkrings AB	556877-5778	Gothenburg / Sweden	100
Volvo Car Insurance Distribution AB	559140-6417	Gothenburg / Sweden	100
Volvo Car Investment and Borrowing AB	556130-4246	Gothenburg / Sweden	100
Volvo Car NSC Holding AB	556754-8283	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 1 AB	556205-7298	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 3 AB	559176-3908	Gothenburg / Sweden	100
Volvo Car Real Estate and Assets 7:24 AB	559064-3457	Gothenburg / Sweden	100
Volvo Car Services 6 AB	559140-6433	Gothenburg / Sweden	100
Volvo Car Services 9 Holding AB	559228-9366	Gothenburg / Sweden	100
Volvo Car Services 14 AB	559470-7647	Gothenburg / Sweden	100
Volvo Car Services Sweden AB	556601-7843	Gothenburg / Sweden	100
Volvo Car Sverige AB	556034-3484	Gothenburg / Sweden	100
Volvo Car Technology Fund AB	556877-5760	Gothenburg / Sweden	100
Volvo Personvagnar Norden AB	556413-4848	Gothenburg / Sweden	100
Zenseact AB	559228-9358	Gothenburg / Sweden	100
Europe			
Volvo Car Austria GmbH		Austria	100
Volvo Car Czech Republic s.r.o.		Czech Republic	100
Volvo Car Denmark A/S		Denmark	100
Volvo Car Finland Oy Ab		Finland	100
Volvo Car France SAS		France	100
Volvo Car Germany GmbH		Germany	100
Volvo Car Hellas Anonymous[4)]		Greece	100
Volvo Car Hungary Trading and Service Ltd		Hungary	100
Volvo Car Gallery Ltd		Hungary	100
Volvo Car Ireland Ltd		Ireland	100
Volvo Car Italia S.p.A.		Italy	100

Legal entity	Registered office	% interest held
Volvo Car Nederland B.V.	The Netherlands	100
Volvo Car Nederland Financial Services B.V.	The Netherlands	100
SNEBE Holding B.V.	The Netherlands	100
SNITA Holding B.V.	The Netherlands	100
SWENE Holding B.V.	The Netherlands	100
Volvo Car Norway AS	Norway	100
Volvo Car Poland Sp. z.o.o.	Poland	100
Volvo Car Portugal S.A.	Portugal	100
Volvo Car Espana S.L.	Spain	100
Volvo Car Slovakia s.r.o	Slovakia	100
Volvo Car Switzerland AG	Switzerland	100
Volvo Car UK Ltd	United Kingdom	100
North and South America		
Volvo Car Brasil Importacao e Comercio de Veiculos Ltda	Brazil	100
Volvo Car do Brasil Automoveis Ltda	Brazil	100
Volvo Car Canada Ltd	Canada	100
Volvo Car Mexico S.A. de C.V.	Mexico	100
Volvo Car Financial Services U.S., LLC	USA	100
Volvo Car North America, LLC	USA	100
Africa and Asia		
Volvo Cars (China) Investment Co., Ltd.	China	100
Volvo Cars Technology (Shanghai) Co., Ltd.	China	100
Volvo Auto India Pvt. Ltd	India	100
Volvo Car Japan Ltd	Japan	100
Volvo Car Korea Co., Ltd	Korea	100
Volvo Car Manufacturing Malaysia Sdn Bhd	Malaysia	100
Volvo Car Singapore Pte. Ltd	Singapore	100
Volvo Car South Africa Pty Ltd	South Africa	100
Volvo Car Taiwan Ltd	Taiwan	100
Volvo Car Turkey Otomobil Ltd Sirketi	Türkiye	100
Volvo Car RDC Middle East FZE	United Arab Emirates	100

1) Referred to as Volvo Car Corporation.
2) PSINV AB, effective as of 14 May 2025, and Volvo Car Mobility Sweden AB, effective as of 5 November 2025, were merged into Volvo Car Corporation. CLPE AB is liquidated at 31 December 2025.
3) From 2 October 2025, Volvo Car Services 15 AB is a indirect wholly-owned subsidary.
4) Legal name in full: Volvo Car Hellas Anonymous and Industrial company of car and spare parts imports and trade.

The share of voting power corresponds to holdings in per cent as seen in the table above. The countries where the subsidiaries are registered are also where their main operations are carried out.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Significant restrictions

For some subsidiaries there are restrictions on the Volvo Car Group's ability to access or use cash from these subsidiaries, for more information on cash that is not available or with other limitations, see Note 20 – Marketable securities and cash and cash equivalents in the consolidated financial statements.

Details of non-wholly-owned subsidiaries that have non-controlling interests

On 25 June 2015, Volvo Car Group, through one of its wholly-owned subsidiaries, Volvo Cars (China) Investment Co., Ltd, acquired an additional 20 per cent in Volvo Cars' Chinese joint venture companies. In the consolidated financial statements, these joint venture companies are classified as subsidiaries and fully consolidated with a non-controlling interest of 50 per cent since Volvo Car Group has the decision-making power over the operations.

Further, Daqing Volvo Car Manufacturing Co., Ltd holds 100 per cent of the shares in Volvo Car (Asia Pacific) Investment Holding Co., Ltd which holds 100 per cent of Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd and Shanghai Zhaowo Auto Sales Co., Ltd.

On 1 August 2024, Volvo Car Corporation acquired the remaining 40 per cent of the shares in HaleyTek AB from ECARX Technology Co., Ltd, a related company with the same ultimate shareholder as Volvo Car Group, but outside the Geely sphere of companies. As a consequence, the non-controlling interest ceased.

On 1 October 2024, Lynk & Co International AB, a related party company within the Geely sphere of companies, acquired 30 per cent of the shareholding in the wholly-owned subsidiary VCLC Services AB. VCLC Services AB is still classified as a subsidiary and fully consolidated with a non-controlling interest of 30 per cent since Volvo Car Group has the power of control.

On 4 July 2025, Volvo Car Corporation acquired the remaining 50 per cent of the shares in Novo Energy AB. As a consequence, the non-controlling interest ceased. The transaction was succeeding the initiated process from 30 October 2024, when Volvo Cars initiated a process to acquire Northvolt AB's shares in the joint venture company NOVO Energy AB by executing its redemption right.

NOVO Energy AB and its wholly-owned subsidiaries were from 30 October 2024 reclassified from joint venture to subsidiaries and fully consolidated, with a non-controlling interest of 50 per cent. For more information, see Note 27 – Business combinations and divestments, in the consolidated financial statements.

The table below shows details of non-wholly-owned subsidiaries of the Group that have non-controlling interests.

	Registered office	% interest held		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
Legal entity:		31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024	31 Dec 2025	31 Dec 2024
Daqing Volvo Car Manufacturing Co., Ltd.[1]	China	50	50	–2,980	652	1,186	4,696
Shanghai Volvo Car Research and Development Co., Ltd.[1]	China	50	50	2	2	110	124
HaleyTek AB	Sweden	—	—	—	–36	—	—
NOVO Energy AB	Sweden	—	50	–164	–85	—	–85
VCLC Services AB	Sweden	30	30	—	—	3	3
Total non-controlling interests				**–3,142**	**533**	**1,299**	**4,738**

1) 50 per cent held by Zhejiang Geely Holding Group Co., Ltd, which is the ultimate parent company of the Volvo Car Group.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

NOTE 9 EQUITY

Volvo Car AB (publ.) is listed on the Nasdaq Stockholm Stock Exchange (ticker symbol: VOLCAR).

On 26 March 2024, the Annual General Meeting resolved, in accordance with the Board of Directors proposal, to distribute a portion of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC to Volvo Cars' shareholders by way of a share split (2:1) of the class B shares. A reduction of the share capital through redemption of shares, and an increase of the share capital through a bonus issue without issuance of new shares. The distribution of shares, reflected at fair value at 8 May, reduced the equity by SEK 9,306 m including transaction costs. For further information, see Note 12 – Investments in joint ventures and associates and Note 21 – Equity, in the consolidated financial statements.

Equity-settled share-based payments in connection with employee incentive plans are recognised in equity and settled using treasury shares. For further information, see Note 9 – Share-based remuneration and Note 21 – Equity, in the consolidated financial statements.

NOTE 10 FINANCIAL INSTRUMENTS

Bonds

In January 2025, a EUR 500 m bond, issued in 2017, was repaid by Volvo Car AB (publ.). In June 2025, a green bond of EUR 500m was raised through issuance with a tenor of four years. In April 2024, a EUR 600 m bond, issued in April 2019, was repaid. In May 2024, a EUR 500 m green bond was issued.

Liabilities to credit institutions

In September 2025, a new green bilateral eight-year loan agreement of EUR 150 m was signed. The loan facility remains undrawn as of the end of 2025.

In November 2025, the first extension option on the existing sustainability-linked Revolving Credit Facilities was exercised, extending maturities by one year. The updated maturities for the Revolving Credit Facilities of EUR 500 m and EUR 1 500 m are in 2028 and 2030, respectively.

In December 2024, Revolving Credit Facilities of EUR 1,500 m with a five-year tenor and EUR 500 m with a three-year tenor were signed. Both facilities are sustainability-linked and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 m with maturity in 2026.

No fair value hedge is applied in Volvo Car AB (publ.).

For more information see Note 19 – Financial risks and financial instruments in the consolidated financial statements.

NOTE 11 CONTINGENT LIABILITIES

Volvo Car AB (publ.) has a parental guarantee for Volvo Car Corporation for the purpose of securing the various obligations and liabilities under the facility agreement with EIB. The guarantee is in total of EUR 345 (345) m and USD 438 (—) m.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	
CONSOLIDATED FINANCIAL STATEMENTS	
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	
ALTERNATIVE PERFORMANCE MEASURES	
PARENT COMPANY FINANCIAL STATEMENTS	
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS	
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY	
AUDITOR'S REPORT	
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	222

Proposed distribution of non-restricted equity

The parent company

The following funds are at the disposal of Annual General Meeting (AGM):

Share premium reserve	SEK	31,653,517,859
Retained earnings brought forward	SEK	5,083,584,404
Net income for the year	SEK	4,355,103,303
At the disposal of the AGM	**SEK**	**41,092,205,566**

The Board proposes the following allocation of funds:

Carried forward	**SEK**	**41,092,205,566**

The Board of Directors and the CEO hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Annual Report has been prepared in accordance with generally accepted accounting principles and provides a fair and true view of the Parent company's financial position and earnings. The Board of Directors' report for the Group and the Parent Company provides a true and fair overview of the development of the operations, financial position and earnings of the Group and Parent company and describes material risks and uncertainty factors facing the Parent company and the companies included in the Group. The Board of Directors and the CEO certify that the Sustainability Statement has been prepared in accordance with European Sustainability Reporting Standards (ESRS) as adopted by the EU and the EU Taxonomy Regulation.

The annual report is dated on 4 March 2026

Gothenburg, 4 March 2026

Eric Li (Li Shufu)
Chairperson of the Board

Håkan Samuelsson
CEO

Daniel Li (Li Donghui)
Board member

Jonas Samuelson
Board member

Ruby Lu (Rong Lu)
Board member

Diarmuid O'Connell
Board member

Lila Tretikov
Board member

Anna Mossberg
Board member

Pieter Nota
Board member

Caroline Grégoire-Sainte-Marie
Board member

Adrian Avdullahu
Employee representative

Jörgen Olsson
Employee representative

Zara Biske
Employee representative

Our audit report on the Annual report and consolidated accounts, and our limited assurance report on the Sustainability statement have been submitted on 4 March 2026
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

Auditor's Report

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders of Volvo Car AB (publ.) corporate identity number 556810-8988

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Volvo Car AB (publ) for the financial year 2025-01-01–2025-12-31. The annual accounts and consolidated accounts of the company are included on pages 29–35, 61–114, 119–126 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 2025 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 2025 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.

Accounting for contractual warranties and related campaign decisions

The Company grants product warranties to their end customers, which are contractual warranties covering certain defects in material and workmanship of Volvo Car products sold. Estimated warranty costs include contractual warranty and other costs not covered by standard contractual commitments. All warranty provisions are recognized at the point of time when the sale of the vehicles or spare parts are made, subsequently adjusted for trends in claims data. Further, provision of warranty is adjusted as campaign decisions for specific quality problems are made. The accounting principles for warranty and management's significant judgments applied in relation thereto are further described in Note 23 "Current and Other Non-Current Provisions" to the annual report.

The principal considerations for our determination that provision for contractual warranties and related campaign decisions is a key audit matter are (i) the significant judgment by management in the estimation of the provision and (ii) high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's assumptions related to the nature, frequency and cost of future claims.

Our audit procedures included, but were not limited to:

- Evaluating the process used, and assessing the assumptions applied, in determining the estimated provision for contractual warranty and adjustments for campaign decisions.
- Assessing the reasonableness of the methodology used in determination of provision for contractual warranty and adjustments for campaign decisions, including accounting principles applied.
- Performing substantive analytical procedures on provision for contractual warranty based on relevant data and expected changes.
- On a sample basis, assessing and challenging the reasonableness of management´s significant assumptions in relation to release in provisions, expected number of products returned and the valuation of estimated cost for campaign decisions.
- Reading minutes and making inquiries with management to evaluate that decisions on campaigns, which have been taken during the year and up to the signing of the annual report, have been reflected in the correct period.
- In collaboration with our IT-specialists, audited relevant general IT-controls for IT-systems used in the financial reporting of contractual warranty provisions.

Impairment of long-lived assets for the EX90 and ES90 platform

The Group reports significant values of tangible and intangible fixed assets in the cash-generating unit (CGU) for the platform of the vehicle models EX90 and ES90. During the year, indications of impairment were identified, and the company has prepared an impairment test. The company's assessment of the recoverable amount is based on its value in use, which is derived from a discounted cash flow model using internal business plans. The assessment requires management to make significant estimates and assumptions regarding, for example, forecasts for sales volumes and sales margins, including emission credits and discount rates.

During 2025, Volvo Cars reported an impairment charge of SEK 11.4 billion attributable to the cash-generating unit (CGU), EX90 and ES90 platform. The impairment was primarily driven by delays in the launch of the EX90 and ES90 platform, which led to increased development costs, unfavorable macroeconomic conditions, the imposition of increased tariffs which significantly affected production costs and profitability, and a slower transition from internal combustion engine vehicles (ICE) to battery electric vehicles (BEV) than previously expected. The accounting principles for impairment of long-lived

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

assets and management's significant judgments in connection with these are described in more detail in Note 15 "Intangible Assets" and Note 16 "Tangible Assets" in the annual report.

The principal considerations for identifying the impairment of the EX90 and ES90 platform (CGU) as a key audit matter include (i) management's significant judgments made in selecting key assumptions underpinning the discounted cash flow model (DCF), including volume forecasts, sales margins including emission credits and discount rates, (ii) the complexity of the model and its sensitivity to changes in these assumptions, and (iii) the material financial impact that the impairment has on the Group's consolidated financial statements.

Our audit procedures included, but were not limited to:

- With the assistance of our valuation specialists, evaluate the reasonableness of the method applied in preparing the impairment test to determine the estimated recoverable amount.
- Evaluate the process and management's forecasts regarding future sales growth, operating profit, working capital, and investment needs by comparing actual results with management's historical forecasts and consistency with the board-approved business plan.
- With the assistance of our valuation specialists, evaluate the discount rates selected by management, including testing of underlying source data and the mathematical correctness of the calculations, and develop a range of independent estimates for comparison.
- With the assistance of our valuation specialists, evaluate the company's sensitivity analyses and compare these with our own sensitivity analyses to confirm the disclosures regarding assumptions that are most sensitive to reasonable changes, that could result in the carrying amount exceeding the recoverable amount of the cash-generating unit.
- With the assistance of our accounting specialists, assess that the required disclosures have been provided in the annual report.

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 1–28, 36–41, 115–118, 130–213, 216–218, 220–227. The other information also includes the Renumeration Report which we received before the signing date of this Auditor's 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 Volvo Car AB (publ) for the financial year 2025-01-01 - 2025-12-31 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.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222

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/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. 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 Volvo Car AB (publ) for the financial year 2025-01-01 - 2025-12-31.

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 Volvo Car AB (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.

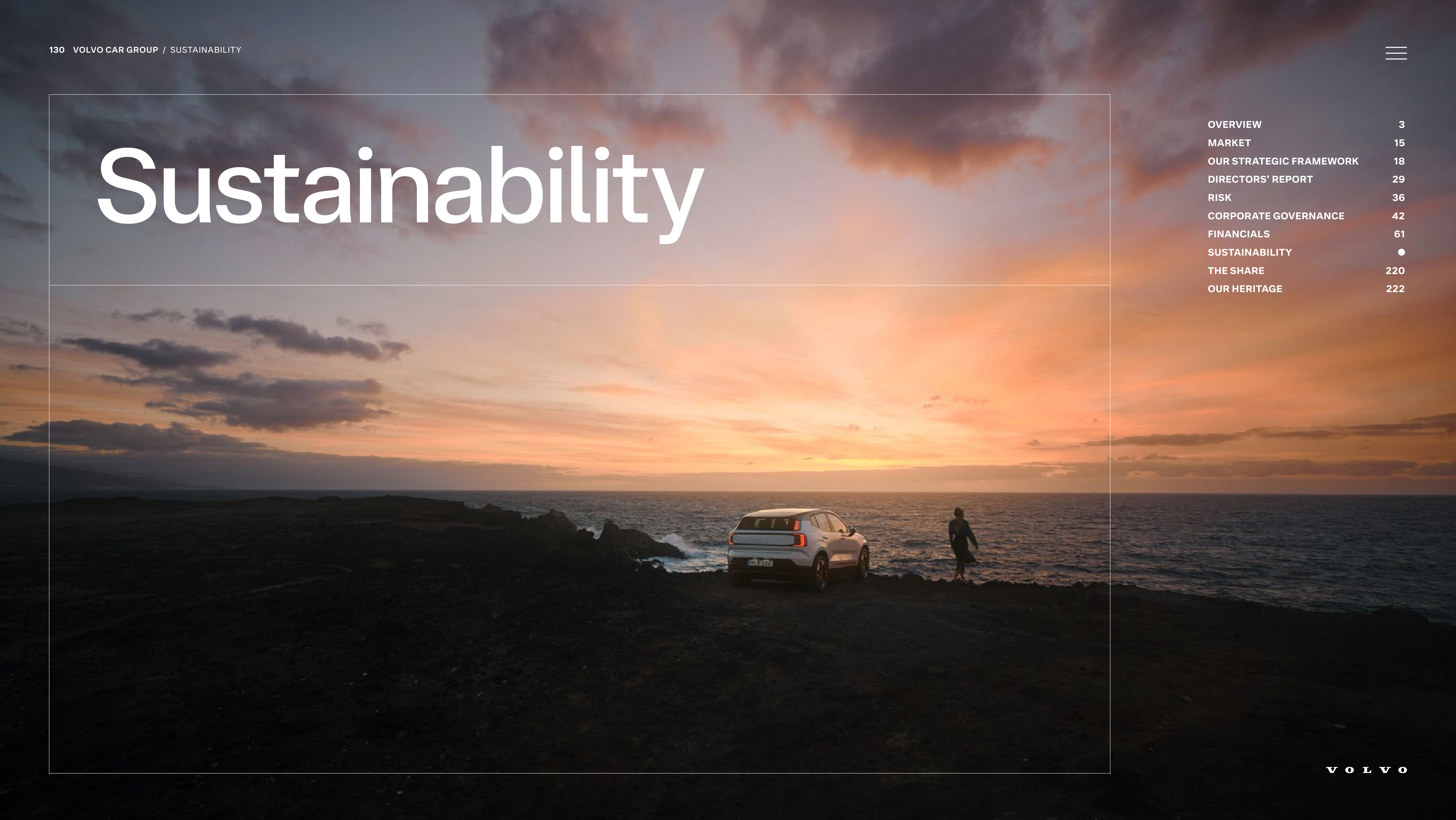
Deloitte AB, was appointed auditor of Volvo Car AB (publ) by the general meeting of the shareholders on the 2025-04-03 and has been the company's auditor since 2010-06-22.

Gothenburg 4 March, 2026
Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS
CONSOLIDATED FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
ALTERNATIVE PERFORMANCE MEASURES
PARENT COMPANY FINANCIAL STATEMENTS
NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS
PROPOSED DISTRIBUTION OF NON-RESTRICTED EQUITY
AUDITOR'S REPORT
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE 222



Sustainability

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	●
THE SHARE	220
OUR HERITAGE	222

Sustainability
table of contents

132–147

GENERAL INFORMATION
133 About our Sustainability Statement
134 Strategy, business model and value chain
138 Stakeholder engagement
138 Ratings
140 Sustainability governance
145 Materiality assessment

148–178

ENVIRONMENTAL INFORMATION
149 EU Taxonomy Report
153 Climate change
164 Pollution
167 Water
170 Biodiversity and ecosystems
173 Resource use and circular economy

179–198

SOCIAL INFORMATION
180 Own workforce
189 Workers in the value chain
195 Consumers and end-users

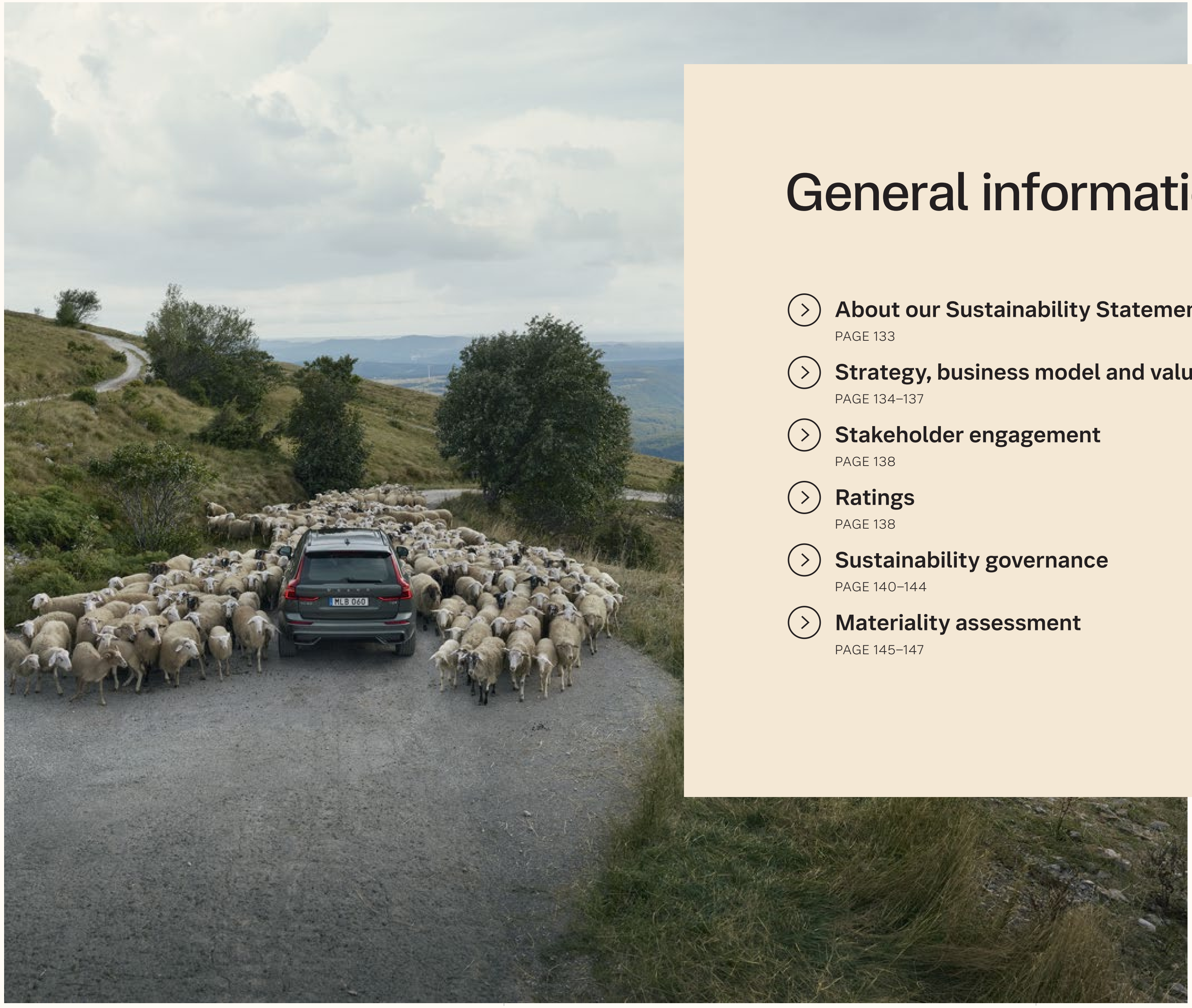
199–205

GOVERNANCE INFORMATION
200 Business conduct

206–219

OTHER INFORMATION
207 Restatements
209 Index of ESRS Disclosure Requirements
211 List of datapoints that derive from other EU legislation
213 Statement on due diligence
214 Auditor's limited assurance report on Volvo Cars' statutory Sustainability Statement
216 UN Sustainable Development Goals
217 Green Financing Report
219 Auditor's limited assurance report on Volvo Cars' Green Financing Report

The Sustainability Statement, prepared in accordance with ESRS, is included in page 130–213



General information

About our Sustainability Statement
PAGE 133

Strategy, business model and value chain
PAGE 134–137

Stakeholder engagement
PAGE 138

Ratings
PAGE 138

Sustainability governance
PAGE 140–144

Materiality assessment
PAGE 145–147

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

About our Sustainability Statement

General information and accounting principles

This Sustainability Statement covers Volvo Cars' operations and performance for the financial year 2025. It provides an overview of our sustainability strategy, governance, risk management and stakeholder engagement. In addition, it includes information on material sustainability matters for our business, the monitoring of these matter as well as the policies, actions and ambitions for each sustainability matter identified as material in our double materiality assessment.

The Statement is prepared in accordance with the Swedish Annual Accounts Act Chapter 6, European Sustainability Reporting Standards (ESRS) and the EU Taxonomy Regulation. In preparing the Sustainability Statement, the significance and relevance of sustainability-related information are assessed to ensure that the disclosures provided are useful and decision-relevant for the primary users of the Statement. These assessments are made on a case-by-case basis for each datapoint and sustainability matter, ensuring that the final set of disclosures reflects information that is material for the undertaking and relevant for users.

In addition to the disclosures required by the ESRS, the Statement includes entity-specific disclosures that provide supplementary information relevant to the identified material sustainability matters. These disclosures are referenced in indexes, found on page 209, together with the applicable ESRS Disclosure Requirements, the phase-in provision applied in preparing this Statement, and datapoints incorporated pursuant to other relevant EU legislation.

Throughout this Statement, we use the term ambition instead of target, which is the terminology prescribed by ESRS. The term ambition carries the same meaning as target as defined in ESRS.

Scope of the report

The report includes Volvo Car AB (publ.) and its subsidiaries. The scope for the report reflects the scope of the financial report. More information on the basis of preparation and consolidation can be found in Note 1 in the notes to the Consolidated Financial Statements.

The full value chain is considered when evaluating impact, risk and opportunity in the double materiality assessment, as well as how these are managed. The quantitative metrics disclosed in this Statement refer solely to the operations of Volvo Cars, unless otherwise specified.

Sources of estimation and outcome uncertainties

Estimates and assumptions are required in some quantitative information, where primary data is unavailable, including some Scope 3 greenhouse gas categories and the share of recycled material in new car models.

Environmental information for our operations is based on consolidated data from our manufacturing and non-manufacturing operations, some of which have a lag in data prepared. Due to this, estimations are prepared for the missing periods up to 31 December, using actual data for comparable periods. Estimations are subject to relevant impact factors, such as production volume variation.

Further information on reporting methodology and how judgements, estimates and uncertainties are applied, can be found within each section of this Sustainability Statement.

Sustainability is a core component, integrated into our business and investment decision-making processes. The monetary resources allocated for the implementation of action plans are, however, not allocated by individual components. Thus, we are unable to separately disclose the sustainability-related resources, including CapEx or OpEx, for these action plans.

Changes in preparing the statement and restatements

During the year, we have enhanced our processes for preparing quantitative information included in the Statement. As part of these improvements, we have restated certain historical figures to ensure consistency and comparability across reporting periods. More information can be found on page 207.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	
GENERAL INFORMATION	
ENVIRONMENTAL INFORMATION	
EU Taxonomy Report	
Climate change	
Pollution	
Water	
Biodiversity and ecosystems	
Resource use and circular economy	
SOCIAL INFORMATION	
Own workforce	
Workers in the value chain	
Consumers and end-users	
GOVERNANCE INFORMATION	
Business conduct	
OTHER INFORMATION	
THE SHARE	220
OUR HERITAGE	222

Strategy, business model and value chain

OUR SUSTAINABILITY STRATEGY

Our purpose is to provide people freedom to move in a personal, sustainable and safe way. Sustainability is central to our business and key to our future success. We are working to reach net zero greenhouse gas emissions, embracing the circular economy and conducting business responsibly. Our actions help address global sustainability challenges and support our profitable growth.

CLIMATE ACTION

We aim to reach net zero greenhouse gas emissions by 2040

Our ambition to reach net zero greenhouse gas emissions by 2040 is consistent with the 1.5°C pathway and the goals of the Paris Agreement.

FOCUS AREAS
- Transform to pure electrification
- Minimise emissions from materials
- Minimise operational emissions

2025 AMBITIONS
- Reduce CO_2 emissions by 30–35 per cent per car (from a 2018 baseline):
  - 50–60 per cent electrified car sales
  - 50 per cent reduction of tailpipe emissions per car
  - 25 per cent reduction of emissions from materials per car
  - 25 per cent reduction of operational emissions per car

2030 AMBITIONS
- Reduce CO_2 emissions by 65–75 per cent per car (from a 2018 baseline):
  - 90–100 per cent electrified car sales, with a complete line-up of fully electric cars available
  - 85–100 per cent reduction of tailpipe emissions per car
  - 30 per cent reduction of emissions from materials per car
  - 30 per cent reduction in operational emissions per car
- Science Based Targets initiative (from a 2019 baseline)
  - 60 per cent reduction of Scope 1 and 2
  - 52 per cent reduction of Scope 3 (Use of sold products)

CIRCULAR ECONOMY

We aim towards becoming a circular business by 2040

By minimising primary material use, eliminating waste and pollution and growing circular business, we aim to significantly reduce our environmental impact.

FOCUS AREAS
- Minimise primary resource use
- Eliminate waste and pollution
- Grow circular business

2025 AMBITIONS
- 25 per cent recycled and bio-based material in new car models
- Generate one billion SEK from circular economy initiatives (from a 2018 baseline)

2030 AMBITIONS
- 30 per cent recycled and bio-based material average across the fleet and 35 per cent for new car models
- >99 per cent recirculation rate
- 50 per cent reduction in water withdrawal per manufactured car in own operations (from a 2018 baseline)

LONG-TERM BIODIVERSITY AMBITION
- Be net positive across our value chain and contribute to a nature positive future

RESPONSIBLE BUSINESS

We aim to protect and improve people's lives in our value chain and wider society

We strive to live our values and support a culture of responsible business behaviour, at both a corporate and individual level, throughout our value chain.

FOCUS AREAS
- Ensure employee well-being
- Safeguard human rights
- Contribute to a sustainable society

2025 AMBITIONS
- Ensure year-over-year increase of share of women in senior leadership
- Ensure a culture of inclusion and belonging by scoring +1 compared to global benchmark in engagement surveys
- Injury rate (Lost Time Case Rate) for employees =<0.04
- Ensure year-over-year increase in the number of sites in value chain being assessed
- 100 per cent of outstanding debt to be within the Green Financing Framework or other sustainability-linked format
- EU Taxonomy alignment 50 per cent of CapEx

2030 AMBITIONS
- Achieve gender equity pay by 2027
- Women in senior leadership – share of 34 per cent
- Ensure a culture of inclusion and belonging by scoring +3 compared to global benchmark in engagement surveys
- Injury rate (Lost Time Case Rate) for employees =<0.02
- EU Taxonomy alignment 70 per cent of CapEx

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Sustainability strategy

Sustainability is an integral part of our company purpose: To provide freedom to move in a personal, sustainable and safe way. It is embedded throughout our corporate strategy and reflected in our roadmap, which focuses on three key areas: Regionalisation, Electrification and Profitability. Our strategy is designed to drive sustainable, profitable growth by delivering human-centric customer experience, fostering a high-performing and committed organisation, and offering premium electrified products for a regionalised world.

Recognising and understanding the impacts, risks and opportunities inherent in our business environment is fundamental to how we shape our sustainability strategy. These insights not only form the foundation for our ambitions but also serve as the basis for the way we conduct our operations. From how we incorporate a sustainable mindset into the design of our cars, to the sourcing of materials, the production and distribution of our products, and finally in the end-of-life treatment. Adopting a complete life cycle and value chain perspective of our impacts, risks and opportunities enables a holistic perspective and informs our corporate strategy execution.

We are dedicated to ensuring that our commitment to sustainability is aligned with the objective of long-term profitability. We adopt a unified steering model that balances economic and sustainability priorities. By embedding sustainability into our decision-making processes, we build a business that is adaptive, forward-thinking and able to thrive amidst evolving environmental and market conditions. This continuous work strengthens the resilience of our strategy and business model throughout our transformation towards electrification.

Integrating sustainability ambitions with electrification

The future is electric and we are fully committed to executing on this vision as the market transforms. Our plug-in hybrid models serve as an important bridge to adapt to current market preferences.

Electrification, as one of our corporate strategy areas, is fundamental for our ability to reach our sustainability ambitions. Our current and future portfolio of electrified cars does not only reduce our environmental footprint compared with combustion engines; it also leads to an increased focus on transparency within in our value chain, supporting our work to address human rights risks. Furthermore, the transition to electrification also unlocks more circular business models, helping decouple revenue growth from environmental impact, by, for example, using remanufactured and refurbished components and batteries.

Positioned for growth in electrified cars, and backed by our premium car portfolio, we aimed to achieve 50–60 per cent electrified sales in 2025 and aim to reach 90–100 per cent by 2030. In alignment with these ambitions, we have set robust climate ambitions to reduce CO_2 emissions per car by 30–35 per cent this year and 65–75 per cent by 2030, compared to a 2018 baseline.

Our long-term vision is clear: to transform towards full electrification and reach net zero greenhouse gas emissions by 2040. In addition to our climate action strategy, this vision also aligns with our strategic pillars for circular business and responsible business. We are working towards these ambitions by taking active steps to reduce the carbon footprint, increase resource efficiency, and enabling transparency across the value chain.

Customer segments and geographical focus

With an almost 100-year-old presence in the automotive market, Volvo Cars represents a strong brand for our customers. In key markets, such as Europe and the US, our electrification strategy has resulted in a higher market share for electrified cars, compared to cars equipped solely with combustion engines. We are facing headwinds in the electrification segment in the Chinese market, which remains a growing and important market. To address this, we are introducing a stronger focus on regionalisation, enabling increased agility to meet local customer demands.

We serve customers in over one hundred countries across the world, with a global retail network of approximately 2,200 outlets. In 2025, we had approximately 710,000 retail sales and a total revenue of approximately SEK 357 billion.

Regulatory landscapes and customer preferences are rapidly evolving, placing greater emphasis on our shared responsibility towards our planet and people. Our customers expect superior engineering and design, while considering sustainability as a prerequisite for a premium brand. To meet these expectations, we have integrated our sustainability ambitions directly into our product development, delivering premium electrified cars that uphold our sustainability commitments and address the unique mobility requirements of each market.

Our regionalisation strategy allows us to address region-specific challenges and opportunities, supporting our electrified and sustainable growth.

Responsible business throughout the value chain

With approximately 45,000 employees, along with a broad network of suppliers and retailers, we recognise the impact we have across our value chain and the responsibility to lead sustainability initiatives and drive positive change.

Our diverse value chain includes approximately 12,000 directly contracted suppliers providing components, materials and services to our global operations, including our production sites across three continents.

Our operations rely on input from our value chain, both in terms of raw material, resources and human resources. From responsible sourcing of raw materials and ensuring ethical labour practices, to minimising waste and water use, every stage of our business reflects our dedication to sustainable and responsible business conduct. We foster close collaboration with suppliers to drive sustainable solutions and improve transparency, set ambitious standards, and support continuous improvement.

In summary, our holistic approach helps to ensure that our products, customer focus and business practices align with our sustainability ambitions. By integrating these principles with our electrification strategy and tailoring our efforts to each market, we aim to protect and improve people's lives across our value chain and in wider society.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Progress on our ambitions

Sustainability and business value are closely aligned. Our sustainability work protects value through compliance and risk mitigation and creates value through resource efficiency, new business models and as a differentiator for consumers. In 2025, we reached a milestone year in our sustainability strategy and we have taken big steps towards reaching our ambitions. However, we also acknowledge that there are challenges in some areas that need extra attention moving forward.

Climate action

We achieved a 31 per cent CO_2 reduction per car this year, mainly driven by electrification and supported by the 37 per cent reduction of operational emissions. Significant progress has been made with low-emission and recycled materials. Work on reducing emissions from materials continues to be a strategic focus, as we increase the share of fully electric and plug-in hybrid electric vehicles.

We have made significant progress to source nearly 100 per cent climate neutral energy in own operation, reaching 87 per cent, and are committed to achieving our ambition in the near future. More information on progress of our ambitions within our climate action strategy pillar can be found on page 158.

Circular economy

In 2025, we launched two new electrified models, the ES90 and XC70, with a combined average recycled material of 19 per cent. In January 2026, we launched our new EX60 with 27 per cent recycled material, aligning with our set ambition. This will significantly contribute to our 2030 recycled and bio-based material ambition as well as ambition to reduce CO_2 from materials. Although we did not fully realise our 2025 circular business ambition, the work towards the ambition has fostered a circular mindset and actions in the business. For example, new closed loops have been established for steel, which enabled us to secure a competitive source of recycled material going forward. These learnings also inform us when setting future ambitions. More information on progress of our ambitions within our circular economy strategy pillar can be found on page 169 and 176.

Responsible business

As a result of organisational changes during the year, the share of women in senior leadership slightly declined compared to last year.

Although the injury rate of 0.06 is slightly above our 2025 ambition it demonstrates a sustained positive long-term trend, reflecting our historically strong efforts in this area. Processes and digital capabilities within our corporate human rights due diligence were enhanced although number of suppler audits decreased.

The share of green debt, in accordance with our Green Financing Framework, or sustainability-linked format as a percentage of outstanding debt reached 98 per cent, close to our 2025 ambition of 100 per cent. This financing solution further strengthens our ability to transform towards an electrified portfolio. Revised investment allocation decisions have resulted in a reduced share of EU Taxonomy-aligned investments, limiting our ability to achieve our ambition. More information on progress of our ambitions within our responsible business strategy pillar can be found on page 151 and 183–186.

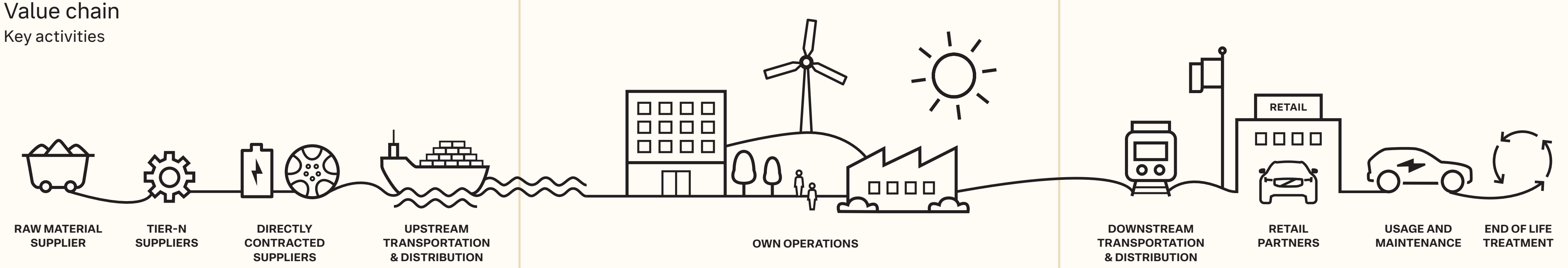
Key figures sustainability [1]	2030 ambition	2025 ambition	2025	2024
Climate Action				
Reduction of CO_2 emissions per car, %[2]	65–75	30–35	31	32
Reduction of tailpipe emissions per car, %[2]	85–100	50	42	46
Reduction of emissions from materials per car, %[2]	30	25	3	1
Reduction of operational emissions per car, %[2]	30	25	37	25
Electrified car retail sales (BEVs and PHEVs), %	90–100	50–60	46	46
Energy consumption reduction per manufactured car in own operations, %[2]	40	—	10	4
Climate neutral energy in own operations, %	—	100	87	78
SBTi Target: Reduction of Scope 1 and 2 emissions, %[3]	60	—	87	74
SBTi Target: Reduction of Scope 3 Use of sold products emissions, % per vehicle kilometre[3]	52	—	23	26
Circular Economy				
Water withdrawal reduction per manufactured car in own operations, %[2]	50	—	29	20
Estimated impact on biodiversity from Volvo Cars' value chain, species.year	—	—	166	177
Recycled and bio-based materials in the fleet, %	30	—	20	20
Recycled and bio-based materials in new car models, %	35	25	19	18
Recirculation rate, %	>99	—	95	94
Additional circular business revenue and cost savings, SEKm[2]	—	1,000	149	266
Responsible Business				
Inclusion index, Score and Benchmark	Score +3	Score +1	77 (+1)	77 (+1)
Women in senior leadership, %	34	YoY improvement	29.1	29.7
Injury rate (Lost Time Case Rate, LTCR) employees	=<0.02	=<0.04	0.06	0.05
Gender pay gap, %	—	Pay equity by 2027	1.7	1.5
High-risk sites in value chain assessed on responsible business conducts on site per year		YoY improvement	88	97
Share of addressed RBA VAP audit improvement findings, %			85	92
EU Taxonomy CapEx alignment, %	70	50	28	23
Share of green debt, in accordance with our Green Financing Framework, or sustainability-linked format as percentage of outstanding Debt, %	100	100	98	76

1) Definition and methodology for the figures presented are described in each section
2) Compared to the 2018 base year
3) Compared to the 2019 base year

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Value chain

Key activities



UPSTREAM

Volvo Cars' upstream value chain includes directly contracted suppliers in multiple tiers, but also a vast chain of sub-suppliers, over which Volvo Cars has no direct influence. The supply chain includes sectors such as raw material extraction and component production. In our materiality assessment, these sectors are considered to be major impact drivers in our upstream value chain, due to the resource intensity and potential human rights issues.

Our supply chain also includes sourcing for, and production of certain Volvo-branded cars, produced by related parties. The environmental impacts from the production of these cars are not considered as own operation when preparing this statement. However, these cars are accounted for in our indirect emissions of greenhouse gases and are included in our data for sold cars.

VOLVO CARS' ACTIVITIES IN THE UPSTREAM VALUE CHAIN

CLIMATE ACTION

- Requiring suppliers to implement GHG emission reduction plans and targets, aligned with the Paris agreement
- Adopted biofuel for the majority of our inbound intercontinental ocean container transports
- Increased share of recycled material and low-emission material in our fleet

CIRCULAR ECONOMY

- Conducted water and biodiversity risk assessments for directly contracted suppliers for direct material
- Increased share of recycled materials in cars to manage environmental impacts
- Collected data from supplier sites to verify targets and roadmaps in upstream value chain

RESPONSIBLE BUSINESS

- Conducted due diligence procedures to safeguard human rights for workers in the value chain
- Trained our suppliers in human rights and our Code of Conduct for Business Partners
- Enhanced transparency of material origins with battery passports in globally launched models

OWN OPERATIONS

Volvo Cars own operation is defined with the same organisational boundaries as for the financial reporting and includes the activities to develop, manufacture and sell Volvo cars. In addition, we produce cars on behalf of Polestar as a contract manufacturer. The environmental impact from the production of these cars is included as part of own operation and Polestar cars are included in the number of cars manufactured by Volvo Cars.

VOLVO CARS' ACTIVITIES IN OWN OPERATIONS

CLIMATE ACTION

- Integrated CO_2 and recycled materials in future car programmes with the Sustainability Steering Process
- Converted four additional plants to climate-neutral energy and improved energy efficiencies
- Conducted physical climate risk assessments

CIRCULAR ECONOMY

- Increased the material utilisation degree to enhance material efficiency and reduce waste
- Implemented water-efficiency and mitigation actions all plants and sites in water risk
- Generated financial value through circular business initiatives

RESPONSIBLE BUSINESS

- Completed yearly training on employees in our Code of Conduct and in cybersecurity
- Conducted People Policy Assessments to screen labour rights
- Increased share of green funding of our sustainable investments

DOWNSTREAM

Downstream value chain includes distribution of our products, as well as usage and maintenance, and the end-of-life treatment of products. Certain retailers are subsidiaries and consolidated entities in Volvo Cars and included in information related to own operation. End-of-life treatment is considered as in the design of our products. However, as Volvo Cars does not control the end-of-life treatment, the environmental impacts from dismantling our products and management of materials are considered as part of the downstream value chain and not as own operation.

VOLVO CARS' ACTIVITIES IN THE DOWNSTREAM VALUE CHAIN

CLIMATE ACTION

- Collaborated with retail partners to lower emissions using renewables electricity and efficiency measures
- Introduced technological updates to further improve the efficiency of existing models.
- Launched bi-directional charging which will support the energy grid system

CIRCULAR ECONOMY

- Enhanced collaboration with retail partners to support resource efficiency measures
- Expanded focus on repair and refurbishment of high value components
- Continued efforts to phase out hazardous substances from future products and processes

RESPONSIBLE BUSINESS

- Launched innovative technology in multi-adaptive safety belt in the EX60
- Trained our retailers in human rights and our Code of Conduct for Business Partners
- Set an ambition to be number one in customer satisfaction by 2029

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Stakeholder engagement

Regular engagement with a range of stakeholders is essential to delivering on our strategic objectives and promoting our brand in a competitive industry.

Stakeholder dialogue

We engage stakeholders through meetings, conferences, interviews, surveys, consultations and via our Tell Us reporting channel.

We collect the views and interests from our employees through employee surveys and continuous dialogue as well as through trade unions. Through our due diligence processes, we interact with workers in the value chain, NGOs and communities affected by our activities. In addition, we collaborate with suppliers, competitors and relevant organisations to continuously gather external perspectives.

The rightsholder's perspective is of utmost importance and we continuously consult workers in the value chain, NGOs and trade unions to ensure this perspective is understood and considered

Customers are a key stakeholder and we actively seek their input through continuous engagement, including customer surveys. Sustainability matters are discussed with investors on a yearly basis.

Stakeholder dialogue helps us understand our impact and dependency on our stakeholders, whether they are part of our value chain, the business model or an independent organisation. It allows us to validate our strategy, adjust it where needed, and keep up to date with the latest developments. This also informs us of content in our various sustainability frameworks, such as our position papers.

Stakeholder engagement also provides insight into sustainability matters relevant to our double materiality assessment.

Public advocacy

We collaborate with like-minded companies, national and local authorities, non-governmental organisations and academic institutions to advance our sustainability journey and drive positive change across our industry and society as a whole.

Through public advocacy and collaboration with our stakeholders, we take an active role in supporting policy development and driving positive change. More information on our public advocacy can be found on page 205.

Key stakeholder groups	Topics of interest (non-exhaustive)
Academia	• Climate change • Resource efficiency • Own workforce
Authority, Politicians, Governments	• Climate change • Resource efficiency • Business conduct
Communities	• Climate change • Workers in the value chain • Business conduct
Customers	• Climate change • Own workforce • Safety
Employees and Union Representatives	• Climate change • Own workforce • Business conduct
Industry Associations	• Climate change • Workers in the value chain • Resource efficiency
Investors and Banks	• Climate change • Own workforce • Workers in the value chain
Media	• Climate change • Own workforce • Workers in the value chain
NGOs	• Climate change • Own workforce • Workers in the value chain
Retailers	• Climate change • Safety • Workers in the value chain
Suppliers	• Climate change • Workers in the value chain • Resource efficiency

Ratings

We participate in independent assessments and engage with ESG rating institutes to monitor and evaluate the sustainability performance of our organisation and our suppliers. We value external opinion and benchmarking against our industry.

Sustainability ratings	Interval	Score	Latest assessment
CDP Climate	D– to A	**A**	Dec 2025
CDP Water	D– to A	**B**	Dec 2025
CDP Forest	D– to A	**C**	Dec 2025
EcoVadis	1–100	**83**	June 2025
ISS ESG Corporate Rating	D– to A+	**B-**	Jan 2026
MSCI ESG Rating[1]	CCC to AAA	**AA**	Oct 2025
Sustainalytics ESG Risk Rating overall score[2]	Severe (40+) to Negligible (>10)	**21.8**	Dec 2025

1) The use by Volvo Cars of any MSCI Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Volvo Cars by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

2) Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved. This section includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third-parties in this respect. Use of such data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers/

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Voluntary memberships and commitments

Our sustainability work extends beyond our own operations. We participate in voluntary initiatives with other industry leaders to drive systemic change. The table below outlines some of our voluntary commitments and memberships and how they interact with the sustainability matters included in this statement.

Organisation	Topic	Commitment	Description	Sustainability matter
Accelerating to Zero	BEV transition	Acceleration of the transition to zero tail-pipe emission cars	A broad coalition of stakeholders committed to enabling the transition to zero-emission mobility. It advocates manufacturing only cars and vans with zero tailpipe emissions by 2040. As members, we aim to facilitate the automotive industry's transition to full electrification.	Climate change
Aluminium Forward 2030	Aluminium	Membership	An International Aluminium Institute gathering industry leaders to drive net zero emissions and other sustainability challenges.	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
Better Mining	Advocacy	Sponsorship	Better Mining aims to improve working conditions and strengthen mining communities in areas affected by artisanal and small-scale mining of cobalt, copper, tantalum, tin and tungsten in the Democratic Republic of the Congo and Rwanda.	Workers in the value chain
CLG Europe	Advocacy / Net zero	Membership	CISL's Corporate Leaders Groups unite business leaders committed to supporting the transformation to competitive, sustainable, inclusive economies achieving net zero by 2050. Through evidence-based ideas and engagement with policymakers and peers, they advocate for robust business and policy solutions for sustainability challenges.	Climate change
Copper Mark	Copper	Membership	The Copper Mark is an independent assurance framework that verifies and certifies that copper production – from mining through smelting and refining – meets strict sustainability standards. The objective is to provide credible, transparent and third-party verified confirmations that metals are produced responsibly.	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
Drive Sustainability	Sustainability in the automotive supply chain	Membership	Drive Sustainability is a network of companies that works to improve all aspects of social and environmental sustainability within the automotive industry.	Workers in the value chain
Ellen MacArthur Foundation	Circular economy	Membership	The Ellen MacArthur Foundation is a charity committed to creating a circular economy, designed to eliminate waste and pollution, circulate products and materials and regenerate nature.	Pollution, Biodiversity, Circular economy
Responsible Business Alliance	Sustainability in global supply chains	Membership	The Responsible Business Alliance is an industry coalition dedicated to responsible business conduct in global supply chains.	Workers in the value chain
Responsible Mica Initiative	Responsibly sourced mica	Membership	The Responsible Mica Initiative is a coalition working to enable a responsible and sustainable supply chain for mica.	Workers in the value chain
Responsible Minerals Initiative	Responsible mineral sourcing	Membership	The Responsible Minerals Initiative is an organisation dedicated to responsible mineral sourcing in global supply chains.	Workers in the value chain
Responsible Supply Chain Initiative	Sustainability in the automotive supply chain	Membership	Supporting members, suppliers, and stakeholders within the automotive industry and affiliated industries to strive for more responsible supply chains.	Workers in the value chain
ResponsibleSteel	Steel	Membership	A global non-profit organisation aiming to maximising use of sustainable steel. We take an active role in setting sustainability standards.	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
Science Based Targets initiative	Climate action	Business Ambition for 1.5°C	Provides corporate frameworks for emission reduction targets. We commit to climate targets aligned with limiting global temperature increase to 1.5°C and reaching net zero emissions by 2050.	Climate change
SteelZero	Steel	100% net zero steel by 2050	The SteelZero Initiative is a global corporate initiative to speed up the transition to a net zero steel industry. We commit to using only net zero steel by 2050. By 2030, we aim to achieve a 50 per cent rate by procuring: • Steel produced by a steelmaking site where the steelmaker has a science-based emission target • Lower emission steel (aligning with ResponsibleSteel Decarbonisation progress Level 2)	Climate change, Water, Biodiversity, Circular economy, Workers in the value chain
UN Global Compact	Corporate sustainability	Membership	Volvo is a founding member of this voluntary UN initiative that seeks to get businesses and firms worldwide to adopt sustainable and socially responsible policies, and to report on their implementation, advancing broader UN goals, such as the Sustainable Development Goals (SDGs).	All sustainability matters
We Mean Business Coalition	Advocacy	Fossil to Clean campaign	Directs business and policy action to halve emissions by 2030 and accelerate transition to a net zero economy.	Climate change
WEF First Movers Coalition	Aluminium	10% of primary aluminium near-zero emission by 2030	A global coalition leveraging purchasing power behind emerging clean technologies. We have committed that at least ten per cent (by volume) of all our primary aluminium procured annually will be near-zero emissions primary aluminium by 2030 (as per the First Movers Coalition definition). This voluntary commitment is subject to supply and prerequisites approved by Volvo Cars leadership.	Climate change, Water, Biodiversity, Circular economy

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Sustainability governance

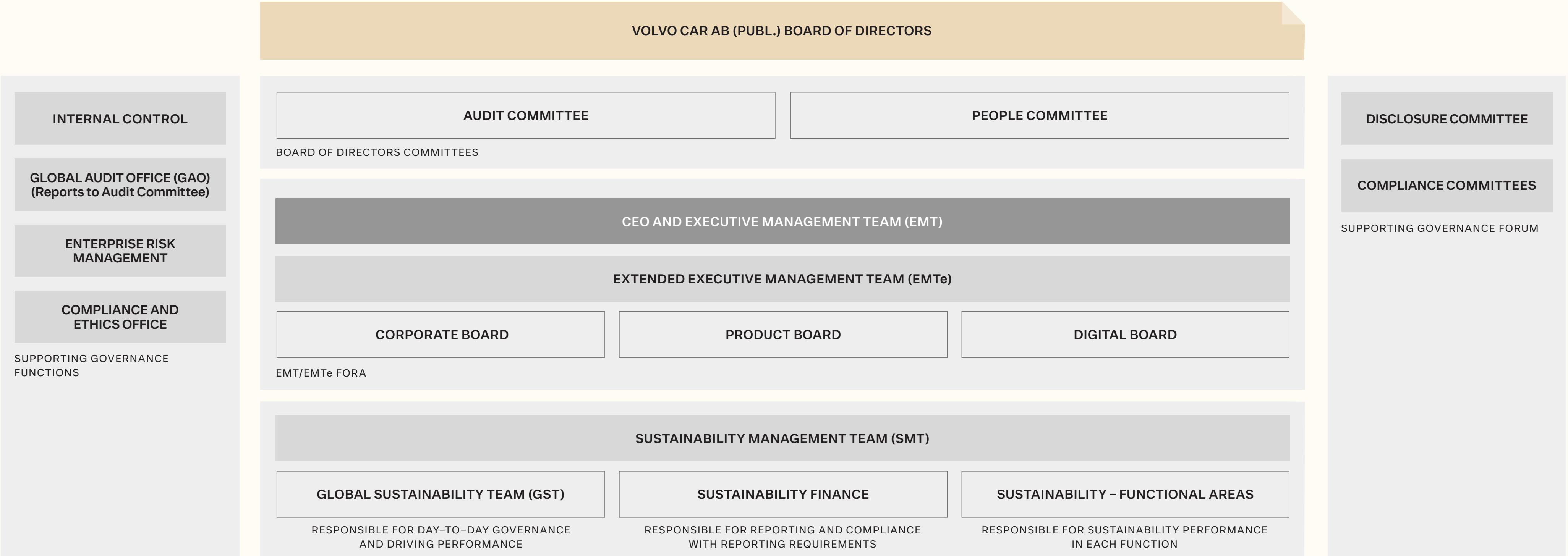
Sustainability is deeply integrated into our governance, in terms of both monitoring performance and reporting. The general principle is that sustainability matters are integrated into existing processes and fora due to their cross-functional nature. This section covers the integration of sustainability into our governance model.

The Board of Directors

Volvo Cars is governed by the Board of Directors, which consists of ten Board members elected by the shareholders, including the Chief Executive Officer. 70 per cent of the Board consists of independent, non-executive Board members. The share of women in the Board amounts to 40 per cent. In addition, there are three union representatives and two deputy union representatives in the Board.

Our complete Corporate Governance Report, describing corporate governance within the Volvo Car Group, and how the Board of Directors govern Volvo Cars with the support of committees and other governance functions and forums, can be found on page 42.

Candidates for the Board of Directors are proposed by the Nomination Committee to be appointed by the General Meeting of Volvo Car AB (publ). The Nomination Committee considers candidates based on sustainability credentials, automotive industry experience, geographical knowledge relevant for Volvo Cars, and how their background and experience might diversify and strengthen the Board members, ensuring they meet the competence requirements set by Volvo Cars. The current composition of the Board is considered to have an appropriate balance of business expertise and competence in sustainability matters and reporting. In addition, the Board has access to the skills and expertise of the EMT and



Volvo Cars' governance is described in the Corporate Governance Report. This chart provides an illustration of the governance and how sustainability functions and teams are integrated in the corporate governance.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

extended EMT (EMTe), the Head of Global Sustainability, as well as external experts when deemed necessary. On a yearly basis, members of the Board of Directors are required to perform the same Compliance & Ethics training as is mandatory for all employees.

The Board of Directors oversees sustainability performance as an integral part of the Group's strategy. The Board approves sustainability ambitions within the company's strategy, based on recommendations from the CEO and management, and monitors efforts to reach them. The identification of how sustainability matters affect Volvo Cars and its risks and business opportunities as well as impact on sustainability matters is the Board's responsibility and is further described in the Board's rules of procedure. The Audit Committee is assigned to oversee sustainability reporting, while overall responsibility for sustainability matters in general remains with the Board.

Sustainability matters and the impact they may have on Volvo Cars are considered by the Board, who monitors how impacts, risks and opportunities are addressed by management.

The Board receives regular reports from management related to sustainability topics and is continuously informed on performance, relevant global sustainability matters, forthcoming sustainability related regulations and the views and interest from external stakeholders. The effect on sustainability is analysed and incorporated in the Board's strategic and decision-making processes.

A double materiality assessment providing information on topics of material importance for Volvo Cars and guiding our strategy is prepared. The assessment methodology is approved by the Audit Committee, and the result and conclusions of the assessment are approved by the Board. More information on the double materiality assessment process can be found on page 145.

Role of the CEO and management

The President and Chief Executive Officer (CEO) is responsible for the execution of the sustainability strategy and its integration into business operations and the decision-making processes. The CEO's responsibilities include ensuring that the Board receives regular information about the sustainability issues facing Volvo Cars and information on how Volvo Cars' strategy is implemented in relation to established sustainability ambitions.

The CEO is supported by the EMT and the EMTe. The Chief Strategy and Product Officer, member of EMT, is responsible for sustainability. The EMT and EMTe regularly discuss and approve sustainability initiatives and investments. The Head of Global Sustainability reports to EMT to ensure cross-functional alignment of sustainability matters within the Group. The Sustainability Management Team (SMT) ensures the integration and harmonisation of sustainability in Volvo Cars' strategic and operational work. SMT consists of sustainability managers from each department and is led by the Head of Global Sustainability.

Organisational responsibilities

The operational sustainability work at Volvo Cars is cross-functional. Each business function is responsible for its own sustainability development and ensures alignment with the corporate strategy. Sustainability matters are integrated into existing processes and fora due to their cross-functional nature. The Global Sustainability Team is responsible for day-to-day governance, coordinating strategy and ambitions and monitoring the progress of corporate sustainability key performance indicators. The Sustainability Finance function coordinates the reporting process and monitors compliance with sustainability reporting regulatory requirements.

Governance support functions

Risk management and internal control processes are an integral part of the sustainability reporting process. The Board of Directors is responsible for ensuring that Volvo Cars maintains appropriate and effective internal control and internal audit functions.

Enterprise Risk Management

Enterprise Risk Management (ERM) aims to improve decision-making, proactively protect the fulfilment of strategies and plans, and protect assets. The risk management process supports the identification, management and monitoring of critical risks, including sustainability risks. The risk assessment approach, including how risks are prioritised and managed, is further described on page 36. The double materiality assessment incorporates impact areas from our risk management framework in the identification and assessment of the sustainability-related financial risks. The material financial risks identified in our double materiality assessment are included in ERM's scope for risk response. Each function is responsible for minimising financial exposure of each identified sustainability risk. As a part of the ERM process, the Global Sustainability Team oversees how sustainability risks are identified within the process and how response strategies are developed within each relevant function. Twice per year, the company's top risks are reported in an ERM report to the Audit Committee and Board of Directors. The reported top risks comprise a consolidated list aligned with the COSO-framework and concurred by an ERM Core team of senior leaders representing cross-company functions.

Internal control

The Internal Control function is responsible for supporting the organisation in defining effective and efficient internal controls for sustainability reporting, and for maintaining the internal control framework. Risks identified in the reporting process are continuously evaluated and internal control activities are implemented to enhance the quality and efficiency of reporting.

In the reporting process, implementation of internal controls is based on the risk prioritisation methodology, considering risk factors such as maturity of the process, complexity of data, degree of manual input and historical misstatements. Accordingly, in 2025, the internal control focus has been to assess existing internal controls related to environmental activity data and workforce data to identify design improvements of the implemented controls. The scope of internal controls includes general IT controls on critical systems, operational controls and entity level controls, covering environmental, social and governance topics with both quantitative and qualitative data. The internal control scope also includes ensuring a sound governance structure within sustainability.

The Internal Control function is responsible for training the organisation about internal controls and monitoring the compliance against the internal control framework. The Audit Committee is informed on the status of the implementation of internal controls, potential gaps and findings on a regular basis.

Other supporting functions

The Global Audit Office independently assesses the adequacy and effectiveness of governance, internal controls and risk management processes related to sustainability. It reports to the Audit Committee.

The Compliance & Ethics Office, supporting responsible and ethical operations, is further described on page 201.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Sustainability frameworks

Code of Conduct and Corporate Policies

The Volvo Car Group's Code of Conduct reflects our values, culture and how we drive results in an ethical and responsible manner. The Code of Conduct is based on international conventions and declarations, such as the International Bill of Human Rights, the Fundamental Conventions of the International Labour Organization (ILO) and the UN Global Compact's Ten Principles. The Board of Directors has adopted twelve Corporate Policies that are part of our Code of Conduct which apply to employees within our operations. Corporate Policies and Directives are continuously reviewed and updated when there are changes in Volvo Cars' business activity, legal requirements, compliance best practices or identified weaknesses. Reviews are performed at least once every two years. The People Policy is further described on page 182. The Anti-Corruption Policy, Conflict of Interest Policy, Data Protection Policy, Competition Law Policy, Trade Sanctions and Export Control Policy and Internal Reporting Policy are further described on page 201. The principles stated in the Corporate Policies are further operationalised and detailed in related Corporate Directives and guidelines.

Our Code of Conduct for Business Partners sets standards for business conduct throughout our value chain. The Code of Conduct for Business Partners is an integral part of any existing business relationship with Volvo Cars and is incorporated by reference into the different business partner agreements. It is approved by the EMT. The Code of Conduct for Business Partners was updated in 2025 to reflect legal developments, evolving stakeholder expectations, and Volvo Cars' sustainability strategy, providing clearer guidance on key areas including:

- People and Human Rights – strengthening responsible sourcing
- Environmental Responsibility – elevating our commitment to reducing environmental impact and protecting ecosystems
- Integrity and Compliance – reinforcing ethical decision-making and business integrity

The CEO is accountable for the implementation and enforcement of the Code of Conduct and Corporate Policies, and all employees undergo mandatory annual Compliance & Ethics training to ensure adherence.

Our Code of Conduct and Code of Conduct for Business Partners are available on our website.

Statements and position papers

In Volvo Cars' Commitment to Sustainability, we set out the direction to become a net zero, nature-positive and circular business while safeguarding human rights across our value chain. By embedding sustainability into all operations and working closely with business partners, customers and other key stakeholders, we aim to lead the transition to sustainable mobility and create long-term value for society and our business.

VOLVO CARS' ADOPTED CORPORATE POLICIES

- People Policy
- Anti-Corruption Policy
- Conflict of Interest Policy
- Data Protection Policy
- Competition Law Policy
- Intellectual Property Policy
- Protection of Company Assets Policy
- Confidentiality Policy
- Communication Policy
- Trade Sanctions and Export Control Policy
- Insider Policy
- Internal Reporting Policy

We issue position papers regarding environmental, social and governance statements, including our Human Rights Statement. Our position papers reflect Volvo Cars' position on a specific topic, while still considering stakeholders' interest related to scope and content. The position papers are approved by the Corporate Board, which is established by the EMT. On a yearly basis, these are reviewed and updated if there are significant changes.

Our Human Rights Statement, Commitment to sustainability and position papers are available on our website.

Cross-topical position papers

Several of our published position papers address a wide range of sustainability matters, highlighting how these topics are interconnected.

Our position paper on sustainable material addresses the sustainability challenges of steel, plastics and other materials used in our cars. Material-related sustainability matters include CO_2 emissions, generation of pollution, water scarcity and biodiversity loss. We define materials as sustainable if they meet requirements across our three strategic pillars. Sustainable materials should, amongst other things, be responsibly sourced and have a lower environmental impact than those from corresponding primary sources.

The position papers for sustainable steel and plastics further outline details of these materials and our position.

Our position paper on circular economy guides our resource flows across our value chain. It includes the application of circular principles, use of secondary raw materials, avoidance of waste and pollution and resource efficiency.

Cross-topical position paper	Areas covered
Sustainable material	• Climate change • Pollution • Water • Biodiversity and ecosystems • Resource use and circular economy
Sustainable steel	• Climate change • Water • Biodiversity and ecosystems • Resource use and circular economy
Sustainable plastics	• Climate change • Biodiversity and ecosystems • Resource use and circular economy
Circular economy	• Pollution • Biodiversity and ecosystems • Resource use and circular economy

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Environmental management system

Volvo Cars maintains a comprehensive environmental management system to ensure continuous improvement and to support us in meeting compliance obligations and reducing negative environmental impact. Most of our operations and functions, including all our manufacturing sites, are certified to the ISO 14001 environmental management standard, providing a structured framework to monitor performance, manage risks, and drive progress toward our sustainability ambitions. This certification underlines our commitment to responsible operations, transparency, and accountability across our global footprint.

Integration of sustainability-related performance in incentive programmes

Sustainability-related conditions are part of the incentive programmes granted to executives and senior leaders. The remuneration to the Board is not dependent on any sustainability-related performance conditions.

The share-based incentive programme Performance Share Plan (PSP) is a long-term programme issued to senior leaders in which the participants are granted a conditional award of Performance Shares, based on each PSP participants' gross annual base salary. The sustainability-related conditions refer to the fulfilment of the ambitions related to reduction of CO_2 emission per car and the gender diversity calculated as the share of women in senior leadership. The proportion of the sustainability conditions varies between programme years. For the programme adopted at the Annual General Meeting in 2025, gender diversity condition accounted to 10 per cent and CO_2 reduction for 20 per cent of the total target weighting. More information on the performance conditions for the current programmes can be found on page 80.

The conditions for new incentive programmes are proposed by the People Committee, approved by the Board, and subject to approval by the Annual General Meeting. The conditions for already established programmes remain unchanged during the programme period.

The guidelines for executive remuneration can be found on page 34 and more information of the programmes can be found in the remuneration report.

Sustainability due diligence

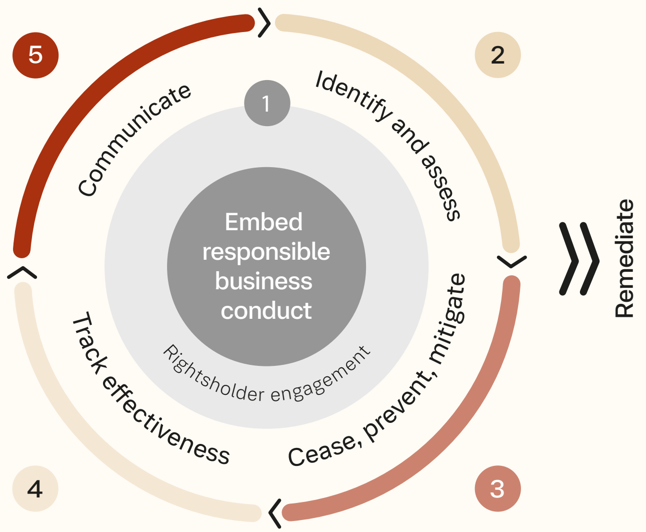
We have a well-established history of due diligence activities and continuously work to refine and enhance our processes. With the forthcoming EU Corporate Sustainability Due Diligence Directive (CSDDD), we have further improved our processes within both social and environmental due diligence.

Due diligence process

Our due diligence process enables us to gain knowledge and understanding of our impacts, risks and opportunities. It also informs our strategy and the actions we approve. Engaging with rightsholders and other stakeholders is a vital part of due diligence. Our identified key rightsholder groups include own workforce, workers in the value chain and customers. In addition, affected communities are considered in our dialogues.

Our process, based on OECD Due Diligence Guidance for Responsible Business Conduct, aims to identify, prevent and mitigate actual and potential negative impact on the environment and people within our value chain.

SCHEMATIC OVERVIEW OF VOLVO CARS' ENHANCED DUE DILIGENCE PROCEDURES



Our due diligence process is divided into the following stages:

1. Embed responsible business conduct into our policies, contracts and management systems.
2. Identify and assess adverse impact directly linked to our operations, products, services and business relationships, or adverse impact to which we contribute.
3. Cease, prevent or mitigate potential and existing negative impact and, where appropriate, provide, or cooperate to provide, remediation.
4. Track the effectiveness of due diligence processes and measures.
5. Communicate how identified potential and actual negative impacts are addressed.

Our Statement on due diligence can be found on page 213.

International commitments

At Volvo Cars, we are committed to adhering to internationally recognised human rights standards and guidelines. We are founding members of the UN Global Compact and observe its Ten Principles. We include the aims of the following conventions and guidelines in our Code of Conduct, Code of Conduct for Business Partners and our Human Rights Statement:

- The International Bill of Human Rights
- The UN Convention on the Rights of the Child
- The fundamental conventions as set out in the ILO Declaration on Fundamental Principles and Rights at work
- The UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Business Conduct
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Several conventions and guidelines form the basis of human rights due diligence legislation. These include for instance Modern Slavery Acts in Australia and the UK, the Transparency Act in Norway, Canada's Bill S-211, the EU's Taxonomy Minimum Safeguards criteria and CSDDD. We support these developments and recognise the need to expand the remit of legislation. Our UN Global Compact Communication of Progress report is published on the UNGC website.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Salient Human Rights Issues

Volvo Cars has performed a saliency assessment in line with international guidelines to identify our most salient human rights issues (SHRIs). The scope of the assessment covered actual and potential adverse human rights impact that Volvo Cars may cause or contribute to through our own activities, or which may be directly linked to our operations, products, or services via our business relationships. The identified SHRIs are:

- People's access to clean, healthy and sustainable environments
- People's rights to health and safety
- Modern slavery (including forced labour)
- Child labour
- Threat or occurrence of abuse or violence

There are several other potential human rights risks in our value chain, including but not limited to, adverse impact on decent working conditions, discrimination, privacy, and the rights of indigenous and vulnerable people.

Human rights risk assessment of the value chain

We perform annual human rights risk assessments using geographical data about our value chain presence, external risk indices for our identified SHRIs, previous due diligence results, and input from consultations with experts and rightsholders. Based on these annual assessments, we develop the human rights due diligence plan for the following year that aims to cease, prevent, mitigate and remedy potential or actual human rights infringements in our value chain.

The 2024 human right risk assessment identified people at higher risk in our value chain in the following countries: Bolivia, Brazil, China, Colombia, Democratic Republic of the Congo, India, Indonesia, Madagascar, Malaysia, Mexico, Myanmar, Peru, Philippines, Sudan, Turkey, Uganda, Vietnam, United Arab Emirates and Zimbabwe. The risk assessment served as the basis for the 2025 human rights due diligence across our value chain. The due diligence plan for 2025 included enhanced due diligence in our supply chain, People Policy Assessments in our operations, and human rights due diligence processes for retailers and importers. More information on our human rights due diligence activities can be found on page 186 and 191.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Materiality assessment

Our double materiality assessment allows us to identify impacts, risks and opportunities, and to develop our sustainability strategies and operations.

In 2025, our assessment was prepared following the ESRS requirements, whereas last year's assessment was based on the GRI Standards. There has been no significant change in the methodology used to prepare the double materiality assessment as a result of this change in reporting standard. We continuously develop our methodology to ensure accuracy and completeness, as well as its relevance for internal and external stakeholders.

Methodology

Our process for identifying and assessing impacts, risks and opportunities includes several steps and is follows a top-down approach, based on the ten topical standards described in ESRS. Each topical standard is screened to identify potential and actual impacts, risks and opportunities from a gross perspective. Each identified impact, risk and opportunity is assessed for materiality based on the severity of the impact and the size of the financial risk and opportunity, along with the likelihood of the occurrence. This creates a quantifiable methodology for grading and determining the materiality of each scenario and whether each impact, risk or opportunity is actual or potential. Using internally developed thresholds, each impact, risk and opportunity is evaluated for its materiality. The thresholds are developed to determine a suitable level of disclosures considering the views and interest of stakeholders. Whenever a sustainability matter is above the threshold, it is deemed material and included in the Sustainability Statement. Based on the outcomes of the materiality assessment, a final evaluation is conducted to verify the completeness and reasonableness of the results. This includes reviewing identified topics, validating their relevance, and ensuring that the conclusions are consistent. The input used to identify and assess our impacts, risks and opportunities is further described below.

The preliminary result of the assessment is validated with the sustainability functions across the company and executive management, before it is approved by the Board.

Time horizon and value chain considerations

Impact and financial materiality are evaluated and assessed based on where in the value chain they occur. The full value chain, covering the complete life cycle perspective, is considered in the identification and assessment, with special focus on specific activities or geographical areas identified as areas of higher impact. An illustration of the value chain is found on page 137.
Materiality assessments are evaluated across three time horizons: Short-term (up to one year), medium-term (one to five years) and long-term (more than five years)

Assessing impact materiality

We assess the severity and likelihood of impact in each sustainability matter. Severity is defined by the scale, scope and capability to remedy impact, which all are weighed equally in the severity assessment. The materiality assessment identifies both positive and negative impacts, and the capability to remedy is not considered for positive impacts. Given the significant impact certain human rights issues can have, it is essential to ensure that their severity is not underestimated due to considerations of likelihood. As a result, the severity of impacts related to human rights takes precedence over likelihood in the overall assessment.

Assessing financial materiality

We assess our dependencies, related or unrelated to our impacts, and scenarios that may result in financial risks and opportunities. These are evaluated for potential financial effects and likelihood, and the materiality is determined based on predetermined thresholds in line with the ERM process. Identification and assessment of financial risks are based on risk categories, such as direct financial impact, strategic or operational impact, reputational effects, supply chain disturbance or compliance-related concerns. The identified material financial risks are included in the ERM process, in which all risks are prioritised in accordance with the overall risk approach for the Group. More information on the ERM process is found on page 36. Financial opportunities are addressed by the business function to which the opportunity is related.

Input used to identify and assess impacts, risks and opportunities

To conduct the double materiality assessment, we obtain and evaluate input to identify our impact and dependency. This input is obtained from sources including stakeholder dialogues, external tools and reports and internal sustainability experts. The environmental aspects evaluation, performed in accordance with ISO 14000, provides central input for the impact materiality assessment on environmental topics. Stakeholder dialogue is important for us to understand the impact we have on people and the environment. Consultations are regularly conducted with the residents of areas within close vicinity to our main production sites. The below summarises the supporting data used to identify and analyse actual and potential impacts, risks and opportunities across our value chain.

Climate change

We assess our impact of climate change using both the life cycle analyses (LCA) of our products and calculated CO_2 emissions across our value chain.

Financial risks and opportunities due to climate change are based on scenario analyses. The transitional risk scenario analysis uses three IEA scenarios: Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE). Analyses are conducted to identify the potential risks and opportunities throughout our value chain, assessing our geographical locations, our products, and the markets we conduct business in. The assessment includes potential events that may have positive or negative effect on Volvo Cars' business, such as regulatory changes, technological transition, raw materials prices and reputational risks.

Climate change increases the frequency of chronic or acute hazards, such as flooding, storms and heat stress, that may disrupt our operations and threaten the safety of our employees and people in our value chain and local communities. Volvo Cars considers the IPCC's science for vulnerability and risk analysis by using an established model to assess physical risks. IPCC's RCP2.6, RCP4.5 and RCP8.5 scenarios for the current year, as well as 2030, 2050 and 2100 are used to generate overall and specific risk scores. The geographical location of our sites is cross-referenced against the risk

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

factors in each scenario to identify site-specific climate-related hazards. Major and critical sites, located in areas with high exposure to physical risks, are further assessed to determine the materiality of the physical climate risks on our operations. When identifying and assessing physical risks, our defined time horizons are applied. The expected lifetime of assets in the assessment for physical risks exceeds five years while the strategic planning and capital allocation plans are usually prepared on a time horizon of up to five years. There are no significant assets or business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate neutral economy.

Energy consumption is a significant source of emissions in our value chain, especially from producing materials for cars and powering them during their use. We identify and assess risks related to energy by analysing variables that could influence both the availability of energy supply and energy prices. Major variables include price volatility metrics, grid reliability indicators, the status of underdeveloped energy systems in certain markets, geopolitical trade wars, regulatory tariff structures, and local capital investment decisions. The impacts of these variables compound the risks associated with the energy transition.

Pollution

The International Material Data System (IMDS) is used to identify Substances of Concern (SoC) and Substances of Very High Concern (SVHC) in our products.

We apply the Locate, Evaluate, Assess and Prepare (LEAP) approach for pollution to air, soil and water to analyse the emission level of pollutants and compare them on a site-level against the thresholds as defined in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) to determine whether our emissions are material. We apply a risk-based approach in selecting sites to evaluate and different methodologies are used to either directly measure or estimate the emissions.

The impact assessment in our value chain is based on LCA reports with specific focus on ecotoxicity in aquatic and terrestrial ecosystems, in which pollution is a direct impact driver on ecosystems. The impact assessment methodology is further described in the biodiversity section below. Risks and opportunities are assessed from an impact and dependency perspective. The ENCORE (Exploring, Natural Capital Opportunities, Risks and Exposure) database is used to assess dependencies from our industry related to pollution.

Water

The LEAP approach is applied to assess the impact on water. We analyse the sites of our own operations and directly contracted supplier for direct material to identify sites located in areas at water risk and areas of high-water stress. Our analysis is based on recommendations and guidelines in the Corporate Guide to Water Management from WBCSD and UN Global Compact's CEO Water Mandate. In the risk assessment, internal and external risk management tools such as World Resources Institute (WRI) Aqueduct Water Risk Atlas 4.0, and the World Wildlife Fund (WWF) Water Risk Filter are used.

Our impacts and dependencies on water are analysed, especially in water risk areas, to identify transitional and physical risks and opportunities in our business or in the value chain.

Biodiversity

We conduct several levels of impact assessment, guided by the Science Based Targets Network (SBTN) and the LEAP approach, to evaluate how economic activities in our value chain impact nature. The specific assessments made on material, product and enterprise level have been done with the LCA methodology ReCiPe2016. This method assesses impacts on all pressure categories defined by SBTN and in line with the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) pressure framework. The analysis is based on the material breakdown of our products, data from running our operations, and data concerning the usage of our products over a 20-year period. The output from the assessment results in a metric called 'species.year', which provides the impacts on all pressure categories separately. Scenarios representing different future changes to our products, for example, a transition to fully electric cars and higher degrees of recycled material, are analysed.

Using the Integrated Biodiversity Assessment Tool (IBAT) tool, we assess the risk of physical impact to sensitive areas by conducting an analysis of the location of our operational sites in relation to Key Biodiversity Areas (KBA). All operational sites are assessed, with extra focus on the five production sites which lie within a 5km radius of KBA areas. We use ENCORE and ISIC classes (manufacture of motor vehicles and construction of buildings) to explore the potential physical impacts from our main activities on the production sites and conduct sectorial-level screening of the natural capital assets on which economic activity in our value chain depends. The impacts of these ISIC classes in ENCORE depict higher impacts related to emission of toxic pollutants to water and soil, emission of GHG and non-GHG pollutants and disturbances from noise and light pollution. This impact analysis guides our deeper analysis of actual impacts on individual sites.

Resource use and circular economy

Our LCA reports, including material breakdown analyses of our products, in combination with the total volume of cars produced, packaging material and waste in our operations, provide information on the resources used throughout our operations. The supply chain resource use is assessed using established estimations on raw material extractions and production of components for key material in our products. Financial risks are assessed using the ENCORE database to analyse dependencies within certain sectors and resources which are important to our operations.

Own workforce and workers in the value chain

We assess impacts, risks and opportunities related to workers in our operation and across our value chain through due diligence procedures, People Policy Assessments and risk workshops. Both employees and non-employees, covering white- and blue-collar roles, as well as permanent and temporary employees, are considered in the materiality assessment. For our own workforce, we conduct regular employee surveys and maintain ongoing dialogue, either directly with our employees or through trade unions. The due diligence scope is determined by the identification and assessment of salient human rights issues and our annual human rights risk assessments, which also serve as input for the double materiality assessment. A gross list of human rights issues was prepared and analysed across risk categories such as environmental, social and governance, place in value chain, potential rightsholders, vulnerable groups, geographical focus, and potential human rights impacts. The assessment was conducted by identifying various factors that could potentially contribute to the risk of negative impact on human rights. The factors were examined and analysed and further linked to the salient human rights issues identified and extracted from the gross list. More information is found on page 144. Reporting through our grievance channels provides information on potential and actual impacts.

Consumers and end-users

All our consumers and end-users are considered in the materiality assessment, including passengers and other vulnerable road users. The assessment is based on data obtained from various surveys, market analysis of customer trends and internal data obtained from the products and services our customers use.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	
GENERAL INFORMATION	
ENVIRONMENTAL INFORMATION	
EU Taxonomy Report	
Climate change	
Pollution	
Water	
Biodiversity and ecosystems	
Resource use and circular economy	
SOCIAL INFORMATION	
Own workforce	
Workers in the value chain	
Consumers and end-users	
GOVERNANCE INFORMATION	
Business conduct	
OTHER INFORMATION	
THE SHARE	220
OUR HERITAGE	222

Business conduct

The identification of impacts, risks and opportunities related to business conduct is based on activity data (such as reporting made in our grievance channels and reports from internal audits performed on our governance and business conduct), risk assessments (such as our yearly value chain risk assessment and entity specific risk assessments), stakeholder input (such as adverse media, NGO and industry association reports), and global risk indices and lists. Volvo Cars conducts business on a global scale, including in the high-risk countries identified in our assessment, which, together with affected law and legislation and the business cultures in these countries, affects the scope and conclusions of our assessment.

Outcome of the double materiality assessment

The detailed result from the double materiality assessment is found in each respective section. All material impacts, risks and opportunities are covered by ESRS Disclosure Requirements.

Based on this year's updated assessment, minor changes have been made compared to last year's result. For example, by finalising our dam construction project in Olofström, we have eliminated the financial risk related to flooding risk highlighted in previous years' reports. Additionally, a new assessment of the valuation of existing assets related to the production of cars with internal combustion engines was performed, resulting in a very low risk for impairment.

Connectivity with the Financial Statements

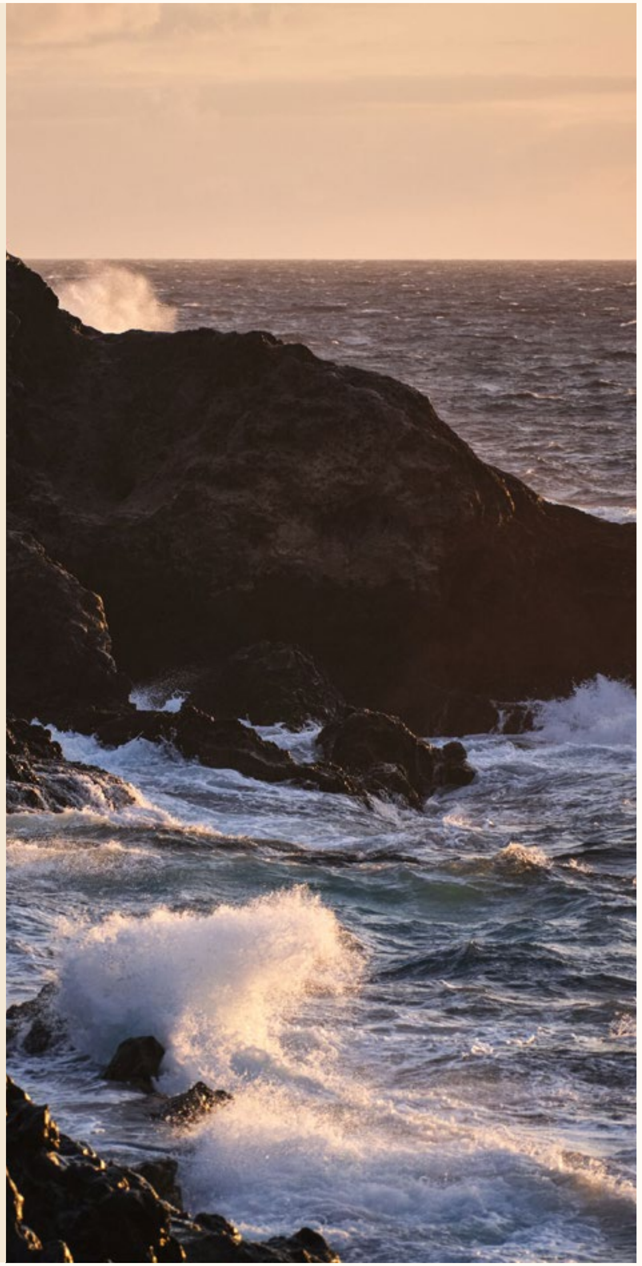
Sustainability considerations, such as environmental changes, have been factored into our Consolidated Financial Statements. This includes how sustainability may impact critical accounting estimates, which is used for asset valuation, provisions, contingent liabilities. The climate-related scenarios used for the double materiality assessment are used for the critical climate-related assumptions made in the Consolidated Financial Statements.

The accounting methodology for valuation of tangible and intangible assets is found on page 89 and 91. Sustainability-related financial risks are recognised as a provision or disclosed as a contingent liability, if certain criteria are met. In preparing the Consolidated Financial Statements for 2025, no sustainability-related financial risks have been recognised as provision and no contingent liabilities are disclosed. The accounting methodology for provisions and contingent liabilities is found on page 111 and 112.

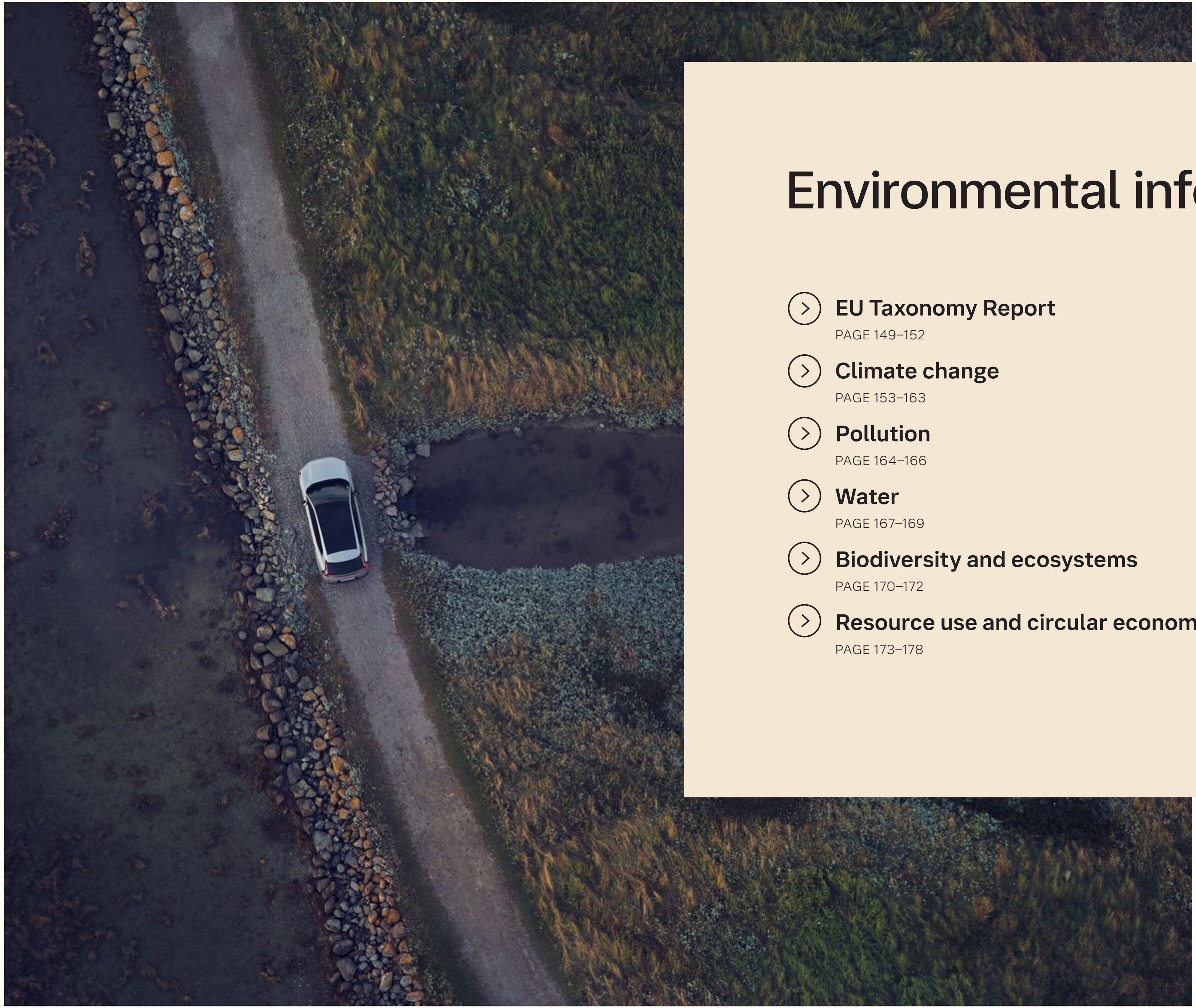
MATERIAL SUSTAINABILITY MATTERS ALONG THE VALUE CHAIN

ENVIRONMENTAL	IMPACT MATERIALITY	FINANCIAL MATERIALITY	PAGE
CLIMATE CHANGE	✔	✔	153
POLLUTION	✔	○	164
WATER	✔	✔	167
BIODIVERSITY	✔	○	170
RESOURCE USE AND CIRCULAR ECONOMY	✔	✔	173
SOCIAL			
OWN WORKFORCE	✔	○	180
WORKERS IN THE VALUE CHAIN	✔	✔	189
AFFECTED COMMUNITIES	○	○	—
CONSUMERS AND END-USERS	✔	○	195
GOVERNANCE			
BUSINESS CONDUCT	✔	✔	199

✔ MATERIAL ○ NOT MATERIAL



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222



Environmental information

EU Taxonomy Report
PAGE 149–152

Climate change
PAGE 153–163

Pollution
PAGE 164–166

Water
PAGE 167–169

Biodiversity and ecosystems
PAGE 170–172

Resource use and circular economy
PAGE 173–178

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

EU Taxonomy Report

Introduction

The EU Taxonomy Regulation (hereafter referred to as the Taxonomy) is a classification system for environmentally sustainable activities, designed to support the EU's climate and energy targets. These are part of the objectives of the European Green Deal to scale investments in sustainable projects and activities.

To comply with the Taxonomy, we must report on our taxonomy-eligible and aligned activities for turnover, capital expenditure (CapEx) and operational expenditure (OpEx). To be aligned with the Taxonomy, we must fulfil the technical screening criteria for substantial contribution to one of the environmental objectives and ensure compliance with the Do No Significant Harm (DNSH) criteria for the remaining environmental objectives.

The environmental objectives are:

- Climate Change Mitigation (CCM)
- Climate Change Adaptation (CCA)
- Sustainable Use and Protection of Water and Marine Resources (WTR)
- Transition to a Circular Economy (CE)
- Pollution Prevention and Control (PPC)
- Protection and Restoration of Biodiversity and Ecosystems (BIO)

To align with the Taxonomy, we must also meet certain minimum safeguard criteria, ensuring compliance with standards related to responsible business conduct, such as human rights, corruption, taxation and fair competition.

For 2025, the report has been prepared considering the new Delegated Regulation (EU) 2026/73.

Assessment of eligibility and materiality

Using the definitions of economic activities in the Taxonomy to identify eligible activities, and following the Delegated Regulation (EU) 2026/73, we assessed the materiality of each Taxonomy-eligible economic activity against our total turnover, CapEx and OpEx. Economic activities that accounted for less than 10 per cent of the relevant KPI denominator are treated as non-material and reported separately, as not assessed activities considered non-material.

Activities CCM 3.18 Manufacture of automotive and mobility components (Manufacturing sector) and CE 5.4 Sale of second-hand goods (Services sector) were below 10 per cent individually for each KPI. For turnover the aggregated proportion of those two activities however exceeded 10 per cent. Following this, and due to its relevance to our business, activity CE 5.4 was assessed to be material for turnover and subsequently CCM 3.18 was assessed to be non-material for all KPIs and not further assessed for alignment.

Activity CCM 3.3 Manufacture of low carbon technologies for transport, is eligible and material for all three KPIs. It covers the development, manufacture and sale of Volvo-branded cars. We do not include our contract manufacturing activities for third parties. Activity CE 5.4 covers the sale of used cars.

Non-material activities were not removed from KPI denominators, ensuring the use of materiality thresholds did not lead to the exclusion of any portions of activities from our reported KPIs.

Assessment of alignment

For activity CCM 3.3, Volvo-branded cars co-developed with, or contract-manufactured by, related parties are not considered aligned in 2025 and are therefore excluded from further assessments against the technical screening criteria.

Activity CE 5.4 has been assessed to not be aligned with the technical screening criteria.

Substantial contribution

Climate change mitigation

Cars with tailpipe emissions of less than 50 grams of CO_2 per kilometre meet the climate-mitigation technical screening criteria for activity CCM 3.3. In 2025, all fully electric cars and the majority of our plug-in hybrid cars met these criteria. As of 2026, the criteria changes to 0 grams of CO_2 per kilometre, meaning that only fully electric cars will comply.

Do No Significant Harm (DNSH)

Climate change adaptation

We continuously assess our compliance with the DNSH to climate change adaptation criteria through our climate risk assessments of our operational sites. Material physical climate risks have been identified, and a robust climate risk and vulnerability assessment has been performed. This included assessment of adaptation solutions for physical climate risk and considered IPCC pathways 2.6, 4.5 and 8.5, with the time horizons 2030, 2050 and 2100.

In our assessment, we fulfil the DNSH to climate change adaptation criteria for activity CCM 3.3.

More information on our climate change adaptation activities can be found on pages 145, 156 and 158.

Sustainable use and protection of water and marine resources

We assess our compliance with the DNSH to water criteria for activity CCM 3.3 through gap analyses. The analyses are based on work related to production permits, including Environmental Impact Assessments (EIA), which have been conducted for all our manufacturing sites, and water risk assessments. All analyses are carried out taking local legislation into account.

In our assessment, we fulfil the DNSH to water criteria for activity CCM 3.3.

More information about our work with responsible water management can be found on page 167.

Transition to a circular economy

We assess our compliance with the DNSH to circular economy criteria for activity CCM 3.3 by evaluating the potential of implementing techniques that support circular economy. These include the use of recycled content and product design that considers durability, recyclability and reusability. We have also set ambitions to increase the use of recycled content.

We also assess whether our waste management practices prioritise recycling over disposal and ensure traceability of substances of concern (SoCs) and substances of very high concern (SVHCs) across all products.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Within our SoCs and SVHCs policy we trace substances using the International Material Data System (IMDS), an online platform used within the automotive industry.

In our assessment, we fulfil the DNSH to circular economy criteria for activities CCM 3.3.

More information on our circular economy activities can be found on page 173.

Pollution prevention and control

We assess our compliance with the DNSH to pollution prevention criteria for activity CCM 3.3 by evaluating whether we manufacture, place on the market or use SVHCs referenced within Appendix C of the Taxonomy. We do not manufacture or place SVHCs in their pure form on the market. However, SVHCs on the EU REACH candidate list are used in our manufacturing processes and as part of several car components.

The DNSH criteria are considered met if it is assessed and documented by the operators that the substances are used under controlled conditions and that no other suitable alternative substances or technologies are available on the market.

We are using the substances under controlled conditions and are currently evaluating the availability of suitable alternative substances or technologies as part of our CapEx plan, as further described in the CapEx Plan section.

In our assessment, we do not fulfil the DNSH to pollution prevention criteria for activities CCM 3.3, regarding currently produced cars.

More information on our pollution related work can be found on page 164.

Protection and restoration of biodiversity and ecosystems

We assess our compliance with the DNSH to biodiversity criteria for activity CCM 3.3 through gap analyses. The analyses are based on work related to production permits, including Environmental Impact Assessments (EIA), which have been conducted for all our manufacturing sites, and key biodiversity area assessments. All analyses are carried out taking local legislation into account.

In our assessment, we fulfil the DNSH to biodiversity criteria for activity CCM 3.3.

More information on biodiversity can be found on page 170.

Minimum safeguards

To comply with the criteria for minimum safeguards, we must align with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

In accordance with the minimum safeguards on human rights, we have conducted an assessment using the best available information. Based on this, we assess that our operations comply with these minimum safeguards. In our evaluation, we have:

- Established adequate human rights due diligence processes, as outlined in the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.
- Not been held liable or found to be in breach of labour law or human rights in certain types of court cases on labour law or on human rights.
- Not declined requests to engage with a National Contact Point (NCP) or other relevant parties and have not been found to contravene the OECD Guidelines by an NCP.
- Been the subject of allegations from the Business and Human Rights Resource Centre (BHRRC) and have responded to those allegations.

More information on our human rights policies and due diligence processes can be found on page 143.

In accordance with the minimum safeguards on corruption, taxation and fair competition, we have conducted an assessment using the best available information. Based on this, we assess that our operations comply with these minimum safeguards. Our evaluation considered:

- Anti-corruption processes and any convictions of corruption for senior management (including senior management of subsidiaries).
- Treatment of governance and compliance as important elements of oversight.
- Adequacy of tax risk management strategies and processes (including subsidiaries) and violation of tax laws.
- Promotion of the importance of compliance with all applicable laws and regulations amongst our employees.
- Convictions of violating competition laws for senior management (including senior management of subsidiaries).

More information on our anti-corruption and fair competition procedures can be found on page 200.

Accounting Policies and Key Performance Indicators

Turnover

In the calculation of the proportion of eligible turnover, we have used Volvo Cars' total revenue as a denominator, see Note 2 – Revenue on page 72, and allocated eligible turnover to activity CCM 3.3, including turnover related to the sale and leasing of new cars, and CE 5.4, including the turnover related to the sale of used cars. The numerator for turnover is the aligned proportion of each economic activity.

Capital Expenditure (CapEx)

In the calculation of the proportion of eligible CapEx, we use Volvo Cars' additions for tangible assets, including right-of-use assets and assets acquired through business combinations, see Note 16 – Tangible assets on page 91, and intangible assets, excluding trademark and goodwill, see Note 15 – Intangible assets on page 89, as a denominator. We allocated eligible CapEx to activity CCM 3.3, mainly relating to product development and investments in property, plant and equipment. Some common investments are not allocated to eligible activities.

Activities that are deemed taxonomy-aligned use a numerator based on the CapEx plan.

Operational Expenditure (OpEx)

In the calculation of the proportion of eligible OpEx that forms the denominator, we include Volvo Cars' expenses related to research and development, short-term leases, and our property, plant, and equipment (such as maintenance and repair). Eligible OpEx is allocated based on expenses related to activity CCM 3.3.

Activities that are deemed taxonomy-aligned use a numerator based on the CapEx plan. Taxonomy reporting of OpEx is not comparable with other operating expenses in the Consolidated Income Statements.

CapEx Plan

The Taxonomy requires a distinction between CapEx and OpEx for activities that are currently aligned and CapEx and OpEx that intend to expand aligned activities or upgrade activities for future alignment.

In 2023, our executive management approved a CapEx plan with the purpose of increasing our alignment with activity CCM 3.3 within five years.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

As described in the pollution prevention and control section on the previous page, we do not currently fulfil the DNSH criteria for pollution prevention and control. As part of our CapEx plan and commitment for future alignment, we have developed an operational action plan to address the use of SVHCs in our products and manufacturing processes. This includes collaboration with suppliers to reduce the presence of SVHCs and investigate the availability of suitable, alternative substances or technologies. The CapEx plan outlines how we aim to align current activities and includes investments that support taxonomy-aligned products and manufacturing processes. This is also applied to OpEx associated with these investments.

Projected CapEx and OpEx in the remaining period covered by the CapEx plan is expected to stay at current levels in relation to total investments.

Additional commentary

In 2025, taxonomy-aligned CapEx increased to 28 (23) per cent. This was due to a maintained level of investments in assets covered by the CapEx Plan in combination with a lower level of total investments. Compared with our ambition to reach 50 per cent CapEx alignment by 2025, the lower actual outcome was mainly driven by the prolonged bridge to full BEV transition resulting in a reconsideration of related investments. We remain committed to full electrification while continuing to offer plug-in hybrids to those customers not yet ready for full electrification.

All turnover, CapEx and OpEx values in other currencies have been converted to SEK. In calculating the key performance indicators, we ensure no double counting of values occurs.

Proportion of turnover, CapEx, OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (summary KPIs)

					Breakdown by environmental objectives of Taxonomy aligned activities										
KPI	Total	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year 2024	Proportion of Taxonomy aligned activities in previous financial year 2024
	SEKm	%	SEKm	%	%	%	%	%	%	%	%	%	%	SEKm	%
Turnover	357,263	80	—	—	—	—	—	—	—	—	—	—	8	—	—
CapEx	54,672	94	15,090	28	28	—	—	—	—	—	28	—	—	15,109	23
OpEx	8,561	97	173	2	2	—	—	—	—	—	2	—	—	743	8

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Proportion of turnover, CapEx and OpEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities – disclosure covering year 2025 (activity breakdown)

Turnover

					Environmental objective of Taxonomy aligned activities								
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible Turnover)	Taxonomy aligned KPI (monetary value of Turnover)	Taxonomy aligned KPI (Proportion of Taxonomy aligned Turnover)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
		%	SEKm	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of low carbon technologies for transport	CCM 3.3	71	—	—	—	—	—	—	—	—	E	—	—
Sale of second-hand goods	CE 5.4	9	—	—	—	—	—	—	—	—	—	—	—
Sum of alignment per objective					**—**	**—**	**—**	**—**	**—**	**—**			
Total Turnover		**80**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

CapEx

					Environmental objective of Taxonomy aligned activities								
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible CapEx)	Taxonomy aligned KPI (monetary value of CapEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned CapEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
		%	SEKm	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of low carbon technologies for transport	CCM 3.3	94	15,090	28	28	—	—	—	—	—	E	—	30
Sum of alignment per objective					**28**	**—**	**—**	**—**	**—**	**—**			
Total CapEx		**94**	**15,090**	**28**	**28**	**—**	**—**	**—**	**—**	**—**	**28**	**—**	**30**

OpEx

					Environmental objective of Taxonomy aligned activities								
Economic Activities	Code	Taxonomy eligible KPI (Proportion of Taxonomy eligible OpEx)	Taxonomy aligned KPI (monetary value of OpEx)	Taxonomy aligned KPI (Proportion of Taxonomy aligned OpEx)	Climate Change Mitigation	Climate Change Adaptation	Water	Circular Economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of Taxonomy aligned in Taxonomy eligible
		%	SEKm	%	%	%	%	%	%	%	(E where applicable)	(T where applicable)	%
Manufacture of low carbon technologies for transport	CCM 3.3	97	173	2	2	—	—	—	—	—	E	—	2
Sum of alignment per objective					**2**	**—**	**—**	**—**	**—**	**—**			
Total OpEx		**97**	**173**	**2**	**2**	**—**	**—**	**—**	**—**	**—**	**2**	**—**	**2**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Climate change

We both contribute to and are affected by climate change. Our operations and value chain consume energy and generate emissions, while physical and transitional climate change risks threaten business continuity. We combat these combined challenges by driving the transition toward electrification, making our operations more sustainable and operating a more resilient business model.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
CLIMATE CHANGE ADAPTATION			
To adapt and to mitigate for future physical risks on assets, related to climate change, investments are necessary and may have a potential financial effect.	Risk	Short-term, Mid-term, Long-term	Own operations
Climatic events in our own operations and the supply chain can affect and disrupt our business.	Risk	Short-term, Mid-term, Long-term	Upstream, Own operations
CLIMATE CHANGE MITIGATION			
Volvo Cars activities generate emissions both through our own operations and throughout the value chain which negatively contribute to climate change.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Own operations, Downstream
There may be a market risk from increases in raw material prices due to higher demand within the sector.	Risk	Short-term, Mid-term, Long-term	Upstream, Own operations
Transitional risk connected to regulatory changes will directly and indirectly affect supply chain costs.	Risk	Short-term, Mid-term, Long-term	Upstream, Own operations
ENERGY			
Energy consumption in our operations and value chain activities generates emissions and has a negative impact on the climate.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Own operations, Downstream
Volatility in energy price and supply could lead to loss of revenue and challenges in achieving climate ambitions.	Risk	Short-term, Mid-term, Long-term	Upstream, Own operations

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Transition plan

We have adopted a climate transition plan aligned with the goal of limiting global average temperature rise to 1.5°C above pre-industrial levels, in accordance with the Paris Agreement. The plan is embedded in our corporate strategy and supports our ambition to become a fully electric car company and reach net zero greenhouse gas emissions across our value chain by 2040.

Our Scope 1 and 2 emission reduction target has been validated by the Science Based Targets initiative (SBTi) to meet the requirements of the 1.5°C pathway. Additionally, our Scope 3 target for the Use of sold products has been validated by SBTi as well-below 2°C aligned. In addition to our SBTi targets, our interim corporate emission reduction ambitions guide us on our journey to reach net zero. Together, these ambitions form the foundation for our climate change mitigation actions and are embedded in our strategic planning.

Focus areas driving our decarbonisation journey

Our focus areas define how we reduce the emissions of our products, in the value chain and across our operations. Our climate transition plan is centred on these three areas.

The first focus area, Transform to pure electrification, drives our ambition to become a fully electric car company. This transformation is powered by our investments in fully electric powertrains and supported by our portfolio of plug-in hybrid models that help bridge the transition to a decarbonised portfolio.

The second focus area, Minimise emissions from materials, focuses on reducing the environmental impact of the parts we use to build our cars, relating to both the ingoing raw materials and the accompanying processing steps. We are increasing the share of recycled and bio-based content in our cars and working closely with suppliers to source low and near-zero emission materials, such as aluminium ingot smelted using renewable energy. We are also extending our commitment to climate neutral energy beyond our own operations by supporting our value chain in transitioning to renewable energy sources.

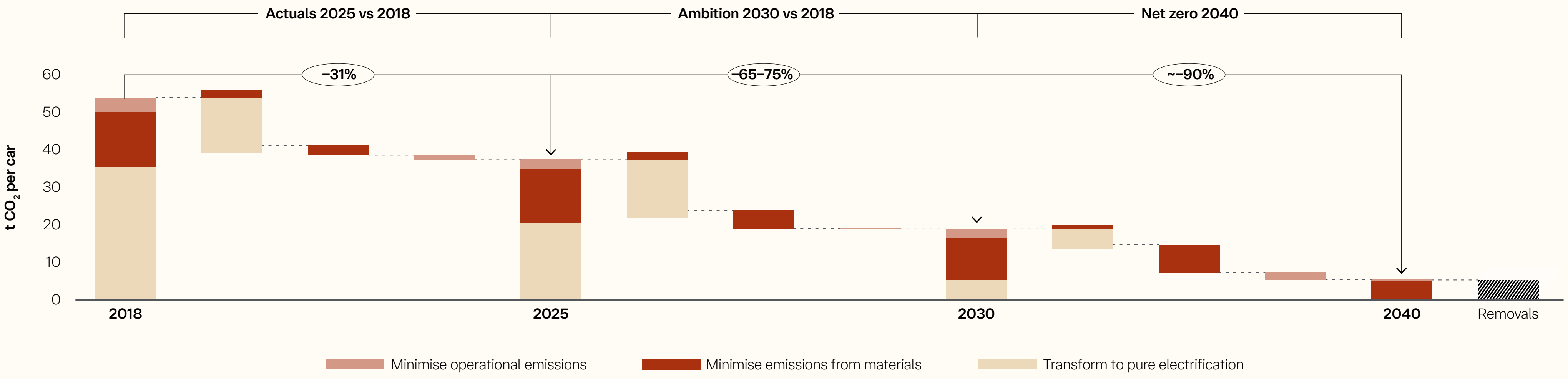
The third focus area, Minimise operational emissions, targets emissions across our value chain and within our own operations, including the production and transportation of our cars and non-production related activities, such as emissions from our retailer network. To minimise operational emissions, we are implementing energy efficiency measures in our facilities, switching to climate neutral energy sources, and driving actions to further reduce waste.

Initiatives across these three areas are enabling sustainable operations and transforming our product portfolio. Together, these initiatives reflect a comprehensive and forward-looking approach to climate change mitigation, ensuring that our climate transition plan is actionable and integrated into ourlong-term business strategy. For a detailed overview of our decarbonisation levers and key actions more information can be found on page 156.

Embedding climate action in strategy and financial planning

Our climate transition plan is fully embedded in our overall business strategy and financial planning. The plan is part of our transformation toward becoming a fully electric car company and reaching net zero; it's not a standalone initiative. This alignment is reflected in how we allocate capital, prioritise research and development, and structure our operations. By integrating emissions data into our cost performance steering model, we assess sustainability and economic factors during our product development and sourcing processes. More information about our product sustainability steering can be found on page 158.

ROADMAP TO NET ZERO



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Investments in electrification are central to our long-term financial planning and incorporated in our Green Financing Framework. As part of our EU Taxonomy CapEx plan we aim to align our future fully electric cars with the technical screening criteria outlined in the regulation. Our OpEx and CapEx related to the CapEx plan support our transformation to net zero.

Climate-related risks and opportunities are integrated in our enterprise risk management and scenario analyses, ensuring that our financial decisions are consistent with our decarbonisation pathway. The transition plan embedded into our strategic and financial frameworks ensures that climate action is not only aligned with our long-term vision but also supported by the resources and governance needed to deliver on our ambitions.

Locked-in emissions

Our transition to electrification will require replacing some assets currently used in production of internal combustion engine (ICE) vehicles with equipment designed for new technologies. This will inevitably generate additional emissions during the transition period. However, the overall impact of updating equipment is limited and will not have a material impact on our journey to net zero.

Alignment with EU Paris-aligned Benchmarks

Volvo Cars is included in the EU Paris-aligned Benchmarks. Our climate strategy and emissions reduction ambitions are aligned with the principles of the EU Benchmark Regulation, and we continue to monitor our alignment with relevant sustainable finance frameworks.

Governance and progress on transition plan implementation

Our sustainability strategy, including the embedded climate transition plan, is approved by the company's Executive Management Team and the Board of Directors. These governing bodies are actively involved in overseeing the development, implementation and progress of the strategy, ensuring that it is fully aligned with our strategic direction and long-term business objectives.

Our transition plan is reflected in our product development as we continue to expand our fully electric product offering and invest in future battery technology and low-emission materials. These developments, alongside efforts such as increasing the share of climate-neutral energy in our operations and across the value chain, demonstrate our commitment to delivering on our science-based targets and advancing toward our net zero ambition. A more extensive overview of our progress can be found on page 160.

Assessing the resilience of our strategy in a changing world

Our strategy and business model, along with our transformation towards electrification, are informed by and aligned with the International Energy Agency's Net Zero Emissions by 2050 (NZE) Scenario. At Volvo Cars, we recognise that climate change presents both risks and opportunities that demand a proactive and adaptive business strategy. To withstand and adapt to the evolving climate landscape, we continuosly assess the resilience of our operations and long-term strategy to become a fully electric car company.

We regularly conduct climate scenario analyses to evaluate potential impacts on our business. The most recent analysis, completed this year, considered a range of plausible climate trajectories and their implications on our operations, supply chain, regulatory environment and customer preferences. IEA's guidance for the automotive industry was considered when assessing our resilience to transitional risk. Given our highly integrated value chain, the full value chain was considered in the transition risk assessment, while the assessment on physical risks using climate scenarios was carried out on our major sites. Factors considered in the climate scenario analysis, including time horizon, are described on page 145.

Our electrification strategy is central to our resilience, accelerating the global shift towards sustainable mobility and reducing greenhouse gas emissions. By phasing out internal combustion engine cars and investing in electrified models, we are positioning ourselves to thrive in the global transition towards a decarbonised economy. Our plug-in hybrid models are a stepping stone towards a fully electric portfolio, increasing business resilience and reducing our vulnerability when markets transition slower than expected. Investments needed to support our strategy are financed through our Green Financing Framework and all investment decisions take sustainability aspects into account, including climate change and any identified uncertainties. Our assessment of the resilience of our strategy and business model, including our transition toward electrification, indicates that we operate in a market undergoing rapid transformation and shifting customer demands. To respond to these conditions, we are offering a balanced portfolio of fully electric and hybrid cars to strengthen resilience and position the company for long-term, profitable growth.

Our policies

Climate change mitigation

Our updated Code of Conduct for Business Partners encourages emission reductions for actors across our value chain. In support of our aim to reach net zero, our suppliers, sub-suppliers and retailers are expected to perform activities to reduce greenhouse gas emissions within their own operations and across their wider value chain, for example by establishing greenhouse gas reduction plans and setting science-based targets in line with the Paris Agreement.

In addition to the Code of Conduct for Business Partners, our Position on climate action outlines how we address climate change mitigation across our full value chain, with a particular focus on transforming our product portfolio. As the use phase of our products represent the largest share of our carbon footprint, electrification is a key lever for decarbonisation.

Our Position on chain of custody models describes our view on using these models to achieve our sustainability ambitions. Today, we accept the use of select chain of custody models and prefer those that use identity preservation, segregation and mass balance on batch level.

Our Position on carbon removal demonstrates that we prioritise real emission reductions. Carbon removal or other types of carbon offsetting will not be used to reach our 2025 and 2030 emission reduction ambitions. We do not consider carbon insetting or mass balance as carbon offsetting. However, the use of carbon insetting and mass balance must follow requirements outlined in our Position on chain of custody models. We intend to reach our net zero ambition by using carbon removal only as a last resort to neutralise unavoidable emissions.

Our Sustainability Requirements are part of our terms and conditions for direct materials suppliers. These suppliers are required to develop company-specific ambitions for greenhouse gas emission reductions, including a science-based CO_2 reduction target. As part of these requirements, suppliers must also set targets and implement actions to improve energy efficiency and transition to climate neutral energy sources, both within their own operations and across their upstream supply chains. We are actively working with our suppliers to reduce the carbon footprint of their products, both to address climate impact and to minimise the risk of additional charges as a result of regulatory changes.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Energy efficiency and climate neutral energy

Improving energy efficiency reduces our dependency on energy supply, making us less vulnerable to shortages and price fluctuations, while deploying climate-neutral energy ensures sustainable operations. Our operations are regulated by energy efficiency standards and an Energy Directive, both aligned with the European Commission's Reference Document on Best Available Techniques for Energy Efficiency.

Our Climate Neutral Management Directive outlines requirements for energy use in our own operations, while our Position on Energy Attribute Certificates (EACs) governs the procurement and accounting of energy certificates across diverse markets.

Climate change adaptation

We continuously assess the physical risks on all our major sites to identify and address potential risks with associated risk owners. We have yet to adopt a formal policy on risks related to climate change adaptation.

Policy[1]	Objective	Scope
Code of Conduct for Business Partners	Climate change mitigation	Upstream, downstream
Position on climate action	Climate change mitigation	Upstream, downstream
Position on sustainable materials	Climate change mitigation	Own operations, upstream
Position on sustainable steel	Climate change mitigation	Own operations, upstream
Position on sustainable plastics	Climate change mitigation	Own operations, upstream
Position on circular economy	Climate change mitigation	Own operations, upstream
Position on chain of custody models	Climate change mitigation	Own operations, upstream, downstream
Position on carbon removal	Energy	Upstream
Position on Energy Attribute Certificates for electricity	Energy	Upstream
Sustainability Requirements	Climate change mitigation and energy	Downstream
Climate neutral management directive	Climate neutral and renewable energy deployment	Own operations
Energy efficiency standard	Energy efficiency	Own operations
Energy directive	Energy efficiency	Own operations

1) More information regarding Volvo Cars´ position papers can be found on page 142.

Our actions

We address climate change across our entire value chain, from product development and production to supplier engagement and retail operations. By integrating climate considerations into strategic planning, vehicle engineering and operational practices, we are building a more sustainable and resilient business. Our actions underpin our corporate sustainability ambitions by reducing greenhouse gas emissions and increasing our resilience to climate related risks.

Our decarbonisation levers are tools and strategies we deploy to reduce carbon emissions across our value chain, in order to achieve our corporate CO_2 ambitions and align with the 1.5 degree pathway. These levers are embedded in our sustainability strategy and climate transition plan, integrated with our overall business strategy and financial planning. Our actions are outlined within each decarbonisation lever and structured by our three focus areas: electrification, reducing emissions from materials, and reducing emissions from our own operations.

Transform to pure electrification

Electrified car sales

The electrification of our fleet is our biggest lever to decarbonise. In 2025, our electrified fleet, made up of fully electric and plug-in hybrid cars, accounted for 46 per cent of total sales. During the year, we expanded our product portfolio with the fully electric ES90 and the XC70, a long-range plug-in hybrid, alongside updated versions of several of our existing electric and plug-in hybrid models. In early 2026, we further strengthened our product offering with the launch of the fully electric EX60, marking a crucial milestone in our electrification journey.

Vehicle energy efficiency

The ES90 features the lowest official aerodynamic drag coefficient in our fleet. Less air resistance results in less energy consumption and a longer driving range. Technological updates have also been introduced through model-year upgrades to further improve the energy efficiency of existing models. For example, the implementation of an 800V (from 400V) propulsion system decreased the weight of the fully electric EX90, increasing energy efficiency, performance and battery range.

Electrified car retail sales (k units)	2025	2024
Fully electric cars (BEVs)	152	175
Plug-in hybrid electric cars (PHEVs)	171	178
Electrified car sales total	**323**	**353**

Electrified car retail sales (%)		2025	2024
Fully electric cars (BEVs)	% of sales	21	23
Plug-in hybrid electric cars (PHEVs)	% of sales	24	23
Electrified cars	**% of sales**	**46**	**46**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Regional efficiency metrics			2025	2024
Tailpipe CO_2 efficiency	Global	g CO_2/km WLTP	103	96
Tailpipe fuel efficiency	EU-27	g CO_2/km WLTP	60	58
Tailpipe fuel efficiency	China	L/100 km WLTP	5.78	6.29
Tailpipe fuel efficiency	US	mpg EPA	49	45
Electric energy consumption BEV	Global	Wh/km WLTP	177	172
Electric energy consumption BEV	EU-27	Wh/km WLTP	176	172
Electric energy consumption BEV	China	Wh/km CLTC	163	146
Electric energy consumption BEV	US	Wh/miles EPA	352	345

Charging with integrated energy systems

We know that the electric car is a cornerstone of the future energy ecosystem. That's why Volvo Cars is contributing to an integrated electric car ecosystem with products designed to enhance the user experience and accelerate the transition to more sustainable and resilient energy systems. Charging at optimal times and exporting energy to the grid during periods of high demand strengthens our energy systems. This bi-directional charging capability is available in select new models, including the EX90 and EX60, and select markets starting 2026.

Life Cycle Assessment reports

To provide transparency for our customers, employees, investors and other stakeholders, we publish third-party-reviewed Life Cycle Assessments (LCA) for our globally available new fully electric models. This year, we released the LCA report for the ES90.

The ES90 is a strong proofpoint of the actions we have taken to reduce the emissions associated with the materials of our cars. The ES90 is built with approximately 30 per cent recycled aluminium, 20 per cent recycled steel as well as 15 per cent recycled polymers and bio-based material. The EX60 LCA report released in early 2026 demonstrates that when using a European energy mix to charge the car, the total lifetime carbon footprint amounts to 23 tonnes. When charged with renewable energy, the footprint is reduced to only 18 tonnes.

Minimise emissions from materials

Low and near-zero emission primary materials and recycled materials and climate neutral energy across the supply chain

Reducing emissions from materials is a critical part of our climate strategy. Steel, aluminium and battery materials are the primary contributors of CO_2 emissions, and together they account for the largest combined share of material content in our cars.

We prioritise materials made with renewable energy and recycled content, and we collaborate with our supply chain partners to integrate sustainable materials into production. On average, our 2025 fleet consists of 20 per cent recycled materials. Increased use of recycled content in our products drives down the carbon footprint, reduces material waste, and supports a circular economy.

Steel

We have an agreement with SSAB for the supply of high-quality recycled and near-zero emissions steel in select components in the new EX60 and other cars utilizing our SPA3 architecture. Compared with conventionally produced steel in Europe, SSAB's recycled steel reduces carbon emissions with more than 70 per cent and is made with a recycled content of almost 100 per cent.

Aluminium

To directly reduce emissions from aluminium in our value chain, we have worked with our suppliers to ensure that the aluminium in our cars is produced using renewable electricity in the energy-intensive smelting process, significantly reducing the carbon footprint of the finished material compared with the global average. By sourcing low-emission and recycled aluminium, we have reduced over 240,000 tonnes of CO_2 in our fleet this year compared with using primary aluminium manufactured using grid electricity. This achievement is a result of the strong collaboration with our supply chain partners, paired with our product sustainability steering process, which empowers cost-efficient, data-driven sustainability decisions across our organisation. Together, we continue to accelerate the use of low-emission and recycled materials in our industry.

Battery materials

Through our product sustainability steering process, we encourage suppliers to utilise renewable energy and improve their energy efficiency, strengthening sustainability across the supply chain. Due to the growing demand for battery materials driven by electrification ambitions, and the emissions intensive production of battery-grade materials, we place strong strategic emphasis on further supporting our battery suppliers in decarbonising their operations.

Minimise operational emissions

Electrification, fuel switch and climate neutral energy

In 2025, we implemented measures to replace fossil fuel consumption with climate neutral energy in our own operations. This year, four additional manufacturing plants have reached fully climate neutral energy status. For example, the transition from gas boilers to heatpumps and electrified boilers in our Olofström plant and the transition from fossil-based heating sources to biomethane in Ghent and Chengdu resulted in a reduction of 26,000 tonnes of CO_2 on an annual basis. Through these actions, we are moving closer to our ambition of achieving 100 per cent climate neutral energy in our own operations.

Within our non-manufacturing facilities, such as warehouses and office spaces, we have installed electric heat pumps which utilise renewable electricity. Moving forward, we aim to take the final steps needed to achieve fully climate neutral operations by advocating for an increased supply of locally sourced energy, expanding power purchase agreements for climate neutral energy, and continuing to invest in on-site renewable energy.

Energy efficiency

This year, we have enhanced our energy monitoring systems to identify and perform process improvements to reduce energy consumption in our facilities. To further reduce our energy consumption, we will continue to reduce energy use while production is closed, expand heat recovery initiatives where feasible, and pursue additional energy efficiency improvements at our sites.

Energy efficiency and renewable electricity at our retailers

We continue to collaborate closely with our retail partners to reduce emissions by promoting the use of renewable electricity and supporting energy efficiency measures. These efforts are reinforced through targeted trainings and guidelines, as well as best practices shared by our Sustainability Champions in each market and via our global retail sustainability programme. For enhanced data transparency needed to drive action, we plan to enable retail-specific emission measurements and profiles to help inform the priority areas and opportunities for each retailer's operations.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Logistics

We aim to further reduce emissions from the transportation and distribution of our products by optimising freight routes, using renewable fuels and streamlining our supply chains. We continue to use biofuel in inbound intercontinental ocean container transports in many of our routes between Europe and China. The biofuel reduces fossil CO_2 emissions by 84 per cent per container, compared to conventional bunkering. During 2025, the use of air freight was signficantly reduced, directly contributing to the 25 per cent reduction of CO_2 in transports compared to 2024.

Climate adaptation

During the year, we assessed physical climate risks relevant to our activities and manufacturing sites. Material risks to Volvo Cars, such as heat stress, flooding, storms, water stress and subsidence, are well managed through reinforced buildings, drainage systems, climate control and water efficiency measures. Residual risks such as precipitation leading to flooding, municipal drainage limits and localised ground sinking are being addressed locally. Local management demonstrates strong awareness of climate hazards, and long-term adaptation projects such as water reuse systems, storm protection and resilient design standards, further strengthen our operational continuity. Through continuous monitoring and management, we can identify and adapt to physical climate risks that might affect our economic activity in the future.

Site level action for climate adaptation

In 2025, we completed the construction of a protective floodgate in Olofström, Sweden, to protect the city and our operational site from climate related flood risk. We also applied for an environmental permit to deconstruct an old intake channel to the decommissioned hydroelectric power plant at our plant in Olofström to further eliminate flood risks due to climate change.

Climate adaptation in the supply chain

Through our Code of Conduct for Business partners we require business partners to implement and maintain appropriate due diligence processes and systems to identify, prevent, mitigate and monitor environmental risks. This approach helps ensure stronger risk management across the value chain.

Capabilities for climate action

Product Sustainability steering

To accelerate decarbonisation across our value chain, we have implemented a steering process that integrates sustainability factors such as carbon emissions and recycled content as key decision-making factors in design, engineering and sourcing. In doing so, targets on CO_2 emissions and recycled content are set on future car programmes and cascaded down to individual components early in the design process. This ensures that climate impact is considered alongside cost, quality and performance when selecting suppliers and materials.

During the year, we scaled up the steering process by expanding it to one of our upcoming car models, embedding emissions data into the quotation phase and supplier evaluations. To substantiate sustainability performance, the steering process is supported by a Cost and Sustainability Breakdown, enabling suppliers to report component-level carbon footprints and allowing us to compare low-carbon alternatives across components and systems. Looking ahead, we plan to expand Product Sustainability steering to all future car programs enabling more consistent and data-driven decarbonisation across the supply chain.

Improved data model for calculating emissions from materials

As a software-driven company, robust digital and data platforms are core to our operations, strategy and innovation. To enable more precise calculations of carbon emissions, we have improved the data depth of our model. Our data model now connects the detailed material composition of the parts that make up every Volvo car to more precise generic and supplier-specific data, making it possible to attribute and substantiate verified emission reductions of our actions.

Built to scale, the enhanced data model can integrate additional environmental impact categories beyond CO_2 and recycled content, such as water scarcity, resource depletion and biodiversity. The strengthened model also captures the actions we are taking to reduce emissions in our cars, further deepening the collaboration with our supply chain partners and directly accelerating the use of low-emission and recycled materials in our industry. This capability empowers cost-efficient, data-driven sustainability decisions across the organisation, helping us achieve our CO_2 reduction ambitions on our cars.

Internal carbon pricing

In 2021, we introduced an internal carbon price to accelerate our carbon footprint reduction. Using cost estimates from the emerging direct air carbon capture (DACC) industry and IPCC's 2018 guidance on a 2030-aligned carbon price of approximately €135 per tonne of CO_2, we set an internal price of SEK 1,000 per tonne of CO_2 starting in 2021. The price point was also high enough to motivate several key initiatives and guide internal prioritisation. The internal carbon pricing is applied throughout our operations, with a primary focus on product-related decisions. The price is applied in different ways based on the type of decision e.g. to right-size budgets or guide decisions. This means we use both a shadow price, an implicit price and a real price across fixed, variable and material costs.

Our ambitions

Progress on emission reduction ambitions

In 2025 we achieved our corporate ambition by reducing our CO_2 footprint per car by 31 per cent compared with our 2018 baseline. Our emission reductions are a result of collaboration across our operations to reduce emissions by decarbonising our manufacturing footprint by switching to climate neutral energy, electrifying our product portfolio and sourcing low-emission materials.

To achieve our 2030 ambition of 65-75 per cent CO_2 reduction per car and our 2040 net zero ambition, we must continue to strengthen sustainability across the supply chain, deliver on our electrification ambitions, and localise production.

Our 2025 and 2030 emission reduction ambitions are gross ambitions, meaning that we will not use carbon removal to achieve these. In reaching our net zero ambition, we intend to use carbon removal as a last resort to neutralise the final residual emissions that cannot be eliminated due to technical, market or legal reasons.

The ambitions are science-based and aligned with limiting global warming to 1.5°C. They rest on assumptions about market developments and our transition to electrification, which we continuously monitor to stay aligned with our long-term ambitions. Dialogues with NGOs and investors have also shaped these ambitions.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Gross Scopes 1, 2, 3 and Total GHG emissions

Total greenhouse gas emissions amounted to 35 million tonnes of CO_2 in 2025, compared with 38 million tonnes in 2024, reflecting changes in car volumes. Our emission reductions are also driven by sourcing low-emission and near zero materials for our vehicles and electrifying our portfolio, reducing absolute emissions from materials and use phase by 11 and 5 per cent year over year respectively. 99.90 per cent of our total emissions are in Scope 3. Our emission reductions within own operations are a result of decarbonising our manufacturing footprint and transitioning to climate neutral energy, cutting our Scope 1 and 2 emissions in half compared to 2024.

GREENHOUSE GAS INVENTORY, TONNES CO_2[1)]	Progress			Base year
	% YoY	2025	2024	2018
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions	–45	32,000	59,000	111,000
Scope 1 GHG emissions from regulated emission trading schemes, %	—	5	23	—
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions	–7	155,000	167,000	252,000
Gross market-based Scope 2 GHG emissions	–71	2,000	6,000	131,000
Significant Scope 3 GHG emissions				
Total gross indirect (Scope 3) GHG emissions	–8	34,645,000	37,468,000	41,629,000
Purchased goods and services	–11	9,854,000	11,019,000	9,793,000
Upstream transportation and distribution	–25	849,000	1,129,000	947,000
Waste generated in operations	–10	2,000	3,000	3,000
Business travel	–47	32,000	61,000	100,000
Employee commuting	–3	44,000	46,000	70,000
Use of sold products	–5	23,184,000	24,387,000	29,583,000
End-of-life treatment of sold products	–8	408,000	444,000	385,000
Franchises	–29	270,000	379,000	748,000
Total GHG emissions				
Total GHG emissions (location-based)	–8	34,833,000	37,694,000	41,992,000
Total GHG emissions (market-based)	–8	34,679,000	**37,533,000**	**41,870,000**

1) Our ambitions for milestone years 2025, 2030 and 2040 are described on page 160.

DISAGGREGATION OF USE OF SOLD PRODUCTS, TONNES CO_2	Progress			Base year
	% YoY	2025	2024	2018
Use of sold products	–5	23,184,000	24,387,000	29,583,000
Production and distribution of fuel and electricity (well-to-tank)	–10	8,828,000	9,857,000	5,868,000
Combustion of fuel (tank-to-wheel or tailpipe emissions)	–1	14,356,000	14,530,000	23,715,000

GHG intensity per revenue, tonnes CO_2/SEKm	2025	2024
Total GHG emissions (location-based) per revenue	97	103
Total GHG emissions (market-based) per revenue	97	102

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Climate related ambitions

Climate neutral energy

This year, 87 per cent of energy consumed in our operations was climate neutral, an increase of nine percentage points compared to 2024 but falling short of our 100 per cent climate neutral energy ambition. By the end of 2025, 100 per cent of our electricity used in own operations was sourced using climate neutral energy sources. We have accomplished full climate neutral energy status in seven of our nine manufacturing plants. Despite these achievements and actions taken to reduce emissions, some of our sites still rely on fossil-based heating sources, which often depend on regional utilities. Additionally, regulatory and policy delays in certain regions have hindered access to renewable energy infrastructure, further compounded by a lack of financially sustainable options to support the transition.

We remain committed to our ambition of sourcing 100 per cent climate neutral energy and continue to implement energy reduction measures to reduce total energy use across our own operations.

CLIMATE RELATED AMBITIONS

					Ambition		Progress	
Strategic focus area	**Ambition**	**Type**	**Unit**	**Base year**	**2030**	**2025**	**2025**	**2024**
Transform to pure electrification	Electrified car sales (BEVs and PHEVs)	Intensity	Per cent	—	90–100%	50–60%	46%	46%
Minimise operational emissions	Climate neutral energy in own operations	Absolute	Per cent	—	—	100%	87%	78%
	Energy consumption reduction per car in own operations	Intensity	Per cent per manufactured car	2018	40%	—	10%	4%

CO_2 EMISSION REDUCTION AMBITIONS

			GHG emission scope coverage (share of baseline)							Ambition			Progress	
Strategic focus area	**Ambition**	**Type**	**Scope 1**	**Scope 2**	**Scope 3**	**External validation**	**Unit**	**Base year**	**Base year ($t CO_2$)**	**2040**	**2030**	**2025**	**2025**	**2024**
Net Zero ambition	Reduce CO_2 emissions across the value chain	Absolute	100%	100% Market-based	100%	—	Per cent	2018	41,870,000	90%	—	—	17%	10%
Reduce CO_2 emissions per car		Intensity	100%	100% Market-based	86%	—	Per cent per car	2018	36,002,000	—	65–75%	30–35%	31%	32%
Transform to pure electrification	Reduce tailpipe emissions per car	Intensity	0%	0%	57%	—	Per cent per car	2018	23,715,000	—	85–100%	50%	42%	46%
Minimise emissions from materials	Reduce emissions from materials per car	Intensity	0%	0%	24%	—	Per cent per car	2018	9,793,000	—	30%	25%	3%	1%
Minimise operational emissions	Reduce operational emissions per car	Intensity	100%	100% Market-based	5%	—	Per cent per car	2018	2,494,000	—	30%	25%	37%	25%
Science Based Targets Initiative	Reduce absolute Scope 1 and 2 emissions	Absolute	100%	100% Market-based	0%	Validated by SBTi as 1.5°C aligned	Per cent	2019	253,000	—	60%	—	87%	74%
	Reduce Scope 3 emissions from Use of sold products	Intensity	0%	0%	71%	Validated by SBTi as well below 2°C aligned	Per cent per vehicle kilometre	2019	30,743,000	—	52%	—	23%	26%

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Energy consumption and mix

Total energy consumption decreased 5 per cent year over year, reflecting changes in car volumes as well as systematic energy efficiency improvements impacting both running production and downtime. Energy consumption per car in own operations also decreased and remains 10 per cent lower than our 2018 baseline.

We continued our transition to climate neutral energy, doubling our fuel consumption from renewable sources from 2024 levels and cutting natural gas consumption in half by electrifying equipment and switching to biogas. As a result, the share of renewable sources in total energy consumption has increased by 11 percentage points from last year.

Energy consumption and mix in own operations (MWh)	2025	2024
Fuel consumption from coal and coal products	—	—
Fuel consumption from crude oil and petroleum products	9,000	12,000
Fuel consumption from natural gas	133,000	259,000
Fuel consumption from other fossil sources	—	—
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	145,000	187,000
Total fossil energy consumption	**287,000**	**458,000**
Share of fossil sources in total energy consumption, %	24	36
Consumption from nuclear sources	**8,000**	**—**
Share of nuclear sources in total energy consumption, %	1	—
Fuel consumption from renewable sources	161,000	77,000
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	753,000	744,000
Consumption of self-generated non-fuel renewable energy	2,000	2,000
Total renewable energy consumption	**916,000**	**823,000**
Share of renewable sources in total energy consumption, %	76	64
Total energy consumption	**1,211,000**	**1,281,000**

Energy production (MWh)	2025	2024
Non-renewable energy production	—	—
Renewable energy production	3,000	3,000

Contractual instruments Scope 2	2025	2024
Consumption of purchased or aquired electricity from renewable sources, MWh	740,000	—
Share of bundled purchased or aquired electricity from renewable sources, %	81	—
Share of unbundled purchased or aquired electricity from renewable sources, %	19	—

Energy intensity per revenue (MWh/SEKm)	2025	2024
Total energy consumption from activities in high climate impact sectors per revenue	3.4	3.2

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Definitions and methodology

CO_2 emissions per car
Calculated with the total emissions (t CO_2) from Scope 1, market-based Scope 2, and Scope 3, excluding upstream (well-to-tank) emissions from Use of sold products, divided by the annual produced volumes of Volvo-branded cars. The metric shows progress versus the base year.

Tailpipe emissions per car
Tailpipe emissions include the subcategory Combustion of fuel within the Scope 3 category Use of sold products. Calculated with total combustion (tank-to-wheel) emissions (t CO_2) from Use of sold products divided by the annual produced volumes of Volvo Cars-branded cars. The metric shows progress versus the base year.

Emissions from materials per car
Emissions from materials include the Scope 3 category Purchased goods and services. Calculated with the total emissions (t CO_2) from Purchased goods and services divided by the annual produced volumes of Volvo-branded cars. The metric shows progress versus the base year.

Operational emissions per car
Operational emissions include all Scope 1, 2 (market-based), and 3 categories in our greenhouse gas inventory except for the categories Purchased goods and services and Use of sold products. Calculated with the total market-based emissions (t CO_2) from Scopes 1, 2, and applicable scope 3 categories, divided by the annual produced volumes of Volvo-branded cars. The metric shows progress versus the base year.

Net zero greenhouse gas emissions
Calculated with total market-based emissions (t CO_2) from Scopes 1, 2, and 3. The metric shows progress versus the base year.

Absolute Scope 1 and 2 GHG emissions (SBTi)
Calculated with total market-based emissions (t CO_2) from Scopes 1 and 2. The metric shows progress versus the base year.

Scope 3 emissions from use of sold products (SBTi)
Calculated with total emissions from Use of sold products divided by 200,000 lifetime kilometres and by the annual produced volumes of Volvo-branded cars (t CO_2 per vehicle kilometre). The metric shows progress versus the base year.

Energy consumption per car in own operations
Total energy consumption in own operations divided by annual number of cars manufactured by Volvo Cars.

Emissions consolidation approach
We follow ESRS in consolidating emissions and apply the financial control approach as well as the operational control where applicable.

Activity data
Unless otherwise stated, we apply emission factors prepared and verified by internationally recognised agencies on activity data for each respective emission source. Scope 1 and 2 are based on primary activity data. Scope 3 includes estimations and assumptions further explained under each category.

Scope 1 emissions
These include direct emissions from facilities and cars that we own or lease. Emissions are calculated using primary activity data multiplied by the emission factor for that specific activity from UK DEFRA 2024. Historical or normalised average data is used in place of missing data, where required. Operating leases are included in Scope 1 and 2 emission data, following the consolidation approach and principles for financial reporting.

Scope 2 emissions
Emissions include market-based and location-based methods. The location-based method reflects the average emissions intensity of grids on which energy consumption occurs. The market-based method reflects emissions from the utility company. Contractual instruments, which allow for energy attributes such as GHG emissions to be allocated, are accounted for in the market-based approach.

Scope 3 category 1 Purchased goods and services
Each car's unique material composition is used with generic emission factors from Ecoinvent v3.11 and supplier-specific emission factors to calculate emissions.

Calculating emissions from non-vehicle purchased goods and services is done through a spend-based approach. These emissions comprise approximately two per cent of the emissions in this category. Emissions from materials for spare parts are currently excluded from Purchased goods and services.

Scope 3 category 4 Upstream transportation and distribution
Emissions are calculated with activity data from inbound materials, outbound finished vehicles, and parts supply logistics. A distance-based method is applied together with emission factors from NTM and supplier-specific emission factors. Biofuel is allocated according to mass balance within the individual supplier networks.

Scope 3 category 5 Waste generated in operations
Waste generated in operations is calculated according to activity data for weight, waste type and treatment method. Generic emission factors from UK DEFRA 2024 and supplier-specific emission factors are applied. Transportation to waste treatment facilities is calculated with an assumed distance of 1,500 kilometres.

Scope 3 category 6 Business travel
Emissions from air travel are calculated using a distance-based method where flight distances are multiplied with emission factors from DEFRA. Emissions from other forms of business travel are calculated using a spend-based approach and market-specific emission factors.

Scope 3 category 7 Employee commuting
Emissions are calculated based on the average number of full time employees of the period using an emission factor derived based on a Swedish simulation study of 27,000 employees.

Scope 3 category 11 Use of sold products
Vehicle emissions are estimated over a lifetime driving distance of 200,000 kilometres. Data from the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) is used for vehicles sold in WLTP markets. Vehicle models that are not WLTP certified are matched with the closest certified model, using a rule-based, automated method.

Emissions from the production and distribution of electricity used for vehicle charging and fuel used in internal combustion engines are considered upstream emissions, well-to-tank.

Scope 3 category 12 End-of-life treatment of sold products
Calculated using emission factors from carbon footprint report of the C40 Recharge. Material composition is calculated using the average material composition per propulsion type and globally

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

manufactured Volvo cars. Future enhancement of internal data models will enable us to assign specific EOL factor per material applied to each car's unique material composition.

Scope 3 category 14 Franchises

Include the emissions from our global retailer network, consisting of 2200 outlets. Primary activity data from the majority of our retailers is collected and extrapolated to the rest of the network and importer markets. Generic emission factors from UK DEFRA 2024 and the market-based method is applied for Scope 2 emissions.

Omitted emission categories

A screening of the Scope 3 categories was conducted using the Greenhouse Gas Protocol Technical Guidance criteria to identify the most relevant Scope 3 activities. The following Scope 3 emission sources are not reported on due to either the emission source being not applicable or not significant to Volvo Cars and/or not prioritised yet due to the lack of data and cost of gathering data: Categories 2, 3, 9, 10, 13, and 15. Emissions have not yet been sufficiently estimated for deprioritized Scope 3 categories.

Biogenic emissions in Scopes 1 and 2 have been assessed as immaterial and are therefore excluded from this report. Currently, Volvo Cars does not have sufficient data to determine the materiality of biogenic emissions within our Scope 3 categories.

Baseline of GHG reduction ambitions

The boundaries of our GHG emission reduction ambitions are consistent with the organisational and operational boundaries established in our greenhouse gas inventory. The base year is considered representative because the number of produced cars is the main driver of GHG emissions, and production volume fluctuated by less than 10 per cent the three years following the baseline year.

GHG intensity per revenue

Total emissions (tonnes CO_2), divided by total revenue (SEKm), as reported in the consolidated income statement. See Note 2 Revenue in the consolidated statement for information on total revenue.

Energy intensity per revenue

Volvo Cars is classified as operating in high climate impact sectors, including manufacturing, sale of motor vehicles, sale of spare parts and accessories, as well as maintenance and repair of motor vehicles. To calculate this metric, total energy consumption (MWh) is divided with total revenue (MSEK). See Note 2 Revenue in the consolidated statement for information on total revenue.

Climate neutral energy in own operations

The metric shows the share of climate neutral sources of total energy consumption. Due to the lack of grid and residual mix disaggregation, all grid-sourced electricity has been categorised as fossil-based unless accounted for by EACs. Energy is defined as climate neutral if the electricity, heating, cooling, and compressed air it consumes causes no net increase in emissions of greenhouse gases.

Energy production

Energy production is the sum of energy produced by equipment owned by Volvo Cars. Volvo Cars defines self-generated non-fuel renewable energy as energy produced by equipment owned by Volvo Cars and consumed by Volvo Cars.

Contractual instruments for climate neutral electricity

Energy procurement can be either contractually bundled where the EAC and underlying energy are traded in a single contract or unbundled where the EAC and the underlying energy are traded in separate contracts.

Vehicle energy efficiency

Calculating BEV energy consumption (EC) involves aggregating vehicle sales data by classification parameters (vehicle type, engine type, driveline type, and model year), then performing a lookup operation to assign certified EC values based on the composite vehicle index and model year identifiers. CO_2 emissions data is sourced from region-specific regulatory authorities in the United States, European Union, and China

CO_2

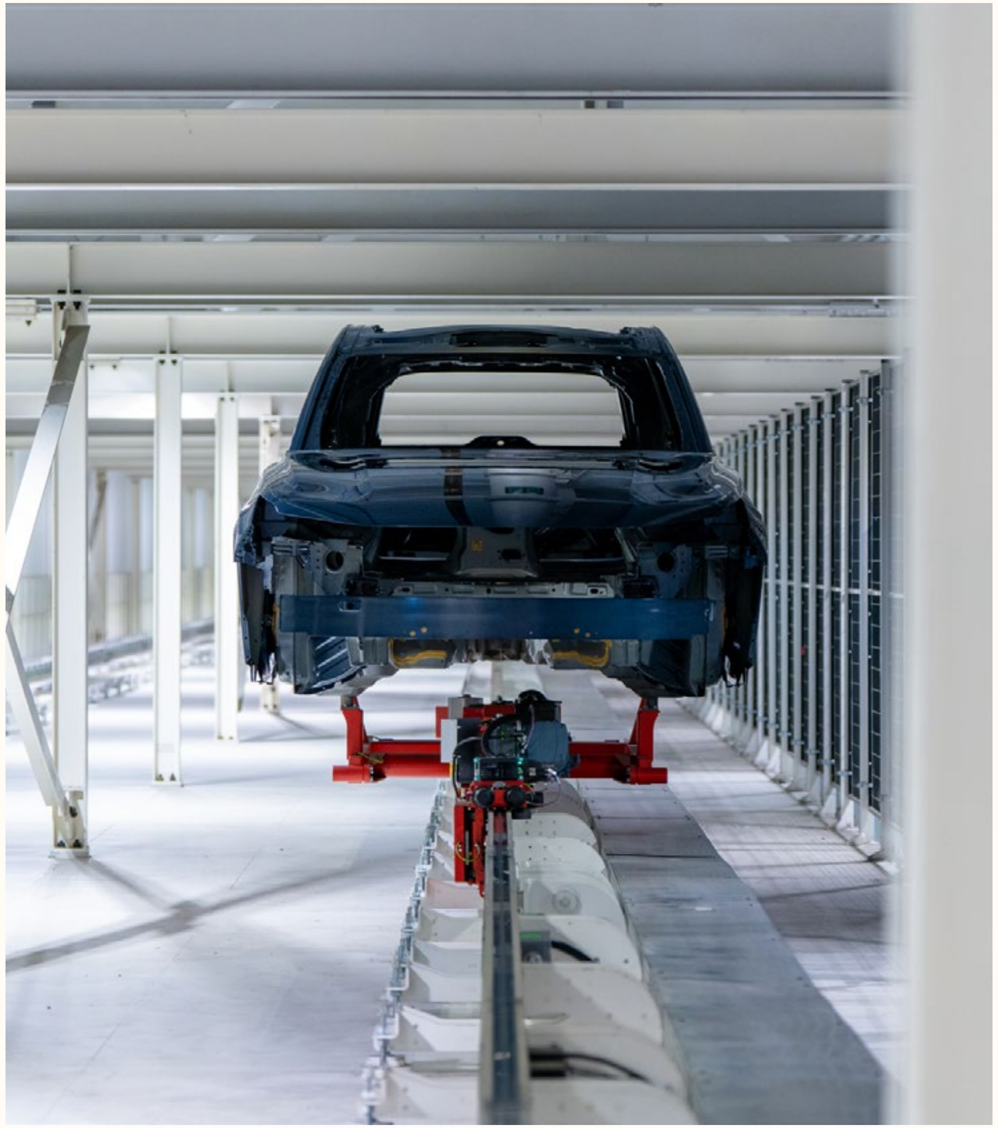
CO_2, carbon, and carbon dioxide refer to, and are used interchangeably with, CO_2 equivalent (CO_2e), unless otherwise stated. In most cases CO_2 refers to all greenhouse gases.

Greenhouse gases

The gases listed in Part 2 of Annex V of Regulation (EU) 2018/1999 of the European Parliament and of the Council. These include Carbon dioxide (CO_2), Methane (CH_4), Nitrous Oxide (N_2O), Sulphur hexafluoride (SF_6), Nitrogen trifluoride (NF_3), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs).

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Pollution



Our operations and value chain contribute to pollution through mainly air and soil emissions, the use of hazardous substances and microplastic release from tyre wear. These impacts raise environmental and health concerns, prompting us to phase out hazardous substances, enhance emission controls and strengthen sustainability standards across our value chain.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
POLLUTION OF AIR			
Activities in our own operations and throughout our value chain emit pollutants into the air.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Own operations, Downstream
POLLUTION OF SOIL			
Production of components and parts, as well as use of raw materials, lead to pollution of soil.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream
SUBSTANCES OF CONCERN AND SUBSTANCES OF VERY HIGH CONCERN			
The sourcing and use of substances of concern, including substances of very high concern, throughout production and end of life treatment can have negative impacts on the environment and human health.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Own operations, Downstream
MICROPLASTICS			
Microplastics from the tyres released during the use phase have a negative impact on the environment and human health.	Actual negative impact	Short-term, Mid-term, Long-term	Downstream

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our policies

Our Code of Conduct for Business Partners sets clear expectations for pollution prevention on actors in our value chain. Business partners are expected to comply with environmental laws and implement environmental management systems that address the risk of impacts caused by pollution. They are expected to minimise pollution of air, soil and water, and to apply science-based approaches to reduce their environmental footprint. In particular, business partners should strive to implement adequate procedures when handling potentially harmful chemicals and substances to help ensure that they are managed safely, with due consideration for employees, other stakeholders and the environment. Business partners are also expected to actively work to minimise and phase out the use of harmful chemicals and substances where applicable, and to support Volvo Cars on our journey to eliminate such substances from our products and facilities.

To further control and limit the environmental impact of incidents or emergency situations within the value chain, our requirements for suppliers ensure they have established processes for identifying potential emergency scenarios, preventing pollution during such events, and responding effectively to mitigate environmental harm.

In our operations, we comply with applicable environmental legislation and hold environmental permits for all manufacturing sites. While our policies do not explicitly enumerate pollutants or Substances of Concern, we have internal procedures in place to ensure the safe handling of chemical products, to minimise their use and to substitute hazardous substances with safer alternatives where feasible. We work to identify and mitigate pollution-related impacts and risks of leakage and are prepared to implement corrective actions should a pollution incident occur.

We acknowledge the negative environmental impact of microplastics generated through tyre abrasion during the use phase of cars in our downstream value chain. While this is a relatively new area of focus, and formal policies are not yet in place, we are actively working to understand and mitigate these emissions.

Policy[1]	Scope
Position on Circular economy	Own operations, upstream, downstream
Position on Sustainable materials	Own operations, upstream, downstream
Code of Conduct for Business Partners	Upstream, downstream

1) More information regarding Volvo Cars' position papers can be found on page 142.

Our actions

Minimising pollution

We aim to continuously reduce our pollution footprint through a focus on product development, procurement processes and retail operations. By integrating environmental considerations into every stage of our value chain we are building a more responsible and resilient business.

In addition to meeting all permit requirements, we are working to reduce pollution and towards our vision to eliminate waste and pollution. Two of our sites exceed the emission to air threshold for volatile organic compounds (VOC), as defined in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register). VOC emissions are closely linked to production volumes, when production volumes increase, total VOC emissions tend to rise correspondingly, while decreases in production typically lead to lower emissions. We monitor VOC emissions from our paint shops and take proactive measures such as the use of low-VOC content paints and enhancement of VOC treatment systems.

Emissions to air, tonnes	2025	2024
Volatile organic compounds	490	550

Other recent actions have focused on mapping pollutants according to current regulations to enable centralised tracking and improve visibility across the organisation. Looking ahead, we will further improve the efficiency of our processes for monitoring and documentation, ensuring consistency and compliance throughout operations. These efforts are expected to deliver benefits such as more accurate identification of emission sources and enhanced mitigation planning to reduce environmental impact.

To help reduce pollution and promote responsible practices in our downstream value chain, we have provided our global retail network with sustainability toolkits and guidelines focused on areas such as chemical management, waste reduction and water treatment. These resources are designed to support retailers in implementing safer processes, minimising environmental impact and complying with relevant standards, thereby lowering pollution risks.

Substituting hazardous substances

To address the negative impact that Substances of Concern (SoCs) and Substances of Very High Concern (SVHCs) pose on the environment and human health, we have taken a collaborative approach across our value chain. In alignment with EU REACH and EU Taxonomy criteria, as well as emerging PFAS regulations, we are working closely with suppliers to phase out hazardous substances from future products and production processes. Our efforts extend to ensuring that such substances are only used when no viable alternatives exist and under strictly controlled conditions. Through these efforts, we aim to minimise negative impact throughout our value chain.

Amount of Substances of concern that leave facilities as products by main hazard classes, tonnes	2025	2024
Human health hazard	1,474	—
Environmental hazard	36,555	—
Human health and environmental hazard	34,892	—
Other	81	—
Total	**73,002**	**—**

Amount of Substances of very high concern that leave facilities as products by main hazard classes, tonnes	2025	2024
Human health hazard	31	—
Environmental hazard	—	—
Human health and environmental hazard	7,832	—
Other	81	—
Total	**7,943**	**—**

Monitoring microplastics

We are closely following the development of EURO 7 tyre abrasion limits to guide future strategies and ensure alignment with regulatory and environmental goals.

During the year we have integrated EURO 7 compliance into sourcing processes and initiated research collaborations focused on tyre wear and particle toxicity. In parallel, we are studying the impact of driving behaviour on abrasion and working with suppliers to explore alternative materials that reduce microplastic generation.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our ambitions

Volvo Cars has not yet established specific targets for pollution, SoCs and SVHCs, or microplastics, due to the complexity of baseline definition and the evolving regulatory landscape. Although specific measurable outcome-oriented targets have not yet been adopted, we actively monitor and collect data to ensure compliance with legal requirements in the areas of pollution and chemical substances.

Pollutants are tracked and reported in line with the legal permits for all our main sites. SoC and SVHC in our products are tracked in the global OEM International Material Data System (IMDS), in which the suppliers submit data. The IMDS data is continuously sent in and reviewed against Volvo Cars´ requirements to fulfil legal compliance and data quality. Chemical products for use within our operations are tracked and reported through an internal chemical management tool.

Definitions and methodology

Pollution of air

To calculate the amounts of Volatile Organic Compounds (VOC) emitted to air, we use a mass balance based method that captures relevant flows throughout the paint process and related operations. Emissions are calculated by aggregating the VOCs present in applied products and subtracting the amounts destroyed in abatement systems and the portion retained in the final coating.

Periodic measurements are carried out at least once per year by an external third party in accordance with the EN 12619 standard. For our European sites monitoring is carried out in accordance with EU BREF Standards.

The reported amounts are subject to a one-year time lag due to delay in data availability.

Substances of concern and Substances of very high concern

Are defined using the latest EU REACH Candidate List and hazard classifications according to Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and Classification Labelling and Packaging (CLP) along with Global Automotive Declarable Substance List (GADSL).

To estimate the amounts of SoCs and SVHCs leaving facilities as products, we use the Bill of Materials (BOM) for the most sold car for each driveline type – BEV, PHEV and ICE – as a reference. Material differences including substances between cars are primarily driven by the driveline, as it introduces the most significant technical variations.

The chosen BoMs are matched with the latest material datasheets to calculate the amount of substances in our fleet. The substances are then grouped into four main hazard classes. With these four main hazard classes, there is no overlap of weight or substances.

This is our first year reporting SoCs and SVHCs that leave our facilities as products. As a result, no year-on-year comparison is included. Due to limitations in data availability, we are currently able to report only SoCs and SVHCs leaving our facilities as products. We are monitoring possibilities to include the full scope of SoCs and SVHCs that leave our facilities.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Water

We have an impact on freshwater through water withdrawal and consumption from our operations and value chain. At the same time, as we continue our transition to electrification, growing water dependency due to certain water intensive production process exposes us to supply chain and production risks. These impacts and risks are driving us to strengthen water stewardship and resilience across the value chain.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
WATER			
Withdrawal and consumption of water contributing to water stress.	Actual negative impact		
Approximate 40 per cent of our directly contracted suppliers for direct material are located in high water risk areas. Risks such as water shortage or flooding could lead to supply chain disruption.	Risk		

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our policies

Our Code of Conduct for Business Partners sets clear expectations for actors in our value chain to implement efficient and responsible water management practices. Business partners are expected to set measurable targets for reducing water withdrawal and consumption and for improving water quality, taking into account the nature and location of their operations. These expectations are particularly important for partners operating in or near high water-stress areas.

Our position on water management outlines how we aim to reduce our water withdrawal, improve efficiency, increase water reuse and recycle and prevent pollution across our operations and value chain. We recognise that water, pollution, biodiversity and climate change are interconnected challenges that require a coordinated response.

Policy[1]	Scope
Code of Conduct for Business Partners	Upstream, downstream
Position on water management	Own operations, upstream, downstream
Position on sustainable steel	Own operations, upstream, downstream
Position on sustainable materials	Own operations, upstream, downstream
Water management directive	Own operations

1) More information regarding Volvo Cars´ position papers can be found on page 142.

Our actions

We aim to advance water stewardship across our value chain, from supplier engagement and operational practices to retail activities. By integrating water risk considerations into our environmental requirements, site-level planning and supplier processes, we are building a more responsible and resilient business. These efforts support our broader sustainability ambitions and contribute to safeguarding water resources in water-stressed areas.

Enhancing water management in our operations

During the year we strengthened water management in our own operations by improving process and cooling water monitoring, implementing leakage detection and maintenance and optimising water reuse and recycling.

Looking ahead we aim to increase rainwater harvesting, water reuse and recycling and optimise water usage during down-time. We also plan to achieve LEED (Leadership in Energy and Environmental Design) Gold or higher in all large construction projects including those situated in water-stressed areas, leading to improved water efficiency and lowered water withdrawal.

The total water consumption in own operations decreased between 2024 and 2025, partly due to our implemented measures and due to lower production volumes. In 2025, 36 per cent of water withdrawal comes from areas of high water stress.

Water	2025	2024
Total water withdrawal, m^3	1,800,000	2,024,000
Total water consumption, m^3	707,000	862,000
Total water discharges, m^3	1,093,000	1,162,000
Water withdrawal in areas at water risk[1], m^3	656,000	687,000
Share of water withdrawal in areas at water risk[1], %	36	34
Water consumption in areas at water risk[1], m^3	190,000	225,000
Share of water consumption in areas at water risk[1], %	27	26
Water reused and recycled, m^3	283,000	—
Water consumption per revenue, m^3/SEKm	2,0	2,2

1) Including areas of high water stress; methodology updated from water stress to water risk areas, change to 2024 result is immaterial.

Water treatment

Water treatment across our sites is adapted to operational needs and local infrastructure. To manage wastewater responsibly, manufacturing facilities rely on biological treatment systems, tertiary treatment systems, or a combination of both. At most sites wastewater is discharged to third-party providers for treatment, in line with local regulations. These practices support our commitment to minimising environmental impact and ensuring compliance with legal demands.

Advancing water stewardship in the value chain

To further ensure compliance with the water-related requirements outlined in our Code of Conduct for Business Partners, we updated our supplier onboarding and follow-up processes. Throughout the year, we collected water use data from supplier sites located in water-stressed areas and gathered their roadmaps and reduction targets for 2025 and 2030. Looking ahead, we will continue gathering water-related data, set requirements for reduction targets and evaluate suppliers to advance water stewardship across the supply chain. These actions aim to reduce water use in the supply chain, particularly in regions facing water risks, thus mitigating our identified water-related impact and risks in the supply chain.

At the same time, we supported our global retail network by providing sustainability toolkits and guidelines focused on reducing water withdrawal and promoting efficient water use. Through these efforts, we aim to lower water withdrawal per car across our global retail operations, reinforcing our commitment to responsible water management throughout the value chain.

Identifying water risks across the value chain

During the year we conducted water risk assessments for our directly contracted suppliers for direct material, our own operations sites and our retail partners, enabling us to identify the sites located in water risk and water stressed areas. This has deepened our understanding of water-related vulnerabilities across our value chain, enabling us to take more targeted and effective actions. These efforts are supported by continued data collection, supplier evaluations and requirement setting to promote water stewardship.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our ambitions

Volvo Cars has set an ambition to reduce freshwater withdrawal per manufactured car in our own operations by 50 per cent by 2030 from a 2018 baseline. The ambition is informed by the scientific understanding of water balance and water cycle, as well as the interconnection between biodiversity and climate, which is based on recognized standards.

It is based on recognised standards and defined based on recommendations and discussions with external stakeholders such as NGOs and academic institutions.

The ambition supports the reduction of water consumption by improving operational efficiency and increasing internal reuse and recycling. These efforts are especially relevant in water-stressed regions, where we aim to reduce pressure on local freshwater sources. Progress toward the ambition is monitored through internal water reporting systems and reviewed quarterly.

As of 2025, we have achieved a 29 per cent reduction in freshwater withdrawal in our own operations per manufactured car.

Definitions and methodology

Total water withdrawal

Includes sources from third party purchased water, direct self-supply from surface water or groundwater, and harvested rainwater. Today, around 98 per cent of water withdrawn comes from third-party purchased water from the municipality. The amounts are measured using direct methods. Less than one percent is estimated. While harvested rainwater should be included as a source of water withdrawal, the amount remains insignificant in 2025.

Total water discharged

Refers to water discharged back to water bodies. Approximately 98 per cent is directed to third-party water treatment systems. The majority of discharged water is measured using direct methods while indirect methods are used to estimate remaining sites based on an assumption of water discharge- to -withdrawal ratio.

Total water consumption

Calculated as "water withdrawal – water discharge = water consumption."

Areas at water risk including water stress

The Aqueduct Water Risk Atlas 4.0, developed by the World Resources Institute (WRI), was used to identify sites located in areas exposed to high or very high water risk and/or high or very high water stress. Sites were classified as being in areas of water risk if they received an "Overall Water Risk" score of high (3–4) or extremely high (4–5). Overall water risk includes indicators for water scarcity such as baseline water stress. Similarly, sites were identified as being in areas of high water stress if their "Baseline Water Stress" score was high (3–4) or extremely high (4–5).

Total water reused and recycled

The majority of water recirculated at manufacturing sites is water from paint shops. Recycling in manufacturing plants is directly measured at the recycling processes. Only two plants are included in the water reused and recycled figure due to data quality constraints. Zero water circulation is assumed for all other sites to be conservative.

At non-manufacturing sites, recirculated water primarily comes from car wash facilities at owned retailers. Estimations use a standardised amount of water recycled per car wash, multiplied by the number of cars washed.

Water withdrawal reduction from own operations per manufactured car

Defined as a percentage decrease in water withdrawal per car manufactured, using 2018 as the baseline year. The metric is calculated by dividing the total water withdrawal (excluding harvested rainwater) by the number of cars manufactured and comparing this ratio to the 2018 baseline.

Rainwater harvesting is excluded from total withdrawal figures when calculating the KPI, as it is considered a sustainable practice that reduces reliance on conventional water sources and mitigates urban runoff and flooding risks.

Water consumption per revenue

Based on total water consumption (m^3), divided by total revenue (MSEK), as reported in the consolidated income statement. See Note 2 Revenue in the consolidated financial statement for information on total revenue.

Water

In this chapter water refers to freshwater only ie. groundwater and surface water with a mean salinity of <0,5 per cent.

WATER WITHDRAWAL REDUCTION AMBITION

IRO	Ambition	Type	Value chain	Base year	Base year unit	Ambition 2030	Ambition 2025	Progress 2025	Progress 2024
Withdrawal and consumption of water contributing to water stress	To decrease freshwater withdrawal per manufactured car in our own operations	Per cent	Own operations	2018	3,8 m^3/ car	50%	—	29%	20%

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Biodiversity and ecosystems

We contribute to biodiversity loss through emissions throughout our value chain, supply chain activities such as raw material extraction that degrade ecosystems and harm species, as well as impacts from operations within our own facilities and the use phase of our products. At the same time, we face risks due to our reliance on ecosystem services – such as water availability and natural hazard regulation – which are increasingly threatened. These impacts and risks motivate us to contribute to a nature-positive ambition and more sustainable sourcing practices to protect long-term operational stability.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
DIRECT IMPACT DRIVERS OF BIODIVERSITY LOSS			
Raw material extraction and production of components, manufacturing of cars and fuel as well as tailpipe emissions have a negative impact on climate change and pollution which drives biodiversity loss.	Actual negative impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
IMPACT ON THE STATE OF SPECIES			
State of species are impacted from activities in our supply chain, from the use phase of our products as well as from our sites in or near Key Biodiversity Areas.	Actual negative impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
IMPACTS ON THE EXTENT AND CONDITION OF ECOSYSTEMS			
Impact occurs upstream in activities such as construction of mines for raw material extraction through land degradation and by our sites through environmental disturbances such as light and noise pollution.	Actual negative impact	Short-term, mid-term, long-term	Upstream, own operations
IMPACTS AND DEPENDENCIES ON ECOSYSTEM SERVICES			
Our upstream supply chain has a negative impact and affects the proper functioning of ecosystems.	Actual negative impact	Short-term, mid-term, long-term	Upstream
Our upstream supply chain depends heavily on provisional service such as water availability and regulating services from vegetation that helps stabilize soil and prevent landslides.	Risk	Short-term, mid-term, long-term	Upstream

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

VOLVO

Our policies

We set clear expectations for actors in our value chain through our Code of Conduct for Business Partners. They are expected to assess the character and context of their activities, particularly in or near Key Biodiversity Areas (KBA), and evaluate their potential impact on ecosystems. We require our partners to prioritise actions that avoid and mitigate negative impacts, including those related to climate change, pollution and land use change. They shall not procure or finance raw materials that contribute to deforestation, habitat destruction or deep-sea mining. In addition, we encourage active participation in restoration efforts and the protection of natural ecosystems and endangered species.

Business partners are also expected to have a robust risk assessment in place before starting operations or engaging in activities where the rights of indigenous people or local communities may be adversely affected, and implement mitigating actions as required.

Our position on nature and biodiversity outlines how we aim to reduce our impact on ecosystems and contribute to their regeneration. We recognise that biodiversity loss is driven by climate change, pollution, land-use change and unsustainable resource extraction – issues that intersect with our operations and supply chain. We seek to avoid and reduce negative impacts on biodiversity, restore ecosystems and transform our business to support long-term ecological resilience. This includes integrating biodiversity considerations into our sourcing, product development, and operational decisions.

Policy[1]	Scope
Code of conduct for Business Partners	Upstream, downstream
Position on nature and biodiversity	Own operations, upstream, downstream
Position on sustainable steel	Own operations, upstream, downstream
Position on sustainable plastics	Own operations, upstream, downstream
Position on sustainable materials	Own operations, upstream, downstream
Position on circular economy	Own operations, upstream, downstream

1) More information regarding Volvo Cars' position papers can be found on page 142.

Our actions

We aim to contribute to a nature-positive future by reducing our impact across the value chain, from sourcing and manufacturing to operations and product use. By integrating biodiversity considerations into our environmental requirements, supplier engagement and site-level planning, we are building a more responsible and resilient business. These efforts support our broader sustainability ambitions and contribute to protecting ecosystems and species.

Strengthening biodiversity action through product and material choices

During the year, we conducted scenario analyses grounded in our annual biodiversity impact assessment to evaluate how strategic choices, such as shifting product portfolios, advancing electrification and increasing recycled content, may influence key biodiversity impact drivers.

These forward-looking evaluations guide our work towards contribution to a nature-positive future.

As tailpipe emissions are a significant driver of biodiversity loss, our transition to electrification is reducing the impact of our products during the use phase. This shift directly addresses climate change-related pressures on biodiversity by eliminating greenhouse gas emissions from car use.

Another area of focus is our upstream value chain, where the extraction and processing of materials can contribute to climate change, pollution and land degradation. To address these challenges, we are actively strengthening responsible sourcing practices and increasing the recycled content in our products. In 2025, we reached 19 per cent recycled content in our new car models and 20 per cent recycled content across the fleet. Our new EX60, launched in January 2026, is estimated to have at least 27 per cent recycled content.

Driving biodiversity measures in operations and sourcing

During the year, we implemented site-level actions at some key sites, such as natural value assessments and measures and actions to reduce light pollution in new buildings. We have also implemented biodiversity monitoring and habitat restoration in connection with our newly constructed plant in Košice, Slovakia. In addition, we aim to eventually develop ecosystem and biodiversity action plans and pursue building certifications to further integrate biodiversity considerations into our operations for improved biodiversity planning and site-level impact mitigation.

We also broadened the integration of biodiversity considerations across multiple supplier engagement processes to promote sustainable sourcing and mitigate our dependencies and negative impacts on ecosystems and biodiversity. This includes requiring suppliers to adopt approaches aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) and the Locate, Evaluate, Assess, and Prepare (LEAP) framework where appropriate

set measurable targets for pollution and biodiversity and actively contribute to conservation and restoration efforts.

Biodiversity requirements for business partners have been strengthened by requesting to appropriately assess their biodiversity impact, to not engage in harmful sourcing practices such as deforestation and deep-sea mining, and encouraging restoration efforts and protection of ecosystems and endangered species.

Looking ahead, we plan to engage suppliers of specific materials to understand their progress in reducing and preventing negative impacts on biodiversity.

Assesing the impacts of our operations

We annually assess the risk of our operational activities impacting biodiversity-sensitive areas by identifying which of our sites are located within or near KBA in combination with the type of activity at the site. During 2025, we identified that 31 of our operational sites are situated in or adjacent to such areas.

Biodiversity – Land use and ecological sensitivity	2025	2024
Sites in or adjacent to KBA, location of adjacent sites	31	34
Hectares in or adjacent to KBA	1,026	977
Share of hectares in or adjacent to KBA, %	35	34
Estimated impact on biodiversity from Volvo Cars' value chain, species.year	166	177

While we have not yet conducted detailed quantification of our impacts on local habitats or species, we recognise that our presence in or near these areas may contribute to pressures on biodiversity. These could include habitat disturbance, fragmentation or other indirect effects that could lead to the deterioration of natural habitats. As such, we are taking steps to better understand these interactions and to integrate biodiversity considerations more systematically into our environmental management practices.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

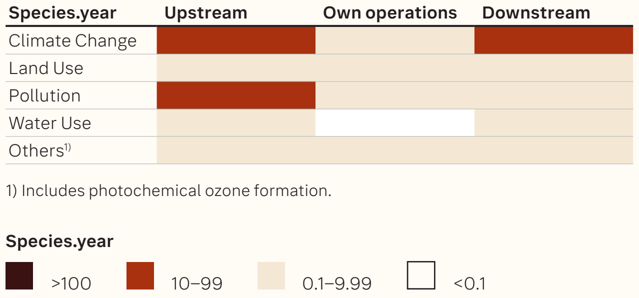
Site location	Activity potentially impacting KBA areas	Biodiversity-sensitive area potentially impacted
Torslanda, Sweden	Manufacture of motor vehicles	Torslandaviken
Gent, Belgium	Manufacture of motor vehicles	Gentse Kanaalzone
Daqing, China	Manufacture of motor vehicles	Longfeng Wetland Nature Reserve
Taizhou, China	Manufacture of motor vehicles	Taizhou Wan
Košice, Slovakia	Construction of buildings	Košická kotlina

Assessing biodiversity risks and value chain impacts

During the year, we advanced our work on biodiversity in the supply chain by conducting a biodiversity risk assessment for our directly contracted direct material suppliers, using the WWF Biodiversity Risk Filter to identify sites located in high-risk areas. This has deepened our understanding of biodiversity related risks in the upstream value chain, enabling us to take more targeted and effective actions.

Further we are using species.year as a metric to describe the biodiversity impact of our full value chain. The metric consists of twelve different impact categories summarised into the five main categories of climate change, land use, pollution, water use and others. These together give a comprehensive measure of different types of impact on different types of ecosystems.

The species.year metric is also used to inform our scenario analyses to explore how different strategic choices – such as product portfolio composition, the transition to full electrification and increased use of recycled content – could affect our resilience to biodiversity and ecosystem related risks. These scenarios focus on the most significant impact areas and look ahead to 2040 to capture long-term risks and opportunities. The scenario work has highlighted the potential of various pathways for us to contribute to a nature-positive future.



1) Includes photochemical ozone formation.

Stakeholder collaboration

We are also one of the funding partners of the Bee-Go MoU where we collaborate with multiple external stakeholders including the City of Gothenburg and University of Gothenburg. Together we have carried out the first collaborative project to promote biodiversity and sustainable areas. Looking forward we will work together on 16 ambitions aligned with the Kunming-Montreal Global Biodiversity Framework.

When relevant, we engage with local communities to understand context-specific considerations and to help identify appropriate approaches. In some cases, this has included applying nature-based solutions to mitigate potential impacts on ecosystems and surrounding communities.

Our ambitions

Although specific measurable outcome-oriented ambitions related to biodiversity and ecosystems have not yet been adopted, we have a long-term ambition to be net positive across our value chain and to contribute to a nature-positive future. This ambition guides our strategic approach and the development of actions to mitigate impacts in our value chain and engage in restoration activities. When developing our long-term ambition for biodiversity, we undertook scenario analyses to understand the effect of potential future production and plans on biodiversity and to develop strategies and plans that balance economic stability with impact mitigation measures, aligned with the vision of the Kunming-Montreal Global Biodiversity Framework.

We track our performance towards contributing to a nature-positive future through yearly assessment of the impact from our full value chain. This has been assessed since 2022 and is analysed per pressure type as well as by different products, materials and by different parts of the value chain.

Our work on biodiversity is closely linked with other environmental topics, such as climate change, water management and resource use for which we have clear ambitions. See pages 160, 169 and 176 for more information.

Definitions and methodology

Species.year

Estimated biodiversity impact that indicates relative pressures on biodiversity throughout the value chain. Calculated using the ReCiPe 2016 method to evaluate the lifecycle impact from raw material extraction to end-of-life. Bill of Materials (BoM) and material weights for all cars, including processing and packaging was used for upstream impact. For our operations, a mix of generic data and specific internal data was used focusing on activities estimated to have the highest potential impact.

For downstream, data on water usage for car washes, replacement parts, and consumables, alongside Life Cycle Assesment (LCA) data for fuel, electricity and end-of-life treatment, were considered.

The estimated biodiversity impact indicates relative pressures on biodiversity through the value chain, but is not an exact measure of species loss.

Sites and hectares in or adjacent to Key Biodiversity Areas

A year-end snapshot of all Volvo Cars owned and leased facilities and land was used. Facilities were grouped into sites based on proximity and operational relevance. For leased buildings, the total leased floor area is used to represent the land use even though area over multiple floors is an over-representation. These site locations were compared against KBA using a 5 kilometre threshold to determine adjacency. Results are reported as the number of adjacent sites and total hectares.

Net positive

The concept generally means to do more good than bad. Our definition is that we will strive towards net positive by engaging in decreasing negative impact from value chain activities as well as engaging in restoration activities.

Nature positive framework

A global vision framework aimed at halting and reversing nature loss. It focuses on two main areas, restoration of nature and decreasing negative impact. Our definition is that we have contributed to nature positive when the impact from our full value chain is decreasing relative to a baseline.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Resource use and circular economy

Our resource use and waste generation contribute to environmental impacts, particularly through raw material extraction, linear elements of product design and end-of-life outputs. At the same time, we face risks from limited access to sustainable materials and increasing regulatory demands around circularity and recycling. These impacts and risks are accelerating our shift toward circular business models, sustainable sourcing and more efficient resource management across the value chain.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
RESOURCE INFLOWS, INCLUDING RESOURCE USE			
The negative environmental impact of our resource inflow occurs primarily in connection with extraction of raw materials and their use in our supply chain, before reaching our operations.	Actual negative impact	● ● ●	Upstream, Own operations
Financial risk based on limited availability of sustainable materials on the market due to supply and demand dynamics.	Risk	● ● ●	Upstream, Own operations
RESOURCE INFLOWS AND RESOURCE OUTFLOWS			
Scaling and expanding circular business models can generate financial opportunities.	Opportunity	● ● ●	Upstream, Own operations, Downstream
RESOURCE OUTFLOWS RELATED TO PRODUCTS AND SERVICES			
Business model dependent on volume-driven growth, leading to large amounts of cars placed on the market, which can be associated with negative impacts on environment and society in the product use phase and end-of-life.	Potential negative impact	● ● ●	Own operations, Downstream
Increasing regulatory requirements regarding end-of-life disassembly and recycling are driving a strong integration of circular design principles. Failing to meet these high standards poses a non-compliance risk.	Risk	○ ● ●	Upstream, Own operations
WASTE			
Waste generated throughout the value chain from raw material extraction and processing to production, packaging and end of life has a negative impact on the environment.	Actual negative impact	● ● ●	Upstream, Own operations, Downstream

UPSTREAM OWN OPERATIONS DOWNSTREAM

●○○ SHORT-TERM ○●○ MID-TERM ○○● LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our policies

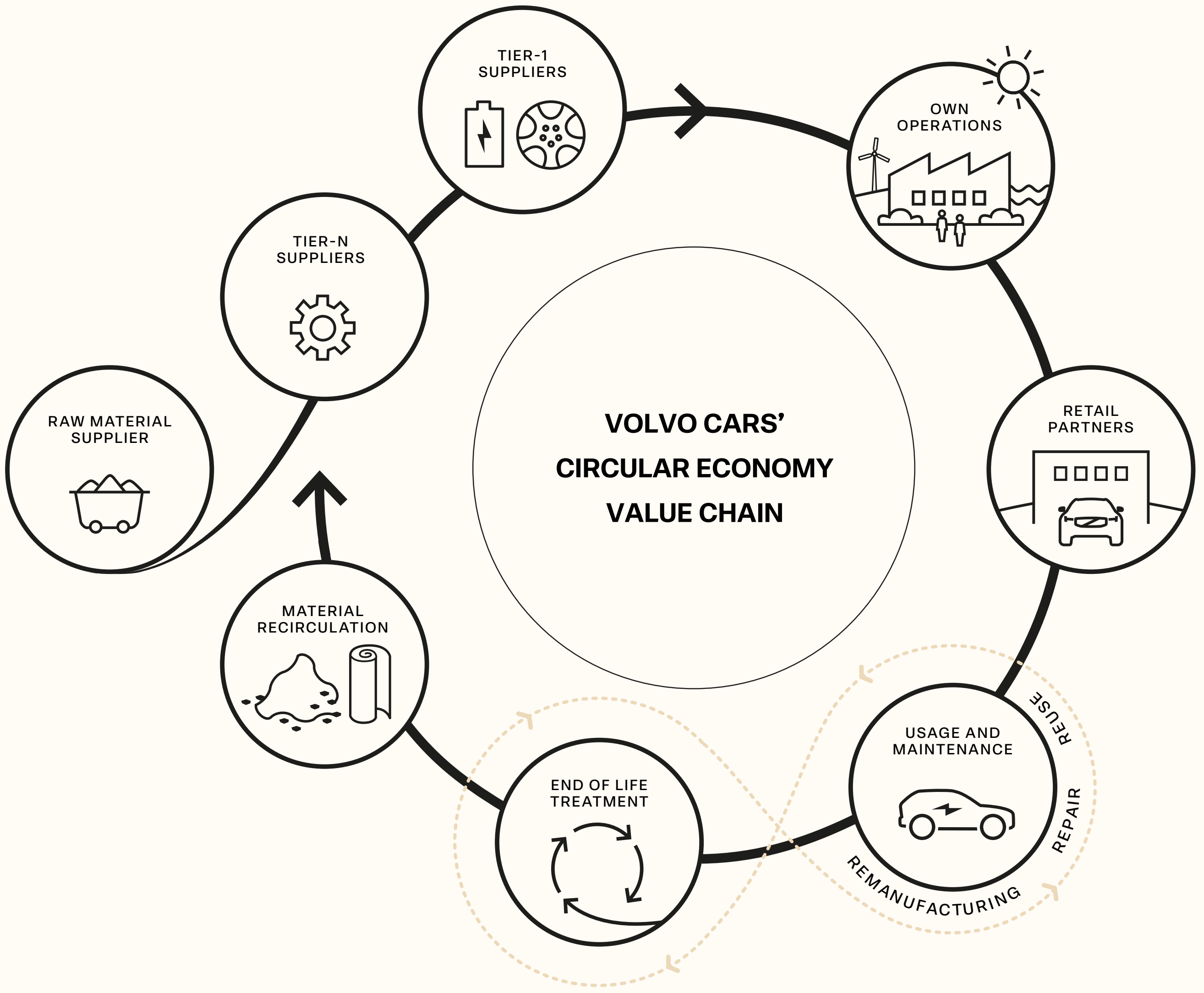
Our Code of Conduct for Business Partners sets expectations on actors in our value chain to adopt circular principles and improve resource efficiency. Business partners are requested to use resources responsibly and actively work to improve resource efficiency. In our Sustainability requirements we further require suppliers to strive towards maximising recycled content in all materials and components delivered to Volvo Cars. We use our sustainability steering process with our suppliers to assure that all quality and performance requirements are met, while increasing the use of recycled content. The purpose of these efforts is to increase the circularity of our products and minimising environmental impact.

Our position on circular economy outlines how we aim to decouple financial growth and customer value from resource consumption and environmental impact. We recognise that the extraction and processing of natural resources is a major driver of climate change, biodiversity loss and pollution. By transitioning to a circular business, we aim to reduce our dependence on primary resources, eliminate waste and generate financial value.

Our approach to waste management is guided by the waste hierarchy, prioritising prevention and minimisation over treatment. Our internal Resource Management Directive guides our efforts in this direction.

Policies[1]	Scope
Position on circular economy	Own operations, upstream, downstream
Position on sustainable materials	Own operations, upstream, downstream
Position on sustainable steel	Own operations, upstream, downstream
Position on sustainable plastics	Own operations, upstream, downstream
Position on responsible sourcing	Own operations, Upstream
Code of conduct for Business Partners	Upstream, Downstream
Resource (waste) Management Directive	Own operations

1) More information regarding Volvo Cars' position papers can be found on page 142.



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our actions

We aim to accelerate the transition to a circular economy by reducing resource use, extending material lifecycles and eliminating waste across our value chain. By embedding circular principles into product design, procurement, operations and retail, we are building a more resource-efficient and resilient business. These efforts support our broader sustainability ambitions and contribute to decoupling growth from resource use and environmental impact.

Advancing circularity across materials

Circular resource efficiency in operations

The use of recycled content in our products is a significant catalyst to reduce our environmental footprint in general, and resource use in particular. This year we signed a new agreement with Swedish steel firm SSAB to supply high-quality recycled steel with near-zero emissions. This directly supports our aim to reduce reliance on virgin materials and minimise the environmental footprint associated with resource extraction. The recycled steel will be used in selected components of the new Volvo EX60 launched in January 2026, as well as other cars based on our next-generation SPA3 car architecture. The EX60 is designed with the highest share of recycled content of any Volvo car to date, estimated at a minimum of 27 per cent.

Weight reduction and material utilisation degree (MUD) are important enablers of our resource efficiency ambitions, helping to lower the environmental footprint of our cars by reducing raw material demand, minimising production waste and improving overall material efficiency. We have been able to reduce the weight of selected parts by up to 70 per cent, in one case achieving a six kilogram reduction in aluminium. This is made possible through new technology, strengthened collaboration throughout the value chain as well as continuous optimisation of engineering and manufacturing technologies.

Scrap steel accounts for around 75 per cent of the total waste generated. To capture resource value and increase resource efficiency larger stamping cut-outs are separated and flattened for direct sale, enabling the reuse of around 10 kg of steel per car and reducing waste per car in our stamping operations.

We have also implemented targeted reuse practices at non-manufacturing operations. These include reusing pallets, filler material and cardboard boxes to enable their use as material resources.

At our Swedish sites, we have introduced a reuse strategy for construction materials and other assets and established reuse hubs to expand circular activities.

Circular principles in supplier and retail practices

In our Code of Conduct for Business Partners and Sustainability Requirements, we have strengthened our requirements for business partners to encourage the adoption of circular practices and responsible waste management, while also increasing transparency and quality regarding recycled content.

During the year, we have followed up with our suppliers through annual assessments to verify targets and track waste flows, monitoring the percentage directed to reuse, recycling, landfill and incineration. We continue to monitor our suppliers´ waste practices, and to date, 1,039 of our directly contracted supplier sites have set a waste reduction target. This ammounts to 89 per cent of our suppliers that have completed our Environmental assesment (EA).

Downstream, we supported our global retail network with sustainability toolkits and guidelines to improve recycling, material sorting and component value retention. These efforts aim to reduce landfill and incineration while maximising the value of materials in use.

Circular business

We have a wide range of circular business activities that deliver cost savings and generate revenue for the business, while reducing the need for primary materials. The main streams include remanufacturing and repair, waste trading and weight reduction actions.

Our battery centres in Asia and South America help maximise battery use through repairing and refurbishing high voltage batteries. When our cars require a battery exchange this can easily be replaced with a refurbished one. This circular initiative prolongs the lifespan of our fully electric cars even further, helping to reduce concerns around battery life. This helps create customer value while enhancing value retention and reducing our environmental impact. Looking ahead, we will continue to close material loops, scale circular business models and further embed circularity across our operations and value chain.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our ambitions

Volvo Cars has defined circularity ambitions that support our broader policy objectives of reducing environmental impact, improving resource efficiency, and enabling a more circular business model. These ambitions are embedded in our sustainability strategy and reflect our commitment to responsible circular economy across the value chain.

Recycled content in cars

To reduce reliance on primary raw materials and increase circular material flows, we established ambitions for the amount of recycled content in our cars. To define these ambitions, we applied the principles of ISO 14021 and aligned with the objectives of the EU Circular Economy Action Plan, European Battery Regulation and the EU Critical Raw Materials Act (CRMA). Our ambitions are developed based on dialogues with suppliers and material specialists, reflecting both industrial averages and realistic advancements in incorporating recycled materials into components. Key assumptions when developing our ambitions include achieving our fleet electrification goals by 2030. Progress toward our ambitions is monitored and reported internally on a quarterly basis.

One of Volvo Cars' circular economy ambitions entails the utilisation of 25 per cent recycled and biobased content in new car models by 2025. We achieved this ambition with an overall recycled content share of 27 per cent for the EX60 launched in January 2026. We are on track and remain committed to our long-term sustainability ambitions.

Waste management in operations

We aim for a recirculation rate of more than 99 per cent from our own operations by 2030, limiting incineration and landfill to less than 1 per cent. This ambition supports our goal of minimising environmental impact from waste. It is based on solid data and a deep understanding of how the different waste streams are generated. Internal stakeholders, along with selected business partners, have been involved in the ambition-setting process to assess the feasibility of roadmap actions. It is supported by improved sorting, analysis of mixed waste and closed-loop systems for production scrap. Performance is tracked and reviewed annually.

In 2025, we increased our recirculation rate by one per cent, in line with our expected average improvement of one per cent per year.

Circular business value creation

In 2018, we set a circular business ambition to increase revenue and cost savings, targeting SEK 1 billion in incremental value by 2025, compared to our 2018 base year. In 2025, our circular business value pools generated approximately SEK 1,535 million in combined revenues and cost savings.

The circular business ambition was not fully met, primarily due to negative effects from volatile metal prices, lower stamping volumes and business decisions, including the closure of the Volvo on Demand service. Even so, the results provide a solid foundation for future growth in the contribution of circular activities. Our 2025 ambition also strengthened internal processes, refined the methodology for recognising and tracking circular value, and raised awareness of circular principles across the company. As we establish future ambitions, the learnings from the 2025 approach – both its strengths and shortcomings – will inform a more robust, margin-oriented approach with improved integration into our financial systems and clearer traceability across value pools.

Resource inflows

We rely on a wide range of resource inflows across our operations and upstream value chain. These include materials, water, packaging and physical assets that are essential to car production and business operations.

Materials and critical raw materials

More than 85 per cent of our cars´ weight consists of steel, iron, aluminium and plastic materials. In addition, our products rely on components that contain finite and critical raw materials such as lithium, cobalt, nickel, manganese and rare earth elements. While the absolute quantities of these materials are low, their extraction and processing can have significant environmental and social impacts. These are classified as Raw Materials of Concern (RMoC) and are subject to enhanced due diligence in the sourcing process.

Packaging

Packaging plays a crucial role in our operations, supporting the transport of materials, components and equipment. Due to the scale of our global operations, packaging represents a significant resource inflow. Where viable, we use returnable packaging, which has a lifespan of several years. We also aim to use packaging solu-

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

CIRCULAR ECONOMY AMBITIONS

IRO	Ambition	Type	Value chain	Base year	Base year unit	Ambition 2030	Ambition 2025	Progress 2025	Progress 2024
Extraction of raw material has a negative impact on the environment	Increase the percentage of recycled material on a fleet level	Per cent	Own operations	—		30% fleet level	—	20%	20%
	Increase the percentage of recycled material in new car models	Per cent	Own operations	—		35% new models	25% new models	19%	18%
Waste generated throughout our value chain has a negative environmental impact	We aim for a recirculation rate of more than 99 per cent from our own operations by 2030	Per cent	Own operations, downstream	—		99% recirculation rate	—	95%	94%
Scaling and expanding circular business models can generate financial opportunities	Generate an additional one billion SEK through adoption and expansion of circular business initiatives	Absolute	Own operations, Downstream	2018	1,385 million SEK	—	+1 billion SEK	+149 m SEK	+266 m SEK

Material breakdown in fleet, kilo tonnes	2025	2024
Steel and iron	697	757
Aluminium	213	227
Battery materials [1]	42	46
Plastic materials	276	298
Copper	32	35
Fluids	16	17
Glass	38	42
Natural materials	3	4
Other metals	21	23
Other materials	15	17
Total	**1,352**	**1,465**

1) Includes anode and cathode active materials.

tions that minimise material consumption. Our returnable packaging pool amounts to a total weight of 58,726 tonnes, designed for repeated use over several years. Additionally, the amount of standard expendable packaging and spare part packaging used during 2025 was 55,286 tonnes. Both the standard expendable packaging and the packaging used in our returnable packaging pool are 100 per cent recyclable.

Property, plant and equipment

We are currently expanding our manufacturing network with the construction of a new factory in Košice, Slovakia, while simultaneously ramping up megacasting capabilities. These initiatives require substantial resource inflows and outflows, which temporarily increase our direct environmental footprint. However, these investments are critical to enabling future efficiencies and electrification ambitions, supporting our long-term decarbonisation and circular economy ambitions.

Resource inflows, tonnes	2025	2024
Total weight of products and technical and biological materials used	1,352,125	1,465,284
Weight of secondary materials	267,665	288, 659
Share of secondary materials, %	20	20

Resource outflows

Our main resource outflows include the cars we manufacture and place on the market, spare parts, packaging materials used for logistics and aftersales and production waste. We apply circular design principles to extend product lifecycles, facilitate reuse and repair and minimise waste.

Design and engineering for circularity

Circularity is embedded in our product development process. At the R&D stage, we set requirements for durability, repairability, disassembly and recycled content. We apply design-for-circularity and engineering-for-sustainability principles, including material selection with recycled or renewable content, reduced part complexity and lifecycle-based performance criteria.

Durability and lifecycle extension

Our cars are designed for long-term use and multiple ownership cycles. We support this through extended warranty services, availability of spare parts for at least 15 years after production, and initiatives to reuse tools and components within our operations. The commonly assumed lifetime driving distance of 200,000 km and 15 years is often used in passenger car Life Cycle Analysis (LCA) studies as a basis for product durability and comparability assumptions. However, official data of scrapped cars in the Swedish market shows that our products typically last an average of 20 years in Sweden.

Repairability

When reparations are needed, our products are made to be easily disassembled, repaired or replaced, with the help of clear repair instructions at our service facilities. By offering customer-focused service and a wide range of spare parts, we strive to make it easy for our customers to extend the lifetime of our cars, thereby increasing resource efficiency. There is currently no industry standard or index that can be used for comparing Volvo Cars´ product repairability performance to other car makers.

Remanufacturing and reuse

Our aftersales organisation aims to keep components in circulation by remanufacturing or reusing them. We are investing in regional battery remanufacturing centres and developing capabilities to repair and refurbish high-value components. These efforts help retain material value and reduce the need for primary material inputs.

Component value retention	2025	2024
Total material saved due to remanufacturing (weight of parts), tonnes	316	360
CO_2 saved from reuse of aluminium, steel and copper, tonnes	2,731	2,947
Number of remanufactured parts	31,401	22,227
Number of refurbished batteries[1]	1,788	1,133
Parts and components being recycled, tonnes	1,499	1,256

1) Battery number in this report refers to complete high voltage battery pack (one per vehicle).

Recyclability and end-of-life compliance

All Volvo cars are designed according to the same principles: to achieve at least 95 per cent recoverability and 85 per cent recyclability, something that is verified when sold on EU markets. Ensuring end-of-life recyclability is vital to retaining the value of materials, and we support this through design for disassembly and material selection.

In parallel, we implement closed-loop systems for production scrap, such as aluminium and steel, to reduce waste and retain material value during manufacturing.

Circular business models

We have several functioning business models within the company including product life cycle extension services, closing material loops with material suppliers and used car refresh and sales. We are also exploring new circular value creation opportunities, including energy services, as well as leveraging car data to support safer and more efficient mobility. These business models help decouple resource use from revenue generation.

Waste

Our main waste streams consist of metals, primarily steel and aluminium. Non-hazardous waste consists largely of packaging materials such as plastics, cardboard and wood, as well as non-hazardous sludge from paint shops. Hazardous waste includes sludge from paint shops, solvents, oils and other chemical residues. To better understand and reduce the volume of mixed waste that cannot be recycled, we conduct sample analyses of mixed waste fractions. These efforts support improved sorting, higher recycling rates and the reduction of landfill waste.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Waste, tonnes	2025	2024
Hazardous waste	8,981	11,846
Directed to recycling	5,040	5,767
Directed to disposal by incineration with energy recovery	2,605	2,965
Directed to disposal by incineration without energy recovery	718	1,599
Directed to disposal by landfill	618	1,515
Non-hazardous waste	132,438	210,209
Directed to recycling	120,551	197,263
Directed to disposal by incineration with energy recovery	9,253	10,993
Directed to disposal by incineration without energy recovery	272	632
Directed to disposal by landfill	2,361	1,321
Total waste generated (excluding reuse)	141,419	222,061
whereof metal	80,325	148,308
Non recycled waste	15,827	19,025
Non recycled waste, %	11	9
Recirculation rate, %	95	94

Definitions and methodology

Recycled material ambition

Our 2025 and 2030 ambition in fleet and new models can be reached using a combination of bio-based materials (based on the mass balance approach) and physically and/or chemically recycled materials. Fleet refers to the annual produced volumes of Volvo-branded cars.

Total weight of products and technical and biological materials

Calculation is based on the Bill of Materials (BOM) for every Volvo Cars-branded cars produced during the reporting period. The total weight of the car is calculated by summing the weight of all parts in the BOM. Material composition of each part is determined using the International Material Data System (IMDS).

Due to current limitation of data availability, production waste, packaging, and spare parts are not included in the calculation.

Weight of secondary materials

The proportion of recycled materials is based on global average recycled content as well as data reported by suppliers. The global average recycled content values per material category are taken from established industry-accepted environmental databases. If no generic recycled content information is available for a material, a recycled content of zero is assumed.

Waste

Waste includes the total volumes sent for recycling, incineration, and landfill as a result of our own operations. The reported volumes reflect the measured amounts sent to each waste-handling route. Reused waste is not considered waste in the reporting in accordance with legislation.

Non-recycled waste

The total volume of incineration and landfilling in relation to total waste. Incineration includes processes both with and without energy recovery.

Recirculation rate

The indicator reflects the proportion of waste that are redirected to reuse, recycling or by-products relative to the total operational output (excluding products). The numerator comprises reuse, by-products, and recycling derived from waste streams. The denominator represents all waste streams, together with reuse and by-products.

Circular revenue and cost savings ambition

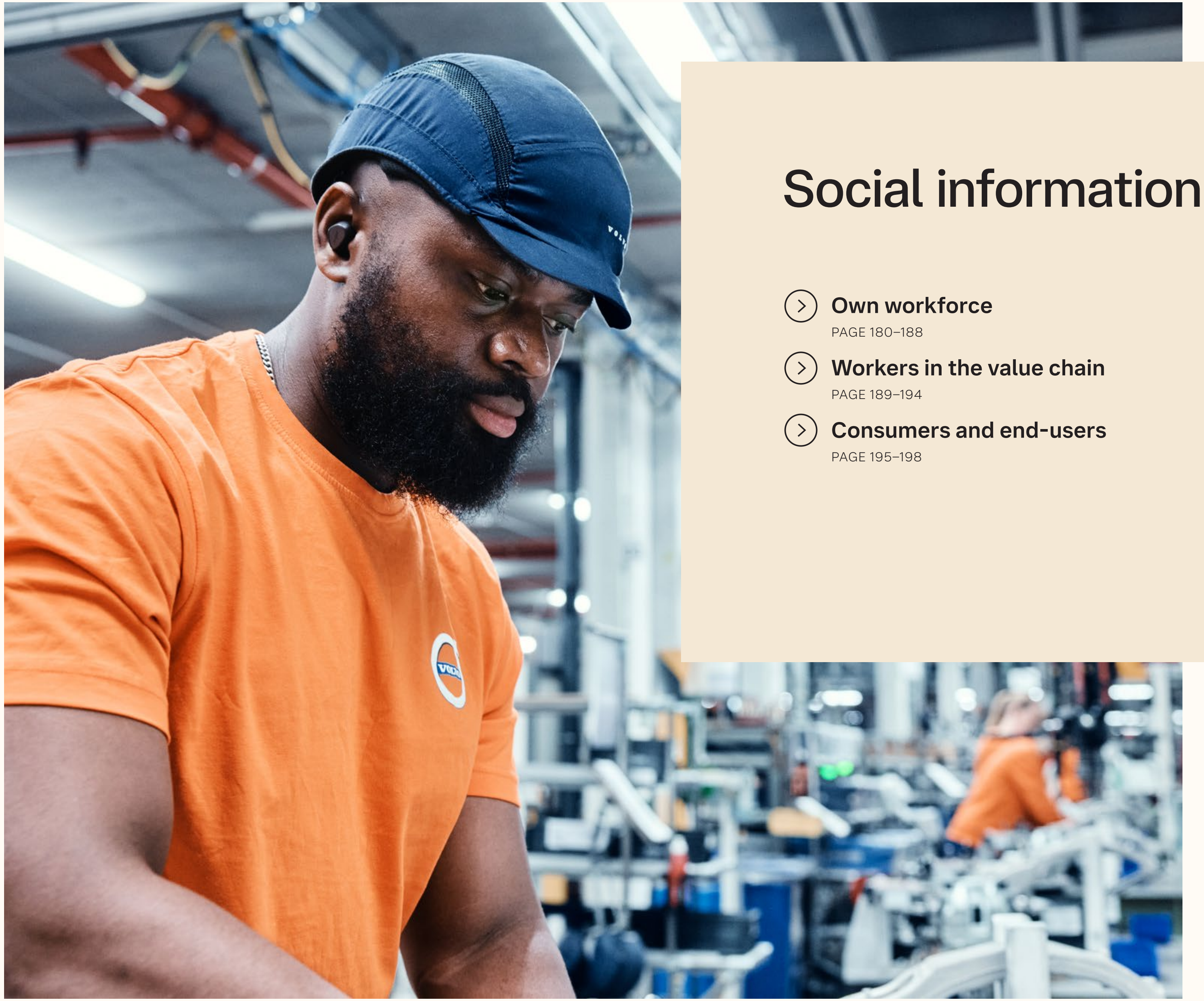
Our circular business ambition anchors our definition of the circular economy as an economic system that decouples resource use from financial performance. To ensure progress toward this decoupled system, we apply the 9R framework and refer to ISO 59004:2024 in shaping our approach. We also maintain an ongoing dialogue about our ambitions with NGOs such as the Ellen MacArthur Foundation.

Revenue and, where possible, cost savings are derived from our financial systems. In some cases cost savings are linked to decisions that reduce costs but are not included in the financial systems.

CO_2 savings from remanufacturing

The metric represent the avoided emissions achieved when restoring used parts instead of producing new ones. The calculation is based on all remanufactured articles received during the year and the measured share of material reused for each functional group in our reman process. The difference between emissions for producing a new part and those for remanufacturing adjusted for actual reuse levels constitutes the CO_2 saving.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222



Social information

Own workforce
PAGE 180–188

Workers in the value chain
PAGE 189–194

Consumers and end-users
PAGE 195–198

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Own workforce

We create an impact on our workforce – employees and non-employees – by upholding fair labour practices, ensuring safe working conditions, and maintaining a strong commitment to health and safety. Anchored in our strategic framework and guided by our culture and leadership principles, we develop our people, foster a growth mindset, and build a high-performance culture.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
WORKING CONDITIONS			
Health and safety Workplace health and safety risks can impact workers leading to injuries, illnesses and increased sick leave.	Potential negative impact	●●●	Own operations
Work-life balance By offering employees paid parental leave globally, gender gaps can be narrowed and parents are supported to balance the demands of work and family.	Potential positive impact	●●●	Own operations
Adequate wage By paying living or above living wage in all countries, likelihood for respect for labour rights and decent work are strengthened.	Actual positive impact	●●○	Own operations
Social dialogue, freedom of association, collective bargaining Operating in countries where restrictions on freedom of association and collective bargaining are restrained or do not exist, can impact workers by limiting their ability to negotiate for better working conditions.	Potential negative impact	●●○	Own operations
Working time Undergoing significant transformation in a rapidly changing industry which may create uncertainty in employees' working time.	Potential negative impact	●●●	Own operations
Secure employment Collectively negotiated insurance, regulated working conditions, wages, and benefits provide our employees with security.	Actual positive impact	●●●	Own operations

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL			
Gender equality and equal pay for work of equal value There is a potential negative impact of not providing equal pay for equal work, with certain regions facing heightened risks of inequality and discrimination in the workplace.	Potential negative impact	●●●	Own operations
Training and skills development Volvo Cars may provide a positive impact by supporting employees develop new skills and stay relevant in times of rapid technological shifts.	Potential positive impact	●●●	Own operations
Measures against violence and harassment in the workplace Violence and harassment in the workplace negatively impact employees' well-being and damage corporate culture.	Potential negative impact	●●○	Own operations
Diversity By building an inclusive workplace that embraces diverse talents and backgrounds, we create an environment where equal opportunities can thrive.	Actual positive impact	●●●	Own operations
OTHER WORK-RELATED RIGHTS			
Child labour Child labour within our workforce would have severe negative consequences, with potential risk in regions employing young workers.	Potential negative impact	●●○	Own operations
Forced labour Forced labour within our workforce would have severe negative consequences, with potential risks in regions where regulatory enforcement is weak.	Potential negative impact	●●○	Own operations
Privacy Potential negative impact on workforce privacy, if a data breach takes place, particularly given the potential risks associated with using large volumes of employee personal data.	Potential negative impact	●●●	Own operations

UPSTREAM OWN OPERATIONS DOWNSTREAM

●○○ SHORT-TERM ○●○ MID-TERM ○○● LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our workforce

Volvo Cars is a global premium car maker headquartered in Gothenburg, Sweden. With approximately 45,000 employees worldwide, we maintain a strong international presence while remaining deeply rooted in our Swedish heritage. The Gothenburg headquarter houses core functions such as product development, marketing and administration. Our major production facilities are in Gothenburg (Sweden) and Ghent (Belgium), as well as in Charleston (US), Chengdu, Daqing and Taizhou (China). Our research and design centres are located in Gothenburg and Shanghai. Our employees span a wide range of disciplines, including automotive production, software and electrical engineering, battery technology, information technology and design. This diverse expertise supports our continued evolution in a rapidly changing industry. Our transformation towards electrification creates both negative and positive impact for our workforce. Electrification, regionalisation and new ways of doing business demand an organisation and workforce that is flexible, adaptable and continuously improving. Engagement with employees is essential to understanding our impacts and dependencies, and the insights gained inform our strategy and guide our strategic direction.

We operate in regions where there is a structural risk of labour rights violations, such as child or forced labour. In these contexts, the impact is not limited to isolated incidents but is a consequence of societal conditions. Even though we do not consider any own operations at significant risk of such incidents, we have identified this as a potential impact also for our own operations. More information about high-risk countries can be found on page 144.

Employing people in many different regions with different expertise and competencies can also impact the employees in various ways, e.g. related to gender equality and diversity. Some impacts are more directly related to individual incidents, such as accidents in the production operations. The way we operate, and where we do it, also creates positive impact for our workforce. Our commitment to parental leave for all and paying adequate wages in all our regions generate work-life balance and a possibility for people to improve their lives. We are dedicated to creating learning opportunities for up- and reskilling, and, when needed, hire the competence required for our business transformation towards electrification.

Own workforce characteristics

The total employee headcount for 2025 remained largely unchanged to the previous year, totalling 44,605 employees compared to 44,413 the previous year. However, this stability reflects two offsetting factors. In 2025, the reporting scope was expanded to include a broader scope of subsidiaries that had not been included previously, and in 2024 these entities comprised approximately 3,000 employees and 550 non-employees. The comparative figures for 2024 have not been adjusted. More information can be found on page 207. Conversely, this year's headcount decreased due to a redundancy process initiated to simplify our organisational structure by reducing layers and limiting the number of managerial roles. The redundancy process was announced in April 2025 and completed by 1 November the same year. In total, the global redundancies amounted to reduction of approximately 3,000 positions, including 2,000 positions in Sweden – of which around 1,000 were non-employees – and 1,000 positions in the rest of the world. Consequently, the employee turnover for total employees in 2025 rose from 16 per cent to 20 per cent, primarily as a result of the initiated redundancy process.

Own workforce	2025	2024
Total employees	**44,605**	**44,413**
Blue collar	24,458	24,574
White collar	20,147	19,839
Non-employees	**4,899**	**5,752**
Total own workforce	**49,504**	**50,165**

Number of employees per country	2025	2024
Sweden	24,245	22,848
China	6,654	8,601
Belgium	6,684	6,370
Other countries	7,022	6,594
Total employees	**44,605**	**44,413**

Employee turnover	2025	2024
Permanent employees		
Employees who left the company	6,016	4,636
Turnover rate, %	14	11
Total employees		
Employees who left the company	9,477	7,144
Turnover rate, %	20	16

Number of employees by contract type and gender	Women 2025	Women 2024	Men 2025	Men 2024	Total 2025	Total 2024
Permanent employees	10,736	11,081	30,228	30,738	40,964	41,819
Temporary employees	740	815	2,901	1,779	3,641	2,594
Non-guaranteed hours employees	0	0	0	0	0	0
Total employees	**11,476**	**11,896**	**33,129**	**32,517**	**44,605**	**44,413**
Full-time employees	10,116	10,504	30,354	30,225	40,470	40,729
Part-time employees	1,360	1,392	2,775	2,292	4,135	3,684
Total employees	**11,476**	**11,896**	**33,129**	**32,517**	**44,605**	**44,413**

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our policies

Human Rights Statement

Volvo Cars is committed to compliance with internationally recognised human rights standards and guidelines. We have incorporated safeguarding human rights into our Code of Conduct including the People Policy, Code of Conduct for Business Partners and the Sustainability Strategy. Our work with safeguarding human rights is described in our Human Rights Statement. More information can be found on page 143.

People Policy

The purpose of our People Policy is to provide an overview of our company commitment connected to human rights: non-discrimination, no child labour, no forced labour, freedom of association, health and safety, remuneration and working hours.

The People Policy covers all employees, whether working full-time or part-time, under a permanent contract or on a temporary basis, as well as consultants and agency personnel who work at our premises under the direction of Volvo Cars. Our People Policy is accessible to all employees and on-site contractors via the company intranet in multiple languages and forms part of the annual Code of Conduct training. All employees are required to confirm they have read and understood it.

Our policies related to working conditions

The People Policy covers the working conditions of our workforce. We strive to eliminate work-related injuries and fatalities among our employees and contractors. In addition to the People Policy, health and safety is guided by the Health & Safety management system and the Work Environment Directive, including items such as monitoring programmes for preventative actions, provisions of occupational health services and taking research and new technologies into consideration for future work.

The working conditions and terms of employment are designed to facilitate, as far as possible, a sound work-life balance. The Family Bond by Volvo Cars further defines our commitment to being a responsible and parent-friendly employer by offering the possibility to take parental leave, without concerns about family support, career disadvantages or any other form of discrimination.

We are committed to providing employees with working conditions and working hours that comply with statutory requirements. In countries where weekly rest is not regulated by local legislation, internal guidelines are available on the global intranet to ensure compliance.

As an employer, we have the responsibility for respecting workers' rights to freedom of collective bargaining, social dialogue and freedom of association. The Responsible Employer Directive sets out the principles to meet or exceed requirements in labour law legislation and collective labour agreements in every location where we operate.

We have social protection policies that safeguard our employees. Our Pension and Insurance Principles state that all employees shall have insurance benefits covering long-term disability and sickness, occupational injury, death in service and business travel, and have the right to old-age pension benefits that are competitive in the market and country of residence. This includes state and occupational pensions, either defined benefit or defined contribution plans.

We are committed to offering fair compensation and benefits packages, based on transparent and objective criteria that are globally aligned. In line with our People Policy, salaries shall always be equal to or above defined living wage. The Remunerations Directive includes our guiding principles for our reward and remuneration programmes.

Our policies related to equal treatment and opportunities for all

Our Diversity and Inclusion Directive and Discrimination and Harassment Directive set out our principles for equal treatment and opportunities for all. This reflects our commitment to having a diverse and inclusive workplace and our zero tolerance of discrimination, harassment and bullying, including threats and physical abuse.

At Volvo Cars, we ensure all employees have equal opportunities for learning based on competence, in line with our People Policy. Our goal is to enable learning through relevant, impactful and adaptive learning experiences that empower everyone at Volvo Cars to drive their own development and adapt to a continuous changing environment. Our Learning Strategy secures critical skills, provides relevant learning journeys and upholds global standards, while our mandatory learning guideline safeguards compliance, safety and security.

Our policies related to other work-related rights

We respect and work in line with internationally proclaimed standards of human rights. Our People Policy is based on international human rights standards such as the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and UN Global Compact's Ten Principles.

It is explicitly addressed in the People Policy that neither child labour nor forced labour is accepted. We do not tolerate any form of child or forced labour, including debt bondage, trafficking and other forms of modern slavery. Employees shall never be required to deposit identity papers at the start of employment and are free to leave the employment after a notice period, as required by law and contract.

Employee engagement

We encourage open and transparent discussions where employees feel comfortable expressing their views without fear of retaliation. We actively engage with our workforce and employee representatives through employee surveys, union relations, and work environment committees. In line with our commitment to a Speak Up culture in the Internal Reporting Policy, we have established communication channels to ensure employees can raise concerns safely and confidentially.

Employee surveys

The engagement survey forms a key component of our People Listening Strategy. The strategy is overseen by the People Experience function, which is also responsible for ensuring the timely launch and coordination of the engagement surveys.

We conduct one to two engagement surveys per year. The surveys are designed to measure both satisfaction and engagement levels across the organisation. Survey results are analysed at the company-wide, organisational, and team levels. This process provides valuable insights that support the development of a motivated and engaged workforce, which in turn drives improved business outcomes. The insights gained are utilised to facilitate meaningful discussions, enhance clarity and inform targeted actions that strengthen efficiency and effectiveness among people leaders and across the business.

This structured approach to employee engagement is closely aligned with our culture and values. By fostering higher levels of engagement, we aim to enhance overall performance and maintain our position as an attractive employer within the industry.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

In 2025, our engagement survey achieved a response rate of 81 per cent, surpassing the engagement survey platform benchmark of 75 per cent. The engagement survey platform benchmark figure refers to a global average result, across companies in all industries. The overall engagement index reached 75, exceeding the benchmark of 74, though below by one point compared with our ambition of being two points above the benchmark.

As part of our commitment to diversity, equity and inclusion, the survey also incorporates an inclusion index, derived from the questions 'speak my mind' and 'respectful treatment'. The inclusion index helps to identify gaps and gain insights where employees may not feel safe or valued and where appropriate action plans need to be addressed.

Union relations

As an employer in more than 35 countries, we engage with a wide range of unions. We have a dialogue with union representatives through our Volvo Cars European Dialogue Forum, the equivalent to a European Works Council. In addition, we have union representatives in Volvo Cars' Board of Directors.

Where no collective agreements are in place, we maintain close dialogue with employee representatives on health and safety and other employment topics. To ensure employee involvement, our merit review process includes dialogues with employees in personal meetings. Within our policy on freedom of association, collective bargaining and social dialogue, we safeguard the right to join a trade union, or not, without fear of prejudicial treatment.

Grievance channels

We encourage a Speak Up culture that allows everyone to ask questions and raise concerns without fear of retaliation. Employees who notice conduct that may result in a violation of the Code of Conduct are expected and encouraged to report issues in our whistleblowing channel, Tell Us, which is available to the entire workforce and is part of the annual Code of Conduct training. Awareness and trust of processes for raising concerns is measured both through the engagement surveys, which assess factors such as 'ethics' and 'speak my mind', and through specific surveys gathering feedback on employee trust in the whistleblowing channel. Actions taken to provide or enable remedy for actual material impacts on our workforce are managed as part of our remediation process. More information on reporting channels and remediation for our workforce can be found on page 202.

Our actions

Our actions related to working conditions

Safety and well-being

Health and safety is, and has always been, a core priority for Volvo Cars. It is a continuous effort that demands daily attention and commitment. Our global Health & Safety team, with representatives at our major production sites, is responsible for driving our actions within health and safety. We use our Health & Safety management system to describe safe ways of working for all health and safety related topics such as working at heights, occupational medical health checks, risk assessments, work environment inspections, lifting and rigging. It is systematically reviewed to share best practices and adapt to new technologies and legislative change. Safety and well-being is monitored and regularly followed up through our management system routines.

We offer a wide range of health and safety trainings to our employees and supervised contractors, customised to their specific roles and legal requirements to make our workplace safer. All our on-site contractors are required to undergo a mandatory safety training programme before entering our premises.

Our Health & Safety teams support managers and the organisation across all regions, while global process owners ensure a strategic approach in areas such as machine safety, electrified vehicle safety, chemical safety, ergonomics, incident and accident management, personal protective equipment, and legal compliance.

Occupational health services maintain compliance with local legislation on various factors, including work-related medical checks and employee advice. The main focus is on proactive health initiatives for our workforce.

Employees coverage by occupational Health and Safety management system[1]	2025	2024
Employees, %	100	100
Non-employees, %	100	100

1) Percentage of employees covered by an externally certified occupational Health and Safety management system 15 (19) per cent. China is covered to 100 per cent, no other regions are certified.

Proactive risk and incident management

Before changes to the work environment are made, risk assessments are conducted to evaluate the impact on our workforce and to take necessary preventive safety and well-being measures. All workplaces within our manufacturing facilities are risk assessed and updated when changes are made to the process. The assessment is posted at each workstation. Our global incident reporting system is used to analyse data, respond to reported risks and work environment related incidents and support risk assessments for organisational and physical changes in daily operations.

All identified risks are systematically reported, with up to 98,000 incidents recorded annually. The goal is to proactively address and close each risk as promptly as possible. Risks are continuously resolved as they are identified, and typically, approximately 93 per cent of the risks reported in the previous month are closed within the first week of the following month. On a daily basis, manufacturing management meets to review health and safety incidents from the previous day and determine whether any corrective or preventive actions are required. In the event of a significant health and safety incident, a safety alert is issued within 48 hours. Safety alerts and best practice sharing are issued throughout the company to raise awareness about specific risks and initiate mitigation measures.

As a result of proactive and systematic safety efforts, our injury rate (Lost Time Case Rate, LTCR based on 200,000 hours) in 2025 was 0.06. This represented one of our lowest results ever since we started measuring, ranking us among the best in the industry. For 2030, we have set an ambition to achieve an injury rate of no more than 0.02. This ambition reflects our commitment to creating a safe working environment for all our people.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Health and safety metrics	2025	2024
Work-related fatalities		
Employees	0	—
Non-employees	0	—
Work-related injuries		
Employees	24	—
Non-employees	1	—
Rate of work-related injuries		
Employees	0.28	—
Non-employees	0.22	—
Injury rate - Lost Time Case Rate (LTCR)		
Employees	0.06	0.05
Recordable work-related injuries		
Employees	319	—
Non-employees	76	—
Rate of recordable work-related injuries		
Employees	3.73	—
Non-employees	16.77	—
Number of days lost		
Employees	1,547	—

Well-being and health promotion

Our Health & Safety management programme focuses on enhancing physical, mental and social well-being. We take a proactive approach to employee well-being by implementing initiatives that address physical, mental, and social health needs. We actively promote preventive care, provide access to well-being initiatives, and create a supportive work environment that empowers employees to thrive.

Examples of initiatives based on our Well-being Strategy:

- Mental Well-being tool – identifies employees' risk of burnout and offers support before they become ill
- Health Talk tool – supports managers to promote health, prevent ill-health among employees by facilitating the dialogue about their work life situation and general health
- Global Heart Health Awareness campaign – blood pressure monitoring, online CPR courses and global health walk 'one lap around the globe'
- World Mental Health Day – activities to raise awareness around mental health

Work-life balance

We support parents to balance the demands of work and family by promoting gender equality and facilitating career advancement for all our employees. Our Family Bond Policy offers all permanent employees 24 weeks of parental leave at 80 per cent of their base salary. This applies to all genders and covers adoptive, foster, and surrogate care, including non-birth parents in same-sex relationships.

Family-related leave	2025	2024
Employees entitled to family-related leave, in %	**100**	**100**
Women	100	100
Men	100	100
Entitled employees that took family-related leave, in %	**14**	**14**
Women	17	17
Men	13	13

Working time

We manage working time in line with collective agreements, national legislation and international labour standards, ensuring compliance with ILO conventions and EU requirements. Our approach focuses on preventing excessive overtime and promoting work-life balance. Through our labour law trainings for managers and follow up in People Policy Assessments, we secure adequate rest periods and leave. Our systems for time measurement, combined with a high rate of collective agreements and initiatives supporting employee well-being and work-life balance, ensure compliance. Working hours and related indicators are monitored and reported to ensure transparency and continuous improvement.

Collective bargaining, social dialogue and freedom of association

Our Labour Affairs team works to enforce labour laws and to promote fair and safe working conditions. To facilitate the procedures for information and consultation with our European employees, we have an agreement with our trade unions called the Volvo Cars European Dialogue (VCED), equivalent to a European Works Council. This agreement also regulates the election process for determining the representatives in the VCED. The purpose of VCED is to ensure that employees are informed and consulted on issues that affect workforce.

The VCED meetings are held annually and include representatives from Sweden, Belgium, the Netherlands, Germany and Spain. Discussions cover the company's financial position, business, strategic and production outlook, as well as other employee-related matters. The council is also convened when major changes within the company affect employees represented in the forum. In addition, employee representatives meet independently once a year, without employer representatives, to discuss and align on union-related topics.

We have collective agreements with trade unions covering 74 per cent of our global workforce and apply work environment dialogues covering all areas in the company. In some areas, we apply social dialogue – an open and constructive communication between employer and employees – to strengthen trust, address workplace matters and promote fair and sustainable working conditions.

Through the People Policy Assessment and annual follow-up, we review outcomes and initiate actions that ensure alignment with our standards and objectives.

Collective bargaining coverage	2025	2024
Employees, %	74	70

Coverage rate	Collective bargaining coverage		Social dialogue
Coverage rate, for countries with >50 empl. representing >10% total empl.	Employees – EEA	Employees – Non-EEA	Workplace representation (EEA only)
0–19%	—	China	—
20–39%	—	—	—
40–59%	—	—	—
60–79%	—	—	—
80–100%	Sweden Belgium	—	Sweden Belgium

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Social protection

Volvo Cars has well-established principles for pension and insurance benefits, ensuring that we provide employees with protection and insurance. We continuously work to secure that our principles are implemented in all our regions.

Fair compensation

As a global organisation, we conduct business in a range of labour markets with different levels of social protection. Our Compensation & Benefits team is responsible for actions related to achieving fair compensation. To ensure that all employees receive equitable pay, we monitor salaries at all levels in the organisation. If any gaps are identified, an action plan is agreed upon and monitored. Any gaps that cannot be justified by factors such as job complexity, individual performance or market conditions should be rectified.

To ensure our compensation practices are both fair and compliant, we regularly analyse pay levels across all countries in relation to local minimum wage and living wage benchmarks. This allows us to verify that our employees are not only compensated in accordance with legal requirements but also receive a compensation that supports a decent standard of living. Our 2025 living wage benchmark analysis found that 100 per cent of our employees were paid at or above a living wage.

The average total compensation gender pay gap amounted to 1.7 per cent in 2025. This result falls within the five per cent pay equity threshold, in line with our commitment to achieving gender pay equity by 2027. The gender pay gaps are analysed at regional and national level, and, if outside of the five per cent limit, addressed by action plans. We regularly analyse gender pay gaps by job complexity level in each country. Our analysis shows that most differences are driven by variations in seniority and experience rather than unequal pay for equal work. We remain committed to gender pay equity and will continue to focus on ensuring fair and competitive compensation for all employees.

Remuneration metrics	2025	2024
Gender pay gap, %	1.7	1.5
Total remuneration ratio	96 to 1	75 to 1

Our actions related to equal treatment and opportunities for all

Learning and development

It is essential to meet the need for skilled people to deliver on our business goals, and this year's implementation of our new global learning management system My Learning further supports this pathway. As of this year, 84 per cent of our employees are now onboarded to the platform. Our course offering has been expanded by integrating LinkedIn Learning, giving our employees access to a broad and diverse content library. Furthermore, by mapping every employee to relevant skills and competencies, we established the foundation for personalised learning journeys to develop the skills needed.

In 2025, we focused on upskilling, reskilling and competence development programmes in strategically important areas, including maintenance technicians, electrification, megacasting, software development, female leadership mentoring and digital skills.

Our performance process, Continuous Dialogue, involves regular meetings between employees and managers to discuss performance, progress, development, learning and well-being. We foster a feedback culture through continuous feedback and one-on-one dialogues across all levels, extending beyond manager-team interactions.

Performance and development reviews	2025	2024
Employees that participated in regular performance and development reviews, %		
White collars, %	**90**	**96**
Women, %	91	95
Men, %	89	96

Training hours	2025	2024
Average number of training hours per employee	18	21
Employees that participated in training, %	93	91

Inclusion and belonging

We strive to build a culture of belonging where the freedom to be is embedded in our work – creating safe spaces for all dimensions of diversity, fostering deeper engagement and enhancing organisational performance, enabled by the global Talent & Culture team. We have also introduced an inclusion index for measuring inclusion and belonging. This year, the inclusion index stood at 77, outperforming the benchmark of 76 and meeting our 2025 ambition of a score at least one point above the benchmark. This result reflects our ongoing efforts to enable an inclusive workplace where all employees feel valued and respected. Our ambition is to achieve an inclusion index score 3 points above the benchmark by 2030.

Breakdown of employees by gender and age group, absolute numbers and (%)	Executive Management Team[1]						Senior leaders[1]						Total employees					
	Women		Men		Total		Women		Men		Total		Women		Men		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
<30	— (—%)	— (—%)	— (—%)	— (—%)	— (—%	— (—%)	— (—%	— (—%)	2 (—%)	— (—%)	2 (—%	— (—%)	2,469 (6%)	2,886 (6%)	7,237 (16%)	7,038 (16%)	9,706 (22%)	9,924 (22%)
30–50	2 (25%)	3 (38%)	2 (25%)	3 (38%)	4 (50%)	6 (75%)	78 (18%)	71 (18%)	156 (36%)	140 (36%)	234 (53%)	211 (55%)	6,781 (15%)	6,867 (15%)	17,913 (40%)	17,809 (40%)	24,694 (55%)	24,676 (56%)
>50	1 (13%)	1 (13%)	3 (38%)	1 (13%)	4 (50%)	2 (25%)	50 (11%)	44 (11%)	154 (35%)	132 (34%)	204 (46%)	176 (45%)	2,226 (5%)	2,143 (5%)	7,979 (18%)	7,670 (17%)	10,205 (23%)	9,813 (22%)
Total share	**3 (38%)**	**4 (50%)**	**5 (63%)**	**4 (50%)**	**8 (100%)**	**8 (100%)**	**128 (29%)**	**115 (30%)**	**312 (71%)**	**272 (70%)**	**440 (100%)**	**387 (100%)**	**11,476 (26%)**	**11,896 (27%)**	**33,129 (74%)**	**32,517 (73%)**	**44,605 (100%)**	**44,413 (100%)**

1) In the categories 'Executive Management Team', 'Senior Leaders' an individual might be counted more than once. This is because each of these populations is considered separately, and thus overlap can occur.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

All employees are encouraged to express themselves freely and share ideas in the workplace. During Pride Month, we made efforts to raise awareness and supported the theme 'Freedom To Be'. We also launched a global e-learning course on gender identity, introduced safe travel guidelines for LGBTQ+ employees and supported local initiatives to foster inclusion.

We are committed to continue improving the share of women in senior leadership and remain committed to our gender diversity ambition. For 2025, our ambition was to achieve a year-over-year increase in the share of women in senior leadership. The restructuring process during the year had an impact on the share of women in senior leadership positions. Our 2030 ambition for women to hold 34 per cent of senior leadership positions remains unchanged, and we continue to work towards this ambition. Sustained efforts are ongoing to attract, support, engage, and develop female employees to increase representation. Several initiatives and employee development programmes have been launched to support this ambition.

Our partnership with initiatives such as Girls Who Code further demonstrates our dedication to fostering the next generation of female leaders in technology and innovation. Volvo Cars is also a proud sponsor of Women in Tech, a community with the mission of increasing women's participation in the tech industry.

Women in management	2025	2024
Women in senior leadership, %	29.1	29.7
Women in leading positions, %	29.6	30.8
Women in external recruitment and internal promotion for leading positions, %	30.9	33.3

Threats and violence

Our Corporate Security team is responsible for guiding all security related work carried out within the company and plays a vital part in ensuring Volvo Cars is a secure place to work. Through our corporate security training, we inform managers about preventing workplace violence and other forms of disruptive behaviour.

Our Corporate Security Incident Report channel encourages employees to anonymously report incidents of violent or threatening behaviour. Corporate Security independently investigates all incidents that are reported. By reviewing incident reports, we can identify the potential causes of violence or threatening behaviour and implement prevention and mitigation measures. During 2025, our incident framework did not record any cases of severe threats or/and abuse of violence.

Our actions related to other work-related rights

Labour rights

Human rights – People Policy Assessment

The Labour Affairs team is responsible for actions within labour rights. To further strengthen our commitment to the People Policy and ensure compliance with human rights standards, we carry out People Policy Assessments – a practice that began as a project in 2017 and continues today. The process is in line with the UN Guiding Principles on Business and Human Rights. It assesses both potential and actual human rights impacts. The assessment involves desktop research, interviews with key internal and external stakeholders and on-site verification where 5-10 per cent of the workforce is interviewed. The result of the assessment is an action plan detailing proposed actions to prevent, mitigate and remediate negative risks and impacts. The action plan is followed up in a timely manner.

In close collaboration with local management teams, awareness training activities have been carried out in prioritised markets. Managers are trained to maintain responsible business, based on desktop analysis and information from NGOs. Training topics include legal requirements, stakeholder consultation, vulnerable groups and risk identification in a local context. Furthermore, short- and long-term action plans are prepared and the results of preventive measures monitored.

In line with our human rights priorities, we conducted four People Policy Assessment risk workshops in 2025. These workshops defined actions to strengthen human rights awareness, including a planned and structured follow-up. We also carried out a comprehensive People Policy Assessment at our factory in Floby, Sweden, with no critical findings identified.

At Volvo Cars, we do not tolerate child labour and forced labour and through our People Policy Assessment, yearly follow-up and systematic age validations we secure compliance. We take swift and appropriate measures to address and remediate any negative impact caused by child or forced labour connected to our operations.

During 2025, our records present zero instances of child or forced labour.

Work-related incidents and complaints	2025	2024
Work-related complaints filed through channels for own workers to raise concerns	170	134
of which number of reported incidents of discrimination or harassment	57	48
Fines, penalties and compensation paid as result of incidents and complaints, SEK	—	—
Complaints filed to National Contact Points for OECD Multinational Enterprises	—	—

Our ambitions

To meet our workforce goals, we have established clear short- and long-term performance metrics such as inclusion index score, share of women in senior leadership and injury rate. Some ambitions, such as our gender diversity ambition, are also linked to our long-term incentive programme for senior management – emphasising its link to desired outcome and importance for the company. Corporate ambitions are approved and monitored by the Board of Directors, including employee representatives. The employee representatives in the Board bring workplace perspectives into decision-making and ensure that employee interests are represented. We inform our employees about performance in connection to union and workforce representative sessions, management and employee meetings. For disclosure of our ambitions and their timelines, we refer to each section respectively.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Definitions and methodology

Headcount
Headcount refers to counting each individual as one, irrespective of contracted working hours, employment type (e.g. temporary employees) or employee status (e.g. leave of absence).

Employees
Employees are defined as individuals who have an employment relationship with Volvo Cars. The reported figures include both permanent and temporary employees who are active and on leave of absence.

Employee data is retrieved from the HR system and manually collected for the legal entities not included in the system. The data is then aggregated to generate the required metrics. Employee numbers are presented in headcount and reported at end of the reporting period. The figures differ from the number of employees presented in Note 8 to the Consolidated Financial Statement, due to these numbers are reported as average full-time equivalents. Currently, Volvo Cars does not have details on employees identifying as other genders than female or male.

During 2025, the employee data reporting scope has changed. More information can be found on page 207.

Non-employees
Non-employees are consultants who are not employed by Volvo Cars but whose work is supervised under the direction of Volvo Cars.

Employee turnover rate
Employee turnover rate is the number of employees leaving divided by average headcount as a denominator. The average headcount is the sum of number of employees on the last day each month over a year divided by twelve months.

Family-related leave
Family-related leave metric includes maternity, paternity and parental leave (not carers' leave) for all employees with a fixed pay on a permanent or part-time employment. Family related leave (regardless of duration of absence) is based on a 12-month reporting period from 1 October to 30 September. The share of entitled employees that take family-related leave is calculated by dividing the number of employees that used the benefit with the total number of entitled employees.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	
GENERAL INFORMATION	
ENVIRONMENTAL INFORMATION	
EU Taxonomy Report	
Climate change	
Pollution	
Water	
Biodiversity and ecosystems	
Resource use and circular economy	
SOCIAL INFORMATION	
Own workforce	
Workers in the value chain	
Consumers and end-users	
GOVERNANCE INFORMATION	
Business conduct	
OTHER INFORMATION	
THE SHARE	220
OUR HERITAGE	222

Adequate wage
For adequate wage, we apply a benchmark that exceeds the minimum requirements set out by the ESRS to ensure all employees earn a true living wage. Adequate wage is defined as the living wage for a standard typical family (family with two adults and two children). We utilised WageIndicator Foundation's data to assess our wages against living wage benchmarks. If living wage is not defined for a country, the stipulated minimum wage for the relevant country is used. Internal base salary and fixed allowances are compared to the living wage in each country to ensure compliance.

Gender pay gap
Gender pay gap is the difference of average gross monthly pay between women and men, in relation to the average gross monthly pay for men, presented as a percentage. Gross pay is defined as the full-time base salary, fixed allowances, and annual bonus at target level. Pension is not included in gross pay. The variable components excluded from gross pay includes overtime, shift allowances and non-guaranteed allowances.

Total remuneration ratio
Total remuneration ratio is defined as annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees (excluding the highest paid). Annual total remuneration includes base salary, fixed allowances, variable components, benefits, pensions and incentives. The variable components excluded from gross pay includes overtime, shift allowances and non-guaranteed allowances.

Senior leaders
Senior leaders refer to an employee population which are leaders on job levels executive professional, executive manager and members of EMT. The percentage of women among senior leaders is calculated by dividing the number of female senior leaders by the total number of senior leaders.

Leading positions
Leaders in leading positions are defined as people leaders who have direct reports. The metric women in leading positions refer to females within this group.

Work-related fatalities
Work-related fatalities include all employees, supervised contractors and independent contractors at our sites. Independent contractors are defined as contractors involved in the construction/reconstruction of Volvo Cars' factories. Fatalities among contractors are only reported for projects in which Volvo Cars is the developer.

Work-related injuries
Work-related injuries include accidents requiring professional medical care with absence for at least one day beyond the day of the accident and where occupational health care or equivalent considers that there is no residual work capacity for the injured person.

Rate of work-related injuries
Rate of work-related injuries is defined as the number of work and occupational accidents reported with at least one day sick leave, divided by the total number of hours worked and multiplied by 1,000,000.

Injury rate (Lost Time Case Rate, LTCR)
Injury rate is an entity-specific disclosure related to our corporate ambition of work-related injuries. This metric is calculated based on 200,000 hours worked and applies to a defined scope of the employees included in the central health and safety incident reporting system, representing approximately 94 per cent of the total headcount.

Recordable work-related injuries
A work-related injury is considered recordable if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

Rate of recordable work-related injuries
The rate of recordable work-related injuries represents the number of recordable injuries per standard base of work hours. The rate of recordable work-related injuries is calculated per 1,000,000 hours worked.

Number of days lost
Number of days lost refers to the total number of calendar days that employees were unable to work due to work-related injuries, starting from the day after the incident occurred.

Training hours
Training hours data is compiled using consolidated reports from multiple learning systems globally. The average number of training hours per employee is calculated by dividing the total number of training hours recorded during the reporting year by the headcount number of employees. Gender-specific data is currently unavailable due to system limitations in 2025. However, it is our ambition to improve transparency and inclusivity by integrating this capability with our new learning management system in 2026.

Performance and development reviews
Performance and development review is interpreted as Volvo Cars' performance process Continuous Dialogue. It is a year-long process with interim check-ins. There is no agreed number of check-ins since the number differs based on employee type and individual needs. Only active employees are considered eligible. Blue collar performance process and gender-specific data for blue collars are currently unavailable due to system limitations in 2025. However, we intend to achieve standardisation and inclusivity in our processes.

Severe human right incidents connected to own workforce
Severe human rights incidents are defined in line with the UN Guiding Principles on Business and Human Rights and the UNGP Reporting Framework. These incidents may occur within our own operations or anywhere across our value chain, and relate to our salient human rights risks – those most likely to result in the most significant negative impacts on people through our activities, products, and business relationships.

Severe incidents may include, but are not limited to, child labour, modern slavery and forced labour, serious health and safety violations, and threats or occurrences of harassment, abuse, or violence.

All cases are assessed individually, considering the scale, scope, and irremediability. These assessments apply across all tiers of our value chain and take into account the specific nature of the work, location, and vulnerability of affected individuals or groups.
In accordance with ESRS S1, only incidents confirmed through our due diligence and investigation processes are reported in our annual Sustainability Statement. Cases still under assessment or not yet substantiated are not classified as confirmed incidents.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Workers in the value chain

We impact workers throughout our complete value chain, from the extractions of raw material to the end-of-life treatment of our products. Protecting and improving lives throughout our value chain is central to our sustainability strategy, which underpins our commitment to respecting and promoting human rights.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
WORKING CONDITIONS			
Secure employment In response to fluctuating production demands and new model launches, temporary contracts can be used throughout the value chain. While providing flexibility, it can lead to several negative impacts, including job insecurity.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Working time Workers in the value chain are impacted by risks associated with working excessive overtime.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Adequate wages Throughout value chain, especially for suppliers in countries associated with poor legislations to protect adequate wages, there may be a lack of fulfilling adequate wages.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Social dialogue, freedom of association, collective bargaining Operating in countries where restrictions on freedom of association and collective bargaining are restrained or do not exist, can impact workers by limiting their ability to negotiate for better working conditions.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Work-life balance Being in a transformative and competitive industry, might be a challenge to achieving good work-life balance, especially during development and launch phases.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Health and safety Workers in our value chain are exposed to risks in occupational health and safety, e.g. in plants and at mine sites.	Actual negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL			
Gender equality and equal pay for work of equal value Potential negative impact on the gender equality in the value chain, including right to equal pay.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Measures against violence and harassment in the workplace In some of the countries in which we have suppliers, sub-suppliers and retailers, there is a heightened risk of violence and harassment in the workplace.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
OTHER WORK-RELATED RIGHTS			
Child labour In some countries in across our value chain, there is a risk of child labour. Extraction of certain raw material is associated with an increased risk.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Forced labour Risk for forced labour taking place within value chain, including vulnerability to exploitation and human trafficking, especially in countries that have weak protection against such practices.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Privacy Negative consequences for individuals, if we fail to protect the reporting individual who file whistleblower reports.	Potential negative impact	Short-term, Mid-term, Long-term	Upstream, Downstream
Child labour Failure of proactively discover potential child labour in our value chain and proactively adapt to new human rights legislations pose a financial and reputational risk.	Risk	Short-term, Mid-term, Long-term	Upstream
Forced labour Failure to proactively discover forced labour in our value chain and proactively adapt to new human rights legislations pose a financial and reputational risk.	Risk	Short-term, Mid-term, Long-term	Upstream

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Workers in the value chain

Volvo Cars is a car maker with a global value chain, including many directly contracted suppliers and sub-suppliers, as well as retailers. In 2025, we purchased goods and services from approximately 12,000 directly contracted suppliers. Most of these supplier sites are based in China and Europe. Our retailer network spans 89 countries with nearly 2,200 outlets. Our 33 largest markets have national sales companies that manage local retailer relations, while distribution and service in smaller markets is handled by import companies and our global importer offices. Most of our retailers are located in Europe, US, Canada and China. Our global retail network employs approximately 60,000 people.

As a result of our strategy and business model, workers in our value chain, upstream and downstream, are impacted. This includes suppliers and sub-suppliers of components and raw materials for automotive production, machinery and tools, as well as providers of services such as logistic, IT and cleaning. Our analysis concludes that potential material negative impact exists particularly in regions which are identified as high-risk from a human rights perspective (more information can be found on page 144) and in the context of certain raw materials (more information can be found on page 192). Furthermore, high-risk operations have been identified, including mine sites, smelters and refiners. In our downstream value chain, blue collar workers (e.g. those working in workshops) are associated with a heightened risk of negative impacts. Additionally, our assessment concludes that the risk of child and forced labour is particularly high in regions with weaker regulatory enforcement and in areas with widespread extraction of certain raw materials, such as cobalt, mica, tin, tungsten, tantalum and gold.

Through our due diligence process we have identified groups of workers that are particularly vulnerable. These groups of workers include women, migrant workers and indigenous peoples. Women face a heightened risk of negative impacts, such as gender-based discrimination, harassment and unequal pay, while migrant workers are more at risk of negative impacts due to language barriers and limited legal protections. The risks for human rights violations affecting vulnerable groups are heightened in certain geographies, particularly where conflict, weak governance and/or economic inequality are present.

We set sustainability requirements – including human rights – on our business partners, such as suppliers, sub-suppliers and retailers. Combined with the due diligence we conduct, these efforts aim to contribute to improving working conditions for workers in our value chain.

Our policies

Our Code of Conduct for Business Partners lists the human rights risks most relevant to our value chain, including material impacts such as forced and child labour. Our retailers, suppliers and subcontractors throughout our value chain are obliged to comply with the Code of Conduct for Business Partners or similar principles. It does specifically point out that Business Partners shall take particular consideration for vulnerable groups.

The Code of Conduct for Business Partners outlines that business partners shall provide access to effective grievance channels and remedial mechanisms for employees and other stakeholders potentially affected by its activities. This includes local communities and vulnerable groups, enabling them to raise legitimate concerns related to any area covered by the Code of Conduct for Business Partners. Furthermore, it is conveyed that business partners must take measures to prevent similar occurrences in the future, including implementing appropriate and timely corrective actions. Lack of cooperation, failure to address violations, or delays in taking corrective action can result in claims, loss of business and ultimately termination of the business relationship with Volvo Cars.

Our purchasing agreements and contract templates for suppliers include commitment to comply with the Code of Conduct for Business Partners. This obligation requires suppliers to conduct human rights due diligence and cascade these requirements to both direct and indirect business partners.

The Volvo Cars Sustainability Requirements address specific focus areas of sustainability within the company's supply chain and is part of the Volvo Cars Purchasing agreement.

Volvo Cars' position paper on responsible sourcing applies to suppliers of components containing Raw Materials of Concern (RMoC). The purpose of the document is to convey the company's due diligence efforts relating to RMoC (more information can be found on page 192) and outlay our high-level requirements on our suppliers in this area.

Engaging with workers in our value chain

To understand our impact on workers in our value chain, we conduct interviews with selected workers during on-site audits. Such selection aims at securing a broad range of perspectives, including those from vulnerable groups. When auditing mine sites in the battery supply chain, representatives of surrounding communities – including indigenous people, where applicable – are also interviewed. If non-compliance is identified, corrective action plans are established for the suppliers to implement. We monitor the status of the corrective action plans to verify that identified issues are resolved and improvements for the affected individuals are implemented.

The audit results also serve as valuable input to our continuous improvement of human rights due diligence, aimed at identifying, preventing and addressing human rights impacts in our supply chain. Furthermore, we strive to have dialogues with NGOs about responsible business practices in global supply chains. Insights from such dialogues serve as input in our due diligence efforts, including building an understanding of how rightsholders in our value chain may be impacted by our direct and indirect operations, and what actions we can undertake to drive improvement. We are working to enhance our processes for gathering input from workers and rightsholder proxies across our upstream and downstream value chain, and integrating these insights into our broader human rights due diligence efforts and business decision-making.

The Head of Procurement is operationally responsible for ensuring engagement with workers takes place and that the resulting insights are factored into our business decision-making.

Grievance reporting channel

We encourage employees and other stakeholders to report illegal activity or violation of our Code of Conduct and Code of Conduct for Business Partners. Reports can be submitted via our Tell Us reporting channel, more information can be found on page 202.

Our Code of Conduct for Business Partners requires that business partners provide access to grievance channels and remedial mechanisms. We monitor compliance among suppliers through various supplier assessments, such as on-site audits. Deviations are tracked through corrective action plans to ensure they are being effectively addressed.

In 2025, we started to explore how Tell Us can be supplemented to increase the reporting opportunities for workers in our value chain and related communities. To manage this in an effective

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

manner, we are investigating different collaboration platforms. We are also exploring ways to ensure that rightsholders, or their proxies, are meaningfully involved throughout the grievance process.

Our actions in the supply chain

Our Procurement department is responsible for the implementation of human rights due diligence, including compliance with our Code of Conduct for Business Partners and wider sustainability requirements. Additionally, representatives from the Procurement department are part of the cross-functional Human Rights Core team, working to ensure consistency of our human rights due diligence efforts in our value chain.

Human rights due diligence in our supply chain

Our due diligence activities form an ongoing, proactive and reactive process that aims to identify and address risks and impacts on workers in our value chain. It is continuously improved through engagement with suppliers and other stakeholders, as well as insights from previous due diligence efforts and emerging risks.

In line with international guidelines, we take a risk-based approach to human rights. This means we focus on human rights at greatest risk of the most severe negative impact on people – our salient human rights issues (SHRIs)– which also are identified as material impacts. As part of this risk-based approach, we have identified a list of high-risk countries, activities and operations, along with a set of raw materials associated with heightened risk of negative human rights impacts. They serve as key guidance when defining our annual human rights due diligence plan for our upstream and downstream value chains. In addition, risk alerts from media, NGOs, and stakeholders regularly lead to updates to our due diligence plan.

In addition to the annual plan – which includes enhanced due diligence activities such as audits of high-risk suppliers – we perform basic due diligence on our suppliers, regardless of risk-level, to identify risks related to potential material impacts. Both basic and enhanced assessments are based on the human rights due diligence procedures (more information can be found on page 143) and aim to identify and assess risks and impacts, while implementing actions to cease, prevent and mitigate them.

Assessments are carried out before agreements are finalised and periodically thereafter. Meeting our sustainability requirements is a prerequisite for supplier selection.

Through our due diligence processes, including the operation of our grievance mechanism, we identified various instances of non-compliance with our Code of Conduct for Business Partners. In response, we have implemented targeted corrective action plans and are closely monitoring their execution to ensure that all required measures are completed in a timely and effective manner.

Basic due diligence

Basic due diligence applies for directly contracted suppliers and includes assessments such as the Sustainability Assessment Questionnaire (SAQ), risk screenings and on-site visits. These serve as a base for identifying and assessing risks related to material impacts. Areas reviewed include whether the supplier has policies and management systems covering health and safety, child and forced labour, wages and benefits, women's rights, non-discrimination and harassment. If suppliers fail to meet our requirements, they must take corrective actions, which our teams follow up on to verify compliance. If risks remain, we may conduct enhanced due diligence, such as an audit, to better understand the potential impact and plan actions to cease, prevent or mitigate it.

Sustainability Assessment Questionnaire

The SAQ was developed by Drive Sustainability, a collaborative initiative within the automotive industry. All responses are validated by an external assessor. The SAQ response indicates the extent to which suppliers meet our sustainability requirements and has been mandatory in our sourcing process since 2019. Existing suppliers are required to complete the SAQ every two years, along with improvement recommendations based on their results. In 2025, 1,350 suppliers (82 per cent) submitted a SAQ, of whom 96 per cent were compliant with our requirements.

SAQ compliant suppliers	2025	2024
Directly contracted suppliers with completed SAQ	1,350	1,417
Directly contracted suppliers with completed SAQ, %	82	88
Directly contracted suppliers SAQ compliant, %	96	95

Risk screenings

Suppliers undergo screenings to identify and mitigate risks in the areas of anti-corruption, trade sanctions and human rights. The screenings are done prior to sourcing and during ongoing business. The screening helps to inform need of potential additional due diligence.

Enhanced due diligence

Enhanced due diligence applies for suppliers associated with an increased risk of material impacts:

- Directly contracted suppliers identified as high-risk in our basic due diligence, in our human rights risk assessment or through alerts from stakeholders.
- Suppliers delivering components containing RMoC, including the battery supply chain.

Enhanced due diligence includes auditing, training and consultation. It aims to provide a deeper understanding of the supplier's responsible sourcing practices – both generally and in relation to our material impacts – and to drive improvements where needed. It provides extensive data on several potential material impacts, including, but not limited to, child labour and young workers, forced labour, harassment and verbal/physical abuse, health and safety, access to grievance mechanism and freedom of association. It also includes corrective actions for suppliers to cease, prevent and mitigate identified risks and impacts. We work closely with our assigned external organisations (more information can be found on page 139) to set processes and well-established standards for audit execution and verification of corrective actions, in our continuous efforts to improve working conditions for workers in our value chain.

Audits of directly contracted suppliers

Directly contracted suppliers identified as high-risk – e.g. in the human rights risk assessment and new suppliers located in high-risk countries, undergo comprehensive on-site auditing according to the Responsible Business Alliance Validated Assessment Program (RBA VAP) or equivalent standard. These audits are carried out by accredited third-party auditors over two to five days. They evaluate several material impact areas, including labour rights (such as forced and child labour, discrimination, working hours, wages and benefits, humane treatment, freedom of association, harassment and worker rights) health and safety, as well as environmental practices and business ethics.

Since May 2021, 334 suppliers have been in scope for this audit requirement, with 35 added in 2025. During 2025, 22 audits were conducted out of the 35 planned. The RBA VAP audits were performed in China, Mexico, India, Turkey, Malaysia, Vietnam, Philippines, USA, Romania, Hungary and Sweden. Since 2018, 394 RBA audits have been carried out on our directly contracted suppliers, 64 of these were conducted in 2025.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

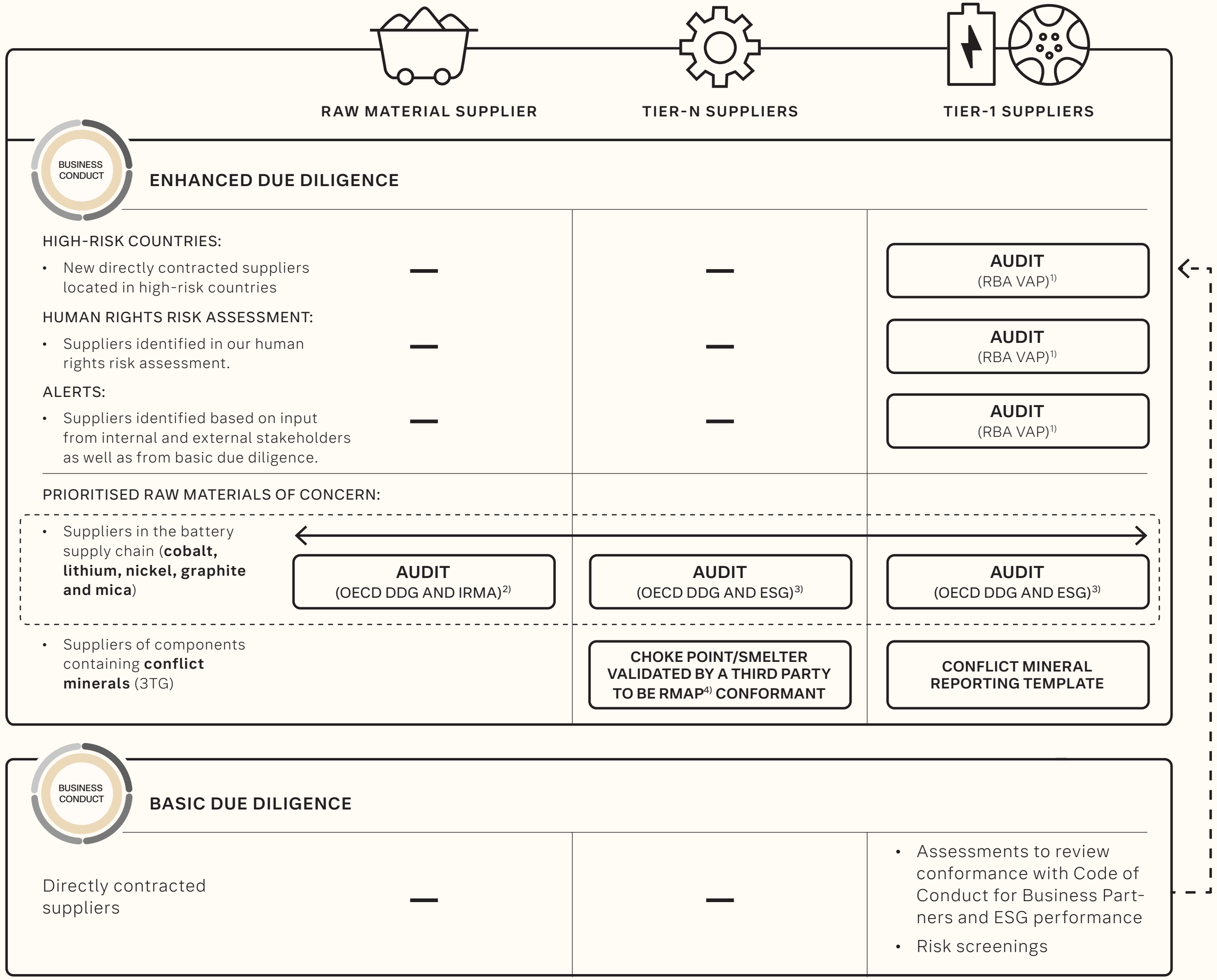
In 2025, most audit findings are found in the areas of labour, health and safety. Findings relating to labour include e.g. exceeding working hours (workers not receiving a day off according to legal requirements and working too many consecutive days) as well as wage related issues. Health and safety findings mainly relate to emergency preparedness e.g. lack of exit signs and emergency lights, block of emergency exits and no fire drills performed during night shift as well as occupational health and safety e.g. insufficient usage of personal protection equipment and inadequate number of trained first aid personnel.

Audit findings are summarised in a report that includes non-conformities and a list of agreed corrective actions for supplier to implement within set timeframes. Examples of corrective actions for suppliers to take include revising shift arrangement procedure to control the working time, work out reasonable and practical production plans and update company working hours policy as well as conduct special personal protective equipment inspections every month and set up a process to ensure fire drills are performed during night shifts. We monitor progress on these action plans to ensure measures are taken. If a supplier fails to take the agreed actions, we initiate discussions to identify root causes and explore ways to support the supplier in meeting audit requirements and our Code of Conduct for Business Partners. 85 per cent of corrective measures agreed with suppliers in 2024 have been addressed. If suppliers do not meet our requirements – such as accepting an audit or implementing corrective action plans – the case is escalated according to our process. By supporting the supplier and using our leverage, we strive to bring the supplier into compliance with our requirements, with contract termination as a last resort.

Raw Materials of Concern (RMoC)

We define 20 minerals, metals and bio-based materials: aluminium/bauxite, cobalt, copper, gold, graphite (natural), lead, leather, lithium, magnesium, manganese, mica, nickel, phosphorus, rare earth elements, rubber (natural), steel/iron, tantalum, tin, tungsten, wool as RMoC due to their high risk of material impact on people and planet during their extraction, processing, trade and transportation. We aim to increase transparency, enhance traceability and mitigate environmental, social and governance risks in these supply chains. To date, we have mainly focused on battery raw materials, including cobalt, nickel, lithium, graphite and mica as well as tin, tungsten, tantalum and gold.

BASIC AND ENHANCED DUE DILIGENCE – A RISK-BASED APPROACH



Chain of custody of cobalt, lithium, nickel and graphite used for the batteries and mica used in battery isolation sheets.

1) Responsible Business Alliance (RBA) Validated Assessment Program (VAP)
2) OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Initiative for Responsible Mining Assurance, Standard for Responsible Mining Critical Requirements (IRMA)
3) OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Environmental, Social, Governance module aligned with the EU Battery Regulation
4) Responsible Minerals Assurance Process (RMAP)

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Hence, in addition to identifying high-risk suppliers based on location and activity, suppliers of components containing RMoC are considered high-risk in relation to our identified material impacts, and are therefore prioritised for enhanced due diligence.

Audits of suppliers in the battery supply chain

We recognise that battery supply chains are complex, and the raw materials used in batteries carry significant environmental, social and governance risks, including potential material impacts. Therefore, effective traceability is vital, from raw material extraction through each tier of material processing. Since 2019, we collaborate with the blockchain technology firm Circulor in tracing the battery raw materials using blockchain. Our chain of custody program currently covers cobalt, lithium, nickel, graphite (for batteries) and mica (for battery insulation).

We have commissioned independent audits of suppliers in our battery supply chain from SLR Consulting (previously RCS Global) since 2019. The purpose of the audits is to assess supplier conformance and to help ensure continuous improvement of responsible sourcing performance across our battery supply chain by monitoring the implementation of corrective action plans. Our audit standards include modules aligned with the EU Battery Regulation and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Mine site audits are conducted against the Initiative for Responsible Mining Assurance (IRMA) Standard for Responsible Mining Critical Requirements or equivalent schemes. The audit scopes allow us to gain a broad understanding of our identified risks and potential material impacts. Furthermore, it enables us to drive improvements where needed and meet stakeholder expectations for due diligence in the battery supply chain.

In 2025, we conducted 23 audits in our battery supply chain. These included four battery suppliers, three anode/cathode producers, nine refiners, one treatment unit, four mine sites and two suppliers in the mica (battery insulation) supply chain. The audits were conducted in China, Indonesia and Zimbabwe.

The 2025 audit results in the battery supply chain show that most findings relate to deficiencies in management systems (e.g. poor responsible sourcing policy, lack of supplier engagement and insufficient grievance mechanism). Other common findings relate to risk management such as poor risk assessments and procedures for evaluating identified risks as well as labour and working conditions, including excessive overtime, no emergency response kit easily available, lack of safety exit signs and insufficient fire drills.

We work closely with our suppliers and audit partner to ensure that corrective measures are implemented within agreed timeframes. To help suppliers in the battery supply chain fulfil their commitments, we invite selected suppliers to participate in trainings about the concerned audit standards. Over the past year we have noted a positive trend among suppliers that have participated in this training. The audit performance has proven to improve after staff members have attended the training.

Audits	2025	2024
Audits of directly contracted suppliers (RBA VAP)	42	43
Audits of new directly contracted suppliers located in risk countries (RBA VAP)	22	25
Audits in the battery supply chain	23	28
Total number of audits	**87**	**96**
Share of addressed RBA VAP audit improvement findings, %	85	92

Other activities relating to the battery supply chain

In 2025, we continued to build on our work with traceability in the battery supply chain by extending the battery passport to additional car models beyond the Volvo EX90 which was released with a passport in 2024. In December 2025, the following countries of origin were present for models with battery passports:

Raw Materials of Concern	Country of Origin
Cobalt	China, Democratic Republic of the Congo
Lithium	Brazil, China
Nickel	Australia, China, Indonesia
Natural graphite	China

Moreover, in 2025 we assigned an external party to assess our readiness for the EU Battery Regulation, with a focus on the due diligence requirements. The assessment covered areas such as processes, governance, grievance mechanism and chain of custody. The assessment guides us in our continuous preparations ahead of the legislation.

Reporting of Conflict Minerals

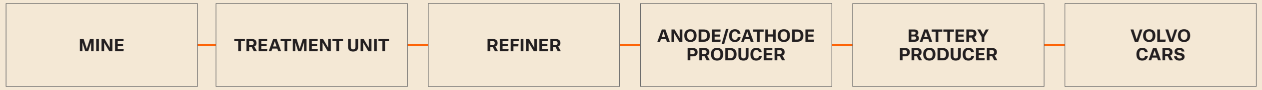
Our ambition is to source all components containing tin, tungsten, tantalum and gold (commonly referred to as 3TG or conflict minerals) from supply chains where every smelter and refinery has undergone third-party assurance. We annually request our suppliers of such components to disclose their due diligence practices and provide detailed information on the smelters they use, using the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI). By tracing the origin of these minerals and encouraging the use of smelters validated through the Responsible Minerals Assurance Process (RMAP), we aim to advance responsible sourcing in alignment with global standards.

While the current reporting period is still underway, in the previous full CMRT reporting period (2024), 63 per cent of 3TG smelters and refiners in our supply chain have achieved RMAP compliance. We continue to refine our due diligence efforts by strengthening supplier engagement, expanding internal review processes and addressing challenges related to traceability and geopolitical risks.

RMAP compliant smelters	2025	2024
RMAP compliant smelters in the 3TG supply chain[1)], %	63	63

1) Figures disclosed for the RMAP reporting period 1 October to 31 May.

BATTERY SUPPLY CHAIN



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Training

In 2025, we trained suppliers and key staff in our procurement department on responsible sourcing practices with the overall aim of improving the conditions for people in our supply chain and related communities.

All procurement leaders globally participated in a human rights training aiming at increasing the understanding of SHRIs, identified material impacts, as well as of the due diligence process. The training also clarified the role of leaders in the human rights due diligence work. Furthermore, all procurement leaders globally also took part in a compliance training covering areas such as export control, trade sanctions and anti-corruption.

Additionally, buyers received training on the updated Code of Conduct for Business Partners and in the RBA VAP audit standard and its content. Furthermore, buyers of batteries received training on the requirements in the EU Battery Regulation and an extensive e-learning about Volvo Cars RMoC was launched for employees in Procurement, Engineering and other relevant functions with the overall aim to increase awareness of the issues related to these materials and driving positive change. Buyers and other relevant staff also participated in trainings about CO_2 target setting and the buyers in the Sustainability Champions network was given training in topics such as circular economy, water, trade sanctions and anti-corruption.

Suppliers in the battery supply chain received training on applicable audit standards, covering several of our material impacts. Also, selected suppliers in high-risk countries were given training on our sustainability strategy and requirements as well as our RBA VAP audit program.

Our actions in the retail network

Volvo Cars' retail partners are required to follow our Retailer Standards for compliance with the Code of Conduct for Business Partners and specific requirements on health and safety. The Retailer Standards are audited annually. Additionally, due diligence and screening are conducted for retail partners in countries identified as high-risk for sanctions and corruption, both prior to initiating a contract and at regular intervals during the business relationship. In 2024, we performed a gap analysis to further improve our human rights due diligence, mitigate potential violations of our Code of Conduct for Business Partners and identify areas of improvement. This resulted in introducing more stringent Retailer Standards in 2025. Also in 2025, training on human rights and the availability of grievance mechanisms was made available to all retailer employees globally.

Our ambitions

Our current framework does not yet include outcome-oriented targets to assess the efficiency of our actions. Nevertheless, we have established processes to follow up with our business partners and ensure that agreed corrective actions are implemented in a timely manner upon identification of non-conformities with our requirements. The results of audits, along with evolving business and geopolitical contexts, are pivotal in refining our methodology, identifying priority areas, and addressing process gaps to prevent recurrence among business partners. These measures enhance our capacity to mitigate and prevent adverse impacts on workers throughout the value chain.

Furthermore, we monitor the number of audits conducted and track the closure rate of corrective action plans arising from these audits. Our aim is to achieve continuous year-over-year improvement in the number of audited sites within the value chain. We are continuously improving our risk-based approach to human rights due diligence, including our methods for assessing the efficiency of our actions.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Consumers and end-users

We impact customers by shaping their daily lives and experiences through our products. Safety is an integral part of our purpose, to provide freedom to move in a personal, sustainable and safe way. We stay committed to leadership in safety and a higher quality of life for people, safeguarding personal information and upholding data protection standards.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
PRIVACY			
Potential negative impact in consumer and end-user data privacy if there are data misuses, or insufficient data security and handling practices, including how information is collected and stored through its services.	Potential negative impact		
A potential financial risk if consumer and end-user privacy is overlooked or inadequately protected, which could result in costs for the company and diminished consumer trust.	Risk		
PERSONAL SAFETY			
Consumers may be involved in an accident that will harm themselves or others.	Potential negative impact		

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our customers

Safety is part of our DNA. For us, it is about helping to protect people in and around our cars. Since the early 1970s, we have been collecting and analysing data from over 50,000 real-world traffic accidents, involving over 80,000 people in Volvo cars. This is done while safeguarding data privacy as we see data safety as part of our safety strategy. The information we collect inform and guide our continuous work toward our zero collision vision, as part of our overall strategy and business model.

We sell cars to customers through a combination of global dealerships and online sales. Our product offering also includes accessories, charging solutions, spare parts and services. We have a strong global presence, with key markets in China, Europe and Americas. Our customers include customers who own a Volvo car or who have signed service agreements with us, including both private and business customers. Business customers include a variety of buyer types, such as fleet buyers and company car buyers.

Our philosophy is to design cars to be equally safe for everyone, regardless of gender, age, height, shape or weight, including the youngest passengers. Child safety is one of our top priorities and has been at the heart of what we do since 1972, when we became the first car manufacturer to launch a rear-facing child seat. We also care deeply about other vulnerable road users, including pedestrians and cyclists.

The topics we have identified as potentially having negative impact on customers and end-users relate to personal safety and privacy. These potential negative impacts of private safety are mainly linked to isolated incidents, such as accidents, while data breaches of consumer data can affect individuals or occur on a much wider scale. While such events would impact our customers, it may also pose a financial risk if personal data is misused or inadequately handled. That is why our digital landscape and architecture is designed to respect privacy and protect the personal data we hold.

Safety – Customer engagement

Engagement with customers on safety

Throughout the process of designing and building a Volvo, we put people first, making the perspective of our customers ours. We engage with customers to enhance the safety of our cars and the communication plays a crucial role in continuously improving them. During the development phase, we use real-world data from our customers. This data is gathered from actual accidents and incidents to guide our safety approach. Crash tests are only as valuable as the real-world data behind them. We turn this data and its insights into new safety innovations, helping cars better understand and respond to the world around them. We carefully analyse the insights we collect from our customer engagement, and they guide how we continuously improve customer satisfaction and safety aspects, for example, with the new multi-adaptive safety belt, further described below.

During the car ownership stage, we interact with the customers on safety aspects through various touchpoints. Customers can contact us around safety aspects through various channels such as customer care, the Volvo app and the vulnerability reporting line. However, the communication is not limited to only customer-initiated communication. Proactive communication, such as safety updates, service reminders and other valuable information is provided to customers and demonstrate our commitment to safety. Despite our extensive quality control programmes, safety issues may still occur and affect customer safety. In these rare cases, our quality function is involved to investigate and if needed make a recall, to have the issue corrected even if there are no reports of incidents.

We believe that safety learnings should be shared, but privacy must always be protected. We never share our crash database, only the life-saving insights we have gained from it. No identifiable information about those involved is ever disclosed. We use this data for safety research only, in full compliance with data protection laws. In conclusion, all these insights in customer experience can guide us further in our safety work, helping us prioritise areas that need improvement.

Customers' grievance

Furthermore, our grievance channel, Tell Us, is available to all customers and end-users for reporting cases of suspected non-compliance. Actions taken to provide or enable remedy for actual material impacts on our customers are managed as part of our remediation process. More information on reporting channels and remediation can be found on page 202. During 2025, we received no alerts of non-compliance with international human rights principles or severe human rights issues and incidents related to customers and end-users.

Safety – Our guiding principles

Five guiding principles to safety design

Safety is at the core of our purpose, culture and vision. In protecting what is most important to our customers, we always strive to develop our cars with safe, intelligent technology designed around the human being. While not a standalone policy, our Guiding Principles for Safety serve as a foundational framework that steers our daily operations and safety initiatives. These principles work in conjunction with our Code of Conduct for Business Partners, more information can be found on page 142. We apply five guiding principles to design and build cars safe for our customers and those around the car. These principles are applied in our operation and are embedded in our requirements with business partners to safeguard safety in our products. Safety is always in focus and part of our strategy, and EMT is responsible for making sure safety principles are applied throughout the organisation.

Safety-first

For us, safety should not be an add-on or a choice. Drawing on decades of real-world accident research, we use our extensive safety data and expertise to guide fundamental design principles. The benefits of this research are built into every detail of our cars from the earliest stages of development.

Equal safety for all

We apply our safety principles to everyone, regardless of gender, age, height or weight. Over the years, these principles have led to innovations such as WHIPS (Whiplash Injury Protection System), SIPS (Side Impact Protection System), the safety belt and numerous child safety features.

The Volvo Cars Safety standard – lead and exceed industry standards

Based on extensive data and knowledge from real-world accidents, we developed the Volvo Cars Safety Standard to help protect people in real situations, often going beyond standardised test procedures, legislation, and rating metrics. We test and validate our cars in a wide range of test scenarios, for helping to prevent collisions and if a collision occurs, how to reduce injury risk. In addition, we use advanced human body models – virtual representations of people of different gender, age and body shapes – to better reflect real-world diversity in our development process.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our system safety process for using software and electronics in advanced safety-related functionalities are based both on ISO 26262 (Road vehicles - Functional safety) and ISO 21448 (Safety of the intended functionality).

Life-centric innovation

Cars are driven by people living busy lives and providing them with a safe space is the basis for our Safe Space technology. Through innovative technology, we aim to improve safety for everyone, both inside and outside our cars. Our next generation cars feature our sharpest set of sensors ever. Combined with core computing and our Driver Understanding System, we can further help improve collision avoidance and driver assist functions. We have also introduced occupant sensors using interior radars to help prevent children or pets from being left unattended.

All for safety

Safety knowledge and innovation is far too important to keep to ourselves. We have a long-standing tradition of sharing our research with the automotive industry making it freely available on our website. Our commitment to safety is part of a collective responsibility that benefits all road users.

Safety – Our actions

Safety beyond the stars

We support our vision of zero collisions by investing in various activities and striving to exceed standard safety requirements. Our safety actions combine proactive accident prevention, research and collaborations. This is managed by several functions within Volvo Cars with different roles and responsibilities within safety, to cater for R&D activities, construction and safety testing.

Our Product Development Process

The Volvo Cars Product Development Process structures the evaluation of product development and compliance with our Volvo Cars Safety Standard. Safety status is reported and monitored at programme gates and must be approved before car programmes are allowed to proceed.

During product development, we use advanced computer simulation to evaluate safety status and improve our designs. From producing prototypes to starting production of a completely new car on a new platform, we conduct more than one hundred complete vehicle crash tests and numerous system and subsystem tests in our crash lab to evaluate safety performance.

Safety research

Since 1970, our Traffic Accident Research Team has gathered comprehensive data from real-world accidents. These accidents help us research more complex factors behind accidents. Our long-term focus on safety research, grounded in real-world data, has proven to be successful – leading to several safety world-first safety innovations that have saved countless lives. Additionally, we collaborate with academia and insurance institutes to help drive research in the field of automotive safety. In 2025, we unveiled the new multi-adaptive safety belt that is included in our EX60. This is a major safety improvement designed to better protect people by adapting to traffic variations and the person using it, thanks to real-time data from the car's advanced sensors. The capabilities are designed to continuously improve as we gather more data and insights, improving the car's understanding of occupants, new scenarios and response strategies.

Awards and safety ratings

Volvo Cars has been a leader in automotive safety for decades. In addition to the benefits of our real-world research, many of our models have earned top ratings in official safety assessments such as Euro NCAP, IIHS and US NCAP. Many of our innovations have become industry-standard features. The Volvo EX90 earned a maximum five-star rating in the most recent EU NCAP safety testing and scored particularly high both in adult and child protection categories. We were honoured by the World Car Awards as "World Luxury Car", recognising our advanced safety technology. In 2025, we received the Sandy Myhre Award by Women's Worldwide Car of the Year for being the most committed car brand for women – a recognition partly driven by our long-standing commitment to safety and our pioneering work in female crash test dummies.

Safety – Our ambitions

Volvo Cars' safety vision is to prevent anyone from being killed or seriously injured in a new Volvo car, aiming for a future with zero collisions. However, there is no specific, measurable outcome-oriented ambitions derived from safety objectives. We constantly investigate real-world accidents with personal injuries to learn more about their origin and how we can help prevent them.

Quality – Customer engagement

We value our customers' opinions and actively seek their feedback. The voice of the customer gives important insights to our quality work and shapes our customer-focused way of working. By interacting with customers at various touchpoints during the customer journey, we collect valuable insights on customer satisfaction – covering both product issues (car and app) and difficult-to-use aspects. We also ask customers about their satisfaction with sales and service experiences. We engage with customers mainly through channels like surveys, customer care, social media and our dealer network. To ensure customers' trust, we inform on the purpose and objective from the data we collect as well as our Data Protection Policy. The customer data we receive is carefully analysed and guides us to continuously develop customer satisfaction. Our customer-focused way of working is described by the quality wheel. Closing the loop is the final step of the voice of the customer cycle, and its efficiency is ensured by making iterative improvements.

Quality – Our approach

Our quality work is driven by customer satisfaction. For us, quality is not just about the product – it is about the entire customer experience and journey. Our definition of quality encompasses the car and the app as well as the sales and service experience. Quality is integrated into our entire business and affects all our employees. We always act in the best interests of our customers, ensuring high quality at every step to deliver customer satisfaction. Our approach to quality is defined in our Commitment to Quality and in our Code of Conduct.

We collaborate across organisational boundaries and in a global quality governance structure. By integrating actions across various areas, we can swiftly address customer issues and enhance satisfaction, delivering a seamless and comprehensive customer experience.

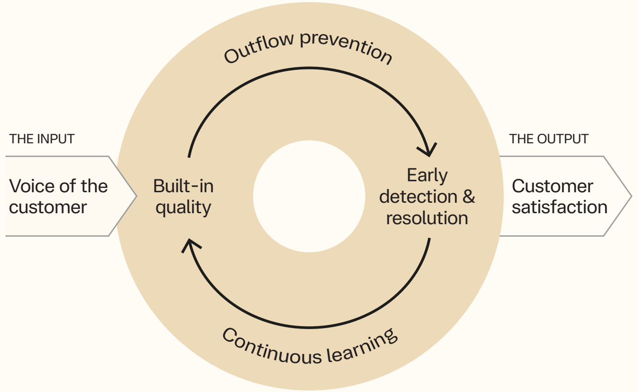
We comply with relevant regulatory requirements to which our products and services need to conform. Any potential quality issues

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

must be addressed without delay, ensuring strict quality assurance at every stage and supported by continuous learning.

We follow globally recognised industry standards such as the Automotive Industry Action Group (AIAG) standards. This helps strengthen our position as a quality-driven car maker and our partnerships throughout the supply chain. In addition, by integrating Advanced Product Quality Planning (APQP) into our quality processes, we improve supplier engagement, reduce launch risks and drive continuous improvement in a structured manner, ensuring product quality and customer satisfaction.

By conducting thorough quality risk assessments and minimising risk exposure through internal audits of our quality management system, we ensure the highest standards of quality and reliability. As an ISO 9001 certified company, we adhere to recognised standards for quality management and apply a customer-focused approach, with annual external audits performed by a third-party agency.



Quality – Our actions

With a dedicated customer-focused work throughout the entire company, we strengthen the quality aspect and increase our customers' satisfaction. Our way of working with quality is an iterative process placing the customer in focus. We apply a proactive and structured way of working with quality by following five steps that results in improved customer satisfaction.

1. **Voice of the customer** – We actively listen to feedback across car, app, sales and service to guide decisions that enhance the customer experience.
2. **Built-in quality** – Quality is designed into every step, ensuring a seamless and premium experience for customers.
3. **Outflow prevention** – We validate before launch to prevent issues and ensure standards are met, including the customer's perceived expectations of quality.
4. **Early detection and resolution** – If problems occur, we respond quickly and effectively to minimise impact on customer experience.
5. **Continuous learning** – We learn from every issue to improve how we work internally, so the result is a better and more seamless customer journey.

Quality – Our ambitions

During the reporting year, we have united around a company-wide quality ambition: to be number one in Customer Satisfaction by 2029. This ambition resonates strongly with all employees, fosters a culture of customer centricity, and ensures that our customers remain our number one focus in everything we do.

We measure progress towards Customer Satisfaction number one through a consolidated global index that captures satisfaction across every stage of the customer journey: car, app, sales and service – based on leading external studies such as J.D. Power covering the majority of our sales volume.

To complement this, we set targets and monitor progress on customers' satisfaction with the car, app, sales and service through internal studies that correlates with the external ones. These are conducted on a more frequent basis giving us early indications of satisfaction levels and the opportunity to act quickly if we detect a trend break in the satisfaction curve. This is our operational measurement system which operates at a more detailed level. We link annual ambitions to it, and its results are regularly and carefully monitored. Ambitions are set from an outside-in perspective to ensure competitiveness against global benchmarks. Our internal surveys are conducted continuously, generating results, that provide us with insights on customer satisfaction.

Our cross-functional governance structure ensures accountability and continuous improvement. Monthly executive and functional forums review performance, guide priorities, and drive actions to achieve our ambition. The Quality and Customer Satisfaction Executive Meeting, including EMT members, meets with the purpose to provide guidance and govern, but also to review progress and discuss actions for continuously improvement. In the Quality and Customer Satisfaction Matters Meeting, EMTe meets with the aim of focusing on achieving ambitions.

Looking ahead, we are investing in advanced analytics, digital tools and proactive engagement to anticipate customer needs and deliver experiences that set new standards for the industry.

Privacy

Our work on data protection and privacy follows our general approach to managing both the impacts on individuals and the potential risks to Volvo Cars. More information on our policies and the actions we take to manage these impacts and risks can be found on page 203.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Governance information

Business conduct
PAGE 200–205

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Business conduct

We conduct business responsibly and foster a strong ethical culture. Acting ethically is not only the right thing to do – it is the foundation for creating sustainable and long lasting value. Guidance from our Code of Conduct together with our culture and leadership principles, shapes how we work as one team and how leaders lead every day to create long-term value.

Identified material impacts, risks and opportunities (IRO)	Type of IRO	Time horizon	Value chain
CORPORATE CULTURE			
Failure to act in line with our corporate culture and to adequately address unwanted behaviours can result in regulatory violations, reduced morale.	Potential negative impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
PROTECTION OF WHISTLEBLOWERS			
Failing to protect whistleblowers could have serious consequences for the individuals involved and may discourage others from speaking up, allowing potential misconduct to go undetected.	Potential negative impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
POLITICAL ENGAGEMENT AND LOBBYING ACTIVITIES			
By lobbying and working for electrification of mobility and infrastructure development, among other things, Volvo Cars may have a positive impact on societal development.	Actual positive impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS			
Positive impact on people and the environment by upholding high ethical standards wherever we conduct business and by setting requirements on environmental and social aspects in purchasing and procurement.	Actual positive impact	Short-term, mid-term, long-term	Upstream, own operations
Extended payment terms or delayed payments can affect supplier's financial situation and strain supplier relationships.	Actual negative impact	Short-term, mid-term, long-term	Upstream, own operations
CORRUPTION AND BRIBERY			
Business operations in high-risk areas may contribute to an increased risk of incidents and corruption.	Potential negative impact	Short-term, mid-term, long-term	Upstream, own operations, downstream
Risks of unethical behaviour may arise from operating in a global and complex value chain, particularly when conducting business in high-risk countries with elevated corruption levels and weak regulatory enforcement.	Risk	Short-term, mid-term, long-term	Upstream, own operations, downstream

UPSTREAM OWN OPERATIONS DOWNSTREAM

SHORT-TERM MID-TERM LONG-TERM

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Business conduct governance

The Compliance & Ethics (C&E) Office supports Volvo Cars to conduct our business responsibly, ethically and in accordance with all relevant laws and regulations and our Code of Conduct. The C&E Office is led by the Global Head of C&E, who serves as the Chief Compliance & Ethics Officer for Volvo Cars. The Global Head of C&E reports to the General Counsel and Chief Corporate Affairs Officer and, to ensure independence, also has direct access to, and regularly reports to, the Audit Committee. The Global Head of C&E also ensures that compliance training is provided to the Board of Directors. Annual compliance reporting is submitted to the Board of Directors, including the number of compliance cases and action taken. Cases that may cause severe impact to the company are highlighted for special attention.

The Global Head of C&E reports on a quarterly basis, or more frequently if necessary, to the Compliance Committee, which consists of EMT and Head of Global Audit Office (GAO). This reporting includes implementation status and effectiveness of the C&E Program, key compliance risks, compliance cases and investigations, and progress on implementation and corrective actions plans. In addition, a China Compliance Committee has been established to serve as a governance body supporting effective implementation, oversight, and continuous improvement of the C&E Program in China.

The C&E Office is comprised of compliance officers, specialists and lawyers responsible for all C&E risk areas. The teams are supported by a compliance champions network, which provides coordination, monitoring and support across the company. Regional C&E roles oversee the regional implementation and management of the C&E Program. The Data Protection Officer (DPO) is the designated contact for all inquiries related to our data protection practices. More information about our corporate governance can be found on page 43 and 140.

Compliance & Ethics Program

Our C&E Office supports responsible and ethical operations by developing and implementing the C&E Program. The program covers the compliance risk areas anti-corruption and bribery (including conflicts of interest), trade sanctions and export control, data protection (including privacy and AI compliance governance), human rights, and competition law. The program demonstrates our commitment to ethical conduct, legal compliance and responsible business practices. Built on globally recognised principles, the program is structured around ten program elements and is continuously reviewed, updated and strengthened to address emerging risks and evolving stakeholder expectations.

Our policies related to business conduct and corporate culture

Our Code of Conduct reflects our values and culture, guiding how we achieve results in an ethical and responsible way. Our Code of Conduct and its twelve Corporate Policies reflect our dedication to responsible business practices. More information on the governance of the Code of Conduct and Corporate Policies can be found on page 142.

Key policies in relation to Compliance & Ethics program

Out of the twelve Corporate Policies, the following six key policies form a core component of our C&E Program and address our identified impacts and risks related to corporate culture, including corruption and bribery and how we protect whistleblowers. They reflect our dedication to responsible business practices and are further operationalised through corporate directives and guidelines, which provide clear and practical instructions for day-to-day implementation. All policies and supporting materials are accessible internally through our intranet.

- The Anti-Corruption Policy outlines our zero-tolerance stance on corruption and provides guidance on handling gifts and hospitality, lobbying and relationships with government officials.
- The Conflict of Interest Policy reinforces our commitment to act with integrity and safeguard the company's reputation at all times.

COMPLIANCE & ETHICS – TEN PROGRAM ELEMENTS

1. TONE FROM THE TOP AND CULTURE	2. COMPLIANCE & ETHICS ORGANISATION	3. COMPLIANCE & ETHICS FRAMEWORK	4. TRAINING, AWARENESS AND COMMUNICATION	5. RISK ASSESSMENT
Our leadership sets a strong ethical tone and actively fosters a culture of integrity, accountability, and transparency throughout the organisation.	A dedicated function ensures effective governance and oversees program implementation, supported by cross-functional collaboration and senior leadership engagement.	Our framework includes clear policies, directives, procedures, and controls designed to prevent, detect, and respond to compliance risks.	Regular training and targeted communications ensure employees and business partners understand our standards and how to apply them in practice.	We conduct regular compliance risk assessments to identify, evaluate, and prioritise risks, ensuring that our program is tailored to address key areas of exposure.

6. DUE DILIGENCE & DUE CARE	7. MONITORING AND AUDIT	8. INTERNAL REPORTING AND INVESTIGATIONS	9. ENFORCEMENT, DISCIPLINARY ACTIONS AND INCENTIVES	10. PROGRAM ASSESSMENT AND CONTINUOUS IMPROVEMENT
Risk-based due diligence is conducted on third parties and business partners, with ongoing due care applied to maintain ethical standards and compliance over time.	Continuous monitoring and periodic audits assess the effectiveness of our controls and ensure adherence to compliance requirements.	Confidential channels are available for employees and stakeholders to report concerns. All reports are promptly reviewed and, as appropriate, addressed through fair and independent investigations.	We enforce our standards consistently, maintaining a zero tolerance for retaliation, applying disciplinary measures for violations and encouraging ethical behaviour through positive reinforcement.	We regularly review and enhance our program to adapt to evolving risks, stakeholder expectations, and regulatory developments.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

- The Data Protection Policy summarises the principles governing our processing of personal data.
- The Competition Law Policy includes requirements related to situations that could impair fair competition.
- The Trade Sanctions and Export Control Policy outlines the main principles and corresponding requirements for managing trade sanctions and export control risks.
- The Internal Reporting Policy emphasises Volvo Cars' zero-tolerance stance against retaliation against anyone who raises concerns in good faith.

Our goals for ethical and responsible business are further cascaded to our business partners through our Code of Conduct for Business Partners.

Corporate culture

Culture is a shared responsibility for everyone at Volvo Cars. In order to fulfil our strategy of long-term value creation we need to think, act and lead differently together. Our culture principles: we keep it simple, we stay curious, and we are all-in, guide how we work as one team, while we keep learning and reduce complexity. It shapes how we fulfil our commitment to ethical and responsible business conduct, and how we foster openness by encouraging employees to raise concerns through established channels, including our annual engagement survey. Insights from these interactions drives continuous improvement. Our ethical standards extend across our value chain through our Code of Conduct for Business Partners.

Leadership culture

Leadership is not built in frameworks or presentations, it is built in conversations, choices and everyday actions. Our leadership principles: create clarity, lead with courage and take full ownership guides how leaders lead every day. It shapes how they act responsibly, step forward in uncertainty, and communicate clearly, to help create long-term value and fulfil our commitment to ethical and responsible business conduct.

Speak Up culture

We encourage employees to speak up and address any unacceptable behaviour or improper demands. Employees are expected to promptly raise compliance and ethical concerns, including any observed or suspected misconduct. We also encourage employees to report concerns to their line manager, local People Experience function, another senior manager, the Legal department or the C&E Office. Additionally, employees can raise concerns or seek guidance confidentially via our dedicated whistleblowing channel, the Tell Us reporting line. Tell Us is operated by an independent third-party provider in accordance with the EU Whistleblowing Directive. We are committed to open communication, and, where permitted by local law, individuals also have the option to report concerns anonymously.

External stakeholders, such as customers and business partners across our value chain, can also use the Tell Us reporting line to raise concerns and submit reports. Rightsholders (such as indigenous people) or organisations representing them can use Tell Us to anonymously report potential human rights abuses. Tell Us is available globally, in over 75 languages.

Protection of whistleblowers

We are committed to fostering a culture where whistleblowers feel confident and empowered to ask questions and raise concerns without fear of retaliation. This is key to preventing issues and ensuring they are addressed appropriately when they arise. We take all reports seriously and are committed to maintaining confidentiality throughout the investigation process. Volvo Cars does not tolerate any form of retaliation against individuals who report their concerns in good faith. Failing to protect whistleblowers could have serious consequences for the individuals involved and may discourage others from speaking up, allowing potential misconduct to go undetected.

Investigations and disciplinary action

All reports made via the Tell Us reporting line are received by the Compliance Investigations teams in the C&E Office. The team consists of a few highly qualified professionals and treat all the information they receive confidentially and handle reports promptly, independently and objectively, in accordance with our compliance investigation procedure and relevant regulatory requirements. Additionally, in 2025 we developed a remediation process to provide a structured approach for delivering or contributing to remedies when we have directly or indirectly caused or contributed to material negative impacts within the human rights area. The table provides a summary of cases reported to the C&E Office in 2025.

Cases reported to the C&E Office	2025	2024
Total number of cases reported to the C&E Office	274	227
of which transferred to other departments	151	117
of which remained at C&E Office	123	110
of which lack sufficient information	47	53
of which were substantiated	24	29
substantiated cases with disciplinary actions	10	22
substantiated cases related to corruption	4	9

Compliance & Ethics program risk management

Working with the C&E Program, Volvo Cars adopts a risk-based approach to identify, assess, prioritise, and manage risks across anti-corruption, competition law, human rights, trade sanctions and export control, and data, privacy & AI compliance governance.

Risk assessments are conducted and documented in accordance with the C&E framework. Depending on the maturity, prioritisation and nature of each risk area, we apply different assessment methodologies based on what is most appropriate at the time of review. Continuous monitoring is carried out to address risks identified during the assessment process, in investigations or in the handling of matters – driving ongoing improvements to compliance controls and processes.

The key compliance risks, along with corresponding mitigation measures, are presented in the annual C&E Risk Report. The report is submitted to the Compliance Committee and the most significant compliance risks are also reported to the Board of Directors.

To ensure alignment with broader enterprise risk governance, the key compliance risks are also reported to the ERM function. This supports enterprise-wide risk visibility, strategic decision-making and enables executive management to implement timely and appropriate countermeasures. Further details on the ERM framework can be found in the Enterprise Risk Management section on page 37.

Compliance & Ethics risk areas

Anti-corruption including Conflict of interest

Our commitment to responsible business is anchored in strong company values and a culture of integrity. We believe that transparency, fairness and ethical conduct are fundamental to a sustainable economy and a healthy society. Dishonest business practices contribute to inequality, weaken trust in systems of governance and hinder

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

economic development. It can also compromise democratic systems and expose Volvo Cars to legal, financial and reputational risks. Therefore, we uphold a strict zero-tolerance policy toward corruption in all its forms and actively promote a culture of honesty, accountability and ethical behaviour across our operations and value chain.

Conflicts of interest may affect our ability to make objective and transparent decisions, potentially impacting Volvo Cars' reputation and performance. We are committed to acting with integrity and safeguarding our reputation at all times. Employees are expected to ensure that all professional decisions related to our business are made in the best interests of the company. Our Conflict of Interest Policy sets out the requirements and provides guidance to help employees identify, disclose and appropriately manage potential conflicts of interest.

Competition law

Volvo Cars is committed to fair competition and compliance with applicable competition laws. Employees who engage with business partners or competitors in the course of their work are expected to follow the principles outlined in our Competition Law Policy and related directives. These provide clear guidance and targeted training to help employees understand their obligations and act appropriately when interacting with business partners and competitors.

Human rights

We seek to safeguard human rights throughout our value chain. Our human rights compliance program aims to prevent, identify and mitigate adverse impacts on human rights. The C&E Office supports our whole value chain with guidelines and processes, risk assessments, trainings and monitoring. More information about our human rights due diligence can be found on page 143 and 191.

Trade sanctions and export control compliance

Volvo Cars is committed to comply with all applicable trade sanctions and export control laws and regulations and maintains policies designed and reasonably expected to continue to ensure compliance with those laws and regulations. These policies summarise applicable principles and provide specific instructions and guidance regarding compliance, including risk-based due diligence of third parties and contractual safeguards, and are periodically reviewed and updated to enhance their effectiveness.

Data, privacy & AI compliance governance

At Volvo Cars, protecting personal data is not just a legal requirement – it is a core element of our responsible business conduct, which in turn is a key part of how we build trust with our stakeholders. We apply our Data Protection Policy, directives, controls and training to uphold the integrity, security and transparency of personal data belonging to our stakeholders. These measures are overseen by dedicated governance structures that monitor compliance, mitigate risks and drive continuous improvement across our value chain.

In the same way, we recognise the importance of responsible innovation in emerging technologies such as AI. Our AI compliance governance framework embeds ethical principles, compliance requirements and accountability to ensure our AI systems promote explainable, personal, sustainable and safe use of AI while minimising potential harm. Through this commitment, we reinforce our role as a responsible and trusted partner.

We are committed to transparency and accountability in the way we manage personal data. Our privacy notices explain the types of information we collect, the purposes for which it is used, and the period for which it is retained.

Cybersecurity

At Volvo Cars, cybersecurity is a cornerstone of our commitment to safety, innovation and trust. As our cars and operations become increasingly connected and data-driven, protecting our digital assets, systems and people from cyber threats is more critical than ever.

To safeguard the company against internal and external threats, our international team of cybersecurity specialists operates 24/7 across geographies and disciplines. We continuously monitor, assess and respond to evolving threats and risks, to ensure that our digital infrastructure remains resilient, secure and aligned with global best practices.

We believe that cybersecurity is not just a technical challenge, it is a cultural one. Through targeted training programmes, simulations and continuous communication, we empower our workforce to recognise and respond to potential threats. Guided by our cybersecurity framework, these initiatives foster a proactive security mindset and help embed cybersecurity into everyday decision-making across the organisation.

Cybersecurity is integrated into our development lifecycle, ensuring that our cars and digital services are designed with security in mind from the outset. This includes secure software development practices, rigorous testing, and compliance with industry standards and regulations.

We recognise the importance of collaborative cybersecurity across our supply chain. As part of our sourcing and procurement processes, we require our business partners to adhere to stringent best industry cybersecurity standards and practices. These requirements are designed with a balanced, risk-based approach to ensure that our extended ecosystem is resilient to disruptions. Regular assessments and dialogue with suppliers help us identify vulnerabilities early and promote continuous improvement.

DATA PRIVACY

CUSTOMERS	EMPLOYEES	VALUE CHAIN
As digitalisation continues to transform our industry, we aim to combine data-driven innovation with respect for the fundamental right to privacy. Data helps us better understand consumer needs, enhance services, and develop new products. At the same time, we remain committed in safeguarding personal information and upholding data protection standards.	Our commitment to protecting personal data extends to our employees. We collect and process employee information with care and in compliance with applicable privacy, data protection, and labour laws.	Our Code of Conduct for Business Partners requires suppliers to comply with relevant data protection legislation. (More information on our Code of Conduct for Business Partners can be found on page 142).

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Our actions

Prevention and detection of corruption and bribery

At Volvo Cars, we manage anti-corruption as an integral part of our compliance program. Our Anti-Corruption Policy and Directive outline the framework for preventing and detecting bribery and corruption across our operations and among third parties.

The key elements of our anti-corruption program include:
- Company-wide and targeted risk assessments
- Guidance and procedures for handling situations where red flags arise
- Training courses and regular communications from top management to reinforce our zero-tolerance policy regarding corruption
- Risk-based due diligence for business partners, charitable contributions and sponsorships

Functions with higher exposure, identified through corruption risk mapping, receive mandatory, targeted training. Such functions-at-risk, including Public Affairs, Regulatory Affairs, Executive Management as well as employees interacting with government, are covered by the training program, where employees receive and complete mandatory anti-corruption training through annual Code of Conduct e-learning, as well as risk-specific anti-corruption and anti-bribery training. In 2025, ten operations were selected for anti-corruption risk assessments, with mitigating measures to be implemented where necessary.

In addition, we foster a strong Speak Up culture. Our whistleblowing channel, the Tell Us reporting line, is available to both employees (via the intranet) and external stakeholders (via our company website).

As part of our detection measures, we conduct ongoing monitoring to safeguard compliance within our operations and value chain. Furthermore, the Compliance Investigation Unit and the Global Audit Office carry out investigations and audits, and, where required, recommend and monitor corrective actions.

Our actions aim to prevent, detect, and respond to identified cases of corruption and bribery. This is an ongoing effort, and it is challenging to set targets and measure progress, as fewer reported cases do not necessarily mean fewer actual cases. We monitor and act on reported incidents, and we also provide training to raise awareness among our employees and within our value chain to improve the completeness of reporting.

In 2025 no legal proceedings related to corruption were initiated against Volvo Cars or any of its employees, and there were no convictions for violations of anti-corruption or anti-bribery laws, and no related fines.

Compliance & Ethics training, awareness and communication

We provide training and communication to ensure that our employees and business partners understand, follow and act according to our ethical and responsible business conduct. We develop trainings to both all our employees and managers, as well as region- or role specific groups. We also provide targeted risk trainings to functions identified as being exposed to specific compliance risks. The impact of the trainings is measured through employee surveys, compliance case statistics, training completion rates and similar KPIs, and is reported as part of the C&E Program status reports.

Examples of trainings performed 2025 include:
- Mandatory Code of Conduct e-learning course for all non-production employees, focused on anti-corruption, competition law and Speak Up culture. This training was also provided to all members of the Board of Directors. In addition, we provided targeted trainings to leadership in responsible business conduct.
- Compliance & Ethics modules in our internal leadership programs.
- A responsible business discussion kit, focused on conflicts of interest, that helps leaders initiate responsible business discussions with their teams.
- Targeted training on the previously mentioned Compliance & Ethics risk areas, training more than 7,500 people.
- Held a “Compliance Awareness Day” for the procurement function with focus on Data Protection, Trade sanctions & export control and Anti-corruption risk areas.
- Targeted trainings in our Anti-Corruption Policy to ‘at risk employees‘.

During 2025, the share of employees who completed the Code of Conduct training decreased slightly. In 2026, the mandatory Code of Conduct training will be included as a performance target assigned to individual employees in the global people performance tool, which is expected to drive an increase in completion rates across the organisation.

Corruption and bribery incidents	2025	2024
Convictions for violation of anti-corruption and anti-bribery laws	—	—
Amount of fines for violation of anti-corruption and anti-bribery laws, SEK	—	—

Data protection incidents	2025	2024
Substantiated privacy complaints addressed by the DPO	7	6
Data protection authority investigations managed by the DPO	1	6
Substantiated personal data incidents	58	71

Training and Communication	2025	2024
Employees (non-production) trained in our Code of Conduct, %	88	90
Number of production sites where employees (production) were trained in our Code of Conduct	4	4
Number of employees having received targeted (‘face-to-face’) compliance training	7,741	10,541
Functions-at-risk covered by anti-corruption training programmes, %	100	—

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Management of relationships with suppliers including payment practices

Volvo Cars views supplier relationships as long-term partnerships built on transparency, shared values and continuous improvement. Our Code of Conduct for Business Partners forms an integral part of the agreements we make with our suppliers and other business partners.

The company's approach includes:

- **Collaborative engagement:** For example, in business review meetings with our suppliers, we strive to co-develop and enhance our relationship and performance across multiple areas, including sustainability.
- **Risk based due diligence approach to supplier selection:** When evaluating new suppliers for direct material sourcing, we assess the following social and environmental criteria:
  - Human rights and labour practices: Suppliers must comply with our Code of Conduct for Business Partners.
  - Environmental impact: Suppliers are evaluated on their environmental impact including carbon footprint, water usage, waste management and biodiversity impact.
  - Raw Materials of Concern (RMoC): Special attention is given to suppliers of high-risk materials such as cobalt, lithium and rare earth elements.
  - Proactive risk monitoring: We continuously monitor supply chain risks – such as financial and sustainability risks, particularly in conflict-affected and high-risk areas – using both internal assessments and third-party data.
  - Corrective action and escalation: If a supplier is found to be non-compliant with Volvo Cars' sustainability standards, a structured process is initiated, including engagement, remediation plans and, if necessary, termination of the relationship.

Supplier relations and payment terms are intertwined, as payment terms are crucial for strong supplier partnerships. Our standard contract payment terms are 60 days month end (production material) or net (other). Other payment terms could be agreed upon depending on certain set-ups, financial situation and depending on types of goods and shipment time. We also provide the possibility for suppliers to be part of our Supply Chain Finance Programme (factoring) that helps free cash for suppliers.

Considering all this, payment rate is above 91 (93) per cent and the average number of days on which we pay our suppliers amounts to 68 (72) days, calculated as the days payable outstanding (DPO).

Previously, we have signed an agreement with the Swedish Initiative for Payment Terms, in compliance with government recommendations to shorten supplier payment times in domestic trade suppliers with a focus on small and medium-sized enterprises.

At the end of 2025, there were no known material outstanding legal proceedings for late payments raised for management's attention.

Policy influence and advocacy

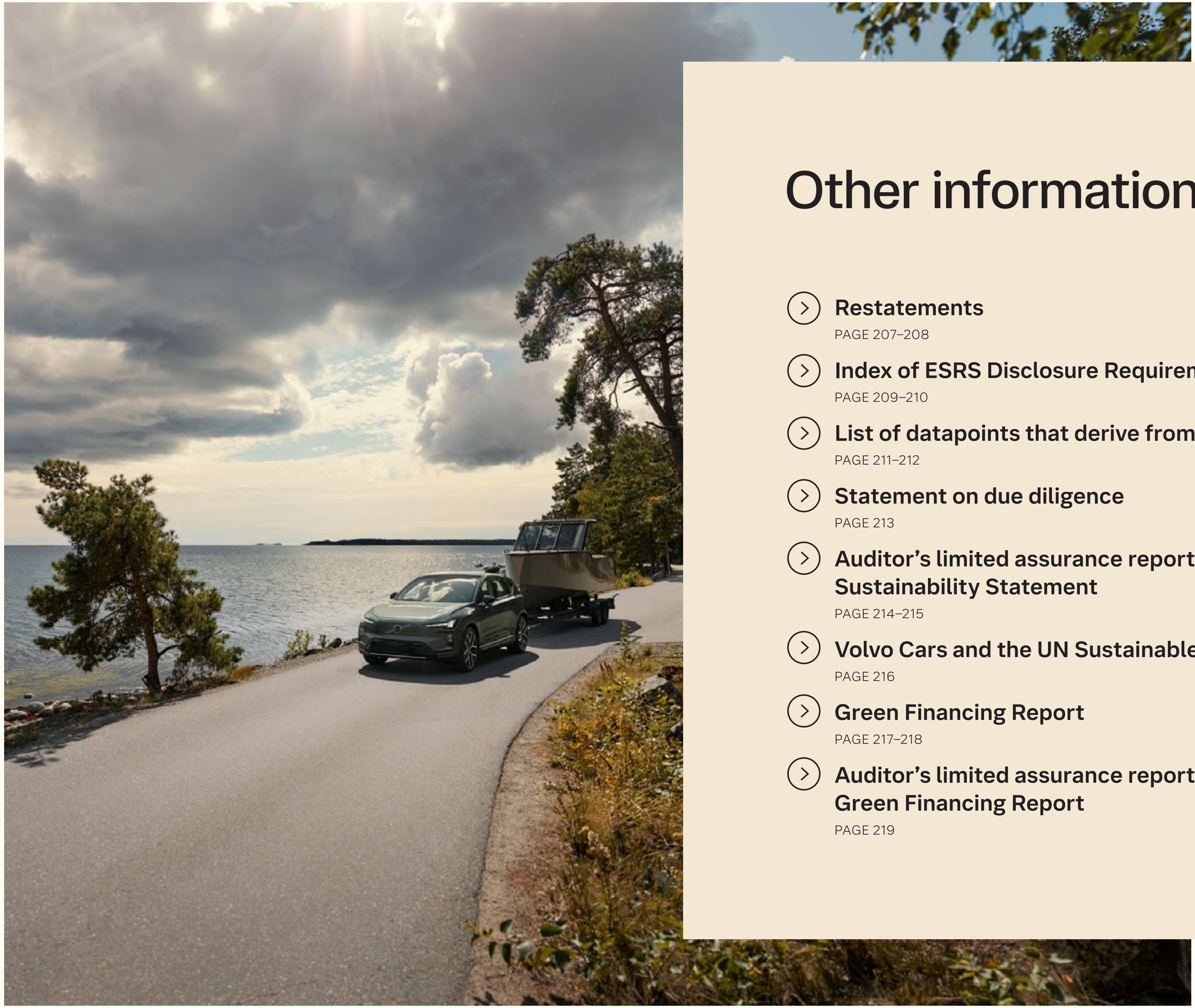
We actively support policy development and advocate positive change in a wide range of areas. In collaboration with our stakeholders, through public advocacy and participation in trade associations, we promote:

- Climate action that accelerates the transition to a low-carbon economy.
- Circularity in the automotive sector.
- Electrification in the automotive industry by improving charging networks, accelerating decarbonisation, expanding climate-neutral energy provision and enabling smart and bi-directional charging.
- Safe digital transformation in our sector through policy that enables technological development, including the international transfer of non-personal product data.
- Free trade agreements that solidify and diversify supply chains and ensure fair competition.
- Open and collaborative research and development that supports reskilling and upskilling automotive workers.
- International human rights standards and guidelines.

Volvo Cars does not make financial contributions to political parties. In accordance with our Anti-Corruption Policy, we do not use company assets for political influence. Although not legally obliged, we are voluntary members of trade associations and organisations that engage in policy influence and advocacy. In 2025, total annual contributions to those organisations amounted to SEK 14.5 (20.5) m. Some of the largest recipient organisations include the Alliance for Automotive Innovation, E-Mobility Europe, Mobility Sweden and the Society of Motor Manufacturers and Traders.

No members of the Board of Directors or EMT have held roles in public administration or regulatory bodies during the two years preceding the 2025 reporting period. The EMT oversees the company's policy engagement and lobbying activities, including business ethics and legal compliance. To read more about our lobbying activities, consult the EU Transparency Register, under registration number 74574295642-60.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222



Other information

Restatements
PAGE 207–208

Index of ESRS Disclosure Requirements
PAGE 209–210

List of datapoints that derive from other EU legislation
PAGE 211–212

Statement on due diligence
PAGE 213

Auditor's limited assurance report on Volvo Cars' statutory Sustainability Statement
PAGE 214–215

Volvo Cars and the UN Sustainable Development Goals
PAGE 216

Green Financing Report
PAGE 217–218

Auditor's limited assurance report on Volvo Cars' Green Financing Report
PAGE 219

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Restatements

General
Compared with previous year's report, updates to the reporting scope and underlying data capabilities have been implemented. These changes require corresponding adjustments to historical figures to ensure comparability across periods. In addition, identified inaccuracies in prior years have been corrected and the historical data has been updated accordingly. The base year values for 2018 and 2019, which serve as the foundation for measuring progress toward our 2025 and 2030 ambitions, have been updated accordingly.

Enhanced data model
This year, we advanced our data capabilities to more precisely calculate the emissions from materials and share of recycled materials in our cars. The data model connects the detailed material composition of every part that makes up every Volvo to more precise generic and supplier specific data. This allows for a more detailed material breakdown for each part in each Volvo car produced, and enables the application of CO_2 claims on materials.

Scope 3 greenhouse gas emissions
Waste generated in operations
Due to multiple disposal routes of waste, a material amount of non-hazardous waste was not reported during 2024. The metric has been updated to reflect actual disposal volumes.

Additionally, emission factors applied to waste historically have been corrected due to errors in published datasets from UK DEFRA. The updated emission factors have been applied retrospectively to reflect a true and fair view of the greenhouse gas emissions related to waste generated in operations.

Purchased goods & services, use of sold products and end-of-life treatment
Historical numbers reported in the category Purchased Goods & Services have been updated with more precise data. Vehicle dependent categories, including Purchased Goods & Services and Use of Sold Products have been recalculated to align with the updated number of produced vehicles in historical years. Disaggregation of use of sold products is updated accordingly.

Downstream leased assets
Emissions previously reported in this category have been recategorized and accounted for in Scope 3 category 1 purchased goods & services.

Franchises
Improved methodology for collecting and compiling data from thousands of retailers have resulted in an adjustment of reported values.

2025 and 2030 ambitions
The ambition to reduce tailpipe emissions and Scope 3 SBTi target have been recalculated to account for updates in the category Use of Sold Products. The ambition to minimise emissions from materials has been recalculated to account for updates in the category Purchased Goods & Services. The ambition to reduce operational emissions has been recalculated to account for changes in the categories waste generated in operations, downstream leased assets and franchises. The overarching ambitions to reduce emissions per car and to reach net zero greenhouse gas emissions across the value chain have been recalculated to account for changes to absolute emissions in historical years. All of above have been recalculated to account for the updated number of produced cars per year.

Recycled and bio-based materials and total materials in fleet
As a result of the enhanced data model, data reported for 2024 have been adjusted to more accurately reflect the share of recycled and bio-based materials in new models as well as in our fleet. It has also resulted in an updated amount for the metric total materials in fleet.

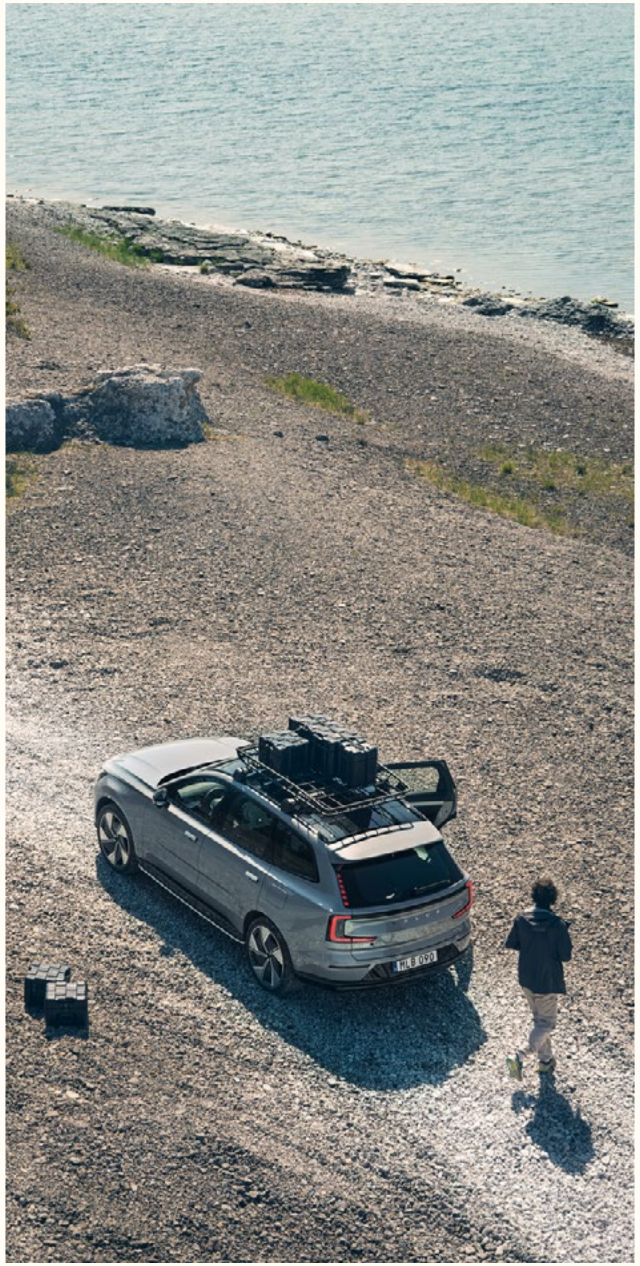
Own workforce characteristics
During 2025, the employee data collection process was strengthened to ensure completeness of all entities within Volvo Cars, and alignment with the scope of consolidation. This scope includes those entities excluded from the central HR system. The resulting variance in headcount for 2024 is approximately 3,000 employees and 560 non-employees. Comparative figures have not been restated for any metrics within own workforce due to this scope, as historical data for these entities was not collected in prior periods and cannot be reconstructed retrospectively with sufficient accuracy and completeness.

In 2024, the reported number for non-employees (consultants) was 9,665. However, this number included 4,766 consultants who, according to our ESRS-aligned definition, do not fall within the non-employee category. Comparative figures have been restated. Definitions of non-employees applied in this statement can be found on page 187.

Gender distribution in management
In 2025, we implemented a global job framework that redefined the classification of senior leaders, introducing a more competence-based and transparent model. The new classification of senior leaders resulted in an updated breakdown of gender and age for women and men in senior leadership, as well as the overall totals. Comparative figures have been updated accordingly in the table presented on page 186. In addition, the comparative figures for the entity-specific disclosure women in leading position has been updated. The restatements are disclosed on an aggregated level in the table below.

Performance and development reviews
In 2024, the share of employees participating in regular performance and development reviews was determined based on the annual merit review process. To align with ESRS, the metrics are prepared using information from our Continuous Dialogue process, our formal framework for ongoing performance and development reviews. This methodology shift reflects a broader scope, as it now goes beyond the merit review process and now also include formal development dialogues for all participating employees.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222



	After restatement		Prior to restatement	
	2024	2018	2024	2018
Greenhouse gas emissions, tonnes CO_2				
Purchased goods and services	11,019,000	9,793,000	14,363,000	10,435,000
Waste generated in operations	3,000	3,000	5,000	9,000
Use of sold products	24,387,000	29,583,000	24,390,000	29,650,000
Downstream leased assets	0	0	4,000	4,000
Franchises	379,000	748,000	385,000	747,000
GHG emission reduction ambitions[1]				
Reduce CO_2 emissions across the value chain	10	41,870,000	4	42,589,000
Reduce CO_2 emissions per car	32	36,002,000	26	36,724,000
Reduce tailpipe emissions per car	46	23,715,000	46	23,785,000
Reduce emissions from materials per car	1	9,793,000	–21	10,435,000
Reduce operational emissions per car	25	2,494,000	24	2,504,000
Science Based Targets initiative[1,2]				
Reduce scope 3 emissions from use of sold products	26	30,743,000	26	30,694,000
Resource inflow and outflow				
Recycled and bio-based materials in new models, %	18	—	15	—
Recycled and bio-based materials in fleet, %	20	—	10	—
Total material in fleet, kilo tonnes	1,465	—	1,470	—
Total waste generated, tonnes	222,061	—	208,196	—
whereof metal, tonnes	148,308	—	134,515	—
Non-hazardous waste directed to recycling, tonnes	197,263	—	183,404	—
Own workforce characteristics, headcount				
Non-employees	4,899	—	9,665	—
Gender distribution in management, %				
Women in senior leadership	29.7	—	31.1	—
Men in senior leadership	70.3	—	68.9	—
Women in leading positions	30.8	—	30.9	—
Performance and development reviews, %				
White collars	96	—	100	—
Women	95	—	100	—
Men	96	—	100	—

1) The 2018 figure represents the base year value in tonnes of CO_2. The 2024 figure shows the percentage change relative to the base year.
2) The 2018 column reflects the Science Based Targets initiative base year, representing 2019 data.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Index of ESRS Disclosure Requirements

Disclosure Requirement	Description	
ESRS 2	**GENERAL DISCLOSURES**	**Page**
BP-1	General basis for preparation of the Sustainability Statement	133
BP-2	Disclosures in relation to specific circumstances	133
GOV-1	The role of the administrative, management and supervisory bodies	140
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	140
GOV-3	Integration of sustainability-related performance in incentive schemes	143
GOV-4	Statement on due diligence	213
GOV-5	Risk management and internal controls over sustainability reporting	141
SBM-1	Strategy, business model and value chain	134
SBM-2	Interests and views of stakeholders	138
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	134, 145
IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	145
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement	147
ESRS E1	**CLIMATE CHANGE**	**Page**
E1-1	Transition plan for climate change mitigation	154
E1-2	Policies related to climate change mitigation and adaption	155
E1-3	Actions and resources in relation to climate change policies	156
E1-4	Targets related to climate change mitigation and adaptation	158
E1-5	Energy consumption and mix	161
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	159
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Not applicable
E1-8	Internal carbon pricing	158
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Phase-in
Entity-specific	Electrified car retail sales	156
Entity-specific	Regional efficiency metrics	157
ESRS E2	**POLLUTION**	**Page**
E2-1	Policies related to pollution	165
E2-2	Actions and resources related to pollution	165
E2-3	Targets related to pollution	166
E2-4	Pollution of air, water and soil	165
E2-5	Substances of concern and substances of very high concern	165
E2-6	Anticipated financial effects from pollution-related risks and opportunities	Phase-in

Disclosure Requirement	Description	
ESRS E3	**WATER AND MARINE RESOURCES**	**Page**
E3-1	Policies related to water and marine resources	168
E3-2	Actions and resources related to water and marine resources	168
E3-3	Targets related to water and marine resources	169
E3-4	Water consumption	168
E3-5	Anticipated financial effects from water and marine resources-related risks and opportunities	Phase-in
ESRS E4	**BIODIVERSITY AND ECOSYSTEMS**	**Page**
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	Phase-in
E4-2	Policies related to biodiversity and ecosystems	171
E4-3	Actions and resources related to biodiversity and ecosystems	171
E4-4	Targets related to biodiversity and ecosystems	172
E4-5	Impact metrics related to biodiversity and ecosystems	171
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	Phase-in
Entity-specific	Estimated impact on biodiversity from Volvo Cars' value chain, species.year	171
ESRS E5	**RESOURCE USE AND CIRCULAR ECONOMY**	**Page**
E5-1	Policies related to resource us and circular economy	174
E5-2	Actions and resources related to resource us and circular economy	175
E5-3	Targets related to resource us and circular economy	176
E5-4	Resource inflows	176
E5-5	Resource outflows	177
E5-6	Anticipated financial effects from material resource use and circular economy-related risks and opportunities	Phase-in
Entity-specific	Component value retention	177
Entity-specific	Material breakdown in fleet	177

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Index of ESRS Disclosure Requirements, continued.

Disclosure Requirement	Description	
ESRS S1	**OWN WORKFORCE**	**Page**
S1-1	Policies related to own workforce	182
S1-2	Processes for engaging with own workers and workers' representatives about impacts	182
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	183
S1-4	Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	183
S1-5	Targets related to managing material impacts, advancing positive impacts, and managing risks and opportunities	186
S1-6	Characteristics of the undertaking's employees	181
S1-7	Characteristics of non-employee workers in the undertaking's own workforce	181
S1-8	Collective bargaining coverage and social dialogue	184
S1-9	Diversity metrics	185
S1-10	Adequate wages	185
S1-11	Social protection	184
S1-13	Training and skills development metrics	185
S1-14	Health and safety metrics	184
S1-15	Work-life balance metrics	184
S1-16	Remuneration metrics	185
S1-17	Incidents, complaints and severe human rights impacts	186
Entity-specific	Employee survey results	182
Entity-specific	Performance and career development reviews	185
Entity-specific	Women in management	186
ESRS S2	**WORKERS IN THE VALUE CHAIN**	**Page**
S2-1	Policies related to value chain workers	190
S2-2	Processes for engaging with value chain workers about impacts	190
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	190
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	191
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	194
Entity-specific	SAQ compliant suppliers	191
Entity-specific	Audits	193
Entity-specific	RMAP compliant smelters	193

Disclosure Requirement	Description	
ESRS S4	**CONSUMERS AND END-USERS**	**Page**
S4-1	Policies related to consumers and end-users	196, 197
S4-2	Processes for engaging with consumers and end-users about impacts	196, 197
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	196, 202
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	197, 198
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	197, 198
ESRS G1	**BUSINESS CONDUCT**	**Page**
G1-1	Business conduct policies and corporate culture	201
G1-2	Management of relationships with suppliers	205
G1-3	Prevention and detection of corruption and bribery	204
G1-4	Incidents of corruption or bribery	204
G1-5	Political influence and lobbying activities	205
G1-6	Payment practices	205
Entity-specific	Cases reported to the C&E Office	202
Entity-specific	Competition law and data protection incidents	204
Entity-specific	Training and Communication (in addition to Disclosure Requirement G1-3 §21 b)	204

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

List of datapoints that derive from other EU legislation

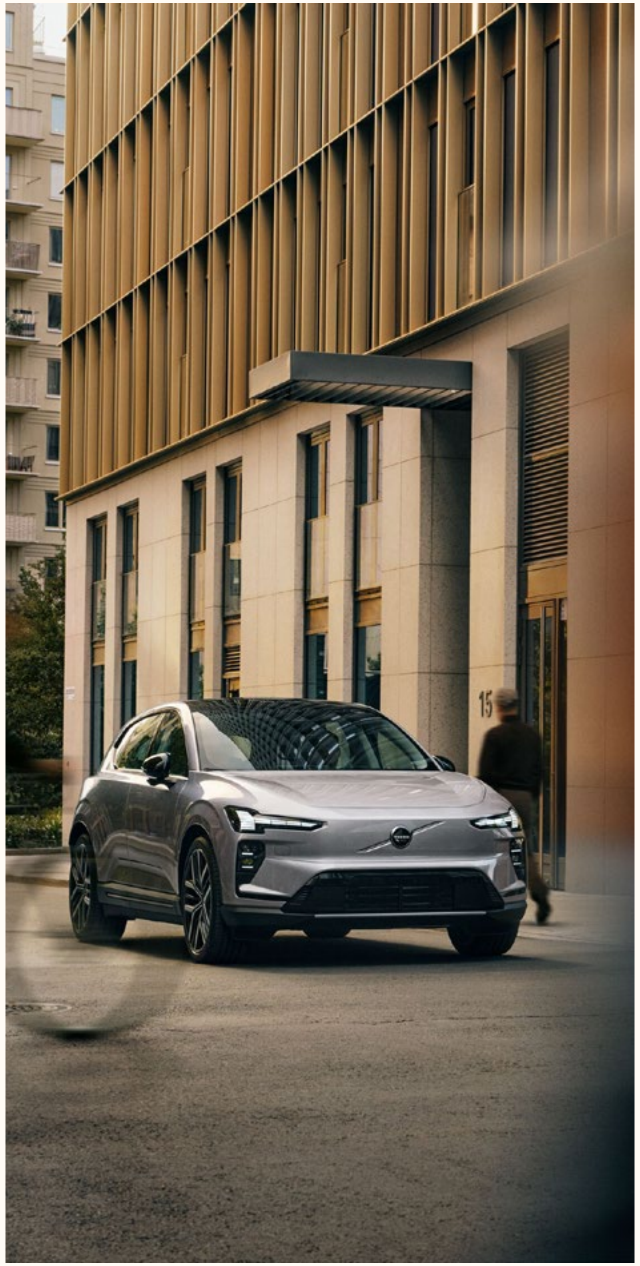
ESRS	Disclosure Requirement	Data point	Description	SFDR	Pillar 3	Benchmark Regulation	Climate Law	Page
ESRS 2: General disclosures	GOV-1	21 (d)	Board's gender diversity	x		x		140
	GOV-1	21 (e)	Percentage of board members who are independent			x		140
	GOV-1	30	Statement on due diligence	x				213
	SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not applicable
	SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not applicable
	SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not applicable
	SBM-1	40 (d) iiv	Involvement in activities related to cultivation and production of tobacco			x		Not applicable
ESRS E1: Climate Change	ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	154
	ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		155
	ESRS E1-4	34	GHG emission reduction targets	x	x	x		158
	ESRS E1-5	37	Energy consumption and mix	x				161
	ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				161
	ESRS E1-5	40–43	Energy intensity associated with activities in high climate impact sectors	x				161
	ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		159
	ESRS E1-6	53–55	Gross GHG emissions intensity	x	x	x		159
	ESRS E1-7	56	GHG removals and carbon credits				x	Not applicable
	ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Phase-in
	ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical and Location of significant assets at material physical risk		x			Phase-in
	ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Phase-in
	ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Phase-in
ESRS E2: Pollution	ESRS E2-4	28	Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil,	x				165
ESRS E3: Water and marine resources	ESRS E3-1	9	Water and marine resources	x				168
	ESRS E3-1	13	Dedicated policy	x				Not applicable
	ESRS E3-1	14	Sustainable oceans and seas	x				Not applicable
	ESRS E3-4	28 (c)	Total water recycled and reused	x				168
	ESRS E3-4	29	Total water consumption in m³ per net revenue on own operations	x				168
ESRS E4: Biodiversity and ecosystems	ESRS 2 - SBM-3 - E4	16 (a) i		x				172
	ESRS 2 - SBM-3 - E4	16 (b)		x				172
	ESRS 2 - SBM-3 - E4	16 (c)		x				172
	ESR E4-2	24 (b)	Sustainable land / agriculture practices or policies	x				Not applicable
	ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	x				Not applicable
	ESRS E4-2	24 (d)	Policies to address deforestation	x				171
ESRS E5: Resource use and circular economy	ESRS E5-5	37 (d)	Non-recycled waste	x				178
	ESRS E5-5	39	Hazardous waste and radioactive waste	x				178

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

List of datapoints that derive from other EU legislation, continued.

ESRS	Disclosure Requirement	Data point	Description	SFDR	Pillar 3	Benchmark Regulation	Climate Law	Page
ESRS S1: Own workforce	ESRS 2 - SBM-3 - S1	14 (f)	Risk of incidents of forced labour	x				181
	ESRS 2 - SBM-3 - S1	14 (g)	Risk of incidents of child labour	x				181
	ESRS S1-1	20	Human rights policy commitments	x				182
	ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			x		182
	ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				182
	ESRS S1-1	23	Workplace accident prevention policy or management system	x				182
	ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				183
	ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		184
	ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				184
	ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		185
	ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				185
	ESRS S1-17	103 (a)	Incidents of discrimination	x				186
	ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	x		x		186
ESRS S2: Workers in the value chain	ESRS 2 - SBM-3 - S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				190
	ESRS S2-1	17	Human rights policy commitments	x				190
	ESRS S2-1	18	Policies related to value chain workers	x				190
	ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		143
	ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organization Conventions 1 to 8			x		143
	ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				191
ESRS S3: Affected communities	ESRS S3-1	16	Human rights policy commitments	x				Not material
	ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Not material
	ESRS S3-4	36	Human rights issues and incidents	x				Not material
ESRS S4: Consumers and end-users	ESRS S4-1	16	Policies related to consumers and end-users	x				196, 197
	ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		143
	ESRS S4-4	35	Human rights issues and incidents	x				196
ESRS G1: Business conduct	ESRS G1-1	10 (b)	United Nations Convention against Corruption	x				Not applicable
	ESRS G1-1	10 (d)	Protection of whistleblowers	x				Not applicable
	ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		204
	ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	x				204

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222



Statement on due diligence

Our due diligence process in described on page 143. In line with ESRS 2 GOV-4, the table below provides a mapping of how and where the main aspects and steps of the due diligence process are reflected within the Sustainability Statement for each relevant standard.

Core elements of due diligence	Section in the Sustainability Statement	Page reference
a) Embedding due diligence in governance, strategy and business model	Information on how we integrate due diligence into our governance model and strategic framework as well as as how our due diligence processes inform the materiality assessment is presented in the Strategy, business model and value chain, Sustainability governance and Materiality assessment section	133, 143–144, 145–147
b) engaging with affected stakeholders	Details on our engagement with affected stakeholders, and how these interactions inform our materiality assessment, are presented in the Stakeholder engagement and Materiality assessment section	138, 145–147
c) identifying and assessing negative impacts on people and the environment	Our methodology to identify and assess negative impacts is described in the Materiality assessment section. The material impacts are summarised in the Environmental, Social and Governance section.	145–147, 153, 164, 167, 170, 173, 180, 189, 195, 200
d) taking action to address negative impacts on people and the environment	The negative impacts on people and the environment are addressed with actions. These are disclosed in the Environmental, Social and Governance section	156, 165, 168, 171, 175, 183, 191, 197, 204
e) tracking effectiveness of these efforts	The effectiveness of actions is tracked using key sustainability metrics. These are included in the Environmental, Social and Governance section.	160, 165, 168, 171, 176, 184–186, 193, 198, 204

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Auditor's limited assurance report of Volvo Cars' statutory sustainability statement

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To the general meeting of the shareholders of Volvo Car AB (publ), corporate identity number 556810-8988

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Volvo Car AB (publ) ("Volvo Cars") for the financial year 2025. The sustainability statement is included on pages 130–213 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of the European Sustainability Reporting Standards (ESRS),
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8 (EU Taxonomy)

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–126, 216–218 and 220–227. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement 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 Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of sustainability statement in accordance with Chapter 6, paragraphs 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determines is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Other matters

Prior year's sustainability statement has not been subject to limited assurance procedures in accordance with FAR's recommendation RevR 19 and consequently prior year's information in the sustainability statement for 2025 has not been subject to limited assurance procedures in accordance with that recommendation.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 *Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten*. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

We are independent of Volvo Car AB (publ) in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Chief Executive Officer prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

Our review procedures concerning the entity's process for identifying sustainability information to be reported included, but were not limited to:

- Obtain an understanding of the process by:
- Perform inquiries to understand the sources of the information used by entity, and
- Review the entity's internal documentation of the process
- Evaluate whether the evidence obtained from our procedures about the process implemented by the entity is consistent with the description of the process set out on page 145–147 in the sustainability statement.

The review procedures with respect to the sustainability statement included but were not limited to the following:

- By inquiries obtain an understanding of the entity's control environment, reporting processes, and information systems relevant to the preparation of its sustainability statement
- Evaluate whether information identified to be material by the entity's the process for identifying sustainability information to be reported, is included in the sustainability statement
- Evaluate whether the structure and the presentation of the sustainability statement is in accordance with the requirements in ESRS
- Perform inquiries of relevant personnel and analytical procedures on selected disclosures in the sustainability statement
- Perform substantive assurance procedures on a sample basis on selected disclosures in the sustainability statement
- Perform inquiries and analytical procedures to evaluate the methods, data and significant assumptions that have been used to make estimates in the sustainability statement are appropriate and applied consistently

The review procedures with respect to the EU Taxonomy included but were not limited to the following:

- Obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement
- Evaluate whether the activities within the EU Taxonomy are consistent to the financial statements and related notes
- Evaluate processes, documentation and assessment of eligibility and alignment with the economic activities and technical screening criteria within the EU Taxonomy
- Evaluate whether the reporting is in accordance with the requirements in EU Taxonomy

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Chief Executive Officer for Volvo Car AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the entity. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Gothenburg March 4, 2026
Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

UN Sustainable Development Goals

In 2015, the United Nations established its 17 Sustainable Development Goals (SDGs) as a blueprint for achieving a better and more sustainable future for all. We are committed to these goals and use them to guide our sustainability work. We recognise that we have both a positive and negative effect on the Goals and aim to improve our net positive impact overall. All SDGs we contribute to, and how, are listed below.

UN SDG	Target reference	Examples of Volvo Cars impact and/or contribution
1 No poverty	1.2, 1.3	• We aim to ensure a living wage for our employees, as well as for the workers throughout our value chain. Volvo Cars supports the requirements of the International Labour Organization (ILO) and expects its business partners to adhere to and respect the ILO standards. • We help protect our employees and provide all our employees with social protection and insurance.
3 Good health and well-being	3.6, 3.9	• We have established a zero collision vision strategy to prevent injuries and fatalities in our vehicles by focusing on prevention and protection. • We aim to eliminate pollution in our value chain and substances of concern in our products.
4 Quality education	4.4, 4a	• In collaboration with academic institutions and by providing job training, we aim to strengthen competence development. • Volvo Cars partners with the nonprofit Girls Who Code to promote STEM education for girls and nonbinary students inspiring them to pursue careers in the tech and automotive industries.
5 Gender equality	5.1, 5.2, 5.4, 5.5	• We exercise zero tolerance towards discrimination and all work in the company shall be characterised by respect for the individual. • Volvo Cars Family Bond offers an all-gender inclusive paid parental leave to help closing gender gap and balancing the demands of work and family. • We run graduate, mentorship, and leadership programs to help women advance their careers and increase female representation in senior roles. We aim to have 34% women in senior leadership by 2030.
6 Clean water and sanitation	6.4	• By 2030, we aim to reduce water withdrawal in our own operations by 50 per cent per manufactured car (from a 2018 baseline).
7 Affordable and clean energy	7.2, 7.3	• By 2030, we aim to reduce energy consumption in own operations by 40 per cent per manufactured car (2018 baseline).
8 Decent work and economic growth	8.2, 8.4, 8.5, 8.7, 8.8	• Our transformation journey to become a fully electric car company, involves significant investments in electric powertrains, battery technology and the Superset tech leading to increased scalability and efficiency. • We aim towards becoming a circular business by 2040. • To promote equal pay for work of equal value, we perform and analyse gender pay gaps to create equal opportunity workplace. • Volvo Cars prohibits child and forced labour and conducts supply chain due diligence to identify and address risks of human rights violations. • We prioritise a safe working environment by focusing on and reducing our injury rate to 0.02 by 2030, reflecting the ongoing commitment to employee safety and well-being through systematic improvements.
9 Industry, innovation and infrastructure	9.4, 9.5	• In collaboration with other investors and partners, we are establishing Mobility Innovation Destination Torslanda, a mobility innovation centre for emerging technologies, with the aim of connecting with other businesses to accelerate innovation. • We have strategic programmes to merge sustainability and electrification into our products and operations, with ambitions for these.
11 Sustainable cities and communities	11.2, 11.3	• We are active participants in the Gothenburg Green City Zone initiative, where industry, academia and public actors collaborate to develop and implement a climate neutral transport system by 2030. • We initiated a multi-stakeholder collaboration “BeeGo” within Gothenburg Region to promote biodiversity and ecosystem services locally and globally in collaboration.
12 Responsible consumption and production	12.2, 12.4, 12.5, 12.6	• By contributing to the circular economy, we aim to significantly reduce waste and consumption of primary raw materials. We seek to optimise the life cycles of our products and components. • We publish our Sustainability Statement in accordance with international standards and guidelines.
13 Climate action	13.1, 13.2, 13.3	• We aim to reach net zero greenhouse gas emissions by 2040.
14 Life below water	14.8	• We partner with the Ocean Race to raise the awareness on ocean issues.
15 Life on land	15.5	• We have a long-term ambition on nature and biodiversity, aiming to achieve net positive across our value chain and contribute to nature positive.
16 Peace, justice and strong institutions	16.4, 16.5, 16.10	• By encouraging reporting of suspected corruption and bribery through our grievance channel Tell Us, we seek to create transparency, enhancing accountability and deterring corrupt behaviour. • To prevent legal risks in the fields of corruption, trade sanctions and money laundering suppliers are screened in an anti-corruption and trade sanction processes. • We respect the right to privacy and take all appropriate precautions to protect personal data.
17 Partnerships for the goals	17.14, 17.16	• To drive our own sustainability performance and change within our industry, we have a strong stakeholder engagement and are active in several partnerships, commitments and forums. • Volvo Cars supports and advocates for policy development on a wide range of topics for sustainable development.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Green Financing Report

The Green Financing Framework

We launched our Green Financing Framework in 2020. In 2023, the framework was updated to more accurately reflect our strategy, market practices and standards. It is aligned with the 2021 ICMA Green Bond Principles (including the Appendix I update from June 2022) and the 2023 LMA, LSTA, APLMA Green Loan Principles. Our ambition is for all of our outstanding debt to be within the Green Financing Framework or other sustainability-linked formats.

Within the framework, we issue bonds and enter bilateral and multilateral credit facilities. Although not all this financing is defined as green by our lenders, it is solely used for projects that conform with the Green Financing Framework.

Our framework has been reviewed by CICERO Shades of Green, now part of S&P Global, an independent research and assessment company. Both the initial version and its update received the highest possible CICERO rating with a “Dark Green” shading, which included an excellent grading for governance structure and processes.

More information can be found on our website.

Financing in 2025

In March, a drawdown of USD 438 m was made under an existing bilateral loan facility with the purpose to finance investments that meet the eligibility criteria set out in our Green Financing Framework. The facility was originally signed in 2023/2024 and will mature in 2035.

In June, we issued our fifth green bond of EUR 500 m, with a four-year tenor. The proceeds will support our ambition to be a leading player in the premium electric car segment and achieve net zero greenhouse gas emissions by 2040. This includes funding research and development of upcoming electric cars and platforms, and related manufacturing processes. This bond, along with all our previously issued green bonds, is listed on the Luxembourg Stock Exchange.

In September, a new bilateral eight-year loan agreement of EUR 150 m was signed with the purpose to finance investments that meet the eligibility criteria outlined in the Green Financing Framework. The loan facility remains undrawn as per the end of 2025.

In October, an existing eight-year credit facility of CNY 3,090 m was terminated, and the drawn amount of CNY 259 m was repaid.

Allocation report and use of proceeds

The net proceeds from loans under our Green Financing Framework and our green bonds are used to finance and/or refinance, in whole or in part, new or existing projects, assets and activities according to our eligibility criteria. The table on the following page describes all outstanding debt, the share of financing and refinancing and the allocation of proceeds, as per 31 December 2025. Any unallocated net proceeds are held in cash or cash equivalents and/or invested in other liquid marketable instruments. As of 31 December 2025, all funds and proceeds from green bonds and loans that meet the eligibility criteria in the Green Financing Framework have been allocated.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Use of proceeds and allocation as per 31 December 2025	Green Bonds					Loan Facilities[1]			
Issuance/Date of signing	Oct 2020	May 2022	Feb 2023	Apr 2024	Jun 2025	May 2022	Dec 2022	Dec 2023 / Jan 2024	Sep 2025
Maturity	Oct 2027	May 2028	Mar 2026	May 2030	Jun 2029	May 2030	Dec 2030	Mar 2035	Sep 2033
ISIN	XS2240978085	XS2486825669	XS2593141604 XS2593137917	XS2811097075	XS3088627982	N/A	N/A	N/A	N/A
Currency	EUR	EUR	SEK	EUR	EUR	SEK	EUR	USD	EUR
Amount issued (million)	500	500	1,500	500	500	1,000	200	438	150
Amount drawn (million)	—	—	—	—	—	1,000	200	438	—
Unallocated[2] (%)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Allocated[3] (%)	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**—**
Finance (%)	**4**	**70**	**70**	**55**	**45**	**65**	**63**	**87**	**—**
R&D	3	46	70	5	—	65	63	75	—
Manufacturing[4]	2	25	—	50	45	—	—	12	—
Other	—	—	—	—	—	—	—	—	—
Refinance (%)	**96**	**30**	**30**	**45**	**55**	**35**	**38**	**13**	**—**
R&D	31	30	30	45	25	—	38	13	—
Manufacturing[4]	33	—	—	—	30	35	—	—	—
Other[5]	31	—	—	—	—	—	—	—	—

1) Refers to facilities with the purpose of financing projects meeting the eligibility criteria under the Green Financing Framework.
2) Refers to the share of unallocated proceeds invested in cash and/or cash equivalent and/or other liquid marketable instruments earmarked for Eligible Green Projects.
3) Refers to the share of allocated proceeds in Eligible Green Projects.
4) Including tooling and facilities.
5) Equity injection in Polestar.

	2025	2024
The share of green debt, in accordance with our Green Financing Framework, or sustainability-linked format as percentage of outstanding debt[1] (%)	98	76

1) See Note 19 – Financial Instruments and Financial Risks for definition of outstanding debt.

Impact Report

Environmental impact and benefits in the Clean Transportation category are estimated and evaluated with impact indicators listed in the Impact Report table. As the estimated impact of allocated proceeds will be realised over several years and be dependent on manufacturing and sales of fully electric cars, it is not possible to precisely attribute the share of allocated proceeds to the specific indicators. Therefore, annual corporate performance is used to represent the environmental impact of allocated proceeds. We assume these indicators will assess the effect of clean transportation as a means of climate change mitigation. All new projects are assessed in terms of economic, social and governance risks, as well as the EU Taxonomy alignment. For definitions and calculation methodology of the indicators, see page 162.

Impact Report	**2025**	**2024**
Fully electric cars (BEVs) retail sales, k units	152	175
Fully electric cars (BEVs) retail sales, %	21	23
Total CO_2 tailpipe emissions avoided, k tonnes[1]	3,923	4,340
Reduction of CO_2 tailpipe emissions per car (compared to 2018 baseline), %	42	46

1) Calculated by multiplying number of retail sold BEVs with the global average CO_2 emissions (WLTP) for all manufactured Volvo-branded cars per year, respectively, excluding BEVs. For calculation purposes, an assumed average milage of 200,000 km per car has been applied.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY
GENERAL INFORMATION
ENVIRONMENTAL INFORMATION
EU Taxonomy Report
Climate change
Pollution
Water
Biodiversity and ecosystems
Resource use and circular economy
SOCIAL INFORMATION
Own workforce
Workers in the value chain
Consumers and end-users
GOVERNANCE INFORMATION
Business conduct
OTHER INFORMATION
THE SHARE 220
OUR HERITAGE 222

Auditor's limited assurance report on Volvo Cars' Green Financing Report

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

To Volvo Car AB (publ), corporate identity number 556810–8988

Conclusion

We have been engaged by Volvo Car AB (publ) ("Volvo Cars") to undertake a limited assurance engagement of the Green Financing Report ("Reporting") for the year 2025 set out on pages 217 and 218 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the Reporting for the year 2025, is not prepared, in all material respects, in accordance with the applicable criteria, as explained in the Volvo Cars Green Financing Framework.

Basis for conclusion

We have conducted the limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of Management

Volvo Cars Management is responsible for the preparation of the Reporting in accordance with the applicable criteria, as explained in the Volvo Cars Green Financing Framework dated May 2023 (available at https://investors.volvocars.com/en/debt-information/green-financing) 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 the Reporting 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 Reporting based on the limited assurance procedures we have performed. We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with the criteria described in the section Responsibilities of Management.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Volvo Car AB (publ) in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the reporting. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the reporting, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how Management prepares the reporting, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

The review procedures with included but were not limited to the following:

- Obtain an understanding of the entity's control environment, reporting processes, and information systems relevant to the preparation of the reporting
- Perform inquiries of relevant personnel and analytical procedures on the reporting
- Perform substantive assurance procedures on a sample basis on the reporting
- Evaluate processes, documentation and assessment of project evaluation and selection, management of proceeds and reporting, based on the criteria outlined in the Volvo Cars Green Financing Framework

Gothenburg March 4, 2026

Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	
GENERAL INFORMATION	
ENVIRONMENTAL INFORMATION	
EU Taxonomy Report	
Climate change	
Pollution	
Water	
Biodiversity and ecosystems	
Resource use and circular economy	
SOCIAL INFORMATION	
Own workforce	
Workers in the value chain	
Consumers and end-users	
GOVERNANCE INFORMATION	
Business conduct	
OTHER INFORMATION	
THE SHARE	220
OUR HERITAGE	222

The share

The Volvo Cars' share is listed on Nasdaq Stockholm, where it trades with the ticker VOLCAR B. Basic earnings per share in 2025 was SEK 0.06.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE ●
OUR HERITAGE 222

Financial Calendar

31 March 2026: Annual General Meeting, Gothenburg, Sweden
29 April 2026: Q1 2026 report
17 July 2026: Q2 2026 report
23 October 2026: Q3 2026 report

Annual General Meeting 31 March 2026

The shareholders of Volvo Car AB (publ.), Reg. No. 556810-8988, ("Volvo Cars") are invited to participate in the Annual General Meeting (the "AGM") to be held on 31 March 2026, at 13.00 CEST at World of Volvo at Lyckholms Torg 1, SE-412 63 Gothenburg, Sweden.

Share performance and trading volume

Based on the closing share price on 31 December 2025, SEK 30.70, the Group's market capitalisation was SEK 91,471 million. The share price increased by 28 per cent during 2025, while the broad index (OMXSPI) increased 9.54 per cent. The highest closing price quoted was SEK 35.75 on 11 November and the lowest closing price quoted was SEK 16.17 on 23 June.

A total of approximately 1,540 million Volvo Car AB's (publ.) shares were traded on all marketplaces with average daily trading volume of 6.2 million shares.

Dividend

Dividend pay-out will be assessed from year to year based on Volvo Car Group's net income, financial position and investments needs. Volvo Cars continues to focus on delivering its ambitions and growth strategy. As visibility on the transformation increases in the medium-term, the ambition is to increase dividend pay-outs towards industry averages.

The Board of Directors proposes that no ordinary dividend is distributed and that the retained earnings shall be carried forward.

The share

The number of Volvo Cars shares amounts to 2,979,524,179. Each share has a quota value of 0.02 SEK and the share capital amounts to SEK 60,947,709. Volvo Car AB's (publ.) share capital comprises one series of B-shares, with each share carrying equal voting rights and equal rights to dividends. The most recent occasion when new shares were issued was in conjunction with the IPO in October 2021.

Ownership structure

As of 31 December 2025, 78.7 per cent of the shares is owned by principal owner Geely Sweden Holdings AB. No other shareholder owns – directly or indirectly – more than 10 per cent of the shares in Volvo Cars. Foreign ownership excluding Geely Holding at year-end corresponded to 6.1 per cent of the share capital.

The largest foreign ownership excluding Geely Holding is in the United States, United Kingdom and Belgium.

Shareholder communication and financial calendar

Information for the capital market and other interested parties is provided on investors.volvocars.com. On the website, it is possible to access financial reports, Annual and Sustainability reports, past events recordings and sales and regulatory press releases. Printed copies of Annual and Sustainability reports are only distributed to shareholders upon request.

Dialogue with the shareholders and the market is important for Volvo Cars. Apart from the Annual General Meeting, Volvo Cars maintained active discussions through events, livestream with Q&A in conjunction with the publication of interim reports, investor meetings and visits, meetings with retail shareholders' associations, as well as roadshows. Volvo Cars also hosted a Strategy Update in November 2025, where the company outlined the long-term strategic direction towards profitable growth.

TEN LARGEST SHAREHOLDERS 31 DECEMBER 2025

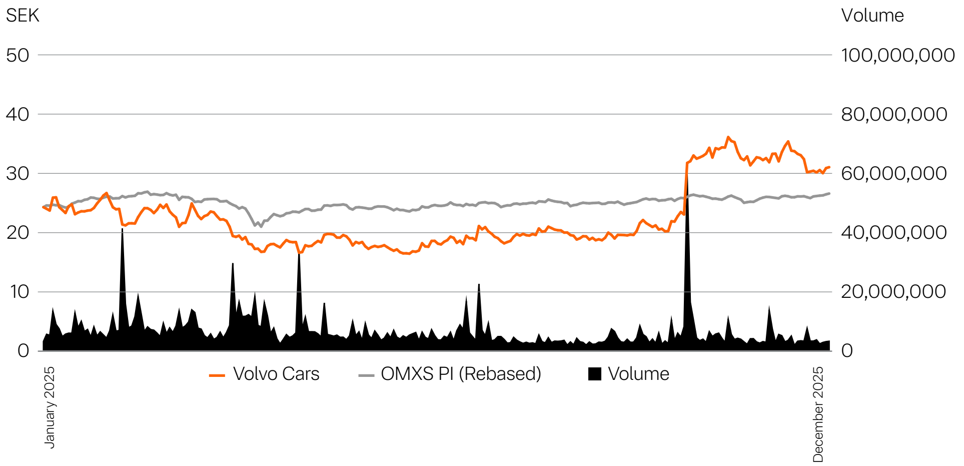
Owners	Number of B-shares	Capital	Votes
Geely Sweden Holdings[1]	2,343,396,227	78.7%	78.7%
AMF Pension & Funds	103,351,869	3.5%	3.5%
Folksam Group	60,644,305	2.0%	2.0%
Alecta Pension Insurance	29,650,000	1.0%	1.0%
Handelsbanken Funds	25,921,166	0.9%	0.9%
SEB Investment Management AB	23,112,523	0.8%	0.8%
Ithaki Limited	21,455,443	0.7%	0.7%
Nordea Funds Oy	20,678,022	0.7%	0.7%
The Vanguard Group, Inc.	20,531,859	0.6%	0.6%
Tredje AP Fonden	18,839,000	0.6%	0.6%
Ten largest owners, total	**2,666,758,414**	**89.5%**	**89.5%**
Others	311,943,765	10.5%	10.5%
Total	**2,979,524,179**	**100%**	**100%**

1) Geely Sweden Holdings AB is owned by Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, and ultimately owned by Zhejiang Geely Holding Group Ltd., registered in Hangzhou, China.

BREAKDOWN BY SIZE 31 DECEMBER 2025

Size class	Number of known shareholders	Number of B-shares	Capital	Votes
1–500	125,364	15,920,258	0.5%	0.5%
501–1,000	12,884	9,900,004	0.3%	0.3%
1,001–5,000	12,372	25,700,646	0.9%	0.9%
5,001–10,000	1,536	11,464,424	0.4%	0.4%
10,001–20,000	670	9,746,609	0.3%	0.3%
20,001–	682	2,906,792,238	97.6%	97.6%
Total	**153,508**	**2,979,524,179**		

VOLCAR B – SHARE PRICE DEVELOPMENT



Volvo Cars share as of year-end 2025

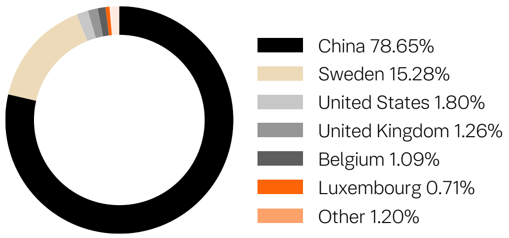
Symbol: VOLCAR

Market cap: SEK 91.47 billion

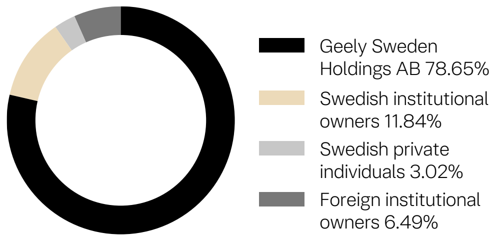
Number of known shareholders: 153,508

Basic earnings per share: SEK 0.06

OWNERSHIP BY COUNTRY



OWNERSHIP BY CATEGORY



OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE ●
OUR HERITAGE 222

Our heritage – An exciting journey and decades of innovations

Volvo Cars was founded upon the concepts of quality and safety by Assar Gabrielsson and Gustaf Larson in Gothenburg, Sweden, and in 1927 the first Volvo car, was released. Ever since our founding in 1927, we've been designing cars that put people first and we have become a truly global company renown for safety selling approximately 710,000 cars all over the world.

1927 – Assar Gabrielsson and Gustaf Larson launch the first Volvo car in Gothenburg, Sweden. The car was an open tourer with a four-cylinder engine.

'40s–'60s

1944 – "The little Volvo" (PV444), was a car that turned Volvo into an international car company was unveiled in Stockholm.

1953 – The Volvo Duett was launched as "two cars in one" – for both work and leisure.

1955 – The first PV 444 was unloaded at a port in Long Beach, California. Two years later Volvo Car had become the second-biggest import brand in California.

1959 – Volvo engineer Nils Bohlin invents the three-point safety belt.

1964 – Our plant in Gothenburg was inaugurated and is still our largest production facility.

'70s

1972 – Environment was added to our core values, Safety and Quality. Volvo invented the rearward-facing child safety seat.

1976 – Volvo released the Lambda Sond, the world's-first catalytic exhaust control system that reduces harmful emissions. Volvo was officially chosen as the safety standard benchmark for all new cars in the USA.

1977–1978 – Volvo 240, was awarded the American National Environmental Industry Award and named the cleanest car by the California Air Resources Board.

1978 – Volvo Cars was spun out as a separate entity from AB Volvo.

'80s

1984 – The sales of Volvo 740 and 760 were a great success.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE ●

’90s

1991 – Volvo presented Volvo 850 – the largest product investment since Volvo introduced the Side Impact Protection System.

1998 – Volvo developed the Inflatable Curtain.

1999 – Volvo Cars was acquired by Ford Motor Company.

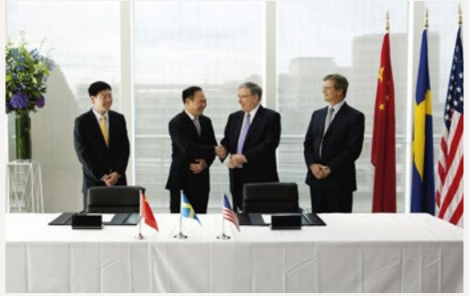
’00s

2001 – A new generation of environmentally adapted diesel engines was launched.

2002 – Volvo XC90 was launched and became an instant success all over the world.

2007 – Volvo ReCharge Concept Car, a plug-in hybrid was first displayed.

2008 – The City Safety, a low-speed auto brake solution that automatically is braking the car in the event of imminent risk of collision was introduced. The popular DRIVe series encompassed seven models classed as green cars.



’10s

2010 – Geely Holding acquired Volvo Car from Ford.

2011 – Volvo Cars appointed top car maker in Sustainable Brands.

2013 – The four-cylinder powertrains featuring a lightweight base powertrain replaced its fourteen-engine powertrain family predecessor. We established a manufacturing joint venture with Geely Holding and built two manufacturing plants in Chengdu and Daqing, China. Volvo C30 awarded “Green Car of the Year” in China.

2014–2015 – The in-house development of the Scalable Product Architecture (SPA) was completed and the new generation XC90, the first car model built on the SPA, started a new chapter in our history.

2017 – We announced our electrification strategy.

2017

The Volvo XC40, the first model based on our compact modular vehicle architecture (CMA) was introduced. It set our new standard in design, connectivity and safety.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS’ REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	●

2018

Engine production facility in Skövde, Sweden becomes a climate neutral (in terms of CO_2 emissions) production facility. A solar energy installation was unveiled at the Ghent factory.

The production facility in Charleston, South Carolina, was opened establishing a global manufacturing footprint.

Subscription based Care by Volvo and Volvo Car Mobility was announced.

We partnered with NVIDIA for the development of a highly capable, AI-based, central computer for the next generation of Volvo cars.

2019

Our long-term sustainability ambitions to become a climate neutral company and circular business by 2040 was announced.

We launched XC40 Recharge P8, our first fully electric SUV. Our first model equipped with an infotainment system powered by Android.

2020

Production of XC40 Recharge starts in Ghent.

The climate plan, under which Volvo Cars strives to become a climate neutral company by 2040, was scientifically verified by the Science Based Targets initiative (SBTi), a collaboration that provides companies with a clear pathway to support the Paris Agreement.

2021

Started production of second fully electric model C40 recharge.

On 29 October Volvo Cars became a listed company on the Nasdaq Stockholm stock exchange.

OVERVIEW	3
MARKET	15
OUR STRATEGIC FRAMEWORK	18
DIRECTORS' REPORT	29
RISK	36
CORPORATE GOVERNANCE	42
FINANCIALS	61
SUSTAINABILITY	130
THE SHARE	220
OUR HERITAGE	●

2022

We in collaboration with Northvolt announced the establishment of a new battery plant in Gothenburg.

Announced that we will establish an electric car manufacturing plant in Slovakia.

We become a founding member of Accelerating to Zero Coalition, calls for more climate action from governments.

Launched the new Volvo EX90.

Divested its 33 percent holding in Aurobay to Geely Holding, aligned with the electrification ambitions.

2023

Launched the new Volvo EX30.

Revealed the Volvo EM90, our first MPV.

Opened new Tech Hubs in Krakow, Poland and Singapore.

Volvo Cars continued the commercial transformation as shown by the transition of the UK market to a direct model.

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

2024

Start of production for the flagship SUV EX90.

Announced a new approach on technology: The Volvo Cars Superset tech stack.

Launched an updated version of the XC90 hybrid SUV.

Distributed 62.7 per cent of it shareholding in Polestar Automotive Holding UK PLC to shareholders.

Took full ownership of HaleyTek.

2025

Unveiled the new Volvo EX30 Cross Country.

Completed the divestment of its 30 per cent stake in Lynk & Co.

Launched the all-new, fully electric Volvo ES90.

Introduced world first multi-adaptive safety belt.

Launched the first long-range plug-in hybrid, the Volvo XC70 SUV.

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE

INFORMATION AND CONTACTS

Investor Relations
investors@volvocars.com

Media Relations
media@volvocars.com

Volvo Car Group Headquarters
Gunnar Engellaus väg 8
SE-418 78 Gothenburg, Sweden
www.volvocars.com

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. This includes comparative calculations including Year-over-Year change percentages.

DEFINITIONS

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

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

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

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

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

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

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

Europe
Europe is defined as EU+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 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).

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

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.

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.

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

OVERVIEW 3
MARKET 15
OUR STRATEGIC FRAMEWORK 18
DIRECTORS' REPORT 29
RISK 36
CORPORATE GOVERNANCE 42
FINANCIALS 61
SUSTAINABILITY 130
THE SHARE 220
OUR HERITAGE ●


VOLVO
MLB 060