GEELY SWEDEN HOLDINGS AB

ANNUAL REPORT 2024

With strong focus on mobility, technology development and new business models

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Geely Sweden Holdings' formal Annual Report is presented on pages 18–88 and has been audited by the Group's auditors.

This is Geely Sweden Holdings

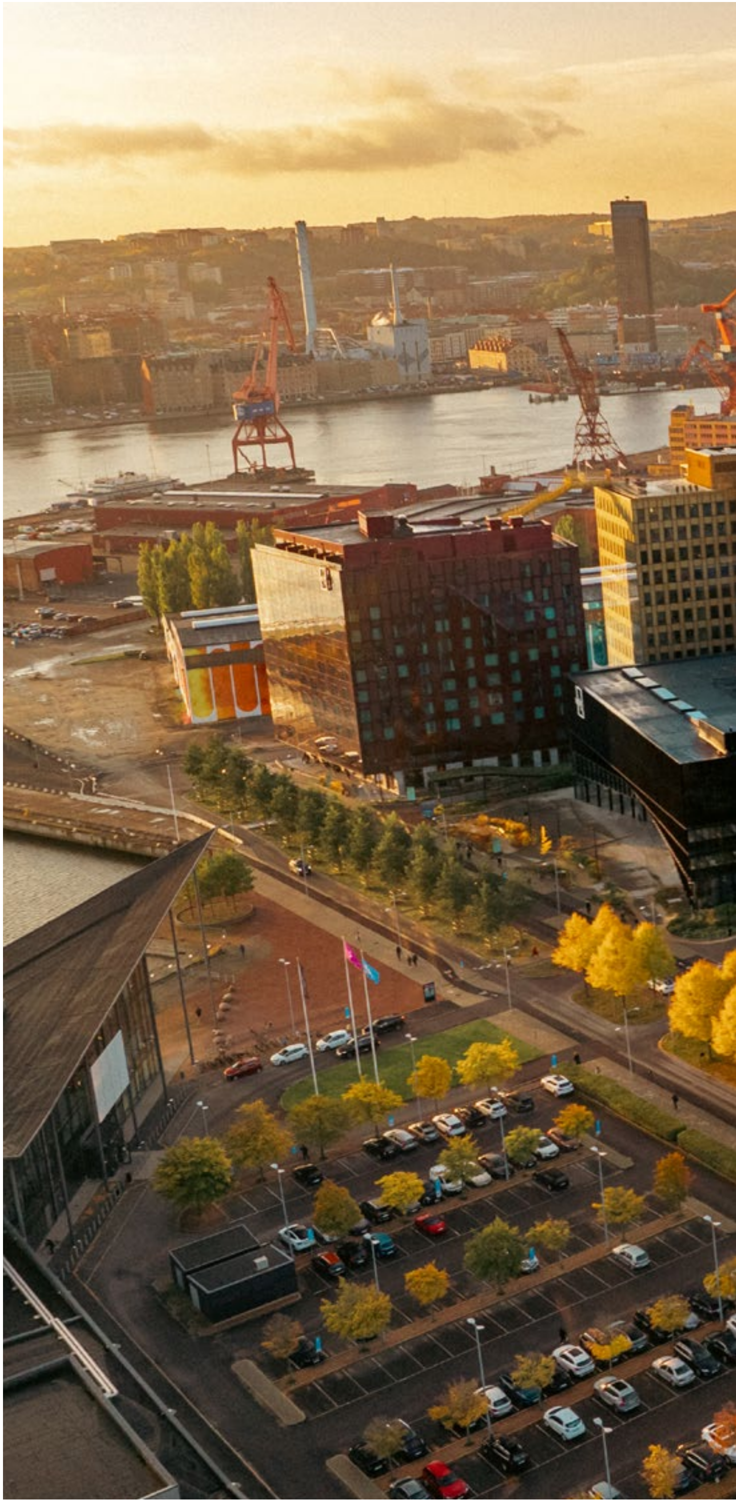
In Europe Geely Holding is represented by Geely Sweden Holdings AB (Geely Sweden), which oversees most of Geely Holding investments and business development. Specializing in the mobility technology and financial sectors, Geely Sweden plays a key role in managing these strategic investments on behalf of its shareholders. Under the umbrella of Geely Sweden, these carefully curated companies contribute to an innovative and dynamic ecosystem. Geely Sweden's ultimate ownership rests with Zhejiang Geely Holding (Geely Holding), a prominent privately owned industrial conglomerate headquartered in Hangzhou, China. Founded in 1986 by the Chairman of the Board, Eric Li, Geely Holding has evolved into a global force, particularly making a significant impact in the automotive industry since its entry in 1997.

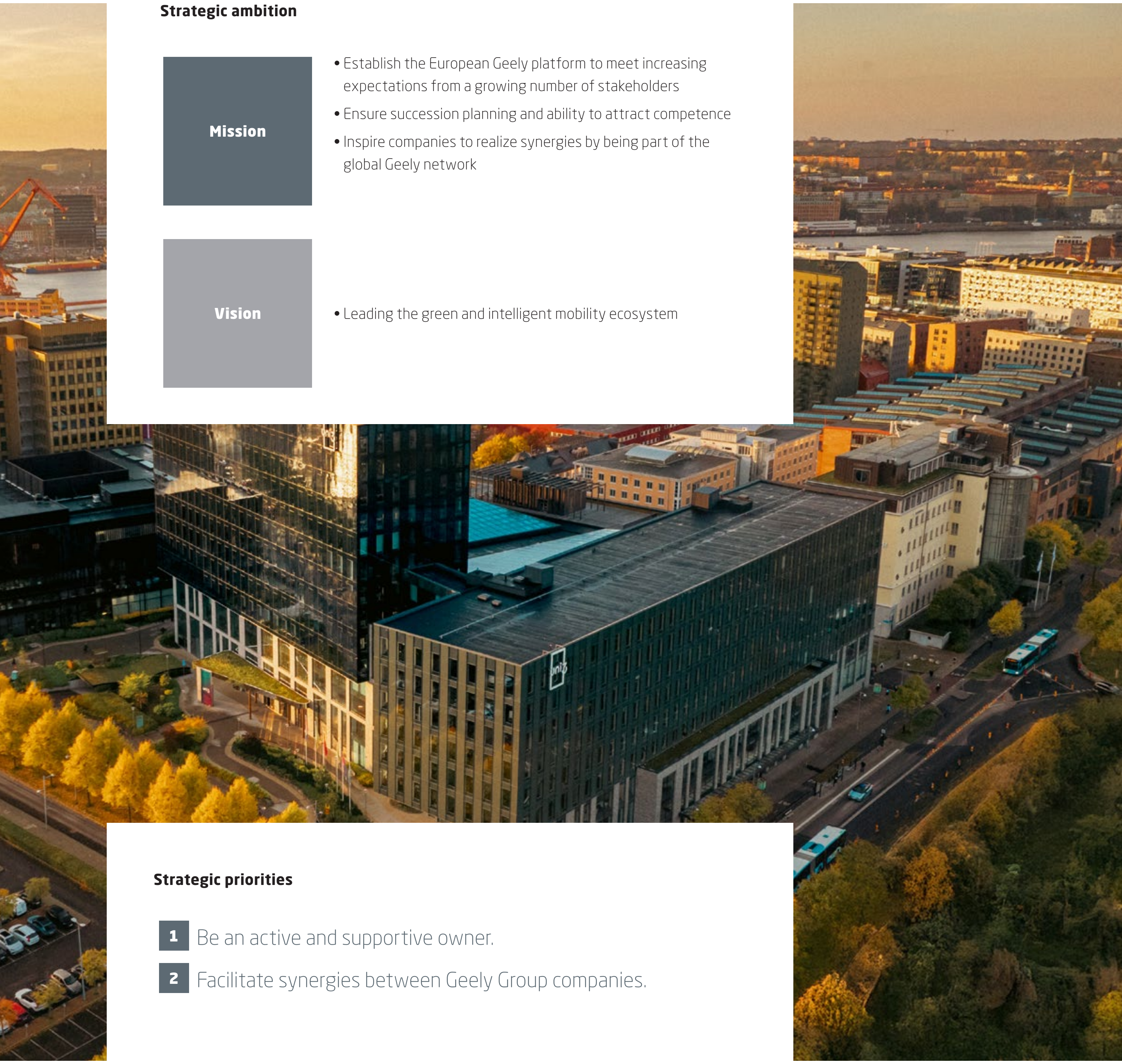
Geely Holding has demonstrated a steadfast commitment to technological innovation, talent development, and sustainable practices, transforming into a diversified automotive investment group. With a strategic focus on clean technologies, automation, mobility services and digital connectivity, Geely Holding's influence extends across the globe.

Geely Holding has established R&D and design centres globally in Shanghai, Hangzhou, Ningbo, Gothenburg, Coventry, California, and Frankfurt with more than 30,000 R&D and design employees and more than 14,000 innovation patents. Geely Holding operates world-class vehicle and powertrain manufacturing plants in China, the US, the UK, Sweden, Belgium and Malaysia, meanwhile owning a worldwide sales and service network, comprising over 4,000 branches.

As a significant stakeholder in leading entities such as Volvo Cars, Geely Auto, Polestar, Proton in Malaysia, and Lotus and London Electric Vehicle Company in the UK, Geely Holding is also a long-term investor in well-known organizations like Volvo Group, Mercedes-Benz, Aston Martin and Saxo Bank.

For Geely Sweden, the strategic approach revolves around being an active and supportive owner, facilitating the realization of a unified Geely ecosystem across geographies. This involves providing access to Geely Holding's extensive network of industry and sector expertise, global portfolio of brands, technologies, customers and suppliers, participation in strategic development projects, facilitating market entry and global growth, and offering stability with a long-term perspective. Geely Sweden's operating model is designed to create synergies and enhance portfolio value, aligning with the overarching vision of Geely Holding's strategic objectives.





Strategic ambition

Mission

- Establish the European Geely platform to meet increasing expectations from a growing number of stakeholders
- Ensure succession planning and ability to attract competence
- Inspire companies to realize synergies by being part of the global Geely network

Vision

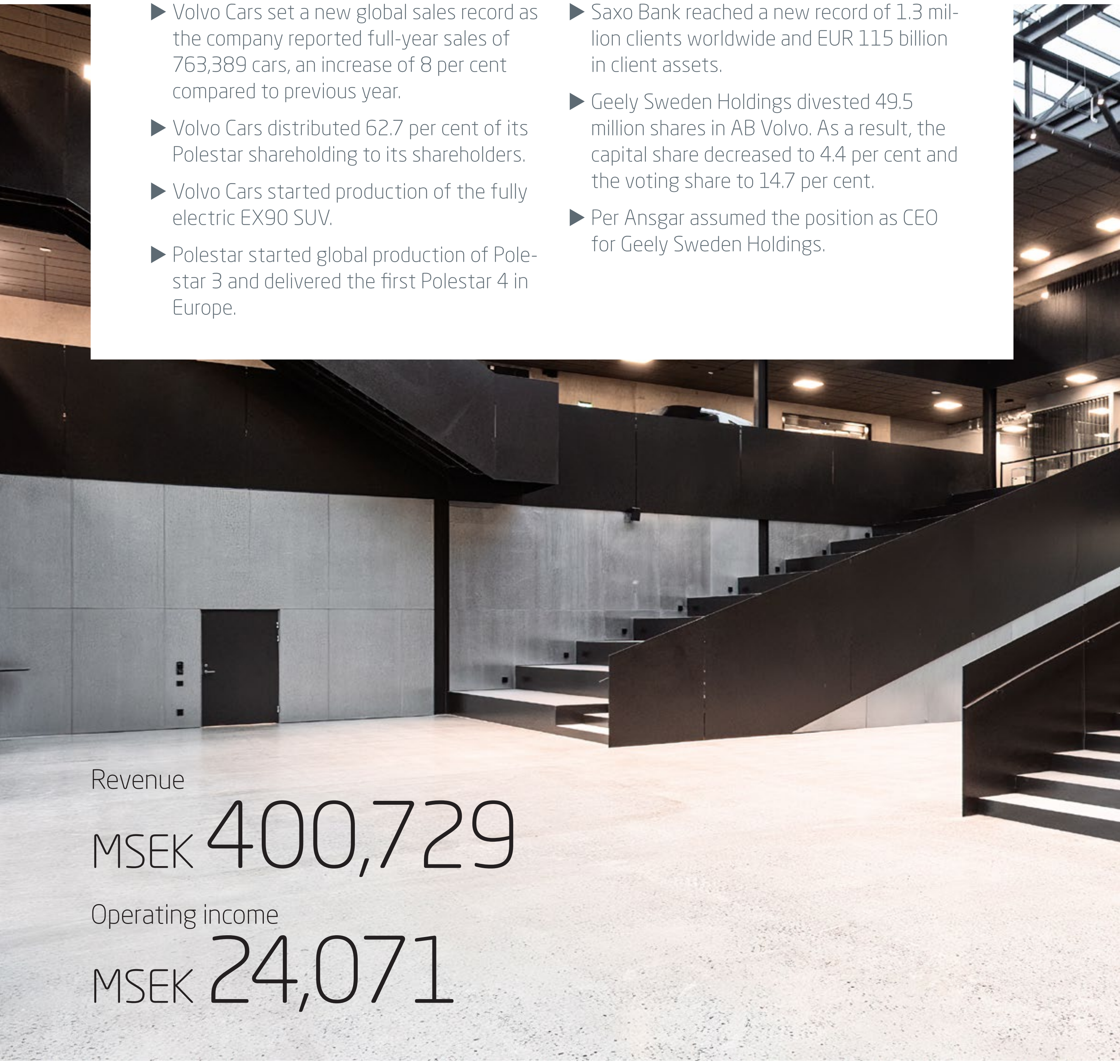
- Leading the green and intelligent mobility ecosystem

Strategic priorities

1. Be an active and supportive owner.
2. Facilitate synergies between Geely Group companies.

2024 in Brief

- Volvo Cars set a new global sales record as the company reported full-year sales of 763,389 cars, an increase of 8 per cent compared to previous year.
- Volvo Cars distributed 62.7 per cent of its Polestar shareholding to its shareholders.
- Volvo Cars started production of the fully electric EX90 SUV.
- Polestar started global production of Polestar 3 and delivered the first Polestar 4 in Europe.
- Saxo Bank reached a new record of 1.3 million clients worldwide and EUR 115 billion in client assets.
- Geely Sweden Holdings divested 49.5 million shares in AB Volvo. As a result, the capital share decreased to 4.4 per cent and the voting share to 14.7 per cent.
- Per Ansgar assumed the position as CEO for Geely Sweden Holdings.



Revenue

MSEK 400,729

Operating income

MSEK 24,071

CEO's Statement

After an eventful 2024 for Geely Sweden Holdings we can conclude that Volvo Cars recorded a second consecutive year of record sales, revenue and profits. It was the highest full-year retail sales, revenues and core operating profit in its 98-year history. Geely Sweden Holdings saw a decreased ownership in Polestar as well as AB Volvo. We also celebrated the completion of our campus Uni3 by Geely with the inauguration of the sixth and final building as well as continued to expand our shared services further into Europe.

In 2024 Geely Holding put more focus on strategic integration and furthered plans to consolidate our resources and simplify our brands. Through these changes and despite geopolitical challenges Volvo Cars has set a new global sales record as the company reports full-year sales of 763,389 cars during 2024, an increase of 8 per cent compared to the full year of 2023. Volvo Cars also saw a significant increase in sales for its electrified cars. For the full year 2024, Volvo Cars sold 175,194 fully electric cars, an increase of 54 per cent compared to 2023, and 177,593 plug-in hybrid cars, a 16 per cent increase compared to 2023. Sales of electrified models accounted for 46 per cent of all Volvo cars sold globally during 2024. Sales of fully electric cars accounted for 23 per cent of all Volvo cars sold globally during 2024, compared to 16 per cent in 2023.

Polestar Automotive Holding UK PLC, the Swedish electric performance car brand, welcomed Geely Sweden Holdings as a direct new shareholder. Volvo Cars will remain a strategic partner in areas across R&D, manufacturing, after sales and commercial. During 2024 the introduction of Polestar 4 came into the market, adding a third model to the Polestar line-up.

We also adjusted our shares in AB Volvo by selling our B shares. Geely Sweden Holdings remains the second largest shareholder in terms of votes in AB Volvo through our A shares. AB Volvo continued to see a rise in order intake over the year 2024 with net sales amounting to SEK 526.8 billion.

Our campus Uni3 by Geely was completed with the sixth and final building, a joint venture together with our partner Fastighets AB Balder, now busy with tenants, restaurants and services. Our shared service center - Geely Europe Innovation & Collaboration AB, who offers Finance, Tax, IT and HR-services to Geely companies in Europe, continued its efforts to expand our services with the opening of a new office in Madrid, Spain, to help create synergies for the group by being closer to our stakeholders.

In a changing world, we will continue to develop Geely Sweden Holdings throughout 2025 to support Geely Holding's vision and mission to lead the green and intelligent mobility ecosystem for a sustainable future and a better world, with a commitment to research & development, collaborative initiatives across brands and strategic investments.

Per Ansgar
Chief Executive Officer
Geely Sweden Holdings AB

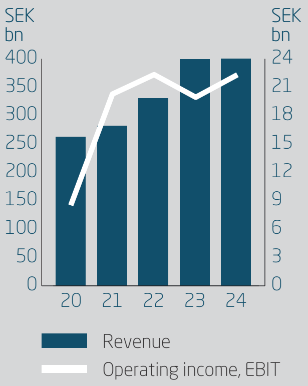
Volvo Car Group

A fast-growing premium automotive brand

Percentage of Capital and Votes

78.7%

Revenue and operating income



Key ratios, MSEK	2024	2023	2022	2021	2020
Revenue	400,234	399,343	330,145	282,045	262,833
Operating income, EBIT	22,318	19,939	22,332	20,275	8,516
Net income	15,934	14,066	17,003	14,177	7,788
Equity ratio %	36.6	36.6	35.4	33.5	26.8
Operating and investing cashflow	1,127	–8,975	–6,059	–4,885	13,282

Volvo Cars is a fast-growing premium automotive brand, providing its customers with the freedom to move in a personal, sustainable and safe way. Its unique structure and focused strategy make it one of the fastest transformers in the global automotive industry, with ambitions dedicated to electrification, sustainability and digitization.

Founded and headquartered in Gothenburg, Sweden since 1927, throughout its history Volvo Cars has been a global force for automotive safety and innovation. Volvo Cars has been credited with a number of industry-leading innovations that are now standard in cars across the world, such as the three-point safety belt, the side impact protection system, side impact airbags and autonomous emergency braking.

Volvo Cars is focused on the design, engineering, manufacturing, distribution and sale of premium passenger cars, with a particular emphasis on sustainability and electrified cars.

In 2024, Volvo Cars sold 763,389 cars in over 100 countries, with electrified models accounting for 46 per cent.

Volvo cars are marketed and sold through around 2,300 retail partners. With its global headquarters in Gothenburg (Sweden) and regional headquarters in Shanghai (China) and Mahwah (New Jersey, United States), Volvo Cars' core markets are Europe, China and the United States.

Volvo Cars has been listed on Nasdaq Stockholm since October 2021.

Polestar

Pure Progressive Performance

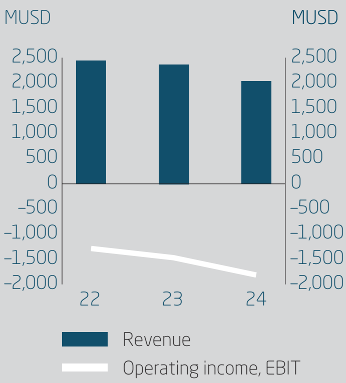
Polestar is the Swedish electric performance car brand with a focus on uncompromised design and innovation, and the ambition to accelerate the change towards a sustainable future. Headquartered in Gothenburg, Sweden, its cars are available in 27 markets globally across North America, Europe and Asia Pacific.

Polestar has three models in its line-up: Polestar 2, Polestar 3, and Polestar 4. Planned models include the Polestar 5 four-door GT (to be introduced in 2025) and the Polestar 7 compact SUV. With its vehicles currently manufactured on two continents, North America and Asia, Polestar plans to diversify its manufacturing footprint further, with production of Polestar 7 planned in Europe.

Polestar has an unwavering commitment to sustainability and has set an ambitious roadmap to reach its climate targets: halve greenhouse gas emissions by 2030 per-vehicle-sold and become climate-neutral across its value chain by 2040. Polestar's comprehensive sustainability strategy covers the four areas of climate, transparency, circularity, and inclusion.

Polestar has been listed on Nasdaq New York since June 2022.

Revenue and operating income



Key ratios, MUSD	2024	2023	2022
Revenue	2,034	2,368	2,441
Operating loss	–1,813	–1,470	–1,287
Net loss	–2,050	–1,182	–479
Operating and investing cash flow	–1,404	–2,311	–1,790

Percentage of Capital

41.8%

Percentage of Votes

34.5%

Volvo Group

A global group with strong market positions

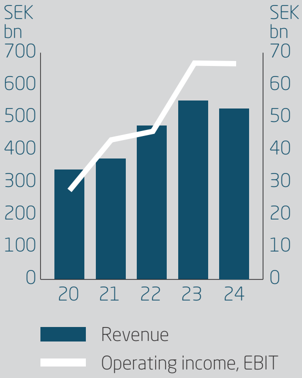
Volvo Group offers transport and infrastructure solutions for trucks, buses, construction equipment, power solutions for marine and industrial applications, financing and services that increase customers' uptime and productivity. Founded in 1927, Volvo Group is committed to shaping the future landscape of sustainable transport and infrastructure solutions.

Volvo Group headquartered in Gothenburg, Sweden, employs more than 102,000 people and serves customers in 180 markets. The shares are listed on Nasdaq Stockholm.

Volvo Group's products contribute to efficient transport and infrastructure solutions and maximize customer uptime. Volvo Group drives the development of electrified vehicles and machines, as well as automated solutions for the benefit of customers, society and the environment. The sale of vehicles and machines creates a population of products, thereby driving spare parts sales and service revenue.

In addition to vehicles and machines, Volvo Group's offering includes various services such as financing, insurance, rental, spare parts, repairs, preventive maintenance, service agreements and assistance. The range and flexibility of the offering enables solutions to be tailor-made to maximize customer uptime and productivity. The service business helps to balance the fluctuation in new product sales and improve profitability over the business cycle.

Revenue and operating income



Key ratios, MSEK	2024	2023	2022	2021	2020
Revenue	526,816	552,764	473,479	372,216	338,446
Operating income, EBIT	66,611	66,784	45,712	43,074	27,484
Net income	50,576	49,932	32,969	33,243	20,074
Equity ratio %	27.6	26.8	26.4	27.9	29.0
Operating and investing cashflow	22,306	–169	11,758	32,158	20,669

Percentage of Capital

4.4%

Percentage of Votes

14.7%

Saxo Bank

A leading fintech specialist that helps companies and investors connect to global capital markets

Saxo Bank (Saxo) is a leading fintech specialist that connects people to investment opportunities in global capital markets. As a provider of multi-asset trading and investments, Saxo's vision is to enable people to fulfil their financial aspirations and make an impact. Saxo's user-friendly and personalized platform experience gives investors exactly what they need, when they need it – whether they want to actively trade on global markets or invest in their future.

Founded in 1992, Saxo was one of the first financial institutions to develop an online trading platform to provide private investors and traders with the same tools and market access as professional traders, large institutions and fund managers. Saxo combines an agile fintech mindset with more than 30 years of experience and a track record in global capital markets to deliver a state-of-the-art experience to clients. The Saxo Bank Group holds two banking licenses and is regulated in multiple jurisdictions across Europe, the Middle East and Asia. Saxo offers its close to 1.3 million end clients access to global capital markets across asset classes, enabling them to trade over 70,000 instruments from a single account. The Saxo Bank Group also partners with 440 wholesale partners, boosting the investment experience they can offer their clients via its open banking technology.

Headquartered in Copenhagen, Saxo's client assets total EUR 115 billion and the group has more than 2,300 financial and technology professionals in financial centers worldwide including Copenhagen, London, Singapore, Amsterdam, Paris, Zurich, Dubai and Tokyo. Saxo Bank is designated a SIFI (systemically important financial institution) and holds an investment grade rating from S&P.

Percentage of Capital and Votes

24.4%

Key ratios, MDKK	**2024**	2023	2022	2021	2020
Operating income	4,665	4,473	4,435	4,492	4,316
Operating profit	1,322	502	956	1,048	1,087
Net income	1,005	260	711	755	750
Equity ratio %	6.6	7.1	7.9	7.9	9.4
Operating and investing cash flow	–3,039	20,683	–13,339	4,630	5,122

~1.3 million
Clients worldwide

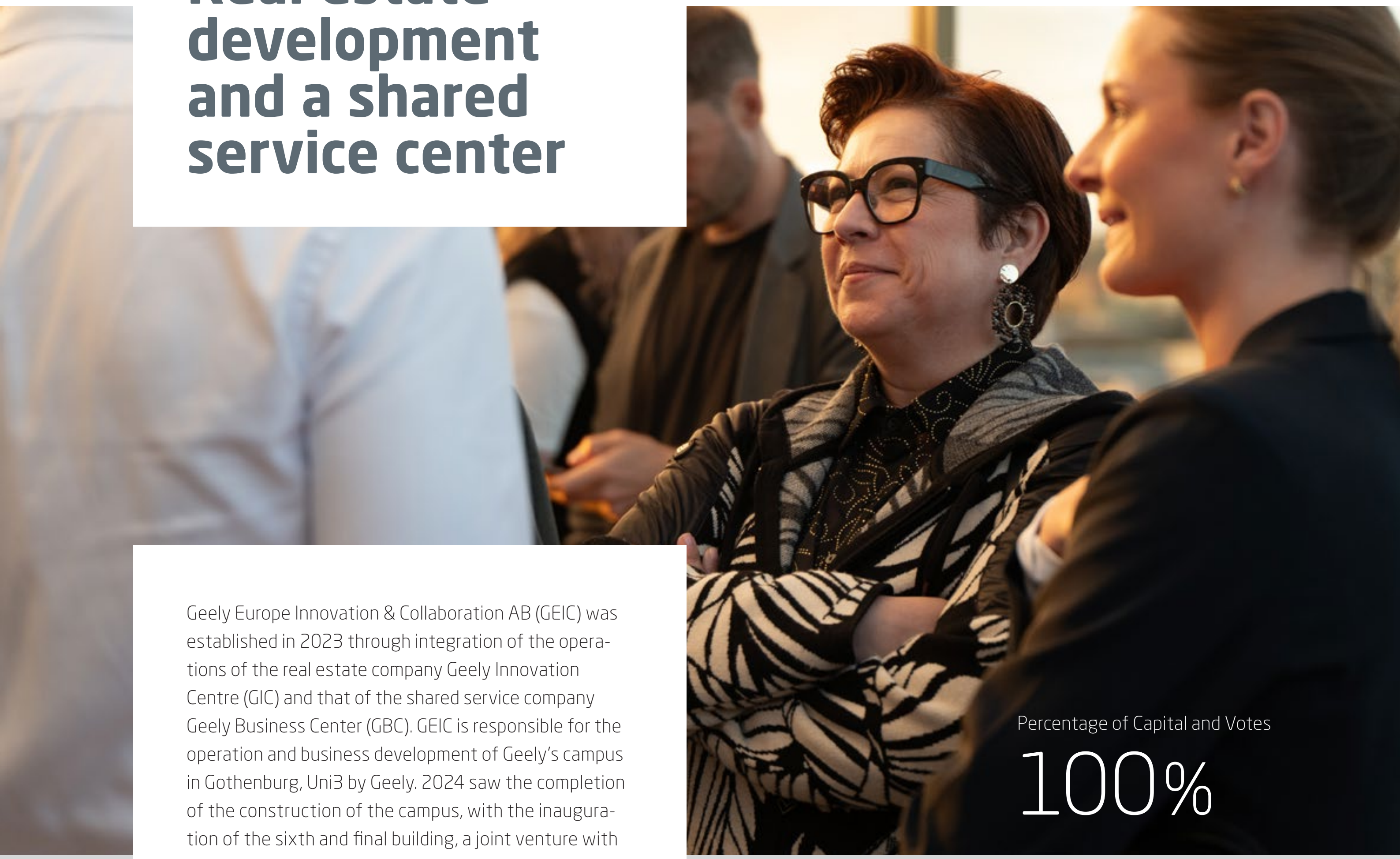
115 billion
Client assets (EUR)

58 million
Trades realized in 2024

>30 years
Experience in the industry

Geely Europe Innovation and Collaboration

Real estate development and a shared service center



Percentage of Capital and Votes

100%

Geely Europe Innovation & Collaboration AB (GEIC) was established in 2023 through integration of the operations of the real estate company Geely Innovation Centre (GIC) and that of the shared service company Geely Business Center (GBC). GEIC is responsible for the operation and business development of Geely's campus in Gothenburg, Uni3 by Geely. 2024 saw the completion of the construction of the campus, with the inauguration of the sixth and final building, a joint venture with Fastighets AB Balder, named The Lighthouse by Uni3. The campus covers 125,000 square meter with six buildings and space for 4,500 workplaces.

In addition to property development, GEIC operates Geely Sweden's shared competence and service unit, specifically tailored to enhance synergies among Geely Holdings' European subsidiaries. Its primary goal is to offer essential corporate functions crucial for company operations, focusing on business synergies and efficiencies and supporting Geely's expansion and growth in Europe. GEIC provides a broad spectrum of business services, including HR, finance, tax, legal and IT.

The overall focus for GEIC in 2024 has centered on establishing a solid business foundation to expand the service offer further into Europe with enhanced processes and services. GEIC is located in the main building of Uni3 by Geely in Gothenburg.

Geely Group Motorsports International

Professional management of international motorsport engagements

Geely Group Motorsports International (GGMI) was formed in 2018 and has offices in Gothenburg, Sweden, and Hangzhou, China. GGMI focuses on being a brand-neutral entity for motorsport investments made by automotive brands within Geely Group. GGMI handles strategic coordination of motorsport R&D, competition, partnerships, customer sports, as well as marketing activities of motorsport and performance edition cars.

The Lynk&Co 03 TCR touring car race and Customer Sports program, has been a great success during its first six years in the hands of customer teams such as Cyan Racing (WTCR/TCR World Tour) and Teamwork Motorsport (TCR China), so far with eight world titles and 14 national titles.

In 2024, GGMI continued its focus on the FIA TCR World Tour with Cyan Racing, a cooperation which resulted in the team's seventh World Title with the GGMI-developed Lynk & Co 03 TCR in just six years. GGMI further expanded its Customer Sports portfolio with for example presence in TCR Europe, TCR UK, TCR South America and TCR Australia.

Percentage of Capital and Votes

100%

Sustainability

Geely Sweden works actively to contribute to the development of a resource saving and environmentally sound society. We acknowledge that we, as a world, need to reduce emissions and practice energy conservation while taking action to ensure sustainable development.

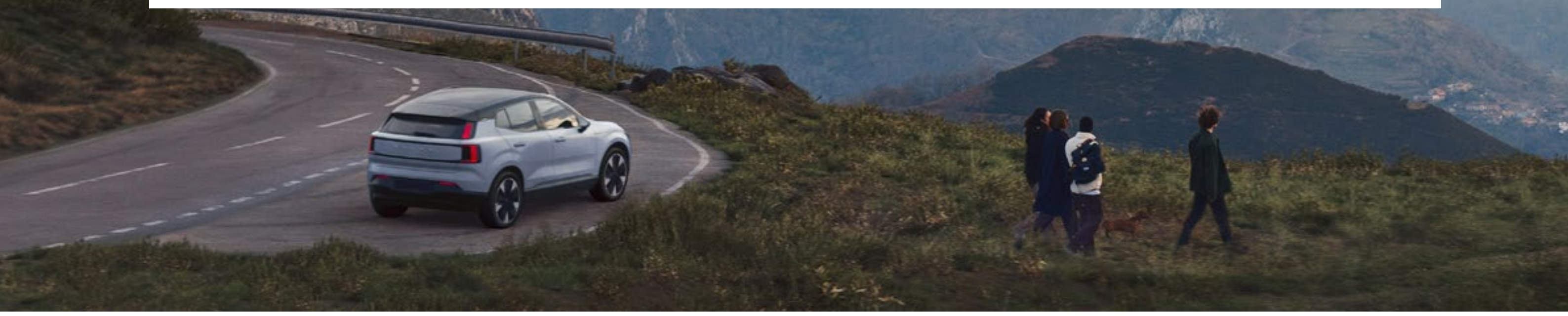
Geely Sweden's ambition is to create long-term value through active ownership in its portfolio companies with a sustainability focused mindset at the very core. To prosper and succeed in the long term, it will be important for Geely Sweden and our portfolio companies to adhere to and actively participate in driving the global ESG agenda and set high ambitions to benefit the communities in which we live and operate.

Geely Group is a partner of the leading collaborative platform Drive Sustainability, facilitated by CSR Europe, where Geely works with the other 11 Original Equipment Manufacturers – BMW Group, Daimler Truck, Ford, Honda, Jaguar Land Rover, Mercedes-Benz, Scania, Toyota, Volkswagen, Volvo Car and Volvo Group – to lead the transformation toward a circular and sustainable automotive value chain.

As an active owner, Geely Sweden has a continual dialogue with our key stakeholders – not only with portfolio company management teams, but also with fellow shareholders, employees, customers, government agencies, legislative bodies and non-governmental organizations. Our model involves encouraging stakeholders to set ambitious sustainability targets and push Geely Group companies to align their strategic development with important international standards to future-proof competitive business models. Examples of these standards include the UN Sustainable Development Goals, OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights. We also work actively to ensure that portfolio companies adhere to our corporate values and ethical guidelines.

Geely Group has joined the United Nations Global Compact, giving Geely Sweden a firm vision and targets to work toward. As a signatory and participant in the UNGC initiative, Geely has committed itself to upholding the 10 principles of the Compact covering human rights, labor, the environment, and anti-corruption, as well as contributing to the 17 UN Sustainable Development Goals in its strategies and operations. To align with these commitments, Geely Group has announced that it is aiming to achieve carbon neutrality across its entire value chain by 2045. Individual businesses and brands within Geely Group have also formulated their own carbon neutrality strategies and goals with step-by-step roadmaps. For example, Volvo Cars has announced its 2030 ambitions including 90–100 per cent electrified car sales with a complete line-up of fully electric cars available (for further information, see the Volvo Car Group Annual and Sustainability Report 2024). Polestar has announced its goal of introducing a fully carbon-neutral automotive product and eliminating carbon emissions from its supply chain and production by 2030.

Geely Sweden places great emphasis on sustainability within our own operations as well. We firmly believe in leading by example, and the primary focus within our organization is being a responsible employer that rejects all forms of discrimination and believes that diversity enhances knowledge, dynamism and the quality of our work.



Board of Directors

Eric Li (Li Shufu)

Chair
Since: 2010
Born: 1963
Education: MSc in Mechanical Engineering, BSc in Management Engineering

Other assignments
Founder and Chair of the Board of Zhejiang Geely Holding Group Co. Ltd.; Member of the Board of other entities within the Zhejiang Geely Holding Group; Chair of the Board Volvo Car AB (publ.).

Previous positions
CEO Zhejiang Geely Holding Group Co. Ltd.

Daniel Li (Li Donghui)

Member of the Board
Since: 2012
Born: 1970
Education: MBA, MSc in Management Engineering

Other assignments
Member of the Board and CEO Zhejiang Geely Holding Group Co. Ltd.; Chair of the Board Lotus Group International Limited; Vice Chair of the Board Geely Automobile Holdings Ltd.; Member of the Board Volvo Car AB (publ.), Polestar Automotive Holding UK Plc, Saxo Bank A/S, Proton Holdings Berhad, YTO Express (International) Holdings Ltd, Aston Martin Lagonda Global Holdings Plc.

Previous positions
Executive Vice President and CFO of Geely Holding Group; Director certain subsidiaries in Geely: Geely Automobile Holdings Ltd., Geely Holdings Group Ltd.; Independent Director of China CYTS Tours Holding Co. Ltd.; CFO and Vice President of Liugong Machinery; Executive Director of Geely Automobile Holdings Ltd.; Managing Director and several other senior positions at Cummins; CFO and other senior positions at BMW Brilliance Automotive; Senior positions at ASIMCO Braking System, Danfoss Tianjin.

Lone Fønss Schrøder

Member of the Board
Since: 2019
Born: 1960
Education: Master of Laws, MSc in Economics and Business Administration

Other assignments
Vice Chair of the Board and Chair of the Audit Committee, Volvo Car AB (publ.); Vice Chair of the Board and Chair of the Audit Committee Akastor ASA; Member of the Board Aker Solutions ASA and Aker Horizons ASA; Member of the supervisory Board INGKA Holding B.V.; Member of the Board Ikano Bank AB (IKEA Group); Member of the EMEA advisory Board of ServiceNow, Inc.

Previous positions
Several senior management positions at A.P. Moller-Maersk A/S; CEO Concordium AG; President and CEO Wallenius Lines, Member of the Board of a.m.o Handelsbanken, Saxo Bank, Vattenfall, Eukor, Yara and Queen's Gambit Growth Capital.

Per Ansgar

Member of the Board and CEO
Since: 2024
Born: 1963
Education: MSc in Industrial Engineering and Management

Other assignments Chair of the Board Geely Europe Innovation and Collaboration AB and Geely Europe Innovation Centre AB; Member of the Board Geely Group Motorsports International AB.

Previous positions
Group Controller and Deputy CFO, Volvo Car AB (publ.); CFO Geely Sweden; CFO Polestar.

Executive Management Team

Per Ansgar
CEO

Lise-Lotte Hallbäck
Finance

Stefan Lundin
Public Relations and Communications

Peter Lundin
Legal

Björn Sällström
Human Resources

Board of Directors' Report

The Geely Sweden Holdings Group

Geely Sweden Holdings as well as the Group refer to Geely Sweden Holdings AB with all its subsidiaries.

Geely Sweden Holdings AB, corporate identity no 556810-9010, with its registered office in Gothenburg, Sweden, is a wholly owned subsidiary of Shanghai Geely Zhaoyuan International Investment Co., Ltd., registered in Shanghai, China, ultimately owned by Zhejiang Geely Holding Group Co., Ltd., registered in Hangzhou, China.

Geely Sweden Holdings AB is a holding company with the primary purpose of owning shares in subsidiaries. Geely Sweden Holdings AB operates indirectly in the automotive industry, mainly as majority owner of Volvo Car AB (publ.). In addition, Geely Sweden Holdings operates a shared competence and service center providing business services within several areas to group companies as well as external customers. The Group owns property and operates the property and a motorsport company. The Group has individual holdings in Saxo Bank A/S, Polestar Automotive Holding UK PLC and AB Volvo. The Goup also includes entities whose main purpose is to own and finance Geely Sweden Holdings' investments.

Industrial operation

The overall global passenger car market has faced several challenges in 2024, with continued economic uncertainty, additional tariffs in place, geopolitical tension and inflation impacting consumer spending and confidence. Additionally, weaker demand in key regions such as China and Europe, have further strained market conditions. Despite these challenges, the market has seen a slowed but continued shift towards electrification and sustainability as key drivers of consumer choice.

Volvo Cars' full-year retail sales set a new global sales record with 763.4 (708.7) thousand cars sold. Wholesales increased by 7 per cent and production decreased by 1 per cent to 760.4 (766.7) thousand cars. Volvo Cars outgrew the premium car market and gained market share in many regions while maintaining price discipline, despite softening demand and uncertain economic conditions.Sales of BEVs increased by 54 per cent to 175.2 (113.4) thousand units, and PHEV sales increased by 16 (10) per cent.

Volvo Cars' revenue amounted to SEK 400.2 (399.3) billion, supported mainly by wholesale volumes, which increased by 7 per cent to 782.6 (732.3) thousand cars. Operating income (EBIT) amounted to SEK 22.3 (19.9) billion, resulting in an EBIT margin of 5.6 (5.0) per cent, impacted by a one-time non-cash effect from the impairment of the investment in NOVO Energy AB prior to the business combination of SEK –1.7 billion.

Shared competence and service center

Geely Europe Innovation and Collaboration AB (GEIC) was established in 2021 as a shared competence and service unit to enhance synergies between the Geely Group companies. The shared competence and service center will enable customers to focus on their core capabilities and grow faster by outsourcing corporate functions to the center. GEIC provides business services including IT, finance, tax and HR. Additionally, the company offers property-based services encompassing construction and real estate management. GEIC is located on the Uni3 by Geely campus in Gothenburg and has an office in Madrid, Spain.

Real estate

The Uni3 by Geely campus is located in Lindholmen, Gothenburg, the West Sweden innovation cluster, and the Group's Swedish investments are a significant contribution.

There are six buildings whereof the sixth building was ready for tenants in 2024. This building is owned and managed together with the joint venture partner Fastighets AB Balder.

Notably, the campus houses a co-working office, conference center and exhibition space for commercial use by external customers. A Lynk & Co showroom, offices and a design center for the brands Lynk & Co and Zeekr, make up the automotive part of the campus. The hotel brand Strawberry operates one of the buildings for its business. Other companies present at Uni3 as tenants include United Spaces, Toyota Material Handling, SiNIX, Compass Group, ExarX, Volvo Cars, GEIC and other Geely Group companies.

Motorsport

Geely Group Motorsports International AB (GGMI) was formed in 2018 and focuses on being a brand-neutral entity for motorsport investments made by automotive brands within the Geely Group. GGMI handles strategic coordination of motorsport R&D, competition, partnerships, customer sports, as well as marketing activities of motorsport and performance edition cars.

Individual holdings

Volvo Group

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

Geely Sweden Holdings Group

Key ratios, MSEK	**Full year 2024**	Full year 2023	Full year 2022	Full year 2021	Full year 2020
Revenue	400,729	399,985	330,674	281,974	262,890
Operating income, EBIT	24,071	20,136	22,679	20,853	8,719
Net income	20,497	14,619	17,261	17,634	7,247
EBITDA	46,866	37,657	38,825	35,895	23,183
Cashflow from operating and investing activities	7,238	–8,411	–6,817	8,003	8,658
EBIT margin, %	6.0	5.0	6.9	7.4	3.3
EBITDA margin, %	11.7	9.4	11.7	12.7	8.8
Equity ratio, %	39.3	38.7	34.6	34.0	24.0
Net cash	9,401	4,758	7,272	16,588	–5,446

See definitions of Key Ratios on page XX.

In 2024, the Volvo Group's adjusted operating income amounted to SEK 65.7 (78.2) billion, excluding a total positive effect of SEK 0.9 billion relating to items of a one-time character, not directly linked to the underlying business operations. The decreased adjusted operating income was an effect of lower volumes, a negative brand and market mix, increased R&D expenses as well as higher selling and administrative expenses, which were partly offset by price realization on service and lower material costs. Adjusted operating income in 2023 excluded a total negative impact of SEK 10.9 billion. Reported operating income amounted to SEK 66.6 (67.3) billion.

Polestar

Polestar's net revenue during 2024 was USD 2,034.3 (2,368.1) million, a decrease of 14 per cent compared to 2023. Revenue from the sale of vehicles constitutes the primary source of revenue and has historically been derived from sales of the PS2. During 2024 Polestar began generating revenues from sales of the PS3 and PS4. Sales of vehicles amounted to USD 1,975.9 (2,313.1) million. The decrease of 15 per cent was primarily driven by a decrease in volumes due to lower global sales of PS2 and delays in sales ramp up of new car lines. Retail sales volume amounted to 44.9 (52.8) thousand cars.

Operating loss amounted to USD 1,813.3 (1,469.5) million and was negatively impacted by lower volumes and an increase in impairment charges, and positively impacted by lower R&D, selling and administrative expenses.

Saxo Bank

Low market volatility continued throughout most of 2024, though with a slight uptick in the last quarter of the year, while higher interest rates and positive inflow of client funding impacted the financial performance positively. The roll-out of new competitive pricing, introduced in early 2024 for all markets, led to a continued strong new client inflow, resulting in a new record level of 1.3 million end clients, which together with rising equity markets contributed to record-high client assets of DKK 853 (745) billion as of 31 December 2024. As a result, net profit for the Saxo Bank Group reached DKK 1,074 (653) million after adjusting for restructuring costs of DKK 69 million net of tax, an increase of 65 per cent compared to 2023.

Net income and financial position

Income before tax for the Group amounted to SEK 27,276 (21,424) million. Net income was SEK 20,497 (14,619) million. Cash and cash equivalents for the Group amounted to SEK 62,510 (51,522) million. Interest-bearing liabilities, not including provisions for employee benefits, amounted to SEK 28,338 (31,935) million. Total borrowings amounted to SEK 52,886 (56,682) million and include liabilities to credit institutions and bond liabilities. The equity ratio was 39 (39) per cent.

Investments

In 2024 the Group made investments in intangible assets amounting SEK 20,930 (21,657) million. Investments in tangible assets amounted to SEK 42,490 (27,205) million.

Financing

A EUR 500 million grreen bond was issued during the year and a EUR 600 million bond, issued in 2019, matured. Repayment of liabilities to credit institutions amounted to SEK 4,794 (4,853) million. Matured marketable securities amounted to SEK 10,269 (4,115) million.

Employees

In 2024, the Group employed 42,722 (43,590) full-time employees (FTE). Information on salaries and other remuneration is presented in Note 8 – Employees and remuneration.

Significant events during the year

Divestment of AB Volvo shares

In April, the Group's holdings of B shares in AB Volvo were divested. The proceeds from the sale have been used for lending to the related party Geely International (Hong Kong) Limited and for repayment of bank loan. After the share sale, the Group's ownership stake in AB Volvo amounts to 4.4 per cent.

Distribution of shares in Polestar

In May, Volvo Car AB (publ.) completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC to Volvo Cars' shareholders. Prior the record date for the distribution, Geely Sweden Holdings AB formed a new wholly owned subsidiary, Geely Sweden Automotive Investment B.V., and transferred its redemption shares to the new established subsidiary. After the distribution, Volvo Cars remaining shareholding in Polestar was reduced to 18.0 per cent and Geely Sweden Automotive Investment B.V. became a shareholder of 23.8 per cent.

Volvo Cars adjusts key ambitions – remains committed to fully electric future

On Volvo Cars' Capital Markets Day in September, Volvo Cars announced adjustments to its ambitions regarding electrification, CO_2, growth and EBIT. The long-term aim to become a fully electric car company remains, as well as the ambition to reach net zero greenhouse gas emissions by 2040.

Changes to the Executive Management Team

In October Hans Oscarsson left his role as Chief Executive Officer and Board member of Geely Sweden Holdings AB. Hans Oscarsson was succeeded by Per Ansgar who has previously held the position of Chief Financial Officer of Geely Sweden Holdings AB. Lise-Lotte Hallbäck, Head of Accounting, is acting in the position of Chief Financial Officer.

The Board's work

The Board of Directors of Geely Sweden Holdings AB has four members including the CEO. There are no deputy members. All board members are elected for a one-year term. Except for the CEO, no board member works in an operational capacity within the Group. The General Counsel of the Group serves as secretary for the Board.

At the Annual General Meeting in 2024, Eric Li (Li Shufu) was elected Chairman of the Board.

The Board will annually adopt rules of procedure that govern the structure and content of board meetings, matters to be addressed during these meetings, the division of duties between the Board and the CEO and any other relevant issues. The CEO instructions describe his duties and reporting obligations to the Board. In 2024 the Board held 11 meetings including the statutory meeting.

Issues addressed by the Board include strategic changes in the share portfolio, acquisition and sales of subsidiaries, the Company's risk exposure, budgets and forecast for the subsidiaries, and financial monitoring of the business.

The Audit Committee has in 2024 held three meetings.

Policy for remuneration and employment for CEO

The Board has decided on a policy for remuneration for the CEO in accordance with decisions taken at the Annual General Meeting (AGM). More information is presented in Note 8 – Employees and remuneration.

Risks and uncertainties

Through its operations, the Group is exposed to various risks and uncertainties that could, in varying degrees, have a negative effect on income and financial position. These risks and uncertainties are continuously monitored by Geely Sweden Holdings to mitigate their effect on the Group's operation.

The most relevant risks and uncertainties are presented below:

Challenges 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.

Geopolitical tensions and regionalisation

Geopolitical regionalisation introduces risk of increases protectionism as countries and regions impose trade restrictions and trade tax/duties.

Ensuring a sustainable transformation

The global risk of climate change generates public expectation on accelerating sustainability transformation. This is a risk if the Group cannot proactively adapt business plans and the transition of its business, including the complex value chain, potentially risking negative brand reputation and loss of sales.

Cyber security

The importance of cybersecurity is increasing to ensure a resilient business. Cybercriminals are well organised and pose a multitude of threats to organsiations, for instance ransomware, information theft and fraud.

Potential human rights violations

The Group has a global and complex value chain including sourcing from high-risk countries. This means that it is even more important to safeguard fundamental human rights and minimise the risk that human rights violations occur at any instance of the total value chain.

Financial risk

A description of financial instruments and management of financial risk can be found in Note 19 – Financial instruments and financial risks.

Parent company

Income before tax for the parent company amounted to SEK 7,227 (1,006) million. The equity ratio was 94 (88) per cent.

Significant events after the reporting period

On 25 January 2025, a share purchase agreement was signed between Volvo Car Corporation and Northvolt AB with respect to Northvolt AB's shares in NOVO Energy AB. Northvolt AB has subsequently entered into bankruptcy. Completion of the transaction is subject to required approvals, including from Swedish authorities. Approval and transaction completion is expected during the second quarter of 2025.

On 14 February 2025, the divestment of Volvo Cars 30 per cent shareholding in the joint venture Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd was completed.

On 25 February 2025, a loan facility of EUR 2,000 million with a three-year tenor was signed. The new bank loan has refinanced an existing liability to credit institution amounting to EUR 2,000 million with original maturity in May 2025.

On 10 March 2025, a share purchase agreement was signed regarding the joint venture Geely Financials Denmark A/S shareholding of 49.88 per cent in the associated company Saxo Bank A/S. The buyer is Bank J Safra Sarasin AG, and the transaction is subject to regulatory approval. Approval and transaction completion is expected during 2025.

On 1 April 2025, Håkan Samuelsson succeeded Jim Rowan as President and Chief Executive Officer of Volvo Cars.

On 2 April 2025, the Annual General Meeting for AB Volvo, in accordance with the Board of Directors' proposal, resolved an ordinary dividend of SEK 8 per share, and an extra dividend of SEK 10.50 per share. The dividend was distributed to shareholders on 9 April 2025, resulting in a total dividend for the Group of SEK 1,637 million.

Late April 2025, Volvo Cars launched a cost and cash action plan, totaling SEK 18 billion in structural efficiencies and investment reductions to further protect long-term strategy and profitability. Most of the effects from this plan will be realized in 2026.

Sustainability

Geely Sweden Holding's major impact on environmental sustainability is through its portfolio companies' business activities. The Group has a longstanding commitment to be a responsible company with a clear focus on sustainable development. This commitment is, for example, described in the annual reports prepared by Volvo Cars and Volvo Group in line with international reporting guidelines set out in the Global Reporting Initiative (GRI), UN Global Compact's 10 principles and Sustainable Development Goals (SDG). Volvo Group and Volvo Cars have also committed to Task Force on Climate-Related Financial Disclosures (TCFD) and Science Based Targets going forward. All businesses have permits to regulate the environmental impact of their operations. Continuous reporting on this impact is carried out according to guidelines and requirements issued by local and national environmental authorities.

Proposed distribution of non-restricted equity:

Share premium reserve	SEK	6,509,200,000
Other contributed capital	SEK	3,693,131,899
Retained earnings carried forward	SEK	24,012,814,987
Net income for the year	SEK	7,227,409,762
At the disposal of the AGM	**SEK**	**41,442,556,648**

The Board proposes the following allocation of funds:

Carried forward	SEK	41,442,556,648
Total	**SEK**	**41,442,556,648**

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SEKm	Note	2024	2023
Revenue	2	400,729	399,985
Cost of sales	3	–320,822	–321,930
Gross income		**79,907**	**78,055**
Research and development expenses	3, 14	–16,983	–12,884
Selling expenses	3	–25,419	–26,066
Administrative expenses	3	–12,524	–13,106
Other operating income and expenses	6	2,066	–288
Share of income in joint ventures and associates	12	–4,982	–5,575
Operating income	4, 5, 7, 8, 9, 10	**22,065**	**20,136**
Interest income and similar credits	19	3,260	2,996
Interest expenses and similar charges	19	–2,516	–3,056
Other financial income and expenses	11	4,467	1,348
Income before tax		**27,276**	**21,424**
Income tax	13	–6,779	–6,805
Net income		**20,497**	**14,619**
Net income attributable to			
Owners of the parent company		16,135	11,230
Non-controlling interests		4,362	3,389
		20,497	**14,619**

INCOME AND RESULT

The Group's revenue amounted to SEK 400.7 (400.0) bn, supported mainly by wholesale volumes, which increased by 7 per cent to 782.6 (732.3) thousand cars. Used car sales as well as parts and accessories had a positive impact on revenue, as can be seen in Note 2 – Revenue. However, the increase was partially offset by deferred revenue from rental sales, contract manufacturing, sales mix and pricing, as well as foreign exchange rate effects.

Gross income increased to SEK 79.9 (78.0) bn, resulting in a gross margin of 19.9 (19.5) per cent. The increase was primarily driven by lower material cost and other cost efficiencies as well as sales of parts and accessories, partially offset by sales mix and pricing.

Operating Income (EBIT) excluding share of income in JVs and associates, increased to SEK 27.0 (25.7) bn, corresponding to a margin of 6.7 (6.4) per cent. The increase is mainly driven by the effects described in the above paragraph. The increase is partially off-set by higher depreciation and amortisation. EBIT amounted to SEK 22.1 (20.1) bn, resulting in an EBIT margin of 5.5 (5.0) per cent, impacted by a one-time non-cash effect from the impairment of the investment in NOVO Energy AB prior to the business combination of SEK –1.7 bn. EBIT also includes SEK –1.1 bn representing the Group's share of the write-down of the intellectual property of Saxo Financial Technology Company Limited, a subsidiary of the joint venture Geely Tech Holding A/S. The exchange rate effects had a positive impact on EBIT of SEK 0.1 bn.

Net financial items increased to SEK 5.2 (1.3) bn. Net financial items include SEK 2.0 bn from distribution of shares in Polestar Automotive Holding UK PLC to non-controlling interests as well as the SEK 2.5 bn dividend from the AB Volvo investment. The effective tax rate decreased to 24.8 (31.8) per cent, mainly due to decreased withholding tax as well as the non-taxable share of income in JVs and associates. Net income was SEK 20.5 (14.6) bn, representing 5.1 (3.6) per cent of revenue.

Research and development spending, SEKm	2024	2023
Research and development spending	–28,308	–26,943
Capitalised development costs	18,724	18,912
Amortisation and depreciation of research and development	–7,399	–4,853
Research and development expenses	**-16,983**	**-12,884**

Consolidated Comprehensive Income

SEKm	2024	2023
Net income	20,497	14,619
Other comprehensive income		
Items that will not be reclassified subsequently to income statement:		
Change in fair value of other long-term securities holdings	1,437	10,871
Remeasurements of provisions for post-employment benefits	–312	–1,815
Tax on items that will not be reclassified to income statement	55	424
Items that may be reclassified subsequently to income statement:		
Translation difference on foreign operations	126	–1,712
Translation difference of hedge instruments of net investments in foreign operations	–316	131
Change in fair value of cash flow hedge related to currency and commodity price risks	–5 ,383	1,976
Tax on items that may be reclassified to income statement	1,174	–435
Other comprehensive income, net of income tax	**-3,219**	**9,440**
Total comprehensive income	**17,278**	**24,059**
Total comprehensive income attributable to		
Owners of the parent company	13,496	21,070
Non-controlling interests	3,782	2,989
	17,278	**24,059**

NET FINANCIAL POSITION AND LIQUIDITY

Total cash and cash equivalents, including marketable securities, amounted to SEK 62.5 (61.4) bn. Net cash increased to SEK 9.4 (4.8) bn. Total liquidity amounted to SEK 94.7 (78.6) bn, including undrawn credit facilities of SEK 32.2 (17.2) bn.

Cash flow from operating activities was positive amounting to SEK 46.3 (41.6) bn. Working capital amounted to 3.2 (2.5) bn, primarily driven by a focused effort to reduce inventory levles in the fourth quarter, along with cars under repurchase contracts, sales-related accruals, and partially offset by accounts payable.

Cash from investing activities amounted to SEK –39.1 (–48.3) bn. The Group continued to invest in its industrial infrastructure, new technologies, upcoming car models, and the transition to a fully electric car company. In 2024, the Group sold the AB Volvo B share holding impacting the cash flow from investing activities positively by SEK 14.1 bn.

Cash flow from financing activities amounted to SEK 2.0 (–7.5) bn, mainly related to change in marketable securities.

EQUITY

Total equity increased to SEK 175.6 (160.7) bn, resulting in an equity ratio of 39.3 (38.7) per cent. The change is mainly attributable to the positive net income of SEK 20.5 bn, partially offset by the negative other comprehensive income of SEK –3.2 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 –0.2 bn (net of tax). Remeasurements of provisions for post-employment benefits had a minor effect of SEK –0.2 bn (net of tax). The change in fair value of cash flow hedge reserve related to currency and commodity price risks had a negative effect of SEK –4.2 bn (net of tax). The change in value of cash flow hedges is mainly due to a depreciated Swedish crown, SEK, compared to most of the major currencies as well as decreased prices for raw material. In addition, the fair value change of the investment in AB Volvo A shares had a positive effect of SEK 1.4 bn. In 2024, the AB Volvo B shares were sold.

Consolidated Balance Sheets

SEKm	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Intangible assets	14	83,849	72,175
Tangible assets	7, 15	109,523	86,595
Investment property	16	515	526
Investments in joint ventures and associates	12	13,972	19,771
Other long-term securities holdings	19	39,417	51,147
Deferred tax assets	13	10,982	10,135
Other non-current interest-bearing receivables	19	1,440	1,327
Derivative assets, non-current	19	283	2,094
Other non-current assets	18	20,379	9,812
Total non-current assets		**280,360**	**253,582**
Current assets			
Inventories	17	62,455	57,058
Accounts receivable	4, 18	22,961	19,461
Current tax assets		1,877	1,016
Derivative assets, current	19	485	1,989
Other current assets	18	15,568	20,356
Marketable securities	20	—	9,918
Cash and cash equivalents	20	62,510	51,522
Total current assets		**165,856**	**161,320**
TOTAL ASSETS		**446,216**	**414,902**
EQUITY & LIABILITIES			
Equity	21		
Equity attributable to owners of the parent company		141,378	129,615
Non-controlling interests		34,204	31,096
Total equity		**175,582**	**160,711**
Non-current liabilities			
Provisions for post-employment benefits	22	8,112	7,610
Deferred tax liabilities	13	11,080	8,293
Other non-current provisions	23	9,523	7,606
Liabilities to credit institutions	19	4,405	30,998
Bonds, non-current	19	18,826	18,087
Non-current contract liabilities to customers	2	10,755	8,148
Other non-current interest-bearing liabilities	7, 19	7,745	4,790
Derivative liabilities, non-current	19	1,252	424
Other non-current liabilities	4, 24	6,006	6,745
Total non-current liabilities		**77,704**	**92,701**
Current liabilities			
Current provisions	23	11,379	13,118
Liabilities to credit institutions	19	23,932	937
Bonds, current	19	5,723	6,660
Current contract liabilities to customers	2	34,997	30,817
Accounts payable	4	56,473	62,314
Current tax liabilities		1,246	1,606
Other current interest-bearing liabilities	7, 19	2,490	1,242
Derivative liabilities, current	19	2,891	1,054
Other current liabilities	24	53,799	43,742
Total current liabilities		**192,930**	**161,490**
TOTAL EQUITY & LIABILITIES		**446,216**	**414,902**

Changes in Consolidated 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 January 1, 2023	—	**11,496**	**7,993**	**4,275**	**1,185**	**84,159**	**109,108**	**23,843**	**132,951**
Net income	**–**	**–**	**–**	**–**	**–**	**11,230**	**11,230**	**3,389**	**14,619**
Other comprehensive income									
Change in fair value of other long-term securities holdings[2]	—	—	—	—	10,871	—	10,871	—	10,871
Disposal of other long-term securities holdings[2]	—	—	—	—	–1,170	1,170	—	—	—
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	–1,428	–1,428	–387	–1,815
Translation difference on foreign operations	—	—	—	–1,295	—	—	–1,295	–417	–1,712
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	131	—	—	131	—	131
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	1,572	—	1,572	403	1,975
Tax attributable to items recognised in other comprehensive income	—	—	—	–21	–324	334	–11	1	–10
Other comprehensive income	**–**	**–**	**–**	**-1,185**	**10,949**	**76**	**9,840**	**-400**	**9,440**
Total comprehensive income	**–**	**–**	**–**	**-1,185**	**10,949**	**11,306**	**21,070**	**2,989**	**24,059**
Transactions with owners									
Transactions with non-controlling interests[3]	—	–222	–178	–166	–11	16	–561	4,243	3,682
Change in Group composition	—	—	—	—	—	–6	–6	–2	–8
Share-based payments[4]	—	—	—	—	—	86	86	23	109
Dividend to shareholders[5]	—	—	—	—	—	–82	–82	—	–82
Transactions with owners	**–**	**-222**	**-178**	**-166**	**-11**	**14**	**-563**	**4,264**	**3,701**
Balance at December 31, 2023	**–**	**11,274**	**7,815**	**2,924**	**12,123**	**95,479**	**129,615**	**31,096**	**160,711**

1) Share capital amounted to SEK 100,000 (100,000).
2) For further information, see Note 19 – Financial instruments and financial risks.
3) For further information, see Note 21 – Equity and Note 8 – Participation in subsidiaries (Parent company).
4) For further information, see Note 9 – Share-based remuneration..
5) For further information, see Note 21 – Equity and Note 4 – Related party transactions.

Cont.,Changes in Consolidated 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 January 1, 2024	—	**11,274**	**7,815**	**2,924**	**12,123**	**95,479**	**129,615**	**31,096**	**160,711**
Net income	**–**	**–**	**–**	**–**	**–**	**16,135**	**16,135**	**4,362**	**20,497**
Other comprehensive income									
Change in fair value of other long-term securities holdings[2)]	—	—	—	—	1,437	—	1,437	—	1,437
Disposal of other long-term securities holdings[2)]	—	—	—	—	–4,804	4,804	—	—	—
Remeasurements of provisions for post-employment benefits	—	—	—	—	—	–245	–245	–67	–312
Translation difference on foreign operations	—	—	—	–315	—	—	–315	441	126
Translation difference of hedge instruments of net investments in foreign operations	—	—	—	–248	—	—	–248	–68	–316
Change in fair value of cash flow hedge related to currency and commodity price risks	—	—	—	—	–4,234	—	–4,234	–1,149	–5,383
Tax attributable to items recognised in other comprehensive income	—	—	—	51	872	43	966	263	1,229
Other comprehensive income	**–**	**–**	**–**	**-512**	**-6,729**	**4,602**	**-2,639**	**-580**	**-3,219**
Total comprehensive income	**–**	**–**	**–**	**-512**	**-6,729**	**20,737**	**13,496**	**3,782**	**17,278**
Transactions with owners									
Capital contribution from non-controlling interest[3)]	—	—	—	—	—	—	—	3	3
Divestment of non-controlling interest[3)]	—	—	—	—	—	1	1	–211	–210
Transactions with non-controlling interest	—	—	—	–2	—	–1	–3	3	—
Distribution of shares[4)]	—	—	—	—	—	–70	–70	–19	–89
Distribution of non-cash assets[4)]	—	—	—	—	—	—	—	–2,005	–2,005
Adjustment of distribution of non-cash assets[4)]	—	—	—	—	—	–1,577	–1,577	1,577	—
Acquisition of treasury shares[5)]	—	—	—	—	—	–149	–149	–41	–190
Issue of treasury shares[5)]	—	—	—	—	—	53	53	14	67
Share-based payments[5)]	—	—	—	—	—	13	13	4	17
Transactions with owners	**–**	**–**	**–**	**-2**	**–**	**-1,730**	**-1,732**	**-675**	**-2,407**
Balance at December 31, 2024	**–**	**11,274**	**7,815**	**2,410**	**5,394**	**114,486**	**141,379**	**34,203**	**175,582**

1) Share capital amounted to SEK 100,000 (100,000).
2) For further information, see Note 19 – Financial instruments and financial risks.
3) For further information, see Note 4 – Related pary transactions, Note 21 – Equity and Note 8 – Participation in subsidiaries (Parent company).
4) For further information, see Note 12 – Investments in joint ventures and associates and Note 21 – Equity.
5) For further information, see Note 9 – Share-based remuneration and Note 21 – Equity.

Consolidated Statement of Cash Flows

SEKm	Note	2024	2023
OPERATING ACTIVITIES			
Operating income		24,071	20,136
Depreciation and amortisation of non-current assets	15, 16	22,795	17,521
Dividends received from joint ventures and associates		213	88
Interest and similar items received		2,475	2,634
Interest and similar items paid		–3,018	–3,044
Other financial items		–867	148
Income tax paid		–4,447	–4,497
Adjustments for items not affecting cash flow	26	1,890	6,047
		43,112	**39,033**
Movements in working capital			
Change in inventories		–2,757	–11,338
Change in accounts receivable		–1,390	4,693
Change in accounts payable		–7,568	–3,031
Change in provisions		–1,906	–1,914
Change in contract liabilities to customers		8,709	8,707
Change in other working capital assets/liabilities		8,128	5,435
Cash flow from movements in working capital		**3,216**	**2,552**
Cash flow from operating activities		**46,328**	**41,585**
INVESTING ACTIVITIES			
Investments in shares and participations	12, 27	–1,901	–1,151
Disposals of shares and participations	27	–217	3,515
Loans to affiliated companies		–9,521	–14,503
Dividends received from investments in other long-term securities holdings		2,483	2,341
Disposals of investments in other long-term securities holdings		14,099	—
Investments in intangible assets		–19,774	–20,681
Investments in tangible assets		–25,259	–18,501
Disposals of tangible assets		1,000	645
Cash flow from investing activities		**–39,090**	**–48,335**
Cash flow from operating and investing activities		**7,238**	**–6,750**
FINANCING ACTIVITIES			
Proceeds from credit institutions		199	3,970
Proceeds from bond issuance	19	5,857	1,500
Acquisition of treasury shares		–190	—
Repayment of bond		–6,936	–2,019
Repayment of liabilities to credit institutions		–4,794	–4,853
Repayment of interest-bearing liabilities		–2,053	–1,747
Investments in marketable securities	20	—	–10,792
Matured marketable securities		10,269	4,115
Other[1]		–368	2,323
Cash flow from financing activities		**1,984**	**–7,503**
Cash flow for the year		**9,222**	**–14,253**
Cash and cash equivalents at beginning of year		**51,522**	**67,409**
Exchange difference on cash and cash equivalents		1,766	–1,634
Cash and cash equivalents at end of year	20	**62,510**	**51,522**

1) Other from financing activities is attributable to realised result from financial instruments, SEK –368 (376) m, change in Other non-current liabilities, SEK — (545) m and change in Other non-current assets, SEK — (1,402) m.

Notes to the Consolidated Financial Statements

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

1 General information on financial reporting within Geely Sweden Holdings Group

Basis of preparation

The consolidated financial statements of Geely Sweden Holdings AB and its subsidiaries (the Group) 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 the 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 the 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 2024

IASB has published amendments to standards that were endorsed by EU, effective after 1 January 2024. These additions have not had any material impact on the financial statements.

New accounting policies 2025 and later

IASB has published standards and amendments to standards that were endorsed by EU, which will be effective after 1 January 2025. 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 will be effective after 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 Geely Sweden Holdings AB and its subsidiaries. Subsidiaries are all entities over which the Group has control. The 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 the Group. They are deconsolidated from the date that control ceases. When a subsidiary is not wholly-owned by the 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, the Group 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. The Group continuously evaluates how climate change transitional and physical risks affect 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 the 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 2024.

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.

		Average rate		Close rate	
Country	Currency	**2024**	2023	**2024**	2023
China	CNY	1.47	1.50	1.51	1.42
Euro zone	EUR	11.42	11.49	11.45	11.12
United Kingdom	GBP	13.46	13.20	13.82	12.80
United States	USD	10.51	10.63	11.03	10.05
Japan	JPY	0.07	0.08	0.07	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 the Group does 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 in 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 14 – Intangible assets	Impairment testing of intangible assets, useful life	●
Note 15 – 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	Assessment of if a transaction is a common control transaction	
Note 28 – Segment Reporting	Judgements regarding operating segments	

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 the 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 to 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

The 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 standalone 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, the Group applies the policy choice available to account for these as customer contracts and applies the accounting policies described in this note.

Emission credits

The 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 the 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 the 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. See Note 10 – Government grants and Note 17 – Inventories for more information.

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

The Group is exposed to residual value risk, meaning that there is a potential loss for the 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.

Repurchase Commitments

The 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 is made on a continuous basis, based on recent car auction values, future price deterioration due to expected change of market conditions and production planning, vehicle quality data and repair and reconditioning costs etc. The value of the car in the balance sheet is adjusted if necessary.

Revenue allocated to geographical regions:	**2024**	**2023**
Europe	209,358	185,450
of which Sweden[1)]	*48,539*	*47,582*
of which Germany	*30,795*	*24,942*
of which United Kingdom	*30,439*	*21,664*
US	69,496	75,173
China	63,732	73,629
Other markets	58,143	65,732
of which Turkey	*8,051*	*8,334*
of which South Korea	*7,110*	*8,336*
Total	**400,729**	**399,985**

1) Includes the Contract manufacturing sales channel.

Revenue allocated to category:	2024	2023
Sales of new cars	303,880	307,549
Sales of used cars	27,403	18,505
Sales of parts and accessories	38,497	37,170
Revenue from subscription, leasing and rental business	6,709	5,463
Sales of licences and royalties	647	798
Contract manufacturing	13,151	22,357
Emissions credits	994	910
Other revenue	9,448	7,233
Total	**400,729**	**399,985**

Timing of revenue recognition	2024	2023
At the point of delivery	388,261	389,061
Over the contract term	12,468	10,924
Total	**400,729**	**399,985**

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 2023	**17,033**	**4,098**	**7,624**	**1,412**	**3,071**	**33,238**
Provided for during the year	58,187	2,502	7,368	4,520	103,828	**176,405**
Utilised during the year	–53,013	–2,565	–5,395	–3,920	–104,859	**–169,752**
Translation differences	–504	–93	–150	–8	–171	**–926**
Balance at 31 December 2023	**21,703**	**3,942**	**9,447**	**2,004**	**1,869**	**38,965**
Of which current	21,703	2,255	3,239	1,751	1,869	**30,817**
Of which non-current	—	1,687	6,208	253	—	**8,148**
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**

3 Expenses by nature

	2024	2023
Material cost incl. freight, distribution and warranty	–273,852	–280,301
Personnel[1)]	–45,160	–44,004
Amortisation/depreciation	–22,794	–17,521
Other	–33,942	–32,160
Total	**-375,748**	**-373,986**

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:	2024	2023
Cost of sales[1)]	–11,369	–9,029
Research and development expenses	–8,905	–6,158
Selling expenses	–1,541	–1,377
Administrative expenses	–948	–927
Other income and expense	–31	–31
Total	**-22,794**	**-17,522**

1) Impairment losses of SEK –14 (–194) m have been recognised within Cost of sales.

4 Related party transactions

ACCOUNTING POLICIES

The Group has a close collaboration with its related parties. The main part of the transactions relate to sales and purchases of cars, licences of technology, contract manufacturing and purchases of components. Related parties include companies outside the 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 26 March, the Annual General Meeting of Volvo Cars resolved, in accordance with the Board of Directors' proposal, to distribute a portion, 62.7 percent, of the Volvo Car AB's (publ.) shareholding in the associated company Polestar Automotive Holding UK PLC to Volvo Cars' shareholders. The shares were distributed on 8 May. Prior to the record date for the distribution, Volvo Car AB's (publ.) parent company, Geely Sweden Holdings AB, formed a new wholly-owned subsidiary, Geely Sweden Automotive Investment B.V., to which its redemption shares were transferred. The extraordinary value received, represents a shareholding in Polestar Automotive Holding UK PLC of 23.8 per cent (voting right 19.6 per cent). After the distribution of shares the Group's total shareholding in Polestar Automotive Holding UK PLC is 41.8 per cent (48.3 per cent prior to the distribution) and the voting right is 34.5 per cent (49.4 per cent prior to the distribution). The distribution of Polestar shares is between parties under common control with the same ultimate parent. For further information, see Note 12 – Investments in joint ventures and associates and Note 21 . Equity.
- In August, Volvo Cars acquired the remaining 40 per cent of the shares in HaleyTek AB from ECARX Technology Ltd and HaleyTek is thereafter a wholly-owned subsidiary to Volvo Cars. Purchase consideration amounted to SEK 210 m. For more information see Note 8 – Participation in subsidiaries (Parent company).
- On 14 November, Volvo Cars announced the planned divestment of its 30% shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd. The transaction considerations amounts to RMB 5,400 m (approximately SEK 8,000 m).
- In December, Volvo Cars sold a significant number of the owned subscription cars in Sweden to Ziklo Bank AB. The one-time transaction amounted to a revenue of SEK 2,741 m, with limited effect on profit. The transaction is part of the updated commercial strategy.

Significant events and agreements with related parties after the reporting period

- On 14 February 2025, Volvo Cars, through its wholly-owned subsidiary Volvo Car (China) Investment Co., Ltd divested its entire 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. Cash consideration, including interest, received at closing amounted to RMB 3,824 m (SEK 5,637 m) with the remainder, including interest, to be received within twelve months after closing date.

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	2024	2023
Related parties[1)2)]	19,185	28,241
of which Polestar Automotive Holding UK Group	*15,673*	*24,959*
of which Ningbo Fuhong Auto Sales Co., Ltd	*1,783*	*1,467*
of which Geely International (Hong Kong) Ltd	*590*	*437*
Joint ventures and associated companies	11,821	2,705
of which Volvo Car Financial Services UK Ltd	*7,686*	*1,337*

Purchases of goods, services and other	2024	2023
Related parties[1)2)]	–54,498	–33,531
of which Zhejiang Geely Automobile Co.,Ltd	*–28,497*	*–3,169*
of which Powertrain Engineering Sweden AB	*–13,125*	*–13,517*
of which Zhangjiakou Aurobay Powertrain Manufacturing Co., Ltd	*–3,933*	*–7,304*
of which Zhejiang Haoqing Automobile Manufacturing Co., Ltd	*–1,995*	*—*
of which Geely Changxing Automatic Transmission Co., Ltd	*–1,795*	*–1,420*
of which Viridi E-Mobility Technology (Ningbo) Co., Ltd	*–1,481*	*–2,079*
of which Ningbo Geely Automobile Research & Development Co., Ltd	*–498*	*–1,667*
Joint ventures and associated companies	–2,262	–2,958

	Receivables[3)]		Payables[3)]	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Related parties[1)2)]	39,867	28,060	13,865	16,041
Joint ventures and associated companies[1)]	1,801	2,545	716	627

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 28,976 (17,568) m. Non-current part of payables amounts to SEK 1,091 (1,063) m.

The Polestar Automotive Holding UK Group

The revenue from the Polestar Group mainly relate to sales of Polestar cars from the Taizhou plant, 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 relate to sales of cars.

Volvo Car Financial Services UK Ltd

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

Zhejiang Geely Automobile Co.,Ltd

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

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

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

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

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

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

Ningbo Geely Automobile Research & Development Co., Ltd
The purchases are related to research and development services from Ningbo Geely Automobile Research & Develepment Co., Ltd and has mainly been capitalised as intangible assets.

Other transactions
The Group has long-term loan receivables to Geely International (Hong Kong) Ltd of EUR 1,370 (570) m. The loan receivables are guaranteed by Zhejiang Geely Holding Group Co., Ltd. The Group has long-term loan payables to Geely Financials Denmark A/S of EUR 96 (96) m.

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

5 Audit fees

	2024	2023
Deloitte		
Audit fees	–67	–60
Audit-related fees	–6	–4
Tax services	–3	–2
Other services	–8	–8
Total	**–84**	**–74**

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**.

6 Other operating income and expenses

ACCOUNTING POLICIES

Foreign exchange rate gains and losses on operating transactions are presented net in other operating income or 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 transactions. Information of the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

	2024	2023
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*	—
Sold services	684	804
Government grants	30	307
Other	2,324	1,807
Total	**3,441**	**2,918**

	2024	2023
Other operating expenses		
Amortisation and depreciation of intangible and tangible assets	–31	–31
Net foreign exchange rate differences	—	–1,353
of which foreign exchange rate gains	—	*483*
of which foreign exchange rate losses	—	*–1,836*
Net change in fair value on financial instruments	–72	–24
Property tax	–155	–147
Other	–1,117	–1,651
Total	**-1 375**	**-3,206**

7 Leases

ACCOUNTING POLICIES

The Group as a lessee

The 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, the 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 15 – 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 the Group's incremental borrowing rate when this cannot be determined. Interest expense on Lease liabilities is presented as interest expense in the income statement.

The 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.

The Group as a lessor

The 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 the Group, it is classified as an operating lease.

Operating leases

The 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 15 – 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 the 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, the 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, the 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, the 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, the 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 the Group's operations. The assessment is reviewed if a significant event or change in circumstances occurs that may affect the initial assessment.

The 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, the 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. The 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, 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, see Note 2 – Revenue). For some assets, the Group makes an estimate of the leaseback period which impacts the value of each component. This estimate is based on historical asset usage patterns.

The Group as lessee

Right-of-use asset	Buildings and land	Machinery and equipment	Total
Acquisition cost			
Balance at 1 January 2023	9,981	945	**10,926**
Additions	3,050	190	**3,240**
Divested through business combinations	–16	–92	**-108**
Divestments and disposals	–912	–357	**-1,269**
Translation differences	–227	–13	**-240**
Balance at 31 December 2023	**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**
Accumulated depreciation			
Balance at 1 January 2023	–4,170	–551	**-4,721**
Depreciation expense	–1,412	–220	**-1,632**
Divested through business combinations	3	35	**38**
Divestments and disposals	493	284	**777**
Translation differences	103	8	**111**
Balance at 31 December 2023	**-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**
Net balance at 31 December 2023	**6,983**	**229**	**7,122**
Net balance at 31 December 2024	**7,829**	**2,640**	**10,469**

Lease liabilities	2024	2023
Non-current lease liabilities	7,523	4,786
Current lease liabilities	2,279	1,266

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.

Amounts recognised in income statement	2024	2023
Deprecation expenses on right-of-use assets	–2,070	–1,632
Interest expense on lease liabilities	–406	–240
Expense relating to short-term leases	–369	–276
Expense relating to leases of low value assets	–55	–50
Expense relating to variable lease payments not included in the measurement of the lease liability	–133	–93
Income from sub-leasing right-of-use assets	121	185

The total cash outflow for leases amounts to SEK 2,912 (2,106) m. The amount include payments for lease agreements recognised as liabilities, variable payments, short-term payments and payments for leases of low value.

The 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	2024	2023
No later than 1 year	2,577	973
Later than 1 year but no later than 2 years	1,009	362
Later than 2 year but no later than 3 years	173	40
Later than 3 year but no later than 4 years	53	20
Later than 4 year but no later than 5 years	20	18
Later than 5 years	43	57
Total	**3,875**	**1,470**

Finance lease contracts

The Group no longer has finance leasing arrangements for cars in China after it lost control over Volvo Car Group Financial Leasing (Shanghai) Co., Ltd, in 2023. The following table presents the amounts included in the income statement in 2023 relating to these leases:

	2024	2023
Finance income on the net investment in finance leases	—	234

8 Employees and remuneration

ACCOUNTING POLICIES

Incentive programmes

The Group manages in total 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 of the Board of Directors. Certain decisions related to 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 the long-term incentive programme (Geely Sweden Holdings AB) a liability is recognised if all prerequisites are met and the cost is recognised as an operating expense. For information on share-based programmes, see Note 9 – Sharebased remuneration

Restructuring

The Group does 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.

Average number of employees by region:	2024	Of whom women, %	2023	Of whom women, %
Sweden	21,749	28	21,808	28
Nordic countries other than Sweden	763	39	726	38
Belgium	5,192	15	5,206	14
Europe other than the Nordic countries and Belgium	1,813	39	1,612	39
North and South America	3,347	38	2,652	37
China	8,726	19	10,426	18
Asia other than China	1,018	20	1,026	24
Other countries	114	37	134	34
Total[1)]	**42,722**	**26**	**43,590**	**25**

Number of board members and senior executives[2)]	Dec 31, 2024 Board members (Chief Executive Officers and senior executives)	Of whom women, %	Dec 31, 2023 Board members (Chief Executive Officers and senior executives)	Of whom women, %
Parent company	4 (5)	25 (20)	4 (5)	25 (0)
Subsidiaries	125 (305)	26 (37)	128 (281)	26 (31)
Total	**129 (310)**	**26 (37)**	**132 (286)**	**26 (30)**

Salaries and other remuneration	2024 Wages and salaries, other remuneration	2024 Social security expenses (of which pension expenses)	2023 Wages and salaries, other remuneration	2023 Social security expenses (of which pension expenses)
Parent company	28	14 (4)	38	17 (6)
Subsidiaries	29,059	10,818 (5,325)	29,159	10,681 (4,851)
Total	**29,087**	**10,832 (5,329)**	**29,196**	**10,698 (4,857)**

1) The FTE number in 2023 and 2024 reflects temporary layoffs.
2) Senior executives are defined as key personnel within the subsidiaries.

Compensation to Board members

In accordance with the decision at the Annual General Meeting, remuneration was paid to the Board of Directors of Geely Sweden Holdings AB as specified below.

Board member	2024 Ordinary remuneration, TSEK	2023 Ordinary remuneration, TSEK
Eric Li (Li Shufu), Chairman	–	–
Daniel Li (Li Donghui)	–	–
Per Ansgar	–	–
L one Fønss Schrøder	500	500
Total	**500**	**500**

Terms of employment and remuneration to the CEO

The Board has determined the remuneration principles for the CEO. The CEO is entitled to remuneration consisting of fixed annual salary, STVP for Senior Leaders, LTVP and other benefits such as company car and insurance. The CEO has a defined benefit pension plan.

The notice period for the CEO is 12 months if the CEO resigns and 12 months in the case of termination by Geely Sweden Holdings AB. Furthermore the CEO is, in the case of termination by Geely Sweden Holdings AB, entitled to severance pay based on the fixed salary for a period of maximum 12 months.

Remuneration to Executive Management Team

The Board has determined the remuneration to the Executive Management Team (EMT). Geely Sweden Holdings AB's EMT, is entitled to remuneration consisting of fixed annual salary, STVP for Senior Leaders and other benefits such as company car and insurance.

Members of EMT employed in Sweden are covered by the ITP pension plan. For members of EMT employed outside of Sweden, pension terms and conditions vary, depending on the country of employment

Other long-term benefits

Apart from the remuneration accounted for under Incentive programmes, the CEO in Geely Sweden Holdings AB does not have any other long-term benefits.

Restructuring

As part of a global cost efficiency initiative to reduce cost and drive resource efficiencies, a redundancy programme was announced in Q2 2023. No additional programme has been announced during 2024. The programme impacted 567 white-collar employees in Sweden at a cost of SEK 625 m, of which the main part through voluntary termination packages. In addition, approximately 400 consultants and agency personnel were impacted. The carrying value of the restructuring provision as at 31 December 2024 is SEK 5 (503) m, including social expenses, see Note 23 – Current and other non-current provisions.

Incentive programmes

Short-term incentive programmes

Volvo Bonus – (Volvo Cars)

The Volvo Bonus programme includes all Volvo Car 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 strategies and to encourage all employees to achieve and exceed the business plan targets. The qualifier for the Volvo Bonus is that the Volvo Car Group profit target (EBIT), excluding share of income in joint ventures and associates, is reached. In order for the Volvo Bonus to be paid out at all, a minimum acceptable performance regarding EBIT needs to be met. This is called the threshold level and the remaining two levels (target and maximum) increase the bonus paid out in relation to increased performance. 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 gross annual base salary on 31 December of the performance year. To be eligible for pay-out, the employee must remain within Volvo Car Group on the pay-out date. The remuneration is paid in cash.

STVP for Senior Leaders – (Geely Sweden Holdings and Volvo Cars)

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 Geely Sweden Holdings and Volvo Cars. 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 mission execution activities. 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. If the higher target or maximum level is reached, the pay-out related to the relevant performance indicator will increase with linear pay-outs for performance between levels. The amount subject to payment for each level of performance is a percentage of the employee's annual base salary, with a cap on the maximum amount payable when reaching or exceeding the maximum level of all performance indicators. 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 of the performance year. To be eligible for pay-out, the employee must remain within the Group on the pay-out date. The remuneration is paid in cash.

Liability and cost

The cost for the Volvo Bonus and STVP programmes amounted to SEK 2,949 (2,671) m including social security expenses.

Geely Sweden Holdings AB manages a long-term incentive programme, LTVP, for the CEO. The cost for the LTVP programme amounted to SEK –4 (2) m including social security expenses. The total liability amounted to SEK 3 (9) m.

	2024			2023		
Compensation to the Executive Management Team (EMT), TSEK	Salary[1)]	Variable pay	Social security expenses (of which pension expenses)	Salary[1)]	Variable pay	Social security expenses (of which pension expenses)
CEO[2)]	10,155	–3,013	3,807 (1,520)	3,547	3,365	3,450 (1,278)
Other members of EMT[3)]	5,254	738	2,634 (1,021)	8,151	965	5,823 (2,959)
Total	**15,409**	**–2,275**	**6,441 (2,541)**	**11,698**	**4,330**	**7,891 (3,595)**

1) Includes benefits such as healthcare and company car.
2) Hans Oscarsson was CEO of Geely Sweden Holdings AB up to and including October 2024. Per Ansgar is the successor of the CEO position. The compensation to CEO includes severance pay.
2) The EMT of Geely Sweden Holdings AB consists of five members including the CEO. The EMT includes two external consultants whose invoiced fees of SEK 3,736 (3,596) t are included in administration expenses but are not included in the table above.

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 dividends connected with the share during the vesting period. Additional social expenses are reported 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) - (Volvo Cars)

At the subsidiary Volvo Car AB's (publ.) 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. The structure of these two 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 participants 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)
- 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)

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 comprise a maximum of 9,886,909 class B shares in Volvo Car AB (publ.) respectively and the PSP 2024 programme shall comprise a maximum of 12,539,648 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.

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 and SEK 34.06 and SEK 24.56 for the PSP 2024, dependent on the date the Performance Share was granted on.

During the year 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 taken from the modification date up until the date for vesting in each programme. The total expenses for the additional Awards during 2024 is SEK 2 m, of which SEK 2 m is equity settled and SEK — is cash settled.

Liability and cost

The total cost for the PSP programmes amounted to SEK 1 (60) m of which SEK 4 (48) m is equity-settled. SEK –3 (12) m is cash-settled, of which SEK –1 (8) m is related to social security expenses. The total liability amounted to SEK 16 (19) m.

Employee Share Matching Plan (ESMP) – (Volvo Cars)

In 2022, the subsidiary Volvo Car AB's (publ.) Annual General Meeting also approved 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 recorded and remeasured to fair value at the end of each reporting period.

During the year, 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 2024 for the additional cash contribution is SEK 26 m (all cash settled).

Liability and cost

The total cost for the ESMP programme amounted to SEK 153 (132) m of which SEK 80 (61) m is equity-settled. SEK 73 (71) m is cash-settled, of which SEK 24 (26) m is related to social security expenses. The total liability amounted to SEK 78 (86) m.

PSP	PSP 2024	PSP 2023	PSP 2022
Outstanding number of shares at the beginning of the year	—	2,382,147	1,209,027
Granted shares during the year	3,409,752	—	16,347
Increase due to modification	244,317	173,174	85,817
Forfeited during the year	–53,433	–287,092	–171,786
Outstanding number of shares at the end of the year	**3,600,636**	**2,268,229**	**1,139,405**

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 finanial 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 program as of 31 December 2024	10	30	34	31.1	55
Overall achieved vesting level					**50**

ESMP	ESMP 2024	ESMP 2023	ESMP 2022
Outstanding number of shares at the beginning of the year	—	1,641,414	2,239,904
Granted shares during the year	1,829,820	—	—
Forfeited during the year	–8,509	–81,944	–134,854
Vested during the year	—	—	–1,479,806
Outstanding number of shares at the end of the year	**1,821,311**	**1,559,470**	**625,244**

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 other income or revenue. 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 the Group will comply with the conditions attached to the grant and that the grant will be received. Judgement includes assessing if the 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, the Group's assessment is that there are no government grants received where there is a risk of material repayments.

The Group receives grants from several parties, mainly from the Swedish, American, Chinese and Belgian Governments as well as from the European Union. In 2024 the government grants received amounted to SEK 167 (395) m and the government grants realised in the income statement amounted to SEK 1,116 (1,267) m. Grants relating to earned emission credits amounted to SEK 994 (910) 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 related to office premises and the manufacturing site.

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 as other financial income or expenses. Also presented net are fluctuations in the fair value of derivatives hedging financial transactions where hedge accounting is not applied. Dividends from other long-term securities holdings is presented as other financial income. Information on the classification of financial instruments, see Note 19 – Financial instruments and Financial risks.

Other financial income	**2024**	**2023**
Dividends received	2,483	2,341
Net change in fair value on financial instruments	358	–
Net foreign exchange rate differences	709	–
of which foreign exchange rate gains	*3,777*	–
of which foreign exchange rate losses	*–3,068*	–
Result from distribution of non-cash assets	2,006	
Other financial income	9	5
	5,565	**2,346**

Other financial expenses	**2024**	**2023**
Financing expenses on repurchase obligations	–797	–348
Net foreign exchange rate differences	–	–344
of which foreign exchange rate gains	–	*1,162*
of which foreign exchange rate losses	–	*–1,506*
Fees on factoring	–184	–108
Expenses on credit facilities	–69	–66
Net change in fair value on financial instruments	–	–51
Other financial expenses	–48	–81
	-1,098	**-998**

12 Investments in joint ventures and associates

ACCOUNTING POLICIES

Joint ventures refer to joint arrangements whereby the 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 the Group has a significant but not controlling influence, which generally is when the 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 the Group's share of losses in an joint venture or associate equals or exceeds its interest in the joint venture or associate, the Group 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 the 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 the 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 the 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. The 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 the 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 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.

	2024	2023
Share of income in joint ventures	–2,197	–153
Share of income in associates	–2,785	–5,422
Total	**–4,982**	**–5,575**

Share of income in joint ventures and associates is specified below:		2023
Lynk & Co Investment Co., Ltd	–624	–598
Polestar Automotive Holding Group	–2,255	–5,427
Ziklo Bank AB	393	426
Geely Financials Denmark A/S	9	53
Other companies[1)2)]	–2,505	–29
Total	**–4,982**	**–5,575**

1) Impairment of shareholding in NOVO Energy AB of SEK –1,702 (-) m.
2) Saxo Financial Technology Company Limited, a subsidiary of the joint venture Geely Tech Holding A/S, has written down the value of its intellectual property. The Group share of the write-down is SEK –1,140 m.

Investments in joint ventures and associates	31 Dec 2024	31 Dec 2023
At beginning of the year/acquired acquisition value	19,771	21,317
Share of net income	–4,982	–5,575
Investment in NOVO Energy AB	2,136	815
Investment in Volvo Car Group Financial Leasing (Shanghai) Co,. Ltd	802	–
Investment in Zenuity AB	6	3
Investment in World of Volvo	25	–
Investment in E3 Fastighetsutveckling AB	–	95
Reversal internal profit elimination	–2,557	–389
Reclassification from subsidiary to joint venture	–	711
Reclassification from joint venture to subsidiary	–908	–
Revaluation of earn-out rights in Polestar Automotive UK PLC	581	2,755
Dividends	–213	–88
Translation difference	–690	127
Total	**13,971**	**19,771**

Geely Financials Denmark A/S

Geely Financials Denmark A/S is a financial holding company with main purpose to invest in shares in other companies. The company holds 49.9. per cent of the shares in Saxo Bank A/S and 50 per cent of the shares in Geely Tech Holding A/S.

Lynk & Co Automotive Technology Co., Ltd

The joint venture company Lynk & Co Automotive Technology Co., Ltd, prior name Lynk & Co Investment Co., Ltd, is 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.

Polestar Automotive Holding UK PLC

The associated company Polestar Automotive Holding UK PLC is owned by the Group's wholly-owned subsidaries Snita Holding B.V., with 18.0 (48.3) per cent shareholding and 14.9 (49.4) per cent voting power., and Geely Sweden Automotive Investment B.V. with 23.8 (–) per cent shareholding and 19.6 (–) per cent voting power. PSD Investment Ltd, a related party within the Geely sphere, with a shareholding of 39.2 per cent and voting power of 49.9 per cent, is also a major shareholder. Polestar Automotive Holding UK PLC is listed on the Nasdaq Stock Exchange in New York.

On 26 March 2024, the Annual General Meeting of Volvo Car AB (publ.) resolved, in accordance with the Board of Directors' proposal, to distribute a portion of its shareholding in Polestar to the shareholders of Volvo Car AB (publ.).

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. The distribution to the sharesholders of Volvo Car AB (publ.) amounted to SEK 9,322 m. The largest shareholder is Geely Sweden Holdings AB with 78.65 per cent of the shares.

The distribution involved a share split (2:1), whereby the Volvo Car AB (publ.) shareholders received redemption shares which were 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 8th of May 2024, in total 2,979,524,179 redemption shares.

Prior to the record date for the distribution, Volvo Car AB's (publ.) parent company, Geely Sweden Holdings AB, formed a new wholly-owned subsidiary, Geely Sweden Automotive Investment B.V., to which its redemption shares were transferred. As a result of the distribution of shares, Geely Sweden Automotive Investment B.V. became shareholder of 23.8 per cent in Polestar Automotive Holding UK PLC..

After the distribution, Volvo Car Group's remaining shareholding in Polestar through the wholly-owned subsidiary Snita Holding B.V. was reduced to 18 per cent. The Group's total shareholding in Polestar adding the shareholding of the wholly-owned subsidiary Geely Sweden Automotive Investment B.V. of 23.8 per cent, is 41.8 per cent.

The Volvo Car Group distribution of Polestar Automotive Holding UK PLC shares decreased the Group ownership from 48.3 per cent to 41.8 per cent. The decreased ownership of 6.5 per cent represents the Volvo Car Group holding in Polestar Automotive Holding UK PLC distributed to the minority owners of Volvo Car Group. Geely Sweden Holdings AB has for the distribution received by the Volvo Car Group minority owners, applied a principle for the Volvo Car Group Polestar shares subject to distribution, to be recognised according to the IFRIC 17 method. In the consolidated statements of Geely Sweden Holdings AB, the Polestar shares distributed by Volvo Car Group, are revalued with a result impact of SEK 2 bn (attributable to the minority share) which is included in net financial items. The dividend received by Geely Sweden Holdings AB is eliminated in Group and does not have an impact on the Geely Sweden Holdings AB consolidated statements.

The Group's carrying amount on investments in joint ventures and associates:	Corp. ID no.	Country of incorporation	% interest held	**31 Dec 2024**	31 Dec 2023
Joint ventures					
Geely Financials Denmark A/S	38976176	Denmark	49	4,560	4,448
Saxo Geely Tech Holding A/S	15731249	Denmark	50	324	1,087
E3 Fastighetsutveckling AB	559409–5332	Sweden	50	90	94
NOVO Energy AB	559344–2600	Sweden	50	—	774
Volvo Trademark Holding AB	556567–0428	Sweden	50	7	7
Ziklo Bank AB	556069–0967	Sweden	50	3,717	3,526
VH Systems AB	556820–9455	Sweden	50	37	35
World of Volvo AB	559233–9849	Sweden	50	87	69
VCFS Germany GmbH	HRB 85091	Germany	50	4	4
VCIS Germany GmbH	HRB 86800	Germany	50	9	9
Volvo Car Financial Services UK Ltd	12718441	United Kingdom	50	1,036	795
Volvo Car Group Financial Leasing (Shanghai) Co., Ltd	91310115MA1K49CY8Y	China	55	1,612	726
GV Automobile Technology (Ningbo) Co., Ltd	91330201MA2AGKLQ8E	China	50	40	39
Lynk & Co Automotive Technology Co., Ltd	91330200MA2AF25Y7B	China	30	2,414	2,843
Associated companies					
VCC Försäljnings KB	969712–0153	Sweden	50	1	1
VCC Tjänstebilar KB	969673–1950	Sweden	50	2	3
Volvohandelns PV Försäljnings AB	556430–4748	Sweden	50	17	14
Volvohandelns PV Försäljnings KB	916839–7009	Sweden	50	7	3
Polestar Automotive Holding UK PLC[1]	13624182	United Kingdom	42	—	5,286
Trio Bilservice AB	556199–1059	Sweden	33	1	1
Göteborgs Tekniska College AB	556570–6768	Sweden	26	6	6
Leiebilservice AS	879 548 632	Norway	20	1	1
Carrying amount, participation in joint ventures and associates				**13,971**	**19,771**

1) The share of voting power is 34 per cent.

Apart from the footnote above, the share of voting power corresponds to holdings in per cent according to the table. 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.

Until 8 May 2024, recognised losses in Polestar has been accounted for using the equity method with a shareholding of 48.3 per cent and thereafter with 18 per cent. During the year when recognised losses exceeded the carrying amount of Volvo Car Group's investment in Polestar, no further losses have been recognised. The unrecognition of further losses occurred before the distribution of Polestar shares, thus no further losses referring to the Group's investment in Polestar have been recognised after the transfer of ownership within the Group.

As of 31 December 2024, the Group fair value of the Polestar Group, listed on the Nasdaq Stock Exchange in New York (ticker symbol: PSNY), was SEK 10,221 (23,144) 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 the leading banks within vechicle financing services. During 2024, Volvofinans Bank AB changed its legal name to Ziklo Bank AB, however Volvofinans still exists as a brand.

Other companies

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

In July 2023 Novo Energy Group, through one of its wholly-owned subsidiary Novo Production AB aquired the wholly-owned subsidiary Fastighetsbolag Sörred 15:7 AB from Volvo Car Corporation AB. The acquired real estate company, renamed to NOVO Energy PropCo AB, owns the land where upon the future planned battery manufactury plant is under construction in the area of Gothenburg, Sweden.

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 reported in accordance with the equity method and thereafter reclassified to a subsidiary. For further information, see Note 27 – Business combinations and divestments.

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

	Geely Financials Denmark Group		Lynk & Co Automotive Technology Group[1]		Polestar Automotive Holding Group[2]		Ziklo Bank AB[3]	
Summarised balance sheets	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Percentage ownership	49	49	30	30	42	48	50	50
Non-current assets	87,728	74,699	30,686	25,580	24,958	21,692	44,488	40,728
Cash and cash equivalents	7,319	7,965	8,367	4,200	8,100	7,738	4,064	3,285
Other current assets	57,671	58,190	45,614	39,494	17,403	16,402	5,525	4,827
Total assets	**152,718**	**140,824**	**84,667**	**69,274**	**50,461**	**45,832**	**54,077**	**48,840**
Equity[4)5)]	15,885	15,694	7,881	9,310	–31,849	–8,694	6,683	6,300
Non-current financial liabilities	136,463	124,937	6,045	4,705	26,237	14,814	42,376	38,131
Non-current liabilities[4)]	—	—	4,551	4,647	3,055	4,317	1,174	964
Current financial liabilities	—	—	2,745	3,896	28,958	21,419	—	—
Current liabilities	370	193	63,445	46,716	23,690	13,976	3,844	3,445
Total equity and liabilities	**152,718**	**140,824**	**84,667**	**69,274**	**50,461**	**45,832**	**54,077**	**48,840**

	Geely Financials Denmark Group		Lynk & Co Automotive Technolgy Group[1]		Polestar Automotive Holding Group[2]		Ziklo Bank AB[3]	
Summarised income statements	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Revenue	—	—	62,282	52,941	21,373	25,580	5,745	5,879
Depreciation and amortisation	—	—	–5,429	– 4,862	–1,188	–1,410	–20	–8
Interest income	7,562	6,049	315	136	173	292	—	—
Interest expense	–3,788	–2,934	–704	–387	–4,150	–2,131	—	—
Profit/loss from continuing operations	710	358	–2,339	1,957	–16,578	–7,714	633	655
Profit (loss) for the year	**710**	**358**	**-2,339**	**1,957**	**-16,578**	**-7,714**	**633**	**655**
Other comprehensive income for the year	**-29**	**-9**	**137**	**-43**	**-420**	**-112**	**–**	**–**
Total comprehensive income for the year	**681**	**349**	**-2,202**	**1,914**	**-16,998**	**-7,826**	**633**	**655**
Dividends received from joint ventures and associates during the year	—	—	—	—	—	—	201	77

In January 2023, Volvo Car Corporation and Zhejiang Genius & Guru Investment Co., Ltd signed a joint venture agreement regarding Volvo Car Group Financial Leasing (Shanghai) Co., Ltd. In June 2023, Zhejiang Genius & Guru Investment Co., Ltd subscribed to all the newly issued shares according to the signed subscription agreement. As a result the wholly-owned subsidiary, Volvo Car Group Financial Leasing (Shanghai) Co., Ltd was reclassified to a joint venture company between Volvo Car Corporation (55 per cent) and Zhejiang Genius & Guru Investment Co., Ltd (45 per cent) and from 25 June 2023 reported in accordance with the equity method since none of the holding companies has the decision-making power over the operation.

Events after the reporting period

On 14 February, Volvo Cars announced the divestment of its 30 per cent shareholding in Lynk & Co Automotive Technology Co., Ltd to Zhejiang Zeekr Intelligent Technology Co., Ltd., a company within the Geely sphere.

On 10 March, a share purchase agreement was signed regarding the joint venture Geely Financials Denmark A/S shareholding of 49.9 per cent in the associated company Saxo Bank A/S. The buyer is Bank J Safra Sarasin AG. The transaction is subject to regulatory approval. Approval and transaction completion are expected during 2025.

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

	Geely Financials Denmark Group		Lynk & Co Automotive Technology Group 1)		Polestar Automotive Holding Group 2)		Ziklo Bank AB 3)	
Reconciliation of summarised financial information	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
Net asset of the joint venture and associate	9,802	9,567	7,881	9,310	–31,489	–8,694	6,683	6,300
Proportion of the Group's ownership, %	49	49	30	30	42	48	50	50
Goodwill	—	—	—	—	—	—	376	376
Adjustments for differences in accounting principles	—	—	—	—	455	386	—	—
Adjustments for common control transaction	29	29	54	51	20	20	—	—
Adjustments for change in ownership %	—	—	—	—	–2,034	—	—	—
Adjustments for unrecognised share of losses	—	—	—	—	6,859	—	—	—
Elimination of intra-group profit	–365	–365	—	—	—	—	—	—
Polestar listing	—	—	—	—	8,970	8,970	—	—
Revaluation of earn-outs rights	—	—	—	—	315	125	—	—
Equity-settled share-based payments	–7	–3	—	—	–92	–78	—	—
Capital injection from investors other than the Group	9	9	—	—	–764	–764	—	—
Transactions with non-controlling interests	–83	–83	—	—		—	—	—
Net foreign exchange rate effect	174	173	–4	–1	–560	827	—	—
Carrying amount of the Group's interest in joint ventures and associates	**4,560**	**4,448**	**2,414**	**2,843**	**0**	**5,286**	**3,717**	**3,526**

1) The Group's equity share in Lynk & Co Investment Group is included with a time lag of a month, and a forecast for December.
2) The Group's equity share in Polestar Automotive Holding Group is included with a time lag of a quarter and a forecast for the last quarter.
3) The 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.
5) The Geely Financials Denmark Group equity includes non-controlling interests of SEK 6,083 (6,127) m.

Significant restrictions

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

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 and differences that arise between the taxable value and carrying value of assets and liabilities, with the exception of goodwill.

In May 2023, the IASB amended IAS 12 in response to the OECD's Pillar Two rules. The amendment to IAS 12 includes a mandatory temporary exception to not recognise or disclose information about deferred tax assets and liabilities related to the OECD Pillar Two rules which the Group has applied. Information regarding the initial assessment of 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	2024	2023
Current income tax for the year	–2,793	–4,569
Current income tax for previous years	–317	–206
Deferred taxes	–3,434	–1,504
Pillar Two –minimum tax	–9	—
Withholding taxes[1]	–255	–597
Other taxes	29	71
Total	**-6,779**	**-6,805**

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

Reconciliation between current tax rate in Sweden and effective tax rate	2024	2023
Income before tax for the year	27,276	21,424
Tax according to applicable Swedish tax rate, 20.6 (20.6)%	–5,619	–4,413
Operating income/costs, non-taxable	968	149
Withholding taxes	–255	–597
Other taxes, non tax deductible	20	71
Share of income in joint ventures and associates, tax exempt	–1,292	–861
Capital gains or losses, non tax deductible	–334	–722
Effect of different tax rates	–192	–30
Tax effect on deferred tax due to change of tax rate	—	–14
Non-recognised deferred tax asset on tax losses carry forward	–108	–182
Remeasurements of previously non-recognised deferred tax on tax losses	194	21
Revaluation of previously non-valued losses and other temporary differences	–134	–172
Other	–27	–55
Total	**-6,779**	**-6,805**

The corporate statutory income tax rate in Sweden was 20,6 (20,6) per cent. The effective tax rate on profit before taxes was 24,85 (31,76) per cent.

Income tax recognised in other comprehensive income	2024	2023
Deferred tax		
Tax effects on cash flow hedge reserve	–1,109	408
Tax effect of remeasurement of provisions for post-employment benefits	–55	–424
Tax effects on translation difference of hedge instruments of net investments in foreign operations	–65	27
Total	**-1,229**	**11**

Specification of deferred tax assets	31 Dec 2024	31 Dec 2023
Goodwill arising from the purchase of the net assets of a business	36	67
Provision for employee benefits	1,042	1,047
Unutilised tax loss carry-forwards	9,256	7,325
Accruals	9,258	7,197
Reserve for unrealised income in inventory	1,730	1,938
Provision for warranty	1,757	1,475
Fair value of financial instruments	743	—
Lease liabilities[1]	2,385	1,461
Other temporary differences[1]	1,517	1,587
Total deferred tax assets	**27,724**	**22,097**
Netting of assets/liabilities[1]	-16,742	-11,962
Total deferred tax assets, net	**10,982**	**10,135**

Specification of deferred tax liabilities	31 Dec 2024	31 Dec 2023
Fixed assets	20,112	16,578
Untaxed reserves	47	42
Auto lease portfolio	7,125	2,872
Fair value of financial instruments	—	546
Other temporary differences	538	217
Total deferred tax liabilities	**27,822**	**20,255**
Netting of assets/liabilities[1)]	–16,742	–11,962
Total deferred tax liabilities, net	**11,080**	**8,293**

1) Comparative figures have been restated, lease liabilities separately specified.

The Group is subject to the OECDs model rules for Pillar Two and on December 13, 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 Pillar Two income tax legislation is below the minimum tax rate of 15 per cent.

The Group has identified potential exposure to Pillar Two income taxes on profits earned in a few countries. The estimated exposure is coming from the constituent entities (mainly operating subsidiaries) in these jurisdictions.

However, the estimate is that the new regulations have limited impact on the Group for 2024 and that any tax due to the new regulations will be non-material from a group perspective. For the sake of completeness, it should be noted that many countries, including China, have not yet implemented Pillar Two rules (or a local Qualified Domestic Top Up Tax) within their domestic legislation.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance and is preparing for adherence to local compliance rules as they are implemented.

Changes in deferred tax assets and liabilities during the reporting period	31 Dec 2024	31 Dec 2023
Net book value of deferred taxes at 1 January	1,842	3,768
Deferred tax income/expense recognised through income statement	–3,434	–1,504
Change in deferred taxes recognised directly in other comprehensive income	1,229	–11
Change in deferred taxes due to application of the amendments to IAS 12 Income taxes	—	–19
Exchange rate impact	265	–392
Net book value of deferred taxes at 31 December	**-98**	**1,842**

As of 31 December, 2024, the recognised tax loss carry-forwards amounted to SEK 41,780 (35,153) m. The tax value of these tax loss carry-forwards is reported as an asset. Of the total, SEK 9,256 (7,325) m, recognised deferred tax assets related to tax loss carry-forwards, SEK 6,085 (6,804) m relates to Sweden with indefinite periods of utilisation. SEK 2,265 (—) m relates to US where tax loss carry-forwards are expected to be utilised before expiration date and SEK 698 (378) 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 717 (773) m related to tax losses carry forwards and witholding tax credits, these were not recognised due to the uncertainty of future taxable income. The majority, SEK 706 (758) m is related to Sweden with indefinite 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 2024	31 Dec 2023
Due date		
Expiring within one year	—	—
Expiring after one year but within five years	2,791	1,486
Expiring after five years	38,989	33,667
Total	**41,780**	**35,153**

14 Intangible assets

ACCOUNTING POLICIES

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

Product development

The 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 critera 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 when incurred.

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

Amortisation methods for intangible assets

Intangible assets with finite useful lives are amortised on a straight-line basis over their respective expected useful lives. 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 the Group has the right and the intention to continue to use the trademarks for the foreseeable future, while generating net positive cash flows for the Group. An intangible asset with an

	Product development[1)]	Software	Assets under construction	Trademark and goodwill[2)]	Other intangible assets[3)]	Total
Acquisition cost						
Balance at 1 January 2023	44,813	6,018	27,725	4,350	8,286	**91,192**
Additions	1,688	58	19,883	–	28	**21,657**
Divested through business combinations	–	–4	–1	–76	–	**-81**
Divestments and disposals	–1,478	–41	–	–36	–	**-1,555**
Reclassifications	6,416	1,979	–10,104	–	1,851	**142**
Effect of foreign currency exchange rate differences	2	30	–37	–	–113	**-118**
Balance at 31 December 2023	**51,441**	**8,040**	**37,466**	**4,238**	**10,052**	**111,237**
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**	**9,533**	**20,946**	**4,174**	**10,279**	**127,268**
Accumulated amortisation and impairment						
Balance at 1 January 2023	–25,665	–2,720	–	–	–5,743	**-34,128**
Amortisation expense	–4,853	–683	–	–	–921	**-6,457**
Divested through business combinations	–	1	–	–	–	**1**
Divestments and disposals	1,451	23	–	–	–	**1,474**
Reclassifications	–	–48	–	–	8	**-40**
Effect of foreign currency exchange rate differences	–1	–34	–	–	123	**88**
Balance at 31 December 2023	**-29,068**	**-3,461**	**–**	**–**	**-6,533**	**-39,062**
Amortisation expense	–7,399	–960	–	–	–846	**-9,205**
Divestments and disposals	3,616	429	–	–	64	**4,109**
Reclassifications	–	–	–	–	853	**853**
Effect of foreign currency exchange rate differences	–	25	–	–	–139	**-114**
Balance at 31 December 2024	**-32,851**	**-3,967**	**–**	**–**	**-6,601**	**-43,419**
Net balance at 31 December 2023	**22,373**	**4,579**	**37,466**	**4,238**	**3,519**	**72,175**
Net balance at 31 December 2024	**49,485**	**5,566**	**20,946**	**4,174**	**3,678**	**83,849**

1) The Group has capitalised borrowing costs related to product development of SEK 1,120 (1,055) m. A capitalisation rate of 4.6 (3.6) per cent was used to determine the amount of borrowing costs eligible for capitalisation.
2) Of the total Net balance at 31 December 2024, Goodwill amounted to SEK 576 (640) m.
3) Other intangible assets refers to licences, dealer network and patents.

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 in what way 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 are tested if there are indicators of a decline in value with regards to future economic benefits related to the asset. Impairment testing of assets that do not generate largely independent cash flows are done by grouping assets per platform. Intangible assets with indefinite useful life are not allocated to a platform but instead tested at the operating level of the Group.

When 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.

Management's business plan for 2025–2028 is used as the basis for the calculation of the Group's cash generating units. In the model, the Group is expected to maintain stable efficiency over time and the estimates for the cash flows following the end of the planning period are based on the same growth rate and cash flow as for the last year in the calculation onwards in perpetuity. The business plan is an integral part of the Group's financial planning process and represents management's best estimate of the economic conditions that will exist during the asset's remaining useful life. The business plan process is based on the historic and current financial performance and financial position of the company, i.e., assumptions for margin development, fixed cost and new investments are based on current year financials and balanced towards what is containable given the projection of exogenous factors. Exogenous factors as industry and segment volumes, exchange rates, raw material etc. are based on external assessments from analyst companies and banks. A sensitivity test has been performed whether a negative adjustment of one percentage point to the margin or in the discount rate would affect the result of the impairment test. The discount rate before tax was 11.2 (12.4) per cent. In 2024, the discounted cash flows including the sensitivity analysis performed exceeded the carrying amount and no impairment loss was recognised as a result of this test.

15 Tangible assets

ACCOUNTING POLICIES

The tangible assets held by the 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.

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 of which the Group is a lessee are depreciated over the lease contract period.

The following useful lives are applied in the 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.

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 by management approved long-term planning, 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.

	Buildings and land [1)2)]	Machinery and equipment[1) 2)]	Construction in progress	Right-of-use assets[3)]	Assets under operating leases [4)]	Total
Acquisition cost						
Balance at 1 January 2023	29,723	114,651	7,813	10,926	12,374	**175,487**
Additions	2,620	4,526	9,178	3,240	7,641	**27,205**
Divested through business combinations	–4	–2	—	–108	—	**–114**
Divestments and disposals	–398	–7,307	–87	–1,269	–143	**–9,204**
Reclassifications	1,143	2,450	–3,764	—	–6,570	**–6,741**
Effect of foreign currency exchange rate differences	–464	–1,421	–385	–240	–120	**–2,630**
Balance at 31 December 2023	**32,620**	**112,897**	**12,755**	**12,549**	**13,182**	**184,003**
Additions	591	12,580	12,744	5,217	11,358	**42,490**
Acquired through business combinations	181	77	1,937	8	1,047	**3,250**
Divestments and disposals	–507	–6,442	–176	–1,494	–305	**–8,924**
Reclassifications	1,961	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	**35,997**	**127,508**	**18,863**	**16,685**	**14,316**	**213,369**
Accumulated depreciation and impairment						
Balance at 1 January 2023	–12,449	–77,721	—	–4,721	–812	**–95,703**
Depreciation expense	–1,143	–7,046	—	–1,632	–1,232	**–11,053**
Divested through business combinations	1	1	—	38	—	**40**
Divestments and disposals	131	6,118	—	777	41	**7,067**
Reclassifications	—	50	—	—	1,171	**1,221**
Effect of foreign currency exchange rate differences	141	750	—	111	18	**1,020**
Balance at 31 December 2023	**-13,319**	**-77,848**	**–**	**-5,427**	**-814**	**-97,408**
Depreciation expense	–1,283	–7,652	—	–2,070	–2,572	**–13,577**
Acquired through business combinations	–1	–2	—	—	–42	**–45**
Divestments and disposals	373	4,861	—	1,392	109	**6,735**
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	**-14,641**	**-81,871**	**–**	**-6,216**	**-1,118**	**-103,846**
Net balance at 31 December 2023	**19,301**	**35,049**	**12,755**	**7,122**	**12,368**	**86,595**
Net balance at 31 December 2024	**21,356**	**45,637**	**18,863**	**10,469**	**13,198**	**109,523**

1) Includes impairment losses of SEK –14 (–195) m.
2) The 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) For information regarding Right-of-use assets, see Note 7 – Leases.
4) Assets under operating leases mainly relate to vehicles sold with repurchase commitments and contracts under the name Care by Volvo.

16 Investment property

ACCOUNTING POLICIES

Investment property is property leased to tenants according to operational lease agreements with the Group being the lessee . Investment property is recognised at acquisition cost, less accumulated depreciation and potential impairment loss. Value-adding additional expenditures are capitalised. All other additional expenditures are recognised in the income statement in the period in which they incur. Repair and maintenance expenditures are recognised in the income statement in the period they incur.

Investment property rental income is recognised in the income statement according to the rental contract terms.

The criteria used to distinguish investment property from owner occupied property is based on useage but also whether ancillary services are significant. When the services provided are more significant the property is classifed as owner occupied property.

	Property owned by the Group
Acquisition cost	
Balance at 1 January 2023	540
Balance at 31 December 2023	**540**
Balance at 31 December 2024	**540**
Accumulated depreciation and impairment	
Balance at 1 January 2023	–3
Depreciation expense	–11
Balance at 31 December 2023	**-14**
Depreciation expense	–11
Balance at 31 December 2024	**-25**
Net balance at 31 December 2023	**526**
Net balance at 31 December 2024	**515**

Investment property – impact on profit for the period	2024	2023
Rental income	27	29
Direct costs of investment property that generated rental income during the period (operating and maintenance costs, real estate taxes and ground rents)	–3	–3
Direct costs of investment property that did not generate rental income during the period	—	—

Information on investment property fair value

Accumulated fair value	Dec 31 2024	Dec 31 2023
At beginning of the year	550	550
At end of the year	550	550

There are no restrictions relating to income or proceeds from disposal nor any significant contractual obligations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Investment property is depreciated on a straight-line basis over the estimated useful life. Management regularly reassesses the useful lives of the assets. If circumstances change so that the estimated useful lives have to be revised, it could mean additional depreciation in future periods.

In case of any indication of long-term decline of the investment property fair value, an impairment assessment is conducted. An impairment is recognised when the book value of the asset exceeds the asset fair value. The fair valuation is carried out by an external, independent real estate appraiser with relevant and professional qualifications. The appraiser has knowledge about the location and category of the property subject to the fair valuation.

17 Inventories

ACCOUNTING POLICIES

Inventories consist of raw material, consumables and supplies, emission credits, semi-manufactured goods, work in progress, finished goods and goods for resale. 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

Inventories are measured at the lower of cost and their net realisable value. Net realisable value is based on the most reliable evidence of the amount the 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 2024	31 Dec 2023
Raw materials and consumables	364	135
Work in progress	13,768	11,598
Current assets held under operating lease	10,964	5,228
Finished goods and goods for resale	35,398	38,977
Emissions credits	1,961	1,120
Total	**62,455**	**57,058**
Of which value adjustment reserve:	–1,282	–1,030

The cost of inventories recognised as an expense and included in cost of sales amounted to SEK 303,208 (307,684) m. Current assets held under operating lease refers to sales of vehicles combined with a repurchase commitment with a maturity less or equal to 12 months.

18 Accounts receivable and other current and non-current assets

ACCOUNTING POLICIES

Accounts receivable 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 removed from balance sheet. This 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 2024	31 Dec 2023
Restricted cash	260	397
Endowment insurance for pensions	363	357
Rental deposition	38	82
Other non-current assets[1]	19,718	8,976
Total	**20,379**	**9,812**

1) Other non-current assets include interest-bearing receivables from related companies amounting to SEK 16,393 (9,049) m.

Accounts receivable and other current assets	31 Dec 2024	31 Dec 2023
Accounts receivable, non-group companies	13,007	12,701
Accounts receivable, related companies	9,954	6,760
VAT receivables	3,833	4,949
Prepaid expenses and accrued income[1]	7,834	9,999
Other financial receivables	—	729
Restricted cash	120	752
Other receivables[1] [2]	3,781	3,927
Total	**38,529**	**39,817**

1) Whereof prepaid expenses and accrued income from related companies amounted to SEK 2,300 (4,782) m, and other receivables from related companies amounted to SEK 437 (1,495) m.
2) Whereof interest-bearing receivables amounted to SEK 679 (47) m.

Accounts receivable amounted to SEK 22,961 (19,461) m including a credit loss allowance of SEK 133 (126) m of which SEK 37 (31) m is related to allowance for expected credit losses. As of 31 December 2024 the total credit loss allowance amounted to 0.58 (0.65) per cent of total accounts receivable.

The size and geographical spread of the accounts receivable are closely linked to the distribution of the 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:	2024	2023
Balance at 1 January	126	128
Additions	20	30
Reversals	–13	–25
Write-offs	–1	–6
Translation difference	1	–1
Balance at 31 December	**133**	**126**

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
2024					
Accounts receivable gross	19,113	961	729	2 291	23,094
Loss allowance	–109	–	–5	–19	–133
Accounts receivable net	**19,004**	**961**	**724**	**2 272**	**22,961**
2023					
Accounts receivable gross	17,769	737	316	765	19,587
Loss allowance	–92	–	–4	–30	–126
Accounts receivable net	**17,677**	**737**	**312**	**735**	**19,461**

19 Financial instruments and financial risks

ACCOUNTING POLICIES

Recognition and derecognition

Accounts receivable are recognised in the balance sheet when they are issued by the Group. Accounts payable are recognised in the balance sheet when the invoice is received. Regular-way acquisitions of financial assets are recognised in 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 in the balance sheet on the settlement date. Other financial assets and liabilities are recognised in the balance sheet when the 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.

The Group derecognises the financial asset or a portion of a financial asset from the balance sheet upon expiry, when it has been settled or when all significant risks and benefits linked to the asset have been transferred to a third party. In those cases where the Group concludes that all significant risks and rewards have not been transferred, the portion of the financial assets corresponding to the Groups' continuous involvement continues to be recognised.

The Group derecognises the financial liability or a portion of the financial liability from the balance sheet when the obligation in the contract has been settled, cancelled, or expired.

Classification of financial assets

The Group classifies the financial assets depending on how the asset is managed and the characteristics of the assets' contractual cashflows. The following measurement categories are applied at the Group:

- financial assets at amortised cost
- financial assets at fair value through profit or loss

Financial assets carried at amortised cost

The business model for financial assets under this classification whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual cash flows that are solely payment of principal and interest, measured in accordance with effective interest rate method.

Accounts receivables and other financial assets are also categorised as amortised cost and are recognised at the amount expected to be received including 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 removed 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.

Financial assets carried at fair value through profit or loss

The Group classifies the convertible loan receivable in this category. 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.

The Group includes equity instruments in this category which is comprised of holdings in listed and unlisted equity instruments, unlisted warrants and earn-out rights. The Group presents changes in fair value of equity instruments in Share of income in joint ventures and associates and Other financial income and expenses.

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.

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.

Accounts payable under supplier financing programmes

Accounts payable under supplier financing programmes continue to be presented as accounts payable until they are settled with the participating financial institution as they are closely related to operating purchase activities and where the programmes do not lead to any significant change in the nature or function 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 as revenue, cost of sales or other financial income and expenses in the income statement, depending on the nature of the underlying contracts. The 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 and is recognised in operating income.

Hedge accounting

The Group applies hedge accounting when derivative instruments and financial liabilities are included in a documented hedge relationship. At the inception of the hedge, the 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

Cash flow hedging refers to the hedging of highly probable forecasted commercial transactions, such as sales and purchases, in foreign currencies against currency rate risks. Cash flow hedging is also applied for expected future commodity consumption against commodity price risk. To hedge the exposure, the Group uses forward contracts as well as option and swap contracts. Changes in fair value of the cash flow hedging instruments are recognised in other comprehensive income and accumulated in other reserves in equity. These reserves are recycled to the income statement in the same period as when the hedged forecast transaction affects the income statement. The effect from realised cash flow hedges is classified as Revenue and Cost of sales, respectively, depending on the underlying substance of the transaction.

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 and is included in other operating income and expenses. 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 and are included in other operating income and expenses.

Fair value hedge

The 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 fair value adjustment with the offsetting entry going to the income statement. Changes in fair value 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 used in hedging fixed rate debt and the changes in the fair value of the hedged fixed rate debt attributable to interest rate risk is recognised in the income statement within Other financial income and expenses. Hedge ineffectiveness is also reported as Other financial income and expenses.

Net investment hedge

The Group designates financial liabilities in the relevant foreign currency against currency exposure arising from investments in the subsidiaries. The 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 the Group's share of the net assets of the foreign subsidiary. The hedge reserve with regards to net investment in foreign operations is 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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Accounting for financial instruments includes performing certain estimates and judgements:

Fair value estimation; Measurement of financial instruments at fair value is based on prevailing market quotations by estimating future cash flows using the relevant forward curve and discounting with the relevant discount curve for the respective derivative and currency. Currency options are measured using the Garman-Kohlhagen model, an adaptation of the Black-Scholes model.

The fair value of a financial asset or liability reflects non-performance risk including the counterparty's credit risk for an asset and the Group's own credit risk for a liability. Derivatives with positive fair value and interest-bearing securities are adjusted with the default probability derived from the Credit Default Swap curve per counterparty. The same adjustment is made for the derivatives with negative fair value with the Group's own credit risk using the Default Probability of Volvo Car AB (publ.) credit default swaps. The convertible loans are adjusted for default probability, using the difference between current market spreads, derived from comparable or benchmark securities of similar time to maturity and credit risk profile and outstanding loan deal credit spreads.

The equity instruments measured in level 3 of the fair value hierarchy are measured by using the market approach. The equity instruments such as unlisted warrants and earn-out rights measured in level 3 of the fair value hierarchy, are measured by using the Black-Scholes model. When measuring the unlisted warrants and earn-out rights, the most relevant judgement to be made is whether the Group will fulfil the vesting criteria and when they would do so, assessing the risk-free interest rate and the volatility of the underlying share price. The main investment in listed equity instruments is in AB Volvo shares. The Group initially chose to recognise fair value changes of the holding in other comprehensive income since the AB Volvo holding is a long-term strategic investment.

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

			31 Dec 2024		31 Dec 2023	
	Note	Measure-ment level	Carrying value	Fair value	Carrying value	Fair value
Financial assets carried at fair value						
Other securities holdings			39,417	39,417	51,024	51,024
of which convertible loan[1)]		2	*14,019*	*14,019*	*12,783*	*12,783*
of which equity instruments		3	*1,473*	*1,473*	*1,507*	*1,507*
of which equity instruments[2)]		1	*23,925*	*23,925*	*36,734*	*36,734*
Non-current and current derivative assets		2	768	768	4,082	4,082
of which currency derivatives – not designated hedging instruments		2	*117*	*117*	*411*	*411*
of which currency derivatives – designated hedging instruments		2	*214*	*214*	*3,557*	*3,557*
of which commodity derivatives – designated hedging instruments		2	*229*	*229*	*110*	*110*
of which interest rate swap derivatives		2	*208*	*208*	*4*	*4*
Interest-bearing securities	20	2	—	—	50	50
			40,185	**40,185**	**55,156**	**55,156**
Financial assets carried at amortised cost						
Accounts receivables	18	—	23,705	23,705	19,694	19,694
Other interest-bearing assets, non-current and current[3)]	18	—	21,041	21,053	12,257	12,337
Time deposits in banks	20	—	16,509	16,526	16,533	16,608
of which marketable securities		—	—	—	*9,918*	*9,973*
of which cash and cash equivalents		—	*16,509*	*16,526*	*6,615*	*6,635*
Cash and cash equivalents	20	—	46,001	46,001	44,857	44,857
			107,256	**107,285**	**93,341**	**93,496**
Financial liabilities carried at fair value						
Non-current and current derivative liabilties		2	4,142	4,142	1,479	1,479
of which currency derivatives – not designated hedging instruments		2	*625*	*625*	*56*	*56*
of which currency derivatives – designated hedging instruments		2	*2,160*	*2,160*	*865*	*865*
of which commodity derivatives – designated hedging instruments		2	*1,206*	*1,206*	*261*	*261*
of which interest rate swap derivatives		2	*151*	*151*	*297*	*297*
Financial liabilities carried at amortised cost						
Accounts payable		—	56,473	56,473	62,314	62,314
of which accounts payable under supplier financing programmes		—	*3,458*	*3,458*	*7,466*	*7,466*
of which suppliers received payment from financial institution		—	*2,879*	—	*4,325*	—
Non-current and current bonds and liabilities to credit institutions[4)]		—	30,013	30,762	56,682	56,660
Other interest-bearing liabilties, non-current and current[5)]	24	—	19,522	19,522	10,137	10,137
			106,008	**106,757**	**129,133**	**129,111**

1) The value of the conversion option connected to the convertible loan receivable to the Polestar Group is nil.
2) Includes shares in AB Volvo of SEK 23,906 (36,568) m for which the fair value change for the year amounts to SEK 1,437 (10,871) m and following disposal of shares, SEK –4,804 m has been reported as movement within equity.
3) Includes items presented as Other current assets in the balance sheet, amounted to SEK 727 (1,483) m.
4) The carrying amount of the bonds, includes a fair value adjustment amounting to SEK 235 (–46) m, which relates to fair value hedging.
5) Includes the repurchase value obligation on cars sold with repurchase commitment which are presented as Other non-current and current liabilities in the balance sheet amounted to SEK 17,241 (8,258) m.

Other securities holdings

Investments in equity instruments presented in other securities holdings consist of unlisted and listed holdings. Equity instruments at level 3 include earn-out rights in Polestar Group amounting to SEK — (577) m and unlisted warrants and earn-out rights in the listed company Luminar Technologies Inc (Luminar) amounting to SEK — (42) m in the balance sheet. The total fair value change of all holdings amounted to amounted to SEK 1,255 (7,170) m. Fair value changes in the equity instruments at level 3 in the income statement as Share of income in joint ventures and associates amounted to SEK –581 (–2,654) m, reflecting Polestar Group earn-out rights and as Other financial income and expenses amounting to SEK 295 (–217) m, reflecting other equity instruments.

New investments and share issue in the unlisted holdings amounted to SEK 97 (333) m.

Accounts payables under supplier financing programmes

Supplier invoices are in some cases subject to supplier financing programmes where a financial institution agrees to pay the invoices to the participating supplier, granting the supplier early payment. The Group settles invoices in the programme to the financial institution based on the agreed-upon payment terms and amounts of the original invoice from the supplier. These invoices are presented as accounts payable until they are settled with the participating financial institution, and the payment cash flows are presented within operating cash flows, as they are closely related to operating purchase activities. All payables included in the programmes, and the payment status for the suppliers from the financial institution, are included in the table for financial instruments by category and measurement level. Payment due dates for the Group to the financial institutions for account payables within the programmes were 60–75 (60–75) days after invoice date. Comparable accounts payable outside the programmes had payment due dates of 60–75 (60–75) days after the invoice date.

The table below presents gains and losses, interest income and expenses that have affected the income statement divided per category of financial instruments.

		2024			2023		
	Note	Gains/ Losses	Interest income	Interest expenses[2]	Gains/ Losses	Interest income	Interest expenses[2]
Recognised in operating income	6						
Financial instruments carried at fair value – designated hedging instruments							
Currency derivatives and commodity derivatives		–1,631	—	—	–1,259	—	—
Financial instruments carried at amortised cost							
Accounts receivable and accounts payable		807	—	—	–1,527	—	—
Impact on operating income		**-824**	**–**	**–**	**-2,786**	**–**	**–**
Recognised in financial income and expenses	11						
Financial instruments carrried at fair value – not designated hedging instruments							
Other securities holdings		297	1,094	—	–154	626	—
Interest-bearing securities		—	1	—	29	14	—
Currency derivatives and interest rate swaps		–1,018	—	–777	744	–51	–1346
Financial instruments carried at amortised cost							
Cash and cash equivalents and time deposits		1,179	1,668	–1	–714	1,902	–19
Financial assets		1904	1,025	—	135	801	—
Financial liabilities[1]		–2,378	—	–2,712	–505	—	–2,567
Impact on financial income and expenses		**-16**	**3,787**	**-3,490**	**-465**	**3,292**	**-3,932**

1) Including financial liabilities designated for fair value hedge, amounting to SEK –281 (–241) m.
2) The total interest expenses excludes interest expenses on leasing contracts amounting to SEK –406 (–240) m, interest expenses on pensions amounting to SEK –262 (–251) m and capitalised interest on R&D amounting to SEK 1,120 (1,055) m.

FINANCIAL RISKS

The Group operations is 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 the Group 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 the Group's liquidity.

The management of financial risks is governed by the 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 the Group's financial earnings.

Currency risk management

Currency exposure risk arises as the Group 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 the Group's operating income, financial income and expense, balance sheet and cash flow statement. In order to minimise the currency risk, the Group 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

The Group Financial Policy Framework

The Group's 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 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 expected timing of cash flows. Hedging strategies using financial instruments for long-term exposures, over 48 months, require approval by the Board of Directors (BoD).

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 correlation.

Status at year end

The total currency inflow and outflow for the Group was distributed according to below table:

	Inflow, %		Outflow, %	
	2024	2023	**2024**	2023
CNY	19	26	43	36
EUR	30	25	34	37
GBP	7	6	2	1
JPY	2	2	2	3
USD	21	21	16	19
Other	21	20	4	4

Forward contracts, currency options and foreign exchange swaps are used to hedge the currency risk in expected future cash flows from sales and purchases made in foreign currencies. Hedging of the currency risk in the Chinese industrial entities can be made onshore in China.

The CFaR at year end for the cash flows over a one year horizon for the Group, excluding hedges, was approximately SEK 5,168 (5,847) m. The table below shows 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	
	2024	2023	**2024**	2023	**2024**	2023
Nominal hedge, %	39	35	12	12	2	4
CFaR hedge, %	42	36	28	24	5	9

The table below presents cash flow hedge volumes by maturity for the 10 largest exposure currencies, nominal amounts in local currency[1)]

Maturity	BRL	CAD	CNH	EUR	GBP	KRW	NOK	PLN	TRY	USD	Total fair value of derivatives[2)]
Average hedge rate	–	7.75	1.48	11.52	13.17	–	0.99	2.59	–	10.50	
1–12 months	–	–200	3,734	819	–1,614	–	–100	–1,650	–	–1,847	–1,322
13–24 months	–	–	–	252	–460	–	–	–300	–	–1,056	–499
25–36 months	–	–	–	–	–	–	–	–	–	–550	–125

1) The average duration of the portfolio was 10 (13) months.
2) The fair value of the outstanding derivatives for hedging of currency price risk in future commercial cash flows amounted to SEK –1,946 (2,683) m.

Translation exposure risk

The Group Financial Policy Framework

Translation exposure risk at the Group 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 recognition of translation effects varies based on the underlying exposure. Translation of operational assets and liabilities, such as accounts receivable, accounts payable, and warranty provisions, impacts other operating income and expenses. Translation of financial assets and liabilities, including cash at bank, deposits, derivatives, and bonds, is reflected in other financial income and expenses. The financial position of assets and liabilities in foreign currencies is monitored and managed daily to mitigate income statement impacts. Translation of net investments in foreign operations can result in positive or negative impacts recognised in equity through other comprehensive income. Part of the translation risk in investments in the Eurozone and Americas is hedged using debt instruments, known as net investment hedges.

Status at year end

By the end of the year, the total translation effect of investments in foreign operations was SEK 126 (–1,712) m, the effects are recognised in equity through other comprehensive income. A ten percent change in the Swedish krona against major currencies would have a net impact on net investments in other comprehensive income of approximately SEK 5,216 (6,339) m.

The table below shows the translation exposure of net investments in foreign operations.

Currency	Investments in foreign operations
CNY	18,064
EUR	21,830
USD	6,803
JPY	877
AUD	706
BRL	521
Other	3,359
Total	**52,160**

Refinancing and liquidity risk management

Capital Structure

The Grouup aims to have an optimal capital structure at all times. The capital structure is continuously analysed, and various options are evaluated. The Group shall have a strong balance sheet and aims to maintain an equity ratio of about 30 per cent where the definition of the equity ratio is equity in relation to total assets. The equity ratio at end of the year is 39.3 (38.7) per cent, whereof shareholders' equity amounted to SEK 175,582 (160,711) m.

The Group aims to achieve an Investment Grade rating over time and the capital structure will be optimised to support this; the Group current external rating by Moodys is Ba1 and BB+ by Standard & Poor's.

Refinancing risk management

The Group Financial Policy Framework

Refinancing risk is the risk that the Group 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. The Group 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

By the end of the year, the outstanding debt of bonds and liabilities to credit institutions, excluding lease contracts and transaction costs, in the Group was SEK 52,740 (56,851) m. During the year bonds and liabilties to credit institutions of SEK 11,729 (6,853) m matured or were amortised. The remaining credit duration of outstanding debt was 1.8 (1.9) years. At year end, debt maturing over the next 12 months amounted to 56 per cent of total debt.

In January, the Group increased an existing bilateral credit facility agreement entered into in late 2023, with the purpose to finance investments that meet the eligibility criteria set out in the Green Financing Framework. The credit facility amounts to EUR 420 m after the increase and is undrawn as per end of the year.

In April, the Group issued a EUR 500 m green bond. A EUR 600 m bond, issued in 2019, matured during the year.

In September, an eight-year credit facility amounting to CNY 3,090 m was entered into and per end of the year the amount drawn is CNY 130 m. This facility meets the eligibility criteria set out in the Green Financing Framework.

In December, 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 with a margin adjustment connected to the reduction of certain carbon emission and water consumption KPIs and have two one-year extension options. The new facilities have refinanced the Revolving Credit Facility of EUR 1,300 m with original maturity in 2026.

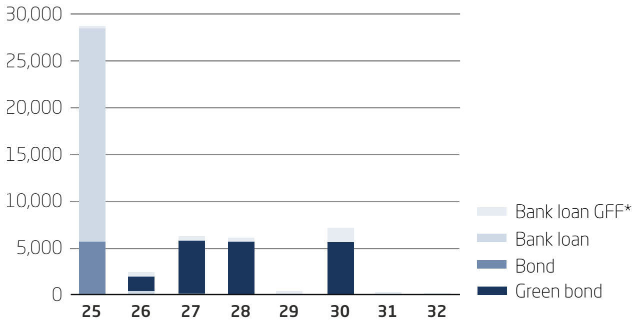
Outstanding debt is presented in the below table.

Funding	Currency	Nominal amount in local currency (million)	SEKm
Bank loan	USD	70	773
Bank loan	SEK	1,116	1,116
Bank loan	EUR	2,000	22,895
Bank loan GFF[1)]	SEK	1,000	1,000
Bank loan GFF[1)]	EUR	200	2,289
Bank loan GFF[1)]	CNY	130	196
Bond	EUR	500	5,724
Green bond	SEK	1,500	1,500
Green bond	EUR	1,500	17,171
Other	PLN	36	98
Total			**52,762**

1) Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

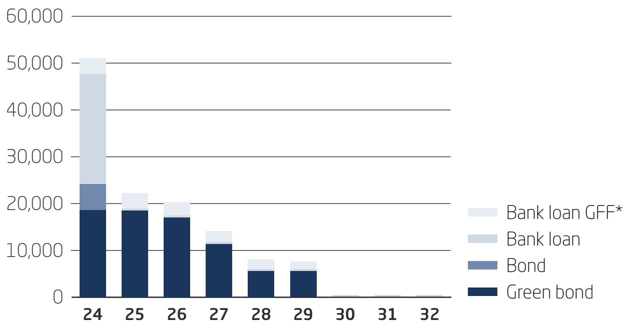
In relation to all external financing, there are information undertakings and covenants in line with the Loan Market Association (LMA) and capital market standards. These are monitored and calculated quarterly to fulfil the terms and conditions stated in the financial agreements. Covenants are based on standard measurements such as EBITDA and Net debt. By the end of the year, there is substantial headroom in the fulfilment of all covenants.

Bonds and liabilities to credit institutions – amortisation schedule, MSEK



*Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

Outstanding bonds and liabilites to credit institutions (at successive year end), MSEK



*Loans GFF (Green Financing Framework): Loans agreed to solely finance eligible projects in accordance with the Green Financing Framework.

Liquidity risk management

The Group Financial Policy Framework

Liquidity risk is the risk that the Group is unable to meet ongoing financial obligations on time. In order to meet seasonal volatility in cash requirements, the Group shall always have committed credit facilities or cash and cash equivalents and marketable securities available corresponding to 15 per cent or more of revenue. Future liquidity needs and investment plans are the basis for the risk assessment of liquidity risk management.

Factoring

The Group customer invoices may be subject to factoring with a financial institution. This enables the Group 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

The Group participates in supplier financing programmes. The principal purpose of the arrangement 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 for the Group beyond the normal terms agreed with other suppliers that are not participating.

Status at year end

By the end of the year, the Group cash and cash equivalents, marketable securities and committed credit facilities amounted to SEK 94,686 (78,681) m, approximately 24 (20) per cent of revenue. The liquidity of the Group 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 2024	31 Dec 2023
Expiring within one year	4,808	–
Expiring after one year but within five years	22,895	14,461
Expiring after five years	4,473	2,781
Total	**32,176**	**17,242**

Interest rate risk management

Changes in interest rates will impact the Group's 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.

The Group Financial Policy Framework

According to the policy, the interest rate risk in the Group's net debt position has a benchmark duration of 12 months. The policy allows for a deviation of –9/+12 months from the benchmark. To manage interest rate risk, the Group uses interest rate swaps.

Status at year end

By 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 10 (13) months. At year-end the duration of the net debt position was 8 (10) months. The average cost of borrowing was 5.13 (5.47) per cent.

The table below shows 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 cash-flow.

Interest rate sensitivity, effect on Finance Net	2024	2023
Market rate +1%	–333	–419
Market rate –1%	335	431

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.

The following table presents the maturity structure of the Group's financial assets and liabilities. The figures shown are contractual, undiscounted cash flows which the Group is liable to pay or eligible to receive.

	31 Dec 2024				31 Dec 2023			
	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 securities holdings[1]	–	–	14,021	–	–	–	13,420	–
Other interest-bearing receivables, non-current[3]	–	–	17,428	128	–	–	7,693	21
Derivative assets, non-current	–	–	183	100	–	–	2,094	–
Other non-current assets[3]	–	–	2,830	154	–	–	1,981	309
Total financial non-current assets	**–**	**–**	**34,462**	**382**	**–**	**–**	**25,188**	**330**
Accounts receivable[2]	21,371	2,338	–	–	18,824	898	–	–
Other interest-bearing receivables, current[3]	727	–	–	–	1,483	–	–	–
Derivative Assets, Current	222	263	–	–	483	1,505	–	–
Marketable securities	–	–	–	–	278	9,640	–	–
Cash and cash equivalents	62,510	–	–	–	51,522	–	–	–
Other current assets[3]	2,656	907	–	–	2,436	1,430	–	–
Total financial current assets	**87,486**	**3,508**	**–**	**–**	**75,026**	**13,473**	**–**	**–**
Total financial assets	**87,486**	**3,508**	**34,462**	**382**	**75,026**	**13,473**	**25,188**	**330**
Financial liabilities								
Liabilities to credit institutions, non-current	–	–	2,995	1,410	–	–	29,296	1,801
Bonds, non-current	–	–	13,039	5,787	–	–	18,087	–
Other interest-bearing liabilities, non- current[3]	–	–	9,416	1,438	–	–	5,154	1,294
Derivative liabilities, non-current	–	–	1,252	–	–	–	424	–
Other non-current liabilities[3]	–	–	2,899	–	–	–	5,083	2
Total financial non-current liabilities	**–**	**–**	**29,601**	**8,635**	**–**	**–**	**58,044**	**3,097**
Accounts payable	52,805	3,668	–	–	59,918	2,397	–	–
Liabilities to credit institutions, current	89	970	–	–	214	722	–	–
Bonds, current	5,723	–	–	–	–	6,660	–	–
Other interest-bearing liabilities, current[3]	9,996	7,067	–	–	3,970	4,337	–	–
Derivative liabilities, current	989	1,901	–	–	518	537	–	–
Other current liabilities[3]	2,167	1,946	–	–	2,156	1,269	–	–
Total financial current liabilities	**71,769**	**15,552**	**–**	**–**	**66,776**	**15,922**	**–**	**–**
Total financial iabilities	**71,769**	**15,552**	**29,601**	**8,635**	**66,776**	**15,922**	**58,044**	**3,097**

1) Maturity structure of the Other securities holdings do 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.
3) The 2023 figures have been adjusted to reflect the Other interest-bearing receivables and liabilties, non-current and current.

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.

The Group is currently exposed to external interest rate risk in EUR, SEK, USD and CNY from the EURIBOR, STIBOR, SOFR and LPR 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 floatingbenchmarks will be a feature of the future financial landscape and may affect financial assets, financial liabilites and derivative instruments. Suitable instruments are already available to cater for these new benchmarks and can be implemented when the need arises. The Group 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 the Group's cash flow and earnings.

The 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.

Status at year end

Raw materials

The Group manages the risk of changes in raw material prices in forecasted consumption with futures and forwards contracts. During the year, the Group incurred costs for raw materials of approximately SEK 21,178 (24,355) m. A ten per cent change in the prices of raw materials has an impact on operating income of approximately SEK 2,118 (1,736) m, excluding hedges. Hedging is performed for forecasted consumption of metals.

Electricity

The Group 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 ten per cent change in the electricity spot price has an impact on the income statement of SEK 28 (41) m.

Credit risk management

The Group's 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

The Group Financial Policy Framework

Credit risk on financial transactions is the risk that the Group will incur losses as a result of non-payment by counterparties related to the Group's 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 the Group's 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. The Group 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 the Group is exposed to in its convertible loan receivable is reflected in its fair value.

Status at year end

By the end of the year, the maximum amount exposed to financial credit risk amounted to SEK 77,297 (75,791) m. This encompasses cash and cash equivalents SEK 62,510 (51,522) m, convertible loan receivable SEK 14,019 (12,783) m, derivative assets SEK 768 (4,082) m and marketable securities SEK — (9,918) 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 2024					
Derivative assets	954	—	954	–832	122
Derivative liabilities	4,137	—	4,137	–832	3,305
31 Dec 2023					
Derivative assets	4,096	—	4,096	–1,227	2,868
Derivative liabilities	1,391	—	1,391	–1,227	164

Market risk

The value of the shares in AB Volvo is continuously affected by market risk. As a consequence of its strategic value, fair value changes are recognised in other comprehensive income.

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.

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

31 Dec 2024	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	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
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	17,744	265	–31	234	—	—	—	—

31 Dec 2023	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	94,160	3,557	–865	2,692	—	–554	2,138	505
Commodity price risk								
– Raw material forward contracts	2,946	64	–185	–121	—	25	–96	86
– Electricity forward contracts	568	46	–76	–30	—	6	–24	–263
Total		**3,667**	**–1,126**	**2,541**	**–**	**–523**	**2,018**	**328**
Net investments hedge – with hedge reserve								
Currency risk								
– EUR and USD-denominated debt	10,314	—	–1,093	–1,093	—	225	–868	73
Fair value hedge – without hedge reserve								
Interest rate risk								
– Interest rate swap	15,017	65	–114	–49	–3	—	—	—

HEDGE ACCOUNTING

The Group generally applies hedge accounting when hedging interest rate risk related to funding activities and when hedging future operational cash flows. The 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 principals.

In the table below the fair value hedges by maturity date are presented.

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**	

31 Dec 2023	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							
2024	400	12	–12	—	—	–12	Euribor 3m
2025	400	32	–31	1	4	–35	Euribor 3m
2027	250	–49	52	3	61	–9	Euribor 3m
2028	200	51	–58	–7	—	–58	Euribor 3m
Total		**46**	**-49**	**-3**	**65**	**-114**	

20 Marketable securities and cash and cash equivalents

ACCOUNTING POLICIES

Marketable securities
Marketable securities are highly liquid interest-bearing securities that are considered easily convertible to cash. In the Group, marketable securities comprise of commercial paper and time deposits with a term of more than three months and less than one year from acquisition date.

Cash and cash equivalents
Cash and cash equivalents comprise of cash at banks and time deposits as well as short-term interest-bearing securities that are considered easily convertible to cash in the form of commercial paper with a maturity of three months from the date of acquisition.

Marketable securities	31 Dec 2024	31 Dec 2023
Time deposits in banks	–	9,918
Total	–	**9,918**

Cash and cash equivalents	31 Dec 2024	31 Dec 2023
Cash at banks	45,939	44,857
Time deposits in banks	16,509	6,615
Commercial paper	–	50
Bank acceptance draft	62	–
Total	**62,510**	**51,522**

Cash and cash equivalents include SEK 3,706 (4,261) m where limitations exist, mainly liquid funds 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 the Group, however there is normally no limitation for use in the Group's operation in the respective country.

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 recognised 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 100,000 common shares with a par value of SEK 1. Each share carries one vote, and entitles the holder to a dividend that is determined in due course. All issued shares are fully paid for.

The share premium relates to issue in kind attributable to Zhejiang Geely Holding Group Co., Ltd's acquisition in year 2010. The share premium also includes capital received (reduced by transaction costs) in excess of par value of issued capital in the subsidiary Volvo Car AB (publ.).

Other contributed capital consists of an 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 the Group's reporting currency. The parent company and the Group present their financial reports in SEK.

The other reserve consists of the change in fair value of cash flow hedging instruments in cases where hedge accounting is applied and the change in fair value of other long-term securitites holdings. For further incomation, see Note 19 - Financial instruments and financial risks.

Retained earnings comprises net income for the year and preceding years, distribution of shareholding in Polestar Automotive Holding UK PLC, 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 the Group's 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. Further, the amount presented in share-based payments includes effects from matching shares in the ESMP programme 2022. 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, transactions 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. The 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.

On May 8 2024, Volvo Car AB (publ.) completed the distribution of 62.7 per cent of its shareholding in Polestar Automotive Holding UK PLC to its shareholders. The non-controlling interest of the Group was adjusted in accordance with IFRIC 17 Distributions of Non-cash Assets to Owners.

In August 2024, the Group 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. For further information, see Note 8 – Participation in subsidiaries (Parent company).

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. For further information, see Note 8 – Participation in subsidiaries (Parent company).

In November 2023, The Group decreased its shareholding in Volvo Car AB (publ.) following sale of shares resulting in an increase of non-controlling interests from 18.0 per cent to 21.35 per cent.

At year end 2024, non-controlling interests amounted to SEK 34,203 (31,096) 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 2024, total equity amounted to SEK 175,582 (160,711) m.

22 Post-employment benefits

ACCOUNTING POLICIES

Pension benefits

The 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. The 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, the 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 in 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 the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits and (b) when the Group 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 the Group is presented below.

Sweden

In Sweden, the 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. The Group's defined benefit plans are secured in three ways: as a provision in the balance sheet, assets held in separate pension funds or 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 2024, the 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. The Group estimates payments of premiums of about SEK 167 m to Alecta in 2025. The Group's share of the total saving premiums for ITP2 in Alecta as at 31 December 2024 amounted to 0.41 (0.33) per cent and the Group's share of the total number of active policy holders amounted to 1.40 (1.45) 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 2024, the consolidation level amounted to 162 (158) per cent.

In case local legal requirements exist, funded or unfunded plans are credit insured with an external party.

Belgium

In Belgium, the 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, the 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 provision for post-employment benefits have been recognised in the balance sheet as follows:

	31 Dec 2024	31 Dec 2023
Post-employment benefits	8,111	7,610
Other provisions (Note 23)	363	341
Closing balance	**8,474**	**7,951**

The tables below show the 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. The Group's reported pension provision amounts to SEK 8,474 (7,951) m in total, which includes endowment insurances and similar undertakings amounting to SEK 363 (341) m in respect of defined premium pension plans in Sweden.

	Total	**of which Sweden**	**of which Belgium**	**Total**	**of which Sweden**	**of which Belgium**
Financial year ending on	**31 Dec 2024**	**31 Dec 2024**	**31 Dec 2024**	31 Dec 2023	31 Dec 2023	31 Dec 2023
Amounts recognised in the statement of financial position						
Defined benefit obligation	26,921	19,865	4,210	25,116	18,220	4,092
Fair value of plan assets	18,810	12,907	3,837	17,506	11,918	3,594
Funded status	**8,111**	**6,958**	**373**	**7,610**	**6,302**	**498**
Net provision (asset) as recorded in the balance sheets	**8,111**	**6,958**	**373**	**7,610**	**6,302**	**498**
Principal actuarial assumptions						
Weighted average assumptions to determine benefit obligations						
Discount rate, %	3.67	3.55	3.39	3.57	3.45	3.50
Rate of salary increase, %	3.35	3.40	3.15	3.34	3.40	3.16
Rate of price inflation, %	2.06	2.00	2.00	2.06	2.00	2.00
Rate of pension indexation, %	2.06	2.00	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. The 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.

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 the Group and modified when deemed appropriate to do so.

Financial year ending on	Total 31 Dec 2024	of which Sweden 31 Dec 2024	of which Belgium 31 Dec 2024	Total 31 Dec 2023	of which Sweden 31 Dec 2023	of which Belgium 31 Dec 2023
Change in defined benefit obligation						
Defined benefit obligation at end of prior year	25,116	18,220	4,092	22,221	15,341	4,049
Service cost	636	438	154	464	260	150
Interest expense	880	621	135	887	598	158
Cash flows	–951	–458	–361	–893	–409	–306
Remeasurements	944	1,044	72	2,437	2,430	39
Effect of changes in foreign exchange rates	296	—	118	—	—	2
Defined benefit obligation at end of year	**26,921**	**19,865**	**4,210**	**25,116**	**18,220**	**4,092**
Change in fair value of plan assets						
Fair value of plan assets at end of prior year	17,506	11,918	3,594	15,338	9,913	3,432
Interest income	630	411	123	648	411	137
Cash flows	–185	—	–109	874	1,000	–46
Remeasurements	598	578	124	643	594	73
Effect of changes in foreign exchange rates	261	—	105	3	—	–2
Fair value of plan assets at end of year	**18,810**	**12,907**	**3,837**	**17,506**	**11,918**	**3,594**
Components of defined pension cost						
Service cost	636	438	154	464	260	150
Net interest cost	250	210	12	239	187	20
Remeasurements of Other long-term benefits	43	—	42	–10	—	–10
Administrative expenses and taxes	36	—	32	28	—	25
Total pension cost for defined benefit plans	**965**	**648**	**240**	**721**	**447**	**185**
Pension cost for defined contribution plans	4,348	3,489	381	4,114	3,277	378
Total pension cost recognised in P&L	**5,313**	**4,137**	**621**	**4,835**	**3,724**	**563**
Remeasurements (recognised in other comprehensive income)	312	466	–96	1,815	1,836	–19
Effect of changes in demographic assumptions	–33	—	—	113	148	—
Effect of changes in financial assumptions	–475	–377	31	2,317	2,024	205
Effect of experience adjustments	1,409	1,421	–2	18	257	–156
Return on plan assets (excluding interest income)	–589	–578	–125	–633	–593	–68
Total defined benefit cost recognised in P&L and OCI	**1,277**	**1,114**	**144**	**2,536**	**2,283**	**166**

	Total	of which Sweden	of which Belgium	Total	of which Sweden	of which Belgium
Financial year ending on	**31 Dec 2024**	**31 Dec 2024**	**31 Dec 2024**	31 Dec 2023	31 Dec 2023	31 Dec 2023
Net defined benefit provision (asset) reconciliation						
Net defined benefit provision (asset)	7,610	6,302	498	6,883	5,428	617
Defined benefit cost included in the income statement	965	648	240	721	447	185
Total remeasurements included in OCI	312	466	–96	1,815	1,836	–19
Cash flows	–810	–458	–283	–1,805	–1,409	–289
Employer contributions	–290	—	–260	–1,296	–1,000	–255
Employer direct benefit payments	–520	–458	–23	–509	–409	–34
Effect of changes in foreign exchange rates	34	—	14	–4	—	4
Net defined benefit provision (asset) as of end of year	**8,111**	**6,958**	**373**	**7,610**	**6,302**	**498**
Defined benefit obligation by participant status						
Actives	13,834	9,784	3,378	12,249	8,252	3,364
Vested deferreds	6,018	4,500	643	5,645	4,219	573
Retirees	7,069	5,581	189	7,222	5,749	155
Total	**26,921**	**19,865**	**4,210**	**25,116**	**18,220**	**4,092**

Plan assets

			of which with a quoted market price	
Fair value of plan assets	**2024**	2023	**2024**	2023
Cash and cash equivalents	469	466	325	375
Equity instruments	1,698	1,474	1,109	952
Debt instruments	8,093	7,412	7,291	6,532
Real estate	828	690	86	82
Investment funds	5,725	5,463	5,565	5,423
Other	1,997	2,001	219	66
Total	**18,810**	**17,506**	**14,595**	**13,430**

Responsibility for the management of several pension plans rests with the 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 the 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 1,228 (1,291) 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%	–1,874	–153
Discount rate –0.5%	2,063	167
Inflation rate +0.5 %	2,063	106
Inflation rate –0.5%	–1,874	–100

The weighted average duration of the obligation is 20.5 years for Sweden and 7.9 years for Belgium.

23 Current and other non-current provisions

ACCOUNTING POLICIES

Provisions

Provisions are recognised in balance sheet when a legal or constructive obligation exists as a result of a past event, and 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 the 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, the 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 the 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 2,453 (2,040) m.

	Warranties	Other provisions[1)]	Total
Balance at 1 January 2023	**11,494**	**5,979**	**17,473**
Provided for during the year	11,571	10,411	**21,982**
Utilised during the year	–9,104	–6,687	**-15,791**
Reversal of unutilised amounts	–2,539	–33	**-2,572**
Translation differences	–300	–68	**-368**
Balance at 31 December 2023	**11,122**	**9,602**	**20,724**
Of which current	4,617	8,500	**13,117**
Of which non-current	6,505	1,102	**7,607**

	Warranties	Other provisions[1)]	Total
Balance at 1 January 2024	**11,122**	**9,602**	**20,724**
Provided for during the year	14,185	12,739	**26,924**
Utilised during the year	–10,390	–13,742	**-24,132**
Reversal of unutilised amounts	–3,154	–61	**-3,215**
Translation differences	452	149	**601**
Balance at 31 December 2024	**12,215**	**8,687**	**20,902**
Of which current	3,865	7,514	**11,379**
Of which non-current	8,350	1,173	**9,523**

1) Other provisions include personnel related provisions of SEK 2,650 (3,068) m.

24 Other current and non-current liabilities

Other non-current liabilities	31 Dec 2024	31 Dec 2023
Liabilities related to repurchase commitments	3,107	1,659
Other liabilities	2,899	5,086
Total	**6,006**	**6,745**

Other current liabilities	31 Dec 2024	31 Dec 2023
Accrued expenses and prepaid income	23,475	22,240
Liabilities related to repurchase commitments	14,134	6,599
Personnel related liabilities	7,157	6,378
VAT liabilities	5,180	5,228
Other liabilities	3,853	3,297
Total	**53,799**	**43,742**

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 the 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 the 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 and often legally complicated, it is therefore difficult to predict the final outcome of such matters. The companies within the 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

The 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 2024	31 Dec 2023
Guarantees to insurance company FPG	278	254
Legal claims	19	6
Other claims[1]	231	78
Guarantee commitments	190	336
Other contingent liabilities[2][3]	3,433	135
Total	**4,151**	**809**

1) In addition to the contingent liabilities related to other claims there is also tax related contingent asset amounting to SEK 54 (—) m.
2) On November 19 2024, Volvo Cars entered into an operational agreement that includes a purchase option for an entity domiciled in the UK. The purchase option expires on August 31, 2025. Subsequently on November 20 2024, Volvo Cars entered into a related agreement guaranteeing the outstanding loans of the target entity. The guarantee is contingent upon the lenders electing to transfer these loans to Volvo Cars. The maximum exposure under the financial guarantee is estimated to SEK 3,240 m.
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 2024	31 Dec 2023
Shares in subsidiaries[1]	220	154
Restricted cash	455	1,148
Inventory	439	466
Floating charges	72	73
Other pledged assets	486	385
Total	**1,672**	**2,226**

1) Geely Sweden Holdings AB has pledged the shares in the subsidiary Geely Sweden Financials AB for external bank loans. The value of the share pledge on consolidated group level has been assessed at SEK 220 (154) m.

26 Cash flow statements

	2024	2023
Adjustments for other non-cash items:		
Capital gains/losses on sale of tangible and intangible assets	1,574	1,267
Share of income in joint ventures and associates	5,521	5,575
Distribution of Polestar Automotive Holding UK PLC	–2,005	—
Interest effect from the measurement of repurchase obligations	–797	–348
Provision for variable pay	2,163	2,544
Other provisions	–695	1,832
Deferred revenue	–1,779	–666
Reclassification of residual value guarantee	–1,364	–1,700
Inventory impairment	549	238
Elimination of intra-group profit	–186	292
IFRS16 adjustments	–1,450	–2,451
Negative goodwill of NOVO Energy AB	–1,054	—
Other non-cash items	1,413	–536
Total	**1,890**	**6,047**

		Cash flows	Non-cash changes				
Change in net cash	**1 Jan 2023**		Reclassifi-cations	Foreign exchange movement	Fair value changes	Other non-cash changes	**31 Dec 2023**
Cash and cash equivalents	67,409	–14,253	—	–1,634	—	—	51,522
Marketable securities	3,415	6,677	—	–203	29	—	9,918
Liabilities to credit institutions, non-current	–25,192	1,517	–7,559	–84	—	320	–30,998
Bonds, non-current[1]	–27,315	–1,500	6,751	–106	—	4,049	–18,121
Bonds, current[1]	–2,000	2,019	–6,751	69	—	–9	–6,672
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	–9,047	–627	7,559	17	—	1,161	–937
Net cash	**7,271**	**–6,167**	**–**	**–1,941**	**29**	**5,521**	**4,712**

Change in net cash	**1 Jan 2024**						**31 Dec 2024**
Cash and cash equivalents	51,522	9,222	—	1,766	—	—	62,510
Marketable securities	9,918	–10,269	—	351	—	—	—
Liabilities to credit institutions, non-current	–30,998	–199	26,863	–122	—	51	–4,405
Bonds, non-current[1]	–18,121	–5,857	5,618	–246	—	16	–18,590
Bonds, current[1]	–6,672	6,936	–5,618	–367	—	–2	–5,723
Other interest-bearing non-current liabilities	—	—	—	—	—	—	—
Liabilities to credit institutions, current	–937	4,794	–26,863	–849	—	–77	–23,932
Net cash	**4,712**	**4,627**	**–**	**533**	**–**	**-12**	**9,860**

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 the remaining part is measured at amortised cost. On 31 December 2024, the fair value component amounted to SEK 235 (–46) m.

27 Business combinations and divestments

ACCOUNTING POLICIES

Acquisitions

Companies are consolidated as of the date of acquisition when the Group obtains control. In a business combination the 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 the 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, the 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 of the divestment.

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.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Business combinations

NOVO Energy AB

On 30 October 2024, Volvo Car Corporation notified its counterpart in the NOVO Energy AB joint venture, Northvolt AB, the execution of the redemption right to acquire Northvolt's 50 per cent shareholding in NOVO Energy AB. The action followed a breach of the parties' shareholders' agreement where Northvolt AB has not fulfilled its financing obligations. Based on the breach of the shareholders' agreement and by executing its redemption right to obtain Northvolt AB's shares, the Group has assessed it has gained control of NOVO Energy AB from an accounting perspective. Hence, NOVO Energy Group has been consolidated into the Group from 30 October, 2024. At finalisation of the transaction, the Group will have a 100 per cent shareholding in NOVO Energy AB. 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. The business of the NOVO Energy companies are to develop and produce sustainable batteries to support the next generation of fully electric Volvo cars.

	2024
Purchase price	
Purchase consideration	–
Fair value of investment in joint venture held before the business combination	908
Total cost of the combination	**908**
Acquired assets and liabilities at fair value	
Tangible assets	2,201
Other non-current assets	3
Accounts receivable	5
Cash and cash equivalents	888
Non-controlling interest	–
Other non-current provisions	–319
Other non-current interest-bearing liabilities	–6
Accounts payable	–229
Other current interest-bearing liabilities	–2
Other current liabilities	–579
Total fair value of net assets acquired	**1,962**
Negative goodwill	**-1,054**
Cash effect on business combination	
Purchase consideration	–
Acquired cash and cash equivalents	888
Change in cash and cash equivalents due to acquisitions	**888**

The previously held equity interest, was revalued to fair value before the business combination. The business combination results in a negative goodwill of SEK 1,054 m since the fair value of the acquired net assets exceeds the total cost of the combination. The Group has recognised the gain in other operating income and expense. Acquisition-related costs for 2024 amounted to SEK 2 m and have been reported as administration costs in the income statement. There were no contingent liabilities assumed or collateral pledged arising from the business combination.

The acquired business has not contributed to any revenue but a net loss of SEK –171 m in the Group during the period 31 October to 31 December, 2024. The total cost of combination and fair values have been determined provisionally, thus, the acquisition analyses may be subject to adjustment during a twelwe month period.

Divestment of business

Limited Liability Company Volvo Cars

On 20 June 2024, the Group's wholly-owned subsidiary Volvo Car NSC Holding AB signed a share transfer agreement with an external buyer regarding their 100 per cent shareholdings in LLC Volvo Cars.

LLC Volvo Cars was a national sales company in Russia whose operations were discontinued during 2022, without significant financial effects. The Group has consolidated the company until 20 June 2024 when control ceased.

The disposal consideration received amounted to SEK 0 m and at the time of disposal, cash and cash equivalents over which control was lost amounted to SEK 217 m. The carrying value of assets and liabilities as at the date of the divestment was SEK 221 m. Loss on sale of operation recognised in income statement amounted to SEK –239 m. The total cost of divestment and the carrying values have been adopted in 2024.

Adoption of preliminary divestment analysis

A divestment analysis is preliminary until adopted which must take place within twelve months from the divestment. The preliminary divestment analysis previously recognised for Volvo Car Group Financial Leasing (Shanghai) Co., Ltd was adopted in 2024.

Events after the reporting period

On 25 January 2025, a share purchase agreement was signed between Volvo Car Corporation and Northvolt AB with respect to Northvolt AB's shares in NOVO Energy AB.

Completion of the transaction is dependant on approval from Swedish and US goverment authorities as part of Nortvolt AB's Chapter 11 process. Approval and transaction completion is expected during the second quarter 2025.

28 Segment reporting

ACCOUNTING POLICIES

An operating segment is defined as a part of the Group for which separate financial information is available and is evaluated regularly by the chief operating decision-maker or decision-making body. A majority of the Group's revenue comes from industrial operations, more specifically the revenue generated by Volvo Car Group. Industrial operations include all activities related to development, design, manufacturing, assembly and sale of vehicles, as well as the sale of spareparts and accessories. In relation to other operations, industrial operations are dominating. The Group is therefore considered to have one operating segment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As stated in the Board of Directors Report, the business is divided into three segments. The majority of the business is carried out in the industrial operations segment and therefore the Group has not prepared any segment reporting.

For further information on the geographic spread of revenue, see Note 2 – Revenue. The geographic spread of non-current assets is presented below.

	Sweden	China	Rest of the World	Total
Dec 31, 2024				
Non-current assets[1)]	180,670	27,975	44,035	252,680
Dec 31, 2023				
Non-current assets[1]	165,071	24,216	36,159	225,446

1) Excluding deferred tax assets and financial instruments.

Definitions of Performance Measures

Performance measures disclosed in the Annual Report are those that are deemed to provide the most true and fair as well as relevant view of the Group's financial performance for a reader of the Annual Report.

Gross margin
Gross margin is gross income as a percentage of revenue and represents the percentage of total revenue that the Group retains after deducting direct costs associated with producing the goods and services sold.

EBIT
EBIT refers to earnings before interest and taxes. EBIT is synonymous with operating income, which measures the profit the Group generates from its operations.

EBIT margin
EBIT margin is EBIT as a percentage of revenue and measures the Group's operating efficiency.

EBITDA
EBITDA represents earnings before interest, taxes, depreciations and amortisation, and is another measure of operating performance. It measures the profit the Group generates from its operations excluding the effect of previous periods capitalisation levels.

EBITDA margin
EBITDA margin is EBITDA as a percentage of revenue.

Equity ratio
Total equity divided by total assets, as a measurement of the Group's long-term solvency and financial leverage.

Net cash
Net cash is an indicator of the Group's ability to meet its financial obligations. It is represented by liabilities to credit institutions, bonds and other interest-bearing non-current liabilities.

Liquidity
Liquidity consists of cash and cash equivalents, undrawn credit facilities and marketable securities.

Revenue
Revenue is the sales price for goods or services net of discounts and certain variable marketing expenses.

RECONCILIATION TABLES OF PERFORMANCE MEASURES

Gross Margin	2024	2023
Gross income in % of revenue	**19.9**	**19.5**

EBIT Margin	2024	2023
Operating income (EBIT) in % of revenue	**6.0**	**5.0**

EBITDA/EBITDA Margin	2024	2023
Operating income	24,071	20,136
Depreciation and amortisation of non-current assets	22,795	17,521
EBITDA	**46,866**	**37,657**
EBITDA in % of revenue	**11.7**	**9.4**

Equity ratio	Dec 31, 2024	Dec 31, 2023
Total equity	175,582	160,711
Total assets	446,216	414,902
Equity in % total assets	**39.3**	**38.7**

Net cash	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	62,510	51,522
Marketable securities	—	9,918
Liabilities to credit institutions (non-current)	–4,405	–30,998
Bonds (non-current)[1]	–18,590	–18,121
Other interest-bearing liabilities	—	—
Liabilities to credit institutions (current)	–23,932	–937
Bonds (current)[1]	–5,723	–6,672
Net cash	**9,860**	**4,712**

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 2024, the fair value component amounted to SEK 235 (–46) m.

Liquidity	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	62,510	51,522
Marketable securities	—	9,918
Undrawn credit facilities	32,176	17,242
Liquidity	**94,686**	**78,682**

Income Statements and Comprehensive Income – Parent Company

SEKm	Note	2024	2023
Administrative expenses	4	–74	–73
Operating income	3, 5	**-74**	**-73**
Result from participation in subsidiaries	3, 8	7,633	741
Result from participation in associates	3, 9	–850	—
Interest income and similar credits	3	1,160	467
Interest expenses and similar charges	3	–536	–69
Other financial income and expenses	6	–105	–60
Income before tax		**7,228**	**1,006**
Income tax	7	—	—
Net income		**7,228**	**1,006**

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

Balance Sheets – Parent Company

SEKm	Note	Dec 31, 2024	Dec 31, 2023
ASSETS			
Non-current assets			
Participation in subsidiaries	8	28,973	21,290
Participation in associates	9	401	1,251
Deferred tax assets	7	–	–
Receivables from group companies	3	12,979	14,498
Other non-current receivables		2	2
Total non-current assets		**42,355**	**37,041**
Current assets			
Accounts receivable		16	13
Receivables from group companies	3	985	1,123
Other current assets		1	1
Accrued income and prepaid expenses		2	3
Cash and cash equivalents		824	651
Total current assets		**1,828**	**1,791**
TOTAL ASSETS		**44,183**	**38,832**
EQUITY & LIABILITIES			
Equity			
Restricted equity			
Share capital (100,000 shares with par value of SEK		–	–
		–	**–**
Non-restricted equity			
Share premium reserve		6,509	6,509
Other contributed capital		3,693	3,693
Retained earnings		24,013	23,007
Net income		7,228	1,006
		41,443	**34,215**
Total equity		**41,443**	**34,215**
Non-current liabilities			
Liabilities to group companies	3	293	2,960
Liabilities to associated companies	3	1,090	1,059
Other non-current liabilities		2	2
Total non-current liabilities		**1,385**	**4,021**
Current liabilities			
Liabilities to group companies	3	1,219	521
Liabilities to associated companies	3	99	40
Other current liabilities		7	5
Accrued expenses and prepaid income		30	30
Total current liabilities		**1,355**	**596**
TOTAL EQUITY & LIABILITIES		**44,183**	**38,832**

Changes in Equity – Parent Company

	Restricted equity	Non-restricted equity			
SEKm	Share capital[1]	Share premium reserve	Other contributed capital	Retained earnings	**Total**
Balance at January 1, 2023	**–**	**6,509**	**3,693**	**23,089**	**33,291**
Net income for the year				**1,006**	**1,006**
Transactions with owners					
Dividend	–	–	–	–82	–82
Transactions with owners	**–**	**–**	**–**	**-82**	**-82**
Balance at December 31, 2023	**–**	**6,509**	**3,693**	**24,013**	**34,215**
Net income for the year				**7,228**	**7,228**
Transactions with owners					
Dividend	–	–	–	–	–
Transactions with owners	**–**	**–**	**–**	**–**	**–**
Balance at December 31, 2024	**–**	**6,509**	**3,693**	**31,241**	**41,443**

1) Share capital amounts to SEK 100,000 (100,000).

Statement of Cash Flows – Parent Company

SEKm	Note	2024	2023
OPERATING ACTIVITIES			
Operating income		–74	–73
Interest received		1,160	467
Interest paid		–536	–69
Other financial items		—	–56
		550	**269**
Movements in working capital			
Change in receivables group companies	3	499	–1,811
Change in liabilities group companies	3	160	–151
Change in liabilities associated companies	3	91	33
Change in current receivables		–1	–10
Change in current liabilities		—	3
Cash flow from movements in working capital		**749**	**–1,936**
Cash flow from operating activities		**1,299**	**–1,667**
INVESTING ACTIVITIES			
Divestment of subsidiaries		—	3,682
Cash flow from investing activities		—	**3,682**
Cash flow from operating and investing activities		**1,299**	**2,015**
FINANCING ACTIVITIES			
Change in non-current receivables group companies	3	1,519	–2,660
Change in non-current liabilities group companies	3	–2,668	89
Change in non-current liabilities associated companies	3	—	537
Cash flow from financing activities		**–1,149**	**–2,034**
Cash flow for the year		**150**	**–19**
Cash and cash equivalents at beginning of year		**651**	**583**
Change in cash and cash equivalents due to change in exchange rates		15	87
Cash and cash equivalents overtaken through merger		8	
Cash and cash equivalents at end of year		**824**	**651**

Notes to The Parent Company Financial Statements

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

1 Significant accounting principles

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 January 1, 2024, have had no material impact on the financial statements of the parent company.

Accounting principles considered material to the Group are described in conjunction with each presented note in the consolidated financial statements. The main deviations between the accounting policies applied by the 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. Dividends are recognised in the income statement. All shares and participations are related to business operations and profit and loss from these are reported within operating income.

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.

Financial guarantees

The parent company applies the exception in the application of IFRS 9 which concerns accounting and measurement of financial contracts of guarantee in favour of subsidiaries and associated companies. The parent company recognises the financial contracts of guarantee as contingent liabilities.

Equity

In accordance with the Swedish Annual Accounts Act, equity is split between restricted and non-restricted equity.

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 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 and associated companies recognised at cost in the parent company, are being tested for impairment annually or if an indication of impairment exists.

3 Related parties

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	
	2024	2023	**2024**	2023
Companies within the Group	97%	*96%*	96%	*99%*

	2024	2023
Interest income from subsidiaries	829	442
Interest income from other grup companies	301	–
Interest expenses to subsidiaries	–480	–28
Interest expenses to other group companies	–56	–41

	Receivables		Payables	
	Dec 31, 2024	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Companies within the Group	13,964	*15,621*	2,701	*4,580*
whereof current	*985*	*1,123*	*1,318*	*560*

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.

On 26 March 2024, the Annual General Meeting of Volvo Car AB (publ.) resolved, in accordance with the Board of Directors' proposal, to distribute a portion of Volvo Cars' shareholding in Polestar Automotive Holding UK PLC to the shareholders of Volvo Car AB (publ.). On 8 May 2024 the distribution was completed.

Following the impairment assessment of shares in subsidiaries, the carrying value of the subsidiaries Geely Europe Innovation and Collaboration AB, Geely Group Motorsports International AB and GSHAB 2 AB, was subject to write-down, SEK 31 m in total. The write-down following the impairment assessment of the carrying value of the associated company Geely Tech Holding A/S amounted to SEK 850 m.

There have not been any transactions with Board Members or senior executives except ordinary remunerations for services. For further information, see Note 8 – Employees and remuneration in the consolidated financial statements.

4 Audit fees

TSEK	**2024**	2023
Deloitte		
Audit fees	–1,624	–764
Audit-related fees	–75	–75
Total	**-1,699**	**-839**

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.

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

5 Remuneration to the board of directors

Information on remuneration to Board members by gender is shown in Note 8 – Employees and remuneration, in the consolidated statements.

6 Other financial income and expenses

	2024	2023
Net foreign exchange rate differences	–105	–60
Total	**-105**	**-60**

7 Taxes

Income tax recognised in income statement	2024	2023
Tax for the year	–	–
Total	**–**	**–**
Information regarding current year tax expense compared to tax expense based on the applicable Swedish tax rate		
Income before tax for the year	7,228	1,006
Tax according to applicable Swedish tax rate, 20.6% (20.6%)	–1,489	–207
Costs, non-deductable	–182	–476
Tax effect of interest net	34	82
Tax effect of group contributions paid recognised as shares in subsidiaries	103	3
Tax effect of group contributions received from subsidiaries	–	–17
Non-taxable dividends	1,579	34
Non-taxable income	–	581
Current year loss not recognised as a deferred tax asset	–45	–
Total	**–**	**–**

Deferred tax assets are only recognised to the extent there are taxable temporary differences or other factors that convincingly indicate there will be sufficient future taxable profit. Tax loss-carry forward has an indefinite period of utilisation.

8 Participation in subsidiaries

	Dec 31, 2024	Dec 31, 2023
At beginning of the year/acquired acquisition value	**21,290**	**21,891**
Acqusitions	–	42
Divestments	–	–862
Shareholders' contributions/group contributions provided	7,940	2,545
Write-downs	–31	–2,326
Merger	–227	–
Total	**28,973**	**21,290**

Directly owned subsidiaries at the end of the reporting period are presented in below table. Indirectly owned subsidiaries are included in each subsidiary's annual report.

Geely Sweden Holding AB's investments in subsidiaries:	Corp. ID no.	Registered office	No. of shares	% interest held	Book value Dec 31, 2024	Book value Dec 31, 2023
Volvo Car AB (publ.)[1)]	556810-8988	Gothenburg/Sweden	2,343,396,227	78.6	20,210	20,210
Geely Sweden Automotive Investment AB	559263-3035	Stockholm/Sweden	50000	100	7,473	59
Geely Europe Innovation and Collaboration AB	559094-6454	Gothenburg/Sweden	500	100	20	18
Geely Europe Innovation Centre AB	559166-5699	Gothenburg/Sweden	100,000	100	129	118
Geely Financials International Ltd.	67898527-000-06-17-4	Hong Kong/China	1,000,000	100	9	9
Geely Group Motorsports International AB	559190-6895	Gothenburg/Sweden	10,000	100	28	31
Geely Sweden Financials Holding AB (publ.)[2)]	559179-7799	Gothenburg/Sweden	500	100	—	213
Geely Sweden Financials AB	559168-2157	Gothenburg/Sweden	500	100	25	25
Geely Sweden Finance AB (publ.)	559171-4950	Gothenburg/Sweden	501	100	8	8
Geely Sweden Investment AB	559150-4781	Gothenburg/Sweden	10,000	100	1,030	557
GSHAB 2 AB	559263-3043	Stockholm/Sweden	50,000	100	41	42
Total					**28,973**	**21,290**

1) For additional information on participation in the subsidiary Volvo Car AB (publ.) See Note 21 – Equity in the consolidated financial statements.
2) Geely Sweden Financials Holding AB (publ.) has been merged into the parent company being the surviving company.

The share of voting power corresponds to holdings in per cent as per above. The countries where the subsidiaries are registered are also where their main operations are carried out.

Significant restrictions

For some subsidiaries there are restrictions on the 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.

Change in the Group's ownership interest in a subsidiary

Geely Financials Denmark A/S is a former wholly owned subsidiary in the Group. In September 2018, Geely Financials Denmark A/S acquired 52 per cent of the shares in the Saxo Bank Group. During the fourth quarter 2018, an agreement was signed with Geely Group Ltd., a related party outside the Group, in which 5 per cent of the shares in Geely Financials Denmark A/S was sold together with an option to acquire an additional 46 per cent. Based on the divestment, the option, and other contractual conditions, the Group deems that there is no controlling interest, which is why Geely Financials Denmark A/S, including Saxo Bank A/S, is no longer consolidated within the Group as of September 12, 2018.

In August 2019, the ownership in Saxo Bank A/S was reduced from 52 per cent to 50.9 per cent following a capital contribution.

In April 2020, Geely Group Ltd exercised its option to acquire an additional 46 per cent of the shares in Geely Financials Denmark A/S. After the transaction, Geely Group Ltd owns 51 per cent of Geely Financials Denmark A/S.

In June 2023, Geely Financials Denmark A/S divested 1 per cent of its shareholding in Saxo Bank A/S. After the sale, Geely Financials Denmark A/S holds 49.9 per cent of the shares in Saxo Bank A/S.

In November 2023, the shareholding in Volvo Car AB (publ.) decreased from 82 per cent to 78.6 per cent following the sale of 100 million shares.

Details of non-wholly owned subsidiaries that have material non-controlling interests

On June 25, 2015 the Group, through one of its wholly owned subsidiaries, Volvo Cars (China) Investment Co., Ltd, acquired an additional 20 per cent in the Group's 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 the Group has the decision-making power over the operations.

Additionally, Daqing Volvo Car Manufacturing Co., Ltd has acquired 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 Zhawo Auto Sales Co., Ltd.

On 1 August 2024, the 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 ultimated shareholder as the 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 the Group has the power of control.

On 30 October 2024, the Group 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 are from 30 October 2024 reclassified from joint venture to subsidiary and fully consolidated with a non-controlling interest of 50 per cent. For more information, see Note 12 – Investments in joint ventures and associates and Note 27 – Business combinations and divestments, in the consolidated statements.

On 29 October 2021, Volvo Car AB (publ.) listed the company's shares on Nasdaq Stockholm. The principal owner is Geely Sweden Holdings AB, with, at the time, 82 per cent of the shares (votes and capital). The shareholding has thereafter decreased to 78.6 per cent following sale of shares in November 2023. In the consolidated financial statements, Volvo Car AB (publ.) is classified as a subsidiary and fully consolidated with a non-controlling interest of 21.4 per cent.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Legal entity:	Registered office	% non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		Dec 31, 2024	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023	**Dec 31, 2024**	Dec 31, 2023
Daqing Volvo Car Manufacturing Co., Ltd.[1)]	China	50	50	652	1,068	4,696	3,753
Shanghai Volvo Car Research and Development Co., Ltd.[1)]	China	50	50	2	3	124	114
HaleyTek AB	Sweden	–	40	–36	–58	–	247
NOVO Energy AB	Sweden	50	–	–85	–	–85	–
VCLC Services AB	Sweden	30	–	–	–	3	–
Volvo Car AB (publ.)	Sweden	21.4	21.4	3,288	2,813	29,348	26,980
Total non-controlling interests				**3,821**	**3,826**	**34,086**	**31,094**

1) 50 per cent is held by Zhejiang Geely Holding Group Co., Ltd, the ultimate parent company of the Group.

9 Participation in associates

	Dec 31, 2024	Dec 31, 2023
At beginning of the year/acquired acquisition value	1.251	1,251
Write-down	–850	–
Total	**401**	**1,251**

Geely Sweden Holdings AB's investments in associates:	**Corp. ID no.**	**Registered office**	**No. of shares**	**% interest held**	**Book value 31 Dec 2024**	**Book value 31 Dec 2023**
Geely Tech Holding A/S	41033789	Copenhagen / Denmark	4 640 000	50	401	1,251

10 Pledged assets

	Dec 31, 2024	Dec 31, 2023
Shares in subsidiaries[1)]	25	25
Total	**25**	**25**

1) Pledged shares in Geely Sweden Financials AB as security for external bank loans.

11 Contingent liabilities

	Dec 31, 2024	Dec 31, 2023
Guarantee commitments[1)]	23,584	27,035
Total	**23,584**	**27,035**

1) The above is including a guarantee commitment related to the external loans in the subsidiary Geely Sweden Financials AB. The total loan amount is SEK 22,873 (25,916) m. The risk of having to fulfill this guarantee commitment is deemed as very low.

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	6,509,200,000
Other contributed capital	SEK	3,693,131,899
Retained earnings brought forward	SEK	24,012,814,987
Net income for the year	SEK	7,227,409,762
At the disposal of the AGM	**SEK**	**41,442,556,648**

The Board proposes the following allocations of funds:

Carried forward	SEK	41,442,556,648
Total	**SEK**	**42,442,556,648**

The Board of Directors and the CEO hereby affirm 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.

Gothenburg June, 2025

Eric Li (Li Shufu)
Chairman of the Board

Per Ansgar
Board member and CEO

Lone Fønss Schrøder
Board member

Daniel Li (Li Donghui)
Board member

Our audit report was submitted on June, 2025
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

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 Geely Sweden Holdings AB corporate identity number 556810-9010

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Geely Sweden Holdings AB for the financial year 2024-01-01–2024-12-31. The annual accounts and consolidated accounts of the company are included on pages 18–76 and 79–88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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 1–17 and 77–78. 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.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also

draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 Geely Sweden Holdings AB for the financial year 2024-01-01–2024-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group´s financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Gothenburg, June 2025
Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

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