

V O L V O

2025
VOLVO GROUP ANNUAL REPORT



Committed to shaping the future of transport and infrastructure

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

The Volvo Group was founded in 1927, headquartered in Gothenburg, Sweden, employs approximately 99,000 people and has customers in almost 180 markets. In 2025, net sales amounted to SEK 479 billion (EUR 43 billion). Volvo shares are listed on Nasdaq Stockholm.

Shaping the world we want to live in

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

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

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

Together with our customers and supply chain partners, governments, societies and other stakeholders, we are moving to develop and introduce transport and infrastructure solutions that drive prosperity socially, environmentally and financially. This means that we strive towards our vision of transport and infrastructure solutions that are 100% safe, 100% fossil-free and 100% more productive.



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● The Volvo Group's formal financial reports.

● The Board of Directors' report.

The Volvo Group's formal financial reports have been audited by the Group's auditors. The Sustainability Statements and Corporate Governance Report have been subject to limited assurance.

A global group with strong positions

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

People – our most important asset

The Volvo Group's approximately 99,000 employees are our most important asset, driving the company forward. In the words of CEO Martin Lundstedt: "Succeeding in this industry is all about people, and our people make the difference."

Strong brands

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

Read more about
our brands here



Competitive products and leading technology

The Volvo Group's award-winning products have been developed to contribute to efficient transport and infrastructure solutions and to provide our customers with reliable uptime. Quality, safety and environmental care guide us now and into the future. We drive the development of electrified vehicles and machines as well as automated solutions for the benefit of customers, society and the environment.

World-class services

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

Sales in almost
180
markets

Production in
17
countries

99,000
employees

SEK **479** bn
in net sales

Strong positions globally

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

Partnerships and collaborations with leading companies

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



Volvo Trucks | Volvo's electric trucks have driven more than 250 million kilometers since the launch of the first electric models in 2019.



Solid earnings on lower volumes

- In 2025, net sales decreased by 9% to SEK 479.2 billion (526.8). Adjusted for currency the decrease was 3%, with vehicle sales decreasing by 5% and service sales increasing by 2%.
- Cyclical downturns in many markets impacted deliveries and sales volumes negatively. Good utilization of vehicles and machines supported service sales.
- The adjusted operating income amounted to SEK 51,218 M (65,718). For more information on adjustments, please see Key Ratios on page 216.
- The adjusted operating margin amounted to 10.7% (12.5).
- The reported operating income was SEK 48,506 M (66,611).
- Earnings per share amounted to SEK 16.94 (24.78).
- Operating cash flow in the Industrial Operations amounted to SEK 21.8 billion (45.3).
- Return on capital employed in the Industrial Operations of 25.3% (35.8).
- The Board of Directors proposes an ordinary dividend of SEK 8.50 (8.00) per share and an extra dividend of SEK 4.50 (10.50) per share.

Net sales by revenue type, %



■ Vehicles, 74
■ Services, 26

Net sales by region, %



■ Europe, 43
■ North America, 29
■ South America, 10
■ Asia, 12
■ Africa and Oceania, 6

Net sales by segment, %



■ Trucks, 68
■ Construction Equipment, 17
■ Buses, 5
■ Volvo Penta, 4
■ Financial Services, 6
■ Group Functions & Other and eliminations, 0



Mack | With unmatched driving and resting comfort, advanced aerodynamics, and game-changing fuel efficiency, the new Mack Pioneer sets a new standard for long-haul trucking.



Volvo Group



Key ratios

	2025	2024
Net sales, SEK M	479,183	526,816
Adjusted operating income ¹ , SEK M	51,218	65,718
Adjusted operating margin, %	10.7	12.5
Operating income, SEK M	48,506	66,611
Operating margin, %	10.1	12.6
Income after financial items, SEK M	47,391	67,210
Income for the period, SEK M	34,707	50,576
Earnings per share, SEK	16.94	24.78
Dividend, SEK per share ^{2, 3}	13.00	18.50
Operating cash flow, Industrial Operations, SEK M	21,837	45,295
Net financial position excl. provisions for post-employment benefits and lease liabilities, Industrial Operations, SEK bn	63.0	85.9
Return on capital employed, Industrial Operations, %	25.3	35.8
Return on equity, Financial Services, %	10.4	13.0
Return on shareholders' equity, Volvo Group, %	19.1	28.5
Total number of employees	98,844	101,595
Share of women, %	24	23
Share of women, presidents and other senior executives, %	29	29
Energy use per net sales, Industrial Operations, MWh/SEK M	4.9	4.5
Total CO ₂ emissions per net sales, Industrial Operations, tons/SEK M (scope 1 & 2)	0.6	0.5
Share of direct material purchasing spend from suppliers having made a CSR self-assessment, %	93	94

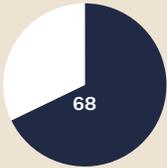
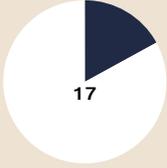
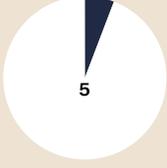
¹ For more information on adjusted operating income, please see Key Ratios on page 216.

² 2025: Proposed by the Board of Directors to the Annual General Meeting 2026. SEK 8.50 per share in ordinary dividend and SEK 4.50 per share in extra dividend.

³ 2024: SEK 8.00 per share in ordinary dividend and SEK 10.50 per share in extra dividend.

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

Segments

	Net sales, SEK M	Share of Group net sales, %	Adjusted operating income ¹ , SEK M	Adjusted operating margin, %
TRUCKS Volvo Trucks, Renault Trucks, Mack Trucks, Volvo Autonomous Solutions, Volvo Energy, VE Commercial Vehicles (46% ownership), Dongfeng Commercial Vehicles (45%), cellcentric (50%), Milence (33%), Flexis (45%), Cespira (45%) and Coretura (50%).	323,463		31,730	9.8
CONSTRUCTION EQUIPMENT Volvo Construction Equipment, Rokbak and SDLG ² (70%).	81,641		10,856	13.3
BUSES Volvo Buses and Prevost.	25,072		2,272	9.1
VOLVO PENTA Power solutions for industrial and marine applications.	20,597		3,590	17.4
FINANCIAL SERVICES Provides financial services and solutions to customers and dealers.	26,469		3,916	–
GROUP FUNCTIONS & OTHER³ Nova Bus, Designwerk ⁴ and common business support functions.	1,940		-1,446	–

¹ For more information on adjusted operating income, please see Key Ratios on page 216.

² SDLG was divested on September 1, 2025.

³ Including Group eliminations.

⁴ As of January 1, 2026, Designwerk is included in the Trucks operating segment.

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

A solid performance in a period of weaker demand

In 2025, the Volvo Group's product renewal continued across all of our business areas with more efficient products and solutions that drive value for our customers. At the same time, the cyclical downturn that began in many markets in 2024 continued, with lower volumes of new vehicles and machines as a result. The geopolitical tensions of recent years also continued to have a negative effect on the global economy.

In this period of weaker demand in our key regions and with increased uncertainty about the future, we focused on what we can impact. We adjusted our operations, applied strict cost control, remained firm on our commercial conditions and continued to develop our service business.

Thanks to hard work by colleagues across the Volvo Group and at our business partners along the value chain, the underlying performance remained solid. The Group's net sales of SEK 479.2 billion were 3% lower than in 2024, when adjusted for currency, with lower vehicle sales but with a solid development in the service business. We demonstrated resilience in earnings on the lower volumes with an adjusted operating income of SEK 51.2 billion (65.7). The adjusted operating margin came in at 10.7% (12.5), supported by the continued good development in our service business.

Stabilization in the European truck market, more difficult conditions in North America and Brazil

During the year, demand for new trucks stabilized on lower volumes in Europe, while market conditions were more difficult in North America and Brazil. Our deliveries declined by 8% compared with 2024. However, utilization of the installed truck base was stable in most markets. Our truck operations' net sales amounted to SEK 323.5 billion, some 5% lower than in the prior year when adjusted for currency changes. The adjusted operating margin amounted to 9.8% (12.7). Earnings were negatively impacted by the lower volumes and higher material and tariff costs, while lower operating expenses and a good service business provided support.

The European market continued to be replacement-driven, with the larger fleets sticking to their investment plans. We had good order intake for most of the year and increased our production before summer to maintain good delivery times to customers. We gained market shares in heavy-duty trucks with both our two brands, Volvo and Renault Trucks. In fact, Volvo's market share of 19.0% (17.9) meant that they were the market leader in Europe for the second consecutive year.

In North America, our customers were in the third year of a freight recession, which had a negative impact on their profitability and willingness to invest in new trucks. Uncertainty surrounding the implementation of new emission rules in 2027 and the tariff situation added to the weak market sentiment. The total truck market was well below replacement levels, which means that our customers are pushing an investment need in front of them. Volvo, which is more reliant on the sales of highway trucks, lost some

market share and ended the year on 8.4% (9.0), while Mack's market share rose from 6.0% to 8.0% on the back of an improved supply chain and relatively good demand in the vocational segments. When the market rebounds, we have a completely new lineup of trucks in North America. For long haul, we introduced the Volvo VNL in 2024 and followed that up in 2025 by launching the new Mack Pioneer. For regional haul we have the all-new Volvo VNR and Mack Anthem. All of these trucks offer completely new levels of fuel efficiency and productivity, and customer feedback confirms our view that these are great trucks. To support our growth ambitions in North America, we are investing in a new plant in Monterrey, Mexico, which will come online in 2026.

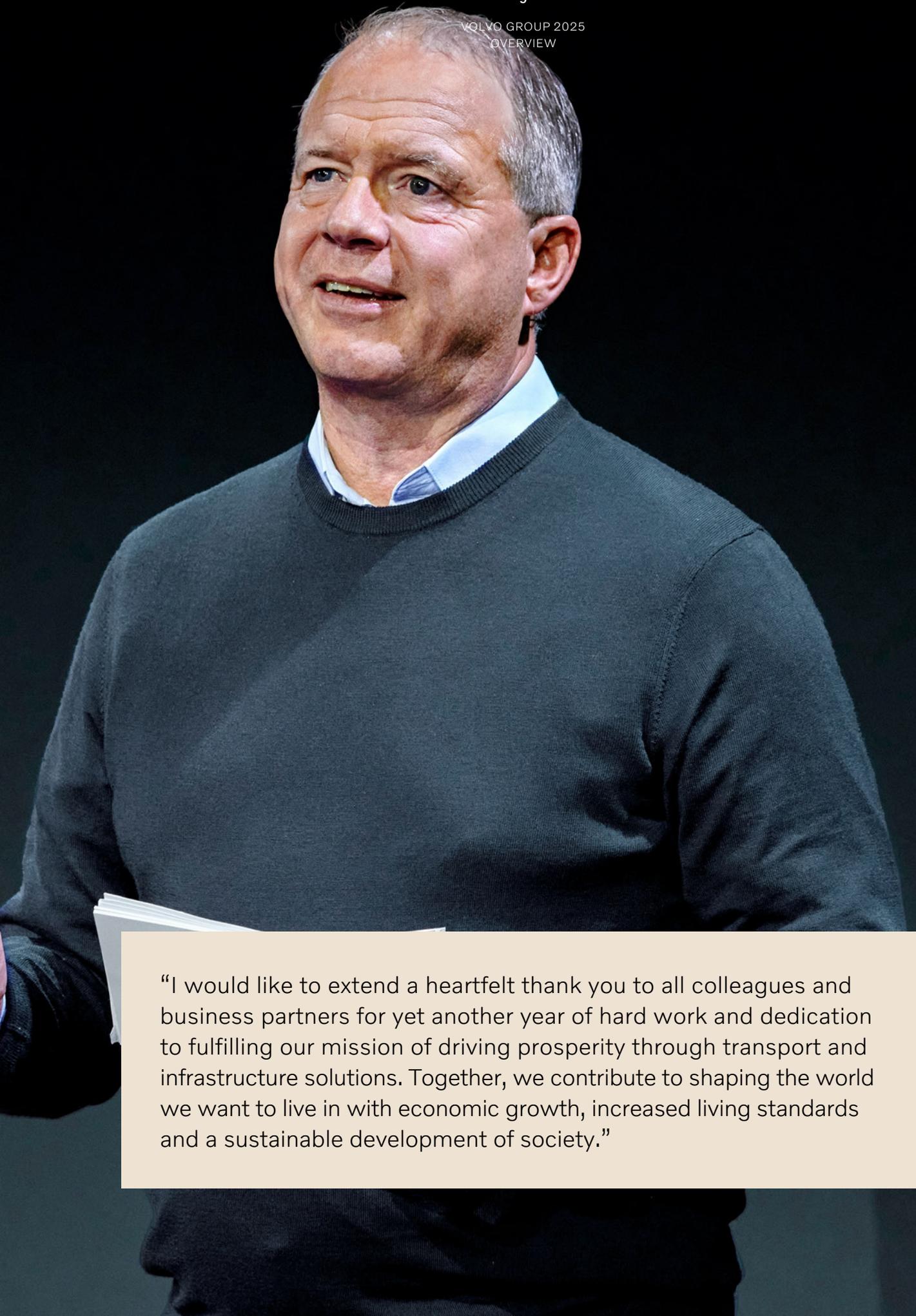
Deliveries of new trucks in South America were impacted by lower volumes in Brazil, which is the largest market in the region. High interest rates in Brazil cooled down the economy and demand for trucks. However, Volvo remained the market leader in Brazil with a market share of 23.2% in heavy-duty trucks. Demand held up better in other markets such as Peru and Chile, where we also have strong market positions.

Overall, we have strong positions with our products based on energy-efficiency, driver comfort and safety. The latter was once again proved by Volvo Trucks receiving the maximum 5-star safety rating for its heavy-duty trucks from the European consumer test organization Euro NCAP. Both the Volvo FH Aero 6x2 and the Volvo FM 6x2 scored top results in the 2025 rating. Renault Trucks T confirmed its high safety performance by keeping its 4-star rating. All models were awarded the CitySafe label, which recognizes vehicles best equipped for urban driving and for the protection of vulnerable road users.

Safety and productivity are also at the core of Volvo Autonomous Solutions (V.A.S.). This is an area with tremendous potential. For on-highway autonomy, we are moving ahead together with partners such as Aurora and Waabi on technology and with customers such as DHL and Uber Freight on commercialization, and we are already achieving tangible results. Mining and quarries is another industry vertical for autonomy, and in 2025, V.A.S. reached a major milestone in mining efficiency and productivity, successfully hauling over one million tonnes of limestone autonomously for customer Brønnøy Kalk in Norway. This achievement underscores the transformative impact of autonomous technology in these industries.

Good earnings in Construction Equipment

In Construction Equipment our machine deliveries decreased by 8%. However, when adjusted for the divestment of our 70% ownership in SDLG in China, where we intend to re-focus our business presence, deliveries increased by 10%.



“I would like to extend a heartfelt thank you to all colleagues and business partners for yet another year of hard work and dedication to fulfilling our mission of driving prosperity through transport and infrastructure solutions. Together, we contribute to shaping the world we want to live in with economic growth, increased living standards and a sustainable development of society.”

In June, we agreed with Lantmännen to acquire their dealer group Swecon, with retail and service operations in Sweden, Germany and the Baltics. The deal was closed at the beginning of 2026. The Swecon acquisition will bring us closer to our customers, strengthen our total solution sales capabilities and reinforce Volvo Construction Equipment's service business in Europe. We also announced a strategic investment in crawler excavator production at three key locations in South Korea, Sweden and North America, to meet the growth in customer demand, strengthen the regional supply chains and come closer to customers with shorter lead times.

Construction Equipment's net sales declined to SEK 81.6 billion (88.3). However, when adjusted for currency and the divestment of SDLG, net sales increased by 4%. The adjusted operating margin amounted to 13.3% (14.4). Earnings were negatively impacted by lower volumes and tariff costs, while a good development in the service business had a positive effect.

Positive development in Buses and Volvo Penta

Buses have had a strong improvement trend in recent years, supported by good cost control, restructuring measures and a favorable product mix. The positive development continued in 2025, with operating income being the highest ever, despite deliveries declining by 4%. The currency-adjusted net sales increased by 10% to SEK 25.1 billion, and the adjusted operating margin remained good at 9.1% (9.1), supported by price realization and a positive mix, which offset increased manufacturing and tariff costs. During the year, the BZR Electric coach chassis was launched, and this means that Volvo Buses now offers electromobility solutions for every segment – city, intercity, long-distance, including tour and charter – able to cater to a wide variety of customer needs.

Volvo Penta had a strong performance with increasing volumes, with good demand in the marine commercial and yacht segments as well as for industrial power solutions, which benefited from increased global energy demand from data centers and power generation segments. Demand for spare parts was robust, reflecting good fleet utilization. Currency-adjusted net sales increased by 9% to SEK 20.6 billion, while the adjusted operating margin improved to 17.4% (17.2). The increased engines and parts volumes contributed to the earnings, which were partly offset by an unfavorable product mix.

Volvo Financial Services (VFS), our captive finance business, maintained earnings and continued to grow the portfolio, with credit losses at normal levels for the current business cycle. Financing is a good lever for customer retention, and during the year, VFS increased its focus on strengthening the total offer to customers. Adjusted operating income continued to be at a good level of SEK 3,916 M (4,042), and return on equity amounted to 10.4% (13.0).

Lower operating cash flow

The lower operating income and higher investment activities, including the new assembly plant in Mexico, impacted operating cash flow, which amounted to SEK 21.8 billion (45.3). The lower cash generation meant that we ended the year with a net financial position in our Industrial Operations of SEK 63.0 billion compared with SEK 85.9 billion in the prior year, pension and lease liabilities excluded. Return on capital employed amounted to 25.3% (35.8).

We are focused on both providing our shareholders with a good return on their investments and funding the activities that are shaping our industries and that will contribute to the Volvo Group's future growth and competitiveness. The Board of Directors proposes an ordinary dividend of SEK 8.50 per share (8.00) and an extra dividend of SEK 4.50 per share (10.50) for the AGM to decide on.

Clear strategy for 2030 and beyond

There are important trends that have a tremendous impact on our industries. Geopolitical uncertainty with less free trade and increased regionalization is one of them. The rapid shift in technology with digitalization, automation and electrification is another. The energy transition and decarbonization are among the most important global issues, both in the time we are living in and for future generations. However, the electrification progress varies by region. In this changing business environment, new partnerships and alliances are being formed along our value chains.

To respond to these trends and challenges, we have a clear strategy for 2030 and beyond, which you can read about in this annual report.

We aim for our customers to be the most successful in their industries. When they are satisfied and achieve success, they are more likely to stay loyal, leading to business growth and lasting revenues.

We target industry-leading profitable growth because this is fundamental to delivering total shareholder return. Our must-win focus areas serve as our primary value drivers going forward. They are about securing strong positions in key markets, reaching the full potential of our service business, leading the transformation to sustainable solutions in the transportation and infrastructure industries, driving product leadership and synergies and creating value through portfolio management.

By focusing on employee engagement, we foster a dynamic work environment that adds value to both our employees and the organization. Our goal is to attract industry talents and, through cultivating an inclusive culture and unleashing the full potential of every individual, create a winning team. This will ensure that we maintain a competitive edge, drive innovation, and contribute meaningfully to a sustainable future.



With our fuel-efficient and competitive lineup of products and services across the business areas, we are well-positioned to capture growth in the next cyclical upturn.

Adapting to a slower rate of transformation

The Volvo Group has the products and solutions necessary to drive the adoption of zero-emission vehicles. However, the societal transformation is slower than previously anticipated, not least because other enabling conditions, such as charging infrastructure and stimulus of demand, have not yet been put in place. We regret this. It is time for policymakers, state leaders and other stakeholders to also take further action.

We have adjusted our battery-electric business to reflect the slower-than-anticipated adoption rate. Therefore the reported operating income in 2025 was negatively affected by SEK 4.5 billion related to compensation for lower battery volume commitments and impairment of some battery-electric assets.

However, our 2040 net-zero ambition remains. In the longer term, transport and infrastructure remain exciting growth industries where a transformation to carbon-neutral solutions is necessary.

Strong positions for the future

We have high customer satisfaction with strong relationships, and it is more important than ever to work in close cooperation with our customers. We work together with them to support their businesses as efficiently as possible with leading products and services. Our customers around the world continue to utilize their vehicles and machines, which means that they will have to be replaced sooner or later. With our fuel-efficient and competitive lineup of products and

services across the business areas, we are well-positioned to capture growth in the next cyclical upturn.

We have a solid foundation with the right people, a well-invested industrial backbone, cutting-edge technology and a strong financial position. In a fast-changing geopolitical landscape, we can rely on our strong regional value chains and global capabilities.

We also continue to drive the shift toward zero-emission solutions, knowing that the transformation must go together with progress in society. By balancing our ambitions with customer readiness, we will continue to move the industry forward and deliver long-term value for both our customers and our shareholders.

I would like to extend a heartfelt thank you to all colleagues and business partners for yet another year of hard work and dedication to fulfilling our mission of driving prosperity through transport and infrastructure solutions. Together, we contribute to shaping the world we want to live in with economic growth, increased living standards and a sustainable development of society.

Martin Lundstedt
President and CEO

STRATEGY

Driving prosperity through profitable growth



1

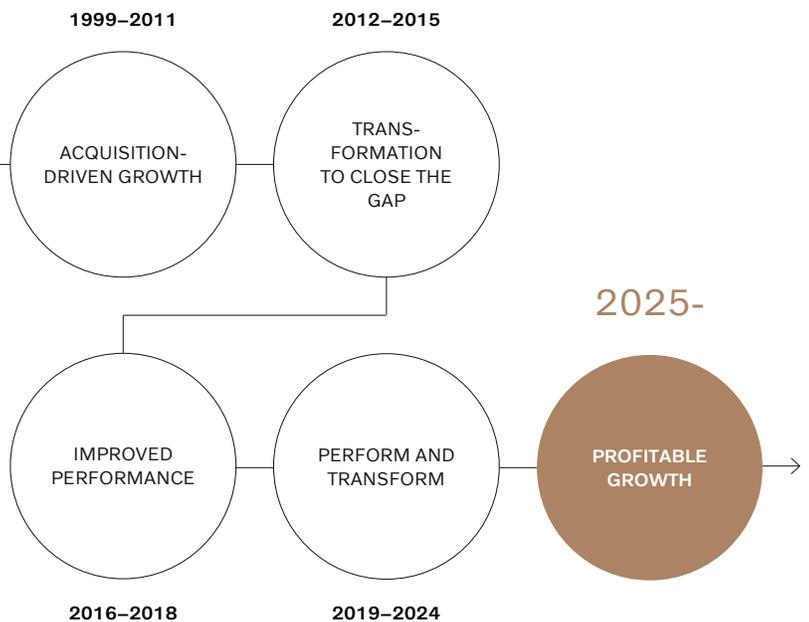
The journey continues

Prosperity and transport have always evolved hand in hand. When prosperity grows, the demand for efficient movement of goods, people and raw materials increases, which drives the need for more transport and infrastructure. In turn, well-functioning transport systems and infrastructure solutions enable trade, industrial development and productivity, being a powerful engine for further economic development and prosperity. In this environment, Volvo Group is well placed to capture growth as customers seek reliable, efficient and lower-emission transport and infrastructure solutions.

Over the past decade, Volvo Group has been on a great journey, characterized by robust financial results, product innovation and a strong commitment to shaping the future of transport and infrastructure. Since 2015, total shareholder return has been 20% per year, driven by a 50% increase in revenues and a 110% rise in operating income. This growth reflects not only our operational excellence but also our ability to anticipate and adapt to a rapidly changing world.

Our journey has been defined by deliberate choices and a dedicated focus. From acquisition-driven growth at the turn of the millennium, through performance-driven turnarounds and the transition to zero-emission and autonomous solutions, Volvo Group continues to reinvent itself. With sales in nearly 180 countries and a workforce of approximately 99,000 employees, we are recognized as a global leader and our greatest asset remains our people – the foundation for driving progress and innovation.

Today, we are geared for growth as we stand at the forefront of the industry, ready to deliver the sustainable and profitable growth that defines our strategy.



2

Navigating the trends impacting our industries



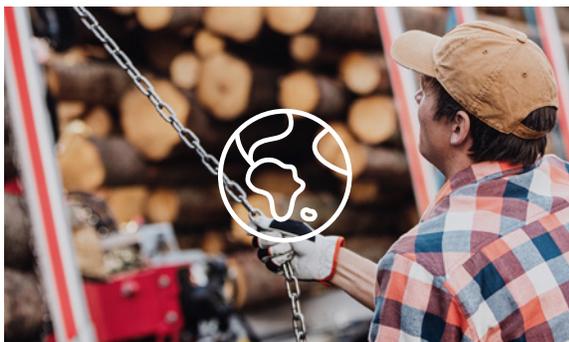
Technology development

Rapid technology development, including automation, electrification and digitalization, are transforming our industries and enabling us to bring increased value to our customers. Upskilling, reskilling and finding the talents of tomorrow is a necessity to stay competitive. Capitalizing on these advancements will enable us to enhance safety, reduce emissions and deliver smarter, more connected products to our customers.



Changing business landscape

The business environment is evolving, with new partnerships and alliances being formed between different actors in the value chains. Legislative changes, particularly in areas such as emissions and autonomous technology, are greatly impacting industries. Furthermore, the global competitive landscape is changing, not least in China, where the regional ecosystem is at the forefront of Zero Emission Vehicle (ZEV) adoption. We leverage our global presence, regional value chains and continue to invest in our products and services to stay ahead.



Geopolitical uncertainty and regionalization

Following the post-Cold War globalization trend, the world has in recent years seen less of free and fair trade and globalization and more of bilateral agreements and regionalization. Nations and regions are acting increasingly "protectionist". State policies, industry subsidies and tariffs are shaping global trade and significantly affecting our industries. Meanwhile, bilateral trade agreements may influence this trend, with major economies like the EU and India playing key roles in the sector's development over time. We continue to regionalize our value chains and navigate trade policy impacts on our businesses.



Energy transition and decarbonization

The energy transition and decarbonization are important global issues for the coming generations. However, the rate of progress differs across regions, with the EU, US and China each adopting distinct strategies for developing the electric truck market. Despite the varied pace of change, the imperative for investing in sustainable solutions remains high, underscoring our vision of becoming 100% fossil-free.



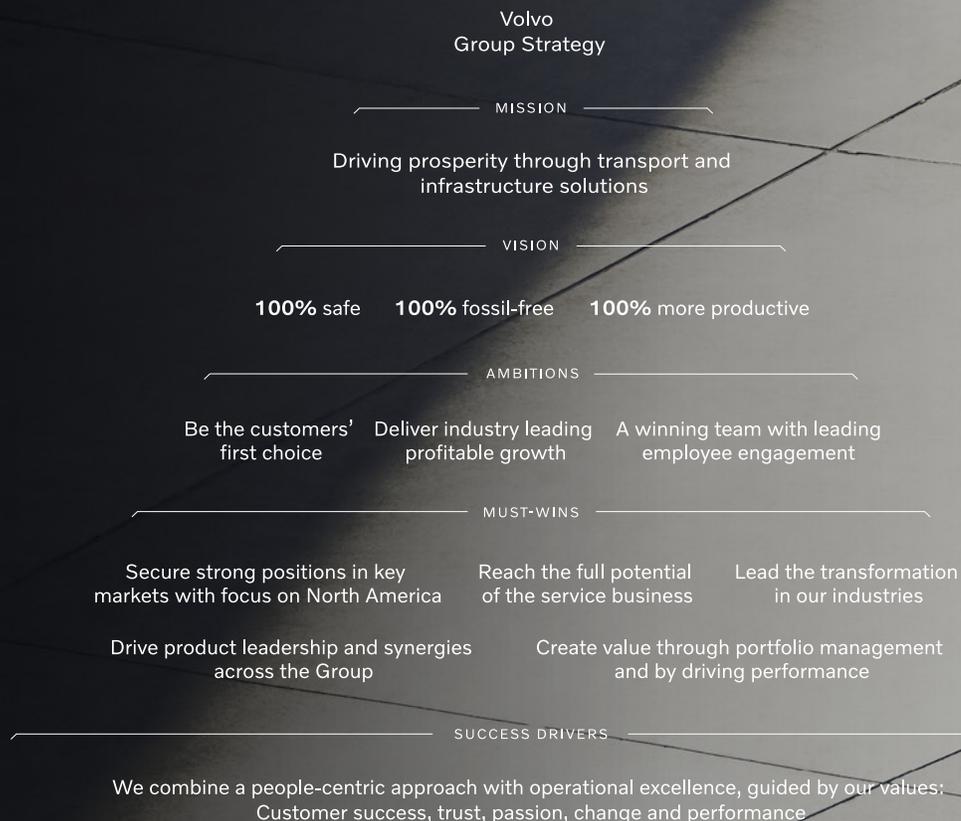
Volvo Buses | Volvo's offering for electrified public transport is a total solution reaching far beyond the electric buses.



3

Our strategy – driving profitable growth

Our strategy for 2030 and beyond outlines the future direction of the Volvo Group, identifies the key value drivers and ensures responsiveness to changes in the market environment.





The essence of our strategy is built on five integrated elements:

MISSION

Driving prosperity through transport and infrastructure solutions, contributing to economic growth, higher living standards and the sustainable development of society.

VISION

We envision a future of transportation that is:

100% Safe – The health, safety and well-being of people is our main priority. We have a vision of zero accidents involving our products and in our own operations. We work proactively to provide safe and sustainable conditions across our value chain.

100% Fossil-free – We are committed to a fossil-free future with net-zero emissions from our products and operations. Together with governments, customers and partners, we work actively with the transition to a sustainable society.

100% More productive – By increasing productivity, it is possible to do more with less, hence increasing our as well as our customers' competitiveness. It will also be possible to meet the growing need for transportation while staying within the boundaries of what our planet can sustain.

AMBITIONS

The Group has three clear ambitions:

Customers' first choice: Our ambition is that our customers are the most successful in the industry. When they are satisfied and achieve success, they are more likely to stay loyal, leading to business growth and lasting revenues. Our goal is to be the first choice for both current and new customers across all brands and market segments. By consistently tracking customer satisfaction, we can make smart decisions that help us improve and secure long-term success.

Industry-leading profitable growth: Achieving profitable growth is fundamental to delivering good total shareholder return, and we are dedicated to leading our industry. With a strong financial foundation and well-defined strategic direction, we aim to deliver profitable growth by blending performance with transformation. Our must-wins serve as the primary value drivers for achieving this successfully.

A winning team with leading employee engagement: By always focusing on our people, we foster a dynamic work environment that adds value to both our employees and the organization. Our goal is to attract industry talents and, through cultivating an inclusive culture and unleashing the full potential of every individual, create a winning team. This will ensure that we maintain a competitive edge, drive innovation and contribute meaningfully to a sustainable future.

MUST-WINS

Five strategic areas collectively define our focus, align our priorities and serve as the main value drivers towards 2030. These are further outlined on page 20.

SUCCESS DRIVERS

Our formula for success is rooted in a people-centric culture combined with strong operational excellence. Our core values – customer success, trust, passion, change and performance – guide our daily actions and decision-making.

4

Building on a solid foundation

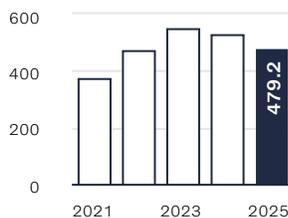
Volvo Group's recent results reflect the application of our current strategy. From 2015 to 2025, the Volvo Group has shown higher revenue and operating income growth compared to industry peers, resulting in a stable financial position, while also experiencing reduced volatility in earnings and cash flow.

Volvo Group entered 2025 from a position of long-term strength but faced market headwinds throughout the year with decreased vehicle volumes, particularly in North America and South America, whereas there was a more stable development in Europe. Despite the lower vehicle volumes, we maintained our earnings resilience and generated an adjusted operating income of SEK 51.2 billion (65.7) with an adjusted operating margin of 10.7% (12.5), supported by our service business, where currency-adjusted net sales increased by 2%.

Investments have shifted towards segments with higher profitability, while exposure to lower-profit areas is being reduced. During the year, our 70% holding in the Chinese construction machine company SDLG was divested, and we signed a contract to acquire construction equipment dealer Swecon, a deal that was closed in the beginning of 2026.

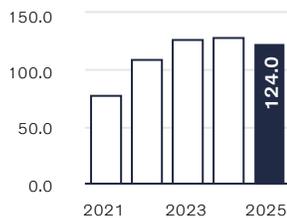
Regardless of market outlook, the Volvo Group's strong foundation ensures that we are well-positioned to weather volatility and seize long-term growth opportunities.

Long term sales growth, SEK bn



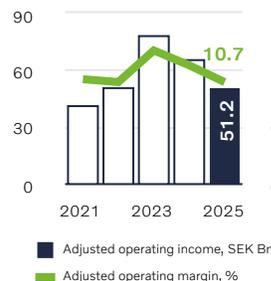
Volvo Group is active in industries with long-term growth. Between 2021 and 2025, net sales increased from SEK 372.2 billion to SEK 479.2 billion. The compounded annual growth rate has been 7% over the last five years.

Growth in service sales, SEK bn



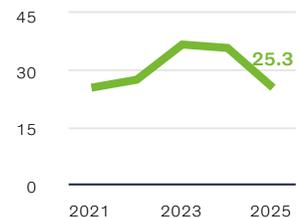
Growing the service business is an area of priority. In 2025, net sales of services amounted to SEK 124.0 billion, corresponding to 26% of the Group's total sales. The compounded annual growth rate in the service business has been 13% over the last five years.

Improved through-cycle earnings resilience



Profitability has improved in recent years. In 2025, the adjusted operating income amounted to SEK 51.2 billion (65.7) with an adjusted operating margin of 10.7% (12.5). In 2021 to 2025, the average adjusted operating margin was 11.8%.

Good return on capital employed, %



Return on Capital Employed (ROCE) in Industrial Operations has been strong, showing that the Volvo Group utilizes its capital efficiently to generate profits. In 2025, it amounted to 25.3%. In 2021 to 2025, the average ROCE was 30.1%.

Our main strengths

Strong customer relations

Our enduring partnerships are the bedrock of high customer satisfaction and loyalty, supporting stable recurring revenues from services and solutions.

Product leadership

We are recognized for our leading products within transport and infrastructure, setting high standards in safety and quality, consistently increasing value for customers and society.

People-driven culture

We value diverse perspectives, fostering inclusiveness and collaboration to bring out the best in everyone.



Volvo Construction Equipment | A global leader in construction solutions, delivering premium products and services that combine power and performance with a more sustainable way of working.



5

The five must-wins – setting the Group’s strategic agenda

1



Secure strong positions in key markets – capturing a fair share of the market

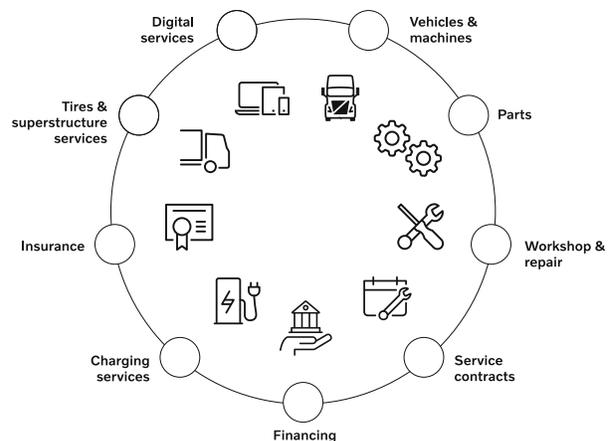
North America stands as one of the world’s largest transport markets. To maximize our impact and deliver shareholder value, Volvo Group is targeting a 25% truck market share in North America, paired with leading profitability. This ambition is backed by significant investments in new product ranges, supply chain enhancements – including a new factory in Mexico – and the expansion of our dealer network. In addition to North America, each one of our business segments has its specific key markets. By focusing on markets with the highest value potential and building resilient, regional value chains, we build strong positions globally.



2

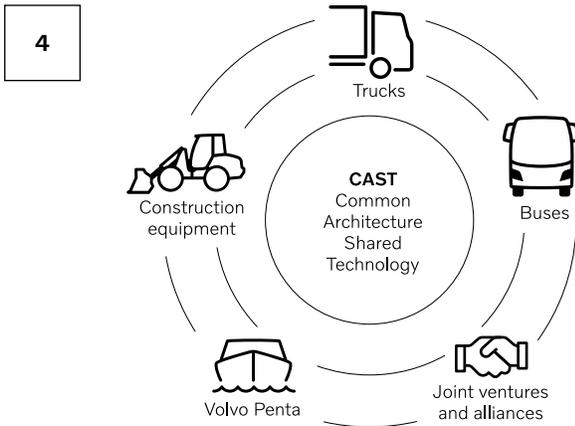
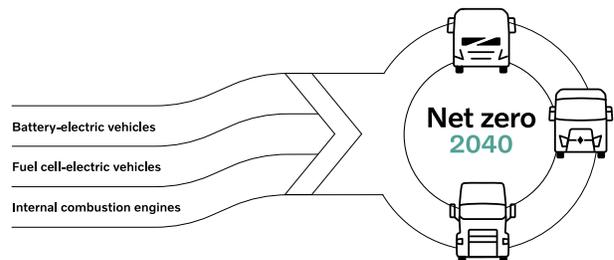
Reach the full potential of our service business – significant growth through a total offer

Our service business is a key pillar of profitability, customer satisfaction and loyalty. The ambition is to grow service sales significantly, while maintaining strong profitability. This will be driven by increasing the penetration of service offerings through a total offer, creating value for our customers. Digital transformation and the adoption of new technology will further enhance our service portfolio, supporting customers’ uptime, efficiency and the transition to electric vehicles. By growing our service business, we build a business that is resilient through business cycles.



3 Lead the transformation in our industries – driving zero emission and autonomous solutions

Volvo Group drives prosperity through the transformation, both from a sustainability and growth perspective. Our electric and autonomous solutions increase our value proposition to customers and respond to the need for transport and infrastructure solutions that are safe, sustainable and more productive. Our goal is to make a step change in market share through the zero tailpipe emission transformation – leveraging a broad mix of fossil-free and low-carbon technologies to meet customer requirements worldwide. Given the slower adoption of electric vehicles and machines, we continuously evaluate our investments and adjust them to market demand and enabling conditions, such as a viable charging infrastructure. However, we maintain our strategy to lead the transition by delivering complete offers with zero or very low tailpipe emissions, supporting customer adoption and scaling autonomous transport solutions.



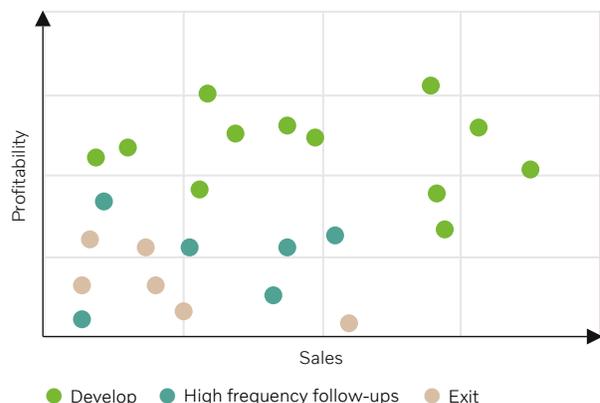
Drive product leadership and synergies – the right customer offer delivered with speed and the right quality and cost

The key for success is to have leading product offers in every segment we are present in, across drivelines and business areas, delivering high customer value. The customer offer needs to be developed with speed and delivered with the right quality and cost. By leveraging common technical, industrial and commercial foundations, we unlock economies of scale and synergies that lead to efficiency, while maintaining strong brand differentiation. Continued development of modular, scalable platforms, as well as successful partnerships, provides value-driven innovation, securing leading products in all markets where we are present.

5 Create value through portfolio management and performance – sustained high return on capital employed

Volvo Group’s portfolio consists of many businesses of different maturity, each contributing to the collective value creation. We continuously evaluate and direct capital and attention toward areas with the greatest value potential. The target is to have a sustained high return on capital employed – driven by capturing growth opportunities, improving underperforming businesses and disciplined capital allocation. This approach should ensure that Volvo Group remains resilient, agile and focused on delivering superior returns for all stakeholders.

Continuously review commercial performance and take action



6

Priorities for our business segments – aligned with the Group strategy



Trucks

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



Buses

- Focus on profitable segments and markets to deliver true business value to support customer success and drive continuous improvement.
- Accelerate electromobility by continuing to develop and launch successful offerings.
- Capture the full potential in the service business, strengthening customer relationships, resilience and profitability.
- Innovate and commercialize new services and solutions to drive profitable growth and customer loyalty.



Construction Equipment

- Lead the transformation in our industry with multiple technologies to meet customer demands.
- Continue driving product leadership.
- Grow the service and solutions business, thereby securing competitiveness, building closer relationships with customers and aiming for earnings resilience throughout the product lifecycle.
- Secure regional value chains to become more resilient and flexible in the face of external factors.



Volvo Penta

- Continue to advance power solutions tailored to industrial and marine segments.
- Support customer productivity and deliver high-quality customer service.
- Continue efforts in the transformation to net zero and reduce emissions.
- Capture growth potential in North America.
- Foster customer loyalty and an improved user experience through service offerings.
- Strengthen the offer in integrated helm-to-propeller marine systems.
- Capture potential in power generation and data center segments.



Financial Services

- Elevate customer satisfaction to drive loyalty.
- Propel the customer total offer with finance and insurance solutions.
- Sustain focus on zero-emission vehicle financing solutions.
- Continue profitable portfolio growth.

“

We have high customer satisfaction with strong relationships and it is more important than ever to work in close cooperation with our customers. We work together with them to support their businesses as efficiently as possible with leading products and services.

Martin Lundstedt, President and CEO

Group targets – delivering on our ambitions

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

Financial performance

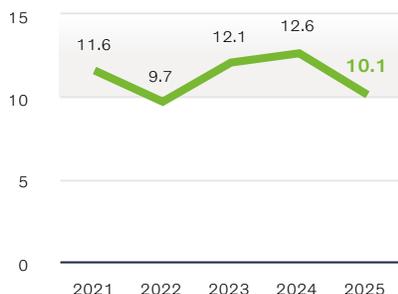
The current financial targets were set by the Board of Directors in 2017 and encompass operating margin for the Volvo Group, net financial position in the Industrial Operations and return on equity in Financial Services.

Clear and straightforward targets for the Group's operating margin and return on equity in Financial Services support the efforts to drive

performance across the Group through the business cycle. The targets also align with the way the Group is challenged and measured internally.

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

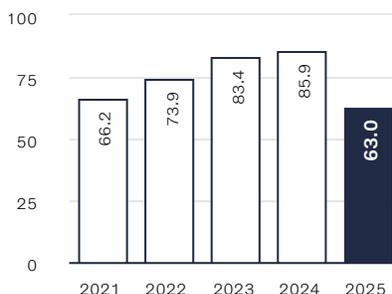
Operating margin for the Volvo Group, %



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

Outcome: In 2025, the operating margin amounted to 10.1% (12.6). In 2021–2025, the average operating margin was 11.2%. In 2025, the adjusted operating margin amounted to 10.7% (12.5). In 2021–2025, the average adjusted operating margin was 11.8%. For more information on adjusted operating margin, please see Key Ratios on page 216.

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



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

Outcome: At the end of 2025, the Industrial Operations had a net financial asset position of SEK 63.0 billion (85.9).

Return on equity in Financial Services, %



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

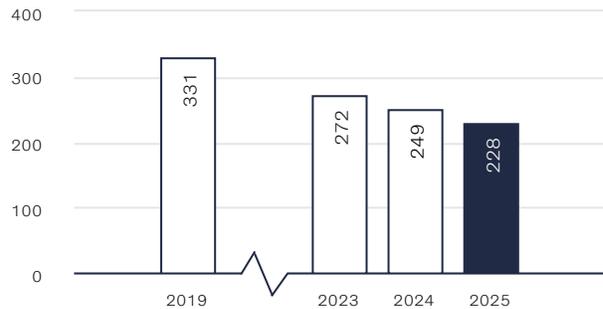
Outcome: In 2025, return on equity amounted to 10.4% (13.0) at an equity ratio of 10.0% (8.0). The equity ratio was raised to 10% in 2025 due to changes in the regulatory environment. In 2021–2025, the average return on equity was 10.8%. Excluding the divested operations in Russia and Belarus return on equity was 13.9% in 2023 and 15.4% in 2022. In 2021–2025, the average return on equity excluding Russia and Belarus was 13.2%.

Net-zero value chain 2040

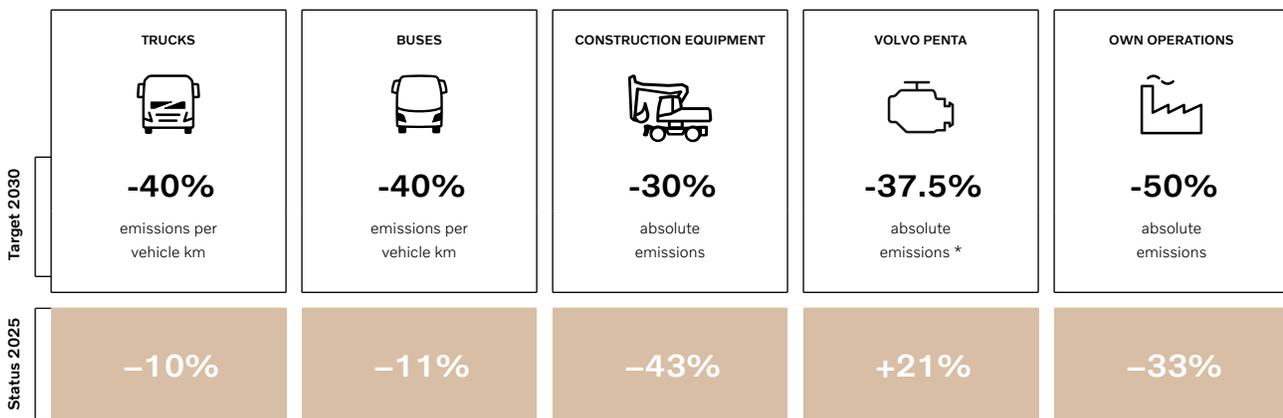
The Volvo Group aims to reach net-zero value chain greenhouse gas emissions by 2040. The pace of the transition towards net zero is slower than anticipated when the targets were established. Our ambitions, supporting the goals outlined in the Paris Agreement, remain, and we continue our efforts to reduce greenhouse gas emissions across our value chain.

A summary of the Group's targets is presented below, with detailed information in the Sustainability Statements on page 151.

Greenhouse gas (GHG) emissions from the use of sold products, Mton



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



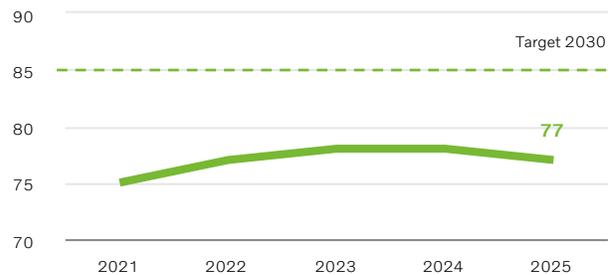
* Target 2034



Leading customer satisfaction for all brands

Volvo Group has leading customer satisfaction in many markets and segments. Satisfied customers are more likely to remain loyal and continue purchasing our products and services. This, in turn, translates into business growth and long-term revenues. Our ambition is to have the leading customer satisfaction for all brands and in all segments.

Volvo Group Engagement Rate



Striving for industry-leading employee engagement

At Volvo Group, the voices of employees are captured through Volvo Group Pulse, which connects employee experience to business performance and helps unleash the Group's full potential. Despite ongoing global uncertainties and internal changes, engagement within the workforce remained stable. In 2025, the engagement score stood at 77 (78), which reflects a strong and positive sentiment among employees regarding Volvo Group as an employer. With a consistently high response rate of 85%, it is clear that our colleagues trust that their voices are heard. By prioritizing engagement, we continue to foster a dynamic workplace that benefits both our employees and the organization.

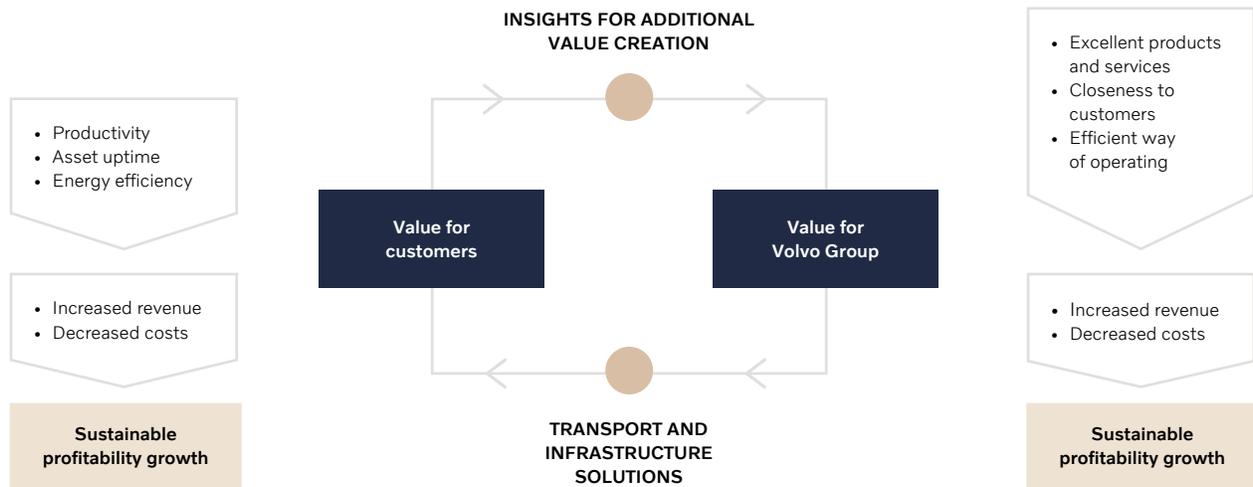
Creating prosperity for many stakeholders

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

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

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

Value creation



Customers

For our customers, uptime is everything. Regardless of whether a customer owns one single truck or a fleet of trucks, if they are a public transport provider or a coach owner, a construction entrepreneur, or a quarry owner, their performance depends on reliable products and services that meet the needs of their business. Around 2.1 million trucks and 70,000 buses, which the Group has manufactured in the last ten years, perform transport work worldwide. Construction equipment operates at sites all around the world, and we have delivered more than 700,000 machines over the last ten years. Vehicles, machines and related solutions are created to provide value in the form of productivity, safety and better environmental performance.

Shareholders

SEK 26.4 bn

The Volvo Group strives to generate value for its shareholders through a positive share price development and payout of dividends. From 2020 to 2025, the price of the Volvo B share rose by 84%. Shareholders normally receive a certain portion of the retained earnings in the form of a dividend, after consideration has been given to the Group's need for capital for continued development according to its strategies. In 2025, shareholders received dividends totaling SEK 37,619 M. To the 2026 AGM, the Board of Directors proposes an ordinary dividend of SEK 8.50 per share and an extra dividend of SEK 4.50 per share, in total SEK 26,435 M. Total return with dividends reinvested amounted to 171% for the B share in 2020-2025.

Employees

SEK 57.9 bn

The Group's 99,000 employees are our most important asset. Employee engagement and a performance culture based on customer success, trust and passion are critical for the Group to fulfill its mission. The Group strives to offer competitive employment terms and benefits as well as a stimulating, safe, and healthy work environment. In 2025, we paid SEK 57,872 M in salaries and remuneration.

Suppliers

SEK 328.1 bn

A solid supplier base and professional partnerships are essential for the Volvo Group. The Group provides both income and employment for a large number of companies and in many societies around the world. Purchased goods and services are the Volvo Group's single largest expense, and in 2025, we bought goods and services for SEK 328,093 M. We also strive to influence our supply chain partners to secure good employment conditions and by doing so help to fulfil our mission of driving prosperity.

Civil society

SEK 30.7 bn

Our products and services make societies function. Our customers operate bus lines so that people can get to work, they transport food and industrial goods, and they build infrastructure such as roads and hospitals. Furthermore, road transport directly creates millions of jobs around the world. We also contribute to the local economy by being a major employer in many communities, providing both direct and indirect employment. In 2025, the Group paid SEK 13,138 M in social costs, SEK 6,016 M in pension costs, and SEK 11,507 M in income taxes, in total SEK 30,661 M. We also pay customs duties as well as property and energy taxes.

Creditors

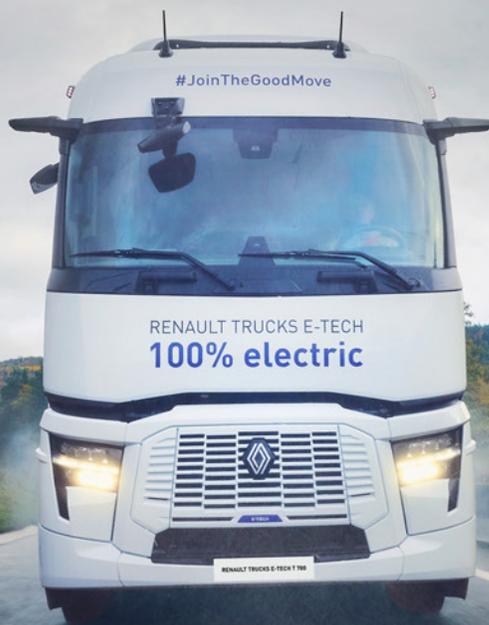
SEK 1.5 bn

A long-term competitive business requires access to capital to be able to invest. The Volvo Group strives to ensure that the capital is used in the best possible way and to assure debt providers with the financial strength to secure proceeds and repayment. In 2025, the Volvo Group paid its creditors SEK 1,458 M in interest.

Re-invested in Volvo Group

SEK 48.6 bn

A significant portion of generated capital is normally transferred back into the business. The capital is used for investments that will strengthen competitiveness and create long-term value for the Group and its stakeholders. In 2025, the Volvo Group invested SEK 30,268 M in R&D and another SEK 18,344 M in property, plant and equipment summing up to SEK 48,612 M.



Financial Statements

Ownership and legal form

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

Business activities

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

Events after the balance sheet date

No material events have occurred after the end of the financial year, except for what has been disclosed in section Important events, that are expected to have a material effect on the Volvo Group's financial statements.

Important events

2025 was a year with weaker demand in many of the Volvo Group's markets. At the same time, the Group's product renewal continued across the business areas with more efficient products and solutions that drive value for our customers.

Volvo Trucks launched Volvo VNR in North America

In March, Volvo Trucks launched a completely new Volvo VNR for the North American regional haul market. It is built on Volvo's all-new platform, making the new truck more fuel efficient, safer and more versatile. The launch of the new Volvo VNR marks the second truck model on the new platform, following the introduction of the new long-haul Volvo VNL model in early 2024. The new Volvo VNR features a 90% redesign versus its predecessor, including new efficient technologies and improved aerodynamics. This contributes to reducing fuel consumption and CO₂ emissions by up to 7.5% in the new Volvo VNR. Production of the new trucks at the New River Valley facility in Dublin, Virginia began at the beginning of 2026.



Mack Trucks all-new Mack Pioneer

In April, Mack Trucks unveiled the all-new Mack Pioneer, its new flagship highway truck. Available in the U.S. and Canada in multiple configurations, including day cabs, and short, medium and long sleeper options, the Pioneer meets the diverse needs of fleet owners and operators across all highway applications. Production of the Mack Pioneer started in August at the Lehigh Valley Operations manufacturing facility in Macungie, Pennsylvania.

Green Truck award for Volvo FH Aero

In March, Volvo's most fuel-efficient truck ever – the Volvo FH Aero – won the 2025 Green Truck award. The Volvo FH Aero offers a combination of good aerodynamics and an efficient powertrain, resulting in savings in fuel and CO₂ according to the independent test carried out in Germany.



Rollout of construction machines

In Q1, Volvo Construction Equipment (Volvo CE) continued to launch its strategic products related to its biggest launch year ever. The rollout of Volvo CE's new conventional product range continued with the launch of the A50 articulated hauler for the important North American market, alongside several local launches of the new range of excavators in Asian markets. Volvo CE also launched its new generation wheel loaders, designed for improved productivity, operator comfort and safety, starting with five models ranging in size from the L150 to the L260.

Furthermore, at the construction trade show Bauma in Germany in early April, Volvo CE showcased a groundbreaking all-electric lineup of excavators, wheel loaders, articulated haulers and compact equipment. Bauma also marked the unveiling of the world's first electric articulated haulers in the A30 and A40 size classes, which will reach selected customers in Europe in 2026.



Volvo Buses launched Volvo 7800 Electric

In March, Volvo Buses launched the new Volvo 7800 Electric in Mexico, the first electric articulated and bi-articulated bus manufactured in the country. The new electric bus is built on Volvo Buses' global electromobility platform Volvo BZR Electric, and it will evolve the Bus Rapid Transit systems in Mexico, creating a more efficient and sustainable people transport system.



Volvo Autonomous Solutions reached milestone

In May, Volvo Autonomous Solutions reached a major milestone in mining efficiency and productivity, successfully hauling over one million tonnes of limestone autonomously for customer Brønnøy Kalk in Norway. This achievement underscores the transformative impact of autonomous technology in the mining and quarrying industries.



Andrea Fuder passed away

On May 18, it was announced that Andrea Fuder, Chief Purchasing Officer and a member of the Volvo Group Executive Board since 2017, had passed away following a short illness. She led the global purchasing team and its ecosystem of supply partners through one of the most significant transformations the industry has seen, including navigating the pandemic, supply shortages and an increasingly volatile geopolitical landscape. Andrea Fuder was instrumental in driving the Volvo Group's transition towards more sustainable transport solutions.



Andrea Fuder

Volvo Group and Daimler Truck launched Coretura

In June, Volvo Group and Daimler Truck, two of the leaders in the commercial vehicle industry, announced the launch of Coretura, their joint venture aimed at transforming the commercial vehicle industry through a new software-defined vehicle platform and establishing a new industry standard. Coretura will enable Volvo Group, Daimler Truck, and other future customers to provide differentiating stand-alone digital vehicle applications for their products.



Volvo CE sold its stake in SDLG and acquired Swecon

In June, Volvo Construction Equipment (Volvo CE) made two significant announcements: the sale of its ownership stake in China-based SDLG (Shandong Lingong Construction Machinery Co) and the planned acquisition of retail partner Swecon.

Volvo CE decided to divest its entire 70% stake in SDLG for SEK 8 billion to a fund predominantly owned by Lingong Group, the minority owner in SDLG. Volvo CE will concentrate on offering Volvo-branded premium products and services to targeted customer segments in China. The transaction was completed on September 1.

Instead, Volvo CE agreed to acquire Swecon's operations in Sweden, Germany and the Baltics, including Entrack, for SEK 7 billion from Lantmännen. The acquisition encompasses the entire business scope in these markets, i.e., sales of products and services, rental operations, aftermarket services and support to customers, as well as offices, workshop facilities and 1,400 employees. The transaction was closed at the beginning of 2026. Volvo CE sees this as a strategic move to further invest in retail operations in key markets: Germany, which is Europe's largest construction equipment market, Sweden, Volvo CE's home market, as well as Estonia, Latvia and Lithuania. In addition to the already owned retail operations footprint, this acquisition means that Volvo CE own and manage the majority of the company's retail business in Europe, making retail core for Volvo CE in Europe.



Mack Trucks launched all-new Mack Anthem

In June, Mack Trucks launched the all-new Mack Anthem, a completely redesigned truck built for regional-haul applications, that delivers enhanced maneuverability, improved fuel efficiency and industry-leading driver comfort. The new Mack Anthem delivers up to 10% improvement in fuel efficiency compared with the previous model, a significant advantage for fleets looking to reduce operating costs. Production of the new truck began in January 2026.



Changes to the Volvo Group Executive Board

In June, it was announced that Lars Stenqvist, member of the Volvo Group Executive Board and Group Chief Technology Officer, had decided to step down from his role after nine years of service and continue in the Group as a senior leader. On September 1, he was replaced by Jens Holtinger, member of the Executive Board and former Executive Vice President Group Trucks Operations.



Jens Holtinger



Expansion of excavator production

In June, Volvo Construction Equipment (Volvo CE) announced a strategic global investment in crawler excavator production at three key Volvo CE locations to meet growing customer demands, mitigate supply chain risks through localized production and reduce reliance on long-distance logistics. The investment of approximately SEK 2.5 billion will focus on three main production sites: the current factory in Changwon, South Korea, and new production facilities in Eskilstuna, Sweden, and Shippensburg, USA.

Top scores in Euro NCAP

In September, Volvo Trucks again received the maximum 5-star safety rating for its heavy-duty trucks from the European consumer test organization Euro NCAP. Both the Volvo FH Aero 6x2 and the Volvo FM 6x2 scored top results in the 2025 rating. Renault Trucks T confirmed its high safety performance by keeping its 4-star rating. All models were awarded the CitySafe label, which recognizes vehicles best equipped for urban driving and for the protection of vulnerable road users.

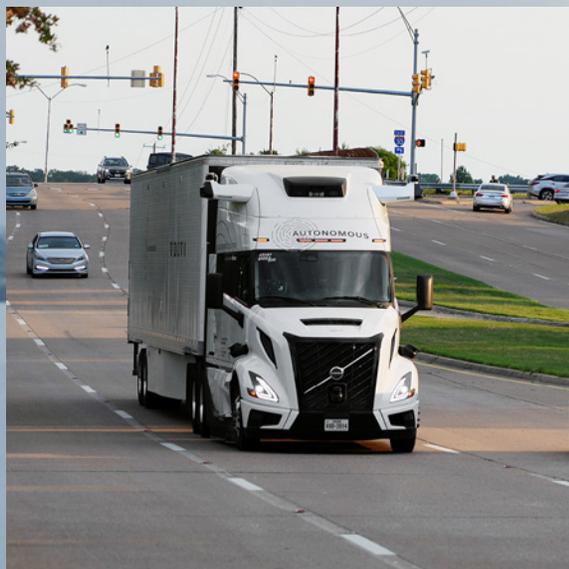


Battery capacity
of up to
720 kWh



Volvo Buses launched a new electric coach chassis

In September, Volvo Buses launched a new electric coach chassis with an industry-leading battery capacity of up to 720 kWh and an operating range of up to 700 km, expanding the modular BZR Electric platform to also include coach applications. This is an electric coach chassis capable of longer journeys with fewer charging stops and greater operational versatility – enabling long interregional routes that were previously not viable for electric coaches. The coach chassis is offered with bodies from various bodybuilders, tailored to market and customer needs.



Volvo Autonomous Solutions

Volvo Autonomous Solutions and Waabi demonstrated the future of autonomous trucking

In October, Volvo Autonomous Solutions and Waabi, a leader in physical AI, reached a major milestone in autonomous trucking by successfully integrating the Waabi Driver with the Volvo VNL Autonomous. This joint achievement underscores the significant progress both companies are making together in advancing autonomous freight. With this integration complete, both companies are now focused on delivering an autonomous solution that is safe and supports broad commercial deployment.



Waabi Driver

Changes to the Volvo Group Executive Board and Renault Trucks management team

On October 1, it was announced that after ten years of service, Bruno Blin, had decided to step down from his role as a member of the Volvo Group Executive Board and President Renault Trucks. On November 1, he was replaced by Antoine Duclaux, previously Senior Vice President Renault Trucks International.



Antoine Duclaux

A range of 600 km: Renault Trucks unveiled its long-distance electric trucks

In November, Renault Trucks unveiled new versions of the Renault Trucks E-Tech T: the Renault Trucks E-Tech T 585 and the Renault Trucks E-Tech T 780, which can travel 600 km on a single charge. Designed to meet haulers' specific needs, the Renault Trucks E-Tech T 780 is focused on range and the Renault Trucks E-Tech T 585 on payload, while the Renault Trucks E-Tech T 540 4x2 remains dedicated to regional distribution. The increased range has been achieved by integrating an electric axle. The E-axle enables all parts of the powertrain – electric motors and transmission – to be grouped at the vehicle's rear. This architecture frees up space between the side members to accommodate additional battery packs.



Volvo Group, Renault Group and CMA-CGM in agreement on strategic change for Flexis

On February 23, 2026, it was announced that Volvo Group, Renault Group and CMA-CGM had made an agreement to make a strategic change to the business model of Flexis. Renault will buy Volvo's 45 % ownership and CMA-CGM's 10% in Flexis S.A.S. Volvo Group, through Renault Trucks, will remain a partner and investor in the project and will distribute Flexis developed products from 2027. This change will align with the current successful business model between Renault Group and

Renault Trucks for Renault branded light commercial vehicles. The transaction has no material impact on the Volvo Group earnings. In October 2023, Renault, Volvo and CMA-CGM joined forces to lead the market with an all-new generation of fully electric vans and associated services built around a Software Defined Vehicle platform and a wide ecosystem of customized solutions. The agreement is subject to regulatory approval.

Financial performance – solid earnings on lower volumes

For the Volvo Group, 2025 was a year of lower market demand as the cyclical downturn that began in 2024 continued in many markets.

CONSOLIDATED INCOME STATEMENT									
SEK M	Note	Industrial Operations		Financial Services		Eliminations		Volvo Group	
		2025	2024	2025	2024	2025	2024	2025	2024
Net sales	6, 7	457,509	504,975	26,469	26,982	-4,795	-5,140	479,183	526,816
Cost of sales		-349,251	-369,672	-18,116	-18,606	5,054	5,512	-362,314	-382,767
Gross income		108,258	135,303	8,353	8,375	258	371	116,869	144,049
Research and development expenses		-26,242	-30,957	–	–	–	–	-26,242	-30,957
Selling expenses		-29,645	-31,245	-3,175	-3,443	–	–	-32,820	-34,688
Administrative expenses		-7,213	-7,784	-16	-17	–	–	-7,229	-7,801
Other operating income and expenses	8	874	-971	-1,304	-873	–	–	-430	-1,844
Income/loss from investments in joint ventures and associated companies	5,6	-1,630	-2,166	–	–	–	–	-1,630	-2,166
Income/loss from other investments		-24	18	12	–	–	–	-12	18
Operating income		44,379	62,198	3,869	4,042	258	371	48,506	66,611
Interest income and similar credits		2,167	3,060	–	–	-258	-371	1,909	2,688
Interest expenses and similar charges		-1,819	-1,592	–	–	–	–	-1,819	-1,592
Other financial income and expenses	9	-1,204	-497	–	–	–	–	-1,204	-497
Income after financial items		43,522	63,168	3,869	4,042	–	–	47,391	67,210
Income taxes	10	-11,669	-15,542	-1,016	-1,092	–	–	-12,685	-16,634
Income for the period *		31,853	47,626	2,853	2,949	–	–	34,707	50,576
* Attributable to:									
Owners of AB Volvo								34,456	50,389
Non-controlling interest								251	186
Basic earnings per share, SEK	19							16.94	24.78
Diluted earnings per share, SEK	19							16.94	24.78

OTHER COMPREHENSIVE INCOME				
SEK M	Note	2025	2024	
Income for the period		34,707	50,576	
<i>Items that will not be reclassified to income statement:</i>				
Remeasurements of defined benefit pension plans ¹	20	2,433	-842	
Remeasurements of holding of shares at fair value		-17	13	
Share of other comprehensive income related to joint ventures and associated companies ¹		21	-28	
<i>Items that may be reclassified subsequently to income statement:</i>				
Exchange rate changes on translation of foreign operations ¹		-14,316	3,884	
Share of other comprehensive income related to joint ventures and associated companies ¹		-18	-33	
Accumulated exchange rate changes reversed to income		-964	-423	
Other comprehensive income for the period, net of income tax		-12,861	2,572	
Total comprehensive income for the period *		21,846	53,147	
* Attributable to:				
Owners of AB Volvo		22,006	52,755	
Non-controlling interest		-160	393	

¹ As of 2025, share of OCI related to joint ventures and associated companies has been reclassified between exchange rate changes on translation of foreign operations and remeasurements of defined benefit pension plans. The comparative figures in the financial statements for 2024 have been restated accordingly, with no net impact on other comprehensive income.

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Net sales

During 2025, net sales decreased by 9% to SEK 479.2 billion (526.8). Adjusted for currency movements and the divestment of Shandong Lingong Construction Machinery Co (SDLG), the decrease was 2%. The cyclical downturn that began in many markets in 2024 continued, with lower volumes of new vehicles and machines as a result. Adjusted for currency, sales of vehicles were 4% lower than in 2024. The decrease was in Trucks and Group Functions & Other, while net sales increased in Construction Equipment, Buses and Volvo Penta. Net sales decreased in all regions except Asia, Africa and Oceania. The underlying development in the service business remained good, with service sales growing by 2% adjusted for currency.

The Truck business' net sales for vehicles decreased by 7% adjusted for currency movements, driven by lower deliveries for new trucks, while service sales increased by 3% adjusted for currency movements. For Construction Equipment, net sales increased by 4% adjusted for currency movements and the divestment of SDLG, thanks to an increase in volumes in Europe and Asia whereas they decreased in North America. Buses' net sales increased by 10% adjusted for currency movements, primarily driven by a strong demand for coaches. Net sales for Volvo Penta increased by 9%, adjusted for currency movements, driven by good volumes for both engines and services. Net sales decreased by 11 % in Group Functions & Other adjusted for currency movements and the divestment of Arquus in 2024.

In 2025, the Volvo Group did not have any sales of defense material as defined in the Swedish Military Equipment Ordinance (1992:1303) section A, compared with 0.36% of net sales in 2024. This is the consequence of the divestment of Arquus in 2024.

Net sales by operating segment			
SEK M	2025	2024	%
Trucks	323,463	360,610	-10
Construction Equipment	81,641	88,305	-8
Buses	25,072	24,544	2
Volvo Penta	20,597	19,852	4
Group Functions & Other	11,481	16,548	-31
Eliminations	-4,746	-4,883	-
Industrial Operations	457,509	504,975	-9
Financial Services	26,469	26,982	-2
Reclassification and eliminations	-4,795	-5,140	-
Volvo Group¹	479,183	526,816	-9

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

Net sales by geographical region			
SEK M	2025	2024	%
Europe	206,455	216,270	-5
North America	140,619	162,370	-13
South America	46,437	56,559	-18
Asia	55,163	58,773	-6
Africa and Oceania	30,509	32,843	-7
Volvo Group	479,183	526,816	-9
Of which:			
Vehicles	355,167	397,193	-11
Services	124,016	129,624	-4

Operating income

In 2025, the Volvo Group's adjusted operating income amounted to SEK 51.2 billion (65.7), excluding a total negative effect of SEK 2.7 billion relating to items of a one-time character, not directly linked to the underlying business operations. Adjusted operating income in 2024 excluded a total positive impact of SEK 0.9 billion. For information on adjustments, see Key Ratios on page 216. The adjusted operating margin amounted to 10.7% (12.5).

In 2025, lower sales volumes remained in many markets. At the same time the Volvo Group's product renewal continued across all business areas with more efficient products and solutions that drive value for the customers. Compared with 2024, the decreased adjusted operating income was an effect of lower volumes, a negative brand and market mix, increased tariff and material costs as well as under absorption in the US manufacturing system, which were partly offset by an improved service business, lower operating expenses and better joint venture performance.

Reported operating income amounted to SEK 48.5 billion (66.6).



Adjusted operating income by operating segment			
SEK M	2025	2024	
Trucks	31,730	45,826	
Construction Equipment	10,856	12,737	
Buses	2,272	2,233	
Volvo Penta	3,590	3,419	
Group Functions & Other	-1,446	-2,943	
Eliminations	41	32	
Industrial Operations	47,043	61,305	
Financial Services	3,916	4,042	
Reclassification and eliminations	258	371	
Volvo Group adjusted operating income	51,218	65,718	
Adjustments ¹	-2,712	893	
Volvo Group operating income	48,506	66,611	

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

Adjusted operating margin			
%	2025	2024	
Trucks	9.8	12.7	
Construction Equipment	13.3	14.4	
Buses	9.1	9.1	
Volvo Penta	17.4	17.2	
Industrial Operations	10.3	12.1	
Volvo Group adjusted operating margin	10.7	12.5	
Volvo Group operating margin	10.1	12.6	

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Change in operating income, Volvo Group			
SEK bn	Change (excluding currency)	Currency impact	Total
Operating income 2024			66.6
Change in gross income ¹			
Industrial Operations	-19.2	-7.8	-27.0
Change in gross income Financial Services	0.6	-0.6	-
Higher credit losses	-0.5	-	-0.5
Sale of tangible and intangible assets	-0.1	-	-0.1
Divestments of Group companies ²	1.6	-	1.6
Lower research and development expenses	4.4	0.3	4.7
Lower selling and administrative expenses	0.7	1.8	2.4
Income from investments in joint ventures, associated companies and other investments	0.5	-	0.5
Lower damages and litigation expenses	0.2	-	0.2
Restructuring expenses ³	-0.6	-	-0.6
Other	0.5	0.1	0.7
Operating income 2025	-11.9	-6.2	48.5

1 Includes a total negative impact of SEK 4,512 M related to battery electric products.

2 In 2025, the Volvo Group divested its ownership in SDLG. The transaction had a positive impact of SEK 0.8 billion on operating income. Furthermore, the divestment of 50% of the shares in Coretura to Daimler Trucks, together with the remeasurement of the remaining shares to fair value, generated a positive impact of SEK 1.0 billion on operating income.

In 2024, Arqus was divested and a partial reversal of the previous impairment improved the operating income by SEK 0,2 billion.

3 During 2024, SEK 0.6 billion was released from restructuring provisions recognized in 2023.

Impact of exchange rates on operating income, Volvo Group, compared with preceding year	
SEK M	
Net sales ¹	-29,595
Cost of sales	21,152
Research and development expenses	330
Selling and administrative expenses	1,755
Other	144
Total effect of changes in exchange rates on operating income	-6,214

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

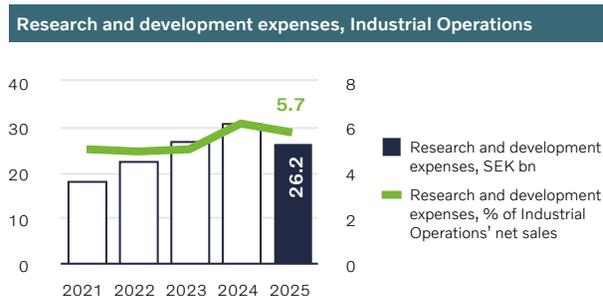
Impact of exchange rates on operating income

In 2025, changes in exchange rates compared with 2024 impacted the Volvo Group's operating income by SEK -6.2 billion. The impact was related to net flows in foreign currency by SEK -4.0 billion, translation of operating income in foreign subsidiaries by SEK -2.5 billion and revaluation of receivables and liabilities of SEK 0.3 billion. The negative impact of exchange rates on operating income is mainly explained by a strengthening SEK against key currencies.

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

Expenses by nature, Volvo Group		
SEK M	2025	2024
Material cost (freight, distribution, warranty) and purchased services	283,963	308,046
Personnel	77,026	79,176
Amortization/depreciation	23,486	22,548
Other	44,130	46,442
Total	428,605	456,213

Key operating ratios, Industrial Operations		
%	2025	2024
Gross margin	23.7	26.8
Research and development expenses as % of net sales	5.7	6.1
Selling expenses as % of net sales	6.5	6.2
Administrative expenses as % of net sales	1.6	1.5
Operating margin	9.7	12.3



Net financial items

In 2025, interest income were lower compared with the previous year and amounted to SEK 1.9 billion (2.7). The change is mainly due to the decrease in net financial assets. Interest expenses were on par with the previous year and amounted to SEK -1.8 billion (-1.6). Other financial income and expenses amounted to SEK -1.2 billion (-0.5). The change compared with 2024 was primarily due to revaluation effects on financial assets and liabilities.

Read more in Note 9 Other financial income and expenses.

Income taxes

The tax expense for the year amounted to SEK 12.7 billion (16.6) corresponding to an effective tax rate of 26.8% (24.7). The higher tax rate is mainly related to the taxable gain from the sale of the SDLG shares in China. Excluding the SDLG divestment, the effective tax rate was 23.2%.

Income for the period and earnings per share

In 2025, income for the period amounted to SEK 34.7 billion (50.6). Earnings per share and diluted earnings per share amounted to SEK 16.94 (24.78).

Continued strong financial position

In 2025, the Volvo Group continued to invest in transformational technologies and distributed SEK 37.6 billion to its shareholders while maintaining a solid financial position.

CONSOLIDATED BALANCE SHEET – ASSETS									
SEK M	Note	Industrial Operations		Financial Services		Eliminations		Volvo Group	
		Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Non-current assets									
<i>Intangible assets</i>									
	12								
Goodwill		23,659	25,143	–	–	–	–	23,659	25,143
Other intangible assets		22,769	19,046	132	151	–	–	22,901	19,197
<i>Tangible assets</i>									
	13								
Property, plant and equipment		83,758	79,571	70	58	–	–	83,829	79,629
Assets under operating leases		36,072	37,226	20,563	22,276	-16,150	-14,000	40,485	45,501
<i>Financial assets</i>									
Investments in joint ventures and associated companies	5	21,111	22,496	–	–	–	–	21,111	22,496
Other shares and participations	5	1,080	1,089	27	18	–	–	1,106	1,107
Non-current customer-financing receivables	15	936	1,533	126,597	134,969	-1,397	-1,897	126,136	134,605
Net pension assets	20	1,828	2,115	–	–	–	–	1,828	2,115
Non-current interest-bearing receivables	16	5,619	4,969	1,605	–	-1,605	-1,505	5,619	3,464
Other non-current receivables	16	3,412	7,018	373	322	-187	-220	3,597	7,120
Deferred tax assets	10	11,502	13,889	1,247	1,989	–	–	12,749	15,878
Total non-current assets		211,745	214,094	150,614	159,784	-19,340	-17,623	343,019	356,254
Current assets									
Inventories	17	65,104	77,121	858	1,238	–	–	65,963	78,359
<i>Current receivables</i>									
Customer-financing receivables	15	569	923	108,519	123,160	-1,126	-1,406	107,962	122,677
Tax assets	16	3,113	2,277	1,008	1,214	–	–	4,121	3,491
Interest-bearing receivables	16	2,843	4,256	–	–	-13	-18	2,829	4,238
Internal funding		372	9,463	–	–	-372	-9,463	–	–
Accounts receivables	16	29,333	40,005	1,900	1,767	–	–	31,232	41,772
Other receivables	16	20,366	22,441	4,134	3,796	-4,539	-4,234	19,960	22,003
Marketable securities	18	142	218	–	–	–	–	142	218
Cash and cash equivalents	18	67,875	80,505	7,666	6,872	-2,180	-2,206	73,361	85,171
Assets held for sale	3	–	381	–	–	–	–	–	381
Total current assets		189,716	237,590	124,085	138,047	-8,231	-17,328	305,570	358,309
Total assets		401,461	451,684	274,699	297,830	-27,571	-34,950	648,590	714,564

Balance sheet

In 2025, total assets in the Volvo Group decreased by SEK 66.0 billion compared with year-end 2024. Adjusted for currency movements, total assets decreased by SEK 4.8 billion. The currency adjusted decrease was mainly an effect of a decrease in cash and cash equivalents, accounts receivables and inventories, which was partly offset by increased investments in tangible and intangible assets.

Investments in joint ventures and associated companies amounted to SEK 21.1 billion as of December 31, 2025, a decrease of SEK 1.4 billion compared with year-end 2024.

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

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CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES									
SEK M	Note	Industrial Operations		Financial Services		Eliminations		Volvo Group	
		Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Equity									
Equity attributable to owners of AB Volvo	19	150,931	170,218	27,464	23,831	–	–	178,395	194,049
Non-controlling interest	11	83	3,312	–	–	–	–	83	3,312
Total equity		151,013	173,530	27,464	23,831	–	–	178,477	197,361
<i>Non-current provisions</i>									
Provisions for post-employment benefits	20	8,604	12,606	65	99	–	–	8,669	12,706
Other provisions	21	10,161	12,243	61	51	–	–	10,222	12,293
Total non-current provisions		18,765	24,849	125	150	–	–	18,891	24,999
<i>Non-current liabilities</i>									
Bond loans	22	82,620	109,031	–	–	–	–	82,620	109,031
Other loans	22	29,240	29,783	26,380	22,602	-1,005	-1,561	54,614	50,824
Internal funding		-102,075	-126,063	99,783	113,733	2,292	12,330	–	–
Deferred tax liabilities	10	3,573	2,483	1,635	2,295	–	–	5,208	4,778
Other liabilities	22	52,584	54,411	1,867	1,762	-11,584	-9,591	42,867	46,583
Total non-current liabilities		65,941	69,645	129,665	140,393	-10,297	1,178	185,309	211,216
Current provisions	21	14,939	19,653	100	37	–	–	15,039	19,690
<i>Current liabilities</i>									
Bond loans	22	64,960	45,460	–	–	–	–	64,960	45,460
Other loans	22	31,088	44,698	15,413	14,507	-635	-912	45,866	58,292
Internal funding		-84,161	-81,228	91,507	107,718	-7,345	-26,490	–	–
Trade payables	22	67,265	77,607	701	920	–	–	67,966	78,527
Tax liabilities	22	2,721	1,916	974	1,194	–	–	3,695	3,111
Other liabilities	22	68,930	75,540	8,751	9,082	-9,293	-8,726	68,388	75,896
Liabilities held for sale	3	–	13	–	–	–	–	–	13
Total current liabilities		150,802	164,006	117,346	133,420	-17,273	-36,129	250,874	261,298
Total equity and liabilities		401,461	451,684	274,699	297,830	-27,571	-34,950	648,590	714,564

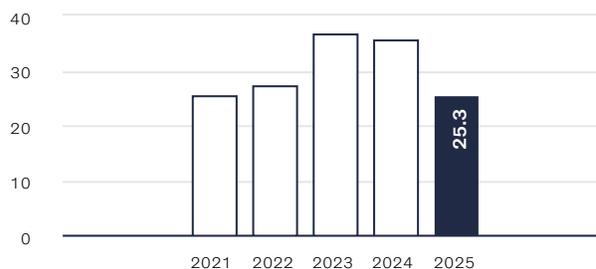
The net value of assets and liabilities related to pensions and similar obligations amounted to a liability of SEK 6.8 billion as of December 31, 2025, a decrease of SEK 3.8 billion compared with year-end 2024.

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

On December 31, 2025, total equity for the Volvo Group amounted to SEK 178.5 billion compared with SEK 197.4 billion at year-end 2024. The equity ratio was 27.5% (27.6). On the same date, the equity ratio in the Industrial Operations amounted to 37.6% (38.4). Return on capital employed in Industrial Operations amounted to 25.3% (35.8).

The Volvo Group's balance sheet is presented per segment, where Volvo Group Treasury is part of Industrial Operations. The credit portfolio in Financial Services is funded both through external loans in Financial Services and through internal funding from Volvo Group Treasury. The internal lending from Volvo Group Treasury to Financial Services is presented in the balance sheet as internal funding on the liabilities side when it is funded by external loans and on the asset side when it is funded by cash in Industrial Operations.

Return on capital employed, Industrial Operations %



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Net financial position excl. post-employment benefits and lease liabilities				
SEK M	Industrial Operations		Volvo Group	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
<i>Non-current interest-bearing assets</i>				
Non-current customer-financing receivables	–	–	126,136	134,605
Non-current interest-bearing receivables	5,619	4,969	5,619	3,464
<i>Current interest-bearing assets</i>				
Customer-financing receivables	–	–	107,962	122,677
Interest-bearing receivables	2,843	4,256	2,829	4,238
Internal funding	372	9,463	–	–
Marketable securities	142	218	142	218
Cash and cash equivalents	67,875	80,505	73,361	85,171
Assets held for sale	–	–	–	–
Total interest-bearing financial assets	76,851	99,411	316,050	350,372
<i>Non-current interest-bearing liabilities</i>				
Bond loans	-82,620	-109,031	-82,620	-109,031
Other loans	-23,448	-23,759	-48,753	-44,880
Internal funding	102,075	126,063	–	–
<i>Current interest-bearing liabilities</i>				
Bond loans	-64,960	-45,460	-64,960	-45,460
Other loans	-29,020	-42,581	-43,754	-56,187
Internal funding	84,161	81,228	–	–
Liabilities held for sale	–	–	–	–
Total interest-bearing financial liabilities excl. post-employment benefits and lease liabilities	-13,811	-13,540	-240,086	-255,558
Net financial position excl. post-employment benefits and lease liabilities	63,040	85,871	75,963	94,814

Provisions for post-employment benefits and lease liabilities, net				
SEK M	Industrial Operations		Volvo Group	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Non-current lease liabilities	-5,792	-6,024	-5,862	-5,944
Current lease liabilities	-2,067	-2,117	-2,111	-2,104
Provisions for post-employment benefits, net	-6,776	-10,492	-6,841	-10,591
Liabilities held for sale	–	–	–	–
Provisions for post-employment benefits and lease liabilities, net	-14,635	-18,633	-14,814	-18,640

Net financial position incl. post-employment benefits and lease liabilities				
SEK M	Industrial Operations		Volvo Group	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Net financial position excl. post-employment benefits and lease liabilities	63,040	85,871	75,963	94,814
Provisions for post-employment benefits and lease liabilities, net	-14,635	-18,633	-14,814	-18,640
Net financial position incl. post-employment benefits and lease liabilities	48,405	67,238	61,149	76,174

Net financial position

In 2025, net financial assets in Industrial Operations, excluding provisions for post-employment benefits and lease liabilities, decreased by SEK 22.8 billion, resulting in a net financial asset position of SEK 63.0 billion on December 31, 2025. The change was mainly explained by a positive operating cash flow of SEK 21.8 billion, offset by the dividend paid to AB Volvo shareholders of SEK 37.6 billion. Currency movements decreased net financial assets by SEK 3.7 billion.

Including provisions for post-employment benefits and lease liabilities, the Industrial Operations net financial assets amounted to SEK 48.4 billion on December 31, 2025. During 2025, provisions for post-employment benefits and lease liabilities decreased by SEK 4.0 billion. This was mainly related to positive remeasurements of post-employment benefits of SEK 3.0 billion.

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

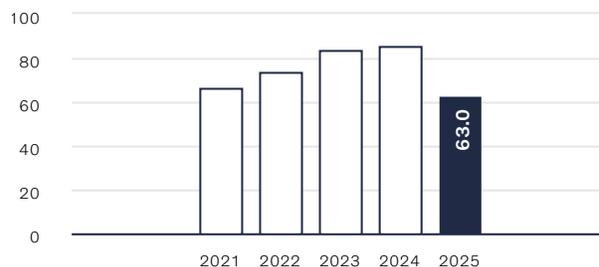
Changes in net financial position, Industrial Operations		
SEK bn	2025	2024
Net financial position excl. post-employment benefits and lease liabilities at the end of previous period	85.9	83.4
Operating cash flow	21.8	45.3
Investments and divestments of shares, net	-2.1	-4.9
Acquired and divested operations, net	4.9	-0.6
Capital injections to/from Financial Services	-3.1	0.4
Currency effect	-3.7	1.4
Dividend to owners of AB Volvo	-37.6	-36.6
Dividend to non-controlling interest	-	-
Other changes	-3.0	-2.4
Net financial position excl. post-employment benefits and lease liabilities at the end of period	63.0	85.9
Provisions for post-employment benefits and lease liabilities at the end of previous period	-18.6	-16.7
Pension payments, included in operating cash flow	1.8	1.8
Remeasurements of defined post-employment benefits	3.0	-1.2
Service costs and other pension costs	-1.3	-1.3
Investments, remeasurements and amortizations of lease contracts	-0.4	-0.5
Transfer pensions and lease liabilities to divested entities	-0.3	0.3
Currency effect	1.3	-0.6
Other changes	-	-0.5
Provisions for post-employment benefits and lease liabilities at the end of period	-14.6	-18.6
Net financial position incl. post-employment benefits and lease liabilities at the end of period	48.4	67.2

The Volvo Group's cash and cash equivalents amounted to SEK 73.4 billion on December 31, 2025, compared with SEK 85.2 billion on December 31, 2024. In addition, granted but unutilized credit facilities amounted to SEK 61.2 billion (58.7) on December 31, 2025. Cash and cash equivalents included SEK 1.1 (2.3) billion that is not available to use by the Volvo Group and SEK 7.5 (9.6) billion where other limitations exist, mainly liquid funds in countries where exchange controls or other legal restrictions apply.

[Read more in Note 18](#) Cash and cash equivalents.

[Read more in Note 22](#) Liabilities, regarding the maturity structure on credit facilities.

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



Lower operating cash flow

The Industrial Operations generated an operating cash flow of SEK 21.8 billion, which was lower compared with the previous year.

CONSOLIDATED CASH FLOW STATEMENT									
SEK M	Note	Industrial Operations		Financial Services		Eliminations		Volvo Group	
		2025	2024	2025	2024	2025	2024	2025	2024
Operating activities									
Operating income		44,379	62,198	3,869	4,042	258	371	48,506	66,611
Amortization and impairment intangible assets	12	3,984	4,113	36	41	–	–	4,020	4,153
Depreciation and impairment tangible assets	13	10,393	9,161	32	26	–	–	10,425	9,187
Depreciation and impairment leasing vehicles	13	4,196	4,105	4,845	5,103	–	–	9,041	9,208
Other non-cash items	29	305	1,667	1,631	1,090	–	–	1,935	2,757
Total change in working capital whereof		-5,879	-2,405	-10,850	-25,652	-362	-241	-17,092	-28,298
<i>Change in accounts receivables</i>		-2,118	3,933	-171	76	–	–	-2,289	4,009
<i>Change in customer-financing receivables</i>		211	121	-5,812	-19,352	-302	-136	-5,902	-19,367
<i>Change in inventories</i>		1,347	2,570	246	-358	–	–	1,593	2,212
<i>Change in trade payables</i>		2,718	-6,564	-154	-215	–	–	2,563	-6,778
<i>Change in vehicles on operating lease and assets for service solutions</i>		-1,345	-857	-4,951	-5,143	3	61	-6,293	-5,939
<i>Other changes in working capital</i>		-6,692	-1,609	-8	-660	-63	-166	-6,763	-2,435
Dividends received from joint ventures and associated companies		203	168	–	–	–	–	203	168
Interest and similar items received		2,183	3,122	–	–	-263	-371	1,920	2,750
Interest and similar items paid		-1,444	-1,258	–	–	-14	14	-1,458	-1,244
Other financial items		-398	-410	–	–	–	–	-398	-410
Income taxes paid		-10,658	-17,319	-849	-1,120	–	–	-11,507	-18,439
Cash flow from operating activities		47,263	63,141	-1,286	-16,471	-381	-226	45,595	46,444
Investing activities									
Investments in intangible assets		-7,739	-4,416	-48	-77	–	–	-7,786	-4,493
Investments in tangible assets		-18,341	-13,889	-3	-3	–	–	-18,344	-13,892
Disposals of in-/tangible assets		654	460	16	21	–	–	670	481
Operating cash flow		21,837	45,295	-1,320	-16,529	-381	-226	20,135	28,540
Investments of shares	5							-2,137	-4,905
Divestment of shares	5							–	16
Acquired operations	3							-798	-3,006
Divested operations	3							1,639	2,371
Interest-bearing receivables incl. marketable securities, net								-722	-709
Cash flow after net investments								18,118	22,306
Financing activities									
New borrowings	29							467,562	342,066
Repayment of borrowings	29							-455,247	-327,245
Dividend to owners of AB Volvo	19							-37,619	-36,602
Dividend to non-controlling interest								-10	-16
Other								-73	-74
Change in cash and cash equivalents excl. exchange rate changes								-7,269	435
Effect of exchange rate changes on cash and cash equivalents								-4,541	1,410
Change in cash and cash equivalents								-11,810	1,845
Cash and cash equivalents, beginning of period	18							85,171	83,326
Cash and cash equivalents, end of period	18							73,361	85,171

Operating cash flow

In 2025, operating cash flow in the Industrial Operations amounted to SEK 21.8 billion (45.3). The lower operating cash flow compared with 2024 is primarily an effect of lower operating income and higher investments in tangible and intangible assets.

Operating cash flow in Financial Services was negative in an amount of SEK 1.3 billion (-16.5). The change compared with 2024 was mainly due to a lower increase in new business volume in the credit portfolio.

Investments and disposals

The Industrial Operations' investments in tangible and intangible assets during 2025 amounted to SEK 26.1 billion (18.3).

Trucks' investments in tangible and intangible assets amounted to SEK 22.5 billion (14.4). The major investments were related to the construction of a production facility in Mexico, product upgrades and the development of battery-electric trucks, with both product development activities and required adaptations in the plants and new test facilities in Sweden. Investments in dealer networks and workshops were mainly related to upgrades and optimization, primarily in Europe.

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

The investments in Buses were SEK 0.6 billion (0.5) and in Volvo Penta SEK 1.0 billion (0.9).

The investment level in property, plant and equipment during 2025 was higher than the prior year. During 2026, investments in property, plant and equipment are expected to continue to be on high levels. Product-related investments and replacements, as well as optimization of the industrial footprint, including the completion of the new production facility in Mexico, are expected to be the main areas.

Investments and divestments of shares

In 2025, investments and divestments of shares had a negative impact on cash flow of SEK 2.1 billion (-4.9), mainly due to capital injections to joint ventures.

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

Acquired and divested operations

In 2025, acquired and divested operations had a net positive impact on cash flow of SEK 0.8 billion (-0.6), mainly due to the divestment of SDLG.

Read more in Note 3 Acquisitions and divestments of operations.

Financing and dividend

In 2025, net borrowings increased by SEK 12.3 billion, mainly due to increased business volume in the credit portfolio.

During 2025, dividends in a total of SEK 37.6 billion (36.6) were paid. These consisted of an ordinary dividend of SEK 8.00 per share and an extra dividend of SEK 10.50 per share.

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

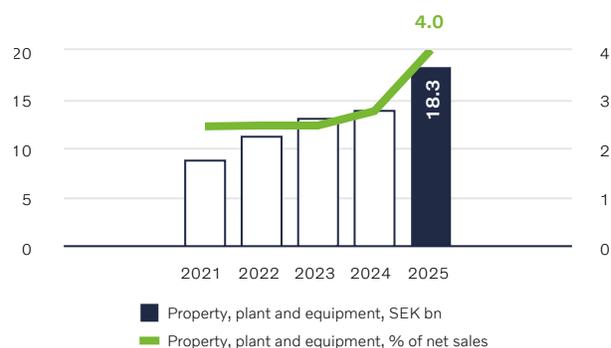
Change in cash and cash equivalents

In 2025, cash and cash equivalents decreased by SEK 11.8 billion and amounted to SEK 73.4 billion on December 31, 2025.

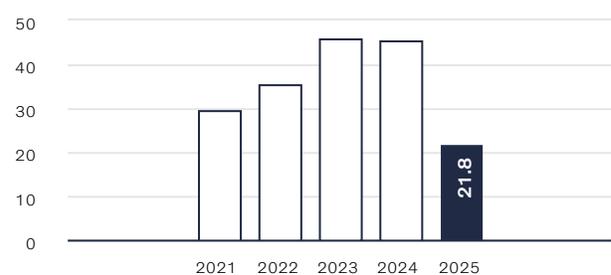
Read more in Note 18 Cash and cash equivalents regarding the accounting policy.

Read more in Note 29 Cash flow regarding principles for preparing the cash flow statement.

Investments in property, plant and equipment, Industrial Operations



Operating cash flow, Industrial Operations, SEK bn



Changes in equity

CHANGES IN CONSOLIDATED EQUITY									
SEK M	Equity attributable to owners of AB Volvo						Total	Non-controlling interest	Total equity
	Share capital	Retained earnings	Investments in equity instruments	Defined benefit plans	Share of OCI in joint ventures and associates	Translation of foreign operations			
Equity December 31, 2023	2,562	168,969	-21	-5,137	85	11,333	177,791	2,948	180,739
<i>Total comprehensive income for the period</i>									
Income for the period	-	50,389	-	-	-	-	50,389	186	50,576
Other comprehensive income ¹	-	-	13	-842	-60	3,255	2,365	206	2,572
Total comprehensive income for the period	-	50,389	13	-842	-60	3,255	52,755	393	53,147
<i>Transactions with shareholders</i>									
Dividends	-	-36,602	-	-	-	-	-36,602	-16	-36,618
Changes in non-controlling interest	-	-	-	-	-	-	-	-21	-21
Other changes	-	87	-	22	6	-9	106	8	114
Transactions with shareholders	-	-36,516	-	22	6	-9	-36,497	-28	-36,525
Equity December 31, 2024	2,562	182,842	-8	-5,957	31	14,579	194,049	3,312	197,361
<i>Total comprehensive income for the period</i>									
Income for the period	-	34,456	-	-	-	-	34,456	251	34,707
Other comprehensive income	-	-	-17	2,433	3	-14,869	-12,450	-411	-12,861
Total comprehensive income for the period	-	34,456	-17	2,433	3	-14,869	22,006	-160	21,846
<i>Transactions with shareholders</i>									
Dividends	-	-37,619	-	-	-	-	-37,619	-10	-37,629
Changes in non-controlling interest	-	12	-	-	-	-	12	-3,075	-3,063
Other changes	-	-122	-	-	-	69	-53	15	-38
Transactions with shareholders	-	-37,729	-	-	-	69	-37,660	-3,070	-40,729
Equity December 31, 2025	2,562	179,569	-25	-3,524	34	-221	178,395	83	178,477

1 As of 2025, share of OCI related to joint ventures and associated companies has been reclassified between exchange rate changes on translation of foreign operations and remeasurements of defined benefit pension plans. The comparative figures in the financial statements for 2024 have been restated accordingly, with no net impact on other comprehensive income.

Financial management – maintained credit rating

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

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

Steering principles to ensure financial flexibility

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

Diversified funding sources

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

Green Finance Framework

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

Volvo Group liquidity position, December 31, 2025, SEK bn



Geographically diversified market programs



Credit rating, February 25, 2026

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

A strong and stable credit rating is important

Being a large issuer of bonds, it is critical to have a strong and stable credit rating. The level of the credit rating is not only important for debt investors but also for a number of other stakeholders when it comes to creating long-term relationships. A strong credit rating has a positive effect on the ability to attract and finance customers' purchases of the Group's products and on the trust from suppliers. It also gives access to more funding sources and a lower cost of funds. The Volvo Group has contractual relations with two global Credit Rating Agencies for solicited credit ratings, Moody's Investors Service (Moody's) and Standard & Poors' Rating Services (S&P), and one local agency, R&I (Rating & Investment Information) in Japan. During 2025, all credit rating agencies maintained their credit ratings.

Trucks – solid profitability on lower volumes

In 2025, currency-adjusted net sales in the truck business decreased by 5% to SEK 323,463 M as a consequence of lower deliveries. The adjusted operating income amounted to SEK 31,730 M, corresponding to an adjusted operating margin of 9.8%.

Lower market volumes

In 2025, the European truck market was replacement-driven on the back of a stable truck fleet utilization. Registrations of heavy-duty trucks declined by 5% compared with the prior year.

The North American long-haul freight market remained in recession with decreased freight volumes and freight prices. The construction and refuse truck segments held up better. Uncertainty regarding EPA 2027 emissions standards and tariffs also added to customers taking a cautious stance. The total North American heavy-duty truck market was 15% lower than in 2024.

High interest rates in Brazil cooled down the economy and the truck market, which declined by 11% compared with the prior year. The market was supported by the agricultural, mining and pulp industries, while the general industrial segments were weaker.

The Indian truck market regained strength from a rebound in construction and mining. Demand was also supported by tax rate revisions, as well as by improved financing conditions as inflation eased. The Chinese market rebounded, fueled by trade-in incentives for diesel, natural gas as well as battery-electric trucks.

Orders and deliveries

In 2025, a total of 202,911 trucks were delivered from the Group's wholly-owned operations, a decrease of 8% compared with 219,377 trucks in 2024. Deliveries decreased in all regions with the exception of Asia, where they were flat.

Total order intake for fully-electric trucks increased by 18% to 3,925 (3,318) vehicles, while deliveries of fully-electric trucks increased by 8% to 4,006 (3,717) vehicles. Both order intake and deliveries were driven by light-duty trucks.

Good performance

In 2025, net sales in the truck operations decreased by 10% to SEK 323,463 M (360,610). Adjusted for currency movements, net sales decreased by 5%, of which vehicle sales decreased by 7% and service sales increased by 3%.

Adjusted operating income decreased to SEK 31,730 M (45,826), corresponding to an adjusted operating margin of 9.8% (12.7). Adjusted operating income in 2025 excluded a negative effect of SEK 2,947 M. Adjusted operating income in 2024 excluded a positive effect of SEK 140 M. For information on adjustments, please see Key Ratios on page 216.

Earnings were negatively impacted by the lower volumes and higher material and tariff costs, while lower operating expenses and a good development in the service business provided support.

Reported operating income amounted to SEK 28,783 M (45,966). Compared with 2024, currency movements had a negative impact of SEK 3,472 M.

Offering

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

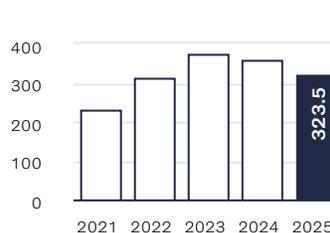
Brands

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

Number of employees

58,113
(58,458)

Net sales, SEK bn



Share of Group, %



By region, %



By revenue type, %



■ Vehicles, 78
■ Services, 22

Adjusted operating income¹ and adjusted operating margin

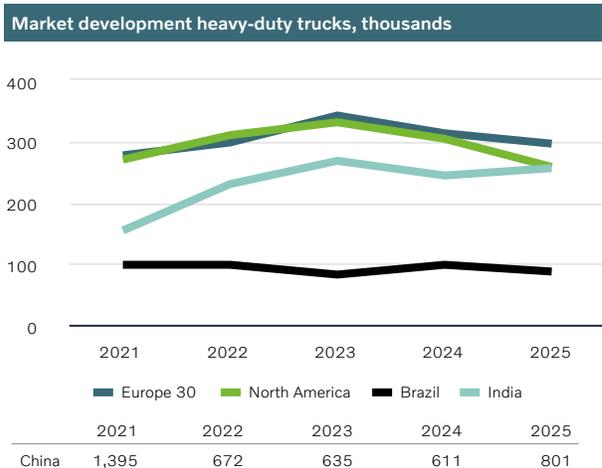


¹ For information on adjusted operating income, see Key Ratios on page 216.

VOLVO GROUP 2025
FINANCIAL STATEMENTS

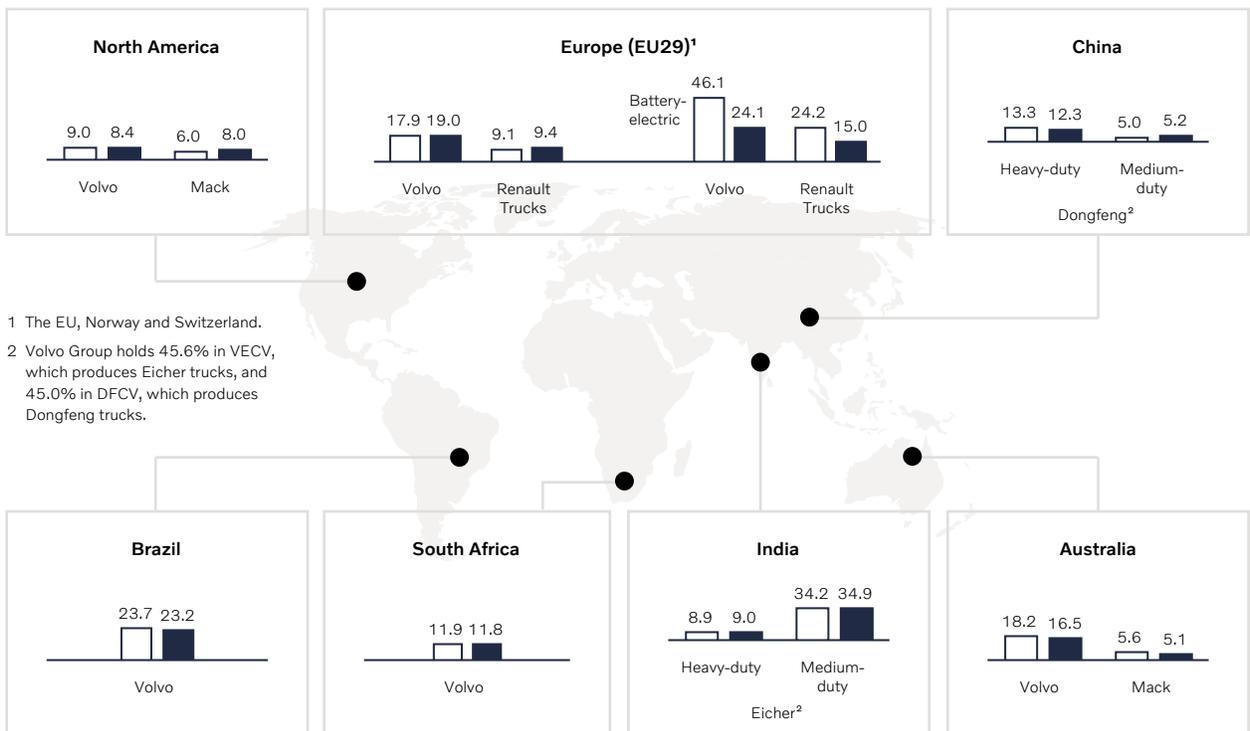
Deliveries		
Number of trucks	2025	2024
Europe	105,664	106,981
North America	48,408	56,931
South America	23,991	29,629
Asia	15,877	15,817
Africa and Oceania	8,971	10,019
Total	202,911	219,377
Heavy duty (>16 tons)	173,193	183,661
Medium duty (7-16 tons)	11,549	15,567
Light duty (<7 tons)	18,169	20,149
Total	202,911	219,377
Volvo	119,395	133,747
Renault Trucks	55,011	56,898
Mack	28,014	28,044
Other brands	491	688
Total	202,911	219,377
Non-consolidated operations		
VE Commercial Vehicles (Eicher)	75,556	66,789
Dongfeng Commercial Vehicle Company (Dongfeng Trucks)	127,632	105,786

	Net order intake		Deliveries	
	2025	2024	2025	2024
Volvo	1,438	1,213	1,339	1,945
Renault Trucks	2,473	2,057	2,612	1,628
Heavy- and medium-duty	713	864	800	1,003
Light-duty	1,760	1,193	1,812	625
Mack	14	48	55	144
Total	3,925	3,318	4,006	3,717



Strong positions globally

Market shares heavy-duty trucks, % □ 2024 ■ 2025



1 The EU, Norway and Switzerland.
2 Volvo Group holds 45.6% in VECV, which produces Eicher trucks, and 45.0% in DFCV, which produces Dongfeng trucks.

Important events

In the beginning of March, Volvo Trucks launched a completely new Volvo VNR for the North American regional haul market. It is built on Volvo's new platform, making the new truck more fuel efficient, safer and more versatile.

Volvo's most fuel-efficient truck ever – the Volvo FH Aero – won the 2025 Green Truck award. The Volvo FH Aero offers a combination of good aerodynamics and an efficient powertrain, resulting in savings in fuel and CO₂ according to an independent test in Germany.

In April, Mack Trucks unveiled the all-new Mack Pioneer, its new flagship highway truck. Available in the U.S. and Canada in multiple configurations, including day cabs, and short, medium and long sleeper options, the Pioneer meets the diverse needs of fleet owners and operators across all highway applications.

In May, Volvo Autonomous Solutions (V.A.S.) reached a major milestone in mining efficiency and productivity, successfully hauling over one million tonnes of limestone autonomously for customer Brønnøy Kalk in Norway. This achievement underscores the transformative impact of autonomous technology in the mining and quarrying industries.

In June, Mack Trucks launched the all-new Mack Anthem, a completely redesigned truck built for regional-haul applications that delivers enhanced maneuverability, improved fuel efficiency and industry-leading driver comfort.

In August, Mack Trucks started the production of the all-new Mack Pioneer at its Lehigh Valley Operations manufacturing facility in Macungie, Pennsylvania, USA. The highway truck, unveiled in April 2025, represents the most significant advancement in Mack's long-haul offerings, combining unprecedented aerodynamic performance, driver comfort and fuel efficiency.

Trucks that keep moving, are safe and deliver maximum uptime and productivity for their owners. This is what Volvo wants to achieve with its digital and connected services for customers. As of September, one million connected Volvo trucks are on the road worldwide and can make use of Volvo's full range of services.

In September, Volvo Trucks once again received the maximum 5-star safety rating for its heavy-duty trucks from the European consumer test organization Euro NCAP. Both the Volvo FH Aero 6x2 and the Volvo FM 6x2 scored top results in the 2025 rating. The Renault Trucks T confirmed its high safety performance by keeping its 4-star rating. All models were awarded the CitySafe label, which recognizes vehicles best equipped for urban driving and for the protection of vulnerable road users.

Net sales and operating income		
SEK M	2025	2024
Europe	157,288	165,594
North America	89,279	105,546
South America	34,179	44,182
Asia	24,711	25,019
Africa and Oceania	18,007	20,268
Total net sales	323,463	360,610
Net sales per product group		
Vehicles	252,321	286,919
Services	71,142	73,690
Adjusted operating income¹	31,730	45,826
Adjustments ¹	-2,947	140
Operating income	28,783	45,966
Adjusted operating margin, %	9.8	12.7
Operating margin, %	8.9	12.7

¹ For information on adjusted operating income, see Key Ratios on page 216.

In October, Volvo Autonomous Solutions and Waabi, a leader in physical AI, reached a major milestone in autonomous trucking by successfully integrating the Waabi Driver with the Volvo VNL Autonomous. This joint achievement underscores the significant progress both companies are making together in advancing autonomous freight.

In November, the first all-new Mack Pioneer was delivered to a customer in the US, Wayne Smith Farms and Cooley Transport. The delivery marked a significant milestone as the all-new Pioneer, Mack's most aerodynamic and driver-focused highway truck to date, began reaching American customers.

In January 2026, Volvo Trucks delivered 125 all-new Volvo VNL trucks to Highlight Motor Group in Canada. This marked the largest order in the country to date for Volvo's new flagship model.



Construction Equipment – a year of strength and innovation

In 2025, Volvo Construction Equipment (Volvo CE) stayed close to customers and drove earnings resilience during a challenging year for the industry – continuing to perform and transform with strength and innovation.

Volvo CE's net sales were 4% higher than in 2024, when adjusted for currency and the divestment of SDLG. Adjusted operating income amounted to SEK 10,856 M, corresponding to an adjusted operating margin of 13.3%.

Good results amid industry challenges

In 2025, the construction equipment market was impacted by geopolitical turbulence and US tariffs. However, the total market grew by mid-single digits, mainly driven by China and the rest of Asia, the Middle East and South America.

The year marked an inflection point for the European market, which had a flat development for the full year, but with a more positive development in the second half of the year, supported by big markets such as Germany and the UK.

The North American market was also more or less flat compared with 2024, on the back of resilience despite some market uncertainty. Government stimulus through tax credits and favorable depreciation rules provided support.

Growth in South America was mainly driven by Brazil, as well as improved business sentiment in Argentina, Chile and Peru.

In China, governmental incentives to stimulate the real estate sector mainly drove demand for smaller machines. In countries such as Indonesia, Vietnam, as well as in the Middle East and Africa, growth was driven by investments in infrastructure and mining.

In total, net order intake increased by 1% to 53,800 machines. Adjusted for SDLG, which was divested on September 1, order intake increased by 22%. Deliveries decreased by 8% to 51,634 machines. Adjusted for SDLG, deliveries increased by 10%.

Solid performance on lower volumes

In 2025, net sales decreased by 8% to SEK 81,641 M (88,305). Adjusted for currency movements and the divestment of SDLG, net sales increased by 4%, with both machine and service sales increasing by 4%.

Adjusted operating income amounted to SEK 10,856 M (12,737), corresponding to an adjusted operating margin of 13.3% (14.4). Adjusted operating income in 2025 excluded positive effects of SEK 581 M. There were no adjustments in 2024. For information on adjustments, please see Key Ratios on page 216.

Compared with 2024, earnings were negatively impacted by lower volumes and tariff costs, while the good development in the service business and a favorable brand mix had a positive effect.

Reported operating income amounted to SEK 11,436 M (12,737). Currency movements had a negative impact of SEK 1,468 M compared with 2024.

Offering

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

Brands

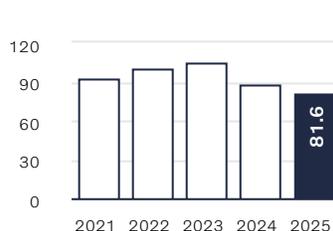
- Volvo
- SDLG (Divested on September 1 2025.)
- Rokbak

Number of employees

10,638

(14,193)

Net sales, SEK bn



Share of Group, %



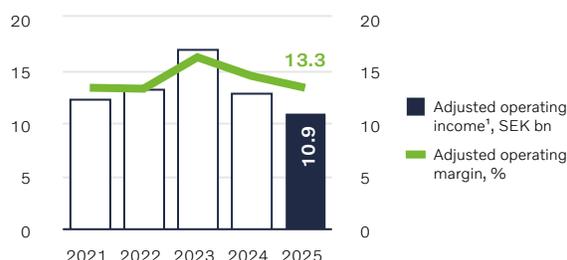
By region, %



By revenue type, %



Adjusted operating income¹ and adjusted operating margin



¹ For information on adjusted operating income, see Key Ratios on page 216.

Strengthened position with strategic investments

Pushing the boundaries of innovation with its continued rollout of new products and services, Volvo CE acted on its ambition to perform and transform at the same time. The company also strengthened its position with several strategic moves designed to meet growing demand and come even closer to customers. This includes an expansion of its crawler excavator footprint, with planned investments in the current site in South Korea, as well as new capacity in Sweden and the US, the divestment of its shares in the Chinese company SDLG and the acquisition of the distributor Swecon's operations in Sweden, Germany and the Baltics, which was closed in the beginning of 2026, see page 31.

Important events

Volvo CE had a busy start to 2025 with the rollout of its new generation articulated haulers and the introduction of a brand new A50 hauler, alongside several local launches of the new range of excavators in Asian markets.

The highlight of 2025 was the company's groundbreaking all-electric lineup at the construction trade show Bauma in Germany, which included the unveiling of the world's first electric articulated hauler of its size class, the A30 Electric, which will reach selected customers in Europe in 2026 alongside the new A40 Electric articulated hauler.

Volvo CE also announced a partnership with Danish software company Unicontrol to integrate its 3D machine control technology into Volvo excavators.

In Q4, Volvo CE confirmed Eskilstuna, Sweden, as the location for its new crawler excavator assembly plant serving European markets. The 30,000 square meter facility is intended to strengthen Volvo CE's position in the key excavator segment by increasing capacity and flexibility to meet rising regional demand.

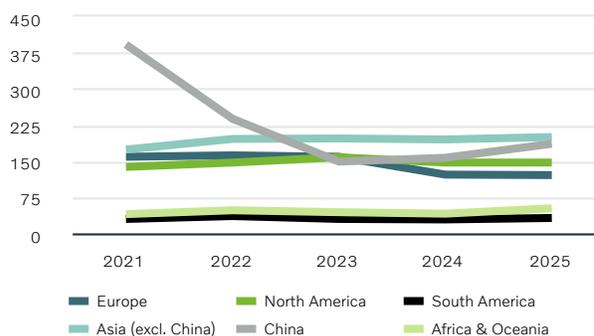
Deliveries		
Number of machines	2025	2024
Europe	11,896	10,694
North America	5,701	7,116
South America	2,415	2,381
Asia	28,094	32,567
Africa and Oceania	3,528	3,285
Total deliveries	51,634	56,043

Deliveries		
Large and medium construction equipment ¹	38,158	42,364
Compact construction equipment ²	13,476	13,679
Total deliveries	51,634	56,043
Volvo	28,546	27,885
SDLG	22,052	27,969
Other brands	1,036	189
Total deliveries	51,634	56,043
Fully electric	2,746	2,067
Of which SDLG	2,418	1,708

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

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

Market development in Volvo CE's product ranges, thousands



Net sales and operating income		
SEK M	2025	2024
Europe	27,761	26,934
North America	19,301	23,459
South America	3,939	4,099
Asia	23,419	26,604
Africa and Oceania	7,221	7,208
Total net sales	81,641	88,305
Of which SDLG	10,099	9,482
Net sales per product group		
Construction Equipment	66,565	72,503
Services	15,076	15,802
Adjusted operating income¹	10,856	12,737
Adjustments ¹	581	-
Operating income	11,436	12,737
Adjusted operating margin, %	13.3	14.4
Operating margin, %	14.0	14.4

1 For information on adjusted operating income, see Key Ratios on page 216.

Buses – record results on stable volumes

In 2025, Buses' currency-adjusted net sales increased by 10% to SEK 25,072 M, and the adjusted operating income amounted to SEK 2,272 M, which corresponds to an adjusted operating margin of 9.1%. The operating income was Buses' highest ever.

Demand remained strong

Demand for buses remained strong in many markets, with order intake increasing by 13% to 5,905 units. However, important coach markets for Volvo Buses, such as Mexico and Brazil, experienced a slowdown. Deliveries decreased by 4% to 6,005 units.

The transition to electromobility in the city bus segment continued. Net order intake for fully-electric buses saw an increase of 4%, reaching 544 units (524), while the number of deliveries of fully-electric buses increased by 55% to 511 units (330).

Improved profitability

Net sales increased by 2% to SEK 25,072 M (24,544). Adjusted for currency movements, net sales increased by 10%, of which vehicle sales increased by 10% and service sales by 8%.

The adjusted operating income amounted to SEK 2,272 M (2,233), which was Volvo Buses' best ever. This corresponds to an adjusted operating margin of 9.1% (9.1). In 2025, negative effects of SEK 80 M were excluded from adjusted operating income. In 2024, positive effects of SEK 200 M were excluded. For information on adjustments, please see Key Ratios on page 216.

Contributors to the performance were price realization and a positive mix, which offset increased manufacturing and tariff costs.

Reported operating income amounted to SEK 2,192 M (2,433). Currency movements had a negative impact of SEK 416 M.

Expanding electric bus offerings and partnerships

On the previously launched Volvo BZR Electric platform, a variant for the coach market was launched in September. This marked an important step in electrification, offering up to 720 kWh battery capacity and an operating range of up to 700 km. This is an electric coach chassis capable of longer journeys with fewer charging stops and greater operational versatility, enabling long interregional routes that were previously not viable for electric coaches. The electric chassis will be offered with bodies from different bodybuilders, depending on market and customer preferences. With the launch of the Volvo BZR Electric coach chassis, Volvo Buses now offers electromobility solutions for every segment – city, intercity, long-distance including tour and charter – able to cater to a wide variety of customer needs.

Volvo Buses bodybuilding partner MCV opened an all-new, Volvo-dedicated production line for the manufacturing of complete electric city and intercity buses for European markets. By strengthening its partnership with MCV, Volvo Buses continues to develop its business model.

Offering

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

Brands

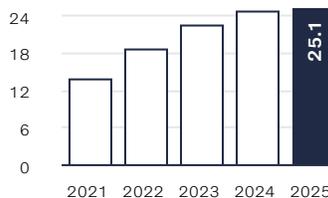
- Volvo
- Prevost

Number of employees

5,371

(4,988)

Net sales, SEK bn



Share of Group, %



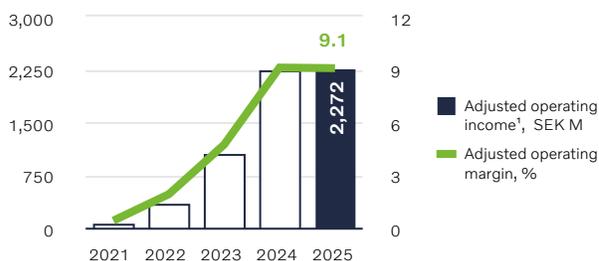
By region, %



By revenue type, %



Adjusted operating income¹ and adjusted operating margin



¹ For information on adjusted operating income, see Key Ratios on page 216.

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Important events

Furthermore, the strategic partnership with Marcopolo, one of the largest bus body manufacturers in Brazil and among the largest in the world, was extended as Marcopolo will expand its product portfolio and strengthen its presence in the European coach market with Volvo buses. The partnership brings a new premium solution to customers in France and Italy – the Volvo B13R chassis paired with Marcopolo's Paradiso G8 1200 body.

In North America, Prevost began deliveries of motorcoaches to New York City's Metropolitan Authority (MTA) under the largest contract in Prevost's history, signed in December 2023.

In addition, several important electric orders were received, including the first order for electric articulated and bi-articulated buses in Brazil, where Goiânia will be the first city in the world to have regular operations of 100% electric bi-articulated buses.

Guadalajara, Mexico, is another city that is accelerating its transition to sustainable public transportation. In November, Guadalajara ordered 53 electric city buses from Volvo, all of which will be manufactured in Mexico.

In Sweden, two major electric orders during the year were 106 buses to Svealandstrafiken and 73 buses to Vy Bus.

Deliveries		
Number of buses	2025	2024
Europe	1,104	1,270
North America	1,868	1,853
South America	1,116	1,395
Asia	815	777
Africa and Oceania	1,102	979
Total deliveries	6,005	6,274
Of which		
Fully electric	511	330
Hybrids	–	69

Net sales and operating income		
SEK M	2025	2024
Europe	6,578	6,547
North America	11,291	10,979
South America	2,170	2,248
Asia	1,770	1,821
Africa and Oceania	3,263	2,949
Total net sales	25,072	24,544
Net sales per product group		
Vehicles	19,138	18,738
Services	5,933	5,806
Adjusted operating income¹	2,272	2,233
Adjustments ¹	-80	200
Operating income	2,192	2,433
Adjusted operating margin, %	9.1	9.1
Operating margin, %	8.7	9.9

1 For information on adjusted operating income, see Key Ratios on page 216.

Volvo Penta – strong performance from increasing volumes in key segments

In 2025, Volvo Penta's currency-adjusted net sales increased by 9% to SEK 20,597 M, driven by increased sales volumes. Adjusted operating income amounted to SEK 3,590 M, with an adjusted operating margin of 17.4%.

A year of mixed market conditions

Volvo Penta operated in mixed market conditions, with some segments having increased demand. The marine leisure segment remained at a stable low level, while the marine commercial and yacht segments performed well. Within industrial power solutions, growth was supported by increased global energy demand, particularly from power generation and data center applications. While the strong industrial sales performance was broad-based, the order intake toward the end of the year was significantly influenced by rising data center demand in North America. This contributed to strengthened order books and increased order intake for D17 and D16 industrial engines. Off-highway segments, mining and special vehicles showed positive momentum, contributing to broader industrial demand. Demand for spare parts was robust, reflecting ongoing fleet utilization and service activity.

Volvo Penta's deliveries increased by 11% to 39,543 units (35,651).

Strong results from increasing volumes

Volvo Penta achieved strong financial performance in 2025. Net sales increased by 4% to SEK 20,597 M (19,852). Adjusted for currency movements, net sales increased by 9%, of which vehicle sales increased by 10% and service sales increased by 7%.

Adjusted operating income amounted to SEK 3,590 M (3,419), with an operating margin of 17.4% (17.2). In 2025, a negative effect of SEK 218 M was excluded from adjusted operating income. There were no adjustments in 2024. For more information on adjustments, please see Key Ratios on page 216. The increased engines and parts volumes contributed positively to the result, which was partly offset by an unfavorable product mix.

Reported operating income amounted to SEK 3,373 M (3,419). Compared with 2024, currency movements had a negative impact of SEK 797 M.

Driving performance and decarbonization

Volvo Penta has two key businesses: Marine (leisure, yachts and commercial) and Industrial (off-highway and power generation, including battery systems for energy storage) with a focus on delivering high-performance products, reducing emissions and supporting customer productivity through services, digital solutions and strong customer relationships.

Its subsidiaries continued to support innovations with ZEM AS contributing to marine-commercial electrification. CPAC Systems and Humphree advanced developments in control systems and vessel dynamics respectively. In North America, Volvo Penta captured new business opportunities and strengthened its position in power generation by refining the offer for data center customers.

Offering

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

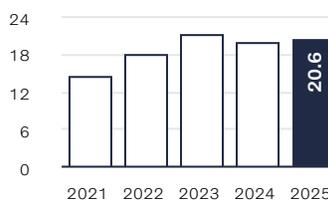
Brands

- Volvo Penta

Number of employees

2,202
(2,180)

Net sales, SEK bn



Share of Group, %



By region, %



By revenue type, %



Adjusted operating income¹ and adjusted operating margin



¹ For information on adjusted operating income, see Key Ratios on page 216.

Important events

Volvo Penta's IPS Professional Platform was introduced to the global yacht market and completed its first year of serial production. The platform continued to gain traction in the yacht segment, securing orders from several established OEMs. During the year, the company announced details of a collaboration resulting in the first fully custom superyacht powered by the Volvo Penta IPS Professional Platform. The company also revealed the new IPS900E model – a fully electric propulsion solution targeting marine commercial customers transitioning to lower-emission operations.

The company also launched a new D6-480 DPI propulsion package for the powerboat segment, featuring signature technologies such as Assisted Docking and Autopilot that enhance precision, control and maneuverability, helping make boating more accessible. In addition, Volvo Penta introduced enhanced joystick technology for vessels powered by V8 single gasoline engines.

Recognition for the IPS portfolio continued after the reporting year, with early 2026 awards including Technical Development of the Year for the Hybrid Electric IPS and a Content Marketing Award for Volvo Penta's collaborative marketing work showcasing Assisted Docking.

In the industrial segment, Volvo Penta made its hydrogen dual fuel engine D8 commercially available, advancing the company's pathway toward lower-emission solutions. The company broadened the application potential of its battery systems for energy storage, securing agreements with OEMs exploring BESS applications such as mobile fast-charging and supporting energy resilience. The company expanded its reach across Oceania, Turkey and Asia Pacific through OEM partnerships connected to sectors including defense, backup power, public agencies and data centers, where interest in energy resilience continued to grow. In addition, the Volvo Penta advanced vehicle control system Co-Pilot was launched, offering smart off-highway solutions for productivity, connectivity and vehicle management.

In January 2026, Volvo Penta launched its first natural gas engine, G17. It signals a strategic broadening of Volvo Penta's portfolio at a time when global energy demand is accelerating, driven particularly by data centers, utilities and other mission-critical infrastructure.

Deliveries		
Number of units	2025	2024
Marine engines	10,604	11,733
Industrial engines	28,939	23,918
Total deliveries	39,543	35,651

Of which		
Fully electric	54	113

Net sales and operating income		
SEK M	2025	2024
Europe	9,622	9,580
North America	4,586	4,036
South America	834	854
Asia	4,336	4,008
Africa and Oceania	1,220	1,375
Total net sales	20,597	19,852

Net sales per product group		
Engines	14,992	14,278
Services	5,605	5,574

Adjusted operating income¹	3,590	3,419
Adjustments ¹	-218	-

Operating income	3,373	3,419
Adjusted operating margin, %	17.4	17.2
Operating margin, %	16.4	17.2

¹ For information on adjusted operating income, see Key Ratios on page 216.

Financial Services – continued portfolio growth

In 2025, Volvo Financial Services (VFS) continued to grow the portfolio. Portfolio performance was good, and VFS increased its focus on strengthening the total offer to customers.

Adjusted operating income decreased to 3,916 M (4,042) while new business volume increased by 1% adjusted for currency. Return on equity amounted to 10.4% (13.0).

Good portfolio performance

During the year, VFS recorded new financing volumes of SEK 109.0 billion (115.1), a decrease of 5% compared with 2024. However, adjusted for currency they increased by 1%. The number of Volvo Group vehicles and machines financed was 66,682 (65,250).

VFS maintained a solid penetration rate of 30% (29). VFS' net credit portfolio amounted to SEK 255,680 M (280,405), an increase of 2% on a currency-adjusted basis compared to 2024. The funding of the credit portfolio is matched in terms of maturity, interest rates and currencies in accordance with Group policy. For more information, see Note 4.

Adjusted operating income decreased to SEK 3,916 M (4,042). In 2025, a negative effect of SEK 47 M was excluded from adjusted operating income. There were no adjustments in 2024. For more information on adjustments, please see Key Ratios on page 216.

The continued portfolio growth and lower operating expenses had a positive impact year-over-year, partly offsetting higher credit provisions and unfavorable currency movements, which for the full year 2025 had a negative impact of SEK 335 M compared with 2024. Reported operating income amounted to SEK 3,869 M (4,042).

Return on shareholders' equity amounted to 10.4% (13.0), and the equity ratio was 10.0% (8.0) at the end of the year. In 2025, the equity ratio was raised to 10% due to changes in the regulatory environment.

Credit provision expenses amounted to SEK 1,461 M (1,045), while write-offs of SEK 1,209 M (909) were recorded during 2025, for a write-off ratio of 0.45% (0.33). The credit reserves at the end of 2025 were 1.36% (1.29) of the credit portfolio.

Growing the service business

VFS is fully aligned with the Volvo Group's ambitions, including reaching our full potential with services. In 2025, VFS placed emphasis on its insurance offer through several strategic efforts. While VFS does not act as an insurance carrier, it facilitates access to insurance products provided by third-party insurers. In addition to expanding availability and coverage for customers in several markets, VFS is also deepening collaboration with Group brands to include insurance options as part of the total offer for customers. This approach simplifies customers' acquisition of vehicles and machines by providing complete financing and insurance solutions from a trusted partner, Volvo Group. By supporting access to insurance, VFS is helping build customer loyalty and create long-term value for the Volvo Group.

Offering

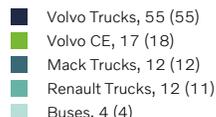
Volvo Financial Services is an integral part of the Volvo Group's total offer, driving customer success through tailored financing and insurance solutions that strengthen trust, build loyalty and foster growth of the Volvo Group's brands. VFS' customer and dealer financing solutions are offered in about 40 markets and are available for approximately 90% of all Group-branded deliveries. VFS manages a retail portfolio of approximately 294,000 vehicles and machines.

Number of employees

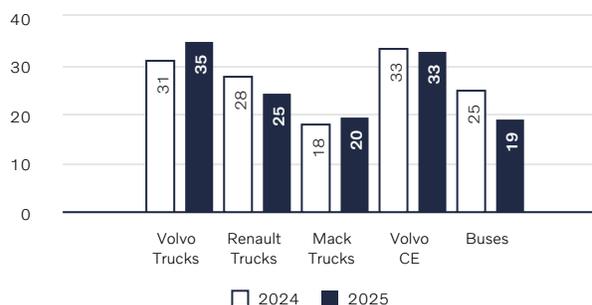
1,583

(1,616)

Distribution of credit portfolio, %



Penetration rate¹ %



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

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Key ratios, Financial Services		
	2025	2024
Number of financed units	66,682	65,250
Total penetration rate, % ¹	30	29
New retail financing volume, SEK billion	109.0	115.1
Credit portfolio net, SEK billion	256	280
Net sales	26,469	26,982
Credit provision expenses, SEK M	1,461	1,045
Adjusted operating income ²	3,916	4,042
Adjustments ²	-47	-
Operating income	3,869	4,042
Credit reserves, % of credit portfolio	1.36	1.29
Return on equity, %	10.4	12.9

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

2 For information on adjusted operating income, see Key Ratios on page 216.

Income statement Financial Services		
	2025	2024
Finance and lease income	26,469	26,982
Finance and lease expense	-18,114	-18,606
Gross income	8,355	8,375
Selling and administrative expenses	-3,192	-3,460
Credit provision expenses ¹	-1,397	-1,009
Other operating income and expenses	103	135
Operating income	3,869	4,042
Interest income & similar credits	-	-
Income after financial items	3,869	4,042
Income taxes	-1,016	-1,092
Income for the period	2,853	2,949

1 Credit provisions for operating leases of SEK 64 M (36) is included in finance and lease expenses within gross income.



Total shareholder return of 17% in 2025 – ahead of index

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

The Volvo share development

On Nasdaq Stockholm, the broad OMXS PI index rose by 9% during the year after having risen by 6% in 2024. The share price for the Volvo A share rose by 10%, and at year-end the price was SEK 296.40 (270.20). The lowest closing price was SEK 242.20 on April 11 and the highest was SEK 333.80 on March 7. The share price for the Volvo B share rose by 10%, and at year-end the price was SEK 295.90 (268.60). The lowest closing price was SEK 241.70 on April 11 and the highest was SEK 333.50 on March 7. Total return was 17% (8) for the A share and 17% (9) for the B share compared with 11% (9) for the OMX Stockholm Benchmark GI index.

In 2025, a total of 0.9 billion (0.8) Volvo shares valued at SEK 255 billion (213) were traded on Nasdaq Stockholm, with a daily average of 3.6 million shares (3.1). In terms of value, the Volvo shares were the third most traded on Nasdaq Stockholm. At year-end, Volvo's market capitalization was SEK 602 billion (547).

Share conversion option

In accordance with a resolution at the Annual General Meeting 2011, the Articles of Association include a conversion clause, stipulating that series A shares may be converted into series B shares, at the request of the shareholder. At the end of 2024, there were 444,984,560 A shares outstanding. During 2025, a total of 695,472 A shares were converted to B shares. Further information on the conversion procedure is available on volvogroup.com

Dividend

The Board proposes an ordinary dividend of SEK 8.50 per share and an extra dividend of SEK 4.50 per share for the financial year 2025. If the AGM approves the Board's proposal, a total of SEK 26,435 M will be transferred to the shareholders. For the preceding year, an ordinary dividend of SEK 8.00 per share and an extra dividend of SEK 10.50 per share were distributed, in total SEK 37,619 M.

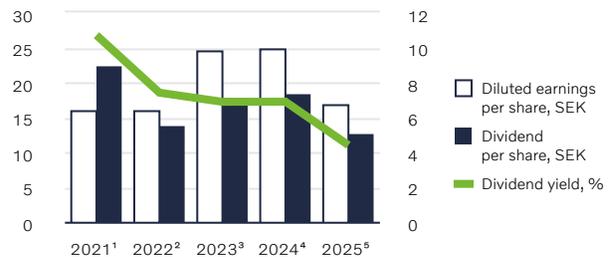
Policy for remuneration to senior executives

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

Communication with shareholders

Dialogue with the shareholders is important for Volvo. In addition to the Annual General Meeting and a number of larger activities aimed at professional investors, private shareholders and stock market analysts, the relationship between Volvo and the stock market is

Earnings and dividend per share, dividend yield



1 Ordinary dividend of SEK 6.50, an extra dividend of SEK 6.50 and SEK 9.50 relating to the proceeds from the sale of UD Trucks.

2 Ordinary dividend of SEK 7.00 and an extra dividend of SEK 7.00.

3 Ordinary dividend of SEK 7.50 and an extra dividend of SEK 10.50.

4 Ordinary dividend of SEK 8.00 and an extra dividend of SEK 10.50.

5 Ordinary dividend of SEK 8.50 and an extra dividend of SEK 4.50 proposed by the Board of Directors to the AGM 2026.

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

Contractual conditions related to takeover bids

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

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

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The largest shareholders in AB Volvo

December 31, 2025	Voting rights, %	Capital, %
Industrivärden	28.1	9.6
Geely Holding	14.7	4.4
AMF Insurance & Funds	5.6	3.6
Alecta	3.9	2.2
Vanguard	2.6	3.8
AFA Insurance	2.3	0.8
Norges Bank Investment Management	1.9	0.8
AP4 Fund	1.7	1.0
Swedbank Robur Funds	1.7	4.3
Blackrock	1.5	4.0

Source: Modular Finance

Share capital

December 31, 2025	
Number of shares	2,033,452,084
of which, Series A shares ¹	444,289,088
of which, Series B shares ²	1,589,162,996
Share capital, SEK M	2,562
Quota value, SEK	1.26
Number of shareholders	423,717
Private persons	405,042
Legal entities	18,675

1 Series A shares carry one vote each.

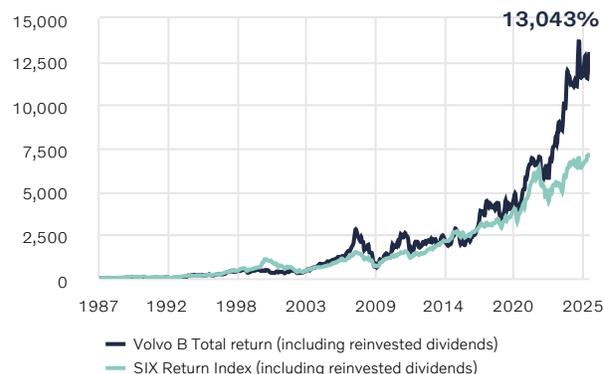
2 Series B shares carry one tenth of a vote each.

Price trend, Volvo B share, 2021–2025, SEK



Source: Investis Digital

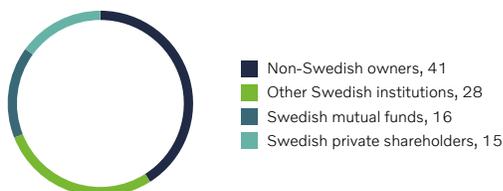
Accumulated total return for the Volvo B share, %



Source: Investis Digital

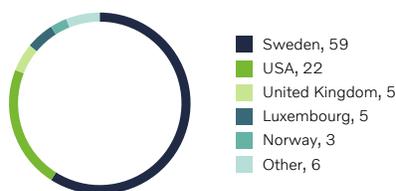
The graph shows that SEK 1,000 invested in the Volvo B share on January 2, 1987 had grown to SEK 131,430 at the end of 2025, under the condition that all dividends have been reinvested in Volvo B shares.

Ownership by category, share of capital, %



Source: Euroclear

Ownership by country, share of capital, %



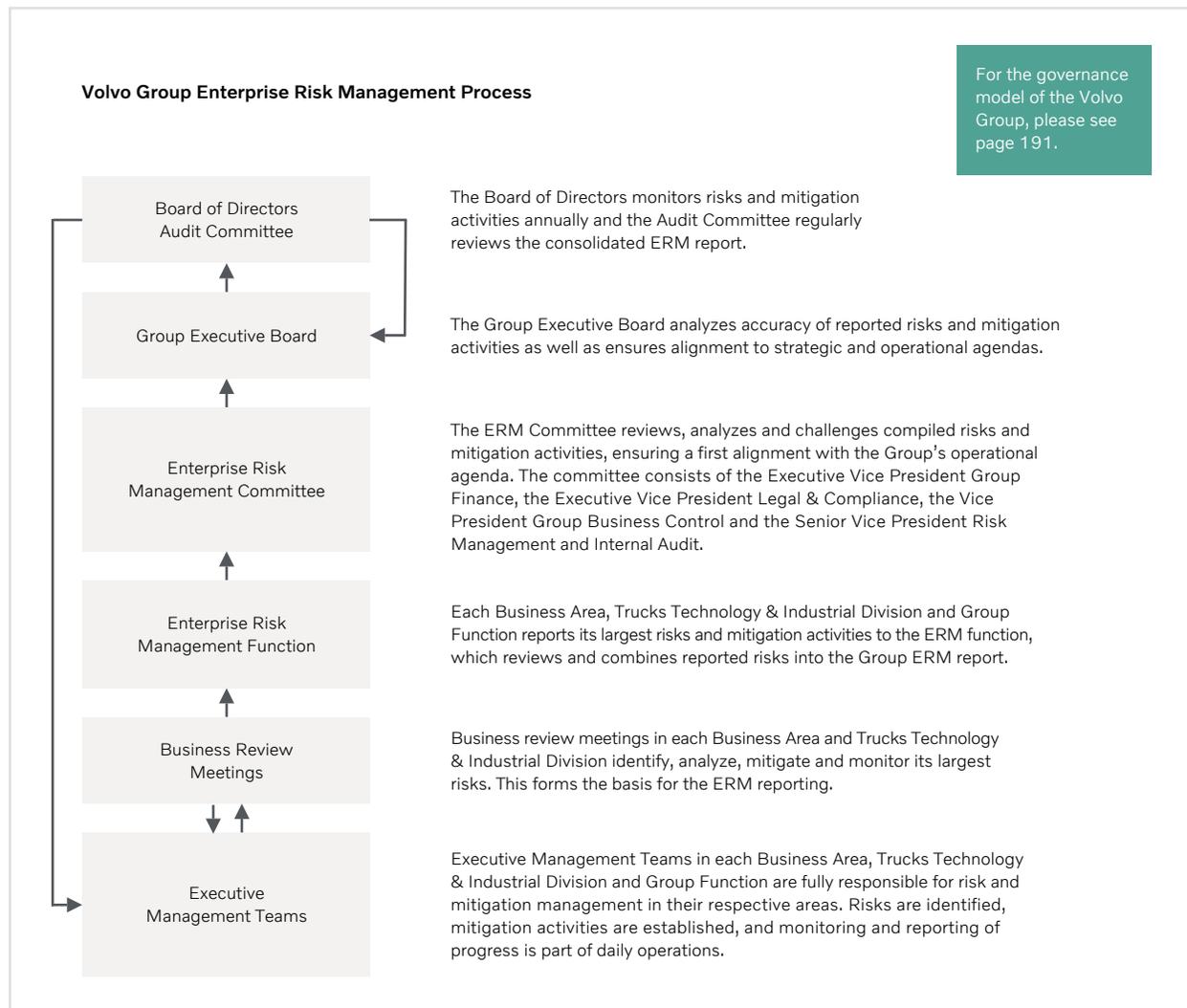
Source: Euroclear

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

Risks and uncertainties – managed risk-taking

Each one of the Volvo Group's Business Areas, Trucks Technology & Industrial Division and Group Functions monitors and manages risks in its operations. In addition, the Volvo Group utilizes a centralized

Enterprise Risk Management (ERM) reporting process, which is a systematic and structured framework for reporting and reviewing identified risks, risk assessments and mitigations.



Risk categories

The ERM process classifies Volvo Group risks into four categories:

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

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

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

Macro and market-related risks

Cyclical commercial vehicles industry

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

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

Competition

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

Political and social uncertainty

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

- public health crises, including the spread of contagious diseases, such as COVID-19 and other disastrous events
- security threats, including acts of war, terrorism, sabotage and other criminal or malicious acts directed towards our or our business partners' people, information systems, products, production systems, or facilities
- changes in general economic or political conditions, including political instability, conflicts and decoupling economies.

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

Tariffs and trade policy shifts

Recent tariffs and other trade restrictions imposed or considered to be imposed by the US and other countries have significantly increased uncertainty about trade conditions in markets where the Group is present, as well as in relation to global and regional supply chains. The situation is fast-changing and complex to assess and no predictions can be made about future developments, or whether trade restrictions may impact the Group more severely than its main competitors. However, the introduction of tariffs, retaliatory tariffs, sanctions, or other trade restrictions affecting our vehicles, parts and other products and materials that impact existing supply chains and impose additional costs on our business or that of our suppliers. These measures can create sudden disadvantages for Volvo Group operations compared to competitors with different supply chains. They could also generally make our products more expensive for customers and/or less competitive.

In terms of compliance, the Group maintains and invests significantly in procedures to abide by and adapt to applicable trade restrictions, but there can be no assurance that the Group will always meet all applicable requirements. Further, increasing complexity and higher trade restrictions or barriers increase risks of Group products or input materials being linked to attempts by third parties to circumvent regulation, which the Group may not always be able to detect and prevent. Group assets and information may also be targeted by external actors seeking to manipulate or exploit proprietary operational or information processes. Breaches of sanctions or other trade restrictions involving Group products or input materials may cause reputational harm, impose restrictions on business activities, trigger legal proceedings and regulatory investigations and result in financial penalties.

Recent developments in global trade policies have also increased the risk of a broader economic slowdown. Such developments could negatively impact global demand and the ability to absorb fixed costs. A prolonged period of trade uncertainty may also negatively affect investment levels and customer purchasing behavior, particularly in the Group's key markets. The Group will continue to endeavor to adapt to changes in market conditions as they may evolve, but the introduction of trade restrictions and changes in trade policies, or the failure to comply with such policies across the value chain, could, individually or in combination, have a material adverse effect on the Group's business and financial performance.

Operational risks

Transformation and technology

The transformation of the transport and vehicle industry towards low-carbon and sustainable transportation and infrastructure solutions entails various transitional risks for the Volvo Group. Currently, the adoption rate of zero-emission vehicles is slower than earlier anticipated, but the Group's future business success remains dependent on its ability to develop new, attractive, competitive, energy-efficient and profitable products. Failure to develop products in line with customer demand and regulations – especially in view of digitalization, autonomous and lower carbon offers, including battery-electric, fuel cell-electric and lower carbon fuel technologies – could adversely impact the Group's long-term operations, while moving too early into certain technologies or solutions before markets and infrastructure are ready could lead to underutilized investments.

Compliance with CO₂, fuel-efficiency and emission-control requirements might lead to a need to accelerate the introduction of significant volumes of electric vehicles and implement additional new technologies for conventional diesel engines. However, there can be no assurance that such new technologies and solutions can be produced and sold profitably or that customers will purchase them in the quantities needed to meet the regulatory requirements. For example, the European Union has introduced revised ambitious targets for reducing CO₂ emissions in Europe for manufacturers of heavy-duty vehicles, while other parts of the value chain remain unaffected by these rules. The target is set to include a 45% reduction by 2030 compared to a 2019 baseline. Compliance is measured based on the emission levels of all trucks in applicable segments registered between July 1, 2030, and June 30, 2031. If emissions exceed these targets, material fines could be imposed on vehicle manufacturers specifically.

The transformation to electric solutions also depends on external factors such as the availability of battery cells and technology, a functioning charging infrastructure and access to renewable energy sources to power battery-electric and fuel cell-electric products. If the expansion of charging infrastructure or the availability and cost of renewable energy sources, alone or in combination, are inadequate, customers' investments into the Volvo Group's electrified products may happen at a slower pace than anticipated. This could negatively impact the Group's operating income and financial position and the Group's sustainability goals.

Many of the new products and technologies are still in early stages of development. This, together with the lack of broadly accepted standards, poses significant risks for the Volvo Group. The Group is required to choose relevant technologies, quality of products and time their introduction wisely, while respecting the widespread readiness levels among markets and segments, as well as shifting political priorities and trends across the globe.

If the Volvo Group miscalculates, delays in recognition of, or fails to adapt its products and services to trends, legal and customer requirements in individual markets, or other changes in demand, it could have a material adverse impact on the Group's results of operations, financial position and cash flows. Lastly, if the Volvo Group positions itself unsuccessfully in this technology shift, in terms of timing and/or technology selection, earnings capacity and financial position could be severely affected long term.

New business models

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

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

Supply chain and industrial operations risks

The Volvo Group's ability to deliver in line with market demand and product quality expectations depends significantly on obtaining a timely and adequate supply of materials, components and other essential services, as well as on our ability to efficiently utilize capacity within the Group's production and service facilities. Disturbances in the supply chain and industrial system may arise from a variety of factors, including continued or additional shortages of material, single sourcing, supplier insolvency, shortages of labor and components, strikes, pandemics, cybersecurity breaches, tariffs, natural disasters, war, or disruptions in the global logistics system. Each of these factors, individually or in combination, could lead to quality issues, stoppages, increased costs, or other interferences in production and deliveries, which may impair the Group's ability to meet customer orders.

The ongoing technology shift toward electrification and other new customer offerings is likely to increase the Group's reliance on new suppliers, partners and materials used in different quantities and applications compared with traditional technologies. Some of these materials may pose an increased risk of supply constraints due to scarcity, geopolitical tensions, conflicts, human rights concerns, or environmental impact. At the same time, declining demand for components related to traditional technologies may affect the revenue and viability of existing suppliers, potentially leading to supply chain disruptions that require the Group to invest in maintaining supplier operations or to seek alternatives. Such measures may increase costs and delay production. Some of our agreements with suppliers, in particular within new and transformative products and technologies which could require heavy investments, also include minimum volume commitments or 'take-or-pay' commitments, requiring us to purchase a minimum volume of components or other products or to pay for a minimum capacity of production with the supplier. If demand for our relevant products and services decreases, or does not materialize as planned, we may be forced to pay for components or other products we cannot use, pay penalties for failing to meet the minimum commitments and/or assume excess inventories, each of which could materially impact our liquidity and profitability.

Non-adherence of suppliers or partners to the Volvo Group's Code of Conduct may pose reputational and other risks. In addition, suppliers of new products and technologies may be unable or unwilling to invest in capacity without support or commitment from the Group, implying that investments may not occur in time to meet demand, or that the Group may have to compensate suppliers if expected volumes do not materialize. Conversely, suppliers of traditional products may lose business and risk closure, leaving the Volvo Group with shortages in certain areas and potentially requiring further investment to secure supply.

If these risks materialize, they could result in quality and delivery issues, higher costs, delayed product launches and reduced operational efficiency, which may materially negatively affect the Volvo Group's business, profitability and results from operations.

Tariffs, cost inflation and price increases

During recent years, the Group has experienced higher input costs from increased prices on e.g. purchased material, freight and energy, as well as higher salaries. There can be no assurance that these inflationary trends will not recur, depending on developments in key markets and overall economic conditions. Recent changes in global trade policies also impact the Group's cost base and tariffs and export control measures are expected to continue impacting costs and potentially availability of commodities, materials and other products and services.

Efforts to mitigate inflationary or tariff and export control-driven cost increases by regionalizing the supply chain and adjusting sourcing or production structures may be constrained by local regulations, supplier capacity, or investment requirements and may not always be timely or else successful. The ability to pass on higher costs into price increases for products and services may also be limited by competitive pressure or already committed prices to customers in order books and other agreements and is particularly challenging when market demand is low.

If the Group is unable to compensate for the higher input costs through increased prices on products and services sold, its financial performance could be negatively affected.

Information security and digital infrastructure

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

Action from threat actors seeking to exploit vulnerabilities in the Group's and its third-party service providers' IT systems, processes, or personnel could result in security incidents that may impact the confidentiality, availability, or integrity of information assets, technology, or products and services. These cybersecurity incidents may include ransomware or other malware attacks, intrusions, exploitation of system vulnerabilities, data privacy infringements, leakage of confidential or sensitive data, unauthorized usage or modification of data, complex, costly and incomplete recovery measures and unavailability of data or systems affecting Group operations. Unauthorized access to or manipulation of vehicle data could also enable illicit servicing or modification of vehicles in unauthorized service markets. In addition, third parties may seek to use such data to build independent service models that compete with the Group's own service offerings, which could affect customer relationships and aftermarket profitability.

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

Mergers and acquisitions, partnerships and divestments

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

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

Residual value commitments

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

With the transformation to zero-emission vehicles, the risk of residual value commitments may increase, as new technologies that are still maturing may lead to greater uncertainty regarding future market values. In parallel, the shift toward new technologies could in the long term reduce demand and accordingly residual values for vehicles based on older technologies.

For further information on residual value commitments, see Note 13 Tangible assets.

People and culture

The Volvo Group's ability to deliver on its strategic objectives depends on attracting and retaining qualified employees and ensuring a safe, inclusive and engaging work environment that supports performance and innovation. As the industry undergoes rapid transformation, driven by new technologies and changing competence needs, the Group faces increasing challenges in securing the right skills and leadership capabilities across all operations.

Sustaining high levels of employee engagement and ensuring attractive and fair working conditions across markets are fundamental to productivity and talent retention. Failure in these areas could lead to decreased morale, higher turnover and negative impacts on operational efficiency and the Group's reputation as an employer. Rapid technological development and new ways of working also require continuous reskilling and upskilling. If the Group is unable to identify and close competence gaps or to maintain a culture of learning and adaptability, it may face challenges in executing its strategic transformation and meeting future business needs.

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

Compliance risks

Product and operational-related regulations

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

The Volvo Group works actively to ensure compliance with applicable laws and regulations and endeavors to collaborate and be transparent with all governing bodies in certification and compliance processes, during development and throughout the life cycle of Group products, as well as in investments in production plants, but can provide no assurance that it will at all times be fully compliant.

If the Volvo Group has failed or fails to comply with these laws, regulations and requirements it could be subject to costs of recalls and other remediation, significant penalties and other sanctions and liability, as well as reputational damage. A failure to meet applicable laws and regulations in this area could also imply a failure to assure a timely, updated and compliant product and service range, which could have a material adverse effect on e.g. the Volvo Group's business, operating results, financial position and brand equities.

In addition, safety regulations are becoming increasingly important with autonomous vehicles in commercial applications. If regulations are not set or are not clear enough, there is a risk of not being able to scale up the autonomous offer or not complying with regulations.

A safety incident could have a detrimental effect on the image of the Group's brands and a material financial impact. An incident in the industry could also lead to quickly adjusted or additional regulations.

Digital and data-related regulations

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

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

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

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

Intangible assets

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

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

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

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

Legal proceedings

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

Corruption and competition law

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

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

Both corruption and competition law infringements may have material negative impacts on the Group's business operations, including reputation damage, legal proceedings, fines and imprisonment of employees. The Group could also be affected by claims raised by persons or entities affected by allegedly non-compliant practices.

Human rights

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

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

Financial risks**Insurance**

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

financial credit risk due to short-term deposits with the Group's core banks and unrealized results from derivatives used for hedging purposes. For further information, please see Note 4 Goals and policies in financial risk management and Note 15 Customer-financing receivables. If several larger customers, dealers, or a core bank, fail to meet their undertakings, the Group could suffer significant losses.

Credit risk

The Volvo Group is exposed to credit risk mainly through its sales to customers in the Industrial Operations and its long-term credit receivables in its Financial Services operations. Total exposure as of December 31, 2025, can be found in Note 15 Customer-financing receivables and Note 16 Receivables. The Group is also exposed to

Tax

The Volvo Group operates across numerous tax jurisdictions and is exposed to risks related to income taxes, transfer pricing and indirect taxes, including customs.

Tax provisions, deferred tax assets and future tax liabilities could be adversely affected by e.g. the adoption of new tax legislation and changes in tax rates. The carrying value of deferred tax assets is dependent on our ability to generate future taxable income in relevant jurisdictions.

In the area of transfer pricing, risks arise from the complexity of international tax legislation and global tax frameworks. Tax authorities worldwide are intensifying their enforcement efforts and apply stricter and often divergent local interpretations which increase the risk of double taxation, financial penalties and extended disputes, despite the Group's established governance and compliance processes.

In addition, the Group faces risks relating to indirect taxes and customs, where increasingly complex regulations, digital reporting requirements and frequent procedural changes drive a growing compliance burden. Differences in interpretation and enforcement across jurisdictions, combined with the operational complexity of a global business, may expose the Group to negative financial or operational implications.

The Group works continuously to maintain high compliance standards, but in ongoing or future tax reviews or audits tax authorities may disagree with our tax positions and, as a consequence, assess additional taxes and penalties, which may involve material amounts.

Pension commitments

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

Interest-rate risk

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

Currency risk

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

Liquidity risk

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

Impairment

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

Notes to the Financial Statements

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Accounting policies

The consolidated financial statements for AB Volvo (publ) and its subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). This Annual Report is prepared in accordance

with IAS 1 Presentation of Financial Statements and the Swedish Annual Accounts Act. In addition, RFR 1 Supplementary Rules for Groups has been applied, which is issued by the Swedish Corporate Reporting Board. Amounts are in SEK M unless otherwise specified and the amounts within parentheses refer to the preceding year.

1:1			
Accounting policies	Note		IFRS standard
Acquisitions and divestments	3	Acquisitions and divestments of operations	IFRS 3, IFRS 10
Assets and liabilities held for sale and discontinued operations	3	Acquisitions and divestments of operations	IFRS 5, IFRS 13
Joint ventures	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 11, IFRS 12, IAS 28
Associated companies	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 12, IAS 28
Other shares and participations	5	Investments in joint ventures, associated companies and other shares and participations	IFRS 7, IFRS 9, IFRS 13, IAS 28, IAS 32
Operating segments	6	Segment reporting	IFRS 8
Revenue	7	Revenue	IFRS 9, IFRS 15, IFRS 16
Financial income and expenses	9	Other financial income and expenses	IFRS 9
Income taxes	10	Income taxes	IAS 12
Owners of non-controlling interest	11	Owners of non-controlling interest	IFRS 10, IFRS 12
Product and software development	12	Intangible assets	IAS 36, IAS 38
Goodwill	12	Intangible assets	IFRS 3, IAS 36, IAS 38
Property, plant and equipment	13	Tangible assets	IAS 16, IAS 36, IAS 40
Assets under operating leases	13	Tangible assets	IFRS 16, IAS 16, IAS 36, IAS 40
Leasing	14	Leasing	IFRS 16
Inventories	17	Inventories	IAS 2
Earnings per share	19	Equity and number of shares	IAS 33
Pensions and similar obligations	20	Provisions for post-employment benefits	IFRS 2, IAS 19
Residual value risks	13	Tangible assets	IFRS 16, IAS 16, IAS 36
	21	Other provisions	IFRS 15, IAS 37
Product warranty	21	Other provisions	IAS 37
Restructuring costs	21	Other provisions	IAS 19, IAS 37
Extended coverage and service contracts	21	Other provisions	IFRS 15, IAS 37
Insurance operations	21	Other provisions	IAS 37
Contingent liabilities and financial commitments	24	Contingent liabilities and financial commitments	IFRS 12, IAS 37
Transactions with related parties	25	Transactions with related parties	IAS 24
Government grants	26	Government grants	IAS 20
Incentive programs	27	Personnel	IFRS 2, IAS 19
Cash flow statement and operating cash flow	29	Cash flow	IAS 7
Financial instruments	4	Goals and policies in financial risk management	IFRS 7, IFRS 9
	15	Customer-financing receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 16, IAS 32
	16	Receivables	IFRS 7, IFRS 9, IFRS 13, IAS 32
	18	Cash and cash equivalents	IFRS 7, IFRS 9, IFRS 13, IAS 32
	22	Liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
	30	Financial instruments	IFRS 7, IFRS 9, IFRS 13, IAS 32



Volvo Group's accounting policies

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

Consolidated financial statements

Principles for consolidation

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

Read more in Note 3 Acquisitions and divestment of operations.

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

Read more in Note 11 Owners of non-controlling interest.

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

The functional currency of each Volvo Group company is determined based on the primary economic environment in which the company operates. The primary economic environment is normally the one in which the company primarily generates and expends cash. The functional currency is in most cases the currency of the country where the company is located. AB Volvo's and the Volvo Group's presentation currency is SEK. In preparing the consolidated financial statements, items in the income statements of foreign subsidiaries are translated to SEK using monthly average exchange rates. Balance sheet items are translated into SEK using closing exchange rates. Exchange rate changes are recognized in other comprehensive income and accumulated in equity. Accumulated exchange rate changes related to a certain subsidiary, joint venture or associated company are reversed to the income statement as a part of the gain or loss arising from disposal of the company.

Receivables and liabilities in foreign currency

Receivables and liabilities in currencies other than the functional currency of the reporting entity (foreign currencies) are translated to the functional currency using the closing rate. Exchange rate changes arising from operating assets and liabilities impact operating income while exchange rate changes arising from interest-bearing

financial assets and liabilities impact other financial income and expenses. Interest-bearing financial assets and liabilities are defined as items included in the net financial position of the Volvo Group (see section Key Ratios). The most important exchange rates used in the consolidated financial statements are shown in **table 1:2**.

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

1:2 Exchange rates

Country	Currency	Average rate		Closing rate, Dec 31	
		2025	2024	2025	2024
Australia	AUD	6.3250	6.9736	6.1534	6.8599
Brazil	BRL	1.7569	1.9697	1.6464	1.7758
Canada	CAD	7.0190	7.7140	6.7037	7.6371
China	CNY	1.3653	1.4677	1.3123	1.5065
Euro Zone	EUR	11.0687	11.4315	10.7968	11.4657
Great Britain	GBP	12.9228	13.5028	12.3898	13.8332
Norway	NOK	0.9445	0.9832	0.9141	0.9683
South Africa	ZAR	0.5488	0.5770	0.5502	0.5895
South Korea	KRW	0.0069	0.0078	0.0063	0.0075
United States	USD	9.8189	10.5605	9.1741	10.9967

New accounting policies 2025

No new or revised accounting standards or interpretations effective from January 1, 2025 have materially affected the Volvo Group's financial statements.

New accounting policies 2026 and later

IFRS 18 Presentation and disclosure in financial statements

From January 1, 2027, IFRS 18 Presentation and disclosure in financial statements will become effective. The new standard is endorsed by the EU and will replace IAS 1 Presentation of financial statements. The aim with IFRS 18 is to improve financial reporting to help users of financial statements understand the information and thereby facilitate comparability between companies.

The standard introduces a consistent structure of the income statement with defined categories and required subtotals. Income and expenses shall be classified into one of the main categories: operating, investing, financing, income taxes and discontinued operations. The operating category will include income and expenses arising from the industrial operations and customer-financing, which is considered a specified main business activity. The investing category will include income and expenses arising from certain assets, such as share of income/loss from investments in joint ventures and associated companies, dividends from equity instruments and interest income from cash and cash equivalents. The financing category will include income and expenses arising from liabilities, such as interest expenses on borrowings, lease liabilities and defined benefit pension liabilities, as well as other financial income and expenses. Thus, the new requirements will impact the Volvo Group's current subtotal Operating income, mainly because income/loss from investments in joint ventures and associated companies will be included in the investing category. Also, interest income and expenses will be part of different categories, removing the presentation of finance net.

In the cash flow statement, the existing options for the presentation of interest and dividends paid and received are removed. As customer-financing is a specified main business activity within Volvo Group,

interest paid and received will be classified in the cash flows from operating activities. Dividends received will be included in the cash flows from investing activities, while dividends paid will continue to be part of the cash flows from financing activities. Thus, the new requirements will impact the Volvo Group's cash flow statement.

In addition, the standard requires specific disclosures in separate notes of management-defined performance measures (MPM) such

as the Volvo Group measure of adjusted operating income and more extensive disclosure about expenses by nature etc. The Volvo Group will finalize the analysis of the IFRS 18 effects during 2026.

No other new and revised accounting standards and interpretations that have been published and are effective in 2026 and later are considered to have a material impact on the Volvo Group's financial statements.

2

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

The preparation of the Volvo Group's financial statements requires the use of estimates and assumptions that may affect the recognized amounts of assets and liabilities at the date of the financial statements. In addition, the recognized amounts of net sales and expenses during the periods presented are affected. In preparing the financial statements, management has made its best judgments of certain amounts included in the financial statements, materiality taken into account. Actual results may differ from previously made estimates. In accordance with IAS 1, the company is required to disclose the assumptions and other major sources of estimation uncertainties that, if actual results differ, may have a material impact on the financial statements.

Climate-related risks and opportunities

The Volvo Group aims to reach net-zero value chain greenhouse gas emissions by 2040. The key driver in this overall strategy is the development of vehicles and machines with zero or very low tailpipe emissions, which entail investments. The pace of the transition towards net-zero is slower than anticipated when targets were established, but the ambition and effort to reduce greenhouse gas emissions continues. To meet regulatory requirements and customer demands, the investment plan includes different technologies to leveraging fossil-free and low-carbon technologies, to offer a mix of products of battery-electric vehicles, fuel-cell electric vehicles and internal combustion engines.

As a consequence of the slower transition, a total negative impact of SEK 4,512 M on operating income for 2025 was recognized related to battery electric products. This impact comprises compensation for lower battery volume commitments of SEK 2,897 M and the impairment of certain battery-electric assets amounting to SEK 1,615 M.

Despite the challenges for battery-electric products, investments in technology and production for conventional products are expected to continue to be utilized for the foreseeable future. At present, there are no indications of impairment with respect to capitalized research and development, property, plant and equipment, or inventory associated with conventional products. Furthermore, the flexibility of assembly lines, which are capable of producing both conventional and battery electric products, serves to limit the risk of impairment for assets.

[Read more in Sustainability statements](#) about climate-related risks.



Sources of estimation uncertainty and critical judgments

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

2:1 Source of estimation uncertainty and critical judgments

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

3

Acquisitions and divestments of operations



Accounting policies

Acquisitions

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

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

Divestments

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

Assets and liabilities held for sale and discontinued operations

In a global group like the Volvo Group, activities are continuously ongoing regarding the sale of assets or groups of assets at minor values. When the criteria for being classified as assets and liabilities held for sale are fulfilled and the asset or group of assets are of material value, the asset or group of assets, both current and non-current and the related liabilities are recognized on separate lines in the balance sheet. The asset or group of assets are measured at the lower of its carrying amount and fair value after deductions for selling expenses. The balance sheet items and the potential income statement effect resulting from the revaluation to fair value are recognized in the relevant segments.

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

Read more in Note 11 Owners of non-controlling interest.

Read more in Note 12 Investments in shares and participations in the parent company, about AB Volvo's holding of shares in subsidiaries as of December 31, 2025.

Acquisitions during the period

On August 1, 2025, the Volvo Group acquired 100% of the shares in Truck Centre Western Australia from P.H.W Air Charter and Max

Winkless. The acquisition was made at a purchase price of AUD 109.5 M (SEK 682 M). The purchase consideration represents the fair value of the identifiable net assets acquired, consisting mainly of inventory and surplus values related to customer relationships. The residual amount has been recognized as goodwill. The acquired goodwill primarily represents the value of future customers, the acquired market position, the assembled and skilled workforce, and anticipated synergies arising from the business combination. The acquired operation is recognized in the segment Trucks in the Volvo Group financial statements.

In 2024, the Volvo Group acquired the net assets related to the battery business from Proterra Inc. and Proterra Operating Company Inc., which included a development center for battery modules and battery packs in California and an assembly factory in Greer, South Carolina, USA. The acquisition was made at a purchase price of USD 210 M (SEK 2,169 M) before adjustment for inventory level at closing. The acquired operation is recognized in the segment Trucks in the Volvo Group financial statements.

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

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

3:1 Acquisitions		
	2025	2024
Intangible assets	229	653
Tangible assets	503	1,220
Financial assets	–	122
Deferred tax assets	54	–
Inventories	704	1,341
Current receivables	133	116
Cash and cash equivalents	43	–
Non-current provisions	-8	–
Non-current liabilities	-433	-156
Current liabilities	-783	-81
Acquired net assets	441	3,215
Non-controlling interest	–	–
Goodwill	400	105
Purchase price	-841	-3,320
Outstanding purchase price ¹	–	79
Advance payment ²	–	235
Effect on Volvo Group's cash and cash equivalents	-798	-3,006
Effect on Volvo Group net financial position	-1,545	-3,058

1 2024 primarily includes the outstanding purchase price for the acquisition of the production plant from Commercial Vehicle Group Inc., which was settled in 2025.

2 2024 included a reversal of the advance payment in 2023 related to the acquisition of the battery business unit from Proterra Inc. and Proterra Operating Company.

Divestments during the period

In June 2025, the Volvo Group and Daimler Truck established the joint venture Coretura AB. The Volvo Group divested 50% of its shares to Daimler Truck for SEK 500 M. Based on the external transaction with Daimler Truck, Volvo Group's remaining investment in the joint venture was remeasured to fair value, resulting in a surplus value of SEK 489 M, mainly consisting of intangible assets related to technology. The transaction generated a total gain of SEK 989 M, which impacted the Volvo Group's operating income, and a positive cash flow impact of SEK 472 M.

In September 2025, the Volvo Group divested its entire stake of 70% of the shares in Shandong Lingong Construction Machinery Co (SDLG) to a fund predominantly owned by Lingong Group (LGG) for RMB 6,000 M (SEK 7,943 M). The divestment impacted the Volvo Group's operating income positively by SEK 811 M (including recycled accumulated currency effects of SEK 815 M).

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

The divestment of Arqus to John Cockerill Defense was completed in 2024 and generated a positive cash flow effect of SEK 1,917 M. In total, the divestment of Arqus impacted the Volvo Group's operating income negatively by SEK 699 M in 2023 and 2024, due to a write-down of assets to fair value in 2023. As a result of John Cockerill Defense's acquisition of Arqus, an additional amount up to EUR 100 M (approximately SEK 1,080 M) might be paid to Volvo Group as an earnout subject to the performance of Arqus during the years 2023-2025. The earnout is re-evaluated continuously throughout the period specified. At the time of the divestment, the fair value of the additional amount was estimated to EUR 45 M (approximately SEK 486 M). The earnout is recognized as an asset at fair value and impacted the total net gain/loss by the same amount.

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

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

Assets and liabilities held for sale

As of December 31, 2025, no assets and liabilities were recognized as held for sale, compared with SEK 368 M for 2024 which was related to property divestments.

Acquisitions and divestments after the end of the period

On January 31, 2026, the Volvo Group completed the previously announced acquisition of Swecon. The acquisition comprises Swecon's operations in Sweden, Germany and the Baltics, including Entrack. The acquired business includes sales of products and services, rental operations, aftermarket services and support to customers as well as offices, workshop facilities and 1,400 employees. The acquisition is a strategic move to further invest and strengthen the retail operations and service sales in key markets and thus make the retail market core for Volvo Construction Equipment in Europe.

The purchase price amounted to SEK 7.3 bn before adjustment of actual closing balances. In connection with the acquisition, the Volvo Group made a preliminary purchase price allocation of identified assets and liabilities, which is expected to be finalized within 12 months from the acquisition date. The purchase price represents the fair value of the identifiable net assets acquired, consisting mainly of tangible assets

3:2 Divestments		
	2025	2024
Goodwill	-510	-461
Intangible assets	-14	-525
Tangible assets	-1,131	-1,005
Financial assets	-2,264	-819
Deferred tax assets	-468	-149
Inventories	-3,060	-4,394
Current receivables	-10,960	-5,928
Cash and cash equivalents	-6,859	-272
Non-current provisions	309	336
Non-current liabilities	2,960	2,909
Current liabilities	10,907	7,181
Write-down of assets to fair value recognized in previous year	-	1,488
Divested net assets	-11,089	-1,639
Whereof non-controlling interest	-3,063	-

Cash flow and net financial position		
	2025	2024
Cash and cash equivalents, received	8,498	1,168
Loan repayment	-	1,474
Cash and cash equivalents, divested operations	-6,859	-272
Effect on Volvo Group's cash and cash equivalents	1,639	2,371
Effect on Volvo Group net financial position	6,133	2,766

Details on completed divestments		
	2025	2024
Consideration received or receivable:		
Cash	8,498	993
Fair value of contingent consideration	-	472
Total disposal consideration	8,498	1,465
Carrying amount of divested net assets	-8,026	-1,639
Fair value of retained interest in consolidated accounts	500	-
Exchange rate changes reversed to income	868	423
Net gain/loss	1,840	249

(SEK 2.6 bn), inventory (SEK 1.4 bn) and surplus values related to customer relationships (SEK 0.8 bn) and brand (SEK 0.2 bn). The identified intangible assets will be amortized within four years. The residual amount of SEK 4.1 bn has been recognized as goodwill. Goodwill represents the acquired market position, future customers, the assembled and skilled workforce and anticipated synergies arising from the business combination. As the Volvo Group was and remains Swecon's main supplier, the relationship between the parties will be internal going forward. Thus, part of the goodwill is related to customer loyalty to the Volvo brand and its products as well as the supplier agreement between the parties, which are not recognized separately from goodwill. For the full year of 2024, Swecon's revenues amounted to SEK 10 bn. Transactions between Construction Equipment and Swecon after the acquisition will be eliminated within the Volvo Group. As of January 31, 2026, the acquired operation is recognized in the segment Construction Equipment in the Volvo Group financial statements.

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

4

Goals and policies in financial risk management

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

The board and audit committee of AB Volvo are informed regularly during the year about the development of the Volvo Group's financial risks and other matters covered within the financial risk policy. The financial risk policy is reviewed on an annual basis. The financial risk management is an integrated element of the Volvo Group's operations, where parts of the responsibility for the finance operation and financial risk management are centralized to Volvo Group Treasury,

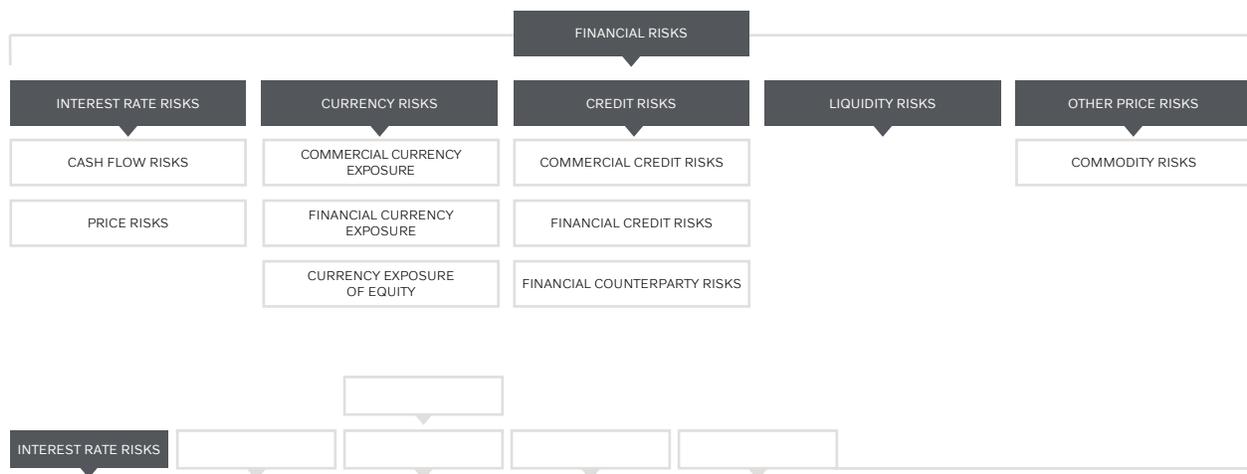
the internal bank of the Volvo Group. Their responsibilities include financing of Industrial Operations as well as financing of the credit portfolio in Financial Services.

In 2025 the financial markets were shaped by trade wars and geopolitical uncertainty. Credit spreads remained relatively stable throughout the year. Inflation decreased, which was accompanied by a decline in long-term market interest rates. Short-term market interest rates showed a more divergent pattern but generally decreased. During the year the SEK strengthened noticeably against many currencies. The Volvo Group has continued to perform financial activities and managed risk in accordance with the financial risk policy, without any policy breaches.

Read more in Note 30 Financial instruments, about accounting policies for financial instruments.

Read more in section Financial management about financial risk management.

Read more in section Risks and uncertainties about financial risks.



Interest rate risks

Interest rate risk refers to the risk that changes in interest rates will affect the Volvo Group's net income and cash flow (cash flow risk) or the fair value of financial assets and liabilities (price risk). Following the interest rate benchmark reform, market rates continue to transition into risk free rates. The transition phase of various IBOR rates is expected to continue for a number of years. Transitions are handled using the ISDA fallback scenario and no material effects in the income statement of the Volvo group are expected. No major IBOR rates, where the Volvo Group had outstanding contracts, have been decommissioned during 2025 and none are scheduled for cessation in the coming year.



Policy

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

Cash flow risks

The effect of changed interest rate levels on future currency and interest flows primarily pertains to Financial Services and Industrial Operations' net financial position. The interest rate risk in Financial Services is managed with the objective to achieve a match of interest rate fixings on borrowing and lending, in order to eliminate interest rate risk. The matching degree is measured excluding equity, which amounts to 10% in Financial Services. At year-end 2025, the degree of such matching ratio was 98% (97) in Financial Services which is in accordance with the Group policy.

In addition to the financial assets in Financial Services, the Volvo Group's interest-bearing assets at year-end 2025 consisted primarily of cash and cash equivalents. On December 31, 2025, the average interest on Industrial Operations financial assets was 2.6% (3.3). The decrease relates to lower underlying interest rates in regions where the Volvo Group have significant volume of financial assets.

The Industrial Operations' results and profitability are closely aligned to the business cycle. As a result, in order to minimize the interest rate risk, outstanding loans had interest terms corresponding to an interest rate fixing of between one to three months. The average interest rate on Industrial Operations financial liabilities at year end amounted to 4.7% (4.8), including the Volvo Group's credit costs.

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

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

4:1 Risk Industrial Operation's net financial position Dec 31, 2025			
SEK M	Net financial position excl. post-employment benefits and lease liabilities	Impact on income after financial items if interest rate rises 1% (Interest rate risks)	Impact on net financial position if SEK appreciates against other currencies 10% (Currency risks)
SEK	31,561	358	-
EUR	17,856	157	-1,786
USD	7,224	65	-722
GBP	6,629	58	-663
CNY	2,746	28	-275
BRL	-1,826	-14	183
Other	-1,152	-3	115
Total	63,040	648	-3,148

Read more in section Financial position about the Industrial Operation's net financial position.

Price risks

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

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

There are several measurements which can be used to define market risk. Volvo Group Treasury is using Value-at-Risk (VaR) as the main tool for mandating market risk (including interest rate risk, currency risk and liquidity risk). Volvo Group Treasury measures VaR over a one day holding period, using a 97.7% confidence level and historical volatility and correlation. The total VaR mandate for Volvo Group Treasury is SEK 150 M and the usage is measured daily. As of December 31, 2025, the VaR usage was SEK 8.7 M (20.0).



Currency risks

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



Policy

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

Commercial currency exposure

Transaction exposure from commercial flows

The Volvo Group conducts manufacturing in 17 countries around the globe and more than 98% of net sales are generated in countries other than Sweden. Transaction exposure from commercial flows in foreign currency is generated from internal purchases and sales between manufacturing entities and market companies, and external sales and purchases in foreign currency around the globe. As the predominant parts of the operations in the Volvo Group are situated outside Sweden, the fluctuations in currency rates affecting the transaction flows in foreign currency are in many cases not against SEK. Industrial Operations' transaction exposure from commercial flows for key currencies is presented in [graph 4:5](#). The graph represents the transaction exposure from commercial operating cash flows in foreign currency, expressed as net surpluses or deficits in key currencies. Commercial net flows decreased compared to previous year as an effect of the cyclical downturn with lower volumes of new vehicles and machines as a result. The deficit in SEK and KRW is mainly an effect of manufacturing costs in the plants in Sweden and South Korea, but limited external revenues in those currencies. The surplus in GBP is mainly generated from internal and external sales to Great Britain. The surplus in CAD is mainly generated from internal and external sales to Canada. The surplus in USD is mainly generated from internal and external sales to USA and emerging markets around the globe. The transaction exposure in Financial Services is limited as the lending is done in local currency and the currency risk is managed by matching lending and borrowing.

The hedging of the Volvo Group's commercial currency exposure is executed centrally. The Volvo Group's consolidated currency exposure is the value of forecasted flows in foreign currency. The Volvo Group may hedge the part of the forecasted cash flows in foreign currency that is considered highly probable to occur. However, during 2025 only future cash flows for specific orders, decided on case-by-case basis, has

been hedged. The Volvo Group uses forward contracts and currency options to hedge the future payment flows in foreign currency. The hedged amount of firm flows for all periods fall within the framework of the Volvo Group's financial risk policy. [Table 4:2](#) shows outstanding derivatives for the hedging of commercial currency risks.

4:2 Volvo Group's outstanding derivatives hedging commercial currency risks Dec 31, 2025

Nominal amount, millions	GBP/SEK	HKD/SEK
Due date 2026	5	17
Total local currency	5	17
Average contract rate	13.16	1.21
Market value of outstanding derivatives, SEK M	4	1

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

4:3 Sensitivity analysis Risk currency exposure 2025

SEK bn	Transaction exposure from operating net flows	Impact on operating income if currency rate appreciates against all other currencies by 10% (Currency risks)
SEK	-53	-5.3
GBP	15	1.5
CAD	10	1.0
USD	9	0.9
AUD	6	0.6

Sensitivity analysis for transaction exposure

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

Translation exposure from the consolidation of operating income in foreign subsidiaries

In conjunction with the translation of operating income in foreign subsidiaries, the Volvo Group's income is impacted by changes in currency rates. The Volvo Group does not hedge this risk. [Graph 4:7](#) shows the translation effect in key currencies when consolidating operating income for 2025 in foreign subsidiaries in the Volvo Group.

[Read more](#) in section currency exposure of equity.

Volvo Group currency review

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

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

Financial currency exposure

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

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

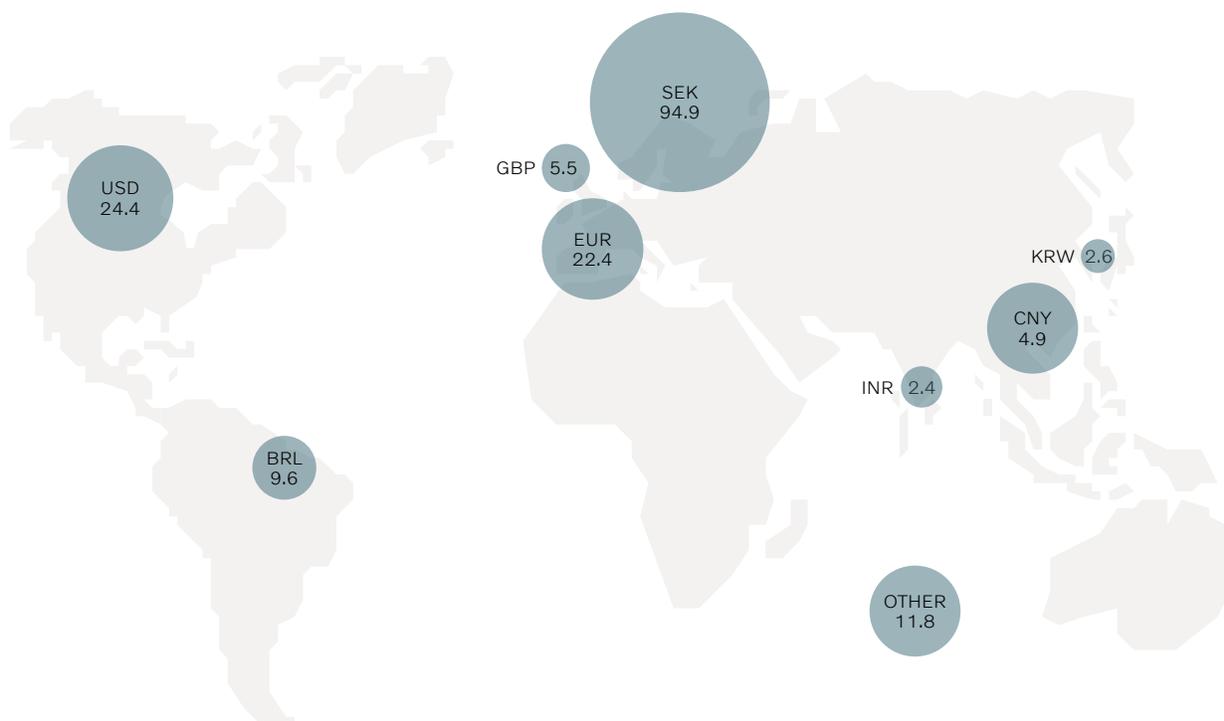
Currency exposure of equity

The carrying amount of assets and liabilities in foreign subsidiaries are affected by current exchange rates in conjunction with the translation of assets and liabilities to SEK. To minimize currency exposure of equity, the size of equity in foreign subsidiaries is continuously optimized with respect to commercial and legal conditions. In connection with this activity, payments of major internal dividends in foreign currency can be subject for hedging. Currency hedging of equity may occur in cases where a foreign subsidiary is considered overcapitalized. Net assets in foreign subsidiaries, associated companies and joint ventures amounted at year end 2025 to SEK 84 billion (101). The need to undertake currency hedging relating to investments in associated companies, joint ventures and other companies is assessed on a case-by-case basis.

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

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

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



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

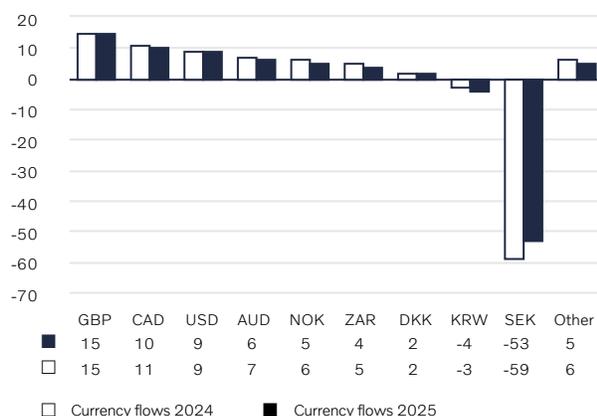
When the Volvo Group communicates the currency impact on operating income, the following factors are included:

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

SEK M	2025	2024	Change
Net flows in foreign currency			-3,964
Realized and unrealized gains and losses on currency hedging contracts	20	-87	106
Unrealized gains and losses on receivables and liabilities in foreign currency	116	-49	165
Translation effect on operating income in foreign subsidiaries			-2,521
Total currency impact on operating income, Volvo Group			-6,214

Currency impact on net flows in foreign currency is detailed in [graph 4:6](#) and translation effect on operating income in foreign subsidiaries is detailed in [graph 4:7](#) for key currencies.

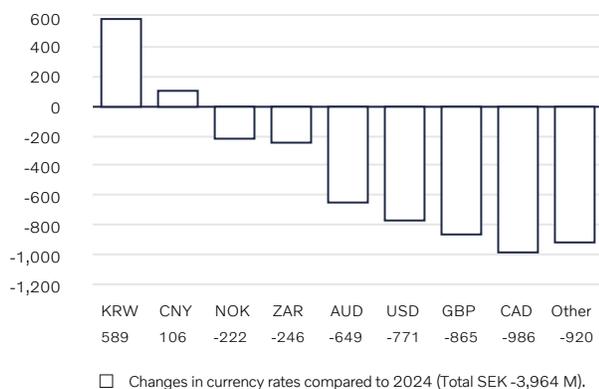
4:5 Transaction exposure from commercial net flows in 2025 and 2024, SEK bn



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

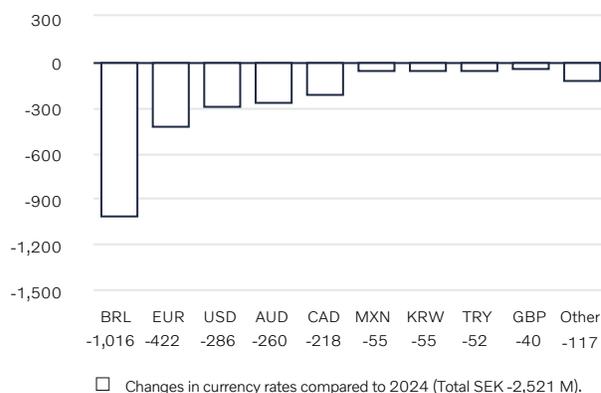
[Read more](#) in section Commercial currency exposure.

4:6 Currency impact on operating income from net flows in foreign currency 2025 versus 2024, SEK M



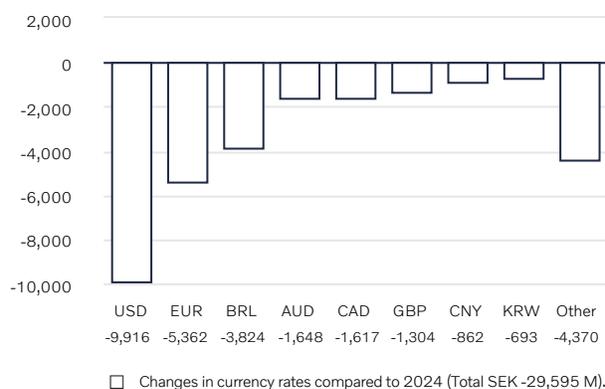
Currency effect on operating income from net flows in foreign currency in Volvo Group is presented in the graph above.

4:7 Translation effect on operating income in 2025 versus 2024, SEK M



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

4:8 Currency impact on net sales in 2025 versus 2024, SEK M



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



Credit risks

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



Policy

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

Commercial credit risks

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

The customer-financing receivables in the Volvo Group amounted to net SEK 234 billion (257) on December 31, 2025. The credit risk of this portfolio is distributed over a large number of retail customers and dealers. Collateral is provided in the form of the financed products. In the credit granting the Volvo Group strives for a balance between risk exposure and expected return. Syndication of customer-financing receivables is made in order to reduce concentration risk.

The Volvo Group's accounts receivables as of December 31, 2025 amounted to net SEK 31 billion (42).

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

Read more in Note 16 Receivables.

Financial credit risks

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

Cash and cash equivalents including marketable securities as of December 31, 2025 amounted to SEK 73 billion (85) and consists primarily of bank account positions.

Read more in Note 18 Cash and cash equivalents.

Financial counterparty risks

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

Table 4:9 shows the effect of netting agreements and cash transfers on the Volvo Group's gross exposure from outstanding interest and currency risk derivatives as of December 31, 2025.

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

4:9 The impact from netting agreements and cash transfers on the Volvo Group's gross exposure from derivatives, Dec 31, 2025

	Gross amount	Netting agreements	Cash transfers	Net position	Change
Interest and currency risk derivatives reported as assets	7,646	-1,587	-5,423	635	92%
Interest and currency risk derivatives reported as liabilities	1,787	-1,587	-17	183	90%



Liquidity risks

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



Policy

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

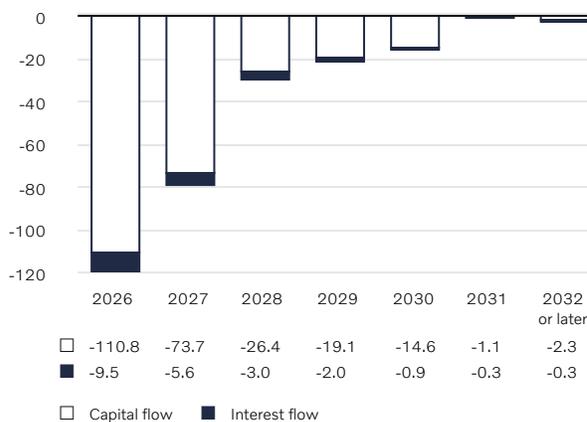
The Volvo Group's cash and cash equivalents amounted to SEK 73 billion (85) on December 31, 2025. In addition to this, granted but unutilized credit facilities amounted to SEK 61 billion (59). **Graph 4:10** discloses expected future cash flows related to financial liabilities. Capital flow refers to expected payments of loans, lease liabilities and derivatives. Expected interest flow refers to the future interest payments on loans, lease liabilities and derivatives based on interest rates anticipated by the market. The interest flow is recognized within cash flow from operating activities. The maturity structure of the unutilized credit facilities is disclosed in note 22 Liabilities, in **table 22:2**. The predominant part of expected future cash flows that will occur in 2026 and 2027 is an effect of the Volvo Group's normal business operations, with shorter duration in the portfolio within Financial Services compared to Industrial Operations.

Financial Services measure the degree to which the duration of borrowing and lending matches. The calculation of the matching degree excludes equity, which amounted to 10% in Financial Services. At year-end 2025, the degree of such matching was 98% (97) which was in line with the Volvo Group's policy. Volvo Group Treasury has, for practical as well as business reasons, the mandate to mismatch the portfolio in the segment Financial Services between a matching ratio of 80–120%. At year-end 2025, the matching ratio was 95% (95). Any gains or losses from the mismatch impact the segment Group functions & other within Industrial Operations.

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

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

4:10 Future cash flow including lease liabilities and derivatives related to non-current and current financial liabilities¹, SEK, bn



¹ In addition to derivatives included in **graph 4:10** there are also derivatives in the Volvo Group related to financial liabilities recognized as assets, which are expected to give a future capital flow of SEK 6.1 billion (3.1) and a future interest flow of SEK 0.3 billion (1.5).



Other price risks

Commodity risks

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



Policy

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

5

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



Accounting policies

Joint ventures

Joint ventures are companies in which the Volvo Group has joint control together with one or more external parties. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint ventures are recognized by applying equity method accounting.

Associated companies

Associated companies are companies in which the Volvo Group has a significant influence. A strong indication of such influence is when the Group's holding is more than 20% but less than 50% of the voting rights. Investments in associated companies are recognized by applying equity method accounting.

Equity method

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

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

Other shares and participations

Other shares and participations recognize holding of shares in which the Volvo Group does not hold a significant influence. This generally means the Volvo Group's holding of shares corresponds to less than 20% of the voting rights. Listed shares are recognized at fair value through other comprehensive income since the shares are not held for trading. For unlisted shares and participations, a fair value cannot be reasonably measured, hence these are measured at amortized cost. Earned or paid interest attributable to these assets is recog-

nized in the income statement as part of net financial items, in accordance with the effective interest method. Dividends received attributable to these assets are recognized as income from other investments within operating income.

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

Material investments accounted for using the equity method cellcentric GmbH & Co KG

In 2021, Daimler Truck AG and Volvo Group formed the 50:50 joint venture cellcentric GmbH & Co.KG with its headquarter in Kirchheim unter Teck, Germany. cellcentric develops, produces and commercializes fuel-cell systems for use in heavy-duty trucks as the primary focus. The investment is included in the Trucks segment.

VE Commercial Vehicles, Ltd. (VECV)

VE Commercial Vehicles Ltd. (VECV) has been a joint venture between the Volvo Group and Eicher Motors Limited since 2008. The investment in VECV aims at strengthening the Volvo Group's position in the Indian market. VECV comprises five business verticals – Eicher Trucks and Buses, Volvo Trucks India, Eicher Engineering Components and VE Powertrain. The Volvo Group owns 45.6% and the investment is included in the Trucks segment.

Flexis SAS

In 2024, the Volvo Group created the joint venture Flexis SAS together with the Renault Group and CMA CGM Group. The Volvo Group owns 45% and the purpose is to offer the next generation of fully electric and software defined vans. The company, which is based in France, will address the growing needs of decarbonized and efficient urban logistics. The investment is included in the Trucks segment. In February 2026, Volvo Group made an agreement to divest its ownership of 45% to Renault Group.

Milence

During 2022, the Volvo Group, Daimler Truck and the Traton Group created a joint venture, Milence. The aim is to provide reliable and accessible high-performance charging stations for all battery electric heavy-duty vehicle fleet operators in Europe. The Volvo Group owns 33.3% and the investment is included in the Trucks segment.

Dongfeng Commercial Vehicles Co., Ltd (DFCV)

Volvo Group acquired a 45% stake in Dongfeng Commercial Vehicles Co., Ltd (DFCV) in 2015, a move that significantly strengthened its position in the Chinese commercial vehicle markets. The ownership in the Chinese automotive manufacturer DFCV is classified as an associated company and is included in the Trucks segment.

New investments 2025

During 2025, the Volvo Group and Daimler Truck established a 50:50 joint venture called Coretura AB to develop a new, standardized software-defined vehicle (SDV) platform for the commercial vehicle industry. Coretura is based in Gothenburg, Sweden, and began operations in the beginning of June 2025.

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FINANCIAL STATEMENTS**5:1 Investments in joint ventures and associated companies**

	Joint ventures				Associated companies	Other joint ventures and associated companies ¹	Total
	cellcentric	VECV	Flexis	Milence	DFCV		
Opening carrying amount 2024	7,786	3,131	–	377	7,256	608	19,158
Equity interest (%)	50.0	45.6	45.0	33.3	45.0	–	–
Acquisition of joint ventures and associated companies	–	–	2,436	–	–	356	2,792
Divestment of joint ventures and associated companies	–	–	–	–	–	–	–
Equity-method earnings	-1,404	615	-157	-192	-952	-76	-2,166
Capital contributions	1,307	–	–	432	–	154	1,893
Exchange rate changes	269	238	30	16	401	18	972
Dividends received	–	-143	–	–	–	–	-143
Other	–	-6	–	–	21	-25	-9
B/S Carrying amount, Dec 31, 2024	7,958	3,835	2,309	634	6,726	1,035	22,496
Equity interest (%)	50.0	45.6	45.0	33.3	45.0	–	–
Acquisition of joint ventures and associated companies ²	–	–	–	–	–	501	501
Divestment of joint ventures and associated companies	–	–	–	–	–	-3	-3
Equity-method earnings	-1,321	690	-354	-273	-240	-132	-1,630
Capital contributions	1,169	–	–	443	–	436	2,048
Exchange rate changes	-458	-775	-127	-38	-690	-43	-2,131
Dividends received	–	-203	–	–	–	–	-203
Other	–	6	–	–	25	–	31
B/S Carrying amount, Dec 31, 2025	7,348	3,554	1,828	765	5,821	1,796	21,111

1 Other investments mainly relate to Cespira, Coretura AB and Blue Chip Jet II.

2 Read more in Note 3 Acquisitions and divestments of operations in section divestments during the period about the establishment of Coretura.

5:2 Income/loss from investments in joint ventures and associated companies

	2025	2024
Income/loss from joint ventures		
VECV	690	615
cellcentric	-1,321	-1,404
Flexis	-354	-157
Milence	-273	-192
Other companies	-142	-70
Subtotal	-1,400	-1,208
Income/loss from associated companies		
DFCV ¹	-240	-952
Other companies	10	-6
Subtotal	-230	-959
Revaluation, write-down and gain on divestment of shares		
Other companies	–	–
Subtotal	–	–
I/S Income/loss from investments in joint ventures and associated companies²	-1,630	-2,166

1 Income/loss from DFCV includes an internal profit elimination of net SEK 25 M (37) and an adjustment to Volvo Group Accounting policies of SEK 15 M (-92).

2 Includes the Volvo Group's depreciations of surplus values of SEK 25 M (37) in associated companies and joint ventures.

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The following table present summarized financial information for the Volvo Group's material joint ventures and associated companies:

5:3 Summarized Financial statements										
	Joint ventures								Associated companies	
	cellcentric		VECV		Flexis		Milence		DFCV	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Income statement										
Net sales	10	117	29,120	28,596	–	–	48	8	41,201	40,452
Operating income	-2,626	-2,780	1,828	1,455	-713	-380	-789	-601	-533	-1,967
Income for the period	-2,647	-2,801	1,514	1,347	-788	-347	-821	-614	-534	-2,116
Other comprehensive income	24	-63	–	–	–	–	17	11	–	–
Total comprehensive income	-2,623	-2,864	1,514	1,347	-788	-347	-804	-603	-534	-2,116
Income for the period includes:										
Depreciation and amortization	-690	-700	-692	-758	-8	-2	-169	-60	-1,537	-1,580
Interest income	10	9	235	230	27	34	13	19	73	127
Interest expenses	-19	-17	-42	-27	-103	-1	-30	-34	–	–
Income taxes	-12	-13	-505	-315	–	–	-4	–	-70	-273
Balance sheet										
Non-current assets	14,663	15,860	4,884	5,716	10,474	5,562	3,061	2,501	14,220	16,906
Current assets	1,078	1,371	13,401	13,459	1,654	3,111	1,301	1,058	34,863	35,026
<i>of which cash and cash equivalents</i>	<i>549</i>	<i>567</i>	<i>3,287</i>	<i>3,033</i>	<i>638</i>	<i>2,607</i>	<i>1,108</i>	<i>537</i>	<i>12,846</i>	<i>15,818</i>
Total Assets	15,741	17,231	18,285	19,175	12,128	8,673	4,362	3,559	49,083	51,932
Equity	14,518	15,727	6,388	6,838	4,062	5,130	2,294	1,901	9,964	12,032
Non-current financial liabilities	330	365	233	237	–	–	1,150	1,274	–	–
Other non-current liabilities	41	459	756	893	7	6	623	–	3,765	4,280
Current financial liabilities	38	9	42	60	3,181	1,247	74	–	–	–
Other current liabilities	813	671	10,866	11,147	4,878	2,290	220	384	35,354	35,620
Total equity and liabilities	15,741	17,231	18,285	19,175	12,128	8,673	4,362	3,559	49,083	51,932
Equity interest (%)	50.0	50.0	45.6	45.6	45.0	45.0	33.3	33.3	45.0	45.0
Reconciliation of share of equity to the Volvo Groups equity method carrying amounts										
Equity attributable to the Volvo Group	7,259	7,863	2,913	3,118	1,828	2,309	765	634	4,484	5,414
Other adjustments ¹	89	94	641	716	–	–	–	–	1,337	1,312
Carrying amount of equity method investment	7,348	7,958	3,554	3,835	1,828	2,309	765	634	5,821	6,726

¹ Other adjustments relate to goodwill and surplus values at acquisition, including depreciations, write-downs, reversals of write-downs and adjustments to Volvo Group Accounting policies.

Volvo Group's share of contingent liabilities in its joint ventures amounted to SEK 89 M (112). Dividends received during 2025 from VECV amounted to SEK 203 M (142).

Other shares and participations

The carrying amount of the Volvo Group's holding of shares and participations in other companies is disclosed in [table 5:4](#).

[Read more in Note 30](#) Financial Instruments, regarding classification and valuation of financial instruments.

5:4 Holding of shares in listed and non-listed companies

	Dec 31, 2025 Carrying value	Dec 30, 2024 Carrying value
Holdings in listed companies ¹	18	35
Holdings in non-listed companies	1,089	1,072
B/S Other shares and participations	1,106	1,107

¹ Changes in fair value is measured through other comprehensive income and amounted to SEK -17 M (13).

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6:2 Reporting by operating segments									
2024	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales, external customers	356,482	87,647	23,093	19,087	14,619	500,928	26,419	-531	526,816
Net sales, internal	4,128	658	1,451	765	-2,955	4,047	562	-4,610	-
I/S Net sales	360,610	88,305	24,544	19,852	11,665	504,975	26,982	-5,140	526,816
Expenses	-312,491	-75,565	-22,130	-16,433	-13,993	-440,611	-22,940	5,512	-458,039
Income/loss from investments in joint ventures and associated companies	-2,152	-3	18	-	-29	-2,166	-	-	-2,166
I/S Operating income	45,966	12,737	2,433	3,419	-2,357	62,198	4,042	371	66,611
I/S Interest income and similar credits						3,060	-	-371	2,688
I/S Interest expense and similar charges						-1,592	-	-	-1,592
I/S Other financial income and expense						-497	-	-	-497
I/S Income after financial items						63,168	4,042	-	67,210
Other segment information									
Depreciation, amortization and impairment	-16,417	-2,115	-628	-638	2,420	-17,379	-5,170	-	-22,548
Restructuring costs ¹	-57	-72	195	-58	413	421	-24	-	397
Gains/losses from divestments	81	-17	-	-	185	249	-	-	249
Additions of in-/tangible assets	30,614	4,521	706	947	-5,256	31,531	10,269	-	41,799
B/S Investments in joint ventures and associated companies	21,938	62	105	1	390	22,496	-	-	22,496
B/S Assets held for sale	-	-	-	-	381	381	-	-	381
B/S Liabilities held for sale	-	-	-	-	-13	-13	-	-	-13

1 During 2024, SEK 572 M was released from restructuring provisions recognized in 2023.

6:3 Reporting by geographical region				
	Net sales ¹		Non-current assets ²	
	2025	2024	2025	2024
Europe	206,455	216,270	103,394	97,612
<i>of which Sweden</i>	<i>11,686</i>	<i>11,731</i>	<i>43,620</i>	<i>37,749</i>
<i>of which France</i>	<i>35,210</i>	<i>41,544</i>	<i>15,170</i>	<i>15,409</i>
<i>of which the UK</i>	<i>27,881</i>	<i>29,206</i>	<i>6,147</i>	<i>6,401</i>
<i>of which Spain</i>	<i>16,726</i>	<i>16,226</i>	<i>8,644</i>	<i>8,233</i>
North America	140,619	162,370	32,538	33,633
<i>of which USA</i>	<i>114,302</i>	<i>134,073</i>	<i>26,494</i>	<i>31,564</i>
South America	46,437	56,559	4,329	4,133
<i>of which Brazil</i>	<i>31,010</i>	<i>43,331</i>	<i>3,806</i>	<i>3,571</i>
Asia	55,163	58,773	3,769	5,700
<i>of which China</i>	<i>11,063</i>	<i>15,436</i>	<i>505</i>	<i>1,958</i>
Africa and Oceania	30,509	32,843	3,184	3,250
<i>of which Australia</i>	<i>14,972</i>	<i>17,081</i>	<i>1,777</i>	<i>1,369</i>
Total	479,183	526,816	147,214	144,328

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

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

7

Revenue



Accounting policies

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

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

Vehicles

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

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

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

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

Read more in Note 14 Leasing, about lease income on assets under operating lease.

Read more in Sustainability statements and section EU Taxonomy regulation disclosures about taxonomy eligible turnover.

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

Services

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

Services also include sales in Financial Services related to finance lease, installment credits and operating leases. During 2025, revenue from Financial Services amounted to SEK 26,469 M (26,982).

Read more in Note 6 Segment reporting regarding net sales by operating segment and geographical region.

Read more in Note 14 Leasing, about lease income on assets under operating lease and finance income on customer-financing receivables.



Source of estimation uncertainty and critical judgments

Sales with residual value commitments

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

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

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

Variable sales price

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

7:1 Disaggregation of revenue ¹									
2025	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. eliminations	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales per geographical region									
Europe	157,288	27,761	6,578	9,622	-739	200,511	9,938	-3,994	206,455
North America	89,279	19,301	11,291	4,586	7,897	132,353	8,707	-441	140,619
South America	34,179	3,939	2,170	834	-173	40,948	5,675	-186	46,437
Asia	24,711	23,419	1,770	4,336	-89	54,147	1,016	-	55,163
Africa and Oceania	18,007	7,221	3,263	1,220	-160	29,551	1,133	-175	30,509
I/S Net sales	323,463	81,641	25,072	20,597	6,736	457,509	26,469	-4,795	479,183
Net sales per product group									
Vehicles	252,321	66,565	19,138	14,992	6,261	359,276	-	-4,110	355,167
Services	71,142	15,076	5,933	5,605	475	98,233	26,469	-686	124,016
I/S Net sales	323,463	81,641	25,072	20,597	6,736	457,509	26,469	-4,795	479,183
Timing of revenue recognition									
Revenue of vehicles and services recognized at the point of delivery	299,950	78,168	23,778	20,547	5,835	428,277	-	-799	427,478
Revenue of vehicles and services recognized over contract period	23,513	3,474	1,294	50	901	29,232	26,469	-3,996	51,704
I/S Net sales	323,463	81,641	25,072	20,597	6,736	457,509	26,469	-4,795	479,183

¹ **Read more in** Financial performance and section Net sales for information about changes in sales adjusted for currency movements and divestments in comparison with 2024.

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

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7:3 Contract and right of return assets					
	Dec 31, 2025	Of which due within 12 months	Of which due after 12 months	Dec 31, 2024	Dec 31, 2023
Contract assets	13	–	13	14	14
Right of return assets	1,738	304	1,434	1,699	1,535
Parts return assets	154	110	44	151	154
Total	1,905	415	1,490	1,865	1,702

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

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

7:4 Contract and refund liabilities					
	Dec 31, 2025	Of which due within 12 months	Of which due after 12 months	Dec 31, 2024	Dec 31, 2023
Contract liabilities					
<i>Deferred service revenue</i>	28,179	5,243	22,936	29,075	24,916
<i>Advances from customers</i>	4,009	3,962	46	4,312	3,623
<i>Other deferred income</i>	2,160	1,965	195	2,084	1,460
<i>Accrued expenses for dealer bonuses and rebates</i>	7,758	7,749	10	8,996	6,952
Refund liabilities	2,226	580	1,646	2,169	2,054
Total	44,331	19,499	24,833	46,636	39,006

Contract liabilities are recognized within other liabilities and include advance payments received from customers, e.g. advance payments for service contracts and extended coverage, for which revenue is recognized when the service is provided. Refund liabilities related to the right to return products are included with an amount that is expected to be paid to the customer if the vehicle or spare part is returned. The change in contract and refund liabilities are mainly due to decreased accrued expenses for dealer bonuses and rebates. During 2025, revenue has been recognized with SEK 22,405 M (26,205) that was included in the contract liabilities at the beginning of the period.

In service contracts, the total revenues expected to be recognized over the remaining term of the contract for services not yet delivered amounted to SEK 39,648 M (38,873) as of December 31, 2025. Approximately 34% are expected to be recognized as revenue during 2026 and the remaining 66% as revenue during 2027–2029.

8 Other operating income and expenses

8:1 Other operating income and expense		
	2025	2024
Gains/losses on divestment of Group companies ¹	1,840	249
Change in allowance for expected credit losses on customer-financing receivables and write-offs ²	-1,795	-1,312
Change in allowance for expected credit losses on other receivables and write-offs ³	-490	-449
Damages and litigations ⁴	-990	-1,191
Write-down of goodwill ⁵	–	-483
Restructuring cost ⁶	-178	397
Other income and expenses	1,183	946
I/S Total	-430	-1,844

- In 2025, the Volvo Group divested its ownership in SDLG. The transaction had a positive impact of SEK 811 M on operating income. Furthermore, the divestment of 50% of the shares in Coretura to Daimler Trucks, together with the remeasurement of the remaining interest to fair value, generated a positive impact of SEK 989 M on operating income.
- In 2024, Arquus was divested and a partial reversal of the previous impairment improved the operating income by SEK 181 M.
Read more in Note 3 Acquisitions and divestments of operations.
- For information about change in allowance for expected credit losses **Read more in Note 15** Customer-financing receivables.
- For information about change in allowance for expected credit losses for accounts receivables, **Read more in Note 16** Receivables.
- Read more in Note 21** Other provisions.
- In 2024, goodwill related to Designwerk was written down with SEK 483 M.
Read more in Note 12 Intangible assets.
- During 2024, SEK 572 M was released from restructuring provisions recognized in 2023.

9 Other financial income and expenses



Accounting policies

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

Read more in Note 1 Accounting policies about receivables and liabilities in foreign currency.

Read more in Note 30 Financial instruments regarding the accounting policy and effects on net income and cash flow for financial assets at fair value through the income statement.

9:1 Other financial income and expenses		
	2025	2024
Unrealized revaluation of derivatives used to hedge interest rate exposure	-679	389
Realized result and unrealized revaluation on derivatives used to hedge future cash flow exposure in foreign currency	30	-130
Financial instruments at fair value through income statement	-649	259
Exchange rate gains and losses on financial assets and liabilities	-356	-145
Financial income and expenses related to taxes	173	-86
Discounting effects on non-current other provisions and liabilities	-13	-201
Costs for Treasury function and other	-359	-324
I/S Total¹	-1,204	-497

- Other financial income and expenses attributable to financial instruments amounted to SEK -1,005 M (114). The amount is specified in note 30 Financial instruments in **table 30:3**.

10

Income taxes



Accounting policies

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

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

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

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

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

Read more in Note 24 Contingent liabilities and financial commitments.



Source of estimation uncertainty and critical judgments

Deferred taxes

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

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

Uncertainty over income tax treatments and claims

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

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

10:1 Distribution of income taxes

	2025	2024
Current taxes relating to the period	-12,301	-15,791
Adjustment of current taxes for prior periods	684	82
Deferred taxes originated or reversed during the period	-693	313
Adjustment of deferred taxes for prior periods	-375	-1,239
I/S Total income taxes	-12,685	-16,634

The Swedish corporate income tax rate amounted to 20.6% (20.6) in 2025. **Table 10:2** explains the major reasons for the difference between the Swedish corporate income tax rate and the Volvo Group's effective tax rate, based on income after financial items.

10:2 Reconciliation of effective tax rate %

	2025	2024
Swedish corporate income tax rate	20.6	20.6
Difference between corporate tax rate in Sweden and other countries	3.7	2.7
Non-taxable income	-2.7	-1.8
Non-deductible expenses	1.7	0.6
Capital gains or losses	2.4	-0.1
Income/loss from joint ventures and associated companies	-	0.2
Current taxes related to prior periods	-0.6	-0.3
Unrecognized deferred taxes	-1.0	2.2
Adjustment of deferred taxes for prior periods	1.7	0.3
Other differences	0.8	0.4
Effective tax rate for Volvo Group	26.8	24.7

The effective tax rate for the Volvo Group, as of December 31, 2025, was mainly impacted by the country mix in the Volvo Group's earnings and the taxable gain from the sale of the shares in SDLG in China.

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10:3 Specification of deferred tax assets and liabilities		
	Dec 31, 2025	Dec 31, 2024
Deferred tax assets:		
Unused tax-loss carryforwards	1,730	2,181
Other unused tax credits	683	663
Intercompany profit in inventories	1,684	1,849
Write down of inventories	635	761
Valuation allowance for doubtful receivables	1,205	1,450
Provisions for warranties	4,310	5,537
R&D amortization and capitalization	1,427	1,075
Lease liabilities	1,658	1,529
Provision for post-employment benefits	2,507	3,319
Other provisions	2,029	1,760
Accrued expenses	2,213	1,286
Other deductible temporary differences	3,464	6,229
Deferred tax assets before deduction of unrecognized deferred tax assets	23,545	27,638
Unrecognized deferred tax assets	-2,222	-2,708
Deferred tax assets after deduction of unrecognized deferred tax assets	21,322	24,930
Netting of deferred tax assets and liabilities	-8,573	-9,052
B/S Deferred tax assets, net	12,749	15,878
Deferred tax liabilities:		
Accelerated depreciation on property, plant and equipment	2,408	2,189
Accelerated depreciation on leasing assets	2,249	2,647
Right-of-use assets, leased	1,586	1,441
LIFO valuation of inventories	869	878
Capitalized product and software development	3,938	3,096
Untaxed reserves	72	929
Other taxable temporary differences	2,658	2,650
Deferred tax liabilities	13,781	13,830
Netting of deferred tax assets and liabilities	-8,573	-9,052
B/S Deferred tax liabilities, net	5,208	4,778
Deferred tax assets and liabilities, net¹	7,542	11,100

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

Total unrecognized deferred tax assets amounted to SEK 2,222 M (2,708) as of December 31, 2025, whereof SEK 863 M (965) consisted of unrecognized deferred tax assets for tax losses carried forward and temporary differences in Canada, SEK 740 M (834) for tax losses carried forward and temporary differences in China and SEK 266 M (600) for a tax credit in Brazil.

As of December 31, 2025, the Volvo Group's gross unused tax-loss carry forwards amounted to SEK 6,800 M (8,249). In the balance sheet, net deferred tax assets of SEK 475 M (1,008) was recognized, attributable to the losses. The decrease of deferred tax assets attributable to unused tax-loss carryforwards pertained mainly to France.

The gross unused tax-loss carryforwards will expire according to [table 10:4](#).

10:4 Due date, unused tax-loss carryforwards, gross		
	Dec 31, 2025	Dec 31, 2024
After 1 year	84	15
After 2 years	200	16
After 3 years	497	263
After 4 years	289	555
After 5 years	102	407
After 6 years or more ¹	5,627	6,992
Total	6,800	8,249

1 Tax-loss carryforwards with long or indefinite periods of utilization were mainly related to Canada. Tax-loss carryforwards with indefinite periods of utilization amounted to SEK 1,635 M (3,376) which corresponded to 24% (41) of the total unused tax-losses carryforward.

10:5 Changes in deferred tax assets and liabilities, net		
	2025	2024
Deferred tax assets and liabilities, net, opening balance	11,100	11,461
Recognized in income statement	-1,068	-925
Recognized in other comprehensive income, whereof:		
Remeasurements of defined-benefit pension plans	-672	210
Exchange rate changes	-1,585	458
Reclassification to assets and liabilities held for sale	-16	-64
Acquisitions/Divestments	-566	60
Reclassifications	349	-100
Deferred tax assets and liabilities, net, Dec 31	7,542	11,100

The cumulative amount of undistributed earnings in foreign subsidiaries, which the Volvo Group currently intends to indefinitely reinvest outside of Sweden and which no deferred income tax have been accounted for, amounted to SEK 22 billion (13) at year end. Undistributed earnings pertaining to countries where the dividends are not taxable are excluded.

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

11

Owners of non-controlling interest



Accounting policies

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

The Volvo Group has a few smaller non-wholly owned subsidiaries. In September 2025, the Volvo Group divested its entire stake of 70% of the shares in Shandong Lingong Construction Machinery Co (SDLG) to a fund predominantly owned by Lingong Group (LGG). During 2025, the profit allocated to the non-controlling interest in SDLG amounted to SEK 237 M (185). The total effect from the divestment of SDLG on the non-controlling interest within equity amounted to SEK -3,063 M.

Read more in Note 3 Acquisitions and divestments of operations about the divestment of SDLG.

The following tables present summarized financial information for SDLG. The summarized income statement covers the period when SDLG was included in the Volvo Group.

11:1 Summarized income statement

	2025	2024
Net sales	10,472	14,206
Operating income	906	604
Income for the period	790	615
Other comprehensive income ¹	-1,269	676
Total comprehensive income for the period¹	-479	1,291
Dividend to non-controlling interest	-	-

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

11:2 Summarized balance sheet

	Dec 31, 2025	Dec 31, 2024
Non-current assets	-	3,121
Marketable securities, cash and cash equivalents	-	6,317
Other current assets	-	15,626
Total assets	-	25,064
Non-current liabilities	-	2,520
Current liabilities	-	11,794
Total liabilities	-	14,314
Equity attributable to:		
Owners of AB Volvo ¹	-	7,525
Owners of non-controlling interest ¹	-	3,225

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

12

Intangible assets



Accounting policies

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

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

Goodwill

Goodwill is recognized as an intangible asset with indefinite useful life. For non-depreciable assets such as goodwill, impairment tests are performed annually, as well as if there are indications of impairments during the year. Goodwill is allocated and tested at the level of cash-generating units which are identified as the Volvo Group's operating segments. However, in the segment Group Functions & Other, two cash-generating units, Nova Bus and Designwerk are included. As from January 1, 2026, Designwerk is included in the operating segment Trucks and is no longer a separate cash-generating unit. If the carrying amount of the tested cash-generating unit exceeds the calculated recoverable amount, an impairment loss is recognized for the difference. The recoverable amount for a cash-generating unit is determined by the value in use, which is based on a discounted cash flow model with a forecast period of five years. The valuation is based on a business plan which is an integral part of the Volvo Group's financial planning process and represents management's best estimate of the development of the operations. The ongoing transition of the transport sector towards new technologies and new service-based business models bring business opportunities but also transitional risks for the Volvo Group, which have been integrated into the strategy and business plans. Assumption of 2% (2) long-term market growth beyond the forecast period and the expected development of the operations in relation to this environment is a basis for the valuation. In the model, the Volvo Group is expected to maintain stable capital efficiency over time. Other parameters considered in the calculation are operating income, mix of products and services, the transition towards electrification and other low-carbon transport solutions, expenses and level of capital expenditures. The investment plan includes different technologies to leveraging fossil-free and low-carbon technologies, to offer a mix of products of battery-electric vehicles, fuel-cell electric vehicles and internal combustion engines. Macroeconomic risks and opportunities are reflected in the estimated future cash flows for each cash-generating unit. The Volvo Group uses a discount rate at 10% (10) before tax for 2025.

In 2025, the recoverable amount of Volvo Group's operations exceeded the carrying amount for all cash-generating units, thus no impairment was recognized. The Volvo Group has analyzed whether an isolated negative adjustment on the used assumptions for discount rate and operating income would result in impairment for goodwill. The sensitivity analysis included an increase of the discount rate up to 30% and a decrease in operating income by 30%, which did not result in an impairment for any of the cash-generating units, except Designwerk. For Designwerk, the discount rate could increase to 12% or operating income decrease by 21% before an impairment occurred.

The operating parameters applied in the valuation are based on management's strategy and could indicate higher value than historical performance for each cash-generating unit. Furthermore, the Volvo Group is operating in a cyclical industry why performance could vary over time. Headroom differs between the cash-generating units and they are sensitive to changes in the assumptions described above to a varying degree. Therefore, the Volvo Group continuously follows the performance of the cash-generating units whose headroom is dependent on the fulfillment of the Volvo Group's assessments. Instability in the recovery of the market and volatility in interest and currency rates may lead to indications of a need for impairment. The most important factors for the future operations of the Volvo Group are described in the Volvo Group's operating segments, as well as in the Risk management section.

Product and software development

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

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

A share of the investments is directed towards zero tailpipe emissions technology and this share will change over time.

As the transition will take place gradually, the running fleets in the transportation sector are likely to include different technologies for vehicle and machinery propulsion that can be powered by renewable energy such as battery-electric, fuel cell-electric or lower carbon fuel technologies. Existing products is therefore expected to generate economic benefits during the transition period and be used during its remaining useful life.

Other intangible assets

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

Amortization and impairment with finite useful life

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



Source of estimation uncertainty and critical judgments

Impairment of goodwill and other intangible assets

When conducting impairment tests of goodwill and other intangible assets, estimates have to be made to determine the recoverable amounts of cash-generating units. The recoverable amount is based upon management's projections of future cash flows and are to a varying degree sensitive to changes in assumptions and the business environment. The transition towards lower carbon offers entail investments in research and development. The magnitude of investments and the assessment of future useful life is uncertain due to technology and infrastructure development, government incentives, customer demand and emission regulations. The European Union has introduced targets for reducing CO₂ emissions in Europe for manufacturers of heavy-duty vehicles. However, there can be no assurance that new technologies and solutions can be produced and sold profitably or that customers will purchase them in the quantities needed to meet the regulatory requirements. While management believes that estimates of future cash flows and other assumptions made are reasonable, there are uncertainties which could materially affect the valuations.

12:1 Intangible assets Dec 31, 2025

	Goodwill	Product and software development	Other intangible assets	Total
Acquisition cost				
Opening balance 2025	25,633	62,859	8,044	96,535
Additions	–	7,627	159	7,786
Additions through acquired operations ¹	400	1	227	629
Disposals ¹	-510	-218	-364	-1,092
Exchange rate changes	-1,374	-223	-411	-2,008
Reclassifications to assets held for sale ¹	–	–	-3	-3
Reclassifications and other	–	–	1	–
Acquisition cost, Dec 31, 2025	24,149	70,046	7,653	101,848
Accumulated amortization and impairment				
Opening balance 2025	-490	-46,670	-5,035	-52,195
Amortization	–	-3,608	-393	-4,001
Impairment	–	-19	–	-19
Disposals ¹	–	200	349	550
Exchange rate changes	–	162	211	373
Reclassifications to assets held for sale ¹	–	–	3	3
Reclassifications and other	–	1	–	1
Accumulated amortization and impairment, Dec 31, 2025	-490	-49,934	-4,865	-55,288
B/S Carrying amount, Dec 31, 2025	23,659	20,112	2,789	46,559

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

VOLVO GROUP 2025
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	Goodwill	Product and software development	Other intangible assets	Total
Acquisition cost				
Opening balance 2024	24,861	58,248	7,360	90,469
Additions	–	4,396	96	4,493
Additions through acquired operations ¹	105	310	343	758
Disposals ¹	-461	-1,492	-901	-2,855
Exchange rate changes	670	100	220	990
Reclassifications to assets held for sale ¹	457	1,362	898	2,718
Reclassifications and other	–	-65	28	-37
Acquisition cost, Dec 31, 2024	25,633	62,859	8,044	96,535
Accumulated amortization and impairment				
Opening balance 2024	–	-43,240	-4,717	-47,957
Amortization	–	-3,456	-214	-3,670
Impairment ²	-483	–	–	-483
Disposals ¹	–	1,086	762	1,848
Exchange rate changes	-7	-82	-107	-196
Reclassifications to assets held for sale ¹	–	-1,023	-760	-1,782
Reclassifications and other	–	45	–	45
Accumulated amortization and impairment, Dec 31, 2024	-490	-46,670	-5,035	-52,195
B/S Carrying amount, Dec 31, 2024	25,143	16,189	3,009	44,340

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

2 Goodwill related to Designwerk was written down by SEK 483 M.

12:3 Goodwill per cash-generating unit

	Dec 31, 2025	Dec 31, 2024
Trucks	13,461	13,609
Construction Equipment	8,720	9,943
Buses	806	859
Volvo Penta	352	388
Other cash-generating units	318	344
Total	23,659	25,143

12:4 Estimated useful life

Trademarks	3-6 years
Distribution networks	3-7 years
Product and software development	3-8 years
Other intangible assets	3-5 years

13

Tangible assets



Accounting policies

The Volvo Group applies the cost method for measurement of tangible assets, consisting of property, plant, equipment and investment property as well as assets under operating leases. Recognition of tangible assets is made when it is probable that future economic benefits associated with the item will flow to the Volvo Group and the cost of the asset can be measured reliably.

Buildings includes mainly owner-occupied properties and a smaller part consists of investment properties. Owner-occupied properties is held for use in the production and administrative purposes while investment properties are properties owned for the purpose of obtaining rental income and appreciation in value. All properties are recognized at cost. Land includes land and land improvements. Machinery and equipment consist of production related assets such as machinery, type-bound tools and other equipment as well as assets for services and solutions. Assets for services and solutions provides customer with capacity and productivity solutions, offering both vehicles and machines as well as a wide range of services. Construction in progress are assets under construction and advanced payments. A share of investments is directed towards zero or very low tailpipe emissions technology and this share will change over time. However, both electric trucks and trucks with combustion engines can be produced on the same assembly lines, thus limiting the investments needed for this transition in the industrial system. Right-of-use assets relates to contracts with the Volvo Group as a lessee.

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

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

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

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

Depreciation and impairment

Property, plant and equipment are depreciated over their estimated useful lives. Land is not depreciated. Depreciation is recognized on a straight-line basis based on the cost of the assets, adjusted by residual value when applicable and estimated useful lives. Right-of-use assets are generally depreciated over the lease term on a straight-line basis. Assets under operating leases are depreciated on a straight-line basis over the contract period. During the contract period, the depreciable amount is adjusted by accelerated depreciation and/or write-downs. The adjustment is recognized through the income statement to correspond to estimated future net realizable value to continuously reflect potential residual value risks at the end of the

contract period. The net realizable value is impacted by value of optional equipment, mileage, current condition, expected future price development, change of market conditions, the transition towards electrification and other new customer offerings, alternative distribution channels, inventory lead-time, repair and reconditioning costs, handling costs, indirect costs associated with the sale of used vehicles and legislative demands. Some of the production facilities may also be subject to increased risks from physical weather events depending on climate developments. These risks are monitored and are not expected to materially impact the estimated useful life. The depreciation is recognized in the respective function to which it belongs. Impairment tests are performed if there are indications of impairment by calculating a recoverable amount which is the higher of the asset's fair value less cost of disposal and its value in use.



Source of estimation uncertainty and critical judgments

Impairment of tangible assets

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

Residual value risks

Volvo Group is exposed to residual value risks related to assets under operating leases which are the risks that the Volvo Group in the future would have to dispose used vehicles at a loss if the price development of these products is worse than what was expected when the contracts were entered. The assessment of residual value risks is based upon an estimation of the used vehicle's future net realizable value and a declined value may negatively affect the Volvo Group's operating income. High inventories in the truck and the construction equipment industries and low demand may have a negative impact on the prices of new and used vehicles and machines. The estimated future net realizable value of the vehicles at the end of the contract period is monitored on a continuing basis, considering current price level of the used vehicle, supply chain and production disturbances. The transition to zero-emission vehicles may lead to greater uncertainty of the market value as new technologies are still maturing and could in the long-term reduce demand and residual values for vehicles based on older technologies.

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Reclassifications

Reclassifications of construction in progress, assets for services and solutions, and assets under operating lease are presented in the [tables 13:2 and 13:3](#).

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

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

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

13:1 Estimated useful life

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

13:2 Tangible assets, Dec 31, 2025

	Property, plant and equipment					Assets under operating leases ¹			Total
	Buildings	Land and land improvements	Machinery and equipment ⁵	Construction in progress	Right-of-use assets ¹	Operating leases ²	Rental fleet	Sales with residual value commitments ³	
Acquisition cost									
Opening balance 2025	44,180	9,070	103,609	14,552	16,920	31,901	6,546	28,808	255,585
Additions	1,302	761	3,275	13,418	1,884	9,460	2,847	5,833	38,779
Additions through acquired operations ⁴	49	5	113	13	324	–	–	–	503
Disposals ⁴	-2,189	-151	-7,652	-74	-1,108	-8,878	-1,963	-5,621	-27,636
Exchange rate changes	-3,420	-808	-7,025	-510	-1,529	-2,637	-472	-2,359	-18,761
Reclassifications to assets held for sale ⁴	591	123	138	-1	-3	–	–	–	849
Reclassifications and other	2,183	141	3,089	-5,434	1,147	6	-158	-3,583	-2,609
Acquisition cost, Dec 31, 2025	42,694	9,140	95,547	21,964	17,635	29,851	6,799	23,078	246,709
Accumulated depreciation and impairment									
Opening balance 2025	-22,688	-1,760	-75,153	-66	-9,036	-9,741	-1,817	-10,196	-130,456
Depreciation	-1,548	-146	-5,367	–	-2,632	-4,770	-857	-2,687	-18,006
Impairment ⁶	–	–	-33	-697	-3	-66	-11	-650	-1,460
Disposals ⁴	1,449	82	6,792	–	902	4,510	615	3,239	17,589
Exchange rate changes	1,875	140	4,782	-466	816	800	132	797	8,876
Reclassifications to assets held for sale ⁴	-366	-59	-65	–	1	–	–	–	-489
Reclassifications and other	8	–	54	–	30	-3	35	1,426	1,550
Accumulated depreciation and impairment, Dec 31, 2025	-21,270	-1,743	-68,989	-1,228	-9,923	-9,272	-1,902	-8,070	-122,397
B/S Carrying amount, Dec 31, 2025	21,424	7,398	26,558	20,736	7,712	20,580	4,897	15,008	124,313

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

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

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

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

5 Machinery and equipment includes assets for services and solutions.

6 In 2025 some battery-electric assets were impaired by a total of SEK 729 M, relating to machinery and equipment and construction in progress.

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13:3 Tangible assets, Dec 31, 2024

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

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

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

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

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

⁵ Machinery and equipment includes assets for services and solutions.

14

Leasing



Accounting policies

Volvo Group as the lessor

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

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

Read more in Note 13 Tangible assets, about residual value risks related to assets under operating lease.

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

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

Volvo Group as the lessee

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

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

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

Source of estimation uncertainty
and critical judgments**Measurement of lease liabilities and right-of-use assets**

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

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

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When determining the lease term of a contract, judgments are also required. The lease term includes the non-cancellable period. If the Volvo Group is reasonably certain to use an option to extend the lease, or not to use an option to terminate the lease in advance, this is also considered. The contracts contain a range of different conditions. Extension and termination options are mainly related to real estate leases. Thus, all relevant facts and circumstances that create an economic incentive to include optional periods are evaluated. The importance of the underlying asset in the operations and its location,

availability of suitable alternatives, significant leasehold improvements, level of rentals in optional periods compared to market rates as well as past practice are examples of factors included in the assessment. Lease terms are negotiated on an individual basis and are reassessed if an option is exercised.

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

Volvo Group as the lessor

14:1 Lease income		
	Dec 31, 2025	Dec 31, 2024
Finance leases		
Interest income on customer-financing receivables	4,518	4,523
Total	4,518	4,523
Operating leases		
Lease income on assets under operating lease	12,920	13,410
Total	12,920	13,410

During 2025, the profit from sale of vehicles subject to finance leases amounted to SEK 6,096 M (7,898) and was recognized within Industrial Operations.

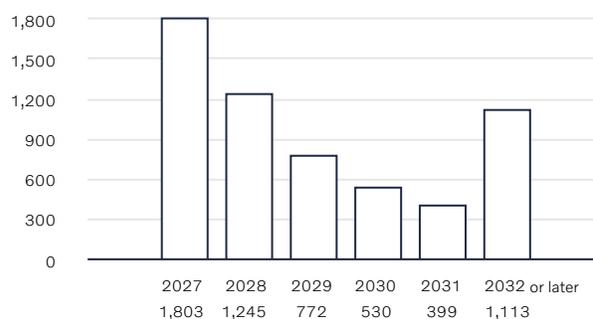
As of December 31, 2025, future lease payments from non-cancellable finance and operating leases (minimum lease fees excluding sales with residual value commitments) amounted to SEK 101,394 M (102,454).

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

14:2 Maturity analysis of lease payments receivable		
	Finance leases	Operating leases
2026	28,803	5,684
2027	22,651	4,395
2028	16,087	3,140
2029	10,111	1,827
2030	5,232	902
2031 or later	2,132	431
Total undiscounted lease payments	85,016	16,378
Unguaranteed residual value	1,830	
Unearned interest income	-9,174	
Allowance for expected credit losses	-1,519	
Customer-financing receivables (current and non-current)	76,154	

Volvo Group as the lessee

14:3 Lease liabilities		
	Dec 31, 2025	Dec 31, 2024
Non-current lease liabilities	5,862	5,944
Current lease liabilities	2,111	2,104
Total lease liabilities	7,973	8,049

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

During 2025, total cash outflow related to leases amounted to SEK 3,847 M (3,699), with a distribution of SEK 1,246 M (1,230) within operating cash flow and SEK 2,601 M (2,469) within financing activities.

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14:5 Right-of-use assets

Dec 31, 2025	Buildings	Land and land improvements	Machinery and equipment	Company cars	Assets under operating lease and rental fleet ²	Total
Acquisition cost						
Opening balance 2025	12,926	728	1,317	1,949	452	17,372
Additions	887	84	558	680	204	2,413
Other changes	-509	-241	-232	-511	-591	-2,084
Acquisition cost, Dec 31, 2025	13,304	571	1,642	2,119	66	17,702
Accumulated depreciation and impairments						
Opening balance 2025	-6,996	-211	-756	-1,073	-139	-9,176
Depreciation and impairment	-1,695	-48	-305	-587	-38	-2,674
Other changes	1,021	93	218	414	172	1,919
Accumulated depreciation and impairments, Dec 31, 2025	-7,670	-166	-842	-1,246	-6	-9,930
Carrying amount Dec 31, 2025¹	5,634	405	800	873	60	7,771

Dec 31, 2024	Buildings	Land and land improvements	Machinery and equipment	Company cars	Assets under operating lease and rental fleet ²	Total
Acquisition cost						
Opening balance 2024	11,197	679	1,295	1,766	424	15,362
Additions	698	2	259	672	165	1,797
Other changes	1,030	47	-237	-489	-137	213
Acquisition cost, Dec 31, 2024	12,926	728	1,317	1,949	452	17,372
Accumulated depreciation and impairments						
Opening balance 2024	-5,904	-167	-787	-1,024	-172	-8,054
Depreciation and impairment	-1,651	-37	-230	-508	-51	-2,478
Other changes	559	-7	261	459	84	1,356
Accumulated depreciation and impairments, Dec 31, 2024	-6,996	-211	-756	-1,073	-139	-9,176
Carrying amount, Dec 31, 2024¹	5,930	517	561	876	313	8,196

1 Right-of-use assets are part of tangible assets in the balance sheet. [Read more in Note 13](#) Tangible assets.

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

14:6 Recognized in the income statement

	2025	2024
Interest expense on lease liabilities within Financial Services	-6	-4
Depreciation and impairment of right-of-use assets	-2,674	-2,478
Short term lease expense	-643	-641
Low value asset expense	-133	-140
Variable lease expense	-41	-50
Income from sub-leasing right-of-use assets	127	181
Gains or losses arising from sale and leaseback transactions	-	-
Gains or losses on right-of-use assets	-2	9
Recognized in operating income	-3,372	-3,123
Interest expense on lease liabilities within Industrial Operations	-429	-399
Recognized in net financial items	-429	-399

15

Customer-financing receivables



Accounting policies

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

Read more in Note 14 Leasing, for further information on recognition and classification of finance leases.

The Volvo Group is applying the simplified expected credit loss model for customer-financing receivables, under which the loss allowance is measured at an amount equal to lifetime expected credit losses. The allowance is recorded at initial recognition and is reassessed during the contract period.

Interest income on customer-financing receivables is recognized within net sales, mainly within Financial Services. Changes to the allowance for expected credit losses are recognized in other operating income and expense.



Source of estimation uncertainty and critical judgments

Allowance for expected credit losses

The assessment of allowances for expected credit losses on customer-financing receivables is dependent on assumptions regarding past dues, repossession rates and quality level of repossessed collateral.

A collective assessment is made for customer-financing receivables that are not credit impaired by using a vintage layer analysis. It is based on historical loss experience within a homogenous pool of assets that are collectively assessed. The assets are grouped based on shared risk characteristics such as type of customer, geographical area, initial credit risk rating, collateral type and date of initial recognition to evaluate the credit losses collectively. The historical loss experience is used to forecast future losses, adjusted for current and expected conditions in the different markets based on management's evaluation of macro-level and portfolio-level factors, such as GDP, oil prices and unemployment rates. When it comes to climate-related risks, certain customers are located in areas that may be exposed to extreme weather events. In such events, customers are expected to take precautionary measures by moving vehicles from exposed areas to secure their operations and limit vehicle related risks. However, such events may affect the customers' operations and thereby the ability to fulfill their obligations. This is closely monitored and reflected in current and expected conditions in relation to credit risk. The Volvo Group has not identified any material physical risks or transition risk that would require a significant adjustment to the credit reserves.

An individual assessment is made for credit impaired customer-financing receivables based on the financial condition of the customers and the value of the underlying collateral and guarantees. The Volvo Group considers a financial asset credit impaired if it meets one or

more of the following criteria; when there are indications that the customer is unlikely to pay, such as bankruptcy filing, unauthorized transfer of collateral, at surrender of collateral etc. or, at the latest, when the customer fails to make contractual payment within 90 days of when the receivable falls due.

Risk management practices

Other than the dealer financing, customer-financing receivables extend over several years, but normally the customers make monthly payments throughout the term to reduce the outstanding exposure. The customer-financing receivables are secured by the financed commercial vehicles and equipment. However, in the case of customer default, the value of the repossessed commercial vehicles and equipment may not necessarily cover the outstanding financed amount. In order to mitigate this risk, Financial Services has strong portfolio management processes based on prudent credit approval, active monitoring of individual loan performance, utilization of in-house and external collections, portfolio segmentation analysis, and on-going monitoring of the economic, political and industry conditions in each market. In addition, other credit enhancements such as down payments, personal guarantees, credit insurance, liens on other property owned by the borrower etc. may be required at the time of origination or when there are signs of impairment. When customer-financing receivables exceed 90 days of overdue collateral repossession is initiated, although there may be circumstances where repossession is initiated earlier. When the collateral is repossessed, the net realizable value is established, and the vehicle is transferred to inventory and becomes part of the Volvo Group's normal business activity of selling used vehicles and equipment and the expected loss on the customer-financing receivable is written off. If repossession has not occurred on customer-financing receivables exceeding 180 days of overdue the expected loss on the receivable is written off. Financial Services continues to engage in enforcement activity on all customer financing-receivables written off to attempt to recover the contractual amount not previously received from the customer.

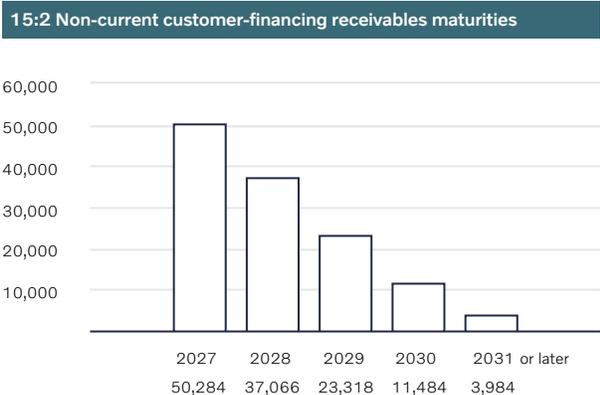
Read more in Note 4 Goals and policies in financial risk management, for a description of credit risks, interest risks and currency risks.

As of December 31, 2025, the total allowances for expected credit losses in Financial Services amounted to 1.36% (1.29) of the total credit portfolio in the segment. This reserve ratio is used as an important measure for Financial Services and includes operating leases and inventory. Allowances for expected credit losses for customer-financing receivables amounted to SEK 3,580 M (3,649). The change is primarily due to an increase in expected credit losses which was counterbalanced by utilized allowances related to actual losses and the impact of exchange rate changes. During 2025, customers continued to perform well. However, the continued uncertainties in the geopolitical and macroeconomic environment in some regions impacted customers' ability to manage their obligations. Increased delinquencies and higher write-offs were visible predominately throughout the latter part of the year.

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15:1 Non-current customer-financing receivables		
	Dec 31, 2025	Dec 31, 2024
Installment credits	75,006	81,934
Finance leases	49,519	50,374
Other receivables	1,611	2,297
B/S Non-current customer-financing receivables	126,136	134,605

The weighted average interest rate for non-current customer-financing receivables amounted to 6.99% (7.01) as of December 31, 2025.



15:3 Current customer-financing receivables		
	Dec 31, 2025	Dec 31, 2024
Installment credits	38,971	43,845
Finance leases	26,636	26,417
Dealer financing	39,876	49,184
Other receivables	2,480	3,230
B/S Current customer-financing receivables	107,962	122,677

The weighted average interest rate for current customer-financing receivables amounted to 6.80% (6.79) as of December 31, 2025.

15:6 Customer-financing receivables, gross exposure										
	Dec 31, 2025					Dec 31, 2024				
	Not due	1–30 days	31–90 days	>90 days	Total	Not due	1–30 days	31–90 days	>90 days	Total
Customer-financing receivables, gross	217,469	13,542	4,390	2,277	237,678	242,749	12,448	3,868	1,865	260,930
<i>Whereof not credit impaired</i>	<i>216,785</i>	<i>13,093</i>	<i>3,490</i>	<i>182</i>	<i>233,550</i>	<i>241,906</i>	<i>12,010</i>	<i>3,128</i>	<i>291</i>	<i>257,335</i>
<i>Whereof credit impaired</i>	<i>684</i>	<i>449</i>	<i>900</i>	<i>2,095</i>	<i>4,127</i>	<i>843</i>	<i>439</i>	<i>740</i>	<i>1,573</i>	<i>3,595</i>

15:4 Credit risk in customer-financing receivables		
	Dec 31, 2025	Dec 31, 2024
Customer-financing receivables, gross	237,678	260,930
Allowance for expected credit losses on customer-financing receivables	-3,580	-3,649
<i>Whereof credit impaired</i>	<i>-813</i>	<i>-788</i>
<i>Whereof not credit impaired</i>	<i>-2,767</i>	<i>-2,861</i>
Customer-financing receivables, net of allowance	234,098	257,282

15:5 Change of allowance for expected credit losses on customer-financing receivables				
	2025		2024	
	Not credit impaired	Credit impaired	Not credit impaired	Credit impaired
Opening balance	2,861	788	3,048	587
New allowance charged to income	1,436	357	890	590
Reversal of allowance charged to income	-63	-108	-128	-53
Utilization of allowance related to actual losses	–	-1,219	–	-1,289
Movements between not credit impaired/ credit impaired ¹	-1,074	1,074	-926	926
Exchange rate changes	-302	-79	63	28
Syndication transactions and other	-91	–	-85	–
Allowance for expected credit losses on customer-financing receivables, Dec 31	2,767	813	2,861	788

¹ When a receivable becomes credit impaired a transfer of allowance is made to allowance for credit impaired receivables.

Table 15:6 represents the gross credit exposure on customer-financing receivables within the Volvo Group per age interval. The lifetime expected credit loss allowance for customer-financing receivables not credit impaired amounted to SEK 2,767 M (2,861) and allowance for customer-financing receivables credit impaired amounted to SEK 813 M (788), included in **tables 15:4** and **15:5**. The remaining exposure was secured by liens on the financed commercial vehicles and equipment and, in certain circumstances, other credit enhancements such as personal guarantees, credit insurance, liens on other property owned by the borrower etc. Collaterals taken in possession that meet the criteria for recognition in the balance sheet amounted to SEK 443 M (594) as of December 31, 2025.

Concentration of credit risk

Customer concentration

The ten largest customers within Financial Services account for 7.6% (8.6) of the total asset portfolio. Overall, the portfolio is attributable to a large number of customers and the credit risk is therefore spread across many customers. During 2025, SEK 13.2 billion (11.6) of customer-financing receivables were syndicated in order to reduce concentration risk.

Concentration by geographical market

Graph 15:7 discloses the concentration of Financial Services portfolio divided into geographical markets.

Read more in Note 4 Goals and policies in financial risk management, about credit risks.

Read more in Note 30 Financial instruments, for information about the gain or loss recognized in the operating income arising from derecognition of customer-financing receivables in **table 30:3**.

Read more in the Board of Directors' report about Financial Services' development during the year.

15:7 Geographic market, share of customer-financing portfolio (%)



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Receivables



Accounting policies

Receivables are measured at amortized cost, apart from derivative contracts and contingent considerations that are measured at fair value through the income statement. The Volvo Group is applying the simplified expected credit loss model for accounts receivables, under which the loss allowance is measured at an amount equal to lifetime expected credit losses. The allowance is recorded at initial recognition and is reassessed during the contract period. Changes to the allowance for expected credit losses for accounts receivables are recognized in other operating income and expense.

Read more in Note 30 Financial instruments, about accounting policies for measurement of financial assets, and section Derecognition of financial assets, about receivables subject to discounting activities.



Source of estimation uncertainty and critical judgments

Allowance for expected credit losses

Accounts receivables are short term by nature and consequently the risk assessment horizon is also short. A collective assessment is made on accounts receivables not credit impaired. Historical information regarding credit loss experience is used to forecast future losses, adjusted for current and expected conditions. An individual assessment is made on credit impaired accounts receivables based on the financial condition of the customer.

The past years have been affected by uncertainties in the geopolitical environment, high inflationary pressure as well as the weakened Chinese construction equipment market which have impacted the Volvo Group's customers' ability to fulfill their obligations and increased the risk for customer default. While the divestment of SDLG has decreased the Volvo Group's exposure to the Chinese construction equipment market and the inflationary pressure has stabilized in many regions, the geopolitical instability remains. Based on this, the assessment process for valuation allowances of expected credit losses for accounts receivables continues to be in focus in order to ensure allowances are in alignment with the current market conditions.

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Risk management practices

Credit risks are managed through active credit monitoring and follow-up routines in accordance with the Volvo Group Credit management directive. This directive includes different steps to perform when an invoice is not paid at due date. When an increased credit risk is verified, for example through a bankruptcy, or when an allowance has been unchanged for two years and it can be demonstrated that all required steps have been performed, the allowance is reversed and the accounts receivables are written off. Apart from certain exceptions, the Volvo Group continues to engage in enforcement activity even after a write-off in order to recover the contractual amount not previously received.

Due to the prevailing business model in the construction equipment industry in China, with longer payment terms to customers, a substantial part of the Volvo Group's accounts receivables has historically been related to customers in this market. On the back of the divestment of SDLG, the Volvo Group's exposure towards the Chinese construction equipment market has decreased.

Renegotiated receivables are on a significantly lower level than last year, with a substantial part of the decrease related to the divestment of SDLG. Renegotiated receivables continue to be closely monitored for on-going payment performance and signs of impairment.

As of December 31, 2025, the total allowance for expected credit losses for accounts receivables amounted to 3.08% (4.52) of total accounts receivables, with the decrease mainly related to the divestment of SDLG.

Read more in Note 4 Goals and policies in financial risk management, regarding credit risk.

16:1 Non-current receivables

	Dec 31, 2025	Dec 31, 2024
Other interest-bearing receivables ¹	770	857
Interest and currency risk derivatives ²	5,241	4,095
Contract and right of return assets ³	1,490	1,458
Contingent consideration ⁴	–	516
Other receivables	1,715	3,658
Non-current receivables	9,217	10,584

1 The amount is the non-current part of other interest-bearing receivables in note 30 Financial instruments, **table 30:1**.

2 The amount is the non-current part of interest and currency risk derivatives in note 30 Financial instruments, **table 30:1**.

3 **Read more in Note 7** Revenue, about contract and right of return assets.

4 **Read more in Note 3** Acquisitions and divestments of operations about the contingent consideration and **Note 30** Financial instruments about the valuation of the contingent consideration.

16:4 Age analysis of accounts receivables

	Dec 31, 2025					Dec 31, 2024				
	Not due	1-30 days	31-90 days	>90 days	Total	Not due	1-30 days	31-90 days	>90 days	Total
Accounts receivables, gross	29,191	1,374	485	1,174	32,225	38,523	–	800	2,778	43,751
Allowance for expected credit losses on accounts receivables	-268	-28	-43	-653	-993	-369	–	-67	-1,479	-1,979
B/S Accounts receivables, net	28,923	1,347	442	521	31,232	38,153	–	733	1,298	41,772

16:2 Current receivables

	Dec 31, 2025	Dec 31, 2024
Other interest-bearing receivables ¹	1,559	3,724
Tax assets	4,121	3,491
Accounts receivables	31,232	41,772
Prepaid expenses and accrued income	4,107	4,296
VAT receivables	6,632	6,241
Interest and currency risk derivatives ²	2,405	1,689
Contract and right of return assets ³	415	407
Contingent consideration ⁴	486	–
Other receivables	7,186	9,883
Current receivables, after deduction of allowance for expected credit losses on receivables	58,142	71,504

1 The amount is the current part of other interest-bearing receivables in note 30 Financial instruments, **table 30:1**.

2 The amount is the current part of interest and currency risk derivatives in note 30 Financial instruments, **table 30:1**.

3 **Read more in Note 7** Revenue, about contract and right of return assets.

4 **Read more in Note 3** Acquisitions and divestments of operations about the contingent consideration and **Note 30** Financial instruments about the valuation of the contingent consideration.

16:3 Change of allowance for expected credit losses on accounts receivables

	2025	2024
Opening balance	1,979	1,778
New allowance charged to income	290	529
Reversal of allowance charged to income	-236	-248
Utilization of valuation allowance related to actual losses	-105	-171
Exchange rate changes	-192	93
Reclassifications and other changes ¹	-742	-2
Allowance for expected credit losses on accounts receivables, Dec 31	993	1,979

1 Includes allowances in divested entities, mainly related to the divestment of SDLG.

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Inventories



Accounting policies

Inventories are measured at the lower of cost and net realizable value. If the estimated net realizable value is lower than cost, a write-down of inventories is made.

The cost is established by using the first-in, first-out principle (FIFO) and is based on a standard cost method, including costs for all direct manufacturing expenses and the attributable share of capacity and other manufacturing-related costs. The standard costs are reviewed regularly and adjustments are made based on current conditions. Manufacturing costs are based on normal capacity utilization which are allocated to inventory while unabsorbed costs due to changes in production volume are recognized in the income statement as incurred. Costs for research and development, selling, administration and financial expenses are not included.

Net realizable value is calculated as the selling price less costs attributable to the sale. If a decline in the price of materials used in the production of inventories indicates that the cost of the finished products exceeds net realizable value, the replacement cost of the materials is used to measure the net realizable value.



Source of estimation uncertainty and critical judgments

Write-down of inventories

The calculation of net realizable value is based on an estimation of a future sales price, which is dependent on several parameters, such as market demand, model changes and development of used products prices. The shift to zero-emission vehicles entails transitional risks and uncertainties which could materially affect the assessment of net

realizable value. The customers' investments in the Volvo Group's electrified products may happen at a slower pace than anticipated due to various external reasons and the development of new technologies and solutions could lead to technological obsolescence of battery-electric and fuel cell-electric products held in inventory.

17:1 Inventories

	Dec 31, 2025	Dec 31, 2024
Finished products	38,097	42,907
Production materials etc.	27,865	35,452
B/S Inventories	65,963	78,359

The total value of inventories, net after write-downs, was SEK 65,963 M (78,359) as of December 31, 2025. Inventories recognized as cost of sold products during the period amounted to SEK 335,540 M (357,518).

17:2 Change in write-down of inventories

	2025	2024
Opening balance	4,638	3,918
Change in write-down of inventories charged to income	487	887
Scrapping	-268	-336
Exchange rate changes	-473	184
Reclassifications etc	-151	-16
Write-down of inventories, Dec 31	4,232	4,638

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Cash and cash equivalents



Accounting policies

Cash and cash equivalents include highly liquid interest-bearing securities that are considered easily convertible to cash, including marketable securities, with a date of maturity less than three months at the time of investment. Interest-bearing securities with a date of maturity exceeding three months at the time of investment are recognized as marketable securities.

Read more in Note 30 Financial instruments, about accounting policies for financial instruments.

legal restrictions apply. Therefore, it is not possible to immediately use this cash and cash equivalents in other parts of the Volvo Group, however there is normally no limitation to use it for the Volvo Group's operation in the respective country.

18:1 Cash and cash equivalents

	Dec 31, 2025	Dec 31, 2024
Cash in banks	41,540	57,623
Marketable securities with original duration less than three months ¹	1,709	5,989
Time deposits in banks	30,113	21,559
B/S Cash and cash equivalents	73,361	85,171

¹ Additionally the Volvo Group recognized outstanding marketable securities with original duration exceeding three months of SEK 142 M (218) in government securities as of December 31, 2025.

Cash and cash equivalents as of December 31, 2025, included SEK 1.1 billion (2.3) that is not available for use by the Volvo Group and SEK 7.5 billion (9.6) where other limitations exist, mainly cash and cash equivalents in countries where exchange controls or other

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Equity and number of shares



Accounting policies

The Volvo Group's equity attributable to the owners of AB Volvo consists of share capital, retained earnings and reserves related to investments in equity instruments, defined benefit pension plans, share of other comprehensive income in joint ventures and associates and translation of foreign operations.

AB Volvo's share capital is divided into two series of shares, A and B. Both series carry the same rights, except that each Series A share carries the right to one vote and each Series B share carries the right to one tenth of a vote. The Volvo Group's retained earnings consist of the income for the period as well as transactions with shareholders. Investments in equity instruments refer to holdings in listed companies that are remeasured at fair value through other comprehensive income. Defined benefit pension plans within equity refer to the remeasurement of defined benefit obligations, which are recognized through other comprehensive income. The Volvo Group's share of other comprehensive income in joint ventures and associates is recognized through other comprehensive income within equity. Translation of foreign operations consists of exchange rate changes within other comprehensive income that arise when translating foreign net assets into SEK, as well as accumulated exchange rate changes reversed to income upon disposal of foreign operations.

Dividend resolutions are approved at the annual general meeting or, in certain cases, during an extraordinary general meeting. When the decision has been approved, equity is reduced and the dividend is reported as a liability to the shareholders in the balance sheet until the payment has taken place.

Basic earnings per share are calculated as the income for the period attributable to shareholders of AB Volvo, divided by the weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated as income for the period attributable to the shareholders of AB Volvo, divided by the average number of shares outstanding plus the average number of shares that would be issued as an effect of ongoing share-based incentive programs.

The Annual General Meeting, held on April 2, 2025, resolved that an ordinary dividend of SEK 8.00 (7.50) per share and an extraordinary dividend of SEK 10.50 (10.50) per share, totaling SEK 18.50 (18.00) per share should be paid to shareholders. During 2025, the Volvo Group distributed SEK 37.6 billion (36.6) to the shareholders.

The share capital of the Parent company amounted to SEK 2,562 M (2,562) on December 31, 2025. The shares' quota value is SEK 1.26 (1.26). During 2025, AB Volvo converted a total of 695,472 (1,590) Series A shares to Series B shares. Unrestricted equity in the Parent company as of December 31, 2025 amounted to SEK 62,018 M (72,410).

For the year 2025, the Board of Directors proposes an ordinary dividend of SEK 8.50 per share and an extraordinary dividend of SEK 4.50 per share, a total of SEK 13.00 per share amounting to SEK 26.4 billion.

[Read more](#) in Changes in equity in the Parent company about AB Volvo's share capital.

19:1 Information regarding number of shares

	Dec 31, 2025	Dec 31, 2024
Treasury A-shares	–	–
Treasury B-shares	–	–
Total treasury shares	–	–
Treasury shares in % of total registered shares	–	–
Outstanding A-shares	444,289,088	444,984,560
Outstanding B-shares	1,589,162,996	1,588,467,524
Total outstanding shares	2,033,452,084	2,033,452,084
Total registered A-shares	444,289,088	444,984,560
Total registered B-shares	1,589,162,996	1,588,467,524
Total registered shares	2,033,452,084	2,033,452,084
Average number of outstanding shares	2,033,452,084	2,033,452,084

19:2 Outstanding shares

	A-shares		B-shares		Total	
	2025	2024	2025	2024	2025	2024
Outstanding shares opening balance	444,984,560	444,986,150	1,588,467,524	1,588,465,934	2,033,452,084	2,033,452,084
Converting A-shares to B -shares	-695,472	-1,590	695,472	1,590	–	–
Outstanding shares, Dec 31	444,289,088	444,984,560	1,589,162,996	1,588,467,524	2,033,452,084	2,033,452,084

19:3 Information regarding shares

	2025	2024
Number of outstanding shares, December 31, in millions	2,033	2,033
Average number of shares before dilution in millions	2,033	2,033
Average number of shares after dilution in millions	2,033	2,033
Average share price (B share), SEK	281.03	273.02
Net income attributable to owners of AB Volvo, SEK M	34,456	50,389
Basic earnings per share, SEK	16.94	24.78
Diluted earnings per share, SEK	16.94	24.78

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Provisions for post-employment benefits



Accounting policies

The Volvo Group's post-employment benefits, such as pensions, healthcare and other benefits are mainly settled by means of regular payments to independent authorities or bodies that assume pension obligations and administer pensions through defined contribution plans. For defined contribution plans, expenses for premiums are recognized in the income statement as incurred.

Part of the post-employment benefits are defined benefit plans where the obligations remain within the Volvo Group and are secured primarily by proprietary pension foundations. The Volvo Group's largest defined benefit plans relate to white collar employees in Sweden (mainly through the ITP pension plan). Other large-scale defined benefit plans relates to subsidiaries in the USA and comprise both pensions and other benefits, such as healthcare, as well as defined benefit plans for employees in Great Britain, Belgium and France.

Actuarial calculations are made for all defined benefit plans, subject to materiality, in order to determine the present value of the obligation for benefits vested by its current and former employees. The actuarial calculations are prepared annually and are based upon actuarial assumptions that are determined at the end of the reporting period. Changes in the present value of obligations due to revised actuarial assumptions and experience adjustments constitute remeasurements.

Provisions for post-employment benefits in the Volvo Group's balance sheet correspond to the present value of obligations at year-end, less fair value of plan assets. All changes in the net defined liability (asset) are recognized when they occur. Service cost and net interest expense (income) are recognized in the income statement, while remeasurements such as actuarial gains and losses are recognized in other comprehensive income. Special payroll tax is included in the pension liability for pension plans in Sweden and Belgium.



Source of estimation uncertainty and critical judgments

Assumptions when calculating post-employment benefits

Provisions and costs for post-employment benefits, mainly pensions and healthcare benefits, are dependent on actuarial assumptions. The actuarial assumptions and calculations are made separately for each defined benefit plan. The most material assumptions are discount rate and inflation. Inflation assumptions are generally set as a long-term assumption based on an evaluation of external market indicators. A sensitivity analysis is included in **graph 20:6** and shows the effect on the defined benefit obligations if material assumptions are changed. There are also other assumptions made such as expected salary increases, retirement rates, mortality rates, healthcare cost trends and other factors. The salary increase assumptions reflect the historical trend, the short-term and long-term outlook and assumed inflation. Retirement and mortality rates are based primarily on officially available mortality statistics. Healthcare cost trend assumptions are based on historical data as well as the short-term outlook and an assessment of likely long-term trends. The Volvo Group has engaged a global actuary in order to ensure that a professional assessment is made and that assumptions are consistently developed across jurisdictions. The actuarial assumptions are reviewed annually by the Volvo Group and modified when deemed appropriate.

Market environment and outlook

The year was characterized by a significant steepening of yield curves across the globe. Short term rates were lower following central bank actions, while long term rates did not follow to the same degree. In fact, for several key countries where the Group sponsors defined benefit plans, long term rates have risen. There are several reasons for yield curve steepening, and those vary somewhat across countries, but in some cases it relates to uncertainties around fiscal sustainability or a lack of demand for long term bonds. Performance on matching strategies depends on the depth and breadth of available long duration instruments in each market, and as such experience has been mixed. At the same time the equity markets performed well with continued optimism around the AI theme, despite a temporary drawdown in April following trade and tariff uncertainties. Credit-based strategies performed well with continued low and stable credit spreads during the year, only with a short period of volatility in April. Funding levels for Volvo Group's funded pension plans remain strong.

The following tables disclose information about defined benefit plans. The Volvo Group recognizes the difference between the obligations and the plan assets, adjusted for potential asset ceilings, in the balance sheet. The disclosures refer to assumptions applied for actuarial calculations, recognized costs during the financial year and the value of obligations and plan assets at year-end. The tables also include a reconciliation of obligations and plan assets during the year.

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20:1 Assumptions applied for actuarial calculations		
	Dec 31, 2025	Dec 31, 2024
Sweden		
Discount rate, % ¹	3.95	3.55
Inflation, % ²	1.75	2.00
Expected salary increase, %	2.40	2.65
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	23.3/24.8	22.3/23.3
Retiring in 25 years (member age 40 today), year	25.2/26.2	25.2/26.2
USA		
Discount rate, % ¹	4.50–5.51	5.10–5.62
Inflation, %	2.20	2.20
Expected salary increase, %	3.91	3.90
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	21/22.7	20.9/22.7
Retiring in 25 years (member age 40 today), year	22.8/24.5	22.7/24.5
Great Britain		
Discount rate, % ¹	5.60	5.50
Inflation, %	2.95	3.20
Expected salary increase, %	0.00	0.00
Assumed life expectancy on retirement at age 65 (Male/Female)		
Retiring today (member age 65), year	22.2/24.3	22.4/24.2
Retiring in 25 years (member age 40 today), year	22.6/25.9	22.5/25.7
Belgium		
Discount rate, % ¹	4.08	3.45
Inflation, %	2.00	2.00
Expected salary increase, %	2.88	2.88
France		
Discount rate, % ¹	4.08	3.39
Inflation, %	2.00	2.00
Expected salary increase, %	3.01	3.01

1 The discount rate for each country is determined by reference to market yields on high quality corporate bonds. In countries where there is no functioning market in such bonds, the market yields on government bonds are used. The discount rate for the Swedish pension obligation is determined by extrapolation of current market rates along the yield curve of mortgage bonds

2 The inflation assumption for Sweden has been reduced from 2.00% to 1.75% to reflect the decline in observed short-term inflation.

20:5 Average duration per country						
	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits
Average duration of the obligations, years	19.0	9.9	10.7	10.1	10.9	8.2

The analysis in [graph 20:6](#) presents the sensitivity of the defined benefit obligations when changes in the applied assumptions for discount rate and inflation are made. The sensitivity analysis for the discount rate is based on a change in the assumption while holding all other assumptions constant. In practice, this is not probable, and

20:2 Summary of provisions for post-employment benefits		
	Dec 31, 2025	Dec 31, 2024
Obligations	-47,519	-54,015
Fair value of plan assets	40,678	43,423
Net provisions for post-employment benefits	-6,841	-10,591

20:3 Pension costs		
	2025	2024
Current year service costs	1,166	1,263
Interest costs	1,950	2,136
Interest income	-1,751	-1,965
Past service costs	24	-11
Gain/loss on settlements	-	-
Pension costs for the period, defined benefit plans	1,389	1,423
Pension costs for defined contribution plans	4,627	4,687
Total pension costs for the period	6,016	6,110

20:4 Costs for the period, post-employment benefits other than pensions		
	2025	2024
Current year service costs	69	75
Interest costs	164	173
Interest income	-9	-8
Past service costs	36	-6
Gain/loss on settlements	-	-
Remeasurements	163	209
Total costs for the period	424	444

a change in the assumption may be correlated. The sensitivity analysis for a change in long-term inflation correlates with other inflation-linked assumptions. Depending on specific plan and benefit design, the sensitivity effect on the obligation differs for the respective assumptions.

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20:6 Sensitivity analysis 2025

	Effect on obligation, SEK M	
	–	+
	If discount rate <i>increases</i> 0.5%	If discount rate <i>decreases</i> 0.5%
Sweden Pensions	-1,881	2,107
USA Pensions	-452	496
Great Britain Pensions	-230	246
Belgium Pensions	-136	153
France Pensions	-132	143
USA Other benefits	-84	90
Other plans	-133	152
	If inflation <i>decreases</i> 0.5%	If inflation <i>increases</i> 0.5%
Sweden Pensions	-1,923	2,137
USA Pensions	0	0
Great Britain Pensions	-176	170
Belgium Pensions	-101	111
France Pensions	-131	140
USA Other benefits	0	0
Other plans	-30	34

20:7 Obligations in defined benefit plans

	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Obligations opening balance 2024	23,645	15,772	5,370	3,434	2,345	3,051	3,479	57,097
Acquisitions, divestments and other changes	–	–	–	–	-23	-1	3	-21
Current year service costs	644	173	–	193	148	24	156	1,338
Interest costs	804	792	262	120	88	147	98	2,310
Past service costs	19	–	–	–	–	–	-36	-17
Settlements ²	–	-4,393	–	–	–	–	-431	-4,823
Employee contributions	–	–	–	–	–	16	25	41
Remeasurements ¹ :								
– Effect of changes in demographic assumptions	–	–	–	–	48	6	-1	54
– Effect of changes in financial assumptions	-470	-980	-353	21	24	-101	169	-1,690
– Effect of experience adjustments	437	-38	21	65	69	46	-32	568
Exchange rate changes	–	1,625	477	129	89	305	62	2,687
Benefits paid	-691	-1,282	-352	-247	-71	-362	-523	-3,527
Obligations, Dec 31, 2024	24,388	11,669	5,424	3,716	2,716	3,132	2,970	54,015
of which								
Funded defined benefit plans	-24,031	-11,076	-5,424	-3,715	-14	–	-1,793	-46,053
Acquisitions, divestments and other changes	–	-1	–	–	–	13	-25	-13
Current year service costs	593	144	–	190	144	19	146	1,236
Interest costs	853	559	270	120	88	138	86	2,114
Past service costs	24	–	–	–	–	–	37	61
Settlements	–	–	–	–	–	–	–	–
Employee contributions	–	–	–	–	–	18	24	42
Remeasurements ¹ :								
– Effect of changes in demographic assumptions	–	–	–	-81	–	-9	–	-90
– Effect of changes in financial assumptions	-2,790	176	-160	-198	-203	48	–	-3,127
– Effect of experience adjustments	-550	-113	38	28	-61	105	-8	-561
Exchange rate changes	–	-1,962	-575	-219	-159	-514	-280	-3,709
Benefits paid	-726	-656	-290	-180	-71	-328	-197	-2,447
Obligations, Dec 31, 2025	21,791	9,817	4,707	3,375	2,455	2,622	2,753	47,519
of which								
Funded defined benefit plans	-21,478	-9,347	-4,707	-3,375	-14	–	-1,719	-40,640

1 Out of the total remeasurement of the defined benefit obligation, SEK 3,951 M (1,279) has been recognized in Other comprehensive income, and SEK -173 M (-210) in the Income statement.

2 The settlement in the US pertains to the conversion of the buy-in contract in 2023, to the buy-out in 2024.

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20:8 Fair value of plan assets in funded plans								
	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Plan assets opening balance 2024	20,445	16,428	5,426	3,107	14	56	2,440	47,917
Acquisitions, divestments and other changes	–	–	–	–	–	–	–	–
Interest income	705	832	265	112	1	–	58	1,973
Settlements ²	–	-4,393	–	–	–	–	-431	-4,823
Remeasurements ¹	-1,055	-836	-522	-37	–	–	39	-2,411
Asset ceiling	–	–	140	–	–	–	4	144
Employer contributions	212	–	–	218	–	–	96	526
Employee contributions	–	77	–	–	–	–	25	103
Exchange rate changes	–	1,691	481	117	1	6	17	2,313
Benefits paid	-2	-1,256	-355	-247	–	-3	-457	-2,319
Plan assets, Dec 31, 2024	20,306	12,545	5,435	3,271	15	59	1,793	43,423
Acquisitions, divestments and other changes	–	–	–	–	–	–	–	–
Interest income	721	607	271	109	1	–	52	1,760
Settlements	–	–	–	–	–	–	–	–
Remeasurements ¹	-756	167	-156	-109	–	–	–	-855
Asset ceiling	–	–	61	–	–	–	–	61
Employer contributions	250	–	–	216	–	–	53	519
Employee contributions	–	32	–	–	–	70	24	127
Exchange rate changes	–	-2,112	-577	-194	-1	-10	-187	-3,081
Benefits paid	-2	-613	-290	-180	1	-58	-135	-1,276
Plan assets, Dec 31, 2025	20,519	10,626	4,744	3,113	16	60	1,600	40,678

1 Out of the total remeasurement of the plan assets, SEK -794 M (-2,266) has been recognized in Other comprehensive income.

2 The settlement in the US pertains to the conversion of the buy-in contract entered in 2023, to buy-out in 2024.

20:9 Net provisions for post-employment benefits								
	Sweden Pensions	USA Pensions	Great Britain Pensions	Belgium Pensions	France Pensions	USA Other benefits	Others Plans	Total
Net provisions for post-employment benefits, Dec 31, 2024	-4,082	876	11	-445	-2,701	-3,073	-1,177	-10,591
of which reported as:								
B/S Net pension assets	10	1,900	8	–	2	59	135	2,115
B/S Provisions for post-employment benefits	-4,092	-1,025	3	-445	-2,703	-3,132	-1,312	-12,706
Net provisions for post-employment benefits, Dec 31, 2025	-1,272	809	37	-262	-2,440	-2,562	-1,153	-6,841
of which reported as:								
B/S Net pension assets	76	1,623	–	–	3	61	65	1,828
B/S Provisions for post-employment benefits	-1,349	-814	37	-262	-2,443	-2,623	-1,217	-8,669

Sweden

The main defined benefit plan in Sweden is the ITP2 plan which is based on final salary. The plan is semi-closed, meaning that only new employees born before 1979 enters the ITP2 solution. The Volvo Group's pension foundation in Sweden was formed in 1996 to secure obligations relating to retirement pensions for white collar workers in Sweden in accordance with the ITP plan. The plan assets in the Volvo Group's Swedish pension foundation are mainly invested in interest-bearing securities and in alternative assets, in accordance with a strategic allocation that is determined by the foundation's Board of Directors. As of December 31, 2025, the fair value of the foundation's plan assets amounted to SEK 20,497 M (20,282), of which 8% (6) was invested in equity instruments. At the same point in time, retirement pension obligations attributable to the ITP plan amounted to SEK 21,466 M (24,018).

Swedish companies can secure new pension obligations through balance sheet provisions or pension fund contributions. Furthermore, a credit insurance policy must be taken out for the value of the obligations. In addition to benefits relating to retirement pensions, the ITP plan also includes, for example, a collective family pension, which the Volvo Group finances through an insurance policy with the Alecta insurance company. According to an inter-pretation from the Swedish Corporate Reporting Board, this is a multi-employer defined benefit plan. For the fiscal year 2025, the Volvo Group did not have access to information from Alecta that would have enabled this plan to be recognized as a defined benefit plan. Accordingly, the plan has been recognized as a defined contribution plan. The Volvo Group estimates it will pay premiums of about SEK 226 M to Alecta in 2026. The collective consolidation level measures the distributable assets in relation to the insurance commitment. According to Alecta's consolidation policy for defined benefit

pension insurance, the collective con-solidation level is normally allowed to vary between 125% and 170%. Alecta's preliminary consolidation ratio amounts to 167% (162). If the consolidation level falls short or exceeds the normal interval, one measure may be to increase the contract price for new subscription or to introduce premium reductions.

The Volvo Group's share of the total saving premiums for ITP2 in Alecta as of December 31, 2025 amounted to 0.41% (0.38) and the share of the total number of active policy holders amounted to 1.98% (1.96).

All employees in Sweden benefit from a jubilee awards plan according to which they receive a certain number of shares after they have rendered 25, 35 and 45 years of services. This plan is accounted for as a share-based payment program, where the fair value of the equity-settled payments is determined at the grant date. The plan is recognized as other liabilities.

USA

In the USA, the Volvo Group has tax qualified pension plans, post-retirement medical plans and non-qualified pension plans. The tax qualified pension plans are funded while the other plans are generally unfunded. There are five funded defined benefit plans, whereof all are closed to new entrants. Three out of five plans are open for future accruals. The Volvo Group's subsidiaries in the USA mainly secure their pension obligations through transfer of funds to pension plans. The US Retirement Trust manages the assets related to the five funded plans. The strategic allocation of plan assets must comply with the investment policy as decided by the Board of Directors of the Trust. All members of the board are nominated by the company although each member is subject to strict regulatory requirements on fiduciary responsibility. As of December 31, 2025, the total value of pension obligations secured by pension plans of this type amounted to SEK 9,347 M (11,076). At the same point in time, the total value of the plan assets in these plans amounted to SEK 10,626 M (12,545), of which 10% (11) was invested in equity instruments. The regulations for securing pension obligations stipulate certain minimum levels concerning the ratio between the value of the plan assets and the value of the obligations. During 2025 no contributions were made by the Volvo Group to the USA pension plans.

Plan assets by category, December 31, 2024¹



Plan assets by category, December 31, 2025¹



20:10 Fair value of plan assets

	Dec 31, 2025	Dec 31, 2024
Cash and cash equivalents	151	826
<i>With a quoted market price</i>		
Equity instruments	1,738	808
Debt instruments	31,654	33,311
Real estate	1,385	–
Assets held by insurance company	1,449	1,744
Other	410	398
<i>With an unquoted market price</i>		
Other	4,084	6,575
Total¹	40,871	43,662

¹ Excluding asset ceiling of SEK 193 M (239).

Great Britain

In Great Britain, the Volvo Group has three defined benefit pension plans, which are all funded. The pension funds are set up as separate legal entities, which are governed by a professional trustee. All plans are closed to new entrants and closed for future accruals to existing members. The allocation of plan assets must comply with the investment strategy agreed between the company and the professional trustee. For one of the plans, if a net surplus is recognized in the balance sheet when the pension scheme runs-off, the Volvo Group has an unconditional right to the surplus of that plan or plans. For two plans this is not strictly legally the case and therefore an asset ceiling is applied. As of December 31, 2025, the total value of pension obligations amounted to SEK 4,707 M (5,424). At the same point in time, the total value of the plan assets in these plans amounted to SEK 4,744 M (5,435). The Volvo Group did not invest in equity instruments and did not make any contributions to the Great Britain pension plans during 2025. Furthermore, the Group does not expect to make such investments or contributions in the foreseeable future.

Belgium

In Belgium, the Volvo Group has four traditional defined benefit pension plans based on final salary, whereof all are closed to new entrants. All plans are open for future accruals. Two plans are funded via an external pension fund with a legally ringfenced Volvo section and two are funded via the group insurance product referred to in Belgium as Branch 21. Benefits are paid as a lump sum at retirement. There is also an open defined contribution pension plan as well as a local profit sharing program whereby any payouts are contributed to a defined contribution pension plan managed by the own pension fund or through a group insurance. All defined contribution pension plans in Belgium have a statutory minimum return guarantee and are therefore accounted for as defined benefit plans. The strategic asset allocation of plan assets must comply with the investment policy as proposed by the Volvo Group and formally adopted by the Board of Directors of the pension fund. As of December 31, 2025, the total value of pension obligations amounted to SEK 3,375 M (3,715). At the same point in time, the plan assets of these plans amounted to SEK 3,113 M (3,271), of which 11% (10) was invested in equity instruments. During 2025, the Volvo Group contributed SEK 216 M (218) to the Belgium pension plans.

France

In France, the Volvo Group has two types of defined benefit plans, Indemnité de Fin de Carrière (IFC) and jubilee awards plan. The plans are unfunded. The IFC is compulsory in France. The benefits are based on the Collective Bargaining Agreement applicable in the company, on the employee's seniority at retirement date and on the final pay. The benefit payment is due only if employees are working for the company when they retire. The jubilee award plan is an internal agreement and the benefit is based on the employee's seniority career at 20, 30, 35 and 40 years. As of December 31, 2025, the total value of pension obligations amounted to SEK 2,455 M (2,716).

Investment strategy and risk management

The Volvo Group manages the allocation and investment of pension plan assets with the purpose of meeting the long term objectives. The main objectives are to meet present and future benefit obligations, provide sufficient liquidity to meet such payment requirements and to provide a total return that maximizes the ratio of the plan assets in relation to the plan liabilities by maximizing return on the assets at an appropriate level of risk. The final investment decision often resides with the local trustee, but the investment policy for all plans ensures that the risks in the investment portfolios are well diversified. The primary risk mitigating activity in the long run is to close defined benefit plans and replace these plans with defined contribution plans when and where possible. The risks related to already accrued pension obligations, e.g. longevity and inflation, as well as buy out premiums and matching strategies are monitored on an ongoing basis in order to further limit the Volvo Group's exposure where and when possible.

In Sweden, the minimum funding target is decided by PRI Pensionsgaranti. This is mandatory in order to stay in the system and get insurance for the pension liability. The contributions usually represent one year's new accrued benefits plus any shortfall towards the minimum funding target unless there is a surplus according to local scheme valuation principles.

In the USA, the minimum funding target is decided by the company in order to avoid penalties, keep flexibility and avoid extensive filing with the Internal Revenue Service and participants in the pension plan. The minimum contributions usually represents one year's accrued benefits plus a seventh of any deficit unless a scheme is showing a surplus according to local scheme valuation principles.

In Great Britain, there is no minimum funding ratio. There is a regulatory requirement for each scheme to perform triennial valuations whereby any scheme showing a deficit must develop a recovery plan that returns the scheme to a fully funded basis within a reasonable time frame. The recovery plan shall be agreed with the company and submitted to the regulator for approval.

In Belgium, the minimum funding level is regulated by law and monitored by the financial supervisory authority, FSMA. The framework for the minimum funding requirement is based on a discount rate, which is based on the expected return of the plan assets. The pension fund must be fully funded on this basis at all times. The contribution policy of the pension fund is designed to provide stability in contributions over the duration of the plan.

In 2026, the Volvo Group estimates to transfer SEK 250-500 M to defined benefit pension plans.

21

Other provisions



Accounting policies

Provisions are recognized in the balance sheet when a legal or constructive obligation exists as a result from a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. When these criteria are not met, a contingent liability may be recognized. Long-term provisions are mainly expected to be settled within 2 to 3 years.

Provisions for product warranty

Provisions for product warranty are recognized as cost of sales and include contractual warranty and campaign warranty. Provisions for contractual warranty are recognized when the products are sold. Provision for campaigns in connection with specific quality problems are recognized when the campaign is decided and communicated.

Provisions for extended coverage

An extended coverage is a product insurance sold to a customer to cover a product according to specific conditions for an agreed period as an additional insurance to the factory contractual warranty. The provision is intended to cover the risk that the expected cost of providing services under the extended coverage contract exceed the expected revenue.

Provisions in insurance operations

Volvo Group has a captive insurance company and the provisions in insurance operations are related to third party claims addressed to companies within the Volvo Group. The claims reserve also includes a provision for unreported losses based on past experience. The unearned premium reserve is reported within other current liabilities.

Provisions for restructuring costs

A provision for decided restructuring measures is recognized when a detailed plan for the implementation of the measures is complete and when this plan is communicated to those who are affected. A provision and costs for termination benefits as a result of a voluntary termination program is recognized when the employee accepts the offer. Normally, restructuring costs are included in other operating income and expenses.

Provisions for residual value risks

Residual value risks are the risks that the Volvo Group in the future would have to dispose used vehicles at a loss if the price development of these products is worse than expected when the contracts were entered. The residual value risks pertain to operating lease contracts and sales transactions with residual value commitments (buybacks and tradebacks) where the Volvo Group has a residual value commitment. The majority of these contracts are recognized as assets under operating leases or as right of return assets in the balance sheet. The potential residual value risks related to these assets are not recognized as provisions, but are reflected as a reduction of the assets through accelerated depreciation and/or write-downs.

Read more in Note 13 Tangible assets about residual value risks.

When a residual value commitment is entered into as a separate independent transaction from the initial sales transaction and revenue can be recognized for the initial sales transaction at the time of delivery, no asset under operating lease or right of return asset are recognized in the balance sheet. Thus, the potential residual value risk related to the residual value commitment is recognized as a provision. To the extent the residual value exposure does not meet the definition of a provision, the remaining gross exposure is reported as a contingent liability.

Read more in Note 24 Contingent liabilities and financial commitments.

Provisions for service contracts

Service contracts offer the customer preventive maintenance according to an agreed service plan. The provision is intended to cover the risk that the expected cost of providing services and repairs under the service contract exceeds the expected revenue.

Other provisions

Other provisions mainly include provisions for legal disputes, provisions for externally issued credit guarantees and other provisions, unless separately specified.



Source of estimation uncertainty and critical judgments

The uncertainties about the amount or timing of outflows vary for different kind of provisions. Regarding provisions for product warranty, extended coverage, residual value risks and service contracts, the provisions are based on historical statistics and estimated future costs, which is why the provided amount has a high correlation with the outflow of resources. Regarding provisions for disputes, like tax and legal disputes, the uncertainty is higher.

Provisions for product warranty

Warranty provisions are estimated with consideration of historical statistics with regard to known changes in warranty claims, warranty periods, the average time-lag between faults occurring until claims are received by the company and anticipated changes in quality indexes. The actual outcome of product warranties may deviate from the expected outcome and materially affect the warranty costs and provisions in future periods. Refunds from suppliers, that decrease the Volvo Group's warranty costs, are recognized to the extent these are considered to be certain.

Other provisions

The Volvo Group works actively to ensure compliance with applicable environmental laws and regulations, which are often complex and uncertain. If the Volvo Group fails to meet climate related targets or regulatory requirements it could be subject to significant penalties and other sanctions which could materially affect the financial statements.

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The Volvo Group regularly reviews the development of significant outstanding legal disputes in which the Volvo Group companies are parties, both regarding civil law and tax disputes, in order to assess the need for provisions and contingent liabilities in the financial statements. Among the factors that the Volvo Group considers in making decisions on provisions and contingent liabilities are the nature of the dispute, the amount claimed, the progress of the case, the opinions of legal and other advisers, experience in similar cases, and any decision of the Volvo Group's management as to how the Volvo Group intends to handle the dispute. The actual outcome of a

legal dispute may deviate from the expected outcome of the dispute. The difference between actual and expected outcome of a dispute might materially affect future financial statements, with an adverse impact upon the Volvo Group's operating income, financial position and liquidity. Provisions for legal disputes are included within other provisions in **Table 21:1**.

Read more in Note 24 Contingent liabilities and financial commitments.

21:1 Provisions										
	Carrying value, Dec 31, 2024	Provisions	Reversals	Utilizations	Acquired and divested operations ²	Exchange rate changes	Other reclassifications ²	Carrying value, Dec 31, 2025	Expected outflows within 12 months	Expected outflows after 12 months
Provisions for product warranty ¹	18,829	12,848	-2,745	-10,500	-226	-1,744	6	16,467	8,689	7,777
Provisions for extended coverage	422	752	-200	-717	-	-53	-	203	191	13
Provisions in insurance operations	1,018	216	-284	-303	-	-103	8	553	-	553
Provisions for restructuring costs ³	769	167	-69	-391	-	-63	21	434	413	22
Provisions for residual value risks	183	120	-100	-24	-	-28	-7	145	69	77
Provisions for service contracts	645	495	-324	-80	-	-60	5	681	358	322
Other provisions ⁴	10,116	4,048	-1,746	-4,883	-51	-656	-50	6,778	5,319	1,459
Total	31,983	18,646	-5,468	-16,899	-277	-2,707	-16	25,261	15,039	10,222

1 Includes a provision for emission control component, for more information see below.

2 **Read more in Note 3** Acquisitions and divestments of operations, for information about acquired and divested operations as well as assets and liabilities held for sale.

3 Includes previous provisions for restructuring costs in Volvo Buses and Nova Bus.

4 Includes a provision for claims arising from the European Commission's 2016 antitrust settlement decision. **Read more in Note 24** Contingent liabilities and financial commitments, section Legal proceedings.

As previously communicated, the Volvo Group has detected that an emissions control component used in certain markets and models, may degrade more quickly than expected, affecting the vehicles emission performance negatively. The Volvo Group made a provision of SEK 7 billion impacting the operating income in 2018, relating to the estimated costs to address the issue. Negative cash flow effects started in 2019 and will continue in the coming years. As of year-end 2025, approximately three-quarters of the initial provision had been utilized. The Volvo Group will continuously assess the size of the provision as the matter develops.

22

Liabilities



Accounting policies

Loans are measured at amortized cost using the effective interest rate method.

Read more in Note 30 Financial instruments for accounting policies related to financial instruments.

Read more in Note 14 Leasing for accounting policies related to lease liabilities.

22:1 Non-current bond loans and other loans

Currency	Weighted average interest rate Dec 31, 2025, %	Dec 31, 2025	Dec 31, 2024
Bond loans			
EUR	2.78	57,455	83,988
SEK	2.84	16,486	15,990
GBP	5.33	8,037	8,284
USD	2.72	642	769
B/S		82,620	109,031
Other loans			
Other loans ¹		47,935	41,425
Lease liabilities		5,862	5,944
Revaluation of outstanding derivatives to SEK ²		817	3,455
B/S		54,614	50,824

1 Non-current loans of SEK 13,346 M (9,739) were secured by assets pledged. **Read more in Note 23** Assets pledged.

2 **Read more in Note 30** Financial instruments, **table 30:1** regarding non-current part of outstanding interest and currency risk derivatives.

22:2 Maturity

Year	Bond loans and other loans	Not utilized non-current credit facilities
2027	73,682	10,509
2028	26,379	6,398
2029	19,108	1,080
2030	14,637	43,187
2031	1,119	–
2032 or later	2,310	–
Total	137,234	61,174

Read more in Note 14 Leasing, **table 14:4** for maturities of non-current lease liabilities.

Bond loans and other loans

The Volvo Group's non-current and current loans are disclosed in **tables 22:1** and **22:3**, with the issued bond loans listed by currency. Loans in the Volvo Group's subsidiaries are mainly denominated in local currencies through Volvo Group Treasury which minimize the currency exposure in the individual companies. Volvo Group Treasury uses various derivatives to facilitate lending and borrowing in different currencies without increasing the risk for the Volvo Group.

22:3 Current bond loans and other loans

Currency	Weighted average interest rate Dec 31, 2025, %	Dec 31, 2025	Dec 31, 2024
Bond loans			
EUR	2.58	49,749	35,011
SEK	3.25	11,497	10,449
GBP	4.77	3,714	–
B/S		64,960	45,460
Other loans			
Other loans ¹		43,513	54,887
Lease liabilities		2,111	2,104
Revaluation of outstanding derivatives to SEK ²		242	1,301
B/S		45,866	58,292

1 Current loans of SEK 6,122 M (3,527) were secured by assets pledged. **Read more in Note 23** Assets pledged.

2 **Read more in Note 30** Financial instruments, **table 30:1** regarding current part of outstanding interest and currency risk derivatives.

A total of SEK 146,082 M (152,996) in bond loans and SEK 83,285 M (87,585) in other loans in **tables 22:1** and **22:3** were borrowed to finance the credit portfolio in Financial Services.

The interest rate risk in Financial Services is managed with the objective to achieve a match of interest rate fixings on borrowing and lending, in order to eliminate interest rate risk. The average interest rate on Industrial Operation's financial liabilities at year end amounted to 4.7% (4.8), including the Volvo Group's credit costs.

The predominant part of loans that mature in 2027 is an effect of the Volvo Group's normal business operations, with shorter duration in the Financial Services portfolio compared to Industrial Operations.

Granted but not utilized credit facilities consist of stand-by facilities for loans. A fee is charged for granted credit facilities and this cost is recognized in the income statement within other financial income and expenses for Industrial Operations, and within operating income for Financial Services.

Read more in Note 9 Other financial income and expenses.

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Other liabilities

22:4 Non-current other liabilities		
	Dec 31, 2025	Dec 31, 2024
Deferred leasing income ¹	7,101	8,359
Residual value liabilities ¹	6,509	7,882
Deferred service revenue ¹	22,936	23,271
Refund liabilities ¹	1,646	1,540
Advances from customers ¹	46	12
interest and currency risk derivatives ²	746	1,016
Other liabilities	3,882	4,503
B/S Other liabilities	42,867	46,583

1 Read more in Note 7 Revenue regarding contract and refund liabilities, and sales with residual value commitments.

2 Derivative transactions with negative market values are reported separately within liabilities, where one part is reported as other loans and one part as other liabilities. Read more in Note 30 Financial instruments, table 30:1 regarding non-current part of interest and currency risk derivatives.

22:5 Current other liabilities		
	Dec 31, 2025	Dec 31, 2024
Trade payables	67,966	78,527
Tax liabilities	3,695	3,111
Advances from customers ¹	3,962	4,300
Wages, salaries and withholding taxes	15,840	16,708
VAT liabilities	5,344	5,475
Accrued expenses for dealer bonuses and rebates ¹	7,749	8,983
Other accrued expenses	14,803	16,501
Deferred leasing income ¹	3,562	4,244
Deferred service revenue ¹	5,243	5,803
Other deferred income ¹	1,965	1,903
Residual value liabilities ¹	3,280	4,291
Refund liabilities ¹	580	629
Other financial liabilities	227	371
Interest and currency risk derivatives ²	-18	109
Other liabilities	5,851	6,579
Other liabilities	140,049	157,533

1 Read more in Note 7 Revenue, regarding contract and refund liabilities, and sales with residual value commitments.

2 Derivative transactions with negative market values are reported separately within liabilities, where one part is reported as other loans and one part as other liabilities. Read more in Note 30 Financial instruments, table 30:1 regarding current part of interest and currency risk derivatives.

Non interest-bearing current liabilities, including liabilities held for sale, amounted to SEK 140,049 M (157,546), or 56% (60) of the Volvo Group's total current liabilities.

Supplier finance arrangements

The Volvo Group has supplier finance arrangements with certain financial institutions, who offer suppliers earlier payments of the Group's trade payables. The Volvo Group does not extend the payment terms or pay any credit fees, whereas suppliers can utilize the financing arrangements to receive earlier payments. Suppliers with longer payment terms therefore have a greater incentive to be part of the arrangements. The range of payment due dates for liabilities within supplier finance arrangements is 30-180 days after invoice date, whereof the vast majority is due within 60-120 days. Several finance providers are part of the supplier finance arrangements and since the Volvo Group does not extend the payment terms, the liabilities are settled when they are due, thus no liquidity risks arise.

In addition, the Volvo Group previously used to issue bank acceptance drafts to pay selected domestic suppliers in China which provided the Volvo Group with extended payment terms of an additional six months. After the divestment of SDLG during 2025 this practice is no longer used in the Volvo Group.

The supplier finance arrangements are closely related to operating activities and do not lead to any significant change in the nature or function of the liabilities. They are reported as trade payables in the balance sheet and within operating activities in the cash flow statement. As of December 31, 2025, the liabilities included in these arrangements constitute 7% (13) of the Volvo Group's total trade payables.

22:6 Supplier finance arrangements		
	Dec 31, 2025	Dec 31, 2024
Carrying amount		
Supplier finance arrangement liabilities	4,918	5,914
- Of which suppliers have received payment from a financial institution	4,153	5,135
Issued bank acceptance drafts	-	4,508
Range of payment due dates		
Trade payables part of a supplier finance arrangement	30-180	30-180
Trade payables paid through issued bank acceptance drafts	-	270
Trade payables not part of a supplier finance arrangement	30-180	30-180

23

Assets pledged

23:1 Assets pledged		
	Dec 31, 2025	Dec 31, 2024
Customer-financing receivables	21,895	14,601
Cash and cash equivalents ¹	866	394
Total assets pledged	22,761	14,994

¹ Read more in Note 18 Cash and cash equivalents regarding cash not available for use.

Non-current and current loans of SEK 19,468 M (13,266) were secured by assets pledged to an amount of SEK 22,761 M (14,994).

Under the terms of asset-backed securitizations, securities were issued, whereof SEK 13,969 M (6,681) is outstanding. These are secured by customer-financing receivables of SEK 15,236 M (7,305) with trucks and construction equipments as collaterals and cash and cash equivalents of SEK 866 M (394) not available for use.

A warehouse facility is used to fund customer-financing receivables in preparation for asset-backed securitizations. At December 31, 2025, SEK 5,499 M (6,585) was outstanding under this facility, which is secured by SEK 6,659 M (7,296) of customer-financing receivables.

[Read more in Note 22](#) Liabilities.

24

Contingent liabilities and financial commitment



Accounting policies

A contingent liability is recognized for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources. Alternatively, there is a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial commitments are contractual commitments that may give rise to a future outflow of cash or other resources, which are not recognized at the balance sheet date.

24:1 Contingent liabilities		
	Dec 31, 2025	Dec 31, 2024
Credit guarantees issued for customers and others	1,229	2,949
Tax claims	8,404	8,910
Residual value commitments	198	219
Other contingent liabilities	4,616	4,890
Total contingent liabilities	14,447	16,969

Total contingent liabilities at December 31, 2025, amounted to SEK 14,447 M (16,969).

Credit guarantees issued amounted to SEK 1,229 M (2,949). The decrease is mainly related to the divestment of SDLG. The recognized amount for credit guarantees corresponds to the gross exposure and has not been reduced by the value of counter guarantees received or other collaterals such as the right to repossess products. The value of counter guarantees and other

collaterals reducing the exposure is dependent on the development of used products prices and on the possibility to repossess products.

Tax claims amounted to SEK 8,404 M (8,910) and pertain to charges or expected claims against the Volvo Group for which the criteria for recognizing a tax liability or a provision were not met. Global companies such as the Volvo Group are occasionally involved in tax processes of varying scope and in various stages. The Volvo Group regularly assesses these tax processes. When it is probable that additional taxes must be paid and the outcome can be reliably estimated, the required provision is made. Of total tax claims, SEK 2.2 billion (2.2) is related to an audit of indirect tax in Brazil, SEK 1.1 billion (1.2) is related to a transfer price audit in Brazil and SEK 2.4 billion (2.8) are related to two custom duties audits in India.

Residual value commitments amounted to SEK 198 M (219) and are attributable to commitments (buybacks and tradebacks) entered into as separate independent transactions from the initial sales transactions. Thus, revenue are recognized for the initial sales transactions at the time of delivery and no assets under operating lease or right of return are recognized in the balance sheet. To the extent the used products pertaining to those transactions are expected to be disposed at a loss, a provision for residual value risk is recognized if the residual value exposure meet the definition of a provision. Otherwise, the exposure is reported as a contingent liability. The amount corresponds to the gross exposure of the potential residual value risk and has not been reduced by the estimated net selling price of used products taken as collaterals.

[Read more in Note 7](#) Revenue about sales with residual value commitments.

[Read more in Note 21](#) Other provisions about provisions for residual value risks.

Other contingent liabilities amounted to SEK 4,616 M (4,890) and include for example bid and performance clauses and legal proceedings.

Legal proceedings

Starting in January 2011, the Volvo Group, together with a number of other truck manufacturers, was investigated by the European Commission in relation to a possible violation of EU antitrust rules. In July 2016 the European Commission adopted a settlement decision against the Volvo Group and other truck manufacturers finding that they were involved in an antitrust infringement which, in the case of the Volvo Group, covered a 14-year period from 1997 to 2011. The Volvo Group paid a monetary fine of EUR 670 million.

Following the adoption of the European Commission's settlement decision, the Volvo Group has received and is defending itself against a significant number of private damages claims brought by customers and other third parties alleging that they suffered loss, directly or indirectly, by reason of the conduct covered in the decision. The claims relate primarily to Volvo Group trucks sold during the 14-year period of the infringement and, in some cases, to trucks sold in certain periods after the infringement ended. Some claims have also been made against the Volvo Group that relate to trucks sold by other manufacturers. The truck manufacturers subject to the 2016 settlement decision are, in most countries, jointly and severally liable for any losses arising from the infringement.

In the region of 3,000 claims are being brought in over 20 countries (including EU Member States, the United Kingdom, Norway and Israel) by large numbers of claimants either acting individually or as part of a wider group or class of claimants. Further claims may be commenced. The litigation in many countries can be expected to run for several years.

Several hundred thousand trucks sold by the Volvo Group are currently subject to claims against it or other truck manufacturers, with claimants alleging that the infringement resulted in an increase in the prices paid for Volvo Group trucks which directly or indirectly caused them loss.

The Volvo Group maintains its firm view that no damage was caused to its customers or any third party by the conduct set out in the settlement decision, and in fact, the European Commission did not assess any potential effects of the infringement on the market. The Volvo Group considers that transaction prices our customers paid for their trucks were unaffected by the infringement and were the outcome of individual negotiations across all elements of their purchasing requirements, including not only the prices for new trucks but also (where relevant) associated products and services sold together with new trucks such as service contracts, financing, buy-back guarantees etc.

Litigation developments so far have been mixed with some adverse outcomes, although uncertainty regarding ultimate exposure to the litigation remains high and it is inherent in complex litigation that outlooks and risks fluctuate over time.

At this stage it is not possible to make a reliable estimate of the total liability that could arise from such proceedings given the complexity of the claims and the different (and in some cases relatively early) stages to which national proceedings have progressed. However, the litigation is substantial in scale and any adverse outcome or outcomes of some or all of the litigation, depending on the nature and extent of such outcomes, may have a material negative impact on the Volvo Group's financial results, cash flows and financial position. In light of progress in litigations and current risks, the Volvo Group has in Q2 2023 recognized a cost of SEK 6 billion (in addition to previously recognized costs of SEK 630 M and besides legal fees to advisors), relating to aspects of the litigation that are currently possible to estimate and where an outflow of resources is probable. This is Volvo Group's current assessment, which may change as the litigation progresses.

The Volvo Group is also involved in a number of legal proceedings other than those described above. Legal proceedings can be lengthy and are often difficult to predict which can give rise to significant expenses.

Read more in Note 21 Other provisions.

Financial commitments

The Volvo Group engages with suppliers to invest in tooling and guarantee volumes based on long-term production plans. The Group may have to compensate suppliers if expected volumes do not materialize. Contractual commitments are continuously monitored and renegotiated if needed.

In 2024, the Volvo Group and Westport established the joint venture Cespira for high-pressure gas injection fuel systems (HPDI). Volvo acquired 45% of the shares for SEK 374 M, plus up to an additional USD 45 M depending on the performance of the company.

In 2022, the Volvo Group, Daimler Truck and the Traton Group established the joint venture Milence for charging infrastructure in Europe. The Volvo Group has committed to invest EUR 167 M within a few years from the establishment of the joint venture, whereof EUR 45 M remains as of December 31, 2025.

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Transactions with related parties



Accounting policies

The Volvo Group engages in transactions with some of its related parties, such as associated companies and joint ventures. The transactions arise in the ordinary course of business and are conducted on commercial terms and market prices. They mainly consist of sales of vehicles, parts, equipment and services as well as purchases of parts, engines and vehicles for resale. Transactions between AB Volvo and its subsidiaries have been eliminated in the consolidated financial statements and transactions with the Board of Directors and the Group Executive Board consist of remunerations, which are not disclosed in this note.

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

Read more in Note 27 Personnel, about remunerations to the Board of Directors and the Group Executive Board.

Read more in Corporate Governance Report about Board of Directors and Group Executive Board.

The Volvo Group's transactions with related parties are presented in **table 25:1** and **25:2**.

25:1

	Sales of goods, services and other income		Purchases of goods, services and other expense	
	2025	2024	2025	2024
Associated companies	854	1,924	243	242
Joint ventures	2,862	4,126	1,736	1,522

25:2

	Receivables		Payables	
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2025	Dec 31, 2024
Associated companies	138	422	52	115
Joint ventures	299	528	223	213

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Government grants



Accounting policies

Government grants are financial grants from governmental or supranational bodies that are received in exchange for fulfillment of certain conditions by the Volvo Group. The financial grants are recognized in the financial statements when there is a reasonable assurance that the conditions will be complied with and that the grants will be received.

Government grants related to assets are usually reported as deferred income in the balance sheet. The grants are recognized in the income statement by being amortized systematically over the asset's useful life to match the depreciations.

Government grants related to income are reported as deferred income in the balance sheet and recognized in the income statement to match the related costs. If the costs incurred before the grants have been received, but there is an agreement that grants will be received, grants are recognized in the income statement to match the related costs.

In 2025, government grants of SEK 1,205 M (1,523) were received, and SEK 1,098 M (1,096) were recognized in the income statement.

Government grants include received tax credits of SEK 604 M (506) related to product development, which were primarily received in the United States, Brazil and France. Tax credits of SEK 580 M (453) were recognized in the income statement. Other grants were mainly received from Swedish, Chinese and US governmental organizations and from the European Commission.



Accounting policies

Incentive programs

The Volvo Group has long-term and short-term incentive programs which are cash-settled.

The long-term incentive program (LTI) has a performance period of three-years and includes two performance measures, relative total shareholder return (relative TSR) and return on capital employed (ROCE). The relative TSR includes a fair value component, hence this part of the program is accounted for as a share-based payment program. A liability is recognized and measured at fair value using a Monte Carlo simulation at each reporting date. Changes in the fair value are recognized in the income statement for each period until the liability is settled by a cash payment. To estimate the fair value, the Monte Carlo simulation uses several inputs where assumptions are made such as vesting period, risk free annual interest rate, expected share price volatility and TSR-price.

The short-term incentive program (STI) has a performance period of one-year and includes performance measures which for example may relate to operating income, operating cash flow, ROCE or similar ratios, or sustainability targets.

Performance measures included in the programs such as ROCE, operating income and operating cash flow or similar ratios are based on best estimate and are accounted for as employee benefits.

During the vesting period, the total remuneration expenses for the incentive programs are recognized as an expense in the income statement and as other non-current or current liabilities depending on when in time the liability will be settled. The liability at the end of the vesting period corresponds to the actual payout in cash.

Following implementation of the new long-term incentive plan in 2023 and the adoption of revised remuneration guidelines at the annual general meeting 2023, no proposed updates to the guidelines have been made in 2024 or 2025. The guidelines adopted in 2023 thus remain in force. For further information please refer to the most recent Remuneration Report, available at www.volvogroup.com.

Guidelines for remuneration to the Volvo Group Executive Board, approved by the Annual General Meeting on 4 April 2023

The Annual General Meeting 2023 decided upon the following guidelines for remuneration and other terms of employment for the members of the Volvo Group Executive Board ("Executives").

The guidelines are forward-looking, i.e., they are applicable to remuneration agreed, and amendments to remuneration already agreed, after the proposed adoption of these guidelines by the 2023 annual general meeting. These guidelines do not apply to any remuneration separately decided or approved by the general meeting.

The guidelines' promotion of the Volvo Group's business strategy, long-term interests and sustainability

It is a prerequisite for the successful implementation of the Volvo Group's business strategy and safeguarding of its long-term interests, including its sustainability, that the Group can recruit, retain and develop senior management. These guidelines enable AB Volvo to offer Executives a competitive total remuneration. More information regarding the Volvo Group's business strategy is available in the Volvo Group Annual Report.

Types of remuneration

Volvo Group remuneration to Executives shall consist of the following components: base salary, short-term and long-term variable incentives, pension benefits and other benefits.

Short-term incentives may, for the President and CEO, amount to a maximum of 100% of the base salary and, for other Executives, a maximum of 80% of the base salary.

Long-term incentives may, for the President and CEO, amount to a maximum of 150% of the base salary and, for other Executives, a maximum of 80% of the base salary. Current and proposed long-term incentives are described and addressed separately by the 2023 general meeting.

Further cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining Executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 100% of the annual base salary. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

For the President and CEO, pension benefits shall be granted on the basis of a defined contribution plan. The pensionable salary shall include base salary only. The pension contributions for the President and CEO attributable to the annual base salary shall amount to not more than 35% of the base salary.

Other benefits may include, for example, life insurance, medical and health insurance, and company cars. Premiums and other costs relating to such benefits may amount to not more than 3% of the annual base salary for the President and CEO.

For other Executives, pension benefits shall be granted on the basis of a defined contribution plan except where law or collective agreement requires a defined benefit pension. The pensionable salary shall include base salary and, where required by law or collective agreement, incentives. The total pension contributions for other Executives shall amount to not more than 35% of base salary, unless a higher percentage results from the application of law or collective agreement.

Other benefits may include, for example, life insurance, medical and health insurance, and company cars. Premiums and other costs relating to such benefits may amount to not more than 10% of the annual base salary for other Executives.

Remuneration for Executives that reside outside Sweden or reside in Sweden but having a material connection to or having been residing in a country other than Sweden may be duly adjusted to comply with mandatory rules or local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

In addition to remuneration set out above, Executives who relocate for the purposes of the position or who work in other multiple countries may also receive such remuneration and benefits as are reasonable to reflect the special circumstances associated with such arrangements, taking into account the overall purpose of these guidelines and alignment with the general policies and practices within the Volvo Group applicable to cross border work.

Termination of employment

Upon termination of an Executive's employment, the notice period may not exceed twelve months. Base salary during the notice period and severance pay may not together exceed an amount corresponding to the base salary for two years.

Executives that reside outside Sweden or reside in Sweden but having a material connection to or having been residing in a country other than Sweden may be offered notice periods for termination and severance payment as are reasonable to reflect the special circumstances, taking into account the overall purpose of these guidelines and alignment with the general policies and practices within the Volvo Group.

Criteria for awarding variable remuneration, etc.

Plans for long-term and short-term incentives shall be linked to predetermined and measurable criteria, to be determined by the Board of Directors. The criteria – which for example may relate to EBIT, cash flow, return on capital employed or similar ratios, or sustainability targets – shall be devised to promote the Volvo Group's strategy and long-term value creation and strengthen the link between achieved performance targets and reward. The satisfaction of the criteria shall be measured over periods of one or multiple years, depending on the type of incentive plan.

To which extent the criteria for awarding incentives has been satisfied shall be determined when the relevant measurement period has ended. The Board of Directors is responsible for the determination of the incentives to be paid, if any, to all Executives.

Claw-back and adjustments

Executives participating in the Volvo Group's short-term and long-term incentive plans are obliged, in certain circumstances and for specified periods of time, to repay, partially or in its entirety, incentive awards already paid if payments have been made by mistake or been based on intentionally falsified data or in the event of material restatement of the Volvo Group's financial results. Furthermore, the Board of Directors may decide on adjustments of pay-out under the incentive plans (before payment has been made) in case of extraordinary circumstances or to adjust for unforeseen one-timers.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these guidelines, the Board has considered that the various benefits offered to the Executives need to be aligned with the general structures applicable for employees of AB Volvo at levels that are competitive in the market. Thus, salary and employment conditions for other AB Volvo employees have been taken into account by including information thereon in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are appropriate.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate plans for variable remuneration for Executives, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Group. The members of the Remuneration Committee are independent of AB Volvo and its executive management. The President and CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Volvo Group's long-term interests, including its sustainability, or to ensure the Group's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of changes to the guidelines, etc.

During 2022, the company has carefully considered feedback received from shareholders and proxy advisors in connection with the general meeting 2022 and otherwise during the year. As a result of this dialogue, the Board and the Remuneration Committee have during 2022 performed a review of the design of the Group's long-term incentives. As a result of this review, the Board proposes the adoption of a new long-term incentive plan with a three-year performance period, to be implemented starting 2023. It is proposed that the transition into a new long-term incentive plan with a three-year performance period will be made in parallel with a two-year phasing out of the current long-term incentive plan. For further information, please refer to the Board's separate proposal for a new long-term incentive plan.

For further information about the dialogue with shareholders and proxy advisors, please refer to the Remuneration Report 2022.

Fees paid to the Board of Directors

According to a resolution adopted at the Annual General Meeting 2025, fees to the Board of Directors appointed at the Annual General Meeting for the period until the close of the Annual General Meeting 2026 shall be paid as follows: The Chairman of the Board should be awarded SEK 4,265,000 (4,100,000) and each of the other members elected by the Annual General Meeting SEK 1,280,000 (1,230,000) with exception of the President and CEO of AB Volvo, who does not receive a director's fee. In addition, SEK

648,000 (600,000) should be awarded to the Chairman of the Audit Committee and SEK 351,000 (325,000) to each of the other members of the Audit Committee, and SEK 182,000 (175,000) to the Chairman of the Remuneration Committee and SEK 135,000 (130,000) to each of the other members of the Remuneration Committee, and SEK 334,000 (315,000) to the Chairman of the Transformation Committee and SEK 219,000 (210,000) to each of the other members of the Transformation Committee.

27:1 Remuneration to the Group Executive Board

SEK	Fixed remuneration		Variable remuneration			
	Fixed salary	Other benefits ¹	Short-term incentives	Long-term incentives	Other remunerations ³	Pension premiums
President and CEO	22,868,264	425,137	9,125,105	30,687,150	–	7,775,028
Other members of the Group Executive Board ²	92,087,355	11,164,464	29,433,500	73,527,967	6,208,224	28,175,941
Total 2025	114,955,619	11,589,601	38,558,605	104,215,117	6,208,224	35,950,969
Total 2024	126,557,988	11,998,662	67,244,595	79,190,305	2,300,000	38,524,613

1 Other benefits mainly pertain to company cars, housing, various insurance costs and expatriate support costs.

2 The Group Executive Board comprised, except the President and CEO, of 10 (12) members at the end of the year.

3 Other remunerations include compensation in connection with employment in the Group.

Long-term incentive plans*Long-term incentive plan valid from 2023*

In 2023, the Annual General Meeting adopted a new long-term incentive plan comprising a maximum number of 600 participants from senior management, including Executives and employees in certain business-critical positions within the Volvo Group.

In 2025, the Board of Directors approved a long-term incentive program for 2025 to 2027. The program has a three-year performance period followed by a one-year lock-in period for the AB Volvo shares that the participants are required to acquire. At the end of the lock-in period, participants may sell their shares. However, Executives may only do so if they meet the requirement for owning AB Volvo shares at a value of at least two years of gross base salary for the President and CEO and one year of the gross base salary for the other Executives. The holding requirements for participants shall cease upon termination of a participant's employment, and the Board may grant such other exceptions to the requirements as the Board deems appropriate.

Participants in the long-term incentive programs must be employed on December 31 of the final year of the performance period in order to qualify for a payout. Participants who terminate their employment before this date lose entitlements to a (pro-rated) pay-out, unless they leave the Volvo Group in certain predefined situations (pension, disability, divestiture, etc.). These so-called "good leaver" situations are subject to approval by the Remuneration Committee.

The long-term incentive plan is linked to two predetermined performance measures:

- AB Volvo's three-year average ROCE with a linear scale (0% at minimum, 100% at maximum of the scale; relative weighting 70%) and
- The relative three-year average Volvo B total shareholder return vs. MSCI World Machinery Index with a linear scale (20% at minimum, 100% at maximum of the scale; relative weighting 30%) (relative TSR)

The result on each of these two performance measures is determined after the relevant three-year measurement period has ended.

The total remuneration expenses including social security charges for the LTI Program 2023-2025 affecting the income statement for 2025 amounts to SEK 205 M (249). The final outcome of the LTI program 2023-2025 was 100.0%. As of December 31, 2025, the total liability amounted to SEK 624 M (419). The total remuneration expenses including social security charges for the LTI Program 2024-2026 affecting the income statement for 2025 amounted to SEK 78 M (161) and the total liability as of December 31, 2025, amounted to SEK 239 M (161). The total remuneration expenses including social security charges for the LTI Program 2025-2027 affecting the income statement for 2025 amounted to SEK 100 M (-) and the total liability as of December 31, 2025, amounted to SEK 100 M (-). The income statement effect is an estimate of the outcome and will during the three-year period be continuously adjusted to reflect the outcome at the end of the program. The final outcome of the LTI Program 2024-2026 will be presented in the annual report for 2026 and the final outcome of the LTI Program 2025-2027 will be presented in the annual report 2027.

Terms of employment and remuneration to the President and CEO
Fixed salary, short-term and long-term incentives

The President and CEO is entitled to a remuneration consisting of fixed annual salary, short-term and long-term incentives.

The short term incentive program 2025 was based on operating income (45%), operating cash flow (45%) and electric vehicle volume (10%) for the Volvo Group. Electric vehicle volume has been identified as a key driver for progressing the Volvo Group's sustainability targets. The metric has been included in short-term incentive program since 2022. The LTI Program 2023-2025, the LTI Program 2024-2026 and the LTI Program 2025-2027 are based on relative TSR and three-year average ROCE. The possible award under the short-term incentive program amounts to a maximum of 100% of the annual base salary. The possible award under the LTI Program 2023-2025 (to be paid out in 2026), the LTI Program 2024-2026 (to be paid out in 2027) and the LTI Program 2025-2027 (to be paid out in 2028) amounts to a maximum of 150% of the annual base salary.

For the financial year 2025, the President and CEO received a fixed salary including vacation payment of SEK 22,868,264 (21,713,590) and a short-term incentive of SEK 9,125,105 (15,245,034). The short-term incentive was 41% (71.4) of the annual base salary. Other benefits, mainly pertaining to a company car and insurance benefits, amounted to SEK 425,137 (318,521).

The President and CEO also participated in the LTI Program 2023-2025, the LTI Program 2024-2026 and the LTI Program 2025-2027. During the financial year 2025 (in which the three year performance period for the LTI Program 2023-2025 was completed), the outcome of the LTI Program 2023-2025 amounted to SEK 30,687,150 (24,882,542), which was 150.0% (116.5) of the annual base salary. The full net amount shall be invested in Volvo B shares, which will be subject to a lock-in period of one year. As the outcome of the LTI Program 2024-2026 and LTI Program 2025-2027 are measured over a period of three years (i.e. determined as of December 31, 2026 and December 31, 2027) no amounts has been paid out related to these programs during 2025 for the President and CEO.

Pensions

The President and CEO was covered by a pension benefit in the form of a defined contribution plan with a contribution amounting to 35% of the annual base salary. There were no commitments other than the payment of the contributions.

Total pension premiums for the President and CEO amounted to SEK 7,775,028 (7,475,988) in 2025.

Severance payments

The President and CEO has a 12 months' notice period upon termination by AB Volvo and a 6 months' notice period upon termination on his own initiative. If terminated by the company, the President and CEO is entitled to a severance payment equivalent to 12 months' salary. In the event of new employment during the severance period, the severance pay is reduced with an amount equal to 100% of the income from the new employment.

Remuneration to the Group Executive Board

Fixed salary, short-term and long-term incentives

Members of the Group Executive Board are entitled to remuneration consisting of fixed annual salaries, short-term and long-term incentives.

The short-term incentive program 2025 was based on operating income, operating cash flow and electric vehicle volume for the Volvo Group; the LTI Program 2023-2025, the LTI Program 2024-2026 and the LTI Program 2025-2027 are based on relative TSR and three-year average ROCE. The short-term incentive program, the LTI Program 2023-2025 (to be paid out in 2026), LTI Program 2024-2026 (to be paid out in 2027) and LTI Program 2023-2027 (to be paid out in 2028) for the Group Executive Board members excluding the President and CEO, in 2025, could each amount to a maximum of 80% of the annual base salary.

For the financial year 2025, fixed salaries including vacation payment amounted to SEK 92,087,355 (104,844,398) for the Group Executive Board members excluding the President and CEO. The short-term incentive amounted to SEK 29,433,500 (51,999,561) for the Group Executive Board members excluding the President and CEO. Short-term incentive was in average 32.2% (55.6) of the annual base salary. Other benefits, including company cars, housing, insurance benefits and expatriate support costs, amounted to SEK 11,164,464 (11,680,141).

The Group Executive Board also participated in the LTI Program 2023-2025, the LTI Program 2024-2026 and the LTI Program 2025-2027. During the financial year 2025 (in which the three year performance period for the LTI Program 2023-2025 was completed), the outcome of the LTI Program 2023-2025 amounted to SEK 73,527,967 (54,307,763) for the Group Executive Board members, excluding the President and CEO, which was 80.0% (62.1) of the annual base salaries. The full net amount shall be invested in Volvo B shares, which will be subject to a lock-in period of one year. As the outcome of the LTI Program 2024-2026 and the LTI Program 2025-2027 are measured over a period of three years (i.e. determined as of December 31, 2026 and December 31, 2027) no amounts has been paid out related to these programs during 2025 for the Executive Board excluding the President and CEO.

Pensions

During 2025, the Group Executive Board members enrolled in the Swedish pension plan continued to participate in the collective bargain agreement (ITP), as well as the Volvo Executive Pension (VEP) plan. The VEP plan is a defined contribution plan with a contribution amounting to 35% of the annual base salary exceeding 30 income base amounts (SEK 2,418,000 in 2025). There were no commitments other than the payment of the contributions.

Pension premiums for the Group Executive Board, excluding the President and CEO, amounted to SEK 28,175,941 (31,048,625) in 2025.

Severance payments

The employment contracts for Group Executive Board members contain rules governing severance payments when AB Volvo terminates the employment. For Executives resident in Sweden, the notice period upon termination by the company shall not exceed 12 months and the notice period upon termination by the Executive shall not exceed 6 months. In addition, in the event of termination by the company, the Executive is entitled to a maximum of 12 months' severance pay.

Executives resident outside Sweden or resident in Sweden but having a material connection to or having been resident in a country other than Sweden may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in Sweden.

Volvo Group's total cost for remuneration and benefits to the Group Executive Board

The total cost for remuneration and benefits to the Group Executive Board amounted to SEK 356 M (504) and pertained to fixed salaries, short-term and long-term incentives, other benefits and pensions. It also included social fees on salaries and benefits, special payroll tax and additional costs for other benefits. Out of the SEK 356 M, SEK 45 M pertains to the LTI Program 2023-2025, SEK 10 M pertains to the LTI Program 2024-2026 and SEK 14 M pertains to the LTI Program 2025-2027. The amount for the LTI Program 2023-2025 is final, and the amounts for the two other programs are estimates of the outcome which will be continuously be adjusted to reflect the outcome at the end of the programs.

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27:2 Average number of employees

	2025		2024	
	Number of employees	of which women, %	Number of employees	of which women, %
AB Volvo				
Sweden	328	49	314	49
Subsidiaries				
Sweden	25,020	26	24,335	26
Western Europe (excl. Sweden)	20,487	19	21,406	19
Eastern Europe	4,753	26	4,955	25
North America	19,182	22	19,681	23
South America	7,225	21	7,096	21
Asia	9,951	22	10,941	20
Africa and Oceania	2,242	20	2,268	20
Volvo Group	89,188	23	90,995	22

27:3 Board members and other senior executives

	2025		2024	
	Number at year-end	of which women, %	Number at year-end	of which women, %
AB Volvo				
Board members ¹	11	36	11	36
CEO & other senior executives	11	27	13	31
Volvo Group				
Board members	511	25	514	26
Presidents and other senior executives	566	29	576	29

1 Board members elected by the Annual General meeting.

27:4 Wages, salaries and other remunerations

SEK M	2025			2024		
	Board and Presidents	of which variable salaries	Other employees	Board and Presidents	of which variable salaries	Other employees
AB Volvo ¹	68	26	462	89	50	522
Subsidiaries	1,094	379	56,247	1,152	386	58,127
Volvo Group	1,162	404	57,435	1,241	436	58,649

27:5 Wages, salaries and other remunerations and social costs

SEK M	2025			2024		
	Wages, salaries remuneration	Social costs	Pension costs	Wages, salaries remuneration	Social costs	Pension costs
AB Volvo ²	530	168	138	611	183	138
Subsidiaries	57,341	12,970	5,878	59,278	12,994	5,972
Volvo Group³	57,872	13,138	6,016	59,890	13,177	6,110

1 Including current and former Board members and the President and CEO.

2 The parent company's pension costs, pertaining to Board members and Presidents are disclosed in note 3 Administrative expenses in the annual report of the parent company.

3 Of the Volvo Group's pension costs, SEK 90 M (101) pertain to Board members and Presidents, including current and former Board members, Presidents and CEO, and other senior executives. The Volvo Group's outstanding pension obligations to these individuals amount to SEK 425 M (495). The cost for non-monetary benefits in the Volvo Group amounted to SEK 4,390 M (4,585) of which SEK 36 M (40) pertained to Board members and Presidents. The cost for non-monetary benefits in the parent company amounted to SEK 12.1 M (9.7) of which SEK 0.3 M (0.2) to Board members and President.

28

Fees to the auditors

28:1 Fees to the auditors		
	2025	2024
Deloitte		
Audit assignment	142	143
<i>whereof to Deloitte AB</i>	46	47
Audit-related assignments	10	11
<i>whereof to Deloitte AB</i>	6	3
Tax advisory services	–	1
<i>whereof to Deloitte AB</i>	–	–
Other services	18	89
<i>whereof to Deloitte AB</i>	–	–
Total Deloitte	171	244
Audit fees to others	5	5
Total fees to the auditors	176	249

The audit assignment involves review of the Annual report and financial accounting and the administration by the Board and the President. Audit-related assignments mean quality assurance services required by enactment, articles of association, regulations or agreement. The amount includes the fee for reviewing the half-year report. Tax advisory services include both tax consultancy and tax compliance services. All other tasks are defined as other services.

29

Cash flow



Accounting policies

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The cash flows of foreign group companies are translated at average rates. Changes in group structure, acquisitions and divestments are recognized gross and are included in cash flow from investing activities, in the items acquired operations and divested operations.

Operating cash flow

The operating cash flow is a measure of the amount of cash generated by ordinary business operations. The operating cash flow also includes investments and disposals of intangible and tangible assets, which are part of the investing activities.

Read more in Note 18 Cash and cash equivalents.

29:1 Other non-cash items

	2025	2024
Allowance for expected credit losses on receivables/customer-financing receivables and write-offs	2,291	1,764
Gains/losses on divested operations	-1,840	-67
Unrealized exchange rate gains/losses on accounts receivables and payables	61	-83
Unrealized exchange rate gains/losses on other operating assets and liabilities	-177	132
Provision for incentive programs	1,525	2,264
Gains/losses on disposals of in-/tangible assets	39	-23
Gains/losses on divestments of shares and participations	37	34
Results from investments in joint ventures and associated companies	1,630	2,166
Service cost related to pensions	1,236	1,338
Deferred sales with residual value commitments	-4,053	-4,031
Reversal of provisions for restructuring charges related to the US bus production for Nova Bus and the European bus operation	–	-572
Financial impact related to the divestment of Arquus and the ABG paver business ¹	–	-181
Other changes ²	1,187	16
Total other non-cash items	1,935	2,757

¹ **Read more in Note 3** Acquisitions and divestments of operations.

² Includes compensation for volume commitments and impairment of battery-electric assets.

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29:2 Changes in loans

	Cash flows			Non-cash items			Dec 31, 2025
	Dec 31, 2024	New borrowings	Repayment of borrowings	Reclassi- fications and other changes ¹	Unrealized currency effects	Exchange rate changes	
2025							
Current bond loans and other loans	103,752	374,390	-450,095	90,871	3,570	-11,663	110,825
Non-current bond loans and other loans	159,855	89,999	-4,095	-91,401	-2,637	-14,487	137,234
Interest and currency risk derivatives	-3,099	–	–	–	-3,084	57	-6,126
Realized derivatives	–	–	-891	–	–	–	–
Cash transfers ²	–	3,174	-166	–	–	–	–
Cash flow impact from changes in loans		467,562	-455,247				

	Cash flows			Non-cash items			Dec 31, 2024
	Dec 31, 2023	New borrowings	Repayment of borrowings	Reclassi- fications and other changes ¹	Unrealized currency effects	Exchange rate changes	
2024							
Current bond loans and other loans	98,289	255,322	-317,468	65,642	-476	2,442	103,752
Non-current bond loans and other loans	138,502	83,589	-5,269	-62,543	1,219	4,357	159,855
Interest and currency risk derivatives	-3,043	–	–	–	-39	-17	-3,099
Realized derivatives	–	–	-618	–	–	–	–
Cash transfers ²	–	3,155	-3,890	–	–	–	–
Cash flow impact from changes in loans		342,066	-327,245				

1 Includes remeasurements of lease liabilities, new lease liabilities and loans related to acquired and divested operations, which had no impact on cash flow.

2 Cash transfers for credit support annexes (CSA) are used to reduce the exposure from net open positions on interest and currency risk derivatives. Cash transfers for CSAs are also included in current bond loans and other loans, where the net cash flow amounted to SEK 3,279 M (322).

The agreements have no effect on the financial performance or the net financial position of the Volvo Group.

Net borrowings increased by SEK 12.3 billion (14.8), mainly due to increased new business volume in the credit portfolio.

Syndications were performed in Financial Services in an amount of SEK 13.2 billion (11.6). All syndications have impacted cash flow in 2025.

Read more in Note 4 Goals and policies in financial risk management about credit support annexes (CSA).

Read more in Note 22 Liabilities regarding Bond loans and other loans.



Accounting policies

Financial assets and liabilities are recognized on the transaction date according to the contractual terms of the instrument. Transaction costs are included in the assets' fair value, except in cases in which the change in value is recognized in the income statement. The transaction costs that arise in conjunction with the admission of loans are amortized over the term of the loan as financial cost.

A financial asset is derecognized from the balance sheet when the rights to the cash flows from the asset have expired at maturity or when all significant risks and rewards related to the asset have been transferred to a third party.

The fair value of financial assets is determined based on valid market prices, when available. If market prices are unavailable, the fair value is determined for each asset through the use of various measurement techniques. The fair value of financial instruments is classified based on the degree that market values have been utilized when measuring fair value. The majority of financial instruments measured at fair value held by Volvo Group is classified as level 2. The valuation of level 2 instruments is based on market conditions using quoted market data existing at each balance sheet date. The basis for the interest is the zero-coupon-curve in each currency which is used to calculate the present value of all the estimated future cash flows. For forward exchange contracts the basis is the forward premium based on current spot rate for each currency and future date. The fair value is then discounted based on the forward rates as per the balance sheet date. Holding of shares are classified as level 1 for listed shares and level 3 for non-listed shares.

Financial assets and liabilities measured at fair value through the income statement

Volvo Group's financial assets and liabilities held for trading are recognized at fair value through the income statement. As presented in [table 30:1](#), these instruments are derivatives, used for hedging interest and currency risks and marketable securities, further presented in note 18 Cash and cash equivalents. In addition, contingent consideration is also included in this category.

Derivatives used for hedging interest rate exposure, financing the customer financing portfolio within Financial Services as well as the debt portfolio in Industrial Operations are included in this category. Unrealized gains and losses from fluctuations in the fair value of the financial instruments are recognized in other financial income and expenses, with the exception of derivatives entered into by Financial Services, which are recognized in operating income. The Volvo Group intends to hold these derivatives to maturity, which is why, over time, the market valuation will have no impact on financial performance or cash flow.

Contingent consideration arises from business combinations and is usually an obligation of the acquirer to transfer additional assets to the former owners of an acquiree if special future conditions or events are met. Contingent consideration is recognized at its acquisition date at fair value. Subsequent measurement of the contingent consideration is carried out at fair value through the income statement.

Financial instruments used for hedging currency risks arising from future cash flows are also recognized in this category. When hedging future cash flows for specific orders, the classification in the income statement is decided on a case by case basis. In 2025, SEK 27 M (-87) have been recognized in operating income and SEK 30 M (-130) in net financial items. The result from hedging future cash flows in foreign currency from dividends and other items paid to group companies is included in operating income with an amount of SEK 95 M (14).

[Read more in Note 4](#) Goals and policies in financial risk management.

Financial assets measured at fair value through other comprehensive income

In this category the Volvo Group includes holding of shares in listed companies as the shares are not held for trading. Changes in fair value is measured through other comprehensive income and amounted to SEK -17 M (13).

[Read more in Note 5](#) Investments in joint ventures, associated companies and other shares and participations.

Financial assets measured at amortized cost

Customer-financing receivables are held as part of a business model whose objective is to collect contractual cash flows. The contractual cash flows are solely payments of principal and interest and are valued at amortized cost in accordance with the effective interest method. In this category the Volvo Group also includes accounts receivables and holding of shares in non-listed companies for which a fair value cannot reasonably be determined. The carrying value has been analyzed and compared with an estimated fair value and is a reasonable approximation of the fair value.

[Read more in Note 5](#) Investments in joint ventures, associated companies and other shares and participations.

[Read more in Note 15](#) Customer-financing receivables.

[Read more in Note 16](#) Receivables.

Hedge Accounting is not applied by the Volvo Group.

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In **table 30:1**, carrying amounts are compared with fair values for all of the Volvo Group's financial instruments.

30:1 Carrying amounts and fair values on financial instruments					
		Dec 31, 2025		Dec 31, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Financial assets measured at fair value through the income statement					
Interest and currency risk derivatives ¹	Note 16	7,646	7,646	5,785	5,785
Contingent consideration		486	486	516	516
Other derivatives		–	–	564	564
B/S Marketable securities	Note 18	142	142	218	218
		8,274	8,274	7,083	7,083
Financial assets measured at fair value through other comprehensive income					
Holding of shares in listed companies	Note 5	18	18	35	35
Financial assets measured at amortized cost					
B/S Accounts receivables	Note 16	31,232	31,232	41,772	41,772
Customer-financing receivables	Note 15	234,098	234,098	257,282	257,282
Holding of shares in non-listed companies	Note 5	1,089	1,089	1,072	1,072
Other interest-bearing receivables ²	Note 16	2,329	2,329	4,581	4,581
		268,747	268,747	304,707	304,707
B/S Cash and cash equivalents	Note 18	73,361	73,361	85,171	85,171
Liabilities					
		Note 22			
Financial liabilities measured at fair value through the income statement					
Interest and currency risk derivatives ³		1,787	1,787	5,880	5,880
Financial liabilities measured at amortized cost⁴					
Non-current bond loans and other loans		136,417	136,800	156,400	156,257
Current bond loans and other loans ²		110,583	110,573	102,452	102,476
B/S Trade Payables		67,966	67,966	78,527	78,527
		314,966	315,338	337,378	337,259

1 The Volvo Group's gross exposure from derivatives reported as assets was reduced by 92% (88) by netting agreements and cash deposits to SEK 635 M (696).

2 The amount includes cash deposits for credit support annexes (CSA), where the receivable amounted to SEK 24 M (3,032) and the liability amounted to SEK 5,490 M (2,211). The agreements have no effect on the financial performance or net financial position of the Volvo Group.

3 The Volvo Group's gross exposure from derivatives reported as liabilities was reduced by 90% (98) by netting agreements and cash deposits to SEK 183 M (98).

4 In the Volvo Group balance sheet, financial liabilities include loan-related derivatives amounting to SEK 1,059 M (4,755). The credit risk is included in the fair value of loans.

Read more in Note 4 Goals and policies in financial risk management about credit support annexes (CSA).

Derecognition of financial assets

The Volvo Group is involved in discounting activities to reduce financial risks. An evaluation is performed to establish whether substantially all the risks and rewards have been transferred to an external party when entering into an agreement. The Volvo Group's intention is not to be involved in discounting activities if not substantially all the risks and rewards can be transferred to an external party.

Financial assets are derecognized from the balance sheet when the rights to the cash flows from the assets have expired or when substantially all risks and rewards have been transferred. As of December 31, 2025, there were no transferred financial assets in the Volvo Group that did not fulfill the requirements for derecognition.

Continued involvement in derecognized assets is reflected in the Volvo Group's balance sheet as part of the external credit guarantees. They are valued at best estimate and recognized as provisions in the balance sheet to an amount of SEK 0.1 billion (0.1).

The Volvo Group's maximum loss exposure is considered being the total recourse relating to transferred and derecognized assets that are part of the recognized credit guarantees, i.e., the total amount the Volvo Group would have to pay in case of default of the customers. The likelihood for all customers going into default at the same time is considered to be low. The gross exposure for the Volvo Group amounted to SEK 1.2 billion (2.9) related to credit guarantees issued for customers and others and is part of the Volvo Group's contingent liabilities. This amount has not been reduced by the value of counter guarantees received or other collaterals such as the right to repossess the products. The decrease during 2025 is related to the divestment of SDLG.

Read more in Note 21 Other provisions.

Read more in Note 24 Contingent liabilities and financial commitments.

In **table 30:2**, outstanding derivatives hedging currency and interest rate risks are presented.

30:2 Outstanding derivative instruments				
	Dec 31, 2025		Dec 31, 2024	
	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Interest-rate swaps				
– receivable position	258,117	7,498	220,579	5,487
– payable position	101,265	-1,618	184,569	-5,813
Foreign exchange derivatives				
– receivable position	8,222	147	20,510	285
– payable position	22,508	-168	15,735	-55
Options purchased				
– receivable position	153	1	459	12
Options written				
– payable position	62	–	459	-12
Total		5,860		-95

Gains, losses, interest income and interest expenses from financial instruments

Table 30:3 presents how gains and losses, as well as interest income and interest expenses have affected operating income and net financial items in the Volvo Group divided by the different categories of financial instruments.

30:3						
Recognized in operating income	2025			2024		
	Gain/Loss	Interest Income	Interest Expense	Gain/Loss	Interest Income	Interest Expense
Financial assets and liabilities at fair value through the income statement						
Interest and currency risk derivatives ^{1,2}	94	–	-37	59	–	-102
Marketable securities	-16	–	–	9	–	–
Financial assets measured at amortized cost						
Accounts receivables/trade payables ³	499	–	–	-351	–	–
Cash and cash equivalents	-76	–	–	53	–	–
Customer-financing receivables ⁴	492	18,099	–	331	18,154	–
Holding of shares in listed companies ⁵	–	–	–	–	–	–
Holding of shares in non-listed companies	11	–	–	18	–	–
Financial liabilities measured at amortized cost⁶	–	–	-10,957	–	–	-11,229
Impact on operating income	1,004	18,099	-10,994	118	18,154	-11,331
Recognized in net financial items^{7,8}						
	2025			2024		
	Gain/Loss	Interest Income	Interest Expense	Gain/Loss	Interest Income	Interest Expense
Financial assets and liabilities at fair value through the income statement						
Marketable securities	-1	4	–	-3	5	–
Interest and currency risk derivatives ^{1,2}	8,587	–	-2,160	-1,787	–	-1,655
Financial assets measured at amortized cost						
Cash and cash equivalents	-1,635	1,905	–	1,130	2,684	–
Financial liabilities measured at amortized cost	-7,956	–	687	774	–	392
Impact on net financial items^{7,8}	-1,005	1,909	-1,473	114	2,688	-1,263

1 Accrued interest related to financial assets and liabilities measured at fair value through the income statement is included in the amounts for gains and losses.

2 The Volvo Group uses forward contracts and currency options to hedge the value of future cash flows in foreign currency. Both unrealized and realized result of currency risk contracts is included.

3 Information regarding changes in allowance for expected credit losses on accounts receivables is provided in note 16 Receivables and note 8 Other operating income and expenses. The amount includes gains/losses of SEK -131 M (-51) from revaluation of receivables in foreign currency related to dividends paid to group companies.

4 The amount includes gains/losses due to derecognition of assets where SEK 340 M (212) is related to the sale of customer-financing receivables and SEK 152 M (119) is related to early buy-out revenue. Information regarding changes in allowance for expected credit losses on customer-financing receivables is provided in note 15 Customer-financing receivables and note 8 Other operating income and expenses.

5 Changes in fair value on shares and participations in listed companies through other comprehensive income amounted to SEK -17 M (13). [Read more in Note 5](#) Investments in joint ventures, associated companies and other shares and participations.

6 Interest expenses attributable to financial liabilities measured at amortized cost recognized in operating income include interest expenses for financing operating lease activities, which are not classified as financial instruments.

7 In gain/loss, income and expenses related to financial instruments recognized in net financial items, SEK -1,005 M (114) was recognized in other financial income and expenses. [Read more in Note 9](#) Other financial income and expenses.

8 Interest expenses attributable to pensions reported in net financial items of SEK -346 M (-329) are not included in this table.

Parent company AB Volvo

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Parent company AB Volvo

Corporate registration number 556012-5790.

The amounts within parentheses refer to the preceding year.

Board of Directors' report

AB Volvo is the parent company of the Volvo Group and is headquartered in Gothenburg, Sweden. The operations comprise of the Volvo Group's headquarters with staff, together with some corporate functions.

Income from investments in Group companies include dividends amounting to SEK 9,840 M (4,168).

The carrying value of shares and participations in Group companies amounted to SEK 73,196 M (72,925), of which SEK 72,178 M (71,906) pertained to shares in wholly owned subsidiaries. The corresponding shareholders' equity in the subsidiaries (including

equity in untaxed reserves but excluding non-controlling interests) amounted to SEK 180,896 M (181,546).

Investments in joint ventures and associated companies amounted to SEK 8,971 M (8,971), whereof SEK 8,963 M (8,963) belongs to companies which are accounted for in accordance to the equity method in the consolidated accounts. The equity portion of these companies amounted to SEK 7,502 M (7,892).

Financial net debt amounted to SEK 30,561 M (34,317).

AB Volvo's risk capital (equity plus untaxed reserves) amounted to SEK 71,917 M (86,309) corresponding to 59% (65) of total assets.

Income statement			
SEK M	Note	2025	2024
Net sales	2	1,226	1,222
Cost of sales	2	-1,226	-1,222
Gross income		–	–
Administrative expenses	2, 3	-1,027	-1,039
Other operating income and expenses	4	-241	-9
Operating income		-1,268	-1,048
Income from investments in Group companies	5	9,840	4,468
Income from investments in joint ventures and associated companies	6	154	108
Income/loss from other investments	7	-1	–
Interest income and similar credits ¹		84	63
Interest expenses and similar charges ¹	8	-876	-1,543
Income after financial items		7,933	2,048
Appropriations	9	23,622	38,669
Income taxes	10	-4,328	-7,553
Income for the period²		27,227	33,164

1 Other financial income and expenses have been reclassified to either Interest income and similar credits or to Interest expenses and similar charges.

2 Income for the period is the same as total comprehensive income for the period.

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Balance sheet				
SEK M	Note	Dec 31, 2025	Dec 31, 2024	
Assets				
Non-current assets				
Tangible assets		21	6	
<i>Financial assets</i>				
Shares and participations in Group companies	11	73,196	72,925	
Investments in joint ventures and associated companies	11	8,971	8,971	
Other shares and participations	11	2	2	
Other non-current receivables	12	540	615	
Deferred tax assets	10	190	196	
Total non-current assets		82,921	82,715	
Current assets				
<i>Current receivables</i>				
Tax assets	10	1,035	478	
Receivables Group companies		38,259	49,627	
Other receivables	13	370	254	
Total current assets		39,664	50,359	
Total assets		122,585	133,074	
Equity and liabilities				
Equity				
<i>Restricted equity</i>				
Share capital		2,562	2,562	
Statutory reserve		7,337	7,337	
<i>Unrestricted equity</i>				
Non-restricted reserves		390	390	
Retained earnings		34,400	38,855	
Income for the period		27,227	33,164	
Total equity		71,917	82,309	
Untaxed reserves	14	–	4,000	
<i>Provisions</i>				
Provision for post-employment benefits	15	199	204	
Other provisions		–	–	
Total provisions		199	204	
<i>Non-current liabilities</i>				
Liabilities to Group companies	16	540	615	
Other liabilities		60	108	
Total non-current liabilities		600	723	
<i>Current liabilities</i>				
Trade payables		410	320	
Other liabilities to Group companies		48,788	44,757	
Tax liabilities		–	–	
Other liabilities	17	670	760	
Total current liabilities		49,869	45,838	
Total equity and liabilities		122,585	133,074	

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Cash flow statement			
SEK M	Note	2025	2024
Operating activities			
Operating income		-1,268	-1,048
Depreciation and amortization		–	–
Other non-cash items	19	-307	286
Total change in working capital whereof		343	-18
<i>Change in accounts receivables</i>		186	-252
<i>Change in trade payables</i>		316	96
<i>Other changes in working capital</i>		-159	138
Interest and similar items received		80	40
Interest and similar items paid		-874	-1,514
Dividends received from Group companies	5	9,828	4,161
Dividends received from joint ventures and associated companies	6	153	108
Group contributions received		38,669	45,263
Income taxes paid		-4,968	-10,274
Cash flow from operating activities		41,656	37,004
Investing activities			
Disposals of in-/tangible assets		-15	–
Investments of shares in Group companies	11	-272	-740
Divestments of shares in Group companies	5, 11	–	–
Investments of shares in non-Group companies	11	-1	-25
Interest-bearing receivables	12	63	75
Cash flow after net investments		41,431	36,314
Financing activities			
New borrowings	19	85	288
Repayment of borrowings	19	-3,897	–
Dividend to owners AB Volvo		-37,619	-36,602
Other		–	–
Change in cash and cash equivalents		–	–
Cash and cash equivalents, beginning of period		–	–
Cash and cash equivalents, end of period		–	–

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Changes in equity						
SEK M	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Total	
Balance at December 31, 2023	2,562	7,337	390	75,459	75,849	85,748
Income for the period	–	–	–	33,164	33,164	33,164
Total comprehensive income for the period	–	–	–	33,164	33,164	33,164
<i>Transactions with shareholders</i>						
Dividends to owners of AB Volvo	–	–	–	-36,602	-36,602	-36,602
Share based payments	–	–	–	-1	-1	-1
Transactions with shareholders	–	–	–	-36,603	-36,603	-36,603
Balance at December 31, 2024	2,562	7,337	390	72,020	72,410	82,309
Income for the period	–	–	–	27,227	27,227	27,227
Total comprehensive income for the period	–	–	–	27,227	27,227	27,227
<i>Transactions with shareholders</i>						
Dividend to owners of AB Volvo	–	–	–	-37,619	-37,619	-37,619
Share based payments	–	–	–	–	–	–
Transactions with shareholders	–	–	–	-37,619	-37,619	-37,619
Balance at December 31, 2025	2,562	7,337	390	61,628	62,018	71,917

[Read more in Note 19](#) Equity and number of shares in the consolidated financial statements about the share capital of the parent company.

Notes to the Financial Statements

The amounts within parentheses refer to the preceding year.

1

Accounting policies

The parent company has prepared its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and RFR 2, Accounting for legal entities. According to RFR 2, the parent company shall apply all the International Financial Reporting Standards (IFRS Accounting Standards) endorsed by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act.

The changes in RFR 2 applicable for fiscal year beginning January 1, 2025, have not had any significant impact on the parent company.

The changes in RFR 2 applicable for fiscal year beginning January 1, 2026 or later concerns IFRS 18 Presentation and disclosure in financial statements which will become effective from January 1, 2027. RFR 2 includes an exception from applying IFRS 18 regarding presentation of financial statements as it is not aligned with the Swedish Annual Accounts Act. Thus, IFRS 18 will have a limited impact on the parent company. IFRS 18 is not yet adopted by the EU.

There are no other announced changes in RFR 2 applicable to the fiscal year beginning January 1, 2026 or later.

The accounting policies applied by the Volvo Group are described in the respective notes in the consolidated financial statements. The main deviations between the accounting policies applied by the Volvo Group and the parent company are described below.

Shares and participations in Group companies and Investments in joint ventures and associated companies are recognized at cost in the parent company and test for impairment is performed annually. In accordance with RFR 2, the parent company includes costs related to acquisition of a business in the acquisition value. Dividend is recognized in the income statement. All holding of shares are recognized as financial assets and the result is reported in the income from financial items.

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

RFR 2 includes an exception in regard to IFRS 16, allowing all lease contracts to be accounted for as operational lease contract when the parent company is a lessee.

Group contributions are recognized in accordance with the alternative rule in RFR 2 and are presented as appropriations.

According to RFR 2, application of the regulations in IAS 19 regarding defined benefit plans is not mandatory for legal entities. However, IAS 19 shall be applied for supplementary disclosures when applicable. RFR 2 refers to the Swedish law on safeguarding of pension commitments ("tryggandelagen") related to recognition of provisions for post-employment benefits in the balance sheet and of plan assets in pension foundations.

Volvo Group applies IAS 19 Employee Benefits in the consolidated financial statements. This implies differences, which may be significant, in the accounting of defined benefit pension plans as well as in the accounting of plan assets invested in the Volvo Pension Foundation.

The accounting principles for defined benefit plans differ from IAS 19 mainly relating to:

- Pension liability calculated according to Swedish accounting principles does not take into account future salary increases.
- The discount rate used in the calculations is set by PRI Pensionsgaranti and the Swedish Financial Supervisory Authority, respectively.
- Changes in the discount rate, actual return on plan assets and other actuarial assumptions are recognized directly in the income statement and in the balance sheet.
- Deficit must be either immediately settled in cash or recognized as a liability in the balance sheet.
- Surplus cannot be recognized as an asset, but may in some cases be refunded to the company to offset pension costs.

2

Revenue and intra-group transactions

The recognized net sales of SEK 1,226 M (1,222) pertain mainly to revenues from sale of services to Group companies SEK 1,225 M (1,222). Revenue is recognized when the control of the service has been transferred to the customer, which is when the parent company incurs the associated cost to deliver the service and the customer can benefit from the use of the delivered services.

Purchases from Group companies amounted to SEK 600 M (579).

3

Administrative expenses

Personnel

Wages, salaries and other remunerations amounted to SEK 530 M (611), social costs to SEK 168 M (183) and pension costs to SEK 126 M (31). Pension cost of SEK 10 M (9) pertained to Board Members and the President. The parent company has outstanding pension obligations of SEK 3 M (3) to these individuals.

The number of employees at year-end was 342 (335).

Read more in Volvo Group Note 27 Personnel about the average number of employees, wages, salaries and other remunerations including incentive program as well as Board members and senior executives by gender.

3:1 Fees to the auditors

	2025	2024
Deloitte AB		
– Audit fees	30	30
– Audit-related fees	3	5
Total	33	35

Read more in Volvo Group Note 28 Fees to the Auditors for a description of the different categories of fees.

4 Other operating income and expenses

4:1 Other operating income and expenses		
	2025	2024
Write-offs of receivables	-225	-
Realized and unrealized exchange rate gains and losses	-16	-14
Donations and grants	-14	-11
Other income and expenses	14	16
I/S Total	-241	-9

5 Income from investments in Group companies

5:1 Income from investments in Group companies		
	2025	2024
Dividends received		
Volvo China Investment Co. Ltd., China	5,428	1,261
VNA Holding Inc., USA	3,816	2,364
Volvo Group UK Ltd., Great Britain	343	172
Volvo Norge AS, Norway	94	99
Volvo Danmark A/S, Denmark	80	92
Volvo Group Italia Spa, Italy	40	151
Volvo Malaysia Sdn Bhd, Malaysia	39	-
VFS Int Romania Leasing Operational, Romania	-	29
Subtotal	9,840	4,168
Reversal impairment of shares		
Volvo Lastvagnar Sverige AB, Sweden	-	300
Subtotal	-	300
I/S Income from investments in group companies	9,840	4,468

6 Income from investments in joint ventures and associated companies

Income from investments in joint ventures and associated companies includes dividend from VE Commercial Vehicles, Ltd. by SEK 154 M (108).

7 Income/loss from other investments

Income/loss from other investments include write down of shares in Lindholmen Science Park AB with SEK 1 M (-).

8 Interest expenses and similar charges

Interest expenses and similar charges totaling SEK 876 M (1,543) include interest of SEK 850 M (1,492) to Group companies.

9 Appropriations

Appropriations include a net of group contributions of SEK 19,622 M (38,669) and reversal of tax allocation reserve of SEK 4,000 M (-).

10

Income taxes

Income taxes were distributed as follow:

10:1 Income taxes		
	2025	2024
Current taxes relating to the period	-4,828	-7,543
Adjustment of current taxes for prior periods	505	–
Deferred taxes	-6	-10
I/S Total income taxes	-4,328	-7,553

The main reasons for the difference between the corporate income tax of 20.6% and the income tax for the period are disclosed in **table 10:2**.

Deferred taxes relate to estimated tax on temporary differences. The revaluation of deferred taxes is based on the tax rate that is expected for the period when the asset is realized or when the liability is adjusted.

Pillar Two legislation has been enacted in Sweden and applies as from financial year 2024. AB Volvo applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, provided in the amendments to IAS 12. The current tax expense related to Pillar Two income taxes is included in current taxes relating to the period and not disclosed separately, since the amount is not material for AB Volvo.

Read more in Volvo Group Note 10 Income taxes about Pillar Two.

10:2 Income taxes for the period		
	2025	2024
Income before taxes	31,555	40,717
Income tax according to applicable tax rate	-6,500	-8,388
Non-taxable dividends	2,059	881
Other non-deductible expenses	-91	-25
Other non-taxable income	4	73
Withholding tax	-288	-76
Adjustment of current taxes for prior periods	505	–
Adjustment of deferred taxes for prior periods	-1	4
Current tax on standardized method	-16	-22
Income taxes for the period	-4,328	-7,553

10:3 Specification of deferred tax assets		
	Dec 31, 2025	Dec 31, 2024
Provisions for post-employment benefits	190	196
B/S Deferred tax assets	190	196

11

Investments in shares and participations

Shares and participations in Group companies

During 2025, shareholder contribution has been provided to Volvo Energy AB by SEK 250 M and to VFS Renting Sociedade Unipessoal Lda. by SEK 22 M.

During 2024, shareholder contributions was provided to Volvo Automotive Finance (China) Ltd. by SEK 712 M, to VFS Renting Sociedade Unipessoal Lda. by SEK 22 M and to Rental Business Solution S.R.L. by SEK 6 M. A reversal of previous write-down in Volvo Lastvagnar Sverige AB was made by SEK 300 M.

Investments in joint ventures and associated companies

During 2025, no transactions have affected the carrying value of investments in joint ventures and associated companies.

During 2024, a shareholder contribution was provided to World of Volvo by SEK 25 M.

Other shares and participations

During 2025 shareholder contribution has been provided to Lindholmen Science Park AB by SEK 1 M (-), which has been written down.

No transactions have affected the carrying value of other shares and participations during 2024.

11:1 Changes in AB Volvo's holding of shares and participations

	Group companies		Joint ventures and associated companies		Other shares and participations	
	2025	2024	2025	2024	2025	2024
Opening balance	72,925	71,885	8,971	8,946	2	2
Acquisitions/New issue of shares	-	-	-	-	-	-
Divestments/Redemption of shares	-	-	-	-	-	-
Shareholder contributions	272	740	-	25	1	-
Impairment of shares and participations	-	-	-	-	-1	-
Reversal impairment of shares and participations	-	300	-	-	-	-
B/S Carrying value, Dec 31	73,196	72,925	8,971	8,971	2	2

11:2 Holding of shares in joint ventures, associated companies and other shares and participations

	Registration number	Dec 31, 2025	Dec 31, 2025	Dec 31, 2024
		Percentage holding ¹	Carrying value ²	Carrying value ²
Dongfeng Commercial Vehicles Co. Ltd., China ⁴	-	45.0	7,197	7,197
VE Commercial Vehicles Ltd., India ^{3,4}	-	34.7	1,616	1,616
World of Volvo AB, Sweden ⁴	559233-9849	50.0	150	150
Other investments	-	-	10	10
Total carrying value, joint ventures, associated companies and other shares and participations			8,973	8,973

1 The percentage holding refers to the parent company AB Volvo's holding.

2 Refers to AB Volvo's carrying value of its holding.

3 The total holding by Volvo Lastvagnar AB and AB Volvo is 45.6%.

4 In the Volvo Group the companies are reported as joint ventures or associated companies, consolidated according to equity method.

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AB Volvo owns, directly or indirectly, 288 (289) legal entities. The direct owned entities are listed in below table.

11:3 Holding of shares in Group companies				
	Registration number	Dec 31, 2025		Dec 31, 2024
		Percentage holding ¹	Carrying value ²	Carrying value ²
Volvo Lastvagnar AB, Sweden	556013-9700	100	8,711	8,711
Volvo Business Services International AB, Sweden	556539-9853	100	8,134	8,134
Volvo Bussar AB, Sweden	556197-3826	100	3,033	3,033
Volvo Construction Equipment AB, Sweden	556021-9338	100	8,076	8,076
AB Volvo Penta, Sweden	556034-1330	100	586	586
VNA Holding Inc., USA	–	100	3,688	3,688
Volvo Financial Services AB, Sweden	556000-5406	100	2,667	2,667
Volvo Treasury AB, Sweden	556135-4449	100	15,241	15,241
Volvo Investment AB, Sweden	556519-4494	100	2,888	2,888
Volvo Lastvagnar Sverige AB, Sweden	556531-8572	100	2,655	2,655
Volvo Fuel Cell Holding AB, Sweden	559275-6729	100	3,000	3,000
Volvo China Investment Co Ltd., China	–	100	1,302	1,302
Volvo Automotive Finance (China) Ltd., China	–	100	1,203	1,203
Volvo Group UK Ltd., Great Britain ³	–	35	350	350
Volvo Group Mexico SA, Mexico	–	100	1,086	1,086
Volvo Group Venture Capital AB, Sweden	556542-4370	100	719	719
Volvo Powertrain AB, Sweden	556000-0753	100	898	898
Volvo Information Technology AB, Sweden	556103-2698	100	1,511	1,511
Volvo Parts AB, Sweden	556365-9746	100	200	200
Volvo Group Insurance Försäkrings AB, Sweden	516401-8037	100	182	182
Volvo Business Services AB, Sweden	556029-5197	100	118	118
Volvo Danmark A/S, Denmark	–	100	157	157
VFS Servizi Finanziari Spa, Italy ⁴	–	25	101	101
Kommersiella Fordon Europa AB, Sweden	556049-3388	100	2,693	2,693
Volvo Norge AS, Norway	–	100	50	50
Volvo Malaysia Sdn Bhd., Malaysia	–	100	48	48
Volvo Group Italia Spa, Italy ⁵	–	65	559	559
Volvo Logistics AB, Sweden	556197-9732	100	385	385
VFS Latvia SIA, Latvia	–	100	99	99
VFS Int Romania Leasing Operational, Romania	–	100	2	2
Volvo Energy AB, Sweden	559285-4169	100	450	200
VFS Renting Sociedade Unipessoal Lda., Portugal	–	100	56	34
Rental Business Solution S.R.L., Italy ⁴	–	49	8	8
Volvo Autonomous Solutions AB, Sweden	559285-4219	100	2,340	2,340
Other holdings	–	–	–	1
Total carrying value Group companies⁶			73,196	72,925

1 The percentage holding refers to the parent company AB Volvo's holding.

2 Refers to AB Volvo's carrying value of its holding.

3 Total holding by Volvo Lastvagnar AB and AB Volvo is 100%.

4 Total holding by Volvo Group Italia Spa and AB Volvo is 100%.

5 Total holding by Renault Trucks (SAS), Volvo Lastvagnar AB, Volvo Bussar AB, AB Volvo Penta and AB Volvo is 100%.

6 AB Volvo's share of shareholders' equity in subsidiaries (including equity in untaxed reserves) was SEK 180,896 M (181,546).

12 Other non-current receivables

12:1 Other non-current receivables		
	Dec 31, 2025	Dec 31, 2024
Other interest bearing receivables	540	615
B/S Total non-current receivables	540	615

13 Other receivables

13:1 Other receivables		
	Dec 31, 2025	Dec 31, 2024
Accounts receivable	7	8
Prepaid expenses and accrued income	137	36
Other receivables	226	210
B/S Total other receivables	370	254

There is no valuation allowance for doubtful receivables at the end of the year. Fair value is not considered to differ from carrying value.

14 Untaxed reserves

Untaxed reserves include tax allocation reserve of SEK – M (4,000).

15 Provisions for post-employment benefits

The parent company has two types of pension plans, defined contribution plans and defined benefit plans.

Defined contribution plans: post-employment benefit plans where the company makes regular payments to separate entities and has no legal or constructive obligation to pay further contributions. The expenses for defined contribution plans are recognized during the period when the employee provides service.

Defined benefit plans: post-employment benefit plans where the company's undertaking is to provide predetermined benefits that the employee will receive on or after retirement. These benefit plans are secured through balance sheet provisions or pension fund contributions. Furthermore, a credit insurance policy has been taken out for the value of the obligations. The main defined benefit plan is the ITP2 plan which is based on final salary. The plan is semi-closed, meaning that only new employees born before 1979 have the possibility to choose the ITP2 solution. The ITP2 plan for the company is funded in Volvo Pension Foundation. Pension obligations are calculated annually, on the balance sheet date, based on actuarial assumptions.

The defined benefit obligations are calculated based on the actual salary levels at year-end and based on a discount rate of 2.85% (2.85) for the ITP2 plan and 2.4% (2.4) for other pension obligations. Assumptions for discount rates and mortality rates are deter-

mined annually by PRI Pensionsgaranti for ITP2 and the Swedish Financial Supervisory Authority for other pension obligations, respectively.

Provisions for post-employment benefits in the parent company's balance sheet correspond to the present value of obligations at year-end, less fair value of plan assets.

15:1 Obligations in defined benefit plans			
	Funded	Unfunded	Total
Obligations opening balance 2024	995	251	1,245
Service costs	85	-38	47
Interest costs	31	5	36
Benefits paid	-36	-13	-49
Obligations Dec 31, 2024	1,075	204	1,279
Service costs	-89	1	-88
Interest costs	30	5	35
Benefits paid	-36	-12	-48
Obligations Dec 31, 2025	980	198	1,178

15:2 Fair value of plan assets in funded plans	
Plan assets opening balance 2024	1,145
Actual return on plan assets	-18
Contributions and compensation to/from the fund	-41
Plan assets Dec 31, 2024	1,086
Actual return on plan assets	-4
Contributions and compensation to/from the fund	-
Plan assets Dec 31, 2025	1,082

15:3 Provisions for post-employment benefits		
	Dec 31, 2025	Dec 31, 2024
Obligations ¹	-1,178	-1,279
Fair value of plan assets	1,082	1,086
Surplus (+) / deficit (-)	-96	-193
Limitation on assets in accordance with RFR2 (when plan assets exceed corresponding obligations)	-103	-11
B/S Net provisions for post-employment benefits²	-199	-204

1 The ITP2 obligations amount to SEK -967 M (-1,061).

2 ITP2 obligations, net, amount to SEK – M (-).

15:4 Pension costs		
	2025	2024
Service costs	-88	47
Interest costs	35	36
Interest income ¹	96	-124
Pension costs for defined benefit plans	43	-41
Pension costs for defined contribution plans	54	52
Special payroll tax/yield tax ²	28	19
Cost for credit insurance FPG	1	1
Total costs for the period	126	31

1 Interest income, net of SEK 31 M (31) is included in financial items.

2 Special payroll tax/yield tax are calculated according to Swedish Tax law and accrued for in current liabilities.

16 Non-current liabilities

16:1 Maturity	
2027–2031	597
2032 or later	3
B/S Total non-current liabilities	600

17 Other liabilities

17:1 Other liabilities		
	Dec 31, 2025	Dec 31, 2024
VAT	48	93
Wages, salaries and withholding taxes	315	338
Accrued expenses and prepaid income	231	240
Other liabilities	76	88
B/S Total other liabilities	670	760

No collateral is provided for current liabilities.

18 Contingent liabilities

Contingent liabilities as of December 31, 2025, amounted to SEK 380,975 M (425,524) of which SEK 380,945 M (425,491) pertained to Group companies.

Credit guarantees are included to an amount corresponding to the credit limits and amounted to SEK 361,879 M (406,986). The total amount pertained to Group companies.

The utilized portion at year-end amounted to SEK 198,506 M (223,278), of which SEK 198,476 M (223,245) pertained to Group companies.

19 Cash flow

19:1 Other non-cash items		
	2025	2024
Other Group internal accruals	-315	318
Realized currency effect related to dividends	13	7
Other changes	-5	-39
Total other non-cash items	-307	286

19:2 Change in loans		
	Non-current liabilities to Group companies	Current liabilities to Group companies
	Loan Volvo Treasury AB	Loan/Cashpool Volvo Treasury AB
December 31, 2023	690	33,900
Cash flows new borrowings	75	213
Reclassification	-150	150
Other	–	2
December 31, 2024	615	34,265
Cash flows new borrowings	85	–
Cash flows repayment of borrowings	–	-3,897
Reclassification	-160	160
Other	–	-6
December 31, 2025	540	30,522

Sustainability Statements

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About the report

These Sustainability Statements include the Volvo Group's collected sustainability disclosures. Certain disclosures relevant for sustainability can also be found in other parts of the Annual Report and are included into the Sustainability Statement by reference.



This is our Communication on Progress in implementing the principles of the United Nations Global Compact and supporting broader UN goals.

We welcome feedback on its contents.

Sustainability reporting standards

The Sustainability Statements are prepared in accordance with the Swedish Annual Accounts Act and the European Sustainability Reporting Standards (ESRS).

Topics related to this report

Complementary information is available on volvogroup.com/report2025. This includes:

- Locations of major operations
- Membership in associations
- Code of Conduct and related policies

General disclosures

For the Volvo Group, sustainability is about driving positive development for people and societies and seeking to mitigate or avoid negative impacts on the environment from our operations, through our value chain and with our products. Sustainability also means supporting a path forward that is fair, inclusive and progressive. This requires transparent, collective, and determined actions that considers the increase of sustainable solutions for our customers, a just transition that enables positive development on peoples' lives, and a continuous focus on improved resource efficiency. We build our sustainability priorities based on the analysis of where we as Volvo Group have the biggest impact on environment and society and where environmental, social, and governance matters affect our financial performance. With this approach, sustainability is an integral part of our business model and operations.

Business context – Products and services, operations and value chain

This section provides a summary of the Volvo Group's main business, operations and value chain and how these relate to our materiality assessment.

Products and services

The Volvo Group provides a range of products and services to customers in almost 180 markets. Our product offering includes new trucks, buses, machines and engines as well as sales of used trucks, buses, machines, trailers, superstructures and special vehicles. Services include sale of spare parts, maintenance services, repairs, extended coverage, connectivity solutions and other after-market products. Services also include sales in Financial Services related to finance lease, installment credits and operating leases.

An overview of products delivered over 11 years are available on page 225.

The Volvo Group's main brands are Volvo, Volvo Penta, Rokbak, Renault Trucks, Prevost, Nova Bus and Mack. We also have ownership in Eicher, Dongfeng, cellcentric, Milence, Flexis, Cespira and Coretura among other companies.

The Group's main operating segments are presented on pages 7 and 84-85. Further detailed information about these operating segments and distribution of sales across markets is found on the following pages:

- Trucks, page 46
- Construction equipment, page 50
- Buses, page 52
- Volvo Penta, page 54
- Financial Services, page 56.

Significant markets and customer groups served

Customers and end-users are active in a wide range of industries. Direct customers are found e.g. in the key industries of road freight transport, construction and infrastructure as well as public transportation.

[Read more](#) about downstream activities, next page.

The Volvo Group is headquartered in Gothenburg, Sweden and employs around 99,000 people. In 2025, net sales amounted to SEK 479 billion.

Operations and value chain

With reference to the products and services described above, the Volvo Group is often seen as an original equipment manufacturer (OEM) of commercial vehicles, construction machinery and engines. These activities are typically found in section C of the NACE-code

system¹ (manufacturing). In addition, Volvo Financial Services operate in section K of the NACE-code system (financial and insurance).

The Volvo Group operates manufacturing and assembly plants in 17 countries on five continents. The most significant manufacturing operations are in Sweden, the United States, France, Brazil, Belgium and Canada. Our own operations consist of around 60 larger manufacturing plants across the world, see further details on volvogroup.com. We also operate logistics centers, research and development facilities, and distribution hubs. In addition, our operations include over 300 service locations and dealerships. In total, the Volvo Group's sites span over 500 individual addresses across the world.

The most important impacts, risks and opportunities related to our own operations are connected to working conditions, diversity and equal opportunities, climate, and waste management.

¹ NACE is an industry standard classification system used in the European Union to classify businesses and workplaces according to their economic activities.

Value chain upstream

The Volvo Group relies on global and local supply chains to deliver components, parts, and complete services and systems. Approximately 12,000 supply partners support the Volvo Group's series production and in total the Group's supply network is made up of more than 50,000 supplier locations globally in tier 1.

We annually source 2.5 billion parts to be delivered to Volvo Group plants globally. For our truck business, we work with close to 20,000 tier 1 supply partners, who deliver 2.1 billion parts per year.

In general, bulk materials such as steel, aluminum and polymers have regional supply chains. Sustainability impacts related to these materials can arise from extraction and refinement of materials in a range of tiers. We have identified certain supply partners with high-risk materials included in parts and components. These are important for both social and environmental impacts and include, for example, tin, tantalum, tungsten, gold, cobalt, and mica. We continuously identify additional materials, such as rubber, where additional due diligence activities of our supply partners and network may be necessary.

We have better visibility into our complex supply networks in tier 1, with visibility typically reducing the deeper we go into the network. Our tier 1 supply partners normally have somewhere between 2-50 tier 2 suppliers, depending on the commodity, delivering materials used in our products, and the number of actors grows exponentially through the lower tiers. We are making strides in getting to know our supply networks and the risks associated with the direct materials scope. Our longest and most complex

global supply networks are generally electronics, including battery and other electric vehicle components.

Our purchasing teams for indirect material collaborate with 22,000 tier 1 supply partners worldwide, covering services, digital and IT, and investments for the Volvo Group. Indirect purchasing encompasses services such as engineering, advisory, marketing and sales, travel and facility management. Indirect material partners support our industrial system with facility maintenance, consumables, production equipment and material, and temporary labor. They also support Digital and IT with tools, associated services, and infrastructure.

The Volvo Group's manufacturing operations depend on assembly partners and supply partners who sub-assemble parts and systems. We also use truck assembly partners and bus body builders to carry out certain assembly processes for the final product. Based on the work these partners do, we have identified a number of thematic potential social risks related to working conditions and monitor these through our due diligence processes.

As a global heavy equipment manufacturer, the Volvo Group is a significant buyer of transport services. Our transport procurement process includes assessment of both environmental and social impacts. We actively work to reduce greenhouse gas emissions from transport, and we have also identified potential impacts related to working conditions.

In conclusion, the main sustainability related impacts, risks and opportunities in our upstream value chain are workers' rights, environmental impacts from extraction and refinement of materials in purchased goods, and human rights impacts from the sourcing of materials with elevated risks.

Downstream activities

In addition to our owned dealerships and service locations, a global network of private dealers, importers and service workshops support customers and end-users with new and used products, as well as repair and maintenance under Volvo Group's brands. End-users are typically active in:

- The road freight transport sector: operating smaller or larger transport vehicles.
- Construction and infrastructure sectors: operating for example construction sites, quarries, and mining sites.
- Marine transportation: operating and using a wide range of marine vessels, industrial applications, as well as leisure.
- Public transportation industry: municipal and private transport providers operating fleets or individual vehicles.

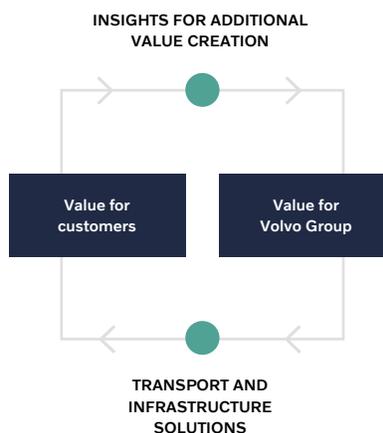
The main sustainability related impacts, risks and opportunities downstream are associated with end-user safety, climate impact from use of sold products, pollution to air from the use of sold products, and responsible sales to avoid negative impacts related to the use of sold products.

In addition, certain topics have been identified where we can, either positively or negatively, impact our business partners and the communities around us. These are related to anti-corruption, competition law, political engagement via lobby and advocacy activities.

Value chain activities

- Customers and end-users drive demand.
- Volvo Group develops products and service.
- Our retail operations offer service, maintenance and repair.
- Our production and logistics support customers demand.
- We rely on a supply network and assembly partners to support our operations.

Value co-creation with customers



Examples of value created for stakeholders

- Customers** – Uptime, reliability, productivity, safety and environmental performance.
- Shareholders** – Share price development and dividends.
- Employees** – Competitive employment terms, and benefits, stimulating work environment.
- Civil society** – Solutions that make societies function. Employment and taxes.
- Suppliers** – Business, income and employment opportunities.
- Creditors** – Financial strength for proceeds and repayments.
- Re-invested in the Volvo Group** – Investments in R&D, property, plant and equipment.

This is a simplified version of the Volvo Group's business and value creation model explained on page 26–27.

Materiality assessment

The Volvo Group has developed a strategy to address a range of sustainability matters. We conduct a double materiality assessment each year to help us evaluate the impacts, risks, and opportunities associated with each relevant sustainability topic. As part of the assessment, we assessed scope and scale for relevant sustainability impacts and ways to mitigate or remediate negative effects. The findings from the materiality assessment were used to determine the content of this report. The assessment covers all topics listed in the European Sustainability Reporting Standards (ESRS), as well as impacts associated with Volvo Group specific topics.

The table below provides a simplified and visual representation of how material topics are evaluated for their impacts, risks, and opportunities. It also indicates in which part of the value chain where these impacts are likely to occur. Some topics are primarily important due to their impact, while others are associated with significant risks and opportunities.

Descriptive summaries of impacts, risks and opportunities, and due diligence where relevant, is explained alongside the information provided under the corresponding topical standard on pages 151–183.

	Impact materiality				Read more on page
	Value chain upstream	Own operations	Downstream and communities	Risks and opportunities	
Climate					
Climate – GHG emissions downstream (use phase)			▲	▲	154
Climate – GHG emissions and energy use in own operations		●		●	156
Climate – GHG emissions upstream (goods and services)	◆			—	156
Other environmental matters					
Pollution to air in the use phase			◆	◆	160
Resource use – waste from operations		●		●	162
Biodiversity – related to climate change			◆	—	163
Social – Own workforce					
Health and safety		◆		●	168
Diversity, equal treatment and opportunities		●		●	170
Social dialogue and collective bargaining		●		—	171
Non-discrimination		◆		—	173
Social – Workers in the value chain					
Value chain workers' rights	●		—	●	174
Forced labor and Child labor	●			—	174
Social – Communities and end users					
Impacts on people linked to use of sold products			●	●	177
Vocational training – business activities with positive impact			◆	●	178
Product and traffic safety			●	●	179
Governance					
Business conduct, corporate culture and anti-corruption			—	◆	181
Political engagement			◆	—	183

▲ Very high ◆ High ● Medium — Low

Summary of material and non-material topics

Apart from the listed topics above identified as material, the Volvo Group also addresses a variety of other sustainability-related topics. It is important to note that virtually all the topics listed in the ESRS can be relevant to manage within the value chain or specific parts of our operations. However, all topics have not been considered material for corporate reporting in 2025.

Climate

Mitigation of climate change is associated with very high impacts and risks in the short as well as long term. It is also associated with important opportunities related to potential market growth for low emissions transports. Risks are associated with emissions regulations, new technology uncertainty and the pace of the transformation itself.

Other environmental matters

Among other environmental matters, air pollution stands out with high impact and high risk driven by more stringent emissions regulation. Like climate, this is also associated with certain opportunities for business growth. Other matters related to pollution are not currently considered material due to the assessed low scope and scale of impact.

Within resource use, continuous waste generation from industrial operations and its potential impact in the event of pollution of such waste has been deemed a material matter.

Water has been assessed as non-material due to low consumption and low risk of pollution resulting from years of systematic environmental management.

Biodiversity has been deemed material related to climate change. Mitigating actions are reported under climate. Other drivers of biodiversity loss, such as raw material extraction, may grow in importance over time but is not currently deemed material.

Own workforce

All workforce-related topics may be important in certain business entities. However, on Group level, the main risks are related to health and safety, equal treatment and non-discrimination. Adverse impacts does not occur frequently but could theoretically occur at any time.

We also assess opportunities and impacts related to diversity, collective and social dialogue as material, due to its important effect on a range of work-related matters and engagement of people.

Value chain workers

The topic of value chain workers' rights includes a combination of all work-related rights including health, safety, security, wages, working time, collective bargaining, and housing.

Potential negative impacts are identified e.g. in screening and audits of new suppliers. Forced labor and child labor are assessed as material topics even if we discover no instances, or only a few in our value chain, given the severity of the matters.

Communities and End-users

Regarding other social matters in the value chain, we have identified a number of material topics specific to our business.

Impact on people from the use of sold products is related to misuse of Volvo products. Even though we only receive occasional reports of such misuse, the severity of potential impacts is prioritized over the likelihood.

In the area of vocational training, we have identified actual positive social impacts for a large number of people related to skill enhancement and employability. This is a new topic identified in the reviewed materiality assessment 2025 and thus added.

Regarding end-users, traffic safety and product safety, including data privacy, are deemed material. This can include mitigation of potential negative impacts, as well as market opportunities by delivering state-of-the-art solutions when it comes to safety.

Governance and business ethics

Business ethics is important in all the Group's operations and dealings with others, and for reporting purposes we focus specifically on anti-corruption and competition law. While the likelihood of impacts is assessed as low, the severity and risk to Volvo if it should occur is high.

Finally, political engagement activities such as advocacy and lobbying are considered material. Volvo Group seeks to be part of developing well-functioning public policies, which can result in broader impact from the transport and infrastructure sectors on topics such as emissions and safety. More details are provided in each topic-specific standard.

Materiality assessment process

The materiality assessment is built on a continuous and iterative process described and illustrated in a simplified version on the next page. Details regarding input parameters to the assessment and the role of various stakeholders in the process are described in Notes to the Sustainability Statements on pages 184-186.

Due diligence processes

Due diligence processes provide input based on a range of sources which helps in highlighting hotspots across the value chain. These processes primarily address adverse impacts, where to address improvements and include perspectives of affected stakeholders.

Assessment of impact on people and planet

The impact assessments are based on various sources of information. The process leverages input from, for example, GHG inventories, salient human rights and environmental impact assessments. In certain cases, mainly related to human rights impacts upstream and downstream activities, the likelihood of impacts are highly uncertain. The severity of potential impacts is prioritized over other factors in the materiality assessment and is continuously iterated with external experts.

Risks and opportunities

Risks and opportunities related to sustainability topics have been identified by analyzing actual risks and considering various theories on future developments. Quantitative and qualitative characteristics have been identified to assess impacts, risks and opportunities in a harmonized way across topics. This includes a scale defining low, medium, high, and very high impacts and opportunities, following the Group's Enterprise Risk Management (ERM) process where a similar format is used to prioritize risks. Stakeholder input of importance in this risk assessment phase is regulators and investors.

Consolidation and adjustments

All parts of the assessment are consolidated in a matrix with multiple dimensions. Impacts over an established threshold are included in the table on the previous page. In this part of the process, the assessments are nuanced with influence, linkage and expectations on Volvo Group's depth of engagement across topics.

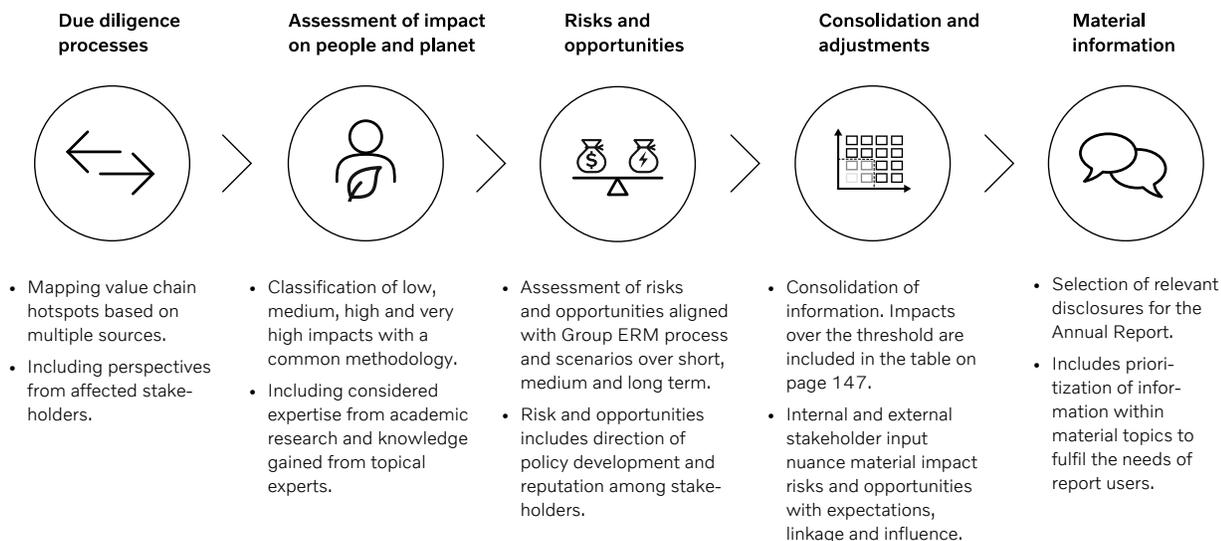
Material information

Relevant and prioritized information is concluded in the final step by identifying narratives and metrics to be part of the reporting. Priorities are based on dialogues with internal and external experts and stakeholders. In this part of the process, we leverage formal recurring dialogues, ratings and requests from investors and customers. This establishes a list of disclosures to be included in the report. In addition to the disclosures suggested in ESRS, we also seek to include relevant company-specific information.

Continuing to increase our understanding of sustainability topics

We continuously deepen our due diligence efforts to better understand actual and potential impacts. This continuous work may lead to changes of material topics for corporate reporting. Changes to material topics can be prompted by several perspectives, such as increasingly detailed due diligence resulting in increased transparency in the value chain, revision of thresholds for materiality, changes to business operations, and development of industry norms for reporting.

The outcome of our materiality assessment and stakeholder engagement has helped to provide input to our business strategy, roadmaps and action plans for our main impacts, risks and opportunities. In our internal work we collectively refer to these workstreams as the Volvo Group's Sustainability Agenda and we consolidate and communicate our priorities under the headings of Climate, Resources and People. The priorities in the agenda have been established in dialogue with a network of sustainability professionals and management of divisions and business areas as well as the Executive Board, Group Management, and the Board of Directors.



Embedding responsible business practices

The Volvo Group's sustainability governance largely follows the general management structure of the Group. For more information, please see the Corporate Governance Report on pages 202-203.

The Volvo Group is committed to respecting internationally recognized human rights. We seek to address adverse human rights impacts in which the Volvo Group is involved. Negative sustainability impacts may potentially materialize not only within our own organization, but also through our business relationships and value chain. We are continuing to strengthen and align our sustainability due diligence processes with the following international frameworks:

- UN International Bill of Human Rights
- ILO's Core conventions
- UN Global Compact
- UN Guiding Principles on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- The Children's Rights and Business Principles.

Our human rights policy includes the Group's general approach to stakeholder engagement and consultation, as well as grievance mechanisms and access to remediation. These are relevant for all topic-specific disclosures and summarized in the sections below.

Stakeholder engagement and consultation

Our due diligence processes include engagement with affected stakeholders. In practice, this means continuous dialogues with employees representatives, engagements with employees, people working in the value chain, customers and business partners, investors, as well as NGOs and expert organizations to include perspectives from stakeholders. Our approach to consultations with rightsholders (and their proxies) is part of our Human rights program and as such falls under the responsibility of the Human Rights Board. Operationally, the implementation of our Human rights program, including stakeholder consultation, is led from our Group function Corporate Responsibility together with representatives of divisions, business areas and other Group functions.

Grievance mechanism

Employees, representatives of the Volvo Group, and external stakeholders are encouraged to act on suspected breaches of our Code of Conduct and other policies, including environmental and human rights matters, where the Volvo Group or any of its representatives are believed to be involved. Grievances can be reported through internal and publicly available grievance channels described in our Code of Conduct, including the Volvo Group Whistle. Reports can be made anonymously wherever permitted by local law.

It is also possible to reach out to the Whistleblowing and Global Investigations Team via email or mail. All available channels are easily found on volvogroup.com, along with our policy on protection from retaliation.

[Read more](#) about whistleblower reporting on page 182.

Remediation

In the Volvo Group, we aim to provide for or cooperate in the remediation of negative impacts if our activities have caused or contributed to them, and seek to play a role in the remediation of negative impacts to which we may be directly linked to in our operations, products, services, or business relationships. This commitment is formalized in our Human Rights Policy.

The Group's human rights due diligence is built on continuous improvement. It is acknowledged that elements within sustainability, which were previously based on voluntary actions, is now evolving to mandatory procedures. This is considered as we mature our work with identifying adverse impacts, taking action, tracking effectiveness, engaging with stakeholders, and embedding in strategy and governance.

Human rights program

A Group-wide project was conducted during 2024 and 2025 with the purpose to review the risks and maturity of the Group's activities and processes in relation to international human rights standards and relevant legislation. This work has helped us to better understand human rights risks and the maturity of our existing management systems to perform human rights due diligence. It has also progressed the work to develop more systematic human rights due diligence across the Group's divisions and business areas.

As a result of the project, we have updated our salient human rights risks and established a number of priorities for further improvement, including increased focus on downstream due diligence, and strengthening our human rights governance. With this, we have also developed internal tracking and reporting of potential incidents. This process involves relevant functions, divisions and business areas to report cases for central assessment led by the central human rights program lead. Development of this reporting process is part of the continuous improvement of human rights due diligence.

Read more about due diligence processes, including actions, mitigation, and where applicable, remediation, under each social standard in this report:

- Own workforce, page 167 and page 173
- Workers in the value chain, page 175
- Affected communities, page 177
- Consumers and end-users, page 179.

Certain impacts reported in the social standards as referred above are also investigated in relation to human rights incidents. None of the cases investigated were instances of lawsuits, formal complaints or undisputed allegations of serious nature.

Additional information on our human rights program and salient risks can be found at [volvogroup.com](https://www.volvogroup.com).

Corporate Culture – The Volvo Group Code of Conduct

Our overall approach is to embed external policy commitments to the greatest extent possible in the Volvo Group Code of Conduct and associated steering documents. This policy thus outlines the expectations on our corporate culture and how we do business in the Volvo Group; ethically and in compliance with the law. Doing business this way builds trust with our customers as well as with society in general, which supports our commercial success.

The policy includes basic behavioral expectations in areas related to, among others, anti-corruption, competition law and product compliance, data privacy and intellectual property, human rights, environmental responsibility, and conflict of interest. It further includes our transparency approach in accounting and reporting and instructions on how to speak up or ask a question if we, or any of our stakeholders, identify concerns.

[Read more](#) on Business conduct, page 181.

Policies

The Volvo Group's Code of Conduct and associated policies are found on [volvogroup.com/code](https://www.volvogroup.com/code).

Group policies are issued by the AB Volvo Board, the Executive Board or by other senior forums or officers, depending on the matter at hand. Adopted policies are published and made available internally and, where deemed relevant, externally. Implementation is tailored to policy specifics, and can include one or several of e.g. risk assessments, education, information packages, workshops, integration into existing management systems or development of new systems, reporting measures, audits and controls and, where relevant, full program set ups. In line with our decentralized operating model, each Business Area is normally responsible for assuring compliance with Group policy requirements in their respective area of operations. Where Group policies provide minimum requirements, each Business Area and Group function can establish more stringent requirements within their respective areas.

The next sections of this report explains The Volvo Group's approach to manage specific topics.

Climate

Climate change mitigation is an area in which Volvo Group is positioned to drive improvements and enable advancements also outside our direct sphere of influence. The pace of the transition towards net zero is slower than anticipated when targets were established. Our ambitions, supporting the goals outlined in the Paris Agreement, remains and we continue our efforts to reduce greenhouse gas emissions across our value chain.

Prioritized climate-related impacts are identified by analyzing an inventory of GHG emissions, which has resulted in three key areas across the value chain where we have opportunities to make meaningful contributions toward reducing impact. We focus on these scopes and categories in our net zero goals and reporting. These are further elaborated in the section Actions and progress, see page 154.

Key areas and levers to decarbonize			
	Use phase emissions	Own operations	Upstream emission from purchased goods and services
Scope	By providing solutions to drive the decarbonization of transport- and other sectors of society where the Group is active.	By decarbonizing our industrial operations, manufacturing, logistics centers and R&D facilities.	By collaborating with supply partners to decarbonize value chain upstream.
Key levers	<ul style="list-style-type: none"> • Introduction of lower carbon technologies • Overall energy and fuel efficiency • GHG intensity of energy used for propelling products 	<ul style="list-style-type: none"> • Energy efficiency • Renewable energy sourcing • Process adaptation for renewable fuels 	<ul style="list-style-type: none"> • Supplier engagement to reduce GHG emissions • Sourcing lower carbon materials • Design for lower carbon components and products
Progress	<p>Emissions have been reduced by 31% 2019-2025. (Mton)</p>	<p>Emissions have been reduced by 33% 2019-2025. (Kton)</p>	<p>Emissions have been reduced by 24% 2019-2025. (Mton)</p> <p>New metric, values are only available for baseline 2019, 2024 and 2025.</p>
Read more	<p>Continued reductions are significantly dependent on external factors, see page 154.</p> <p>See details on Science-based targets on page 153.</p>	<p>Continuous improvements made in operations, see page 156.</p> <p>See details on science-based targets on page 153.</p>	<p>Performance depends on supply partners' collaboration and is followed up with individual partners by key materials and commodities.</p> <p>The scope is not aggregated to one Group target, see page 156.</p>

GHG emission inventory



- Scope 3.1.1 Use of sold products, (~95%)
- Scope 3.1 Purchased goods and services, (~4%)
- Scope 1&2 Own operations, (<0.5%)
- All other scope 3 combined, (<0.5%)

The most material scopes and categories

The Group's greenhouse gas (GHG) inventory was updated in 2024, which broadly confirmed our previous inventory from 2020. Approximately 95% of emission from product lifecycle perspective are accounted for in the use phase (scope 3.1.1), close to 4% in procured goods and services (3.1) and less than 0.5% in own operations (scope 1 and 2). All other GHG scope 3 make up less than 0.5% of the assessed product life-cycle emissions and are therefore currently deemed non-material in relation to our climate transition and Group reporting.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
GHG emissions from products use phase	▲ The most significant impacts by GHG emissions, about 95% of product life-cycle emissions.	▲ Emission regulations can lead to risk in several ways, lower sales related to new business models and competition, increased costs associated with developing new technology or new suppliers and materials. Opportunities are related to diversification and business growth related to lower-emission transport segments.
GHG emissions and energy use in own operations	● Relatively small part of emission inventory from a product life-cycle perspective but important from an operational control perspective.	● Reputational risk from not delivering on own operation targets. Opportunities related to productivity and improved energy efficiency and differentiation related to climate performance.
GHG emissions from purchased goods and services	◆ The second largest source of GHG emission, about 4% of product life-cycle emissions.	— Risks are associated with uncertainty about new material performance, cost and availability. Opportunities are related to differentiation related to low-emission and net-zero ambition and performance.

Materiality: ▲ Very high ◆ High ● Medium — Low

Our materiality assessment related to climate change is based on impact assessments across the value chain following from the GHG-inventory explained on the previous page. Based on the impact assessment, we have also considered risks and opportunities related to climate change mitigation and adaptation, as well as energy usage. The most significant area when it comes to impacts, as well as risks and opportunities, are related to emissions from the use phase.

Climate transition opportunities are related to the growth of transport solutions, vehicles and machines with zero or very low tailpipe emissions. Climate-related uncertainties can include both risks and opportunities for the Volvo Group, which are closely linked to the Group's business model and strategy. Read more about our approach to harness opportunities in our strategy section on page 21 of this report, with examples and highlights on pages 29-34.

In developing our climate transition activities, we have used scenarios to identify potential climate related transition risks and opportunities, as well as to identify potential physical risks. The

scenarios presented below and on next page represents significantly different types of analysis. In the transition scenario, we use the most rapid transition based on the ambition set out by the Paris Agreement.

Principal risks related to climate transition have also been identified in our enterprise risk management process. These may be material for the Volvo Group in the short, medium and long term and are described in more detail in the main risk and uncertainties section on pages 60–67 and in the following risk categories:

- Competition, page 61
- Transformation and technology, page 62
- New business models, page 62
- Supply chain and industrial operations, page 62
- Residual value commitments, page 64
- Product and operational related regulations, page 65.

Transition scenario – net zero 2050

Assessment of risks and opportunities

On transitional risks and opportunities, we have concentrated our resiliency analysis on products and offerings. The Volvo Group serves the transport and infrastructure sectors, supplying vehicles and machines. Our most recent resiliency analysis was conducted in 2024. In this analysis we considered a scenario in line with our commitment to the Paris Agreement – to offer net-zero solutions by 2040 in order for transport fleets to be net-zero in 2050.

The characteristics of such a scenario means that over a time horizon of approximately ten years:

- Climate policies need to be developed in an orchestrated manner over many jurisdictions
- Technology developments need to be invested in, across a range of supporting industries, such as fossil-free fuels
- Significant public investments need to be targeted to renewable energy and supporting infrastructure
- Price on fossil energy needs to increase relative to fossil-free alternatives, which in turn creates a stronger investment case for lower emission products.

These are things that needs to happen outside the Volvo Group for a rapid transition. Such a transition would drive the demand for vehicles and machines with zero or very low tailpipe emissions (ZEV), which the Volvo Group has invested in to be able to deliver. As we believe we can transform our product portfolio to align with such a rapid transition, the Group's strategy is also resilient in a scenario with slower pace of transition.

Physical climate risk scenarios

Assessment of physical climate risks

In understanding the resilience against physical risks, we have considered current and future climate hazards for each of the Group's significant locations based on different Representative Concentration Pathway (RCP) scenarios¹ developed by the IPCC and Shared Socioeconomic Pathways (SSP)². Considering the economic lifetime and development cycles we have looked more closely at current risks as well as development in different scenarios for 2030 and 2050. In this work, RCP 2.6, RCP 4.5 and RCP 8.5 were used to assess potential future hazards. The most recent physical climate risk scenario analysis was conducted in 2025. Based on the assessment made, we did not identify material risks on Group level. Some of the locations may be subject to increased risks from physical weather events in the longer term, depending e.g. on climate developments, and we intend to continue monitoring these risks, and take actions to seek to mitigate them when considered to be appropriate. Similar assessments are continuously carried out for certain critical supply networks, as part of work to strengthen supply chain resilience, with shorter timeframes.

1 RCP Scenarios are a set of different scenarios developed by the Intergovernmental Panel on Climate Change to model possible development of the earth's climate based on greenhouse gas concentrations in the atmosphere. RCP 2.6 is a lower emission scenario and RCP 8.5 the higher emission scenario.

2 Shared Socioeconomic Pathways (SSP) replace the former RCP scenarios for many, but not all, climate risk parameters. The 2025 scenario analysis is therefore based on a mix of results for RCP and SSP scenarios.

While the pace of the transition to low emission solutions in our industry remains uncertain, we believe that the future will demand varied propulsion technologies to meet our customers' needs and environmental demands. This is why we are taking a three-pronged approach to propulsion and the Group is well positioned to

accelerate low or zero tailpipe-emission solutions. We are already offering battery-electric solutions and engines that can run on biodiesel or biogas, and we are investing in the field of hydrogen propulsion – for fuel cell applications and as a fuel for internal combustion engines.

Science based climate targets and policy

In 2010, we joined the WWF Climate Savers Program to participate in a broad industry movement for lower climate impact. In 2020, we took the next step by committing to the Business Ambition for 1.5°C in the Science Based Targets initiative (SBTi). In 2021, our targets were validated as science based by the SBTi. Because of the

significant part of product life cycle emissions being accounted for in the product use phase, we have established four different targets by operating segment (scope 3.1.1) and one target for operations (scope 1 and 2). Progress on targets is also summarized on page in the strategy section on page 25.

Overview of climate targets and achievements

Volvo Group science-based targets	Base year emissions	Emissions 2025	Emissions development	Emissions development (%)	Reduction per vehicle-kilometer, for relevant targets (%)	Interim 2030 targets (2034 target)	2040 target
Scope 3.1.1 use phase (Kton)	331,200	228,400	-102,800	-31			Net zero
Trucks (Kton)	228,000	155,000	-73,000	-32	-10	-40% per vehicle km	
Buses (Kton)	13,700	9,400	-4,300	-31	-11	-40% per vehicle km	
Construction Equipment (Kton)	69,700	39,900	-29,800	-43		-30% absolute	
Volvo Penta (Kton)	19,800	24,100	4,300	+21		(-37.5% absolute)	
Scope 1&2 (Kton)	382	257	-125	-33		-50% absolute	Net zero

For trucks and buses, targets are established using the Sectoral Decarbonization Approach (SDA) method. The method allocates a share of the remaining global carbon budget to specific sectors and then to individual companies based on activity growth and intensity to align with global climate science. At the time of setting targets, there was no defined SDA pathway developed for the 1.5°C ambition for trucks and buses and we therefore defined a specific Volvo Group approach for these operating segments with targets of 40% emission reduction per vehicle-kilometer, for both trucks and buses.

For construction equipment and Volvo Penta, absolute targets are set and validated by the SBTi as in line with the well-below 2°C ambition.

Absolute targets are also established for scope 1 and 2 and validated by the SBTi as in line with the 1.5°C ambition.

Policy

The Volvo Group's environmental policy is the highest steering document relating to climate change mitigation. It is further complemented by more detailed steering documents related to GHG emissions, including accounting, mitigation and reporting of GHG emissions. The steering documents include the overall strategy for net-zero value chain greenhouse gas emissions by 2040 and that this shall be supported by the Trucks Technology & Industrial Division and Business Areas setting interim targets for relevant scopes. These interim targets shall be reviewed at a minimum every five years or more often in case of significant changes. The following priorities apply for GHG reductions to reach net-zero value chain GHG emissions across all relevant emission scopes as defined in the GHG protocol:

1 Elimination of GHG emissions within the value chain by energy efficiency and introducing new concepts and technologies

- 2 Replacing fossil GHG emissions with biogenic GHG emission by use of sustainable renewable bio-based energy and fuel sources
- 3 Counterbalancing remaining emissions by for example, atmospheric CO₂ removal and storage (only as a last resort when all other options are exhausted).

The Volvo Group Executive Board is the forum where decisions on Science-Based targets and other Group policy objectives are taken. The first set of targets were approved by the SBTi in June 2021. Our ambition for climate change mitigation is an integral part of the overall Volvo Group strategy and investments planning, as such we do not label activities under a separate climate transition plan.

Governance and incentives

The Volvo Group has included sustainability targets in its incentive program since 2022. Sale of electric trucks, buses, construction equipment and drivelines are key drivers for achieving the Volvo Group's sustainability targets and commitment to the ambitions of the Paris Agreement. The aggregated volume for sold electric vehicles remains low in comparison to other vehicle volumes, which makes it challenging to set performance ranges. The Volvo Group continues its strong efforts to increase the sales of electric vehicles, to the benefit of the Volvo Group's sustainability performance, and these incentive targets are aimed to promote such sales. Read more about the Volvo Group's incentive programs in Note 27, which in turn also refers to the Remuneration Report, available at volvogroup.com.

Actions and progress

GHG Scope 3.11 – Decarbonizing the use phase of products

Main levers to decarbonize the use phase towards our targets are illustrated on the right hand side and summarized below.

Introduction of low carbon technologies

The sales volume and mix effects of zero- or very low tailpipe emission vehicles and machines (ZEV) is estimated to make up about half of total emission reduction versus the interim targets. This estimate is based on a sales scenario which may be subject to change due to changes in governmental policies, regulations, incentives etc.

The Volvo Group allocates a significant share of investments to this end, and we strive to increase the share of volumes of low-emission products on the market. Even though the market development for fully electric vehicles and machines is slower than expected when targets were established in 2021, we have reached a substantial market share. Regarding battery electric heavy-duty trucks Volvo Group had a market share of 39% in the EU in 2025. The actual sales mix and its effects are highly dependent upon external factors such as incentives for lower carbon solutions, taxes and subsidies for fossil fuels, access to renewable energy and supporting infrastructure.

In this lever we also consider other mix effects such as products with higher or lower displacement and power, which may also differ across markets and regions.

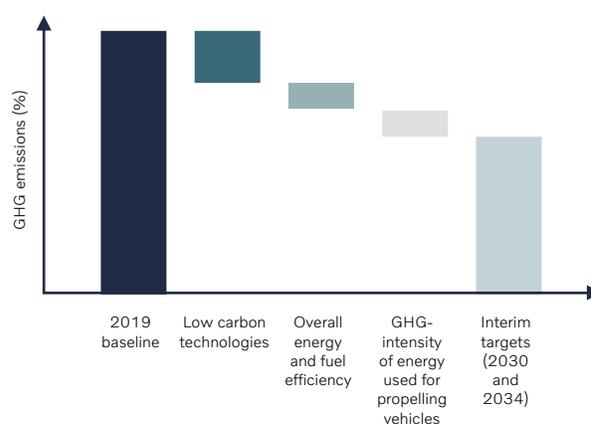
Overall energy and fuel efficiency

About a quarter of the target is expected to come from energy efficiency in the products we place on the market. We invest in fuel efficiency measures where the main ways to reach higher overall efficiency are in the combustion engine and driveline, in aerodynamics, and in energy recuperation. As the most significant part of the Volvo Group sold product are alternatives with internal combustion engines, the overall efficiency of these products has a significant effect on the total emissions. See allocation of R&D spend to fuel efficiency and other environmental improvement projects on page 159.

GHG intensity of energy used for propelling products

The greenhouse gas (GHG) intensity of the energy mix is estimated to contribute to about a quarter of the target achievement. An essential part in this achievement is dependent on externally developed infrastructure to supply electricity, establishment of charging stations for electrified products, and development of hydrogen infrastructure for internal combustion and fuel cell electric versions. Part of our action plan is to facilitate this through dialogue with policy makers and customers. The Volvo Group also engaged in a range of partnerships to accelerate the development. Examples of such partnerships are Milence (for charging) and Cespira (for lower carbon and fossil-free fuels).

Main levers to decarbonize the products' use phase



Uncertainties and external dependencies for emission reduction on the customer use-phase

The most material impacts occur in the use-phase and this part of the value chain is also associated with uncertainty related to external dependencies for our strategy and pathways towards net-zero. The non-exhaustive table below seek to outline external dependencies along with the Group's main response to such factors, which are outside Volvo Group's direct influence or core business activities.

Uncertainty	External dependency	Volvo Group's main response
<i>Regulatory development</i>	Emission policies need to be harmonized and predictable across jurisdiction and markets. Lack of harmonization, unclear or contradicting regulation may lead to slower transition.	The Group engages with regulators related to climate transition with the aim to support policy development that works in practice. This includes seeking clarification of regulations when such are contradicting.
<i>Cost of new technology</i>	Investments are needed in non-core technology that can enable lower emissions solutions. A slower pace of investments of such technology may lead to increased costs for several value chain actors which in turn is slowing down the transition.	Volvo Group invests in technology directly in operations and R&D. In addition, we invest in suppliers' capacity and tooling. We also develop new offers that include services to help reduce total cost of ownership for end-users which in turn presents opportunities for increased value creation and business growth.
<i>Supply network readiness</i>	Lower emission solutions requires new technology from suppliers as well as new supply partners. Readiness to provide the solutions needed depends on several additional indirect factors in complex value chains.	Volvo Group engages with partners to invest in tooling and volume commitments based on long-term production plans. As a consequence of the transition to zero-emission vehicles progressing more slowly than expected, the Group has experienced a negative impact on operating income during the year. For more information, see Note 2.
<i>Charging infrastructure and renewable energy supply</i>	Volvo Group's core business is related to transport solutions, but new low emission technology requires supporting infrastructure and renewable energy to function and for end-users to choose low-emission technology.	Volvo Group engages with policy-makers to develop charging infrastructure and other enabling conditions for electric and other low emission technology. In addition, the Group engages in partnerships and joint ventures at smaller scale to initiate and stimulate development and charging infrastructure.
<i>Incentives for investments and usage</i>	In addition to possibilities to charge or fuel vehicles and machines, end-users require market incentives for a beneficial total cost of ownership.	Volvo Group is advocating for a price on fossil energy, which could enable an attractive total cost of ownership of low-emission transport solutions at parity with traditional technology.

Progress scope 3.11 – use phase emissions

Calculated GHG emissions from use of sold products amounted to approximately 228 million tons 2025 compared with 331 million tons in 2019. The calculated reduction of -31% in total GHG emissions is a combination of impacts from energy efficiency measures, changes in sales volumes, vehicle-kilometer driven and product mix.

Trucks

The reduction in 2025 amounted to -10% vs. 2019 baseline for the -40% intensity target. The result is mainly explained by improved fuel efficiency. Alternative drivelines makes up a smaller part of the improvement. In the heavy duty segment, the share of ZEV versions is lower in 2025 compared to 2024, but at the same time other alternative fuel versions have somewhat increased. The share of ZEV versions in the light commercial vehicles has increased significantly but this has a relatively low impact in the total emission.

Buses

The result for buses in 2025 was -11% vs. 2019 baseline for the -40% intensity target. The reduction is mainly a result of fuel efficiency across sub-segments but is also impacted by sales mix. In 2025, a lower share of ZEV versions resulted in a slightly lower reduction compared to the previous years.

Construction equipment

For construction equipment, the result was -43% vs. 2019 baseline on the absolute emissions target. Energy and fuel efficiency is estimated to have contributed to a certain part of the reduction, but the main part of the reduction in absolute emissions is related to lower sales volumes compared to 2019. In 2025, the divestment of SDLG in China also impacted total delivered volumes in the fourth quarter. A recalculation of baseline emission will be done in 2026.

Volvo Penta

The result for Volvo Penta was +21% vs. 2019 baseline on the absolute emissions target for 2034. This continued result over baseline is explained by product mix effect with a trend towards larger engine sizes and prime stationary generators with higher GHG intensity.

Overall, different regulatory requirements, availability of low GHG energy sources and associated infrastructure impacts the market conditions and customer demands. These market factors have significant impact on average GHG intensity of products sold and used in different countries and regions. At the same time, since the Volvo Group is operating in cyclical industries which are linked to economic activity and GDP development, sales volumes and mix can vary considerably from one year to the next. Together, these factors can significantly impact the result in the total calculated GHG emissions.

Scope 1 and 2 – Decarbonizing our own operations

Own operations include production plants, engineering centers, offices and dealerships. There are three main levers to mitigate greenhouse gas emissions from this scope. Energy efficiency is estimated to contribute to up to 10% of the reduced emissions, the remaining part is dependent on renewable energy sourcing and process adaptation for renewable fuels.

Energy efficiency in operations

The Volvo Group works with both larger and smaller scale activities to reduce energy usage. Several Volvo Group sites with higher energy intense processes have also certified management systems according to the energy management standard ISO 50001. In 2021, we set an ambition to implement annual energy savings that together save up to 150 GWh until 2025. At the end of 2025, the implemented activities since 2021 save 107 GWh annually. New targets on energy efficiency is to be developed during 2026.

Renewable energy sourcing

We continue to source more renewable energy, which is an important part of our net-zero target for scope 1 and 2. In 2025, 56% of the energy procured by the Volvo Group was from renewable sources. We have identified a number of operations that are more difficult to abate, including operations directly powered by fossil energy sources, as well as operations in regions with very limited access to electricity from low carbon sources.

Process adaptation for renewable fuels

For the assets identified as hard to abate, work is ongoing to find ways to replace energy use based on coke and natural gas. These assets are not expected to jeopardize the Group's reduction targets for scope 1 and 2 emissions by 2030.

In 2025, Volvo Group's plant in Skövde announced plans to shift from fossil-based furnace fuels to electricity and hydrogen, which can reduce greenhouse gas emissions from the site by over 80%, or approximately 12% of the Group's total scope 1 emissions 2025. The initiative is primarily financed by Volvo Group with support also from the EU Innovation Fund.

Progress scope 1 and 2 – emissions from own operations

The total GHG emission from own operations were 33% lower 2025 compared to 2019, which concluded significant progress towards the target to halve these emissions by 2030. Direct emissions (scope 1) have been reduced by approximately 20% compared to 2019, of which the most important contribution comes from a higher proportion of renewable fuels used at sites. The indirect emissions from own operations (market based scope 2) have been reduced by more than 50% compared to 2019, of which the most important factor is a higher share of energy from renewable sources.

GHG scope 3.1 – Decarbonizing the upstream value chain

With the Volvo Group's efforts to transition to zero or very low tailpipe emission vehicles and machines, the climate impact of our purchased goods and services becomes increasingly important to address. We have set clear decarbonization targets and a trajectory for our entire supply network that will be instrumental in supporting us to achieve our ambition of a net-zero GHG emissions value chain by 2040. We focus on three main ways of working to decarbonize our supply network.

Supplier engagement to reduce their operational GHG emissions

Together with supply partners, the Group has identified five main commodity types – steel and iron, aluminum, batteries, polymers, and electronics – accounting for the majority of the current footprint from purchased goods and services. Each commodity includes specific decarbonization levers, including increasing the proportion of recycled input materials, increasing the share of renewable energy used in production, and introducing new technologies and materials. These levers are made available to supply partners through a decarbonization toolbox with step-by-step guidance for developing decarbonization strategies and emission reduction plans. These plans form an important basis for dialogue and assessment, resulting in immediate actions taken. We continuously monitor progress through ongoing engagements and periodic reviews with individual supply partners, to drive increased transparency and actions contributing towards the decarbonization of our supply network.

Direct sourcing of low-carbon and fossil-free materials

To accelerate the transition to low-carbon technologies, the Volvo Group is committed to sourcing more low-carbon and fossil-free materials. A key aspect in decarbonizing the supply chain is to build early market demand for low-carbon technologies and fossil-free solutions, including materials with high circular content not yet available at scale. We have identified the main hard-to-abate sectors, where we can use our purchasing power, together with others, to accelerate early demand. As part of this we are increasing our engagement with raw material suppliers, including mills and mines, through direct buys.

As a founding member of the First Movers Coalition, we have committed to source at least 10% near-zero steel and low-carbon aluminum by 2030. As part of this commitment, several product lines have started to introduce low-carbon steel since late 2024. This includes using recycled steel for the frame rails of a proportion of the Volvo FH and FM truck models in Europe as well as for selected steel components of Volvo Articulated Haulers. The ambition is to continuously increase the usage of low carbon materials in more Volvo Group products as these become viable.

Design for low-carbon components and products

Simultaneously, we work in our product development phase to implement low-carbon technologies and alternatives for parts, components, and complete systems. The Volvo Group integrates environmental requirements into each product project, with specific targets to deliver along our net-zero journey. Our engineers work together with our purchasing teams to identify components that can be made of low carbon footprint materials.

Progress scope 3.1 – purchased goods and services emissions

Calculated emissions were approximately 24% lower in 2025 compared to the baseline 2019. Between 2024 and 2025, the reduction was 7%. About half of the year over year reduction is the result of supply partner's validated emissions reduction initiatives, the remaining part is explained by volume effects.

Energy and GHG emissions data

This data section presents details on energy and GHG emissions. The tables include values from 2019 in data points where this is relevant for tracking performance on Group-targets established with 2019 as baseline. Longer time series are also found on page 227.

Historical data points related to energy and GHG emissions have been restated since 2019 for acquisitions and divestments in line with GHG protocol to include the same scope over the years 2019-2024. Intensity metrics relative to net sales have not been restated.

The baseline year 2019 for energy and emission target are included where relevant. This year was chosen as a suitable average year during the process of updating targets initiated in 2020. Methodologies to measure and estimate GHG emissions are found on the next page.

Energy use (Connected to scope 1 and 2 emissions)			
Fuel consumption, energy usage and mix	2025	2024	2019
Fuel consumption from coal products (GWh)	74	75	79
Fuel consumption from crude oil and petroleum products (GWh)	337	353	417
Fuel consumption natural gas (GWh)	431	427	566
Electricity, heat, and steam from non-renewable sources (GWh)	139	143	269
Total non-renewable¹ energy usage (GWh)	981	998	1,331
Share of non-renewable sources in total energy usage (%)	44	44	55
Fuel consumption for renewable sources, including biomass (GWh)	73	72	22
Purchased or acquired electricity, heat, steam, and cooling from renewable sources (GWh)	1,143	1,171	1,046
Self-generated non-fuel renewable energy (GWh)	27	9	7
Total renewable energy (GWh)	1,243	1,252	1,075
Share of renewable sources in total energy usage (%)	56	56	45
Total energy usage (GWh)	2,224	2,250	2,406

1 In this table, the Volvo Group presents sourced energy from renewable sources, but not from nuclear sources. Nuclear energy may be part of grid-average mix in certain markets but is not deemed material. Therefore, non-renewable sources are reported as a total.

Energy intensity				
Relative energy use	2025	2024	2019	
Net sales, Industrial operations	SEK bn	458	505	418
Energy use by net sales	GWh/SEK bn	4.9	4.5	5.8

Net revenues (net sales) from industrial operations is the share of turnover from high climate impact activities (manufacturing). It excludes net sales from Volvo Financial Services, see page 36 in the financial report. IFRS 15 is used to calculate net sales. Intensity metrics relative to net sales have not been restated due to acquisitions and divestments as revenues are not restated.

Energy saving initiatives						
The target was to implement energy saving initiatives 2021–2025 that together save 150 GWh per year.						
Energy savings	2025	2024	2023	2022	2021	
Annual implemented initiatives	GWh	37	23	14	18	15
Accumulated implemented initiatives	GWh	107	70	47	33	15

Gross greenhouse gas emissions (CO ₂ e)			
Scope 1	2025	2024	2019
Scope 1 (Kton)	203	207	256
% from the EU Emissions Trading System	16	–	–
Scope 2	2025	2024	2019
Scope 2, location based (Kton)	157	165	220
Scope 2, market based (Kton)	54	60	126
Scope 1 and 2, market based (Kton)	257	267	382
Significant scope 3 GHG emissions (CO ₂ e) ¹	2025	2024	2019
3.11 Use of sold products (Kton)	228,400	249,000	331,300
3.1 Purchased goods and services (Kton)	9,200	9,900	12,100
Other emission	2025	2024	2019
Biogenic CO ₂ (Kton)	30	18	3

1 Metrics on scope 3 GHG emissions have been rounded to the nearest hundred thousand tons.

Emissions per net revenues			
	2025	2024	2019
Scope 1 and 2 (location based) per net revenue (tCO ₂ e/BSEK)	0.79	0.74	1.14
Scope 1 and 2 (market based) per net revenue (tCO ₂ e/BSEK)	0.56	0.53	0.91
Scope 3.1.1 emissions per net revenue (tCO ₂ e/BSEK)	499	493	793
Scope 3.1 emissions per net revenue (tCO ₂ e/BSEK)	20	20	29

Intensity metrics relative to net sales have not been restated due to acquisitions and divestments as revenues are not restated.

Carbon removals

As outlined earlier in the policy section of this report, our final option for addressing any residual greenhouse gas (GHG) emissions is the use of counterbalancing measures. Given the limitations of current technology, we do not view atmospheric removal and storage as a viable solution at this time. Instead, our focus is on making ongoing investments aimed at achieving continuous reductions in emissions, thereby contributing more effectively to climate change mitigation.

Greenhouse gas accounting and methodology

Environmental impacts and greenhouse gas inventory are established according to the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard Revised Edition, which is a standardized framework for quantifying and reporting the seven greenhouse gases covered by the Kyoto Protocol GHG emissions in CO₂-equivalents (CO₂e).

The methodology for calculating Scope 3 emissions has been designed to meet the requirements provided in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions.

Scope 1 and 2 emissions method and data collection

Direct and indirect emissions are calculated using CO₂e emission factors following the market-based and location-based approach in accordance with the GHG Protocol. Sources of emission factors mainly comes from the Department for Energy Security and Net Zero (DESNZ) of the British government and International Energy Agency (IEA).

Scope 3.1.1 use phase emissions method and data collection

The methodology for calculating emissions from use of sold products has been designed to meet the requirements provided in the relevant standards of the GHG Protocol; namely the GHG Protocol Corporate Standard, the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and Technical Guidance for Calculating Scope 3 Emissions, which include expected lifetime emissions from all applicable products sold in the reporting period.

Calculations uses emission factors from resources such as the JEC Well-to-wheel report and Swedish Energy Agency are used, as

well as factor sets from International Energy Agency (IEA) as in LCA for Experts (formerly GaBi). The methodology is based on activity data on product annual usage, expected lifetime, energy consumption and associated well to wheel GHG emission factors for the different energy sources utilized.

The target methodology and boundaries are following the SBTi Transport Science Based Target setting guidance and the target setting requirements and tools from the SBTi. The methodology is based on activity data on product annual usage, years in service, energy consumption and associated well to wheel GHG emission factors for the different energy sources utilized (diesel, electricity etc). For product annual usage, data is in six months arrear for trucks and buses due to a time lag in obtaining logged usage data. In absence of a standardized test procedure for trucks, as well as other Volvo Group products, manufacturers are invited to present and justify their own estimates or simulations based on fuel consumption and specific activity data. The applied expected activity data and other parameters are associated with a level of uncertainty and may be subject to change due to implementation of regulations or global, regional, or national policy changes, or improved data quality. From a sensitivity analysis perspective, changes in any of the parameters will impact outcome, but changes of assumptions of products' years in service currently have more significant impact on calculated results.

Scope 3.1 purchased goods and services method and data collection

To ensure completeness and accuracy, emissions from purchased goods and services are calculated using a combination of the average-data, spend-based, and supplier specific methods defined in the GHG Protocol's Technical Guidance for Calculating Scope 3 Emissions. For direct materials, emissions are primarily calculated using the average-data method based on article- and part-level material composition from material data sheets and supply partner geographical location, combined with secondary emission factors from databases such as Ecoinvent. Building on the supplier engagement described above, we apply the supplier-specific method by collecting supplier specific product carbon footprints (PCFs). As this collection expands, the quality and coverage of our climate data will continue to improve. Specific production emission factors are gathered from supply partners where available. A standardized rate is used where specific emission production emission factors are not available. This combined approach enables a more complete Scope 3.1 reporting and helps identify material emission hotspots.

For indirect purchases, the spend-based method is applied using historical expenditure multiplied by relevant secondary emission factors.

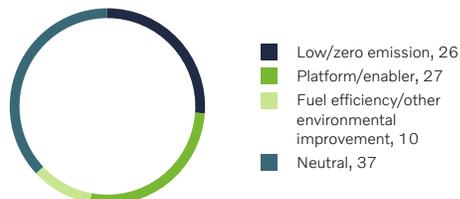
The baseline and comparative year's emissions for Volvo Construction Equipment, which represent a smaller share of the total in-scope emissions, have been extrapolated. The extrapolation is based on the calculated emissions for 2025 and has been scaled using the purchasing volumes for 2024 and 2019.

Investments in research and development

Our main climate transition activities in terms of capital and operational expenses (CapEx and OpEx) are related to product offerings. The Group's investment plan in these areas is based on a strategic product plan building up the multiple technology approach as described in the strategy section on page 21. The investment plan to progress this transition requires both operational expenses for research and development and capital expenditures related to property, plant and equipment. The Group's investment plan is continuously updated to consider market development.

One of the main relevant items to realize the transitional activities is allocation of R&D, which includes both OpEx and CapEx. The Volvo Group's total investments in R&D, excluding the effects from the net of capitalized and amortized R&D, amounted to SEK 30.3 billion in 2025. The Group's R&D project portfolio has been categorized into four main categories to provide a more transparent overview of the Group's R&D investments during the year.

- *Low- and zero-emission projects* – directly associated with products with low or zero tailpipe emissions, following the definitions of the substantial contribution criteria in the EU Taxonomy.
- *Platform and enabler projects* – associated with the development of technology common to both conventional products and low or zero emission vehicles based on the Group's modular architecture (CAST). This includes development of technologies such as common electrical architecture, cabs, aerodynamics, connectivity and safety features.
- *Fuel efficiency and other environmental improvement projects* – associated with significant improvement of the environmental performance of internal combustion engine vehicles, for example, fuel efficiency, emissions reduction, bio-LNG and other low-carbon fuel projects. These investments are important for the transition to lower GHG emissions in addition to electrification.
- *Neutral projects* – all the remaining projects. Some of these investments may result in certain environmental benefits, but they have not been assessed as significant, for example a quality update to an existing asset or product.

R&D expenses¹, %

¹ The total R&D expenses are reported excluding effects from capitalization and amortization, as reported in the consolidated income statement on page 35.

In the short term, our transition activities are expected to be realized within the Group's product plan including both R&D and additions to property, plant and equipment. The overall investment frame for capital expenditures investment plan is updated annually by the AB Volvo Board. The R&D investment plan is approved by the Executive Board. Together these investments plans provide an overview of the strategic plan for the Group, including the product roadmap for the climate transition.

Connection to the EU Taxonomy

We believe that the Group's net-zero objective is in line with the ambition of the EU Taxonomy. However, no targets have been set to reach a certain share of alignment with the EU Taxonomy.

Regarding differences between the Volvo Group's decarbonization approach and the EU Taxonomy, the main one is that the latter does not consider transitional activities such as fuel efficiency, aero-dynamics, or optimization of internal combustion technology for bio-based or synthetic fuels, all of which we see as important for the transition.

Read more EU Taxonomy regulation disclosures, page 164.

Other environmental matters

This section covers environmental matters that are not directly associated with climate change. As part of our due diligence procedures we have screened production sites, products and components, parts of supply chains and end-of life treatment for environmental impacts.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
Pollution to air	◆ A large scope of sold vehicles and machines with internal combustion engines results in significant air pollutants in the use phase with impacts on health and the environment.	◆ Risks related to cost of R&D to ensure compliance with increasingly stringent emission regulations. Differentiation and business growth opportunities in low-emission segments.
Resource use - waste	● Potential pollution impacts from hazardous waste generated in our industrial operation.	● Reputational risks and opportunities associated with the outcome of our continuous improvement work towards landfill free operations.
Biodiversity - related to climate change	◆ The main impact on biodiversity in the short, medium and long term is the indirect effect on loss of species from climate change. This is addressed by actions and targets described in the previous chapter of Climate.	— Indirect risks and opportunities related to GHG emission regulations and reputation among stakeholders.

Materiality: ▲ Very high ◆ High ● Medium — Low

For our own operations, we measure and assess pollution based on our environmental management system requirements, including compliance with the Volvo Group's minimum requirements. Upstream in the value chain, we base our materiality assessment on site reviews and supply partners' operations regarding environmental management and permitting. For products, materials and components, we carry out environmental life cycle assessments to understand where to prioritize improvement opportunities. To some extent this is done reviewing third party public data such as material data sheets. In cases related to significant potential impact on local communities, we carry out consultations with local stakeholders, see examples in the section Affected communities. In research and development and downstream usage of Group products, we assess environmental impacts by the emissions that are expected to be the result of our customers' usage, and end of life management.

Environmental policies and management system

Governance of environmental policies follows the general way of policy governance for the Volvo Group as explained on page 150. The Volvo Code of Conduct and the Volvo Group Environmental Policy are the overall policies setting the direction for work, which is complemented by additional steering documents for management of specific matters. These establish purpose, principles, values, objectives for detailed management of environmental management. The Group's ISO 14001 certified environmental management system covers approximately 95% of production facilities and 90% of distribution center. Volvo Group's operations associated with environmental impacts operated under environmental permits. In Sweden twelve sites operate under such conditions.

Pollution to air – product use phase

Pollution from product usage includes a range of pollutants such as nitrous oxides (NO_x), particulate matter and noise. However, the main pollutant that we have identified is NO_x from internal combustion engines. Even though abatement devices and exhaust treatment systems have developed and led to substantial reduction of NO_x during the last decades, the scope of such emissions is considered high due to the number of vehicles and machines put on the market and their expected operation life. In addition, the Group's Business Areas are subject to a range of regulations seeking to further reduce emissions to air in most markets. The Volvo Group has strict policies to comply with legal and regulatory requirements, and internal standards, including those related to pollution and emissions, safety, security, hazardous materials, and noise.

Action and targets related to pollution

The highest level in the mitigation hierarchy of pollution to air is avoidance which has been made possible with the development of new technologies such as fully electric vehicles and machines. The Group seeks to develop fully electric and other technologies with zero or very low tailpipe emissions and bring to the market.

We also deploy significant actions and resources to reduce air emissions from combustion engines in line with a range of market regulations. The Volvo Group and its subsidiaries continuously engage with regulators with the aim to support policy development that works in practice and that supports the Group's strategy.

[Read more](#) about advocacy and political engagement, page 183.

Efforts to fulfill such regulatory requirements for vehicles, machines and engines make up a substantial part of the Group's research and development activities. We focus on meeting those targets and have concluded that additional voluntary targets are not necessary.

During 2025, the Group has allocated SEK 7.9 bn of total gross research and development expenses to low carbon technologies for transport, which helps to prevent air pollution.

In addition, we have allocated SEK 3.1 bn of the gross research and development expenses related to other pollution control activities. This includes not only abatement of NO_x but also noise, particles and significant fuel efficiency improvements.

The work to prevent pollution of the air in the customers' use phase has important synergies to climate transition activities. The Volvo Group is engaging with customers, transport buyers and governments to accelerate the adoption of zero tailpipe emission vehicles. We have also engaged in a range of partnerships such as joint ventures to deploy scalable charging infrastructure in the EU and the US. Our objective is to introduce technologies and products

with zero or very low tailpipe emissions, which will contribute to both enabling the climate transition in the transport industry, as well as preventing emissions to air.

As stated above, the Volvo Group works with a wide range of solutions to prevent and reduce emissions and pollutants from products during their use phase. Over time, the legal requirements have led to significantly reduced emissions to air. Regarding NO_x and in the EU, emissions from a typical heavy truck diesel engine have been cut by 90-95% since early 2000s until the current Euro 6. With the implementation of Euro 7 and similar regulations in other jurisdictions such as China and North America, there is an expectation to cut another 50% from today's levels.

The table below includes entity specific metrics focusing on the highest level in the mitigation hierarchy, which is to introduce products with zero or very low tailpipe emissions. Additional standardized metrics are expected to be developed as regulations such as Euro 7 are implemented.

Delivered products (in units) with zero or very low tailpipe emissions ¹					
	2025	2024	2023	2022	2021
Trucks	4,006	3,717	3,523	1,211	371
% of volumes	2.0	1.7	1.4	0.5	0.2
Buses (incl fully electric and hybrids)	511	399	528	367	442
% of volumes	8.5	6.4	9.1	6.3	9.8
Construction equipment	2,746	2,067	895	598	321
% of volumes	5.3	3.7	1.5	0.7	0.3
Total, vehicles and machines	7,263	6,183	4,946	2,176	1,134
% of volumes	2.8	2.2	1.6	0.7	0.4
Volvo Penta and other operations²	345	305	104	24	39

1 Including fully electric vehicles and machines as well as other technologies considered zero emission according to the definition in The EU Heavy Vehicle Emission Regulation 2019 (EU) 2019/1242. For buses, electric hybrids are also included in this table.

2 Delivered products from Volvo Penta and other operations are not suitable to consolidate to a total percentage in the manner as the other operating segments but are only reported as number of units.

Resource use and circular economy

The Volvo Group's ambition is to utilize materials the best way possible and to reduce environmental impacts over the value chain where we can influence, from material extraction to waste management. To support this, we run a range of activities helping to reduce environmental impact by increasing recyclability and avoiding waste. Waste from our industrial operations has been deemed as a material sub-topic and is therefore in focus in this report.

As part of our due diligence in the area of resource use, we have conducted product life cycle assessments (LCA) to identify impacts, risks and opportunities related to resource use and circular economy for all main product lines. These LCAs and certain environmental product declarations are shared on volvogroup.com under relevant business area to inform customers' decision making. Upstream in the value chain this considers extraction and refinement of raw materials and downstream LCAs consider impacts from service, maintenance and repair, and end of life management.

In own operations, we monitor volumes and types of waste and residuals and types of disposal method. The result of our assessment has identified waste from own operations as the main material sub-topic related to resource use and circular economy. Read more about the Group's environmental management system and minimum requirements in the previous section on Pollution.

Regarding resource inflow, we have assessed that its main material aspect is related climate change mitigation due to embedded greenhouse gas emissions in some of the materials we purchase. Actions and metrics associated with these are reported under the sub-topic climate change mitigation. As explained above, we have also assessed other nature-related impacts, such as water and biodiversity, based on technology choices made in the development phase.

Waste from operations

Waste from operations is considered material as the Group owns and operates manufacturing and assembly plants across the world handling residual products through different types of disposal methods. Negative impacts are limited as recycling and diversion of waste from disposal have been implemented over many years. However, we continuously implement improvements to minimize waste and targets different layer in the waste hierarchy to do so. Information about waste from operations has also been identified as important for certain report users.

In addition to the Volvo Group Environmental Policy, which is the main central steering document related to all environmental impacts, policies for resource use and waste help to steer the organization to reduce environmental impacts. The Group's policy on waste management is applicable to all the Group's operations within operational control. Additional policies are also applicable for business partners with the Volvo Group Supply Partner Code of Conduct.

Actions and targets related to waste

The internal requirements set our minimum requirements for production sites, workshops and engineering centers in the Group and focuses on implementing measures related to all levels of the waste hierarchy.

The Group's objective is to avoid waste to landfill to make these materials available for reuse and recycling. We have worked towards an ambition to reach 55 industrial operation sites as landfill free. At year-end 2025, 40 of sites were certified as landfill-free. Landfill free is an internally created metric that allows every site to concentrate on all stages of the waste hierarchy, aiming to mitigate the effects of waste production. Sites that have already reached this target and are certified landfill free, continue to implement targets and actions addressing other layers in the hierarchy, helping to

maintain their zero-landfill certification. In addition to industrial operation, the reporting also covers parts of the Group's service and dealership locations.

Actions to manage waste, reach a higher level in the waste hierarchy, and minimize negative impacts from waste include:

- Environmental risk assessment for waste handling.
- Documentation of quantification and mapping of waste fractions from point of generation to on-site storage locations, transporters and final off-site disposal destination.
- Procurement aligned with the Purchasing – Indirect Products and Services (IPS) waste management strategy to ensure consistency in all purchased waste services.
- Programs to identify continuous improvement activities aligned with the waste hierarchy.
- Suitable waste storage to reduce exposure to the elements and prevent release into the environment.
- Handling of hazardous wastes with consideration for spill control, secondary containment, fire protection and personnel protection.
- Periodic re-evaluation of waste contractors to ensure they meet legal requirements regarding waste transport, handling, recycling, treatment and disposal.

Classification of waste is steered by national and regional regulations. Generally, the amount of waste is measured by weighing by contractors and/or the relevant Volvo-entity and in some cases the mass of generated waste is estimated.

The main waste stream from Volvo Group is metal, representing about a third of all waste by weight in 2025 and of which the vast majority was recycled. The recycling rate from production has been relatively stable at a high level over time.

Waste and recycling in own operations						
Metric tons	2025			2024		
	Non-hazardous	Hazardous	Total	Non-hazardous	Hazardous	Total
Waste diverted from disposal due to recycling	221,317	14,224	235,541	240,658	19,843	260,501
Waste diverted from disposal due to other recovery operations (incl composting)	3,312	–	3,312	3,038	–	3,038
Waste diverted from disposal, total	224,629	14,224	238,853	243,696	19,843	263,539
<i>% of total</i>	<i>87</i>	<i>41</i>	<i>81</i>	<i>88</i>	<i>49</i>	<i>83</i>
Waste directed to disposal by incineration (with heat recovery)	25,607	5,134	30,741	26,150	4,849	30,999
Waste directed to disposal by incineration (no heat recovery)	146	1,286	1,432	146	1,209	1,355
Waste directed to disposal by other disposal method	3,076	9,079	12,155	2,627	10,226	12,853
Waste directed to disposal by landfilling	5,627	4,649	10,276	5,829	4,733	10,562
Non-recycled waste	34,456	20,148	54,604	34,752	21,017	55,769
<i>% of total</i>	<i>13</i>	<i>59</i>	<i>19</i>	<i>12</i>	<i>51</i>	<i>17</i>
Total	259,085	34,372	293,457	278,448	40,860	319,308

Biodiversity – connected to climate change

Volvo Group continuously strives to understand and act on our impacts on people and the natural environment. Over the last decades, understanding on nature-related impacts and expectations from stakeholders have grown from local operations' impacts, to a product lifecycles perspective, and most recently to a value chain perspective.

In 2024 and 2025 we conducted an assessment focusing on biodiversity impacts using a range of established methodologies including the WWF biodiversity risk filter, Encore, product life-cycle assessments using the ReCiPe method, SBTN's framework, literature studies, and Volvo Group site specific data.

As a general frame of reference, the WWF Living Planet Report 2020 summarizes the main global drivers of biodiversity loss to be land use change (50%), overexploitation (24%), invasive species (13%), pollution (7%), and climate change (6%). In the Volvo Group's assessment, we have considered potential scenarios that could result in different impacts depending on how business is developing. Insights from scenario assessment can then be used to enable informed business decisions considering environmental impacts. In the assessment we mainly assessed biodiversity, but because environmental issues are connected, we also looked at some related topics. Next, we plan to analyze how we use resources in different scenarios to help guide our decisions.

Insights from the scenarios are summarize in the table to the right. For the Volvo Group, this means that over a foreseeable time horizon the most significant driver of biodiversity loss can be mitigated by a rapid transition to lower emission products. For the purpose of sustainability reporting, please refer to the climate section:

- Policies for climate change mitigation, page 153
- Climate-related targets, page 153
- Actions and progress, page 154
- Metrics, page 157.

Scenarios for nature-related impacts

Traditional product portfolio scenario

This scenario builds on a continued slow transition to climate change mitigation with limited share of fully electric vehicles. In this scenario the most important driver of loss of biodiversity is related to GHG emissions from the customers' usage of products, which in turn impacts biodiversity due to a changing climate.

Potential future portfolio scenarios

In the assessment of potential future scenarios, we have applied a variety of development pathways for fully electric vehicles and machines to understand potential development of impacts. As a sub-set of the volumes of fully electric products we have also considered technology choices and battery chemistry. One result of the study is that the different battery materials can, depending on their type, origin and refinement processes, have a significant impact on biodiversity, water and resource depletion and that there can be opportunities to avoid certain adverse impacts by choice of used materials, origin and supply chain. Insights from these future scenarios are fed into development and strategy work along with other geopolitical, human rights, intellectual property risks and opportunities.

Additional environmental information

The Sustainability statement includes the most material topics for the Volvo Group. Other industry-relevant matters concluded as non-material from an impact, risks or opportunity perspectives are available online. This includes general information on how the Volvo Group works to with circular business models such as used vehicles and remanufacturing.

[Read more](https://www.volvogroup.com) on [volvogroup.com](https://www.volvogroup.com)

EU Taxonomy regulation disclosures

The EU Taxonomy Regulation EU 2020/852 ('the EU Taxonomy') is a classification system for sustainable economic activities in relation to the European Union's environment objectives. Eligible activities are those that are listed in the EU Taxonomy. An aligned activity is one that contributes substantially to at least one of the EU's six environmental objectives, without causing significant harm to any of the other, at the same time as it is carried out in line with minimum social and governance safeguards.

The Volvo Group's disclosures on the EU Taxonomy is prepared with application of the Omnibus Simplification Act ((EU) 2026/73).

Methodology to identify eligible activities

The Volvo Group has identified that a proportion of its economic activities qualify as eligible under the so-called Delegated Climate Act ((EU) 2021/2139) and the Amended Delegated Climate Act ((EU) 2023/2485) issued under the EU Taxonomy. For purposes of this report, Group activities fall in the following taxonomy categories:

- 3.3 Manufacture of low-carbon technologies for transport (trucks and buses), referred to below as CCM 3.3
- 3.18 Manufacture of automotive and mobility components (spare parts and components to trucks and buses), referred to below as CCM 3.18.

These activities are defined as enabling activities in relation to the climate change mitigation objective and are of strategic importance in the Volvo Group's transition towards net-zero greenhouse gas emissions. The Volvo Group also engages in other activities relevant for taxonomy-eligibility for climate change mitigation, such as manufacturing of machines and other zero tailpipe emission technology (CCM 3.6), and batteries (CCM 3.4), but they are not reported as the KPIs for the activities are below reporting thresholds.

Activities under CCM 3.6 have a much narrower definition of eligibility than CCM 3.3, which results in only a very small proportion of the Group's engine and construction machinery business being eligible. A truck or bus is eligible under CCM 3.3 regardless of if it has an internal combustion engine or if fully electric, but an excavator or hauler is eligible under CCM 3.6 only if it is low-carbon. If the rules were similar for CCM 3.6 as for 3.3, the proportion of eligibility would be significantly higher.

Methodology to identify aligned activities

Alignment assessments for 2025 have been based on the somewhat simplified criteria of the Omnibus Simplification Act.

Substantial contribution

Within our eligible activities listed, we have identified a proportion that fulfills the technical screening criteria of substantially

contributing to climate change mitigation. These are referred to as potentially taxonomy-aligned and consist of trucks and buses with zero tailpipe emissions (CCM 3.3) and spare parts and components for such vehicles (CCM 3.18).

Do no significant harm

Volvo Group has assessed potentially taxonomy-aligned activities against the EU Taxonomy's do no significant harm (DNSH) criteria. In absence of regulatory guidance in many respects, we have found that there is a large scope for interpretation in relation to several aspects of the EU Taxonomy. It has therefore been necessary to develop our own internal guidance and considerations based on our current understanding of the rules and which may be amended in the future.

Because the DNSH requirements are to large extent based on European regulations, activities within the EU have been prioritized in the assessment. In conclusion, approximately half of the potentially aligned activities by turnover have met all the relevant DNSH criteria. The assessments are summarized below.

Climate Change Adaptation

Volvo Group's sites regularly assess climate risks through property management, insurance programs, and local hazard analyses. A global inventory of climate hazards has also been completed, using UN climate scenarios. Read more on scenarios on page 153.

Water and Marine Resources

Only a few sites involved in eligible activities are connected to discharging industrial wastewater or face water stress. For these, environmental assessments and water management plans are continuously reviewed.

Circular Economy

Waste reduction targets are applicable for all relevant sites under the Group's target, see page 162. In addition, durability and recyclability are incorporated in the Group's product design activities, along with other practices supporting circular economy principles.

KPI	SUMMARY 2025														Proportion of Taxonomy aligned activities previous year
	Total	Breakdown by environmental objectives of Taxonomy aligned activities												Taxonomy aligned activities previous year	
		SEK M	Proportion of Taxonomy eligible activities	Taxonomy aligned activities	Proportion of Taxonomy aligned activities	Climate change mitigation	Climate change adaptation	Water	Circular economy	Pollution	Biodiversity	Proportion of enabling	Proportion of Transitional		
Turnover	479,183	76	7,865	2	2	-	-	-	-	-	2	-	1	-	-
CapEx	47,297	89	8,581	18	18	-	-	-	-	-	18	-	1	-	-
OpEx	26,802	79	2,716	10	10	-	-	-	-	-	10	-	4	-	-

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- **Pollution Prevention and Control**

The assessment includes evaluation of both presence and usage of substances of concern (SOC) and substances of very high concern (SVHC) in operations and components, safe handling, and the possibility to substitute SOCs and SVHCs in products and operations. Both SOCs and SVHCs are identified based on data provided from suppliers for each part and chemical product. Occurrences of SOC and SVHC are then compared to defined assessment criteria. In cases where EU regulations already have approved exemptions on uses of restricted substances, these exceptions have been used to support the conclusion on whether suitable alternatives are available or not. In cases where substances are used in a similar way for multiple similar applications, these have been grouped in the assessment.

- **Biodiversity and Ecosystems**

Potentially aligned activities have been screened for biodiversity impact. Our manufacturing sites are not assessed to have significant direct effects on biodiversity, protected areas or

species and therefore further assessments have been directed to new sites and activities carried out nearby to protected areas.

Minimum safeguards

The minimum safeguard criteria have been assessed at Group level. All Volvo Group entities are covered by Group-wide policies as explained on Human Rights on page 149, Anti-Corruption on page 181 and Competition Law on page 182.

On tax, the Group complies with local laws, follows OECD transfer pricing guidelines, and pays taxes where value is created. The average corporate tax rate over the past five years is 24%. More details are available on volvogroup.com.

Moreover, the Group is not exposed to or involved in the manufacture or selling of controversial weapons.

We have concluded that all activities identified as potentially taxonomy-aligned fulfill the criteria for protecting minimum safeguards.

TURNOVER KPI

Economic Activities	Code	Taxonomy eligible Turnover %	Taxonomy aligned Turnover SEK M	Taxonomy aligned Turnover %	Environmental objective of Taxonomy aligned activities						Enabling activity E	Transitional activity T	Proportion of Taxonomy aligned in Taxonomy eligible %
					Climate change mitigation %	Climate change adaptation %	Water %	Circular economy %	Pollution %	Biodiversity %			
Manufacture of low carbon technology for transportation	CCM 3.3	63	7,865	2	2	-	-	-	-	-	E		3
Manufacture of automotive parts and components	CCM 3.18	13	0	-	0	-	-	-	-	-	E		-
Sum of alignment per objective					2	-	-	-	-	-			
Total Turnover		76	7,865	2	2	-	-	-	-	-	2		2

Qualitative information related to turnover

The total turnover reported covers the revenue recognized, see Note 7 on page 86, and includes revenues from the Volvo Group's Industrial Operations as well as from financial and operating leases. The Taxonomy disclosures on eligible turnover under CCM 3.3 include net sales from vehicles and services, including repair, maintenance. Activities under CCM 3.18 include net sales from automotive spare parts.

CAPEX KPI

Economic Activities	Code	Taxonomy eligible CapEx %	Taxonomy aligned CapEx SEK M	Taxonomy aligned CapEx %	Environmental objective of Taxonomy aligned activities						Enabling activity E	Transitional activity T	Proportion of Taxonomy aligned in Taxonomy eligible %
					Climate change mitigation %	Climate change adaptation %	Water %	Circular economy %	Pollution %	Biodiversity %			
Manufacture of low carbon technology for transportation	CCM 3.3	88	8,581	18	18	-	-	-	-	-	E		21
Manufacture of automotive parts and components	CCM 3.18	1	0	-	0	-	-	-	-	-	E		-
Sum of alignment per objective					18	-	-	-	-	-			
Total CapEx		89	8,581	18	18	-	-	-	-	-	18		20

Qualitative information related to capital expenditures

The taxonomy disclosure on eligible CapEx includes additions to product and software development, additions to other intangible assets, additions to property, plant and equipment and additions to operating leases. See also Note 12 and 13 on page 93 and 96 additional financial disclosures on capitalized product and software development, other intangible assets, and investments in property, plant and equipment.

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OPEX KPI													
Economic Activities	Code	Taxonomy eligible OpEx %	Taxonomy aligned OpEx SEK M	Taxonomy aligned OpEx %	Environmental objective of Taxonomy aligned activities						Enabling activity E	Transitional activity T	Proportion of Taxonomy aligned in Taxonomy eligible %
					Climate change mitigation %	Climate change adaptation %	Water %	Circular economy %	Pollution %	Biodiversity %			
Manufacture of low carbon technology for transportation	CCM 3.3	78	2,716	10	10	-	-	-	-	-	E		13
Manufacture of automotive parts and components	CCM 3.18	1	0	-	0	-	-	-	-	-	E		-
Sum of alignment per objective					10	-	-	-	-	-			
Total KPI OpEx		79	2,716	10	10	-	-	-	-	-	10		13

Qualitative information related to OpEx

The disclosure on eligible operating expenses (OpEx) includes non-capitalized R&D expenses for new product development, costs for the repair and maintenance of property, plant and equipment and short-term leases. In this KPI, R&D is the material part of relevant expenses. Operational expenses related to non-capitalized R&D in 2025 amounted to approximately SEK 22.7 billion. As a complement to this report, we disclose the share of total R&D spend directed to low-carbon activities, based on the significant contribution criteria, on page 159. The disclosure on page 159 includes both non-capitalized and capitalized R&D, of which the latter is included in the CapEx KPI in the Taxonomy report. The other part of OpEx, repair and maintenance related to the functioning of the plants and short-term leases, amounted to approximately SEK 4.1 billion.

Investment plan (CapEx plan)

The Volvo Group has an overall ambition to reduce greenhouse gas emissions in its value chain. Development of vehicles and machines with zero tailpipe emissions is an important driver in this overall strategy. A share of Group investments is directed towards zero tailpipe emissions technology. This share will change over time, depending – among other things – on market adoption of products with such features. Investment plans are subject to continuous evaluation, which may affect the share of investments in zero tailpipe and other potentially aligned technology in the future. In identifying investments that could potentially be aligned, all investments in R&D, property, plant and equipment made to enable and develop vehicles and machines fulfilling the technical screening are included. These are mainly related to vehicles and machines with zero tailpipe emissions.

As a complement to this report, we disclose the share of total R&D spend directed to zero and low emission activities based on the significant contribution criteria defined by the EU Taxonomy, see page 159. That disclosure includes both capitalized and non-capitalized R&D, the latter is also included in the OpEx KPI.

Reporting

None of the activities of Volvo Group investments in joint ventures and associated companies (see Note 5 on page 81) are included in this report.

As the Volvo Group so far considers its material eligible activities pursuant only to the climate change mitigation objective, and as CCM 3.3 and CCM 3.18 activities are separately reported in the Group's financial consolidation system, no activities are double counted when calculating the Taxonomy KPIs presented.

Own workforce

Volvo Group aims to create a safe, inclusive and engaging work environment for its employees and workforce. Our care for people comes to life in how we grow talent, put safety first, invest in people and create a culture where everyone can reach their full potential. This approach will help us realize our people commitment – to create safe workplaces, utilize the full potential of our competencies and diversity and to drive engagement, so that our employees recommend Volvo Group as a great place to work.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
Health and safety	◆ Our operations involve various processes with potential severe safety incidents. Though severe incidents do not occur frequently, the severity of such events precedes over the likelihood and frequency.	● Failing to meet employees' and other stakeholders' expectations in this area could lead to material risks. On the upside, proactive measures to promote healthy and safe workplaces, can lead to opportunities as a prioritized employer of choice.
Diversity, equal treatment and opportunities	● Creating an inclusive culture where people can feel a sense of belonging, feel safe and have their contribution valued and see a professional future with the Volvo Group.	● Opportunities for the Volvo Group come from utilizing the full potential of employees' diverse skills, experiences and characteristics as we foster increased innovation and creativity, improved problem solving and decision making and enhance our ability to attract and retain talent.
Social dialogue and collective bargaining	● We seek to provide positive and engaging workplaces. Social dialogue is a way of working that can help in a range of other work-related matters.	— Lack of formalized dialogue can lead to unstructured and unwanted effects. The right to strike can lead to risks for the Volvo Group, however if done in an organized manner, the effects of such risks can be somewhat reduced. Positive dialogue with formal worker representatives can balance responsible workforce management with agility in organizational development.
Non-discrimination	◆ Harassment and discrimination can have highly negative impacts on people's experienced safety. Negative impacts are recorded on occasion and not widely, but the severity of potential impacts are prioritized over the likelihood and frequency.	— Cases of harassment and discrimination could lead to reputational risks for the Volvo Group. Active promotion of a safe and inclusive work environment can be critical for the commitment and continued engagement of our people.

Materiality: ▲ Very high ◆ High ● Medium — Low

Our materiality assessment covers all employees and consultants in the Volvo Group. These are employed in 55 countries. In the assessment of material positive and negative impacts we have reviewed details such as remuneration, employment practices, coverage of benefits related to social protection, whistleblower reports, diversity metrics, access to training and education, accident metrics and health and safety management system coverage.

In our work we have identified certain employees that can be impacted both negatively and positively. In some markets labor-related regulations and standards help to avoid negative impacts. The impacts we have concluded as the most important for our workforce are summarized above. In addition to the above four sub-topics we identify local cases of positive impact from compensation, access to family-related leave, social protection and a range of benefits but not to the extent that they make a material impact on Group level. These matters are communicated on volvogroup.com. Due diligence activities are carried out continuously, which may identify additional topics to be included as material in the future.

The Group's operations depend on a workforce of approximately 99,000 employees and consultants to carry out our work to deliver on the Group's promise to our customers every day. Risks related to the workforce include strikes and related stop days, lost time due to accidents and illnesses. We also see opportunities to attract and retain a professional and productive workforce by providing the right benefits, an engaging and inclusive work environment with opportunities for life-long learning and development.

Policies, action plans and targets related to own workforce

Policies relating to own workforce include non-discrimination, health and safety, and a variety of human rights for own workforce. These are explained in more detail under each sub-section in this chapter. Policies related to own workforce follow similar governance as explained on page 150 and are approved by the Board of Directors and Executive Board. Additional steering is then deployed via Group functions, Divisions and Business areas as well as local country management.

Some sub-sections in this report also include targets and policy objectives. When establishing targets relating to our workforce this is generally done in forums and working groups involving worker representatives and approved at relevant levels in the organization in a similar way to policies. AB Volvo also has elected worker representatives at Board level, who participate in the periodic follow up.

Activities to support targets and policy objectives are also described under each sub-section. Activities are part of the Group's normal operational work which is decentralized to divisions, business areas and countries. For the topics included in this report, there is a certain central oversight and follow-up for Group level performance. Resources for deployment are integrated in operational work and not individually tracked.

Health and Safety – policies, target and actions

The Volvo Group Health and Safety Policy gives direction on how workplace safety, health and well-being shall be handled within the Group. The policy covers both direct employees, consultants and other people working on Volvo Group sites.

Each business area, division and function is accountable and responsible for managing health, safety and well-being. Volvo Buses and Volvo Construction Equipment have continued to certify their parts of the management systems according to ISO 45001. By December 2025, around 80 sites covering approximately 30% of Volvo Group's employees have chosen to certify their operations according to ISO 45001. Other Business Areas have been developing internal safety management systems with regular assessments and coaching as an integral part of the Volvo Group's management system. This management system covers all employees and is based on legal- and Volvo Group minimum requirements. This helps to facilitate that there are written procedures, internal controls, clear ownership and management review, and that deviations are acted upon.

We work towards a safety vision of zero accidents with our products and in our operations. The Group target tracked to this end is to reduce accident rate by 50% 2019-2030, see metrics on next page. The target was established in dialogue with workforce representatives. It is followed up in the People Board, which is a forum where divisions and business areas are represented by their Presidents and Executive Vice Presidents.

Local worker representatives are appointed to health and safety committees by employees. Depending on the type of business area, health and safety committees operate on the factory level, retail office level or unit level. The main objective of the committees is to bring together workers and management representatives, define actions and jointly agree on measures needed to improve health and safety performance. Committees meet on a regular basis and decisions taken shall be communicated to the workforce, acted upon and followed up. The committees could also be involved in accident and incident investigations and support in additional corrective or preventative measures.

The continuous development of our health and safety system and culture is supported by a global network of over 200 expert practitioners on occupational health and safety – including doctors, nurses, safety engineers, psychologists, and ergonomists who collaborate to find and share best practices.

Hazard identification, risk assessment and incident investigation

At Volvo Group, hazard identification is based on regularly conducted risk assessments, involving health and safety experts, managers, and employee representatives. These assessments identify potential hazards which are evaluated during audits. Identified risks are mitigated or eliminated through measures like engineering controls, revised procedures, or providing personal protective equipment, following a hierarchy of controls approach.

Incident reporting is actively encouraged, with the company's Code of Conduct prohibiting retaliation against those who report concerns in good faith. Recordable accidents are investigated, and corrective actions are implemented to prevent recurrences. Significant incidents are shared across the organization, and company-wide directives may be issued as preventative measures.

Training plays a crucial role, with employees receiving comprehensive instruction based on risk assessments for their specific work areas. This ensures they understand the risks and how to manage them effectively. The Health and Safety Policy is prominently displayed, and periodic training reinforces procedures, roles and responsibilities.

Dedicated health and safety coordinators support managers and team leaders in implementing risk management practices consistently.

Ergonomics

Ergonomics is a prioritized area across the Volvo Group and ergonomics guidelines exist for specific roles. Operators, employees and consultants receive training on occupational ergonomics tailored to specific areas, such as manufacturing or administration. In manufacturing for example, guidelines summarize the main ergonomics specifications and provide general principles for an ergonomics-based approach to workstation design and layout. Individual workstations are regularly assessed for improvements. Training centers on many of the Group's sites also offer and promote training opportunities on focused themes within ergonomics.

Occupational health services

Occupational health services are provided to employees at most units and vary from one country to another depending on the specific needs of the unit, the level of health service provided and local legislation. In many countries and locations, health services are supported by company doctors and nurses, psychologists, physiotherapists and ergonomists. In some countries/organizations such services can be supplied by third parties. If so, they are required to ensure data privacy in accordance with applicable regulations. Occupational health services play a major role in health promotion.

Mental health

Mental health of employees is defined as one of Volvo Group's top priorities in the Health & Safety Vision 2030 and we strive for a proactive approach in this area. Volvo Group has developed a clear, standardized and evidence-based scientific process to assess the psychosocial risks in the workplace and to improve the mental health of our employees. The aim is to:

- Identify our work-related psychosocial risks
- Take the necessary preventive measures
- Build awareness and a climate of support
- Promote dialogue and build trust.

Safety culture and recognition

Every year, the Volvo Group recognizes best practices on health and safety. In 2025, one of five winners of the award was Volvo Group in China for its strive to build a culture around mental health engaging employees at eight sites across five cities in China. An estimated 16% of people in China experience some form of issues related to psychological ill-health, yet similar to many countries there is a social stigma around the matter. The award recognizes the effort taken to raise awareness, involving all the main entities in the country and to create a safe space to raise issues. One of the effects of the campaign has been an increased use of the Volvo Group China's health helpline.

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Accidents and accident rates

Volvo Group tracks the accidents and accident rates in all locations including plants, workshops and offices in all countries of operations. In 2025 the accident rate was 3.95 per 1,000,000 worked hours.

While many different KPIs are reported for different needs, lost time accidents and lost time accident rate (LTAR) is the metric tracked for a longer period of time at Group level and where we have set an improvement target by 50% 2019-2030. Recordable accidents has been introduced as part of the implementation of the European Sustainability Reporting Standards. In the periodic follow-up, LTAR is one of several indicators used to evaluate effectiveness. In addition, recordable accidents, serious incidents and qualitative aspects are also reviewed.

Health and safety impacts linked to business relationships

Contractors are part of the Group's vision to be 100% safe, which means that they must be protected and cared for in the very same way as customers, supply chain partners, and colleagues. In 2024, a directive regarding Health and Safety requirements for contractors was developed. The aim is to secure common minimum requirements when managing contractors and ensure a strong focus on controlling and reducing risks in the Volvo Group facilities. In this work, four topics are in focus; contractor qualification, risks assessment, training and audit.

During the year, there was a tragic accident at a Volvo Group site that resulted in the death of a contractor. The incident was carefully investigated by both internal and external parties. Details of what happened were recorded and shared within the company and with the supplier to help prevent similar accidents in the future.

Health and safety metrics							
	2025	2024	2023	2022	2021	2020	2019
Fatalities employees	0	0	0	0	0	0	0
Fatalities non-employees in workforce (Consultants)	0	0	0	0	0	0	0
Fatalities contractors	1	3	0	0	0	1	0
Recordable accidents	2,064	2,260	–	–	–	–	–
Recordable accident rate by 1,000,000 worked hours	11.1	12.1	–	–	–	–	–
Lost days	21,338	–	–	–	–	–	–
Lost time accidents (LTA)	743	845	879	786	732	675	1004
LTA-rate by 1,000,000 worked hours	3.95	4.50	5.40	5.00	5.15	4.50	6.05

In reports 2023 and earlier, Volvo Group has reported accident rates per 200,000 hours. In 2024 and onwards, rates is reported per 1,000,000 worked hours. Historical data on LTAR has been multiplied by five for comparability over years.

Diversity – policies, ambition and actions

As the Volvo Group wants to attract and develop a wide range of people to meet the skills needed today and in the future, we also see significant opportunities with diversity and equal treatment.

Our overall objectives of diversity and inclusion are formulated in the Volvo Group Code of Conduct and supported in other relevant steering documents. A key process is in recruitment where we have stipulated that in order to reach our objectives, efforts shall be made to secure a list of qualified candidates including relevant diversity aspects.

- All employment decisions should be based on a candidate's ability or performance, talent, skill, and experience.
- The recruitment process should be done in a fair and inclusive way.
- The interview panel for the recruitment of management positions shall include at least one man and one woman, with both taking part in the final decision for selection.

Actions to become more inclusive, and by doing so secure the best fit for the job and increase diversity, are integrated across our people processes and systems, such as recruitment policies and principles, succession planning, and integrated into trainings for organization and teams across our global operations.

To further evolve inclusion in aspects that may be more locally or regionally important, the Group supports internal inclusion networks to broaden awareness, provide mutual support and for best practice sharing across the organization.

Actions to mitigate discrimination risks are part of our overall actions for diversity, inclusion and engagement. Leaders are responsible for incorporating diversity and inclusion into their daily actions. Team members are responsible for valuing and appreciating one another as colleagues. There is no central consolidation for expenses related to these actions, but they are embedded in key processes related to people and culture.

The Group's work with diversity includes a wide range of aspects, such as culture, generations, competence, background, gender and sexuality. Recognizing that different regions and countries have individual challenges, the ambition is to actively work with locally relevant and authentic diversity vectors.

Globally, gender has been identified as the main strategic diversity vector. The Group's operations and main sectors served have traditionally been characterized by relatively low representation of women. This challenge has also been recognized in technology and engineering professions and education. Volvo Group has the ambition of reaching at least 35% women in the workforce, both in general and in management positions by 2030.

In the periodic follow-up, gender representation is one of several indicators used to evaluate effectiveness of efforts. We also consider representation in training and development, turnover and attraction, results from surveys on engagement and inclusion, and other qualitative aspects.

In the assessment of materiality of gender pay gap we have analyzed the base salary of our employees across the Group. The result of this analysis does not indicate material gaps between men and women. As part of our overall commitment to fair and equal pay, we are developing our data collection further, in order to allow analysis on a total reward level.

Employees at management level

	2025	2025	2024	2024
	Headcount at year end	Of which women %	Headcount at year end	Of which women %
AB Volvo				
Board members	11	36	11	36
CEO and other senior executives	11	27	13	31
Volvo Group				
Board members	511	25	514	26
Presidents and other senior executives	566	29	576	29
Managers	8,619	27	8,419	26
All employees	89,839	24	94,007	23

Number of employees (head count) by age and gender

2025	Total				Men				Women			
	<30	30-50	>50	All	<30	30-50	>50	All	<30	30-50	>50	All
Europe	7,720	26,755	18,753	53,228	5,466	19,559	15,130	40,155	2,254	7,196	3,623	13,073
North America	2,823	8,951	7,369	19,143	2,144	6,935	5,802	14,881	679	2,016	1,567	4,262
South America	1,446	4,654	925	7,025	1,054	3,691	814	5,559	392	963	111	1,466
Asia	1,668	5,149	1,074	7,891	1,031	3,867	919	5,817	637	1,282	155	2,074
Africa and Oceania	311	1,557	684	2,552	248	1,209	573	2,030	63	348	111	522
Group total	13,968	47,066	28,805	89,839	9,943	35,261	23,238	68,442	4,025	11,805	5,567	21,397

Dialogue process

Volvo Group bases its relationship with employees – including employee representatives and unions – on principles of honesty, transparency, fairness, and creativity. These fundamental principles were jointly developed with members of the Global Works Council and serve as a guiding framework for collective action when navigating necessary business changes. For Volvo Group, maintaining a strong dialogue with all employees is essential. Volvo Group recognizes the freedom of association as a clear part of our code of conduct.

Works councils

Our European Works council (EWC), established in 1996 is currently composed of 23 members from ten countries. Before major organizational changes, the EWC and relevant authorities are informed and consulted in line with legal and contractual requirements. In 2025, the Group held ten meetings with the EWC on significant changes affecting employees across multiple European countries. Consultations are conducted whenever changes impact at least two countries, and beyond formal obligations, we actively engage the EWC to support transformation, including our AI-driven change journey.

In addition, the EWC, as global employee representatives, were also invited to three special presentations of the Group's financial results in 2025. These meetings provide an opportunity for direct dialogue with the Chief Financial Officer and Head of People & Culture, for openness and transparency about the company's development and facilitate anticipation of potential impacts.

Volvo Global Dialogue

A central part of Volvo's social dialogue is the engagement of 40 global works council (GWC) representatives from 20 countries. They meet regularly to discuss business updates and take part in the annual Volvo Global Dialogue with the CEO and Group management, focusing on the business situation and long-term strategic initiatives.

In 2025, the Volvo Global Dialogue focused on strategy, business performance, investments, brand development, supply chain resilience, and the impacts of AI, with a strong emphasis on the workforce. At the September meeting, global works council members raised questions on upskilling, reskilling, workplace principles, and health and safety. A key theme was strengthening

social dialogue as a core leadership responsibility to connect vision to reality, anticipate concerns, and build shared ownership. Discussions also addressed the transition to electric and low-carbon solutions, future competitiveness, and local impacts on employees.

The effectiveness of engagement in the meeting was assessed by surveying the engagement rate of the GWC members after the dialogue event in 2025. Members expressed a high level of confidence in the ideas and strategies discussed during the meeting and were positive to share with their local representatives.

Local dialogues

Country-level entities in the Group also engage with their respective employee representatives and unions to discuss proposed changes at the local level based on the local regulation and upcoming changes. Efforts are made in dialogue with unions and employee representatives for the deployment of solutions that help to maintain and strengthen the competence necessary for the Group as well as to reduce the negative social consequences of restructuring and reorganizations. This can include utilizing time banks to reduce labor time, furlough, early retirement, financial compensation, internal mobility programs and outplacement via third parties.

Other consultations and engagement

In addition to formal dialogues with workers representatives, employees are invited to ask questions via CEO Live – an online event taking place two to three times per year. We also check the status of our workforce perspective via our Volvo Group Pulse surveys where employees are asked to contribute with their views on matters related to workplace experience such as the Group's strategy, opportunities for growth and development, trust in management, and health and safety. Engagement is measured by considering positive sentiment among employees regarding Volvo Group as an employer.

In addition to all the above, three ordinary and three deputy members appointed by employee organizations are part of the AB Volvo Board of Directors and thus involved in the strategic direction of the Group.

Globally, the percentage of employees covered by collective bargaining is 74%. See below broken down by region, and in the EEA, by countries of significant operations.

Collective bargaining and social dialogue			
Coverage rate	Collective bargaining		Social dialogue
	Share of employees in EEA by country with significant employment	Share of employees by region	Workplace representation in EEA by country with significant employment
0-19%			
20-39%		Asia	
40-59%		Africa & Oceania, North America	
60-79%			
80-100%	Sweden, France	South America, Europe ¹	Sweden, France

¹ Region Europe is included for completeness

Workforce statistics

Employees by gender	Headcount	
	2025	2024
Men	68,441	72,103
Women	21,396	21,902
Other	2	2
Number of employees total	89,839	94,007

Employees by country or region	Headcount	
	2025	2024
Sweden	26,712	26,162
France	9,735	9,755
Europe (excl. Sweden and France)	16,781	16,937
USA	13,652	15,439
North America (excl USA)	5,491	5,106
South America	7,025	7,334
Asia	7,891	10,994
Africa and Oceania	2,552	2,280
Number of employees total	89,839	94,007

Number of employees and non-employees are reported by headcount at the end of the reporting period. In the financial note 27:2 the average number of employees during the reporting period is presented. There were no significant fluctuations in headcount during the year.

Consultants, including agency workers, are generally hired to carry out similar types of work as direct employees. The use of consultants provides flexibility over time when projects are to be finalized or during cycles of peak demand when high production output is needed in the cyclical business of the Volvo Group.

The most significant contribution to the lower headcount for Group total and in Asia in 2025 versus 2024 is mainly explained by the divestment of SDLG in China.

Employees by contract type, by gender (headcount)				
2025	Men	Women	Other	Total
Permanent	67,230	20,766	2	87,998
Temporary	1,211	630	0	1,841
Full-time	65,862	19,466	2	85,330
Part-time	2,579	1,930	0	4,509
Total employees	68,441	21,396	2	89,839

Employees by contract type, broken down by region						
2025	Europe	North America	South America	Asia	Africa & Oceania	Total
<i>Number of employees</i>	53,228	19,143	7,025	7,891	2,552	89,839
Permanent	52,013	19,085	6,951	7,452	2,497	87,998
Temporary	1,215	58	74	439	55	1,841
Full-time	49,567	18,601	6,974	7,808	2,380	85,330
Part-time	3,661	542	51	83	172	4,509
Agency and consultants	7,559	498	170	619	159	9,005
Total workforce	60,787	19,641	7,195	8,510	2,711	98,844

Employee turnover												
2025	Total				Men				Women			
	<30	30-50	>50	All	<30	30-50	>50	All	<30	30-50	>50	All
Europe (%)	10	5	7	6	11	5	7	6	8	5	6	6
<i>Number</i>	785	1,317	1,218	3,320	591	950	1,000	2,541	194	367	218	779
North America (%)	28	13	12	15	29	13	12	15	25	15	14	16
<i>Number</i>	908	1,227	929	3,064	713	910	705	2,328	195	317	224	736
South America (%)	17	14	15	15	18	12	15	14	17	18	18	18
<i>Number</i>	266	662	140	1,068	194	476	120	790	72	186	20	278
Asia (%)	16	14	14	14	18	6	15	10	19	10	7	13
<i>Number</i>	315	369	144	828	193	244	136	573	122	125	8	255
Africa and Oceania (%)	10	6	8	7	10	5	8	7	10	6	8	7
<i>Number</i>	28	78	48	154	23	58	41	122	5	20	7	32
Total (%)	16	8	9	9	17	8	9	9	14	9	9	10
Total number	2,302	3,653	2,479	8,434	1,714	2,638	2,002	6,354	588	1,015	477	2,080

Ratio between highest paid and median employee (TSEK)	
	2025
Total remuneration median employee	609
Total remuneration President and CEO	70,881
Ratio - CEO to median annual total remuneration	116

The highest paid employee in the Volvo Group is the President and CEO; for details see note 27, table 27:1 on page 123. The median employee has been identified by reference to base pay in SEK. For this employee, their incentives and other benefits were added to calculate total remuneration.

Non-discrimination and other social matters

Volvo Group values a diverse workforce and expects hiring managers to observe applicable laws against discrimination. Employment decisions like hiring, pay, title, promotion, discipline, termination or working conditions should be based on a person's ability or performance, not on irrelevant personal factors. For purposes of the Code of conduct, discrimination happens when qualified individuals are penalized at work due to unrelated personal factors such as, but not limited to:

- gender, gender identity or expression
- age
- racial and ethnic origin
- nationality, skin color or cultural background
- religion or beliefs
- disability, functional impairment, genetics or health information, including pregnancy
- sexual orientation or expression
- union affiliation.

The Volvo Group aims to provide for, or cooperate in, the remediation of negative human rights impacts if our activities have caused or contributed to them and seeks to play a role in the remediation of negative human rights impacts that we may be directly linked to in our operations, products, services, or business relationships. This commitment is formalized in our Human Rights Policy.

Employees are typically encouraged to report concerns about possible violations of our Code of Conduct by contacting their immediate manager, that manager's supervisor, or the relevant department responsible for such matters. If these options are not feasible or preferable, they have the option to use the Volvo Group Whistle to report their concerns related to actual or possible violations of our Code of Conduct. Our investigations are done according to Volvo standards and assessed according to the Volvo Group Code of Conduct, Volvo values and local labor law regulation to ensure fairness in resolution and remedy.

In 2025, 250 complaints relating to Fair Workplace Management were reported via the Volvo Group Whistle. Of these, 45 allegations were perceived as related to discrimination including harassment (as a specific form of discrimination), included in the category Fair Workplace Management on page 182. All reports were investigated, with six being in progress at year-end. Nine of the closed reports were substantiated. Most cases resulted in corrective actions, such as training, coaching or changes to processes or routines or with disciplinary actions. Moreover, six cases alleging sexual harassment were reported in 2025 which are included in the category Violations of privacy or private sphere. Of these, three were substantiated and followed with disciplinary measures. None of these discrimination incidents led to fines, penalties or compensation for damages.

[Read more about Whistleblowing](#) on page 182.

Human Rights policy and commitment for own workforce

Our Human Rights Policy includes commitments to perform human rights due diligence to manage risks related to labor rights for people across our value chain. The Volvo Group Code of Conduct includes a range of labor rights such as zero tolerance for modern slavery, including forced, bonded or compulsory labor, and human trafficking. The policy further explains how we respect children's right to personal development and education and that we prohibit the use of child labor. The Volvo Group Human Rights Policy and the Volvo Group Code of Conduct together formalize our commitments and expectations on respecting labor rights. Efforts to ensure compliance with local labor laws are managed at the local level by Human Resources functions across divisions and business areas.

Globally, the organization is working to assess its maturity in managing human rights in accordance with international standards. As part of the Human Rights Risk and Maturity Assessment for 2025, five key areas within People Management and operations have been identified for initial focus. These areas include health and safety, harassment and non-discrimination, young workers, living wages, and grievance mechanisms. The organization's values are already reflected in the management of these topics. However, there is a commitment to enhancing consistency and effectiveness through the adoption of a human rights due diligence approach. This ongoing effort aims to strengthen responsible practices and uphold human rights across all operations.

Workforce consultation occurs through formal dialogue processes and allows employees and non-employees to seek support from unions, employee representatives, and various company functions.

The Volvo Group operates in markets with elevated risks related to a range of human rights. Regarding forced labor and child labor, these are not identified as salient in our own workforce but is reported on in section Workers in the value chain.

Living wage principles

As part of our compensation principles, Volvo Group has committed to paying all employees fair living wages. Actual compensation practices are monitored several times per year against living wage benchmarks. Tests include legal minimum wage and wages established by collective bargaining, as well as comparative tests against fair living wage data provided by WageIndicator Foundation. During 2025, all employees were paid an adequate wage.

Workers in the value chain

The Volvo Group has a global value chain that involves numerous supply partners, sub-suppliers, distributors, and other business partners. This extensive network is dependent on people to provide high quality products and services for us to deliver on our customer promise. We seek to safeguard health, safety and other human rights for people across our value chain.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
Value chain workers' rights	<ul style="list-style-type: none"> ● Among supply partners of direct and indirect material as well as services, commonly identified deviations to our standards over time relates to labor rights, including health and safety, wages, working time and collective bargaining. Several of these rights are at risk in different parts of the value chain. 	<ul style="list-style-type: none"> ● If human rights incidents occur in the value chain, it may also lead to reputational risks to the Volvo Group. Upcoming regulatory demands on human rights and environmental due diligence may also entail additional potential risks. Risks to the Volvo Group are assessed similar for both workers' rights, forced labor and child labor. <ul style="list-style-type: none"> Active work to prevent or mitigate risks, in combination with increasing awareness about global value chains can result in opportunities related to reputation among stakeholders.
Forced labor and child labor	<ul style="list-style-type: none"> ● Some supply partner operations are located in geographies with elevated forced labor risks. Our due diligence has occasionally identified potential forced labor cases, which are addressed and continuously monitored to prevent severe incidents. Child labor is another potential risk, primarily in the deeper tiers of our upstream supply chain. 	

Materiality: ▲ Very high ◆ High ● Medium — Low

We assess impacts, risks, and opportunities throughout the value chain, encompassing suppliers, sub-suppliers, contractors, service providers, distributors, dealers, importers, business partners and customers. The materiality assessment is informed by due diligence activities, including supplier self-assessments, on-site audits, grievance reports, and external data sources. Given the size and complexity of Volvo Group's supply chain, primary data on workers beyond first and second tier suppliers is limited. As a result, materiality assessments further upstream rely largely on proxy data related to human rights and environmental risks across geographies, commodities, and business activities. Key human rights risks identified include forced labor, child labor, and broader labor rights issues such as working conditions, adequate living standards, safety, non-discrimination, and access to remedy. We distinguish between actual impacts, which we mitigate, address, and remediate where necessary, and potential impacts, which we focus on assessing and preventing.

Policies and stakeholder engagement

The Volvo Group relies on a range of key policies when identifying, preventing, mitigating and addressing potential material negative impacts to value chain workers. Our Human Rights policy establishes our commitment to embed human rights due diligence into business, in line with international frameworks as explained on page 149. The policy sets out our commitment to undertake human rights due diligence using a risk-based approach across the relevant parts of our value chain including in relation to our own operations, our supply chain, and our downstream business relationships.

Volvo Group Supply Partner Code of Conduct

The Volvo Group Supply Partner Code of Conduct sets the standards for collaboration with our supply partners to build sustainable supply networks. It reflects our commitments in areas including

people, resources, climate, business ethics, and human rights, and provides guidance on meeting these expectations. Key topics include achieving a net-zero value chain, operating within planetary boundaries, promoting well-being and empowerment, and upholding labor rights. The policy strictly prohibits forced or child labor and human trafficking. It supports freedom of association and collective bargaining, and requires due diligence on minerals and materials. It is aligned with international frameworks such as the OECD Guidelines, UN Guiding Principles on Business and Human Rights, ILO, Responsible Trucking, and the DRIVE Sustainability principles. The policy document forms part of our contractual agreements with supply partners and is regularly reviewed to maintain a leading global standard.

In 2025 we strengthened this framework by introducing a Sustainable Materials Sourcing and Due Diligence Policy. This policy further ensures that our sourcing practices align with internationally recognized human rights and labor standards and comply with applicable legal regulations. It reinforces our expectations for traceability, responsible sourcing, and robust risk assessment across the supply chain, complementing the Supply Partner Code of Conduct.

Engagement and escalation with partners

Our supply network due diligence includes sustainability assessments, which are conducted through supply partners' self-assessments as well as targeted in-depth on-site audits. Audits are prioritized based on risks related to country, commodity, process, or work area, and consider all thematic risks covered by the Supply Partner Code of Conduct. Risks may also be flagged during audits, training, visits, or via the Volvo Group Whistle grievance mechanism. Most audits and reviews are conducted by internal teams, with purchasing staff and specialized auditors ensuring gaps are addressed.

Supplier self-assessments use a standardized questionnaire (SAQ) developed by DRIVE Sustainability, covering human rights, working conditions, environmental, and responsible supply chain management. Responses are validated by a third party, and results

inform partner selection and corrective action plans. Assessments are valid for three years, and the SAQ itself is updated regularly to address new requirements and drive continuous improvement.

For downstream partners, such as dealers and importers, the different business areas and divisions under the Volvo Group set requirements and follow up with monitoring and engagement regarding compliance and sustainability due diligence, read more 178.

Stakeholder engagement and consultation

The Volvo Group engages directly with workers in the value chain during on-site audits at supply partners. This is conducted in an interview format which is part of the standard audit procedure. The effectiveness of engagement is assessed on an aggregated level as part of the outcome of the audit reports. In addition, we review industry reports and collaborate with a range of organizations whose purpose is to promote workers' rights. As a complementary mechanism to understand potential impacts, we engage in dialogues with expert organizations providing insights as representatives of affected stakeholders.

From previous due diligence processes we have gained insights into some groups that are particularly vulnerable, for example service providers working at our sites or at our partners sites. In 2025, examples of engagement with potentially affected stakeholders includes seeking input from individuals employed by contractor and sub-contractors during the development of our Mexican manufacturing site, as well as assessments of working conditions for employees at bus body builder partners in Brazil, Spain and Thailand.

Speak up

Grievances can be reported to Volvo Group management through several channels, including the Volvo Group Whistle, a third-party platform open to anyone inside or outside the company. Stakeholders can ask questions or raise questions or report concerns via volvogroup.com, where the Whistleblower protection policy is also available. This policy prohibits any retaliation against those reporting in good faith or assisting in investigations.

Read more about Grievance mechanisms, page 149 and, Whistleblower reporting, page 182.

Actions, mitigation and remediation

Our due diligence activities primarily seek to prevent material negative impacts through strong supply network controls and verification processes.

Supply partner due diligence

Our screening begins with the sustainability self-assessment questionnaire (SAQ), which provides valuable insights into a potential supply partners' compliance and responsible business practices. In addition to the self-assessment, we conduct additional risk analyses of potential supply partners of direct materials located in high-risk countries, including on-site audits during the sourcing phase. Similarly, potential partners of indirect materials located in high-risk countries are audited if the contract value exceeds a pre-defined threshold.

In 2025, a total of 254 potential and existing supply partners of direct and indirect materials were targeted for on-site audits to detect and address potential risks and impacts. The results are used in sourcing decisions, as well as in supply partner development activities. Deviations from the requirements are expected to be resolved in a timely manner if the long-term partnership is to remain. The responsibility for improvements and corrective actions always lies with the potential supply partners. Deviations at both new and existing suppliers are managed by the responsible buyer, together with the auditor, until resolved. Those who fail to address critical issues risk not being awarded a contract or, for existing partners, having their contracts terminated. However, we strive to work together with our partners to enable continuous improvement and consider termination only as a last resort.

As part of the due diligence program, the Volvo Group also invests in training and capacity-building initiatives for our supply network. For broad implementation in the supply network, this is done in collaboration with DRIVE Sustainability. Volvo Group is also a member of DRIVE Sustainability China for a sharper focus on local activities. Additionally, we engage in regular dialogues on sustainability with our supply partners at events throughout the year, for example, through Business Review Meetings, Strategic Innovation Dialogues, and decarbonization dialogues.

Supply partner self-assessments (SAQs)		
	2025	2024
SAQs performed 2025, absolute number	2,921	3,547
Direct material supply partners with SAQs performed (% by spend)	93	94
Direct material supply partners conformant with our SAQ requirements (% by spend)	86	85
Direct material supply partners in high-risk areas with SAQs performed (% by spend)	94	96
Direct material supply partners in high-risk areas conformant with our SAQ requirements (% by spend)	87	85

Supply partner on-site audits		
	2025	2024
Supplier audits conducted	254	481
Number of identified deviations at supply partners	190	439

Self-assessments and on-site audits cover all topics of the Volvo Group Supply Partner Code of Conduct, including social matters, environmental impacts and business ethics. The most common deviations identified through on-site audits at supply partners in 2025 were primarily related to supply chain management, human rights and business ethics, and management commitment.

Within supply chain management, deviations mainly concerned missing or insufficient social, environmental, or business ethics requirements being set for, or communicated to, supply partners' own supply networks.

With regard to human rights and business ethics, deviations were mainly related to excessive working hours for employees.

Within management commitment, deviations most often involved missing codes of conduct or existing codes of conduct which did not adequately address key risk areas.

In addition to the supply partner audits summarized above, deeper supply chain audits were conducted on components of strategic importance to increase supply chain transparency.

In line with our general approach to provide for or cooperate in remediation (see page 149), the Volvo Group has cooperated with a business partner in order to conclude a more serious deviation during the year. The matter related to payment of recruitment fees by workers to third parties connected to a business partner in Southeast Asia. The business partner is in the final stages of finalizing remediation through financial compensation.

Sustainable materials due diligence

For high-risk materials, we work to prevent adverse impacts through the Volvo Group Sustainable Materials Program. The program follows the OECD Due Diligence Guidance for Responsible Supply Chains and uses tools from the Responsible Minerals Initiative (RMI). Focus materials for 2025 included tin, tantalum, tungsten, gold (3TG), cobalt, and mica. These materials are used in many components but where we have limited influence over the source.

The program engages tier 1 supply partners whose parts contain these materials. Supply partners declare their due diligence measures and disclose the smelters or refiners (SORs) in their supply chains. This collaboration enables us to identify, map, and mitigate potential risks.

Through RMI assessments, eligible SORs are evaluated and audited by independent third parties to confirm compliance with the Responsible Minerals Assurance Process (RMAP) standards. Audited SORs are classified as conformant or non-conformant. The share of pending are in the intermediate stages. Compared to 2024, 3TG conformance in 2025 remained on the same level. Conformance for extended materials showed a slight decline, primarily due to mica being introduced into the program for the first time, bringing in new upstream actors with limited prior experience in recognized audit programs.

We continuously review additional critical raw materials, guided by the Volvo Top Critical Materials list, to expand the program's scope. These regular reviews enable the Volvo Group to expand the program's scope as needed to ensure sustainability and regulatory compliance.

Smelter and refiners participation and conformity, 2025

	Supply partners in scope		Participating supply partners		Identified smelters or refiners (SOR)		Conformant SORs (%)		Non-conformant SORs (%)	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
3TG (tin, tantalum, tungsten and gold)	556	654	485	543	601	602	63	63	9	8
Extended materials (cobalt and mica)	339	696	236	474	140	98	44	52	6	3

Examples of industry collaborations for sustainable supply networks

The **Responsible Minerals Initiative (RMI)** is a collaborative platform addressing responsible mineral sourcing in global supply networks. Through RMI, participants develop and gain access to tools and resources to ensure regulatory compliance and support responsible sourcing of minerals from conflict-affected and high-risk areas.

DRIVE Sustainability is a network of 18 leading automotive companies working toward enhancing sustainability throughout the automotive industry by leveraging a common voice and by engaging with our supply chain partners, stakeholders, and related sectors on impactful activities. The Volvo Group is active in several working groups within the initiative to leverage a sustainable automotive value chain.

Responsible Trucking is a collaboration between nine leading transport buyers and transport providers, aiming to improve truck drivers' working conditions and promote fair and safe road transport across Europe. The initiative strives to drive positive change in the European trucking industry and contribute to more socially sustainable transport supply networks.

Affected communities

In the Volvo Group, we see that transport and infrastructure solutions are key to driving prosperity – every day our products deliver food and medicine, take children to schools, power irrigation systems and construct roads and buildings. In this section we do not attempt to quantify these benefits, but focus more on the due diligence processes applied to avoid or mitigate adverse impacts, and specific business activities aimed at delivering measurable positive outcomes.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
Impacts on people linked to use of products	● Risks for adverse impacts when products are used in high-risk sectors or when misused. Potential impacts include for example poor working conditions, child labor, forced labor, and right to life and security. As a manufacturer we have limited ability to control the use of sold product, given that ownership has been passed on to end-users, but the severity of such potential impacts precedes o the likelihood of occurrence.	● If severe incidents occur in the downstream value chain with connection to Volvo Group, this may may also lead to reputational risks.
Business activities for positive community impacts	◆ Positive impacts for people of increase job matching and employability from business activities involving vocational training.	● Several Business Areas, especially in fast growing markets, have identified vocational training of drivers and mechanics as an opportunity and a prerequisite for business growth.

Materiality: ▲ Very high ◆ High ● Medium — Low

Our approach to assess and address impacts on affected communities is continuously developing. We have so far identified certain areas of priority described in this report where we focus our efforts. The areas of potential risk have been identified or validated through a human rights risk and maturity assessment conducted throughout Volvo Group during 2024 and 2025.

Policies and stakeholder engagement

When identifying, preventing, mitigating and addressing material potential negative impacts we are guided by steering documents such as our Human Rights Policy, Code of Conduct, Volvo Group supply partner Code of Conduct, and Environmental Policy and associated directive and instructions.

Our human rights policy sets out our commitment to undertake due diligence in line with the UN Guiding Principles on Business and Human Rights, and focus our efforts on the most salient human rights risks for the Volvo Group. Regarding community impacts, this work focuses on impacts from our own operations, as well as to undertake relevant human rights due diligence in relation to business partners activities and use of sold products.

Consultation with communities

When expanding our industrial operations, our approach includes consultation with community representatives such as environmental authorities, local government, NGOs, and community members – to ensure our procedures meet stakeholder expectations and regulatory requirements. These consultations aim to identify and prevent potential human rights risks associated with new operations. We

also engage with relevant rightsholder proxies, and the feedback informs project decision-making. So far, consultations have mainly focused on specific Volvo Group projects, but we are working to develop a more structured and effective approach as part of our broader human rights program.

We strive to consider the human rights of groups that may be especially vulnerable or marginalized. Related to our business activities, vulnerable groups include people in conflict areas, women, young workers, and migrant workers. As we enhance our human rights due diligence, we focus on these groups to ensure our interventions address their specific risks.

In 2025, we have prioritized downstream due diligence with focus on product misuse and operations in Conflict Affected and High Risk Areas (CAHRAs). As part of this, we worked to enhance our understanding of human rights risks associated with Volvo Group's business in Israel and explored ways to strengthen our human rights due diligence processes. Engagement with expert organizations has been essential to these efforts.

Speak-up

All external stakeholders, including people in potentially affected communities have possibilities to raise concerns to Volvo Group's management. All available channels are easily found on [volvogroup.com](https://www.volvogroup.com), along with our policies for protection against retaliation. As part of the ongoing roll out of our human rights program, we aim to develop a broader approach to consultation with rightsholders, including indicators that allow us to measure effectiveness of processes. Read more on the Volvo Group's general approach to grievance handling related to human rights on page 149.

Actions, mitigation and remediation

Regarding potential adverse impacts on communities, the Volvo Group first of all seeks to prevent or mitigate impacts. In the establishment of new operations, we have identified risk proactively, early in the process and been able to mitigate these with our business partners. To date, these types of investigations have been carried out ad hoc depending on the case at hand, however as we progress the implementation of our human rights program, this will include strengthening processes as well as associated guidance and tools, for provision of remedy. Our general approach to remediation as well as grievance handling on page 149.

Product use – Downstream due diligence

For our downstream value chain, we have identified potential impacts on communities in particular related to sales to military end-users, sales of militarized products, sales to high-risk sectors and sales in Conflict Affected and High-Risk Markets. In order to prevent, mitigate and remediate adverse human rights impacts on people in communities, we have processes aiming to secure compliance with laws, sanctions, and export controls. We further assess certain sales for risks related to human rights, environment, and business ethics.

When evaluating commercial sales, our Business Areas use external risk tools like Verisk Maplecroft and RepRisk to identify and assess risks. Findings are reviewed and escalated as needed, and we engage with customers to mitigate risks if necessary. We may also consult external organizations, such as embassies or NGOs. If risks are too high and cannot be mitigated, we may decline the sale. Assessments consider for example country risk, customer segments, end-users, and product use, with Group Functions providing support as needed. Examples of ways of working are available on volvogroup.com

For sales of militarized products in high-risk countries, Volvo Group's Business Areas must escalate certain transactions for assessment by Group Functions before making an offer. The review considers factors like arms embargoes, conflicts, political instability, and human rights risks, following an internal directive in addition to national export license requirements. The EU's export rules also require consideration of human rights and international humanitarian law.

Depending on the risk level of the country, sales decisions are made either by the Military Sales Committee (comprising relevant members of our executive management) or by Business Areas, based on recommendations from Group Functions.

Vocational training – Business activities with positive impact

Volvo Group undertakes a range of business activities designed to deliver positive outcomes for people in communities around our business. We prioritize projects where our involvement is essential to success and where both societal and business impacts are significant. Vocational training initiatives for drivers and mechanics in emerging markets are considered especially important, as they create shared value for local communities and the Volvo Group.

Our societal engagement program is structured around four key focus areas: health and wellbeing, education and capacity building, emergency response, and traffic safety. These areas are closely aligned with our sustainability strategy and support the United Nations Sustainable Development Goals (SDGs). Through broad and targeted partnerships, we aim to build long-term value and trust with stakeholders.

The Group's policies related to vocational training projects include requirements on due diligence of all involved partners. The projects shall have formal outcome reports and be implemented in collaboration with a governmental aid organization and an implementation partner. In the Volvo Group, we also refer to these engagements as shared value activities. The projects should be based on benefits for people in the communities that are connected to upskilling and job matching. There shall also be an identified business value for the Volvo Group and end-users of our offer, e.g. access to skilled drivers and mechanics to run operations. Projects are established in collaboration with one or several of the Group's Business Areas and their private importers.

Volvo Group collaborates with leading organizations such as SIDA, UNIDO, and Helvetas in our Public Private Development Partnership (PPDP) programs. These partnerships enable us to combine expertise and resources to deliver impactful vocational training and capacity-building initiatives. Together, we work to create sustainable opportunities for local communities, enhance skills development, and support long-term economic growth.

Sub-topics elaborated in other parts of this report

In addition to the above, we have also identified matters relevant for affected communities which are reported in other sections of this report.

- Raw material extraction can result in negative impacts further upstream in the value chain.

[Read more](#) about Sustainable materials due diligence, page 176.

- We work to mitigate environmental and climate impacts because its actual or potential impacts on people and communities.

[Read more](#) about Climate page 151, Pollution page 160, Resource use and circular economy page 161.

Vocational training projects, and outcomes

Projects, country (implementation timeline)	Individuals attended (aggregated since start)	Employment rate nine months after (%)
ACCES, Morocco, (2018-2023)	870	80
AGEVEC, Morocco (2014-2019)	531	70
HDECOVA, Ethiopia, (2012-2019)	278	82
MISALE, Ethiopia (2017-2025)	9,046	81
ZAMITA, Zambia, Phase 1&2 (2015-2025)	1,382	38

Metrics about attention and the employment rates are provided by implementation partners. Follow ups are performed by surveying a selection of individual attendees after graduating.

Consumers and end-users

More than 1 million people are killed in traffic accidents each year worldwide. Although heavy commercial vehicles are involved in only a relatively small proportion of these incidents, the issue remains a significant societal deserving considerable attention. Safety is part of the Group's product strategy where we aim to be in the forefront and bring solutions to the market that are continuously improving road traffic safety as well as safety on customers' sites.

Impacts, risks and opportunities

Main sub areas	Impacts	Risks and opportunities
Product and traffic safety	<ul style="list-style-type: none"> The effects of traffic accidents on individual safety can be significant, making prevention a priority. Adding safety features and promoting active and passive safety technologies in heavy vehicles, such as trucks and buses, is especially important since they often travel at high speeds and share roads with vulnerable users. 	<ul style="list-style-type: none"> Potential risks could occur as consequences of non-compliance with safety regulations. Opportunities for differentiation by offering products and services to the customers helping them to improve safe operations on road as well as on their sites.

Materiality: ▲ Very high ◆ High ● Medium — Low

Product and traffic safety is an entity-specific topic related to end-user safety. Statistical data indicates that most fatalities in accidents involving heavy commercial vehicles are passenger car occupants and vulnerable road users. Consequently, the Volvo Group's approach to safety goes beyond the safety of the direct user of our products and includes the safety of everybody that comes into contact with our products. This is reflected in the development work and in the assessment of materiality in which we consider impacts on direct end-users such as drivers and operators of our vehicles and machines, as well as other road users, e.g. passenger car occupants and vulnerable road users such as pedestrians and cyclists.

Policies and stakeholder engagement

The Volvo Group's Safety policy, and access to remediation if needed, is grounded in our commitment to human rights, refer to page 149.

Our vision is zero accidents with Volvo Group products and this work includes product safety and traffic safety. In our policy, product safety is our first delivery. We systematically evaluate risks and take action to mitigate risks and implement improvements. We base our efforts and solutions on the needs of our customers to deliver real safety benefits, taking into account drivers, operators, passengers, other vehicles and road users and local market conditions. The policy also includes how Volvo Group representatives shall act as ambassadors for safety, and set a good example by practicing safety in all aspects of our business and external collaborations.

In the use-phase, Volvo Group works with accident statistics and in-depth accident research to understand the context and challenges facing customers in their operations. In addition to our accident research, targeted investigations are carried out to understand how well the introduced driver assistance safety systems work from the customer perspective. We also engage with a variety of stakeholders such as regulators and policy-makers, non-profit organizations, academia with the aim to promote progress on road traffic safety and enable safer solutions to be brought to the market.

Regarding data privacy, vehicle data is used to continuously develop safer solutions. Volvo Group has strict policies on how vehicle data can be used and stored. As an example, data about vehicle usage can be gathered to gain insights about driving patterns and develop more efficient and safe products but is not monitored in relation to unlawful behavior. Volvo Group's compliance management system for data privacy includes training, audits and testing.

Actions, mitigation and remediation

Our objective is to develop products that assist in preventing accidents from occurring and, when accidents do occur, to seek to minimize or reduce the consequences for the drivers, passengers, operators and people around our products.

Product safety

Product safety is about the ability of the vehicle to not cause harm to someone operating or being exposed to the vehicle in its intended use and reasonably foreseeable misuse, including product cybersecurity and data privacy. Our key processes – from development, through procurement, manufacturing and all the way to retail and service require systematic quality management. The aim is to secure the safety and quality of our products over their life cycle. Product lines are assessed for health and safety impacts with the purpose of securing that they are designed to be safe and to find quality improvements. Quality controls are established in key development and production processes according to applicable automotive standards. Suppliers are required to adhere to the technical and safety demands we define for different products and components. Technical audits are used to evaluate the safety management systems of supply partners.

Active safety

Active safety is about the vehicle's ability to support the driver to avoid or mitigate accidents. As part of this we provide Advanced Driver Assistance Systems (ADAS) across all our product lines and advocate for wide adoption in our industry. Active use of the ADAS systems is followed up to make those systems increasingly user friendly.

Collision safety

Collision safety and collision compatibility focus on the vehicles' ability to reduce injuries when collisions are not possible to avoid as well as the interaction between the vehicles and other road users. In this work we conduct collision testing and investigate real accidents to continuously make vehicles safer.

Automated driving

Automated driving is about the development and deployment of systems that control vehicles with little or no human intervention to enable safer and more productive operations. The Volvo Group has established Volvo Autonomous Solutions (VAS) as separate business area to develop and commercialize autonomous vehicles for both on-road and other applications, where safety is one of the most important challenges addressed.

Resources used to implement product and traffic safety efforts are part of the Group's research and development activities. In addition to the above strategic levers, efforts are made within the Group's Business areas selling the vehicles and transport solutions to promote safe usage of our products through driver and operator training programs and to promote safe interaction with our products, for example through awareness programs like Stop, Look Wave and See and Be Seen.

We are continuously monitoring internal metrics, such as usage of active safety system, and R&D spend related to safety, to have an oversight on safety performance. So far, we have not concluded that our strive for safety is best followed up by any single Group-wide metric, but instead by following activities as well as response from the market and end-users. Example of one such market indicator is the Euro NCAP-ratings, see information box below.

If and when other metrics are adopted for performance follow-up, such will be phased in to the sustainability report.

Euro NCAP benchmark for vehicle safety

Euro NCAP is Europe's benchmark for vehicle safety. In 2024, Volvo Trucks received five-star awards and CitySafe accreditation from Euro NCAP for its top selling tractor models FH Aero and FM, and in 2025 we received five-star awards for the rigid configurations of the two models. Five stars mean among other things the highest safety performance on criteria such as driver support and collision avoidance, delivering traffic safety for the driver and surrounding road users. Both the rigid and tractor versions were also awarded the benchmark's CitySafe label, recognizing the vehicles best equipped for urban driving and for the protection of vulnerable road users.

Renault Trucks model T, which is built on the same platform as Volvo FH and FM, received four stars in both 2024 and 2025, but also earned the benchmark's CitySafe label in 2025.

Governance - Business conduct

The Volvo Group is committed to conducting its global operations in a fair and lawful manner. We strongly believe that conducting our business in line with applicable laws and regulations and in a transparent and competitive business environment is the best basis for sustainable success and the best way to protect our reputation. For this reason, the Volvo Group has given itself a Code of Conduct that provides the basic principles for our business conduct and various compliance risks are addressed and managed across the organization.

Main sub areas	Impacts	Risks and opportunities
Anti-corruption and competition law	— The Group's compliance program is deployed with the purpose to avoid negative impacts on stakeholders and the likelihood of such occurrence is deemed low.	◆ Even though the likelihood for severe occurrences of non-compliance is deemed low, we report our preventative activities for transparency purposes.
Political engagement	◆ The main material aspect in this area is lobbying activities. Impacts can be achieved in strategic subject matters by being part of policy development.	— Stakeholder have a high interest in Volvo Group's advocacy efforts and position on sustainability-related policies, which could lead to reputational risks and opportunities.

Materiality: ▲ Very high ◆ High ● Medium — Low

Compliance programs

Governance

For defined compliance areas, such as competition and anti-corruption laws, export control regulations, data privacy, anti-money laundering and countering the financing of terrorism as well as Compliance with the Artificial Intelligence related regulation, a dedicated Group Compliance function oversees the effective implementation of a compliance management system approach and reports to the relevant management forums, including the Audit Committee. The Volvo Group's compliance management system amongst other things includes risk assessments, policies, guidelines and procedures, regular compliance and management communication, compliance training, as well as assurance activities such as effectiveness testing and auditing. The Volvo Group has further implemented Group-wide Whistleblowing channels that can be used by internal and external parties for all compliance areas. The different business areas have established compliance committees with executive management involvement and compliance functions to manage the implementation of the compliance management system in their areas and to cover additional compliance areas, such as anti-money laundering or emission compliance, to the extent needed. In 2025, no cases of non-compliance with material effects on the Volvo Group were identified.

Actions - Compliance training and communication

Conducting business in line with applicable laws and regulations is the basis for sustainable success. On top of this, Volvo Group's top management, Group Compliance and other internal stakeholders regularly communicate the importance of conducting business in an ethical manner.

The Volvo Group has developed and implemented a compliance training strategy that tailors compliance training to individual training needs in a risk-based manner. This training strategy is regularly reviewed so that training content, target groups and frequency of training is adjusted over time. The training strategy currently includes mandatory e-learning awareness courses for competition law, anti-corruption, export control and data privacy for a broad basis of employees on all levels of management as well as advanced

and typically instructor-led training for all employees performing certain activities with elevated risk levels.

At the end of 2025, 69,444 Volvo Group employees had completed the annual Code of Conduct e-learning. For other awareness and advanced courses, training cycles typically stretch over two to three years. Beyond the mandatory compliance training program, the Volvo Group also offers a series of other training modules on a demand basis.

Compliance training summary

Training type	Employees participating during training cycle (2023-2025)
Anti-Corruption (awareness)	40,703
Competition Law (awareness)	40,430
Export Control and Sanctions (awareness)	42,069
Data Privacy (awareness)	19,959
Anti-Corruption (advanced)	7,901
Competition Law (advanced)	7,403
Export Control and Sanctions (advanced)	1,069
Data Privacy (advanced)	8,213

Anti-corruption

The Volvo Group firmly condemns all forms of corruption, including bribery. Not only is corruption illegal but it also distorts the market, disrupts fair competition, and hinders social development. Volvo Group employees, at all levels, are strictly forbidden from engaging in any form of corrupt practices, such as offering or accepting, directly or indirectly, bribes, inappropriate gifts or hospitality, or facilitation payments. The Volvo Group expects its business partners to uphold similar anti-corruption standards.

Based on its anti-corruption risk assessments, the Volvo Group has codified specific risk-related mitigation measures in a group wide anti-corruption policy and related mandatory procedures. Key components are a requirement of accurate and fair books and records, a mandatory risk-based due diligence screening for third

party intermediaries, a prohibition of facilitation payments, and comprehensive rules and procedures regarding third party intermediary remuneration, gifts and hospitality, sponsorships and charitable donations. The implementation is overseen by the Group Compliance function and supported with dedicated guidance, training programs and internal controls and in close collaboration with the dedicated legal and compliance teams within the truck divisions and business areas.

In 2025, the Volvo Group were not convicted or fined for any violation of anti-corruption or anti-bribery laws.

Competition law

The Volvo Group strictly prohibits any conduct that violates competition laws and regulations. The Volvo Group competes on the merit of its products and services and trusts that its products and services will succeed in a fair and competitive marketplace. Employees at all levels are prohibited from participating, or otherwise becoming involved, in any conduct that would violate competition laws, such as anti-competitive agreements with competitors. The Volvo Group also expects its business partners to adopt and enforce comparable competition law principles and includes these requirements in contractual agreements.

Based on its internal risk assessments, the Volvo Group has supplemented the principles of fair competition in the Code of Conduct with a dedicated competition law policy, as well as detailed instructions and best practice guidelines. These include guidelines on commercially sensitive information, trade associations, benchmarking, document creation and retention, relationships with private dealers, suppliers and body builders, and employment information, as well as a comprehensive handbook on collaborations with competitors. The framework was updated in 2025.

Group Compliance is responsible for designing, developing, and overseeing the effectiveness of the Volvo Group competition law compliance program in close collaboration with the dedicated legal and compliance teams within the business areas.

Whistleblower reporting

In Volvo Group, we believe that a vivid speak-up culture is a crucial element for the company's success, can help uncover misconduct, and prevent violations of the law. We encourage our employees to report and act upon suspected misconduct, and invite external third parties such as business partners, customers, suppliers, dealers, consultants, former or potential employees, or anyone else who is concerned with Volvo Group's business to report their concerns.

In our publicly available whistleblowing and investigations policy, we inform about how to report and our commitments in the reporting and investigation process. Amongst others, this includes our commitments regarding anonymous reporting, confidentiality, independent and objective investigations, the feedback to the reporting party and a clearly stated non-retaliation policy for good-faith reporting.

The Whistleblowing and Global Investigations function is an independent unit within Group Compliance overseeing the report intake and investigation process. We regularly communicate about our whistleblowing channels internally and provide detailed information about our whistleblowing channels on our public website. Awareness and trust in this mechanism is assessed by considering usage, which is steadily increasing.

In 2025, Group Compliance received 479 concerns through several available reporting channels. All reports were investigated. Of the 48 reports related to Business conduct offenses, 31 were categorized as suspected corruption or conflict of interest. Ten of these were closed substantiated, with appropriate disciplinary and remediation actions taken and six investigations were in progress at year-end.

Matters related to discrimination and harassment are identified in Fair workplace violations and Violations of Privacy or private sphere. These are separately commented upon on page 173.

Whistleblower concerns escalated to Group Compliance				
Type of concerns reported	2025		2024	
	No.	%	No.	%
Fair workplace violations	250	52	210	52
Offenses against company assets	53	11	64	16
Business conduct offenses	48	10	28	7
Offenses endangering the environment or health and safety	25	5	15	4
Violations of privacy or private sphere	15	3	25	6
Offenses against financial integrity	3	< 1	1	< 1
Inquiries	85	18	59	15
Total concerns reported	479		402	

Political engagement

The Volvo Group has continuous dialogue with authorities, regulators and policymakers on matters relevant for us and our customers' business and operations. In doing so, the company can have an impact when representing, or being part of, a broader sector engagement in specific topics as described in this section.

Policy

The dialogue is guided by yearly priorities approved by the Executive Board. The Volvo Group is engaged in direct and indirect advocacy related to public policy, mainly in the EU and the US. Associated costs are reported to transparency registers.

The Volvo Group observes neutrality with regards to political parties and their representatives. The Volvo Group Code of Conduct and related policies serve as the foundation for our positions on public policies.

The Volvo Group's advocacy efforts are based on the following guiding principles and yearly priorities, set by the Executive Board.

Guiding principles:

- In line with the Paris Climate Agreement
- Based on level playing field via fair and free trade
- Supporting technology neutrality and global standards
- With long term prerequisites for clarity and predictability.

Actions

Yearly priorities are divided into three main areas – Geopolitical implications, Competitiveness and Decarbonization.

In the geopolitical area, the purpose during 2025 has been to provide our business areas and markets with political guidance on e.g. security and defense, trade, energy and energy infrastructure, critical raw materials and components, and digital infrastructure and information control.

As regards competitiveness, the ambition has been to promote a fair and competitive business environment with less bureaucracy and clearer, more harmonized rules for innovation and business development. The ambition has also been to strengthen regional competitiveness by responding quickly to geopolitical changes and improving cooperation between central institutions and countries for more effective policy implementation.

Within decarbonization we have focused on promoting business friendly, data driven policies that speed up the transition to net zero by supporting sustainable energy systems, reliable energy supply, needed fuel and electricity infrastructure, and clear, coordinated policies that boost the use of zero emission technologies. During 2025, we have continued to focus on regulations that impact the net zero transition and air pollution prevention such as EU CO₂, Euro 7, US EPA GHG.

Volvo Group holds a vast number of memberships in trade associations, other organizations and sponsorships providing possibilities to evaluate and provide input on proposed regulations and policies. The Group does not consider a membership being equal to aligning with all positions of the relevant organization, but cares to secure that the organizations' view do not oppose the Volvo Group's ambition or hinder its development. Volvo Group continuously reviews and evaluates our memberships. A non-exhaustive list of memberships is available on volvogroup.com/report2025.

Volvo Group is registered in the EU and US Lobby Transparency Register in the names of Volvo AB and Volvo Group North America, LLC. In 2025, the cost reported for lobbying in the EU and the US was approximately SEK 21 M.

Notes to the Sustainability Statements

These complementary notes include administrative information and certain details about processes and methodologies referred to from other parts of the Statement for better readability.

Basis for preparing the report

Consolidation scope of sustainability statement

The sustainability disclosures are prepared on a consolidated basis and the scope corresponds to the Group's financial statements if nothing else is stated.

Coverage of upstream and downstream value chain

Climate

The scope of the climate reporting is based on GHG protocol corporate standards. The inventory includes scope 1 and 2 and all 15 categories of scope 3. The disclosures about GHG emission includes individual reporting of scope 1, scope 2, scope 3.11 and scope 3.1, which together make up over 99% of the total GHG emission inventory.

Pollution

The materiality assessment has considered pollution in materials, from suppliers and from products, including end-of life management.

Waste

The materiality assessment has considered the main waste streams related to our value chain where we have influence. Thus, in the consolidated Sustainability statements, only waste from own operations is included.

Own workforce

Our workforce includes direct employees as well as consultants reporting to a Volvo Group manager in the line organization. In addition, contractors working on Volvo Group's sites are included in the Health and Safety metrics as specified in the section on accidents.

Human rights

The main disclosures covering human rights are found in the sections Workers in the value chain and Affected Communities. In our assessment of social impact over the value chain, we have identified hotspots where it is more probable that impacts may occur. This includes suppliers in tiers closer to Volvo Group and at joint ventures, people working in logistics, at importers and exporters, distributors, private dealers and service workshops. The assessment also considers people working in the supply chain further upstream as well as in surrounding communities.

Time horizons

The sustainability statements use the time horizons adopted in the Group's Enterprise risk management process. Short term is up to one year, medium is up to three years and long term up to ten years. In certain cases, the Group uses even longer time horizons, e.g. in establishing longer term roadmaps.

The purpose of using three years as medium term is related to the Group's investment plan which has a three-year time horizon.

Metrics including estimations

For several metrics and data points related to value chain impacts, the report relies on proxy data to conduct diligence activities.

On outcome metrics, certain estimations are used in the calculation of greenhouse gas emissions. Efforts have been taken during 2025 to improve accuracy of scope 3 category 1. Previously, emission from purchased goods and services relied on financial spend allocation. The Group has worked to implement a more refined method and supporting systems to further detail data on GHG emissions in the upstream value chain. This is based on volumes purchased in combination with specific emission factors per material as stated in each material data sheet. See section Climate, page 158 for detailed explanations about methodology to calculate GHG emissions.

Changes, corrections and restatements

Historical data on GHG emissions on page 157 has been restated to reflect re-calculated baselines due to divestments since 2019.

Sustainability reporting standards

Sustainability statements are prepared in accordance with the European Sustainability Reporting standards (ESRS).

Topics related to this report

Complementary information is available on volvogroup.com/report2025. This includes:

- Locations of major operations
- Membership in associations
- Code of Conduct and related policies.

External assurance

The Volvo Group's Sustainability Statements have been subject to limited assurance in accordance with RevR19. Please refer to the Auditor's statement of the Limited assurance on page 213.

Organizational details

Name of the organization

The name of the company issuing this report is AB Volvo (publ). The company is the parent company of the Volvo Group.

Ownership and legal form

AB Volvo (publ) is a publicly held company, and its shares are listed on the stock exchange Nasdaq Stockholm, Sweden.

Contacts

See page 229.

Reporting cycle and frequency

The reporting cycle is annual. The reporting period is January 1, 2025 to December 31, 2025. The date of the most recent report was February 27, 2025.

Details on the materiality assessment

This section provides details on methodology to assess impacts, risks and opportunities in the materiality assessment and complements the illustrative version on page 149.

Risks and opportunities related to sustainability topics have been identified by analyzing actual risks and considering various theories on future developments. This analysis covers the short, medium, and long term. For areas where there is high uncertainty, the process includes scenarios that explore potential outcomes. The theories about risks and opportunities have been developed by a network of sustainability professionals from different areas within the Volvo Group. This work is part of the Group's enterprise risk management process.

In certain cases, mainly related to human rights impacts upstream and downstream activities, the likelihood of impacts are highly uncertain. In these cases, the severity of potential impacts is prioritized over other factors in the materiality assessment. A concrete example is forced labor and child labor in the value chain, which is difficult to identify and where we have assessed that there is a certain possibility of occurrence. Even if the likelihood of such occurrence is uncertain, the severity of the matter makes this prioritized. Another example is adverse impacts on end-user safety, which have a low probability of occurring but could have severe consequences if it occurs.

The magnitude of financial or strategic effects have been categorized into a four-grade scale of low, medium, high, and very high. Where quantification has not been possible or suitable, a qualitative evaluation has been used based on the nature of the effects. This has allowed to assess quantitative and qualitative effects over several different topics on a similar scale.

Likelihood has been assessed for all identified risks and opportunities after assessing a theoretical magnitude. The likelihood assessment may confirm or disqualify risks and opportunities from being material. In this process, one type of impact can be associated with several risks and opportunities with different likelihoods of occurrence.

The overall threshold for assessing a matter as material is between medium and high but all such assessments are also completed by a qualitative judgment of influence or linkage to impacts, as well as exposure to risks and opportunities.

Decision-making process and related internal control procedures

Our process to assess materiality contains many qualitative and quantitative data points, and this is not a strictly mathematical process. However, mathematical assessment is used to avoid bias in the overall materiality assessment.

As part of the assessment, we perform internal controls to ensure that both quantitative and qualitative data is relevant and accurate. Decisions on matters being considered as material for the Group is then taken in a steering committee with representatives from the Executive Board. The process is overseen by the Audit Committee of the AB Volvo Board.

Integration into overall risk management process

The process of identifying and assessing risks and opportunities is integrated in the Group's overall risk management process. The assessment is made as a sub-process to the Group's enterprise risk management process. This process is supported by a crossfunctional forum with representatives from the divisions and business areas who is accountable for managing their risks and opportunities. The prioritized risks and opportunities are consolidated by strategic

functions in the Group, reporting to the Executive Board on the suggested prioritized impacts, risks and opportunities.

Parameters used in the impact materiality assessment

Volvo Group's sustainability due diligence includes a system of processes. Some processes are established through Group-level policies and implemented across the Group, while others are unique for different parts of the organization, and adapted to individual needs of specific operations. A variety of assessment tools are used to identify potential risks and adverse impacts, prioritizing prevention, and mitigation activities, deploy training and awareness, provide for or cooperate in the remediation, and to report progress.

In the process of evaluation impacts, we have considered actual measured impacts, as well as potential impacts that are likely to occur in our operations or value chain.

Climate-related matters include data from greenhouse gas inventory, scenario analysis on financial risks and exposure to weather-related physical risks.

Pollution-related matters include inventories and assessments of usage and risks of substances of concern, measurements of actual pollutants and associated risks.

Resource-related matters include life-cycle assessments of recyclability, measurements of waste management and recycling and reviews of materials used.

All environmental-related matters also include input from supplier audits and self-assessments and where necessary complemented by common environmental risks from proxy data.

Assessment of water-related impacts includes water usage and consumption measurement, water stress assessments and reports on water risks in the product lifecycle.

Biodiversity-related impacts include land areas directly used, proximity to protected areas and linkage to drivers of biodiversity loss in the various stages of the product lifecycle.

For social impacts related to own workforce, we have used measured data on workforce characteristics, coverage of collective bargaining and access to social dialogue, accidents and illnesses, remuneration, whistleblower reports and investigations as main input to our assessment.

For impacts related to workers in the value chain, we have used primary data from site audits and reviews. We have also included data from risk mapping in relation to human rights in the value chain, which has presented geographical as well as thematical hotspots of risks, upstream in the supply chain as well as downstream at importers, service workshops and distributors.

Community impacts have been assessed from collected knowledge gained in recent industrialization projects, community engagement activities, NGO reports and dialogues with proxies for potentially impacted people.

End-user impacts have been assessed by considering primary data accident research, benefits from active and passive vehicle safety features, and proxy data on vehicle- and road safety.

Assessments related to business conduct included investigation and risk assessment on anti-corruption and other compliance-related topics, payment practices and number of late payments to suppliers, activities and effects of advocacy for public policy.

Overall, for risks and opportunities, we have evaluated ongoing market and regulatory roadmaps to conclude if and when our exposure to risks and opportunities may emerge. In this process, regulations that are expected in near term development are

assessed at a higher likelihood. Where it is challenging to monetize risks and opportunities, stakeholder interest, feedback and expectations are used to assess reputational risks and opportunities in a qualitative way.

Changes compared to prior reporting period

In 2025, we reviewed the materiality assessment by focusing on the Group's enterprise risk management reporting, events and occurrences anticipated to trigger a new assessment, and new insights from updated due diligence processes. In addition, as described on page 148, we have identified a new topic under affected communities. This comes from a more detailed follow-up on actual positive impacts. The materiality assessment process will continue to be developed over time, which may lead to additional impact, risks and opportunities being identified as material and included in the Sustainability Statement.

Stakeholders' role in the materiality assessment

We have identified a range of stakeholders to the Volvo Group's sustainability work, and we gather their views in different ways depending on their relationship to Volvo Group.

For some matters in the due diligence process we have found it suitable to seek input directly from affected stakeholders. Key stakeholders in this area are employees, people working in the supply chain, and representatives from environmental and other organizations.

Employee input has been collected from on-site audits, formal dialogues with employee representatives and investigation of cases reported to the Volvo Group whistle reporting channel. Input from people working in the value chain is collected during on-site audits at suppliers, as well as from external proxy data on elevated human rights risks.

In addition to such topic-specific dialogues, we have held discussions with experts from external organizations to capture input from perspectives of stakeholders who may not turn to Volvo Group directly for advice or grievance escalation.

Depending on the subject matter, dialogues are organized in different ways and explained in more detail under each topic-specific disclosure. Dialogues and consultations with certain stakeholder groups are more formalized while others are carried out ad hoc.

By following and contributing to academic research in environmental, human rights and other sustainability-related topics, usage of external assessment tools and risk-maps, we have defined qualitative and quantitative thresholds to assess severity and importance of impacts.

Regulatory bodies are considered a key stakeholder group when we assess risks and opportunities. The Group maintains a dialogue with policy makers and wants to have an active role in shaping the policy landscape in strategic areas.

The assessment of material information includes nuances from stakeholders about expectations connected to Volvo Group's influence and linkage to impacts, as well as the likelihood of impacts, or exposure to risks and opportunities. Fine-tuning of material topics and sub-topics leverages insights gained from stakeholder consultation, dialogues, requests and ratings.

Feedback from report users was gathered in direct dialogues with investors and analysts. The Group also monitors requests and ratings from customers and investors who continuously make assessments of Volvo Group's performance as part of their decision-making such as sourcing and investment decisions. Such feedback is leveraged in the conclusion of which exact disclosures to prioritize in the final report (referred to in ESRS as assessment of material information).

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* Not material or not relevant

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ESRS S1-16	97 (b)	Excessive remuneration of members of the management bodies	172
ESRS S1-17	103 (a)	Cases of discrimination	173
ESRS S1-17	104 (a)	Non-respect with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	*
ESRS 2-SBM 3 S2	11 (b)	Significant risk of child labor or forced labor in the value chain	174
ESRS S2-1	17	Commitments in the area of human rights policy	149, 174
ESRS S2-1	18	Strategies related to labor in the value chain	175
ESRS S2-1	19	Non-respect with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	*
ESRS S2-1	19	Due diligence provisions relating to issues covered by fundamental conventions 1 to 8 of the International Labour Organization	149
ESRS S2-4	36	Human rights issues and incidents within the upstream and downstream value chain	175-176

Datapoints deriving from other EU regulation			
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ESRS S3-1	16	Human rights obligations	149, 177
ESRS S3-1	17	Non-respect with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines	*
ESRS S3-4	36	Human Rights Issues and Incidents	*
ESRS S4-1	16	Strategies related to consumers and end users	179-180
ESRS S4-1	17	Non-respect with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	*
ESRS S4-4	35	Human Rights Issues and Incidents	*
ESRS G1-1	10 (b)	United Nations Convention against Corruption	*
ESRS G1-1	10 (d)	Protection of whistleblowers	182
ESRS G1-4	24 (a)	Fines for violations of corruption and bribery laws	*
ESRS G1-4	24 (b)	Standards for Combating Corruption and Bribery	181-182

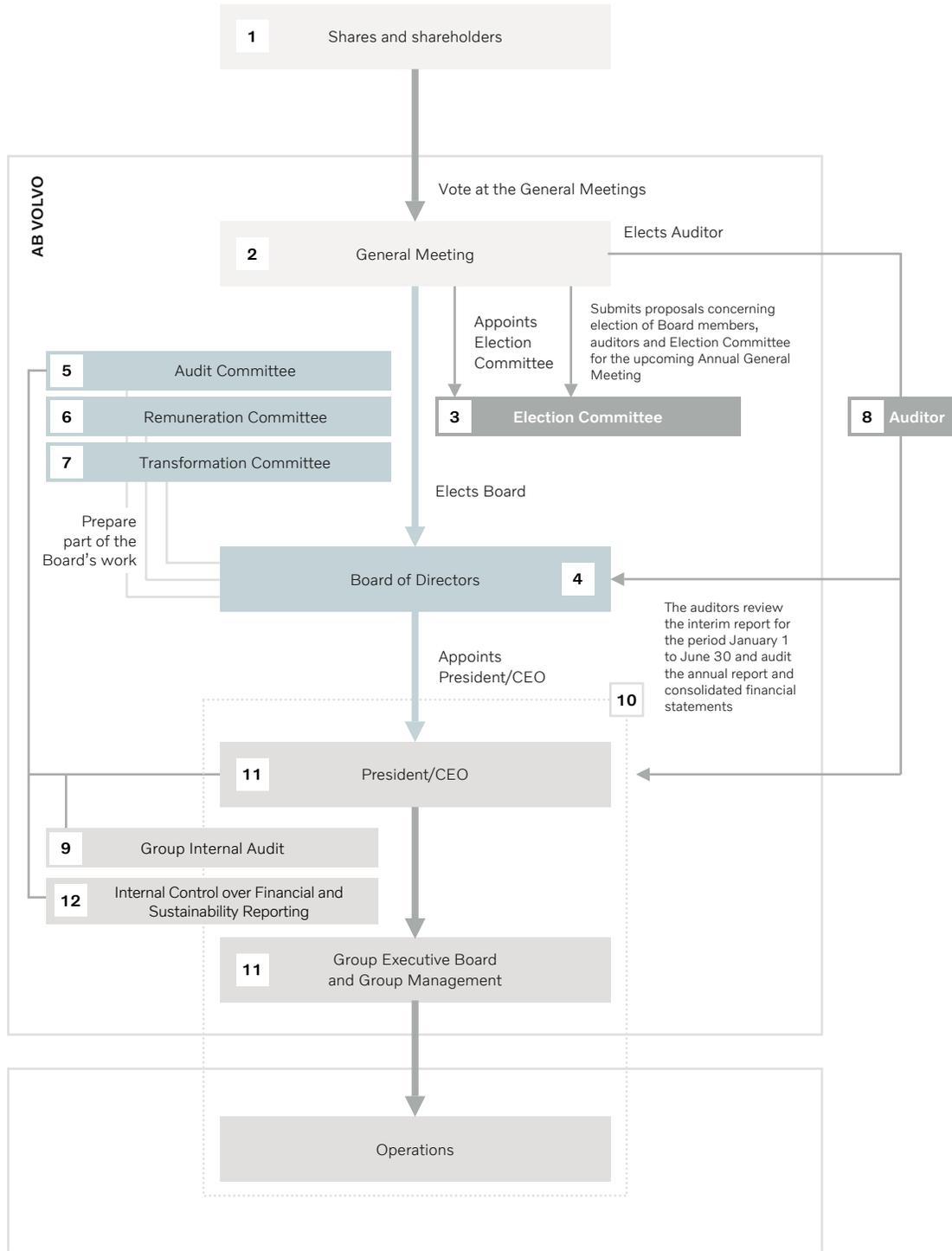
* Not material or not relevant

Corporate Governance Report

The Volvo Group appreciates sound corporate governance as a fundamental base in promoting its long-term strategic objectives and in achieving a trustful relationship with shareholders and other key stakeholders. High standards when it comes to transparency, reliability and ethical values are guiding principles within the Volvo Group's operations.

AB Volvo, the parent company of the Volvo Group, is a Swedish limited liability company, with its shares admitted to trading on Nasdaq Stockholm. AB Volvo follows the Swedish Corporate Governance Code (the Code). The Code is published on www.corporategovernanceboard.se, where a description of the Swedish Corporate Governance model can be found.

This Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. The Corporate Governance Report has been reviewed by Volvo's auditor.



1 Shares and shareholders

Volvo has issued two classes of shares: series A and series B. At a General Meeting, series A shares carry one vote and series B shares one-tenth of a vote. The two share classes carry equal rights in the assets and earnings of the company. According to a special share conversion clause in the Articles of Association, holders of series A shares are entitled to request that their series A shares be converted to series B shares. Implementation of such conversions, which occurs on a regular basis, entails that the total number of votes in AB Volvo decreases.

At year-end 2025, Volvo had 423 776 shareholders according to the share register maintained by Euroclear. Shareholdings in Volvo representing at least one tenth of the votes of all shares in the company are AB Industrivärden with 28.1 percent of the votes and Geely Holding with 14.7 percent of the votes.

For more information about the Volvo share and its shareholders, please refer to the Board of Directors' Report on pages 58-59 of the Annual Report.

2 General Meeting

Shareholders may exercise their voting rights at the General Meetings of AB Volvo. The General Meeting is Volvo's highest decision-making body.

Volvo's Annual General Meeting will be held on April 8, 2026 at World of Volvo, Gothenburg, Sweden, with the opportunity for shareholders to also exercise their voting rights by voting in advance, so called postal voting.

In addition to applicable laws on shareholders' right to participate at General Meetings, the Articles of Association of AB Volvo stipulates that shareholders must (i) give notice of their attendance (within the time stated in the convening notice) and (ii) notify the company of any intention to bring assistants. The documents from the General Meetings are published on Volvo's website.

3 Election Committee

The Election Committee is elected by the General Meeting. The Election Committee shall perform the tasks that are incumbent upon the Election Committee according to its instructions from the General Meeting and the Code.

In accordance with the instructions for Volvo's Election Committee (adopted by the Annual General Meeting 2019), the Annual General Meeting shall elect five members to serve on the Election Committee, of whom four shall represent the largest shareholders in the company in terms of votes, who have expressed their willingness to participate in the Election Committee. In addition, one of the members shall be the Chairman of the AB Volvo Board.

The following individuals are members of the Election Committee which should submit proposals to the Annual General Meeting 2026:

- Fredrik Persson, AB Industrivärden
- Anders Oscarsson, AMF and AMF Funds
- Carina Silberg, Alecta
- Anders Algotsson, AFA Insurance
- Pär Boman, Chairman of the Board

The Election Committee appointed Fredrik Persson as Chairman of the Election Committee.

The Election Committee will prepare proposals to the Annual General Meeting 2026 for the election of Board members, Chairman of the Board, appointment of auditor and fees to the Board and auditors. The Election Committee's reasoned proposals are published on the Group webpage in advance of the Annual General Meeting.

4 Board of Directors

The Board is ultimately responsible for Volvo's organization and management of the company's operations. The Board is responsible for the Group's long-term development and strategy, for regularly controlling and evaluating the Group's operations and for the other duties set forth in the Swedish Companies Act and the Code.

Composition

In 2025, AB Volvo's Board consisted of eleven members elected by the Annual General Meeting and three members and three deputy members appointed by employee organizations.

No changes in the Board composition were made in 2025.

A detailed presentation of each Board member is set out in the "Board of Directors" section on pages 198–199.

Prior to the Annual General Meeting 2025, the Election Committee announced that it had applied the provisions of rule 4.1 of the Code as diversity policy. The aim is that the Board as a collective should possess the required mix in terms of background and knowledge, whereby an even gender distribution is taken into particular account. The result of the Election Committee's application of the diversity policy is a Board that represents a mix of both professional experience and knowledge as well as geographical and cultural backgrounds. 36 percent (four out of eleven) of the Board members elected by the Annual General Meeting are women. No changes have been made to the gender distribution of the Board during the year.

Independence requirements

The Board of Directors of AB Volvo is subject to the independence requirements prescribed in the Code.

Prior to the Annual General Meeting 2025, the Election Committee presented the following assessment of the independence of Board members elected at the Annual General Meeting 2025.

Matti Alahuhta, Bo Annvik, Jan Carlson, Eric Elzvik, Martha Finn Brooks, Kurt Jofs, Kathryn V. Marinello and Martina Merz were all considered independent of the company and company management, as well as the company's major shareholders. This represents 73 percent (eight out of eleven) of the Board members elected by the Annual General Meeting.

Pär Boman was considered independent of the company and company management but not in relation to one of the major shareholders, due to his capacity as vice chairman of the Board of AB Industrivärden.

Martin Lundstedt, as President and CEO of the Volvo Group, was considered independent of the company's major shareholders but not of the company and company management. Martin Lundstedt is the only Board member who is also a member of the Executive Board and Group Management of the Group.

Helena Stjernholm was considered independent of the company and company management but not in relation to one of the major shareholders, due to her capacity as President and CEO of AB Industrivärden.

The Board's work in 2025

Every year, the Board adopts work procedures for the Board's work.

The work procedures outline how the Board's duties should be distributed, including the specific role and duties of the Chairman, instructions for the division of duties between the Board and the President and CEO and for the reporting of financial information,

sustainability matters and other items to the Board. The Board has also adopted specific instructions for the Board's respective committees, which are linked to the work procedures.

The Board's work is mainly performed within the framework of formal Board meetings and through meetings in the committees of the Board. In addition, regular contact is maintained between the Chairman of the Board and the President and CEO in order to discuss ongoing business and to ensure that the Board's decisions are executed.

In 2025, there were ten ordinary Board meetings, one extra meeting and one statutory Board meeting. The attendance of the Board members at the Board meetings during 2025 is presented in the table on page 197. The company's auditor attended one Board meeting during the year.

During 2025, the Board has focused on the strategy of the Group and the respective Business Areas and on execution on set directions, in light of weaker demand in several key regions, geopolitical uncertainties and the slower than expected shift toward zero-emission vehicles. The Board has also monitored earnings resilience in operations closely, as well as market developments, including the increased regionalization of value chains and its business and organizational implications.

The North American region has been high on the agenda, with a focus on securing long-term competitiveness. The Board has considered challenging market conditions but also opportunities related to among other things new products launches, including the all-new VNL truck launched by Volvo Trucks during the second half of 2024 and the all-new Pioneer truck launched by Mack Trucks in April 2025. In addition, the Board has devoted time for discussions on business opportunities and risks associated with disruptive technologies, with particular focus on autonomous services, electrification, digitalization and artificial intelligence. Furthermore, the Board has continued to follow the strategic partnerships and joint ventures established in recent years, as well as acquisition and divestment opportunities. Transactions covered include the agreement to acquire Swecon and the divestment of the Group's ownership share of 70 percent in the China-based company SDLG, both within Construction Equipment.

The Board's ambition is to stay close to the business and the Board receives continuous updates on the development of the Group's performance. During 2025, in addition to earnings resilience with the North America focus and above-mentioned strategic topics, the Board also gave significant attention to several other key areas and issues:

- **Key investments:** Review and approval of investments in products, production and Digital & IT, including review of the long-term investment plans and affordability going forward.
- **Sustainability:** Review of the Volvo Group's sustainability work and objectives, balancing the Group's ambitions with customer readiness.
- **People Growth:** Evaluation of talent and succession planning within the organization, notably the changes to the Executive Board during 2025.
- **Compliance & whistleblower programs:** Oversight of product regulatory compliance and the work with Health & Safety.
- **Macro environment:** Review of competitive landscape and monitoring of macroeconomic and geopolitical developments.

The Board usually makes regular visits to the company's operations throughout the world to meet with local management, customers and suppliers and learn more about the specific market conditions in the visited region. In 2025 the Board visited the United States.

In 2025, the Board resolved on an overall financial plan and investment framework for the Group's operations. In addition, the Board regularly monitors the Group's earnings and financial position and maintains continuous focus on risk related issues such as overall risk management and ongoing legal disputes and investigations. The Board proposed a distribution of an ordinary dividend of SEK 8.00 per share and an extraordinary dividend of SEK 10.50 per share, which was resolved by the Annual General Meeting 2025. Furthermore, the Board regularly reviews the management's short and long-term incentive programs to ensure that they fulfill their purpose and drive the right behavior in the current business environment.

Sustainability

As part of its overarching responsibilities for the company's operations, the Board oversees sustainability-related impacts, risks and opportunities of the Group. The Board reviews and oversees strategic initiatives, major investments and expenditures and other important matters and considers sustainability-related risks and opportunities in these processes where relevant and as part of regular business performance considerations, e.g. in relation to product planning and investments and health and safety reviews. The Board is also the owner of the Group's Code of Conduct, the governing document for how the Group and all employees should conduct operations in a responsible manner, and of certain other sustainability-related policies. Sustainability-related presentations and progress reports are a part of the Board's recurrent agenda, as set forth in the Board's working procedures. The Board also receives annual updates on the Group's progress in relation to selected sustainability targets, including science-based emission targets and workforce related goals. The Audit Committee of the Board is kept informed of main compliance program activities, and oversees the Group's sustainability reporting processes (see section 5 below for more information on the Audit Committee's role). The full Board is also, together with Group Management, responsible for the review and approval of the Group's annual sustainability report (the Sustainability Statements, see pages 144-189).

Matters addressed by the Board during 2025 are outlined under *The Board's work in 2025* above.

Development and expertise in sustainability and business conduct-related matters

The Board possesses the collective experience and skills needed to properly discharge its duties, and can draw on internal and external expertise as needed. Members of the Board regularly engage with different external experts and thought leaders to keep informed on the development in areas relevant to the industry and the company. Internal subject matter experts are also an important source of knowledge transfer that present key developments and outlooks within different areas, including sustainability and business conduct matters, on a recurrent basis. External expertise is also retained by the company as needed and on a regular basis. The result of this work forms part of decision material for the Board and Group Management in different matters, including with respect to sustainability and business conduct.

Evaluation of the Board

In 2025, the Board performed its yearly evaluation of the Board's work during the previous year. The purpose of the evaluation is to further develop the Board's efficiency and working procedures and to determine the main focus of the Board's coming work. In addition, the evaluation serves as a tool for determining the competence required by the Board and for analyzing the competence that already exists in the current Board. Further, a summary of the evaluation serves as input for the Election Committee's work with proposing Board members to the Annual General Meeting.

As part of the yearly evaluation, Board members were asked to complete a questionnaire and assess various areas related to the Board's work from their own perspective. The areas evaluated for 2025 included the Board's composition, the management and focus of Board meetings, Board support and committees and how the Board addresses issues related to strategic priorities, governance, risk and financial closing processes. The areas covered by the evaluation reflect the development of the Board's work and the Volvo Group and the priorities going forward.

Separate evaluations were conducted of the Board as a collective, the Chairman of the Board, the Audit Committee, the Remuneration Committee and the Transformation Committee. A summary of the result of the evaluation of the Board as a collective and of the Chairman was discussed by the Board, and a summary of the results of the evaluations of the Committees were discussed by the relevant committee.

Remuneration of Board members

The Annual General Meeting resolves on fees to be paid to the Board members elected by the Annual General Meeting. For further information about Board remuneration adopted by the Annual General Meeting 2025, please refer to Note 27 "Personnel" in the Group's notes in the Annual Report.

Remuneration of Board members, 2025 (from AGM on April 2, 2025)

	SEK
Chairman of the Board	4,265,000
Board member ¹	1,280,000
Chairman of the Audit Committee	648,000
Member of the Audit Committee	351,000
Chairman of the Remuneration Committee	182,000
Member of the Remuneration Committee	135,000
Chairman of the Transformation Committee	334,000
Member of the Transformation Committee	219,000

¹ With the exception of the President.

Sustainability-related performance in incentive schemes

Board members elected by the Annual General Meeting receive fixed remuneration for their assignments (please see the table above for more information). Variable compensation for the President and CEO and other members of the Executive Board is linked to pre-determined and measurable criteria, which can be financial or non-financial. Please see note 27 of the Annual Report on pages 121-125 for information on current criteria.



BOARD COMMITTEES

The Board has formed Committees and the Board Committees are the Audit Committee, the Remuneration Committee and the Transformation Committee. The Election Committee's assessment

of independence of the Committee' members is presented above under the "Independence requirements" section. The Committees report the outcome of their work through the respective Chair to all members of the Board on a regular basis.

5 Audit Committee*Duties*

The Board has an Audit Committee primarily for the purposes of supervising the Group's accounting and financial and sustainability reporting processes and for overseeing the work of the Group's auditors.

The Audit Committee's duties are set forth in the charter of the Committee, which is adopted by the Board each year. Responsibilities include, among other things, preparing the Board's work to assure the quality and integrity of the Group's financial and sustainability reporting by reviewing interim reports, the Annual Report and the consolidated accounts, and by overseeing reporting processes and critical accounting matters. The Audit Committee also has the task of reviewing and overseeing the Group's legal and taxation matters including compliance with laws and regulations that may have a material impact on financial reporting. Furthermore, the Audit Committee has the task of reviewing and overseeing the impartiality and independence of the company's auditors. The Audit Committee is also responsible for evaluating both internal and external auditors' work and, when applicable, handling the tender process for audit services. In addition, it is the Audit Committee's task to preapprove what other services, beyond auditing, the company may procure from the auditors. The Audit Committee also adopts guidelines for transactions with companies and persons closely associated with Volvo. Further, the Audit Committee evaluates the quality, relevance and effectiveness of the Group's system for internal control over financial and sustainability reporting, as well as with respect to internal audit and risk management. The Committee's risk management work includes overseeing the Group's overall risk management processes (see

pages 60-67 for more information), the Group's double materiality assessment process for sustainability reporting, and Group compliance programs, as well as reviewing specific risks, including cyber- and information security risks and product compliance. The Committee also discharges any other duties of an audit committee according to law or its instructions. Finally, the Audit Committee oversees regulatory and other developments of financial reporting and sustainability standards.

Composition and work in 2025

At the statutory Board meeting following the Annual General Meeting 2025, the following Board members were appointed members of the Audit Committee:

- Eric Elzvik, Chairman of the Audit Committee
- Pär Boman
- Martha Finn Brooks
- Helena Stjernholm

The Audit Committee met with the external auditors without the presence of management on two occasions in 2025 in connection with Audit Committee meetings. The Audit Committee regularly met with the Head of Group Internal Audit in connection with Audit Committee meetings.

The Audit Committee and the external auditors, among other areas, discussed the external audit plan and the view of risk management. The Audit Committee held ten ordinary meetings and three extra meetings during 2025. The attendance of Board members at the committee meetings is presented in the table on page 197.

6 Remuneration Committee*Duties*

The Board has a Remuneration Committee for the purpose of preparing and resolving on matters relating to the remuneration of senior executives in the Group. The duties of the Committee are set forth in the Charter of the Committee, which is established by the Board each year. Responsibilities include making recommendations to the Board on the Board's decisions regarding terms of employment and remuneration of the President and CEO of AB Volvo, principles for the remuneration, including pensions and severance payments, of other members of the Group Executive Board and principles for variable salary systems, share based incentive programs and for pension and severance payment structures for other senior executives in the Group.

The Remuneration Committee shall also monitor and evaluate ongoing programs and programs concluded during the year for the variable remuneration of senior executives, application of the guidelines for remuneration to the Volvo Group Executive Board, and the current remuneration structures and levels in the Group.

The Board shall prepare a remuneration report for each financial year detailing the remuneration that is covered under the guidelines.

The remuneration report shall include the total remuneration, i.e., both compensation that has been and remains to be paid out, and outline how such remuneration correlates to the guidelines. The remuneration report also provides details on the remuneration of the President and CEO of AB Volvo. The remuneration report shall be submitted to the Annual General Meeting for approval.

Composition and work in 2025

At the statutory Board meeting following the Annual General Meeting 2025, the following Board members were appointed members of the Remuneration Committee:

- Pär Boman, Chairman of the Remuneration Committee
- Matti Alahuhta
- Kurt Jofs

The Remuneration Committee held four ordinary meetings during 2025. The attendance of Board members at committee meetings is presented in the table on page 197.

7 Transformation Committee

Duties

The Board has a Transformation Committee that focuses on the strategic direction and transformation of the Volvo Construction Equipment business area. The main purpose of the Committee is to ensure that Volvo Construction Equipment is successful in the transformation.

Composition and work in 2025

At the statutory Board meeting following the Annual General Meeting 2025, the following Board members were appointed members of the Transformation Committee:

- Kurt Jofs, Chairman of the Transformation Committee
- Matti Alahuhta
- Lars Ask
- Pär Boman
- Therese Koggdal
- Martin Lundstedt
- Helena Stjernholm

The Transformation Committee held four ordinary meetings and one extra meeting during 2025. The attendance of Board members at committee meetings is presented in the table below.

The Board's composition and attendance at meetings January 1, 2025 – December 31, 2025

Member	Board meetings (12 incl. statutory)	Audit Committee (13)	Remuneration Committee (4)	Transformation Committee (5)
Pär Boman	12	13	4	5
Martin Lundstedt	12			5
Matti Alahuhta	12		4	5
Bo Annvik	12			
Jan Carlson	12			
Eric Elzvik	12	13		
Martha Finn Brooks	12	13		
Kurt Jofs	12		4	5
Kathryn V. Marinello	12			
Martina Merz	12			
Helena Stjernholm	12	13		5
Total number of meetings	12	13	4	5

Member	Board meetings (12 incl. statutory)	Audit Committee (13)	Remuneration Committee (4)	Transformation Committee (5)
Lars Ask, employee representative ¹	12			4
Therese Koggdal, employee representative	12			3
Urban Spännar, employee representative	11			
Danny Bilger, employee representative	12			
Camilla Johansson, employee representative	12			
Erik Svensson, employee representative	11			
Total number of meetings	12	13	4	5

¹ Lars Ask partly attended the Board meeting in March 2025.

Board of Directors

Board members elected by the Annual General Meeting

					
Pär Boman Chairman of the Board Chairman of the Remuneration Committee Member of the Audit Committee Member of the Transformation Committee	Matti Alahuhta Member of the Remuneration Committee Member of the Transformation Committee	Bo Annvik	Jan Carlsson	Eric Elzvik Chairman of the Audit Committee	Martha Finn Brooks Member of the Audit Committee
Elected					
2024	2014	2023	2022	2018	2021
Year of birth					
1961	1952	1965	1960	1960	1959
Education					
Engineering and Business/ Economics degree, Honorary Doctor of Economics	MSc, Dr Sc. Doctor of Science, Helsinki University of Technology	MSc in Business Administration and Economics, School of Business, Economics and Law at the University of Gothenburg	MSc in Physics and Electrical Engineering from University of Linköping	MSc Business Administration, Stockholm School of Economics	BA Economics and Political Science, Yale University. MBA International Business from Yale School of Management, Yale University
Current assignments					
Chairman: Svenska Handelsbanken AB Vice chairman: AB Industrivärden Board member: Skanska AB Other: Chair of Pensionskassan SHB Tjänstepensionsförening and Handelsbanken Research Foundations	Chairman: DevCo Partners Board member: Kone Corporation Supervisory Board member: Finnish Cultural Foundation	President and CEO: Indutrade AB Board member: Indutrade AB	Chairman: Autoliv Inc. and Telefonaktiebolaget LM Ericsson	Chairman: Global Connect Group Chairman Advisory Board: Deutsche Glasfaser Group Board member: Telefonaktiebolaget LM Ericsson and Landis+Gyr Group AG Other: Senior industrial advisor to EQT	Co-chairman: RMI Board member: Constellation Board member emeritus: CARE USA
Principal work experience and other information					
Chairman: Essity AB and Svenska Cellulosa Aktiebolaget SCA President and CEO: Svenska Handelsbanken AB	Chairman: Aalto University, IMD, Confederation of Finnish Industries and Technology Industries of Finland Vice chairman: Metso Outotec Board member: ABB Ltd., UPM and British Telecom President and CEO: Kone Corporation President: Nokia Telecommunications and Nokia Mobile Phones Other: Various management positions within the Nokia Group, including Chief Strategy Officer	President and CEO: Haldex Board member: SSAB Other: Various management positions within Volvo Car Corporation, SKF and Outokumpu	Chairman: Veoneer Inc. President and CEO: Autoliv Inc and Veoneer Inc. President: Autoliv Europe, Autoliv Electronics, Saab CombiTech and Swedish Gate Array Other: Various management positions within the Autoliv Group, including Vice President Engineering, and Honorary Doctor at the Technical faculty of Linköping University	Board member: Fenix Marine Services and VFS Global Other: Several management positions in the Finance function at ABB including Group CFO, CFO for the Divisions Discrete Automation & Motion and Automation Products, Head of M&A and New Ventures and Head of Corporate Development	President and CEO: Rolled Products and SVP in Alcan Inc. President and COO: Novelis Inc. Board member: Harley- Davidson, International Paper, Bombardier, Jabil, CARE Enterprise Inc. and privately held Algeco Scotsman Other: Various management positions in Cummins truck and bus businesses, including Global VP of Truck and Bus business
Holdings in AB Volvo, own and related parties					
20,000 Series B shares and 300,000 call options in Series B shares	146,100 Series B shares	45 Series A shares and 1,757 Series B shares	10,000 Series B shares	7,475 Series B shares	25,500 American depositary receipts representing Volvo B shares (ADRs)

Board members appointed by the employee organizations

		
Lars Ask Employee representative, ordinary member Member of the Transformation Committee Appointed: 2016 (Deputy member 2009-2016) Year of birth: 1959 Principal work experience and other information: With Volvo since 1982 Holdings in AB Volvo, own and related parties: 116 Series B shares	Therese Koggdal Employee representative, ordinary member Member of the Transformation Committee Appointed: 2024 Year of birth: 1976 Principal work experience and other information: With Volvo since 2008 Holdings in AB Volvo, own and related parties: 1 Series A share and 6 Series B shares	Urban Spännar Employee representative, ordinary member Appointed: 2023 Year of birth: 1967 Principal work experience and other information: With Volvo since 1997 Holdings in AB Volvo, own and related parties: 1,007 Series A shares and 1,790 Series B shares

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Board members elected by the Annual General Meeting

				
Kurt Jofs Chairman of the Transformation Committee Member of the Remuneration Committee	Martin Lundstedt President and CEO	Kathryn V. Marinello	Martina Merz	Helena Stjernholm Member of the Audit Committee Member of the Transformation Committee
Elected				
2020	2016	2014	2015	2016
Year of birth				
1958	1967	1956	1963	1970
Education				
MSc, KTH Royal Institute of Technology, Stockholm	MSc, Chalmers University of Technology	BA from State University of New York at Albany, MBA & Doctorate from Hofstra University	BS from University of Cooperative Education, Stuttgart	MSc Business Administration, Stockholm School of Economics
Current assignments				
Board member: Arjeplog Hotel Silverhatten AB	Chairman: Permobil Holding AB Board member: Autoliv Inc., Industrikraft i Sverige AB, the Confederation of Swedish Enterprise, the International Chamber of Commerce (ICC), Sweden and the European Automobile Manufacturers' Association (ACEA CV BOD) Member: European Round Table of Industry (ERT) and the Royal Swedish Academy of Engineering Sciences (IVA)	Chairperson: Concentrix	Board member: Robert Bosch GmbH and Umicore	President and CEO: AB Industrivärden Chairman: Svenska Cellulosa Aktiebolaget SCA Board member: AB Industrivärden, Sandvik AB and the Confederation of Swedish Enterprise Member: The Royal Swedish Academy of Engineering Sciences (IVA)
Principal work experience and other information				
Chairman: Tieto, Vesper Holding AB and Höganäs AB Board member: Telefonaktiebolaget LM Ericsson and Feal AB President: Segerström & Svensson and Linjebuss Other: Various management positions within Telefonaktiebolaget LM Ericsson, including Executive Vice President (with responsibility for Telefonaktiebolaget LM Ericsson's Networks business), and ABB	Co-chairman: UN Secretary-General's High-Level Advisory Group on Sustainable Transport President and CEO: Scania AB Board member: Concentrix AB Other: Various management positions within Scania	Chairperson: Ceridian Corporation and Stream Global Services, Inc. Board member: Nielsen, RealPage, General Motors Co., MasterCard US and Ares Acquisition Corporation President and CEO: PODS, Ceridian Corporation, Stream Global Services, Inc. and Hertz Global Holdings Other: Several management positions at Citibank, Chemical Bank New York (now JP Morgan Chase), First Bank Systems, First Data Corporation, General Electric (including Division President General Electric Financial Assurance Partnership Marketing and Division President General Electric Fleet Services) and Senior Advisor for Ares Management, LLC	President and CEO: thyssenkrupp AG CEO: Chassis Brakes International President: Bosch Closure Systems Board member: Siemens AG and Rio Tinto Other: Various management positions at Robert Bosch GmbH, including Executive Vice President Sales and Marketing in the Chassis System Brakes division combined with responsibility for regions China and Brazil, and member of the Board of Management of Brose Fahrzeugteile GmbH & Co.	Board member: Telefonaktiebolaget LM Ericsson Other: Partner at the private equity firm IK Partners, consultant for Bain & Company and various board seats in non-listed companies
Holdings in AB Volvo, own and related parties				
57,941 Series B shares	373,762 Series B shares and 300,000 call options in Series B shares	10,000 American depository receipts representing Volvo B shares (ADRs)	10,636 Series B shares	8,000 Series B shares

Deputies appointed by the employee organizations



Danny Bilger
Employee representative, deputy member
Appointed: 2023
Year of birth: 1965
Principal work experience and other information:
With Volvo 1983–1999 and since 2007
Holdings in AB Volvo, own and related parties: 736 Series A shares and 655 Series B shares



Camilla Johansson
Employee representative, deputy member
Appointed: 2016
Year of birth: 1966
Principal work experience and other information:
With Volvo since 1997
Holdings in AB Volvo, own and related parties: 643 Series A shares and 508 Series B shares



Erik Svensson
Employee representative, deputy member
Appointed: 2023
Year of birth: 1989
Principal work experience and other information:
With Volvo since 2016
Holdings in AB Volvo, own and related parties: 414 Series B Shares



Nina Aresund
Secretary to the Board
Master of Laws
Appointed: 2023
Year of birth: 1974
Principal work experience and other information: Head of Legal and Compliance Volvo Construction Equipment, Head of Corporate Legal AB Volvo and Corporate Legal Counsel AB
Holdings in AB Volvo, own and related parties: 22,329 Series B shares

Secretary to the board

8 Auditor

Volvo's auditors are elected by the Annual General Meeting. The auditors review the interim report for the period January 1 to June 30 and audit the annual financial statements and consolidated accounts. Further, the auditors review the Corporate Governance Report and the Sustainability Report, as parts of the annual financial statements. The auditors report the results of their audit in the Audit Report and provides an opinion on whether the guidelines for remuneration to the Volvo Group Executive Board have been complied with, which they present to the Annual General Meeting.

At the Annual General Meeting 2025, the registered auditing company Deloitte AB was re-elected as auditor for the period until the end of the Annual General Meeting 2026. The Authorized Public Accountant Fredrik Jonsson is the auditor in charge.

For information about Volvo's remuneration of the auditors, please refer to Note 28 "Fees to the auditors" in the Group's notes in the Annual Report.

9 Group Internal Audit

Volvo's internal audit function, Group Internal Audit, provides the Board and the Group Executive Board and Group Management with an independent, risk based and objective assurance on the effectiveness and the efficiency of the governance, risk management and control systems of the Volvo Group. Group Internal Audit performs advisory work as well, from time to time. Group Internal Audit helps the organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and to improve the effectiveness of risk management, control and governance processes.

Group Internal Audit performs internal audits in selected focus areas, identified through an independent risk assessment process involving key stakeholders, input from past audits and from the other assurance functions including the external auditors. This audit plan is approved by the Audit Committee. In addition, special assignments requested by management and the Audit Committee can be performed. The audits cover, among other things, assessments on the adequacy and effectiveness of the Volvo Group's processes for controlling its activities and managing its risks and evaluation of compliance with policies and directives.

The Head of Group Internal Audit reports functionally to the Audit Committee and to the President and CEO of AB Volvo. For day-to-day operations and administrative tasks reporting is to the General Counsel.

For additional information on Internal Control over Financial and Sustainability Reporting, see pages 206–207.

10 Governance principles and organizational structure

Governance documents

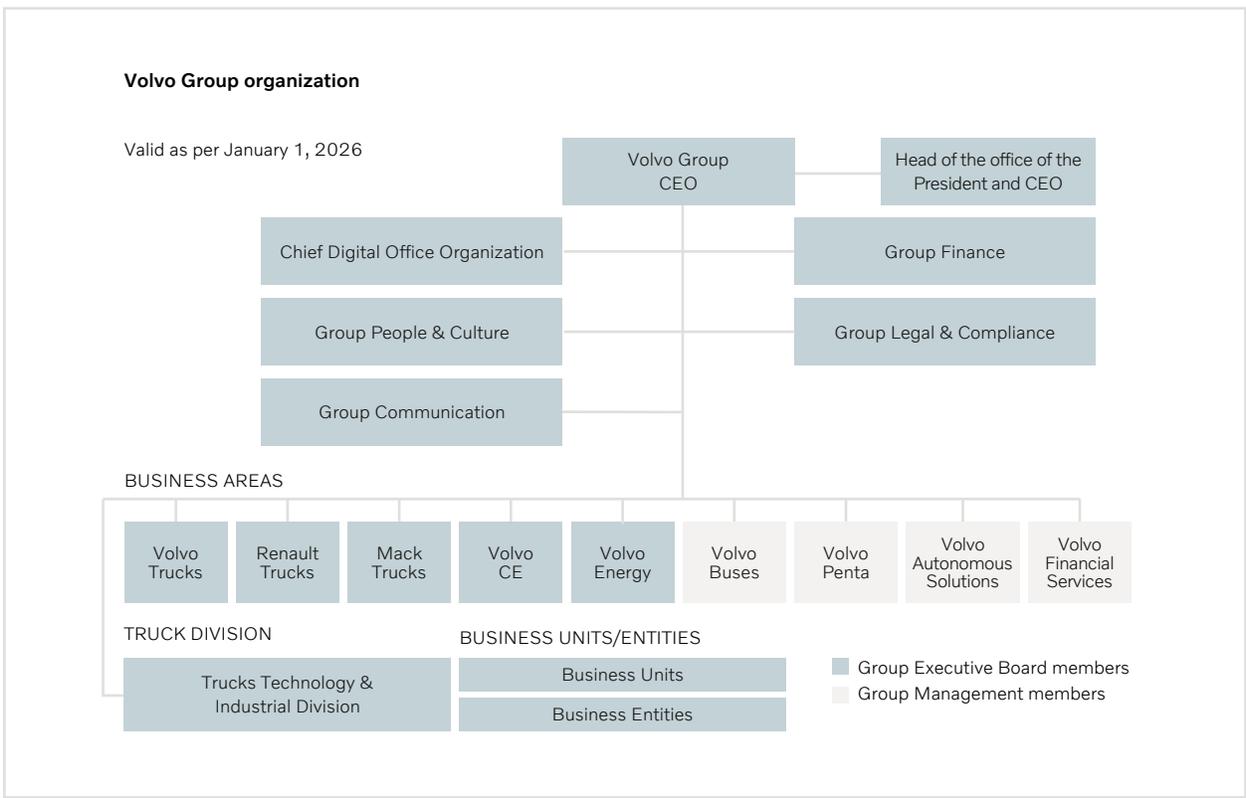
A key part of the Group’s governance is its policies and directives, including the Code of Conduct and policies relating to investments, financial risks, accounting, financial control and internal audit. These documents establish unified operating and financial rules for the Group’s operations, as well as responsibility and authority structures.

Organizational structure

The Volvo Group operates through five Group Functions, the Trucks Technology & Industrial (TTI) Division and nine Business Areas. The five Group Functions (Group Finance, Group Legal & Compliance, Group People & Culture, Group Communication and the Chief Digital Office Organization) are tasked with supporting the entire organization with expertise within each Group Function area, developing standards through policies, directives and guidelines as well as providing services and/or products for the entire Group. The TTI Division was established from January 1, 2026 through the merger of the three Truck Divisions: Group Trucks Technology (GTT), Group Trucks Purchasing (GTP) and Group Trucks Operations (GTO) and continues to support the Group’s truck business and in some areas also other Business Areas within technology and industrial operations. The business of the Volvo Group is organized in nine Business Areas: Volvo Trucks, Renault Trucks, Mack Trucks, Volvo Construction Equipment, Volvo Energy, Volvo Buses, Volvo Penta, Volvo Financial Services (VFS) and Volvo Autonomous Solutions (VAS). In addition, Nova Bus and Proterra, respectively, are managed as separate legal and operational entities within the Volvo Group.

Each Business Area and the TTI Division hold regular Business Review Meetings, (BRM) to support strategic development and business performance, where key decisions are taken by the Group Executive Board and the extended Group Management. In addition, cross-functional decision forums like the People Board, Digital Board, Product Board, Quality Board, Services Board and Sales and Operational Planning ensure collaboration and alignment.

This governance model allows Volvo to leverage on global capabilities in product development, purchasing, and manufacturing while maintaining distinct leadership and responsibility in each Business Area. The aim is consistent business principles, optimizing earnings performance and cash flow generation in the short and long term across all Business Areas.



11 Group Executive Board and Group Management

The President and CEO is responsible for managing the day-to-day operations of the Volvo Group and is authorized to make decisions on matters that do not require AB Volvo Board approval. The President and CEO leads the operations of the Volvo Group, e.g. through chairing the Group Executive Board, the extended Group Management, Group Trucks and Business Areas' and the Trucks Technology & Industrial (TTI) Division's BRMs and the cross-functional forums.

In the above-described operational governance model, the Group Executive Board and the extended Group Management is the President and CEO's highest operational decision forum. The members of the Group Executive Board are the Executive Vice Presidents of the Group Functions, Executive Vice Presidents and Presidents of Volvo Trucks, Renault Trucks, Mack Trucks, and Volvo Construction Equipment as well as the Executive Vice President of the TTI Division. The TTI Division was established from January, 1 2026, through the merger of the Truck Divisions Group Trucks Technology (GTT), Group Trucks Purchasing (GTP) and Group Trucks Operations (GTO).

The members of the extended Group Management include, in addition to the Group Executive Board members, the Presidents of Volvo Buses, Volvo Penta, Volvo Autonomous Solutions (VAS) and Volvo Financial Services (VFS). All members of the extended Group Management report directly to the President and CEO. The Group Executive Board and Group Management meet regularly to align on Group matters.

Remuneration of the Group Executive Board

AB Volvo's Annual General Meeting shall, at least every fourth year, resolve on guidelines for remuneration to the members of the Group Executive Board, based on a proposal from the Board. For information about the guidelines adopted by the Annual General Meeting 2023, please refer to Note 27 "Personnel" in the Group's notes in the Annual Report.

Changes to the Group Executive Board and Group Management

On May 18, 2025, it was announced that Andrea Fuder, Chief Purchasing Officer and a member of the Volvo Group Executive Board since 2017, had tragically passed away following a short illness.

On June 27, 2025, it was announced that Lars Stenqvist had decided to step down from his role as member of the Volvo Group Executive Board and Group Chief Technology Officer after nine years of service. He was replaced by Jens Holtinger, previously Executive Vice President Group Trucks Operations, as from September 1, 2025.

Per Ekeblad, CFO of Group Trucks Operations, and Carl-Gunnar Carlsson, CFO of Group Trucks Purchasing, served as acting heads of Group Trucks Operations and Group Trucks Purchasing respectively, until the end of 2025.

On October 1, 2025 it was announced that Bruno Blin had decided to step down from his role as member of the Volvo Group Executive Board and President Renault Trucks after ten years of service. He was replaced by Antoine Duclaux as from November 1, 2025.



President and CEO Martin Lundstedt together with the Chairman of the Board Pär Boman, the Board and parts of the Group Executive Board during their visit to the Lehigh Valley Operations (LVO) manufacturing facility in Macungie, Pennsylvania.

Sustainability matters

Sustainability is an intrinsic part of Volvo Group strategy and operations, and the Group relies on an integrated approach to ensure that environmental, social and governance topics are considered in all relevant decision-making. Responsibilities for sustainability related matters largely follow the general management structure of the Group.

The Executive Board and Group Management members manage key sustainability-related impacts, risks and opportunities of the Group as part of regular steering and management of Group operations. The Executive Board owns the main sustainability-related policies of the Group (unless decided by the Board), and follows up on the Group's actions and progress on a regular basis. This includes main sustainability-related targets, such as science-based emission targets, workforce-related goals and compliance program activities.

Each Business Area, the TTI Division and Group Function is responsible for the implementation and follow-up of the Group's strategy, policies and targets, including sustainability-related goals, within their respective areas. The Group Chief Sustainability Officer is responsible for coordinating the Group's sustainability work and reports to the Executive Vice President Group Communications, who is a member of the Executive Board.

On Group level, sustainability work is coordinated by cross-functional forums and working groups with representatives from the TTI Division and Business Areas, as relevant. These forums are assigned to specific topics and include:

- The Product Board, headed by the Chief Technology Officer, which oversees the development and implementation of central Group product plans, where climate related opportunities and risks are managed primarily as part of the transition towards fossil-free transportation.

- The People Board, headed by the Executive Vice President and Head of People & Culture, which focuses on all significant employee related matters such as training, health and safety, diversity, inclusion and talent management.
- The Environmental Committee, where Group Functions', TTI Division's and Business Areas' representatives coordinate environmental management with the mission to secure the effective work of the Volvo Group's Environmental Policy and management system.
- The Human Rights Board, chaired by the Executive Vice President Group Communication with Group Executive Board members who coordinate the implementation of the Group's Human Rights policy and work.

For more information on implementation of the Group's sustainability strategy and management of sustainability risks and opportunities see the Sustainability Statements, pages 144–189.

Sustainability-related risk management

Sustainability-related risks are included in the Group's ERM framework and other risk processes, please see the Sustainability Statements on page 148 for more information.

Sustainability reporting risks and internal controls

The Group's sustainability reporting falls under the same internal control processes as financial reporting, including a regular assessment of risks related to the reporting process. The audit and control processes and procedures are described in the section Internal Control over Financial and Sustainability Reporting, see pages 206-207.



Chairman of the Board Pär Boman and President and CEO Martin Lundstedt during a visit to Macungie, Pennsylvania.

Group Executive Board

					
Martin Lundstedt President and CEO	Roger Alm Executive Vice President Volvo Group and President Volvo Trucks	Nina Aresund Executive Vice President Group Legal & Compliance and General Counsel	Mats Backman Executive Vice President Group Finance and CFO	Antoine Duclaux Executive Vice President Volvo Group and President Renault Trucks	Jens Holtinger Executive Vice President Trucks Technology & Industrial Division and Volvo Group Chief Technology Officer
Employed since					
2015	1989	2007	2023	2020	1995
Member of Group Executive Board since					
2015	2019	2023	2023	2025	2020
Year of birth					
1967	1962	1974	1968	1971	1970
Education					
MSc, Chalmers University of Technology		Master of Laws	BSc in Business Administration	Master of Science, École des Mines in Paris, and Advanced Executive Program, Kellogg	MSc in Mechanical Engineering
Current assignments					
Chairman: Permobil Holding AB Board member: Autoliv Inc., Industrikraft i Sverige AB, the Confederation of Swedish Enterprise, the International Chamber of Commerce (ICC), Sweden and the European Automobile Manufacturers' Association (ACEA CV BOD) Member: European Round Table of Industry (ERT) and the Royal Swedish Academy of Engineering Sciences (IVA)		Secretary to the AB Volvo Board	Board member: Gränges AB		Board member: Teknikföretagen
Principal work experience and other information					
Co-chairman: UN Secretary- General's HighLevel Advisory Group on Sustainable Transport President and CEO: Scania AB Board member: Concentric AB Other: Various management positions within Scania	Senior Vice President Volvo Trucks Europe, Senior Vice President Volvo Group Trucks Northern Europe, President Volvo Group Trucks Latin America, President Volvo Trucks Latin America and Managing Director Volvo Trucks, Region East	Head of Legal and Compliance Volvo Construction Equipment, Head of Corporate Legal AB Volvo and Corporate Legal Counsel AB Volvo	Operating Partner in Triton, CFO in Autoliv Inc. and, subsequently, Veoneer Inc., various management positions within Sandvik Group (including as CFO), Outokumpu, Nordea and Boliden	Senior Vice President Renault Trucks International, Head of Group Risk Management & Internal Audit AB Volvo and, prior thereto, several senior positions within Holcim and McKinsey	Executive Vice President Group Trucks Technology, Executive Vice President Group Trucks Operations, Senior Vice President Europe & Brazil Manufacturing Group Trucks Operations, Vice President Powertrain Production Skövde Plant and, prior thereto, several management positions within the Volvo Group
Holdings in AB Volvo, own and related parties					
373,762 Series B shares and 300,000 call options in Series B shares	398 Series A shares and 60,450 Series B shares	22,329 Series B shares	15,000 Series B shares	22,902 Series B Shares	45,018 Series B shares

VOLVO GROUP 2025
CORPORATE GOVERNANCE REPORT

				
Melker Jernberg Executive Vice President Volvo Group and President Volvo Construction Equipment	Diana Niu Executive Vice President Group People & Culture	Scott Rafkin Executive Vice President and Volvo Group Chief Digital Officer	Stephen Roy Executive Vice President Volvo Group and President Mack Trucks	Kina Wileke Executive Vice President Group Communication
Employed since				
2018	2005	2001	1996	2008
Member of Group Executive Board since				
2018	2019	2020	2023	2018
Year of birth				
1968	1966	1969	1963	1974
Education				
MSc in Mechanical Engineering	MBA and BA in Economics	BBA (Bachelors in Business Administration)	BSA (Bachelor of Science in Agriculture) MBA Wake Forest University	MA in journalism
Current assignments				
				Board member: International Chamber of Commerce (ICC), Sweden
Principal work experience and other information				
President and CEO: Högånäs AB Other: Executive Vice President, Business Area EMEA at SSAB, Senior Vice President Buses and Coaches at Scania AB and, prior thereto, various positions at Scania AB	Senior Vice President HR Trucks Asia Pacific, Senior Vice President HR Volvo Construction Equipment and, prior thereto, various management positions within Telefonaktiebolaget LM Ericsson	President Volvo Financial Services, CFO Chief Volvo Financial Services, Senior Vice President Global Operations Volvo Financial Services, Senior Vice President Risk Volvo Financial Services, several senior positions within Volvo Car Finance North America and, prior thereto, Business Assurance and Capital Markets Manager Coopers & Lybrand LLC	Chairman: Association of Equipment Manufactures, CE Sector Other: Head of Region North America, Volvo Construction Equipment and, prior thereto, various senior positions within the Volvo Group, including within Mack Trucks and the Group's North American truck organization	Senior Vice President Brand, Communication & Marketing Volvo Penta, Senior Vice President External Corporate Communication Volvo Group, CEO Communication Volvo Group and, prior thereto, various positions within TV4 Group
Holdings in AB Volvo, own and related parties				
66,176 Series B shares	97,562 Series B shares	58,633 Series B shares	45,487 Series B shares	344 Series A shares and 38,766 Series B shares

Extended Group Management

			
Nils Jaeger President Volvo Autonomous Solutions	Anna Müller President Volvo Penta	Marcio Pedrosa President Volvo Financial Services	Anna Westerberg President Volvo Buses
Member of the extended Group Management since			
2020	2023	2020	2021
Year of birth			
1969	1967	1968	1975
Current assignments			
	Board member: Alfa Laval AB		Board member: Stena AB
Principal work experience and other information			
President of Volvo Financial Services EMEA and, prior thereto, several management positions within Deere & Company	Senior Vice President Europe North & Central Volvo Trucks, several senior positions at Volvo Trucks and, prior thereto, Managing Director Ford Motor Company AB	Senior Vice President, Americas, Managing Director, Brazil and Chile, and Vice President, Latin America Markets at Volvo Financial Services; additional senior positions and special assignments across Americas and Europe within the Volvo Group, prior thereto, various management positions within the insurance and corporate finance industries	Board member: Munters Group AB Other: Senior Vice President Volvo Group Connected Solutions, President for Volvo Group Venture Capital and Vice President, Product Management Industrial, Volvo Penta, and prior thereto, Management Consultant, Applied Value Group and Managing Director, Infocandy Group

12 Internal Control over Financial and Sustainability Reporting

The Board is responsible for the internal controls according to the Swedish Companies Act and the Code. The purpose of this section is to provide shareholders and other stakeholders with an understanding of the Group's internal control regarding financial and sustainability reporting.

Introduction

Volvo has an Internal Control function with the objective of providing support for management with respect to internal controls over reporting, including both financial and sustainability reporting. The primary focus of the Internal Control function is to ensure compliance with directives and policies, and to create effective conditions for specific control activities in key processes related to financial and sustainability reporting. This is accomplished by supporting management in creating and maintaining an effective control environment covering key risks in processes and control activities related to financial and sustainability reporting. The Audit Committee is regularly informed of the results of the work done by the Internal Control function regarding risks and control activities.

Control environment

Fundamental to the Volvo Group's control environment is the corporate culture that is established within the Group and in which managers and employees operate. Volvo works actively on communication and training regarding the company's values included in the Code of Conduct, to ensure that the business conducted by the organization is characterized by good ethics, integrity and in compliance with legislation.

The foundation of the internal control process relating to the financial and sustainability reporting is based on the Group's directives, policies and instructions, as well as the organization's

responsibility and authority structure. Governing documents are contained in the Volvo Group Management System, a group wide management system comprising, among other things, instructions, rules and principles.

Risk assessment

Risks relating to financial and sustainability reporting are evaluated and monitored by the Group Executive Board and Group Management as well as the Board through the Audit Committee, based on assessments by management, inter alia through identifying risks that could be considered as material, and through mitigating generic controls. The risk assessment is based on several criteria, such as impact on the reporting, likelihood of material misstatement, complex and/or changing business circumstances and accuracy and completeness of data. The risks together with mitigating generic controls are collected in a framework for internal control over financial and sustainability reporting, Volvo Internal Control Standard (VICS).

Control activities

The Board and its Audit Committee, the management groups and other decision-making bodies in the Group constitute overall supervisory bodies. Control activities that correspond to the generic controls in the VICS framework are implemented to ensure that potential errors or deviations in the reporting are prevented, discovered and corrected. Types of control activities include validation and approval of data, reconciliation of data and analytical reviews of reported data. Internal controls with respect to financial reporting are more mature than for the sustainability reporting. During 2025, work has been ongoing to formalize and implement internal controls to support completeness, timeliness and accuracy in the sustainability reporting data.

Information and communication

Governing documents relating to financial and sustainability reporting are updated and communicated on a regular basis from management to all affected employees. The Group's financial reporting and communication functions oversee the daily internal reporting, including identification and communication of shortcomings and suggested improvements in the processes. These are integrated into relevant operational functions for financial and sustainability reporting.

Monitoring

Ongoing responsibility for monitoring risks and controls is distributed across various levels in the organization. The Group Internal Audit and the Internal Control function conduct review and monitoring activities in accordance with what is described in the introduction of this report. More specifically, the Internal Control function oversees and coordinates evaluation activities through the "Volvo Group Internal Control Program", with the purpose of

systematically evaluating the quality of the internal control over financial and sustainability reporting on an annual basis. An annual evaluation plan is established and presented to the Audit Committee. The results of the evaluation activities are reported to the Audit Committee and the Group Executive Board and Group Management.

The results of the evaluation activities are reported to the Group Executive Board, Group Management and the Audit Committee. During 2025, the Internal Control function reported two times to the Audit Committee regarding the annual evaluation plan, status on outstanding issues and final assessment of the control environment.

Göteborg, February 25, 2026

AB Volvo (publ)
The Board of Directors

Proposed disposition of unappropriated earnings

AB Volvo	SEK
Retained earnings	34,790,790,855.68
Income for the period 2025	27,227,477,551.00
Total retained earnings	62,018,268,406.68
The Board of Directors proposes that the above sum be disposed of as follows:	
	SEK
To the shareholders, an ordinary dividend of SEK 8.50 per share and an extraordinary dividend of SEK 4.50, for a total of	26,434,877,092.00
To be carried forward	35,583,391,314.68
Total	62,018,268,406.68

The record date for determining who is entitled to receive dividends is proposed to be Friday April 10, 2026.

In view of the Board of Directors' proposal to the Annual General Meeting to be held April 8, 2026 to decide on the distribution of an ordinary dividend of SEK 8.50 per share and an extraordinary dividend of SEK 4.50 per share, the Board of Directors hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The Board of Directors concludes that the Company's restricted equity is fully covered after the proposed dividend. The Board of Directors further concludes that the proposed dividend is justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board of Directors wishes to point out the following:

The proposed dividend reduces the Company's solvency from 58.7% to 47.3% and the Group's solvency from 27.5% to 24.4%, calculated as per December 31, 2025. The Board of Directors considers this solvency to be satisfactory with regard to the business in which the Group is active.

According to the Board of Directors' opinion, the proposed dividend will not affect the Company's or the Group's ability to fulfill their payment obligations and the Company and the Group are well prepared to handle both changes in the liquidity and unexpected events.

The Board of Directors is of the opinion that the Company and the Group have capacity to assume future business risks as well as to bear contingent losses. The proposed dividend is not expected to adversely affect the Company's and the Group's ability to make further commercially justified investments in accordance with the Board of Directors' plans.

In addition to what has been stated above, the Board of Directors has considered other known circumstances which may be of importance for the Company's and the Group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend.

If the Annual General Meeting resolves in accordance with the Board of Directors' proposal, SEK 35,583,391,314.68 will remain of the Company's non-restricted equity, calculated as per December 31, 2025.

The Board of Directors has the view that the Company's and the Group's shareholders' equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

The Board of Directors and the President certify that the annual financial report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and give a true and fair view of the position and profit or loss of the Company and the Group, and that the management report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

The Board of Directors and the President also certify that the Sustainability Statements have been prepared in accordance with European Sustainability Reporting Standards (ESRS) as adopted by the EU.

The Annual Report is dated February 25, 2026

Matti Alahuhta Board member	Pär Boman Board Chairman	Jan Carlson Board member
Eric Elzvik Board member	Bo Annvik Board member	Kurt Jofs Board member
Martin Lundstedt President, CEO and Board member	Martha Finn Brooks Board member	Martina Merz Board member
Helena Stjernholm Board member	Kathryn V. Marinello Board member	Therese Koggdal Board member
	Lars Ask Board member	
	Urban Spännar Board member	

Our audit report was issued on February 25, 2026
Deloitte AB

Fredrik Jonsson
Authorized Public Accountant

Audit report

To the general meeting of the shareholders of AB Volvo (publ)
corporate identity number 556012-5790

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of AB Volvo (publ) for the financial year 2025-01-01–2025-12-31 with the exception of the sustainability report on pages 144–189 and the corporate governance report on pages 190–207. The annual accounts and consolidated accounts of the company are included on pages 28–143 and 208 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Provisions for losses from claims from customers and other third parties – EC Antitrust Settlement

Risk description

In July 2016, the European Commission and Volvo Group reached a settlement with regards to antitrust allegations made by the European Commission against Volvo Group and other companies in the truck manufacturing industry. Following the adoption of the European Commission's settlement decision, the company has received and may continue to receive a significant number of third-party damage claims from customers and other third parties alleging that they suffered loss, directly or indirectly, by reason of the conduct covered in the decision.

The accounting principles and management's significant judgements applied for legal disputes is further described in Note 21 "Other Provisions" and Note 24 "Contingent Liabilities" to the annual report. The recognition and measurement of any provisions recorded or quantification of contingent liabilities to be disclosed for such legal disputes is complicated, requires expert legal input, and involves consideration of potential future outcomes of the claims which at this stage are uncertain. Due to these complexities, the valuation of any such provisions or contingent liabilities is significantly impacted by management's ultimate judgments and best estimates. On 31 December 2025, the company has not been able to make a reliable estimate of the total amount of provision or contingent liability that could arise from these claims, except for the amount reflected in the provisions recorded which have been described by Volvo.

Audit procedures

Our audit procedures included, but were not limited to:

- Evaluating the design and implementation of relevant internal controls.
- Holding discussions with management and audit the relevant documentation to conclude how management and the board assessed the claims and other matters relevant to the claims.
- Holding discussions with internal legal department and with Volvo Group's external legal advisors and attorneys in order to obtain an understanding of facts, development and assessment.
- Reviewing court rulings in relevant jurisdictions
- Reviewing internal minutes and relevant assessments prepared for management and Board to corroborate the consistency of information received.
- Assessing the appropriateness of the Company's provision.
- Assessing the adequacy of the disclosures around the legal proceedings.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–27, 144–207 and 215–229. The remuneration report is also included in the other information that we have received prior to the signing of the annual report. The Board of Directors and the President 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 President

The Board of Directors and the President 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 President 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 President are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the President of AB Volvo (publ) for the financial year 2025-01-01–2025-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President 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 President

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 President 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 President in any material respect:

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

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

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

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the President have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for AB Volvo (publ) for the financial year 2025-01-01–2025-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AB Volvo (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the President determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the President, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the President.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

THE AUDITOR'S REVIEW OF THE CORPORATE
GOVERNANCE REPORT

The board of directors is responsible for the corporate governance report on pages 190–207 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's recommendation RevR 16, Auditor's Review of the Corporate Governance Report. This means that our review of the corporate governance report has a different focus and is substantially less extensive than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our statements.

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Accounts Act, as well as Chapter 7, Section 31, second paragraph of the same Act, are consistent with the other parts of the annual report and consolidated financial statements and comply with the Annual Accounts Act.

Deloitte AB, was appointed auditor of AB Volvo (publ) by the general meeting of the shareholders on the 2025-04-02 and has been the company's auditor since 2018-04-05.

Göteborg, February 25, 2026

Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.

AUDITOR'S LIMITED ASSURANCE REPORT OF AB VOLVO (PUBL)'S STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of AB Volvo (publ)
corporate identity number 556012-5790

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for AB Volvo for the financial year 2025. The sustainability statement is included on pages 144–189 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of European Sustainability Reporting Standards (ESRS),
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement,
- compliance with the reporting requirements of the EU's Green Taxonomy Regulation Article 8 (EU Taxonomy)

Basis for conclusion

We have conducted the limited assurance engagement in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

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

Other information than the sustainability statement

This document also contains other information than the sustainability statement and is found on pages 1–143, 190–208 and 216–229. The Board of Directors and the President are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for the preparation of sustainability statement in accordance with Chapter 6, paragraphs 12-12f of the Swedish Annual Accounts Act, and for such internal control as they determines is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Other matters

Prior year's sustainability statement has not been subject to limited assurance procedures in accordance with FAR's recommendation RevR 19 and consequently prior year's information in the sustainability statement for 2024 has not been subject to limited assurance procedures in accordance with that recommendation.

Auditor's responsibility

Our responsibility is to express a conclusion on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 Revisorns översiktliga granskning av den lagstadgade hållbarhetsrapporten. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of AB Volvo in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the President prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

Our review procedures concerning the entity's process for identifying sustainability information to be reported included, but were not limited to:

- Obtain an understanding of the process by:
 - Performing inquiries to understand the sources of the information used by management, and
 - Reviewing the entity's internal documentation of its process
- Evaluate whether the evidence obtained from our procedures about the process implemented by the entity is consistent with the description of the process set out on pages 147–150 and 185–186 in the sustainability statement.
- The review procedures with respect to the sustainability statement included but were not limited to the following:
- By inquiries obtain an understanding of the entity's control environment, reporting processes, and information systems relevant to the preparation of its sustainability statement
- Evaluate whether information identified to be material by the entity's the process for identifying sustainability information reported, is included in the sustainability statement
- Evaluate whether the structure and the presentation of the sustainability statement is in accordance with the requirements in ESRS
- Perform inquiries of relevant personnel and analytical procedures on selected disclosures in the sustainability statement
- Perform substantive assurance procedures on a sample basis on selected disclosures in the sustainability statement
- Perform inquiries and analytical procedures to evaluate whether the methods, data and significant assumptions used to make estimates in the sustainability statement are appropriate and applied consistently

The review procedures with respect to the EU Taxonomy included but were not limited to the following:

- Obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement
- Evaluate whether the activities within the EU Taxonomy are consistent to the financial statements and related notes
- Evaluate processes, documentation and assessment of eligibility and alignment with the economic activities and technical screening criteria within the EU Taxonomy
- Evaluate whether the reporting is in accordance with the requirements in EU Taxonomy

Inherent limitations

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the President for AB Volvo (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the entity. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

Göteborg, February 25, 2026

Deloitte AB

Signature on Swedish original

Fredrik Jonsson
Authorized public accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.



Carrier



W 678-GR

Harter

Key Ratios

The Volvo Group uses key ratios with the aim to provide valuable information to management, investors and analysts when analyzing trends and financial performance of the Group. The key ratios are not defined by IFRS, unless otherwise stated, and may differ from similar measures used by other companies and are therefore not always comparable. The measures should be considered as a complement

to, and not a substitute for, the financial information presented in compliance with IFRS. Definitions, reconciliations, and the reasons for the use of material key ratios are presented in the annual report. If the reconciliation is not directly reflected in the financial statements, a separate reconciliation is presented below.

Operating income, operating margin, adjusted operating income and adjusted operating margin

Definition – Operating income

Net sales less all expenses related to the business operations, excluding financial items and income taxes, also known as EBIT (Earnings before interest and tax). For reconciliation see the Income statement for the Volvo Group.

Reason for use – Operating income

Operating income is a measure of performance from the business operations and is an indicator of how effectively the Volvo Group generates revenue and manages operating expenses.

Definition – Operating margin

Operating income as a percentage of net sales.

Reason for use – Operating margin

Operating margin measures the proportion of net sales that remains after costs related to the business operations have been covered. Operating margin is a financial target for the Volvo Group. A clear and straight-forward operating margin target supports the efforts to drive performance across the Volvo Group through the business cycle.

Definition – Adjusted operating income

Operating income adjusted for material income and expenses of a one-time character.

Reason for use – Adjusted operating income

Adjusted operating income is a measure of performance from ordinary business operations, adjusted for items of one-time character. It is an indicator of how effectively the Volvo Group generates revenue and manages operating expenses from ordinary business operations. Items of one-time character are not directly related to the underlying business operations, they occur infrequently and with limited predictive value. Examples of material one-time items are results from divestment of operations, restructuring costs or impairments.

Definition – Adjusted operating margin

Adjusted operating income as a percentage of net sales.

Reason for use – Adjusted operating margin

Adjusted operating margin measures the proportion of net sales that remains after costs related to the ordinary business operations, adjusted for one-time items, have been covered.

Operating income, operating margin, adjusted operating income and adjusted operating margin

2025		Group Functions & Other incl. elim.									
SEK M	Quarter	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. elim.	Industrial Operations	Financial Services	Eliminations	Volvo Group	
Net sales		323,463	81,641	25,072	20,597	6,736	457,509	26,469	-4,795	479,183	
Operating income		28,783	11,436	2,192	3,373	-1,405	44,379	3,869	258	48,506	
Transformation to zero-emission vehicles	2	-3,936	-230	-80	-218	-	-4,464	-47	-	-4,512	
Establishment of joint venture Coretura	2	989	-	-	-	-	989	-	-	989	
Divestment of SDLG	3	-	811	-	-	-	811	-	-	811	
	Year	-2,947	581	-80	-218	-	-2,665	-47	-	-2,712	
Adjusted operating income		31,730	10,856	2,272	3,590	-1,405	47,043	3,916	258	51,218	
Operating margin, %		8.9	14.0	8.7	16.4	-	9.7	-	-	10.1	
Adjusted operating margin, %		9.8	13.3	9.1	17.4	-	10.3	-	-	10.7	

VOLVO GROUP 2025
OTHER INFORMATION

Operating income, operating margin, adjusted operating income and adjusted operating margin										
2024										
SEK M	Quarter	Trucks	Construction Equipment	Buses	Volvo Penta	Group Functions & Other incl. elim.	Industrial Operations	Financial Services	Eliminations	Volvo Group
Net sales		360,610	88,305	24,544	19,852	11,665	504,975	26,982	-5,140	526,816
Operating income		45,966	12,737	2,433	3,419	-2,357	62,198	4,042	371	66,611
Previously announced provision for premature degradation of an emission control component	2	140	-	-	-	-	140	-	-	140
Restructuring charges relating to the European bus operation	2	-	-	200	-	-	200	-	-	200
Restructuring charges relating to the US bus production for Nova Bus	2	-	-	-	-	372	372	-	-	372
Financial impact related to the divestment of Arqus	2	-	-	-	-	181	181	-	-	181
	Year	140	-	200	-	553	893	-	-	893
Adjusted operating income		45,826	12,737	2,233	3,419	-2,910	61,305	4,042	371	65,718
Operating margin, %		12.7	14.4	9.9	17.2	-	12.3	-	-	12.6
Adjusted operating margin, %		12.7	14.4	9.1	17.2	-	12.1	-	-	12.5

Organic sales growthDefinition

Organic sales growth is the change of net sales for the year, adjusted for exchange rate changes and material acquired and divested operations, as a percentage of net sales for the prior year.

Reason for use

Organic sales growth measures the change of net sales related to volume, price and product mix, without the impact from exchange rate changes and material acquired and divested operations.

Organic sales growth				
SEK M	Industrial Operations		Volvo Group	
	2025	2024	2025	2024
Net sales	457,509	504,975	479,183	526,816
Increase/decrease of net sales for the year	-47,466	-28,294	-47,634	-25,435
Exchange rate changes	27,743	6,439	29,595	6,962
Material acquired and divested operations	5,022	-	5,022	-
Adjusted Increase/decrease of net sales for the year	-14,701	-21,855	-13,017	-18,474
Organic sales growth, %	-2.9	-4.1	-2.5	-3.3

Gross marginDefinition

Gross income (net sales less cost of sales) as a percentage of net sales.

Reason for use

Gross margin measures the proportion of net sales that remains after cost of sales of products and services have been covered.

Gross margin				
SEK M	Industrial Operations		Volvo Group	
	2025	2024	2025	2024
Net sales	457,509	504,975	479,183	526,816
Gross income	108,258	135,303	116,869	144,049
Gross margin, %	23.7	26.8	24.4	27.3

EBITDA and EBITDA marginDefinition – EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) is the operating income before depreciation and amortization of tangible and intangible assets.

Reason for use – EBITDA

EBITDA measures performance from ordinary business operations excluding effects of financing, taxes and non-cash items such as depreciation and amortization. It is an indicator of the underlying cash-generating ability from ordinary business operations.

Definition – EBITDA margin

EBITDA as a percentage of net sales.

Reason for use – EBITDA margin

EBITDA margin measures the proportion of net sales that remains after costs from ordinary business operations, excluding effects of financing, taxes and non-cash items such as depreciation and amortization, have been covered.

EBITDA and EBITDA margin		
	Industrial Operations	
SEK M	2025	2024
Net sales	457,509	504,975
Operating income	44,379	62,198
Amortization product and software development	3,591	3,416
Amortization other intangible assets	392	697
Depreciation tangible assets	14,589	13,266
Total depreciation and amortization	18,573	17,379
Operating income before depreciation and amortization (EBITDA)	62,951	79,576
EBITDA margin, %	13.8	15.8

Return on operating capitalDefinition

Operating income, 12 months rolling, as a percentage of a weighted average of the last four quarterly averages of operating capital. Operating capital consists of all capital needed for the daily operation, i.e., working capital and fixed assets. Operating capital excludes financial interest-bearing assets and liabilities, pensions, tax assets and liabilities related to income taxes and financial assets.

Reason for use

Return on operating capital (ROOC) measures how efficiently Industrial Operations generates profits from the capital directly tied to its ordinary business operations, independently of funding.

Return on operating capital		
	Industrial Operations	
SEK M	2025	2024
Operating income	44,379	62,198
Operating capital		
Intangible assets	46,428	44,189
Tangible assets	119,830	116,797
Investments in joint ventures and associated companies	21,111	22,496
Other shares and participations	1,080	1,089
Inventories	65,104	77,121
Customer-financing receivables	1,504	2,456
Accounts receivables	29,333	40,005
Other receivables	20,832	26,580
Operating capital assets	305,222	330,733
Other provisions	-25,101	-31,896
Trade payables	-67,265	-77,607
Other liabilities	-118,699	-127,251
Operating capital liabilities	-211,065	-236,754
Operating capital, end of period	94,157	93,979
Weighted average operating capital	99,694	88,415
Return on operating capital, %	44.5	70.3

Return on capital employedDefinition

Operating income plus interest income and similar credits, 12 months rolling, as a percentage of a weighted average of the last four quarterly averages of capital employed. Capital employed consists of total assets and total liabilities, less pension assets and liabilities, bond loans, other loans and internal funding liabilities, as well as unrealized financial instrument gains and losses.

Reason for use

Return on capital employed (ROCE) is a financial metric used to measure the Industrial Operations' efficiency in generating profits from its capital, independently of funding.

Return on capital employed			
SEK M	Industrial Operations		
	2025	2024	
Operating income	44,379	62,198	
Interest income and similar credits	2,167	3,060	
Operating income and interest income and similar credits	46,546	65,258	
Capital employed			
Total assets	401,461	451,684	
Less: Net pension assets	-1,828	-2,115	
Less: Unrealized financial instrument gains (mainly other receivables)	-6,713	-4,741	
Capital employed assets	392,921	444,829	
Total liabilities	-250,448	-278,154	
Less: Provisions for post-employment benefits	8,604	12,606	
Less: Bond loans, other loans and internal funding liabilities	21,670	21,681	
Less: Unrealized financial instrument losses (other liabilities)	727	1,124	
Capital employed liabilities	-219,446	-242,742	
Capital employed, end of period	173,474	202,087	
Weighted average capital employed	184,159	182,340	
Return on capital employed, %	25.3	35.8	

Return on equityDefinition

Income for the period, 12 months rolling, as a percentage of a weighted average of the last four quarterly averages of equity attributed to owners of AB Volvo, excluding non-controlling interest.

Reason for use

Return on Equity (ROE) is a financial target for Financial Services. A clear and straightforward ROE target supports the efforts to drive performance across the Volvo Group through the business cycle.

Return on equity				
SEK M	Financial Services		Volvo Group	
	2025	2024	2025	2024
Income for the period	2,853	2,949	34,707	50,576
Equity				
Equity attributed to owners of AB Volvo, end of period	27,464	23,831	178,395	194,049
Weighted average equity	27,416	22,604	181,495	177,737
Return on equity, %	10.4	13.0	19.1	28.5

Equity ratioDefinition

Total equity as a percentage of total assets.

Reason for use

Equity ratio shows the proportion of the Volvo Group's assets that are financed by equity and indicates long-term solvency.

Equity ratio						
SEK M	Industrial Operations		Financial Services		Volvo Group	
	2025	2024	2025	2024	2025	2024
Total equity	151,013	173,530	27,464	23,831	178,477	197,361
Total assets	401,461	451,684	274,699	297,830	648,590	714,564
Equity ratio, %	37.6	38.4	10.0	8.0	27.5	27.6

Net capitalization of research and development expensesDefinition

Capitalized research and development expenses for new products and software, reduced by amortizations on assets in use.

Reason for use

Capitalized research and development expenses are expected to yield future economic benefits through new products and technologies, and provides insight into the Volvo Group's innovation and potential growth. The net capitalization of research and development expenses shows the impact on operating income.

Net capitalization of research and development expenses

SEK M	Volvo Group	
	2025	2024
Capitalization	7,553	4,262
Amortization	-3,527	-3,310
Net capitalization of research and development expenses	4,026	951

Penetration rateDefinition

Share of unit sales financed by Financial Services, as a percentage of the total number units sold by the Volvo Group in markets where financial services are offered.

Reason for use

The penetration rate is a measure of how well Financial Services (VFS) capture sales through financial offerings. It shows how much of the Volvo Group sales that VFS finances on the markets where VFS is present. That is strategically important in the analysis and follow up of growth potential, market comparisons, competitor analysis as well as the effects of commercial activities in the markets.

Penetration rate

Number of units	Financial Services	
	2025	2024
Number of financed units	66,682	65,250
Number of units sold where financial services are offered	222,068	224,225
Penetration rate, %	30	29

Net financial positionDefinition

Net financial position includes cash and cash equivalents, marketable securities and interest-bearing receivables reduced by interestbearing liabilities, lease liabilities and provisions for post-employment benefits. Net financial position is also presented excluding provisions for post-employment benefits and lease liabilities. For reconciliation see Net financial position statement, which is presented after the Balance sheet for the Volvo Group.

Reason for use

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

Operating cash flowDefinition

Operating cash flow in Industrial Operations includes cash flow from operating activities and cash flow from investments and disposals of intangible and tangible assets. For reconciliation see the Cash flow statement for the Volvo Group.

Reason for use

Operating cash flow in Industrial Operations measures the amount of cash generated by ordinary business operations, including investments and disposals of intangible and tangible assets.

Eleven-year Summary

The reporting in the eleven-year summary is based on IFRS. Respective year is presented in accordance with the Generally Accepted Accounting Practice (GAAP) for that year. Earlier years are not restated when new accounting standards are applied.

Consolidated income statement											
SEK M	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net sales	479,183	526,816	552,764	473,479	372,216	338,446	431,980	390,834	334,748	301,914	312,515
Cost of sales	-362,314	-382,767	-403,443	-361,741	-282,463	-259,319	-326,895	-303,478	-254,581	-231,602	-240,653
Gross income	116,869	144,049	149,321	111,737	89,753	79,127	105,085	87,357	80,167	70,312	71,862
Research and development expenses	-26,242	-30,957	-26,645	-22,526	-18,027	-16,798	-18,539	-15,899	-16,098	-14,631	-15,368
Selling expenses	-32,820	-34,688	-33,675	-29,044	-23,959	-26,510	-33,037	-30,890	-28,582	-26,867	-27,694
Administrative expenses	-7,229	-7,801	-7,356	-5,880	-4,870	-4,621	-5,901	-5,798	-5,642	-5,121	-5,769
Other operating income and expenses	-430	-1,844	-12,280	-7,374	246	-5,459	-221	-2,273	-1,061	-3,135	-4,179
Income/loss from investments in joint ventures and associated companies	-1,630	-2,166	-2,568	-1,333	-54	1,749	1,859	1,948	1,407	156	-143
Income from other investments	-12	18	-14	132	-15	-3	285	33	135	112	4,609
Operating income	48,506	66,611	66,784	45,712	43,074	27,484	49,531	34,478	30,327	20,826	23,318
Interest income and similar credits	1,909	2,688	2,690	1,008	358	299	320	199	164	240	257
Interest expenses and similar charges	-1,819	-1,592	-1,167	-1,205	-1,167	-1,349	-1,674	-1,658	-1,852	-1,847	-2,366
Other financial income and expenses	-1,204	-497	-1,581	-437	926	-518	-1,345	-870	-385	11	-792
Income after financial items	47,391	67,210	66,726	45,077	43,190	25,917	46,832	32,148	28,254	19,230	20,418
Income taxes	-12,685	-16,634	-16,794	-12,108	-9,947	-5,843	-10,337	-6,785	-6,971	-6,008	-5,320
Income for the period	34,707	50,576	49,932	32,969	33,243	20,074	36,495	25,363	21,283	13,223	15,099
Attributable to:											
Owners of AB Volvo	34,456	50,389	49,825	32,722	32,787	19,318	35,861	24,897	20,981	13,147	15,058
Non-controlling interest	251	186	107	247	456	755	635	466	302	75	41

Income statement Industrial Operations											
SEK M	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Net sales	457,509	504,975	533,269	459,703	361,062	326,472	418,361	378,320	323,809	291,459	303,582
Cost of sales	-349,251	-369,672	-391,576	-354,682	-277,048	-252,933	-319,055	-296,109	-248,382	-225,797	-236,311
Gross income	108,258	135,303	141,693	105,021	84,013	73,539	99,306	82,210	75,428	65,662	67,271
Research and development expenses	-26,242	-30,957	-26,645	-22,526	-18,027	-16,798	-18,539	-15,899	-16,098	-14,631	-15,368
Selling expenses	-29,645	-31,245	-30,380	-26,066	-21,575	-24,284	-30,483	-28,642	-26,495	-24,946	-25,857
Administrative expenses	-7,213	-7,784	-7,342	-5,867	-4,859	-4,611	-5,887	-5,756	-5,602	-5,081	-5,728
Other operating income and expenses	874	-971	-11,687	-4,498	300	-3,673	230	-1,828	-640	-2,531	-3,473
Income/loss from investments in joint ventures and associated companies	-1,630	-2,166	-2,568	-1,333	-54	1,749	1,859	1,948	1,407	156	-143
Income from other investments	-24	18	-9	132	-15	-4	285	33	135	112	4,610
Operating income	44,379	62,198	63,063	44,862	39,783	25,919	46,771	32,067	28,135	18,740	21,312

Consolidated balance sheet											
SEK M	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Intangible assets	46,559	44,340	42,512	41,544	37,070	34,577	36,668	38,104	35,893	37,916	36,416
Property, plant and equipment	83,829	79,629	68,449	63,162	54,405	49,113	53,496	55,673	53,348	55,875	53,618
Assets under operating leases	40,485	45,501	41,910	43,518	39,969	37,962	43,326	43,103	37,166	34,693	32,531
Shares and participations	22,217	23,603	20,039	22,188	21,225	13,436	13,113	11,875	11,225	12,420	12,050
Inventories	65,963	78,359	76,863	75,689	63,916	47,625	56,644	65,783	52,701	48,287	44,390
Customer-financing receivables	234,098	257,282	232,203	193,928	151,504	128,531	142,982	126,927	109,378	110,821	102,583
Interest-bearing receivables	8,449	7,702	6,170	7,466	3,702	5,880	2,743	3,393	3,501	2,393	2,938
Other receivables	73,487	92,378	90,548	97,590	81,772	73,982	81,432	82,509	72,961	70,814	61,932
Cash and cash equivalents	73,503	85,389	83,415	83,979	62,293	85,419	61,660	47,093	36,270	25,172	24,393
Assets held for sale	–	381	11,960	–	–	34,296	32,773	203	51	525	3,314
Assets	648,590	714,564	674,068	629,064	515,856	510,821	524,837	474,663	412,494	398,916	374,165
Total equity ¹	178,477	197,361	180,739	166,236	144,118	148,142	141,678	125,831	109,011	97,764	85,610
Provision for post-employment benefits	8,669	12,706	11,219	8,745	12,177	18,430	19,988	16,482	14,476	14,669	13,673
Other provisions	25,261	31,983	32,602	30,987	28,095	27,335	30,835	32,165	25,477	26,408	27,207
Interest-bearing liabilities	248,059	263,607	236,791	210,948	153,624	153,424	157,752	135,857	127,676	141,048	132,607
Other liabilities	188,123	208,895	204,559	212,148	177,842	152,204	164,171	164,328	135,854	118,879	114,495
Liabilities held for sale	–	13	8,157	–	–	11,286	10,413	–	–	148	573
Total equity and liabilities	648,590	714,564	674,068	629,064	515,856	510,821	524,837	474,663	412,494	398,916	374,165
¹ of which non-controlling interests	83	3,312	2,948	3,519	3,073	2,847	3,083	2,452	1,941	1,703	1,801
Assets pledged	22,761	14,994	7,924	3,582	6,742	14,960	21,220	15,988	12,791	10,592	9,428
Contingent liabilities	14,447	16,969	15,907	18,201	17,971	13,832	13,732	14,247	15,242	16,056	15,580

Balance sheet Industrial Operations											
SEK M	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Intangible assets	46,428	44,189	42,378	41,471	36,971	34,423	36,467	37,889	35,716	37,768	36,314
Property, plant and equipment	83,758	79,571	68,393	63,112	54,356	49,045	53,411	55,631	53,308	55,812	53,554
Assets under operating leases	36,072	37,226	35,154	34,109	32,150	29,460	33,794	32,700	24,051	22,752	20,616
Shares and participations	22,191	23,585	20,020	22,169	21,209	13,421	13,095	11,866	11,215	12,409	12,042
Inventories	65,104	77,121	75,958	75,382	63,715	47,273	56,080	65,366	52,231	48,080	44,194
Customer-financing receivables	1,504	2,456	2,632	3,031	2,537	1,695	1,570	1,560	1,358	1,698	11
Interest-bearing receivables	8,462	9,225	6,189	12,918	3,723	6,301	4,916	3,882	4,966	4,415	3,738
Other receivables	69,925	97,208	98,176	103,481	96,758	84,413	99,082	101,347	85,822	75,759	68,223
Cash and cash equivalents	68,017	80,723	78,947	76,098	59,603	82,186	57,675	43,907	32,447	20,875	21,210
Assets held for sale	–	381	11,960	–	–	29,362	28,427	203	51	525	3,314
Assets	401,461	451,684	439,807	431,771	371,022	377,579	384,517	354,351	301,165	280,093	263,216
Total equity	151,013	173,530	159,119	147,439	129,619	135,127	127,150	113,144	97,790	86,579	75,151
Provision for post-employment benefits	8,604	12,606	11,138	8,690	12,095	18,282	19,850	16,374	14,391	14,608	13,621
Other provisions	25,101	31,896	32,511	28,485	24,918	23,794	27,055	28,476	22,680	22,545	23,936
Interest-bearing liabilities	21,670	21,681	19,641	29,735	19,919	35,017	32,326	25,328	27,001	33,944	32,562
Other liabilities	195,073	211,958	209,239	217,422	184,471	158,721	172,209	171,029	139,303	122,269	117,374
Liabilities held for sale	–	13	8,157	–	–	6,638	5,927	–	–	148	573
Total equity and liabilities	401,461	451,684	439,807	431,771	371,022	377,579	384,517	354,351	301,165	280,093	263,216

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Consolidated cash flow statement											
SEK bn	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating income	48.5	66.6	66.8	45.7	43.1	27.5	49.5	34.5	30.3	20.8	23.3
Depreciation and amortization	23.5	22.5	21.2	20.7	18.7	20.6	20.6	18.4	16.9	16.7	16.8
Other non-cash items	1.9	2.8	13.8	7.0	-1.0	1.2	-2.8	9.7	1.4	-0.4	-0.5
Change in working capital	-17.1	-28.3	-55.8	-28.7	-17.5	-13.7	-18.2	-23.7	-4.7	-13.9	-9.0
Dividends received from joint ventures and associated companies	0.2	0.2	0.1	0.1	0.8	1.1	0.5	-	-	-	-
Financial items and income tax	-11.4	-17.3	-19.5	-11.6	-10.4	-5.0	-10.1	-7.7	-6.3	-5.7	-4.6
Cash flow from operating activities	45.6	46.4	26.7	33.2	33.6	30.6	39.0	31.2	37.6	17.5	25.9
Investments in in-/tangible assets	-26.1	-18.4	-18.4	-16.7	-12.5	-8.8	-12.0	-10.7	-7.7	-9.5	-8.8
Investments in leasing assets	-	-	-10.3	-9.2	-9.3	-8.6	-10.0	-10.1	-11.5	-10.8	-10.5
Disposals of in-/tangible assets	0.7	0.5	5.7	5.6	5.8	6.3	7.4	6.2	5.4	9.0	6.0
Investments and divestments of shares, net	-2.1	-4.9	-1.2	-0.9	-7.4	-0.5	0.1	1.0	2.2	0.2	-2.0
Acquired and divested operations, net	0.8	-0.6	-2.4	-0.1	22.0	0.4	1.3	-0.2	0.9	1.4	0.4
Interest-bearing receivables including - marketable securities, net	-0.7	-0.7	-0.3	-0.2	-0.1	1.1	-1.0	0.1	1.6	2.5	3.6
Cash flow after net investments	18.1	22.3	-0.2	11.8	32.2	20.7	24.9	17.4	28.5	10.4	14.5
Change in loans, net	12.3	14.8	31.0	34.0	-7.0	7.3	9.3	1.9	-9.0	-2.2	-13.2
Dividend to AB Volvo's shareholders	-37.6	-36.6	-28.5	-26.4	-49.8	-	-20.3	-8.6	-6.6	-6.1	-6.1
Dividend to non-controlling interests	-	-	-0.5	-	-0.6	-0.8	-	-	-	-0.2	-
Other	-0.1	-0.1	-0.1	-	-0.1	-0.1	0.2	-	-	-	-
Change in cash and cash equivalents excluding exchange rate changes	-7.3	0.4	1.7	19.2	-25.4	27.1	14.0	10.7	12.8	1.9	-4.8
Effect of exchange rate changes on cash and cash equivalents	-4.5	1.4	-2.2	2.5	2.3	-3.4	0.5	0.1	-0.7	1.0	-0.4
Change in cash and cash equivalents	-11.8	1.8	-0.6	21.8	-23.1	23.7	14.5	10.8	12.1	2.9	-5.2

Operating cash flow Industrial Operations											
SEK bn	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating income	44.4	62.2	63.0	44.9	39.8	25.9	46.8	32.1	28.1	18.7	21.3
Depreciation and amortization	18.6	17.4	16.2	15.9	14.3	15.9	15.8	13.8	12.6	12.6	12.6
Other non-cash items	0.3	1.7	12.7	3.4	-1.4	-0.8	-3.6	8.9	0.9	-1.1	-1.1
Change in working capital	-5.9	-2.4	-10.2	-2.5	-2.3	-11.0	-0.5	-11.0	-0.2	-14.7	-1.9
Dividends received from joint ventures and associated companies	0.2	0.2	0.1	0.1	0.8	1.1	0.5	-	-	-	-
Financial items and income taxes	-10.3	-15.9	-18.3	-10.3	-9.5	-4.2	-9.5	-7.5	-5.6	-5.6	-4.0
Cash flow from operating activities	47.3	63.1	63.4	51.4	41.7	25.9	49.0	36.4	35.8	9.9	26.7
Investments in in-/tangible assets	-26.1	-18.3	-18.3	-16.6	-12.5	-8.7	-11.9	-10.7	-7.7	-9.4	-8.8
Investments in leasing assets	-	-	-	-	-	-	-0.1	-	-0.1	-0.1	-0.3
Disposals of in-/tangible assets	0.7	0.5	0.7	0.6	0.4	1.4	1.4	0.9	0.4	3.2	0.7
Operating cash flow	21.8	45.3	45.8	35.3	29.4	18.5	38.3	26.6	28.4	3.5	18.3

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Key ratios											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross margin, % ¹	23.7	26.8	26.6	22.8	23.3	22.5	23.7	21.7	23.3	22.5	22.2
Research and development expenses as % of net sales ¹	5.7	6.1	5.0	4.9	5.0	5.1	4.4	4.2	5.0	5.0	5.1
Selling expenses as % of net sales ¹	6.5	6.2	5.7	5.7	6.0	7.4	7.3	7.6	8.2	8.6	8.5
Administration expenses as % of net sales ¹	1.6	1.5	1.4	1.3	1.3	1.4	1.4	1.5	1.7	1.7	1.9
Operating income before depreciation and amortization (EBITDA), SEK M ¹	62,951	79,576	79,237	60,790	54,080	41,847	62,568	45,858	40,732	31,373	33,886
EBITDA margin, % ¹	13.8	15.8	14.9	13.2	15.0	12.8	15.0	12.1	12.6	10.8	11.2
Net capitalization of research and development, SEK M	4,026	951	2,021	2,072	552	-385	1,006	791	-876	90	-550
Return on capital employed in Industrial Operations, %	25.3	35.8	36.7	27.4	25.3	14.7	28.4	22.4	—	—	—
Return on operating capital in Industrial Operations, %	44.5	70.3	71.3	50.8	51.9	29.4	52.3	39.0	32.5	21.5	25.0
Return on equity, %	19.1	28.5	28.7	20.7	23.4	13.8	27.0	21.3	20.8	14.9	18.4
Net Financial position excl. post-employment benefits and lease liabilities SEK M ¹	63,040	85,871	83,407	73,897	66,227	74,691	62,596	43,926	26,339	-1,151	349
Net Financial position incl. post-employment benefits and lease liabilities SEK M ¹	48,405	67,238	66,687	61,303	50,356	50,959	37,267	29,101	12,200	-15,679	-13,237
Equity ratio	27.5	27.6	26.8	26.4	27.9	29.0	27.0	26.5	26.4	24.5	22.9
Equity ratio, Industrial Operations	37.6	38.4	36.2	34.1	34.9	35.8	33.1	31.9	32.5	30.9	28.6

¹ Pertains to the Industrial Operations.

Regular employees ¹ at year-end											
Number	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks	58,113	58,458	55,607	54,046	50,974	56,483	59,142	58,891	55,026	52,154	54,668
Construction Equipment	10,638	14,193	15,028	14,797	13,847	13,404	13,756	13,419	12,788	13,397	13,889
Buses	5,371	4,988	5,637	5,325	5,117	6,608	8,324	8,178	7,943	7,353	7,270
Volvo Penta	2,202	2,180	2,167	2,022	1,832	1,798	1,800	1,713	1,622	1,530	1,470
Group Functions & Other	10,091	9,937	10,697	9,900	9,224	7,688	8,015	8,527	8,362	8,277	9,827
Financial Services	1,583	1,616	1,599	1,596	1,546	1,511	1,538	1,401	1,363	1,328	1,340
Volvo Group	87,998	91,372	90,735	87,686	82,540	87,492	92,575	92,129	87,104	84,039	88,464

Regular employees ¹ at year-end											
Number	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sweden	26,092	25,660	24,361	22,964	21,022	20,598	21,094	20,887	19,965	19,235	20,412
Europe, excluding Sweden	25,921	25,905	28,205	28,056	27,378	27,678	29,033	28,807	27,596	26,955	27,662
North America	19,085	19,943	18,624	17,815	16,956	15,559	17,750	17,845	15,882	14,245	15,534
South America	6,951	7,037	6,964	6,665	5,860	5,448	5,466	5,228	4,774	4,762	5,380
Asia	7,452	10,618	10,318	9,990	9,305	16,121	16,863	16,888	16,526	16,469	17,046
Africa and Oceania	2,497	2,209	2,263	2,196	2,019	2,088	2,369	2,474	2,361	2,373	2,430
Volvo Group	87,998	91,372	90,735	87,686	82,540	87,492	92,575	92,129	87,104	84,039	88,464

¹ Excluding consultants and temporary staff.

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Deliveries												
Number		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks												
Heavy-duty trucks (>16 tons)		173,193	183,661	198,383	197,249	170,295	140,652	201,092	193,886	171,963	158,025	176,589
Medium-duty trucks (7–16 tons)		11,549	15,567	18,863	15,475	13,907	10,736	12,700	14,065	14,331	15,691	14,749
Light trucks (<7 tons)		18,169	20,149	29,026	19,834	18,256	15,453	18,977	18,539	16,108	16,708	16,137
Of which fully electric		4,006	3,717	3,523	1,211	371	67	–	–	–	–	–
Total Trucks		202,911	219,377	246,272	232,558	202,458	166,841	232,769	226,490	202,402	190,424	207,475
Construction Equipment												
Large and medium construction equipment		38,158	42,364	45,494	58,110	73,144	65,959	64,558	62,143	48,139	33,054	–
Compact construction equipment		13,476	13,679	14,570	22,799	26,727	27,802	22,327	20,511	15,988	11,252	–
Of which fully electric		2,746	2,067	895	598	321	12	–	–	–	–	–
Total Construction Equipment		51,634	56,043	60,064	80,909	99,871	93,761	86,885	82,654	64,127	44,306	–
Volvo Penta												
Marine engines		10,604	11,733	16,858	17,924	17,149	14,842	18,135	20,006	19,565	18,016	19,503
Industrial engines		28,939	23,918	27,479	27,360	24,839	20,444	21,324	28,499	21,432	19,251	18,635
Of which fully electric		54	113	104	24	39	–	–	–	–	–	–
Total Volvo Penta		39,543	35,651	44,337	45,284	41,988	35,286	39,459	48,505	40,997	37,267	38,138
Deliveries by Region												
Number		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks												
	Europe	105,664	106,981	129,016	113,245	98,600	79,814	104,145	110,349	105,432	97,909	86,448
	North America	48,408	56,931	60,782	56,535	47,629	32,056	62,308	53,877	37,941	39,193	64,507
	South America	23,991	29,629	22,036	31,958	28,718	17,684	23,729	16,146	11,073	9,442	11,069
	Asia	15,877	15,817	21,991	19,066	17,842	27,009	29,435	32,276	35,476	31,502	31,979
	Africa and Oceania	8,971	10,019	12,447	11,754	9,669	10,278	13,152	13,842	12,480	12,378	13,472
	Total	202,911	219,377	246,272	232,558	202,458	166,841	232,769	226,490	202,402	190,424	207,475
	Of which fully electric	4,006	3,717	3,523	1,211	371	67	–	–	–	–	–
Construction Equipment												
	Europe	11,896	10,694	16,278	16,767	20,453	15,762	21,420	19,567	17,519	14,700	12,539
	North America	5,701	7,116	9,549	7,663	6,217	5,025	7,278	7,218	5,685	5,105	5,710
	South America	2,415	2,381	2,271	4,875	4,263	2,335	2,004	2,023	1,372	1,175	2,036
	Asia	28,094	32,567	28,073	48,153	65,635	68,232	53,664	50,716	36,254	21,072	22,339
	Africa and Oceania	3,528	3,285	3,893	3,451	3,303	2,406	2,519	3,130	3,297	2,254	2,094
	Total	51,634	56,043	60,064	80,909	99,871	93,760	86,885	82,654	64,127	44,306	44,718
	Of which fully electric	2,746	2,067	895	598	321	12	–	–	–	–	–
Buses												
	Europe	1,104	1,270	1,476	1,424	1,388	1,565	2,350	2,142	2,645	2,676	2,431
	North America	1,868	1,853	1,590	1,134	1,118	1,644	3,084	2,796	2,973	2,659	2,398
	South America	1,116	1,395	1,043	1,957	726	1,152	1,917	973	784	1,149	1,415
	Asia	815	777	875	819	585	1,097	1,465	1,451	2,186	1,849	1,656
	Africa and Oceania	1,102	979	789	481	705	797	915	1,064	805	1,220	925
	Total	6,005	6,274	5,773	5,815	4,522	6,215	9,731	8,426	9,393	9,553	8,825
	Of which fully electric	511	330	363	240	211	223	–	–	–	–	–
	Of which hybrids	–	69	165	127	232	83	–	–	–	–	–

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Operating segment statistics

Net sales												
SEK M		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks	Europe	157,288	165,594	175,203	137,177	107,798	92,127	112,125	111,237	99,642	91,468	83,767
	North America	89,279	105,546	107,975	92,582	65,308	52,038	85,731	70,233	52,405	51,849	73,017
	South America	34,179	44,182	36,897	38,254	23,569	15,830	23,753	16,021	12,789	10,613	11,624
	Asia	24,711	25,019	30,617	23,988	21,359	35,441	37,610	36,664	36,998	33,464	31,589
	Africa and Oceania	18,007	20,268	22,356	18,535	12,846	12,826	17,427	16,203	14,646	13,256	13,982
	Total		323,463	360,610	373,048	310,536	230,881	208,262	276,647	250,358	216,480	200,650
Construction Equipment	Europe	27,761	26,934	34,228	30,194	29,524	23,191	30,300	27,291	22,977	19,739	17,732
	North America	19,301	23,459	29,590	22,294	16,583	13,020	17,404	15,575	12,234	10,724	11,843
	South America	3,939	4,099	4,101	6,491	3,951	2,245	2,532	2,304	1,760	1,414	2,207
	Asia	23,419	26,604	28,150	34,228	36,427	39,095	33,932	33,781	25,058	15,765	16,424
	Africa and Oceania	7,221	7,208	8,912	7,054	5,546	3,902	4,437	5,287	4,468	3,088	2,802
	Total		81,641	88,305	104,981	100,261	92,031	81,453	88,606	84,238	66,497	50,731
Buses	Europe	6,578	6,547	7,007	6,034	5,886	5,765	7,369	7,036	7,753	7,861	7,284
	North America	11,291	10,979	9,200	6,521	4,089	8,302	15,543	13,244	12,512	11,345	10,635
	South America	2,170	2,248	2,207	3,154	882	1,793	3,281	1,393	1,148	1,363	1,425
	Asia	1,770	1,821	1,601	1,372	1,371	2,397	2,617	2,094	3,135	3,067	2,557
	Africa and Oceania	3,263	2,949	2,408	1,502	1,423	1,535	2,209	2,060	1,530	1,749	1,678
	Total		25,072	24,544	22,423	18,583	13,652	19,791	31,019	25,826	26,078	25,386
Volvo Penta	Europe	9,622	9,580	10,787	9,417	7,464	6,064	6,671	7,487	5,727	4,973	4,462
	North America	4,586	4,036	4,070	3,695	2,949	2,532	3,180	2,912	2,456	2,191	2,161
	South America	834	854	783	635	474	345	319	299	289	291	365
	Asia	4,336	4,008	3,950	3,302	2,698	2,228	2,439	2,443	2,082	1,891	1,855
	Africa and Oceania	1,220	1,375	1,417	1,054	851	691	679	599	566	546	562
	Total		20,597	19,852	21,006	18,102	14,437	11,891	13,287	13,741	11,119	9,893
Group functions & Other incl. eliminations		6,736	11,665	11,811	12,221	10,061	5,074	8,802	4,157	3,635	4,799	5,610
Industrial Operations		457,509	504,975	533,269	459,703	361,062	326,472	418,361	378,320	323,809	291,459	303,582
Financial Services	Europe	9,938	9,861	8,727	6,705	5,929	6,116	6,279	6,063	5,431	5,116	5,278
	North America	8,707	9,025	7,775	5,752	4,519	4,907	5,534	4,600	4,234	4,202	4,033
	South America	5,675	5,581	5,374	3,338	1,618	1,380	1,555	1,276	1,368	1,235	1,116
	Asia	1,016	1,190	1,027	788	843	1,022	1,010	800	543	476	548
	Africa and Oceania	1,133	1,324	1,108	772	528	535	492	332	235	213	224
	Total		26,469	26,982	24,012	17,355	13,437	13,960	14,870	13,070	11,812	11,242
Eliminations		-4,795	-5,140	-4,518	-3,579	-2,283	-1,987	-1,252	-555	-873	-787	-2,265
Volvo Group total		479,183	526,816	552,764	473,479	372,216	338,446	431,980	390,834	334,748	301,914	312,515
Of which:¹												
Vehicles²		355,167	397,193	425,301	367,234	282,666	247,397	332,558	299,356	252,063	223,996	
Services		124,016	129,624	127,463	92,469	78,396	79,075	85,804	78,963	71,747	67,463	
Financial Services		-	-	-	17,355	13,437	13,960	14,870	13,070	11,812	11,242	
Eliminations		-	-	-	-3,579	-2,283	-1,987	-1,252	-555	-873	-787	

1 As from 2023, net sales for Financial Services are included in Services.

2 Including construction equipment and Volvo Penta engines.

VOLVO GROUP 2025
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Operating income											
SEK M	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks	28,783	45,966	48,893	31,976	27,349	15,764	31,552	19,541	20,383	15,020	19,517
Construction Equipment	11,436	12,737	16,383	12,907	12,228	9,583	11,910	12,125	7,917	2,246	2,044
Buses	2,192	2,433	-380	353	78	-522	1,337	575	928	911	860
Volvo Penta	3,373	3,419	3,230	2,527	2,092	1,402	1,876	2,341	1,439	1,269	1,086
Group functions & Other	-1,446	-2,389	-5,117	-2,912	-2,017	-322	111	-2,503	-2,534	-679	-2,189
Eliminations	41	32	55	12	53	12	-14	-13	2	-28	-6
Industrial operations	44,379	62,198	63,063	44,862	39,783	25,919	46,771	32,067	28,135	18,740	21,312
Financial Services	3,869	4,042	3,719	848	3,289	1,564	2,766	2,411	2,192	2,086	2,006
Eliminations	258	371	2	2	2	2	-6	-	-	-	-
Volvo Group	48,506	66,611	66,784	45,712	43,074	27,484	49,531	34,478	30,327	20,826	23,318

Operating margin											
%	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Trucks	8.9	12.7	13.1	10.3	11.8	7.6	11.4	7.8	9.4	7.5	9.1
Construction Equipment	14.0	14.4	15.6	12.9	13.3	11.8	13.4	14.4	11.9	4.4	4.0
Buses	8.7	9.9	-1.7	1.9	0.6	-2.6	4.3	2.2	3.6	3.6	3.6
Volvo Penta	16.4	17.2	15.4	14.0	14.5	11.8	14.1	17.0	12.9	12.8	11.5
Industrial Operations	9.7	12.3	11.8	9.8	11.0	7.9	11.2	8.5	8.7	6.4	7.0
Volvo Group	10.1	12.6	12.1	9.7	11.6	8.1	11.5	8.8	9.1	6.9	7.5

Environmental and social metrics											
More detailed information and management approach are further described in Sustainability Statements on page 144–189.											
Absolute values; and related to net sales where applicable											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Energy usage (GWh) ¹	2,224	2,250	2,345	2,367	2,437	2,158	2,372	2,196	2,068	2,076	2,077
Energy usage (GWh/SEK bn) ¹	4.9	4.5	4.4	5.1	6.8	6.6	5.7	5.8	6.4	7.1	6.8
Direct GHG emissions, CO ₂ e, scope 1 (1,000 tons) ¹	203	209	228	243	252	211	250	223	207	211	220
Direct GHG emissions, scope 1 (tCO ₂ e/SEK bn) ¹	0.4	0.4	0.4	0.5	0.7	0.6	0.6	0.6	0.6	0.7	0.6
Indirect GHG emissions, CO ₂ e scope 2 (1,000 tons) ¹	54	60	66	81	115	121	125	198	192	196	192
Indirect GHG emissions, scope 2 (tCO ₂ e/SEK bn) ¹	0.1	0.1	0.1	0.2	0.3	0.4	0.3	0.5	0.6	0.7	0.6
Indirect GHG emissions, CO ₂ e scope 3 use of sold products (Mton)	228	249	272	294	291	249	331				
Hazardous waste (tons)	34,372	40,860	39,076	36,800	53,314	51,712	50,909	38,601	31,941	27,649	27,824
Hazardous waste (tons/SEK bn)	75	81	73	80	148	159	122	102	99	95	92
Net sales, Industrial operations (SEK bn)	457.5	505.0	533.3	459.7	361.1	326.5	418.4	378.3	323.8	291.5	303.6
Accident rates (Lost time accidents per 1,000,000 hours)	3.95	4.50	5.40	5.00	5.15	4.50	6.10	6.10	5.00	5.30	6.90
Gender representation in total workforce, (% Men)	76	77	78	78	79	81	81	81	81	82	-
Gender representation in total workforce, (% Women)	24	23	22	22	21	19	19	19	19	18	-
Gender representation among leaders (% Men)	73	74	75	76	77	80	80	81	81	82	-
Gender representation among leaders (% Women)	27	26	25	24	23	20	20	19	19	18	-

¹ In this 11 year summary, data points summarize historical reported metrics in the Annual Report each year but are not restated. On page 157 data points are restated from 2019 due to changing reporting scope affecting the baseline to the Group's climate targets.

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Volvo share statistics

Data per share											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Basic earnings, SEK ¹	16.94	24.78	24.50	16.09	16.12	9.50	17.64	12.25	10.08	6.47	7.42
Ordinary dividend, SEK ⁸	8.50	8.00	7.50	7.00	6.50	6.00	–	5.00	4.25	3.25	3.00
Extraordinary dividend, SEK ^{8, 9}	4.50	10.50	10.50	7.00	16.00	9.00	–	5.00	–	–	–
Share price at year end (B share), SEK	295.90	268.60	261.70	188.48	209.65	193.80	156.90	115.95	152.70	106.40	79.10
Dividend yield (B share), % ²	4.4	6.9	6.9	7.4	10.7	7.7	–	8.6	2.8	3.1	3.8
Effective return (B share), % ³	17	8	46	1	16	24	44	-21	47	38	-3
Price/earnings ratio (B share) ⁴	17.5	10.8	10.7	11.7	13.0	20.4	8.9	9.5	14.8	16.4	10.7
EBIT multiple ⁵	11.1	6.9	6.7	7.2	8.3	12.5	6.1	6.5	9.9	11.7	7.7
Payout ratio, % ⁶	76.7	74.7	73.5	87.0	140.0	158.0	–	82.0	41.0	50.0	40.0
Total equity, SEK ⁷	88	95	87	80	69	72	68	61	52	47	41
Return on total equity, %	19.1	28.5	28.7	20.7	23.4	13.8	27.0	21.3	20.5	14.9	18.4

1 Basic earnings per share is calculated as income for the period divided by average number of shares outstanding.

2 Proposed dividend in SEK per share divided by share price at year end.

3 Share price change during the year including dividend divided by share price at beginning of the year.

4 Share price at year end divided by basic earnings per share.

5 Market value at year end less net financial position and non-controlling interests divided by operating income.

6 Cash dividend divided by basic earnings per share.

7 Total equity for shareholders in AB Volvo divided by number of shares outstanding at year end.

8 For 2025, proposed by the Board of Directors to the Annual General Meeting 2026.

9 In 2021, SEK 6.50 per share for fiscal 2021 and SEK 9.50 per share relating to the distribution of the proceeds from the sale of UD Trucks paid out in July 2021.

Other share data											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Number of shareholders at year end	423,717	396,699	382,200	374,185	362,144	283,731	250,798	245,663	240,521	237,654	234,989
Number of Series A shares outstanding at year end, million	444	445	445	445	445	448	456	457	459	472	485
Number of Series B shares outstanding at year end, million	1,589	1,588	1,588	1,588	1,588	1,585	1,577	1,576	1,573	156	1,546
Average number of shares outstanding, million	2,033	2,033	2,033	2,033	2,033	2,033	2,033	2,032	2,032	2,031	2,030
Number of Series A shares traded in Stockholm during the year, million	58.7	31.7	36.7	41.1	88.1	65.7	43.8	51.8	46.7	67.2	51.7
Number of Series B shares traded in Stockholm during the year, million	845.0	745.1	820.2	967.5	1,065.9	1,407.6	1,146.1	1,293.8	1,341.3	1,667.9	2,052.1

The largest shareholders in AB Volvo			
December 31, 2025	Number of shares	Share of votes, %	Share of capital, %
Industrivärden	195,600,000	28.1	9.6
Geely Holding	88,474,625	14.7	4.4
AMF Insurance & Funds	73,649,558	5.6	3.6
Alecta	44,483,112	3.9	2.2
Vanguard	77,864,972	2.6	3.8
AFA Insurance	15,913,773	2.3	0.8
Norges Bank Investment Management	15,501,101	1.9	0.8
AP4 Fund	19,554,701	1.7	1.0
Swedbank Robur Funds	87,548,792	1.7	4.3
Blackrock	81,215,947	1.5	4.0
Total	699,806,581	64.0	34.5

Source: Modular Finance

Distribution of shares			
December 31, 2025	Number of shareholders	% of total votes	Share of capital, %
1–1,000 shares	366,178	2.8	3.3
1,001–10,000 shares	52,750	7.1	8.9
10,001–100,000 shares	4,220	3.3	5.0
100,001–	569	86.8	82.8
Total	423,717	100.0	100.0

Source: Euroclear

Annual General Meeting, April 8, 2026

The Annual General Meeting of AB Volvo will be held on Wednesday, April 8, 2026. For further information about the Annual General Meeting 2026, please refer to Volvo's website, www.volvogroup.com.

Volvo's Election Committee

The following persons are members of Volvo's Election Committee:

- Fredrik Persson Chairman of the Election Committee, AB Industrivärden
- Anders Oscarsson AMF and AMF Fonder
- Carina Silberg Alecta
- Anders Algotsson AFA Försäkring
- Pär Boman, Chairman of the Board.

All members were appointed by the Annual General Meeting 2025. Among other duties, the Election Committee is responsible for submitting to the Annual General Meeting proposals for candidates to serve as members of the Board of Directors, Chairman of the Board and proposal for auditors if applicable. The Election Committee also proposes the amount of the fees to be paid to the Board of Directors.

Preliminary financial calendar

Annual General Meeting 2026	April 8, 2026
Report on the first quarter 2026	April 24, 2026
Capital Markets Day	June 10, 2026
Report on the second quarter 2026	July 17, 2026
Report on the third quarter 2026	October 23, 2026

The reports are available on www.volvogroup.com and www.volvogroup.se on date of publication and are also sent electronically to shareholders who have advised Volvo that they wish to receive financial information.

Historical and current time series reflecting the Volvo Group's market information are published regularly on www.volvogroup.com and on www.volvogroup.se.

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