

V O L V O

Statement by the Board of Directors pursuant to Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act

The Board of Directors of Volvo Car AB (publ) ("**Volvo Cars**") hereby gives the following statement pursuant to Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act.

The Board of Directors has decided to propose that the Annual General Meeting ("**AGM**") 2024 resolve on the implementation of a Performance Share Plan and an Employee Share Matching Plan (the "**Proposed Plans**") and delivery arrangements in respect thereof. The delivery arrangements include, among other things, a proposal to authorise the Board of Directors to resolve on the repurchase of shares of series B on Nasdaq Stockholm. The AGM in 2022 and 2023, respectively, resolved on corresponding delivery measures for the Performance Share Plans and Employee Share Matching Plans adopted in 2022 and 2023 (the "**Existing Plans**", and jointly with the Proposed Plans, the "**Plans**"). As the Board of Directors has not utilised the authorisation from the AGM in 2022 or 2023, respectively, and in order to secure Volvo Cars' obligations to deliver shares to the participants under the Existing Plans, the Board of Directors has also decided to propose that the AGM 2024 resolves on an authorisation for the Board of Directors to resolve on acquisition of own shares for delivery to the participants under the Existing Plans.

The Board of Directors is convinced that the Existing Plans are, and the implementation of the Proposed Plans will be, beneficial to both the company and its shareholders. The repurchase of the series B shares is an integral step in the implementation of the Plans and the purpose is to secure the obligations of Volvo Cars to deliver shares to participants under the Plans. The intention is that the repurchased series B shares shall be transferred to the participants in the Plans free of charge.

In accordance with item 19 on the agenda, the Board of Directors has further decided to propose that the AGM 2024 resolve on a distribution of a portion of Volvo Cars shareholding in Polestar Automotive Holding UK PLC ("**Polestar**") to Volvo Cars' shareholders, including (A) a share split (2:1), (B) a reduction of the share capital through redemption of shares, and (C) an increase of the share capital through a bonus issue without issuance of new shares. Polestar has American Depository Shares ("**Polestar ADSs**"), which represents the underlying Class A shares in Polestar, listed on Nasdaq New York. Due to technical reasons, the distribution of the shareholding in Polestar will be in the form of Swedish Depository Receipts ("**SDRs**"), which represent the underlying Polestar Class A ADSs.

The Board of Directors proposes that the AGM resolve to reduce the share capital by SEK 30,473,854.641580 for Repayment (as defined in the Board of Directors' proposal) to the shareholders, through redemption of 2,979,524,179 shares of series B. The proposed value of the SDRs to be distributed through the Repayment can, according to the limits set by the Board of Directors' proposal to the AGM, amount to no more than SEK 35,000,000,000 (corresponding to a maximum redemption consideration of approximately SEK 11.75 per Redemption Share (as defined in the proposal)). The Board of Directors of Volvo Cars will, however, decide on the final redemption consideration for each Redemption Share on or around 5 April 2024, taking into account changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK,

in order to ensure that the Repayment is in accordance with the provisions of Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act.

As of 31 December 2023, Volvo Cars' equity amounted to SEK 39,905 million, of which SEK 39,844 million consisted of non-restricted equity. The group's total equity amounted to SEK 130,485 million as of 31 December 2023. In accordance with IFRS, there is no division between restricted and non-restricted equity in the group.

Based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the value of the proposed Repayment is estimated to amount to SEK 9,452,942,695, corresponding to a redemption consideration of approximately SEK 3.17 for each share to be redeemed. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita Holding B.V ("**Snita**"). By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to approximately SEK 5,596,250. Before the Repayment is effectuated (but no later than 8 May 2024), Volvo Cars will through an intra-group transaction acquire the Polestar Class A ADSs from Snita. The Polestar Class A ADSs will be acquired and booked at market value at the time of the intra-group transaction (i.e. based on the closing price of the Polestar Class A ADSs on Nasdaq New York at the time of the intra-group transaction). As a result, the value of the Polestar Class A ADSs may fluctuate during the period from the date this reasoned statement is issued to the time of the intra-group transaction due to changes in the price of the Polestar Class A ADSs on Nasdaq New York and currency conversion from USD to SEK. In addition, the book value of the Repayment including the book value of the redemption consideration (per share), and hence the remaining non-restricted equity (retained earnings) in Volvo Cars will change accordingly.

Based on the assumptions set out above, the Repayment is estimated to constitute 23.69% of Volvo Cars' equity and 23.72% of Volvo Cars' non-restricted equity, and can amount to no more than 87.71% of Volvo Cars' equity and 87.84% of Volvo Cars' non-restricted equity. Further, the group's equity/asset ratio amounts to 36.62% prior to the proposal on the Repayment, and is estimated to amount to 36.00% after the proposal has been taken into account. As per 31 December 2023, the group's liquidity reserve, including short-term investments and available unutilised credit facilities, totalled SEK 75,021 million, and the debt/equity ratio was 1.73.

In view of the above, it is the opinion of the Board of Directors that the proposals regarding authorisations to repurchase own shares and the Repayment are justifiable with reference to the demands that the nature, scope and risks of the operations place on Volvo Cars' and the group's equity as well as Volvo Cars' and the group's consolidation needs, liquidity and overall position. The Board of Directors has hereby considered, among other things, Volvo Cars' and the group's historical development, the budgeted development and the state of the market.

The Board of Directors is of the opinion that, after use of the proposed authorisations to repurchase own shares and completion of the Repayment, the financial strength of Volvo Cars and the group is assessed to continue to be good in relation to the industry in which the group is operating. Neither the authorisations to repurchase own shares nor the Repayment will affect the ability of Volvo Cars or the group to comply with its payment obligations. The Board of Directors finds that Volvo Cars and the group are well prepared to handle any changes in respect of liquidity as well as unexpected events. The Board of Directors is of the opinion that Volvo Cars and the group have the ability to take future business risks and also cope with potential losses. Neither the proposed authorisations to repurchase own shares nor the Repayment will negatively affect Volvo Cars' and the group's ability to make further commercially motivated investments in accordance with the strategy of the Board of

Directors. Although the market value of the Polestar Class A ADSs at the time of the Repayment – taken into account what is reasonable and realistic – may result in a higher value of the Repayment (although not more than SEK 35,000,000,000) than if the Repayment had occurred at the date of this reasoned statement, the Board of Directors is of the opinion that the considerations set out above remain valid.

Gothenburg in February 2024
Volvo Car AB (publ)
The Board of Directors