

# V O L V O

The Board of Directors' report pursuant to Chapter 20, Section 13 of the Swedish Companies Act

In accordance with item 19 on the agenda, the Board of Directors has proposed that the Annual General Meeting on 26 March 2024 resolve on a distribution of a portion of Volvo Car AB (publ) ("**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. In view of the foregoing, the Board of Directors of Volvo Cars hereby issues the following report pursuant to Chapter 20, Section 13 of the Swedish Companies Act.

The proposed reduction of the share capital through redemption of shares in accordance with item 19 on the agenda for the Annual General Meeting 2024 amounts to SEK 30,473,854.641580, and will be effectuated by cancellation of shares. The shares to be redeemed shall be the shares that, following the share split in accordance with the Board of Directors proposal under item 19 on the agenda, are classified as Redemption Shares (as defined in the Board of Directors' proposal). The reason for cancelling only the Redemption Shares is that the reduction of the share capital through redemption of shares is carried out in order to effectively distribute Volvo Cars' shareholding in Polestar to Volvo Cars' shareholders.

For more information regarding the redemption consideration, please refer to the general terms and conditions for the SDRs which will be available on Volvo Cars' website, <https://investors.volvocars.com/en>. For more information in respect of the underlying Polestar Class A ADSs, reference is made to Polestar's website, <https://investors.polestar.com/>,<sup>1</sup> where Polestar's historical financial reports are available under the heading "*Financials and filings*" and information regarding the Polestar Class A ADSs is available under the heading "*Stock quote and chart*".

The Board of Directors of Volvo Cars will, prior to the last day of trading including the right to receive Redemption Shares, decide on the final redemption consideration for each Redemption Share. As of the date this report is issued, the Board of Directors is expected to 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. Before the Repayment (as defined in the Board of Directors' proposal) is effectuated (but no later than 8 May 2024), Volvo Cars will acquire 638,469,467 Polestar Class A ADSs from the wholly-owned subsidiary Snita Holding B.V ("**Snita**") through an intra-group transaction. Volvo Cars' book value of the Polestar Class A ADSs will correspond to the market value (based on the price of the Polestar

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<sup>1</sup> Volvo Cars has neither prepared nor reviewed the information available on Polestar's website and takes no responsibility for its accuracy or completeness.

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 report 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. The estimated book value of the Repayment, based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, amounts to SEK 9,452,942,695. Volvo Cars' holding in Polestar is included in Volvo Cars' balance sheet indirectly through the wholly-owned subsidiaries Volvo Car Corporation and Snita. By 30 September 2023, Volvo Cars' consolidated book value of the holding in Polestar amounted to SEK 5,596,250.

With reference to the above and based on an estimated book value of the Polestar Class A ADSs at the time of the Repayment, the proposed redemption consideration will amount to approximately SEK 3.17 per Redemption Share, whereof approximately SEK 3.16 exceeds the quota value of the share, and the Repayment will amount to approximately SEK 9,452,942,695 in total. In accordance with the limitations set out in the Board of Directors' proposal of the reduction of the share capital through redemption of shares, the Repayment can amount to no more than SEK 35,000,000,000, corresponding to a maximum redemption consideration of SEK 11.75 per share. This will be taken into account when the Board of Directors of Volvo Cars decides, by virtue of the authorisation by the Annual General Meeting, on the on the redemption consideration for each of the shares to be redeemed in the Repayment, on or around 5 April 2024.

The Board of Directors' proposals under item 19 on the agenda to the Annual General Meeting on 26 March 2024 entails that the amount available for distribution can be reduced with no more than SEK 35,000,000,000 according to the company's balance sheet as of 31 December 2023. Based on the market value of the Polestar Class A ADSs on Nasdaq New York on 22 February 2024, the amount available for distribution is estimated to be reduced with approximately SEK 9,452,942,695. Due to applicable tax and accounting standards, the value may change as Volvo Cars will acquire and book the Polestar Class A ADSs at market value at the time of the intra-group transaction. The value of the Polestar Class A ADSs, and accordingly their book value, may fluctuate in accordance with the description above.

In order to achieve an efficient redemption procedure that does not require authorisation from the Swedish Companies Registration Office (*Sw. Bolagsverket*) or a court of general jurisdiction, the Board of Directors proposes, in accordance with item 19 on the agenda to the Annual General Meeting on 26 March 2024, that the meeting resolves on a bonus issue to restore the share capital of the company to no less than its original amount of SEK 60,947,709.283160, by increasing the share capital of the company with SEK 30,473,854.641580, to be transferred to the share capital from the non-restricted equity, without issuance of new shares.

There will be no other effect on the company's restricted equity, and the company's share capital will thus be the same as prior to the Repayment.

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