



## Volvo Cars welcomes Polestar's strengthened business plan

Volvo Cars welcomes the strengthened business plan announced by Polestar today, which aims to take the company into a new phase of growth and profitability. Please see the announcement from Polestar [here](#).

Polestar will adopt a variety of steps to improve profitability, which includes cutting costs and driving efficiencies in the business. Polestar has indicated that these are expected to result in gross margins in the high teens for the fiscal year 2025.

These measures which form part of the strengthened business plan, are designed to enable the company to reach a cash flow break-even point in 2025.

Polestar is working to secure external funding in the form of additional debt and equity raises to meet its remaining funding needs until it reaches the cash flow break-even point in 2025. With 48.3% ownership of Polestar, Volvo Cars is helping to facilitate the transition of the company towards a more profitable future by providing limited financial support to meet their immediate funding needs.

This new financial support from Volvo Cars will be provided in two ways, both related to the loan provided by Volvo Cars in November 2022. One, through an extension in the maturity of the existing USD 800 million term loan from May 2024 to June 2027. Second, Volvo Cars will increase the existing facility by USD 200 million on top of the USD 800 million already provided, with all other terms remaining the same.

As previously indicated, Volvo Cars has the option of converting part of the total outstanding loans into new equity in Polestar. However, Volvo Cars has no intention of increasing its shareholding in Polestar beyond its current share.

In addition, Geely Holding will provide financial support on substantially the same terms to Polestar via a USD 250 million new loan, with the option of converting this into equity at a later point.

"Polestar is on the verge of entering a new phase of growth and profitability with the rollout of the Polestar 3 and Polestar 4," says Johan Ekdahl, chief financial officer of Volvo Cars. "The strengthened business plan is designed to make Polestar more financially stable while pursuing its business objectives in a profitable way."

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**Volvo Cars in 2022**

*For the full year 2022, Volvo Car Group recorded an operating profit of SEK 22.3 billion. Revenue in 2022 amounted to SEK 330.1 billion, while global sales reached 615,121 cars.*

**About Volvo Car Group**

*Volvo Cars was founded in 1927. Today, it is one of the most well-known and respected car brands in the world with sales to customers in more than 100 countries. Volvo Cars is listed on the Nasdaq Stockholm exchange, where it is traded under the ticker "VOLCAR B".*

*"For life. To give people the freedom to move in a personal, sustainable and safe way." This purpose is reflected in Volvo Cars' ambition to become a fully electric car maker by 2030 and in its commitment to an ongoing reduction of its carbon footprint, with the ambition to be a climate-neutral company by 2040.*

*As of December 2022, Volvo Cars employed approximately 43,200 full-time employees. Volvo Cars' head office, product development, marketing and administration functions are mainly located in Gothenburg, Sweden. Volvo Cars' production plants are located in Gothenburg, Ghent (Belgium), South Carolina (US), Chengdu, Daqing and Taizhou (China). The company also has R&D and design centres in Gothenburg, Camarillo (US) and Shanghai (China).*