POLESTAR AUTOMOTIVE HOLDING UK PLC

Annual Report and Financial Statements
for the year ended 31 December 2025

Company number: 13624182

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Strategic Report

Chairman's Statement

Dear shareholders,

It's my pleasure to present Polestar's 2025 annual report.

Polestar was and still is Europe's only pure EV player. With no legacy hampering it, Polestar can focus completely on the future, offering the best designed, most fun to drive EVs.

With a new management team in place, 2025 was a year of significant achievements and developments for Polestar. We increased our retail sales volume by 34% and grew our dealer network by 50%, an important step in preparing the business for our next step: a record model offensive that is starting during 2026 with four new models planned in the next three years. With these cars, our line-up will target an even larger part of the BEV segment.

The team has also taken significant steps to make us as lean as possible, creating a new benchmark for the automotive industry in terms of efficiency. Thanks to our asset-light set-up, we can remain agile across every level of the organisation, whilst not jeopardising the fast pace of development that is needed for us to stay competitive.

Management and the Board have continued to work hard to secure additional funding for our journey, resulting in a series of new equity injections into the business in December 2025, January 2026 and March 2026. Backed by our majority shareholder, Geely Sweden Holdings, these investments are an important step in strengthening our balance sheet.

Since I joined the Polestar Board of Directors in January of 2024, two things have impressed me more than anything. First and foremost, the winning spirit of everyone in the organisation. It doesn't matter what challenges they face or how difficult market conditions are: they just keep fighting. With the same energy and focus that has made the Company the what it is today. Secondly, how great the cars are to drive. Polestar 5, the four-door grand tourer, was presented at IAA in Munich and is already setting new standards. This incredible car really shows what is possible when the best engineers and designers in the world put their heads together. Simply put: leading design, performance and sustainability – that is what Polestar stands for.

With Polestar 5 as our halo and our growing model line-up targeting even wider segments, my belief that Polestar will be one of the winners in the transformation of the automotive industry is stronger than ever!

On behalf of the Board, I thank you for your continued support and look forward to an exciting 2026.

Winfried Vahland
Chairman of the Board

Chief Executive Officer's Statement

Dear shareholders,

2025 was a year of great progress and success for Polestar. We delivered a record year in terms of retail sales, delivering over 60,100 cars, an increase of 34% compared to the previous year, while continuing to expand our sales network, which grew from 140 to over 211 sales points.

Close to 80% of our sales are in Europe, our home market, where we have made significant investments in building our brand awareness and shifting our commercial approach. From a direct-to-consumer online presence, we have spent the last 12 months shifting to a more active selling model, involving more dealers, in more attractive locations, with higher footfall. Our online presence will remain – for those customers who prefer to buy their car in that way. But for the majority of customers, access to a trained dealer, who can help across every step of the buying process, is a prerequisite.

Choosing a Polestar is a conscious decision. A decision that reflects our customers' demand for more transparency, better performance and more exciting design. We offer the most exciting EVs on the market, that also contribute to creating a better future. That's what we set out to do from the start and that is what we will continue to do in the future. Staying true to our roots, staying honest with ourselves and making sure that we don't make short-term changes to our strategy in the face of challenges.

In February 2026 I had the pleasure of presenting the Company's largest ever product offensive, with four new cars coming to market in the next three years.

First up is Polestar 5, our four-door GT, which is expected to start deliveries in the summer of 2026. A true brand halo, this car sets completely new standards in the industry, showing what is possible when you combine EV performance with Polestar design.

The next model coming to the market is a new variant of our global bestseller, Polestar 4. Combining the practicality of an estate with the functionality of an SUV, this car will offer the same level of performance and design as the Polestar 4 coupé. With deliveries expected to start in the fourth quarter, Polestar 4 will be manufactured in Busan, South Korea for all markets, further diversifying our manufacturing footprint.

Polestar 2 is that car that built Polestar's brand. With over 190,000 cars delivered to date, it's a car that is both recognisable and iconic. One of the first things I looked at when I joined Polestar was how we could go about bringing a successor for Polestar 2 to the market and I'm happy to say that is now the plan. Coming in early 2027, the completely redesigned Polestar 2 will not only be the first car delivered in accordance with our group architecture strategy but also ensures the car that built our brand is part of our future success.

Polestar 7, our premium, compact SUV, is planned for 2028. Targeting one of the fastest growing segments in the industry, this car will help offer another entry point to the Polestar brand. Planned to be manufactured in Europe, this is a car developed for and with a wider customer base in mind.

In total, these new models increase the proportion of the total BEV market we are targeting from roughly 25% to approximately 55%, increasing footfall for our dealers and giving us access to more customers and larger profit pools.

Accelerating our product development and bringing more models to wider segments is the most important part of our strategy of securing profitable growth. But it's not the only component. We're also continuing our work to become more resilient and efficient, capitalising on the technology access and manufacturing capability offered by our major shareholders.

Financial performance and funding

Polestar delivered 60,119 cars during 2025, generating revenue of USD 3,058 million - a significant progress at the top line in line with our commercial guidance - at the same, the gross loss result of USD 1,084 million and operating loss of USD 2,009 million were predominantly driven by impairment of assets of USD 1.1 billion during the year. Our adjusted gross loss (defined and reconciled in Financial Overview) of USD 22 million represents an improvement of USD 232 million compared to the previous year - allowing us to reach a near breakeven point at adjusted gross profit level - and our adjusted EBITDA loss (defined and reconciled in Financial Overview) was USD 783 million, again an improvement of USD 297 million year-on-year. These results show that we are making progress, even though there is of course more work to be done.

During the end of 2025 and early 2026, we secured a total of USD 1 billion in new, external equity funding, backed by Geely Holding, a strong sign of support for our future ambitions. With our model offensive in full swing and a strong, growing network of retailers, Polestar enters 2026 in a very strong position.

Significant investments have been made in establishing the Polestar brand and operations across 28 markets, as well as developing a growing model line-up. These investments have laid the foundation for our continued development and 2026 is set to be Polestar’s strongest ever year - in terms of volumes and financial performance and it’s a pleasure to lead this incredible team.

Thank you for your continued support.

Michael Lohscheller
Chief Executive Officer

May 6, 2026

Market Overview and Strategy

About Polestar

Polestar is a pure play, premium electric car brand headquartered in Gothenburg, Sweden, designing performance cars engineered to excite consumers and drive change. Polestar believes that it defines market-leading standards in design, innovation and sustainability. Polestar is determined to improve society by accelerating the shift to sustainable mobility. Polestar was established as a premium electric car brand by Volvo Cars and Geely in 2017. Polestar benefits from the technological, engineering and manufacturing capabilities of these established global car manufacturers. Polestar has a capital-efficient, asset-light business mode. Polestar's cars are available in 28 markets globally across North America, Europe and Asia Pacific.

Polestar has four models in its line-up: Polestar 2, Polestar 3, Polestar 4, and Polestar 5. In February 2026, Polestar announced four new cars planned in the next three years: deliveries of Polestar 5 are expected from summer 2026; Polestar 4 – a new variant of Polestar 4 coupé - with deliveries expected to start in the fourth quarter of 2026; Polestar 2 successor with a planned launch early in 2027; and Polestar 7 – the compact, premium SUV, planned to be launched in 2028. With its vehicles currently manufactured on two continents, North America and Asia, Polestar plans to diversify its manufacturing footprint further, with production of Polestar 7 planned in Europe.

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

Polestar's cars have received major acclaim, winning multiple globally recognized awards across design, innovation and sustainability. Highlights for Polestar 1 include Insider car of the year and GQ's Best Hybrid Sports Car awards. Polestar 2 alone has won over 50 awards, including various Car of the Year awards, the Golden Steering Wheel, Red Dot's Best of the Best Product Design and a 2021 Innovation by Design award from Fast Company. And Polestar 3, the SUV for the electric age, was previously named Car WOW's Car of the Year and ESUV of the Year as well as receiving a Guinness World Record in 2025 for longest journey travelled by an electric SUV on a single charge. Polestar 4 has previously won the Production Car Design of the Year award for 2023 and in 2025 received the prestigious Red Dot "Best of the Best" award in Product Design for 2025, recognizing its design direction and attention to detail. Both Polestar 3 and Polestar 4 were awarded the Red Dot Label in the Product Design category.

Polestar has also received a total of five awards from the German Design Council, including the German Design Awards for the Polestar 5 concept car and the ABC award for the Polestar 6 electric roadster concept. Furthermore, the Polestar 6 has been voted the Concept Car of the Year in Car Design Review.

To support Polestar's goal of climate neutrality across operations by 2040, the Polestar 0 project issued out a call to action across the industry in 2021, to gather partners that set out working together towards the elimination of greenhouse gas emissions in automotive, with the ultimate goal of creating a climate neutral car. When the first planned phase of the Polestar 0 project concluded in 2025, Polestar and its project partners were able to announce that, across their combined initiatives, several low-carbon solutions had been identified. The joint efforts show the potential to produce a vehicle equivalent to Polestar 2 with a CO_2e footprint up to 10 tonnes lower today than at the start of the project in 2020. The largest contributions to this reduction potential are within aluminum and steel production. By fully incorporating the solutions identified through the partnerships, the cradle-to-gate carbon footprint of the 2020 launch edition Polestar 2 Long range Dual motor could be reduced from approximately 26 tonnes to around 16 tonnes of CO_2e. Aluminum and steel are key materials for decarbonization, as they represent approximately 45% of total greenhouse gas emissions in the lifecycle assessment of Polestar 2.

As of December 31, 2025, Polestar's cars are on the road in 28 markets across Europe, North America and Asia Pacific, with further market expansion planned in 2026. Deliveries of Polestar 5 are expected to commence from summer 2026.

Polestar 2 is produced in the Taizhou facility, China. Polestar 3 is manufactured in Volvo Cars' Charleston, South Carolina, USA, facility and in Volvo Cars' Chengdu, China plant. Polestar 4 is manufactured at the Geely-owned Hangzhou Bay plant, China. Polestar 4 is also manufactured in Busan, South Korea; the plant is owned by Renault Korea Co Ltd ("RK"), which is 35% owned by Geely. Polestar 5 is manufactured in the Wuhan, China plant owned and operated by Geely. Component assembly takes place in a Geely owned and operated plant in Chongqing, China.

Polestar has the benefit of being part of the larger global manufacturing footprint of Volvo Cars and Geely with access to a substantial combined installed production capacity. Polestar intends to further diversify its production footprint with the planned manufacturing of Polestar 7 in Europe. Access to a range of manufacturing sites is expected to give us flexibility to minimize impact from tariffs.

Polestar is transforming its sales model to optimize it for strategic growth and performance. In markets other than North America, Polestar has been transforming its commercial operations to complement its direct-to-customer model by establishing an active selling partner set-up since the beginning of 2024. The active selling partnerships are organized as a 'non-genuine agency model', giving selling partners autonomy and incentives to sell Polestar models. Originally, the direct-to-consumer operating model represented a contractual set-up with a service provider. This model was launched with few locations in markets other than the North America, to focus on brand consistency and customer experience. The key features of the model were deeper customer engagement and firsthand feedback from customers. Service providers displayed Polestar cars in their show rooms and offered test drives. Since early 2024, service providers are incentivized to actively sell Polestar cars at their locations by showing models, offering test drives and supporting customer to place orders online. This approach is expected to rapidly increase the sales efficiency in our network, it is intended that it will facilitate expansion of geographical coverage and customer reach in a capital-efficient manner. It is also expected to allow Polestar to adapt to diverse market conditions.

In addition to direct sales, where the direct-to-customer and non-genuine agency models represent the key sales channels, in the future Polestar intends to add wholesale channels in markets other than North America. Polestar's ultimate plan is to establish a dual model that combines direct-to-customer and wholesale channels which is expected to support active selling of Polestar models. Through this dual model, Polestar is expected to achieve a broader market coverage while optimizing channel costs and mitigating inventory risks. By working with wholesalers, Polestar is expected to manage inventory and distribution more efficiently, while wholesalers can take ownership of the selling process by offering flexible pricing and management of inventory and distribution when they sell Polestar cars.

In the USA, we are operating a dealer-focused wholesale model.

In line with the shift to an active selling model, Polestar is opening sales points, which comprise retail locations with physical facilities (such as showrooms), actively selling Polestar cars. Polestar believes this combination of digital and physical retail presence delivers a seamless experience for its customers. Polestar's customer experience is further enhanced by its comprehensive service network that leverages the existing Volvo Cars service center network. As of December 31, 2025, there were 211 sales points in 28 markets where Polestar operates. In addition, Polestar leverages the Volvo Cars service center network to provide access to 1,243 customer service points worldwide (as of December 31, 2025) in support of its international operations.

Polestar's research and development expertise is a core competence and Polestar believes it represents a significant competitive advantage for Polestar. With personnel located in Gothenburg, Sweden, the research and development team focuses on areas such as bonded aluminum architectures, high-performance electric motor and bi-directional compatible battery packs, in-car software development and advanced engineering and research. The Polestar research and development team also benefits, through a variety of agreements, from having access to the substantial engineering and design experience of teams at Volvo Cars and Geely. The strong expertise and ambition to develop and produce sustainable technology solutions and materials are also a key asset of Polestar's research and development function. All in all, Polestar's ability to create cars with a strong Polestar product design is widely recognized as a key differentiator..

Polestar has drawn extensively on the industrial heritage, knowledge and market infrastructure of Volvo Cars. This combination of deep automotive expertise, paired with cutting-edge technologies and an agile, entrepreneurial culture, underpins Polestar's differentiation, potential for growth and success.

Management Key Performance Indicators (KPIs)

The directors consider that the Company has the following financial and non-financial KPIs as a measure of its performance and position. All amounts are stated in thousands of USD (“USD”), unless otherwise stated.

Financial KPIs

	For the year ended December 31,		
	2025	**2024**	**2023**
Statement of Financial Position			
Cash and cash equivalents	1,159,300	739,237	768,264
Total assets	3,929,815	4,054,350	4,292,210
Total equity	5,122,221	3,328,560	1,250,991
Total liabilities	(9,052,036)	(7,382,910)	(5,543,201)

	For the year ended December 31,		
	2025	**2024**	**2023**
Statement of Loss			
Revenue	3,058,109	2,034,261	2,368,085

Cost of sales	(4,142,019)	(2,910,428)	(2,778,222)
Gross (loss) profit	**$ (1,083,910)**	**$ (876,167)**	**$ (410,137)**
Operating expenses	(925,347)	(937,144)	(1,059,377)
Operating loss	**$ (2,009,257)**	**$ (1,813,311)**	**$ (1,469,514)**
Finance income	8,996	23,879	32,329
Finance expense	(385,190)	(341,182)	(213,242)
Foreign exchange gains (losses) on financial activities, net	50,282	(52,603)	37,236
Fair value changes - Earn-out rights and Class C shares[1]	23,391	129,124	465,168
Share of losses in associates	(49,145)	(4,970)	(43,304)
Loss before income taxes	(2,360,923)	(2,059,063)	(1,191,327)
Income tax benefit	3,692	9,166	9,452
Net loss	**$ (2,357,231)**	**$ (2,049,897)**	**$ (1,181,875)**

	For the year ended December 31,		
	2025	**2024**	**2023**
Statement of Cash Flows			
Cash used for operating activities	$ (914,989)	$ (991,209)	$ (1,893,841)
Cash used for investing activities	$ (520,678)	$ (412,562)	$ (417,619)
Cash provided by financing activities	$ 1,693,095	$ 1,424,192	$ 2,104,361

1 - Refer to Note 2 - Material accounting policies and use of significant judgements and estimates in the Consolidated Financial Statements for more information on the fair value measurement.

Non-financial KPIs

	2025	**2024**	**2023**
Key metrics			
Class A shares outstanding at period end	2,745,232,339	2,060,461,997	467,976,748
Class B shares outstanding at period end	29,892,575	49,892,575	1,642,233,575
Share price at period end[1]	$ 21.37	$ 31.50	$ 67.80
Net loss per share (basic and diluted)	$ (0.85)	$ (0.97)	$ (0.56)
Equity ratio[2]	130.34 %	82.10 %	29.15 %
Retail sales[3]	60,119	44,851	52,796
Including external vehicles with repurchase obligations[4]	2,366	1,651	2,859
Including internal vehicles	3,455	2,927	1,958
Markets[5]	28	27	27
Sales points[6]	211	175	153
of which sales points, excluding China	211	140	110
Service points[7]	1,243	1,170	1,149

1 - Represents PSNY share price at period end while publicly traded.

2 - Calculated as total equity divided by total assets.

3 - Retail sales figures are sales to end customers. Retail Sales include new cars handed over via all sales channels and all sale types, including but not restricted to internal, fleet, retail, rental and leaseholders' channels across all markets irrespective of their market model and setup and may or may not generate directly revenue for Polestar.

4 - In the year ended December 31, 2025, includes 179 cars that were handed-over as security under a financing arrangement.

5 - Represents the markets in which Polestar operates.

6 - Represents Sales Points, including retail locations which are physical facilities (such as showrooms), actively selling Polestar cars, and pre-space activations, which represent locations with an ongoing project to build a retail location but that have started selling Polestar cars.

7 - Represents Volvo Cars service centers to provide access to customer service points worldwide in support of Polestar's international expansion.

Refer to the Financial Overview section for further discussion and analysis of these KPIs.

Strategy

The global car industry is undergoing a fundamental transformation transitioning from cars run on an internal combustion engine to battery-powered electric vehicles. Polestar believes it is optimally positioned to be at the forefront of this change, with a strong and established market presence and a rapidly expanding model portfolio. Industry growth is driven by growing consumer awareness of environmental impact, technological improvement and shifting consumer preference. Environmental regulation and expanding charging infrastructure will also drive and support adoption of electric vehicles.

The Company is progressing in the next chapter on its journey to accelerate the change towards a sustainable electric future by making the performance cars of tomorrow. In 2025, the Company added Polestar 5 to its portfolio of electric vehicles to now offers four models: Polestar 2, 3, 4, and Polestar 5. In February 2026, Polestar announced new cars planned in the next three years. The Company is present in 28 markets and is accelerating its shift to an active selling model in order to drive sales volumes. Polestar has been rightsizing the organization with the headcount reducing from 2,547 employees at the end of 2024 to 1,686 employees at the end of 2025 and is firmly focused on financial discipline.

Polestar's priorities remain: first, driving growth through the active selling model and expanding sales network, leveraging Polestar's attractive model line-up; second, improving processes, streamlining the organization and finding further operational synergies; and third, extracting efficiencies and sustaining costs cutting and financial discipline.

Polestar has continued to make major strides in its commercial transformation supported by accelerated retail expansion and the strength of its attractive model line-up in a challenging geopolitical and economic environment.

Looking to 2026, the global environment is expected to remain highly uncertain given geopolitical developments since the start of 2026. Retail sales volumes are expected to increase at a low double-digit rate, with a continued focus on quality revenue. The sales mix is expected to further evolve with an increasing share of Polestar 4 coupe, our best-selling model, complemented later in 2026 with the introduction of new Polestar 4 SUV variant.

Polestar has been implementing a series of measures and intends to enact further measures to deliver on its strategy and business plan:

- *New senior management* (Chief Executive Officer and Chief Financial Officer) were appointed in October 2024 to lead Polestar in the next chapter of its journey. The executive team who include further members of senior management focus on growth, retail expansion, leveraging Polestar's attractive model line-up, and financial discipline.
- Polestar has accelerated the *transition to an active sales model* and is expanding its retail presence to support growth. Polestar launched in France in June 2025 and expects to increase retail spaces by 75% in Europe and North America by 2026. In 2025, the number of sales points increased from 175 at the end of 2024 to 211 at the end of 2025.
- Polestar is *optimizing manufacturing footprint* to minimize the tariffs impact. Polestar has been deploying an asset-light contract manufacturing approach to produce its cars, leveraging partnerships with Volvo Cars and Geely Group. This diversity of manufacturing locations (in the USA, China, South Korea, and Europe from 2028) allows Polestar to flex its manufacturing arrangements and optimize distribution in order to minimize impacts from tariffs.
- Polestar is working with internal teams to *reduce product cost* through enhancement of technical efficiencies, especially in product designs, as well as through ongoing negotiations with suppliers and commercial initiatives.
- Polestar is fully focused on *enhancing operating efficiency and maintaining cost discipline* to reduce product cost and operating expenses. Reduction of operating expenses is being driven by operational efficiency enhancement measures and organizational restructuring. These cost cuts have been enacted in the areas of group headcount and marketing expenses. During 2025, Polestar's workforce was reduced by almost 40% from 2,547 employees at the end of 2024 to 1,824 employees at the end of 2025. Marketing expenses have declined thanks to optimization of marketing and advertising spend and resources and commensurate with fewer product launches (in 2025 Polestar launched only one new model, Polestar 5), compared with launches and related ramp-up activity for two models, Polestar 3 and Polestar 4, in 2023-2024. Polestar intends to leverage its digital tools and solutions to increase effectiveness of its customer engagement. Sales efficiency is also expected to improve with diversification of sales via the agent model.
- Polestar intends to focus on *control of capital expenditure.* In 2025, Polestar committed capex to a number of legacy projects, which are not expected to repeat in 2026. Given synergies with Geely Group, Polestar expects to achieve better capex efficiency through platform sharing; further leveraging the partnership with Geely Group, Polestar may benefit from additional synergies. Capex efficiency is expected to be derived from harmonizing the platform for future models in order to reduce development costs.
- In 2025, through targeted actions Polestar *unwound inventory* following its build-up at the end of 2024 in anticipation of higher sales of Polestar models that eased its working capital requirements during the year.
- Polestar now has a *broader product portfolio* compared to the 2024 and 2025 product mix. Polestar is actively offering four models - Polestar 2, Polestar 3, Polestar 4, and Polestar 5 - having launched Polestar 5 in September 2025. Polestar models have varying profitability; Polestar anticipates that re-balancing the sales

mix towards more Polestar 3 and Polestar 4 cars will continue to support revenue generation, while a higher share of Polestar 4 is expected to support margin improvement.

- In February 2026, Polestar announced the *largest model offensive in its history*, with four new cars planned in the next three years. By 2028, Polestar plans to bring the following four new models to the market: *Polestar 5* – the four-door Grand Tourer (GT) presented in 2025, with deliveries expected from summer 2026; *Polestar 4* – a new variant of Polestar's current best-seller based on the same great technology, targeting a wider customer base by offering more versatility, it is expected to be launched later this year, with deliveries expected to start in the fourth quarter of 2026; *Polestar 2* – the next generation of the sedan that built Polestar's brand, a completely new successor with a planned launch early in 2027; and *Polestar 7* – the compact, premium SUV, planned to be launched in 2028.
- *More focused approach to market presence*. Across all markets, Polestar intends to focus its sales efforts and investments into markets that have the greatest potential for profitable growth.
- *R&D efficiency.* Polestar continuously reviews its research and development activities to ensure they operate efficiently and prioritize cost-effective product development.
- CO2 credits sales: Polestar expects revenue contribution from the sales of CO2 credits to continue.

Customer offer: Charging Network

Polestar believes that accessible public charging and cost-effective home charging solutions are key to accelerate customer adoption. Accordingly, Polestar offers customers a comprehensive charging offer, built on strategic partnerships and innovative technology.

Public charging Polestar Charge gives customers in Europe access to over 1 million public charging points, all available in one app, including Tesla Superchargers and Ionity, as well as local providers in each market to enable the best possible public charging offer to local users. In addition, Polestar Charge subscribers benefit from discounted charging at over 75,000 charging points. In North America, customers can access more than 25,000 Tesla Superchargers with a NACS adaptor.

Home charging

Polestar's energy business initiative Polestar Energy delivers efficient home charging, leveraging innovative charging technology. Balancing energy supply and demand by automatic smart charging leads to lower charging costs and rewards for supporting the local energy grid. Charging during periods of lower grid demand often coincides with a higher share of renewable energy, helping reduce CO_2 emissions during the car's usage phase.

Bi-directional charging

In California USA, Polestar has taken the first step in enabling bi-directional charging technology, unlocking additional benefits for customers. Together with partner dcbel Polestar provides a vehicle-to-home (V2H) functionality, blackout protection support and smart charging solution for Polestar 3 customers in California. This technology enables electric cars to both charge and discharge energy from their batteries, with the capability to send energy to the user's home. As a result, the car can help reduce energy costs, act as a backup source for the home, support the local grid, and increase the use of renewable energy[1].

Operating environment: Competition

Polestar faces competition from both traditional automotive manufacturers and an increasing number of new companies focused on electric and other alternative fuel vehicles. Polestar expects this competition to intensify, particularly as new manufacturers of electric vehicles enter established markets, offer a significant variety of models under a number of brands and at a wider pricing range, and as mobility continues to shift towards low-emission, zero-emission or carbon neutral solutions. In addition, numerous manufacturers offer hybrid vehicles, including plug-in versions, with which Polestar's vehicles also compete.

Polestar believes that the primary competitive factors on which it competes include, but are not limited to, its focus on design and sustainability, and its proprietary and co-developed technological innovations. Polestar has a start-up culture and a scalable asset-light business model that it believes generates significant competitive advantage. However, many of its current and potential competitors may have substantially greater financial, technical, manufacturing, marketing and other resources than Polestar or may have greater name recognition and longer operating histories than Polestar does.. Polestar believes it can further differentiate itself from its competitors with its brand pillars of pure, progressive, performance alongside its established global presence and ability to leverage an established production ecosystem due to its relationships with its founding partners.

On a global basis, Polestar's principal premium segment competitors are Audi, BMW, Mercedes among OEMs and Tesla, Lucid, Rivian, Xpeng and Nio among pure play BEV manufacturers. Porsche is one of Polestar's core competitor brands from a driving experience and performance perspective. As one of the world's most renowned makers of "driver's cars",

[1] Because wind and solar energy depend on weather, their electricity supply rarely matches real-time demand. Oversupply lowers prices, so initiating charging when prices are low usually means a higher use of renewable energy. By storing excess electricity from intermittent renewable energy sources, bi-directional charging can enable better utilization of renewable energy, reducing the need for reliance on fossil fuel-based energy during peaks of demand.

Porsche represents a strategic benchmark for Polestar in an exclusive brand segment. Although previously a manufacturer of solely internal combustion engine cars, Porsche has launched the Taycan, the Macan and more recently the Cayenne electric vehicles which bring the brand's renowned dynamic experience to BEVs. The electric Macan is considered a key competitor to Polestar 4. Porsche is also a benchmark brand for future Polestar vehicles in terms of size and segments. In terms of pure BEVs peers, Tesla Model 3 was often seen as a principal competitor to Polestar 2. Model X and Model S are viewed as competing versions to Polestar 3 and Polestar 4, respectively.

Operating environment: Tariffs

Polestar operates globally with presence in 28 markets and a manufacturing network that spans China, the USA, South Korea with plans to diversify this network to include a manufacturing facility in Europe in the future. As such, Polestar is subject to restrictions on international trade, such as tariffs and other controls on imports or exports of goods, information or technology. Our objective is to continuously optimise manufacturing footprint to minimize the tariffs impact. Polestar has been deploying an asset-light contract manufacturing approach to produce its cars, leveraging partnership relationships with Volvo Cars and Geely Group. The diversity of manufacturing locations gives Polestar flexibility, for example, Polestar 4 is produced at manufacturing sites in China and South Korea, and is expected to support Polestar's operations and distribution to minimize impacts from tariffs.

Tariffs, import and export controls and other trade restrictions on the global automotive manufacturers are expected to make it more costly to produce and export vehicles from the original place of production to other countries or import the materials and supplies needed to manufacture vehicles. For example, many of Polestar’s vehicles are manufactured in China. In 2025, the United States imposed extraordinary tariffs on Chinese-made electric cars and additional tariffs on goods from China may be imposed in the future. Furthermore, on 26 March 2025, the U.S. administration announced 25% new tariffs on imported vehicles starting on 3 April 2025.

The European Union has imposed a complex sanctions regime with higher import tariffs on Chinese electric vehicle imports. This has resulted in an additional 18.8% import tariff (in addition to the previously existing 10% tariff) on Polestar's vehicles by the European Union for Polestar vehicles imported from China, which will lead to higher selling prices or lower margins on the vehicles sold. Although, Polestar manufacturing facilities in Charleston, South Carolina and Busan, South Korea (which are owned and operated by Polestar's manufacturing partners) as well as any potential future facilities, are anticipated to reduce the risk of higher import or custom duties in the US and/or the European Union, this may not ultimately be the case. If these manufacturing facilities do not ramp up as expected, Polestar will rely more heavily on imported inventory from China and its vehicles may be subject to higher tariffs. These new tariff rules are also complex and may be difficult for Polestar to correctly interpret. These tariffs may have a negative impact on our results of operations and cash flows.

Polestar's currently available models - Polestar 2, Polestar 3, Polestar 4 - are all manufactured in China and distributed to markets where we operate. Polestar 3 is also manufactured in the USA; and Polestar 4 is manufactured in South Korea. Polestar 5 is manufactured in China and deliveries are expected from summer 2026. Polestar is committed to mitigating the financial risk by flexing production and expanding it in the future to include a manufacturing facility in Europe.

Additionally, the US Department of Commerce has implemented regulations on the use of information and communications technologies from China and deployed in connected vehicles. These regulations may prohibit the import of vehicles manufactured in China or by Chinese owned companies. Unless remedial measures to replace certain suppliers can be implemented and a license to exempt the indirect ownership of Polestar by a Chinese national can be obtained from the US Department of Commerce, there is a risk that these new US regulations governing connected vehicles may effectively prohibit Polestar from selling its vehicles in the US market. Such a result would have a materially negative result on our results of operations, cash flow and financial condition. Although Polestar is in discussions with the Department of Commerce regarding a license, there can be no guarantee that a license will be granted. Additionally, the conditions for such licenses may have a materially negative impact on our governance and require changes to component sourcing decisions that may have a negative impact on our results of operations.

Other trade related laws and regulations may also impact the import of vehicles into the United States. For example, under the Uyghur Forced Labor Prevention Act, or UFLPA, Polestar may be required by U.S. Customs and Border Protection to trace its supply chains to demonstrate that materials or products within the supply chain did not originate in certain regions within China. In 2025, the list of entities and materials designated subject to import restrictions expanded and detentions have increased. If Polestar is not able to import vehicles into the United States due to the UFLPA or other regulatory regimes, or we are required to make changes to our suppliers, it would have a materially negative result on our results of operations, cash flows and financial condition.

A significant portion of Polestar's vehicles sold in the year ended December 31, 2025 were manufactured in China. Both the U.S. and the EU have imposed tariffs against BEVs imported from China and these tariffs increase the total cost of vehicles manufactured in China and sold into these markets. Polestar is mitigating the financial risk posed by these tariffs by expanding production to manufacturing facilities outside of China.

Tariffs are subject to change and Polestar is unable to predict what tariffs will be applicable to its cars in the future. If tariffs are imposed that increase the cost of Polestar's vehicles and Polestar does not increase its prices to compensate for this increase in costs, its gross margin will be reduced. If Polestar does increase its prices, it may negatively impact market demand for Polestar's cars and therefore future sales volumes.

Recent developments

- On December 9, 2025, Polestar effected the ADS ratio change (the ratio of change the ratio of its Class A, Class B, Class C-1 and Class C-2 American Depositary Shares to the respective Class A, Class B, Class C-1 and Class C-2 ordinary shares from the ADS Ratio of one (1) ADS to one (1) ordinary share, to a new ADS Ratio of one (1) ADS to thirty (30) ordinary shares.
- On December 16, 2025, Polestar announced it had secured new term loan facility of up to USD 600 million.
- On December 19, 2025, Polestar announced a USD 300 million equity investment by Banco Bilbao Vizcaya Argentaria, S.A. and NATIXIS.
- On January 9, 2026, Polestar reported its global retail volumes for the fourth quarter and full year 2025.
- On January 14, 2026, Polestar announced Polestar 3 had received Best in Class award as safest Executive Car of 2025 by independent body Euro NCAP.
- On February 2, 2026, Polestar announced a USD 400 million equity investment by Feathertop Funding Limited, a special purpose vehicle consolidated to Sumitomo Mitsui Banking Corporation, and Standard Chartered Bank (Hong Kong) Limited.
- On February 5, 2026, Polestar announced it had strengthened its public charging offer in Europe, with access to over 28,000 Plug & Charge compatible charging stations and full integration of Tesla Superchargers into the Polestar Charge app.
- On February 18, 2026, Polestar announced the largest model offensive in its history, with four new cars planned in the next three years.
- On February 25, 2026, Polestar announced that Polestar Energy offers expanded grid rewards across Europe, reducing total cost of ownership for EV drivers.
- On February 25, 2026, Polestar agreed to a 6-month extension of the Trade Finance Facility ("TFF") with Standard Chartered Bank.
- On March 16, 2026, Polestar announced a $300.0 million equity investment by a variety of purchasers including Crédit Agricole CIB, Vida Finance S.A., Innovator Limited and Proximastar Holdings Company Limited.
- On March 31, 2026, amendments to the Club Loan were approved by Standard Chartered Bank and the syndicated lenders agreeing to amend the debt-to-asset ratio range for all test periods for 2026, notably amending from 0.85:1 to 1.60:1 for the first quarter of 2026. Moreover, the minimum revenue covenant for 2026 was amended from $8,670.2 million to $3,300.0 million.
- On March 31, 2026, Polestar announced that Snita Holding B.V. agreed to convert approximately $274.0 million of its outstanding under the Snita Term Loan Facility into Polestar's equity (approximately 16,150,000 Class A ADSs at a conversion price of $16.97 per ADS) and is expected to carry out a second debt-to-equity conversion later during the second quarter, totaling approximately $65.0 million.
- On March 31, 2026, Polestar and Snita Holding B.V. agreed to amend the Snita Term Loan Facility by changing the applicable margin to borrowings under the facility from 4.97% into 5.40% from the next interest payment date in 2026. The facility was also extended from December 29, 2028 to December 31, 2031.
- On March 31, 2026, Polestar announced that Polestar and Volvo Cars also intend to increase efficiencies by consolidating future manufacturing of Polestar 3 in Charleston, South Carolina, USA.

Section 172 statement

The Board of Directors (the "Board") are required to explain how they have considered the section 172(a) to (f) of the Companies Act 2006 (the “Act”) factors during the course of the financial year.

The Board confirms that, during the financial year, it has acted to promote the long-term success of the Company for the benefit of its shareholders, while having due regard to the matters set out in section 172(a) to (f) of the Act.

The Board has a defined framework for considering matters within its remit, with approved Charters for each of its committees and the Corporate Governance Guidelines, which are approved annually and available on the Company’s website. These were last reviewed and approved in March 2026. Our Board has delegated matters to the CEO and management team in accordance with the Corporate Governance Guidelines.

All decisions made by the Board are subject to the submission of quality, appropriate information by way of Board pre-read material, provided to the Board in a timely manner. Our Board meetings are structured in such a way to allow sufficient time to dedicate to all topics. When making decisions, each Director ensures that they act in a way they consider, in good faith, would most likely promote the Company’s success for the benefit of its shareholders, and has due regard (among other matters) to the factors set out below. We are mindful of our ways of working as Board, and this year again have conducted an evaluation to identify our strength and improvement areas. The evaluation was conducted through anonymous questionnaires and interviews between the Chair and each Director.

The likely consequence of any decision in the long term:

The Board understands that all decisions made today, affect the long-term success of the Company. Throughout the year, the Board has remained mindful of its responsibility to promote the long-term success of the Company and has taken this perspective into account in all its deliberations and decision-making. The Board approved the Budget for 2026 and the Business Plan for the period 2026–2030, following a detailed review of the Company’s long-term financial sustainability, funding position, operational execution, and risk profile. In assessing the plans, the Board considered how they support the Company’s resilience and its ability to create sustainable long-term value for shareholders, while managing principal risks and maintaining appropriate financial discipline. This includes optimizing manufacturing footprint with the objective of mitigating risks associated with tariffs and geopolitical developments, and deploying an asset-light contract manufacturing approach to produce its cars, leveraging partnerships with Volvo Cars and Geely Group.

The Board’s long-term vision for the Company is also reflected in the largest model offensive in the Company's history announced in February 2026, with four new cars planned in the next three years, targeting the heart of EV market and fast growing and high value segments. By 2028, Polestar plans to bring the following four new models to the market: Polestar 5 – the four-door Grand Tourer (GT) presented in 2025, with deliveries expected from summer 2026; Polestar 4 SUV – a new variant of Polestar's current best-seller based on the same great technology, targeting a wider customer base by offering more versatility, and to be launched later this year, with deliveries expected to start in the fourth quarter of 2026; Polestar 2 – the next generation of the sedan that built Polestar's brand, a completely new successor with a planned launch early in 2027; and Polestar 7 – the compact, premium SUV, planned to be launched in 2028.

More information on our strategy can be found on pages 6 to 11.

Interests of employees and other stakeholders:

The Board, recognises the importance of a motivated workforce to the long-term success of our Company and the Group. When making decisions, we as a Board have had regard to the interest of the Company’s employees, as well as the interests of wider stakeholder groups. In 2024 and 2025, the Board approved to roll-out out Employee Share matching plans. These plans were running in our biggest markets where most our employees are located. These programs further align the employees’ interests with those of the Company and supports retention. In 2026, it was however decided to pause a third implementation of this plan. Instead, an overview of the STI Bonus plan were reviewed and the Board approved new levels of employee targets, in order to stand market aligned and to strive and encourage employee engagement and retention.

As a Board, we consider stakeholder views to help us understand how our business impacts stakeholders. For more information on stakeholder engagement, see pages 14 to 17.

Impact on the environment

We recognise the importance of using business as a positive force for good, and to build ethical and sustainable business practices and operations. The Nominating and Governance Committee continually oversees the sustainability strategy and monitors the progress of sustainability-related targets and commitments. The Nominating and Governance Committee reviewed and approved the updated double-materiality assessment (DMA) evaluating environmental, social, and governance factors from both financial and impact materiality perspectives in application of the CSRD. The DMA is reviewed annually and is formally approved by the Nominating and Governance Committee.For more information on our sustainability goals, see page 46, and information on how we have addressed our climate-related financial disclosures can be found on page 39-45.

High standards of business conduct

We acknowledge our responsibility for monitoring the culture, values, and reputation of the Company and the Group.

The Audit Committee received twice-annual in-depth compliance reports, including an update on whistleblowing cases and current focus of the Compliance and Ethics team, including data privacy and regulatory topics. The Audit Committee reports to the Board and raises the most important topics. Ad hoc updates are also provided when necessary, both to the Audit Committee and the Board.

The Company's policies are reviewed by the Board according to a set schedule and to the external regulatory requirements warranting policy updates. This ensures that the Company implements processes and a culture aligned with high standard of governance.

Act fairly between members

During FY25, the CEO and CFO along with the Investor Relations team held regular meetings with investors and potential investors. These meetings gave potential investors the opportunity to discuss key topics, which are detailed on page 14 under our Stakeholder Engagement section.

The Board is mindful that any decision we make is in the interest of all our shareholders.

Stakeholder Engagement

Polestar places stakeholder considerations and sustainable business practices at the heart of its purpose: to improve the society we live in by accelerating the change to sustainable mobility.

The Board delegates certain engagement responsibilities to dedicated Board Committees, the Executive Management Team, the Chief Executive Officer and relevant Group Function Heads. These individuals provide the Board with updates on stakeholder developments and interests and this feedback helps inform the Board as it takes principal decisions, including the development of strategy. The Board recognises that proactive and two-way dialogue with stakeholders is a critical part of the Company's long-term success. Thus, the Board will continue to take stakeholder interests and concerns into account as part of its decision-making process. The Board acknowledges that decisions must be made based on its conclusion of the best outcome for Company's stakeholders, and that different stakeholders may have competing priorities.

Customers

Customer engagement is led by the Head of Customer Experience who focuses on building a customer-centric mindset and drives commercial impact by unifying Polestar's teams, business and partners around customers. In FY2025, this role also ensured structured reporting to the Board to support informed decision-making on customer-related matters.

The Group's aim is to offer a seamless customer experience from the first interaction to ongoing customer relationship management resulting in re-purchase. By understanding and acting on customers' needs Polestar creates innovative products, uncompromised in technology and design, and shapes customer experiences that guide the industry forward. Throughout the year, the Head of Customer Experience and the CEO provided the Board with regular insight reports and topic-specific deep dives, giving the Board direct visibility into customer sentiment, product feedback, and operational performance across the customer journey.

The mechanisms for Polestar engaging directly with customers include among others direct sales and direct digital communication, customer surveys at touchpoints across the journey, owners' communities and events, as well as through all customer support channels. Data gathered from these touchpoints together with data generated from products and digital analytics forms the basis for rich insights generated and shared with the Board. During FY2025, the Board also engaged directly with customer through visits to Spaces, and participation in selected events.

Key feedback shared with the Board included topics related to customer expectations and satisfaction with the products, the experience across the shopping and ownership journey and insight into customer types and behaviors. This feedback informed Board discussions, resulting in decisions to accelerate and address solutions to critical customer pain points and prioritise opportunities in line with target customer needs.

All employees, including Management, are encouraged to contribute to Polestar's ambitious customer experience vision as customer experience is part of the Company's metrics for the annual bonus scheme. In 2025, performance against customer-experience metrics reached 140%, demonstrating the dedication of the Company and its employees to customers.

Employees

The Head of Human Resources ("Head of HR") Chief Human Resources officer (CHRO) has primary responsibility for ensuring that workforce-related issues are brought to the attention of the Group Management Team and the Board. The CHRO, Head of HR is responsible for the Company's culture and values framework as well as the diversity, equity, and inclusion strategy, with oversight from the Compensation Committee.

The Company regularly engages with the workforce through several channels, including through the onboarding process, monthly pulse surveys , internal communication channels including an active intranet and regular Global townhall meetings, ongoing performance and development reviews, leadership training, health, and wellbeing activities. In light of the continued staff reductions in 2025, the employee engagement surveys were used to monitor what actions to prioritise to mitigate any risks. The survey is assessed from a team and function perspective, but also from market perspective to capture strengths and weaknesses in each respective site. Examples of direct results of assessing employee surveys were improvements of the performance and development process, launch of a mentorship program, a strengthened internal recruitment process, launch of a young talent program and tailored and enhanced leadership training and onboarding, enhanced clarity globally on strategy and objectives via townhalls and employee day. During 2025 the company started the work of an improved visualisation of the company compensation strategy to become more transparent in terms of how we set salaries. To engage with employees and bring awareness of the business objectives and company progress the company regularly answered all questions raised by employees in Townhalls either verbally or in writing published on the intranet. The Company's Board of Directors meetings were held in UK and Belgium in addition to the headquarters in Sweden to engage with the Company's local staff in different markets. Employees were further aligned with the success of the Company following the second share matching programme launched.

Society and the Environment

The Board recognises the significant impact of our Group on the communities, societies, and the global environment in which we operate, and the business imperative to take action on sustainability related risks and opportunities. It maintains oversight of sustainability programmes and broader engagement activities led by the Head of Sustainability, including ongoing work within Polestar's strategic initiatives on climate, circularity, transparency, and inclusion.

The Board acknowledges the opportunity and role of Polestar's electric vehicles in advancing global climate-neutral mobility targets, including the IPCC 1.5°C and UN Race to Net Zero goals. While electric vehicles produce no carbon emissions from tailpipe, the Board recognises that climate neutrality requires the elimination or removal of greenhouse gas emissions across the entire vehicle lifecycle. The Board also acknowledge the opportunity and role of Polestar to drive and promote other key aspects of sustainability such as human rights, diversity, equality, inclusion, circularity, biodiversity, sustainable chemical and water management, transparency, health and safety, and ethical business practices throughout it's value chain.

The Board is informed and consulted with regards to Polestar's stakeholder engagement (which includes all stakeholders that are impacted by, or impacts Polestar's business, such as employees, suppliers, customers, investors etc) and double materiality assessment, which covers all ESG-topics in line with the EU ESRS. The Board approves the identified risks, opportunities and material topics which arises from this and forms the foundation for Polestar's Sustainability Strategy and reporting.

The Board regularly receives updates and monitors the Company's progress on key sustainability targets, which include, but are not limited to, the following:

- Create a climate-neutral car by 2030
- Halving per-vehicle-sold GHG emissions by 2030
- Becoming a climate-neutral company by 2040

Beyond continuous progress reports and decisions around Polestar's Sustainability Strategy and reporting, the Head of Sustainability regularly provides the Board with updates on external developments, emerging trends, regulatory changes, and relevant policy shifts concerning sustainability.

Details of the Company's climate and sustainability strategy and impact can be found on pages 39 to 45.

Suppliers

The Board recognises the value in maintaining strong relationships with all our suppliers and vendors and their importance in sustainable business performance. The Group as a whole is dedicated to operating with a high standard of ethical conduct and professional integrity, and our suppliers are required to share our commitment, including through our Code of Conduct for Business Partners.

The Board is responsible for the oversight of the implementation of policies based on ethical and legal standards, which it requires the business to adhere to when engaging with suppliers. As we continue to progress in our size and stage of development, we intend to continue the implementation procedures to ensure that the suppliers we select also commit to these standards of responsible business, including in relation to antibribery and corruption, anti-money laundering, sanctions, human rights and modern slavery. and various other matters.

The Group engages regularly with its key business partners, including third party manufacturers and suppliers, to ensure that they all have appropriate standards and policies in place, are financially robust and capable of delivering their services.

Investors

The Investor Relations function facilitates communication with existing shareholders and prospective investors on the equity side. The Audit Committee and the Board receive regular updates, including the share price performance, peers' updates and financial results, sector news, changes in the share register, feedback from investors and research analysts, as well as planned activities to continue to engage with the investment community. The feedback covers the equity markets' take on Company's performance and shareholder sentiment on Company's strategic priorities.

During 2025, the CEO, the CFO and the Head of Investor Relations held regular and ad hoc meetings with global investors and analysts. Key topics discussed included:

- Operational and financial performance including the business model, growth strategy, and investment plans;
- Shareholder breakdown and free float; protection of majority and minority investor interests;
- Guidance and business plan objectives, implementation and measuring progress;
- Funding needs and funding plan; and brand positioning and industry trends, especially impact from competitive pricing pressures, macro and geo-political pressures and energy transition.

Regulators

The Group monitors policy, regulatory and geopolitical developments across the regions and markets in which it operates.

Our operations are affected by complex and changing requirements in the countries where we operate, covering a wide range of topics from manufacturing, product safety, data protection, cyber security, environmental and corporate sustainability requirements, and taxation.

During 2025, sanctions, tariffs and other trade related regulatory topics have been of particular focus due to the continuation and intensification internationally and increase unilateral actions taken by i.a. the US, EU and China.

The Group also closely monitors key EU regulatory initiatives, including the Data Act, AI Act, NIS 2 Directive, Corporate Sustainability Due Diligence Directive and the Battery Regulation, which may materially affect its operations, supply chain and compliance obligations.

The Legal, Quality & Logistics and Sustainability functions are primarily responsible for overseeing these developments and report regularly to the Executive Management Team and the Board (or its committees) as required.

Diversity and inclusion

It is Polestar's desire and commitment to provide a sustainable working environment with fair terms of employment to all Employees. Polestar follows the international Human Rights standards, including the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

All Employees have equal continuing employment, training and career development opportunities based on competence, experience, and performance, regardless of gender, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background and/or other characteristics protected by applicable law. As part of Polestar's commitment of having a diverse and inclusive workplace, discrimination, harassment, and bullying, including threats and physical abuse, are forbidden. These principles are also core to the hiring process and non-bias training is delivered to hiring manager to foster the best outcome. The hiring process is competence based and gives full and fair consideration to all applications for employment, including those from disabled persons. The hiring practices are designed to ensure that every candidate is evaluated based on their individual aptitudes and abilities, without discrimination. The Company carries out regular workplace assessments and provides occupational health care and advice to support both employees and line managers. Appropriate arrangements are made for the continued employment and career development of disabled persons based on individual needs. In the UK, the Company complies with the Disability Discrimination Regulations.

A breakdown of the Group's employment statistics as of 31 December 2025 is as follows:

As at 2025-12-31	Male	Female	Prefer not to say, or not disclosed	Total
Executive Director	1	—	—	1
Senior Managers	6	3	—	9
All Other Employees of the Group	1,068	588	195	1,851
Non-executive directors	3	4	—	7
Total directors and Employees	**1,078**	**595**	**195**	**1,868**

Financial Overview

A. Result of operations for the years ended December 31, 2025, 2024 and 2023

The following table summarizes Polestar's Consolidated Statement of Loss and Comprehensive Loss for the years ended December 31, 2025, 2024 and 2023. All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	For the year ended December 31,			2025 vs. 2024 variance		2024 vs. 2023 variance	
	2025	2024[1]	2023[1]	$	%	$	%
Revenue	3,058,109	2,034,261	2,368,085	1,023,848	50.3	(333,824)	(14.1)
Cost of sales	(4,142,019)	(2,910,428)	(2,778,222)	(1,231,591)	(42.3)	(132,206)	(4.8)
Impairment expense, net of reversals	(1,049,851)	(622,092)	(339,568)	(427,759)	(68.8)	(282,524)	(83.2)
Other cost of sales	(3,092,168)	(2,288,336)	(2,438,654)	(803,832)	(35.1)	150,318	6.2
Gross loss	**(1,083,910)**	**(876,167)**	**(410,137)**	**(207,743)**	**(23.7)**	**(466,030)**	**(113.6)**
Selling, general and administrative expense	(856,458)	(890,703)	(944,177)	34,245	3.8	53,474	5.7
Research and development expense	(77,636)	(38,350)	(157,280)	(39,286)	(102.4)	118,930	75.6
Other operating income	52,413	59,432	62,937	(7,019)	(11.8)	(3,505)	(5.6)
Other operating expense	(87,810)	(23,818)	(58,323)	(63,992)	(268.7)	34,505	59.2
Foreign exchange gains (losses) on operating activities, net	44,144	(43,705)	37,466	87,849	201.0	(81,171)	(216.7)
Operating loss	**(2,009,257)**	**(1,813,311)**	**(1,469,514)**	**(195,946)**	**(10.8)**	**(343,797)**	**(23.4)**
Finance income	8,996	23,879	32,329	(14,883)	(62.3)	(8,450)	(26.1)
Finance expense	(385,190)	(341,182)	(213,242)	(44,008)	(12.9)	(127,940)	(60.0)
Foreign exchange gains (losses) on financial activities, net	50,282	(52,603)	37,236	102,885	195.6	(89,839)	(241.3)
Fair value changes - Earn-out rights and Class C shares	23,391	129,124	465,168	(105,733)	(81.9)	(336,044)	(72.2)
Share of losses in associates	(49,145)	(4,970)	(43,304)	(44,175)	(888.8)	38,334	88.5
Loss before income taxes	**(2,360,923)**	**(2,059,063)**	**(1,191,327)**	**(301,860)**	**(14.7)**	**(867,736)**	**(72.8)**
Income tax benefit	3,692	9,166	9,452	(5,474)	(59.7)	(286)	(3.0)
Net loss	**(2,357,231)**	**(2,049,897)**	**(1,181,875)**	**(307,334)**	**(15.0)**	**(868,022)**	**(73.4)**

1 - Some prior-year's figures and descriptions were adjusted *(see Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)* in the Consolidated Financial Statements included elsewhere in this Report.

Comparison of the years ended December 31, 2025 and 2024

Revenue

Polestar's net revenue for the year ended December 31, 2025 was $3,058.1 million, an increase of $1,023.8 million, or 50.3% compared to $2,034.3 million for the year ended December 31, 2024. Revenue from related parties for the year ended December 31, 2025 was $352.3 million, an increase of $76.0 million, or 27.5% compared to $276.3 million for the year ended December 31, 2024.

The following table summarizes changes in the components of revenue and related changes between annual periods. All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	For the year ended December 31,		Variance	
	2025	2024	$	%
Sales of vehicles	2,805,635	1,975,864	829,771	42
Sales of carbon credits	192,386	10,918	181,468	1,662
Sales of licenses and royalties	32,374	11,851	20,523	173
Vehicle leasing revenue	12,396	17,175	(4,779)	(28)
Sales of software and performance engineered kits	10,055	15,344	(5,289)	(34)
Other revenue	5,263	3,109	2,154	69
Total	**3,058,109**	**2,034,261**	**1,023,848**	**50**

The increase in sales of vehicles was primarily driven by:

- Overall higher sales volumes, driven by an accelerated transition to an active selling model and retail network expansion, as well as favorable geographical mix, resulting in an increase of $559.2 million. PS4 was the main driver of the increase, becoming the best-selling model. PS3 also showed volume growth, while PS2 volumes declined compared to the previous year.
- Higher revenue per vehicle sold resulted in a revenue increase of $270.5 million, driven by mix improvement with increased proportion of PS4 and PS3 as of December 31, 2025 versus December 31, 2024, reflecting their full-year impact in 2025, as both models were introduced in fall 2024.

The increase in revenue from sales of carbon credits of $181.5 million was primarily driven by the EU Pooling agreement related to the calendar year 2025. The increase in sales of licenses and royalties of $20.5 million was mainly due to an increase in the cumulative volume of Polestar vehicles in circulation (the "car park").

Vehicle leasing revenue for the year ended December 31, 2025 was $12.4 million, a decrease of $4.8 million, or 28% compared to $17.2 million for the year ended December 31, 2024 reflecting a lower volume of vehicles sold with repurchase obligation.

Sales of software and performance engineered kits for the year ended December 31, 2025 were $10.1 million, a decrease of $5.3 million, or 34% compared to $15.3 million for the year ended December 31, 2024. The decrease is primarily a result of lower revenue performance software and engineered kits for Volvo cars.

Other revenue for the year ended December 31, 2025 was $5.3 million, an increase of $2.2 million, or 69% compared to $3.1 million for the year ended December 31, 2024. This increase is mainly due to an increase in parts and accessories volume for Polestar's vehicles to customers.

Cost of sales

The increase in cost of sales for the year ended December 31, 2025 is related to a higher volume and carline mix, combined with higher duties due to an increase in the tariffs, primarily from China to the EU. There was also an increase of $427.8 million in impairment charges to $1,049.9 million in the year ended December 31, 2025 compared to $622.1 million in the year ended December 31, 2024.

Gross loss

Gross loss for the year ended December 31, 2025 was $1,083.9 million, an increase of $207.7 million, or 24%, compared to a gross loss of $876.2 million for the year ended December 31, 2024 primarily due to the factors described above.

Selling, general and administrative expense

The decrease in selling, general and administrative expense was $34.2 million, driven by cost discipline and restructuring initiatives of $99.6 million, including headcount reductions, optimized marketing spend commensurate with advertising activity to support sales and the launch of Polestar 5 model in 2025, partially offset by an increase in expenses to remunerate Polestar's selling partners under the 'non-genuine agency model' of $65.4 million primarily reflecting higher sales volumes.

Research and development expense

The increase was primarily driven by higher spend with lower capitalization mainly due to the start of new programs currently in the research stage and partially offset by lower depreciation.

Other operating income

The decrease in the year ended December 31, 2025 compared to the year ended December 31, 2024 is mainly due to lower income from Polestar Times Technology services of $11.4 million, partially offset by an increase arising from the indirect sale of carbon credits of $18.6 million.

Other operating expense

The increase was primarily due to an increase in restructuring and redundancy expenses of $67.6 million during the year ended December 31, 2025 driven by personnel reductions and facility-related impairment charges.

Foreign exchange gains (losses) on operating activities, net

The net gains in the year ended December 31, 2025, compared to the net losses in the year ended December 31, 2024, were primarily due to positive changes in the underlying currencies of Polestar's account payables and accounts receivable, including the weakening of the U.S. dollar against the Swedish Kroner along the year 2025, as compared to a strengthening in 2024.

Finance income

The decrease was primarily the result of lower interest income of $14.9 million, mainly related to lower interest received on cash and cash equivalent accounts.

Finance expense

The increase was primarily the result of higher interest expenses related to external loans and borrowings of $55.9 million, mainly driven by higher levels of outstanding external short-term financing, partially offset by lower interest expense on related parties financing of $11.9 million due to lower interest rates.

Foreign exchange gains (losses) on financial activities, net

Foreign exchange gains on financial activities of $50.3 million during the year ended December 31, 2025 compared to losses of $52.6 million during the year ended December 31, 2024 was a result of positive changes in foreign exchange rates on Polestar's foreign currency borrowings, mainly driven by Chinese yuan and U.S. dollar fluctuations.

Fair value changes - Earn-out rights and Class C shares

The decrease of $105.7 million was primarily attributable to the decrease in Polestar's share price over 2025. Polestar's share price decreased to $21.37 as of December 31, 2025 from $31.50 (adjusted for the ADS ratio change from $1.05) as of December 31, 2024.

Share of losses in associates

The increase of $44.2 million was primarily attributable to capital contributions made by Polestar to Polestar Times Technology, which triggered the recognition of unrecognized losses in the associate, for the year ended December 31, 2025 when compared to the year ended December 31, 2024.

Income tax benefit

The decrease of $5.5 million is primarily due to the movement of deferred tax assets on CGU impairment and NRV inventory impairment.

Net loss

The increase of $307.3 million for the year ended December 31, 2025 when compared to the year ended December 31, 2024 ,was primarily driven by an increase in impairment charges, higher tariffs, and new restructuring expenses, which, compounded by decreased fair value gains, offset the revenue growth achieved from higher vehicle sales volumes. Refer to the factors described above for more information.

Comparison of the years ended December 31, 2024 and 2023

Revenue

Polestar's net revenue for the year ended December 31, 2024 was $2,034.3 million, a decrease of $333.8 million, or 14% compared to $2,368.1 million for the year ended December 31, 2023. Revenue from related parties for the year ended December 31, 2024 was $276.3 million, an increase of $137.6 million, or 99% compared to $138.7 million for the year ended December 31, 2023.

The following table summarizes changes in the components of revenue and related changes between annual periods. All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	For the year ended December 31,		Variance	
	2024	**2023**	**$**	**%**
Sales of vehicles	1,975,864	2,313,124	(337,260)	(15)%
Sales of software and performance engineered kits	15,344	18,994	(3,650)	(19)%
Sales of licenses and royalties	11,851	12,125	(274)	(2)%
Sales of carbon credits	10,918	1,452	9,466	652 %
Vehicle leasing revenue	17,175	17,421	(246)	(1)%
Other revenue	3,109	4,969	(1,860)	(37)%
Total	**2,034,261**	**2,368,085**	**(333,824)**	**(14)%**

Sales of vehicles for the year ended December 31, 2024 were $1,975.9 million, a decrease of $337.3 million, or 15% compared to $2,313.1 million for the year ended December 31, 2023. The decrease was primarily driven by:

- A decrease in volumes resulting in a decrease of $371.5 million, primarily due to lower global vehicle sales of PS2 and delays in sales ramp up of new car lines; and
- An increase in average selling prices, net of discounts, resulting in an increase of $34.3 million, primarily due to the change in sales mix as Polestar transitioned from selling only the PS2 for almost all of 2023 to selling the PS2, PS3 and PS4 by the end of 2024.

Sales of software and performance engineered kits for the year ended December 31, 2024 were $15.3 million, a decrease of $3.7 million, or 19% compared to $19.0 million for the year ended December 31, 2023. The decrease is primarily a result of Polestar's continued focus on developing and selling its own vehicles rather than its performance engineered kits for Volvo cars.

Sales of carbon credits for the year ended December 31, 2024 were $10.9 million, an increase of $9.5 million, or 652% compared to $1.5 million for the year ended December 31, 2023. This increase is driven by Polestar entering into and executing more contracts to sell its excess carbon credits as compared to the previous year.

Vehicle leasing revenue for the year ended December 31, 2024 was $17.2 million, a decrease of $0.2 million, or 1% compared to $17.4 million for the year ended December 31, 2023 reflecting a stable volume of vehicles sold with repurchase obligations.

Other revenue for the year ended December 31, 2024 was $3.1 million, a decrease of $1.9 million, or 37% compared to $5.0 million for the year ended December 31, 2023. This decrease is mainly the result of (1) a decrease in sales of Polestar's research and development services to Volvo Cars of $5.0 million, offset partially by an increase of $3.4 million in sales under Polestar's intellectual property license to Volvo Cars which grants Volvo Cars the rights to source and distribute parts and accessories for Polestar's vehicles to customers in exchange for sales-based royalties to us.

Cost of sales

Cost of sales for the year ended December 31, 2024 was $2,910.4 million, an increase of $132.2 million, or 5% compared to $2,778.2 million for the year ended December 31, 2023. During the year ended December 31, 2024, Polestar recognized increase in impairment charges of $282.5 million as compared to the year ended December 31, 2023. This increase was partially offset by a decrease in write-downs of inventories to net realizable value of $56.8 million, a decrease in inventory cost of $71.5 million primarily related to lower sales volumes, and decreased warranty costs of $24.6 million.

Gross loss

Gross loss for the year ended December 31, 2024 was a gross loss of $876.2 million, an increase in gross loss of $466.0 million, or 114% compared to a gross loss of $410.1 million for the year ended December 31, 2023 primarily due to the factors described above.

Selling, general and administrative expense

Selling, general and administrative expenses for the year ended December 31, 2024 were $890.7 million, a decrease of $53.5 million, or 6% compared to $944.2 million for the year ended December 31, 2023. This decrease was primarily due to a decrease of $78.6 million in advertising, sales, and promotion expenses. An additional decrease was attributed to lower lease expenses of $10.6 million. These decreases were partially offset by an increase in costs associated with purchased services from related parties of $23.2 million, higher employee compensation costs of $5.6 million, and an increase in professional service related expense of $8.1 million.

Research and development expense

Research and development expenses for the year ended December 31, 2024 were $38.4 million, a decrease of $118.9 million, or 76% compared to$157.3 million for the year ended December 31, 2023. This change was primarily driven by a $68.9 million decrease in amortization expense due to the change made in Q4 2023 to capitalize the amortization expense of intellectual property used in the development of the PS1 and PS2 into inventories, rather than to research and development expenses. The decrease was further impacted by a $53.9 million increase in capitalization expense in 2024 compared to 2023, driven by a higher number of internal development projects being capitalized as intellectual property.

Other operating income, Other operating expense and Foreign exchange gains (losses) on operating activities, net

These three lines were previously presented together as "Other operating income (expenses), net" (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*) in the Consolidated Financial Statements) for the year ended December 31, 2024, and they sum a net expense of $8.1 million, a decrease of $50.2 million, or 119% compared to an income of $42.1 million for the year ended December 31, 2023. This decrease was primarily driven by higher negative foreign exchange effects on working capital of $81.2 million and reduced income of $15.1 million for related party sales of plant operation services. This loss is partially offset by the recognition of $26.9 million in income and reduced expenses of $18.7 million related to services provided to Polestar Times Technology.

Finance income, Finance expense and Foreign exchange gains (losses) on financial activities, net

Finance income for the year ended December 31, 2024 was $23.9 million, a decrease of $8.5 million, or 26% compared to $32.3 million for the year ended December 31, 2023. This decrease was primarily the result of a decrease in interest income on bank deposits of $11.2 million due to lower interest rates and reduced bank deposits.

Finance expenses for the year ended December 31, 2024 were $341.2 million, an increase of $127.9 million, or 60% compared to $213.2 million for the year ended December 31, 2023. This increase was primarily the result of an increase of $127.4 million in the aggregated amount of interest expense on credit facilities and financing obligations and interest expense to related parties.

The Foreign exchange gains (losses) on financial activities, net were previously presented as finance expense for the year ended December 31, 2024 and as finance income year ended December 31, 2023, as above. See *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*) in the Consolidated Financial Statements for further information.

Fair value change - Earn-out rights

As part of the capital reorganization via the merger with GGI on June 23, 2022, Polestar issued earn-out rights. The gain on fair value change - Earn-out rights for the year ended December 31, 2024 was $126.6 million, a decrease of $316.5 million or 71% compared to a gain of $443.2 million for the year ended December 31, 2023. This decrease is primarily attributable to changes in Polestar's share price from $2.26 as of December 31, 2023, compared to $1.05 as of December 31, 2024.

Fair value change - Class C Shares

As part of the capital reorganization via the merger with GGI on June 23, 2022, Polestar exchanged rights and obligations to the public and private warrant instruments of GGI. The gain on the fair value change of these warrants (i.e. Class C Shares) for the year ended December 31, 2024 was $2.5 million, a decrease of $19.5 million or 89% compared to $22.0 million for the year ended December 31, 2023. This change is primarily attributable to a change in the price of the Class C-1 Shares and the estimated value of the Class C-2 Shares by $0.10, from$0.24 for the year ended December 31, 2023, to $0.14 for the year ended December 31, 2024.

Share of losses in associates

During the year ended December 31, 2024, Polestar invested an additional $14.5 million in Polestar Times Technology. As agreed upon by Polestar, Xingji Meizu, Polestar Times Technology, and Nanjing Jiangning Economic and Technological Development Zone Industrial Equity Investment Partnership ("Nanjing Investor"), Polestar Times Technology received additional funding from the Nanjing Investor, thus reducing Polestar's ownership percentage of Polestar Times Technology's equity from 49% as of December 31, 2023 to 46.2% as of December 31, 2024. Share of losses in associate for the year ended December 31, 2024 was a loss of $5.0 million, a decrease of $38.3 million, or 89% compared to a loss of $43.3 million for the year ended December 31, 2023. In both years, Polestar's carrying value of its investment in Polestar Times Technology was reduced to zero as a result of its share of Polestar Times Technology's losses.

Income tax benefit

Income tax benefit for the year ended December 31, 2024 was a benefit of $9.2 million, a decrease of $0.3 million, or 3% compared to a benefit of $9.5 million for the year ended December 31, 2023. This decrease was primarily driven by an increase of the current income tax expense of $21.9 million due to higher taxable income which was partially offset by a decrease in withholding tax expense on license transactions which was a benefit of $2.2 million in the year ended December 31, 2024 compared to an expense of $15.6 million in the year-ended December 31, 2023.

Net loss

The increase of $868.0 million for the year ended December 31, 2024 when compared to the year ended December 31, 2023 was primarily driven by an increase in gross loss due to lower vehicle sales volumes and higher impairment charges, coupled with a reduction in fair value gains on earn-out rights and increased finance expenses. Refer to the factors described above for more information.

B. Liquidity and Capital Resources

Overview

Polestar's principal uses for liquidity and capital are for funding of operations, repayment of debt, market expansion, and investments in the tangible and intangible assets required to develop and manufacture Polestar's vehicles and related technologies.

Polestar finances its operations primarily through debt and equity. As it relates to debt, Polestar procures some long term committed finance, but also shorter-term bilateral loans and inventory financing. From time to time Polestar may also engages with Related Parties on extending payments terms.

As of December 31, 2025, Polestar had net current liabilities of $3,519.6 million. In the year ended December 31, 2025, Polestar generated negative operating and investing cash flows of $915.0 million and $520.7 million, respectively, primarily as a result of scaling up commercialization efforts globally, along with continuing capital expenditures for its vehicles and related technologies. In the year ended December 31, 2025, Polestar generated positive cash flows of $1,693.1 million from financing activities, including new equity of $200.0 million in the form of a PIPE investment from PSD Investment Limited (a related party), and an additional $300.0 million in the form of two PIPE investments of $150.0 million each from two financial institutions.

Managing Polestar's liquidity profile and funding needs remains one of management's key priorities. Management's plans to ensure it has sufficient liquidity for the Company's present and future requirements are described further in this section.

Going concern

Refer to *Note 1 - Basis of preparation* in the accompanying Consolidated Financial Statements for further details on management's going concern assessment, including its conclusion that a material uncertainty related to the execution of management's liquidity and funding plan casts significant doubt upon Polestar's ability to continue as a going concern.

Cash flows

All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	For the year ended December 31,		
	2025	**2024**	**2023**
Cash used for operating activities	(914,989)	(991,209)	(1,893,841)
Cash used for investing activities	(520,678)	(412,562)	(417,619)
Cash provided by financing activities	1,693,095	1,424,192	2,104,361

Cash used for operating activities

The decrease in cash used for operating activities for the year ended December 31, 2025 when compared to the year ended December 31, 2024 was primarily a result of:

- An increase in the net positive value of reconciling items of $741.5 million in 2025 primarily due to an increase in the positive adjustment made related to the expense for impairment of PPE, vehicles under operating leases and intangible assets of $427.8 million and a decrease in the negative adjustment for gain related to the change in fair value of Earn-out rights and Class C Shares of $105.7 million.
- Partially offset by:
  - An increase in net loss of $307.3 million - refer to *Comparison of the years ended December 31, 2025 and 2024* in *Item 5.A - Results of Operations* for further details.
  - A net negative change in operating assets and liabilities of $385.0 million in 2025 compared to a net negative change in operating assets and liabilities of $27.0 million in 2024 primarily due to: (i) a variation of $219.1 million in trade and other receivables, prepaid expenses, and other assets, from a net inflow of $85.0 million in 2024 to a net outflow of $134.1 million in 2025 mainly related to an increase in receivables from the related parties Volvo Cars and Geely; (ii) a net outflow in trade payables, accrued expenses, and other liabilities of $170.2 million in 2025 compared to an inflow of $464.9 million in 2024, primarily attributable to an increase of $198.9 million in amounts payable to related parties Volvo Cars and Geely, reflecting extended payment services; and (iii) partially offset by a net increase in changes in inventories to a positive $292.2 million in 2025 from a negative $255.4 million in 2024, primarily due to improved inventory management.

Cash used for operating activities for the year ended December 31, 2024 was $991.2 million, a decrease of $902.6 million compared to $1,893.8 million for the year ended December 31, 2023. The decrease in cash used for operating activities is a result of:

- An increase in net loss of $868.0 million - refer to *Comparison of the years ended December 31, 2025 and 2024* on *Item 5.A - Results of Operations* for further details.
- An increase in the net positive value of reconciling items of $647.6 million primarily due to an increase in the adjustment for impairment expense of $282.5 million in 2024 when compared to 2023 and a decrease in the adjustment for gain related to the change in fair value of Earn-out rights of $316.5 million in 2024 when compared to 2023.
- A net positive change in operating assets and liabilities of $252.8 million in 2024 compared to a net negative change of $926.7 million in 2023 primarily due to: (i) net increase in amounts payable, mainly to Volvo Cars and Geely, in 2024 compared to net decreases in amounts payable, mainly to Volvo Cars and Geely, in 2023; and (ii) lower inventory build-up in 2024 as compared to 2023.

Cash used for investing activities

The increase in cash used for investing activities for the year ended December 31, 2025 when compared to the year ended December 31, 2024 was primarily a result of:

- An increase of $87.0 million in cash investments in intangible assets.
- An increase of $29.4 million in investments in associates.
- Partially offset by a decrease in net additions to other non-current assets of $14.1 million.

Cash used for investing activities for the year ended December 31, 2024 was a cash outflow of $412.6 million, a decrease of $5.1 million compared to a cash outflow of $417.6 million for the year ended December 31, 2023. The change was primarily the result of:

- A $226.5 million decrease in cash investments in intangible assets in 2024 as compared to 2023; partially offset by
- A $153.6 million decrease in cash received from the sale of asset groupings in 2024 as compared to 2023.
- A $34.3 million cash investment made in Polestar Times Technology in 2024 with no equivalent in 2023.
- A $21.3 million cash investment made in restricted deposits (presented in other non-current assets), with no equivalent in 2023; and
- A $10.5 million increase in cash investments in property, plant, and equipment in 2024 as compared to 2023.

Cash provided by financing activities

The increase in cash provided by financing activities for the year ended December 31, 2025 when compared to the year ended December 31, 2024 was primarily the result of:

- An increase of $743.4 million in proceeds from short-term loans and borrowings.
- $498.3 million relating to the equity issuance in 2025 which had no equivalent in 2024.
- Partially offset by (i) a decrease of $747.2 million in proceeds from long-term loans and borrowings; and (ii) an increase in repayments of loans and borrowings of $227.5 million.

Cash provided by financing activities for the year ended December 31, 2024 was $1,424.2 million, a decrease of $680.2 million compared to $2,104.4 million for the year ended December 31, 2023. The change was primarily the result of:

- A decrease of $443.3 million in proceeds from long-term borrowings.
- An increase in repayment of borrowings of $336.9 million.
- Partially offset by an increase of $137.4 million in proceeds from short-term borrowings.

Contractual obligations and commitments

Polestar has $12.6 million in capital commitments and $371.1 million related to other material vehicle development and manufacturing commitments.

Management expects to meet these requirements through existing cash balances, operating cash flows, and available credit facilities.

Cash and cash equivalents

Cash and cash equivalents are held by different entities in the Group. The following table summarizes Polestar's cash and cash equivalents as of December 31, 2025 and the currencies in which it is held:

Currency held	Cash and cash equivalents
SEK	932,617
USD	67,229

EUR	58,052
GBP	39,701
CNY	18,063
Other	43,638
Total	**1,159,300**

Legal and regulatory requirements in certain of the countries in which the Group operates may restrict or limit the ability to transfer funds, whether in the form of cash dividends, loans or advances, from the entities in those countries to other entities of the Group.

As of December 31, 2025, the Group had restricted deposits of $58.1 which is presented under current and non-current other assets in the Consolidated Financial Statements and is primarily related to its financial obligations under its multi-currency syndicated loan ("Club Loan") and under its residual value guarantees in its contracts with financial institutions in North America which provide leases to customers purchasing Polestar's vehicles.

Funding types, maturity, currency and interest rate structure

Polestar finances itself through debt arrangements with credit institutions and related parties as further detailed below.

Credit institutions

Financing arrangements with credit institutions can be categorized as follows:

Type	Characteristics
Chinese loan facilities	Facilities provided by Chinese banks which are denominated in CNY or USD. Drawdowns have a maturity of 12 months or less. Bullet payment at maturity. Fixed or floating interest rates based on SOFR or LPR.
International loan facilities	Facilities provided by international banks which are denominated in EUR or USD. Drawdowns have a maturity of 12 months or less. Bullet payment at maturity. Floating interest rates based on SOFR or EURIBOR.
Trade finance facility ("TFF")	EUR denominated secured, syndicated green trade facility entered into on February 28, 2022 and subsequently amended on February 27, 2023 and renewed on February 27, 2025. All outstanding principal is 100% secured by the new vehicle inventory financed via this facility in accordance with First-ranking English law charge. Drawdowns have a maturity of 3 months. Floating rates indexed to EURIBOR.
Market RCFs and Sales-Lease Back facilities	Multiple credit facilities with various financial service providers to finance vehicles at the sales locations. The facilities are secured by the underlying assets and financial terms and legal form vary from market to market.
Club Loan	Syndicated multicurrency green term loan facility entered into on February 22, 2024. The facility consists of two tranches: Facility A (EUR denominated at €340.0 million with an interest rate at the relevant EURIBOR plus 2.85%) and Facility B (USD denominated at $583.5 million, with an interest rate at the Chicago Mercantile Exchange Term SOFR plus 3.35%). Both facilities have a 36-month repayment period with repayment of all drawdowns due in full at the end of the term, including any unpaid interest and other fees.

As of December 31, 2025, Polestar had an equivalent amount of $4,215.2 million in drawn working capital facilities, bilateral and/or syndicated loans from credit institutions, and an uncommitted financing from credit institutions equivalent to $751.2 million available for drawdown.

Related party financing

Term credit facilities

The Group's term credit facilities with its related parties which were fully drawn as of December 31, 2025 are summarized as follows:

Counterparty	Total facility	Maturity	Interest rate
Volvo Cars[2]	$1,000.0 million	December 29, 2028[1]	SOFR rate plus 4.97% per annum

Geely[2]	$250.0 million	June 30, 2027	SOFR rate plus 4.97% per annum
Geely	$300.0 million	June 17, 2026	SOFR rate plus 3.00% per annum

1 - Modified by the second amendment signed on August 21, 2024.

2- Under these term credit facilities, if Polestar announces an offering of shares of any class of share capital, with a proposed capital raising of at least $350.0 million, and no fewer than five institutional investors participating in the offering, then both Geely and Volvo Cars have the right to convert the principal amount of any outstanding loans into equity. On December 19, 2025, Geely and Polestar agreed to convert approximately $300.0 million in principal and interest into Class A ADS at a price of $19.34 per ADS.

Asset transfer agreement

On December 8, 2023 Polestar and Geely entered into an asset transfer arrangement which was designed to provide financing to Polestar in exchange for Polestar transferring legal ownership of certain Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 (the "PS3 Tooling and Equipment") to Geely.

In 2025, Polestar executed two separate tooling transfer arrangements with Geely entities for the PS4 and PS5 unique vendor tooling in the total amount of $222.0 million.

Market RCFs

Polestar maintains a Market RCF facility with its related party Volvo Cars.

Other

Polestar also benefits from its related party relationships and has been able to negotiate flexible payment terms for the repayment of related party trade payables, allowing additional liquidity to remain available for other working capital and financial needs. However, these flexible payment terms are not a contractual right and may be called upon with no fixed notice period.

Funding maturity

The following table summarizes the maturity of the Group's primary funding instruments as of December 31, 2025:

	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Total
Loans and borrowings	1,496,766	673,101	1,690,808	1,325,814	1,173,416	—	6,359,905
Lease liabilities	9,788	9,656	17,766	24,261	43,360	25,893	130,724

Funding currency

The following table summarizes the currency of the Group's primary funding instruments as of December 31, 2025:

	USD	CNY	EUR	SEK	GBP	Other	Total
Loans and borrowings	4,317,732	1,147,518	658,762	37,165	155,439	43,289	6,359,905
Lease liabilities	1,208	12,780	6,945	68,001	35,613	6,177	130,724

Funding interest rate structure

The following table summarizes the interest rates of the Group's primary funding instruments as of December 31, 2025:

	Fixed	Floating - SOFR	Floating - EURIBOR	Floating - LPR	Floating - Other	Total
Loans and borrowings	2,339,241	3,263,188	646,808	—	110,668	6,359,905
Lease liabilities	130,724	—	—	—	—	130,724

Covenants

Polestar's syndicated Club Loan is subject to covenant requirements including, but not limited to, a defined minimum annual revenue, a defined range for Polestar's debt-to-asset ratio (calculated on a quarterly basis), minimum quarterly cash levels of €400.0 million and maximum quarterly financial indebtedness of $5,500.0 million. Prior to the year ended December 31, 2024, Standard Chartered Bank and the syndicated lenders agreed to amend the minimum revenue covenant for 2024, from an amount of $5,359.9 million to $1,400.0 million, as well as to waive the debt-to-asset ratio covenant for the fourth quarter of 2024 and the first quarter of 2025. As a result of these changes, Polestar was not in default related to the syndicated loan as of December 31, 2024. Prior to June 30, 2025 Standard Chartered Bank and the syndicated lenders agreed to amend the debt-to-asset ratio range to be from 0.90 to 1.50 for the second quarter of 2025. As a result, Polestar was not in default related to the syndicated loan as of June 30, 2025. On July 9, 2025, Standard

Chartered Bank and the syndicated lenders agreed to amend the debt-to-asset ratio range to be from 0.90 to 1.45 for the third quarter of 2025 and from 0.85 to 1.40 for the fourth quarter of 2025 and to amend the minimum revenue covenant for 2025 from $7,144.9 million to $3,000.0 million. As of December 31, 2025, Polestar was not in breach of these covenants.

Polestar's TFF is subject to certain covenant requirements and shares the same minimum quarterly cash covenant as the syndicated Club Loan. As of December 31, 2025, Polestar was not in breach of these covenants.

Some of Polestar's Chinese loan facilities are subject to covenant requirements, including, but not limited to, a 300% liability-to-asset ratio of any single borrowing entity within the Group. Additionally, one specific loan facility required Polestar to reach a retail sales volume of 30,000 units in December 31, 2025, otherwise allowing the lender to claim repayment from Polestar of 25% of the outstanding amount of the loan per month thereafter. Polestar reported a retail sales volume of 60,119 cars in December 31, 2025. As of December 31, 2025, Polestar was not in breach of its Chinese loan covenants.

Funding and treasury policies and objectives

Polestar has established a liquidity risk management framework for management of its short-term and long-term funding and liquidity requirements and prepares long-term planning in order to mitigate funding and re-financing risks. Polestar's liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations. Certain key stakeholders engage in a weekly meeting to discuss Polestar's current and forecasted liquidity position to determine the Group's funding needs. Polestar prepares long-term planning to mitigate funding and re-financing risks. Depending on the liquidity needs, Polestar will assess the most appropriate financing option – entering into financing or debt agreements or procuring equity investments to reinforce its capital structure. All drawdowns on loans are evaluated against future liquidity needs, investment plans and the restrictions on debt levels arising from financial covenants on certain of its borrowings.

Liquidity and funding plan – Short term (<12 months)

In the short term, the Group works with a series of financing alternatives, which includes, in addition to opportunistic equity financing, the use of credit lines for general corporate purpose, lines that can finance the cars while the cars are on transport (TFF), Market RCFs for cars in Polestar's inventories, non-recourse factoring of its receivables and may, from time to time, defer related party payments.

Liquidity and funding plan – Long term (>12 months)

For the long-term, the Group looks to optimize and extend credit lines as detailed in Funding types, maturity, currency and interest rate structure. The Group also looks for opportunities for additional equity offerings. In 2025, the Group raised $200.0 million in equity from PSD Investment Limited in June and $300.0 million in December from two separate investors. In February 2026, the Group raised an additional $400.0 million in equity from two separate investors.

In this regard, the Group continues to expect its long-term financing lines to be provided by a pool of banks and credit lines provided by Chinese and International counterparties.

For many of its short- and long-term credit lines provided by Chinese and International counterparties, the Group benefits from either a comfort letter or security that is provided by Geely.

Significant changes in other balance sheet line items

The following text provides an explanation for the significant changes in Polestar's other balance sheet line items from December 31, 2024 to December 31, 2025:

- Intangible assets and goodwill decreased by $341 million primarily due to the impairment losses recognized on the PS2, PS3 and IDP CGUs during 2025.
- Property, plant and equipment decreased by $245 million primarily due to the impairment losses recognized on the PS2, PS3 and IDP CGUs during 2025.
- Trade receivables and other receivables increased by $109 million primarily due to the higher sales volumes, and related revenue, in 2025 when compared to 2024.
- Inventories decreased by $226 million primarily due to the higher sales volumes in 2025 when compared to 2024 as well as targeted actions to unwind inventory during 2025.
- Loans and borrowings (current and non-current) increased by $1,421 million primarily due to new borrowings from related parties - a convertible debt facility and two asset-transfer agreements - and an increase in working capital loans from banks.
- Trade payables increased by $213 million primarily due to higher inventory purchases required to support the higher sales volumes in 2025 when compared to 2024.
- Other liabilities increased by $109 million primarily due to higher VAT liabilities and refund liabilities, both related to the higher sales in 2025 when compared to 2024.

C. Non-GAAP Financial Measures

Polestar uses both generally accepted accounting principles ("GAAP," i.e., IFRS) and non-GAAP (i.e., non-IFRS) financial measures to evaluate operating performance and for other strategic and financial decision-making purposes. Polestar believes non-GAAP financial measures are helpful to investors as they provide useful perspective on underlying business trends and assist in period-on-period comparisons. These measures also improve the ability of management and investors to assess and compare the financial performance and position of Polestar with those of other companies.

These non-GAAP measures are presented for supplemental information purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. The measures are not presented under a comprehensive set of accounting rules and, therefore, should only be read in conjunction with financial information reported under GAAP when assessing Polestar's operating performance.

The measures may not be the same as similarly titled measures used by other companies due to possible differences in calculation methods and items or events being adjusted. A reconciliation between non-GAAP financial measures and the most comparable GAAP performance measures is provided below.

Non-GAAP financial measures used by management are *Adjusted EBITDA*, *Free Cash Flow*, *Adjusted Gross Profit / (Loss)* and *Adjusted Gross Margin*.

Adjusted EBITDA is calculated as net loss, adjusted to exclude:

- Fair value change - Earn-out rights and Class C Shares.
- Finance expense.
- Finance income.
- Foreign exchange gains (losses) on financial activities, net.
- Income tax benefit (expense).
- Depreciation and amortization[1.]
- Impairment of property, plant and equipment, vehicles under operating leases, and intangibles assets, net of reversals.
- Gains (losses) on disposals of investments[2].
- Restructuring costs[3]; and
- Unusual other operating income and expenses that are considered rare or discrete events and are infrequent in nature.

1 - Depreciation and amortization include (a) depreciation and amortization capitalized into the carrying value of inventory sold (i.e., part of inventory costs) and (b) depreciation and amortization expense.
2 - Disposals of investments include disposals, by sales or otherwise, of: (a) debt or equity financial instruments issued by another entity that are held as investments, (b) intangible assets, (c) property, plant, and equipment, and (d) groups of assets and liabilities representing disposal groups that were transferred together as part of individual transactions.
3 - Restructuring costs include expenses associated with programs that were planned and controlled by management and materially changed either (a) the scope of a business undertaken by the Group or (b) the manner in which business is conducted.

Management reviews this measure and believes it provides meaningful insight into the core business's underlying operating performance and trends, before the effect of any adjusting items.

The definition of Adjusted EBITDA was refined in December 2024. Accordingly, Adjusted EBITDA for the year ended December 31, 2023 is recast for the changed definition. For more information regarding the changes in the Adjusted EBITDA definition, see *Non-GAAP Financial Measures* in the Company's Form 20-F for the years ended December 31, 2024, 2023 and 2022.

Free Cash Flow

Free Cash Flow is calculated as cash used for operating activities, adjusted to exclude cash flows to acquire property, plant and equipment and intangible assets. This measure is reviewed by management and management considers it to be a relevant measure for assessing cash generated by operating activities that is available to repay debts and spend on other strategic initiatives.

Adjusted Gross Profit / (Loss) and Adjusted Gross Margin

Adjusted Gross Profit / (Loss) is calculated as gross loss, adjusted to exclude: (i) expenses arising from the impairment of property, plant and equipment, vehicles under operating leases, and intangibles assets; and (ii) unusual other items of income or expense that are considered rare or discrete events and are infrequent in nature. Adjusted Gross Margin is calculated as Adjusted Gross Profit / (Loss) divided by revenue. These measures are reviewed by management and management considers them to be useful measures for assessing Polestar's historical operating performance as they facilitate comparison between periods by excluding the non-cash impairment expense, the measurement of which includes significant assumptions related to future periods.

Reconciliation of GAAP and Non-GAAP results

	For the year ended December 31,		
	2025	**2024**	**2023**
Adjusted EBITDA			
Net loss	(2,357,231)	(2,049,897)	(1,181,875)
Fair value change - Earn-out rights and Class C shares	(23,391)	(129,124)	(465,168)
Finance expense[1]	385,190	341,182	213,242
Finance income[1]	(8,996)	(23,879)	(32,329)
Foreign exchange (gains) losses on financial activities, net[1]	(50,282)	52,603	(37,236)
Income tax benefit	(3,692)	(9,166)	(9,452)
Depreciation and amortization	146,932	113,849	135,360
Impairment expense, net of reversals	1,049,851	622,092	339,568
Losses (gains) on disposals of investments	16	4,622	(5,442)
Restructuring costs	67,559	—	—
Unusual other operating income and expense, net[2]	10,689	(2,345)	25,676
Adjusted EBITDA	**(783,355)**	**(1,080,063)**	**(1,017,656)**

1 - The *Foreign exchange (gains) losses on financial activities, net* were previously presented under *Financial expense* in the year ended December 31, 2024 and under *Financial income* in the year ended December 31, 2023. Refer to *Voluntary re-presentation from previous year in Note 2 - Material accounting policies and use of significant judgements and estimates) in the Consolidated Financial Statements for further information.*

2 - For the year ended December 31, 2025, the amounts relate to: (i) $1,416 related to net gains of sale of PPE and intangibles and (ii) $12,105 related to the battery recycling provision expense related to cars sold prior to 2025. For the year ended December 31, 2024, the amounts are related to the reduction in litigation provision, net of insurance.

	For the year ended December 31,		
	2025	**2024**	**2023**
Free Cash Flow			
Net cash used for operating activities	(914,989)	(991,209)	(1,893,841)
Additions to property, plant, and equipment	(158,713)	(147,894)	(137,400)
Additions to intangible assets	(296,079)	(209,101)	(435,584)
Free Cash Flow	**(1,369,781)**	**(1,348,204)**	**(2,466,825)**

	For the year ended December 31,		
	2025	**2024**	**2023**
Adjusted Gross Profit / (Loss)			
Gross loss	(1,083,910)	(876,167)	(410,137)
Impairment expense, net of reversals	1,049,851	622,092	339,568
Battery provision for cars sold prior to 2025[1]	12,105	—	—
Adjusted Gross Profit / (Loss)	**(21,954)**	**(254,075)**	**(70,569)**

1 - As disclosed in *Note 22 - Provisions* of the Consolidated Financial Statements, during the year ended December 31, 2025 Polestar recognized a provision related to its obligations to recycle batteries in vehicles sold into certain markets, principally countries in the EU and the UK. The provision was recognized for all cars sold since Polestar began selling its BEV vehicles in 2021. This adjustment removes the amount of the provision expense related to the cars sold prior to 2025.

	For the year ended December 31,		
	2025	**2024**	**2023**
Adjusted Gross Margin			
Adjusted Gross Profit / (Loss) (a)	(21,954)	(254,075)	(70,569)
Revenue (b)	3,058,109	2,034,261	2,368,085
Adjusted Gross Margin (a/b)	**(0.7)%**	**(12.5)%**	**(3.0)%**

Management of Risks

Overview

Risk management is an ongoing process. The risk universe at Polestar evolves constantly, along with the environment in which we operate. To pursue our strategic objectives and help us achieve a balance between risks and opportunities, we have established a risk management framework that enables us to continuously identify, address, monitor, and report effectively the risks we face.

Risk management framework

We established our risk management framework on the broadly accepted system known as the 'three lines model'. Within the system, the first line manages and owns the risk, the second line defines a management framework and supports, monitors and challenges the first line, and the third line provides independent confirmation of the effectiveness of the risk management process. In 2022, Polestar established an internal audit function (the third line) which has been co-sourced between in-house internal auditors and resources from a leading consultancy firm. The principles and expectations for ERM including roles and responsibilities, governance and escalation points are described in the ERM (Enterprise Risk Management) Directive, effective since Dec. 2025.

Polestar's Board is ultimately responsible for managing risks. This includes identifying and monitoring the principal risks that might prevent Polestar from achieving its strategic objectives. The Audit Committee acts on behalf of the Board and is responsible for providing oversight over the design of the risk management framework. In addition, we have established regular IARCC (Internal Audit, Risk, Compliance and Control) meetings, with the purpose to ensure effective communication on risk, internal audit, internal control and compliance between third and second line responsible and Polestar´s EXCOMM (first line).

Emerging risks

Included in the integrated ERM process is the identification and assessment of emerging risks. This is performed through both bottom-up assessments and top-down discussions, held across the business with the aim of identifying new risks and changes in existing risk picture. The continued difficult global economic climate represents the most recent emerging risk of geopolitical, macroeconomic, and legal uncertainty facing Polestar.

Principal risks

The principal risks are the Polestar-wide key risks that pose the highest threat to reaching our strategic objectives. The principal risks are proposed by the Risk Management, with the Board, through the Audit Committee, ultimately responsible for approving them. The ERM process is as follows:

1. Significant Risks are identified and existing risks reassessed by each business function during regular (at least bi annual) assessment sessions. The outcome is reviewed together with the Risk Manager and aggregated to the companies risk register.
2. Risks are assessed on qualitative and quantitative metrics determining the inherent and residual risk level as well as ownership and risk response.
3. Risk mitigation status are monitored, trends and emerging risks are identified and escalated based on pre defined escalation criteria and path, throughout the year.

The Executive Committee, and then the Board, through the Audit Committee, discuss and review the principal risks twice a year.

Principal risks register

The list below provides a high-level summary of our identified principal risks, exposure trends and mitigation measures in order of importance.

Principal risks	Trends	Mitigating activities
Strategic partners dependency Polestar's business is dependent on a few key strategic relationships, which could adversely affect our results if these partners fail to deliver. Relationships with key partners are multidimensional as Polestar has several relationships with the parties at the same time.	→	• Daily collaboration on operational level. • Weekly bilateral management meetings between Polestar and the respective parties. • Close monitoring of activities performed by the parties, including quality, and processes set. • Escalation paths in case of disagreements set.
Global economic downturn Our operations and results are dependent on the conditions in the world markets. During 2025 most world economies continued to be very volatile, with Polestar, a premium electric vehicle company, exposed to increased costs and lower volumes, which adversely affects Polestar's current and prospective business and financial condition.	↗	• Close monitoring of the situation and planning for different scenarios with lower demand and higher costs. • Increasing and diversify our sales channels & network. • Launching new models to attract a wider customer cohort. • Ensuring ongoing commitment and deliveries towards sustainability targets.
Technology security and resilience Polestar's business relies on technology and data confidentiality, integrity, and availability. As with other businesses, we are subject to the risk of external security and privacy breaches, such as cyber-attacks. If we cannot adequately protect our information systems, including the data we collect on customers, it could result in a liability and damage to our reputation.	→	• Ensure the privacy and/or security perspective in the Development Lifecycle. • Ensure development of Disaster Recovery Plans (including business needs for back-ups, up-time etc.) • Ensure identified actions to strengthen the cyber security area are implemented. • Ensure a solid crisis management plan and framework as well as incident response process. • Ensure definition of and training of the organisation, information classification of documents and other information.
Liquidity & funding Polestar is a young company in a rapid expansion phase needing upfront investment for market expansion, car programs and brand build, as well as additional capital for business operations. Insufficient capital would adversely affect Polestar's current and future financial condition. Refer to section "Going Concern" for further information.	→	• Ensuring short term loan facilities with strategic partners in China and Internationally. • In 2025, Polestar secured new loan facilities, including a subordinated term loan of up $600.0 million with Geely Sweden Holdings AB. These agreements contributed to a total of $6,359.9 million in outstanding liabilities to credit institutions as of 31 December 2025. • Ongoing engagement with a number of leading investment banks to actively explore equity and debt capital market transaction opportunities. During 2025, Polestar managed to successfully announce $200 million equity investment from PSD Investment Limited, and additional $300 million by Banco Bilbao Vizcaya Argentaria, S.A. and Natixis. • Ensuring a robust cash flow process for planning and monitoring purposes. • Proactive and transparent investor engagement, which is partly linked to timely financial reporting.

Litigation and regulation Polestar is subject to evolving laws and regulations that could impose substantial costs, legal prohibitions or unfavorable changes upon its operations or products. Examples of regulations which pose significant risk are NEV manufacturing rules, GDPR, EU Battery Regulation, Import/ Export regulations, UFLPA supply chain traceability requirements, ICTS import regulation for US (including potential new legislative amendments to the ICTS rules that may prevent the importation of Polestar cars into the US) (including possible new legislation that may completely prevent importation of Polestar cars into the US), or import tariffs related to the country of origin, including potentially higher important duties if customs authorities determine a vehicle does not qualify for a lower tariff due to the origin of a vehicle's component parts.	↗	• Established network of external legal advisors as well as build out of in-house expertise. • Board members and management training and awareness activities. • Continuous monitoring of the changing regulatory landscape. • Diversifying manufacturing footprint into the US and adding another production location outside China in Busan, South Korea.
Foreign exchange Polestar is exposed to currency transaction risk arising from future commercial transactions and settlement of recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.	→	• Continually assessing the exposure to exchange rate risks. • Utilising natural hedging, which consists of the currency exposures of the business operations of different entities partially offsetting each other at the Group level.
Internal controls In the course of preparing Polestar's financial statements as of and for the years ended December 31, 2025 and 2024, Polestar and its independent registered public accounting firm identified material weaknesses in Polestar's internal control over financial reporting, meaning there is a reasonable possibility that a material misstatement of Polestar's annual financial statements will not be prevented or detected on a timely basis. Additionally, ineffective internal control over financial reporting could expose Polestar to increased risk of fraud or misuse of corporate assets and subject it to potential delisting from the stock exchange on which it lists, regulatory investigations and civil or criminal sanctions.	→	• Continue to design, implement, document and test internal controls over financial reporting. • Continue to hire additional accounting and finance resources with appropriate technical accounting and reporting experience to execute timely key controls related to various financial reporting processes and allow proper segregation of duties. • Continue to enhance existing policies and procedures and develop new policies and procedures to assist the finance organisation in recording transactions appropriately. • Continue to train accounting and finance resources and to develop existing systems.

→ Stayed the same during 2025

↗ Increased during 2025

Non-financial and sustainability information statement

Polestar's sustainability strategy is integral to our overall business direction and long-term vision. It is grounded in the belief that fair and safe working conditions, respect for human rights, responsible business conduct, and the reduction of negative environmental impacts are essential for our commercial success and resilience. Transparency remains a core principle in how we operate and how we aim to influence the wider transition toward sustainable mobility.

Our sustainability strategy is built on a holistic understanding of sustainability, recognising that environmental and social challenges are interconnected and must be addressed together. It reflects both our opportunity and responsibility to influence impacts across our value chain, despite our asset-light business model and absence of owned manufacturing facilities.

The strategy is centred around four key drivers of sustainable development: Climate neutrality, Circularity, Transparency, and Inclusion. These areas shape the material sustainability topics identified in our annual double materiality assessment and guide our long-term ambitions and strategic initiatives across the company.

This statement summarises how sustainability is embedded in Polestar's governance and business processes. Detailed information on material impacts, risks, opportunities, policies, due diligence, metrics and targets is presented in the Sustainability report 2025, which is incorporated into this statement by cross-reference in accordance with the Companies Act 2006.

Sustainability governance

In Polestar's commitment to sustainability, governance plays a pivotal role in steering our strategic direction and ethical standards. The governance framework is structured around a three-tier system comprising shareholders, the Board of Directors, and the CEO & CFO, ensuring a robust oversight mechanism. This structure is complemented by a continuously developed management system for steering sustainability, including policies, processes, and practices. The Board, consisting of eight members, is instrumental in strategic management and is supported by specialised committees: the Audit Committee, the Nominating and Governance Committee and the Compensation Committee.

The Nominating and Governance Committee oversees Polestar's sustainability strategy and monitors the progress of sustainability-related targets and commitments. The Nominating and Governance Committee remains informed about material impacts, risks, and opportunities, including modern-slavery risks and the implementation of due diligence. They review and follow up on the outcomes and effectiveness of actions, metrics, and targets adopted to address material sustainability topics, and are responsible for reviewing and approving Polestar's double materiality process and results, as well as the information reported in the sustainability report. Our Head of Sustainability reports to the Nominating and Governance Committee three times a year.

Polestar governs and steers sustainability by adopting a process grounded in the principle of due diligence, aligning with the OECD Due Diligence Guidance for Responsible Business Conduct. This approach embeds responsible business conduct throughout the organisation and involves conducting risk and impact assessments to address environmental and social impacts. This process informs an ambitious sustainability strategy, where strategic initiatives aimed at reducing negative impacts and amplifying positive outcomes are tracked and communicated. Polestar's executive management structure comprises the Chief Executive Officer (CEO) and the Executive Committee (ExCom). Members of the ExCom are appointed by the CEO, subject to review by the Board. The ExCom supports the CEO in overseeing Polestar's strategic direction and overall management of the company. Additionally, a broader Group Management Team (GMT) includes the ExCom and key Global Functions and plays a critical role in delivering strategic direction, monitoring performance, and driving execution. Polestar's Head of Sustainability is a member of the GMT.

The CEO reports to the Board and is responsible for the day-to-day running of Polestar regularly reporting on the financial and operational, including sustainability, status to the Board. The ExCom approves the corporate sustainability strategy, policies, directives, guidelines, and identified material risks and opportunities, as well as the double materiality assessment before it is brought to the Nominating and Governance Committee.

The material sustainability topics identified through the annual double materiality assessment inform Polestar's sustainability strategy, which is implemented throughout the organisation through strategic sustainability initiatives. Each global function represented in the GMT is accountable for setting action plans, securing resources, and driving implementation in line with Polestar's sustainability policy and strategy, with guidance from sustainability experts.

The ExCom and GMT regularly receive reports and updates on performance, progress, and challenges related to implementing the sustainability strategy, strategic initiatives, and associated targets during weekly decision-making forums. The Head of Sustainability is a permanent member of one of the management's key decision-making forums.

All global functions at Polestar systematically assess business risks and determine appropriate actions through our Enterprise Risk Management (ERM) framework. As part of this process, sustainability-related risks across our value chain are identified and evaluated. This includes potential adverse impacts on the environment, animal welfare, and human rights associated with the materials used in our products. These risks are assessed based on both their commercial relevance and technical implications.

As part of the ERM framework, the risks reported by all global functions are consolidated and analysed. This process results in a prioritised list of the most significant risks in terms of financial impact, each with an associated action plan. The shortlist and its proposed mitigation measures are presented twice a year to the Group Management Team and submitted to the Audit Committee for review. More information of Polestar's risk management can be found on page 29.

2025 global climate footprint overview

This report has been prepared in accordance with the "Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance" and the global Greenhouse Gas (GHG) Protocol standard.

The table below details the emissions from the Polestar Group's global operations. Emissions are calculated based on the Greenhouse Gas Protocol guidelines, encompassing GHG emissions within our operational control, including the combustion of fuel and the operation of any facility, as well as annual emissions from the purchase of electricity, heat, steam, or cooling for the company's own use (referred to as Scope 1 and Scope 2). The following categories have been excluded from the calculation: capital goods, processing of sold products, and investments.

Our Scope 1 and Scope 2 emissions account for 1% of our total greenhouse gas emissions. The primary contributors to our overall GHG emissions are found within Scope 3, predominantly from the emissions associated with purchased goods used in the production of our vehicles, followed by emissions from the use of our vehicles by customers. Together, these two categories represent 84% of our total GHG emissions (compared to 86% in 2024). The remaining 15% of our total GHG emissions are attributed to other Scope 3 categories, which are detailed in the table below.

In 2025, absolute GHG emissions across our value chain increased by 24% to 1,906,464 tCO_2e. The emissions intensity, which includes Scope 1, 2, and 3, was 31.7 tCO_2e per vehicle sold (compared to 34.2 tCO_2e in 2024), reflecting a 7.3% decrease compared to the previous year. The "Restatement of information" section highlights that after revising the figures for 2024, the disclosed emissions are now less than earlier estimates.

This year's results were influenced by higher sales of Polestar 4, which has a lower material carbon footprint than the previously dominant Polestar 2, leading to reduced total material emissions. Furthermore, as a result of reduced emissions from electricity markets in some regions and greater sales in those areas, coupled with fewer sales in regions such as China and the Americas where electricity generation produces elevated GHG emissions, we have achieved a decrease in per-vehicle use-phase emissions.

The reduction in scope 2 market-based emissions can be explained by several factors: fewer electric company vehicles being operated in 2025 than in earlier years, more facilities are utilizing renewable energy sources in their operations, and the Chongqing plant no longer being in Polestar's operational control.

Total greenhouse gas emissions Scope 1, 2 and 3

	BY 2020	2023	2024	2025	Change % 2024-2025
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions (tCO_2e)	897	198	48	101	110%
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions (tCO_2e)	4,175	7,401	15,365	6,544	(57)%
Gross market-based Scope 2 GHG emissions (tCO_2e)	1,136	10,234	22,818	11,355	(50)%
Significant scope 3 GHG emissions					
Total Gross indirect (Scope3) GHG emissions (tCO_2e)	453,869	1,846,354	1,511,438	1,895,008	25%
1 - Purchased goods and services	292,406	1,191,451	1,011,054	1,303,911	29%
3 - Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	382	1,927	3,792	1,997	(47)%
4- Upstream transportation and distribution	77,128	156,989	127,024	156,135	23%
5 - Waste generated in operations	47	11	130	16	(88)%
6 - Business traveling	652	2,314	2,609	1,324	(49)%
7 - Employee commuting	170	1,727	984	756	(23)%
8 - Upstream leased assets	—	—	—	—	—%
9 - Downstream transportation	—	—	—	—	—%
10 - Processing of sold products	—	—	—	—	—%
11 - Use of sold products	77,950	463,424	333,627	370,792	11%
12 - End-of-life treatment of sold products	5,013	26,335	31,213	58,044	86%
13 - Downstream leased assets	—	—	—	—	—%
14 - Franchises	122	2,175	1,005	2,033	102%
15 - Investments	—	—	—	—	
Total GHG emissions					
Total GHG Emissions (location-based) (tCO_2e)	458,941	1,853,953	1,526,851	1,901,653	25%
Total GHG Emissions (market-based) (tCO_2e)	455,902	1,856,786	1,534,304	1,906,464	24%

Total greenhouse gas emissions divided by source

GHG emissions	Share of total emissions				
Emissions source (tCO_2e)	**BY 2020**	**2023**	**2024**	**2025**	**Change % 2024-2025**
Overhead	**937**	**5,764**	**5,455**	**2,975**	(45)%
Manufacturing	**16,518**	**6,525**	**12,447**	**10,836**	(13)%
Transportation and logistics	**77,128**	**156,071**	**126,126**	**156,078**	24%
of which inbound	6,300	22,828	21,165	43,513	106%
of which outbound	70,828	133,243	104,961	112,565	7%
Purchased goods	**277,090**	**1,185,132**	**1,005,333**	**1,292,825**	29%
of which direct materials	239,182	1,158,663	943,700	1,232,827	31%
of which indirect materials	37,908	26,469	61,633	59,998	(3)%
Sales	**1,266**	**13,535**	**20,103**	**14,914**	(26)%
Use of sold products	**77,950**	**463,424**	**333,627**	**370,792**	11%
of which EMEA	N/A	257,012	149,010	202,775	36%
of which China	N/A	10,783	44,867	8,921	(80)%
of which APAC	N/A	89,720	51,904	98,485	90%
of which Americas	N/A	105,910	87,846	60,612	(31)%
End-of-life treatment of sold products	**5,013**	**26,335**	**31,213**	**58,044**	86%
Total GHG emissions in Scope 1, 2 and 3	**455,902**	**1,856,786**	**1,534,304**	**1,906,464**	24%

Total greenhouse gas emissions per sold car compared to climate roadmap targets

tonne CO_2e/sold car	BY 2020	2021	2022	2023	2024	2025	2030	2035	2040
Roadmap Targets	45.90	44.00	42.00	40.10	38.20	36.20	22.50	10.10	4.60
Actual Emissions per sold car	45.90	41.40	37.30	35.20	34.20	31.70			

The remaining residual emissions per vehicle sold will be neutralised through carbon removals with high quality and environmental integrity. Ongoing efforts by entities such as the United Nations Framework Convention on Climate Change (UNFCCC), the GHG Protocol, and the EU Commission are actively tracked. During 2025, we did not procure any carbon removals. However, a potential and gradual phase-up is foreseen over time to neutralise residual emissions per vehicle sold by 2040.

2025 UK climate footprint overview

Within the United Kingdom, Scope 1 emissions stem from utilizing Polestar 1 vehicles internally and consuming natural gas in office spaces. Scope 2 emissions in the region are associated with electricity usage across company vehicles, office buildings, and workshops. Combined, these Scope 1 and Scope 2 emissions represent 22% of the organization’s overall Scope 1 and Scope 2 emissions. The increase in greenhouse gas emissions in the UK is largely attributable to greater usage of sold products, which falls under Scope 3, driven by a high sales of Polestar vehicle sales throughout the country.

Greenhouse gas emissions from the Polestar group’s operations in UK

Emission source (tonnes CO_2e)	2023	2024	2025
Estimated greenhouse gas emission from own activities including combustion of fuel and the operation of any facility. (Scope 1)	1	**28**	57
Estimated greenhouse gas emission from the purchase of electricity, heat, steam or cooling for own use. (Scope 2)	1,435	3,448	2,437
Total GHG emissions (Scope 1 and 2)	**1,436**	**3,476**	**2,494**
Indirect GHG emissions (Scope 3)	94,162	54,667	88,361
Total GHG emissions in Scope 1, 2 and 3*	**95,598**	**58,143**	**90,854**

**The total summation of GHG emissions may differ due to rounding in individual emission categories.*

2025 Total energy use and mix

Energy consumption is detailed in two distinct parts. The initial table outlines usage within areas where Polestar maintains operational control. This encompasses electricity and fuel used by vehicles owned by the company, as well as energy consumed (including electricity and occasionally district heating or natural gas) in facilities, offices, and workshops that are either owned or managed by Polestar. Energy information is gathered locally across various markets and then aggregated for group-level reporting. When actual energy use data was unavailable at the reporting deadline, estimates were employed. Relative to 2024, energy consumption in this segment has dropped by 27%, mainly as a result of transferring operational control of the Chongqing plant to Geely

Energy in company owned cars and Polestar operated offices and spaces, Table 1

kWh	BY 2020	2023	2024	2025	Change % 2024-2025
Electricity	9,144,000	30,530,000	53,141,000	37,810,300	(29)%
District heating	786,000	2,303,000	3,282,000	3,054,900	(7)%
Fuels					—%
Natural gas	3,918,000	1,005,000	212,000	479,300	126%
Petrol	65,000	48,000	21,000	16,200	(23)%
Total non-renewable fuels*	**3,983,000**	**1,053,000**	**233,000**	**495,500**	**113%**
Ethanol (admixture in petrol)	300	400	0	0	—%
Total renewable fuels	**300**	**400**	**0**	**0**	**—%**
Total energy*	**13,913,300**	**33,887,400**	**56,656,000**	**41,360,700**	**(27)%**

**The total summation of energy may differ due to rounding in individual energy categories.*

The second table presents data on energy consumed beyond the organisation, i.e. where Polestar does not have operational control. This encompasses the use of electricity, district heating, natural gas, and biogas at manufacturing locations operated by Volvo Cars, Geely, and Renault Korea. In comparison to 2024, the total energy consumption in this category has risen by 10%. This increase is largely attributed to greater natural gas and district heating usage at Geely's Hangzhou Bay plant, the addition of Renault Korea's Busan facility, and elevated production volumes of Polestar vehicles within these sites relative to 2024.

Energy at other manufacturing plants and in leased offices and locations not operated by Polestar, Table 2

kWh	2020	2023	2024	2025	Change % 2024-2025
Electricity operations	19,940,000	43,175,000	48,526,000	48,543,000	—%
District heating, operations	0	343,000	1,000	983,000	98200%
Natural and biogas operations	14,795,000	25,169,000	24,400,000	30,807,000	26%
Total energy*	**34,735,000**	**68,687,000**	**72,927,000**	**80,333,000**	**10%**

**The total summation of energy may differ due to rounding in individual energy categories.*

Use phase energy and emissions

In 2025, Polestar's sales volume surpassed those of both 2024 and 2023. This year marks the initial complete year that the Polestar 3 and 4 were available, providing a broader range of products that appeal to a more diverse customer base. The expansion of our model line-up, which now includes larger vehicles, has led to an increase in the average energy consumption per kilometer for our cars. Consequently, the electricity usage in our vehicles has risen, showing a 45% uptick compared to 2024.

Total energy consumption in the use-phase

kWh	2020	2023	2024	2025	Change % 2024-2025
Electricity	394,764,000	1,801,683,000	1,464,761,000	2,122,485,400	45%
Petrol	1,712,000	0	0	0	0
Ethanol (admixture in petrol)	58,000	0	0	0	0
Total energy	**396,534,000**	**1,801,683,000**	**1,464,761,000**	**2,122,485,400**	**45%**

In the UK, Polestar's energy use relate to company owned cars, offices, and retail.

Energy consumption within the organisation in the UK

kWh*	**2023**	**2024**	**2025**
Offices			
Electricity use in offices	506,999	1,125,064	1,055,623
Natural gas usage in offices	0	135,957	278,616
Retail and Marketing			
Electricity use in UK spaces	270,405	0	49,482
Electricity use in company owned cars	3,319,969	6,193,179	5,444,610
Total energy consumption*	**4,097,373**	**7,454,200**	**6,828,331**

*The table includes the annual quantity of energy consumed from activities for which Polestar is responsible, including:

(i) the combustion of fuel; and

(ii) the operation of any facility; and

(iii) the annual quantity of energy consumed resulting from the purchase of electricity, heat, steam, or cooling by the company for its own use.

** The total summation of energy may differ due to rounding in individual energy categories

Methodology and greenhouse gas reporting principles

Polestar provides yearly disclosures of greenhouse gas (GHG) emissions on a consolidated basis, encompassing subsidiary entities across various regions, including Polestar UK. For a broader overview of the climate effects associated with the entire Polestar organisation and our major initiatives aimed at reducing GHG emissions, refer to the Polestar Sustainability Report 2025. The emissions and energy statistics have been gathered, calculated, and presented following the procedures outlined in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, which incorporates distinct instructions for reporting Scope 2 and Scope 3 emissions. Emissions are expressed in tonnes of CO_2 equivalent (tCO_2e), thereby reflecting all greenhouse gases such as CO_2, CH_4, HFCs, PFCs, SF_6, and NF_3. Reporting is conducted using the operational control method, consistent with GHG Protocol requirements. Global warming potential (GWP) values from the IPCC Fifth Assessment Report are applied to all GHGs included. The baseline year for climate targets and strategy is 2020, representing the commencement of GHG emission tracking and the development of the climate action plan. For specifics regarding the reporting methodology and scope, consult pages 61-80 in the Polestar Sustainability Report 2025.

Restatement of information

Errors were identified in two parts of Polestar’s 2024 climate calculations, requiring restatement of previously reported figures.

1. Business travel emissions

An error was found in the 2024 business-travel emissions data, where figures provided by our travel partner in pounds were mistakenly interpreted as kilograms. This unit-conversion issue overstated emissions by more than 50%. The previously reported 5,641 tCO_2e for 2024 has therefore been corrected to 2,609 tCO_2e. This error affects only the 2024 reporting year and has no impact on prior years.

2. End-of-life refrigerant leakage emissions

A second error was identified in the 2024 calculation for emissions from refrigerant leakage during end-of-life treatment of vehicles. Due to an incorrect conversion from kilograms to metric tonnes, emissions were overstated by a factor of 1,000. The initial figure of 13,455 tCO_2e should have been 13.455 kg CO_2e, and the revised total for the category “12 – End-of-life treatment of sold products” is now 31,213 tCO_2e, instead of 44,655 tCO_2e. As with the business-travel error, this issue applies solely to 2024 and does not affect previous reporting years.

Previously stated information	
	2024
Business travel, tCO_2e	5,641
End-of-life treatment of sold products, tCO_2e	44,655
Total emissions, tCO_2e (location-based)	1,543,325
Total emissions, tCO_2e (market-based)	1,550,778
Total emissions, tCO_2e / sold vehicle	34.6
Restated information	
	2024
Business travel, tCO_2e	2,609

End-of-life treatment of sold products, tCO_2e	31,213
Total emissions, tCO_2e (location-based)	1,526,851
Total emissions, tCO_2e (market-based)	1,534,304
Total emissions, tCO_2e / sold vehicle	34.2

Climate-Related Financial Disclosures

Polestar identifies, assesses, and manages climate-related risks and opportunities as part of our double materiality assessment and broader governance framework. This section presents our climate-related financial disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the applicable requirements under the UK Companies Act 2006. We consider these disclosures to be consistent with the TCFD recommendations. The section covers governance, strategy, risk management, and the metrics and targets used to evaluate climate-related risks and opportunities.

The aim is to provide investors and stakeholders with clear, decision-useful insight into how climate-related factors may affect Polestar's financial position, performance, and long-term resilience, and how these risks and opportunities are managed across the short, medium, and long term.

Polestar's most significant climate-related topics

Climate change mitigation
Bringing Polestar's products to the market generates significant GHG emissions, particularly from material sourcing and manufacturing. While electric vehicles can use renewable electricity and thereby cause no emissions in the use phase, the production process remains a key contributor to global warming.

To address these challenges, we are integrating renewable energy into the supply chain, reducing the cradle-to-gate[2] carbon footprint of our vehicles, and working with research towards GHG elimination through the Polestar 0 project and the Mission 0 House.

Additionally, we face risks such as regulatory changes and delays in innovation, which could impact profitability and reputation. However, the growing demand for low-emission vehicles and renewable energy adoption offers significant opportunities to enhance competitiveness and market share.

Climate change adaptation
Physical risks, including increasing extreme weather events such as storms, floods, and heatwaves, pose significant threats to the supply chain and production processes. These events can disrupt operations and or lead to increased electricity costs, as well as escalating operational expenses. Changes in precipitation patterns and rising sea levels further threaten the availability of raw materials and infrastructure, impacting production capacity. Additionally, rising temperatures can reduce the efficiency of facilities, resulting in interruptions and higher costs.

In addition to physical risks, transition risks arise as global climate policies evolve. These include potential increases in carbon pricing and changes in emissions trading systems, which can raise operational costs. Reduced government incentives for electric vehicles may also affect demand for products, and the transition to a low-carbon economy could lead to energy shortages that disrupt production.

As climate-related physical risks become increasingly tangible, we are working to introduce more targeted requirements for our supply chain. These will focus on strengthening resilience across logistics, production sites, and supplier operations.

In terms of transition risks, our mitigation strategy plays a central role. By integrating renewable energy into supply chains, lowering cradle-to-gate emissions, and advancing initiatives like the Polestar 0 project, we are proactively preparing for potential shifts such as increased carbon pricing.

Energy
Fossil fuel dependence in our upstream value chain remains the largest driver of our products' carbon footprints – and one of our most pressing challenges. Tackling this issue may also lead to higher costs, depending on the regional availability of renewable energy.

Renewables like hydropower are vulnerable to weather variability, which can cause fluctuations or shortages in supply, such as during droughts. This introduces risks related to energy price volatility. As we require more renewable energy in our supply chains, price volatility, limited grid capacity, or a too slow pace of global renewable adoption could all come with financial risks and impede progress toward our emissions reduction targets.

However, Polestar's electric vehicles have the potential to contribute positively to energy system transformation. In the medium to long term, their integration into electric grids as mobile energy storage can support greater use of intermittent renewable energy sources. This enhances energy security and strengthens climate change mitigation efforts by enabling a more resilient and low-carbon energy infrastructure.

Roadmap towards targets
To support the transition to a low-carbon economy, Polestar has developed a structured roadmap outlining key actions to reduce emissions and align business strategy with climate targets. This roadmap is built around five strategic initiatives:

[2] Cradle-to-gate is an assessment of a partial product life cycle from resource extraction (cradle) to the factory gate (i.e., before it is transported to the consumer).

- Climate-neutral materials
- Climate-neutral manufacturing
- Renewable energy in the supply chain
- Climate-neutral logistics
- Fossil-free charging solutions

Additionally, five corporate-level initiatives focus on business travel, events, office spaces, digital operations, and premises. While these areas contribute to overall sustainability efforts, they are not significant sources of emissions and therefore play a supporting role in the broader roadmap.

Within each strategic initiative, Polestar actively assesses and manages climate-related risks and opportunities related to our material sustainability topics climate change mitigation, climate change adaptation, and energy use. The identified risks are also integrated into Polestar's enterprise risk management (ERM) process (refer to the Management of Risks section for more information).

Resilience analysis
To evaluate Polestar's ability to withstand and adapt to the physical and transitional climate risks, a resilience analysis was conducted. This analysis includes a climate scenario analysis, evaluating the potential impacts of these risks on operations and strategic objectives. The scope of the analysis covers all operations of Polestar Automotive Holding UK PLC, "Polestar Group", and its subsidiaries, as well as its value chain.

Polestar's business model is strategically designed to accelerate the shift towards sustainable mobility. Operations are continuously assessed and adapted to ensure access to capital at reasonable costs, leveraging innovative financing structures and collaborating with stakeholders to secure affordable financing. Through the company's climate targets and its climate roadmap, coupled with the Polestar 0 project, progress is monitored and necessary changes integrated into the business strategy.

Our climate roadmap outlines our way to reducing GHG emissions per vehicle sold by 50% by 2030 and by 90% by 2040, excluding the use of GHG removals. Furthermore, the climate roadmap equips Polestar to handle transition risks in scenarios demanding lower emissions. These risks include potential increases in carbon pricing and the perception risks associated with not contributing effectively to a lower-carbon economy.

As a light-asset company a key to gaining resilience against a high-emission scenario is for Polestar to engage with suppliers and integrate climate risks into the due diligence process. Key manufacturing business partners are encouraged to adapt their sites to a changing climate, implement renewable energy and measures for energy efficiency, and maintain an active dialogue to manage the cost of goods and services. In addition, operating as a light asset company allows flexibility in manufacturing and provides the ability to adapt to future scenarios if needed.

By proactively responding and adapting to climate-related transition and physical risks, Polestar's business model and strategy are well positioned to manage these risks and realise the potential benefits from emerging climate-related opportunities.

Risk process and management
To identify and assess our climate-related risks and opportunities, Polestar has undertaken several key actions:

- An initial comprehensive list of climate-related risks and opportunities was developed, directly informed by and aligned with the TCFD categories: transition risks, physical risks, and opportunities, along with their sub-categories. This list and the broader risk assessment process encompassed company-wide risks and opportunities, as well as the entire value chain, including direct operations, upstream, downstream, and end-of-life management, with a focus on our key suppliers and regions.
- The likely potential financial impacts of each of these risks and opportunities for our business were defined. Examples include higher operating costs, increased capital expenditure, and access to capital.
- An initial risk assessment was conducted to identify and prioritise Polestar's most significant climate-related risks and opportunities for the short term (2026). Polestar's climate risk assessment framework, aligned with the company-wide enterprise risk management (ERM) framework, employs a structured three-level scale (low, medium, high) for both likelihood and consequence. This approach ensures that we focus on material risks and opportunities classified as 'high' from both perspectives, supporting informed and proactive decision-making.
- A company-wide climate-related scenario analysis was conducted to assess possible changes in exposure to the most significant short-term risks in the medium term (2026–2030) and longer term (2031–2050) compared

with the short term (2023–2025). In coming years, we intend to further expand this analysis to include new climate-related risks and opportunities that may emerge in the medium to longer term, but which are not significant in the short term.

The climate-related risk assessments including climate-related scenario analysis, were facilitated by Polestar's sustainability team, with the support of an external consultant, and included input from senior representatives from across Polestar's business. The risk assessment is reviewed annually and updated when necessary.

Assumptions behind risk assessment
Polestar expects macroeconomic conditions to change due to new regulations and shifting consumer habits. This includes more government incentives for electric vehicles, carbon taxes, and stricter emissions regulations, which should drive the growth of the electric vehicle market and give sustainability-focused companies an advantage.

We assume that global energy systems will continue to transition to renewable energy. These calculations are based on how the energy mix changes in markets where Polestar aims to grow. Although these are assumptions, the global trend towards renewable energy, confirmed at COP28 by entities such as the International Energy Agency, shows that this is happening, particularly in China, the EU, and the USA.

The risk analysis mainly used regional and national climate data instead of site-specific coordinates. Specific site data was only used for the production site in Taizhou, China where Polestar 2 is manufactured by Volvo Cars and where there is an extreme risk of storms and floods. When detailed data was unavailable, assumptions were made based on broader geographic data to estimate the risk of climate-related events.

Climate-related scenario analysis

A scenario is a plausible description of how the future may develop based on a coherent and internally consistent set of assumptions. Polestar has conducted a climate scenario analysis to evaluate the potential impacts of climate change on our business. This analysis aims to identify climate-related risks and opportunities that may emerge during different climate scenarios and time horizons.

Time horizons
The climate scenario analysis covered the following time horizons:

- short-term (2026)
- medium-term (2027–2030)
- long-term (2031–2050)

The time horizons were selected as they broadly align with Polestar's internal planning cycles. They are also broadly consistent with time horizons applied by other original equipment manufacturers (OEMs), enabling easier comparison across companies. Polestar intends to refresh the scenario analysis in 2026 as part of its ongoing risk management and strategic planning processes.

Climate scenarios
Polestar selected the following two climate scenarios:

	Low-emissions scenario High-emissions scenario	Low-emissions scenario High-emissions scenario
Scenario	Net Zero Emissions by 2050 scenario (NZE)	Representative Concentration Pathways 8.5 (RCP8.5) and Shared Socioeconomic Pathways 5-8.5 (SSP5-8.5)
	International Energy Agency (IEA)	Intergovernmental Panel on Climate Change (IPCC)
Purpose & application	To assess the **transition impact**s in a future state where the global economy transitions to a lower carbon wor	To assess **physical impact**s in a future with limited policy changes to reduce emissio

These scenarios were chosen because they present divergent views on future levels of climate change and the associated policy responses. We selected two scenarios that represent distinctly different pathways and assumptions, enabling the exploration of various plausible outcomes.

The scenarios applied in the Polestar analysis are designed to support stakeholders in comparing our climate resilience with that of other OEMs. These two scenarios were utilised to assess future impacts on our business over medium and long-term time horizons, considering Polestar's value chain and existing mitigation strategies.

Both scenarios are widely used and accepted; however, like all climate scenarios, they include assumptions and uncertainties. This is particularly relevant for scenarios that represent upper and lower levels of temperature change.

Climate scenario analysis
Transition risks were evaluated using the low-emission scenario, where the global economy transitions to mitigate global warming to a 1.5°C temperature rise. Physical risks were assessed using the high-emission scenario, where higher levels of physical risks are likely to occur as a result of climate change.

Polestar acknowledges that physical risks will be present in scenarios with lower temperature rises, but at this stage, the analysis is limited to focusing on a future with more severe potential physical impacts.

The assumptions used in the scenario analysis for physical risks were consistent with the SSP5-8.5 scenario (a high-emission pathway characterised by continued fossil fuel use and significant climate impacts) and included, but were not limited to, qualitative narratives and/or quantitative indicators relating to drought, flooding, sea level rise, changes in mean temperatures, and changes in precipitation.

The assumptions used in the scenario analysis for transition risks were consistent with the Net Zero Emissions by 2050 Scenario (NZE) of the International Energy Agency (IEA). The NZE IEA is a pathway to achieve net zero emissions globally by 2050, involving rapid shifts to renewable energy, electrification, and policy measures like carbon pricing. These assumptions included, but were not limited to, qualitative narratives and/or quantitative indicators relating to carbon price, technology costs, global electricity demand and supply, and road transport-related assumptions such as the uptake of electric vehicles.

Ten short-term climate-related risks and opportunities was identified, comprising:

- Transition risks (4)
- Physical risks (4)
- Opportunities (2).

The risks and opportunities identified consider Polestar's entire value chain, including upstream activities, direct operations, and downstream impacts, as well as current mitigation measures. These are detailed in the table on page 40. While the risks highlighted represent the most significant climate-related concerns, none are deemed financially material in the short to medium term. A risk categorized as "stable" indicates that it is expected to remain consistent over time, starting from the short-term horizon.

Polestar has also examined how these factors may impact the company's business model and strategy over time. Generally, compared to short-term risks, Polestar's:

- Transition risks may remain at the same level in the short to medium term
- Physical risks may increase in the medium to long term
- Opportunities may increase in the medium to long term

Polestar's most significant short-term climate-related risks and opportunities

	Description of short-term risks			Change in risk exposure		
	Transition risks (low-emission scenario)	**Financial impact**	**Potential /Actual**	**Medium-term**	**Long-term**	**Impacts on the business model and strategy to mitigate risks**
1	Changes in Polestar's external climate-related policy and/or legal operating environment, leading to increased carbon pricing through emissions trading schemes or other carbon pricing mechanisms	Higher operating costs	Potential	↗	↗	Our business model builds on sales of EVs and we have established a progressive climate roadmap. This roadmap outlines our way to reducing GHG emissions per vehicle sold by 50% by 2030 and by 90% by 2040, excluding the use of GHG removals. This is positioning us at the forefront in terms of cutting greenhouse gas emissions to mitigate the risk of greenhouse gas emission related costs.
2	Changes in Polestar's external climate-related policy environment, and particularly reduced incentives for EVs, leading to Polestar losing market share to non-EV competitors	Lower revenues Increased Revenues	Potential	↗	↘	We are working to set the right prices for each market and have implemented cost reduction programs for our cars. To have an attractive offer and a strong brand is a key priority for us together with a clear business plan regarding market expansion and sales. In addition, we work with advocacy around EVs and the need for support in terms of incentives.
3	Economy-wide and global transition to electrification leading to intermittent reduction(s) in Polestar's production capacity driven by energy rationing restrictions imposed on Polestar's direct operations	Lower revenues, Higher costs	Potential	→	↘	Energy management and efficiency is considered when establishing or choosing a new production site. The implementation of environmental certifications such as LEED and other standards confirm our work with efficient use of energy in existing plants. We also set requirements on suppliers to meet targets on energy source and energy efficiency management.
4	Polestar is perceived to be not sufficiently contributing to transition to a lower-carbon economy leading to Polestar losing key clients to competitors	Lower revenues	Potential	→	↘	We have established a progressive climate roadmap to reach our target of becoming climate neutral in 2040 and halve emissions per sold car by 2030. This roadmap outlines our way to reducing GHG emissions per vehicle sold by 50% by 2030 and by 90% by 2040, excluding the use of GHG removals. The company's target to produce a climate neutral car without offsets by 2030 is key strategic focus together with the detailed climate targets set for each car model produced. Through our public LCAs and PSD as well as our Sustainability report we ensure transparency towards our stakeholders regarding progress against our targets.
5	Increased severity of extreme weather events, leading to higher electricity prices	Higher operating costs, Lower revenues	Potential	→	↗	We have established a due diligence process for new markets/production facilities which includes consideration of climate-related physical risks. We keep an active dialogue with suppliers to manage the cost of goods and services.
6	Changes in precipitation patterns and variability in weather patterns leading to higher cost of raw materials from suppliers in affected regions	Higher costs	Actual	↗	↗	We have established a due diligence process for new markets/production facilities which includes consideration of climate-related physical risks. We keep an active dialogue with suppliers to manage the cost of goods and services.
7	Rising sea levels, leading to higher cost of raw materials from suppliers in affected regions	Higher costs	Potential	→	↗	We have established a due diligence process for new markets/production facilities which includes consideration of climate-related physical risks. We keep an active dialogue with suppliers to manage the cost of goods and services.
8	Rising mean temperatures, leading to reductions in Polestar's production capacity driven by heat-related interruptions to Polestar's production	Lower revenues, negative balance sheet impacts	Actual	↗	↗	We are encouraging key manufacturing business partners to adapt their sites to a changing climate, implement renewable energy and measures for energy efficiency and keeps an active dialogue to manage the cost of goods and services.

↗ Opportunity improves   → Opportunity stable   ↘ Opportunity decreases

	Description of short-term opportunities			Change over time		
	Transition opportunities (low-emission scenario)	**Financial impact**	**Potential /Actual**	**Medium-term**	**Long-term**	**Impacts on business model and strategy**
9	Changes in Polestar's external climate-related policy environment (for example emissions standards) leading to Polestar taking market share from traditional car brands.	Increased Revenues	Potential	↗	↗	We are working to set the right prices for each market and have implemented cost reduction programs for our cars. To have an attractive offer and a strong brand is a key priority for us together with a clear business plan regarding market expansion and sales. In addition, we work with advocacy around EVs and the need for support in terms of incentives.
10	Polestar is perceived to be sufficiently contributing to transition to a lower-carbon economy leading to Polestar gaining market share from competitors.	Increased revenues, ability to raise new loans or equity on (relatively) favourable terms	Potential	↗	↗	We have established a progressive climate roadmap to reach our target of becoming climate neutral in 2040 and halve emissions per sold car by 2030. This roadmap outlines our way to reducing GHG emissions per vehicle sold by 50% by 2030 and by 90% by 2040, excluding the use of GHG removals. The company's target to produce a climate neutral without offsets by 2030 is key strategic focus together with the detailed climate targets set for each car model produced. Through our public LCAs and PSD as well as our Sustainability report we ensure transparency towards our stakeholders regarding progress against our targets.

↗ Risk exposure increases → Risk exposure stable ↘ Risk exposure decreases

Metrics & Targets

Recognising the significance of climate-related risks and opportunities for Polestar's business, the broader economy and society as a whole, Polestar:

- Measures and publicly discloses its direct and indirect (Scope 1, 2 and 3) GHG emissions in accordance with the Greenhouse Gas Protocol
- Has set ambitious climate-related targets, including:
  - Create a climate-neutral car by 2035
  - Halving per-vehicle-sold GHG emissions by 2030
  - Becoming a climate-neutral company by 2040
- Has completed transition planning to support meaningful progress towards these targets.

Targets are based on directives from the Intergovernmental Panel on Climate Change (IPCC), and developments within the sector are closely followed to further align targets with scientific evidence and the 1.5°C Paris Agreement. The overarching climate target is to achieve climate neutrality across the value chain by 2040. However, there is a paradox shared with companies delivering clear climate solutions: each product sold contributes to the reduction of GHG emissions in the use-phase but also leaves an environmental footprint. To have a significant positive climate impact, substantial growth is necessary, which initially leads to a corresponding increase in absolute GHG emissions as production ramps up.

At Polestar, the relationship between growth and sustainability is emphasised, with a clear strategy to separate growth from the carbon footprint. Currently, a promising trend is being witnessed: economic growth is outpacing the rise in GHG emissions, indicating a decoupling effect.
Furthermore, the target is set to halve GHG emissions per vehicle sold by 2030, compared with the 2020 baseline. Achieving this requires economic decoupling, where economic growth no longer depends on increased GHG emissions. The necessary average emissions per vehicle sold for the years 2025, 2030, 2035, and

2040 are known to reach climate neutrality. Based on these targets and sales volume projections, we are setting targets for tonnes of GHGs per car for each programme to be reached at the production start. The climate target for each programme is translated into specific actions and allocated resources within each business area.

More information about Polestar's climate roadmap, climate data calculations and methods are disclosed in the Sustainability report 2025.

Targets	Key performance indicators	Results 2025	Related climate-related risk/ opportunity
Climate-neutral car by 2035	The actual outcomes of the Polestar 0 project are strictly confidential in order for us and our partners to develop them into real solutions. But the project also creates low carbon spinoff-solutions on the journey towards the target of greenhouse gas free solutions.	During 2024 the first part of Polestar 0 project phase ended, and the Mission 0 House came to light. In 2025 5 years of research funding has been secured for Mission 0 House. So far, the research and the partnerships have shown potential of reducing future footprint with up to 10 tonnes CO_2e per car.	1, 4, 9, 10
Halve carbon intensity by 2030	Polestar's annual Scope 1, 2 & 3 GHG emissions (tCO_2e) per vehicle sold	31.9 tonnes of CO_2e per vehicle sold	1, 3, 4, 8, 9, 10
Climate-neutral company by 2040*	Polestar's annual Scope 1, 2 & 3 GHG emissions (tCO_2e) per vehicle sold	31.9 tonnes of CO_2e per vehicle sold	1, 3, 4, 8, 9, 10

*Polestar aims to become a climate-neutral company by 2040 by reducing total GHG emissions (Scope 1, 2, and 3) per vehicle sold by at least 90% compared to the 2020 base year. This will allow for a maximum of 10% carbon removals in 2040 of the 2020 base year emission levels, provided they meet the highest standards of quality and environmental integrity. Polestar aligns with the Intergovernmental Panel on Climate Change's definition of "climate neutrality": a state where human activities have no net impact on the climate system. This involves balancing any remaining emissions with carbon dioxide removal and considering regional or local biogeophysical effects, such as changes in surface albedo or local climate. This concept is closely related to achieving "Net zero CO_2 emissions," where the amount of carbon dioxide emitted is equal to the amount removed from the atmosphere..

Non-financial and sustainability information statement

The table below constitutes Polestar's Non-financial and sustainability reporting statement, produced in compliance with the non-financial reporting requirements set out in Sections 414CA and 414CB of the Companies Act 2006. The statement summarises the environmental, social and governance matters relevant to Polestar, the related policies, and the required disclosures. In line with the Companies Act, detailed information on these matters, including principal risks, due diligence processes, outcomes and non-financial KPIs, is provided through cross-reference to the Polestar Sustainability Report 2025 as indicated in the table.

ESG area	Material topic	Sub-topics	Policies	Reference in Sustainability report 2025
Environment	Climate change	Climate change mitigation Climate change adaptation Energy	Sustainability Policy Climate neutrality Directive	61-80
Environment	Pollution	Pollution of air Pollution of soil and water Hazardous chemicals Microplastics	Sustainability policy Code of Conduct for Business Partners Circular economy position paper	81-84
Environment	Water & Marine resources	Water Marine resources	Sustainability policy Code of Conduct for Business Partners Circular economy position paper	85-87
Environment	Biodiversity & ecosystems	Biodiversity loss and ecosystem services	Sustainability policy Code of Conduct for Business Partners Circular economy position paper	88-91
Environment	Resource use & circular economy	Resources inflows, including resource use Resources outflows related to products and services Waste	Sustainability policy Code of Conduct for business partners Circular economy position paper	92-97
Social	Own workforce	Working conditions Equal treatment and opportunities for all	People policy Speak Up Policy Responsible Employer Directive Health, Safety, and Wellbeing Directive Drugs, Alcohol and Smoking Directive Inclusive Workplace Directive Discrimination, Harassment, and Bullying Directive Code of Conduct	98-119
Social	Workers in the value chain	Working conditions Equal treatment and opportunities for all Other work-related rights	Code of Conduct for Business Partners Inclusion Statement/ Directive Modern Slavery Statement Procurement policy	120-129
Social	Affected communities	Communities' economic social, and cultural rights Particular rights of indigenous communities	Sustainability Policy Code of Conduct Code of Conduct for Business Partners Inclusion Directive SpeakUp Policy Climate Neutrality Directive Circular Economy Position Paper Transparency Position Paper Position on Conflict Minerals	130-136

Social	Consumers and end-users	Personal safety Information-related impacts	Quality Policy Cybersecurity management system (CSMS) directive Security Policy Speak Up Policy Privacy and Data Protection Policy Confidentiality Policy Customer Privacy Policy Web accessibility statement Sustainability Policy Polestar Code of Conduct for Business Partners	137-143
Governance	Business conduct	Corporate culture Corruption and bribery Political engagement	People Policy Code of Conduct Speak Up Policy Fair competition policy Anti-corruption Policy Conflict of Interest Policy Sanctions and Export control policy Delegation of Authority Policy	144-149

Detailed information in Polestar Sustainability report

For a detailed overview of Polestar's sustainability strategy, management, initiatives, and performance on environmental, social, and governance matters, as well as an outline of our material impacts, associated risks, opportunities, and regulatory challenges, refer to the Polestar's Sustainability report 2025, specifically pages 52-55.

Polestar publishes an annual statutory sustainability report containing information about material environmental, social, and governance-related impacts, risks, and opportunities, as well as governance and policies, actions, metrics, and targets relevant to these matters.

Polestar's Sustainability report 2025, published on 28 April 2026 encompasses all operations of Polestar Automotive Holding UK PLC, "Polestar Group", and the subsidiaries, including Polestar Performance AB, a company incorporated under Swedish law. Polestar's previous sustainability report was published on April 15, 2025, and is available at polestar.com.

Polestar's Sustainability report 2025 has been subject for limited assurance in accordance with ISAE 3000 (revised) by our statutory auditors in Sweden.

The Strategic Report comprising pages 3 to 47 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

May 6, 2026

Governance Report

The Company’s shares have been listed on NASDAQ, represented as ADRs, since 24 June 2022. The Board is accountable to the Company’s shareholders for good governance and this statement describes principles of corporate governance that have been applied by the Company.

The Directors believe that good corporate governance, involving risk appraisal and management, prudent decision-making, open communication, and business efficiency, is important for the long-term benefit of the stakeholders in the Group. Embedded within the culture of the company is a foundation of active and responsible ownership along with a clear and concise structure that helps the directors and management to effectively pursue the goals and objectives of the Company.

Chairman’s Introduction to Corporate Governance

Dear Shareholder,

I am pleased to present our Governance Report for the year ending 2025.

This year we saw Polestar make significant progress, with Management delivering a record year for our young brand in terms of retail sales volumes and continued retail network expansion. This achievement comes from the successful delivery on the commercial strategy that our Management Team, led by our CEO, Michael Lohscheller and our CFO, Jean-François Mady presented in January 2025, despite challenging market conditions.

The Board was strengthened during the year, through the appointment of two new Directors: Cynthia Dubin and Quan (Joe) Zhang. Both Directors bring significant experience and competence from the finance field and a range of industries.

As Chair, I ensure the Board leads with transparency, accountability, and integrity. We oversee a governance framework that upholds our values, fosters sustainable growth, and supports long-term success.

This report outlines our governance framework and commitment to responsible leadership. The Company follows the corporate governance requirements under the U.S. Securities and Exchange Commission and NASDAQ rules and the Companies Act 2006 for certain statutory requirements. Refer to the Company’s Corporate governance guidelines on our group website at https://investors.polestar.com/corporate-governance/documents-charters for more information.

Winfried Vahland

Chair of the Board

May 6, 2026

Board of Directors

Prof. Dr. h.c. Winfried Vahland
Independent Non-Executive Director

Appointed: 15 January 2024
Nationality: German
Age: 69
Other Committee: Nominating and Governance Committee (**Member**)

Skills and Experience:
Prof. Dr.hc Winfried Vahland has served on the Board since January 2024. Prof. Dr.hc Winfried Vahland has 40 years of broad and international experience in the automotive industry, beginning his career at Adam Opel AG in 1984 and spending 25 years holding various executive positions within the Volkswagen Group from 1990, with his most recent position serving as CEO of Škoda from 2010 to 2015. Prof. Dr.hc Vahland served on the Volvo Cars Board from 2019 to 2024, and currently serves as Honorary Chairman of the Supervisory Board of EuroCar AG., as well as a Member of the Supervisory Board of Proton Holdings Berhad. He previously served as a member of the Supervisory Board of Vibracoustic SE until November 2025 and he also served as Chairman of the supervisory board of Eldor Corporation S.p.A from 2016 to 2023. Prof. Dr.hc. Vahland holds a Master's Degree in Mechanical Engineering and Business Administration from Technical University THD Darmstadt, Germany, and a Master's of Business Administration from GMI Engineering & Management Institute, Michigan, United States. He was deemed an honorary doctor in Mechanical Engineering by the Dalian University of Technology in China, and in Economics by the University of Economics in Prague, Czech Republic.

Karen Francis
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: American
Age: 63
Other Committees: Compensation Committee **(Chair)**, Nominating and Governance Committee **(Member)**
Resigned: 30 June 2025

Skills and Experience:
Karen C. Francis has served on the Board since June 2022. Ms. Francis has served as the Chair of the board of directors of Vontier Corporation (NYSE: VNT) ("Vontier"), a spinoff from Fortive Corporation focused on mobility and transportation businesses, since its spin-off in 2020. She also serves as a member of the Nominating & Governance Committee for Vontier. Ms. Francis has also served as director of TuSimple Holdings Inc. (NASDAQ: TSP) from December 2020 to November 2022, where she also served on the Audit and Compensation Committees. Additionally, since July 2021, Ms. Francis serves as Senior Advisor to TPG Capital and is an independent director for private equity and venture capital funded companies in Silicon Valley, including Nauto since April 2016. Furthermore, Ms. Francis has also served as Chair of the board of directors of CelLink Corporation since October 2021. Recently, from March 2021 to November 2021, Ms. Francis served on the Board and as Audit Chair of Reinvent Technology Partners Y (NASDAQ: RTPYU), which merged with Aurora Innovation, Inc. From December 2016 to November 2019, Ms. Francis also served on the board of directors of Telenav, Inc. (NASDAQ: TNAV), where she served as lead independent director, chair of the Compensation Committee and a member of the Nominating and Governance Committee of Telenav, Inc. Prior to joining Telenav, Inc., Ms. Francis served as a director of The Hanover Insurance Group, Inc. (NYSE: THG) from May 2014 to May 2017 and AutoNation, Inc. (NYSE: AN) from February 2016 to April 2018. Ms. Francis served as Chief Executive Officer of AcademixDirect, Inc., a technology innovator in education, from 2009 to 2014 and as its Executive Chairman from 2009 to 2017. From 2004 to 2007, Ms. Francis was Chairman and Chief Executive Officer of Publicis & Hal Riney, based in San Francisco and part of the Publicis global advertising and marketing network. From 2001 to 2002, she served as Vice President of Ford Motor Company, where she was responsible for the corporate venture capital group, as well as global e-business strategies, customer relationship management and worldwide export operations. From 1996 to 2000, Ms. Francis held several positions with General Motors, including serving as General Manager of the Oldsmobile Division.

Francesca Gamboni
Non-Executive Director

Appointed: 7 October 2024
Nationality: Italian, British
Age: 60

Skills and Experience:
Francesca Gamboni has served on the Board since October 2024. Ms. Gamboni is a supply chain and industrial operations management expert with close to 30 years' experience in this area. Ms. Gamboni has served as Chief Industrial Operations Officer and previously Chief Supply Chain Officer of Volvo Cars since October 2023. She has held senior and executive operations management positions within and outside of the automotive and mobility industry. Most recently, she served as Chief Supply Chain and manufacturing Officer of Accell Group, an e-bike market leader, from February 2022 to August 2023. Prior to this, she served as SVP Global Supply Chain of Stellantis from June 2016 to January 2022. Her experience in the automotive industry also includes Renault where she served as Vice President Supply Chain from June 2010 to August 2013, and prior to this, as General Manager Logistics from November 2007 to June 2010. Other key positions held by Ms. Gamboni include her role as Nordic Operations Director of L'Oréal from September 2013 to May 2016, and Supply Chain Manager of Alcan from February 2003 to November 2007. She also has experience as member of the supervisory board in the logistics industry with GefCo, from June 2016 to December 2019, the automotive industry with Opel, from December 2019 to January 2022 and the digital consultancy industry with Headmind Partners from December 2020 to January 2024. Ms. Gamboni holds a Master of Science in Industrial Technology Engineering from Politecnico di Milano.

Christine Gorjanc
Independent Non-Executive Director

Appointed: 7 October 2024
Nationality: American
Age: 69
Other Committees: Audit Committee **(Chair)** and Compensation Committee **(Member)**

Skills and Experience:
Christine Gorjanc has served on the Board since October 2024. Ms. Gorjanc is an experienced Chief Financial Officer from the high growth technology sector and has served on several public and private company boards. Ms. Gorjanc has obtained the NACD certified corporate director status, and serves on the board of Forward Air since 2024 where she serves as the audit committee chair and as a member of the compensation committee since June of 2025. She served on the board of directors and Audit Committee of Juniper Networks starting in 2019 and was appointed Lead Independent Director in 2023. Juniper Networks was acquired for $14B by HPE in July 2025 and Christine resigned from the board upon completion of the transaction. Christine also served on the boards of Invitae from 2015 to August 2024 and Shapeways Holdings from April 2023 to July 2024, where she served as Audit Committee chair of both. Christine Gorjanc served as the Chief Financial Officer of Arlo Technologies, Inc., an intelligent cloud infrastructure and mobile app platform company, from August 2018 to June 2020. Prior to her role with Arlo, she assumed the role of Chief Financial Officer of NETGEAR, Inc. in January 2008, where she previously served as the Chief Accounting Officer from December 2006 to January 2008 and Vice President, Finance from November 2005 to December 2006. Prior to joining NETGEAR, she served in a number of roles including Vice President, Controller, Treasurer, and Assistant Secretary of Aspect Communications Corporation from September 1996 through November 2005. Christine Gorjanc served as Manager of Tax for Tandem Computers, Inc. from October 1988 through September 1996. Prior to 1996, she served in management positions at Xidex Corporation and spent eight years in public accounting. Ms. Gorjanc holds a Bachelor of Business Administration in Accounting from the University of Texas at El Paso and a Master's degree in Taxation from Golden Gate University.

Donghui (Daniel) Li
Non-Executive Director

Appointed: 23 June 2022
Nationality: Chinese
Age: 55
Other Committees: Compensation Committee **(Member)**, Nominating and Governance Committee **(Chair)**
Resigned: 30 June 2025

Skills and Experience:

Donghui (Daniel) Li has served on the Board since June 2022 and joined the Former Parent Board in May 2020. Mr. Li has served as the Chief Executive Officer of Geely from November 2020 until mid 2025. Currently, he serves as Executive Vice Chairman of Geely Holding Group. Mr. Li joined Geely in April 2011 as Vice President and Chief Financial Officer and has served as a director of Geely since November 2011. From May 2011 to April 2014, he served as Executive Director of Geely Automobile Holdings Co., Ltd. (HK.0175) and from June 2016 to November 2020, he served as Executive Vice President and Chief Financial Officer of Geely. In April 2012, Mr. Li was appointed as a director of Volvo Cars. In July 2016, he was appointed the position of Executive Director and Vice Chairman of Geely Automobile Holdings Co., Ltd. (HK.0175). Mr. Li has also served as a chairman of Group Lotus and a director of Proton Holdings since September 2017. Mr. Li has been the Chairman of the Board of Lotus Technology since November 2021. Lotus Technology was listed on Nasdaq in February 2024 (Nasdaq: LOT). Mr. Li also serves on the Board of Zeekr Intelligent Technology Holding Limited since March 2021. Zeekr Intelligent Technology Holding Limited, was listed on NYSE in May 2024 (NYSE:ZK). From September 2018 to March 2021, Mr. Li has served as chairman of Saxo Bank and he continues to serve as a director of Saxo Bank after March 2021. Mr. Li also serves as chairman of LEVC Global since April 2021. In July 2023, he was also appointed as Geely's nominated shareholder representative Non-executive Director of Aston Martin Lagonda Global Holdings plc. Mr. Li holds an MBA degree from the Indiana University Kelley School of Business and graduated from the Beijing Institute of Machinery with a Master's degree in management engineering (with a focus on financial management). He also holds a Bachelor's degree in philosophy from China Renmin University.

Michael Lohscheller
Executive Director and CEO

Appointed: 1 October 2024
Nationality: German
Age: 57

Skills and Experience:

Michael Lohsheller joined Polestar as its Chief Executive Officer in October 2024, at which time he also became a member of the Board. Prior to joining Polestar, Mr. Lohscheller was the President and CEO of Nikola Corporation from March 2022 to August 2023 and Global CEO of Vinfast during 2021. Prior to that Mr. Lohscheller held various executive roles at Stellantis from September 2012 to August 2021, including as CEO of Opel Automobile from June 2017 to August 2021. He worked with Volkswagen from 2004 to 2012 and at DaimerChrystler from 2001 to 2004. Mr. Lohscheller brings over 20 years of senior level experience in the global automotive industry to Polestar. Mr. Lohscheller holds an MA in Marketing Management from Brunel University of London in the United Kingdom and a BA in Business Administration from Osnabrück University of Applied Sciences in Germany.

Dr. Karl-Thomas Neumann
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: German
Age: 65
Other Committees: Nominating and Governance Committee **(Chair)**

Skills and Experience:

Dr. Karl-Thomas Neumann has served on the Board since June 2022. Dr. Neumann joined the Former Parent Board in February 2022. Dr. Neumann is the Chief Executive Officer and Founder of KTN Investment and Consulting since March 2018. He also serves as a director of indie Semiconductor, Inc. (NASDAQ:INDI) since June 2021 and as a director of South Korea based Hyundai-Mobis since March 2019, and as a member of the Advisory Board of SK-On since February 2024. From April 2018 to June 2019, Dr. Neumann held a management position at Canoo Inc. (NASDAQ:GOEV), an electric vehicles company, where his responsibilities included technology and marketing. From March 2013 to March 2018, he was Executive Vice President & President Europe for General Motors Company, where he was also a member of the GM Executive Committee. Dr. Neumann was previously with Volkswagen AG, where he was Chief Executive Officer and Vice President of Volkswagen Group China in Beijing from September 2010 to August 2012. Prior to this position, he held a number of management positions at Volkswagen, beginning in 1999 as Head of Research and Director of Electronics Strategy. From 2004 to 2009, Dr. Neumann was a member of the Executive Board at German automotive supplier Continental AG, responsible for the Automotive Systems Division. From August 2008 to September 2009, he was Chairman of the Executive Board of Continental AG. In December 2009, Dr. Neumann returned to Volkswagen AG and took over company-wide responsibility for electric propulsion. Dr. Neumann began his professional career at the Fraunhofer Institute as a research engineer before moving to Motorola Semiconductor, where he worked as an engineer and strategy director responsible for the automobile industry. Dr. Neumann holds a Ph.D. in Microelectronics from the University of Duisburg, as well as a diploma in Electrical Engineering from the University of Dortmund.

David Richter
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: American
Age: 58
Other Committees: Audit Committee **(Member)**
Resigned: 30 June 2025

Skills and Experience:
David Richter David Richter has served on the Board since June 2022 and joined the Former Parent Board in May 2020. Mr. Richter has wide experience at high-growth technology companies, including leading business development, corporate development, legal, finance and product teams. Mr. Richter has been the Vice President of Business and Corporate Development at DoorDash, Inc. (NYSE: DASH) since July 2021. He has also represented DoorDash on the Board of Flink SE from January 2023 to September 2024 and Yassir EURL since February 2022. Prior to joining DoorDash, Inc, he worked at Lime from October 2018 to July 2020. He also held the position of Vice President, Global Head of Business and Corporate Development, at Uber Technologies, Inc. ("Uber") (NYSE: UBER) from June 2017 through May 2018, leading the business development, corporate development and experiential marketing teams. Mr. Richter first joined Uber in January 2014 as Vice President, Strategic Initiatives. While at Uber, Mr. Richter was also a member of the Executive Leadership Team reporting to the Chief Executive Officer. Mr. Richter holds a J.D. from Yale Law School and a B.A. from Cornell University.

Prof. Xiaojie (Laura) Shen
Independent Non-Executive Director

Appointed: 7 October 2024
Nationality: Chinese
Age: 64
Other Committees: Audit Committee **(Member)**

Skills and Experience:
Prof. Xiaojie (Laura) Shen has served on the Board since October 2024. Prof. Shen has 30 years of experience in the automotive sector in China with demonstrated track-record in sales performance, operational efficiencies and strategic implementation. She currently serves as Chair of the China Alumni Chapter of University of New York at Buffalo and consultant of the Dean of School of Management, and as a consultant for China Auto Dealers Chamber of Commerce. Prof. Shen joined Volkswagen Group (China) as Vice President in 2007 where she held various executive positions, including as Managing Director and Director for Volkswagen Group Import from March 2021 to June 2023, Head of Sales & Service Operations of Volkswagen Brand China from October 2014 to May 2016, Managing Director of Volkswagen Import China from October 2009 to June 2012. She also served as Chair of Volkswagen Virtual Turntable (Beijing) Internet Information Service Co. Ltd from March 2022 to June 2023. Prior to Volkswagen, Laura Shen served as Assistant President of Jiangling Motors from 1995 to 2002, and Head of Sales of BMW Brilliance from 2002 to 2007. Laura Shen holds an MBA from State University of New York at Buffalo, and a Postgraduate Diploma in ELT from Nanyang Technological University of Singapore.

Zhe (David) Wei
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: Chinese
Age: 55
Other Committees: Audit Committee **(Member)**
Resigned: 30 June 2025

Skills and Experience:
Zhe (David) Wei has served on the Board since June 2022. Mr. Wei has over 20 years of experience in both investment and operational management in China. Prior to launching Vision Knight Capital, a private equity investment fund, in 2011, Mr. Wei served from 2007 to 2011 as an executive director and the Chief Executive Officer of Alibaba.com Limited, a leading worldwide wholesale e-commerce company wholly owned by the Alibaba Group (NYSE: BABA). Mr. Wei was the

president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q (China) Co., Ltd., a subsidiary of Kingfisher PLC, a leading home improvement retailer in Europe and Asia. From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to joining B&Q and Kingfisher, Mr. Wei served as the head of investment banking at Orient Securities Company Limited from 1998 to 2000 and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr. Wei was appointed as an independent non-executive director of PCCW Ltd. (HKSE: 0008) ("PCCW") in November 2011 and was re-designated as a non-executive director of PCCW in May 2012. Mr. Wei has also served as a director of Zall Smart Commerce Group Ltd. (HKSE: 02098) from April 2016 to January 2023 and as a director at JNBY Design Limited (HKSE: 03306) since June 2013. Mr. Wei was a director of Informa PLC (LON: INF) from June 2018 to May 2019, a director of Zhong Ao Home Group Limited (HKSE: 01538) from April 2015 to June 2020, an independent director of Leju Holdings Limited (NYSE: LEJU) from April 2014 to March 2021, an independent director of OneSmart International Education Group Limited (NYSE: ONE) from March 2018 to April 2021, and as a director of several private companies. Mr. Wei holds a Bachelor's degree in international business management from Shanghai International Studies University and has completed a corporate finance program at the London Business School.

Quan (Joe) Zhang
Non-Executive Director

Appointed: 30 June 2025
Nationality: Chinese
Age: 46
Other Committees: Compensation Committee **(Member)**, Nominating and Governance Committee **(Member)**

Skills and Experience:
Quan (Joe) Zhang has served on the Board since June 2025. He is currently Vice President and Chief Financial Officer of Geely Holding Group. Mr. Zhang joined Geely Holding Group in April 2014. Between 2014 and 2021, he held various key positions, including Deputy CFO of Geely Holding Group, General Manager of Geely Holding Group Financial Management Center and Director of Geely Holding Group Strategic Finance Center, etc. Mr. Zhang has served as Geely Holding Group's Chief Financial Officer since May 2021 and was appointed as its Vice President in July 2022. Mr. Zhang currently holds multiple directorship positions of Geely Group companies. His current appointments include serving as the Chairman of Lotus Group International Limited since March 2026, the Chairman of Genius Auto Finance Co., Ltd. since January 2026, a Director of Zhejiang Farizon New Energy Commercial Vehicle Group Co., Ltd. since January 2025, a Director of CaoCao Inc., a company listed on the Hong Kong Exchange (stock code: 02643.HK) since April 2024, and a Director of Smart Mobility Pte. Ltd. since March 2022, etc. Mr. Zhang possesses extensive financial management experience, with a strong focus on financing investment management and mergers & acquisitions. As a key leader, he has pivotally contributed to fostering global strategic partnerships for Geely. Mr. Zhang graduated from Shanghai University of Finance and Economics in July 2002 with a bachelor's degree in international accounting.

Cynthia Dubin
Independent Non-Executive Director

Appointed: 30 June 2025
Nationality: British, American
Age: 64
Other Committees: Compensation Committee **(Chair)** and Audit Committee **(Member)**

Skills and Experience:
Cynthia Dubin has served on the Board since June 2025. Ms. Dubin is a senior executive and board director with over 30 years of experience in energy, finance, and industrial sectors. Ms. Dubin has served as a director of Hurco Companies, Inc. (Nasdaq-listed) since March 2019 and is a member of its Audit Committee. Since December 2020, she has also served as a director of ICE Futures Europe, where she is Chair of the Risk and Audit Committee. From February 2019 to July 2025, she served as a board director of the U.K. Competition and Markets Authority, including as Chair of its Nominations Committee and Audit and Risk Assurance Committee. Ms. Dubin previously served as a director of Franchise Group, Inc. (Nasdaq-listed) from May 2021 to August 2023, including as Chair of the Audit Committee, and as a director of Synthomer PLC from September 2020 to November 2022, where she also served as Chair of the Audit Committee. From 2015 to September 2020, she served on the board of Babcock & Wilcox Enterprises, Inc. (NYSE-listed), including as Chair of the Audit Committee. Ms. Dubin holds a BSBA in finance and economics from Georgetown University. She holds

a certificate in company directorship from the Institute of Directors in the U.K. and has completed a Harvard University residential course on corporate board effectiveness.

Board Composition

The Board is collectively responsible for providing clear leadership and ensuring that the key goals and objectives of the company are at the heart of any decision making. The following individuals were directors of the Company and served during the period:

Name	Position	Date Appointed	Resignation
Prof. Dr. h.c. Winfried Vahland	Chair (from 7 October 2024)	15 January 2024	N/A
Michael Lohscheller	Chief Executive Officer	1 October 2024	N/A
Karen C. Francis	Independent Non-executive Director	23 June 2022	30 June 2025
Donghui (Daniel) Li	Non-executive Director	23 June 2022	30 June 2025
Dr. Karl-Thomas Neumann	Independent Non-executive Director	23 June 2022	N/A
David Richter	Independent Non-executive Director	23 June 2022	30 June 2025
David Wei	Independent Non-executive Director	23 June 2022	30 June 2025
Francesca Gamboni	Non-executive Director	7 October 2024	N/A
Christine Gorjanc	Independent Non-executive Director	7 October 2024	N/A
Prof. Xiaojie (Laura) Shen	Independent Non-executive Director	7 October 2024	N/A
Quan (Joe) Zhang	Non-executive Director	30 June 2025	N/A
Cynthia Dubin	Independent Non-executive Director	30 June 2025	N/A

Meeting Attendance

The following table sets out the number of meetings of the Board, excluding ad hoc meetings, and its committees from 1 January 2025 to 31 December 2025 and the attendance of the directors at those meetings (attended/eligible to attend):

Director	Board	Nominating and Governance Committee	Audit Committee	Compensation Committee
Prof. Dr. h.c. Winfried Vahland	9/9	1/1	n/a	n/a
Michael Lohscheller	9/9	n/a	n/a	n/a
Karen C. Francis	5/5	3/3	n/a	2/2
Donghui (Daniel) Li	4/5	3/3	n/a	1/2
Dr. Karl-Thomas Neumann	9/9	4/4	n/a	2/2
David Richter	5/5	2/3	5/5	n/a
David Wei	3/5	n/a	4/5	n/a
Francesca Gamboni	9/9	n/a	n/a	n/a
Christine Gorjanc	9/9	n/a	9/9	2/2
Prof. Xiaojie (Laura) Shen	9/9	n/a	9/9	n/a
Quan (Joe) Zhang	5/5	1/1	n/a	2/2
Cynthia Dubin	5/5	n/a	5/5	2/2

Any nonattendance was due to conflicting professional commitments. The Company is satisfied that all directors remained engaged and contributed to Board discussions outside of meetings.

About the Board

The Board's committees each have a written charter, a form of which is available free of charge on Polestar's website at Corporate Governance | Polestar.

The Board is collectively responsible for worldwide management of company business, acting within an effective control framework, with all directors providing an element of constructive challenge and helping to develop and communicate Polestar's strategic aims.

The Board is currently comprised of eight members, which includes the Chief Executive Officer, the Chair and six Non-Executive Directors.

For the year ended 31 December 2025, Winfried Vahland, Christine Gorjanc, Cynthia Dubin, Karl-Thomas Neumann, and Laura Shen qualified as independent, as defined under the Nasdaq listing rules. Karen Francis, David Richter and David Wei were also qualified as independent prior to leaving the Board in June 2025. All directors are given regular access to the Company's operations and personnel as and when required. Their biographies on pages 49-53 illustrate their relevant corporate and industry experience to bring judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company.

The Board considers the overall strategic direction, development and control of Polestar and reviews trading performance, investment opportunities and other matters of significance to the Group. Various decisions require Board approval, including but not limited to the approval of the annual budget, larger capital expenditure proposals, acquisitions, and disposals. The Board receives an agenda ahead of each meeting as well as pre-read material for each agenda item, although further subjects may be added for discussion as the need arises.

The Board is scheduled to meet normally no less than six times per year to enable the Board to discharge its duties effectively and to consider those matters which specifically require Board review and decision. In addition, meetings are also convened on an ad hoc basis when there is urgent or undelegated business which cannot wait until the next scheduled meeting.

Nominating and Governance Committee Report

The Nominating and Governance Committee is responsible for overseeing the director nomination process and the Company's overall corporate governance strategy. The Nominating and Governance Committee is to be comprised of at least three or more members of the Board. The current composition is displayed in the following table.

Committee	Role
Dr. Karl-Thomas Neumann	Chair
Prof. Dr. h.c. Winfried Vahland	Member
Quan (Joe) Zhang	Member

As the Company is a "controlled company", defined in the rules of NASDAQ, the Nominating and Governance Committee is not required to be comprised solely of independent directors.

A full breakdown of the duties of the Nominating and Governance Committee can be found on the Polestar website: Nominating and Governance Committee Charter (polestar.com)

Audit Committee Report

The Audit Committee is set out to oversee the accounting and financial reporting process, internal controls and internal audit, operation procedure and enterprise risk management framework. The Audit Committee is comprised of at least three board members, with at least one member fulfilling the need for recent and relevant financial experience. The current composition is:

Committee	Role
Christine Gorjanc	Chair
Cynthia Dubin	Member
Prof. Xiaojie (Laura) Shen	Member

As set out in Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of NASDAQ, each member of the Audit Committee is independent. It is noted that no member of the Audit Committee can have participated in the preparation of the Company's or any of its subsidiaries' financial statements at any time during the past three years.

An invitation is also extended to the auditors to attend meetings of the Audit Committee in order to discuss issues relating to the audit and financial control of the Group. The auditors also have direct access, should they so require, to the Audit Committee. The Audit Committee has responsibility within the terms of reference for, among other things, the planning and review of the Group's annual and interim financial statements, the supervision of its auditors in the review of such financial statements and the review and monitoring of their independence, as well as the provision of additional services by the Auditors. The Audit Committee focuses particularly on the Group's compliance with legal requirements and accounting standards, and on ensuring that effective systems for internal financial control are maintained.

A full breakdown of the duties of the Audit Committee can be found on the Polestar website: Audit Committee charter.

Compensation Committee Report

The Compensation Committee is set out to oversee executive compensation, incentives, equity, and employee benefit plans, as well as the management succession planning. The Compensation Committee is to be comprised of at least two or members of the Board. The current composition is displayed in the following table.

Committee	**Role**
Cynthia Dubin	Chair
Christine Gorjanc	Member
Quan (Joe) Zhang	Member

As the Company is a “controlled company”, defined in the rules of NASDAQ, the Compensation Committee is not required to be comprised solely of independent directors. Furthermore, as the company is a Foreign Private Issuer (FPI), there is no requirement for independence on the Compensation Committee as the independence requirements of Rule 10C-1 do not apply.

A full breakdown of the duties of the Compensation Committee can be found on the Polestar website: Compensation Committee Charter.

The Governance Report comprising pages 48 to 57 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

May 6, 2026

Directors' Remuneration Report

This report has been prepared in accordance with the provisions of the UK Companies Act 2006 and Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended in 2013).

Statement by the Chair of the Compensation Committee

As the Chair of the Compensation Committee, I am pleased to present, on behalf of the Board of Directors of Polestar, the Directors' Remuneration Report for the year ended December 31st, 2025. This is the Company's fourth report following our successful NASDAQ listing on June 24th, 2022.

This report is divided into three sections:

- This letter from me as Chair of the Compensation Committee (hereafter referred to as "the Committee");
- Remuneration Policy to be submitted for shareholder approval at the 2026 AGM (hereafter referred to as "the Policy"); and
- Our Annual Report on Compensation detailing various findings and outcomes from 2025 and how we intend to apply the new Policy in the coming financial year.

The Directors' Remuneration Report is subject to a shareholder vote at the Annual General Meeting 2026.

Last year's Directors' Remuneration Report was approved by the Annual General Meeting 2025 with over 87.5% support, 5.2% against and 7.3% abstain (1,237,487 for; 73,499 against; 102,737 abstain).

Introduction

The Committee's key role is to ensure that senior executives and other key employees at Polestar are appropriately compensated and incentivized to deliver growth to shareholders in a long-term and sustainable manner. The Committee will seek to accomplish this by implementing compensation programs that are grounded in market practice, effective at driving proper executive behaviors, clearly link pay with performance, and are overall cost-efficient to shareholders. The Committee also considers non-executive directors within the Policy and believes that their current compensation provides an appropriate level of remuneration for their scope. The Committee also determines fees for the Chairman of the Board. Fees for other non-executive directors are determined by the Chairman and the Executive Director.

During 2025, the Compensation Committee was initially comprised of Karen Francis (Chairperson), Daniel Li (Member) and Karl-Thomas Neumann (Member) until 30th of June 2025. From 30th of June 2025 and onwards, the Compensation Committee was comprised of Cynthia Dubin (Chairperson), Christine Gorjanc (Member) and Quan Zhang (Member). Nina Henricsson, Polestar's Chief HR Officer, acted as Secretary of the Committee, with her team providing input to the Committee as required. The CEO, CFO, and other members of the Executive Management Team may attend meetings by invitation to assist the Committee; however, they are not involved in discussions concerning their own compensation.

The Committee's duties, as specified in our Compensation Committee Charter, include, but are not limited to, assisting the Board with oversight of executive compensation, incentives/equity plans, and employee benefit plans.

More precisely, the Committee shall have the following authority and responsibilities:

- Chief Executive Officer compensation
- Other Officer compensation
- Management succession planning
- Key employee/management incentive and equity plans
- Employee Benefit Plans
- Peer group setting
- Employment/severance agreements
- Stock ownership guidelines
- Claw-back Policy
- Risk Management relating to incentive compensation
- Human Capital Management

- Director compensation
- Compensation Committee performance evaluation
- Compensation Committee charter review

Key developments throughout the year

Having established a clear and market-aligned set of remuneration arrangements for the CEO, the Chairman, and the Non-Executive Directors, the Committee and Board have kept these under review and determined amendments to the Executive Director pension arrangements were necessary to ensure they align with market practices of the country of employment.

Bonus payout

Historically, the CEO's annual bonus pay outcomes have been directly linked to the fulfillment level of Polestar's Global All Employee Annual Bonus KPIs. The CEO shares the same annual bonus KPIs as the Global All Employee Annual Bonus Program.

In 2025, having regard to the underlying financial and operational performance of the Company and the CEO's individual contribution during a pivotal period for the Company, the Compensation Committee, exercised discretion to determine that the total bonus payment for 2025 should be 99.7% of annual base salary (66% of maximum), compared to the Global Bonus outcome of 51 %.

Stakeholder engagement

The Compensation Committee includes major shareholder representatives, and consultation or advice from them is captured in committee meetings. Upon request from the Committee, the Secretary of Compensation Committee has continued following a successful introduction of last year's Committee proposals with other major shareholders as part of the decision process. These tasks included examining executive management pay structure, employee share purchase plans, and executive management succession planning.

The Committee is regularly updated on pay and benefit arrangements for employees across the Group and takes into account wider workforce compensation as part of its review of executive compensation.

Cynthia Dubin

Chair of the Compensation Committee

May 6, 2026

Chief Executive Compensation at a glance

Component	Michael Lohscheller
Annual Base Salary	1,046,248 USD
Benefits	Housing Allowance, Company Car, Private Medical Insurance
Pension	Pension contributions according to the ITP 1 plan + extra contribution above 30 income base amount
Short Term Incentive	Target 75% of Annual Base Salary, Max 150% of Annual Base Salary
Long Term Incentive	LTI Target 100% of Annual Base Salary, Max 200% of Annual Base Salary

Remuneration Policy

This policy sets out Polestar's policy on remuneration for executive directors, non-executive directors, and other employees. The Remuneration Policy was adopted by the board on March 29th, 2023, and was approved at the Annual General Meeting in 2023 with over 99.9% support and 0.03 % against (1,856,545,413 for; 508,011 against; 599,321 abstain). The Directors' Remuneration Report for the year ended December 31st, 2022, was also approved at the Annual General Meeting in 2023, with over 99.9% support (1,856,700,916 for; 446,908 against; 504,921 abstain). The Remuneration Policy is foreseen to receive new approval with its proposed changes in the Annual General Meeting in June 2026. The proposed changes are to raise the maximal bonus for the CEO from 130 % to 150 % and to include shares received in company share-based incentive plans in the total share ownership for the CEO. All amounts in the Policy are stated in USD, unless otherwise stated. The exchange rate used for conversion from SEK to USD for 2025 is consistent to the exchange rate used in the full report, which is 1 USD = 9.475 SEK.

The Policy is designed to attract, retain, and motivate our leaders and employees within a framework that promotes the long-term success of Polestar and aligned with our shareholders' interests.

Director compensation is recommended by the Compensation Committee of Board of Directors (the "Compensation Committee") and approved by the Board of Directors. We use a combination of base salary, benefits, short-term incentives, and equity based long-term incentives to attract and retain qualified Directors.

The Compensation Committee's annual compensation review includes a periodic analysis of data, comparing the Company's director compensation levels against the relevant external market, including peer groups of relevant companies. In conducting such review, the Compensation Committee may utilize publicly available market data, compensation survey data, and advice provided by compensation consultants. The Compensation Committee reaches a recommendation regarding our director compensation program and the compensation paid to our directors. The compensation recommendation is subsequently provided to the full Board for review and final approval.

In connection with the NASDAQ listing of Polestar in June 2022, Mercer Limited UK, the Compensation Committee's independent compensation consultant, provided the Committee with a benchmark study, as well as advice and recommendations on the composition of suitable peer groups and competitive data used for benchmarking our director compensation program. The Compensation Committee used the information provided by Mercer, as well as other benchmarks, to reach an independent recommendation regarding the compensation paid to our directors. This recommendation was provided to the full Board for review and final approval.

The total compensation structure for the CEO and the other Executives has primarily been set based on a Swedish market context, based on the relevant employment of country's market practice. However, the variable pay elements have been set closer to European levels due to investor perspectives of performance pay, being listed in the US, and retention purposes. The Board determines the CEO salary, and the CEO and Remuneration Committee determines the Executives salary. External benchmark is used as a supporting tool.

Remuneration Policy tables

Element of compensation	
Base Salary	**Purpose and link to strategy** Provides market competitive fixed compensation, set at a level sufficient to attract and retain executives who can deliver the Company's strategic objectives and drive the company's success. Base Salaries reflect the responsibilities of the role, the experience of the individual and the performance over time. **Purpose and link to operation** Normally reviewed annually considering individual responsibilities, experience, performance, inflation, market levels and the treatment of the wider workforce. Salary increases are normally effective from 1st of April each year. Salaries are periodically benchmarked against the relevant external market. **Maximum opportunity** There is no prescribed maximum annual salary or salary increase. Any increase will consider prevailing market and economic conditions and the approach to employee pay throughout the organization. Base salary increases are awarded at the discretion of the Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms. However, a higher increase may be made where an individual had been appointed to a new role at below-market salary while gaining experience. Subsequent demonstration of strong performance may result in a salary increase which is higher than that awarded to the wider workforce. **Performance Metrics** The overall performance of the Company, the Individuals performance and the market movement is the key determinant for base salary increases.
Benefits and Pension	**Purpose and link to strategy** Provides market competitive, yet cost-effective employment benefits to assist with recruitment and retention. **Purpose and link to operation** For Executive Directors this currently includes private medical insurance, company car and potential allowances connected to relocation. Executive Directors situated in Sweden are also eligible to join the pension plans defined in the collective agreement Teknikavtalet, either ITP 1 or ITP 2 as is typical in Sweden. If we would employ an Executive Director not geographically situated in Sweden, we would offer market aligned insurances, benefits and pension contribution in the country of employment. **Maximum opportunity** There is no formal maximum level of benefits provided to an Executive Director, as the value of insured benefits is typically based upon the cost from third-party providers, which will vary from year to year. Pension premiums are normally set as a percentage of the base salary. The Pension premiums for Executive Directors (percentage) are aligned with the wider workforce. **Performance Metrics** Non applicable.

Annual Bonus	**Purpose and link to strategy** To incentivize and reward delivery of the Company's strategy and short-term corporate objectives on an annual basis. **Purpose and link to operation** Annual bonus performance targets are set at the start of the financial year by the Board and the performance against these objectives is assessed by the Committee after the end of the relevant financial year, The Committee retains discretion to amend objectives during the year if it considers that objectives are no longer appropriate. Different performance measures and weighting may be used each year, as agreed with the committee, to consider changes in the business strategy. Bonuses are normally paid in cash after the award has been approved by the Board, normally in April each year. **Maximum opportunity** The maximum annual bonus payable to the CEO is 150% of the annual base salary, with no more than 75% of base salary paid for target performance. **Performance Metrics** Bonus measures are reviewed annually, and the committee has the discretion to vary the mix and the weighting of measures or to introduce new measures, based on the strategic focus of the company at that time. The payment of any bonus is at the absolute discretion of the board which has the discretion to override formulaic outcomes of the bonus if appropriate to do so, having regard to matters including but not limited to factors such as the underlying financial and operational performance of the Company and individual performance.
Long-term Incentive Plan	**Purpose and link to strategy** To align the long-term interests of the Shareholders with the Executive directors and selected management positions. **Purpose and link to operation** Conditional awards are normally granted under the 2022 Omnibus incentive plan. Such awards may include a mix of share options, restricted share units, performance share units and other forms of awards available under the 2022 Omnibus incentive plan. Awards vest in accordance with the vesting schedule set for the relevant award in its equity agreement. The Long-term incentives are administered by the committee and the committee maintains discretion over the types and terms of equity awards granted under the plan. Such share-based incentives are not subject to any holding period post vesting. Any share-based entitlements granted to an Executive Director under the Company's share plans will be treated in accordance with the relevant plan rules or any applicable agreement. At present, it is the Committee´s intention to make future awards to the CEO in the form of performance share units. **Maximum opportunity** The maximum awards in the share-based long-term incentives are twice the target level. As the share based long-term incentives are based on Performance Share units it requires the KPIs to be fulfilled to reach the target level. For the maximum vesting level to be reached, the KPIs must have reached the stretch maximum level. The Target level for the CEO in the LTI program can't exceed 100% of the annual base salary. **Performance Metrics** The Committee retains discretion over the extent to which vesting of equity awards is subject to performance (rather than time) based conditions, the applicable, measures, their weightings and the period over which performance is tested. The Committee will select the most appropriate form of EIP awards each year. Vesting of equity incentives is generally subject to continued employment and may be on a time-phased basis or subject to performance conditions aligned with the company strategic plan, as determined at the discretion of the Committee. Vesting of equity awards may be accelerated in part or in full in connection with certain corporate events such as a change in control.

Share Ownership guidelines	**Purpose and link to strategy** The Board of Directors believes that long-term share ownership is an important way to create alignment between the CEO, Non-executives directors, and Polestar's shareholders. **Purpose and link to operation** The Board of Directors expects the CEO to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the annual fixed base salary through company share-based incentive plans. It is expected that the personal holding of shares be established within five years from commencement of employment with the Group as CEO. Non-executive Directors are requested to invest 50% of their net annual ordinary board fee in Polestar shares and to keep the shares as long as they hold their position in the Polestar board. **Maximum opportunity** Not applicable **Performance Metrics** Not applicable
Non-Executive Director fees	**Purpose and link to strategy** Provides market competitive director fees, set at a level sufficient to attract non-executives that can drive the company's success. **Purpose and link to operation** Fees to non-executive directors are paid in cash. Non-executive directors receive a base fee plus additional fees for committee chairmanship and membership. Non-executives are offered car benefit and are compensated for expenses connected to board meetings. **Maximum opportunity** There is no prescribed maximum annual salary level or salary increase. Any increase will take into account prevailing market and economic conditions and the approach to employee pay throughout the organization. **Performance Metrics** Not applicable

Performance measures and targets

Annual Polestar Bonus program ("STI")

The key performance indicators (KPIs) help Polestar as an organization to align with the business goals and advance our mission to accelerate electric mobility. The KPIs are operational targets set by the management team and approved by the board and closely tied to our strategic priorities. The KPIs vary from year to year but usually include one volume and one financial KPI followed by varying operational KPIs.

Share Based Long term incentive program ("LTI")

To promote the long-term success of Polestar and meet the expectations of the market, a three-year long term incentive program has been introduced with pay-out in Polestar shares. The purpose of the LTI program is to attract, retain, reward and motivate executives, senior managers and selected top-performing employees. The ambition is to start a new 3-year program every year, with the metrics set by the Compensation Committee before each launch.

Recovery provisions and Committee Discretion

All share awards will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with applicable law in the relevant jurisdictions in which Participants receive Awards (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the applicable Award agreement.

Service agreements and Letters of Appointment

The table below presents the appointment letter dates, initial term and notice period for the non-executive directors.

The Director's appointment letters are kept at the Company's subsidiary Polestar Performance AB (Assar Gabrielssons Väg 9, 405-31 Gothenburg, Sweden). The form of the appointment letters is also filed with the SEC.

Name	Appointment letter	Initial term*	Notice period for resignation	Comment
Winfried Vahland	15 January 2024	1 Year	1 Month	
Fransesca Gamboni	6 September 2024	1 Year	1 Month	
Christine Goranjc	10 June 2024	1 Year	1 Month	
Laura Shen	11 June 2024	1 Year	1 Month	
Karen C. Francis	23 June 2022	1 Year	1 month	Left the board June 2025
Daniel Li	23 June 2022	1 Year	1 month	Left the board June 2025
Karl-Thomas Neumann	23 June 2022	1 Year	1 month	
David Richter	23 June 2022	1 Year	1 month	Left the board June 2025
David Wei	23 June 2022	1 Year	1 month	Left the board June 2025
Cynthia Dubin	30 June 2025	1 Year	1 month	Joined the board July 2025
Quan Zhang	30 June 2025	1 Year	1 month	Joined the board July 2025
Michael Lohscheller	1 October 2024	rolling	6 months from CEO, 12 months from company	

- As of AGM meeting held in June 2025, it was decided abolish the class system and apply 1 year as initial terms for all board members.

Remuneration Policy on recruitment

Where it is necessary to appoint or replace an Executive Director, the Committee's approach when considering the overall compensation arrangement in the recruitment or promotion of a new Executive Director is to take account of the caliber, expertise, experience and responsibilities of the individual, and the prevailing market rate for similar roles. Remuneration will be in line with our compensation Policy and the Committee will not pay more than is necessary for a successful recruitment. It is recognized that in order to attract and recruit talented individuals the Policy needs to allow sufficient flexibility with respect to remuneration on recruitment.

Remuneration Policy on termination

The Committee will exercise its discretion when determining amounts that should be paid to leavers, taking into account the facts and circumstances of each case. Generally, in the event of termination, the Executive Directors' service contracts provide for payment of basic salary and benefits over the notice period. The Company may elect to make a payment in lieu of notice equivalent in value to basic salary and benefits for any unexpired portion of the notice period. For voluntary termination, salary and benefits are payable for the notice period; no bonus (neither pro-rated nor full year bonus) becomes payable in the event of a voluntary termination and unvested equity awards lapse in full unless determined otherwise by the Compensation Committee.

Remuneration Policy for other employees

The Committee is made aware of employment conditions in the wider Group. The same broad principles apply to the Policy both for the Executive Directors and the wider employee population. However, the compensation for the Executive Directors has a stronger emphasis on variable pay than for other employees.

In particular, the following approach is used for the wider employee population in the Group:

- Salaries, incentives, benefits, and pensions are compared to appropriate market rates and set at approximately mid-market level with allowances for role, responsibilities and experience.
- When setting salary levels for the Executive Directors, the Committee considers the salary increases provided to other employees.

- An annual bonus plan is available to all employees at a percentage of base salary. The bonus is based 100% on company performance either on local or global level, and the performance measures are the same for the CEO as for other employees. Payments under the bonus plan are entirely discretionary.

Statement of consideration of employment conditions elsewhere in the company

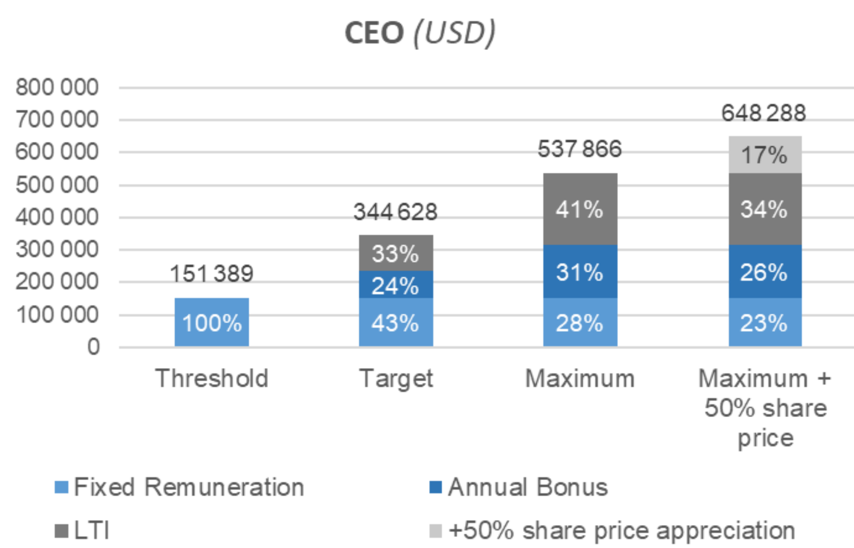
The Committee has responsibility for reviewing compensation and related policies applicable to the wider workforce. To support this, the Committee is periodically briefed on the structure and quantum of the all-employee compensation being informed about the context, challenges and opportunities related to wider workforce remuneration topics, although it does not consult directly with employees in the respect of determining the Directors' Remuneration Policy.

Statement of consideration of shareholder views

The Board is committed to open dialogue with shareholders. The Committee will consider shareholder feedback received following the AGM, as well as any additional feedback and guidance received from time to time. This feedback will be considered by the Committee as it develops the Company's compensation framework and practices going forward.

Illustration of the application of the Remuneration Policy

The graph below indicates the level of compensation receivable by the CEO in accordance with the policy in 2026. The Bar chart contains separate bars representing: (a) "threshold"; (b) at "target"; (c) at "maximum"; and (d) "maximum + 50% share price".



Basis of calculation:

The 'Threshold' scenario shows fixed remuneration only based on base salary as at 1 January 2026, value of benefits received in the year ended 31 December 2025, and the pension benefits to be accrued over the year ending 31 December 2026.The 'Target' scenario shows fixed remuneration as above, plus a target pay-out of 50% of the maximum annual bonus and a target pay-out of the long-term incentive awards at 50% of the maximum award. The 'Maximum' scenario reflects fixed remuneration, plus the maximum pay-out of annual and long-term incentives. The 'Maximum plus share price growth' scenario reflects the 'Maximum' scenario above with an additional 50% increase in the value of long-term incentives based on an assumed share price appreciation over the performance period.

Advisors

The Committee has appointed Mercer Limited to provide independent advice on executive compensation matters. The fees paid to Mercer for their advice provided to the Committee for FY2025 were $46,743.

The Committee evaluates the support provided by Mercer Limited annually and is confident that Mercer does not have any connections with Polestar that may impair its independence. Mercer Limited is a signatory to the Remuneration Consultants Group Code of Conduct and adheres to the Code's principles of independence and transparency. Mercer was selected as advisor based on their proven expertise within the area of executive compensation. Mercer Limited did not provide any other services to the Group; however, Mercer (Sweden) AB provided the Group with services related to the compensation and benefits of the wider workforce.

The Committee plans to use Mercer as external advisor also during 2026.

Annual Report on Compensation

The Annual Report on Compensation sets out how we implemented our compensation in 2025 and how we intend to apply the Policy for the financial year ending 31 December 2026. It is divided into three sections:

Section 1: Single Figure Tables
Section 2: Further information on compensation for the year ended 31 December 2025
Section 3: Implementation of the compensation Policy in the year ended 31 December 2026

Section 1: Single-Figure table

The table below illustrates the compensation that was paid to Michael Lohscheller as CEO during the period 1 January 2025 to 31st of December 2025. There were no other Executive Directors on the Board.

All amounts in USD.

Year	Director	Fee/Basic Salary[1]	Benefits[2]	Pension [3] (ITP, VMP)	Bonus[4]	LTI Shares[5]	Total fixed compensation	Total variable compensation	Total compensation
2024	Michael Lohscheller	300,807	29,963	14,825	0	0	0	0	345,595
2025	Michael Lohscheller	1,046,248	80,007	308,159	1,043,145	0	1,434,414	1,043,145	2,477,559

1. Basic salary refers to the base salary paid in the period from 1 January to 31st December 2025, and 1st of September -31st of December for 2024
2. Benefits refers to the value of the benefits awarded to the CEO, this includes car benefit, private health care insurance and housing benefit.
3. Pension refers to the company pensions contributions according to the ITP plan. In 2025, also eligible for additional pension contribution above 30IBB (income base amount).
4. Bonus refers to the Short term incentive program, "Polestar annual bonus program".
5. Vested LTI Shares refers to share based LTI programs

Annual bonus

All employees of Polestar, including each of the Company's executive officers, participate in the Polestar Bonus Program, a short-term cash incentive program, of which key performance indicators ("KPIs") and the pay-out are approved by the Board annually. Under the Polestar Bonus Program, employees are eligible to receive an annual cash bonus based on global and market specific Polestar KPIs. At the end of the applicable performance period, the Board determines the achievement of the relevant performance metrics.

For fiscal year 2025, the Polestar Global Bonus Program was based on the following four KPIs: (i) Sales volume; (ii) EBITDA; (iii) Cost Management; and (iv) Customer Experience. After the conclusion of the fiscal year 2025 performance period on December 31, 2025, the Board determined that the KPIs were achieved at 51% of target levels.

However, having regard to the underlying financial and operational performance of the Company his individual contribution during a pivotal period for the Company, the Compensation Committee, exercised discretion to determine that the total bonus payment for Michael Lohscheller in respect of 2025 should be 99.7% of annual base salary.

		Performance targets*					
Metric	**Weighting**	**Threshold**	**On target**	**Maximum**	**Actual**	**% Vesting**	**% Of max bonus opportunity**
Sales volume	30%	75%	100%	200%	75.25%	75.25%	37.63%
EBITDA	30%	75%	100%	200%	0%	0%	0%
Cost Management	20%	75%	100%	200%	0%	0%	0%
Customer Experience	20%	75%	100%	200%	140 %	140%	70%
					Total	**51%**	**25.29%**

*targets are considered commercially sensitive and therefore will be disclosed in the 2025 Compensation Report following the completion of the financial year.

Total Bonus outcomes for FY2025

	Financial measures (% of bonus achieved, max 100%)	Non-financial measures (% of bonus achieved, max 100%)	Total vesting percentage (%, max 100%)	Vesting amount as % of full year salary	Bonus amount (USD)
Michael Lohscheller	0%	51%	66%	99.7%	1,043,145

*The Compensation Committee decided to approve an advanced STI bonus of 99.7 % of the CEO's annual base salary. The STI 2025 Bonus result is 51%.

Share based long-term incentives

On 23 June 2022, the Company adopted the Polestar Automotive Holding UK PLC 2022 Omnibus Incentive Plan (the “Omnibus Plan”), pursuant to which employees of the Company and the Company’s affiliates performing services for the Company, including the Company’s executive officers, are eligible to receive awards. The Equity Plan provides for the grant of stock options (in the form of either non-qualified stock options (“NSOs”) or incentive stock options (“ISOs”)), stock appreciation rights (“SARs”), restricted stock, RSUs, performance awards, other stock-based awards, cash awards and substitute awards intended to align the interests of participants with those of the Company’s shareholders.

Having joined Polestar in 2024, Michael Lohscheller did not have any share-based long-term incentives due to vest.

Post Listing Program

The Post Listing share incentive programs were introduced after the listing of Polestar. The aim of the program is to motivate and incentivize the delivery of sustained performance over the long-term, focusing on enterprise value creation, sustainability, and retention. The purpose of the program is also to attract, retain, reward, and motivate executive directors, senior management and selected top-performing employees.

The ambition is to start a new 3-year program every year, with the metrics set by the board of directors before each launch. Participants will be granted Performance Share Units (PSUs) and/or RSUs.

Pension

The ITP Pension Plan is an occupational pension plan for private sector salaried employees and is based on a collective bargaining agreement between the Confederation of Swedish Enterprise and the Council for Negotiation and Cooperation. The ITP Pension Plan is divided into two parts: ITP 1 (normally applicable to employees born 1979 and later), which is a defined contribution plan and ITP 2 (normally applicable to employees born before 1979), which is primarily a defined benefit plan.

Mr. Lohscheller is covered by the defined contribution pension plan (ITP1), in line with Polestar Pension policy. The CEO is also eligible for an additional pension contribution, corresponding to contribution above the cap of 30 IBB (income base amount). The income base amount is an annually determined statutory measure within the Swedish public pension system. It is set annually by the Swedish government and is used to define the upper limit of income on which collectively bargained occupational pension arrangements in Sweden, such as the ITP plan are accrued.

Summary Table CEO compensation in USD (audited)

All compensation paid to the CEO is paid in SEK, but as the reporting currency is USD, we have included a summary table of the CEO compensation in USD to simplify the reading. The exchange rate used for conversion from SEK to USD for 2025 is consistent to the exchange rate used in the full report, which is 1 USD = 9.475 SEK.

Summary table Mr. Lohscheller

Element	Amount	Comment
Basic Salary	$1,046,248	1st of January-31st of December 2025
Taxable Benefits	$80,007	1st of January-31st of December 2025
Pension	$308,159	1st of January-31st of December 2025
Bonus	$1,043,145	Bonus refers to the Polestar annual bonus program
LTI	$0	
Total compensation	$2,477,559	Sum of all compensation item listed above

Non-Executive Director Compensation (audited)

Non-executive directors receive fees reflecting the time commitment, demands and responsibilities of the role. Fees paid to the non-executive directors and Board chairman during 2024 and 2025, are detailed in the table below.

Director	Board fee 2025	Board fee 2024	Committee fee 2025	Committee fee 2024	Car benefit 2025	Car benefit 2024	Total fee 2025	Total fee 2024
Prof Dr. h.c. Winfried Vahland	$500,000	$350,000	$15,000	$0	$6000	$7,000	$521,000	$357,000
Fransesca Gamboni	$200,000	$46,600	$10,000	$0		$0	$210,000	$46,600
Christine Goranjc	$200,000	$100,000	$35,000	$15,000		$0	$235,000	$115,000
Laura Shen	$200,000	$100,000	$15,000	$7,500	$6000	$0	$221,000	$107,500
Karen C. Francis*	$100,000	$200,000	$15,000	$30,000	$6000	$7,000	$121,000	$237,000
Daniel Li*	$100,000	$200,000	$15,000	$25,000	$3000	$7,000	$118,000	$232,000
Karl-Thomas Neumann	$200,000	$200,000	$35,000	$15,000	$6000	$7,000	$241,000	$222,000
David Richter*	$100,000	$200,000	$12,500	$20,000	$2500	$7,000	$115,000	$227,000
David Wei*	$100,000	$200,000	$7500	$11,550	$3000	$7,000	$110,500	$218,550
Cynthia Dubin**	$100,000		$17,500				$117,500	
Quan Zhang**	$100,000		$10,000				$110,000	

* Left the board in June 2025
** Joined the board in July 2025

Section 2: Further information on compensation for the year ended 31 December 2025 (audited)

Scheme interests awarded during the financial year:

	Post Listing Program 4
Type of Award	PSUs
Basis for Award	100% of annual base salary at target
Target Award	$885,201 (value at grant date, based on share price at grant date)
Max Value of Award	$1,770,402 (value at grant date, based on share price at grant date
Vesting at min performance	0%
Performance period	1st January 2025 to 31st December 2027
Performance Measures	• **Value Creation**, the target is positive relative market value development compared to a peer group of 8 other companies. Measured by Relative Total Shareholder Return (rTSR). This measure captures share price change (of a single share) and dividend reinvestment. • **EBIT,** Cumulative EBIT during the program period. • **Sustainability** (CO2 Credit Revenue) Track the total revenue generated from the sale of CO2 credits during the period to provide insight into the financial success of the trading operations. • **Operational Milestones,** Fulfilment of 9 Operational milestones driving Growth and Stand-alone capabilities
Share price at grant	$1.09 (Grant date 20th of Jan 2025)

Directors' interests (audited)

Share ownership guidelines

The non-executive directors are not permitted to participate in any of the company's incentive programs. All non-executive directors are requested to invest 50% of their net ordinary board fee in Polestar shares. The table below illustrates the shareholding of the CEO and the non-executive directors as of 31st of December 2025.

The Directors' interests in the share capital of the Company per 31 December 2025 were as follows:

	Outstanding scheme interests as of 31 December 2025				**Beneficially owned shares**	**Total of all scheme interests and shareholding as of 31st December 2025**
Director	**Unvested scheme interests subject to performance conditions**	**Unvested scheme interests not subject to performance conditions**	**Vested but unexercised scheme interests**	**Total shares subject to outstanding scheme interests**	**As of 31 December 2025**	
Michael Lohscheller	27,071	0	0	27,071	0	27,071
Karl-T. Neumann	0	0	0	0	5,989	5,989
Prof. Dr. h.c. Winfried Vahland	0	0	0	0	25,279	25,279
Fransesca Gamboni	0	0	0	0	3,083	3,083
Christine Goranjc	0	0	0	0	1,872	1,872
Laura Shen	0	0	0	0	4,933	4,933
Cynthia Dubin	0	0	0	0	1,920	1,920
Quan Zhang	0	0	0	0	1,600	1,600

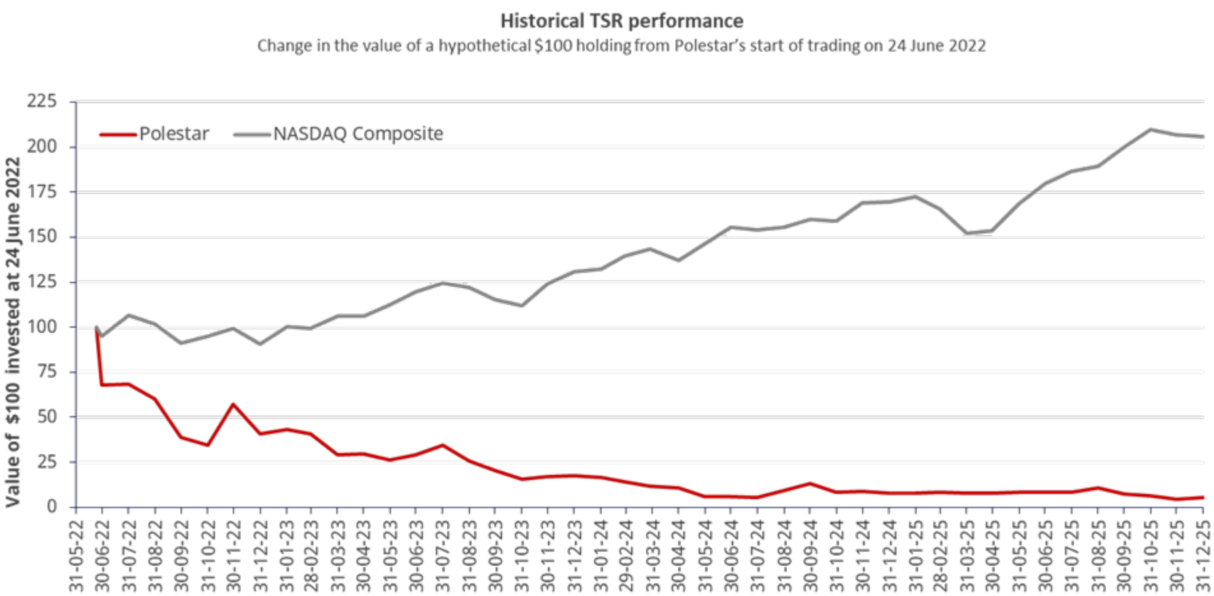
Executive Director share plan interest movements during the year (audited)

	Grant date	Vesting, exercise or release date	Number of Options / awards held as of 31 December 2024	Awarded 2025	Exercised	Lapsed	Number of Options / awards held as of 31 December 2025	Grant award price (USD)	Face value of awards (USD)
CEO (M. Lohscheller)									
Post Listing Program 4	20th Jan 2025	Spring 2028	0	812,111	0	0	812,111	1.09	$885,201

- 812,111 Class A ordinary shares representing 27 071 Class A American Depositary shares (ADS).

Comparison to Company Performance

The graph below illustrates the total shareholder return for the Company for the period from its listing to year end 2025, relative to NASDAQ composite index, as Polestar is listed on Nasdaq.



	24/06/22	30/06/22	31/12/22	30/06/23	31/12/23	30/06/24	31/12/24	30/06/25	31/12/25
Polestar	100.00	67.77	40.85	29.38	17.38	6.05	8.08	8.23	5.48
NASDAQ Composite	100.00	95.02	90.59	119.86	131.02	155.35	169.77	179.70	205.66

1

Historical compensation of the Chief Executive Officer

The table below sets out the total compensation delivered to the previous CEO Mr Ingenlath during 2022, 2023 and 2024 until 30 September 2024, using the methodology applied to the single total figure of remuneration. For September-December 2024 and 2025, Mr Lohscheller's total figure of remuneration is presented. Mr. Lohscheller is covered by the defined contribution pension plan (ITP1), in line with Polestar Pension policy. In 2025, the Board approved his eligibility for an additional pension contribution above the cap of 30 IBB (income base amount) to align his pension with market practice. This change resulted in the increase in pension contribution of 592.90%.

The Compensation Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Remuneration Committee has chosen to disclose remuneration only since IPO.

Mr Ingenlath:

Year	Total Single Figure	Annual bonus payment level achieved (% of max opportunity)	LTI vesting (% of max opportunity)[1]
2022	1,489,045 USD	53%	100%
2023	1,363,049 USD	0%	100%
2024 (Jan-Sep)	935,694 USD	0	0

1. LTI vesting figure relates to the At-Listing plan (Restricted Share Units) where 33% of the total award vested on 3 October 2022 and 33% of the total award vested on 24 June 2023 and the final 34% vested on 24 June 2024.

Mr Lohscheller:

Year	Total Single Figure	Annual bonus payment level achieved (% of max opportunity)	LTI vesting (% of max opportunity)
2024 (Sep-Dec)	345,595 USD	0	0
2025	2,477,559 USD	66%	0

Change in Compensation in USD from 2024 to 2025

Director:							
Thomas Ingenlath	**Base salary**	**Benefits**	**Pension**	**Bonus**	**LTI cash**	**LTI shares[3]**	**Total**
2024[1]	716,077	13,524	206,093	0	0	6,469	**935,694**
2023	969,882	11,802	281,431	0	99,933	32,472	**1,363,049**
2022[2]	447,231	14,187	134,837	718,951	173,839	46,244	**1,489,045**
Compensation change 2022-2023 in %	8%	-17%		-100%			
Compensation change 2023-2024[4] in %	-2%	15%		0%			

1.The figure reflects the time period 1st January to 30th September 2024. When calculating the compensation changes in % we have annualized these numbers.
2. All numbers referring to 2022 represents the period from the listing in June 2022 until year end. When calculating the compensation changes in % we have annualized these numbers.
3. Share after the reverse stock split in December 2025
4. Exchange rate fluctuation for SEK to USD between the comparing years may impact the compensation change in percentage.

Director:							
Michael Lohscheller	**Base salary[1]**	**Benefits[2]**	**Pension[3]**	**Bonus**	**LTI cash**	**LTI shares**	**Total**
2025	1,046,248	80,007	308,159	1,043,145	0	27,071	**2,477,559**
2024	300,807	29,963	14,825	0	0	0	**345,595**
Compensation change in %[4]	15.94%	-10.99%	592.90%	-	-	-	19.48%

1.The figures for 2024 reflects the time period from September 1st - December 31st 2024. When calculating the compensation changes in % we have annualized these numbers.
2.The benefits in 2024 included one-time relocation benefits offered during the move to Sweden, hence when annualized it's a decrease of 10.99 % between 2024 and 2025
3. During 2025, the CEO’s pension was adjusted to be market aligned, with an additional contribution on salary above the cap of 30 IBB (income base amount) hence an increase of 592.90%
4.Exchange rate fluctuation for SEK to USD between the comparing years may impact the compensation change in percentage. Exchange rate used for 2024: 1 USD = 10.904 SEK and in 2025:1 USD =9.475 SEK.

Director	Board fee 2025	Board fee 2024	Change in %	Committee fee 2025	Committee fee 2024	Change in %	Car benefit 2025	Car benefit 2024	Change in %	Total fee 2025	Total fee 2024	Change in %
Prof. Dr. h.c. Winfried Vahland	500,000	350,000	43%	15,000		-	6000	7000	-14%	521,000	357,000	46%
Karen C. Francis*	100,000	200,000	-50%	15,000	30,000	-50%	6000	7000	-14%	121,000	237,000	-49%
Daniel Li*	100,000	200,000	-50%	15,000	25,000	-40%	3000	7000	-57%	118,000	232,000	-49%
Karl-Thomas Neumann	200,000	200,000	0%	35,000	15,000	133%	6000	7000	-14%	241,000	222,000	9%
David Richter*	100,000	200,000	-50%	12,500	20,000	-38%	2500	7000	-64%	115,000	227,000	-49%
David Wei*	100,000	200,000	-50%	7,500	11,550	-35%	3000	7000	-57%	110,500	218,550	-49%
Fransesca Gamboni	200,000	46,600	329%	10,000		-			-	210,000	46,600	351%
Christine Goranjc	200,000	100,000	100%	35,000	15,000	133%			-	235,000	115,000	104%
Laura Shen	200,000	100,000	100%	15,000	7,500	100%	6000		-	221,000	107,500	106%
Cynthia Dubin**	100,000		-	17,500		-			-	117,500		-
Quan Zhang**	100,000		-	10,000		-			-	110,000		-

* Left the board in June 2025
** Joined the board in July 2025

Director	Board fee 2024	Board fee 2023	Change in %	Committee fee 2024	Committee fee 2023	Change in %	Car benefit 2024	Car benefit 2023	Change in %	Total fee 2024	Total fee 2023	Change in %
Prof. Dr. h.c. Winfried Vahland	350,000		-			-	7000		-	357,000		-
Karen C. Francis*	200,000	200,000	0%	30,000	28,333	6%	7000	7000	0%	237,000	235,333	1%
Daniel Li*	200,000	200,000	0%	25,000	20,000	25%	7000	7000	0%	232,000	227,000	2%
Karl-Thomas Neumann	200,000	200,000	0%	15,000	11,667	29%	7000	7000	0%	222,000	218,667	2%
David Richter*	200,000	200,000	0%	20,000	10,000	100%	7000	7000	0%	227,000	217,000	5%
David Wei*	200,000	200,000	0%	11,550	10,000	16%	7000	7000	0%	218,550	217,000	1%
Fransesca Gamboni	46,600		-			-			-	46,600		-
Christine Goranjc	100,000		-	15,000		-			-	115,000		-
Laura Shen	100,000		-	7,500		-			-	107,500		-
Cynthia Dubin**			-			-			-			-
Quan Zhang**			-			-			-			-

* Left the board in June 2025
** Joined the board in July 2025

Relative Importance of Spend on Pay (audited)

Year	Remuneration paid to employees (USD)	Dividends paid to share holders	Any other significant distribution
2025	255,291,000	—	—
2024	209,148,000	—	—
2023	235,656,000	—	—
Change in %	-26%	—	—

Payments to past Directors/Payments for loss of office

The previous CEO, Thomas Ingenlath, left Polestar on September 30th 2024. As set out in last year's compensation report, in accordance with the Employment Agreement, he continue to receive the fixed elements of his compensation package during the notice period until his employment cease on the 30 September 2025, in total 10,516,200 SEK. In addition to he received 12 months' severance pay, equal to 10,516,200 SEK. In accordance with the Employment Agreement, 43,670 shares granted under the Long Term Incentive Program 1 vested in May 2025, and a further 848,143 shares granted under the One Time Share Retention also vested in May 2025.

All other Incentive programs lapsed when his employment ceased.

Pay in the wider context

Polestar aims to offer compensation and benefits that ensure that we attract, motivate, and retain the employees needed for the successful execution of the Company's strategies. We want to build a sustaining and winning culture where we recognize good performance and behavior supporting our ambitious long-term plans.

Compensation, rewards, and recognition in Polestar must be based on transparent and non-discriminatory grounds. The Group has in place processes to avoid operating discriminatory differentials based on race, religion, gender, national origin, age, sexual orientation, disability, or any other unjust cause.

Compensation shall also ensure that Polestar maximizes its opportunity to reach set performance goals, in a short- as well as long-term perspective, and at the same time be affordable in relation to Polestar's financial status.

Polestar wants to offer flexible compensation and benefits solutions to meet the needs of our diverse workforce. Depending on the age and life situation there will be different needs, and we want to try to meet these needs as far as possible by offering a flexible compensation & benefits offering.

CEO-to-Employee Pay Ratio

The CEO-to-employee pay ratio is an important metric that reflects the level of compensation variability within a company. In the UK, the CEO to employee pay ratio on base pay was 21:1 in 2025, and 41:1 on total pay. This ratio is expected to vary significantly from year to year due to variations in the performance-based pay earned by the CEO as well as other factors.

We believe that a fair and equitable pay structure is crucial for promoting employee satisfaction and motivation. In light of this, Polestar has implemented a number of measures to ensure that our pay practices are transparent and aligned with our values. These measures include regularly reviewing and adjusting our pay scales to ensure that they remain competitive, providing regular training and development opportunities to employees, and offering a range of benefits and perks to help attract and retain top talent.

Looking ahead, we remain committed to maintaining a fair and equitable pay structure that takes into account the contributions of all employees and supports our overall business goals. We will continue to review our compensation practices on an ongoing basis and make any necessary adjustments to ensure that our pay ratios remain aligned with our values and objectives.

According to UK legislation we are encouraged to present the CEO pay ratio compared to UK employees.

We have used option A, as defined in The Companies (Miscellaneous Reporting) Regulations 2018, to conduct the CEO pay ratio benchmark, as we believe this is the simplest and most robust way to perform the analysis, described below:

- The benchmark is based on the actual CEO pay for 2025 and the actual 25th percentile, Median and 75th percentile compensation for our UK employees.
- The benchmark includes a base salary benchmark and a total compensation benchmark.

Between 2024 and 2025, the UK headcount has been reduced by 80 % due to the closure of Polestar's UK R&D function, hence 2025 figures are lower for UK employees due to the change in the profile of workforce.

CEO pay compared to all UK employees:

CEO pay ratio	**Option**	**25th percentile ratio**	**50th percentile ratio**	**75th percentile ratio**
2025 Base pay	A	29:1	21:1	12:1
2024 Base pay	A	15:1	12:1	10:1
2025 Total pay ratio	A	57:1	41:1	23:1
2024 Total pay ratio	A	18:1	15:1	12:1

CEO Base pay and Total pay (base salary, STI, cash LTI and pension contributions) compared to all UK employees:

Pay data 2025	Base salary (£000)	Total Pay (£000)
CEO Compensation	813	1,863
UK colleague 25th percentile	28	33
UK colleague 50th percentile	39	46
UK colleague 75th percentile	67	80

CEO Base pay and Total pay for full year 2025 compared to all UK employees, data as of 31st December 2025. The exchange rate used to convert SEK to GBP is 0.082. The analysis is based on the annual compensation of the CEO, Michael Lohscheller.

Gender Pay Gap Reporting

The gender pay gap is a significant issue that affects women in the workforce globally. At Polestar, we are committed to promoting equal pay for equal work and reducing the gender pay gap within our organization. Our compensation should not be affected by gender, race, religion, national origin, age, sexual orientation, disability, or any other unjust cause.

In 2025, our analysis of the raw gender pay gap showed that there exists a difference in median earnings between male and female employees. This difference is primarily due to a higher representation of men in senior leadership positions and in certain specialist roles with higher pay scales.

In response to this issue, Polestar has taken a number of steps to address the gender pay gap and promote equal pay for equal work. These steps include regularly conducting pay equity analyses, offering leadership development opportunities to women and underrepresented groups, and implementing programs aimed at increasing the representation of women in senior leadership positions.

In addition, we are working to fulfill the requirements set out in the Directive on Transparent and Predictable Working Conditions in the European Union ("EU Pay Transparency Act"). This directive aims to improve pay transparency across the EU and address the gender pay gap by ensuring employees have access to information regarding pay and conditions.

We recognize that closing the gender pay gap is an ongoing effort that requires sustained attention and action. Moving forward, we are committed to continuing to monitor and address the gender pay gap through regular pay equity analyses and ongoing initiatives aimed at promoting diversity, equity, and inclusion in the workplace. We believe that a diverse and inclusive workplace, where all employees are valued and fairly compensated, is key to the success and growth of Polestar.

A gender pay analysis was made in our two biggest countries, Sweden and UK, in 2025.

Table showing raw gender pay gap:

Country	Women's salary in relation to men's salary	% of Women employees	% of Men employees	Number of employees
Sweden 2025	92%	39%	61%	1,041
Sweden 2024	91%	37%	63%	1,035
UK 2025	71%	45%	54%	93
UK 2024	76%	18%	82%	474

Section 3 – Implementation of Compensation Policy in FY2026

The table below illustrates the remuneration planned for 2026

Component	From 1st January 2026
Fixed Pay	
Annual Base Salary	Planned compensation change as a part of the annual merit review.
Benefits	No changes planned to the CEO benefits in 2026
Pension	No changes planned to the CEO pension benefit in 2026
Annual Bonus	
Opportunity	No changes planned to the CEO annual bonus opportunity in 2026, max bonus is 150 % of base salary.
Measures	• Global Sales (Deliveries) 30% • EBITDA 30% • Global Fixed Cost Management 20% • Customer Satisfaction 20% Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2026 Compensation Report following the completion of the financial year.
Long Term Incentive	
Opportunity (Polestar LTI program)	No changes planned, target will remain at 100% of Annual Base Salary and Max at 200% of Annual Base Salary.
Measures and targets	Value creation 25%: The target is positive relative market value development compared to a peer group of 8 other companies. Measured by Relative Total Shareholder Return (rTSR). This measure captures share price change (of a single share) and dividend reinvestment. EBITDA 25%: Adjusted EBITDA as per BPL CO_2 credit revenue 20%: Revenue from signed CO_2 deals with BPL impact in Financial Years 2026, 2027, 2028 Operational milestones 30%: 5 Operational milestones key for the company during 2026-2028

* targets are considered commercially sensitive and therefore will be disclosed in the 2025 Compensation Report following the completion of the financial year.

2026 Chairman and Non-Executive Director Fees

The non-executive director fees in 2026 will be reviewed and benchmarked to determine if potential changes are needed.

Role	2026 Fee (USD)	2025 Fee (USD)
Chairman	500,000	500,000 (0% increase)
Non-Executive Director	200,000	200,000 (0% increase)
Additional fee for Audit Committee Chair	30,000	30,000 (0% increase)
Additional fee for Compensation Committee Chair	20,000	20,000 (0% increase)
Additional fee for Audit committee Member	15,000	15,000 (0% increase)
Additional fee for Compensation committee Member	10,000	10,000 (0% increase)

The Directors' Remuneration Report comprising pages 58 to 75 was approved by the Board and signed on its behalf by:

Cynthia Dubin

Chair of the Compensation Committee

May 6, 2026

Directors' Report

The Directors of Polestar Automotive Holding UK PLC (registered in England and Wales: 13624182, registered office The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE) (the "Company") are pleased to present the annual report and accounts, together with the audited financial statements of the Company, for the period ended 31 December 2025. All amounts are stated in thousands of USD, unless otherwise stated. Refer to Stakeholder Engagement on pages 14-17 for information relating to engagement with employees, suppliers, customers, and others. The composition of the Board during the reporting period is available in the Governance Report on page 54.

Diversity of the Board

Polestar conducts annual reviews of the composition of the Board with specific attention to characteristics such as independence, knowledge, skills, experience and overall championing diversity on the Boards. As a global company, internationalism is mirrored in the workforce and Polestar strives to ensure that the Company is a warm and hospitable place to work for all while continuing to improve gender, racial and cultural diversity at all levels of the organisation.

Directors' and Officers' Liability

A policy of insurance against Directors' and Officers' liabilities is maintained by the Company.

Directors Indemnities

The Company has entered into Deeds of Indemnity with to each of its directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Director to the extent permitted by the Companies Act 2006 and the Company's Articles of Association.

Principal activities of the Company

Details of current and future trading as well as the principal activities, risks and uncertainties are included in the Strategic Report on page 3 to 47.

Business Review and Key Performance Indicators

The review of the business, future trading and key performance indicators are covered in the Strategic and Financial Reports.

Financial Risk Management

Details of financial risk management are provided in Note 3 - Financial risk management to the consolidated accounts.

Results

The results for the year are shown in the financial statements. Commentary on the results, future developments and post balance sheet events can be found in the Strategic Report, CEO Statement and the Chair Statement.

Dividend Policy

The Company intends to pay dividends on the Ordinary A Shares at such times, if any, and in such amounts, if any, as the Board determines appropriate in its absolute discretion. The Company will only pay dividends to the extent that to do so is in accordance with all applicable laws.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2025 due to the early stage of development of the Company.

Political Donations

During the year ended 31 December 2023, 2024, and 2025, the Group made no political donations nor other political expenditures.

Share Capital

Details of the issued share capital, together with the details of shares issued during the year, are set out in Note 21 - Equity to the consolidated accounts.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer a disability. Consultation is undertaken on a regular basis with employees, so that their views can be taken into account in making decisions affecting their interests and that all employees are aware of the financial and economic performance of their departments and of the Company as a whole.

Employee Engagement

Details on employee engagement are found in the Stakeholder Engagement section, (under "Employees" and "Diversity and Inclusion"), on pages 14 and 17.

Engagement with suppliers, customers and others

Details on engagement with suppliers, customers and others are found in the Section 172 statement, (under "Customers" and "Suppliers"), on pages 15 and 16.

R&D Activities

Details on the Company's and the group R&D activities are found in the Market Overview and Strategy section, on page 6.

Greenhouse Gas Emissions

Details on the Company's greenhouse gas emissions are found in the Non-financial and sustainability information statement and Climate-Related Financial Disclosures sections, on page 39 to 42.

Energy Consumption

Details on the Company's energy consumption are found in the Non-financial and sustainability information statement and Climate-Related Financial Disclosures sections, on page 43 to 44.

Substantial Shareholders

As at the date of this report, Company had received notification from financial institutions of their clients' interest in the following disclosable holdings, which represent each beneficial owner of 5 percent or more of the voting rights of the issued share capital of the Company, each executive officer or director of the Company, and all of the Company's executive officers and directors as a group:

Name of beneficial owner	Number of shares	Approximate percentage of outstanding shares
Executive officers and directors		
Michael Lohscheller[(1)]	—	0%
Jean-François Mady[(2)]	—	0%
Jonas Engström[(3)]	1,509	*
Prof. Dr.hc Winfried Vahland	25,279	*
Francesca Gamboni	3,083	0%
Christine Gorjanc	1,872	0%
Dr. Karl-Thoman Neumann	5,989	*
Prof. Xiaojie (Laura) Shen	4,933	0%
Quan (Joe) Zhang	1,600	*
Cynthia Dubin	1,920	*
All directors and executive officers as a group (ten individuals)	**46,185**	

Five percent or more holders		
Li Shufu[(4) (5)]	63,831,976	56.4%
Sumitomo Mitsui Banking Corporation	10,341,261	9.1%
Standard Chartered Bank Hong Kong, Limited	10,341,261	9.1%
Natixis	7,755,946	6.9%
Banco Bilbao Vizcaya Argentaria SA	7,755,946	6.9%

*Less than one percent.

(1) Mr. Lohscheller does not currently own any shares. For LTI, the entry value level of 885,201 USD was stated in 2024 compensation details. However, the actual grant date occurred in 2025 and 27,071 shares were granted (885,201 USD/share price 1,09 USD = 812,111 shares. After the reverse stock split = 812,111/30 = 27,071 shares). These are PSUs, so depending on the KPI outcome for 2025-2027, the vesting will take place during the spring 2028. Until then, these shares are restricted.

(2) Mr. Mady does not currently own any shares. For LTI, the entry value level of 350,000 USD was stated in 2024 compensation details. However, the actual grant date occurred in 2025 and 10,704 shares were granted (350 000 USD/share price 1,09 USD = 321,101 shares. After the reverse stock split = 321 101/30 = 10,704 shares). These are PSU:s, so depending on the KPI outcome for 2025-2027, the vesting will take place during the spring 2028. Until then, these shares are restricted.

(3) Number of shares owned by Mr. Engström. Additionally, Mr Engström also has been granted 348,213 Restricted Stock Units and Performance Stock Units as part of Polestar's Long Term Incentive Programs, divided between LTI 1, LTI 2, LTI 3 and LTI 4 programs. The LTI 1 program got vested in May 2025 of total 6669 shares, where PSU:s met KPI:s to 75 % and RSU:s 100 % (after reverse stock split 6669/30=223 shares, vesting share price 1,06 USD). Unvested shares are remaining 340 591 (after reverse stock split 340,591/30= 11,353 shares). In May 2025, 91,799 Restricted Stock Units as part of the One-Time Share-Based Retention Program, was also vested (after reverse stock split 91,799/30= 3,060 shares) to vesting share price of 1,06 USD.

(4) Includes 32,953,241 Class A ADSs and 996,419 Class B ADSs for which PSD Investment Limited is the record holder. It also includes 32,953,241 Class A ADSs for which Snita is the record holder, 96,157 Class A ADSs for which Northpole GLY 1 LP is the record holder, 370,186 Class A ADSs for which GLY New Mobility 1. LP is the record holder, and 16,738,542 Class A ADSs for which Geely Sweden Automotive Investment B.V. is the record holder. Li Shufu controls PSD Investment Limited and directly or indirectly owns approximately 91.9% of equity interests in Geely, which owns approximately 78.7% of equity interests in Volvo Cars and approximately 86% of GLy Capital Management Partners (Cayman) Limited. GLy Capital Management Partners (Cayman) Limited controls Northpole GLY GPI, GLY New Mobility GP1 and Northpole GLY GP1, the general partners of Northpole GLY 1 LP, GLY New Mobility 1. LP and Northpole GLY 2 LP, respectively. Consequently, since voting and dispositive decisions with respect to such securities are ultimately made by Li Shufu, he is deemed to have beneficial ownership over 63,831,976 Class A ADSs, assuming the conversion of all Class B ADSs into Class A ADSs. Li Shufu disclaims beneficial ownership of these securities except to the extent of any pecuniary interest therein. The business address of Li Shufu is No. 1760 Jiangling Road, Binjiang District, Hangzhou, Zhejiang, China, the business address of Snita is Stationswerg 2, 4153 RD Beesd, Netherlands.

(5)Volvo Cars distributed 62.7% of Volvo Cars' shareholding in Polestar. Volvo Cars' shareholding in Polestar is approximately 11.2% of Polestar's total outstanding shares, with 12,677,431 Class A ADSs. PSD Investment Limited continues to have an ownership stake of approximately 30.0%, with 32,953,241 Class A ADSs and 996419 Class B ADSs. Geely Sweden Automotive Investment B.V., an affiliate of Geely, now holds an ownership stake of approximately 14.8%, with 16,738,542 Class A ADSs.

Relationship agreements with major shareholders

The Company (and its predecessor Polestar Automotive Holding Limited, the "Former Parent") is party to an Acknowledgment Agreement to the Shareholder Agreement ("Shareholder Acknowledgement Agreement") which includes, amongst other things, its major shareholders Snita Holding BV and PSD Investment Limited. The Shareholder Acknowledgement Agreement provides that (i) the initial Board was to include nine directors, a majority of whom would be independent directors, (ii) for a period of three years following 23 June 2022, the Former Parent and the Former Parent's shareholders will not vote in favour of the removal of any independent directors of the Company unless at least two independent directors vote in favour of such removal, (iii) for a period of three years following 23 June 2022, the Former Parent and the Former Parent's shareholders will not require the Company to convene a general meeting for the purpose of removing an independent director and (iv) for three years following the 23 June 2022, Former Parent and the Former Parent's shareholders will not to vote in favour of any amendment to the Company's Articles relating to the composition of the Board or the appointment or removal of Company directors. Gores Guggenheim Sponsor LLC sponsor has third party beneficiary rights to enforce the aforementioned undertakings.

Going Concern

The Directors have undertaken a comprehensive going concern review which is provided in Note 1 - Basis of preparation of the Consolidated Financial Statements.

Legal Proceedings

Details of any relevant legal proceedings are provided in Note 29 - Commitments and contingencies to the consolidated accounts.

Change of Control

During the fiscal year, there were no events, transactions, or agreements that resulted in a change in control of the company.

Conflicts of Interest

The Nominating and Governance Committee is responsible to review and approve any requests from directors to stand for election in any outside board of directors and reviews the directors' independence as part of its work. Directors are also to disclose any potential conflict affecting them to Board.

Francesca Gamboni, who is the current Chief Industrial Operations Officer of Volvo Cars, Quan (Joe) Zhang who is the current CFO of Geely are excluded from voting on decisions which involve the Company's relationship to Volvo Cars or Geely, or other companies under common control. Furthermore, when he was still member of the Board (until June 2025), Donghui (Daniel) Li who then served as CEO of Geely and serves on the board of Volvo Cars, was also excluded from voting on such decisions.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders. A special resolution to adopt new Articles of Association, reflecting developments in best practice and providing for the removal of the director class system and for all directors to retire and stand for re-appointment at each annual general meeting, was approved by the shareholders at the Annual General Meeting held in June 2025.

Independent Auditor and Disclosure of Information to the independent auditor

On October 8, 2025, the Audit Committee recommended the engagement of PricewaterhouseCoopers ("PwC") as the Company's new independent registered public accounting firm for the fiscal year ending December 31, 2026, subject to completion of PwC's standard client acceptance process, to be effective upon approval at the Company's next Annual General Meeting, which is anticipated to occur in June 2026. PwC will replace Deloitte as the Company's independent registered public accounting firm. Deloitte's resignation will be effective following the Company's 2026 Annual General Meeting and PwC's assumption of the independent auditor role. This will follow completion of Deloitte's audit of the Company's consolidated financial statements for the fiscal year ended December 31, 2025 and of its audit of internal control over financial reporting as of December 31, 2025 as well as the Company's filing of its U.K. annual report.

To the directors' knowledge, the Company's auditor have been independent. Each director confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' Report comprising pages 76 to 79 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

May 6, 2026

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements, in accordance with the applicable law and regulations.

The Companies Act 2006 requires Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law, and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). For the Parent, the directors have chosen to prepare the Parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Company law outlines that the Directors are obliged to only approve the financial statements if they are satisfied that they provide a true and fair reflection of the state of affairs of the company, and of their profit or loss for that period. In the preparation of each financial statement, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

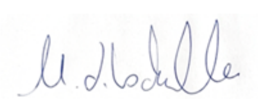
They have a general responsibility to take steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

The Directors are also responsible for maintaining adequate accounting records (s 386(1)), which are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company, to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

This annual report and financial statements, together with the Notice of Annual General Meeting, may be viewed on the Company's website. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from the legislation in other jurisdictions in which the Company operates, including the U.K., U.S., Sweden, and China.

Directors have had regard to the matters set out in section 172(1) of the Companies Act 2006 when performing their duty to act in the way most likely to promote the success of the Company for the benefit of its members as a whole.

The Statement of Directors' Responsibilities comprising page 80 was approved by the Board and signed on its behalf by:



Michael Lohscheller

Chief Executive Officer

May 6, 2026

Winfried Vahland

Chair

May 6, 2026

Financial Statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLESTAR AUTOMOTIVE HOLDINGS UK PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Polestar Automotive Holding UK Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of loss and comprehensive loss;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 31 to the consolidated financial statements and note 1 to 14 to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 31 to the group financial statements.

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

3. Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the Group is expected to continue generating negative cash flows because of scaling up commercialisation and high capital expenditure demands in relation to developing vehicles. The group's and parent company's ability to obtain sufficient financing to support its cash flow needs and ensure compliance with its debt covenants is uncertain. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- holding ongoing discussions with the directors and management to evaluate the going concern assumptions;
- holding inquiries with the entity's legal counsel about litigation and claims;
- reading board of directors' (and committee) meeting minutes;
- obtaining an understanding of the relevant controls related to going concern;
- obtaining and challenging management's going concern assessment and cash flow projections used therein including an assessment of historical forecasting accuracy and performing sensitivity analysis on the impact of volume shortfalls;
- evaluating the financing facilities including nature of the facilities, repayment terms and covenants;
- assessing the impact of macro-economic factors;
- considering arrangements to provide or maintain financial support from related and third parties;
- assessing the impact of any contradictory evidence noted on the going concern assessment;
- evaluating significant events up till the date of the assessment; and
- evaluating the reasonableness of disclosures included in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern (see material uncertainty related to going concern section) • Inventories • Intangible assets and goodwill, Property plant and equipment - Impairment of Internal Development Projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) CGU Within this report, key audit matters are identified as follows: (!) Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was $23.0 million which was determined on the basis of 0.8% of revenue for the financial year.
Scoping	Components subject to audit procedures in the current period comprised 92% of Group revenue and 91% of Group total assets.
Significant changes in our approach	There were no significant changes to our audit approach.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Inventories

Key audit matter description	Inventories have been disclosed in notes 2 and 19, the Group had inventories of $853m million at 31 December 2025 (2024: $1,079m). The Company's inventories include new, used, and internal vehicles that are valued at the lower of cost or net realisable value. We identified the valuation of inventories as a key audit matter because of the high degree of auditor judgement involved in estimating the selling price of inventories and increased extent of effort required when performing audit procedures to evaluate the reasonableness of net realisable value of inventory.
How the scope of our audit responded to the key audit matter	Our audit procedures related to the valuation of inventory included, but were not limited to: • We evaluated the reasonableness of the Company's methodology, key assumptions, and judgements used to estimate the net realisable value of inventory by undertaking the following: o We benchmarked selling prices to observable data to evaluate the impact of the significant assumptions of the net realisable value within the inventories to the carrying value. o We performed inquiries with the personnel responsible for sales forecasting to evaluate the reasonableness of the product demand forecasts. o We made inquiries of various personnel in the Company including finance and operations personnel, about the expected timing of the introduction of campaigns including the extent of discounts. o We performed substantive analytical procedures on the discount rates and selling expenses included in the net realisable value calculation to evaluate the reasonableness of management's estimates. o We tested the mathematical accuracy of management's calculations of net realisable value.
Key observations	Based on the audit work performed, we identified a number of control deficiencies over the inventory process, including those related to the prior period: • Review controls for the inventory net realisable value calculations were not implemented both in the current period and in the prior

5.2. Intangible assets and Property Plant and Equipment – Impairment of Internal Development Projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) CGU

Key audit matter description	At the end of each reporting period, property, plant and equipment and intangible assets with finite useful lives are assessed for indications of impairment and are tested for impairment when an impairment indicator is determined to exist. The Company's evaluation for impairment involves the comparison of the recoverable amount of each applicable cash generating unit ("CGU"), to its carrying value, in line with International Accounting Standard 36 Impairment of Assets. An impairment loss is recognised if the recoverable amount is lower than the carrying value. The recoverable amount is determined based on the higher of value in use (VIU) and fair value less costs to dispose (FVLCD). The company recorded an impairment of $167 million relating to the Internal Development Projects CGU during the period. Management's value in use analysis is based on the 2026-2030 business plan. We identified the impairment of the Internal Development Projects CGU as a key audit matter because of the significant estimates and assumptions management made in the value in use calculation related to future pricing and manufacturing costs. Auditing the significant estimate and assumptions required a high degree of auditor judgement and increased audit effort, including the need to involve our valuation specialists. For further information see note 2.
How the scope of our audit responded to the key audit matter	Our audit procedures related to the impairment of property, plant and equipment and intangible assets with finite useful lives included, but were not limited to: • We challenged and assessed the key assumptions used in calculating VIU, including future pricing and manufacturing costs, by: o Comparing the assumptions used in the forecasts to the Company's historical trends in forecasted pricing per car and manufacturing costs, o Comparing forecasted pricing and manufacturing costs assumptions to preliminary recorded results from subsequent periods, and o Comparing forecasted manufacturing cost assumptions to executed agreements. • With the assistance of our valuation specialists, we tested the underlying source information and the mathematical accuracy of the calculations. • We evaluated the Company's sensitivity analysis by comparing it to our own sensitivity analysis to assess the disclosures around assumptions that were most sensitive to a reasonably possible change that could cause the carrying amount to exceed its recoverable amount for the cash generating unit.

Key observations	Based on the audit work performed, we identified a number of control deficiencies over the Group's evaluation of tangible and definite-lived intangible assets for impairment. • Consideration of multiple cash generating units and changes in certain macroeconomics, industry, and market conditions related to the impairment test of intangible assets; and • Insufficient review controls over the completeness and accuracy of the data used in the impairment test.

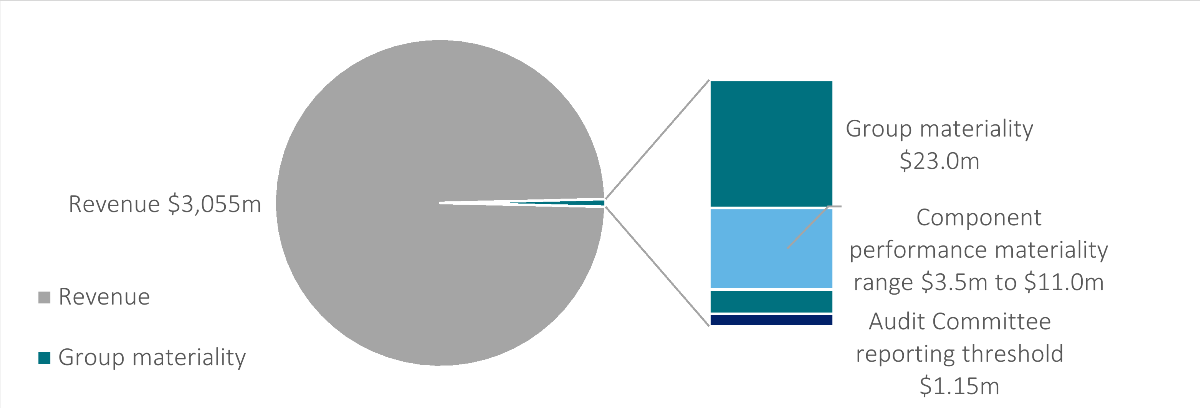
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	$23.0m (2024: $16.2m)	$39.2m (2024: $44.3m)
Basis for determining materiality	0.8% of revenue (2024: 0.8% of revenue)	2.0% of net assets (2024: 2.0% of net assets)
Rationale for the benchmark applied	In our professional judgement, we believe that revenue is the most appropriate benchmark to determine materiality as it is a stable benchmark given the group is loss making, is deemed the most important to the users of the financial statements and reflects the growing phase of the Group.	We considered net assets to be the most appropriate benchmark given the primary purpose of the Company is a holding company. Where account balances are audited for the purpose of group financial statements, a lower component performance materiality is used.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (2024: 60%) of group materiality	60% (2024: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the Group's and parent company's overall control environment and that we were unable to rely on controls over the business processes given material weaknesses in internal controls; • Our past experience of the group and parent company audits, which has indicated a higher number of misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $1.15m (2024: $0.8m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identify when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Note 1 in the financial statements sets out the basis of preparation of the Group's financial statements. Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing risks of material misstatement at the Group level. We have also considered the quantum of the financial statement balances and contribution to the Group. In performing our assessment, we have considered the geographical spread of the Group and any risks presented within each region.

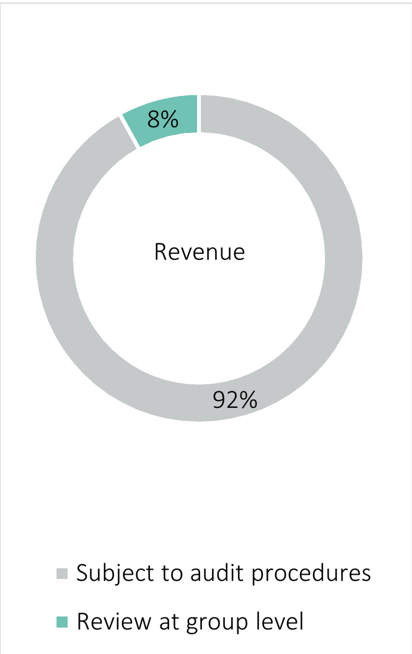
We identified components based on accounting locations, with the accounting and reporting for legal entities being centralised across 5 different accounting locations. The audit procedures for Sweden encompass the audit of the entire financial information of that component. The Sweden component represents 8% of revenue and 47% of total assets. The audit procedures for the Spain, North America, China and Malaysia components focused on one or more classes of transactions, account balances or disclosures. The Spain, North America, China and Malaysia components represent 92% of revenue and 53% of total assets. The component considerations are driven by the contribution to the total performance and position of the Group as well as the relevant risk in the region that the component operates in.

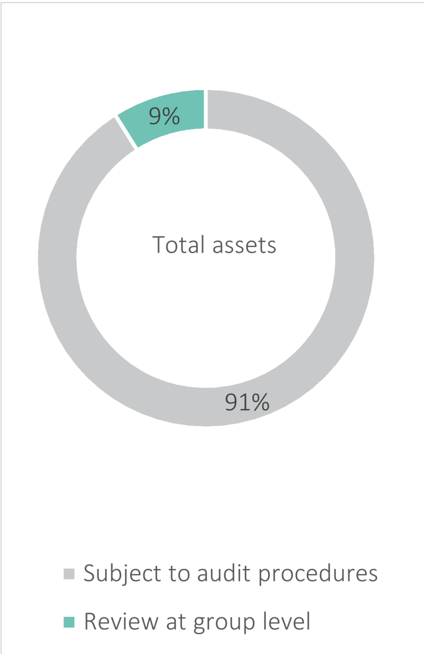
Overall, at a group level our audit procedures covered 92% of revenue and 91% of total assets.

Our audit work at the components was executed at levels of performance materiality applicable to each individual component which were lower than Group materiality and ranged from $3.5 million to $11.0 million.

At the Group level, we also tested the consolidation process and carried out analytical procedures to assess whether there were any significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit of entire financial information or audit of specified account balances.

All audit work for the purpose of expressing an opinion on the Group's financial statements is performed by Deloitte member firms.





7.2. Our consideration of the control environment

The Group uses a number of different IT systems across key business processes, and we worked with our IT specialists in obtaining an understanding of the general IT controls for the relevant systems. Following this, we focused our testing on core financial, inventory management and sales systems that underpin the operations of the business.

Our approach was principally designed to inform our risk assessment and, as such, we obtained an understanding of relevant IT controls and tested the general IT controls across the in-scope systems.

In addition to the control observations identified in sections 5.1 - 5.2, further deficiencies were also identified with the Group's controls. As a result of the control deficiencies identified, we were unable to rely on controls and used a fully substantive audit approach.

Control Environment

- The finance function does not have fully formalised processes throughout the organisation nor a sufficient number of personnel within finance and operations with the appropriate accounting to perform appropriate and timely reviews of financial reporting matters, the financial statements and disclosures, key controls, and work performed by external advisors related to financial reporting and technical accounting.

Control Activities

Lack of effectively designed and implemented controls over:

- (I) Segregating the function of recording and approving journal entries and the preparation and review of account reconciliations, and (ii) validating the completeness and accuracy of data used in the controls over reviewing journal entries.
- Recognition of vehicle revenue in accordance with IFRS 15 in regard to (i) fleet customers, private individuals, and importers' sales of vehicles' revenue streams over the completeness and accuracy of data used in the controls, and (ii) fleet customers and private individuals sales of vehicles' revenue streams over the precision of review in management review controls. Further, there were insufficient controls over the completeness and accuracy of data used in the calculations of deferred revenue associated with sales of vehicles. In addition, the Company's controls related to appropriately identifying and valuing the performance obligations to defer revenue related to sales of vehicles were not operating with the right precision.
- The valuation of inventory, including the net realisable value assessment.
- The completeness and accuracy of the data used in the existence, completeness and classification of current versus non-current liability to repurchase vehicles sold under its sales of vehicles with repurchase obligations arrangements.
- Consideration of multiple cash generating units and changes in certain macroeconomic, industry, and market conditions related to the impairment test of intangible assets. Further, there were insufficient review controls over the completeness and accuracy of the data used in the impairment test.
- The completeness and accuracy of accrued expenses and accounts payable as well as the precision in the review of certain accrued expenses.
- The completeness and accuracy of related party data used in the controls and the precision of review in management review controls over related party transactions.
- The completeness and accuracy of time reporting to support the capitalisation of internally developed intangibles and the precision of review in the controls over internally developed intangible assets.

- The completeness and accuracy of the model and assessment of the impairment on investments in subsidiaries for parent company only.

Information and Communication

- Ineffective IT general controls were identified in the SOC 1 report obtained from an external service organisation related to the systems used in warranty provisions and ineffective IT general controls related to systems used in fleet customers and private individuals sales of vehicles' revenue streams resulting in calculations that cannot be relied upon to support the proper functioning of internal controls related to those accounts.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

As noted on page 43 to 44, the Group has assessed the risks and opportunities relevant to climate change and whilst the Group has not identified a separate principal risk in relation to climate change, it is incorporated into several existing principal risks.

We have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. Whilst the directors have acknowledged the risks posed by climate change, they have assessed that climate change does not represent a key source of estimation uncertainty in the financial statements as at 31 December 2025.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures included reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

The audit work on all components was performed by Deloitte member firms. The component work was performed under the direction and supervision of the Group audit team.

The extent of our involvement which commenced from the planning phase included:

- setting the scope of the work to be performed with component auditors and assessment of their independence;
- designing the audit procedures for all significant risks to be addressed by the component auditors and issuing Group audit instructions and expectations of the Group audit team;
- holding discussions with all component auditors at the planning stage of the audit to highlight key aspects of the audit instructions and expectations of the Group audit team;
- holding regular discussions with all component auditors through the audit process; and
- reviewing the component auditor engagement files, which was performed by senior members of the Group engagement team.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we 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.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including component audit teams and relevant internal specialists, including tax, valuations, IT, forensic and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue bill and hold. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the US Foreign Corrupt Practices Act, the UK Bribery Act and various vehicle legislation.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports;
- in addressing the potential risk of fraud related to revenue bill and hold the following key procedures were performed:
    - direct confirmations procedures to assess existence of any bill and hold agreements
    - testing of credit notes recorded after year-end; and
    - physical verifications at certain locations to identify existence of any bill-and-hold arrangements and if any such arrangements were noted, evaluating if the revenue recognition criteria were met.
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors’ remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors’ report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Gallimore FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, UK

6 May 2026

Polestar Automotive Holding UK PLC
Consolidated Statement of Loss and Comprehensive Loss
(in thousands of U.S. dollars, except per share data and unless otherwise stated)

		For the year ended December 31,		
	Note	2025	2024[1]	2023[1]
Revenue	4	3,058,109	2,034,261	2,368,085
Cost of sales	6	(4,142,019)	(2,910,428)	(2,778,222)
Impairment expense, net of reversals	2, 6	(1,049,851)	(622,092)	(339,568)
Other cost of sales	2, 6	(3,092,168)	(2,288,336)	(2,438,654)
Gross loss		**(1,083,910)**	**(876,167)**	**(410,137)**
Selling, general and administrative expense	6	(856,458)	(890,703)	(944,177)
Research and development expense	6	(77,636)	(38,350)	(157,280)
Other operating income	2, 7	52,413	59,432	62,937
Other operating expense	2, 7	(87,810)	(23,818)	(58,323)
Foreign exchange gains (losses) on operating activities, net	2	44,144	(43,705)	37,466
Operating loss		**(2,009,257)**	**(1,813,311)**	**(1,469,514)**
Finance income	2, 11	8,996	23,879	32,329
Finance expense	2, 11	(385,190)	(341,182)	(213,242)
Foreign exchange gains (losses) on financial activities, net	2	50,282	(52,603)	37,236
Fair value changes - Earn-out rights and Class C shares	2, 17	23,391	129,124	465,168
Share of losses in associates	10	(49,145)	(4,970)	(43,304)
Loss before income taxes		**(2,360,923)**	**(2,059,063)**	**(1,191,327)**
Income tax benefit	13	3,692	9,166	9,452
Net loss		**(2,357,231)**	**(2,049,897)**	**(1,181,875)**
Net loss per share (in U.S. dollars)	14			
Class A - Basic and Diluted		(0.85)	(0.97)	(0.56)
Class B - Basic and Diluted		(0.85)	(0.97)	(0.56)
Consolidated Statement of Comprehensive Loss				
Net loss		**(2,357,231)**	**(2,049,897)**	**(1,181,875)**
Other comprehensive income (loss)				
Items that may be subsequently reclassified to the Consolidated Statement of Comprehensive Loss:				
Exchange rate differences from translation of foreign operations		48,491	(37,513)	(10,143)
Total other comprehensive income (loss)		**48,491**	**(37,513)**	**(10,143)**
Total comprehensive loss		**(2,308,740)**	**(2,087,410)**	**(1,192,018)**

1 - Certain figures and descriptions were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates).*

Polestar Automotive Holding UK PLC
Consolidated Statement of Financial Position
(in thousands of U.S. dollars, unless otherwise stated)

		As of December 31,	
	Note	**2025**	**2024[1]**
Assets			
Non-current assets			
Intangible assets and goodwill	15	700,326	1,040,849
Property, plant and equipment	16	292,993	537,743
Vehicles under operating leases	12	100,535	56,137
Other assets	20	54,943	39,740
Deferred tax assets	13	92,345	81,554
Total non-current assets		**1,241,142**	**1,756,023**
Current assets			
Cash and cash equivalents	17	1,159,300	739,237
Trade receivables and other receivables	2, 18	341,881	233,088
Inventories	19	853,079	1,079,361
Current tax assets		11,119	5,021
Other assets	2, 20	323,294	241,620
Total current assets		**2,688,673**	**2,298,327**
Total assets		**3,929,815**	**4,054,350**
Equity			
Share capital		(27,817)	(21,169)
Other contributed capital		(4,133,458)	(3,625,027)
Foreign currency translation reserve		14,661	63,152
Accumulated deficit		9,268,835	6,911,604
Total equity	21	**5,122,221**	**3,328,560**
Liabilities			
Non-current liabilities			
Contract liabilities	4	(76,091)	(61,002)
Deferred tax liabilities	13	(577)	(630)
Provisions	22	(133,536)	(94,757)
Other liabilities	25	(37,228)	(71,398)
Earn-out liability	17	(3,579)	(28,778)
Loans and borrowings	2, 26	(2,499,230)	(2,281,062)
Lease liabilities	2, 12	(93,514)	(104,349)
Total non-current liabilities		**(2,843,755)**	**(2,641,976)**
Current liabilities			
Trade payables	2, 23	(1,107,162)	(893,914)
Accrued expenses	2, 24	(424,577)	(519,760)
Advance payments from customers		(16,062)	(17,344)
Provisions	22	(120,791)	(72,769)
Loans and borrowings	2, 26	(3,860,675)	(2,657,839)
Current tax liabilities		(12,276)	(28,872)
Lease liabilities	2, 12	(37,210)	(30,922)
Contract liabilities	4	(37,183)	(37,649)
Class C Shares liability	17	(5,308)	(3,500)
Other liabilities	2, 25	(587,037)	(478,365)
Total current liabilities		**(6,208,281)**	**(4,740,934)**
Total liabilities		**(9,052,036)**	**(7,382,910)**
Total equity and liabilities		**(3,929,815)**	**(4,054,350)**

1 - Certain figures and descriptions were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates).*

Polestar Automotive Holding UK PLC
Consolidated Statement of Changes in Equity
(in thousands of U.S. dollars, unless otherwise stated)

	Note	Share capital	Other contributed capital	Currency translation reserve	Accumulated deficit	Total
Balance as of January 1, 2023		**(21,165)**	**(3,584,232)**	**15,496**	**3,679,832**	**89,931**
Net loss		—	—	—	1,181,875	1,181,875
Other comprehensive loss		—	—	10,143	—	10,143
Total comprehensive loss		**—**	**—**	**10,143**	**1,181,875**	**1,192,018**
Equity-settled share-based payment	9	(3)	(5,390)	—	—	(5,393)
Related party capital contribution		—	(25,565)	—	—	(25,565)
Balance as of December 31, 2023		**(21,168)**	**(3,615,187)**	**25,639**	**4,861,707**	**1,250,991**
Net loss		—	—	—	2,049,897	2,049,897
Other comprehensive loss		—	—	37,513	—	37,513
Total comprehensive loss		**—**	**—**	**37,513**	**2,049,897**	**2,087,410**
Equity-settled share-based payment	9, 21	(1)	(9,840)	—	—	(9,841)
Balance as of December 31, 2024		**(21,169)**	**(3,625,027)**	**63,152**	**6,911,604**	**3,328,560**
Net loss		—	—	—	2,357,231	2,357,231
Other comprehensive income		—	—	(48,491)	—	(48,491)
Total other comprehensive loss		**—**	**—**	**(48,491)**	**2,357,231**	**2,308,740**
Equity issuance - Securities Purchase Agreement	21	(1,905)	(197,766)	—	—	(199,671)
Equity investment	21	(4,654)	(277,777)	—	—	(282,431)
Equity-settled share-based payment	9, 21	(89)	(9,053)	—	—	(9,142)
Related party capital contribution	21	—	(23,835)	—	—	(23,835)
Balance as of December 31, 2025		**(27,817)**	**(4,133,458)**	**14,661**	**9,268,835**	**5,122,221**

Polestar Automotive Holding UK PLC
Consolidated Statement of Cash Flows
(in thousands of U.S. dollars, unless otherwise stated)

		For the year ended December 31,		
	Note	2025	2024[1]	2023[1]
Cash flows from operating activities				
Net loss		(2,357,231)	(2,049,897)	(1,181,875)
Adjustments to reconcile net loss to net cash flows:				
Depreciation and amortization	6, 12, 15, 16	52,724	55,719	115,445
Warranty provisions	22	89,480	34,710	66,158
Impairment of inventory (NRV)	19	155,958	89,744	146,550
Impairment of property, plant, and equipment, vehicles under operating leases, and intangible assets, net of reversals	6, 12, 15, 16	1,049,851	622,092	339,568
Finance income	11	(8,996)	(23,879)	(32,329)
Finance expense	11	385,190	341,182	213,242
Fair value change - Earn-out rights and Class C Shares	17	(23,391)	(129,124)	(465,168)
Income tax benefit	13	(3,692)	(9,166)	(9,452)
Share of losses in associates	10	49,145	4,970	43,304
Gain on sale of asset grouping		—	—	(16,334)
Net losses on derecognition and disposal of property, plant and equipment and intangible assets	15, 16	31,433	5,606	10,892
Litigation provisions, net of insurance	22	3,344	(2,345)	25,676
Other provisions	22	73,566	13,426	19,890
Exchange rate (income) loss, net		(65,753)	62,386	(10,449)
Other non-cash expense and income		38,337	20,339	(8,945)
Changes in operating assets and liabilities:				
Inventories	19	292,229	(255,370)	(358,392)
Contract liabilities	4	1,587	(32,286)	77,424
Trade and other receivables, prepaid expenses, and other assets	18, 20, 27	(134,054)	85,022	(156,860)
Trade payables, accrued expenses, and other liabilities	23, 24, 27	(170,203)	464,887	(488,842)
Restricted deposits	20	(25,433)	(9,412)	—
Interest received		9,135	21,120	32,280
Interest paid		(336,972)	(292,770)	(220,147)
Taxes paid		(21,243)	(8,163)	(35,477)
Cash used for operating activities		**(914,989)**	**(991,209)**	**(1,893,841)**
Cash flows from investing activities				
Additions to property, plant, and equipment	16, 27	(158,713)	(147,894)	(137,400)
Additions to intangible assets	15, 27	(296,079)	(209,101)	(435,584)
Additions to investment in associates	10	(63,700)	(34,300)	—
Additions to other non-current assets	20	(7,203)	(21,300)	—
Proceeds from sale of property, plant and equipment	16	5,017	33	1,779
Proceeds from sale of asset grouping		—	—	153,586
Cash used for investing activities		**(520,678)**	**(412,562)**	**(417,619)**
Cash flows from financing activities				
Changes in restricted deposits		—	—	(1,906)
Proceeds from short-term loans and borrowings	26, 27	4,154,620	3,411,263	3,273,888
Proceeds from long-term loans and borrowings	26, 27	191,322	938,474	1,381,738
Repayments of loans and borrowings	26, 27	(3,117,438)	(2,889,899)	(2,553,008)
Proceeds from equity issuance		498,343	—	—

Proceeds from related party capital contribution		—	—	25,565
Repayments of lease liabilities	12	(33,752)	(35,646)	(21,916)
Cash provided by financing activities		**1,693,095**	**1,424,192**	**2,104,361**
Effect of foreign exchange rate changes on cash and cash equivalents		162,635	(49,448)	1,486
Net increase (decrease) in cash and cash equivalents		**420,063**	**(29,027)**	**(205,613)**
Cash and cash equivalents at the beginning of the period		**739,237**	**768,264**	**973,877**
Cash and cash equivalents at the end of the period		**1,159,300**	**739,237**	**768,264**

1 - Certain figures and descriptions were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)*.

Note 1 - Basis of preparation

General information

Polestar Automotive Holding UK PLC (the "Parent"), together with its subsidiaries, hereafter referred to as "Polestar", the "Company", "Polestar Group" or the "Group", is a limited company incorporated in the United Kingdom. Polestar Group operates principally in the automotive industry, engaging in the research and development, branding and marketing, and commercialization and selling of battery electric vehicles. As of December 31, 2025, Polestar Group's lineup consists of the Polestar 2 ("PS2"), the Polestar 3 ("PS3"), the Polestar 4 ("PS4") and the Polestar 5 ("PS5"). The Polestar 6 ("PS6"), a luxury roadster and the Polestar 7 ("PS7") are under development. Operating sustainably is a critical priority of the Group; targeting climate neutrality by 2040, creating a climate neutral car (cradle-to-gate) by 2030, and halving the emission intensity per car sold by 2030. Polestar Group has a presence in 28 markets across Europe, North America, and Asia. Polestar Group's management headquarters is located at Assar Gabrielssons väg 9, 418 78 Göteborg, Sweden.

Basis of accounting

These Consolidated Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the IASB and UK-adopted international accounting standards. The Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period.

Presentation of the Consolidated Financial Statements

In the Consolidated Statement of Financial Position, an asset is classified as a current asset when it is held primarily for the purpose of trading, is expected to be realized within twelve months of the date of the Consolidated Statement of Financial Position or consists of cash or cash equivalents, provided it is not subject to any restrictions. All other assets are classified as non-current. A liability is classified as a current liability when it is held primarily for the purpose of trading, is due to be settled within twelve months of the date of the Consolidated Statement of Financial Position, or, as of the date of the Consolidated Statement of Financial Position Polestar does not have the right to defer its settlement for at least twelve months. All other liabilities are classified as non-current.

Functional and presentation currency

These Consolidated Financial Statements are presented in U.S. Dollar ("USD") which is the Parent's functional currency. All amounts are stated in thousands of USD ("TUSD"), unless otherwise stated. Additionally, non-USD currencies are presented in thousands unless otherwise stated.

Going concern

These Consolidated Financial Statements have been prepared on a basis that assumes Polestar Group will continue as a going concern, executing on management's 2026-2030 business plan.

Management assessed Polestar Group's ability to continue as a going concern and evaluated whether there are certain events or conditions, considered in the aggregate, that may cast significant doubt about Polestar's ability to continue as a going concern. As a result of this assessment, management identified a material uncertainty that casts significant doubt on Polestar Group's ability to obtain sufficient financing, including the renegotiation of financing due to expire in early 2027, to support its cash flow needs and ensure on-going compliance with its debt covenants. In performing this assessment, management considered a broad range of relevant information, including cash flow forecasts, liquidity forecasts and operational forecasts pertaining to the twelve-month period following the issuance date of these Consolidated Financial Statements, as well as other risks related to Polestar's business. In making these forecasts, management was required to make judgements relating to Polestar Group's future operations as well as macroeconomic and geopolitical factors. These include judgements relating to car sale volumes and prices, operating expenses (including the impact of tariffs), required capital expenditure and market demand for debt refinancing and debt and equity issuances by Polestar.

As a result of scaling up commercialization and continued capital expenditures related to developing its vehicles, managing the Company's liquidity profile and funding needs remains one of management's key priorities. If Polestar is not able to raise the necessary funds through its operations, equity issuances, debt financings and refinancing or other means, the Group may be required to delay, limit, reduce, or, in the worst case, terminate research and development and / or commercialization efforts. As of December 31, 2025, Polestar had net current liabilities of $3,519,608. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the years ended December 31, 2025, 2024, and 2023, amounted to $2,357,231, $2,049,897, and $1,181,875, respectively. Negative operating cash flows for the years ended December 31, 2025, 2024, and 2023, amounted to $914,989, $991,209, and $1,893,841, respectively, and negative investing cash flows for the years ended December 31, 2025, 2024, and 2023, amounted to $520,678, $412,562, and $417,619, respectively. Management's 2026-2030 business plan forecasts that Polestar will generate negative operating cash flows in the short-term and that investing cash flows will continue to be negative in the short-term and long-term due to the high capital expenditure demands of Polestar's business. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group.

Polestar Group primarily finances its operations through short-term (i.e., 12 months or less) working capital loan arrangements with credit institutions, contributions from shareholders, extended trade credit from related parties, and long-term financing arrangements with related parties. During the year ended December 31, 2025, Polestar entered into a credit agreement in relation to a $600.0 million term loan facility (the "Term Loan Facility") arrangement with a related party, the first $300.0 million being committed and the second $300.0 million uncommitted. The Term Loan Facility is available for general corporate purposes - refer to *Note 26 - Loans and borrowings*. For further details of the contractual maturities of Polestar's non-derivative financial assets and liabilities, including its financing arrangements refer to *Note 17 - Financial instruments.*

Management's 2026-2030 business plan indicates that Polestar Group depends on rolling-over current financing arrangements as well as obtaining additional financing that is expected to be funded via one of, or a combination of, new short-term working capital loan arrangements, long-term loan arrangements, loans with related parties, and executing capital market transactions through offerings of debt and/or equity. Until Polestar Group begins generating sufficient positive operating cash flows, the timely realization of these financing endeavors is essential for Polestar Group's ability to continue as a going concern. Management cannot guarantee that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned. During the year ended December 31, 2025, Polestar demonstrated its ability to manage its liquidity by the following initiates (refer to *Note 30 - Subsequent events* for further details):

- Entering into multiple short-term working capital loan arrangements with international banking partners and in China.
- Entering into a credit agreement with a wholly owned subsidiary of Geely Sweden Holdings AB in relation to a subordinated Term Loan Facility of up to $600.0 million.
- Completing a private investment in public equity ("PIPE") transaction by PSD Investment Limited, an existing investor, for $200.0 million.
- Raising capital from Banco Bilbao Vizcaya Argentaria, S.A. and NATIXIS through the issuance of ADS' for an aggregate amount of $300.0 million.
- Agreeing with Geely Sweden Holdings AB on future conversion into equity of approximately $300.0 million of the outstanding principal and interest on a convertible loan.

Polestar is party to financing instruments that contain financial covenants with which Polestar must comply during, and beyond, the 12 months following the issuance date of these Consolidated Financial Statements including, but not limited to, a minimum quarterly cash level of €400.0 million, minimum annual revenue amounts and maximum quarterly financial indebtedness of $5.5 billion - refer to *Note 26 - Loans and borrowings* for further details. A failure to comply with such covenants may result in an event of default that could have material adverse effects on its business. Due to the factors discussed above, there is a material uncertainty as to whether Polestar will be able to comply with all covenants in future periods. Remedies to a potential event of default include proactively applying for a covenant waiver prior to such event of default occurring. During 2025, Polestar identified that it was at risk of breaching the debt-to-asset ratio and minimum annual revenue covenants under its Club Loan. Prior to any breach occurring, Polestar applied for and received lender approval to amend both covenants, confirmed on July 9, 2025. No event of default occurred; refer to *Note 26 - Loans and borrowings* for further details. In March 2026, Polestar received lender confirmation of updated 2026 minimum annual revenue and debt-to-asset ratio covenant thresholds aligned with management’s forecasts. Based on these thresholds, management expects to remain in compliance with applicable covenants within the twelve-month period following issuance. There remains material uncertainty as to whether Polestar will comply with all covenants during this period. Management cannot guarantee that waivers will be granted for any future non-compliance with covenants on this facility nor on Polestar's other borrowings with covenants.

Management forecasts sufficient liquidity in the twelve-month period following the issuance date of these Consolidated Financial Statements in order for Polestar to meet its cash flow requirements as well as to ensure compliance with the applicable financial covenants, but the uncertainty related to the execution of management's liquidity and funding plan indicates the existence of a material uncertainty that may cast significant doubt upon Polestar's ability to continue as a going concern. There are ongoing efforts in place to mitigate the uncertainty. These Consolidated Financial Statements do not include any adjustments to reflect the going concern uncertainty.

Note 2 - Material accounting policies and use of significant judgements and estimates

Use of estimates and judgements

The preparation of these Consolidated Financial Statements requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and other related financial items. Management reviews its estimates and assumptions on a regular basis; changes in accounting estimates are recognized in the period in which the estimates are revised, and prospectively thereafter. The judgements that management considers to have the most significant impact on these Consolidated Financial Statements, along with the areas of estimation uncertainty, including those that may result in material adjustments to the carrying amounts of assets or liabilities within the next financial year, are described below. In accordance with IAS 1 'Presentation of Financial Statements', the key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are: (i) impairment of property, plant and equipment and intangible assets, including goodwill; and (ii) net realizable value of inventory. These estimates require management to make assumptions about future market and economic conditions, including forecast revenue growth, volumes, pricing, cost development and discount rates. The assessment of impairment indicators and the measurement of any impairment involve estimation uncertainty, as they require assumptions about future production volumes, technological developments and the recoverable amount of the related assets. Changes in these assumptions could result in material adjustments to the carrying amounts of property, plant and equipment and intangible assets. Given the inherent uncertainty in these assumptions, changes in these factors could result in material adjustments to the carrying amounts of the related assets and liabilities within the next financial year.

- **Going Concern** – Refer to *Note 1 - Basis of preparation.*
  - *Judgements:* Management applies significant judgement in assessing the Group's ability to continue as a going concern, including evaluating forecast liquidity, access to financing, compliance with debt covenants, and the impact of macroeconomic and market conditions. These assessments require consideration of future business performance, funding arrangements, and the timing of expected cash flows. Changes in these assumptions could have a material impact on the Group's ability to continue as a going concern.
- **Revenue** – Polestar primarily generates revenue via its sales of vehicles, sales of carbon credits, sales of licenses and royalties, vehicle leasing, and sales of software and performance engineered kits. Refer to *Note 4 - Revenue*.
  - *Judgements*: Polestar uses significant judgement in determining when to recognize revenue related to vehicle sales and sales of carbon credits. Judgements are made to determine when control of a vehicle passes to the customer and the nature and timing of the satisfaction of other vehicle related performance obligations (i.e., revenue recognition over time versus a point in time). Judgements are made to determine when Polestar satisfies its performance obligations related to the transfer of its carbon credits since the legal and regulatory criteria for transfer and enforceable rights to consideration differ between programs and jurisdictions. This requires assessing, for each significant arrangement, whether Polestar has met all substantive conditions for the credits to be transferred and for consideration to be retained (for example, verification or certification milestones, counterparty approvals or cancellation rights). If these judgements were to change, the timing of revenue recognition for carbon credits could shift between reporting periods
  - *Assumptions and estimates*: Significant estimates and assumptions relate to Polestar's determination of the stand-alone selling price of vehicles and other performance obligations and to calculating residual value guarantees. Polestar considers internal cost and pricing data, supported by vehicle sales data from prior years to determine the stand-alone selling price. In providing residual value guarantees, Polestar makes estimates regarding the future residual values on certain vehicles, considering variables like recent car auction values, future price deteriorations, and repair and reconditioning costs. In estimating variable consideration, including residual value guarantees, the Group applies either the expected value method or the most likely amount method depending on the characteristics of the arrangement. These estimates are developed using a combination of internal historical data, observable market data (including third-party vehicle values), and forward-looking assumptions regarding market demand and pricing trends. Where relevant, the Group applies a portfolio approach to similar contracts with consistent characteristics. The resulting estimate is subject to the constraint such that revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur when the underlying uncertainty is resolved.
- **Intangible assets** – Polestar purchases intellectual property ("IP") which is capitalized into intangible assets. Polestar primarily purchases IP for use in vehicle production and development. Refer to *Note 15 - Intangible assets and goodwill*.
  - *Judgements*: Significant judgements include determining the useful life (based on forecast production volumes). Determining the useful life requires management to assess the expected period over which specific IP will generate economic benefits in a fast-evolving EV technology environment.
  - *Assumptions and estimates*: Polestar uses the units of production method to calculate amortization of intangible assets related to vehicle production. Assumptions of the units over which amortization is taken relate to the number of vehicle produced over the production lifecycle. Therefore, assumptions of useful life correlate to units produced. These estimates require Polestar to predict the units, over which these IP assets will generate future economic benefit via their use in vehicle production.
- **Property, plant and equipment** – Polestar purchases and constructs items of property, plant and equipment ("PPE"). Refer to *Note 16 - Property, plant and equipment*.
  - *Judgements*: Significant judgements include determining the useful life and reviewing the assets for impairment, because these require assessing the period over which production and other assets will be used in a rapidly changing EV manufacturing footprint and identifying indicators that those assets may not be recoverable as originally planned. Different conclusions on useful lives or impairment indicators could change the timing and amount of depreciation expense and any impairment charges recognized in profit or loss.
  - *Assumptions and estimates*: Polestar uses either the straight-line or units of production method, depending on the nature and use of the asset, to depreciate its PPE. Assumptions of the useful life over which depreciation is taken relate to the vehicle production lifecycle. These estimates require Polestar to predict the time period, or units, over which these assets will generate future economic benefit.
- **Impairment of PPE, intangible assets and goodwill** – Polestar conducts routine evaluations of its PPE, intangible assets, and goodwill for evidence of impairment indicators. Refer to *Note 2 - Material accounting policies and use of significant judgements and estimates - Material accounting policies - Impairment*.

  - *Judgements*: Polestar uses significant judgement to determine the number of Cash Generating Units ("CGU"), and the composition of each CGU. CGUs are identified as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In applying this principle, management considers the interdependence of the vehicle platforms it uses, and the IP behind them, production assets, and supporting infrastructure, as well as the interdependence of the cash flows generated from the sale of the vehicles and how these cash flows are monitored internally. Given the integrated nature of Polestar's operations, including shared platforms, manufacturing processes, and centralized decision-making, judgement is required to determine the appropriate level at which independent cash inflows can be identified.
  - *Assumptions and estimates*: Polestar uses estimates to determine the recoverable amount of each CGU. Estimating the recoverable amount requires the forecasting of future cash flows. Key estimates in forecasting future cash flows are volumes, pricing, manufacturing costs, and the weighted average cost of capital ("WACC") as the discount factor used. These assumptions are subject to change in the future and there is a significant risk that these changes may result in a material adjustment to the carrying amount of PPE, intangible assets and goodwill within the next financial year. In particular, for the Internal Development Projects CGU (including Polestar 5), a key assumption relates to forecast revenue growth following launch. The impairment model assumes significant revenue growth in the initial years following launch in the second half of 2026, with revenue forecast to increase by 309% over the first three years before stabilizing in the later years of the forecast period. This growth profile underpins the expected timing of cash flow breakeven and is subject to estimation uncertainty, including assumptions regarding market adoption, pricing and competitive dynamics. Changes in this assumption could have a material impact on the recoverable amount of the CGU.

- **Net realizable value (impairment of inventory)** – Polestar conducts routine evaluations of its inventories to ensure that the carrying value of inventories does not exceed net realizable value ("NRV"). Refer to *Note 19 - Inventories*.
  - *Assumptions and estimates*: Estimates of selling price and related costs to sell are based on management's assessment of internal and external market data, including observable pricing trends, expected market conditions in each geography, and other factors that could impact achievable selling prices. These assumptions are subject to change in the future and there is a significant risk that these changes may result in a material adjustment to the carrying amount of inventory within the next financial year.

- **Valuation of tax loss carryforwards** – Polestar recognizes deferred tax assets including those arising from tax loss carryforwards, only to the extent that it is probable that future taxable profit will be available to be utilized. Refer to *Note 13 - Income tax benefit*.
  - *Assumptions and estimates*: Estimates relate to the level of future taxable income and the timing of the recovery of deferred tax assets. Polestar must consider future business performance, tax planning strategies, and the economic environment in different tax jurisdictions.

- **Valuation of Earn-out rights** – The contingent Earn-out rights are derivative financial instruments that are carried at fair value through profit and loss. Quoted or observable prices for these financial instruments are not available in active markets, requiring Polestar to estimate the fair value of the instruments each period utilizing certain valuation techniques. The resulting valuation is categorized as Level 3 in the fair value hierarchy as it uses a significant Level 3 input. Refer to *Note 3 - Financial risk management*.
  - *Assumptions and estimates*: Polestar estimates the fair value of the Earn-out rights each period utilizing a Monte Carlo valuation model which incorporates various market inputs and a significant unobservable input - the volatility of Polestar's ADS'.

- **Manufacturing with related parties** – Polestar manufactures its vehicles via contract manufacturing agreements with its related parties Volvo Car Group ("Volvo Cars") and Zhejiang Geely Holding Group Company Limited ("Geely"). Manufacturing and manufacturing-related agreements either independently, or together, create rights and obligations for Polestar. Refer to *Note 28 - Related party transactions.*
  - *Judgements*: Polestar uses significant judgement in assessing its manufacturing and manufacturing-related agreements with Volvo Cars and Geely to determine whether they contain a lease, a executory supply arrangement or give rise to separate assets and/or liabilities (for example, prepayments, onerous contracts or embedded financing), and hence how they are recognized in the statement of financial position and profit or loss.
  - *Assumptions and estimates*: Polestar estimates the value of the asset and/or liability arising from a single manufacturing agreement or group of manufacturing agreements, including variable consideration linked to production volumes and pricing, minimum volume or capacity commitments and, where relevant, discounting of future cash flows using an appropriate discount rate. Polestar primarily considers contractual commitments to (i) pay or receive cash or some other asset and the timing of such cash movements; and (ii) the right to use an asset and the time period over which this right exists.

Material accounting policies

Adoption of new and revised IFRS accounting standards

Effects of new and revised accounting standards

The following new or revised accounting standards effective from January 1, 2025 were adopted by the Group for the preparation of these Consolidated Financial Statements. Unless otherwise stated, their adoption did not have a material impact on these Consolidated Financial Statements.

- In August 2023, the IASB issued the amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21") titled *Lack of Exchangeability*, which outlines how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. This standard for annual periods is effective beginning on or after January 1, 2025.
- In December 2023, the ISSB amended the non-climate-related content in the Sustainability Accounting Standards Board ("SASB") standards, which removes and replaces jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics. This standard for annual periods is effective beginning on or after January 1, 2025.

New and revised IFRS accounting standards issued but not yet effective

The following new and revised IFRS accounting standards have been issued but were not effective for the annual period ended December 31, 2025. Unless otherwise noted, Polestar has concluded their adoption will not have a material impact on the Group's Consolidated Financial Statements.

- In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which outlines the requirements for the presentation and disclosure of information in financial statements. It includes the requirement to classify income and expenses into three new categories: operating, investing, and financing. IFRS 18 will replace IAS 1 and will be effective for annual periods beginning on or after January 1, 2027. Polestar is evaluating the impact of adopting this standard and the effects are not yet known.
- In May 2024, the IASB issued amendments to IFRS 7 and IFRS 9, *Financial Instruments* ("IFRS 9"), which outlines matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. This standard for annual periods is effective beginning on or after January 1, 2026.
- In May 2024, the IASB issued IFRS 19, *Subsidiaries without Public Accountability: Disclosures* ("IFRS 19"), which specifies reduced disclosure requirements that eligible entities can apply instead of the disclosure requirements in other IFRS accounting standards. This standard for annual periods is effective beginning on or after January 1, 2027.
- In July 2024, the IASB issued the amendments as part of its annual improvements process (*Annual Improvements to IFRS Accounting Standards - Volume 11)* to IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") regarding hedge accounting by a first-time adopter*,* IFRS 7 about gain or loss on derecognition, IFRS 7 regarding disclosure of deferred difference between fair value and transaction price, IFRS 7 regarding credit risk disclosures, IFRS 9 regarding lessee derecognition of lease liabilities, IFRS 9 regarding transaction price, IFRS 10, *Consolidated Financial Statement*s ("IFRS 10") regarding determination of a ‘de facto agent' and IAS 7 regarding cost method. These annual improvements are sufficiently minor or narrow in scope that they were packaged in one document, even though the amendments are unrelated. This standard for annual periods is effective beginning on or after January 1, 2026.
- In July 2024, the IASB issued amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21") titled *Translation to a Hyperinflationary Presentation Currency,* which provides new guidance on translating financial statements from a non-hyperinflationary functional currency into a hyperinflationary presentation currency. These amendments are effective for annual reporting periods on or after January 1, 2027.
- In December 2024, the IASB issued amendments to IFRS 7 and IFRS 9, titled *Contracts Referencing Nature-Dependent Electricity,* which address classification, measurement, and disclosure for contracts referencing weather-dependent renewable electricity. These amendments are effective for annual reporting periods on or after January 1, 2026.
- In August 2025, the IASB issued amendments to IFRS 19, *Subsidiaries without Public Accountability: Disclosures,* to update the reduced disclosure requirements for standards issued between February 2021 and May 2024. These amendments are effective for annual reporting periods beginning on or after January 1, 2027.

Basis of consolidation

The Consolidated Financial Statements include the Parent and all entities over which the Parent, either directly or indirectly, exercises control. The Parent controls an entity when the Parent is exposed to, or has rights to, variable returns from its involvement with the entity, has the ability to affect those returns through its power over the entity, and if it has power over decisions which affect investor returns (i.e., voting or other rights). All subsidiaries are fully consolidated from the date on which the Parent obtains control. Consolidation ceases on the date that control is lost. All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated upon consolidation.

Cash and cash equivalents

Cash equivalents are highly-liquid, short-term investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value that are held for the purpose of meeting short-term cash commitments. Cash and cash equivalents primarily comprise demand deposits with banks and short-term bank deposits with original maturities of three months or less from the date of acquisition. As of December 31, 2025 the cash and cash equivalent consists of cash and bank balances of $1,150,436 and time deposits of $8,863.

Restricted deposits

Restricted deposits are comprised of amounts in certain specific bank accounts which are unavailable for general purposes due to underlying arrangements that impose restrictions on those accounts. As a result, the amounts do not meet the definition of a demand deposit nor a short-term, highly liquid investment that is readily convertible to known amounts of cash with an insignificant risk of changes in value. Furthermore, part of the restricted deposit balance is expected to remain unavailable for use for a period of or exceeding twelve months as the obligations to which they relate mature in more than twelve months' time. Consequently, the balance is presented separately from cash and cash equivalents and classified as a current and non-current asset in the Consolidated Statement of Financial Position.

Government grants

The Group received various government grants across China, the UK, Ireland, and Sweden, supporting activities such as production-related costs, product development, zero-emission vehicle adoption, and innovation initiatives. These grants are not linked to future performance and are not subject to repayment, and those related to assets are deducted from the asset's carrying value and recognized over the asset's useful life as a reduction of depreciation. Other grants are recorded either as reductions of related expenses or as other operating income, depending on their nature. The amount of government grants recognized related to assets as of December 31, 2025 and 2024 was $2,102 and $8,477, respectively. The amount of government grants recognized related to income as of December 31, 2025 and 2024 was $4,562 and $1,775, respectively.

Polestar is granted carbon credits from various jurisdictions in which it operates related to its manufacturing and commercialization of electric vehicles. Polestar accounts for the receipt of carbon credits as government grants relating to income and are recognized in inventories in the Consolidated Statement of Financial Position at cost (i.e., nominal value) on the day they are received.

Revenue recognition

Revenue from contracts with customers is measured at an amount that reflects the consideration which the Group expects to be entitled to in exchange for the goods or services sold - the *transaction price*. When consideration in a contract includes variable amounts, the Group estimates the consideration to which Polestar will be entitled in exchange for transferring goods to the customer, using either the expected value method or the most likely amount method, depending on the facts and circumstances underlying the sale. In general, the most likely amount method is used when there is a single most likely amount of variable consideration Polestar will receive, and the expected value method is used otherwise. After estimating the amount of variable consideration it will receive, Polestar applies the constraint to recognize only the amount for which it is highly probable that a significant reversal will not occur.

For each contract with a customer, the Group evaluates whether the contract includes multiple promises that constitute separate performance obligation to which a portion of the transaction price needs to be allocated. For contracts that contain more than one performance obligation, Polestar Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis. The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which Polestar Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, Polestar Group instead estimates it, using appropriate data that reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue is recognized when the customer obtains control of the goods or services, and thus has the ability to direct the use of, and obtain the benefits from, the goods or services.

Sales of vehicles

Vehicles are sold to individuals ("direct-to-consumer"), fleet customers, Polestar's financial service partners (which provide lease financing to end customers), dealers, importers and, prior to 2025, Polestar's equity method investment, Polestar Times Technology.

Polestar's vehicle sales contracts vary from market to market but generally include multiple performance obligations such as:

- Transfer of the vehicle;
- Connected services - lifetime or fixed period access to the internet and over-the-air software updates, which provide Polestar's customers new features and improvements to existing vehicle functionality;
- RSA - Roadside assistance for a fixed period of time; and
- FSM - Free service maintenance for a fixed period of time.

Variable consideration in the transaction price primarily consists of residual value guarantees ("RVGs") which Polestar provides to its financial service partners as part of certain vehicle sales contracts. These financial service partners offer lease contracts on Polestar's vehicles to the end customer. RVGs may reduce the total compensation to which Polestar is ultimately entitled as they oblige Polestar to compensate the financial service partner if a defined residual value is not met when the lease ends and the used vehicle is sold. Polestar uses internal and/or external data to estimate the residual value of the vehicle sold and, therefore, the amount of variable consideration it expects to receive, applying the constraint.

A refund liability is recognized for any difference between the contractual amount of the sale of the vehicle and the transaction price calculated considering the variable consideration. This refund liability is subsequently adjusted each period to reflect Polestar's estimated changes in the variable component.

Since commercialization of Polestar vehicles commenced in the third quarter of 2020, the Group has not recognized a significant number of customer returns, and therefore accrues di-minimis obligations for returns, refunds, or other similar obligations for the years ended December 31, 2025 and 2024.

Polestar uses an expected cost plus a margin method for allocating the transaction price between the service obligations and the vehicle. Generally, the transaction price allocated to the transfer of the vehicle is recognized at a point in time on the delivery date. The services are considered stand-ready obligations as Polestar cannot determine when a customer will access a service, or the quantity of a service the customer will require (i.e., delivery is within control of the customer). The revenue allocated to these services is initially presented as a contract liability and is recognized as revenue on a straight-line basis over the contractual period of the stand-ready obligation, as the Group satisfies its performance obligations. When services are offered for the lifetime of the car, Polestar uses an 8-year period, consistent with the expected utilization of the services.

Payment for sale of vehicles is generally due on or shortly after the delivery date.

Sale of parts and accessories

Polestar generates revenue from the sale of accessories and replacement parts through a combination of direct sales and licensing arrangements, primarily in collaboration with Volvo. Under certain arrangements, Polestar licenses intellectual property, including performance engineering technology, software, and trademarks, to Volvo. In these cases, Volvo is responsible for manufacturing, marketing, and selling vehicles, parts, and accessories to end customers, and Polestar is not a party to the underlying sales contracts. Polestar receives consideration in the form of variable license fees or royalties that are based on the sales of licensed products. These royalties are typically calculated based on the number of units sold or as a percentage of sales generated by Volvo. Revenue from such licensing arrangements is recognized in accordance with IFRS 15 as sales-based royalties on licenses of intellectual property and is recognized at the point-in-time when the subsequent sales occur. In other arrangements, Polestar is the contracting party with the customer and evaluates whether it controls the specified goods before transfer to the customer in determining whether it acts as the principal or agent. When acting as a principal, Polestar recognizes revenue on a gross basis when control of the goods transfers to the customer. When acting as an agent, Polestar recognizes revenue on a net basis. Both components are presented within Revenue on the Consolidated Statement of Loss and Comprehensive Loss and are further disaggregated in *Note 4 - Revenue*. In *Note 4 - Revenue*, revenue related to direct sales of accessories is recognized within sales of vehicles. Revenue related to sales of parts and licensing arrangements is recognized within sales of licenses and royalties.

Sales of carbon credits

Polestar generates revenue from the sale of carbon credits and through participation in programs established in certain regions with the objective of reducing greenhouse gas emissions (e.g., the EU Commission's carbon pooling arrangement).

Various jurisdictions encourage manufacturers to produce and sell low-polluting and non-polluting vehicles by providing manufacturers with mechanisms to directly or indirectly monetize their production of low- and non-polluting vehicles ("emission programs"). Polestar does not manufacture or sell carbon emitting vehicles and therefore is able to benefit from these emission programs. The emission programs can take different forms which impacts the recognition of related revenue, and changes in regulations on automotive regulatory credits may significantly impact the remaining performance obligations and revenue to be recognized under these contracts. The following describes Polestar's revenue recognition for the material emission programs in which Polestar participates:

- In certain jurisdictions there are agencies which award tradable carbon credits to qualifying companies. In these cases, Polestar recognizes revenue when the carbon credits awarded to it by the agencies are sold to third parties. Revenue is recognized at the point in time the customer obtains control of the carbon credits (i.e., Polestar satisfies its performance obligation). This is evidenced when the relevant agency confirms the credits have moved out of Polestar's account and into the counterparty's account i.e. when the counterparty has the ability to direct the use of, and obtain the benefits from, the carbon credits transferred.
- In the EU there are emissions targets for the fleets registered in eligible countries in the EU by each vehicle manufacturer in a calendar year. If a manufacturer's fleet exceeds the target, they are required to pay a penalty. A pooling agreement allows multiple companies to come together and form a single pool of their fleets for the purposes of the calculation of the fleet emissions. This allows manufacturers with high emission fleets to reduce their penalty by pooling with manufacturers with low emission fleets. For the calendar year 2025, Polestar entered into a pooling agreement with other vehicle manufacturers under which it is compensated by the high emission members of the pool for each of its vehicles sold and registered in the eligible countries. Under the pooling agreement, Polestar's performance obligation is to register its low emission vehicles as part of the pool which allows the high emissions manufacturers to benefit by paying a lower penalty than they would have paid in the absence of the pool. The performance obligation is satisfied over time as Polestar registers its vehicles with the pool over the contract period and, accordingly, Polestar recognizes revenue over time. Polestar uses the output method to estimate the revenue to be recognized in any period based on the vehicle registrations in that period.

Vehicle leasing revenue

The Group enters into transactions to sell vehicles under which the Group has the obligation to repurchase the vehicles from the customer at a pre-determined price and fixed date in the future ("buy-backs"). The Group accounts for buy-backs as operating leases and the difference between the sale price and the buy-back price is recognized as vehicle leasing revenue on a straight-line basis over the buy-back term.

Sales of software and performance engineered kits

Revenue from the sales of software and performance engineered kits is related to intellectual property licensed to Volvo Cars under which Volvo Cars obtained rights to provide software upgrades and optimizations and enhancements, respectively, to their customers' vehicles in exchange for sales-based royalties to Polestar Group. The Group's performance obligation is satisfied at the point in time the Group transfers the licensed know-how to Volvo Cars, which is when Volvo Cars obtains control of the intellectual property and has the ability to direct the use of, and obtain the benefits from, the license. The Group recognizes license revenue from sales-based royalties in the period in which Volvo Cars' sales of software occur.

There are no significant payment terms as payment is due near the date of invoice.

Asset-based financing

The Group may enter into tooling arrangements with its manufacturing suppliers that involve the legal sale of tooling with a related agreement to allow Polestar to continue to use the assets in the production of its vehicles. The Group assesses each arrangement to determine whether it represents: (i) a contract with a customer within the scope of IFRS 15, (ii) a lease within the scope of IFRS 16, or (iii) a financing arrangement within the scope of IFRS 9. This assessment is based on the substance of the arrangement, including the business purpose of the transaction, the nature of the tooling being sold and whether, in practice, control of the tooling is transferred to the purchaser (or if the Group continues to have the right to direct the use of, and obtain substantially all of the economic benefits from, the tooling).

Where an arrangement does not result in the transfer of control of the tooling to the purchaser and instead represents a financing mechanism for the Group, the arrangement is accounted for as a financial liability measured at amortized cost.

Cost of sales

Cost of sales consist of the inventory costs of the vehicles sold in the period and other costs directly related to Polestar's revenue generating activities. Inventory costs are purchase costs, conversion costs, and other costs incurred in bringing the vehicles to their present location and condition. These costs primarily consist of contract manufacturing costs for vehicle production, depreciation of Polestar owned PPE and right-of-use ("ROU") assets used in the manufacture of its vehicles, amortization of intangible assets required for vehicle manufacture, warehousing and transportation costs for inventory and customs duties.

Other costs directly related to Polestar's revenue generating activities include costs related to warranty provisions, NRV adjustments on inventories and impairment charges.

Employee benefits

Polestar Group compensates its employees through short-term employee benefits, other long-term benefits, and post-employment benefits. Termination benefits may be issued when Polestar decides to end employment with employees. Additionally, Polestar provides mandatory social security contributions and other statutory and voluntary benefits to its employees.

Short-term employee benefits

Short-term employee benefits consist of wages, salaries, social benefit costs, paid annual leave and paid sick leave, and bonuses that are expected to be settled within twelve months of the reporting period in which services are rendered. Short-term employee benefits are recognized at the undiscounted amounts expected to be paid and are presented within provisions and other liabilities in current liabilities in the Consolidated Statement of Financial Position.

Post-employment benefits

Polestar Group's post-employment benefits are comprised of defined contribution pension plans and the Swedish pension scheme ("ITP 2") that is managed by the mutual insurance company Alecta.

For defined contribution plans, premiums are paid to a separate legal entity that manages pension plans on behalf of various employers. There is no legal obligation to pay additional contributions if this legal entity does not hold sufficient assets to pay all employee benefits. Contributions payable are recognized in the reporting period in which services are rendered. Contribution rates are unique to each employee.

The ITP 2 plan in Sweden is a defined benefit plan but is accounted for as if it were a multi-employer defined contribution plan, because Alecta does not distribute sufficient information that enables employers to identify their share of the underlying financial position and performance of ITP 2. The premiums for retirement pensions and survivor's pensions are calculated individually and are based on salary, previously earned pension benefits, and expected remaining years of service, among other factors. Premiums of $5,503 are estimated to be paid to Alecta for the year ended December 31, 2026 related to ITP 2.

Polestar Group's share of the total savings premiums for ITP 2 in Alecta for the years ended December 31, 2025, 2024, and 2023, amounted to 0.34%, 0.34%, and 0.32%, respectively. Further, Polestar Group's share of the total number of active policy holders as of December 31, 2025, 2024, and 2023, amounted to 0.08%, 0.08%, and 0.08%, respectively. The "collective consolidation level" comprises the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial methods and assumptions. The collective consolidation level is normally allowed to vary between 125% and 175%. If Alecta's collective consolidation level is below 125% or exceeds 175%, measurers should be taken to create conditions for the collective consolidation level to return to the range. If the collective consolidation level is below 125%, a measure to return the consolidation level to a normal range may be to increase the agreed price for new subscriptions and/or reduction of existing benefits. If the consolidation level exceeds 175%, one measure to return the consolidation level to a normal range may be to introduce premium reductions. As of December 31, 2025, 2024, and 2023, Alecta's surplus of consolidation level amounted to 167%, 163%, and 158%, respectively.

Alecta is responsible for managing the plan's assets and liabilities in accordance with Swedish pension regulations and for ensuring that the plan remains adequately funded. Polestar has no control over Alecta's investment or funding decisions. Polestar is exposed to the risk that future contributions may increase if Alecta's collective consolidation level falls below the normal range. No plan amendments, curtailments, or settlements occurred during the year.

Termination benefits

Termination benefits consist of salaries, social benefits, fringe benefits, and severance pay provided to employees that have been terminated from employment as a result of either (1) Polestar's decision to terminate an employee's employment before the normal retirement date or (2) an employee's decision to accept an offer of benefits from Polestar in exchange for the termination of employment. A liability and corresponding expense related to these benefits is recognized at the earlier of either (1) the date in which Polestar can no longer withdraw the offer for termination benefits (e.g., upon acceptance by the employee) and (2) the date when Polestar recognizes a restructuring provision that includes the payment of termination benefits.

Share-based payments

Share-based payments qualify as either cash-settled or equity-settled transactions, depending on the nature of their settlement terms. When the participant has the option for cash or equity settlement, the awards are classified as a compound financial instrument consisting of an equity and a financial liability component. When the Group has the option for cash or equity settlement, the awards are classified as equity-settled unless the Group has the obligation to settle in cash (i.e., the award provides the participant with a put option to the Group).

Cash settled share-based payment awards are recognized as a financial liability at their fair value on the date of grant and remeasured at each reporting date until the date of settlement, with changes in fair value recognized in profit and loss. Equity-settled share-based payment awards are recognized in equity using the fair value as of the grant date and the modified grant date method approach was followed in recognizing and measuring the fair value. The fair value of the instrument granted will not be revaluated after the grant date, however, the number of shares granted can be modified until the vesting date to reflect any failure to satisfy any vesting or non-vesting conditions. The total consideration recorded on the vesting date for employee services received is equal to the fair value of the equity instrument granted times a number of shares. The expense associated with share-based payments is recognized over the period in which services are provided by the participant, immediately if services are deemed to have already been provided by the participant, or a combination thereof if services were already provided and the participant will continue to provide services over a future period. Share-based payment expenses are recorded in the functional cost category of the Consolidated Statement of Loss and Comprehensive Loss that corresponds with the nature of the services provided.

Leases

Polestar as lessee

At inception of a contract, the Group assesses whether the contract is or contains a lease. In determining the lease term, management considers all relevant facts and circumstances related to exercising an extension option or not exercising a termination option. Such options are only included in the lease term if the extension option or termination option is reasonably certain to be exercised or not exercised, respectively. If circumstances surrounding the Group's decision related to extension and termination options change, the Group reassesses the term of the lease accordingly.

At the lease commencement date, a right-of-use ("ROU") asset and a lease liability are recognized in the Consolidated Statement of Financial Position. The lease liability is initially measured at an amount equal to the present value of the future lease payments under the lease contract, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise in-substance fixed payments, among other fixed lease payments, and variable lease payments that depend on an index or a rate, the exercise price of purchase options (if the lessee is reasonably certain to exercise the options), and payments of penalties for terminating the lease (if the lease term reflects the exercise of an option to terminate the lease). The practical expedient of including non-lease components in the measurement of the lease liability for all asset classes is applied.

The ROU asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, and the estimate of costs to dismantle and remove the underlying asset or the site on which it is located, less any lease incentives received. The asset is subsequently depreciated to profit or loss on a straight-line basis from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term, except ROU assets that are used in the manufacturing of vehicles, which are depreciated on a production basis and capitalized into inventory. For more information regarding amortization of the ROU asset, refer to *Note 12 - Leases*. The ROU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group elected the practical expedient to not recognize a ROU asset and lease liability for short-term and low-value leases. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense over the lease term.

In the Consolidated Statement of Loss and Comprehensive Loss, depreciation expense of the ROU assets is presented on the same line item(s) as similar items of PPE. The interest expense on the lease liability is presented as part of finance expense. In the Consolidated Statement of Cash Flows, payments of the lease liability are presented as financing activities. Payments of interest, short-term leases, and leases of low value are presented as cash flows from operating activities.

The Group has certain implicit leases stemming from contract manufacturing agreements related to the production of Polestar vehicles. These agreements are associated with unique type bound tooling and equipment ("PS Unique Tools") used in the production of Polestar vehicles. The PS Unique Tools are suited specifically for Polestar vehicles and Polestar has the right to direct the use of the related assets. The production of Polestar vehicles occupies 100% of these assets' capacity; as such, the PS Unique Tools are also recognized as ROU assets by the Group from the day production starts.

Sales leaseback transactions

The Group enters into transactions to sell vehicles concurrent with agreements to lease the same vehicles back for a period of six to twelve months. At the end of the rental period, Polestar is obligated to repurchase the car. Due to this repurchase obligation, this transaction is accounted for as a financial liability instead of a lease liability. Accordingly, the Group does not record a sale of these vehicles for accounting purposes and depreciates the assets over their useful lives.

Polestar as lessor - buy-backs

In the Consolidated Statement of Financial Position, vehicles sold under buy-back agreements are transferred from inventory to be presented as vehicles under operating leases. The vehicles are initially measured at cost and depreciated on a straight-line basis over their respective lease term to their estimated residual value. Deferred revenue is recorded for the difference between the cash received from the sale of the vehicle and the vehicle's repurchase value and the associated repurchase liability is presented in other liabilities. Following repurchase by Polestar, the vehicles are reclassified to inventories.

Finance income and expense

Finance income and expense represent items outside the Group's core business. These items are presented separately from operating loss and include interest income on bank deposits, interest expense related to loans, borrowings and lease liabilities, and other finance income and expenses.

Foreign currency

Transactions in currencies other than an entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in a foreign currency are translated to the functional currency using the closing exchange rate and items of income and expense are translated at the monthly average exchange rate. Foreign currency gains and losses arising from transactions related to treasury activities are presented as *Foreign exchange gains (losses) on financial activities, net*. Foreign currency gains and losses arising on other transactions are presented as *Foreign exchange gains (losses) on operating activities, net*.

Income tax benefit

Polestar Group's income tax benefit consists of current tax and deferred tax. Taxes are recognized in the Consolidated Statement of Loss and Comprehensive Loss, except when the underlying transaction is recognized directly in equity, whereupon related taxation is also recognized in equity.

Current tax is tax that must be paid or will be received for the current year. Current tax also includes adjustments to current tax attributable to previous periods. Deferred tax is calculated according to the balance sheet method for all temporary differences, with the exception of book goodwill in excess of tax goodwill recorded in purchase accounting, which arises between the tax value and the carrying amount of assets and liabilities.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied when the asset is realized or the liability is settled, using the tax rates and tax rules that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

Deferred tax assets relating to temporary differences and loss carryforwards are recognized to the extent it is probable that they will be utilized in the future. The recognition of deferred tax assets requires assumptions to be made about the level of future taxable income and the timing of recovery of the deferred tax assets. These assumptions take into consideration forecasted taxable income in the applicable tax jurisdictions. Recognized and unrecognized deferred tax assets are reassessed at each reporting date to reflect the probability of future taxable profits.

Deferred tax assets and deferred tax liabilities are offset when: (i) the entity has a legally enforceable right to offset current tax assets and current tax liabilities; and (ii) they are attributable to the same taxation authority on the same taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis or simultaneously.

The Group is subject to the OECD Pillar Two rules, which introduce a global minimum corporate tax rate of 15%. The assessment of the potential exposure to Pillar Two income taxes is based on the Group's consolidated financial statements for the current year. The Group applies a temporary mandatory relief from deferred tax accounting. Any Pillar Two income tax is recognized as current tax expense in the period in which it is incurred. Where applicable, the Group applies transitional safe harbor provisions that may limit or defer the obligation to perform full ETR calculations. Determining potential exposure to Pillar Two income taxes involves significant judgement due to rule complexity, jurisdictional variations, and evolving guidance. Assessments rely on the best available information at the reporting date.

Losses per share

Basic earnings per share is calculated by dividing the net loss for the period by the weighted average number of Class A Shares and Class B Shares outstanding during the period. Diluted earnings per share is calculated by adjusting the net income for the period (when applicable) and the weighted average number of Class A Shares and Class B Shares outstanding for the effect of dilutive potential ordinary shares outstanding during the period. In a net loss position, dilution is not allowed. The Group's potential ordinary shares are classified based on the nature of their instrument or arrangement and then the earnings per incremental share is calculated for each class of potential ordinary shares to determine if they are dilutive or anti-dilutive. Anti-dilutive potential ordinary shares are excluded from the calculation of dilutive earnings per share.

Earnings per incremental share ("EPIS") is calculated as (i) the consequential effect on profit or loss from the assumed conversion of the class of potential ordinary shares ("POS") (i.e., the numerator adjustment) divided by (ii) the weighted average number of outstanding POS for the class (i.e., the denominator adjustment). The EPIS denominator adjustment depends on the class of POS. The Group's classes of POSs and their related EPIS denominator adjustment methods are as follows:

POS Class	EPIS Denominator Adjustment Method
Unvested equity-settled RSUs and RSAs[1]	Treasury share[2]
Class C Shares	Treasury share
Earn-out rights and PSUs	The number of shares issuable if the reporting date were the end of the contingency period
Convertible credit facilities with Volvo Cars and Geely	If the instrument is converted, the number of shares issued on the date of the conversion

1 - Restricted Stock Awards ("RSAs") are related to the Group's employee stock purchase plan implemented in January 2024.

2 - The treasury share method includes only the bonus element as the EPIS denominator adjustment. The bonus element is the difference between the number of ordinary shares that would be issued at the exercise of the options and the number of ordinary shares deemed to be repurchased at the average market price.

Intangible assets and goodwill

An intangible asset is recognized when it is: (i) identifiable; (ii) controlled by the Group; and (iii) expected to generate future economic benefits. Intangible assets have either finite or indefinite lives. Finite lived intangible assets are patents, intellectual property, both acquired and internally developed, and software. Indefinite lived intangible assets are goodwill and trademarks.

Intangible assets are measured at acquisition or internal development cost, less accumulated amortization and, as applicable, impairment loss. Depending on the nature and use of finite lived intangible assets, they are either amortized into research and development expense on a straight-line basis or capitalized into inventory on a units of production basis. Management estimates the useful life of intangible assets by taking into account judgements on how the Group plans to utilize such intangibles in accordance with the business plan and any related rights and obligations under its contractual agreements. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The useful lives of intangible assets with indefinite useful lives, goodwill and trademarks, are assessed annually to determine whether the indefinite designation continues to be appropriate. The estimated useful lives and amortization methods are reviewed at the end of each reporting period.

Manufacturing engineering

Polestar Group has entered into agreements with its related parties, Volvo Cars and Geely, regarding manufacturing engineering for the development of Polestar's vehicles. Amortization of manufacturing engineering is capitalized into inventory on a units of production basis.

Acquired IP

Acquired IP intangible assets have finite useful lives. Generally, Polestar acquires IP which is directly related to vehicle platforms and production and, also, more general use IP which is not directly related to vehicle production and platforms. Polestar Group has entered into agreements with Volvo Cars and Geely regarding the development of technology for both upgrades of existing models and upcoming models. The technology can be either Polestar unique or commonly shared. In both cases, Polestar Group is in control of the developed product for use, either through a license or through ownership of the IP.

During the fourth quarter of the year ended December 31, 2023, Polestar changed how it amortized its acquired IP related to the PS2. Historically, amortization of acquired IP related to the PS1 and PS2 was included in research and development expenses as it represented foundational IP that was expected to be leveraged across multiple vehicle models. However, in the fourth quarter of the year ended December 31, 2023, there was a change in expectation, and the PS2 acquired IP was no longer expected to be used in Polestar's other vehicle models. Following this change, the acquired IP related to the PS2 was amortized using the units of production method and capitalized into inventory.

Internally developed IP

Internally developed IP intangible assets have finite useful lives and arise from Polestar's research and development activities. Similar to acquired IP, internally developed IP can be directly related to either (1) vehicle platforms and production or (2) general use. During the fourth quarter of the year ended December 31, 2023, Polestar changed how it amortized its internally developed IP related to the PS1 and PS2 due to the same circumstances described above for acquired IP.

Polestar Group's research and development activities are divided into a concept phase and a product development phase. Costs related to the concept phase are expensed in the period incurred. Costs incurred in the product development phase are capitalized when (1) the Group is conducting development activities such as designing, constructing, and testing pre-production prototypes, tools, systems, and processes, (2) technical feasibility of completing the intangible asset exists, (3) resources required to complete the intangible asset are available to the Group, (4) the Group intends and has the ability to use or sell the intangible asset to generate future economic benefits, and (5) the expenditures can be reliably measured.

Amortization of acquired and internally developed IP

Acquired and internally developed IP are amortized once the related asset, or asset grouping, is ready for its intended use. The amortization of acquired and internally developed IP which relates directly to vehicle platforms and production is capitalized into inventory and included as part of inventory cost. Acquired IP and internally developed IP that are general use and not related to a specific vehicles are amortized into the appropriate functional line item in the Consolidated Statement of Loss and Comprehensive Loss.

The following useful lives of acquired and internally developed IP are used:

Asset	Useful lives (in years)
Acquired IP directly related to specific vehicle platforms and production	Variable - aligns to product lifecycle
Acquired IP related to general use	3-7
ternally developed IP directly related to specific vehicle platforms and production	Variable - aligns to product lifecycle
Internally developed IP related to general use	3-7

Software

Software is an intangible asset with a finite life which is amortized over its estimated useful life of 3-8 years. Amortization of software is included in research and development expense and/or selling, general and administrative expense depending on the way in which the assets have been used.

Trademarks

Trademarks are assumed to have indefinite useful lives since Polestar Group has the right and the intention to continue to use the trademarks for the foreseeable future, while generating net positive cash flows for Polestar Group. Trademarks were generated when Volvo Cars acquired Polestar Group in July 2015. Trademarks are recognized at their fair value on the date of the acquisition less any accumulated impairment losses.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable assets and liabilities acquired in a business combination. Goodwill was generated as a result of Volvo Cars acquiring Polestar Group in July 2015.

Property plant and equipment

Items of PPE are measured at acquisition cost, less accumulated depreciation, and as applicable, accumulated impairment loss. The cost of an acquired asset includes its purchase price, expenditures directly attributed to the acquisition and subsequent preparation of the asset for its intended use, and the initial estimate of costs to dismantle and remove the item of PPE and restore the site on which it was located. PPE can be directly related to vehicle production or general use. Repairs and maintenance expenditures are expensed in the period incurred. Expenses related to leasehold improvements and other costs which enhance or extend the life of PPE are capitalized over the useful life of the asset.

PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of the asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statement of Loss and Comprehensive Loss as other operating income or other operating expense.

Machinery and equipment

Polestar owns some of the unique tooling which is used in the manufacture of its vehicles. Because tooling is production specific, it is depreciated on a units of production basis and capitalized into inventory.

Other machinery and equipment which is directly used in vehicle production is depreciated on a unit of production basis down to its residual value and the depreciation is capitalized into inventory. Machinery and equipment related to general use is depreciated on a straight-line basis down to its residual value, which is typically estimated to be zero, over its estimated useful life. Depreciation of machinery and equipment related to general use is included in costs of sales or selling, general, and administrative expense, depending on the nature of the item being depreciated.

Polestar applies the following useful lives to PPE in use:

Asset	Useful lives (in years)
Buildings	30-50
Machinery and equipment directly related to vehicle production	Variable - aligns to product lifecycle
Machinery and equipment related to general use	3-7

Assets under construction

Assets under construction mainly consists of Polestar's machinery and vendor and in-house tooling equipment which, once finished, will be utilized in the production of vehicles. These assets are measured at cost, less any accumulated impairment loss. All direct costs associated with the construction of the tooling equipment, including interest expenses on borrowings, are capitalized. The amounts capitalized in assets under construction pertain to the completed work-in-progress portions of the tooling that Polestar has the control over and have no alternative use for the supplier. Once construction is completed and the assets are ready for their intended use, they are reclassified into the appropriate category of PPE. Depreciation of these assets begins when they are ready for their intended operational use and are placed into production.

Impairment

At the end of each reporting period, property, plant and equipment and intangible assets with finite useful lives are assessed for indications of impairment and are tested for impairment when an impairment indicator is determined to exist. Intangible assets not yet available for use, goodwill and trademarks are tested for impairment at least once annually or when an impairment indicator is determined to exist.

For the impairment test, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets (i.e., a cash-generating-unit or CGU). For the years ended December 31, 2025, 2024 and 2023, Polestar's lower-level CGUs comprised the Polestar 2 CGU, the Polestar 3 CGU, the Polestar 4 CGU and the internal development projects (i.e., Polestar 5, Polestar 6 and PX2 powertrain) CGU (the "IDP CGU").

Goodwill is allocated based on the nature of the transaction which gave rise to the goodwill and the consequential synergies. Accordingly, Polestar's goodwill is allocated to a group of CGUs that is expected to benefit from the synergies of the relevant business combinations (the "Polestar Group level", which comprises all the activities, assets and liabilities of the Group), rather than to an individual lower level CGU. The Polestar Group level represents the lowest level within the Group at which goodwill is monitored for internal management purposes and, as Polestar has no reportable operating segments, goodwill is tested for impairment at this level. Impairment evaluations conducted for the years ended December 31, 2025, 2024, and 2023 have not resulted in any impairment of goodwill.

Corporate assets are assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs. Corporate assets are identified and allocated, if possible, on a reasonable and consistent basis to each CGU or groups of CGUs that have cash flows which benefit from operation of the corporate assets. The current identified corporate assets of the Group cannot be allocated on a reasonable and consistent basis to any CGU and, similar to goodwill, are tested for impairment at the Polestar Group level. Impairment evaluations conducted for the years ended December 31, 2025, 2024, and 2023 have not resulted in any impairment of corporate assets.

In testing a CGU for impairment, Polestar compares the CGU's carrying amount to its recoverable amount. The recoverable amount is the higher of the CGU's (1) fair value less costs of disposal or (2) value in use. Value in use is defined as the present value of the future cash flows expected to be derived from an asset (i.e., a discounted cash flow). In calculating the value in use of a CGU, Polestar must determine if a terminal growth rate is applicable based off the facts and circumstances surrounding the CGU's potential for future cash flow generation. Additionally, Polestar uses a calculated after-tax weighted average costs of capital ("WACC") as the discount factor in its value in use calculation.

The estimated future cash flows are based on assumptions valid at the date of the impairment test that represent the best estimate of future economic conditions. Such estimates are calculated using assumptions and judgements related to future economic conditions, market share, market growth, and product profitability which are, generally, consistent with Polestar's latest business plan. When the carrying amount of the CGU is determined to be greater than the recoverable amount, an impairment loss is recognized by first reducing any goodwill allocated to the CGU to zero and then allocating the remaining impairment to the CGU's assets on a pro rata basis.

Impairment for the year ended December 31, 2025

As of December 31, 2025, Polestar identified indicators of impairment for its Polestar 2 (expected to be discontinued in 2026), Polestar 3, and Internal Development Projects (primarily made up of the Polestar 5) CGUs. No indicators of impairment were present for the Polestar 4 CGU; it was therefore not further tested for impairment. As a result, Polestar estimated the recoverable amount of these CGUs based on their value in use. Value in use was calculated based on estimations of future cash flows using assumptions that were generally consistent with the 2026-2030 business plan, adjusted where necessary to reflect changes in financial conditions and/or expectations in relation to the future subsequent to the preparation of that business plan. Mainly due to slower than expected industry-wide BEV adoption in the near term, lower demand in the upper EV premium segment, changes in regulations and policies and competitive dynamics, Polestar recognized additional impairment of $40,766, $891,054 and $167,078 on the Polestar 2, Polestar 3 and IDP CGUs, respectively. As of December 31, 2025, the recoverable amount of the Polestar 2 CGU was negative $210,354, the recoverable amount of the Polestar 3 CGU was negative $189,716 and the recoverable amount of the IDP CGU was $92,735.

All CGUs used a WACC of 14.5% (15.5% as of December 31, 2024) and no terminal growth rate. The equivalent pre-tax discount rate is 14.6% for the Polestar 2 and Polestar 3 CGUs and 14.5% for the IDP CGU.

The volumes, pricing, manufacturing costs and WACC inputs used in determining the value in use for each CGU are sensitive and require significant judgement. Changing these inputs could result in an increase or decrease to the impairment charges recognized. For the purposes of the sensitivity analysis below, management considers a reasonably possible change in these key assumptions to be a 10% increase or decrease in volumes, a 3% increase or decrease in pricing and manufacturing costs, and a 1% increase or decrease in the WACC over the next 12 months. The table below presents how the changes in volumes, pricing and manufacturing costs and an increase/decrease in WACC would change the impairment loss for the year ended December 31, 2025:

		Impact on impairment loss	
		IDP CGU	
Volumes	Increase by 10%	-	42,209
	Decrease by 10%	+	42,208
Pricing	Increase by 3%	-	64,097
	Decrease by 3%	+	42,844
Manufacturing costs	Increase by 3%	+	24,306
	Decrease by 3%	-	28,610
WACC	Increase by 1%	+	11,700
	Decrease by 1%	-	12,511

The Polestar Group CGU includes goodwill of $52,386 as of December 31, 2025 and was also tested for impairment based on its value in use. The key assumptions used are the same as those used for the lower level CGUs - volumes, pricing, manufacturing costs and WACC. The WACC of 14.5% is calculated primarily from market information and volumes, pricing and manufacturing costs are generally consistent with the 2026-2030 business plan, adjusted where necessary to reflect changes in financial conditions and/or expectations in relation to the future subsequent to the preparation of that business plan. No terminal growth rate is assumed.

Impairment for the year ended December 31, 2024

For the year ended December 31, 2024, the discounted cash flow for each CGU was based on their value in use and calculated based on estimations regarding future cash flows from the 2025-2029 business plan, adjusted to reflect changes in financial conditions and/or expectations in relation to the future subsequent to the preparation of the that business plan. All CGUs used a WACC of 15.5% and no terminal growth rate. Mainly due to a decrease in forecasted pricing for the Polestar 3 and forecasted demand for the Polestar 5, Polestar impaired the Polestar 3 and the internal development project (i.e., Polestar 5, Polestar 6, and PX2 powertrain) CGUs as of December 31, 2024. The recoverable amount of the Polestar 3 CGU was $635,226, resulting in an impairment loss of $205,789. The recoverable amount of the internal development project CGU was $19,328, resulting in an impairment loss of $416,303.

Impairment for the year ended December 31, 2023

For the year ended December 31, 2023, the discounted cash flow for each CGU was based on their value in use and calculated based on estimations regarding future cash flows as seen in the 2024-2028 business plan. All CGUs used a WACC of 15.5% and no terminal growth rate. Mainly due to a decrease in forecasted demand for the Polestar 2, Polestar impaired its Polestar 2 CGU as of December 31, 2023. The recoverable amount of the Polestar 2 CGU was $696,950, resulting in an impairment loss of $339,568.

Equity method investments

Polestar applies the equity method of accounting when it has an ownership interest that conveys significant influence over the associate, typically through interest in the voting stock of the associate of between 20% and 50%.

Under the equity method of accounting, at the date of acquisition, the investment is recorded at cost and the Group's proportionate share of the unconsolidated associate's net income or loss, adjusted to eliminate intercompany gains and losses, is included in Profit or Loss.

The carrying amount of the Group's investment is adjusted to recognize its share of realized profit or loss. If Polestar's share of realized losses exceeds the carrying amount of its investment, the investment balance will be written down to not less than zero. In future periods, if Polestar's share of associate earnings returns to positive, the earnings will be netted against all previously unrecognized losses, providing recognized earnings.

Polestar eliminates its unrealized profit from downstream inventory transactions against the carrying amount of its investment. If the unrealized profit exceeds the balance of the investment, Polestar will reduce the carrying amount of its investment to zero. Any remaining portion of Polestar's share of unrealized profit will not be eliminated.

Polestar conducts routine evaluations of its investment to determine if there are any indicators of impairment present and if there is subsequently objective evidence that the investment is impaired and will recognize an impairment loss when there is a decline in value below carrying value that is other than temporary.

As of December 31, 2025 and 2024, Polestar had an equity method investment in Polestar Times Technology (Nanjing) Co., Ltd, with a carrying amount of zero.

Financial instruments

Financial instruments are any form of contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial assets and liabilities are presented separately in the Consolidated Statement of Financial Position except where there is a legally enforceable right to offset the recognized amounts and there is an intention of settling them on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets

Financial assets on the Consolidated Statement of Financial Position consist of cash and cash equivalents, trade receivables and other receivables, other current and non-current assets, and restricted deposits.

A financial asset or a portion of a financial asset is derecognized when the asset is settled or when substantially all significant contractual rights linked to the asset have been transferred to a third party. Where Polestar Group concludes that all significant risks and benefits have not been transferred, the portion of the financial assets corresponding to Polestar Group's continuous involvement continues to be recognized.

Financial liabilities

Financial liabilities in the Consolidated Statement of Financial Position encompass current and non-current loans and borrowings, lease liabilities, accrued expenses, trade payables, current and non-current liabilities related to repurchase commitments within other liabilities, current and non-current refund liabilities within other liabilities, and derivative liabilities (i.e., Earn-out liability and Class C Shares liability).

A financial liability or a portion of a financial liability is derecognized when the obligation in the contract has been fulfilled, cancelled, expired, or substantially all significant contractual obligations linked to the liability have been transferred to a third party. Where Polestar Group concludes that all significant obligations have not been transferred, the portion of the financial liability corresponding to Polestar Group's continuous involvement continues to be recognized.

Classification of financial assets

Financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets is based on the business model in which these instruments are held and their contractual cash flow characteristics. Assessments of the contractual cash flow characteristics are made on an instrument-by-instrument basis. Polestar Group applies one business model for managing financial instruments. Generally, interest and non-interest bearing financial assets are held to collect contractual cash flows and carried at amortized cost. Investments, other than those accounted for under the equity method, are carried at FVTPL.

Classification of financial liabilities

Financial liabilities are classified at amortized cost unless they are held for trading or designated as classified at FVTPL by IFRS 9, *Financial Instruments* ("IFRS 9"), such as derivative liabilities, financial guarantee contracts, commitments to provide loans at below-market interest rates, and contingent consideration recognized in a business combination. Generally, interest and non-interest bearing financial liabilities are carried at amortized cost as Polestar does not hold financial liabilities for trading. Polestar's derivative liabilities related to the Earn-out rights and Class C Shares are carried at FVTPL. Refer to *Note 17 - Financial instruments* for additional information on the Earn-out rights and the Class C Shares.

Initial recognition

Financial assets and liabilities are recognized on the Consolidated Statement of Financial Position on the date when Polestar Group becomes party to the contractual terms and conditions (i.e., the transaction date). Financial assets are initially recognized at the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date (i.e., fair value), plus transaction costs directly attributable to the acquisition of the financial asset, except for those financial assets carried at fair value through the Consolidated Statement of Loss and Comprehensive Loss. Financial liabilities are initially recognized at the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent measurement

Financial instruments carried at FVTPL consist of financial assets and liabilities with cash flows other than those of principal and interest on the nominal amount outstanding. Changes in fair value of these instruments are recognized in Profit or Loss as finance income or finance expense.

Financial instruments carried at amortized cost are non-derivative financial instruments with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding. These financial instruments are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the Consolidated Statement of Loss and Comprehensive Loss when financial instruments carried at amortized cost are impaired, modified, extinguished, or derecognized. Interest effects on the application of the effective interest method are also recognized in the Consolidated Statement of Loss and Comprehensive Loss as well as effects from foreign currency translation.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit loss associated with financial assets measured at amortized cost. The Group uses the simplified approach for estimating the provision for expected credit losses ("ECL"), which requires expected lifetime losses to be recognized from the initial recognition of the receivable. The expected lifetime loss is calculated using a provision matrix which considers historical credit loss experience, current and forward-looking information, including macroeconomic conditions and other factors affecting expected collectability. The ECL provision is reevaluated at each reporting date.

When an ECL is calculated, and if it is material, it is recognized in an allowance account which decreases the amount of trade receivables. The amount of the expected credit loss will be recognized as an expense in the Consolidated Statement of Loss and Comprehensive Loss.

Trade receivables factoring

In situations where Polestar Group enters into an arrangement to sell trade receivables to a third party (i.e., a factor) at a discount, the sale is accounted for in accordance with IFRS 9. Polestar Group evaluates whether these transactions are with or without recourse and applies the derecognition criteria in IFRS 9 to determine if substantially all the risks and rewards of the trade receivables have been transferred to the factor.

For arrangements without recourse, where substantially all risks and rewards have been transferred in exchange for cash, the trade receivables are derecognized. For arrangements with recourse, where substantially all risks and rewards have not been transferred, the trade receivables are not derecognized, and the cash received from the purchaser is accounted for as secured borrowing.

Cash flows from factoring without recourse of trade receivables are classified as cash flows from operating activities in the Consolidated Statement of Cash Flows while cash flows from factoring with recourse are classified as cash flows from financing activities.

Fair value measurement

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required, or permitted, to be either recorded or disclosed at fair value, the Group considers the principal or most advantageous market in which it would operate, and it also considers assumptions that market participants would use when pricing the asset or liability.

A three-tiered hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires that the Group use observable market data, when available, and minimize the use of unobservable inputs when determining fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable, market-based inputs, other than quoted prices included within Level 1, in active markets for similar assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Polestar Group's assessment of the significance of a particular input to the fair value measurements requires judgement and may affect the valuation of the assets and liabilities being measured and their classification within the fair value hierarchy.

Valuation methodology for the fair value of the financial liability related to the Class C-2 Shares

The Class C-2 Shares represents a derivative financial instrument that is carried at FVTPL using a fair value measurement categorized as Level 2 in the fair value hierarchy based on the observable price for the Class C-1 Shares, which are almost identical instruments, traded in an active market. Class C-1 and C-2 Shares ("Class C Shares") are presented in current liabilities within the Consolidated Statement of Financial Position as they can be exercised by the holder at any time.

Valuation methodology for the fair value of the financial liability related to the Former Parent's contingent Earn-out rights

The Former Parent's contingent Earn-out rights represent a derivative financial instrument that is carried at FVTPL using a fair value measurement categorized as Level 3 in the fair value hierarchy. The Earn-out liability is presented in non-current liabilities within the Consolidated Statement of Financial Position to align with the expected timing of any underlying earn-out payments in December 2028. The fair value of the earn-out is determined using a Monte Carlo simulation that incorporates the term, the five earn-out tranches, and the probability of the Parent's Class A Shares reaching certain daily volume weighted average prices during the earn-out period resulting in the issuance of each tranche of Class A Shares and Class B Shares in Parent to the Former Parent. Refer to *Note 17 - Financial instruments* for more detail on the Former Parent's Earn-out rights.

Valuation methodology for the fair value of shares granted to employees

Fair values of RSUs and RSAs granted under the At-listing plan, One-time retention bonus plan, Employee Stock Purchase Plan and Special Retention Plan were determined using the Group's share price at the grant date or, where relevant, the closing share price of the business day following the grant date. Shares granted under the Post-listing plan were measured using either the Group's share price in case of RSUs (for non-market-based conditions) or a Monte Carlo simulation model for PSUs (for market-based conditions).

Refer to *Note 9 - Share-based payment* for a complete listing of all grants, including grant dates, fair value per award and measurement basis.

Inventories

Inventories in Polestar Group includes new, used, and internal vehicles. Internal vehicles are those used by employees or the Group for demonstration, test drive, and various other operating purposes that will be sold as used vehicles. Most internal vehicles are utilized for a period of one year or less prior to sale. Inventories are measured at the lower of cost and NRV and consist primarily of finished goods as of December 31, 2025 and 2024. NRV is calculated as the selling price in the ordinary course of business less estimated costs of completion and selling costs. The cost of inventory primarily includes costs of purchase and costs of conversion. Costs of purchase includes contract manufacturing price and costs incurred in bringing the inventory to its present location and condition, including, but not limited to, costs such as freight and customs duties. Costs of conversion include costs directly related to variable production overheads, including but not limited to, depreciation and amortization on a units of production basis related to certain ROU lease assets utilized in production, machinery and equipment utilized in production, and intellectual property dedicated to our individual vehicle platforms. For groups of similar products, a group valuation methodology is applied to determine the NRV.

Equity

Distributed group contributions to the owners, along with the related tax effect, are recorded in equity in accordance with the principles for shareholder's contributions. If any unconditional shareholder's contributions are received from related party owners, they are recognized in equity.

Currency translation reserve

The currency translation reserve comprises exchange rate differences resulting from the translation of financial reports of foreign operations that have prepared their financial reports in a currency other than Polestar Group's reporting currency.

Accumulated deficit

Accumulated deficit comprises net loss for the year and preceding years less any profits distributed. Accumulated deficit also includes the effects of business combinations under common control within Polestar Group.

Provisions and contingent liabilities

Provisions are recognized on the Consolidated Statement of Financial Position when a legal or constructive obligation exists as a result of a past event, if it is deemed more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change. If the effect of the time value of money is material, non-current provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate reflecting current market assessments of the time value of money. The unwinding of the discount is expensed as incurred and recognized in the Consolidated Statement of Loss and Comprehensive Loss. The discount rate does not reflect such risks that are taken into consideration in the estimated future cash flow. Revisions to estimated cash flows (both amount and likelihood) are allocated as operating cost. Changes to present value due to the passage of time and revisions of discount rates to reflect prevailing current market conditions are recognized as a borrowing cost.

Warranty provisions

The Group issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period of time. Estimated warranty costs include contractual warranty costs, warranty campaign (i.e., recall) costs, and warranty cover in excess of contractual warranties or campaigns. Warranty cover in excess of contractual warranties or campaigns occurs when Polestar Group provides a customer warranty type assistance, above and beyond the stated nature of the contract. This type of warranty cover is normal practice in maintaining a strong business relationship with the customer; the Group accordingly includes the estimate of this provision in total estimated warranty costs. In the future, the Group, may at various times initiate a recall if any products or vehicle components, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations.

All warranty provisions are recognized at the time of the sale of vehicles. The initial calculations of the warranty provisions are based on historical warranty statistics, considering factors like known quality improvements and costs for remedying defaults. The warranty provisions are subsequently adjusted if recalls for specific quality problems are made. On a periodic basis, the provisions are adjusted to reflect the latest available data such as actual spend and exchange rates. Warranty reimbursements from suppliers are recognized as separate assets. Such refunds from suppliers decrease Polestar Group's warranty costs and are recognized to the extent these are considered to be virtually certain, based on historical experience or agreements entered into with suppliers.

Employee benefits provisions

Employee benefits provisions comprise estimated costs related to short-term incentive programs, long-term incentive programs, and post-employment benefit programs. Estimates for these provisions primarily give consideration to employment agreements and regular internal determinations made by the Board's compensation committee regarding cash-based incentives for employees. Refer to the *Employee benefits* section elsewhere in this footnote for additional discussion on the Group's incentive and post-employment benefits programs.

Litigation provisions

Litigation provisions comprise estimated costs for advisors, settlements, and other legal costs associated with lawsuits under which the Group is a defendant or in circumstances where the Group has indemnified other parties subject to a lawsuit. Estimates for these provisions give consideration to advice from advisors, precedents set by outcomes from lawsuits of similar nature, legal budgets, and internal assessments of trial timing and risk. Refer to *Note 22 - Provisions* for additional detail of individual litigation provisions for circumstances where the Group's exposure is deemed material.

Other provisions

Other provisions primarily comprise estimated costs for taxes and other miscellaneous items. Estimates for these provisions give consideration to historical trends, various other risks, and specific agreements related to recoveries provided by suppliers which cannot be allocated to any other class of provision.

Contingent liabilities

When a possible obligation does not meet the criteria for recognition as a liability, it may be disclosed as a contingent liability. These possible obligations derived from past events and their existence will be confirmed only when one, or several, uncertain future events, which are not entirely within the Group's control, take place or fail to take place. A contingent liability could also exist for a present obligation, due to a past event, where an outflow of resources is less than likely or when the amount of the obligation cannot be reliably measured.

Borrowing costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and are therefore part of the cost of that asset. In accordance with IAS 23 and IAS 16, borrowing costs related to assets under construction have been capitalized. These borrowing costs relate to special vendor tools and special type bound tooling, which have deferred payment terms.

Voluntary re-presentation from previous years

In order to improve the clarity and consistency of the presentation of the Group's financial position and profit and loss, during the current reporting period, the Group has altered the presentation of certain financial statement line items in the Consolidated Statement of Financial Position and Consolidated Statement of Loss and Comprehensive Loss. The presentation of the comparative information has been adjusted accordingly to ensure consistency with the current period's presentation. The alterations primarily relate to the aggregation of related party and non-related party balances of the same nature and changes in nomenclature of the line items.

Consolidated Statement of Financial Position

Presented below is the impact on the financial statement line items of the changes as of December 31, 2024.

		As of December 31, 2024		
	Ref.	As previously reported	Impact of presentation	As revised
Assets				
Non-current assets				
Intangible assets and goodwill		1,040,849	—	1,040,849
Property, plant and equipment		537,743	—	537,743
Vehicles under operating leases		56,137	—	56,137
Other assets[1]		39,740	—	39,740

Deferred tax assets		81,554	—	81,554
Total non-current assets		**1,756,023**	**—**	**1,756,023**
Current assets				
Cash and cash equivalents		739,237	—	739,237
Trade receivables and other receivables[2]	(a)+(b)	152,405	80,683	233,088
Trade receivables - related parties	(a)	37,844	(37,844)	—
Accrued income - related parties	(b)	42,839	(42,839)	—
Inventories		1,079,361	—	1,079,361
Current tax assets		5,021	—	5,021
Other assets[3]	(c)	238,907	2,713	241,620
Other current assets - related parties	(c)	2,713	(2,713)	—
Total current assets		**2,298,327**	**—**	**2,298,327**
Total assets		**4,054,350**	**—**	**4,054,350**
Equity				
Share capital		(21,169)	—	(21,169)
Other contributed capital		(3,625,027)	—	(3,625,027)
Foreign currency translation reserve		63,152	—	63,152
Accumulated deficit		6,911,604	—	6,911,604
Total equity		**3,328,560**	**—**	**3,328,560**
Liabilities				
Non-current liabilities				
Contract liabilities[4]		(61,002)	—	(61,002)
Deferred tax liabilities		(630)	—	(630)
Provisions[5]		(94,757)	—	(94,757)
Other non-current liabilities[6]		(71,398)	—	(71,398)
Earn-out liability		(28,778)	—	(28,778)
Loans and borrowings[7]	(d)+(e)	(927,235)	(1,353,827)	(2,281,062)
Lease liabilities[8]	(d)	(47,918)	(56,431)	(104,349)
Other non-current interest-bearing liabilities - related parties	(e)	(1,410,258)	1,410,258	—
Total non-current liabilities		**(2,641,976)**	**—**	**(2,641,976)**
Current liabilities				
Trade payables	(f)	(103,368)	(790,546)	(893,914)
Trade payables - related parties	(f)	(790,546)	790,546	—
Accrued expenses - related parties	(g)+(h)	(279,686)	279,686	—
Accrued expenses[9]	(g)+(i)	—	(519,760)	(519,760)
Advance payments from customers		(17,344)	—	(17,344)
Provisions[10]		(72,769)	—	(72,769)
Loans and borrowings[11]	(h)+(j)+(l)	(2,512,394)	(145,445)	(2,657,839)
Current tax liabilities		(28,872)	—	(28,872)
Lease liabilities[12]	(m)	(13,923)	(16,999)	(30,922)
Interest-bearing current liabilities - related parties	(l)+(m)	(100,662)	100,662	—
Contract liabilities[13]		(37,649)	—	(37,649)
Class C Shares liability		(3,500)	—	(3,500)
Other liabilities[14]	(i)+(j)-(k)	(740,577)	262,212	(478,365)
Other current liabilities - related parties	(k)	(39,644)	39,644	—
Total current liabilities		**(4,740,934)**	**—**	**(4,740,934)**
Total liabilities		**(7,382,910)**	**—**	**(7,382,910)**
Total equity and liabilities		**(4,054,350)**	**—**	**(4,054,350)**

1 - Previously presented as "Other non-current assets".

2 - Previously presented as "Trade receivables".
3 - Previously presented as "Other current assets".
4 - Previously presented as "Non-current contract liabilities".
5 - Previously presented as "Other non-current provisions".
6 - Previously presented as "Other non-current liabilities".
7 - Previously presented as "Non-current liabilities to credit institutions".
8 - Previously presented as "Other non-current interest-bearing liabilities".
9 - New line created to present the accrued expenses to related parties and non-related parties.
10 - Previously presented as "Current provisions".
11 - Previously presented as "Current liabilities to credit institutions".
12 - Previously presented as "Interest-bearing current liabilities".
13 - Previously presented as "Current contract liabilities".
14 - Previously presented as "Other current liabilities".

The breakdown of the aggregated reclassifications references above are shown in the following table:

			Classification	
Ref	**Nature**	**Amount**	**From**	**To**
(g)	Accrued expenses	236,548	Accrued expenses - related parties	Accrued expenses
(h)	Accumulated interest	43,138	Accrued expenses - related parties	Loans and borrowings
(i)	Accrued expenses	283,212	Other current liabilities	Accrued expenses
(j)	Accumulated interest	18,644	Other current liabilities	Loans and borrowings
(k)	Other liabilities	39,644	Other current liabilities - related parties	Other liabilities
(l)	Floorplan and PS3 tooling loan	83,663	Interest-bearing current liabilities - related parties	Loans and borrowings
(m)	Lease	16,999	Interest-bearing current liabilities - related	Lease liabilities

Related parties

The Group has reclassified the related party balances that were previously presented as separate line items in the Consolidated Statement of Financial Position. These balances are now presented within the respective line items that correspond to the nature of the underlying transactions. The impacted lines were: trade receivables and other receivables (references (a) and (b)), other assets (reference (c)), lease liabilities (references (d) and (m)), trade payables (reference (f)), accrued expenses (reference (g)), loans and borrowings (references (e) and (l)) and other liabilities (references (e) and (k)).

Interest on loans and borrowings

The Group has reclassified the accumulated interest payable on its financial liabilities to be presented within the loans and borrowings line item in the Consolidated Statement of Financial Position.

Presenting accrued interest together with loans and borrowings provides a clearer and more faithful representation of the total obligation, since the carrying amount of a loan measured at amortized cost naturally includes accrued interest under IFRS 9. Grouping these amounts also avoids unnecessary dispersion of related information and prevents users from misinterpreting the interest as a separate liability. In addition, it enhances comparability across entities, aligns the presentation with the substance of the transaction as encouraged by IAS 1, and facilitates users' assessment of leverage, liquidity, and covenant compliance by showing the full amount of indebtedness in a single line item.

This reclassification was therefore made to enhance the transparency and consistency of Polestar's financial reporting, providing stakeholders with a clearer understanding of the Group's financing obligations.

Accrued expenses

The Group created a new line item in the Consolidated Statement of Financial Position presentation called "Accrued expenses", that consolidates all the accrued expenses (related parties and non-related parties) that were previously presented in multiple line items (refer to the breakdown table above).

Consolidated Statement of Loss

The Group has made the following alterations to presentation for the years ended December 31, 2024 and 2023:

		For the year ended December 31,		
	Ref.	**As previously reported**	**Impact of presentation changes**	**As revised**
Revenue		2,034,261	—	2,034,261
Cost of sales		(2,910,428)	—	(2,910,428)
Impairment expense, net of reversals	(a)	—	(622,092)	(622,092)
Other cost of sales		—	(2,288,336)	(2,288,336)
Gross loss		**(876,167)**	**—**	**(876,167)**
Selling, general, and administrative expense		(890,703)	—	(890,703)
Research and development expense		(38,350)	—	(38,350)
Other operating income (expense), net	(b)	(8,091)	8,091	—
Other operating income	(b)	—	59,432	59,432
Other operating expense	(b)	—	(23,818)	(23,818)
Foreign exchange gains (losses) on operating activities, net	(b)	—	(43,705)	(43,705)
Operating loss		**(1,813,311)**	**—**	**(1,813,311)**
Finance income		23,879	—	23,879
Finance expense	(c)	(393,785)	52,603	(341,182)
Foreign exchange gains (losses) on financial activities, net	(c)	—	(52,603)	(52,603)
Fair value change - Earn-out rights		126,624	(126,624)	—
Fair value change - Class C Shares		2,500	(2,500)	—
Fair value change - Class C Shares and Earn-out rights	(d)	—	129,124	129,124
Share of losses in associates		(4,970)	—	(4,970)
Loss before income taxes		**(2,059,063)**	**—**	**(2,059,063)**
Income tax benefit		9,166	—	9,166
Net loss		**(2,049,897)**	**—**	**(2,049,897)**

		For the year ended December 31,		
	Ref.	As previously reported	Impact of presentation changes	As revised
Revenue		2,368,085	—	2,368,085
Cost of sales		(2,778,222)	—	(2,778,222)
Impairment expense, net of reversals	(a)	—	(339,568)	(339,568)
Other cost of sales		—	(2,438,654)	(2,438,654)
Gross loss		**(410,137)**	**—**	**(410,137)**
Selling, general, and administrative expense		(944,177)	—	(944,177)
Research and development expense		(157,280)	—	(157,280)
Other operating income (expense), net	(b)	42,080	(42,080)	—
Other operating income	(b)	—	62,937	62,937
Other operating expense	(b)	—	(58,323)	(58,323)
Foreign exchange gains (losses) on operating activities, net	(b)	—	37,466	37,466
Operating loss		**(1,469,514)**	**—**	**(1,469,514)**
Finance income	(c)	69,565	(37,236)	32,329
Finance expense		(213,242)	—	(213,242)
Foreign exchange gains (losses) on financial activities, net	(c)	—	37,236	37,236
Fair value change - Earn-out rights		443,168	(443,168)	—
Fair value change - Class C Shares		22,000	(22,000)	—
Fair value change - Class C Shares and Earn-out rights	(d)	—	465,168	465,168
Share of losses in associates		(43,304)	—	(43,304)
Loss before income taxes		**(1,191,327)**	**—**	**(1,191,327)**
Income tax benefit		9,452	—	9,452
Net loss		**(1,181,875)**	**—**	**(1,181,875)**

There were no modifications in the net loss of the years ended December 31, 2024 and 2023, therefore, no changes in the basic and diluted loss per share.

Cost of sales (a)

The CGU impairment was segregated in a subtotal from the cost of sales line as this is a material amount of a distinct nature.

Operational results (b)

The other income and expense were previously presented net, and the revised change presents the other operating income, other operating expense and the foreign exchange results separately. This breakdown improves transparency, allowing the reader to clearly distinguish income, expense, and currency impacts from the Company's operating results.

Financial results (c)

Foreign exchange results were segregated in the revised consolidated profit and loss to provide a clearer view of financial gains and losses from currency fluctuations.

Results of fair value changes (d)

The lines of fair value changes from Earn-out rights and Class C Shares were previously disclosed separately. Given their nature and materiality, those lines were aggregated in one line item, called "Fair value changes - Earn-out rights and Class C shares".

The comparative years ended December 31, 2024 and 2023 in the Consolidated Statement of Loss and Comprehensive Loss have been presented considering the changes described above.

Note 3 - Financial risk management

As a result of its business and the global nature of its operations, Polestar Group is exposed to credit risk, liquidity risk, market risk from changes in foreign currency exchange rates and interest rate risk, and other risk.

Credit risk

Polestar Group is exposed to counterparty credit risks if, for example, contractual partners or fleet customers are unable or only partially able to meet their contractual obligations. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness, as well as concentration risks. The Group defines default as the inability to collect receivables once all reasonable means of collection have been unsuccessful and the expectation of recovering contractual cash flows on the receivables is not probable.

Financial credit risk

Financial credit risk on financial transactions is the risk that Polestar Group will incur losses as a result of non-payment by counterparties related to the Group's bank accounts, bank deposits, derivative transactions, and other liquid assets. In order to minimize financial credit risk, Polestar Group has adopted a policy of dealing with only well-established international banks or other major participants in the financial markets as counterparties. Further, Polestar Group also considers the credit risk assessment of its counterparties by the capital markets and places priority on institutions with high creditworthiness and balanced risk diversification. The credit rating of financial counterparties used during the years ended December 31, 2025 and 2024 were in the range of BBB- to A+, Baa3 to Aa2 and BB+ to AA-, using S&P, Moody's and Fitch long-term ratings, respectively.

Assets that potentially subject the Group to concentrations of credit risk primarily consist of cash and cash equivalents, marketable securities, restricted deposits, and trade receivables that are all invested in major financial institutions with high credit ratings. Generally, these assets may be redeemed upon demand and, therefore, bear low risk. Risks associated with the Group's trade receivables are further specified below in *Operational credit risk*.

Operational credit risk

Operational credit risk arises from trade receivables. It refers to the risk that a counterparty will default on its contractual obligations which would, in turn, result in financial loss to the Group. Trade receivables at Polestar Group mostly consist of receivables resulting from the global sales of vehicles and technology. The credit risk from trade receivables encompasses the default risk of customers. Management evaluates for concentrations of credit risk at the customer level based on the outstanding trade receivables balance of each respective customer account. As of December 31, 2025, there is no single customer contributing more than 10% of the Group's total trade receivables, and, as of December 31, 2024, one unrelated party accounted for $20,937 (11.0%) of the Group's total trade receivables. Historically, the Group has not incurred any losses from these customers and does not have any contractual right to off-set its payables and receivables.

The table below shows Polestar's different categories of customers when considering sales of vehicles along with their respective risk mitigation, as of December 31, 2025:

Customer	Nature of risk mitigation
End customers who pay up-front for vehicles	All credit risk related to these customers is eliminated due to the nature of the payment.
Fleet customers	Credit risk reviews are performed prior to entering into related sales agreements. Depending on the creditworthiness of its customers, Polestar Group may establish credit limits to reduce credit risks.
Dealers and importers	The title to Polestar vehicles remains with Polestar until the invoice is paid in full, which is generally on the invoice date or the day after (i.e., payment is received before the vehicle ships and credit risk is thereby mitigated).
Financial service providers	Polestar sells vehicles to financial service providers, who then form separate contractual relationships with end customers. To reduce the risk related to such financial service providers, Polestar has selected a few credible financing providers in each market. Credit risk reviews, establishment of credit limits, and selection of credible financial service providers must be strictly followed and monitored, globally.
Third-party financing for retail sales	Polestar sells vehicles to third party Financial service providers (not selected partners to Polestar as described above), who then form separate contractual relationship with end customers. To reduce the risk to such third-party financial service providers, Polestar perform an review including credit risk review of any new third party Financial service provider before its being added and approved in Polestar systems or processes.

The maximum amount of credit risk exposure is the carrying amount of trade receivables. See *Note 17 - Financial instruments* for further details.

Liquidity risk

Liquidity risk is the risk that Polestar Group is unable to meet ongoing financial obligations on time, including the contractual payments on its loans and borrowings which are both short-term and long-term in nature. Polestar Group needs to have adequate cash and cash equivalents and other liquid assets on hand to ensure the Group can meet its short-term financing obligations and other working capital needs.

As of December 31, 2025 and 2024, the Group held cash and cash equivalents of $1,159,300 and $739,237, respectively, that were available for managing liquidity risk. The contractual maturities of financial liabilities within 12 months exceed the Group's cash and cash equivalents and short-term financial assets as of December 31, 2025. The Group manages the liquidity gap through a combination of re-financings / roll-overs of its short-term and long-term financing arrangements with credit institutions and related parties as they fall due (refer to *Note 26 - Loans and borrowings* and *Note 28 - Related party transactions* for further details) and obtaining additional funding from one of, or a combination of, new short-term working capital loan arrangements, long-term loan arrangements, loans with related parties, and debt or equity capital market transactions. Polestar may also delay payments on its related party trade payables, allowing additional liquidity to remain available for other working capital and financial needs. Delays in trade payables usually incur 'interest for late payment' and may result in further collections actions by the supplier - refer to *Note 28 - Related party transactions* for additional information on trade payables with related parties. The Group's short-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations. Refer to Going Concern in *Note 1 - Basis of preparation* for further details on Polestar's liquidity risk, the actions taken to address this and assumptions and judgments related to future plans.

There are recurring meetings of key stakeholders who engage in discussions related to Polestar's current and forecasted liquidity position to determine Polestar Group's short-term and long-term funding needs. Management has established a liquidity risk management framework for management of the Group's short and long-term funding and liquidity management requirements. The Group prepares long-term planning in order to mitigate funding and re-financing risks. Depending on liquidity needs, Polestar Group will enter into financing and debt agreements and/or lending agreements. All draws on loans are evaluated against future liquidity needs and investment plans.

Foreign currency exchange risk

The global nature of Polestar Group's business exposes the Group's cash flows to risks arising from fluctuations in currency exchange rates. Changes in currency exchange rates have a direct impact on Polestar Group's operating income, finance income, finance expense, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. Group management continually assesses Polestar's exposure to exchange rate risks and may choose to take mitigating action (such as entering into economic hedges) if it judges this to be necessary, however there are no predetermined limits or predefined mitigating actions for the management of this risk.

Foreign currency exchange risk arises from commercial transactions and settlement of recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Such currency effects (i.e., foreign exchange gains and losses) are recorded in Profit or Loss. The Group measures its currency exposure risk based on the net position of the material financial instruments (cash and cash equivalents, trade receivables, trade payables and loans and borrowings) in each relevant foreign currency. The table below shows the Group's exposure to each currency pair, being the first currency the one in which the transaction was registered and the second one the functional currency of the entity in which the transaction was registered:

	Group's net exposure
As of December 31, 2025	
CNY/SEK	(1,015,010)
USD/SEK	817,780
CNY/USD	(762,560)
EUR/USD	(574,760)
As of December 31, 2024	
CNY/SEK	(995,910)
USD/SEK	502,270
EUR/USD	(351,410)
EUR/SEK	(290,970)

The following table illustrates the estimated impact of a 10% change in the foreign exchange rates as of December 31, 2025 and 2024 for net asset balances which could be impacted by movements in foreign exchange rates:

	Impact on loss before income taxes
As of December 31, 2025	
CNY/SEK exchange rate - increase/decrease 10%	101,501
USD/SEK exchange rate - increase/decrease 10%	81,778
CNY/USD exchange rate - increase/decrease 10%	76,256
EUR/USD exchange rate - increase/decrease 10%	57,476
As of December 31, 2024[1]	
CNY/SEK exchange rate – increase/decrease 10%	99,591
USD/SEK exchange rate – increase/decrease 10%	50,227
EUR/USD exchange rate – increase/decrease 10%	35,141
EUR/SEK exchange rate – increase/decrease 10%	29,097

1 - The comparative disclosures above for the year ended December 31, 2024 have been corrected for computational errors.

The Group's overall transaction currency exposure is reduced by natural hedging, which consists of the currency exposures of the business operations of different entities partially offsetting each other at the Group level. These natural hedges eliminate the need for hedging to the extent of the matched exposures.

Other market risk

The Group is exposed to market risk on its Class C Shares and Earn-out rights. These instruments are measured at fair value through profit or loss. The Class C-1 Shares are publicly traded on the Nasdaq. The Class C-2 Shares and Earn-out rights are not publicly traded and require Level 2 and Level 3 fair value measurements, respectively. Refer to *Note 1 - Basis of preparation* for further details on the Class C Shares, Earn-out rights, and related valuation methodologies. The following table illustrates the estimated impact of a 10% change in volatility on the Earn-out rights:

	Impact on loss before income taxes
As of December 31, 2025	
Earn-out liability - increase 10%	4,436
Earn-out liability - decrease 10%	(2,140)
As of December 31, 2024	
Earn-out liability - increase 10%	9,185
Earn-out liability - decrease 10%	(14,225)

Interest rate risk

Polestar Group's main interest rate risk arises from current and non-current loans and borrowings with variable rates, which exposes the Group to cash flow interest rate risk. As of December 31, 2025 and 2024, the nominal amount of loans with floating rates within the following captions are as follows:

	As of December 31,	
	2025	**2024**
Loans with variable rates		
Current loans and borrowings	1,723,962	2,167,369
Non-current loans and borrowings	2,232,309	2,186,307

Management closely monitors the effects of changes in the interest rates on the Group's interest rate risk exposures, but the Group currently does not take any measures to hedge interest rate risks. Interest rate risk associated with the Group's current loans and borrowings is limited given their short-term duration; a majority of the Group's risk comes from its non-current loans and borrowings.

The table below shows the estimated effect on profit or loss and equity of a parallel shift of the interest rate curves up or down by 1 percentage point on loans and borrowings with floating interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The calculation considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss, and the fixed rate element of interest rate caps. The analysis is performed on the same basis for 2025 and 2024.

	Impact on loss before income taxes
As of December 31, 2025	
SOFR - increase/decrease 1%	25,848
EURIBOR - increase/decrease 1%	5,358
Other floating rates - increase/decrease 1%	1,089
As of December 31, 2024	
SOFR - increase/decrease 1%	20,029
EURIBOR - increase/decrease 1%	3,464
LPR - increase/decrease 1%	929
Other floating rates - increase/decrease 1%	39

Capital management

Safeguarding the Group's ability to continue as a going concern, driving growth to provide future returns for shareholders, and maintaining an optimal capital structure to reduce the cost of capital are Polestar Group's primary objectives when managing capital and implementing related capital management strategies. As a Company which is quickly scaling, Polestar's treasury department regularly evaluates the cash needs of the Company and enters into debt arrangements with banks in Europe, China, and with related parties. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt, or enter into short term debt and financing arrangements to increase cash on hand, with an ultimate goal of striking a balance between capital generated through debt versus equity. Polestar's capital is summarized as follows:

	As of December 31,	
	2025	2024[1]
Share capital and other contributed capital	4,161,275	3,646,196
Current loans and borrowings	3,860,675	2,657,839
Non-current loans and borrowings	2,499,230	2,281,062
Total capital	**10,521,180**	**8,585,097**

1 - The current and non-current loans and borrowings as of December 31, 2024 figures and descriptions were adjusted in accordance with stated in *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)*.

As of December 31, 2025, Polestar's main sources of debt are short-term working capital loans which are entered into with credit institutions, long-term working capital loans which are entered into with credit institutions, and long-term related party loans. These obligations are reflected within current and non-current loans and borrowings on the Consolidated Statement of Financial Position.

Note 4 - Revenue

Polestar Group disaggregates revenue by major category based on the primary economic factors that may impact the nature, amount, timing, and uncertainty of revenue and cash flows from these customer contracts.

Revenue allocated to category

	For the year ended December 31,		
	2025	2024	2023
Sales of vehicles[1]	2,805,635	1,975,864	2,313,124
Sales of carbon credits	192,386	10,918	1,452
Sales of licenses and royalties	32,374	11,851	12,125
Vehicle leasing revenue	12,396	17,175	17,421
Sales of software and performance engineered kits	10,055	15,344	18,994
Other revenue	5,263	3,109	4,969
Total	**3,058,109**	**2,034,261**	**2,368,085**

1 - Revenue related to sales of vehicles is inclusive of (1) sales of accessories recognized at a point in time and (2) extended and connected services recognized over time.

For the years ended December 31, 2025, 2024, and 2023, other revenue primarily consisted of software performance upgrades and sale of technology to other related parties.

Timing of revenue recognition of Sales of vehicles

	For the year ended December 31,		
	2025	2024	2023
Revenue recognized at the point of delivery	2,764,908	1,943,508	2,289,780
Revenue recognized over contract period	40,727	32,356	23,344
Total	**2,805,635**	**1,975,864**	**2,313,124**

Refund liabilities

For the years ended December 31, 2025, 2024, and 2023, the Group reduced revenue by $231,487, $305,086, and $119,832 for amounts related to variable consideration due to customers or service providers incentivizing contracts with customers, primarily in the form of volume related bonuses or discounts and residual value guarantees. Accruals related to refund liabilities are presented in current and non-current other liabilities. For further information, refer to *Note 25 - Other liabilities*.

Contract liabilities

Contract liabilities comprise deferred revenues related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue, and are presented as follows:

	Deferred revenue - extended service	Deferred revenue - connected service	Deferred revenue - operating leases & other	Total
Balance as of January 1, 2025	**47,091**	**43,742**	**7,818**	**98,651**
Provided for during the year	38,423	18,322	7,956	64,701
Released during the year	(29,550)	(10,910)	(12,488)	(52,948)
Translation differences and other	(5,821)	8,628	63	2,870
Balance as of December 31, 2025	**50,143**	**59,782**	**3,349**	**113,274**
of which current	18,935	15,037	3,211	37,183
of which non-current	31,208	44,745	138	76,091
Balance as of January 1, 2024	**47,505**	**39,565**	**50,962**	**138,032**
Provided for during the year	27,295	14,567	5,795	47,657
Released during the year	(25,672)	(6,656)	(48,406)	(80,734)
Translation differences and other	(2,037)	(3,734)	(533)	(6,304)
Balance as of December 31, 2024	**47,091**	**43,742**	**7,818**	**98,651**
of which current	23,649	7,348	6,652	37,649
of which non-current	23,442	36,394	1,166	61,002

The contract liabilities amounted are related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue. The revenue recognized during the year ended December 31, 2025 related to contract liabilities outstanding as of January 1, 2025 was $37,649. Revenue recognized during the year ended December 31, 2025 related to performance obligations satisfied during the year ended December 31, 2024 was $21,858. Revenue recognized during the year ended December 31, 2024 related to contract liabilities outstanding as of January 1, 2024 was $74,879. Revenue recognized during the year ended December 31, 2023 related to contract liabilities outstanding as of January 1, 2023 was $31,298.

During the year ended December 31, 2025, the Group collected consideration and recognized revenue related to vehicles sold to Polestar Times Technology of $21,858 related to vehicles delivered during the year ended December 31, 2024. During the year ended December 31, 2024, the recognized revenue related to sales of vehicles of $31,298 pertained to vehicles delivered during the year ended December 31, 2023. During the year ended December 31, 2023, no revenue was recognized related to performance obligations fully or partially satisfied in prior periods. For more information on the sales of vehicles to Polestar Times Technology, see *Note 10 - Investment in associates*.

Note 5 - Geographic information

Polestar Group determined it has one reportable segment as the chief operating decision maker ("CODM") assesses financial information and the performance of the business on a consolidated basis. The Group manages its business as a single operating segment, which is the business of commercializing and selling battery electric vehicles and related technologies. All substantial decisions regarding allocation of resources as well as the assessment of performance is based on the Group as a whole.

Polestar Group uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Group's CODM to allocate resources and assess performance as the source for determining the Group's reportable segments. Polestar Group's CODM has been identified as the Chief Executive Officer ("CEO") as he assesses the performance of the Group and has the function and sole ability to make overall decisions related to the allocation of the Group's resources. Polestar Group allocates resources and assesses financial performance on a consolidated basis.

The following table show the breakdown of Polestar Group's revenue from external customers by geographical location where the Polestar company recognizing the revenue is located:

	For the year ended December 31,		
	2025	2024	2023
United Kingdom	784,301	401,790	529,372
Sweden	632,670	353,590	272,891
Germany	227,115	156,361	242,923
Norway	195,218	112,958	92,688
United States	173,446	219,888	388,080

Belgium	151,980	123,254	111,829
Netherlands	145,712	99,848	98,351
Korea	128,338	32,279	59,809
Australia	105,174	61,691	103,288
Denmark	98,841	91,375	95,234
Finland	76,312	46,215	45,567
Switzerland	64,336	43,259	42,611
Canada	59,447	77,023	129,209
Spain	43,923	29,501	21,594
China	43,748	74,373	26,216
Austria	37,333	35,583	33,898
Italy	31,167	16,988	35,244
Portugal	28,028	15,372	12,497
Other countries[1]	31,020	42,913	26,784
Total	**3,058,109**	**2,034,261**	**2,368,085**

1 - Other countries primarily consist of Luxembourg, France, Ireland and Singapore for the year ended December 31, 2025, Luxembourg, Ireland and Singapore for the year ended December 31, 2024, and Ireland, Luxembourg and Singapore for the year ended December 31, 2023.

The non-current assets (consisting of PPE, vehicles under operating leases, and intangibles and goodwill), by geographical location are presented below.

	As of December 31,	
	2025	**2024**
Non-current assets[1]		
Sweden	534,387	1,015,649
China	273,945	417,070
Korea	109,934	257
USA	68,854	84,211
United Kingdom	43,383	63,738
Germany	32,140	11,837
Other countries[2]	31,211	41,967
Total	**1,093,854**	**1,634,729**

1 - Excludes *Deferred tax assets* and *Other assets*.

2 - Primarily consist of Australia, Switzerland and Belgium as of December 31, 2025 and Australia, Belgium and Netherlands as of December 31, 2024.

Note 6 - Expenses by nature

The following table illustrates the Group's expenses for major functions by nature:

	For the year ended December 31, 2025			
	Cost of sales	Selling, general and administrative expense	Research and development expense	Total
Inventory costs	2,914,511	—	—	2,914,511
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	1,049,851	—	—	1,049,851
Advertising, selling, and promotion costs	—	245,673	—	245,673
Professional services and consultant costs	—	199,548	29,219	228,767
Employee benefit costs	5,396	204,883	13,744	224,023
Warranties and costs associated with settling contract liabilities	148,700	—	—	148,700
Sales agent costs	—	123,385	—	123,385
Depreciation and amortization expense	17,633	23,397	11,694	52,724
Derecognition of IP assets	—	—	23,080	23,080
Maintenance and insurance service costs	—	19,212	—	19,212
Other costs	5,928	40,360	(101)	46,187
Total	**4,142,019**	**856,458**	**77,636**	**5,076,113**

	For the year ended December 31, 2024			
	Cost of sales	Selling, general and administrative expense	Research and development expense	Total
Inventory costs	2,202,061	—	—	2,202,061
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	622,092	—	—	622,092
Advertising, selling, and promotion costs	—	301,199	—	301,199
Professional services and consultant costs	—	256,683	26,714	283,397
Employee benefit costs	7,983	198,053	3,112	209,148
Warranties and costs associated with settling contract liabilities	68,264	951	—	69,215
Sales agent costs	—	58,009	—	58,009
Depreciation and amortization expense	13,006	32,864	9,849	55,719
Maintenance and insurance service costs	—	17,910	—	17,910
Other costs	(2,978)	25,034	(1,325)	20,731
Total	**2,910,428**	**890,703**	**38,350**	**3,839,481**

	For the year ended December 31, 2023			
	Cost of sales	Selling, general and administrative expense	Research and development expense	Total
Inventory costs	2,330,807	(410)	—	2,330,397
Advertising, selling, and promotion costs	—	236,675	16,058	252,733
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	339,592	(24)	—	339,568
Professional services and consultant costs	—	380,230	10,733	390,963
Employee benefit costs	43,207	191,922	527	235,656
Depreciation and amortization expense	16,019	24,315	75,111	115,445
Warranties and costs associated with settling contract liabilities	89,922	1,626	—	91,548
Sales agent costs	—	53,570	—	53,570
Maintenance and insurance service costs	—	21,844	—	21,844
Other costs	(41,325)	34,429	54,851	47,955
Total	**2,778,222**	**944,177**	**157,280**	**3,879,679**

Note 7 - Other operating income and expense

	For the year ended December 31,		
	2025	2024[1]	2023[1]
Other operating income			
Transition services to Polestar Times Technology	15,499	26,944	—
Sale of carbon credits	18,616	—	5,628
Sales of plant operation services to a related party	666	10,100	25,202
Reduction of litigation provision, net of insurance	—	2,345	—
Gain on asset grouping sold to a related party[2]	—	—	16,334
Other operating income	17,632	20,043	15,773
Total other operating income	**52,413**	**59,432**	**62,937**
Other operating expense			
Restructuring costs[3]	(67,559)	—	—
Property tax and other state and local tax expenses	(2,296)	(1,248)	(669)
Transition services from Polestar Times Technology	(1,130)	(8,939)	(27,630)
Litigation expense, net of insurance	—	—	(25,676)
Other operating expenses	(16,825)	(13,631)	(4,348)
Total other operating expense	**(87,810)**	**(23,818)**	**(58,323)**

1 - The amounts for December 31, 2024 and 2023 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - In December 2022, the Group committed to a plan to sell its Chengdu manufacturing plant, held by its subsidiary Polestar New Energy Vehicle Co. LTD. ("BSNEV"), to Geely. The plant was previously used to manufacture the Polestar 1 and the special edition Polestar 2 BST 270. Accordingly, the Chengdu plant and certain related assets, including an intercompany receivable that Geely agreed to assume as part of the transaction, were classified as a disposal group held for sale. The sale was completed on August 1, 2023. On disposal, the Group reclassified cumulative foreign exchange losses of $6,636 from equity to profit or loss within the gain on disposal and derecognized the disposal group, resulting in a total gain of $16,334.

3 - The restructuring costs are primarily related to asset impairment and write-offs and severance costs.

Note 8 - Employee benefits

The total employee benefits costs for the Group, including key management personnel (Group's Executive Management Team and managing directors), during the periods presented, were as follows:

	For the year ended December 31,		
	2025	2024	2023
Wages, salaries, and other short-term employee benefits	156,595	116,804	157,011
Social security and other social benefits	55,916	49,828	44,255
Post-employment benefits	29,398	26,948	29,523

Share-based compensation	9,149	9,841	4,867
Termination benefits	4,233	5,727	—
Total employee benefits	**255,291**	**209,148**	**235,656**

Post-employment benefits primarily reflects those related to defined contribution plans for the years ended December 31, 2025, 2024, and 2023, inclusive of costs related to the ITP 2. Expenses related to defined contribution plans amounted to $20,726, $19,888 and $21,125 for the years ended December 31, 2025, 2024, and 2023, respectively.

During the year ended December 31, 2025, Polestar registered $31,268 of employee expenses as part of the restructuring initiatives that impacted the R&D and Procurement departments in the UK, China and Sweden, as well as manufacturing in China. For more information, see *Note 7 - Other operating income and expense*.

The following table discloses total costs related to employee benefits for the Group's Executive Management Team and managing directors at the Group's sales units:

	For the year ended December 31,		
	2025	**2024**	**2023**
Termination benefits	4,232	5,727	—
Short-term employee benefits	8,794	5,711	6,205
Share-based compensation	1,436	1,430	1,829
Post-employment benefits	712	656	907
Total benefits to key management personnel only	**15,174**	**13,524**	**8,941**

The Executive Management Team ("EMT") consists of the Group's CEO, CFO and COO for each reporting period and has the authority and responsibility for planning, directing, and controlling the Polestar Group's activities. The CEO has the ultimate authority for approval of actions proposed by each member of the EMT.

The average monthly number of persons employed by the Group (including key management personnel) for the periods presented were as follows:

	For the year ended December 31,		
	2025	**2024**	**2023**
Sales and marketing	736	707	796
R&D, design, and digital	274	656	756
Manufacturing	17	18	19
Management, administration, and others	521	550	651
Total average monthly headcount of the Group	**1,548**	**1,931**	**2,222**

Note 9 - Share-based payment

Polestar offers several equity-settled share-based arrangements to the EMT, other key management personnel and employees as part of the Group's employee compensation. Under the Omnibus Incentive Plan, the Group granted equity settled share-based payments to the EMT, and other key management members in the At-Listing Plan and Long Term Incentive Plan and to other key management members in the One-time Retention Bonus Plan. The Group also granted equity settled share-based payments to eligible members under the Employee Stock Purchase Plan and Share Based Retention Program.

As of December 31, 2025, the outstanding plans are as follows:

Plan	**Instrument type**	**Participants**
At-Listing Plan	Restricted Share Units ("RSUs")	All executives and other key management members
Long Term Incentive Plan	Performance Share Units ("PSUs") and RSUs	EMT and other key management members
One-time Retention Bonus Plan	RSUs	Eligible employees
Employee Stock Purchase Plan	Restricted Stock Award ("RSAs")	Eligible employees
Share Based Retention Program	RSUs	Eligible employees

At-Listing Plan

The RSUs under this plan were granted on September 9, 2022 with the vesting commencement date of June 24, 2022. Out of the granted RSUs, 33% of the RSUs vested on October 3, 2022, 33% vested on June 24, 2023, and the final 34% of RSUs vested on June 24, 2024. In order for the RSUs to vest, the employee must remain employed with Polestar at the vesting date. The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $6.72 on the grant date.

Long Term Incentive Plan

The Long Term Incentive Plan was also formerly known as Post-Listing Plan. Under this plan, the EMT, are eligible to receive PSUs and other key management members are eligible to receive RSUs and PSUs. The following table outlines the key terms of PSUs and RSUs granted under the plan:

Plan year	Grant date	Vesting period	Vesting commencement	Final vesting date
2022	September 09, 2022	3-year cliff	June 24, 2022	June 24, 2025
2023	April 03, 2023	3-year cliff	January 01, 2023	April 03, 2026
2024	April 05, 2024	3-year cliff	January 01, 2024	June 01, 2027
2025	January 20, 2025	3-year cliff	January 01, 2025	January 20, 2028

The fair value of the RSUs granted under these plans are determined by reference to the Group's closing share price on the grant date or the closing share price on the business day immediately preceding the grant date as shown in the following table:

	2022	2023	2024	2025
Valuation model	Market price at grant date	Market price on business day immediately preceding	Market price on business day immediately preceding	Market price on business day immediately preceding
Fair value per	$6.72	$3.79	$1.53	$1.09

In order for the participants to receive PSUs, the Group must achieve the pre-established performance targets, based on market and non-market performance conditions, including targets related to financial performance, value creation and ESG, and the employee must remain employed with Polestar at the vesting date.

The fair value of the PSUs granted are determined by calculating the weighted-average fair value of units linked to market-based and non-market based vesting conditions.

The units linked to non-market-based vesting conditions were fair valued by reference to the Group's closing share price on the grant date or the closing share price on the business day immediately preceding the grant date as shown in the following table:

	2022	2023	2024	2025
Valuation model	Market price at grant date	Market price on business day immediately preceding	Market price on business day immediately preceding	Market price on business day immediately preceding
Fair value per	$6.72	$3.79	$1.53	$1.09

The units linked to market-based vesting conditions were measured using a Monte Carlo simulation. The key assumptions and inputs considered for the valuation have been mentioned in the below table:

Assumptions	2022	2023	2024	2025
Beginning of performance period	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
End of performance period	December 31,	December 31,	December 31,	December 31,
Expected term	2.3 years	2.7 years	2.7 years	2.9 years
Risk free rate	3.5%	3.8%	4.5%	4.3%
Dividend yield	—%	—%	—%	—%
Company's volatility	70.0%	75.0%	75.0%	84.0%
No of simulation iterations	100,000	100,000	100,000	50,000
Weighted average fair value per PSU	$7.02	$3.68	$1.57	$1.19

One-time Retention Bonus Plan

On March 6, 2024, Polestar introduced a one-time share-based retention program, pursuant to which all eligible employees have the right to receive a number of RSUs corresponding to their bonus entitlement and the fulfillment of the KPIs for the 2023 respective program. Under this program, Polestar granted RSUs on June 3, 2024, with an 11-month vesting period ended on May 3, 2025.The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $0.81 on the grant date.

Employee Stock Purchase Plan

Under this recurring annual plan, all permanent employees who meet the eligibility criteria, excluding executive directors, are eligible to receive RSAs. The employee stock purchase plan is an equity-settled share-matching program. Each annual plan spans 24 months, with employees contributing through 12 monthly net salary deductions to purchase shares in the first year, followed by a 12-month holding period. Polestar matches each acquired share with one additional share in the form of an RSA. For the Share Matching Program 1, the RSAs begin vesting upon the purchase of shares, with full vesting completed at the end of the holding period on January 15, 2026. For the Share Matching Program 2, the RSAs begin vesting upon the purchase of shares, with full vesting completed at the end of the holding period on January 15, 2027. To receive the matching RSAs, employees must retain the acquired shares and remain employed until the vesting date. During 2025, the total number of RSAs granted during the year under Share Matching Program 1 was 20,327 with a weighted-average grant date fair value of $1.04 and the total number of RSAs granted under Share Matching Program 2 was 2,358 with a weighted-average grant date fair value of $0.64.

Share Based Retention Program

On April 1, 2025, Polestar introduced a recognition program for some employees who provided services to the Company during 2024. Under this program, Polestar granted RSUs on April 1, 2025 to certain employees. which RSUs will vest April 1, 2026, subject to the employee remaining employed with Polestar at the vesting date. The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $1.14 on the grant date.

Movement in outstanding share plans

The following table illustrates share activity adjusted for ADS Ratio Change (figures are presented in ones) for the years ended December 31, 2025 and 2024. Refer to *Note 21 - Equity* for further details on the ADS Ratio Change.

	At-Listing Plan	Long Term Incentive Plan		One-time Retention Bonus Plan	Employee Stock Purchase Plan	Share Based Retention Program	Total
	RSUs	RSUs	PSUs	RSUs	RSAs	RSUs	All shares
Outstanding as of January 1, 2024	**5,097**	**20,306**	**65,703**	**—**	**—**	**—**	**91,106**
Granted during the year	—	45,162	111,776	333,481	29,228	—	519,647
Forfeited during the year	(289)	(11,379)	(52,842)	(30,032)	(306)	—	(94,848)
Vested during year	(4,808)	—	—	—	—	—	(4,808)
Outstanding as of December 31, 2024	**—**	**54,089**	**124,637**	**303,449**	**28,922**	**—**	**511,097**
Granted during the year	—	131,733	224,561	—	22,685	29,222	408,201
Forfeited during the year	—	(18,228)	(38,508)	(9,136)	(23,584)	(1,588)	(91,044)
Vested during year	—	(2,979)	(13,366)	(297,170)	—	—	(313,515)
Outstanding as of December 31, 2025	**—**	**164,615**	**297,324**	**(2,857)**	**28,023**	**27,634**	**514,739**

The following table illustrates total share-based compensation expense, all of which was equity settled, for the years ended December 31, 2025, 2024, and 2023:

	For the year ended December 31,		
	2025	2024	2023
Selling, general and administrative expense	7,431	7,257	5,131
Research and development expense	1,711	2,584	262
Total	**9,142**	**9,841**	**5,393**

Note 10 - Investment in associates

On June 19, 2023, Polestar entered into a strategic agreement with the technology company, Xingji Meizu, a limited liability company and subsidiary of DreamSmart Technology Pte. Ltd. ("DreamSmart"), to combine Polestar's design and performance capabilities with Xingji Meizu's software and consumer electronics expertise for the purpose of expanding the commercial operations and sale of Polestar vehicles in China. Xingji Meizu and DreamSmart are related parties. This agreement resulted in the establishment of Polestar Times Technology (Nanjing) Co., Ltd. ("Polestar Times Technology") which is not publicly listed and was accounted for by Polestar using the equity method. Polestar Times Technology selected Nanjing as its final province of registration in 2024.

On April 10, 2025, Polestar entered into an agreement with Xingji Meizu to terminate commercial operations of its investment in Polestar Times Technology and to transfer the distribution rights related to Polestar-branded vehicles in China back to Polestar. As part of the agreement, Polestar Times Technology will continue certain non-commercial operations while winding down commercial activities. Polestar Times Technology will take sole responsibility for settlement of any outstanding financial obligations and remaining liabilities against its business partners, suppliers, and external investors. The agreement also includes the transfer of certain assets from Polestar Times Technology back to Polestar on an arms-length terms in order for Polestar to resume exclusive control of commercial operations, including sales, customer service, and distribution activities, in China. As part of the termination of the commercial operations and in accordance with the original shareholder agreement, Polestar completed all remaining capital contributions in the total amount of $54,092 to Polestar Times Technology during 2025, and, as of December 31, 2025, Polestar had fulfilled all capital contribution commitments under the original strategic agreement in the total amount of $98.0 million. and maintains 46.2% ownership of Polestar Times Technology.

As of December 31, 2024, Polestar owned 46.2% of Polestar Times Technology and remaining 48.1% and 5.7% was owned by Xingji Meizu and the Nanjing Investor, respectively. Polestar and Xingji Meizu held 40% and 60%, respectively, of the voting interests in Polestar Times Technology by virtue of their board seats and associated rights.

In the event of the dissolution of Polestar Times Technology and if Polestar Times Technology's assets are insufficient to meet its debt obligations, shareholders who have not fully made their required capital contributions and other shareholders existing at the time of establishment of the company, may be held jointly responsible for the remaining debts, limited to the value of their unpaid contributions.

Transition services and corporate services

Polestar provided transition and corporate services to Polestar Times Technology in connection with its start-up and subsequent operations in China, including legal, finance, tax, human resources, and other administrative and support services. These services were governed by a Corporate Service Agreement ("SLA Agreement") signed on September 3, 2024, which provided for the continuation of certain services through July 31, 2025.

During the year ended December 31, 2025, Polestar recognized $1,130 in expenses associated with providing corporate services to Polestar Times Technology which are presented in other operating expense in the Consolidated Statement of Loss and Comprehensive Loss. During the year ended December 31, 2025, Polestar collected full outstanding consideration from Polestar Times Technology for services provided to Polestar Times Technology during the year ended December 31, 2024 and December 31, 2025, and recognized $15,499 in income which are presented in other operating income in the Consolidated Statement of Loss and Comprehensive Loss.

During the year ended December 31, 2024, Polestar collected consideration from Polestar Times Technology and recognized around $23,400 in income associated with transition and corporate services provided to Polestar Times Technology during the year ended December 31, 2023 which are presented in other operating income in the Consolidated Statement of Loss and Comprehensive Loss. Polestar also collected consideration from Polestar Times Technology and recognized $3,544 in income associated with corporate services provided to Polestar Times Technology during the year ended December 31, 2024.

Sales of vehicles

Polestar entered into vehicle sale and purchase agreements with Polestar Times Technology in prior years for the sale and delivery of Polestar vehicles. Due to Polestar Times Technology's limited liquidity, the probability of collecting consideration under these agreements was historically assessed as remote, accordingly, revenue was not recognized at the time of delivery and was recognized if and when payment was received. Title and physical possession of the vehicles were transferred to Polestar Times Technology upon delivery without encumbrance, resulting in full recognition of inventory costs in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss; offset only by an adjustment for the equity method elimination of downstream sales.

During the year ended December 31, 2025, Polestar did not sell new vehicles to Polestar Times Technology. During the year ended December 31, 2025, Polestar collected full consideration from Polestar Times Technology for vehicles sold during the year ended December 31, 2024.

During the year ended December 31, 2025, the Group collected consideration and recognized revenue of $21,858 related to vehicles delivered during the year ended December 31, 2024. During the year ended December 31, 2024, the Group collected consideration and recognized revenue related to sales of vehicles for $69,478 of which $31,298 pertained to vehicles delivered during the year ended December 31, 2023 and $38,180 pertained to vehicles delivered during the year ended December 31, 2024. As of December 31, 2024, the Group remained unpaid for 416 vehicles delivered to Polestar Times Technology during the year ended December 31, 2024, totaling $15,981 of unrecognized revenue.

Brand licensing

On November 15, 2023, Polestar licensed the use of the Polestar branding to Polestar Times Technology for use in its commercial operations in China in exchange for an annual royalty equal to 2% of Polestar Times Technology's net revenue each year. For the year ended December 31, 2025, $1,200 royalty revenue was recognized from Polestar Times Technology. For the year ended December 31, 2024, no royalty revenue was recognized from Polestar Times Technology.

Sale of operating assets

On November 28, 2023, Polestar agreed to assign certain lease agreements and sell other related assets to Polestar Times Technology for their fair value of $8,159. These assets were ultimately transferred in September 2024 and November 2024. As of December 31, 2025, full payment has been received from Polestar Times Technology.

The following table summarizes the activity related to Polestar's investment in Polestar Times Technology:

Balance as of January 1, 2024	**—**
Investment in Polestar Times Technology	14,508
Elimination of effects of downstream sales	(9,538)
Recognized share of losses in Polestar Times Technology	(4,970)
Balance as of December 31, 2024	**—**
Investment in Polestar Times Technology	54,092
Elimination of effects of downstream sales	(4,947)
Recognized share of losses in Polestar Times Technology	(49,145)
Balance as of December 31, 2025	**—**

The following table summarizes the activity related to Polestar's unrecognized losses in Polestar Times Technology:

Unrecognized balance as of January 1, 2024	**(1,407)**
Additional unrecognized share of losses in Polestar Technology	(64,581)
Unrecognized balance as of January 1, 2025	**(65,988)**
Recognized share of losses in Polestar Times Technology	49,145
Additional unrecognized share of losses in Polestar Technology	(9,180)
Unrecognized balance as of December 31, 2025	**(26,023)**

The following table provides summarized financial information from Polestar Times Technology's financial statements and a reconciliation to the carrying amount of Polestar's investment for years ended December 31, 2025 and 2024:

During the year ended December 31, 2025, Polestar did not make any additional investments.

	As of December 31,	
	2025	**2024**
Polestar's percentage ownership interest	46.2%	46.2%
Non-current assets	—	46,918
Current assets	22,599	48,501
Non-current liabilities	—	(20,007)
Current liabilities	(47,020)	(175,538)
Net liabilities	**(24,421)**	**(100,126)**
Less: capital reserves	(30,156)	(30,156)
Less: share capital attributable to Xingji Meizu	49	(16,641)
Adjusted net liabilities	**(54,528)**	**(146,923)**
The Group's share of net liabilities	(25,192)	(67,878)
Elimination of effects of downstream sales in inventory	1,390	2,578
Elimination of effects of downstream sales in long-term assets	(1,971)	1,789
Unrecognized losses in Polestar Times Technology	26,024	64,581
Other reconciling items	(251)	(1,070)
Carrying amount of the Group's investment in Polestar Times Technology	**—**	**—**

	For the year ended December 31,	
	2025	**2024**
Revenue	9,497	53,248
Net loss	(22,279)	(150,864)
Other comprehensive loss	2,408	320
Total comprehensive loss	(19,871)	(150,544)
The Group's share of losses in Polestar Times Technology	**(9,180)**	**(69,551)**

Note 11 - Finance income and expense

The following table details the Group's finance income and expense:

	For the year ended December 31,		
Finance income	**2025**	**2024[1]**	**2023[1]**
Interest income on bank deposits	7,640	21,093	32,280
Other finance income	1,356	2,786	49
Total finance income	**8,996**	**23,879**	**32,329**
Finance expense			
Interest expense on credit facilities and financing obligations	(238,916)	(187,151)	(116,190)
Interest expense on related party, trade payables and financing liabilities[2]	(131,723)	(140,838)	(84,480)
Interest expense related to lease liabilities	(4,587)	(7,423)	(5,008)
Loss on debt modification - related party convertible instrument[3]	—	(2,761)	(7,553)
Other finance expenses	(9,964)	(3,009)	(11)
Total finance expenses	**(385,190)**	**(341,182)**	**(213,242)**

1 - Certain figures and descriptions were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - Comprised of interest on overdue trade payables balances and interest on related party borrowings for the years ended December 31, 2025, 2024, and 2023, interest expense to related parties.

3 - Relates to loss incurred on Polestar's modification of its related party convertible instrument with Volvo Cars for the years ended December 31, 2024 and 2023. For further details, refer to *Note 26 - Loans and borrowings.*

Note 12 - Leases

Polestar Group as lessee

The current and non-current portion of the Group's lease liabilities are as follows:

	For the year ended December 31,	
	2025	**2024**
Current lease liabilities	13,855	13,923
Current lease liabilities - related parties	23,355	16,999
Non-current lease liabilities	44,048	47,918
Non-current lease liabilities - related parties	49,466	56,431
Total	**130,724**	**135,271**

Expected future lease payments to be made to satisfy the Group's lease liabilities are as follows:

	For the year ended December 31,	
	2025	**2024**
Within 1 year	38,512	35,129
Between 1 and 2 years	26,995	37,128
Between 2 and 3 years	19,661	19,865
Between 3 and 4 years	18,446	17,179
Between 4 and 5 years	16,340	15,832
Later than 5 years	33,739	38,862
Total	**153,693**	**163,995**

Amounts related to leases recognized in the Consolidated Statement of Loss and Comprehensive Loss are as follows:

	For the year ended December 31,		
	2025	**2024**	**2023**
Income from sub-leasing right-of-use assets	3,130	2,391	1,729
Interest expense on leases	(4,587)	(7,423)	(5,008)
Expense relating to short-term leases	(839)	(637)	(888)
Expense relating to lease of low value assets	(24)	(8)	(5)

For the years ended December 31, 2025, 2024, and 2023, total cash outflows related to leases, inclusive of interest paid, amounted to $34,615, $43,069, and $26,924, respectively.

The Group's right-of-use assets from leases, buildings and manufacturing production equipment are presented in *Note 16 - Property, plant and equipment*.

Polestar Group as lessor

For the majority of the Group's operating lease contracts as a lessor, vehicles are paid for upfront by the customer at contract inception and repurchased by Polestar at the end of the lease term.

The following table depicts the changes in the Group's vehicles under operating leases:

	Vehicles under operating leases
Acquisition cost	
Balance as of January 1, 2024	**141,448**
Reclassification from inventories	73,795
Reclassification to inventories	(83,246)
Effect of foreign currency exchange rate differences	(7,925)
Balance as of December 31, 2024	**124,072**
Reclassification from inventories	184,029
Reclassification to inventories	(213,020)
Effect of foreign currency exchange rate differences	11,219
Balance as of December 31, 2025	**106,300**
Accumulated depreciation & impairment	
Balance as of January 1, 2024	**(71,225)**
Reclassification to inventory	15,431
Depreciation expense	(12,958)
Impairment loss	(737)
Effect of foreign currency exchange rate differences	1,554
Balance as of December 31, 2024	**(67,935)**
Reclassification to inventory	78,215
Depreciation expense	(17,705)
Impairment loss reversals, net	1,387
Effect of foreign currency exchange rate differences	273
Balance as of December 31, 2025	**(5,765)**
Carrying amount as of December 31, 2024	**56,137**
Carrying amount as of December 31, 2025	**100,535**

As a lessor, revenue recognized from operating leases are as follows:

	For the year ended December 31,		
	2025	**2024**	**2023**
Vehicle leasing revenue	12,396	17,175	17,421

Note 13 - Income tax benefit

Income tax benefit recognized in the Consolidated Statement of Loss and Comprehensive Loss is as follows:

	For the year ended December 31,		
	2025	2024	2023
Current income tax for the year	(9,261)	(35,585)	(13,725)
Deferred taxes	3,013	42,581	38,810
Withholding taxes	(1,995)	2,170	(15,633)
Other taxes[1]	11,935	—	—
Total	**3,692**	**9,166**	**9,452**

1 - Other taxes consist of compensation for group relief in the UK, for which compensation was made by Polestar Automotive UK Ltd to Polestar Automotive Holding UK PLC during the year ended December 31, 2025. $4,646, $4,758 and $2,531 are related to compensation for the years ended December 31,2025, 2024, and 2023, respectively.

Information regarding current year income tax benefit based on the applicable UK rates are as follows:

	For the year ended December 31,		
	2025	2024	2023
Loss before tax for the year	(2,360,923)	(2,059,063)	(1,191,327)
Tax according to the applicable tax rate[1]	590,231	514,766	280,200
Effect of different tax rates in other countries	(129,492)	(76,738)	(25,817)
Operating income/costs, non taxable[2]	100,957	(50,039)	19,924
Withholding tax	(1,995)	2,170	(15,634)
Not recognized tax losses carried forward	(266,812)	(276,790)	(209,739)
Non-recognition of deferred tax assets on other temporary differences	(281,780)	(104,779)	(40,585)
Recognition of deferred taxes previously not recognized	(13,561)	1,228	124
Current tax related to previous year	6,144	(652)	979
Total	**3,692**	**9,166**	**9,452**

1 - The UK rates were 25.0%, 25.0% and 23.5% for the years ended December 31, 2025, 2024, and 2023, respectively.

2 - As of December 31, 2025, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $3,872. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $58,591. Other non-deductible items net, including non-taxable income were $155,676.

As of December 31, 2024, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $35,115. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $49,513. Other nondeductible items net, including non-taxable income were $35,641.

As of December 31, 2023, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $104,233. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $15,300. Other nondeductible items net, including non-taxable income, were $69,009.

Deferred taxes

The composition of recognized deferred tax assets and liabilities is as follows:

	As of December 31,	
	2025	**2024**
Right-of use assets	19,634	31,361
Inventory	10,472	27,209
Provisions for residual value risks	23,456	17,295
Warranty	10,391	12,584
Accruals	20,001	10,759
Tax losses carried forward	22,602	8,340
Tangible assets	10,156	6,309
Other temporary differences	2,157	1,404
Recognized value of deferred tax assets	**118,869**	**115,261**
Netting of asset and liability tax positions	(26,524)	(33,707)
Deferred tax assets	**92,345**	**81,554**
Lease liability	13,864	27,024
Accruals	(315)	5,374
Inventory	4,817	1,491
Intangible assets	536	448
Tangible assets	8,158	—
Other temporary differences	41	—
Recognized value of deferred tax liabilities	**27,101**	**34,337**
Netting of asset and liability tax position	(26,524)	(33,707)
Deferred tax liability	**577**	**630**

All changes in deferred tax assets and liabilities have been reported in the Consolidated Statement of Loss and Comprehensive Loss for the years ended December 31, 2025, 2024, and 2023 respectively. Deferred taxes have been calculated by applying the tax rate per jurisdiction.

The Group recognizes deferred tax assets to the extent that the Group believes that the likelihood of recognition is probable. In making such a determination, the Group considers reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and the results of recent operations.

The deferred tax assets recognized on tax losses carried forward in the current and prior years are primarily attributable to the Group's sales units (the legal entities established in the jurisdictions in which the Group sells Polestar cars) and to Polestar Automotive Holding UK PLC. The Group's transfer pricing model (TP model) is structured such that, by the end of the fiscal year, taxable profits will be generated in the majority of the sales units subject to the TP model, regardless of the Group's consolidated operating results. Polestar Automotive Holding UK PLC is not a sales unit and is not expected to generate taxable profits in the near term. However, its tax losses can be transferred by way of group relief to its indirectly wholly-owned subsidiary, Polestar Automotive UK Ltd, that is a sales unit and in a taxable profit position. With this structure in place, it is probable that future taxable profits are available against which deductible temporary differences can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. As of December 31, 2025 and 2024, the Group made the judgement that there is not sufficient, objectively verifiable evidence available which would demonstrate that it is more likely than not that the Group would be able to realize all deferred tax assets in the future. This resulted in deferred tax assets on tax loss carryforwards not being recognized amounting to $1,486,833 and $1,044,029, respectively.

Tax loss carryforwards

Tax loss carryforwards through the year of expiration are as follows:

	As of December 31,	
	2025	2024
2026	174,334	2,425
2027	108,272	165,344
2028	136,576	103,696
2029	342,913	143,178
2030	48,193	311,913
2031 onwards	6,316,762	4,229,307
Tax loss carryforwards	**7,127,050**	**4,955,863**

The increase in tax losses available for carryforward are mainly attributable to losses incurred as a consequence of the Group scaling its research and development expense to meet the demands of the growing business. As of December 31, 2025, the Group had unused tax losses of $7,127,050. For $7,035,592 of the amount, no deferred tax asset has been recognized due to unpredictability of future profit streams in Sweden and China.

As of December 31, 2025 and 2024, tax losses in Sweden of $6,184,311 and $4,031,242 respectively, have an indefinite carryforward period. As of December 31, 2025 and 2024, tax losses in China of $851,281 and $885,091, respectively, have a five-year carryforward period.

In addition to the losses referred to above, the Group also had deferred tax assets arising on other temporary differences of $854,371 and $574,087 as of December 31, 2025 and 2024, respectively, where no deferred tax assets have been recognized.

Pillar Two

The Pillar Two legislation has been enacted or substantively enacted in several of the jurisdictions in which the Polestar Group operates. The legislation is effective for the Group's financial year beginning January 1, 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the current year ending on December 31, 2025.

The assessment of the exposure to Pillar Two income taxes is based on the Group's Consolidated Financial Statements for the current year. Based on the assessment performed, the transitional safe harbor relief applies for most jurisdictions, with the exception of Denmark, Ireland, Luxembourg, Portugal and Spain. The full effective tax rate ("ETR") calculation for Spain results in an ETR lower than 15%. For the remaining four jurisdictions, the ETR calculation results in an ETR above 15%.

The Group's Pillar Two income tax expense relates to profits earned in Spain, totaling $2.

The Group has determined that the Pillar Two income tax – which it is required to pay under Pillar Two legislation – is an income tax in scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting. Any Pillar Two income taxes are accounted for as current taxes.

Note 14 - Net loss per share

For the years ended December 31, 2025, 2024, and 2023, potentially dilutive instruments issued were unvested equity-settled payments discussed in *Note 9 - Share-based payment.* These financial instruments were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. Dilutive net loss per share was the same as basic net loss per share for all periods presented.

On December 9, 2025, Polestar's Class A, Class B, Class C-1 and Class C-2 ADS's ratio changed from the current ADS ratio of one (1) ADS to one (1) ordinary share to the underlying ADS Ratio of one (1) ADS to thirty (30) ordinary shares. There was no change to the Company's Class A, Class B, Class-1 or Class C-2 ordinary shares, therefore, the shares used in the net loss per share calculations have not been impacted by the change in the ratio of ADSs to ordinary shares to 1:30. For further information, refer to *Note 21 - Equity.*

The following table presents the computation of basic and diluted net loss per share for the years ended December 31, 2025, 2024, and 2023:

	For the year ended December 31,		
	2025	2024	2023
Class A and B Common Shares			
Net loss attributable to shareholders of the parent entity	(2,357,231)	(2,049,897)	(1,181,875)
Weighted-average number of common shares outstanding:			
Basic and diluted	2,775,125	2,110,355	2,110,210
Net loss per share (in ones):			
Basic and diluted	(0.85)	(0.97)	(0.56)

The following table presents shares that were not included in the calculation of diluted loss per share as their effects would have been antidilutive for the years ended December 31, 2025, 2024, and 2023. The PSUs, RSUs and RSAs used in the antidilutive effect calculation, have been impacted by the 1:30 ADS Ratio Change.

	For the year ended December 31,		
	2025	2024	2023
Earn-out Shares	5,272,587	5,272,587	5,272,587
Class C-1 Shares	20,499,965	20,499,965	20,499,965
Class C-2 Shares	4,500,000	4,500,000	4,500,000
PSUs	297,324	124,637	65,703
RSUs	189,392	357,538	25,402
RSAs	28,022	28,922	—
Total antidilutive shares	**30,787,290**	**30,783,649**	**30,363,657**

Note 15 - Intangible assets and goodwill

The changes in Polestar Group's intangible assets, goodwill and trademarks are as follows:

	Internally develope d IP	Software	Acquired IP	Goodwill	Trademark s	Total
Acquisition cost						
Balance as of January 1, 2024	**310,450**	**11,380**	**1,836,487**	**48,061**	**2,387**	**2,208,765**
Additions[1]	178,487	2,592	116,301	—	—	297,380
Derecognition due to program changes	—	(984)	—	—	—	(984)
Effect of foreign currency exchange differences	(33,908)	(1,323)	(141,668)	(4,268)	(212)	(181,379)
Balance as of December 31, 2024	**455,029**	**11,665**	**1,811,120**	**43,793**	**2,175**	**2,323,782**
Additions[1]	131,876	3,136	215,721	—	—	350,733
Derecognition	(2,288)	—	(20,792)	—	—	(23,080)
Effect of foreign currency exchange differences	98,028	2,376	305,533	8,593	427	414,957
Balance as of December 31, 2025	**682,645**	**17,177**	**2,311,582**	**52,386**	**2,602**	**3,066,392**
Accumulated amortization and impairment						
Balance as of January 1, 2024	**(18,789)**	**(1,548)**	**(769,721)**	**—**	**—**	**(790,058)**
Amortization expense	—	(2,055)	(6,310)	—	—	(8,365)
Amortization expense capitalized into inventory	(1,581)	—	(49,592)	—	—	(51,173)
Impairment loss[2]	(313,868)	(1,029)	(161,963)	—	—	(476,860)
Effect of foreign currency exchange rate differences	1,750	252	41,521	—	—	43,523
Balance as of December 31, 2024	**(332,488)**	**(4,380)**	**(946,065)**	**—**	**—**	**(1,282,933)**
Amortization expense	—	(2,185)	(6,709)	—	—	(8,894)
Amortization capitalized into inventory	(3,599)	—	(78,434)	—	—	(82,033)
Impairment loss[2]	(136,408)	(117)	(668,449)	—	—	(804,974)
Effect of foreign currency exchange differences	(64,395)	(816)	(122,021)	—	—	(187,232)

Balance as of December 31, 2025	**(536,890)**	**(7,498)**	**(1,821,678**	**—**	**—**	**(2,366,066)**
Carrying amount as of December 31, 2024	**122,541**	**7,285**	**865,055**	**43,793**	**2,175**	**1,040,849**
Carrying amount as of December 31, 2025	**145,755**	**9,679**	**489,904**	**52,386**	**2,602**	**700,326**

1 - Of $350,733 in additions for the full year ended December 31, 2025, $224,876 has been settled in cash. These $224,876 are included in the $296,079 cash used for investing activities related to additions to intangible assets, and the remaining $71,203 relates to decreases in trade payables with related parties from prior years which were settled in cash during the full year ended December 31, 2025.

Of $297,380 in additions for the full year ended December 31, 2024, $157,373 has been settled in cash. These $157,373 are included in the $209,101 cash used for investing activities related to additions to intangible assets, and the remaining $51,728 relates to decreases in trade payables with related parties from prior years which were settled in cash during the full year ended December 31, 2024.

2 - For the year ended December 31, 2025, the impairment loss of $804,974 is part of the total CGU impairment in 2025. For further information, refer to *Note 2 - Material accounting policies and use of significant judgements and estimates.*

For the year ended December 31, 2024, Polestar 3 CGU and IDP CGUs were assessed for impairment, and impairment losses amounting to $476,860 were recognized related to Intellectual property, where 100% of the amount was recognized within cost of sales.

For the year ended December 31, 2025, additions to internally developed IP are primarily related to Polestar 5 and various other internal programs, such as model year changes. Additions of acquired IP during the year ended December 31, 2025 were primarily related to acquisitions of Polestar 3 IP from Volvo Cars and Polestar 4 IP from Geely. Polestar also acquired IP related to model year changes of the Polestar 2 from Volvo Cars. Refer to *Note 28 - Related party transactions* for further details.

Note 16 - Property, plant and equipment

Right-of-use assets

As a lessee, Polestar Group primarily leases buildings and manufacturing production equipment. The Group also has short-term and low value leases related to the leasing of temporary spaces and small IT equipment, respectively. The lease term for land and buildings is generally 2- 15 years. The lease term for machinery and equipment is generally 2- 6 years.

The table below shows the changes to the carrying amount of tangible assets and right-of-use that comprises property, plant and equipment:

	Tangible assets			Right-of-use assets		
	Buildings and land	Machinery and equipment[4]	Assets under construction	Buildings and land	Machinery and equipment	Total
Acquisition cost						
Balance at January 1, 2024	**8,916**	**180,945**	**251,638**	**122,613**	**49,832**	**613,944**
Additions[1]	5,133	66,874	171,439	32,184	37,894	313,524
Divestments and disposals	(4,525)	(2,567)	(651)	—	—	(7,743)
Reclassifications	1,963	250,630	(252,593)	—	—	—
Cancellations	—	—	—	(39,609)	(2,100)	(41,709)
Remeasurement	—	—	—	—	(713)	(713)
Effect of foreign currency exchange differences	(621)	(19,720)	(3,637)	(6,463)	(1,838)	(32,279)
Balance as of December 31, 2024	**10,866**	**476,162**	**166,196**	**108,725**	**83,075**	**845,024**
Additions[1]	302	4,973	83,573	10,787	6,039	105,674
Divestments and disposals	(2,730)	(12,561)	(2,338)	—	—	(17,629)
Reclassifications	200	118,339	(118,539)	—	—	—
Cancellations	—	—	—	(20,438)	(3,162)	(23,600)
Remeasurement	—	—	—	—	(1,911)	(1,911)
Effect of foreign currency exchange differences	811	20,286	16,104	13,121	9,002	59,324
Balance as of December 31, 2025	**9,449**	**607,199**	**144,996**	**112,195**	**93,043**	**966,882**
Depreciation and impairment						
Balance at January 1, 2024	**(2,709)**	**(61,174)**	**(579)**	**(34,291)**	**(39,152)**	**(137,905)**
Depreciation expense	(3,542)	(4,531)	—	(24,780)	(1,543)	(34,396)
Depreciation capitalized into inventory	—	(15,042)	—	—	(845)	(15,887)
Divestments and disposals	1,858	1,230	—	—	—	3,088
Depreciation expense employee benefits[3]	—	—	—	—	(2,070)	(2,070)
Cancellations	—	—	—	18,385	1,013	19,398
Impairment loss[2]	—	(65,222)	(72,121)	—	(7,152)	(144,495)
Effect of foreign currency exchange differences	239	1,856	—	2,517	374	4,986
Balance as of December 31, 2024	**(4,154)**	**(142,883)**	**(72,700)**	**(38,169)**	**(49,375)**	**(307,281)**
Depreciation expense	(1,822)	(5,668)	—	(17,620)	(1,016)	(26,126)
Depreciation capitalized into inventory	—	(29,327)	—	—	(2,670)	(31,997)
Divestments and disposals	1,132	3,127	—	—	—	4,259
Depreciation expense employee benefits[3]	—	—	—	—	(3,728)	(3,728)
Cancellations	—	—	—	15,197	2,669	17,866
Impairment loss[2]	—	(230,770)	(32,592)	(12,948)	(33,216)	(309,526)
Effect of foreign currency exchange differences	(221)	(6,816)	(3,281)	(5,193)	(1,845)	(17,356)
Balance as of December 31, 2025	**(5,065)**	**(412,337)**	**(108,573)**	**(58,733)**	**(89,181)**	**(673,889)**
Carrying amount at December 31, 2024	**6,712**	**333,279**	**93,496**	**70,556**	33,700	537,743
Carrying amount at December 31, 2025	**4,384**	**194,862**	**36,423**	**53,462**	**3,862**	**292,993**

1 - Of $105,674 in additions for the year ended December 31, 2025, $81,047 has been settled in cash. In the Consolidated Statement of Cash Flows, the amount of $81,047 is included as investing activities in the $158,713 of additions to property, plant and equipment, and the remaining $77,666 relates to additions in trade payables with related parties from prior years which were settled in cash during the year ended December 31, 2025. Of $313,524 in additions for the year ended December 31, 2024, $128,960 has been settled in cash. In the Consolidated Statement of Cash Flows, the amount of $128,960 is included as investing activities in the $147,894 of additions to property, plant and equipment, and the remaining $18,934 relates to additions in trade payables with related parties from prior years which were settled in cash during the year ended December 31, 2024.

2 - From the total impairment loss of $309,526 for the year ended December 31, 2025, $287,771 is part of the total CGU impairment registered in 2025, $25,197 is related to impairment of certain PPE as result from the restructuring initiatives recognized in other research and development expense, offset by $3,442 primarily related to reversals from prior periods. For the year ended December 31, 2024, the Polestar 3 CGU and IDP CGU were assessed for impairment, and impairment losses amounting to $144,495 were recognized in cost of sales.

3 - Related to Polestar's company car scheme to its employees.

4 - Balance includes tooling which has been legally sold in structured borrowing transactions - refer to *Note 26 - Loans and borrowings* - 'Borrowing collateralized with tooling' for details of these financing transactions and the amounts due under them.

The borrowing costs capitalized for assets under construction the years ended December 31, 2025 and 2024 were $2,138 and $10,629, respectively. The capitalization rate used to determine the amount of capitalized borrowing costs was 5.3% and 6.2% for the years ended December 31, 2025 and 2024, respectively.

Note 17 - Financial instruments

Fair value disclosure for financial instruments measured at amortized cost

The following table shows the carrying amounts of financial assets and liabilities measured at amortized cost. The carrying amount of these financial assets and liabilities approximate their fair value.

	As of December 31, 2025		As of December 31, 2024[1]	
	Current	**Non-Current**	**Current**	**Non-Current**
Financial assets				
Cash and cash equivalents	1,159,300	—	739,237	—
Trade receivables and other receivables	341,881	—	233,088	—
Restricted deposits[2]	19,188	38,934	—	31,011
Other financial assets[3]	49,079	14,340	12,013	5,917
Total financial assets measured at amortized cost	**1,569,448**	**53,274**	**984,338**	**36,928**
Financial liabilities				
Loans and borrowings	(3,860,675)	(2,499,230)	(2,657,839)	(2,281,062)
Trade payables	(1,107,162)	—	(893,914)	—
Accrued expenses[4]	(424,152)	—	(519,384)	—
Refund liabilities[5]	(167,642)	(30,875)	(100,844)	(52,287)
Lease liabilities	(37,210)	(93,514)	(30,922)	(104,349)
Liabilities related to repurchase commitments[5]	(124,633)	(722)	(106,401)	(11,017)
Advance payments from customers	(16,062)	—	(17,344)	—
Other financial liabilities[5]	(11,582)	—	(150,143)	(8,094)
Total financial liabilities measured at amortized cost	**(5,749,118)**	**(2,624,341)**	**(4,476,791)**	**(2,456,809)**

1 - Certain figures and descriptions from 2024 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)*.

2 - Restricted deposits comprise amounts held as collateral under banking and regulatory arrangements. These balances primarily secure residual value obligations in connection with vehicle lease programs and bank guarantees issued in favor of customs and environmental authorities, and are not available for general use until the related obligations are settled or the guarantees are released. For further details, see *Note 20 - Other assets*.

3 - Amounts are being presented in *Note 20 - Other assets*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

4 - Amounts presented in *Note 24 - Accrued expenses*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

5 - Amounts are being presented *Note 25 - Other liabilities*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

Total interest income arising on financial assets measured at amortized cost related to cash and cash equivalents and, for the years ended December 31, 2025, 2024, and 2023, amounted to $7,640, $21,093, and $32,280, respectively. Total interest expense arising on financial liabilities measured at amortized cost related mainly to loans and borrowings, lease liabilities, trade payables and other financing and obligations including related parties and, for the years ended December 31, 2025, 2024 and 2023, amounted to $375,226, $335,412 and $205,677, respectively.

The following table shows the maturities for the Group's non-derivative financial assets and liabilities as of December 31, 2025 and 2024:

	As of December 31, 2025			
	Due within 1 year	between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Cash and cash equivalents	1,159,300	—	—	1,159,300
Trade receivables and other receivables	341,881	—	—	341,881
Restricted deposits	19,188	38,934	—	58,122
Other financial assets	49,079	11,482	2,858	63,419
Total financial assets measured at amortized cost	**1,569,448**	**50,416**	**2,858**	**1,622,722**
Financial liabilities				
Loans and borrowings	(3,860,675)	(2,499,230)	—	(6,359,905)
Trade payables	(1,107,162)	—	—	(1,107,162)
Accrued expenses	(424,152)	—	—	(424,152)
Refund liabilities	(167,642)	(30,875)	—	(198,517)
Lease liabilities	(37,210)	(67,621)	(25,893)	(130,724)
Liabilities related to repurchase commitments	(124,633)	(722)	—	(125,355)
Advance payments from customers	(16,062)	—	—	(16,062)
Other financial liabilities	(11,582)	—	—	(11,582)
Total financial liabilities measured at amortized cost	**(5,749,118)**	**(2,598,448)**	**(25,893)**	**(8,373,459)**

	As of December 31, 2024[1]			
	Due within 1 year	between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Cash and cash equivalents	739,237	—	—	739,237
Trade receivables and other receivables	233,088	—	—	233,088
Restricted deposits	—	31,011	—	31,011
Other financial assets	12,013	3,659	2,258	17,930
Total financial assets measured at amortized cost	**984,338**	**34,670**	**2,258**	**1,021,266**
Financial liabilities				
Loans and borrowings	(2,657,839)	(2,273,647)	(7,415)	(4,938,901)
Trade payables	(893,914)	—	—	(893,914)
Accrued expenses	(519,384)	—	—	(519,384)
Refund liabilities	(100,844)	(52,287)	—	(153,131)
Lease liabilities	(30,922)	(53,488)	(50,861)	(135,271)
Liabilities related to repurchase commitments	(106,401)	(11,017)	—	(117,418)
Advance payments from customers	(17,344)	—	—	(17,344)
Other financial liabilities	(150,143)	(8,094)	—	(158,237)
Total financial liabilities measured at amortized cost	**(4,476,791)**	**(2,398,533)**	**(58,276)**	**(6,933,600)**

1 - Certain figures and descriptions from 2024 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates).*

Fair value disclosure for financial instruments measured through profit and loss

Polestar's material financial instruments measured at FVTPL are its derivative financial liabilities for the Class C Shares and Earn-out rights. For the years ended December 31, 2025, 2024, and 2023, Polestar recognized $23,391, $129,124 and $465,168 in gains for these financial instruments measured at FVTPL, respectively.

The following table shows the carrying amounts of financial liabilities measured at FVTPL on a recurring basis.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As of December 31, 2025				—
Earn-out rights	—	—	3,579	3,579
Class C-1 Shares	4,353	—	—	4,353
Class C-2 Shares	—	955	—	955
Total	**4,353**	**955**	**3,579**	**8,887**
As of December 31, 2024				
Earn-out rights	—	—	28,778	28,778
Class C-1 Shares	2,870	—	—	2,870
Class C-2 Shares	—	630	—	630
Total	**2,870**	**630**	**28,778**	**32,278**

Maturities are not provided for the Group's derivative liabilities related to the Class C Shares and the Earn-out rights that were assumed as part of the merger with Gores Guggenheim, Inc. ("GGI") on June 23, 2022. The derivative liabilities related to the Class C Shares can be either cash or equity settled, depending on certain circumstances that may occur in the future. The derivative liability related to the Earn-out rights can only be equity settled and therefore will not have a cash flow impact on the Group.

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 in the years ended December 31, 2025 and 2024.

Class C Shares

On the Closing of the Business Combination Agreement ("BCA") in 2022, Public Warrants and Private Warrants in GGI that were issued and are outstanding immediately prior to the Closing were exchanged for Class C-1 Shares and Class C-2 Shares in Parent.

Under IAS 32, the Class C Shares failed to meet the definition of equity because they could result in the issuance of a variable number of Class A Shares in the Parent in the case of a cashless basis exercise. Additionally, in the case of a redemption or conversion, the Group would be required to either pay cash or issue a variable number of shares to the holders of the Class C Shares. Instead, the Class C Shares meet the definition of derivative liabilities that are carried at fair value with subsequent changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss at each reporting date.

The Class C-1 Shares are publicly traded on the Nasdaq (i.e., Level 1 input). The Class C-2 Shares are not publicly traded and require a Level 2 valuation approach, based on the publicly traded price of the Class C-1 shares.

The table that follows shows the changes in the fair value of the Class C Shares in the periods presented:

	Class C-1 Shares	Class C-2 Shares
As of January 1, 2024	**4,920**	**1,080**
Change in fair value measurement	(2,050)	(450)
As of December 31, 2024	**2,870**	**630**
Class C-2 Shares converted to Class C-1 Shares	—	—
Change in fair value measurement	1,483	325
As of December 31, 2025	**4,353**	**955**

Earn-out rights

On the Closing of the BCA, the Former Parent was issued a contingent right to receive earn-outs of up to 802,621 Class A Shares and 4,469,966 Class B Shares in Parent, issuable in five tranches that each comprise 160,524 Class A Shares and 893,993 Class B Shares in Parent (all share quantities are adjusted for the ADS Ratio Change dated December 9, 2025). Each tranche is issuable once the daily volume weighted average price of Class A Shares in Parent meets specific price hurdles for 20 trading days out of any 30 day trading period beginning after December 23, 2022 and ending on December 23, 2028.

If the daily volume weighted average price of Class A Shares in Parent triggers a higher price tranche prior to triggering a lower price tranche, all tranches below the tranche triggered are also triggered for (e.g., if tranche 5 is triggered, tranches 1 through 4 are also triggered). Additionally, in the event there is a change of control of the Group (i.e., there is a change in greater than 50% equity ownership of the Group) all five tranches are automatically triggered for issuance. The Former

Parent's contingent right to the earn-out tranches that are not triggered for issuance by December 23, 2028 will expire immediately.

Under IAS 32 the contingent Earn-out rights failed to meet the definition of equity because it could result in the issuance of a variable number of Class A Shares and Class B Shares in Parent and the triggering events are subject to price hurdles (i.e., a market condition) that are outside of the control of the Group. Instead, it meets definition of a derivative liability that is carried at fair value with subsequent changes in fair value recognized in Profit or Loss at each reporting date, therefore, the contingent Earn-out rights require a valuation approach leveraging Level 3 inputs. Refer to *Note 2 - Material accounting policies and use of significant judgements and estimates* for further details on the valuation methodology utilized to determine the fair value of the Earn-out rights.

The following table presents the variables considered in the Monte Carlo valuation and the earn-out fair value:

	As of December 31,	
	2025	2024
Number of earn-out tranches[1]	5	5
Term in years	1.98	2.98
Volatility	90 %	85 %
Risk-free rate	3.4 %	4.0 %

1 - The daily volume weighted average price per share of Class A Shares in Parent that is required to trigger each tranche is $390.0 for tranche 1, $465.0 for tranche 2, $540.0 for tranche 3, $615.0 for tranche 4 and $690.0 for tranche 5. This price threshold has been adjusted for ADS Ratio Change dated December 9, 2025.

The volatility represents the most significant unobservable input utilized in this Level 3 valuation technique. Refer to *Note 3 - Financial risk management* for the analysis of the increase/decrease in the volatility and the impact they would result in its fair value.

The table that follows shows the changes in the fair value of the Earn-out rights in the periods presented:

	Earn-out rights
As of January 1, 2024	**155,402**
Change in fair value measurement	(126,624)
As of December 31, 2024	**28,778**
Change in fair value measurement	(25,199)
As of December 31, 2025	**3,579**

Note 18 - Trade receivables and other receivables

Trade receivables from contracts with customers represent sales transactions, conducted via sales units, within the markets in which the Group operates. The average credit term to finance service providers and fleet customers is two weeks. For the related parties revenues, refer to the *Sale of goods, services and other* section of *Note 28 - Related party transactions* for further information.

The following table details the aging analysis of the trade receivables:

	Not overdue	**1-30 days overdue**	**30-90 days overdue**	**More than 90 days overdue**	**Total**
As of December 31, 2025					
Trade receivables - external	63,337	65,362	13,530	1,855	144,084
Trade receivables - related parties	116,258	20,358	19,164	42,017	197,797
Net trade receivables	**179,595**	**85,720**	**32,694**	**43,872**	**341,881**
As of December 31, 2024[1]					
Trade receivables - external	94,490	47,393	7,482	3,040	152,405
Trade receivables - related parties	56,740	1,051	99	22,793	80,683
Net trade receivables	**151,230**	**48,444**	**7,581**	**25,833**	**233,088**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

Management determines that a receivable is written off once reasonable means of collection have been unsuccessful and the Group has no reasonable expectations of recovering the entire contractual cash flows, or a portion thereof. As of December 31, 2025, the Group wrote off $4,457 of receivables. As of December 31, 2024, the Group has written off a de minimis amount of receivables. Refer to *Note 28 - Related party transactions* for further information.

The receivables with related parties comprise sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines.

Further information on credit risks for trade receivables is included in *Note 3 - Financial risk management*.

Note 19 - Inventories

The Group's inventory primarily consisted of vehicles as follows:

	As of December 31,	
	2025	**2024**
Finished goods and goods for resale	1,024,942	1,191,047
Provision for impairment	(171,863)	(111,686)
Total	**853,079**	**1,079,361**

Inventory costs recognized during the years ended December 31, 2025, 2024 and 2023 amounted to $2,914,511, $2,112,317 and $2,183,847, respectively, and were included in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

For the years ended December 31, 2025, 2024, and 2023, write-downs of inventories to net realizable value amounted to $155,958, $89,744 and $146,550 respectively. The write-downs were recognized in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

The write-downs of inventories to net realizable value include significant judgement for the estimated market price (i.e., selling price of inventories less estimated costs of completion and estimated costs necessary to make the sales). Changing estimated market price could result in an increase or decrease to the write-downs recognized. For the year ended December 31, 2025, a 1% increase or decrease in estimated market price would result in a decrease of $3,393 or increase of $3,251 to the impairment loss, respectively; a 3% increase or decrease in estimated market price (which management believes to be a reasonably possible change) would result in a decrease of $11,228 or an increase of $9,388 to the impairment loss, respectively.

Inventories can be pledged as security for liabilities. Refer to *Note 26 - Loans and borrowings* for further details.

Note 20 - Other assets

Other current and non-current assets for the Group were as follows:

	As of December 31,	
	2025	**2024**[1]
Current		
Value added tax receivables	128,481	148,405
Other current receivables[2]	73,368	32,417
Accrued income[3]	55,041	—
Prepaid expenses[4]	30,071	40,800
Restricted deposits[5]	19,188	—
Insurance recovery assets	8,071	8,886
Advances to suppliers	6,240	8,399
Amounts due from related parties[6]	2,834	2,713
Total current	**323,294**	**241,620**
Non-current		
Restricted deposits[5]	38,934	31,011
Other interest bearing receivables	827	2,664
Other non-interest bearing receivables	15,182	6,065
Total non-current	**54,943**	**39,740**
Total other assets	**378,237**	**281,360**

1 - The current other assets was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - Other current receivables consisted primarily of accruals for future value added tax ("VAT") receivables where Polestar recognizes an asset for a future VAT receivable when it sells a vehicle under a repurchase commitment.

3 - As of December 31, 2025, accrued income consists of carbon credits.

4 - As of December 31, 2025 and 2024, prepaid expenses consisted primarily of prepaid insurance, selling expenses, and software license expenses.

5 - For the years ended December 31, 2025 and 2024, the Group held restricted deposit balances primarily related to borrowing covenants, leases and residual value guarantee contracts.

6 - The amounts due from related parties include transactions related to the sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines. For further information, see *Note 28 - Related party transactions*.

Note 21 - Equity

Changes in the Group's equity during the years ended December 31, 2025 and 2024 were as follows:

	Quantity		In US$ (thousands)	
	Class A Shares	Class B Shares	Share capital	Other contributed capital
Balance as of January 1, 2024	**467,976,748**	**1,642,233,575**	**(21,168)**	**(3,615,187)**
Conversion of Class B to Class A (1:1)	1,592,341,000	(1,592,341,000	—	—
Equity-settled share-based payment	144,249	—	(1)	(9,840)
Balance as of December 31, 2024	**2,060,461,997**	**49,892,575**	**(21,169)**	**(3,625,027)**
Balance as of January 1, 2025	**2,060,461,997**	**49,892,575**	**(21,169)**	**(3,625,027)**
Equity issuance - June PIPE	210,476,190	(20,000,000)	(1,905)	(197,766)
Related party capital contribution	—	—	—	(23,835)
Equity-settled share-based payment	8,937,392	—	(89)	(9,053)
Equity issuance - December PIPE	465,356,760	—	(4,654)	(277,777)
Balance as of December 31, 2025	**2,745,232,339**	**29,892,575**	**(27,817)**	**(4,133,458)**

The following instruments of the Parent were issued and outstanding as of December 31, 2025 and 2024, and are presented in quantity:

	As of December 31,	
	2025	2024
Outstanding shares		
Class A Shares with a par value of $0.01	2,745,232,339	2,060,461,997
of which were owned by related parties	1,885,066,989	1,675,841,017
Class B Shares with a par value of $0.01	29,892,575	49,892,575
of which were owned by related parties	29,892,575	49,892,575
Class C-1 Shares with a par value of $0.10	20,499,965	20,499,965
Class C-2 Shares with a par value of $0.10	4,500,000	4,500,000
Redeemable Preferred Shares with a par value of GBP 1.00.	50,000	50,000

Holders of Class A Shares in Parent are entitled to one vote per share and holders of Class B Shares in the Parent are entitled to ten votes per share. Holders of Class C Shares in Parent are entitled to one vote per share for certain matters, but have no voting rights with respect to general matters voted on by holders of Class A Shares and Class B Shares in the Parent. Additionally, holders of GBP Redeemable Preferred Shares in the Parent have no voting rights. Any dividends or other distributions paid by the Parent shall only be issued to holders of outstanding Class A Shares and Class B Shares in the Parent. Holders of Class C Shares and GBP Redeemable Preferred Shares in the Parent are not entitled to participate in any dividends or other distributions. Refer to *Note 17 - Financial instruments* for additional information on the Class C Shares which are accounted for as derivative financial liabilities in accordance with IAS 32 and IFRS 9.

As of December 31, 2025, there were an additional 2,254,767,661 Class A Shares and 1,747,474,164 Class B Shares with par values of $0.01 authorized for issuance. No additional Class C Shares or Redeemable Preferred Shares were authorized for issuance.

Equity issuances - PIPE

On June 16, 2025, Polestar entered into a Securities Purchase Agreement pursuant to which Polestar agreed to sell 190,476,190 newly issued Class A ADS to PSD Investment Limited ("PSD") for an aggregate subscription amount of $200.0 million through a PIPE at a price of $1.05 per Class A ADS, which represented the volume weighted average closing sale price for the previous five consecutive trading days prior to signing. As permitted under the agreement, PSD opted to prepay the subscription amount. Prior to closing of the PIPE and delivery of the new Class A ADS, PSD converted 20,000,000 of its Class B ADS into Class A ADS in order to keep the overall voting power of its Polestar shareholdings below 50%. This conversion was effected on July 22, 2025, and the PIPE was closed on July 23, 2025.

On December 19, 2025, Polestar entered into Securities Purchase Agreements pursuant to which Polestar agreed to sell a total of 15,511,892 newly issued Class A ADS to third party investors for an aggregate subscription amount of $300.0 million at a price of $19.34 per Class A ADS. In parallel to this transaction, entities controlled by Polestar Group's ultimate controlling shareholder (related parties) entered into put option arrangements with the third party investors which allow the relevant investor to sell the Class A ADSs acquired from Polestar to the related parties during an exercise period at the end of the term of the put option at a pre-determined price to the extent the investor has not disposed of such Class A ADSs before then. Polestar is not party to these contracts and has no obligation under them. However, these contracts were necessary to enable the transaction to close with the terms that it did, including a price per share above the market price at that date, and, therefore, Polestar indirectly benefited from them. Polestar concluded that the related parties were acting as its shareholders by making these arrangements for its benefit and therefore accounted for this support as a capital contribution with a fair value of $202.7 million. The transactions closed on December 23, 2025.

ADS Ratio Change

On December 9, 2025, Polestar's Class A, Class B, Class C-1 and Class C-2 ADS's ratio changed from the current ADS Ratio of one (1) ADS to one (1) ordinary share, to the new underlying ADS Ratio of one (1) ADS to thirty (30) ordinary shares. There was no change to the Company's Class A, Class B, Class C-1 or Class C-2 ordinary shares.

Note 22 - Provisions

Changes in the Group's current and non-current provisions were as follows:

	Warranties	Employee benefits	Litigation	Other[1]	Total
Balance as of January 1, 2025	**128,591**	**902**	**27,135**	**10,898**	**167,526**
Additions	108,340	9,879	3,927	61,917	184,063
Utilization	(72,649)	(7,255)	(1,480)	(17,906)	(99,290)
Reversals	(19,310)	1,905	(583)	(135)	(18,123)
Unwinding of discount and effect in changes due to discount rate	450	—	—	—	450
Effect of foreign currency exchange differences	16,671	985	—	2,045	19,701
Balance as of December 31, 2025	**162,093**	**6,416**	**28,999**	**56,819**	**254,327**
of which current	49,805	6,416	28,999	35,571	120,791
of which non-current	112,288	—	—	21,248	133,536
Balance as of January 1, 2024	**144,693**	**3,222**	**35,676**	**8,762**	**192,353**
Additions	71,821	259	—	13,562	85,642
Utilization	(41,579)	(1,154)	(5,082)	(11,012)	(58,827)
Reversals	(40,186)	(215)	(3,459)	(180)	(44,040)
Unwinding of discount and effect in changes due to discount rate	3,075	—	—	—	3,075
Effect of foreign currency exchange differences	(9,233)	(1,210)	—	(234)	(10,677)
Balance as of December 31, 2024	**128,591**	**902**	**27,135**	**10,898**	**167,526**
of which current	36,640	902	27,135	8,092	72,769
of which non-current	91,951	—	—	2,806	94,757

1 - As of December 31, 2025, the total amount of $56,819 includes an amount of $6,726 related to restructuring provision and $16,581 related to end-of-life battery recycling responsibilities.

Warranty provision arises from contractual warranty costs, warranty campaigns (including recalls), and warranty coverage provided in excess of contractual terms. Other provisions primarily relate to investor remunerations, support costs, and payroll-related commitments.

The cash outflow for the non-current portion of warranty provisions is primarily expected through 2037, and the non-current portion of other provisions is primarily expected through 2050.

Litigation

Per the terms of the BCA governing the merger with GGI on June 23, 2022, Polestar is obligated to indemnify directors, officers, and employees of GGI for six years following the closing of the merger. In August 2023, former public stakeholders of GGI filed a legal claim against certain directors, officers, and employees of GGI; alleging certain misconduct by these individuals with respect to their duties to GGI's stakeholders during and prior to GGI's merger with Polestar. As of December 31, 2025 and 2024, Polestar maintains a provision for $25,362 and $27,135, respectively, relating to its indemnification obligation towards the defendants, which is based on estimates of future expenditure, including related legal costs. Polestar's directors and officers insurance policy applies to the legal claim and provides coverage for up to $10,000 of costs after $5,000 has been paid by Polestar. However, as of December 31, 2025 and 2024, only $8,071 and $8,886, respectively, has been recognized and included in other assets on the Consolidated Statement of Financial Position as a virtually certain recovery. As the outcome of the litigation includes inherent uncertainty, the final expenditure may not be known until there is a final and unappealable judgment.

Polestar's estimates of its obligation could change in the future if new facts and circumstances arise as the legal proceedings continue to develop.

Note 23 - Trade payables

The current trade payables balances for the Group were as follows:

	As of December 31,	
	2025	**2024[1]**
Trade payables - external	115,161	103,368
Trade payables - related parties[2]	992,001	790,546
Total	**1,107,162**	**893,914**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - The amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions*.

Note 24 - Accrued expenses

	As of December 31,	
	2025	**2024[1]**
Accrued expenses - external	170,438	283,212
Accrued expenses - related parties[2]	254,139	236,548
Total	**424,577**	**519,760**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - The amounts due to related parties mainly comprise transactions from agreements associated with purchases of intangible assets and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions.*

Note 25 - Other liabilities

Other current and non-current liabilities for the Group were as follows:

	Current		Non-current	
	As of December 31,		As of December 31,	
	2025	**2024[1]**	**2025**	2024
VAT liabilities	162,081	115,501	—	—
Refund liabilities	167,642	100,844	30,875	52,287
Liabilities related to repurchase commitments	124,633	106,401	722	11,017
Personnel related liabilities[2]	47,870	31,757	—	—
Liabilities related to assets under construction	46,466	62,896	—	—
Amounts due to related parties[3]	11,582	39,644	—	—
Other liabilities	26,763	21,322	5,631	8,094
Total	**587,037**	**478,365**	**37,228**	**71,398**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - Consist of wages, salaries, and other benefits payable.

3- The amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions*.

Note 26 - Loans and borrowings

The loans and borrowings balance as of December 31, 2024 was re-presented in accordance with the changes stated in *Voluntary re-presentation from previous year* in these Consolidated Financial Statements. For further details, see *Note 2 - Material accounting policies and use of significant judgements and estimates*.

The changes and carrying amounts of Polestar Group's loans and borrowings as of December 31, 2025 and 2024 were as follows:

	Working capital loans from banks	Convertible instruments[1]	Club Loan[2]	Borrowing collateralized with tooling[3]	Market RCFs[4]	Total
Balance as of January 1, 2025	**2,427,194**	**1,300,406**	**933,175**	**124,878**	**153,248**	**4,938,901**
New borrowings	3,447,330	300,000	—	222,681	375,931	4,345,942
Payments	(2,704,901)	—	—	(23,497)	(389,040)	(3,117,438)
Transaction costs and amortization	1,220	(1,663)	3,993	—	(772)	2,778
Interest on loans	111	23,232	15,667	488	54	39,552
Effect of foreign currency exchange differences	79,632	—	46,005	9,146	15,387	150,170
Balance as of December 31, 2025	**3,250,586**	**1,621,975**	**998,840**	**333,696**	**154,808**	**6,359,905**
of which current	3,250,586	366,001	21,604	67,676	154,808	3,860,675
of which non-current	—	1,255,974	977,236	266,020	—	2,499,230
Balance as of January 1, 2024	**1,923,755**	**1,250,000**	**—**	**131,737**	**147,787**	**3,453,279**
New borrowings	3,074,640	4,876	950,632	6,412	336,622	4,373,182
Payments	(2,560,208)	—	—	(7,178)	(322,513)	(2,889,899)
Transaction costs and amortization	—	—	(9,072)	—	—	(9,072)
Debt modification	—	2,761	—	(2,478)	—	283
Interest on loans	12,431	42,769	5,937	—	642	61,779
Effect of foreign currency exchange differences	(23,424)	—	(14,322)	(3,615)	(9,290)	(50,651)
Balance as of December 31, 2024	**2,427,194**	**1,300,406**	**933,175**	**124,878**	**153,248**	**4,938,901**
of which current	2,427,194	42,769	5,940	28,688	153,248	2,657,839
of which non-current	—	1,257,637	927,235	96,190	—	2,281,062

1 - Borrowing with related parties, previously referred to "Credit facilities".

2 - The Club Loan was previously referred to as "Syndicated loans from banks".

3 - Borrowing with related parties, previously named as "PS3 tooling".

4 - The Market Revolving Credit Facilities ("Market RCFs") were previously referred to as "Floorplan" and "Sale-leaseback facilities".

Working capital loans from banks

The terms and conditions of current working capital loans outstanding as of December 31, 2025 are as follows:

Working capital loan	Currency	Term	Interest rate	Nominal amount in respective currency	Principal carrying value in TUSD[8]
Secured bank loan[1]	USD	Sep, 2024-2026	SOFR[5]+1.00%	100,000	100,000
Secured bank loan[1]	USD	Dec, 2024-2026	SOFR[5]+1.00%	125,000	125,000
Secured bank loan[1]	USD	Feb, 2025 - Jan, 2026	SOFR[7]+1.00%	50,000	50,000
Secured bank loan[1]	USD	Mar, 2025 - Jan, 2026	SOFR[7]+1.70%	300,000	300,000
Secured bank loan[1]	USD	Mar, 2025 - Jan, 2026	SOFR[7]+1.70%	100,000	100,000
Secured bank loan[1]	USD	Jun, 2025 - Jan, 2026	SOFR[7]+1.70%	50,000	50,000
Secured bank loan[1]	USD	Jun, 2025 - Jan, 2026	SOFR[7]+1.00%	50,000	50,000
Unsecured bank loan[2]	CNY	Mar, 2025-2026	4.00% p.a.	255,000	36,485

Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	5,000	715
Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	156,000	22,320
Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	170,000	24,323
Unsecured bank loan[2]	CNY	Sep, 2025-2026	3.85% p.a.	55,000	7,869
Unsecured bank loan[2]	CNY	Sep, 2025-2026	3.85% p.a.	7,700	1,098
Unsecured bank loan[2]	CNY	Sep, 2025 - Mar, 2026	3.85% p.a.	37,300	5,341
Unsecured bank loan[2]	CNY	Mar, 2025-2026	3.65% p.a.	800,000	114,463
Secured bank loan[1]	CNY	Aug, 2025-2026	2.40% p.a.	1,100,000	157,387
Unsecured bank loan[2]	CNY	Dec, 2025-2026	4.50% p.a.	2,000,000	286,158
Secured bank loan[1]	CNY	Dec, 2025-2026	4.50% p.a.	1,000,000	143,079
Secured bank loan[1]	USD	Mar, 2025-2026	5.45% p.a.	210,000	210,000
Unsecured bank loan[2]	USD	Jun, 2025-2026	7.30% p.a.	300,000	300,000
Secured bank loan[1]	CNY	Aug, 2025-2026	2.40% p.a.	976,000	139,645
Secured bank loan[1]	USD	Sep, 2025-2026	3.82% p.a.	320,000	320,000
Unsecured bank loan[2]	USD	Sep, 2025-2026	3.82% p.a.	82,000	82,000
Unsecured bank loan[2]	USD	Dec, 2025-2026	3.68% p.a.	118,000	118,000
Secured bank loan[4]	EUR	Mar, 2025-2026	EURIBOR[6]+2.50%	150,000	175,950
Secured bank loan[1]	USD	Sep, 2025 - Mar, 2026	SOFR[8]+1.00%	150,000	150,000
Secured bank loan[1]	USD	Sep, 2025 - Mar, 2026	SOFR[8]+1.00%	150,000	150,000
Secured bank loan[1]	EUR	Oct, 2025 - Jan, 2026	EURIBOR[6]+2.30%	3,500	4,090
Secured bank loan[1]	EUR	Oct, 2025 - Jan, 2026	EURIBOR[6]+2.30%	12,200	14,121
Total					**3,238,044**

1 - Secured by Geely.

2 - Letter of comfort from Geely.

3 - 3-month Euro Interbank Offered Rate ("EURIBOR").

4 - Letter of keep well from Geely.

5 - 12-month Term Secured Overnight Financing Rate ("SOFR").

6 - 1-month Term Secured Overnight Financing Rate ("SOFR").

7 - 6-month Term Secured Overnight Financing Rate ("SOFR").

8 - Excludes interest on loans.

Some of Polestar's loan facilities in China are subject to covenant requirements, including, but not limited to, a 300% liability-to-asset ratio of any single borrowing entity within the Group. Additionally, one specific loan facility requires Polestar to reach a retail sales volume of 30,000 units in the first half of 2026, otherwise allowing the lender to claim repayment from Polestar of 25% of the outstanding amount of the loan per month thereafter. As of December 31, 2025, Polestar was not in breach of its Chinese loan covenants.

Polestar's Trade Finance Facility is subject to certain covenant requirements and shares the same minimum quarterly cash covenant as the syndicated Club Loan. As of December 31, 2025, Polestar was not in breach of these covenants.

The terms and conditions of current working capital loans outstanding as of December 31, 2024 were as follows:

Working capital loan	Currency	Term	Interest rate	Nominal amount in respective currency	Principal carrying value in TUSD[8]
Unsecured[6]	CNY	Mar, 2024-2025	LPR[3]+1.05%	177,000	24,249
Unsecured[6]	CNY	Apr, 2024-2025	LPR[3]+0.35%	473,000	64,802
Unsecured[6]	CNY	May, 2024-2025	LPR[3]+0.35%	88,000	12,056
Unsecured[6]	CNY	Jun, 2024-2025	LPR[3]+0.85%	231,000	31,647
Unsecured[6]	USD	Aug, 2024-2025	7.8% p.a.	196,000	196,000
Secured[1]	USD	Aug, 2024-2025	SOFR[5]+0.55%	320,000	320,000
Unsecured[6]	USD	Aug, 2024-2025	SOFR[5]+0.55%	82,000	82,000
Secured[1]	USD	Aug, 2024-2025	SOFR[5]+1.15%	100,000	100,000
Secured[1]	USD	Sep, 2024-Mar, 2025	6.9% p.a.	100,000	100,000
Unsecured[6]	USD	Sep, 2024-Jun, 2025	7.8% p.a.	104,000	104,000
Unsecured[6]	CNY	Sep, 2024-2025	LPR[3]+0.45%	39,000	5,343
Secured[1]	USD	Sep, 2024-2025	SOFR[5]+1.15%	100,000	100,000
Secured[1]	USD	Sep, 2024-2025	SOFR[5]+1.10%	100,000	100,000
Secured[2]	EUR	Oct, 2024-Feb, 2025	EURIBOR[4]+2.3%	361,886	375,548
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	25,000	25,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	50,000	50,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	50,000	50,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	25,000	25,000
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	41,650	41,650
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	58,350	58,350
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	11,200	11,200
Unsecured[6]	CNY	Dec, 2024-2025	LPR[3]+1.40%	2,000,000	274,000
Secured[1]	CNY	Dec, 2024-2025	LPR[3]+1.40%	1,000,000	137,000
Unsecured[6]	CNY	Dec, 2024-2025	LPR[3]+0.90%	14,000	1,918
Secured[1]	USD	Dec, 2024-2025	SOFR[5]+1.10%	125,000	125,000
Total					**2,414,763**

1 - Secured by Geely.

2 - Vehicle inventory purchased via this facility was pledged as security until repayment.

3 - 12-month People's Bank of China Loan Prime Rate ("LPR").

4 - 3-month Euro Interbank Offered Rate ("EURIBOR").

5 - 12-month Term Secured Overnight Financing Rate ("SOFR").

6 - Letter of comfort from Geely.

7 - 1-month Term Secured Overnight Financing Rate ("SOFR").

8 - Excludes interest on loans.

Convertible instruments

Credit facility agreement with Volvo Cars

On November 3, 2022 the Group entered into a credit facility agreement with the related party Volvo Cars originally providing available credit of up to $800,000 and terminating on May 3, 2024. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest is calculated at the floating six-month SOFR rate plus 4.97% per annum. Prior to maturity, if the Group announces an offering of shares with a proposed capital raise of at least $350,000 and no fewer than five institutional investors participate in the offering, Volvo Cars has the right to convert the principal amount of any outstanding loans into the same class of shares and at the same price per share as received by the participating institutional investors.

Volvo Cars' conversion right meets the definition of an embedded derivative financial liability that is required to be bifurcated from the host debt instrument and accounted for separately because it could result in the issuance of a variable number of Class A Shares in the Parent at a price that was not fixed at the inception of the agreement and the economics of Volvo Cars' conversion right are not clearly and closely related to that of the host debt instrument. As such, the financial liability related to Volvo Cars' conversion right is carried at fair value with subsequent changes recognized in the Profit or Loss at each reporting date.

Subsequently, the credit facility agreement was amended. Below are the amendments to the credit facility, leading the Group to recalculate the carrying amount of the liability as the present value of the modified contractual cash flows and to recognize modification losses within finance expense during the years ended December 31, 2024 and 2023.

Amendment	Date	Modification loss
(i) Increase the overall credit capacity to $1,000,000 (ii) Termination date extended to June 30, 2027	November 8, 2023	(7,553)
Termination date extended to December 29, 2028	August 21, 2024	(2,761)

As of December 31, 2025 and 2024, the Group had principal draws of $1,000,000 and $1,000,000 outstanding under the facility and the fair value of the financial liability related to Volvo Cars' conversion right was $0 and $0.

Credit facility agreements with Geely

On November 8, 2023, the Group entered into a credit facility agreement with the related party Geely providing available credit of $250,000 with an interest rate of SOFR plus 4.97% per year; terminating on June 30, 2027 (the "2023 Geely Facility"). Other than the amount of credit available, the credit facility agreement with Geely maintains terms that are materially aligned with the original credit facility agreement with Volvo Cars, including the conversion option. As of December 31, 2025 and 2024, the Group had principal draws of $250,000 and $250,000 outstanding under the facility and the fair value of the financial liability related to Geely's conversion right was $0 and $0.

On December 19, 2025, Geely signed a conversion agreement under which it agreed to convert approximately $300,000 of principal and accrued interest of the 2023 Geely Facility at a conversion price of $19.34 (nineteen dollars and thirty four cents) per ADS. The closing of this conversion is subject to a number of conditions precedents including approval of certain aspects of the transaction by regulatory authorities and certain lenders. If these conditions precedents are not met, the conversion agreement has no further force or effect and the original terms of the credit facility agreement apply. The conversion agreement represents a significant modification of the original credit facility agreement and, therefore, the original loan was considered settled by the issuance of a new financial instrument - no gain or loss was recognized. The new financial instrument is a compound financial instrument which was recognized at fair value. The full fair value was allocated to the liability component and, therefore, no value was allocated to the equity component.

On December 16, 2025, the Group entered into a subordinated credit facility agreement with a Geely entity (related party) providing available credit of $600,000 available through March 31, 2026 in up to two drawdowns of $300,000 each (the "2025 Geely Facility"). On the same date, Polestar made a drawdown of $300,000 on this facility with an interest rate of SOFR plus 3.0% per year; maturing on June 17, 2026. Any further drawdown requires the consent of the lender. The subordinated credit facility includes a conversion option which allows the lender, at any time prior to repayment, to convert all or a portion of the outstanding amount into Polestar's shares or ADSs at a conversion price based on the average closing price of the five preceding trading days. This conversion option does not meet the definition of an embedded derivative and, therefore, is not required to be bifurcated from the host debt instrument and accounted for separately.

Club Loan

The Group has the following non-current syndicated loans from banks (the Club Loan) outstanding as of December 31, 2025:

				As of December 31, 2025		As of December 31, 2024	
Club loan	**Currency**	**Term**	**Interest rate**	**Nominal amount in respective currency**	**Principal carrying value in TUSD[3]**	**Nominal amount in respective currency**	**Principal carrying value in TUSD[3]**
syndicated bank loan	USD	Feb, 2024-2027	SOFR[1]+3.35 %	583,500	580,208	583,500	577,785
syndicated bank loan	EUR	Feb, 2024-2027	EURIBOR[2]+ 2.85%	340,000	397,028	340,000	349,450
Total					**977,236**		**927,235**

1 - 6-month Term SOFR.

2 - 6-month EURIBOR.

3 - Excludes interest on loans.

The Club Loan is secured by interest reserve accounts pledges with an aggregate of three months interest deposited, Keepwell deed from Geely, and Letter of Comfort from Volvo Cars and PSD. The Club Loan bear interest based on Term SOFR or EURIBOR. Polestar may select an Interest Period of 1, 3 or 6 months, or any other period agreed between Polestar, the agent and all lenders in relation to the relevant loan.

The Club Loan is subject to covenant requirements including, but not limited to, a defined minimum annual revenue, a defined range for Polestar's debt-to-asset ratio (calculated on a quarterly basis), minimum quarterly cash levels of €400.0 million and maximum quarterly financial indebtedness of $5,500.0 million.

During 2025, Standard Chartered Bank and the syndicated lenders agreed to amend the debt-to-asset ratio range to be from 0.85:1 to 1.40:1 for the fourth quarter of 2025 and to amend the minimum revenue covenant for 2025 from $7,144.9 million to $3,000.0 million. The outcome of the debt-to-asset ratio for Q4 2025 and revenue for 2025 were 1.37:1 and $3,058.1 million, respectively and, therefore, as a result of these changes, Polestar was not in default related to the syndicated loan as of December 31, 2025. The debt ratio covenant will continue to be tested in the quarters thereafter. On March 31, 2026, the debt-to-asset ratio range for all testing dates for the year 2026 were amended. For further information, see *Note 26 - Loans and borrowings*.

Polestar's TFF (presented under *Working capital loans from banks*) is subject to certain covenant requirements and shares the same minimum quarterly cash covenant as the syndicated Club Loan. As of December 31, 2025, Polestar was not in breach of these covenants.

Borrowing collateralized with tooling

PS3 Tooling and Equipment

On December 8, 2023, Polestar and Geely entered into an asset transfer agreement which, when considered together with certain other agreements not signed until after December 31, 2023, was designed to provide financing to Polestar in exchange for Polestar transferring legal ownership of certain Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 (the "PS3 Tooling and Equipment") to Geely. The agreements were as follows:

- Polestar and Geely entered into an asset transfer agreement on December 8, 2023 under which Geely agreed to purchase the PS3 Tooling and Equipment for $156,056. The PS3 Tooling and Equipment sold to Geely included (1) tooling and equipment at certain vendors' premises and (2) unique type bound tooling and equipment located in Volvo Cars' plant. The purchase price was comprised of (1) Polestar's book value of the PS3 Tooling and Equipment equal to $149,470 (the "Base") and (2) an estimate of the cost to Polestar for future changes or modifications to the PS3 Tooling and Equipment equal to $6,586 (the "Cap"). The amount of the Cap not utilized by Polestar must be repaid by Polestar to Geely at the end of the useful life of the PS3. During and at the end of the useful life of the PS3, Polestar has the right to repurchase the PS3 Tooling and Equipment at Geely's book value. In the event the user right agreement (discussed below) is terminated, Polestar is obligated to repurchase the PS3 Tooling and Equipment at the amount not reimbursed to Geely under the user right agreement.
- Polestar, Geely, and Volvo Cars were committed to enter into a user right agreement under which Geely will grant Volvo Cars the right to use to PS3 Tooling and Equipment to manufacture the PS3 for Polestar in exchange for an annual user right fee from Volvo Cars equal to the Base divided by the estimated useful life of the PS3 (i.e., 6 years). In the event Polestar utilizes the Cap in the future, the numerator of the annual user right fee calculation will be adjusted by Geely to add the amount of the Cap utilized by Polestar. The user right fee does not carry interest or a mark-up.
- Polestar and Volvo Cars were committed to enter into a manufacturing agreement under which Volvo Cars will manufacture the PS3 in its plant in Chengdu, China. Per the pricing terms of the manufacturing agreement, Polestar will repay Volvo Cars for the annual user right fee paid to Geely in the piece price of each PS3 purchased (i.e., the annual user right fee divided by the annual manufacturing volume of PS3s).

In accounting for the asset transfer agreement, the Group applied the guidance in IFRS 15, IFRS 16, and IFRS 9. Under IFRS 15 and IFRS 16, the transfer of the PS3 Tooling and Equipment failed to meet the definition of a sale because the PS3 Tooling and Equipment is (1) unique to Polestar and the manufacturing of the PS3, (2) Polestar maintains a right to repurchase the PS3 Tooling and Equipment during and at the end of the useful life of the PS3, and (3) Polestar has a contingent obligation to repurchase the PS3 Tooling and Equipment at a value equal to Geely's purchase price less the total amount of the user right fee paid to Geely in the event the user right agreement is terminated. Further, since Polestar is required to (1) pay Volvo Cars in PS3 piece price for the annual user right fee Volvo Cars is required to pay Geely and (2) pay Geely at the end of the useful life of the PS3 for any unused amount of the Cap, the agreements together form a failed sale and lease-back transaction. In accordance with IFRS 16, the PS3 Tooling and Equipment was not derecognized from PPE and Polestar's obligation to repay the purchase price from Geely was accounted for under IFRS 9. Per the terms of the agreement, Polestar's long-term obligation to repay Geely through Volvo Cars does not include any interest or mark-up (i.e., the amount borrowed is the exact amount which will be repaid). This transfer of proceeds from Geely did not factor for the time-value of money (e.g., in a manner similar to a discount on a bond that a third party investor would require), so the transaction was not at arm's length in accordance with IAS 24, *Related Party Disclosures* ("IAS 24"), resulting in a portion of the purchase price from Geely being accounted for as a capital contribution instead of a financial liability. Accordingly, Polestar's obligation to Geely was recognized at the present value of $131,737, determined utilizing an estimated market interest rate in China of 5.2%, and the difference between the present value of Polestar's obligation and the purchase price from Geely of $25,565 was recognized as a component of other contributed capital.

On March 1, 2024, Polestar extended the production lifecycle of the PS3 from six years to seven years. As the duration of the PS3 Tooling and Equipment financing instrument follows the production lifecycle of the vehicle, the length of the repayment period also extended from six years to seven years resulting in a $2,478 gain. The carrying value of the PS3 Tooling and Equipment financing instrument was $112,843 and $124,878 as of December 31, 2025 and 2024, respectively.

PS4 Tooling and Equipment

In August 2025, Polestar and Geely entered into an asset transfer agreement under which Geely agreed to purchase unique tooling used in the production of the PS4 for $75,700. Although legal title and associated risks transferred to Geely, the tooling was not physically moved, is unique to Polestar and cannot be repurposed or used by Geely or any other party without Polestar's intellectual property and operational involvement.

In substance, Polestar retains control over the tooling, as Geely does not obtain the ability to direct the use of, or derive economic benefits from, the assets other than through providing access back to Polestar. Based on this, the transaction does not meet the criteria for a sale under IFRS 15, as control of the tooling has not transferred. Furthermore, although the arrangement involves legal title transfer, no leaseback agreement (written or otherwise) has been entered into with Geely. As such, the transaction is not accounted for as a sale and leaseback under IFRS 16. Accordingly, the tooling remains recognized in Polestar's property, plant and equipment. The cash received is accounted for as a financing liability, initially measured at fair value using a market interest rate, with any excess over fair value recognized as a capital contribution in equity. As of December 31, 2025, the carrying value of the PS4 Tooling and Equipment financing instrument was $68,974.

PS5 Tooling and Equipment

In December 2025, Polestar and Geely entered into an asset transfer agreement for unique vendor tooling related to PS5 production, for $148,000. As with the PS4 arrangement, the ownership and title were transferred to Geely, the tooling was not physically moved and is specialized for PS5 production.

In substance, Polestar retains control over the tooling, as Geely cannot derive economic benefit except by leasing it back to Polestar. As of December 31, 2025, no leaseback agreement had been executed between the parties. Accordingly, the transaction does not meet the criteria for a sale under IFRS 15, as control of the tooling has not transferred to Geely, and the tooling remains recognized in Polestar’s property, plant and equipment. The cash received recognized as a financing liability initially measured at fair value using a market interest rate, with any excess over fair value recognized as a capital contribution in equity. As of December 31, 2025, the carrying value of this financing instrument was $151,879.

Market RCFs

In the ordinary course of business, Polestar, on a market by market basis, enters into multiple low value credit facilities with various financial service providers to fund operations related to vehicle sales. These facilities provide access to credit with the option to renew as mutually determined by Polestar Group and the financial service provider. The facilities take different legal forms on a market-by-market basis but are generally partially or fully secured by vehicles. As of December 31, 2025 and 2024, the amount outstanding under these arrangements due to third parties was $83,283 and $89,744, respectively, with maturities up to December 2026.

In May 2021, the Group entered into a revolving credit facility with the related party Volvo Cars Financial Services UK. The revolving credit facility is renewed each 12-month period and is denominated in GBP. Interest is calculated at the floating Bank of England ("BoE") base rate plus 2-2.5%, settled monthly. The facility is partially secured by the underlying assets. As of December 31, 2025 and 2024, $65,625 and $55,344 of this financing arrangement remained outstanding, respectively.

Polestar has also entered into contracts to sell vehicles and then lease such vehicles back for a period of up to twelve months. At the end of the leaseback period, Polestar is obligated to repurchase the vehicles. Accordingly, the consideration received for these transactions was recorded as a financing transaction. As of December 31, 2025 and 2024, the aggregate amount outstanding under these arrangements was $5,900 and $8,160, respectively.

Note 27 - Supplemental cash flow information

The Group's non-cash investing and financing activities were as follows:

	Year ended December 31		
Non-cash investing and financing activities	**2025**	**2024**	**2023**
Purchases of intangible assets in trade payables - related parties and accrued expenses - related parties	175,495	140,007	129,019
Initial recognition of ROU assets and lease liabilities	16,826	70,078	54,569
Transaction fees related to equity issuance	16,241	—	—
Purchases of property, plant and equipment in trade payables	7,801	114,486	96,011
Initial recognition of investment in associates	—	9,608	29,400

Changes in the Group's current and non-current liabilities arising from financing activities were as follows:

	Loans and borrowings	**Convertible liabilities**	**Other financing liabilities**	**Earn-out rights and Class C Shares liabilities**	**Lease liabilities**	**Total**
Balance as of January 1, 2024	**2,036,755**	**1,274,899**	**176,614**	**161,402**	**127,248**	**3,776,918**
of which outstanding principal	2,026,665	1,257,194	176,614	—	—	3,460,473
of which accrued interest	10,090	17,705	—	—	—	27,795
Changes from other items						

Proceeds from short-term borrowings	3,273,142	—	138,121	—	—	3,411,263
Proceeds from long-term borrowings	938,474	—	—	—	—	938,474
Repayments of borrowings	(2,755,562)	—	(134,337)	—	—	(2,889,899)
Repayments of lease liabilities	—	—	—	—	(35,646)	(35,646)
Total changes from financing cash flows	**1,456,054**	**—**	**3,784**	**—**	**(35,646)**	**1,424,192**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	70,078	70,078
Cancellation of lease liabilities	—	—	—	—	(21,151)	(21,151)
Interest expense[1]	174,480	127,032	6,689	—	7,423	315,624
Interest paid	(165,642)	(104,285)	—	—	(7,423)	(277,350)
Amortization of loan fees	3,086	—	—	—	—	3,086
Total changes from other items	**11,924**	**22,747**	**6,689**	**—**	**48,927**	**90,287**
Changes from effects of foreign exchange	(46,461)	—	(4,387)	—	(5,258)	(56,106)
Adjustment for revised cash flow estimate	—	—	(2,478)	—	—	(2,478)
Loss on debt modification	—	2,761	—	—	—	2,761
Changes from effects of fair value	—	—	—	(129,124)	—	(129,124)
Changes from interest on fair value measurement	—	—	—	—	—	—
Balance as of December 31, 2024	**3,458,272**	**1,300,407**	**180,222**	**32,278**	**135,271**	**5,106,450**
of which outstanding principal	3,439,629	1,257,637	179,853	—	—	4,877,119
of which accrued interest	18,643	42,770	369	—	—	61,782
Balance as of January 1, 2025	**3,458,272**	**1,300,407**	**180,222**	**32,278**	**135,271**	**5,106,450**
Changes from financing cash flows						
Proceeds from short-term borrowings	3,656,665	300,000	197,955	—	—	4,154,620
Proceeds from long-term borrowings	—	—	191,322	—	—	191,322
Repayments of borrowings	(2,933,506)	—	(183,932)	—	—	(3,117,438)
Repayments of lease liabilities	—	—	—	—	(33,752)	(33,752)
Total changes from financing cash flows	**723,159**	**300,000**	**205,345**	**—**	**(33,752)**	**1,194,752**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	16,826	16,826
Cancellation of lease liabilities	—	—	—	—	(5,734)	(5,734)
Interest expense[1]	228,943	114,752	489	—	4,587	348,771
Interest paid	(213,310)	(93,183)	—	—	(4,587)	(311,080)
Amortization of loan fees	5,214	—	—	—	—	5,214
Total changes from other items	**20,847**	**21,569**	**489**	**—**	**11,092**	**53,997**
Changes from effects of foreign exchange	135,957	—	13,633	—	18,112	167,702
Changes from effects of fair value	—	—	—	(23,391)	—	(23,391)
Balance as of December 31, 2025	**4,338,235**	**1,621,976**	**399,689**	**8,887**	**130,723**	**6,499,510**
of which outstanding principal	4,303,763	1,555,975	399,319	—	—	6,259,057
of which accrued interest	34,472	66,001	370	—	—	100,843

1 - Other financial liabilities includes the imputed interest expense related to the PS3 Tooling and Equipment financing instrument. The full amount of all repayments of the PS3 Tooling and Equipment financing instrument are presented as *Repayments of borrowings*.

Note 28 - Related party transactions

Related parties are as follows:

- A person, or a close family member of such person, that has control, joint control or significant influence over a Polestar entity. Due to the Group's ownership structure, Li Shufu is the person who effectively controls the Group and its entities.
- A person who is a member of the key management of the Group, or a close family member of such person. Key management of the Group includes EMT (consisting of the CEO, the CFO, and the COO) and managing directors.

- A legal entity, controlled by a person mentioned in either of the previous two bullets, that can exercise significant influence over the Group.
- A legal entity that is a parent company, subsidiary, joint venture, associate or other company where Li Shufu owns 10% or greater interest in the voting power of the company; or
- A legal entity whose key management personnel provide services to an entity within the Group.

Prior to the merger with GGI, Polestar Group existed as a joint venture between Geely and Volvo Cars. Geely is primarily owned and operated by Li Shufu. Geely, through a combination of wholly owned and partially owned entities, owns a controlling number of equity interests in Volvo Cars. Therefore, Li Shufu, as a controlling equity interest holder in Geely, effectively controls Geely and Volvo Cars. All transactions with Geely and Volvo Cars are related party transactions.

As of December 31, 2025 and as of December 31, 2024, related parties owned 69.0% and 81.8% of the Group, respectively. The remaining were owned by external investors.

Unless specifically detailed in this footnote, all transactions with related parties are on an arm's length basis. During the years ended December 31, 2025, 2024, and 2023, the Group had related party transactions in the following functions:

Product development

The agreements in place to support the Group's product development include licenses and intellectual property, patents, R&D services, design, and technology agreements with Volvo Cars and Geely. The Group owns its developed Polestar Unique technology, which was created using purchased R&D, design services, and licenses to critical common technology from Volvo Cars and Geely. Polestar also benefits from related parties as subcontractors in certain internal technology development programs of the Group.

Product development agreements

Major product development agreements Polestar entered into with related parties during the years ended December 31, 2025, 2024, and 2023 are as follows:

Polestar 2

On January 4, 2024, October 3, 2023, November 9, 2022 and December 27, 2022, Polestar entered into amendment agreements related to the service and joint development agreements with Volvo Cars regarding the PS2 model-year updates entered on April 13, 2021. The amendment agreements both modify existing model-year fees as well as add new model-years. The fee Polestar agreed to pay Volvo Cars for model-year 2024, 2025, and 2026 updates was approximately $22,219. The fee Polestar agreed to pay Volvo Cars for model year 2022 and 2023 updates was $67,429. The fee Polestar agreed to pay Volvo Cars for model year 2021 updates was amended to approximately $34,004.

Polestar 3

On May 5, 2023 and July 10, 2023, Polestar entered into Prototype Supply Agreements for the supply of PS3 prototype and pre-series vehicles with Volvo Cars. The total fee Polestar agreed to pay Volvo Cars under these agreements was approximately $8.5 million.

On August 19, 2025, Polestar entered into a license assignment and service agreement with Volvo Cars covering certain development services and technology related to model-year updates and upgrades for the PS3 vehicle. The agreement covers model year 2026 and the fee Polestar agreed to pay Volvo Cars amounted to $94.6 million.

Polestar 4

On June 13, 2025 and December 4, 2025, Polestar entered into a Change Framework Agreement and a Change Agreement with Geely relating to certain development services and technology relating to model-year updates and upgrades for the PS4 coupé. The Change Agreement cover model year 2027 and the fee Polestar agreed to pay to Geely amount to $12.9 million. On December 26, 2025, Polestar also entered into a Change Agreement with Geely relating to certain development services and technology relating to the PS4 SUV and the fee Polestar agreed to pay to Geely is a fixed amount of $40.3 million.

On December 23, 2024, October 25, 2024, and August 14, 2024, Polestar entered into supplement and amendment agreements regarding the R&D service agreement for the development phase of the PS4 entered into on December 28, 2021. Under the supplement and amendments, Geely provided additional PS4 IP services, including modified development services, model-year updates and prototypes totaling approximately $29,219. The total fee Polestar agreed to pay, in eight installments through 2025, was approximately $368,718, calculated on time and materials under a cost-plus methodology.

On July 23, 2024, Polestar entered into a R&D service agreement for development and prototypes to be performed and supplied by Renault Korea Co. Ltd, subcontracted by Geely, and based on Geely's PMA-1 platform and GEEA2.0 electrical architecture. The service charges include a combination of fixed fees and estimated charges for the services to be provided, paid based on predefined project milestones. The total fee Polestar agreed to pay Geely through 2025 was approximately $31,090.

On March 4, 2022, Polestar entered into two technology license agreements related to the right to use Geely's PMA-1 platform and GEEA2.0 electrical architecture for the PS4 in and outside of China. Under these agreements, Polestar agreed to pay Geely a monthly license royalty fee based on the net revenue of PS4s sold each month during the vehicle's lifecycle. The agreements also include a minimum sales volume commitment for sales inside and outside of China each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for any deficit between the actual volume sold and the minimum sales volume commitment each year. Polestar also entered into a third technology license agreement with Zhejiang Zeekr Automobile Research and Development Co., Ltd ("Zeekr"), an entity controlled by Geely, related to the right to use Zeekr carry-over tophat technology in the PS4 in China. Polestar agreed to pay Zeekr a monthly license royalty fee based on the net revenue of PS4s sold each month in China during the vehicle's lifecycle. The agreement also includes a minimum sales volume commitment for China for each year during the vehicle's lifecycle. Polestar is required to pay Zeekr compensation for any deficit in China between the actual volume sold and the minimum sales volume commitment each year.

In June 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024 with Zeekr and Liankong, in which it was acknowledged by both parties that the compensation payable by Polestar due to the volume deficit in 2024 was not payable as the volume deficit was due to supplier issues and other delays for which Polestar was not responsible.

As discussed with Geely, on April 10, 2025, Polestar, Xingji Meizu and Polestar Times Technology entered into the agreement to terminate the Business Cooperation Agreement and cease all the Polestar Times Technology's business operation. This led to a significant reduction of Polestar's sales presence in China and, in 2025, Polestar's focus was on increasing sales in Europe, and no significant investment was made in expanding sales in China. In this context, Polestar did not meet the volume commitments under the China license agreements in 2025 and whether or not Polestar will meet them in the future is dependent on its future actions in China, principally on any decision to maintain the current small sales presence or grow the network. The treatment of 2025-2029 commitments for China is being actively negotiated between Geely and Polestar.

Polestar 5 and Polestar 6

On December 1, 2023 and February 3, 2023, Polestar amended a vehicle supply agreement with Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd. ("AECQ"), a subsidiary of Geely, related to the production of PS5 prototypes, which was originally entered into on July 26, 2022, Under the original agreement, AECQ agreed to manufacture and sell Polestar prototypes of the PS5 for a total cost of approximately $25,398 that was determined under a cost-plus methodology. On February 3, 2023, the agreement was amended to change the timing and composition of prototypes, including adding production for spare parts and components, and increased the total cost to $25,783. On December 1, 2023, the agreement was amended again for similar reasons and increased the total cost to $27,290.

On September 28, 2023, Polestar entered into a technology license agreement with Geely related to the right to use Zeekr's ZEEA2.5 and Geely's GEEA2.0 electrical architectures for the PS5. The total license fee of $31,245 is required to be paid in two installments: a payment of $14,011 that occurred in October 2023 and a payment of 17,234 to be made in 2025.

On November 29, 2023, Polestar entered into a R&D service agreement for development to be performed and supplied by Zeekr relating to the PS5. The service charges were a fixed fee for the services provided, paid based on predefined project milestones. The total fee Polestar agreed to pay Zeekr under the agreement was $5.2 million. On May 2024 Polestar entered into an Amendment Agreement to the R&D service agreement under which the parties agreed that Zeekr should provide additional development services. The fee agreed to be paid by Polestar under the Amendment Agreement was a fixed amount of $12.0 million.

Refer to *Note 29 - Commitments and contingencies* for details on commitments and contingencies related to product development of Polestar vehicles.

Procurement

The Group has entered into service agreements with Geely and Volvo Cars regarding the procurement of direct materials for production and the indirect procurement of material, IT and other general services not related to car components. The joint sourcing of indirect procurement activities and direct material for the Group, Volvo Cars, and Geely has allowed the companies to leverage economies of scale.

Manufacturing

The Group purchases contract manufacturing services, manufacturing and logistics engineering services, and has entered into tool sharing agreements with Volvo Cars and Geely. Manufacturing engineering includes activities related to the development of the production process (i.e., deciding which manufacturing equipment should be utilized and where equipment should be situated to ensure an efficient production process), rather than development of the vehicle itself. Logistics engineering includes activities related to the determination of how different components are delivered to the production sites. The Group outsourced the manufacturing and logistics engineering for the production processes of the PS1, PS2, and PS3 to Volvo Cars and for the production processes of the PS4 and PS5 to Geely.

Tool sharing occurs when the Group purchases production tools, together with Volvo Cars or Geely, to obtain synergies in the manufacturing processes by utilizing the same or similar tools. Polestar also enters into machinery and equipment lease arrangements as well as certain building lease agreements with Geely and Volvo Cars. Refer to *Note 12 - Leases* for more information on Polestar's leasing arrangements.

Manufacturing agreements

Major manufacturing agreements Polestar entered into with related parties during the years ended December 31, 2025, 2024, and 2023 are listed below.

Polestar 2

No material agreements were signed in the years ended December 31, 2025, 2024, and 2023.

Polestar 3

On September 6, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Charleston plant. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up is an arm's length mark-up which is fixed during the production until end of production. Under this agreement, Polestar is committed to purchasing certain volumes of the PS3 between 2024 and 2030. In the event that Polestar's actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling.

On January 8, 2024 and January 12, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Chengdu plant for sale in and outside of China. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up will be reviewed annually and adjusted in accordance to the median of the latest available benchmark procured by Volvo Cars in accordance to the "arm's length principle" between the Parties. Under this agreement, Polestar is committed to purchase specific volumes of the PS3 between 2024 and 2030. In the event that Polestar's actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling.

On December 8, 2023, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 to Geely in exchange for $156,056. This agreement was accounted for as a financing transaction instead of a sale due to the terms of the agreement and the terms of other agreements with Volvo Cars and Geely that were signed on January 8, 2024 and March 3, 2024. Refer to *Note 26 - Loans and borrowings* for more details. On March 3, 2024, Polestar entered into a Vendor Tooling User Right Agreement under which Polestar grant Volvo the right to use certain vendor tooling owned by Polestar for the production of the PS3 in the Charleston plant. For the user right Volvo has agreed to pay a user right fee.

On March 21, 2025 and March 20, 2025 Polestar entered into Vendor Tooling User Right Agreements under which Polestar grant Volvo the right to use certain vendor tooling owned by Polestar for the production of the PS3 in the Charleston plant. For the user right Volvo has agreed to pay a user right fee.

Polestar 4

On January 17, 2022, Polestar entered into a tooling and equipment agreement with Geely related to PS4 unique equipment, tooling, and launch costs related to the manufacturing of the PS4. Under the agreement, Geely agreed to invest a total of $60,948 for PS4 unique equipment, tooling, and launch costs on behalf of Polestar and Polestar agreed to pay Geely in seven installments at certain pre-defined milestones between contract signing and February 2024. The cost to Polestar for PS4 unique equipment and tooling is $39,371 and $21,577 for PS4 launch costs.

On November 9, 2023, Polestar entered into a framework agreement with Geely and Renault Korea Co. Ltd ("Renault Korea") related to the production of the PS4 in Renault Korea's plant in Busan, South Korea for sale in South Korea, Canada, and the U.S. Under the agreement, Polestar agreed to pay Renault Korea per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, long-lived asset, and outbound logistics fees. The agreement includes a purchase volume commitments for each year during the vehicle's lifecycle and Polestar is required to pay Renault Korea compensation each year if the purchase volume commitment is not met. Between signing of the agreement and 2026, Polestar, Geely, and Renault Korea are committed to invest approximately $242,000 to prepare the plant for production of the PS4. Polestar's share of the commitments that are required to be paid outside of piece price of each PS4 produced total approximately $200,000 and approximately $38,000 are required to be paid in piece price. The remaining commitment will be paid by Geely. On June 26, 2024, Polestar further entered into a production development and localization service agreement with Renault Korea detailing the payments terms of the investment and project costs with respect to milestones, with the final milestone estimated to be met in 2026.

On July 17, 2023 and July 24, 2023, Polestar entered into two manufacturing and vehicle supply agreements with Geely related to production of the PS4 in Geely's plant in Hangzhou, China for sale in and outside of China. Under the agreements, Polestar agreed to pay Geely per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, and outbound logistics fees. The agreements include purchase volume commitments for each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for the deficit between the actual volume purchased during the year and 90% of Polestar's fixed reserved volume for the year. Polestar's fixed reserve volume for each year is negotiated and agreed upon in November of the prior year. On October 1, 2024 and October 8, 2024, supplemental agreements modified the cost components that affect the vehicle price.

In June 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024, in which it was acknowledged by both parties that a portion of the compensation payable by Polestar due to the volume deficit in 2024 was not payable as the volume deficit was due to supplier issues and other delays for which Polestar was not responsible. As a result, as of December 31, 2025, Polestar recognized a reversal of $29,779 under cost of sales. The remaining amount of $15,265 previously recorded under cost of sales was waived by Geely and recognized as other contributed capital.

On August 25, 2025, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS4 to Geely in exchange for $75.7 million. This agreement was accounted for as a financing transaction instead of a sale due to the nature of the assets sold, the relationship between seller and buyer and related agreements between the parties. For more details, refer to *Note 26 - Loans and borrowings*.

Polestar 5 and Polestar 6

On December 20, 2023 and September 15, 2023, Polestar entered into a memorandum of understanding and framework services agreement with Asia Europe New Energy Automobile Manufacturing (Chongqing) Co. Ltd. ("AECQ"), a subsidiary of Geely, related to the setup of plant operation services for manufacturing of the PS5 and PS6. Refer to Production of the PS5 and PS6 for details on the memorandum of understanding agreement.

On August 25, 2025, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS4 to Geely in exchange for $148.0 million. This agreement was accounted for as a financing transaction instead of a sale due to the nature of the assets sold, the relationship between seller and buyer and related agreements between the parties. For more details, refer to *Note 26 - Loans and borrowings*.

Refer to *Note 29 - Commitments and contingencies* for details on commitments and contingencies related to manufacturing of Polestar vehicles.

Production of the PS5 and PS6

Production of the PS5 and PS6 is intended to occur in a manufacturing plant owned by Geely, via its AECQ subsidiary, in Chongqing, China. During the year ended December 31, 2021, Polestar and Geely established a steering committee to oversee decisions relevant to the plant, including planning, design, construction, engineering management of the plant. Following the establishment of the steering committee, Polestar began providing digital, human resources, indirect procurement, finance, logistics, plant management, blue collar launch, product launch, and plant launch services (collectively, the "Plant Operation Services") related to the setup of Geely's plant. Since the year ended December 31, 2021 and prior to December 20, 2023, these services were provided to Geely without an agreement of commercial and legal terms (i.e., a contract) between Polestar and Geely, resulting in Polestar providing the Plant Operation Services to Geely at its own risk and without rights to consideration from Geely. All costs incurred by Polestar during the years ended years ended December 31, 2025, 2024, and 2023 that were associated with providing the Plant Operation Services were expensed as incurred under their respective functional line items in the Consolidated Statement of Loss and Comprehensive Loss.

On December 20, 2023, Polestar and Geely entered into an agreement under which Geely agreed to compensate Polestar for the Plant Operation Services provided by Polestar during the years ended December 31, 2025, 2024, and 2023. The consideration received by Polestar upon signing of the service agreement amounted to $25,202 in the year ended December 31, 2025 and was calculated utilizing a cost-plus methodology. During the year ended December 31, 2025, the consideration received by Polestar upon providing plant operation services in 2025 amounted to $666. The consideration received was recognized in Other operating income in the Consolidated Statement of Loss and Comprehensive Loss for the year ended December 31, 2025.

Sales and distribution

For the years ended December 31, 2025, 2024, and 2023, the Group sold software technology, vehicles, prototype engines and carbon credits to Geely and Volvo Cars. The Group leverages Volvo Cars sales and services network for go-to-market strategies and dealer support to assist with tasks, which include agreements related to distribution and outbound logistics, delivery of vehicles and other products and global customer service. In 2023, the Group had new agreements in place to begin selling vehicles and services to Polestar Times Technology, a strategic joint venture for the China market with the technology company Xingji Meizu. Polestar leverages Xingji Meizu software and consumer electronics hardware development to strengthen Polestar's offer in the China market. In 2025, the Group entered into an agreement with Xingji Meizu to terminate commercial operations of its investment in Polestar Times Technology and to transfer the distribution rights related to Polestar-branded vehicles in China back to Polestar. Refer to *Note 10 - Investment in associates* for more information regarding the agreements with Polestar Times Technology.

The Group sells vehicles to Volvo Cars and end customers while end customers can choose to finance the vehicles via Polestar's related party, Ziklo Bank AB.

Polestar and Volvo Car Financial Services US LLC, doing business as Polestar Financial Services ("PFS"), entered into residual value guarantee agreements with Bank of America, National Association ("BANA"), a third party, in the U.S. BANA sought to obtain economic protection against degradation in the residual value of leased vehicles it funds, and Polestar agreed to provide such protection as a service for a fee.

Information technology

While Polestar has its own information technology ("IT") department, Polestar operates in a shared IT environment with Volvo Cars and has service and software license agreements related to the support, maintenance, and operation of IT processes. These IT services include resource planning systems, operations, infrastructure, networking, communications, collaboration, integration, and application hosting.

Financing

Polestar maintains long-term borrowing with the related parties Geely, Volvo Cars and Volvo Cars Financial Services UK, including convertible instruments and borrowings collateralized by tooling. For details of the contracts, refer to *Note 26 - Loans and borrowings*.

Other support

The Group has various other related party agreements in place with Volvo Cars. These are primarily service agreements that relate to support for corporate or back-office functions, including human resources, legal, accounting, and logistics. Human resources support services relate to activities associated with payroll administration, training and workforce administration. Legal support services include routine work associated with patent and brand registrations and competition law. Accounting support services include statutory finance administration, accounting, and financial reporting for sales units.

As the PS2 is manufactured at Volvo Cars' Taizhou plant and the PS3 is manufactured at Volvo Cars' Chengdu and Charleston plants, Volvo Cars are responsible for inbound logistics and Polestar outsources the related outbound logistics to Volvo Cars. As the PS4 is manufactured at Geely's Hangzhou Bay plant, Geely is responsible for inbound logistics. Inbound logistics relate to supplier shipments to various production sites; outbound logistics relate to the transport of vehicles to end customers. The Group outsources customs handling to Volvo Cars as it does not currently have its own customs department. Warranty claims handling is also outsourced to Volvo Cars.

Sale of goods, services and other

Related party revenue transactions relate to product development and sales and distribution agreements discussed above. These transactions are comprised of sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines. The total revenue recognized from each related party is shown in the table below:

	For the year ended December 31,		
	2025	**2024**	**2023**
Volvo Cars	217,885	101,299	86,460
Ziklo Bank AB	95,864	107,553	46,319
Polestar Times Technology	38,543	67,451	—
Other related parties	—	10	5,895
Total revenue from related parties	**352,292**	**276,313**	**138,674**
% of total revenue	**11.5%**	**13.6%**	**5.9%**

Purchases of goods, services and other

Purchases from related parties include agreements related to product development, procurement, manufacturing, IT, and other support (specifically, inbound and outbound logistics) agreements discussed above. These agreements include work in progress and finished goods, including Polestar 2 vehicles purchased from Volvo Cars' factory in Taizhou, China, Polestar 3 vehicles purchased from Volvo Cars' factories in Chengdu China and Charleston U.S., and PS4 vehicles purchased from Geely's Hangzhou Bay factory in Ningbo, China and Renault Koreas factory in Busan South Korea. Purchases and their related payables were from Volvo Cars and Geely subsequent to this event. Inventory cost of the Group is comprised of all costs of purchase, production charges and other expenditures incurred in bringing the inventory to its present location and condition.

Additionally, purchases from related parties include administrative costs associated with service agreements with Volvo Cars that relate to corporate or back-office functions. IT service and software related agreements are also included in administrative costs.

The total purchases of goods, services and other for each related party is shown in the table below:

	For the year ended December 31,		
	2025	**2024**	**2023**
Volvo Cars	1,298,933	1,330,998	2,341,970
Geely	1,199,505	877,908	252,888
Other related parties	18,771	13,204	7,693
Total	**2,517,209**	**2,222,110**	**2,602,551**

Cost of R&D and intellectual property

Polestar has entered into agreements with Volvo Cars and Geely regarding the development of technology leveraged in the development of the PS1, PS2, PS3, and PS4. The Group is in control of the developed product either through a license or through ownership of the IP and the recognized asset reflects the relevant proportion of Polestar Group's interest. The recognized asset associated with these agreements as of December 31, 2025 was $489,904, of which acquisitions attributable to 2025 were $215,721. As of December 31, 2024, the recognized asset associated with these agreements was $865,055, of which acquisitions attributable to 2024 were $116,301.

Related parties' balances

Amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. Amounts due from related parties include transactions related to the sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines discussed above. The amounts recorded in the following respective line items are presented in their corresponding explanatory notes *Note 18 - Trade receivables and other receivables, Note 26 - Loans and borrowings, Note 12 - Leases*, *Note 20 - Other assets*, *Note 23 - Trade payables*, *Note 24 - Accrued expenses* and *Note 25 - Other liabilities* to these Consolidated Financial Statements.

	As of December 31, 2025				
	Volvo Cars	**Geely[1]**	**Polestar Times Technolog**	**Other related parties**	**Total**
Amounts due from related parties					
Trade receivables and other receivables[2]	104,996	77,017	29	15,755	197,797
Other assets	—	2,834	—	—	2,834
Total	**104,996**	**79,851**	**29**	**15,755**	**200,631**
Amounts due to related parties					
Loans and borrowings	(1,020,230)	(935,440)	—	(65,994)	(2,021,664)
Trade payables	(497,386)	(492,808)	—	(1,807)	(992,001)
Accrued expenses	(160,522)	(88,713)	(53)	(4,851)	(254,139)
Lease liabilities	(72,821)	—	—	—	(72,821)
Other liabilities	(8,098)	—	—	(3,484)	(11,582)
Total	**(1,759,057)**	**(1,516,961)**	**(53)**	**(76,136)**	**(3,352,207)**

1 - Under the PS4 technology license agreements and manufacturing and vehicle supply agreements signed between Polestar and Geely entities, Polestar agreed to pay Geely compensation if it did not meet minimum sales volumes established in the agreements. In 2024 there was a volume deficit and, as of December 31, 2024, Polestar recognized an accrued expense of $7,647 and $37,397 for the technology license agreements and manufacturing and vehicle supply agreements respectively. In June, 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024 in which it was acknowledged by both parties that a portion of the compensation was not payable by Polestar as it was related to volume deficit which was due to supplier issues and other delays for which Polestar was not responsible. As a result, as of December 31, 2025, Polestar recognized a reversal of other cost of sales of $29,779. The remaining amount of $15,265 was waived by Geely and recognized as other contributed capital.

2 - In 2025, the Group recognized an impairment loss of $4,457 under the expected credit loss model on trade receivables from a related party, in connection with PS5-related asset sales.

	As of December, 31, 2024				
	Volvo Cars	**Geely**	**Polestar Times Technolog**	**Other related parties**	**Total**
Amounts due from related parties					
Trade receivables and other receivables	21,713	42,316	3,445	13,209	80,683
Other assets	—	2,713	—	—	2,713
Total	**21,713**	**45,029**	**3,445**	**13,209**	**83,396**
Amounts due to related parties					
Loans and borrowings	(1,022,746)	(402,539)	—	(55,343)	(1,480,628)
Trade payables	(430,828)	(357,984)	(1)	(1,733)	(790,546)
Accrued expenses	(79,470)	(143,066)	(10,015)	(3,997)	(236,548)
Lease liabilities	(73,430)	—	—	—	(73,430)
Other liabilities	(37,269)	—	—	(2,375)	(39,644)
Total	**(1,643,743)**	**(903,589)**	**(10,016)**	**(63,448)**	**(2,620,796)**

Incentives to key management personnel

During the year ended December 31, 2019, Volvo Cars provided an equity based incentive program to certain members of the Group's management team (the "Polestar Incentive Plan"). The Polestar Incentive Plan was launched to incentivize the retention of key personnel with pivotal roles in the development of the Group into a successful stand-alone company. Each participant was offered to purchase shares in PSINV AB, a subsidiary of Volvo Cars, which in turn owned shares in Polestar Automotive Holding Limited and hence the participants were indirectly minority owners of the Group. The investment was made at fair market value in accordance with an external valuation.

In total 38,125 shares were acquired by the participants, which corresponded to an indirect ownership in the Group of 0.16 percent. Management evaluated the Polestar Incentive Plan to determine whether it qualified as an equity-settled share-based payment transaction within the scope of IFRS 2, as the participants receive shares of equity in exchange of their investment and more than one entity was involved in delivering the benefit to the participants. Given that the Group does not receive identifiable or unidentifiable goods or services in exchange for the equity purchase of PINSV AB, the transaction is not within the scope of IFRS 2. Furthermore, the Polestar Incentive Plan is in agreement with Volvo Cars and individual members of the Group's prior EMT, as participants were given the option to purchase equity shares in PSINV AB being an entity outside the Group. Therefore, the Polestar Incentive Plan is not a share-based payment transaction in the scope of IFRS 2 and there is no financial statement impact on the Group.

As a consequence of the listing of Polestar Automotive Holding UK Limited on the Nasdaq Stock Exchange in June 2022 and in accordance with the terms of the Polestar Incentive Program, Volvo Cars was obliged to repurchase the participants shares in PSINV AB at fair market value. Each participant was thereafter obliged to reinvest the net proceeds received (repurchase amount less an amount corresponding to the effective tax rate on capital gains in the participants jurisdiction) in shares in Polestar Automotive Holding UK Limited directly on the open market. The purchased shares were subject to a 180 days' lock-up period.

Refer to *Note 8 - Employee benefits* for details on compensation and termination benefits to the EMT and managing directors at the Group's sales units.

Asset disposals

In December 2022, Polestar committed to a plan to sell, to Geely, its Chengdu manufacturing plant held by PSNEV. In July 2023, there was a change in the amount classified as held for sale to include an immaterial amount of other current assets and liabilities along with $85,542 of an intercompany receivable, held by PSNEV, which was not settled prior to the sale of the asset group. Geely agreed to purchase the intercompany receivable as part of the sale, resulting in a change in the asset grouping. The inclusion of these additional assets and immaterial liabilities formed a group of assets and did not meet the definition of a business as defined by IFRS 3.

On August 1, 2023, the Group completed the sale of the asset group to Geely. Upon disposal of the asset group, cumulative foreign exchange losses of $6,636 were reclassified from equity to profit or loss as part of the gain on disposal. The derecognition of the asset group previously classified as held for sale, including the modification to include accounts receivable, resulted in a total gain of $16,334. The gain is reflected within other operating income on the Consolidated Statement of Loss and Comprehensive Loss. The sale of PSNEV represented a common control transaction because (1) PSNEV did not meet the definition of a business at the time of the transaction, (2) the ultimate control of PSNEV was the same before and after the transaction, and (3) control of PSNEV was not transitory.

Note 29 - Commitments and contingencies

Commitments

Polestar has contractual obligations with certain suppliers including obligations to acquire intangible assets related to development of vehicles, non-cancellable manufacturing commitments, or minimum sales volume commitments. In the event of a shortfall in manufactured vehicles or sales, or Polestar's decision to terminate such contracts, these suppliers are entitled to compensation from Polestar. The amounts in the table below represent the minimum amounts payable by Polestar under these commitments as of December 31, 2025:

	As of December 31,	
	2025	**2024**
Acquisition of intangible assets commitments – related parties	12,634	26,124
Non-cancelable manufacturing commitments – related parties	287,065	268,811
PS4 license volume commitments – related parties	55,981	83,073
Logistics service and other third party commitments	28,022	—
Total	**383,702**	**378,008**

Contingencies

In the normal course of business, the Group is subject to contingencies related to legal proceedings, claims, and other assessments that cover a wide range of matters. Liabilities for such contingencies are not recorded until it is probable that a present obligation exists and the amount of the obligation can be estimated reliably. However, contingencies are disclosed when the potential financial effect could be material.

NHTSA investigation

On July 18, 2025, the Office of Defects Investigation of the National Highway Traffic Safety Administration ("NHTSA") issued an information request to Polestar Automotive USA, Inc as part of a 'Recall Query' in relation to the functioning of the rearview camera of the Polestar 2. Polestar provided its initial response to NHTSA at the end of 2025 and is working with its manufacturing partners to address the issue with an over-the-air software update. The Company has determined that, in accordance with IAS 37, it has a present obligation in relation to the identified issue in the Polestar 2 vehicles sold in the U.S., but has concluded that it is not probable that an outflow of resources will be required to settle this obligation and no reliable estimate or range of the financial effect of this matter nor the timing of the outcome can be determined at this time.

Note 30 - Subsequent events

Management has evaluated events subsequent to December 31, 2025 and through May 6, 2026, the date these Consolidated Financial Statements were authorized for issuance and identified the following events for disclosure. Management determined that no adjustments were required to the figures presented as a result of these events.

- On January 14, 2026, Polestar repaid €15.9 million of its principal and interest amount due on that same date, on its €420.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). The loan carried an interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.
- On January 21, 2026 and January 29, 2026, Polestar made drawdowns of €51.3 million and €42.8 million, respectively, on its €420.0 million TFF. The loan carried an interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.
- On January 29, 2026, Polestar repaid $50.2 million of its principal and interest amount due under its existing secured 12-month bank loan facility with Banco Bilbao Vizcaya Argentaria (BBVA). The loan carried an interest rate of 1-month Term SOFR plus 1% per annum.
- On February 2, 2026, Polestar announced a $400.0 million equity investment (approximately 20,682,522 Class A ADSs, equivalent to 620,475,660 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of 19.34 per ADS) by Feathertop Funding Limited, a special purpose vehicle consolidated to Sumitomo Mitsui Banking Corporation, and Standard Chartered Bank (Hong Kong) Limited, with each investor contributing $200.0 million. Concurrent with the purchase, these financial institutions have each entered into a put option arrangement with Geely Sweden Automotive Investment AB whose obligations under the put options are guaranteed by Geely Sweden Holdings AB. Geely Sweden Automotive Investment AB is a wholly-owned subsidiary of Geely Sweden Holdings AB, which is a member of the Geely group and an affiliate of Polestar, which provides the financial institutions with an exit path, if needed, in three years with certain returns, as part of this equity financing arrangement.
- On February 2, 2026, Polestar renewed its secured bank loan facility for $450.0 million with Banco Bilbao Vizcaya Argentaria (BBVA), with a new maturity date of 28 February 2027. Drawdowns under this loan facility carry an interest rate of Term SOFR plus 1.70% per annum.
- On February 6, 2026 Polestar and Geely signed a Manufacturing and Vehicle Supply Agreement related to the manufacturing and vehicle supply of the Polestar 5. In this agreement Polestar makes commitments to pay certain amounts, independently of the volume of vehicles it purchases under the contract, as well as certain minimum amounts based on the production volumes it reserves each year. If Polestar discontinues the agreement prior to its termination, Polestar must pay certain exit costs.
- On February 11, 2026, Polestar repaid principal and interest amount due on its working capital loan for ¥804.2 million with Bank Of China. This loan carried an interest rate of 3.65% per annum due quarterly.
- On February 13, 2026, Polestar entered into a 12-month working capital loan for ¥800.0 million with Bank of China. This loan carries an interest rate of 3.55% per annum due quarterly. This loan benefits from letters of comfort from Geely.
- On February 25, 2026, Polestar entered into a one-year extension of its green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). In connection with the extension, the aggregate commitment under the TFF was reduced from €420.0 million to €400.0 million; Standard Chartered Bank's commitment was reduced from €120.0 million to €100.0 million. Amounts drawn under the TFF bear interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum. The maximum tenor of individual borrowings was extended from 90 days to 180 days. The TFF is used primarily to support working capital requirements related to Polestar's trade activities.
- On February 27, 2026, Polestar repaid $100.4 million of its principal and interest amount due under its existing secured 12-month bank loan facility with Banco Bilbao Vizcaya Argentaria (BBVA). The loan carried an interest rate of 1-month Term SOFR plus 1.7% per annum.
- On March 9, 2026, Polestar repaid $150.0 million of its outstanding loans under its existing secured 12-month bank loan facility with Standard Chartered Bank (SCB). The loan carried an interest rate of 6-month Term SOFR plus 1% per annum.
- On March 11, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for ¥257.5 million with East Asia Bank (EAB). This loan carried an interest rate of 4% per annum due quarterly.
- On March 16, 2026, Polestar announced a $300.0 million equity investment (approximately 15,511,891 Class A ADSs, equivalent to 465,356,730 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of 19.34 per ADS) by various purchasers including Crédit Agricole CIB, Vida Finance S.A., Innovator Limited and Proximastar Holdings Company Limited. Concurrent with the purchase, these financial institutions have each entered into a put option arrangement with Geely Sweden Automotive Investment AB whose obligations under the put options are guaranteed by Geely Sweden Holdings AB. Geely Sweden Automotive Investment AB is a wholly-owned subsidiary of Geely Sweden Holdings AB, which is a member of

the Geely group and an affiliate of Polestar, which provides the financial institutions with an exit path, if needed, in three years with certain returns, as part of this equity financing arrangement.

- On March 18, 2026, Polestar made drawdown of €61.8 million on its €400.0 million TFF. The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On March 23, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for ¥37.7 million with East Asia Bank (EAB). This loan carried an interest rate of 3.85% per annum due quarterly.
- On March 24, 2026, Polestar entered into a 12-month working capital loan for ¥306.3 million with East Asia Bank (EAB). This loan carries an interest rate of 3.85% per annum due quarterly. This loan benefits from letters of comfort from Geely.
- On March 26, 2026, Polestar renewed the 12-month revolving credit facility with SG Asset Finance (Hong Kong) Limited ("Société Générale") for an aggregate principal amount of up to €150.0 million, with a new maturity date of March 31, 2027 and a change of lender to Société Générale, Hong Kong Branch. All other terms were kept the same as the previously existing facility. On March 31, 2026, Polestar drew down €150.0 million under the facility. This draw carries interest at the 3-month EURIBOR plus 2.5% per annum due quarterly and has a repayment period of 12 months.
- On March 28, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for $210.2 million with China CITIC Bank (CITIC). This loan carried an interest rate of 5.45% per annum due quarterly.
- On March 30, 2026, Polestar made drawdown of €52.6 million on its €400.0 million TFF. The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On March 31, 2026, amendments to the covenants associated with the Club Loan were approved by Standard Chartered Bank and the syndicated lenders agreeing to amend the debt-to-asset ratio range for all test periods for 2026 including an increase from 0.85:1 to 1.60:1 for the first quarter of 2026. Moreover, the minimum revenue covenant for 2026 was amended from $8,670.2 million to $3,300.0 million.
- On March 31, 2026, Polestar announced that Snita Holding B.V. agreed to convert approximately $274.0 million of the outstanding principal under the Snita Term Loan Facility into Polestar's equity (approximately 16,150,000 Class A ADSs, equivalent to 484,500,000 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of $16.97 per ADS) and is expected to carry out a second debt-to-equity conversion later during the second quarter, totaling approximately $65.0 million.
- On March 31, 2026, Polestar and Snita Holding B.V. agreed to amend the Snita Term Loan Facility by extending the term of the facility from December 29, 2028 to December 31, 2031 and to change the applicable margin to borrowings under the facility from 4.97% to 5.40% from the next interest payment date in 2026.
- On March 31, 2026, Polestar announced that Polestar and Volvo Cars also intend to increase efficiencies by consolidating future manufacturing of Polestar 3 in Charleston, South Carolina, USA.
- On April 17, 2026, Polestar entered into two 12-month working capital loans for $110.0 million and $100.0 million with China CITIC Bank (CITIC). These loans carry interest rates of 4.6% and 4.7% respectively per annum due quarterly.
- On April 20, 2026, Polestar made drawdown of €35.9 million on its €400.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On April 21, 2026, Polestar repaid the principal and interest due on its maturing €400.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the “TFF”), in an aggregate amount of €51.6 million. The loan bore interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.
- On April 29, 2026, Polestar made drawdown of €20.1 million on its €400.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On April 29, 2026, Polestar repaid the principal and interest due on its maturing €400.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the “TFF”), in an aggregate amount of €43.2 million. The loan bore interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.

Note 31 - Principal Accountant Fees and Services

Deloitte AB served as Polestar's principal external auditor in 2025 and 2024. Deloitte AB's offices are located at Rehnsgatan 11, SE-113 79 Stockholm, Sweden and its PCAOB ID is 1126. The following table shows the aggregate fees billed or to be billed by Deloitte AB for the services indicated during the years ended December 31, 2025 and 2024 (in thousands of U.S. dollars):

	For the year ended December 31,	
	2025	2024
Audit fees	19,775	15,746
Audit-related fees	74	200
Tax fees	10	—
All other fees	16	—
Total	**19,875**	**15,946**

Audit fees consists of the aggregate fees billed or to be billed for the audit of Polestar's annual consolidated financial statements and the statutory financial statements of certain subsidiaries. This includes interim review services that Deloitte AB provides related to regulatory filings with the SEC and the provision of comfort letters in connection with funding transactions.

Audit-related fees are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Polestar's financial statements and are not reported under Audit fees.

Tax fees are the aggregate fees billed for tax advisory and compliance services.

All other fees are the aggregate fees billed for other professional services that are not related to the above categories.

The Audit Committee has adopted a pre-approval policy that provides guidelines for audit, audit-related and other non-audit services that may be provided to Polestar. All of the fees in the table above were approved in accordance with this policy. The policy (a) identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that Deloitte AB's independence is not impaired; (b) describes the audit and audit-related services that may be provided and the non-audit services that are prohibited; and (c) sets forth pre-approval requirements for all permitted services. Under the policy, all services to be provided by Deloitte AB must be pre-approved by the Audit Committee. The Audit Committee has delegated authority to approve permitted services up to certain fee thresholds to the Audit Committee's Chair. Such approval must be reported to the entire Audit Committee at the next scheduled Audit Committee meeting. Once the Audit Committee or its Chair has approved the overall fees for certain audit, audit-related or non-audit services to be provided by Deloitte AB, the Polestar Chief Financial Officer may then authorize specific fees of Deloitte AB up to certain capped amounts depending on the type of service.

Polestar Automotive Holding UK PLC

Parent Company Financial Statements

for the years ended December 31, 2025 and 2024

Parent Statement of Financial Position

(in thousands of U.S. dollars except per share data and unless otherwise stated)

		As of December 31,	
	Note	2025	2024
Assets			
Non-current assets			
Investments in subsidiaries	6	$ 5,605,054	$ 4,987,797
Deferred tax asset	11	17,878	8,226
Other non-current assets		22,211	21,264
Total non-current assets		**5,645,143**	**5,017,287**
Current assets			
Cash and cash equivalents		39,687	30,506
Other current receivables - subsidiaries		295,219	61,122
Other current assets	7	9,075	9,621
Total current assets		**343,981**	**101,249**
Total assets		**5,989,124**	**5,118,536**
Equity			
Share capital	8	(27,817)	(21,169)
Other contributed capital	8	(4,082,563)	(3,597,967)
Accumulated deficit	8	2,164,157	1,406,888
Total equity	8	**(1,946,223)**	**(2,212,248)**
Liabilities			
Non-current liabilities			
Other non-current interest-bearing liabilities - related parties	12	(1,255,974)	(1,257,637)
Earn-out liability	5	(3,579)	(28,778)
Non-current liabilities to credit institutions	4	(977,230)	(927,235)
Total non-current liabilities		**(2,236,783)**	**(2,213,650)**
Current liabilities			
Current provisions	9	(26,108)	(27,135)
Current liabilities to credit institutions	4	(1,250,950)	(575,000)
Interest-bearing current liabilities - subsidiaries		(70,000)	—
Interest-bearing current liabilities - related parties	12	(300,000)	—
Class C Shares liability	5	(5,308)	(3,500)
Other current liabilities	10	(50,220)	(16,536)
Other current liabilities - subsidiaries		(37,532)	(27,698)
Other current liabilities - related parties	12	(66,000)	(42,769)
Total current liabilities		**(1,806,118)**	**(692,638)**
Total liabilities		**(4,042,901)**	**(2,906,288)**
Total equity and liabilities		**$ (5,989,124)**	**$ (5,118,536)**

The net income (loss) for the period in the accounts of the Company is $(757,269) as of December 31, 2025 and $(854,174) as of December 31, 2024. The Company has taken advantage of the exemption in s408 (3) of the Companies Act 2006 and not presented its individual income statements or the Statement of Comprehensive Income. The accompanying notes form part of these financial statements.

Approved by the Board of Directors on May 6, 2026 and signed on its behalf by:

Winfried Vahland

Chairman of the Board

May 6, 2026

Parent Statement of Changes in Equity

(in thousands of U.S. dollars except per share data and unless otherwise stated)

	Note	Share capital	Other contributed capital	Accumulated deficit	Total
Balance as of December 31, 2023		**$ (21,168)**	**$ (3,588,127)**	**$ 552,714**	**$ (3,056,581)**
Net loss		—	—	854,174	854,174
Total comprehensive loss		**—**	**—**	**854,174**	**854,174**
Equity-settled share-based payment	8	(1)	(9,840)	—	(9,841)
Balance as of December 31, 2024		**(21,169)**	**(3,597,967)**	**1,406,888**	**(2,212,248)**
Net loss		—	—	757,269	757,269
Total comprehensive loss		**—**	**—**	**757,269**	**757,269**
Equity Issuance - Securities Purchase Agreement	8	(1,905)	(197,766)	—	(199,671)
Equity investment	8	(4,654)	(277,777)	—	(282,431)
Equity-settled share-based payment	8	(89)	(9,053)	—	(9,142)
Balance as of December 31, 2025		**(27,817)**	**(4,082,563)**	**2,164,157**	**(1,946,223)**

Note 1 - Overview and basis of preparation

General information

Polestar Automotive Holding UK PLC (formerly known as Polestar Automotive Holding UK Limited) (the “Parent” or the “Company”) acts as a holding company for investments in subsidiaries, as well as a provider of various intragroup services. The Parent was incorporated as a private company under the laws of England and Wales on September 15, 2021. The Parent, together with its subsidiaries, hereafter referred to as “Polestar,” “Polestar Group” and the “Group,” is a limited company incorporated in the United Kingdom.

Polestar Group operates principally in the automotive industry, engaging in the research and development, branding and marketing, and commercialization and selling of battery electric vehicles. As of December 31, 2025, Polestar Group's lineup consists of the Polestar 2 ("PS2"), the Polestar 3 ("PS3"), the Polestar 4 ("PS4") and the Polestar 5 ("PS5"). The Polestar 6 ("PS6"), a luxury roadster and the Polestar 7 ("PS7") are under development. Operating sustainably is a critical priority of the Group; targeting climate neutrality by 2040, creating a climate neutral car (cradle-to-gate) by 2030, and halving the emission intensity per car sold by 2030. Polestar Group has a presence in 28 markets across Europe, North America, and Asia.Polestar Group has its management headquarters located at Assar Gabrielssons väg 9, 418 78 Göteborg, Sweden.

Basis of preparation

The financial statements of the Parent are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes.
- a Statement of Income and Comprehensive Income, and its related notes.
- certain disclosures required by IAS 24 'Related Party' in respect of the compensation of key management personnel.
- certain disclosures required by IAS 24 'Related Party' in respect to transactions with wholly owned subsidiaries.
- certain disclosures required by IAS 1 'Presentation of Financial Statements" in respect to capital management.

As the Polestar Group Consolidated Financial Statements include the equivalent disclosures, the Parent has also taken the exemptions under FRS 101 available in respect to the following disclosures:

- certain disclosures required by IFRS 2 'Share-based Payment'.
- certain disclosures required by IFRS 7 ‘Financial Instruments’.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Parent Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies of the Consolidated Financial Statements.

In case no other principles are mentioned, refer to the accounting principles as described in the Consolidated Financial Statements. For an appropriate interpretation of these financial statements, the Parent Financial Statements should be read in conjunction with the Consolidated Financial Statements.

This annual report is prepared in the presentation currency, U.S. Dollar (“USD”), which is the Parent's functional currency. All amounts are stated in thousands of USD (“TUSD”), unless otherwise stated.

Going Concern

The Parent Financial Statements are prepared on the going concern basis as set out in Note 1 - Overview and basis of preparation of the Consolidated Financial Statements.

Note 2 - Significant accounting policies and judgements

Use of estimates and judgements

The preparation of these Parent Financial Statements requires management to make judgements, estimates, and assumptions that affect the application of the Group's accounting policies, the reported amount of assets, liabilities, revenues, expenses, and other related financial items. Management reviews its estimates and assumptions on a continuous basis; changes in accounting estimates are recognized in the period in which the estimates are revised, and prospectively thereafter. While there are no critical judgements and key sources of estimation uncertainty, details of estimates and judgements which the Parent considers to have a significant impact upon these Parent Financial Statements are the Valuation of Class C-1 Shares and Class C-2 Shares (collectively, "Class C Shares") and Valuation of Earn-out rights. Actual results could differ materially if there is a change in estimates used.

Refer to Note 2 - Material accounting policies and use of significant judgements and estimates and Note 17 - Financial instruments of the Polestar Group Consolidated Financial Statements for more information.

Material accounting policies

Adoption of new and revised IFRS accounting standards

For the adoption of new and revised standards, refer to Note 2 - Material accounting policies and use of significant judgements and estimates of the Polestar Group Consolidated Financial Statements for more information. There are no new or amended standards that have a material impact on the Parent Financial Statements.

Investments in subsidiaries

Investments in subsidiaries comprise equity shares of Group companies and are stated at cost less, where appropriate, provisions for impairment. At the end of each reporting period, investments in subsidiaries are assessed for indications of impairment, and if indications are determined to exist, tested for impairment. As these investments only generate cash inflows in combination with other assets within the Group, cash inflows are not independent at any level below the cash generating units used for Group impairment testing purposes.

Impairment on investments in subsidiaries

Polestar conducts periodic evaluations of its investments in subsidiaries in connection with the Group's Annual CGU Impairment, as well as when certain events or circumstances indicate that the related carrying amounts may not be recoverable. Refer to Note 6 - Investments in subsidiaries for further detail on the impairment recognized as of December 31, 2025 and 2024.

Note 3 - Employee benefits

The total employee benefits expense for the Parent (including key management personnel) during the periods presented were as follows:

	For the year ended December 31,	
	2025	2024
Wages, salaries, and other ST benefits	$ 2,387	$ 3,155
Social Security and other social expenses	588	794
Pension	412	353
Share-based compensation	356	448
Total employee benefits	**$ 3,743**	**$ 4,750**

Post-employment benefits expense reflects those related to defined contribution plans for the years ended December 31, 2025 and 2024.

The average monthly number of persons employed by the Parent (including key management personnel) for the periods presented were as follows:

	For the year ended December 31,	
	2025	2024
Sales and marketing	6	7
R&D, design and digital	1	1
Management, administration and others	4	5
	11	**13**

Note 4 - Loans and borrowings

Liabilities to credit institutions	**As of December 31,**			
Current		**2025**		**2024**
Working capital loans from banks		1,250,950		575,000
Total	**$**	**1,250,950**	**$**	**575,000**
Non-Current				
Syndicated loans from banks		977,230		927,235
Total	**$**	**977,230**	**$**	**927,235**
Total liabilities to credit institutions	**$**	**2,228,180**	**$**	**1,502,235**

The Parent had the following current working capital loans outstanding as of December 31, 2025:

Currency	Term	Security	Interest		Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)
USD	Sep, 2024-2026	Secured bank loan[1]	SOFR[2]+1.00%	$	100,000	100,000
USD	Dec, 2024-2026	Secured bank loan[1]	SOFR[2]+1.00%	$	125,000	125,000
USD	Feb, 2025 - Jan, 2026	Secured bank loan[1]	SOFR[4]+1.00%	$	50,000	50,000
USD	Mar, 2025 - Jan, 2026	Secured bank loan[1]	SOFR[4]+1.70%	$	300,000	300,000
USD	Mar, 2025 - Jan, 2026	Secured bank loan[1]	SOFR[4]+1.70%	$	100,000	100,000
USD	Jun, 2025 - Jan, 2026	Secured bank loan[1]	SOFR[4]+1.70%	$	50,000	50,000
USD	Jun, 2025 - Jan, 2026	Secured bank loan[1]	SOFR[4]+1.00%	$	50,000	50,000
EUR	Mar, 2025-2026	Secured bank loan[4]	EURIBOR[3]+2.50%	€	150,000	175,950
USD	Sep, 2025 - Mar, 2026	Secured bank loan[1]	SOFR[5]+1.00%	$	150,000	150,000
USD	Sep, 2025 - Mar, 2026	Secured bank loan[1]	SOFR[5]+1.00%	$	150,000	150,000
Total						**$ 1,250,950**

1 - Secured by Geely.
2 - 12-month Term Secured Overnight Financing Rate ("SOFR").
3 - 3-month Euro Interbank Offered Rate (“EURIBOR”).
4 - Letter of keep well from Geely.
5 - 6-month Term Secured Overnight Financing Rate ("SOFR").

The Parent had the following current working capital loans outstanding as of December 31, 2024:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)
USD	Aug, 2024-2025	Secured[1]	SOFR[2]+1.15%	100,000	100,000
USD	Sep, 2024-2025	Secured[1]	SOFR[2]+1.15%	100,000	100,000
USD	Sep, 2024-2025	Secured[1]	SOFR[2]+1.15%	100,000	100,000
USD	Dec, 2024-Jan, 2025	Secured[1]	SOFR[3]+1.00%	25,000	25,000
USD	Dec, 2024-Jan, 2025	Secured[1]	SOFR[3]+1.00%	50,000	50,000
USD	Dec, 2024-Jan, 2025	Secured[1]	SOFR[3]+1.00%	50,000	50,000
USD	Dec, 2024-Jan, 2025	Secured[1]	SOFR[3]+1.00%	25,000	25,000
USD	Dec, 2024-2025	Secured[1]	SOFR[2]+1.10%	125,000	125,000
Total					**$ 575,000**

1 - Secured by Geely.
2 - 12-month Term Secured Overnight Financing Rate ("SOFR").
3 - 1-month Term Secured Overnight Financing Rate ("SOFR").

The Parent had the following non-current syndicated loan (the Club Loan) from banks outstanding as of December 31, 2025:

				As of December 31, 2025		As of December 31, 2024	
Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)	Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)
USD	Feb, 2024 - 2027	Unsecured syndicated bank loan	SOFR[1]+3.35%	583,500	580,208	$583.5 million	577,785
EUR	Feb, 2024 - 2027	Unsecured syndicated bank loan	EURIBOR[2]+ 2.85%	340,000	397,028	€340.0 million	349,450
Total					**$ 977,236**		**$ 927,235**

1 - 6-month Term SOFR.
2 - 6-month EURIBOR.

Refer to Note 26 - Loans and borrowings within the Polestar Group Financial Statements for more details.

Note 5 - Financial instruments

Polestar's material financial instruments measured at FVTPL are its derivative financial liabilities for the Class C Shares and Earn-out rights. For the years ended December 31, 2025 and 2024, Polestar recognized $23,391 and $129,124 in gains for these financial instruments measured at FVTPL, respectively. Refer to Note 17 - Financial instruments within the Polestar Group Financial Statements for more details.

Note 6 - Investments in subsidiaries

The following table depicts the changes in the Parent's investments in subsidiaries:

	Total
Balance as of December 31, 2023	**$ 4,608,338**
Additions	1,295,000
Impairment losses	(915,541)
Balance as of December 31, 2024	**$ 4,987,797**
Additions	1,084,000
Impairment losses	(466,743)
Balance as of December 31, 2025	**$ 5,605,054**

As of December 31, 2025, investments in subsidiaries include the subsidiary Polestar Holding AB, with a cost of $5,605,054. During the year ended December 31, 2025, the investment in the subsidiary Gores Guggenheim, Inc. remained at a cost of $0.

The investment in Polestar Holding AB had a carrying value of 6,071,796, reflecting cash injections of $1,084,000 during the year. An impairment loss of $466,743 was recognized and fully attributed to the investment in Polestar Holding AB, as its carrying amount was greater than its fair value less cost to sell.

As of December 31, 2024, investments in subsidiaries include the subsidiary Polestar Holding AB, with a cost of $4,987,797. During the year ended December 31, 2024, the investment in the subsidiary Gores Guggenheim, Inc. was written down to a cost of $0. The additions to investments in subsidiaries are due to cash injections of $1,295,000 in Polestar Holding AB. The impairment loss is composed of $695,612 towards Polestar Holding AB of as its carrying amount was greater than its fair value less cost to sell and $219,929 towards Gores Guggenheim, Inc. recognized as a result of a dividend distribution.

During the year ended December 31, 2025 and 2024, Polestar's share price fell, which impacted the company's market capitalization and was an indicator of a potential impairment. Polestar has therefore performed an impairment test on the investments in subsidiaries to determine whether the recoverable amount exceeded the asset's carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount was determined based on fair value less costs of disposal, as this approach resulted in a higher recoverable amount than value in use. Fair value less costs of disposal was calculated using the Group’s market capitalization, which represents a Level 1 fair value input, and resulted in a recoverable amount of $5,605,054. This resulted in a recoverable amount less than the cost of the investment in Polestar Holding AB, leading to the recognition of an impairment loss as of December 31, 2025 and 2024.

The following are subsidiaries of the Group at the end of the year December 31, 2025 and have been included in the consolidated financial statements of the Group.

Legal Name	Jurisdiction of Incorporation	Proportion of Ordinary Shares Held by the Company
Polestar Holding AB	Sweden	100%
Polestar Automotive (Singapore) Pte. Ltd.	Singapore	100%
Polestar Performance AB	Sweden	100%
Polestar Automotive Canada Inc.	Alberta, Canada	100%
Polestar Automotive USA Inc.	Delaware, USA	100%
Polestar Automotive USA Investment Inc.	Delaware, USA	100%
Polestar Automotive Belgium BV	Belgium	100%
Polestar Automotive Germany GmbH	Germany	100%
Polestar Automotive Netherlands BV	Netherlands	100%
Polestar Automotive Sweden AB	Sweden	100%
Polestar Automotive Austria GmbH	Austria	100%
Polestar Automotive Denmark ApS	Denmark	100%
Polestar Automotive Finland Oy	Finland	100%
Polestar Automotive Switzerland GmbH	Switzerland	100%
Polestar Automotive Norway A/S	Norway	100%
Polestar Automotive Korea Limited	South Korea	100%
Polestar Automotive Australia PTY Ltd	Australia	100%
Polestar Automotive (Singapore) Distribution Pte. Ltd.	Singapore	100%
Polestar Automotive Ireland Limited	Republic Ireland	100%
PLSTR Automotive Portugal Unipessoal Lda	Portugal	100%
Polestar Automotive Poland sp. zo. o	Poland	100%
Polestar Automotive UK Limited	United Kingdom	100%
Polestar Automotive Spain S.L	Spain	100%
Polestar Automotive Luxembourg SARL	Luxembourg	100%
Polestar Automotive Czech Republic s.r.o	Czech Republic	100%
Polestar Automotive Italy s.r.l	Italy	100%
Polestar Automotive (China) Group Co., Ltd.	People’s Republic of China	100%
Polestar Automotive China Distribution Co., Ltd.	People’s Republic of China	100%
Polestar Automotive Consulting Service (Shanghai) Co., Ltd.	People’s Republic of China	100%
Polestar Automotive Distribution (Taizhou) Co., Ltd	People’s Republic of China	100%
Polestar Automotive (Chongqing) Co., Ltd.	People’s Republic of China	100%
Polestar Automotive (Singapore) Investment Pte Ltd	Singapore	100%
Polestar Automotive France SAS	France	100%
Polestar Manufacturing Holding Korea LLC	South Korea	100%

Note 7 - Other current assets

The following table details the Parent’s other current assets:

	As of December 31,	
Other current assets	**2025**	**2024**
Litigation insurance recovery	$ 8,071	$ 8,886
Other	1,004	735
Total	**$ 9,075**	**$ 9,621**

As of December 31, 2025 and 2024 other current assets is mainly comprised of an expected insurance recovery from Polestar's directors and officers insurance policy. See Note 9 - Current provisions for more details.

Note 8 - Equity

Changes in the Parent's equity during the year ended December 31, 2025 and 2024 were as follows:

	Quantity		In US$ (thousands)	
	Class A Shares	**Class B Shares**	**Share capital**	**Other contributed capital**
Balance as of December 31, 2023	**467,976,748**	**1,642,233,575**	**$ (21,168)**	**$ (3,588,127)**
Conversion of Class B to Class A (1:1)	1,592,341,000	(1,592,341,000)	—	—
Equity-settled share-based payment	144,249	—	(1)	(9,840)
Balance as of December 31, 2024	**2,060,461,997**	**49,892,575**	**$ (21,169)**	**$ (3,597,967)**
Balance as of January 1, 2025	**2,060,461,997**	**49,892,575**	**$ (21,169)**	**$ (3,597,967)**
Equity issuance - June PIPE	210,476,190	(20,000,000)	(1,905)	(197,766)
Equity-settled share-based payment	8,937,392	—	(89)	(9,053)
Equity issuance - December PIPE	465,356,760	—	(4,654)	(277,777)
Balance as of December 31, 2025	**2,745,232,339**	**$ 29,892,575**	**$ (27,817)**	**$ (4,082,563)**

Refer to Note 21 - Equity of the Polestar Group's Consolidated Financial Statements for further information on the equity issuance and reverse stock split.

Note 9 - Current provisions

The following table details the Parent’s current provisions:

	As of December 31,	
Current provisions	**2025**	**2024**
Litigation	$ 25,971	$ 27,134
Other	137	—
Total	**$ 26,108**	**$ 27,134**

GGI litigation

Per the terms of the BCA governing the merger with GGI on June 23, 2022, Polestar is obligated to indemnify directors, officers, and employees of GGI for six years following the closing of the merger. Refer to Note 22 - Provisions of the Polestar Group's Consolidated Financial Statements for further information on the equity issuance and reverse stock split.

Note 10 - Other current liabilities

Other current liabilities for the Parent were as follows:

	As of December 31,	
	2025	2024
Personnel related liabilities	$ 543	$ 348
Accrued interest	28,477	11,613
Accrued expenses	19,416	4,415
Other liabilities	1,784	160
Total	**$ 50,220**	**$ 16,536**

As of December 31, 2025 and 2024 the accrued interest balance relates to loans outstanding with third-parties. Refer to Note 4 - Loans and borrowings for details.

As of December 31, 2025 and 2024 accrued expenses consist of audit, lawyer, and other consultant fees. As of December 31, 2025 it also included banker fees related to financing activities. Other liabilities consist of audit and other services which is disclosed in the auditor's remuneration in the Director's report. Refer to the Director's Report for more information.

Note 11 - Income taxes

Information regarding the composition of recognized deferred tax assets is as follows:

	As of December 31,	
	2025	2024
Specification of deferred tax assets		
Tax losses carried forward	$ 17,878	$ 8,226
Deferred tax assets	**$ 17,878**	**$ 8,226**

All changes in deferred tax assets have been reported in net income (loss) for the year ended December 31, 2025.

Deferred taxes have been calculated by applying the tax rate of the UK. The Parent is not expected to generate taxable profits in the near term. However, its tax losses can be transferred by way of group relief to its indirectly wholly-owned subsidiary, Polestar Automotive UK Ltd, that is a sales unit and in a taxable profit position, thus the Parent believes that the likelihood of recognition is probable. In making such a determination, the Group considers reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and the results of recent operations.

The group relief is disclosed in both entities' tax returns and Polestar Automotive UK Ltd will compensate the Parent with an amount equal to the tax saved through utilization of the losses. With this structure in place, it is probable that future taxable profits are available against which deductible temporary differences can be utilized. The tax losses carried forward do not have a due date.

Pillar Two
The Pillar Two legislation has been enacted or substantively enacted in several of the jurisdictions in which the Polestar Group operates. Refer to Note 13 - Income tax benefit of the Polestar Group Consolidated Financial Statements for further discussion of the assessment of exposure to Pillar Two income taxes.

Note 12 - Related party transactions

As of December 31, 2025 and 2024, related parties owned 69.0% and 81.8% of the Group, respectively. The remaining were owned by external investors.

Refer to Note 26 - Loans and borrowings, Note 28 - Related party transactions and Note 8 - Employee benefits of the Polestar Group Consolidated Financial Statements for further discussion of related parties and benefits to key management, respectively. Unless specifically detailed in this footnote, all transactions with related parties are on an arm’s length basis.

The following related party balances existed at the Parent:

	As of December 31,	
Liabilities	**2025**	**2024**
Other non-current interest-bearing liabilities - related parties	$ 1,255,974	$ 1,257,637
Interest-bearing current liabilities - related parties	300,000	—
Other current liabilities - related parties	66,000	42,769
Total	**$ 1,621,974**	**$ 1,300,406**

As of December 31, 2025 and 2024, other non-current interest-bearing liabilities - related parties and interest-bearing current liabilities - related parties consist of financing agreements with related parties, discussed further below.

Other current liabilities - related parties consists of $66,000 and $42,769 of accrued interest payable said loans with related parties as of December 31, 2025 and 2024 respectively.

Convertible instruments

Credit facility agreement with Volvo Cars

On November 3, 2022 the Group entered into a credit facility agreement with the related party Volvo Cars originally providing available credit of up to $800,000 and terminating on May 3, 2024. Refer to Note 26 - Loans and borrowings in the Group Financial Statements for more information.

Credit facility agreements with Geely

On November 8, 2023, the Parent entered into a credit facility agreement with Geely Sweden Automotive Investment AB ("Geely") providing available credit of up to $250,000; terminating on June 30, 2027. Refer to Note 26 - Loans and borrowings in the Group Financial Statements for more information.

Note 13 - Commitments and contingencies

Commitments

The Parent did not have any commitments as of December 31, 2025 and 2024.

Contingencies

In the normal course of business, the Parent is subject to contingencies related to legal proceedings and claims and assessments that cover a wide range of matters. Liabilities for such contingencies are recorded to the extent that it is probable the liability is incurred, and the amount is reasonably estimable. Associated legal costs related to such contingencies are expensed as incurred.

The Parent did not have any liabilities related to such contingencies as of December 31, 2025 and 2024.

Note 14 - Subsequent events

Please refer to Note 30 - Subsequent events in the Group Financial Statements for disclosure of the post Balance Sheet events impacting the Parent.

Other Information

Glossary

"*AD securities*" or "*ADSs*" means Class A ADSs and Class C ADSs.

"*ADRs*" means American Depository Receipts.

"*Board*" means the board of directors of the Company.

"*Business Combination*" means the transactions contemplated by the Business Combination Agreement, including the Merger, and the other transactions contemplated by the other transaction documents contemplated by the Business Combination Agreement.

"*Business Combination Agreement*" means that certain Business Combination Agreement, dated as of September 27, 2021 (as amended by Amendment No. 1 to the Business Combination Agreement, Amendment No. 2 to the Business Combination Agreement and Amendment No. 3 to the Business Combination Agreement), by and among GGI, the Company, Former Parent, Polestar Singapore, Polestar Sweden and Merger Sub, a copy of which is filed as an exhibit to this Report.

"*CEO*" means Chief Executive Officer.

"*CFO*" means Chief Finance Officer.

"*Class A ADS*" means one American depositary share of the Company duly and validly issued against the deposit with the Depositary of an underlying Class A Share.

"*Class A Shares*" means Class A ordinary shares of the Company, entitling the holder thereof to one vote per share.

"*Class B Shares*" means Class B ordinary shares of the Company, entitling the holder thereof to 10 votes per share.

"*Class C ADSs*" means Class C-1 ADSs and Class C-2 ADSs.

"*Class C Shares*" means Class C-1 Shares and Class C-2 Shares.

"*Class C-1 Share*" means a class C-1 ordinary share in the share capital of the Company, each of which underlies a Class C-1 ADS and is exercisable for one Class A Share.

"*Class C-2 Share*" means a class C-2 ordinary share in the share capital of the Company, each of which underlies a Class C-2 ADS and is exercisable for one Class A Share.

"*CNY*" means the Chinese Yuan Renminbi, the legal currency of the People's Republic of China.

"*Company*" means, prior to the re-registration as a public limited company under the laws of England and Wales, "Polestar Automotive Holding UK Limited," a limited company incorporated under the laws of England and Wales, and, after the re-registration as a public limited company under the laws of England and Wales, "Polestar Automotive Holding UK PLC."

"*COO*" means Chief Operating Officer.

"*Deloitte*" means Deloitte AB, an independent registered public accounting firm.

"*Depositary*" means Citibank, N.A., acting as depositary under the Deposit Agreements.

"*Earn Out Shares*" means earn out shares from the Company issuable in Class A ADSs and Class B ADS to certain Former Parent Shareholders depending on share price performance of Polestar.

"*Equity Plan*" means the Polestar Automotive Holding UK PLC 2022 Omnibus Incentive Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"*Executive Director*" means a C-Suite board member.

"EV" means electric vehicle.

"*Former Parent*" means Polestar Automotive Holding Limited, a Hong Kong incorporated company, which is in the process of completing its voluntary liquidation that commenced on October 19, 2022.

"*Former Parent Shareholders*" means Snita, PSINV AB, PSD Investment Limited, GLY New Mobility 1. LP, Northpole GLY 1 LP, Chongqing Liangjiang , Zibo Financial Holding Group Co., Ltd. and Zibo High-Tech Industrial Investment Co., Ltd.

"*Geely*" means Zhejiang Geely Holding Group Company Limited.

"*GGI*" means Gores Guggenheim, Inc.
"*GGI Class A Common Stock*" means the shares of Class A common stock, par value $0.0001 per share, of GGI.

"*GGI Class F Common Stock*" means the shares of Class F common stock, par value $0.0001 per share, of GGI.

"*GGI Common Stock*" means the GGI Class A Common Stock and the GGI Class F Common Stock.

"*GGI Public Warrants*" means the warrants included in the GGI public units (consisting of one share of GGI Class A Common Stock and one-fifth of one GGI Public Warrant) issued in the GGI initial public offering, consummated on March 25, 2021.

"*Merger*" means the merger between Merger Sub and GGI, with GGI surviving as a direct wholly owned subsidiary of the Company.

"*Merger Sub*" means PAH UK Merger Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company until June 23, 2022.

"*NASDAQ*" means the National Association of Securities Dealers Automated Quotations Global Market.

"*Non-Executive Director"* means a non-employee board member.

"PIPE" means Private Investment in Public Entity.

"*PIPE Investment*" means the purchase of PIPE Shares pursuant to the PIPE Subscription Agreements.

"*PIPE Investors*" means the purchasers of PIPE Shares in the PIPE Investment.

"*PIPE Shares*" means the Class A Shares in the form of Class A ADSs purchased by PIPE Investors in the PIPE Investment.

"*PIPE Subscription Agreements*" means the Initial PIPE Subscription Agreements, the December PIPE Subscription Agreements and the March PIPE Subscription Agreements.

"*Polestar*" means, as the context requires, (i) in general Former Parent and its subsidiaries prior to the Business Combination Closing, (ii) in the context of the Business Combination, the Pre-Closing Reorganisation and the Pre-Closing Sweden/Singapore Share Transfer, Polestar Sweden, or, both Polestar Singapore and Polestar Sweden if at any time (x) Polestar Sweden is not a wholly-owned subsidiary of Polestar Singapore or (y) Polestar Singapore is not a wholly-owned subsidiary of Polestar Sweden, or (iii) the Company or Polestar Group after the Business Combination Closing.

"*Polestar Group*" means Former Parent, together with its subsidiaries prior to the Business Combination Closing and the Company and its subsidiaries following the Business Combination Closing.

"*Polestar Singapore*" means Polestar Automotive (Singapore) Pte. Ltd., a private company limited by shares in Singapore.

"*Polestar Spaces*" means permanent or pop up/temporary Polestar showrooms located in urban or peri-urban areas where potential customers can experience Polestar vehicles, engage with Polestar specialists and, at select locations, test-drive Polestar vehicles.

"*Polestar Sweden*" means Polestar Holding AB, a private limited liability company incorporated under the laws of Sweden.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*SEK"* means Swedish Krona, the legal currency of Sweden.

"*Shares*" means the Class A Shares and the Class B Shares.

"*Snita*" means Snita Holding B.V., a corporation organised under the laws of the Netherlands and a wholly owned subsidiary of Volvo Car Corporation.

"*TUSD*" means thousands of U.S. Dollars.

"*U.S. Dollars*" and "*USD*" and "*$*" means United States dollars, the legal currency of the United States.

"*United Kingdom*" or "*UK*" means the United Kingdom of Great Britain and Northern Ireland and its territories and possessions.

"*United States*" or "*US*" means the United States of America and its territories and possessions.

"*Volvo Cars*" means Volvo Car AB (publ) and its subsidiaries.

"*Volvo Cars Preference Subscription Agreement*" means the subscription agreement, dated September 27, 2021, by and between the Company and Snita as amended on March 24, 2022, pursuant to which Snita purchased, at Business Combination Closing, mandatory convertible preference shares of the Company for an aggregate subscription price of $10.00 per share, for an aggregate investment amount equal to TUSD 588,826.

"*Volvo Cars Preference Subscription Shares*" means the mandatory convertible preference shares of the Company purchased by Snita pursuant to the Volvo Cars Preference Subscription Agreement.

Cautionary Statement

Certain statements in this document may be considered “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to future events or the future financial or operating performance of Polestar including the number of vehicle deliveries and gross margin. For example, projections of revenue, volumes, margins, cash flow break-even and other financial or operating metrics and statements regarding expectations of future needs for funding and plans related thereto are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expect”, “intend”, “will”, “estimate”, “anticipate”, “believe”, “predict”, “potential”, “forecast”, “plan”, “seek”, “future”, “propose” or “continue”, or the negatives of these terms or variations of them or similar terminology. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward looking statements.

These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Polestar and its management, as the case may be, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: (1) Polestar’s ability to enter into or maintain agreements or partnerships with its strategic partners, including Volvo Cars and Geely, original equipment manufacturers, vendors and technology providers; (2) Polestar’s ability to maintain relationships with its existing suppliers, source new suppliers for its critical components and enter into longer term supply contracts and complete building out its supply chain; (3) Polestar’s ability to raise additional funding; (4) Polestar’s ability to successfully execute cost-cutting activities and strategic efficiency initiatives; (5) Polestar’s estimates of expenses, profitability, gross margin, cash flow, and cash reserves; (6) Polestar’s ability to continue to meet stock exchange listing standards; (7) changes in domestic and foreign business, market, financial, political and legal conditions; (8) demand for Polestar’s vehicles or car sale volumes, revenue and margin development based on pricing, variant and market mix, cost reduction efficiencies, logistics and growing aftersales; (9) delays in the expected timelines for the development, design, manufacture, launch and financing of Polestar’s vehicles and Polestar’s reliance on a limited number of vehicle models to generate revenues; (10) increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors; (11) risks related to product recalls, regulatory fines and/or an unexpectedly high volume of warranty claims; (12) Polestar’s reliance on its partners to manufacture vehicles at a high volume, some of which have limited experience in producing electric vehicles, and on the allocation of sufficient production capacity to Polestar by its partners in order for Polestar to be able to increase its vehicle production volumes; (13) the ability of Polestar to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees; (14) risks related to future market adoption of Polestar’s offerings; (15) risks related to Polestar’s current distribution model and the evolution of its distribution model in the future; (16) the effects of competition and the high barriers to entry in the automotive industry and the pace and depth of electric vehicle adoption generally on Polestar’s future business; (17) changes in environmental laws, regulatory requirements (including existing regulations related to connected vehicles as well as potential changes thereto that may prevent the importation of electric vehicles produced in China into the US), governmental incentives, tariffs (including potentially higher than expected tariffs if the origin of component parts disqualify a vehicle from a lower tariff) and fuel and energy prices; (18) Polestar’s reliance on the development of vehicle charging networks to provide charging solutions for its vehicles and its strategic partners for servicing its vehicles and their integrated software; (19) Polestar’s ability to establish its brand and capture additional market share, and the risks associated with negative press or reputational harm, including from electric vehicle fires; (20) the outcome of any potential litigation, including litigation involving Polestar and Gores Guggenheim, Inc., government and regulatory proceedings, including the NHTSA investigation into the Polestar 2 rear view camera, tax audits, investigations and inquiries; (21) Polestar’s ability to continuously and rapidly innovate, develop and market new products; (22) the impact of the ongoing conflict between Ukraine and Russia and the conflict with Iran and the conflict in the Red Sea; and (23) other risks and uncertainties set forth in the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in Polestar’s Form 20-F, and other documents filed, or to be filed, with the SEC by Polestar. There may be additional risks that Polestar presently does not know or that Polestar currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. Nothing in this document should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. Polestar assumes no obligation to update these forward-looking statements, even if new information becomes available in the future, except as may be required by law.

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Company Information

Polestar is incorporated in England & Wales. The Company operates in 28 markets across Europe, Asia, and North America.

Shareholder information: https://investors.polestar.com/

Company Registration

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